

AGE WANTS TO LIVE LIFE

▶ LASSE'S STORY

ANNUAL REPORT 2017

doro 

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This Annual Report is a translation of the Swedish original. If any differences exist, the Swedish version is the official version and should prevail.

Images in this Annual Report



Follow the links on the cover, and on pages 5, 12, 17 and 22, to find out what our users think.



DORO A GLOBAL LEADER IN TELECOM FOR SENIORS

Our mission is to develop telecom products and services for Seniors to lead full and rich lives: to do things they want to do more easily as well as the things they thought they might never do.

DORO IN BRIEF

A SECURE AND RELIABLE COMPLETE OFFERING

Doro is the global market leader in telecom for seniors, and the market leader in digital safety solutions in Sweden and Norway. Doro provides easy-to-use mobile phones and smart-phones, mobile applications and fixed line telephony. Our safety solutions offering extends from standalone products to integrated and tailored complete solutions combining hardware and software, services and support. They address individuals, their relatives, as well as health and social care providers.

A GLOBAL MARKET WITH VARYING NEEDS

Doro's solutions are sold in over 40 countries on five continents through an extensive network of leading telecom operators, specialists and resellers with distribution channels reaching end-users. Doro's growth story is founded on its genuine interest in, and deep insight into, seniors' needs and their expectations of life. Combined with long-term

Doro cares about our society's seniors—they are our heroes. We think everyone should have the opportunity of living a full and rich life without compromise. We want to make ageing an independent, empowering and rich phase of life. For us, age is just a number.

experience, this helps us take our work forward to produce specifically adapted solutions that simplify everyday lives and increase safety in an environment of growing technological complexity.

A GROWING USE OF TECHNOLOGY

The usage of smartphones by people aged 65 and over is increasing, and more of these people are using a variety of channels to communicate with friends and family. So, by utilising its know-how and innovative capability, Doro sees clear value in developing and delivering solutions and systems that bring seniors a stronger sense of belonging, security, community and being a genuine member of society—just like everyone else. We're proud of what we've achieved so far and are now moving onto an even more service-centered strategy of developing complete smart solutions that help enhance the quality of life of our society's seniors.

40

countries

82%

users satisfied with their Doro mobile phone

5

continents

NO.1

the market leader in mobile phones
for seniors

”With our in-depth understanding of seniors’ wants and needs in the later phases of life, Doro creates the security users need.”

THE YEAR IN BRIEF

10

product launches

Doro 2404, Doro 1360/1361/1362, Doro 2414,
Doro 2424, Doro 8040/8042, Doro 540X,
Doro 8020X

BUSINESS HIGHLIGHTS IN 2017

- Strong earnings performance for the Group
- Positive progress and high growth within Doro Care
- Launch of Doro 8040/8042 smartphone
- Updated strategy focusing on service-centered complete solutions
- New financial goals reflecting our updated strategy
- Smartphone segment remains in growth
- New, stronger management team.

Q1

- Net sales increased by 9.5 percent. The operating margin was 3.8 percent
- Doro Care increased sales by 91.6 percent (40.7 percent excluding Trygghetscentralen)
- Robert Puskaric became Doro's President and Chief Executive Officer
- Doro started a partnership with consulting firm Sigma Industry of Lund, Sweden, bringing greater flexibility, cost-efficiency and speed of product development
- Sales divided between geographical regions, with Doro Care as a separate region
- Doro wins the Red Dot Award for the Doro 6050, an easy-to-use 2G feature phone, and mobile operator Orange's Supplier of Excellence award.

Q2

- Net sales decreased by 5.8 percent. Excluding the US and Canada, net sales increased by 5.5 percent.
- Sales up in four of Doro's seven regions, including the largest, DACH, where sales rose by 24.1 percent
- Doro Care's sales rose by 7.7 percent.

Q3

- Net sales decreased by 1.7 percent.
- Excluding the US and Canada, sales were up by 1.2 percent
- Doro Care's sales were up by 30 percent year on year
- High sales in the UK and for Care, weaker in other regions
- Malin Lindgärde became new VP Marketing & Communications
- Participation in Google's worldwide campaign.

Q4

- Net sales decreased by 6.5 percent
- Doro Care increased sales by 17 percent
- Doro held a capital markets day in Stockholm on 14 November
- New financial goals announced at Doro's capital markets day
- Magnus Eriksson resigned as CFO. Carl-Johan Zetterberg Boudrie was promoted to new CFO
- Carl-Johan Rijpma became Doro's new VP Operations.

FINANCIAL GOALS AND GOAL ACHIEVEMENT

	Goal	Outcome 2016	Outcome 2017
Annual growth, including acquisitions, %	at least 10	7.1	-1.8
Long-term operating margin (EBIT)%	at least 8	2.4	4.8
Revenue from services, long term share of total revenue, %	at least 30	6.8	10.0
Net debt to EBITDA, times	at most 2.5	1.2	0.7
Dividend as share of net profit after tax, %	33	75	0 ¹⁾

¹⁾ Doro has decided to pursue a buyback program corresponding to 37.6% of net profit after tax 2017. See page 36 for more information.

ANNUAL COMPARISON KEY FIGURES

	2016	2017
Net sales, SEKm	1,959	1,924
Gross margin, %	38.5	38.6
Operating profit (EBIT), SEKm	47.7	92.0
Operating margin (EBIT), %	2.4	4.8
Cash flow from operating activities, SEKm	61.7	119.5
Earnings per share after tax, SEK	1.33	2.83
Dividend per share, SEK ¹⁾	1.00	0.00
Number of employees at year-end	500	458

¹⁾ See proposed appropriation of profit on page 36.

“I haven’t needed to ask anyone for help with my new Doro phone – it’s so easy to use!”



MADELEINE'S STORY

CEO'S COMMENTS

A year of change with robust earnings performance for the group and an updated strategy focusing on service-centered complete solutions.



At about this time last year, I had just started my journey with Doro. Looking back at the past year, I would mainly summarise it as exciting, although it has also been a year of change, with a number of challenges as well as achievements. The biggest challenge was that sales in our largest business, mobile phones, decreased year on year with a negative development on a number of our markets. A weak market for mobile phones in general was one reason, but we have also identified things that we can do differently and better. Among the achievements in the year is the strong earnings progress for the Group, for which the positive development and strong growth within Doro Care was an important contribution, and that our sales of smartphones continued to grow even if 2017 was not as strong as we had hoped. We launched ten new mobile phones in the year, with the Doro 8040 standing out especially and attracting a really positive market reception. In the first quarter we also won the Red Dot Award for design and mobile operator Orange's Supplier of Excellence Award for our easy-to-use 2G feature phone, the Doro 6050. Our ambition is

“Among the achievements is the strong earnings progress for the Group.”

to continue to have the most relevant offering regarding mobile phones for seniors. Our new and stronger management team has, together with the Board of Directors, prepared Doro's updated strategy which we launched at our capital markets day in November 2017. A central component of the strategy is the development of service-centered complete solutions for the convenience and safety of seniors as well as relatives, SmartCare by Doro, which combines our strengths in telecom and telecare. An increased offering of services that are directly connected to and integrated in our phones is also one of many measures to return to growth for our mobile phones.

PRIORITIES AND RESULTS FOR 2017

As incoming CEO, one of my first priorities was to increase growth in Doro Care. Doro Care's sales rose to SEK 276.6m in 2017, up 31.7 percent on 2016. This was supported by positive progress in Germany and a larger subscription-based operation in the Nordics, where we had a bigger subscriber base than in 2016. This progress is really pleasing, but obviously comes at a cost, requiring the hard work of my dedicated colleagues.

Another priority for 2017 was to focus on the Group's efficiency, shorten product development lead-times, whilst continuing to develop the company's growth strategy further. So, we started the year by comprehensively evaluating our working methods and processes, which resulted in the execution of a number of measures to increase efficiency and reduce costs through our business. As part of this, we began the

implementation of a new, Group-wide ERP system (Enterprise Resource Planning). This work will continue in 2018. At the end of the year, we also decided to relocate Doro's head office from Lund to Malmö. Apart from offering our employees a better working environment, it also gives us the chance to co-locate our head office with one of our alarm receiving centres and the administrative functions of Doro Care, which will help create a more cohesive Doro. Our relocation to these larger, shared premises will be in Autumn 2018.

Another focus in 2017 was advancing our position in smartphones, thus winning more market share internationally. In terms of total handset unit sales in the European market (including smartphones and feature phones), sales in Europe have been poor in recent years, even if 2017 was better than previously. Despite smartphone unit sales increasing in the year, sales did not accelerate at the rate we had worked for, so we

will be focusing more on this in 2018. In general, our mobile phone sales decreased in three out of four quarters, and for the full year 2017, which of course is a disappointment. For us, the US and Canada were very weak markets and other markets also had lower sales year on year. However, our focus on the senior segment has kept us on a stable level in total despite a weaker market for mobile phones in recent years. In 2018 we will strive to turn the negative development in 2017, by strengthening our product offering among other things. We also conclude that we are still under-represented in certain European regions. An increased presence in these regions is something we see as a possibility to extend our position as market leader in mobile telephony for seniors.

“We executed a number of measures to increase efficiency and reduce cost through our business.”

“I am convinced that the combination of Doro’s in-depth understanding of its consumers can make a big difference to people’s every-day lives.”

UPDATED STRATEGY

As seniors attain greater technological maturity, we want to get even better at communicating the value our products and solutions create and distinguish ourselves from the market’s other participants. This is one of many reflections that have led us to decide that while we

continue to focus on seniors, we will be prioritising their relatives more, to improve safety and the active lives this enables. I’m convinced that the combination of Doro’s in-depth understanding of its consumers, brand recognition among seniors and strong services offering, not least within Doro Care, can

make a big difference to people’s every-day lives. Accordingly, this conviction is one of the drivers behind the continued evolution of innovative complete solutions. There’s more information on the execution and directions of Doro’s strategy on page 13.

COMBINING OFFERINGS TO CREATE A NEW DIMENSION



PRIORITIES IN 2018

In 2018 we are committed to work to turn around the negative trend in sales of mobile phones in 2017. Among other things, we will launch subscription-based mobile safety services, which will be fully integrated in our mobile phones, directly to consumers. We will increase our presence in markets where we are under-represented and open more sales channels in markets where we are already well established. Naturally, we will continue to develop the best mobile phones for seniors in the market.

In line with our updated strategy, we will also be working to develop and launch our SmartCare offering in the year to sharpen our service sales in the longer term. We executed the very first demo of this offering at Mobile World Congress in Barcelona at the end of February.

After a period of efficiency measures and development of Doro Care, we are now ready to study how to expand this operation geographically.

Just as in 2017, we will be continuing our work on actions to improve efficiency, for example management of logistics, inventory and transportation.

“We will develop our SmartCare offering to sharpen our service sales in the longer term.”

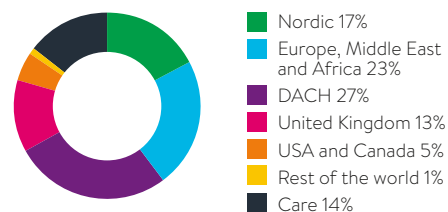
Last, but not least, I'm looking forward to continuing my exciting journey with my colleagues at Doro, working alongside them for safer and more active lives for seniors and their relatives.



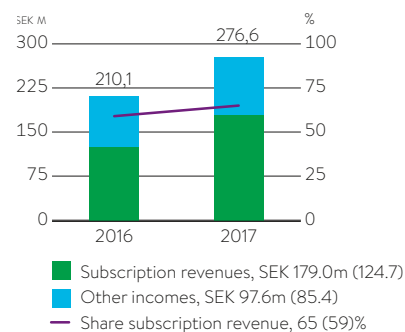
Robert Puskaric,
President and CEO

March 28, 2018

SALES PER MARKET

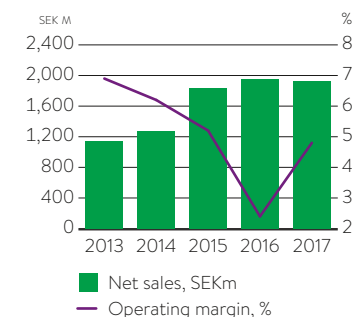


DORO CARE REVENUE*

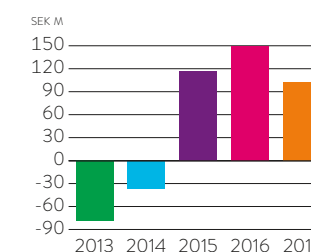


* As from 2017, Doro Care is reported as a separate region. The comparative figures for 2016 have been restated according to current structure.

NET SALES AND OPERATING MARGIN



NET DEBT, 5 YEAR DEVELOPMENT



MARKET AND DRIVERS

The share of the global population aged over 65 is growing¹⁾, we're living longer and are healthier. This is a contributor to the growing demand for connected and mobile solutions for seniors. Forecasts for 2040 estimate that in Europe, there will be about two working people per pensioner, compared to 1980, when the corresponding figure was about five¹⁾. Helping older people live at home longer, which is usually what they want, is a clear focus for decisionmakers and the authorities. Older people want to balance their lives in town, the vacation home, or abroad. In order to balance the cost challenges facing society, we think the power of innovation to create intelligent solutions will become more important for retaining, or even enhancing, the quality of life of seniors and their relatives. Our experience indicates that this is a significant part of the efforts necessary to create the potential for a healthy population in a sustainable society.

GLOBAL MARKET TRENDS

Doro has always been engaged in how to find the best way to help seniors live active, rich lives. Somewhat carelessly, seniors are often lumped together as a

single homogeneous group, instead of viewing them as individuals with widely differing needs and expectations of life. We also see these differing needs in our geographical markets. Doro's biggest markets display technological maturity and a growing demand for smartphones. Between 2014 and 2017 alone, smartphone usage by people aged 65 and over increased from 33 to 49 percent¹⁾. Our research also indicates that the mobile functionality seniors use most widely is calling, sending and receiving texts, capturing and viewing images, emailing and browsing the Internet¹⁾. Going forward, our challenge on the smartphone market will remain to stand out from other players in terms of making phones easy to understand and use. This is why Doro always puts the interests of seniors first when developing new solutions.

DIGITALIZATION WITHIN HEALTH AND SOCIAL CARE

Public bodies are still facing a pressing need for digital safety solutions, products and services because they do not view the analog alternatives as equally reliable. In recent years, Doro's solutions

We're living longer and are healthier. This is a contributor to the growing demand for connected and mobile solutions for seniors.

have played a leading role in the migration to digital alarm systems by many of Sweden's municipalities, and we still see substantial development potential and opportunities on the market for digitalized solutions.

As a participant on the global market, we always present Doro in relation to the business environment we operate in. In our efforts to formulate Doro's new strategy, there are five primary market trends that we have identified, which are the foundation of our services offering:

- Seniors want to be part of the digital world, creating a growing need for new technology
- Senior purchases and usage of mobile phones will be the highest-growth segment over the next five years
- Meanwhile, consumer willingness to pay for safety services is growing
- Current telecare solutions could be made more efficient and intelligent through technological innovation
- Government-funded geriatric care needs to be optimized to address this growing need and demographic changes

- An increasing need for private operators in health and social care solutions.

DRIVERS

Government finances are contracting—or the same funds need to finance more in society. At the same time, there is vast technological development where continuous innovation gives us the prerequisites to be smart, so we can enhance the quality of life of seniors, simultaneous with participating and contributing to reducing social costs.

Our driver is to develop and deliver safe, complete solutions and systems that enable seniors to enjoy a stronger feeling of belonging, safety, community, and being

¹⁾ Sources: UN World Population Prospects och River Research

49%

smartphone usage by people aged 65 and over

a genuine part of our society—just like everyone else. We think this is largely about instilling our seniors with self-confidence so that they can live full and rich lives: to do the things they want to more easily and make things they never thought they could do possible.

COMPETITION

Doro faces competitors in each segment worldwide, but the breadth of our product and service portfolio, as well as our geographical coverage, are unique. Doro's tailored telecom and telecare offerings match the different phases of ageing. Our competition consists of other handset producers, operators and businesses active in safety technology.

DORO'S COMPETITIVE EDGE

Market access:

- Market channels in place in over 40 countries
- Sale through operators, resellers, municipalities and online
- Extensive distribution network
- Extensive partner network.

Offering and technology:

- Strong brand recognition among seniors
- Award-winning product portfolio in mobile telephony for seniors
- Complete digital alarm chain.

Consumer understanding:

- Long-term and solid experience of the senior segment
- In-depth understanding of seniors and the changes that occur with ageing
- Substantial knowledge of adapting technology to seniors.

US

Total population:

327

million

Of which aged >65 years:

51

million

15.6%

Source: CIA World Factbook

EU

Total population:

516

million

Of which aged >65 years:

99

million

19.1%

Source: CIA World Factbook

“Doro is so easy, it’s wonderful if you want to learn how to use a smartphone”

 LASSE'S STORY



STRATEGY

The need for cost-efficient health and social care is growing simultaneously with changes to global demographics. Accordingly, innovative solutions to address the challenges facing society are imperative—now and in the future.

BUSINESS CONCEPT AND VISION

Doro wants to make age a life stage of independence, empowerment and enjoyment. We want seniors to feel free to pursue their desires and get what they want out of life. Doro has been working to give senior users the possibility of adopting digital technology according to their own circumstances for a long time. While it might be obvious that individual circumstances differ, it is equally obvious that not everyone is lucky enough to remain completely healthy in their senior years. Even normal ageing involves compromised vision, hearing and motor skills. Additionally, many older people experience everything from limited movement to the need to get in touch with relatives or care staff quickly for help in different situations. This is why we are developing service-centered complete solutions that help seniors live active and rich lives.

“THE THIRD WAVE”—A NEW STRATEGY FOR LONG-TERM PROFITABILITY AND GROWTH

We presented an updated strategy to lead us in our work in becoming a complete provider of digital and physical solutions and services in an integrated services portfolio at Doro’s capital markets day on 14 November 2017. The core components of Doro’s updated strategy are about offering the market service-centered, complete solutions for senior comfort and safety—a direction that addresses external challenges and utilises our internal strengths. These complete solutions combine capabilities in the mobile telecom and telecare areas. We have called our offering, which is currently in development, SmartCare by Doro.

Where previously Doro’s products and solutions were largely addressed separately, by integrating our mobile telecom and telecare offerings, we open

a new dimension of possibilities. Our telecom offering currently spans feature phones and smartphones, and we will be adding subscription-based alarm-services in 2018. Our offering in the telecom offering is largely driven by seniors who want to be part of the technology society, which has accentuated the need for simple and adaptive products and solutions. The understanding of technology increases, which requires that our phones have the most popular functions and work with the most used applications. Our main focus so far has been on hardware, and our route to consumers was via resellers, distributors and operators. We now see possibilities to extend our position as market leader in mobile telephony for seniors by continuing to have the most relevant product offering in combination with services, and to increase our presence on markets where we are under-represented. The most fundamental drivers of Doro’s telecare

offering are to produce smart products and services that make people safer and enable them to live at home longer. In turn, this helps reduce the costs for wider society, while enhancing the well-being of seniors and their relatives. At present, our business to consumers is through care providers, municipalities and non-profit bodies. Going forward, our ambition is to also offer security services directly to private individuals.

Primarily, Doro is planning for continued organic and acquisition-led geographical expansion across Europe, with the goal of attaining clear and relevant market positioning in relation to competitors and customers, and this applies to telecom and telecare—as well as ultimately, SmartCare by Doro.

SMARTCARE BY DORO

SmartCare by Doro is an integrated, intelligent solution that enables relatives and connected call centres to receive alarms automatically or activated manually by the user. By becoming familiar with user routines and behaviour patterns, this solution will analyse how

to respond in situations where the assistance of relatives, care providers or the emergency services may be necessary, using Machine Learning. For example, an alarm may be triggered if a refrigerator door is not opened for a whole day, or if the user has not come out of the bathroom for a period differing from typical

behaviour patterns. SmartCare by Doro makes up an ecosystem of products and services such as Doro Smartphones, where all parties can connect to the cloud-based platform MyDoro. The solution is currently being developed and a launch is planned for the end of 2018.

THE OBVIOUS MOBILE PHONE VENDOR FOR SENIORS

As part of this new strategy, Doro will work to remain the mobile telephony market leader for seniors.

EXECUTION AND FOCUSES

As part of executing Doro's new strategy, we have set three directions:

- **Advance** Doro's status as the market leader in mobile telephony adapted for seniors
- **Expand** our Telecare offering, also geographically
- **Execute** our strategy within SmartCare by Doro.



GEAR BOX

Connecting seniors, relatives, care givers and other service providers



SMART

Self-calibrating to individual behaviour

Real-time detection and auto alarm generating



SERVICE CENTERED

Notifications/ Alarm handling/ Care giving

Sold as monthly subscription – upfront start fee



ECOSYSTEM

Doro Connect/ Doro Smartphone/ Doro SmartCare

Open to 3rd party products and services

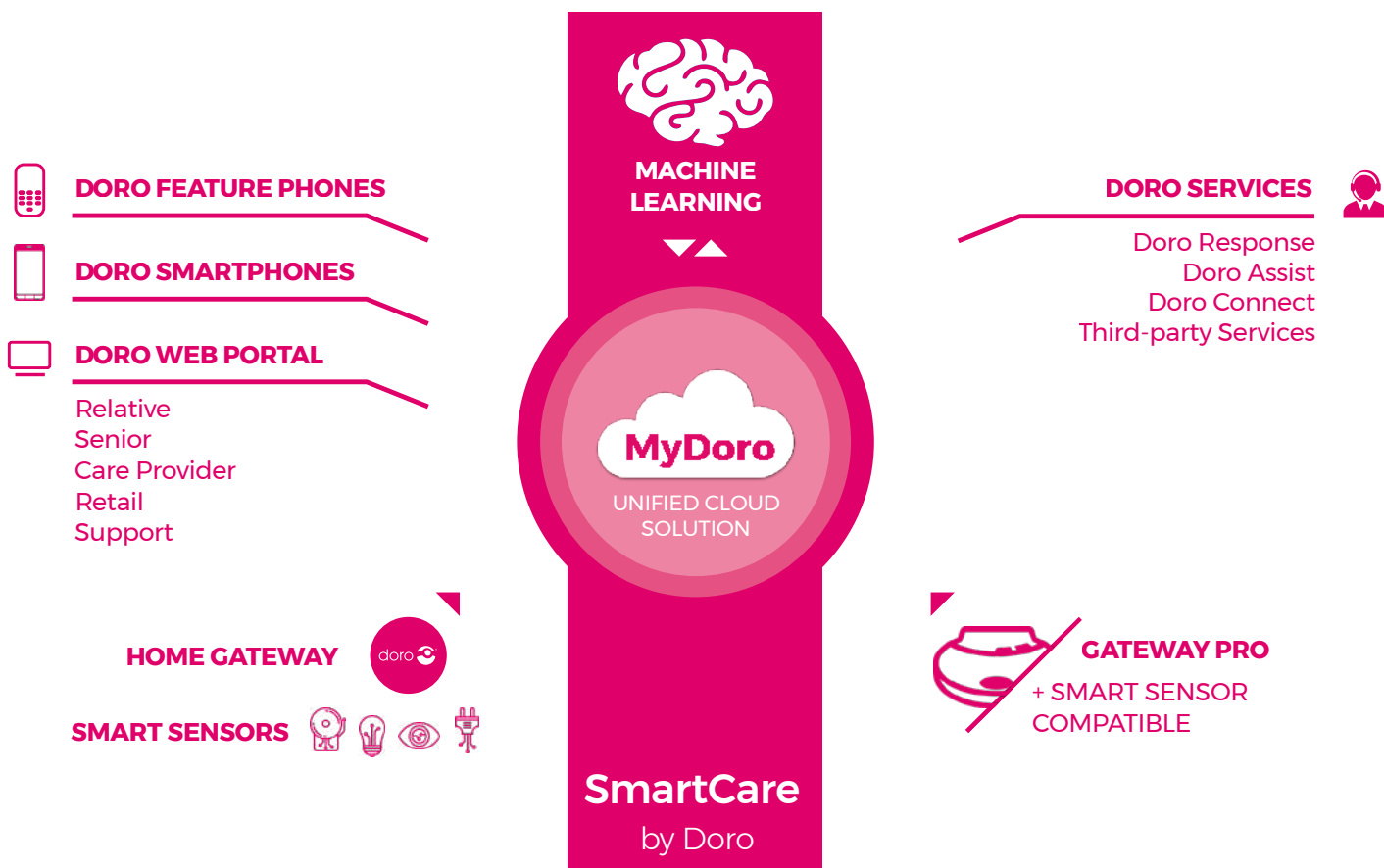


B2C/B/G

For the private market because we care

For evolved public financed elderly care

SmartCare by Doro is an integrated and smart safety solution for seniors. An intelligent solution that monitors and connect the senior with relatives, care providers and other possible service providers. SmartCare by Doro includes Doro's mobile phones, safety products, subscription services and Doro's alarm receiving centres.



MyDoro is the spider in the web for SmartCare by Doro. MyDoro is a cloud-based service that makes it possible to monitor and handle all the senior's safety products, such as mobile phones, sensors and cameras, and services connected to a relative or to an alarm receiving centre. MyDoro will be offered as one version for individuals and one version for care providers.

DORO'S NEW FINANCIAL GOALS

We set new financial goals for our business at our capital markets day in November:

- Minimum average annual sales growth of 10 percent (including acquisitions)
- Minimum long-term EBIT margin of 8 percent
- In the long term, revenue from services will be at least 30 percent of total revenue
- Net debt as a proportion of EBITDA should not exceed a multiple of 2.5
- Dividend to shareholders should be 33 percent of net profit (albeit considering capital structure and share repurchases).

2.5

Net debt as share of EBITDA, times

30%

Share of services

8%

Operating margin, long term

10%

Annual growth

33%

Dividend, share of net profit

“The best thing I like about Doro, I must tell you, is its simplicity.”

 LOREDANA'S STORY



OPERATIONS

A TAILORED COMPLETE OFFERING OF SOLUTIONS, PRODUCTS AND SERVICES

Doro works continuously on producing solutions that create value in seniors' everyday lives. The common feature of our overall offering is that experiences should be easy and safe, so that the everyday lives of seniors and their relatives can also be so. When we create a new offering, our work always begins with end-user wants and needs. There are many reasons people need our solutions, which vary depending on their stage of life, and accordingly, we develop products that interact with each other and last.

Doro focuses on developing subscription-based mobile safety services that work within and outside the home. These services suit people that need extra safety at home in case anything unexpected happens, and people who want to be active outdoors more safely. This type of service encapsulates Doro's offering, in terms of the needs and challenges facing its target group and wider society.

Doro divides its offering between Telecom and Telecare. Telecom covers feature phones and smartphones, while

Telecare includes safety alarms, services, alarm reception and support.

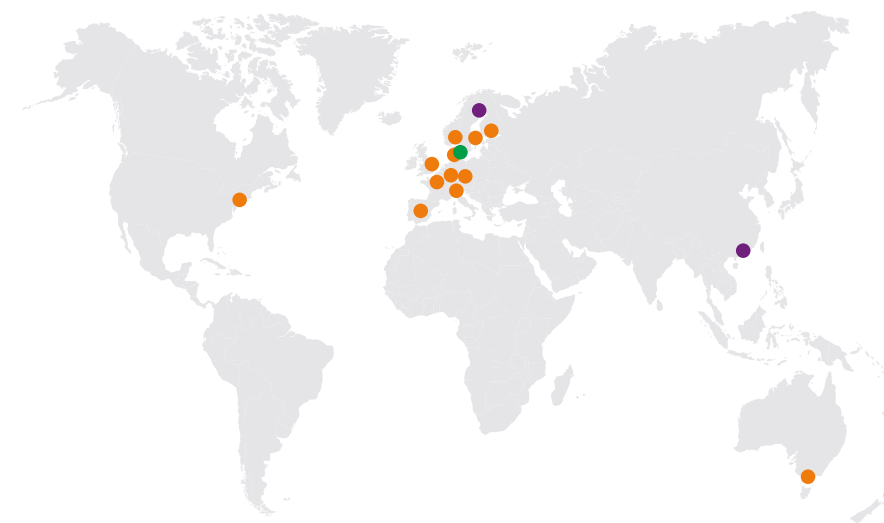
ORGANISATION

Doro's organisation is populated by professionals with a high level of technical competence, and many have worked for, and grown with, the company for a long time. Sales professionals, product developers and marketers operate close to customers and suppliers. This close collaboration is something that is becoming more important as Doro conducts more complex, and more effective, development projects. We also appoint external specialists on projects in segments we want to discover more about. Using this educational working method, we accumulate valuable knowledge, and thus create good potential for innovation and the supply of competence.

DEVELOPMENT, MANUFACTURE AND DISTRIBUTION

Doro leads its development work from its head office in Lund, supported by units in Kalix in Sweden, Hong Kong and China. In 2017, Doro co-located

DORO'S DEVELOPMENT UNITS, SALES OFFICES & PARTNERS



- Head office: Lund
- Development units: Kalix, Lund, Hong Kong
- Sales offices/partners: Lund, Stockholm, Oslo, Helsinki, Copenhagen, Paris, London, Milan, Madrid, Frankfurt, Amberg, New York, Melbourne

more resources in Lund to streamline its processes. Development work is largely based on our extensive market research, which provides us with insight into the needs of seniors and their relatives. Doro's partnerships feature long-term relationships worldwide. Manufacturing and development is conducted jointly with carefully selected providers in the US, India, Taiwan and Australia. Doro's 14 offices around the world deal with distribution, marketing and sales, through an extensive network of carefully selected collaborative partners and various channels. These channels are resellers in

consumer electronics, ergonomics and rehabilitation, network operators and e-commerce providers. For Doro Care, the counterparties are municipalities, other organisations, and commercial care providers.

DORO'S VALUE CREATION

Doro endeavors to create added value for users, their families and wider society by enabling easier, free and safer everyday lives for seniors. Doro achieves this by

developing high-quality, easy-to-use communication solutions and safety services especially tailored for seniors. Through deep understanding, innovative product

development and well-structured distribution and sales, Doro creates value in the form of enhanced quality of life, the conservation of resources and economic value.

PHASE

UNDERSTANDING/ KNOW-HOW	PRODUCT DEVELOPMENT	PRODUCTION	DISTRIBUTION	CUSTOMERS	SAFETY SERVICES
VALUE CREATION					
<p>THE KNOWLEDGE BANK</p> <p>Doro has unique and deep knowledge about and insight into users' needs and requests</p> <p>Continuous studies of seniors and their relatives are conducted to develop products and services that fully meet their requirements for a safer and richer everyday life. By doing so, Doro contributes to raise awareness of what is needed to facilitate everyday life for the users and their relatives, and that it is possible and desirable to meet these needs and requests.</p>	<p>5.6 PERCENT</p> <p>This share of Doro's total sales is spent on product development</p> <p>By clearly and consciously specifying requirements, the development of Doro's hardware makes design and user interfaces provide an enhanced user experience and user-friendliness.</p> <p>Our product development is certified for quality according to ISO 9001 and has clear processes and structure on how we develop products in accordance to customers' requirements.</p>	<p>1,858 CHECKS</p> <p>performed by 11 collaboration partners in 2017</p> <p>Doro's conscious and systematic quality control and monitoring processes and close dialogue with carefully selected production partners means quality is embedded at every step.</p> <p>We always endeavor to choose high quality materials for best results.</p>	<p>3.1 m NO. OF DEVICES</p> <p>delivered every year by distributors, operators and retailers</p> <p>Collaborations with carefully selected distributors big enough to manage high flows but small enough to be able to adapt to flows so volume and destination flexibility is tailored over time and tracks fluctuations in pricing, supply and demand.</p>	<p>40,000 TRAINED SALESPEOPLE</p> <p>worked for resellers in 2017</p> <p>Doro works actively on training and informing customers' staff/salespeople, so they inform users of the actual benefits of Doro products and services. This ensures that users get accurate information and can make the right purchasing decisions.</p>	<p>15,000 SAFETY ALERTS</p> <p>are received daily in Sweden and Norway</p> <p>Doro Care offers a complete digital alarm chain in Sweden and Norway. Around the clock, every day. Doro's alarm receiving centres (ARC) in Sweden and Norway receive around 15,000 alerts daily from more than 125,000 connected safety alarms. The staff of the ARC's are educated assistant nurses, working experience from care providers and speak 15 different languages as well as Swedish and Norwegian.</p>

OUR PRODUCTS AND SERVICES

MOBILE PHONES

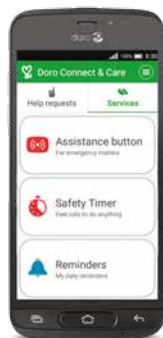
With the aim of simplifying everyday lives and making it easier for users to stay in touch, Doro has created a broad portfolio of feature phones and smartphones, with all models being user-friendly and based on individual user needs.

FEATURE PHONES



Doro's feature phones are logical, intuitive and easy to use, and can be combined with a selection of our other services.

SMARTPHONES



Once you start using a smartphone, it's hard to live without one. Using smartphones, users can safely stay in touch with family and friends through social networks, send messages, listen to music, make video calls and stream videos.

APPLICATIONS & SERVICES

Doro develops apps that address the needs of its target group. Unlike many other providers, we adapt font sizes, contrast levels and designs within the apps themselves. To get up and running with a new Doro mobile as quickly as possible, users get comprehensive guidance appropriate for their individual understanding of technology. We also offer training and support on our website so that everyone can use our services easily.

MY DORO MANAGER



My Doro Manager is a practical web service that makes owning a Doro mobile even easier and safer. By logging into the website, users or their relatives can easily change mobile settings and content from any location. This service also enables data transfer to a new mobile.

CONNECT & CARE



Connect & Care® is an app and subscription service that makes staying in touch with family and friends easier. Doro Connect & Care® enables a network of family and friends to care for a loved one by monitoring their daily status, responding to requests for assistance and urgent alerts, or just stay in touch using a simple messaging service.

CARE SOLUTIONS

Doro Care offers reliable products, solutions and services for an end-to-end digital alarm chain, mainly for seniors and disabled people who want to feel safer within or outside the home. This solution covers the complete alarm chain, from safety alarms through accessories to alarm reception and call-outs. We have been developing digital safety alarms and systems for over ten years and are now the market leader in digital safety alarms in Sweden and Norway.

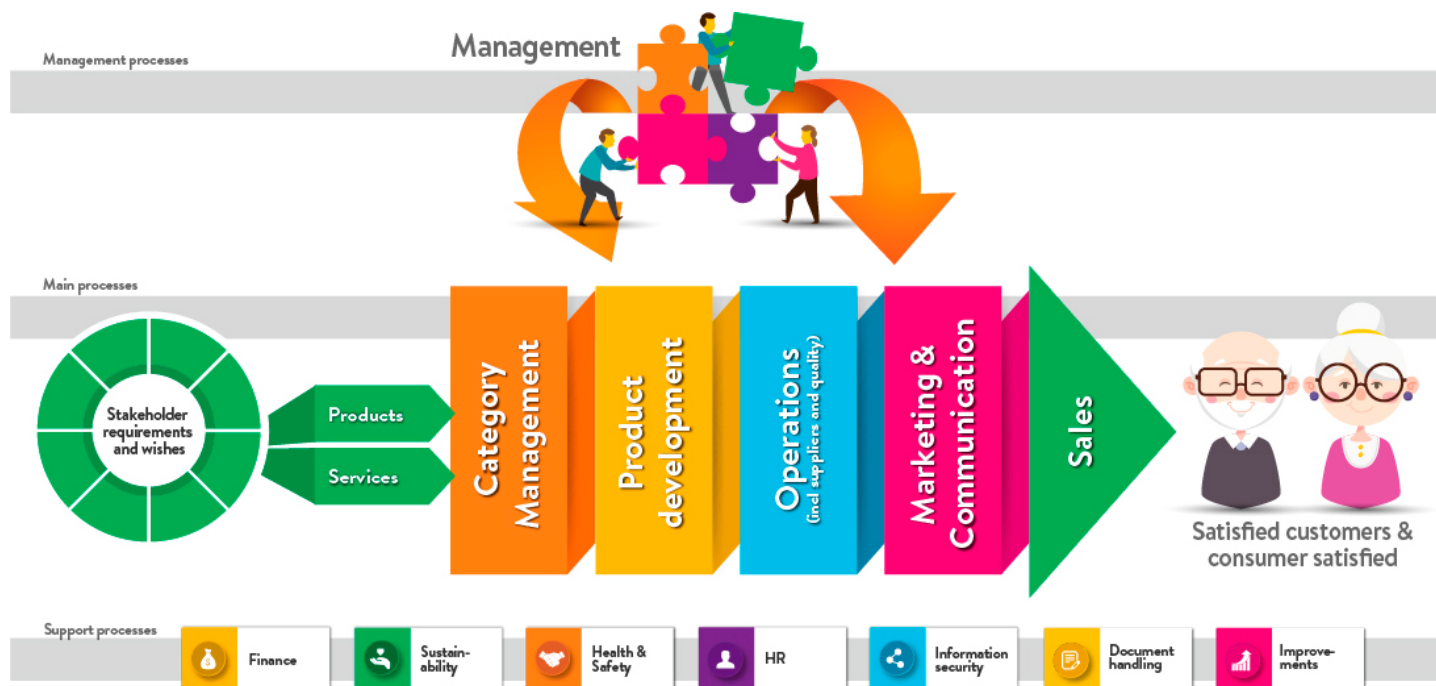
DORO CONNECT	DORO ALARM APPLICATION (DAA)	SAFETY ALARMS	ALARM RECEPTION
<p>Doro Connect is a mobile safety subscription service. The service is suitable for people that want extra safety at home if something unexpected happens, and for people who want to feel safer and more secure outdoors. A mobile safety service that works within and outside the home.</p>	<p>Doro Alarm Application (DAA) is a mobile app that makes Doro smartphones compatible with alarm receiving centres. The app enables alarms to be triggered using different functions on the phone. DAA can be downloaded or comes pre-installed on selected Doro smartphones.</p>	<p>A safety alarm enhances user safety between health and social care staff visits, and suits people who want to manage their own lives at home. Doro has been developing safety alarms for over ten years and provides secure safety solutions that cover the complete alarm chain, from safety alarms through accessories to alarm reception and call-outs. SmartCare by Doro is an offering that is in development. It is an integrated and intelligent solution that enables relatives and connected alarm receiving centres to receive alarms automatically or triggered manually by the user. Read more about SmartCare by Doro in the Strategy section.</p>	<p>If you fall, need to contact staff or are just worried, then being able to trigger an alarm and get help brings a sense of security. A simple click sends the alarm to Doro's alarm receiving centre, and help is on its way. We provide a complete digital alarm chain in Sweden and Norway, which provides seniors and disabled people with a secure safety solution.</p> <p>A description of our alarm receiving centre in Sweden:</p> <p>Doro Care provides 24/7/365 alarm reception, specialising in safety alarms. The service receives some 15,000 alarms per day. Our alarm centre currently has over 90,000 alarms connected in some 150 municipalities, making us the largest private safety alarm receiving centre in Sweden. In order to be able to offer a competent alarm reception service, we put a premium on knowledge. Accordingly, our staff have nursing assistant training and health and social care work experience. Our staff speak some 15 languages as well as Swedish.</p>

“I think with the Doro it is just so clear what you want to do. It's just very easy to use.”

 GILL'S STORY



A SUSTAINABLE BUSINESS



BUSINESS MODEL

Both our products and services pass through several steps from the requirements of the stakeholders to satisfied customer. For each step in the business model, there are policies, guidelines, routines and instructions which guide us in the right direction to create value for our stakeholders. Management and supporting processes supervise, support and develop.

In 2017, Doro studied the UN's Global Sustainable Development Goals, and concluded that our sustainability work is a good fit with three of them. This is why we created three focuses to work on, each of which reflects a global goal.

DORO'S FOCUS

What we sell should be good for the world

Production and products that do not harm the environment or people

Our staff enjoy good conditions, and conduct themselves well

UN SUSTAINABILITY GOAL



Reduced inequalities



Responsible consumption and production



Peace, justice and strong institutions

OUR CONTRIBUTION

Our phones and telecare solutions improve the lives of seniors and disabled people. Our products enable them to live more like other people.

We utilise good materials in our products to improve their environmental performance end to end through life cycles, from raw material to recycling. We reduce our environmental impact through more efficient and environmental transportation.

Phones are an important information channel. Our staff and suppliers enjoy fundamental freedoms and comply with legal standards.

WHAT WE SELL SHOULD BE GOOD FOR THE WORLD

Goal 10: Reduced inequalities



Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

OUR CONTRIBUTION:

Our phones and telecare solutions improve the lives of seniors and disabled people. Our products enable them to live more like other people.

With its adaptive products and solutions, Doro simplifies everyday lives, creating security for seniors and their relatives. As the market leader in easy-to-use and secure telecom and telecare solutions for seniors, we're helping create a society where older people can enjoy safer and more active lives fully. Our service-based home security solutions enable more seniors to live in their homes for longer, which is usually what they want themselves. This also offers gains from socioeconomic and environmental perspectives, one of many examples being health and social care staff being able to avoid vehicle journeys because user status is presented digitally.

CUSTOMERS AND USERS

Doro provides technology that helps seniors live more active and richer lives. Our customer base consists of a range

of institutions such as municipalities and health authorities, as well as consumers.

Our customers should feel safe using our products, solutions and services. Personal data is managed with a high degree of confidentiality in Doro's partnerships with municipalities, which is why we accredited our call centre with ISO 27001 in 2017. This means we apply stringent standards to the systematic management of information security based on customer requirements and legislation. This sets high standards on:

- **Confidentiality** (prevention of unauthorised access)
- **Accuracy** (prevention of undesired amendment)
- **Accessibility** (access by authorised people at the appropriate time)
- **Traceability** (capability to track changes).

This work is founded on our information security policy and guidelines. Amongst many other requirements, it includes rules governing how staff should conduct themselves to avoid personal data being disclosed to third parties, but instead, should only be available to the individuals that this information relates to.

Creating high awareness and processes regarding information security among staff is an important part of this work. This is why one initiative in the year was training our employees to satisfy the requirements set on internal processes by certification. These training packages will remain a priority, as will focusing on reducing the risks.

Doro has competitors on the market that provide similar services, but what is unique is the breadth of our product and services portfolios. Our tailored, complete offerings in telecom and telecare have been produced to match the different phases of ageing. Our strength is that Doro's technology enables high integrity and safety, which are long-term value creators for all our customers.

PRODUCTION, PRODUCTS AND SERVICES THAT DO NOT DAMAGE THE ENVIRONMENT OR PEOPLE

Goal 12: Responsible consumption and production



Target 12.2 By 2030, achieve the sustainable management and efficient use of natural resources.

Target 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

Target 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

OUR CONTRIBUTION:

We utilise good materials in our products to improve their environmental performance end to end through life cycles, from raw material to recycling. We reduce our environmental impact through more efficient and environmental transportation. For example, hardware components within our Care offering can be recycled because they are produced in a way, and using materials, that enable disinfection.

RESPONSIBILITY IN EVERY ASPECT OF OUR BUSINESS

In different ways, Doro attempts to contribute to more sustainable development in every aspect of our business—from raw material to production and use by consumers (see value creation illustration on page 19). Doro does not conduct any production in-house and our manufacturing partners are in locations including China. It is important for Doro to live up to our values in every part of our business, including our partners' production units, which require

systematic working methods for specifying requirements and monitoring. Doro complies with the GSM Association's Universal Charging Solution (UCS) initiative to standardise USB chargers on the market and eventually reduce the production of new chargers.

MATERIALS AND RAW MATERIALS

Doro endeavors to select materials with the minimum environmental impact possible. As more environmental materials are developed, we evaluate whether

they can replace current alternatives. Our membership of the Electronic Industry Citizenship Coalition (EICC) has enabled Doro to start work on improving the traceability of raw materials through the supplier level, and thus ensure that wherever possible, conflict minerals are not used.

Doro satisfies EU standards governing materials and chemicals in our products.

The usage of hazardous substances is formalised within RoHS (Restriction of the use of certain Hazardous Substances in electrical and electronic equipment). The purpose of this EU directive is to reduce risks to human health and the environment, and stipulates CE labelling in addition to environmental labelling. The POP (Persistent Organic Pollutants) directive sets another new limitation in terms of materials. We also comply with REACH/SVHC (Substance of Very High Concern), the Batteries Directive, the Packaging Directive and labelling plastic for recycling etc.

“We want to be a positive force for change and create incentives for our partners and suppliers to evolve and improve.”

MANUFACTURING AND OUR SUPPLIERS

Doro has contracts and partnerships with about a dozen manufacturing partners in China. Most specialise in consumer electronics and telecom, although we also have agreements with a number of accessory producers. It is important that Doro is clear about what it stands for and conducts itself accordingly—in every aspect of our business. Doro endeavors to secure long-term relationships and close collaborations with partners and suppliers. We want to be a positive force for change and create incentives for our partners and suppliers to evolve and improve. We believe we can contribute to progress by standing up for our values and demanding that our suppliers satisfy our code of conduct and environmental standards. Our risk analysis in 2017 identified occupational health & safety of our partners in China as one of our major sustainability risks, which means objectives and monitoring are important.

All our suppliers undertake to comply with our Code of Conduct, which has been produced in two versions—one for the European market and a more specific and extensive one for the Asian market. Doro has been executing third-party audits of existing suppliers at least every third year since 2008, depending on whether the supplier is rated high or low risk. We make our own visits to China four times per year, to ensure on site that plants are complying with our Code and guidelines. Our Chinese inspectors also play a crucial role in our efforts in upholding the Code, verifying all deliveries before shipping from each plant, and because they are on site, they can detect any unsatisfactory working conditions.

If a supplier breaches the Code or any other standard, we make it clear that this is not acceptable. Accordingly, to continue our partnership, we demand that the supplier produces a remedial action plan. If the supplier still does not satisfy standards, Doro is entitled to discontinue the collaboration immediately, which has not been necessary to date.

We give feedback back to our current suppliers using a Supplier Score Card after each visit, with CSR being one of several evaluation and monitoring parameters. We are always clear about the standards we apply to new suppliers.

Doro also sets clear environmental standards for its suppliers, and works actively on improving the environmental performance of products through efficient design. When developing a new product, we always endeavor to make it better than the previous version—in terms of performance, energy consumption, ergonomics, user-friendliness, and in terms of recycling and servicing.

Doro's largest suppliers hold ISO 14001 certification, and more plants are executing a range of environmental programs to achieve ISO 14001 certification.

Doro does not conduct any operations that require permits or reporting to regulators.

LOGISTICS

In house, Doro works on optimising logistics for products and packaging. As far as possible, Doro uses

environmentally accredited suppliers and haulage contractors. We utilise maritime freight, and video and teleconferencing extensively.

IN-HOUSE OPERATIONS

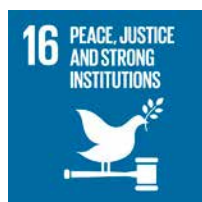
In-house, Doro endeavors to minimise its external environmental impact by utilising resources efficiently in every context. Doro Care Sweden has been environmentally certified since 2011, and more parts of our Norwegian operations secured environmental certification in 2017.

LIFE CYCLE PERSPECTIVE

Doro takes a holistic view of product life cycles. Manufacturing products that last a long time and have good battery capacity is an important part of its environmental philosophy. Our Care products can be disinfected and parts exchanged, conferring them with good environmental performance. Quality, respect for the environment and people are fundamental as we build the Group's success and long-term profitability.

OUR STAFF ENJOY GOOD CONDITIONS AND CONDUCT THEMSELVES WELL

Goal 16: Peaceful and inclusive societies



Target 16.5 Substantially reduce corruption and bribery in all their forms.

Target 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.

OUR CONTRIBUTION:

Phones are an important channel for accessing information. Our staff and suppliers should enjoy fundamental freedoms and comply with legal standards.

VALUES AND BUSINESS ETHICS

Doro operates in a sector in rapid transformation, which is why we need to be flexible and adapt to new user behaviour patterns and needs as we develop technology solutions. It is also important that Doro retains its core values and behaviour consistent with its Code of Conduct, even when progress is rapid. This implies responsibility in every aspect of our business. Doro's core values permeate our business culture and are guiding principles when we develop products and interact with each other, our customers and end-users. Our ethical Code of Conduct is the bridge between these principles, and our behaviour and

actions. We will be producing a plan to make us even better at disseminating our values to the people in our organisation during 2018.

VALUES

Trust: Trust that we will always deliver on our promises.

Ease: Simplicity, and doing what we can to make everyday life easier.

Care: Care and sympathy for other people's needs.

CODE OF CONDUCT

- Business ethics and bribery
- Human rights
- Health and safety
- Wider society
- The environment
- Employee relationships.

Our complete Code of Conduct is available at Doro's website.

OCCUPATIONAL HEALTH & SAFETY

To stay at the leading edge in our sector, we need to hire, retain and develop the right people with the right competence. This means employees are our most important resources and ambassadors. Find out more about how we achieve a positive working climate on page 30.

SWEDISH ANNUAL ACCOUNTS ACT STANDARDS ON SUSTAINABILITY REPORTING:



Legal requirement	How we respond
1. The Company's business model	The business model is presented on page 23
2. Policy including audit procedures	The following policies are primarily relevant for sustainability aspects and are published on our website: <ul style="list-style-type: none"> • Environmental Policy • Health & Safety Policy • Business ethics Group management follows up on these policies annually
3. Policy outcomes	Our policies are monitored coincident with internal and external audits (ISO 9001, 14001, 27001), as well as annual follow-ups by Group management
4. Material risks	Our most material sustainability risks are information security and suppliers, see page 36
5. Risk management	Risk management is reviewed on page 36
6. Central performance indicators	<ul style="list-style-type: none"> • Employee satisfaction and motivation • Employee loyalty • Share of transportation from Asia by sea/air • Achieve ISO 27001 (information security) for call centers • Reduce information security risks • Increased awareness of information security by training staff • Achieve ISO 14001 (environment) for our Oslo operation. <p>All of the last four points are targets that have been satisfied.</p>

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

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

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2017 on pages 23–29 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Malmö 28 March, 2018
PricewaterhouseCoopers AB

Magnus Willfors
Authorised Public Accountant
Auditor in charge

Johan Rönnbäck
Authorised Public Accountant

EMPLOYEES

“We are convinced that differing competences and backgrounds are necessary to keep growing, on new and established markets.”

CULTURE

To be able to offer our seniors pleasurable lives by using our products and solutions, it's critical that our employees feel the same when they go to work each morning. Doro's core values are Trust, Ease and Care, and we think it's important to embed these core values into our everyday philosophy. This may be about looking for smart and simple solutions in what we do, but also in how we behave towards each other, our customers and partners. Our core values set the criteria for our annual employee reviews, and eventually, will also be the foundation of Doro's leadership programme. In 2017, we conducted an employee satisfaction survey, which had a positive outcome. We measure motivation and satisfaction, as well as loyalty, and take actions on a departmental basis on any segments where there are shortcomings. One practical outcome is that in 2018, we will relocate operations from Lund and Malmö to new, shared premises in central Malmö, because of dissatisfaction with the current premises being too crowded. We have also implemented more communication channels to all staff.

SEARCH & SELECTION

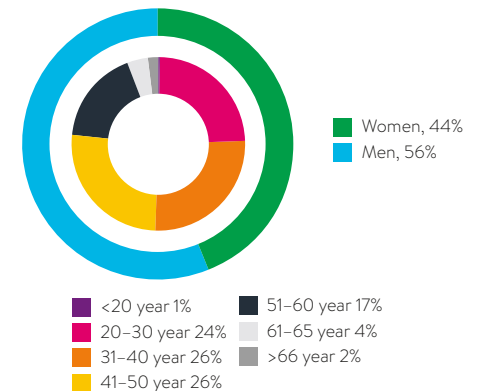
Doro has a flat organisational structure, which we hope, creates the potential to identify future talent and competences, but also promotes profitability and growth through a clear connection to our overall business goals. It is important for us that Doro is a sustainable employer that considers employees' drive and needs. To streamline our HR administration and care for our staff better, we implemented a new HR system across all our operations in 2017, and work on this will continue in 2018. To even out our peaks and ensure that we have access to the resources and competence necessary to execute our mission, we appoint consultants when we need them. Our search and selection process is managed by an external recruitment agency.

COMPETENCE & DIVERSITY

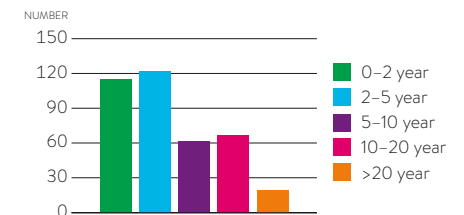
We are convinced that differing competences and backgrounds are necessary to keep growing, on new and established markets. Our customers and consumers are located in over 40 countries, as are our operations. Even if most of Doro's

employees are in the Nordics, we prioritise local presence on all our markets. Doro's global diversification and understanding of people and the society they live in are fundamental to our business. Our employees represent a wide variety of job categories including engineers, accountants, developers, care assistants, sales professionals and marketers. Many of them speak several languages, especially at our alarm receiving centre in Malmö. However, collaboration between our businesses is in English to create functional communication group wide.

AGE AND GENDER DIVISION



LENGTH OF SERVICES





HEALTH & SAFETY

We continued to develop our procedures and monitoring of health and safety in 2017. We have policy and guidelines in place that apply group wide. Each business in individual countries then implement them in accordance with their national legislation, in order to satisfy the relevant standards. Follow-ups are conducted yearly to verify that our site offices are satisfying their standards. This process is in continuous development.

Our occupational health and safety risks are not substantial, but the most important ones we have identified are travel by car, travel to less safe countries and stress.

GEOGRAPHICAL DIVISION OF EMPLOYEES



- Nordic 73%
- DACH 14%
- United Kingdom 4%
- EMEA 7%
- Hong Kong 2%

DORO SHARE

SHARE PRICE AND MARKET CAPITALIZATION

The Doro share is listed on Nasdaq Stockholm in the smallcap segment, where companies have market capitalizations of up to EUR 150m. OMX Technology, the Stockholm Stock Exchange sector index where Doro is a constituent, rose by a total of 9.2 percent in 2017. In the same period, Doro's share price fell by 17.6 percent. The Stockholm Stock Exchange overall rose by 6.4 percent. At year-end 2017, Doro's market capitalization was SEK 1,038 m (1,232). In 2017, more than 87 percent (93) of turnover in the Doro share was on Nasdaq Stockholm. A total of some 16.0 million (21.1) shares were traded in the year, with average daily turnover of 63,633 (83,495) shares.

SHARE CAPITAL

The AGM (Annual General Meeting) in April 2017 approved the Board of Directors' proposal to authorise the Board to reach decisions on new share issues up to an aggregate maximum number of shares, which at the day of the AGM, correspond to 10 percent of all outstanding shares, in the period until the following AGM. The resolution

was unanimous. The same AGM also approved the Board of Directors' proposal to authorise the Board to decide to purchase treasury shares of a number, which any time, does not exceed 10 percent of all the shares of the Company. This resolution was unanimous. 517,000 new shares were issued coincident with staff exercise of warrants in July, the authorisation to purchase treasury shares was not exercised in 2017.

As of December 31, 2017, Doro's share capital amounted to SEK 23,755,255 (23,238,255) with a total number of outstanding shares of 23,755,255 (23,238,255), each with a quotient value of SEK 1.00. All shares carry equal votes.

OWNERSHIP STRUCTURE AND SIGNIFICANT CHANGES

Effective January 4, 2017, Jérôme Arnaud, formerly CEO and president of Doro, sold all his holdings in Doro, of 163,336 shares, to Accendo Capital. On September 28, 2017, the privately held investment firm Rite Ventures reported a shareholding in the Company of over 2.2 million shares, or 9.3 percent of the capital and votes.

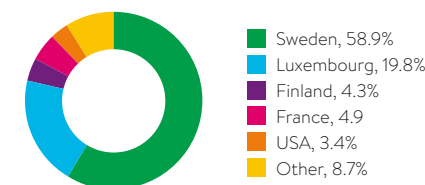
INVESTOR RELATIONS

The Doro share is regularly monitored by financial analysts who work for Remium and Redeye, who publish updated research at www.introduce.se/foretag/doro and www.redeye.se/bolag/doro. Coincident with the Company's publication of its quarterly interim reports, the CEO and CFO host a webcast presentation associated with each report. This webcast, normally held at 9 a.m. on the reporting date, is available at the Company's website, <https://corporate.doro.com>. The CEO and CFO take questions at these presentations. In addition to the quarterly report webcasts, the CEO and CFO are also available for meetings and telephone conferences with investors, financial analysts and shareholders regularly through the year.

DIVIDEND

Doro's long-term target is a dividend payout ratio of 33 percent of net profit (albeit considering capital structure and share buy-backs). The Board of Directors proposes that no dividend should be paid for 2017 since a decision has been taken to undertake a share buyback program.

INVESTORS BY COUNTRY



SHAREHOLDERS BY HOLDING SIZE

Holding, no. of shares	Number of shareholders	% of all shareholders
1-500	6,522 (8,746)	77.3 (79.0)
501-1,000	928 (1,161)	11.0 (10.5)
1,001-5,000	763 (897)	9.0 (8.1)
5,001-10,000	88 (107)	1.0 (1.0)
10,001-15,000	37 (44)	0.4 (0.4)
15,000-20,000	17 (17)	0.2 (0.2)
Över 20,001	83 (94)	1.0 (0.8)
Total	8,438 (1,066)	100.0

Source: Euroclear

SHARE DATA

Transaction	2017	2016	2015	2014	2013
Number of shares at year-end,000	23,755	23,238	23,238	21,204	20,806
Share price at year-end, SEK	43.70	53.00	62.00	38.80	44.00
Share price high	60.75	78.00	62.00	55.00	57.30
Share price low	42.10	45.10	37.50	25.10	24.60
Market capitalization at year-end, SEKm	1,038	1,232	1,440	823	915
Quotient value, SEK	1.00	1.00	1.00	1.00	1.00
Earnings per share, SEK	2.83	1.33	2.78	2.76	3.07
Cash flow per share, SEK ¹⁾	5.03	2.66	3.69	1.06	5.60
Reported equity, SEK	24.57	22.38	20.74	15.79	13.79
Dividend per share, SEK	–	1.00	–	–	1.50
Dividend share of net profit, %	–	75	–	–	51
P/E-ratio ²⁾	15.44	39.73	22.30	14.05	14.33
Dividend yield, % ³⁾	–	1.9	–	–	3.4

¹⁾ Cash flow from operating activities dividend by number of shares before dilution at year-end

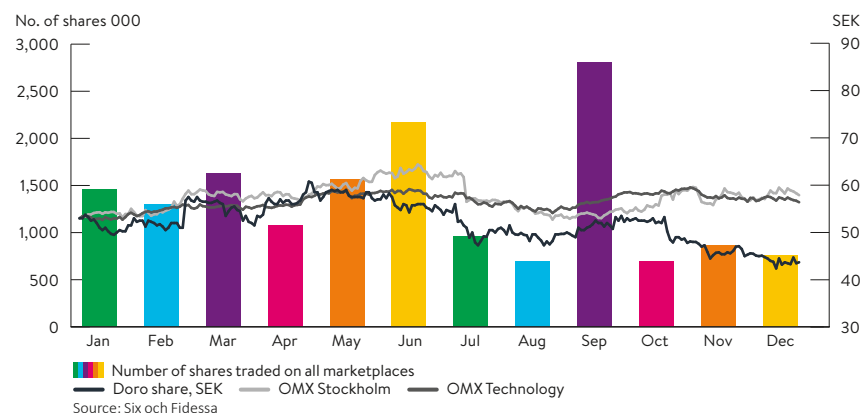
²⁾ Share price at year-end dividend by earnings per share for the year

³⁾ Dividend per share divided by share price at year-end

SHARE CAPITAL HISTORY

Year	Transaction	Change in number of shares	Issue price, SEK	Increase in share capital, SEKm	Amount deposited, SEKm	Total number of shares
2001	Directed issue	11,764,705	8.50	11.8	100	21,467,859
2005	New share issue	7,141	1.00	0.0	0	21,475,000
2005	Reverse split, 5:1	–17,180,000	0.00	0.0	0	4,295,000
2006	New share issue, 3:1	12,885,000	6.00	64.4	71.2	17,180,000
2006	Offset issue	227,631	7.66	1.1	1.5	17,407,631
2009	Directed issue	1,700,000	9.50	1.7	16.2	19,107,631
2011	Directed issue	241,543	25.56	0.2	6.3	19,349,174
2013	Directed issue	1,457,000	27.89	1.5	40.6	20,806,174
2014	Warrant program	398,309	35.30	0.4	14.1	21,204,483
2015	Directed issue	2,033,772	41.50	2.0	84.4	23,238,255
2017	Warrant program	517,000	42.00	0.5	21.7	23,755,255

SHARE PRICE AND VOLUME



MAJOR SHAREHOLDERS

As of December 31, 2017 Ten largest shareholders	No. of shares	Proportion of capital and votes, %
Accendo Capital	3,743,092	15.8
Rite Ventures	1,916,199	8.1
FCP Objectif Investissement, Microcaps	997,000	4.2
Humle Kapitalförvaltning	932,288	3.9
Clearstream Banking S.A., W8IMY	745,121	3.1
Nordea Investment Funds	736,209	3.1
Avanza Pension	730,975	3.1
Origo Quest 1	634,592	2.7
LINC AB	600,000	2.5
Originat AB	560,000	2.4
Subtotal	11,595,476	48.8
Total number of shares	23,755,255	100

Source: Euroclear

OPERATIONS IN 2017

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

OPERATIONS

Doro AB provides telecom products and services for seniors so they can live full and rich lives—doing the things they want to do more easily, and making things they never thought they could do possible. As the market leader in its segment—telecom for seniors—Doro provides easy-to-use mobile feature phones and smartphones, mobile apps and fixed line telephony with high volume and clear sound quality. Doro Care provides safety alarms and services for seniors and disabled people in their homes. Doro received several international design awards during the year, including the Orange Partner Award for Outstanding Excellence in Smart Mobile Designs for Seniors.

BUSINESS ENVIRONMENT

Doro operates in the rapidly changing market for mobile communication and safety solutions for older consumers in Europe, North and South America and the Asia-Pacific region. Doro's products are manufactured by contractors, mainly in China. Doro protects its products by owning moulding tools and design rights, and also by actively participating in design, development and quality assurance processes. Doro coordinates its sourcing to achieve economies of scale and attractive pricing.

THE SHARE

Information on the Doro share is on pages 32–33.

THE PAST YEAR'S OPERATIONS IN BRIEF:

Total revenue amounted to SEK 1,924.0m (1,959.1), a decrease of 1.8 percent.

- EBIT totalled SEK 92.0m (47.7).
- The operating margin was 4.8 percent (2.4).
- Profit after tax amounted to SEK 66.5m (31.0).

- Earnings per share after tax amounted to SEK 2.83 (1.33).
- Cash flow from operating activities amounted to SEK 119.5m (61.7).

Doro launched a range of products and services in the year, including:

Smartphones

- DORO 8040/8042—Intuitive smartphone with built-in remote access for friends and family
- DORO 8020X—bump and water-resistant smartphone for an active lifestyle with IP67-classification
- DORO 1360/1361/1362—Easy-to-use mobile phone with wide display and camera
- DORO 2404—Flip phone with large display
- DORO 2424—Flip phone with external display
- DORO 2414—Feature phone with large display and torch
- DORO 540X—Robust dust and water-resistant feature phone.

Doro Care

Radio transmitter 9350—radio transmitter module compatible with social alarm band. Supplied with or without casing to fit proprietary or third-party accessories.

REVENUE AND RESULTS OF OPERATIONS

Doro's total revenue in the year amounted to SEK 1,924.0m (1,959.1), a decrease of 1.8 percent on 2016. Growth was 31.7 percent in Doro Care and 12.9 percent in the DACH region (Germany, Austria, Switzerland and central Europe). Other markets returned low or negative growth, with the US and Canada down by 49.4 percent. Slow progress in the US and Canada was due to a technology migration that increased sales in 2016.

EBIT was SEK 92.0 M (47.7), generating an EBIT margin 4.8 percent (2.4). The margin expansion is due partly to reduced overheads and is partly because 2016 was affected by several non-recurring expense items.

Profit after tax amounted to SEK 66.5m (31.0). Net financial items were SEK –0.3m (–8.3).

CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

Cash flow from operating activities amounted to SEK 119.5m (61.7). The Group's net cash flow and change in cash and cash equivalents, which amounted to SEK –3.9m (17.1) in the year, was charged with investments of SEK –70.2m (–96.4). The investments that were capitalised are primarily attributable to product development. A dividend of SEK 23.3m (0) was paid. At year-end, Doro had interest-bearing liabilities of SEK 165.0m (236.7), while cash and cash equivalents amounted to SEK 57.1m (61.0). The equity ratio increased to 49.6 percent (40.4) at the end of the period.

FINANCE POLICY

The aim of the Policy is to clarify responsibilities and define general rules and guidelines for specific areas within Doro, with a view to supporting operations, reducing financial risk and allowing efficient use of capital and cash flow.

Estimated currency flows based on normal volumes and current price lists (which usually apply for around three months) are 70–90 percent hedged. Doro applies hedge accounting in accordance with IFRS.

BOARD OF DIRECTORS

The members of the Board of Directors are Chairman of the Board Johan Andsjö, Karin Moberg, Jonas Mårtensson, Lena Hofsbarger and Deputy Chairman Henri Österlund. The Chief Executive Officer Robert Puskaric also participates at Board meetings. The Company's CFO Carl-Johan Zetterberg Boudrie is co-opted to the Board of Directors as Secretary.

REMUNERATION TO SENIOR EXECUTIVES

The Board's proposed guidelines for remuneration of senior executives for 2018 are principally that salaries and other terms of employment for the management will be at market levels. In addition to fixed basic salary, management can also receive variable remuneration and bonuses with a predetermined ceiling and based on results achieved relative to established targets (and in certain cases, other key performance indicators).

The maximum cost, including social security contributions, for variable remuneration may not exceed the fixed remuneration to the company's senior executives. The total expense for fixed and variable remuneration

will be determined yearly at an amount that includes all the company's remuneration expenses. The company's senior executives are entitled to allocate a portion of their fixed and variable remuneration to other benefits, such as pension benefits. Management's pension plans will mainly be defined contribution.

If employment is terminated by the Company, senior executives may be entitled to severance pay; in which case, this shall have a predetermined ceiling. No severance pay is due if employment is terminated by the employee. The Board is entitled to depart from these guidelines if there are particular reasons for this in individual cases. This proposal is consistent with the guidelines adopted by the Annual General Meeting 2017.

PRODUCT DEVELOPMENT AND DEVELOPMENT EXPENSES

Doro conducts product development and design projects jointly with various external partners. In addition to the Company's own development costs, manufacturing partners also bear significant development costs. Doro engages design companies from different countries and the costs may be either fixed or variable. Doro also sometimes sources technology from various external companies.

In addition, Doro invests in various moulding tools and design rights in order to protect product designs. These costs are capitalised until products are ready for shipment, when depreciation begins.

For 2017, the Group's costs of development work amounted to SEK 49.1m (42.1).

Doro has registered the trademarks Doro, Doro Care, Care Electronics, Doro PhoneEasy, Doro Secure, Doro Experience, Doro Connect & Care, Doro Liberto, Ergonomic Sound, Audioline, Swisstone, CareTech and i-care, as well as many other product names and figurative trademarks. Doro has also protected its designs through a large number of registered design rights.

INVESTMENTS

Investments are made in design, moulding tools, certification processes, control equipment, other equipment, computers and software systems. Investments amounted to SEK 70.2m (67.4). See also accounting principles.

LEGAL PROCEEDINGS

During the year Doro was not involved in any disputes that have affected, or will affect, the Company's position materially.

QUALITY

Doro regularly assesses suppliers using the "Doro Scorecard". Assessments focus on suppliers' manufacturing processes and specifies points of escalation for reported quality failures and associated remedial action. Potential suppliers are assessed on site in respect of all quality-related processes. At the same time, Doro conducts an initial assessment pursuant to its Code of Supplier Conduct. Product quality checks are also conducted on individual consignments.

REGULATION

Doro's Quality Manager continually monitors the Company's products to check that, as a minimum, they meet the standards set by authorities in relevant markets, technical specifications and environmental requirements.

DIVIDEND AND FINANCIAL TARGETS

The Company has a long-term operating margin target of 8 percent and an annual growth target of 10 percent (including acquisitions) for the coming years. For the long term, revenue from services will be a minimum of 30 percent of total revenue. The Company's target is a dividend of one-third of profit after tax (allowing for its capital structure and share repurchases). Finally, the Board of Directors has specified that net debt as a share of EBITDA will not exceed a multiple of 2.5.

In February 2018, the Board of Directors decided to execute a share repurchase programme for an aggregate maximum of up to SEK 25m, until and including 26 April 2018. The Board also decided not to propose a dividend for 2017.

PARENT COMPANY

In addition to Group management and finance functions, Parent Company Doro AB also provides a number of support functions for the rest of the Group. Marketing and product development are coordinated by the Parent Company, while the product and quality department oversees design and

tool modifications, as well as quality assurance of deliveries. Purchasing and logistics are also coordinated by the Parent Company, which is responsible for flows of material within the Group. Doro AB and wholly owned subsidiary Doro Care AB were merged in June 2017.

Doro AB had net sales of SEK 1,531.8m (1,439.5). Profit after financial items amounted to SEK 48.5m (-1.3). Doro AB manages its subsidiaries' financing. The Parent Company's net debt was SEK 138.5m (221.0) at year-end 2017. Shareholders' equity amounted to SEK 411.3m (373.2m).

RISKS

Doro's risks and uncertainties primarily relate to its ability to continually develop competitive products, disruptions in supply, customer relations and exchange rate fluctuations and the public tender financing process in Doro Care.

More information on Doro's management of financial risks is in Note 23. Other risks are described below.

PRICE RISK

Doro operates largely in telecommunications and is affected by general price decreases and the progress of costs in the consumer electronics industry. This means that selling prices may fall faster than production prices. Doro actively utilises a range of forecasting tools and monitoring programmes for production planning and stock management. The Company works in partnership with suppliers, enabling high flexibility based on forecasts that are converted into purchase orders. Changes to regulatory standards and technological progress could result in products in stock having a significantly lower sales value than estimated.

For Care products, pricing is normally determined by competitive public tender for new hardware sales, or new contracts for services for safety solutions.

BORROWINGS

In March 2016, Doro signed a loan agreement with Svenska Handelsbanken for a total credit facility of SEK 310m. SEK 50m (40) of this facility was repaid in the year. The loan facility with Handelsbanken also includes a SEK 50m overdraft facility.

CASH FLOW RISK

Doro's cash flow from operating activities fluctuates naturally through the year due to the seasonality of sales. The Company's cash funds and credit agreements have been adapted to address these fluctuations.

COMPETITION RISK

Doro operates in competitive markets. Market segmentation is one way of facing the competition. In addition, Doro continually conducts market research into end-customers' needs and preferences, so it can develop unique products. Activities to increase productivity are conducted in parallel. Brand development within the seniors' market is another distinguishing feature of Doro that is an asset to the Company.

RISK OF BAD DEBT

In recent years, Doro has maintained a low level of bad debt, since its main customer base consists of large corporate groups with regular trade. In 2017, Doro incurred bad debt of SEK 5.3m (2.5). Doubtful debt in 2017 amounted to SEK 3.5m (6.7). In 2017, no individual customer accounted for more than 10 percent of revenue.

RISK OF COMPLAINTS

The risk of complaints refers to the costs of correcting faults arising in products supplied by Doro. Warranty periods are usually 12–24 months. Various provisions are made for outstanding warranties. The Group's extensive quality work has improved quality in recent years.

INSURANCE RISK

Doro has a coordinated programme for insurance. Drawing on external expertise, Doro has formulated a policy stating the type of insurance to be arranged, the amounts of cover required and risk allocation between the Parent Company and subsidiaries.

POLITICAL RISK

Political risk is the risk that authorities in various countries take political decisions that make continued operations more difficult, more expensive or impossible. All production is in Asia (as is also the case for basically all competitors).

INFORMATION SECURITY RISKS

There is a risk of loss or spreading of information, but also that information is not available when it should be. Because of this, we have been working on applying ISO27001 in the most sensitive parts of the company. The risks have been evaluated in a very structured way during 2016–2017 in connection with our certification. The risks that have required or require action have plans that are revised on a regular basis.

LEGAL DISPUTES

This type of risk refers to the costs that may be incurred by Doro for pursuing various legal proceedings, as well as costs of third parties. Doro was not party to any material legal dispute in 2017. Doro draws on external expertise with a view to prevention and actively safeguards its rights.

SUSTAINABILITY RISKS

Sustainability risks are evaluated in a general way by each department concerned. Suppliers are an important risk since there could be suppliers with poor conditions regarding working environment or environmental impact in our supply chain. We perform our own as well as third party audit of our most important suppliers to ensure a proper level regarding foremost working environment and environmental impact.

SUSTAINABILITY REPORT

Doro's sustainability report, in accordance with the new requirements in the Annual Accounts Act, can be found on pages 23–29.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 2 p.m. on 27 April 2018 at Hotel Scandic Anglais, Humlegårdsgatan 23, 102 44 Stockholm, Sweden.

PROPOSED APPROPRIATION OF PROFIT

In accordance with the authorisation of the AGM 2017, Doro has decided to execute a share repurchase programme of an aggregate total of up to SEK 25m, which is consistent with the previous year's dividend, in the period up to and including 26 April 2018. The Board has also decided not to propose any dividend for 2017. The aim is to bring flexibility to the company's capacity for distributing a portion of earnings to shareholders, and to serve as a tool for the Board to optimise the Company's capital structure if it considers this the best option for utilising the Company's cash reserves at the time.

The following unrestricted funds in the Parent Company are available to the Annual General Meeting:

Share premium reserve	179,811,455.70
Fair value reserve	–836,943.00
Retained earnings	79,323,323.94
Profit for the year	36,758,226.40
	<hr/>
	295,056,063.04

The Board of Directors proposes that the funds at the disposal of the Annual General Meeting are carried forward.

FULL-YEAR OUTLOOK FOR 2018

Our expectation for 2018 is sales in the SEK 1.9–2.1 billion interval, and that EBIT will be in the SEK 100–140m interval, excluding potential acquisitions.

EVENTS AFTER THE END OF THE YEAR

In February 2018 the company announced that Group management had been strengthened by the inclusion of Jörgen Alsing, vice president with responsibility for the new function SmartCare & Services. The new function strengthens Doro's drive for safety services for seniors and their relatives. It was also announced that Annika Björk had been appointed new Human Resources Director and member of Group management.

CLEAR RESPONSIBILITY FOR OPERATIONS CREATES CONFIDENCE

Having the confidence of the market, shareholders and the public is essential to Doro's continued success. To maintain it, the Board of Directors and management must conduct themselves in a responsible, transparent and committed manner. Accordingly, it is reassuring that in the year, the Board of Directors worked effectively and constructively with the Company's management and other employees. The role of the Board is becoming increasingly important in a global business environment where change is occurring ever more rapidly—not only in terms of the macroeconomic climate and specific business conditions that Doro operates in, but also through the increased competition now present in some of our markets.

We are well prepared to face changing market conditions and the Company can adapt quickly to new circumstances.

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

Doro's openness to the market and the fact that we continually provide information about ongoing actions and results of operations are just as important to Doro's credibility. This is the basis of a value-creating relationship with all our stakeholders, whereby existing and new shareholders can be sure they are receiving accurate information at the right time.

Doro AB is a Swedish public limited company listed on OMX Nasdaq Stockholm ("the Stockholm Stock Exchange"). Doro's corporate governance is based on Swedish legislation, primarily the Swedish Companies Act, but also on the Stockholm Stock Exchange's Rule Book for Issuers, the Swedish Corporate Governance Code ("the Code") and other applicable rules. The Company is also governed by its Articles

of Association, internal instructions and policies, and recommendations issued by relevant bodies. This Corporate Governance Report has been prepared by the Board of Directors of Doro AB in compliance with the Swedish Annual Accounts Act and the Code. This Report is part of the formal Annual Accounts.

SHAREHOLDERS

According to the share register maintained by Euroclear Sweden AB as of 31 December 2017, Doro AB had 8,438 shareholders. Foreign shareholders represented 41.1 percent of the total number of shares. The number of shares of Doro AB as of 31 December 2017 was 23,755,255, and at the same date, Doro's market capitalisation was SEK 1,038m. Doro's largest shareholder is Accendo Capital, which holds 15.8 percent of the Company's shares.

SWEDISH CORPORATE GOVERNANCE CODE

All companies listed on the Stockholm Stock Exchange must comply with the Swedish Corporate Governance Code. Its aim is to improve the corporate governance of listed companies and to create confidence in them, from the public and participants on the capital markets. The Code is based on the principle of "comply or explain", which means that companies may depart from the rules provided they give a satisfactory explanation for their departure and review the selected alternative. The Code is available on the website www.corporategovernanceboard.se.

ANNUAL GENERAL MEETING

The Annual General Meeting is the Company's highest decision-making body. The Board of Directors and Chairman of the Board of Doro AB are elected at the Annual General Meeting. The Company's auditors are also appointed. The Annual General Meeting approves the Income Statement and Balance Sheet, and the

appropriation of profit or loss for the year. Other matters to be dealt with are laid down in the Swedish Companies Act. The Annual General Meeting is to be held within six months of the end of the financial year. Shareholders who are registered in Euroclear Sweden's register of shareholders on the record date and have notified their intention to attend are entitled to participate at the Annual General Meeting.

NOMINATION COMMITTEE

The Annual General Meeting appoints the members of the Company's Nomination Committee. The duties of the Nomination Committee are to nominate Board members and, where appropriate, auditors for election at the next Annual General Meeting, and to propose remuneration for work on the Board and its Committees to the Annual General Meeting. The Nomination Committee also proposes a Chairman for the Annual General Meeting.

The members of the Nomination Committee are Chairman Mark Shay, nominated by Accendo Capital, Christoffer Håggblom, nominated by Rite Ventures and Carl Rydin, nominated by Origo Capital. Johan Andsjö, Chairman of Doro AB, is a co-opted member of the Nomination Committee.

BOARD OF DIRECTORS

Doro AB's Board of Directors consists of five members elected by the AGM on 27 April 2017. Johan Andsjö was elected as Chairman. There is a more detailed presentation of each member on page 40. The Company's former CFO Magnus Eriksson was co-opted to the Board of Directors as Secretary up to and including the Board meeting on 13 September 2017. Subsequently, Doro AB's current CFO Carl-Johan Zetterberg Boudrie was co-opted to the Board of Directors as Secretary. Other senior executives participate at Board meetings to make presentations.

BOARD MEETINGS

The Board of Directors met on 12 occasions in 2017, four meetings were held in Stockholm, three meetings were held at the Company's premises in Lund, and one meeting was held at the Company's premises in Malmö. Other meetings were held as conference calls. All Board members attended all meetings apart from Lena Hofsbarger, who was absent on 9 November 2017. The Company's CFO and Board Secretary attended all meetings apart from one. The Board deals with matters arising such as market conditions, budgets, results for the period and cost efficiency. All Board meetings follow an agenda, which is approved in advance. This is sent out to each Board member a week in advance of each meeting, along with relevant documentation and a list of matters outstanding from the previous meeting. The meetings of the Remuneration Committee are reported back to the Board and minutes of these meetings are distributed to the Board. Each month, the previous month's results are also distributed with comments.

THE BOARD'S RULES OF PROCEDURE

The Board of Directors' rules of procedure stipulate the working methods for Doro AB's Board of Directors. The rules of procedure are based on the Articles of Association, the Swedish Companies Act and the Code. The Board bears overall responsibility for the Doro Group. The Board of Directors' responsibilities also encompass Doro's relationships with its shareholders, the general public, public authorities and other organisations and interest groups. The Board of Directors is responsible for executing resolutions made by the AGM and for achieving the business targets stated in the Articles of Association. The Board of Directors' authorisations are stated in the Articles of Association and the Swedish Companies Act.

APPRAISAL OF THE WORK OF THE BOARD OF DIRECTORS

An appraisal of the overall work of the Board of Directors through a collective internal assessment of the Board's work should be conducted yearly. The results of this appraisal should be reported to the Nomination Committee.

SEGREGATION OF DUTIES BETWEEN THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Company's Board of Directors appoints its Chief Executive Officer. The segregation of duties between the Board of Directors and the Chief Executive officer is stated in the Board of Directors' rules of procedure and instructions for the Chief Executive Officer. These documents state that the Board of Directors is responsible for the Company's governance, monitoring, organization, strategies, internal controls and policies. The Board of Directors also decides on major investments, matters of principle regarding governance of subsidiaries and electing Board members and Presidents of subsidiaries. The Board of Directors assures the quality of financial reporting. In turn, the Chief Executive Officer is responsible for the Company being managed in accordance with the Board of Directors' guidelines and instructions. Additionally, the Chief Executive Officer is responsible for budgeting and planning the Company's operations to achieve specific targets. The Chief Executive Officer should make arrangements for a good control environment and for the Group's risk-taking always complying with the Board of Directors' instructions. Any non-compliance must be reported to the Board of Directors. The Board of Directors also receives regular updates from the Chief Executive Officer through monthly reports.

REMUNERATION COMMITTEE

The whole Board is responsible for remuneration matters and other terms of employment for Group management and two other key employees. The Chairman of the Board approves the employment terms of managers who report to the CEO. In total, this applies to the terms of employment for nine people.

Directors' fees are decided annually by the Annual

General Meeting. The Company's Nomination Committee consults on proposals for fees.

The Board then sets the remuneration for the CEO. The Board has appointed Jonas Mårtensson and Henri Österlund internally to be members of the Remuneration Committee. The Committee held its first meeting on 27 April 2017, in which both members participated, to decide on remuneration principles for 2017.

REMUNERATION

Total Directors' fees amounted to SEK 1,350,000, in accordance with an Annual General Meeting resolution. Of this amount, the fees to the Chairman of the Board were SEK 450,000, SEK 300,000 to the Deputy Chairman, with each other Board member receiving SEK 200,000. The Company's current Chief Executive Officer received a salary of SEK 3,406,000 for his work in February to December 2017. Pursuant to the current employment contract, the Chief Executive Officer and the company have a mutual notice period of 12 months. During the notice period, the Chief Executive Officer is entitled to full salary and other employment benefits. The company's former Chief Executive Officer received SEK 367,000 for January 2017. Salaries to the Group management's other six members amounted to SEK 7,353,000. SEK 255,000 of variable compensation was paid for 2017. All employed members of Group management including the CEO are offered an employment benefit in the form of a company car. The Annual General Meeting held on 27 April 2017 adopted guidelines for remuneration of senior executives for the financial year 2017. The Company's other senior executives have notice periods of two to twelve months.

GOVERNANCE OF SUBSIDIARIES

The 15 subsidiaries are managed and monitored by the Board of Directors in each country, mainly consisting of representatives of Doro AB in Sweden. Doro AB's Chief Executive Officer and President is Chairman of every subsidiary apart from Doro SAS in France, where pursuant to local French law, Johan Andjsö is President/Chairman. The subsidiaries report to Doro AB's Board of Directors at each meeting. Their reports contain

information on each company's progress and financial position.

STEERING COMMITTEE/ FINANCE COMMITTEE

The Finance Committee became an integrated part of the Board of Directors in the year, with the Company's financial position and other issues within the remit of the Finance Committee discussed regularly during Board meetings. The Committee's primary duty is to consult on quarterly financial statements, and provide decision support for acquisitions and the Group's financing.

CONTROL AND AUDITING

The Board of Directors bears ultimate responsibility for ensuring that the Company has a satisfactory structure for internal control and the preparation of reliable financial reports. It is the responsibility of the Board and Group management to monitor and identify commercial risks and govern the Company in such a way that it is able to manage its main risks.

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

The AGM 2017 appointed audit firm PricewaterhouseCoopers AB as Doro's auditors for a period of one year, with Magnus Willfors as Auditor in Charge. In the past three years, the Doro Group's audit fees have amounted to SEK 1.6m (2017), SEK 2.0m (2016), and SEK 2.1m (2015).

AUDIT COMMITTEE

The responsibilities of the Audit Committee are an integrated part of Board meetings and minutes of these meetings. The auditor is scheduled to participate at meetings twice a year.

The focus and scope of the audit is presented by the Company's auditor. An audit is conducted based on the quarterly accounts as of 30 September, with its outcome presented at a meeting with the Audit Committee.

All members attended all meetings, along with the auditor, Magnus Willfors. The Audit Committee satisfies the requirement of independence stated in the

Swedish Corporate Governance Code. The main duty of the Committee is to support the Board of Directors in its work on auditing and internal control, accounting and financial reporting. The main focus of work in 2017 was on following up on the year-2016 audit, and a more detailed review of the January-September 2017 period, known as the hard close.

INTERNAL CONTROL

The clear definition and communication of organizational resources, decision-making structures, responsibilities and authority levels in the Company's policy documents is an important component of the control environment. More information on the Company's internal controls is in the Directors' Report on page 39.

The Group Controller is responsible for raising specific issues with the CFO. In view of the limited size of the Finance department, Doro does not consider that there is any need for a separate internal audit function.

APPOINTMENT AND DISMISSAL OF BOARD MEMBERS AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The company's Board of Directors shall have a minimum of three and a maximum of seven members. Members are elected at the Annual General Meeting (AGM) for the period until the end of the first Annual General Meeting held after the Board member was appointed. The Articles of Association can be amended at Annual General Meetings or shareholders' meetings.

AUTHORIZATION REGARDING NEW ISSUES OF SHARES AND PURCHASES OF TREASURY SHARES

The AGM on 27 April 2017 resolved to authorize the Board of Directors to decide on new issues of shares of a total maximum not exceeding 10 percent of the total number of outstanding shares. The AGM also decided to authorize the Board of Directors to take decisions on the purchase of treasury shares, of a maximum number of shares that treasury holdings do not exceed 10 percent of all the shares of the company at any time.

INTERNAL CONTROLS

THE BOARD'S REPORT ON INTERNAL CONTROLS FOR THE FINANCIAL YEAR 2017

According to Swedish Corporate Governance Code, the Board shall ensure that the Company has sound internal controls and shall constantly be kept informed concerning, and evaluate the functioning of, the Company's system for internal controls. In addition, the Board shall submit a report showing how internal controls over financial reporting are organized and, if there is no internal audit function, evaluate the need for such a function and justify its position.

CONTROL ENVIRONMENT

With a view to creating and maintaining a functioning control environment, the Board has established a number of fundamental documents of significance for financial reporting, including in particular the Board's rules of procedure and instructions for the CEO and the committees. The CEO bears the primary responsibility for maintaining the control environment established by the Board in the day-to-day work of the Company. He reports regularly to the Board as part of established procedures. In addition, reports are received from the Company's auditors.

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

RISK ASSESSMENT

The Group conducts ongoing risk assessment to identify material risks in respect of the financial statements.

The main risk relating to the financial statements is considered to be of material misstatement, e.g. in accounting records and the measurement of assets, liabilities, income and expenses, or other discrepancies.

Fraud and losses through embezzlement are a further risk. Risk management is an integral part of each process and various methods are used to evaluate and limit risks, and to ensure that the risks Doro is exposed to are managed according to established rules, instructions and follow-up procedures. The purpose of this is to minimize any risks and promote accurate accounting, reporting and disclosure.

CONTROL ACTIVITIES

Control activities are in place to manage the risks that the Board and Company management consider to be material to the business, internal control and financial reporting.

The control structure sets out clear roles within the organization that enable the efficient segregation of duties for specific control activities aimed at the timely detection and prevention of the risk of reporting errors. Such control activities include a clear decision-making hierarchy and procedures for major decisions such as acquisitions, other types of major investment, divestments, agreements and analyses.

Implementing, improving and maintaining the Group's control procedures and conducting internal controls for mission-critical issues is an important duty of Doro's central functions. The individuals responsible for processes at different levels are responsible for implementing the necessary controls over financial reporting. The period close and reporting processes include controls relating to measurement, accounting principles and estimates.

Jointly with the analysis conducted at group level, continuous analysis of financial reporting is critical for ensuring that the financial statements are free from material misstatement.

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

INFORMATION AND COMMUNICATION

Doro collaborates with communications consultancy Hallvarsson & Halvarsson AB, with the aim of promoting completeness and accuracy in financial statements released to the stock market. Regular updates and bulletins inform the employees concerned of changes to accounting principles and reporting requirements and also provide them with other information. The organization has access to policies and guidelines. The Board receives monthly financial reports. External information and communication is regulated by documents including the Company's Communications Policy, which states Doro's general disclosure principles.

MONITORING

Doro's compliance with adopted policies and guidelines is monitored by the Board and management. The Company's financial position is discussed at each Board meeting. The Board's Remuneration Committee and Steering/Finance Committee serve an important role in matters such as remuneration, financial reporting and internal control. Before publication of Interim Reports and the Annual Report, the Board and management review the financial statements.

Doro's management conducts monthly follow-ups of earnings, analyzing variances from budget, forecasts and the previous year. The duties of the external auditor include performing an annual review of the internal controls implemented by Group subsidiaries.

The Board meets with the auditors twice a year to discuss internal controls, and in specific cases, instruct the auditors to perform separate reviews focusing on specific areas.

In this overall context, the Board does not consider it necessary to establish a dedicated internal audit function.

Lund, Sweden,
March 2018

BOARD OF DIRECTORS AND AUDITORS



JOHAN ANDSJÖ

Chairman of the Board

Primary occupation: Chairman of the Board

Education: B.Sc., Royal Institute of Technology, Stockholm

Year of election: 2016

Year of birth: 1972

Nationality: Swedish

Other assignments: Board member: Crystal Almond holding (Wind Hellas), Adamo Telecom Iberia SA, Advisory Board T-mobile NL

Dependence:
Company: No
Owners: No

Previous assignments: CEO of Salt (former Orange Switzerland), Consejero Delegado Yoigo

Own and related parties shareholdings: 80,000 shares



KARIN MOBERG

Member of the Board

Primary occupation: Founder and CEO of Friends of Adam AB

Education: MBA, Stockholm University

Year of election: 2009

Year of birth: 1963

Nationality: Swedish

Other assignments: Chairman of the Board: Friends of Adam AB, Board member: Doro Care AB, SBAB

Dependence:
Company: No
Owners: No

Previous assignments: 14 years experience from leading positions at Telia Company
Board member: AP 7, IAR Systems Group AB, Caretech AB

Own and related parties shareholdings, 2016: 5,000 shares



JONAS MÅRTENSSON

Member of the Board

Primary occupation: Partner and Board member in Alted AB

Education: MBA, Stockholm School of Economics

Year of election: 2007

Year of birth: 1963

Nationality: Swedish

Other assignments: Chairman of the Board: Alcadon Group AB, Ownpower Projects Europe AB, Board member: DistIT AB, IAR Systems Group AB, JNM Invest AB

Dependence:
Company: No
Owners: No

Previous assignments: 17 years in corporate finance at SEB Enskilda, Maizels, Westberg & Co and Nordea

Own and related parties shareholdings: 50,000 shares (through companies)



LENA HOFBERGER

Member of the Board

Primary occupation: Professional Board member

Education: Master of Business Administration, Bachelor of Arts, Both degrees Gothenburg University

Year of election: 2015

Year of birth: 1954

Nationality: Swedish

Other assignments: Chairman of the Board: Ambea AB (publ) PharmaRelations AB, Leos Lekland, RestaurangAssistans AB, Board member: Max Hamburgerrestauranger

Dependence:
Company: No
Owners: No

Previous assignments: CEO of Aleris, CEO of SSP Group Ltd, and a number of positions at Compass Group Plc and SAS Service Partner

Own and related parties shareholdings: 0 shares



HENRI ÖSTERLUND

Vice chairman of the Board

Primary occupation: Managing Partner, Accendo Capital

Education: M.Sc. (econ.), Helsinki School of Economics

Year of election: 2015

Year of birth: 1971

Nationality: Finnish

Other assignments: Founder and partner Accendo Capital

Dependence:
Company: No
Owners: Yes

Previous assignments: Board member: Okmetic Oyj, Talentum Oyj, Comptel Oyj, Partner: Conventum Corporate Finance, Triton, Associate: Doughty Hanson in Stockholm

Own and related parties shareholdings: 6,830 shares

MAGNUS WILLFORS

Auditor

PricewaterhouseCoopers AB

Other assignments: Elanders AB, Carl Bennet AB, Lifco AB, Midway Holding AB, Arise AB and Genovis AB

Year of birth: 1963

MANAGEMENT



ROBERT PUSKARIC

CEO
Employed since: 2017
Education: MBA, Lund University
Year of birth: 1969
Nationality: Swedish
Other assignments: –
Previous experience: Ericsson AB
Own and related parties shareholdings: 14,193 shares



THOMAS BERGDAHL

Vice President Product Development
Employed since: 2002
Education: MSc, Industrial Engineering and Management, Institute of Technology Linköping
Year of birth: 1964
Nationality: Swedish
Previous experience: Director of Manufacturing, Anoto
Own and related parties shareholdings: 23,710 shares



HENRIC UNGH

Vice President Sales
Employed since: 2016
Education: MBA, Lund University
Year of birth: 1968
Nationality: Swedish
Previous experience: Sales Director at DS Smith, VP Global Customer Unit Vodafone at Sony, Sales Director Carphone Warehouse at Sony Ericsson
Own and related parties shareholdings: 10,500 shares



CARL-JOHAN RIJPMA

Vice President Operations
Employed since: 2017
Education: Master of Science in Industrial Engineering from Lund University
Year of birth: 1975
Nationality: Swedish
Previous experience: Procurement Director Findus Group, Director Sourcing & Partner Management Sony Mobile Companion Products
Own and related parties shareholdings: 0 shares



CARL-JOHAN ZETTERBERG BOUDRIE

CFO
Employed since: 2016
Education: MSc Eng., Royal Institute of Technology and MSc Program, Stockholm University
Year of birth: 1978
Nationality: Swedish
Previous experience: CFO at Lekolar, Vice President Business Development Beijer Electronics
Own and related parties shareholdings: 0 shares



MALIN LINDGÄRDE

Vice President Marketing & Communications
Employed since: 2017
Education: Degree in Marketing at IHM Business School
Year of birth: 1967
Nationality: Swedish
Previous experience: Head of Marketing & Communications at Elfa AB, Marketing Director at Inwido Sverige AB, Nordic Marketing Manager Gum Category at Kraft Foods, Marketing Manager Cadbury Sweden AB
Own and related parties shareholdings: 0 shares



ÅSA LINDE TORNÉE

Vice President Human Resources (interim)
Employed since: 2017
Education: Master of Science in law, Lunds University
Year of birth: 1963
Nationality: Svensk
Previous experience: Human Resources Director, Bring Sverige, Human Resources Director, Bring Frigo Group, Central negotiator at the Road Transport Employers' Association
Own and related parties shareholdings: 0 shares



FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

THE GROUP

SEKm	Note	2017	2016
REVENUE			
Net sales	2, 3	1,924.0	1,959.1
Other revenue	2	34.4	16.0
OPERATING COST			
Merchandise	19	-1,182.1	-1,205.7
Other external costs	4, 16	-343.1	-361.8
Personnel costs	5	-277.0	-274.2
Depreciation and impairment of property, plant and equipment	8	-5.3	-2.9
Depreciation and impairment of intangible assets	7	-58.9	-70.8
Other expenses	2	0.0	-12.0
Operating profit/loss	2	92.0	47.7
PROFIT/LOSS FROM FINANCIAL ITEMS			
Interest income and similar profit/loss items	6	5.2	2.6
Interest costs and similar profit/loss items	6	-5.5	-10.9
Profit/loss after financial items		91.7	39.4
Tax on profit/loss for the year	17	-25.2	-8.4
Profit/loss for the year		66.5	31.0
Attributable to: Parent company's shareholders		66.5	31.0
KEY FIGURES			
Average number of shares, thousands	11	23,536	23,238
Average number of shares after dilution, thousands		23,591	23,411
Earnings per share after tax, SEK		2.83	1.33
Earnings per share after tax, after dilution, SEK		2.82	1.32

STATEMENT OF COMPREHENSIVE INCOME

THE GROUP

SEKm	2017	2016
PROFIT/LOSS FOR THE YEAR	66.5	31.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Translation differences	1.1	4.9
Effects from cash flow hedges	-3.1	4.9
Deferred tax	0.7	-1.1
Other comprehensive income	-1.3	8.7
Total result	65.2	39.7
Attributable to: Parent company's shareholders	65.2	39.7

BALANCE SHEET

THE GROUP

Assets, SEKm	Note	2017	2016	Shareholders' equity SEKm	Note	2017	2016
ASSETS				SHAREHOLDERS' EQUITY			
Goodwill	7	375.3	372.1	Share capital	11	23.8	23.2
Customer register and distribution agreements	7	11.5	17.0	Other allocated capital		264.0	242.9
Trademarks	7	0.0	0.0	Reserves		12.0	13.3
Capitalized expenditure for development work	7	77.9	73.3	Profit/loss brought forward		217.4	209.6
Right to lease	7	1.8	1.7	Profit/loss for the year		66.5	31.0
Equipment and tools	8	19.0	12.9	Total shareholders' equity		583.7	520.0
Long-term receivables	4	7.3	6.5	LONG TERM LIABILITIES			
Other financial non-current assets		0.5	0.8	Interest-bearing liabilities			
Deferred tax asset	17	9.5	11.9	Provisions for pension	21	2.6	2.2
		502.8	496.2	Liabilities to credit institutions	4, 24	100.0	162.2
CURRENT ASSETS				Total interest-bearing liabilities		102.6	164.4
Inventories	19	196.9	217.9	Non interest-bearing liabilities			
Prepayments to supplier		2.1	6.3	Other provisions	22	16.6	32.6
Accounts receivable – trade	23	360.4	371.2	Total non interest-bearing liabilities		16.6	32.6
Other current receivables	4, 10	28.4	66.8	CURRENT LIABILITIES			
Current tax receivables		9.8	39.1	Interest-bearing liabilities			
Prepaid expenses and accrued income	10	19.8	29.4	Liabilities to credit institutions	4, 12, 24	62.4	72.3
Cash and bank balances	12, 23	57.1	61.0	Total interest-bearing liabilities		62.4	72.3
		674.5	791.7	Non interest-bearing liabilities			
TOTAL ASSETS		1,177.3	1,287.9	Provisions for guarantees	20	51.5	58.1
				Accounts payable – trade		158.8	254.9
				Other liabilities		13.2	16.9
				Current tax liability		4.4	2.6
				Accrued expenses and prepaid income	13	184.1	166.1
				Total non interest-bearing liabilities		412.0	498.6
				TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,177.3	1,287.9

SHAREHOLDERS' EQUITY

THE GROUP

Changes in shareholders' equity, SEKm	Share Capital	Other allocated capital	Reserves ¹⁾	Profit brought forward	Total Shareholders' Equity
Shareholders' Equity December 31, 2015	23.2	244.7	4.5	209.6	482.0
Total Result for the year				31.0	31.0
Other comprehensive income			8.8		8.8
Total result	0.0	0.0	8.8	31.0	39.8
Warrants		-1.8			-1.8
Total transactions with shareholders	0.0	-1.8	0.0	0.0	-1.8
Shareholders' Equity December 31, 2016	23.2	242.9	13.3	240.6	520.0
Total Result for the year				66.5	66.5
Other comprehensive income			-1.3		-1.3
Total result	0.0	0.0	-1.3	66.5	65.2
Dividend				-23.2	-23.2
New Share issue connected to warrant program	0.6	21.1			21.7
Total transactions with shareholders	0.6	21.1	0.0	-23.2	-1.5
Shareholders' Equity December 31, 2017	23.8	264.0	12.0	283.9	583.7

¹⁾ Specifikation of reserves

	2017	2016
Accumulated translation differences, January 1	11.7	6.7
Translation differences for the year	1.1	4.9
Accumulated translation differences, December 31	12.8	11.7
Accumulated effects of cash flow hedges, January 1	1.6	-2.2
Effects of cash flow hedges for the year	-3.1	4.9
Deferred tax in effects of cash flow hedges	0.7	-1.1
Accumulated effects of cash flow hedges, December 31	-0.8	1.6
Total reserves, December 31	12.0	13.3

CASH FLOW STATEMENT

THE GROUP

SEKm	Note	2017	2016
CURRENT ACTIVITIES			
Operating profit		92.0	47.7
Adjusted for items not in cash flow			
Change in provisions	20, 21, 22	-22.2	4.7
Depreciation and write downs	7, 8	64.2	73.7
Unrealized exchange differences in cash flow hedges		9.9	-0.6
Total adjustment for other non-cash items		51.9	77.8
Paid and received interest, net		-5.0	-8.3
Taxes paid	17	-10.9	-26.3
Cash flow from current activities before changes in working capital		128.0	90.9
Change in working capital			
Change in stocks	19	20.9	-25.3
Change in receivables		63.0	-3.7
Change in non-interest-bearing liabilities		-92.4	-0.2
Cash flow from current activities		119.5	61.7
INVESTMENT ACTIVITIES			
Acquisitions of subsidiaries	18	0.0	-29.0
Acquisition of intangible fixed assets	7	-58.4	-59.7
Acquisition of tangible fixed assets	8	-11.8	-7.7
Cash flow from current activities		-70.2	-96.4

SEKm	Note	2017	2016
FINANCING ACTIVITIES			
Dividend		-23.2	0.0
New Share issue		21.7	0.0
Warrant Program, buy back		-1.2	-0.6
Amortization of loans		-75.5	-79.8
Loan raised and change in bank overdraft facility		25.0	129.8
Cash flow from financing activities		-53.2	49.4
Cash flow for the year		-3.9	14.7
Liquid assets at start of year		61.0	43.9
Exchange rate difference in liquid assets		0.0	2.4
Liquid assets at end of year	23	57.1	61.0

INCOME STATEMENT

PARENT COMPANY

SEKm	Note	2017	2016
OPERATING INCOME			
Net sales	2, 3	1,531.8	1,439.5
Other revenue	2	24.1	5.7
OPERATING COSTS			
Merchandise	19	-971.0	-936.9
Other external costs	4, 16	-376.5	-373.6
Personnel costs	5	-97.2	-64.0
Depreciation and impairment of property, plant and equipment	8	-3.1	-0.5
Depreciation and impairment of intangible assets	7	-62.0	-57.7
Other expenses	2	0.0	-10.1
Operating profit/loss	2	46.1	2.4
PROFIT/LOSS FROM FINANCIAL ITEMS			
Interest income and similar profit/loss items	6	10.2	7.2
Interest costs and similar profit/loss items	6	-7.8	-10.9
Profit/loss after financial items		48.5	-1.3
Group contributions received		1.4	0.0
Tax on profit/loss for the year	17	-13.1	-0.2
PROFIT/LOSS FOR THE YEAR		36.8	-1.5

STATEMENT OF COMPREHENSIVE INCOME

PARENT COMPANY

SEKm	2017	2016
Profit/loss for the year	36.8	-1.5
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Effects from cash flow hedges	-3.1	4.9
Deferred tax	0.7	-1.1
Other comprehensive income	-2.4	3.8
Total result	34.4	2.3

BALANCE SHEET

PARENT COMPANY

Assets, SEKm	Note	2017	2016
FIXED ASSETS			
Intangible assets			
Capitalized expenditure for development work	7	77.9	52.0
Goodwill	7	198.7	0.0
Customer register	7	6.3	0.0
Brands	7	0.0	0.0
Tangible assets			
Equipment and tools	8	14.0	0.8
Financial assets			
Participations in Group companies	9, 25	118.2	309.9
Receivables from Group companies		0.0	29.5
Deferred tax assets	17	1.4	8.1
Total fixed assets		416.5	400.3
CURRENT ASSETS			
Inventories			
Goods for resale	19	139.3	130.5
Advanced payment to suppliers		0.3	0.1
Current receivables			
Accounts receivable – trade	23	267.1	266.7
Receivables from Group companies		210.2	253.6
Other current receivables	10	23.7	42.4
Current tax receivables		0.0	3.9
Prepaid expenses and accrued income	10	19.7	7.4
Cash and bank balances	12, 23	41.5	43.4
Total current assets		701.8	748.0
TOTAL ASSETS		1,118.3	1,148.3
Shareholders' equity and liabilities, SEKm			
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital 23,755,255 (23,238,255) shares, quota value SEK 1	11	23.8	23.2
Revaluation reserve		0.5	0.5
Other allocated capital		55.5	55.5
Reserve for development expenses		36.5	28.5
Total restricted equity		116.3	107.7

Shareholders' equity and liabilities, SEKm	Note	2017	2016
Non-restricted equity			
Share premium reserve		179.7	158.6
Fair value reserve		-0.8	1.6
Profit/loss brought forward		79.3	106.8
Profit/loss for the year		36.8	-1.5
Total non-restricted equity		295.0	265.5
Total shareholders' equity		411.3	373.2
PROVISIONS			
Provisions for guarantees	20	42.8	49.9
Other provisions	22	15.8	25.0
Total provisions		58.6	74.9
LONG-TERM LIABILITIES			
Interest-bearing liabilities			
Liabilities to credit institutes		100.0	160.0
Total interest-bearing liabilities		100.0	160.0
CURRENT LIABILITIES			
Interest-bearing liabilities			
Overdraft facility	12	0.0	0.0
Liabilities to credit institutes		60.0	50.0
Liabilities to Group companies		20.0	54.4
Total interest-bearing liabilities		80.0	104.4
Non interest-bearing liabilities			
Accounts payable – trade		125.5	178.1
Liabilities to Group companies		208.2	160.2
Other liabilities		12.2	5.6
Current tax liability		3.1	0.0
Accrued expenses and prepaid income	13	119.4	91.9
Total non interest-bearing liabilities		468.4	435.8
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,118.3	1,148.3

CHANGES IN SHAREHOLDERS' EQUITY

PARENT COMPANY

Changes in shareholders' equity 2017, SEKm	Share capital	Revaluation reserve	Statutory reserve	Development expenses reserve	Share premium reserve	Fair value reserve	Retained earnings	Total shareholders' equity
Shareholders' equity December 31	23.2	0.5	55.5	0.0	158.6	-2.2	135.3	370.9
Profit for the year							-1.5	-1.5
Other comprehensive income						3.8		3.8
Total result	0.0	0.0	0.0	0.0	0.0	3.8	-1.5	2.3
Allocation of earnings to development expenses reserve				28.5			-28.5	0.0
Total transactions with shareholders	0.0	0.0	0.0	28.5	0.0	0.0	-28.5	0.0
Shareholders' equity December 31	23.2	0.5	55.5	28.5	158.6	1.6	105.3	373.2
Profit for the year							36.8	36.8
Other comprehensive income						-2.4		-2.4
Total result	0.0	0.0	0.0	0.0	0.0	-2.4	36.8	34.4
Allocation of earnings to development expenses reserve				8.0			-8.0	0.0
Dividend							-23.2	-23.2
Merger difference							5.2	5.2
New Share issue connected to warrant program	0.6				21.1			21.7
Total transactions with shareholders	0.6	0.0	0.0	8.0	21.1	0.0	-26.0	3.7
Shareholders' equity December 31	23.8	0.5	55.5	36.5	179.7	-0.8	116.1	411.3

CASH FLOW STATEMENT

PARENT COMPANY

SEKm	Note	2017	2016
OPERATING ACTIVITIES			
Operating profit		46.1	2.4
Adjusted for items not in cash flow			
Change in provisions	20, 21, 22	-16.3	2.0
Depreciation and write downs	7, 8	65.1	58.1
Unrealized exchange differences in cash flow hedges		9.9	-0.6
Total adjustment for non-cash items		58.7	59.5
Net paid financial items		-0.5	-3.7
Taxes paid		0.4	-4.4
Cash flow from current activities before changes in working capital		104.7	53.8
Change in working capital			
Change in stocks	19	11.3	-9.6
Change in receivables		140.8	-44.9
Change in non-interest-bearing liabilities		-124.2	28.6
Cash flow from operating activities		132.6	27.9
INVESTMENT ACTIVITIES			
Acquisition of subsidiaries	18	0.0	0.0
Capital injection to subsidiaries		-8.4	0.0
Acquisition of intangible fixed assets	7	-63.7	-50.6
Acquisition of tangible fixed assets	8	-9.2	0.0
Loan to subsidiary		0.0	-29.5
Cash flow from investment activities		-81.3	-80.1

SEKm	Note	2017	2016
FINANCING ACTIVITIES			
Dividend		-23.2	0.0
New share issue		21.7	0.0
Warrant program		-1.2	0.0
Increase of non interest-bearing liabilities subsidiaries		0.0	32.7
Amortization of loan		25.0	130.8
Loans raised		-75.5	-75.0
Cash flow from financing activities		-53.2	88.5
Cash flow for the year		-1.9	36.3
Liquid assets at start of year		43.4	7.1
Liquid assets at end of year	23	41.5	43.4

NOTES AND ACCOUNTING PRINCIPLES

NOTE 1

ACCOUNTING PRINCIPLES

The Annual Accounts and Consolidated Accounts were approved for publication by the Board of Directors and Chief Executive Officer on March 28, 2018 and will be presented to the AGM on April 27, 2018 for approval.

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

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

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

New accounting policies for 2017

There are no new accounting principles or interpretation statements that came into effect as of January 1, 2017 that materially affect these financial statements.

New accounting policies for 2018 and later

IASB has submitted several updated accounting standards that came into effect as of 1 January 2018. None of these are expected to have a significant effect on the consolidated financial statements.

IFRS 9 Financial instruments

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has reviewed its financial assets and liabilities and assessed the potential impact on its consolidated financial statements resulting from the application of IFRS 9. Doro concluded that its current hedge relationships qualifies as continuing hedges upon the adoption of IFRS 9 and has updated its hedge documentation in accordance with IFRS 9. Regarding impairment, the effect of the impairment model for expected credit losses will be insignificant. As the effects are insignificant the opening balances as of 1 January 2018 will not be affected by the adoption of the new standard.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. Doro carried out an analysis and impact assessment during the past financial year. The main part of the Group's sales are products delivered a specific point in time. IFRS 15 does not affect the Group's accounting of this type of sales. The accounting of the Group's sales of services delivered over time are neither affected by IFRS 15. In addition Doro Care offers a package deal of performance obligations (alarm device, alarm receiving services, communication etc). Based on a detailed analysis of these contracts, Doro identified a need to adjust the allocation of sales prices between different performance obligations included in the package deals. The changed allocation model has no significant impacts on Doro's consolidated financial statements. As the effects are insignificant the opening balances as of 1 January 2018 will not be affected by the adoption of the new standard.

IFRS 16 Leases

IFRS 16 Leases was published in January 2016 and replaces the former IAS 17 Leases and the related IFRIC 4, SIC-15 and SIC-27 interpretation statements. Although accounting for lessors will be unchanged in all material respects, the accounting for lessees will change. There will no longer be a distinction between operating and finance leases, all leases will be recognized in the Balance Sheet apart from short-term leases and those of minor value. The model reflects the fact that at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. The standard is effective for financial years beginning on or after 1 January 2019. Doro's evaluation of the impact of IFRS 16 is on-going.

Other new or revised accounting standards are not considered to have a material impact on Doro's financial statements.

Basis for the preparation of the financial statements

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

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

GROUP

Consolidated Accounts Principles

The Group includes Parent Company Doro AB, and the companies in which the Parent Company, directly or indirectly owns shares controlling more than half of the voting rights. This means that Doro AB exerts a controlling influence over Group companies.

At the end of the financial year there were 14 (15) trading companies in the Group.

Acquired companies are included in the Consolidated Accounts from the acquisition date or when control of the company is obtained. Sold companies are included up to and including the date they are sold.

The Consolidated Accounts are prepared in accordance with the purchase method, which means that the historical cost of participations in Group companies is divided between identifiable assets and liabilities at their fair value on the acquisition date. Unutilized loss carry-forwards for tax purposes in the acquired company are converted into deferred tax assets in the Consolidated Accounts if the assessed earnings capacity is such that utilising them is deemed possible. Furthermore, deferred tax is calculated on the difference between the fair values of assets and liabilities and their tax base.

In cases where the historical cost of participations in Group companies exceeds the net of acquired assets and liabilities, as above, the difference is recognized as goodwill, which is tested at least once a year for impairment.

For company acquisitions, the purchase price can be earnings dependent. The calculation is then based on future profit and hence the total purchase price. On a quarterly basis, an assessment is made as well as an adjustment of the expected purchase price. Changes in the item in question are recognized in profit or loss.

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

Exchange rates

Translation of foreign operations

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

Exchange rates

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

Currency	Average rate		Closing day rate	
	2017	2016	2017	2016
EUR	9.63	9.44	9.83	9.54
HKD	1.10	1.10	1.05	1.17
NOK	1.03	1.02	1.00	1.05
GBP	11.03	11.59	11.07	11.19
USD	8.53	8.57	8.21	9.07

Effects of altered exchange rates

Receivables and liabilities in foreign currencies are translated at the closing day rates and unrealized exchange gains and losses related to operations are included in other income and other expenses. Exchange rate differences related to non-operational items, such as cash and cash equivalents and bank loans, are recognised in net financial income/expense.

Revenue recognition

Doro's revenues includes product sales of mainly telephone handsets and alarm devices and sales of alarm services. The services are normally offered as a package deal for a contracted period including alarm device, alarm services and communication between the alarm device and the alarm receiving centre. Product sales are recognised when the essentially all risks and rights associated with ownership has been transferred to the buyer, which usually occurs on delivery. Revenues relating to services are recognised in the period when services are rendered. Doro has discount agreements with most customers. Contracted discounts reduce sales revenue in the period the sale is recognised.

Employee benefits

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

Pensions

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

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

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

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

All obligations for which provisions are made are assessed by an actuary to determine the amount of the provision. The liability recognized in the Balance Sheet for defined-benefit pension plans is the present value of the defined-benefit obligation at the end of the reporting period.

Since the recognized liability regarding defined-benefit pension plans is an insignificant amount, the assumptions on which the actuarial calculations are based are not presented in the Annual Accounts.

Research and development

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

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

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

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

Doro has no research expenses.

Property, plant and equipment and intangible fixed assets

Property, plant and equipment and intangible fixed assets are recognized at historical cost less accumulated depreciation/amortization according to plan, except goodwill and right to lease, which is not amortized in the Group.

Financial instruments

Financial instruments recognized as assets in the Balance Sheet include, on the asset side, accounts receivable, other receivables, forward currency contracts, non-current investments and bank balances. Overdraft facilities, liabilities to credit institutions, accounts payable and other current liabilities are included in shareholders' equity and liabilities. With the exception of forward currency contracts, financial instruments are initially recognized at historical cost, equal to the fair value of the instrument plus transaction expenses. Instruments are then recognized subject to how they have been classified in accordance with the following. Forward currency contracts are recognized in the Balance Sheet as of the contract date and are measured at fair value, both initially and in subsequent reassessments. For more information see the section on hedge accounting below.

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

A financial asset or part of a financial asset is de-recognized from the Balance Sheet when the contractual rights are realized, mature or are no longer under the company's control. This also applies for part of a financial asset. A financial liability or part of a financial liability is de-recognized from the Balance Sheet when contractual obligations are met or otherwise extinguished. The same applies to part of a financial liability.

The purchase or sale of financial assets is recognized at the transaction date, which is the date on which the Company undertakes to purchase or sell the asset.

A financial asset and financial liability are offset against each other and the net amount recognized in the Balance Sheet only when there is a legal right to offset the amounts and there is an intention to settle the items to a net amount or realize the asset and settle the liability simultaneously.

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

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

Fair value is determined based on the following three levels:

- Level 1: According to quoted prices on an active market for the same instrument
- Level 2: Based on directly or indirectly observable market data not included in Level 1

- Level 3: Based on input data not observable on the market
- All financial instruments measured at fair value have been measured according to Level 2.

Financial assets

Derivatives – currency hedges

- Derivatives are classified as held for trading or accounted for as hedges.

Derivatives held for trading

- Measurement at fair value in profit or loss.

Derivatives accounted for as hedges

- Measurement at fair value through other comprehensive income.

Available-for-sale assets

- Measurement at fair value through other comprehensive income.

Accounts receivable and loans receivable

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

Other financial liabilities

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

Hedge accounting

Effective from January 1, 2013, Doro applies hedge accounting for forward currency contracts. The hedging strategy conforms to an adopted finance policy in terms of purpose, amounts, maturities and currencies.

Changes in the value of forward exchange contracts classified as cash flow hedges are recognized in other comprehensive income. Hedge

accounting ceases when the underlying exposure enters the Balance Sheet (i.e. when purchases and sales occur). Accumulated results in the hedging reserve (which is in other comprehensive income) are then dissolved against cost of goods sold of forward exchange contracts relating to purchases, or against sales for forward exchange contracts relating to sales.

Forward exchange contracts linked to commercial flows not subject to hedge accounting are classified as "held for trading". Value changes relating to such foreign exchange transactions have been recognized directly in sales for contracts relating to sales, and in the cost of goods sold for contracts relating to purchases. Hedge accounting is only used for forward contracts in EUR, USD, NOK and GBP and that relate to exposures that have not yet entered the Balance Sheet. Currency derivatives linked to liquidity management and loans are not subject to hedge accounting. They are classified as "held for trading". Value changes relating to such foreign exchange transactions are recognized in net financial income/expense.

Impairment

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

In present value measurement, an interest rate before tax is used for the purpose of the measurement that reflects the current market interest rate and the risk attributable to the asset. If the recoverable amount is less than the carrying amount, the asset is impaired to its recoverable amount.

Reversals of impairment are recognized if there are no grounds for such impairment, except for goodwill. Impairment and reversals of impairment are recognized in profit or loss.

At least once a year, an assessment of forecast future earnings and cash flow trends is made with regard to goodwill, capitalised expenditure for ongoing development projects and leasehold rights on premises. When the carrying amount exceeds the recoverable amount, it is impaired.

Depreciation of property, plant and equipment

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

Tools for the manufacture of products are included in intangible assets, capitalized expenditure for development work.
Equipment and tools

2–5 years

Amortization of intangible assets

Intangible assets are amortized over their estimated useful life. For capitalized product development, amortization commences as of market launch of the product in question. Amortization according to plan is on a straight-line basis on the historical cost of the asset category:

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

Leases

Leases are classified in the Consolidated Accounts as either finance or operating leases. Finance leases exist when the financial risk and benefits associated with the ownership are essentially transferred to the lessee.

Finance leases mainly refer to the lease of alarm devices to public sector customers. Leases for company cars, photocopiers, computer equipment and similar are recognized as operating leases. Rent for premises is included in operating leases.

Inventory

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

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

Provisions

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

Warranties and repairs

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

A statistical program has been developed that captures outcomes regarding the time at which products are sold until they are returned, the proportion that is repaired, scrapped, compensated for through product exchange of crediting as well as cost for checking, repairs (including parts) and transport. In the event of variances (mainly in the share of returned products), warranty provision requirements are changed. The total warranty reserve is classified as current liabilities as majority of guarantees falls within one year.

Tax

All tax expected to be payable on reported profit is recognized in the Income Statement. Such taxes have been computed according to each country's tax regulations and are recognized under the item tax on profit for the year.

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

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

Cash flow statement

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

Cash and cash equivalents

Cash and equivalents comprise cash, bank balances and current investments.

Share warrants

On the sale of share warrants, the purchase consideration received is recognised as an increase in Other paid-up capital. On the repurchase of share warrants, the purchase consideration is recognised as a reduction in other paid-up capital.

Segment reporting (IFRS 8)

Operating segments are reported in a manner consistent with the internal reporting presented to the chief operating decision maker of the Group. The chief operating decision maker is the function responsible for the allocation of resources and the assessment of the segments' earnings. For Doro, this function has been identified as the CEO. For more information about Doro's segment reporting, see Note 2.

Classification

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

Critical accounting matters and uncertainty in estimates

In their preparation of Doro's Consolidated Accounts, the Board of Directors and the CEO, besides estimates made, have made a series of judgments regarding critical accounting matters that can significantly affect the amounts recognized. These relate to the following:

Goodwill measurement

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

Deferred tax related to loss carry-forwards

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

Credit risks in accounts receivable

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

Measurement of inventory

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

PARENT COMPANY

Impairment of participation in Group companies and impairment reversals

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

Financial instruments

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

NOTE 2

REVENUE PER SEGMENT AND INCOME TYPE AND OTHER REVENUE AND -EXPENSES

	Group		Parent Company	
	2017	2016	2017	2016
Net sales				
Net sales of products	1,731.3	1,826.0	1,398.3	1,439.5
Net sales of services	192.7	133.1	133.5	0.0
Total	1,924.0	1,959.1	1,531.8	1,439.5

	Group		Parent Company	
	2017	2016	2017	2016
Other Revenue				
Activated development costs	13.3	11.7	10.1	5.7
Recovered receivables	0.0	1.3	0.0	0.0
Gain on sale of fixed assets	0.1	0.1	0.1	0.0
Valutakursvinster	14.2	0.0	13.6	0.0
Others	6.8	2.9	0.3	0.0
Total	34.4	16.0	24.1	5.7

	2017	2016	2017	2016
	Other Expenses			
Exchange rate differences	0.0	-12.0	0	-10.1
Total	0.0	-12.0	0.0	-10.1

Segment reporting (According to IFRS 8)

Doro is recognized as a functional organization. The functional matrix structure provides a focused support for the organization and these services will be shared amongst the various products, geographical regions and distribution channels.

The regions are responsible for the regional sales and reports to the Vice President Sales. Doro's operations has been integrated as one reporting segment with a common strategy and common profit control as well as cost budget and investment budget.

The Doro business is one reporting segment and the financial information is analyzed and reviewed by the executive chief operating decision maker as one segment in the assessment of Doro's performance. The most important measure to control the business is EBIT.

The location of the customers in combinations with type of offerings to the customers forms the basis of sales by geographic region. No single customer amounts to more than 10% of Net sales. All significant tangible and intangible fixed assets are controlled by the Parent company in Sweden.

Total revenue per region	2017	2016
Nordic	332.6	353.1
Care	276.6	210.1
EMEA (Europe (other), Mid East and Africa)	437.0	461.4
DACH (Germany, Austria, Switzerland, Central Europe)	522.4	462.9
UK (Great Britain, Ireland)	239.9	266.4
USA and Canada	96.1	189.8
Rest of the world	22.6	18.9
Central overhead	-3.2	-3.5
Total	1,924.0	1,959.1
<i>whereof Sweden</i>	<i>384.0</i>	<i>401.2</i>

NOTE 3

INTRA GROUP TRANSACTIONS

Of the Parent Company's invoicing SEK 179.5m (132.8) relates to subsidiaries. Invoicing from subsidiaries to the Parent Company amounted to SEK 157.7m (146.0). Invoicing between subsidiaries amounted to SEK 0m (58.9).

NOTE 4

RENTAL AND LEASING AGREEMENTS

Operational leasing where the Group is lessee

Costs for operational rental and leasing charges during the year amount to SEK 18.8 m (18.3) for the group and SEK 9.2m (3.0) for the parent company. Agreed future rental and leasing costs fall due for payment as shown below.

	The Group		Parent Company	
	2017	2016	2017	2016
Operational leasing				
Within 1 year	17.4	17.1	9.4	2.8
Within 2 to 5 years	40.7	23.6	25.5	3.5
Later than 5 years	14.5	0.0	13.9	0.0
Total	72.6	40.7	48.8	6.3

Financial leasing where the Group is lessee

Cost for leasing of alarm devices from finance companies amounts to SEK 22.1m (26.5). Short-term financial lease liability amounts to SEK 2.4m (21.6) and long-term financial lease liability amounts to SEK 0.0m (2.4). No new lease agreements were signed during the year.

Leasing where the Group is lessor

The Group has both operational and financial lease out of alarm devices to customers in the public sector. The lease term is normally 12 to 24 months with an option of additional 12 to 24 months. No provision for bad debts has been recorded as customers in the public sector are considered to be financially sound.

Agreed future leasing revenue are due as shown below.

	Group		Parent Company	
	2017	2016	2017	2016
Financial leasing				
Within 1 year	6.4	23.6	6.4	23.6
Within 2 to 5 years	7.3	6.5	7.3	6.5
Later than 5 years	0.0	0.0	0.0	0.0
Total	13.7	30.1	13.7	30.1

NOTE 5

EMPLOYEES

AVERAGE NUMBER OF EMPLOYEES

Number	Of whom		Of whom	
	2017	men	2016	men
Parent Company	93	62	57	36
Other companies Sweden	114	37	137	60
Norway	71	49	68	38
United Kingdom	15	10	13	8
France	26	11	36	20
Hong Kong	9	7	9	7
Germany	51	36	52	38
Italy	2	2	1	1
Total	381	214	373	208

SALARIES AND REMUNERATION

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

SEKm	The Group		Parent Company	
	2017	2016	2017	2016
Salaries and other remuneration	193.9	194.9	60.6	39.4
	193.9	194.9	60.6	39.4
Payroll overheads excluding pension costs	56.3	55.5	22.0	12.8
	56.3	55.5	22.0	12.8
Pension costs	18.9	16.0	11.4	7.1
<i>of which premium-based</i>	<i>18.3</i>	<i>16.7</i>	<i>11.4</i>	<i>7.1</i>
	18.9	16.0	11.4	7.1

GENDER OF SENIOR MANAGERS

Number	2017		2016	
	total	Women %	total	Women %
Board	5	40	6	33
Group Management	7	20	6	17

SALARIES AND REMUNERATION INCLUDING DIRECTORS' FEE

SEKm	2017		2016	
	Board and CEO	Other employees	Board and CEO	Other employees
Sweden	4.9	90.2	6.0	88.8
Norway	0.0	35.1	0.0	27.5
United Kingdom	0.0	8.8	0.0	7.5
France	0.2	19.3	9.1	21.1
Germany	0.0	28.2	0.0	28.6
Hong Kong	0.0	5.5	0.0	5.3
Italy	0.0	3.0	0.0	2.3
Total	5.1	190.1	15.1	181.1

MANAGEMENT REMUNERATION (SEK 000)

The Board 2017	Fees	Pension	Other remuneration	Total
Chairman of the Board	450	0	0	450
Other Board members	900	0	0	900
Total	1,350	0	0	1,350

Vice chairman of the board Henri Österlund received SEK 300,000. Jonas Mårtensson, Karin Moberg and Lena Hofsberger each received SEK 200,000.

Senior Executives 2017	Salary	Bonus and variable remuneration	Pension	Other benefits	Total
Robert Puskaric (CEO from 1 February 2017)	3,406	0	1,031	137	4,574
Jérôme Arnaud (CEO until 31 January 2017)	367	0	24	8	399
Other senior executives	7,353	255	2,570	297	10,475
Total	11,126	255	3,625	442	15,448

The above amounts include salaries and remunerations to employed senior executives. In 2017, the management team had seven members. In addition to salaries and remunerations to senior executives, consultancy fees of SEK 2,445,000 have been paid to interim senior executives.

The Board 2016	Fees	Pension	Other remuneration	Total
Chairman of the Board	400	0	0	400
Other Board members	871	0	0	871
Total	1,271	0	0	1,271

Bo Kastensson, who served as Chairman until the end of the AGM on 3 May 2016, received SEK 175,000. Magnus Mandersson, who was elected as Chairman by the AGM on 3 May 2016, and resigned on 17 October 2016, received SEK 216,000. Johan Andsjö, who was elected to the Board of Directors by the AGM on 3 May 2016, and was then elected as Chairman on 17 October 2016, received SEK 105,000. Charlotta Falvin, who resigned from the Board at the AGM on 3 May 2016, received SEK 75,000. Henri Österlund, Lena Hofsberger, Karin Moberg and Jonas Mårtensson each received SEK 175,000.

Senior Executives 2016	Salary	Bonus and variable remuneration	Pension	Other benefits	Total
Jérôme Arnaud (CEO)	13,367	477	391	101	14,336
Other senior executives	8,508		2,695	681	11,884
Total	21,875	477	3,086	782	26,220

The above amounts include salaries, remuneration on and severance pay to employed senior executives. In 2016, the management team had seven members. The Chief Executive Officer's salary of SEK 13.4m includes severance pay of SEK 9.0m.

Principles

Fees are paid to the Chairman and other Board members in accordance with AGM resolution. Remuneration to the CEO and other senior executives comprises basic salary, variable remuneration, other benefits (mainly company cars) and pension premiums. The balance between basic salary and variable remuneration should be in proportion to the executive's responsibilities and authorities. The average number of senior executives in the management team in 2017 was 7 (7).

Pensions

The retirement age of the CEO and other senior executives of the Group is 65 and pensions are usually paid in accordance with occupational pensions plan plus full provisioning for the full amount of salaries according to the ITP/ITPK plans (supplementary pensions for salaried employees). All pension benefits are irrevocable, i.e. not dependent on continued employment. The retirement age of the CEO is 65 years. No agreements have been signed concerning pension commitments or equivalent, apart from as stated regarding the periods of notice mentioned above, whether for Board members or senior executives. Pension schemes for senior executives are substantially defined contribution with premiums of SEK 3.6m 3.1) paid.

Notice

If notice is served by the company or by the CEO himself, the period of notice is one year. The CEO is entitled to salary for 12 months during the period of notice. No severance pay will be paid if notice is served by CEO. Other senior executives are entitled to salary for notice periods of between two and twelve months.

Consultation and decision-making processes

These procedures are explained in the Directors' Report.

Share-based payment and options

An Extraordinary General Meeting on 21 August 2014 resolved on a directed issue of new warrants to senior executives and key employees of the Doro Group. Each warrant gives the holder the right to buy one share to a predetermined price of SEK 42.00 in the period 22 May 2017 to 21 June 2017. The warrant price is calculated according to the Black & Scholes model, taking into consideration estimated dividend and the applied share price of SEK 31.10, volatility 30 percent, risk-free interest of 0.31 percent and duration of 2.78 years (12 September 2014–21 June 2017). The CEO subscribed for 200,000 warrants and the rest of the Group management subscribed for 325,000 warrants. Doro Incentive subscribed for 141,000 warrants for potential future employees. A total of 841,000 warrants were issued.

In 2015, an additional 135,000 warrants were subscribed and 65,000 warrants were repurchased.

Another 65,000 warrants were subscribed in 2016, and 265,000 were repurchased.

In June 2017 the warrant program was closed after 517,000 warrants had been used to subscribe for 517,000 new shares.

NOTE 6

INTEREST AND SIMILAR ITEMS

	The Group		Parent Company	
	2017	2016	2017	2016
Income				
Interest income, external	0.3	0.2	0.0	0.1
Interest income, internal	0.0	0.0	5.4	5.1
Exchange rate gain	4.7	2.4	4.8	2.0
Other	0.2	0.0	0.0	0.0
Total	5.2	2.6	10.2	7.2
Expenses				
Interest expenses, external	-4.9	-5.8	-4.2	-5.2
Interest expenses, internal	0.0	0.0	-1.2	-0.6
Exchange rate losses	0.0	-4.8	0.0	-4.8
Other	-0.6	-0.3	-2.4	-0.3
Total	-5.5	-10.9	-7.8	-10.9
Financial net	-0.3	-8.3	2.4	-3.7

NOTE 7

INTANGIBLE FIXED ASSETS

Group/ Goodwill	2017	2016
Opening cost	372.1	348.6
Acquisitions during the year	0.0	16.8
Exchange rate difference	3.2	6.7
Closing accumulated cost	375.3	372.1

Group / Customer register and distribution agreements	2017	2016
Acquisition value brought forward	46.0	37.3
Acquisitions during the year	0.0	7.3
Exchange rate difference	0.2	1.4
Closing accumulated acquisition value	46.2	46.0
Write-downs brought forward	-29.0	-21.0
Write-downs for the year	-5.2	-7.2
Exchange rate difference	-0.5	-0.8
Closing depreciation/write-downs	-34.7	-29.0
Closing residual value according to plan	11.5	17.0

Parent company / Goodwill	2017	2016
Acquisition value brought forward	19.1	19.1
Acquisitions during the year	5.4	0.0
Merger of subsidiary	200.0	0.0
Closing accumulated acquisition value	224.5	19.1
Write-downs brought forward	-19.1	-19.1
Write-downs for the year	-6.7	0.0
Closing depreciation/write-downs	-25.8	-19.1
Closing residual value according to plan	198.7	0.0

Parent company / Customer register	2017	2016
Acquisition value brought forward	14.8	14.8
Acquisitions during the year	8.1	0.0
Closing accumulated acquisition value	22.9	14.8
Write-downs brought forward	-14.8	-14.0
Write-downs for the year	-1.8	-0.8
Closing depreciation/write-downs	-16.6	-14.8
Closing residual value according to plan	6.3	0.0

The Group assesses the need for goodwill to be written down on an annual basis or when indications of impairment arise. Impairment testing is applied at the lowest level where separable cash flows can be identified. Since all the Group companies' activities and their contributions are very much dependent on each other there is no breakdown of goodwill.

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

SENSITIVITY ANALYSIS

Growth rate after 5 years: In the impairment test Doro used a sustainable growth rate of 2 percent (2). A change in the growth rate from 2 to 1 percent implies no impairment. **Discount rate before tax increases by 1 percentage point:** In the impairment test Doro used a WACC discount factor of 13.9% (13.6%) before tax. A change of the discount rate to 14.9% implies no impairment.

The Group / Brands, SEKm	2017	2016
Acquisition value brought forward	1.8	1.8
Acquisitions during the year	0.0	0.0
Exchange rate difference	0.1	0.0
Closing accumulated acquisition value	1.9	1.8
Depreciation according to plan brought forward	-1.8	-1.6
Depreciation according to plan for the year	-0.1	-0.2
Closing depreciation according to plan	-1.9	-1.8
Closing residual value according to plan	0.0	0.0
Parent company/ Brands	2017	2016
Acquisition value brought forward	36.8	36.8
Acquisitions during the year	0.0	0.0
Closing accumulated acquisition value	36.8	36.8
Depreciation according to plan brought forward	-36.8	-36.7
Depreciation according to plan for the year	0.0	-0.1
Closing depreciation according to plan	-36.8	-36.8
Closing residual value according to plan	0.0	0.0
Group / Right to lease	2017	2016
Acquisition value brought forward	1.7	1.8
Exchange rate difference	0.1	-0.1
Closing accumulated cost	1.8	1.7

The Group's capitalized expenditure for development work / IT, SEKm	2017	2016
Acquisition value brought forward	205.1	159.3
Acquisitions during the year	42.7	47.2
Acquisitions	0.0	0.0
Exchange rate difference	0.0	0.0
Sales/Disposals/Write-downs	-2.8	-30.1
Reclassifications	16.2	28.7
Closing accumulated acquisition value	261.2	205.1
Depreciation according to plan brought forward	-136.4	-103.8
Depreciation according to plan for the year	-53.7	-46.3
Sales/Disposals/Write-downs	2.7	13.7
Reclassifications	0.0	0.0
Exchange rate difference	0.0	0.0
Closing depreciation according to plan	-187.4	-136.4
Closing residual value according to plan	73.8	68.7
Ongoing capitalized expenditure for development work /IT, SEKm		2016
Opening balance	4.6	20.8
Reclassifications	-16.2	-28.7
New expenditure	15.7	14.3
Cost accounted	0.0	-1.8
Closing balance	4.1	4.6
Total closing residual value	77.9	73.3

Parent company / Capitalized expenditure for development work / IT, SEKm	2017	2016
Acquisition value brought forward	184.9	148.4
Acquisitions during the year	42.7	42.1
Merger of subsidiary	23.2	0.0
Sales/Disposals/Write-downs	-1.4	-26.0
Reclassifications	16.2	20.4
Closing accumulated acquisition value	265.6	184.9
Depreciation according to plan brought forward	-141.3	-110.7
Depreciation according to plan for the year	-53.5	-42.3
Merger of subsidiary	-6.2	0.0
Sales/Disposals/Write-downs	1.4	11.7
Reclassifications	0.0	0.0
Closing depreciation according to plan	-199.6	-141.3
Closing residual value according to plan	66.0	43.6
Ongoing capitalized expenditure for development work /IT, SEKm	2017	2016
Opening balance	8.4	20.4
Reclassifications	-16.2	-20.4
Merger of subsidiary	4.0	0.0
New expenditure	15.7	10.2
Cost accounted	0.0	-1.8
Closing balance	11.9	8.4
Total closing residual value	77.9	52.0

NOTE 8

TANGIBLE FIXED ASSETS

	The Group		Parent Company	
	2017	2016	2017	2016
Equipment and tools, SEKm				
Acquisition value brought forward	33.9	25.8	14.4	14.5
Acquisitions during the year	11.8	7.8	9.2	0.0
Merger of subsidiary	0.0	0.0	14.4	0.0
Acquisitions	0.0	2.2	0.0	0.0
Sales/Disposals	-2.7	-2.3	0.0	-0.1
Reclassifications	0.0	0.0	0.0	0.0
Exchange rate difference	-0.4	0.3	0.0	0.0
Closing acquisition value	42.6	33.9	38.0	14.4
Depreciation according to plan brought forward	-20.9	-18.1	-13.6	-13.1
Depreciation according to plan for the year	-5.3	-3.4	-3.1	-0.6
Merger of subsidiary	0.0	0.0	-7.3	0.0
Sales/Disposals	2.7	0.6	0.0	0.1
Reclassifications	0.0	0.0	0.0	0.0
Exchange rate difference	-0.1	0.0	0.0	0.0
Closing depreciation according to plan	-23.6	-20.9	-24.0	-13.6
Closing residual value according to plan	19.0	13.0	14.0	0.8

NOTE 9

PARTICIPATION IN GROUP COMPANIES

Subsidiary	No of shares	%	Book value SEKm, 2017	Book value SEKm, 2016
Doro AS, Norway	200	100	0.6	0.6
Doro UK Ltd	3,013,400	100	4.2	4.2
Doro SAS	66,667	100	11.6	11.6
Doro Hong Kong Ltd	4,500	100	5.1	5.1
Doro Inc	3,000	100	0.0	0.0
Doro Incentive AB	50,000	100	0.1	0.1
Doro Deutschland GmbH	1	100	0.2	0.2
IVS Industrievertretung Schweiger GmbH ¹⁾	9,239	33.33	46.5	46.5
Doro S.R.L	1	100	0.1	0.1
Aldebaran SAS	275,000	100	5.2	5.2
Doro Care AB ²⁾			0.0	236.3
Doro Care Trygghetsjour AB	2,500	100	11.3	
Doro Care Nordic AB	1,000	100	0.1	
Doro Care Sales UK Limited	1	100	0.0	
Doro Care GmbH	1	100	2.0	
Doro Care AS	242,294	100	31.3	
Total			118.2	309.9

¹⁾ IVS industrievertretung Schweiger GmbH is included in the Group to 100%. Doro AB owns 33.33% and Doro Deutschland GmbH owns 66.67%.

²⁾ Doro Care AB was merged into Doro AB on 11th June 2017.

	2017	2016
Opening balance	309.9	309.9
Acquisition	0.0	0.0
Merger of wholly-owned subsidiary	-191.7	0.0
Closing balance	118.2	309.9

Subsidiary – Company reg. no	Registered office
Doro AS – 934210719	Fredrikstad, Norway
Doro UK Ltd – 1180330	Chalfont St Peter, United Kingdom
Doro SAS – 309 662 195	Versailles, France
Doro Hong Kong Ltd – 08194263-000-12-98-6	Kowloon, Hongkong
Doro Inc. – 4706937 810 0 090679976	New York, USA
Doro Incentive AB – 556843-4962	Lund, Sweden
Doro Deutschland GmbH – HRB75859	Köln, Germany
IVS Industrievertretung Schweiger GmbH – HRB 2040	Amberg, Germany
Doro S.R.L – 08721340969	Milano, Italy
Aldebaran SAS – 504 770 116	Paris, France
Doro Care Trygghetsjour AB – 556569-9740	Malmö, Sweden
Doro Care Nordic AB – 556773-1301	Kalmar, Sweden
Doro Care Sales UK Limited – 7776454	London, United Kingdom
Doro Care GmbH – HRB 6783	Taunus, Germany
Doro Care AS – 986616500	Oslo, Norge

NOTE 10

OTHER CURRENT RECEIVABLES AND PREPAID EXPENSES AND ACCRUED INCOME

	The Group		Parent Company	
	2017	2016	2017	2016
Other current receivables				
VAT receivable	13.4	27.1	16.9	29.2
Cash Flow hedges	4.0	12.4	4.0	12.4
Financial lease receivables	6.5	23.7	2.4	0.0
Other current receivables	4.5	3.6	0.4	0.8
Total	28.4	66.8	23.7	42.4

	The Group		Parent Company	
	2017	2016	2017	2016
Prepaid expenses and accrued income				
Prepaid rent	1.0	4.8	0.7	0.5
Insurance premiums	0.9	1.0	0.2	0.0
Exhibition costs	1.3	1.6	1.3	1.6
IT costs	1.6	0.9	1.6	0.7
Licence costs	3.4	3.5	3.3	3.3
Installation expenses	6.8	12.9	6.8	0.0
Other prepaid expenses	4.8	4.7	5.8	1.3
Total	19.8	29.4	19.7	7.4

NOTE 11

SHARE CAPITAL AND DIVIDENDS

	No. of shares	Voting rights	Class
A shares	23,755,255	1 vote per share	Normal

Share capital

23,755,255 shares at a quota value of SEK 1.00 per share = SEK 23,755,255.

Share issue 2017

In 2017 Doro issued 517,000 new shares in connection to the closing of a warrant program.

Dividends

The Board of Directors proposes no dividend for the 2017 financial year.

Warrant program

An extraordinary General Meeting was held in August 21, 2014, and a decision was made on directed issue of new warrants to senior executives and key employees within the Doro group. Each warrant gives the holder the right to buy one share to a predetermined price of SEK 42.00 during May 22, 2017 until June 21, 2017. The warrant price is calculated according to the Black & Scholes model, taking into consideration estimated dividend and used share price of SEK 31.10, volatility 30%, riskfree interest 0.31% and duration of 2.78 year (2014-09-12–2017-06-21). The CEO subscribed for 200,000 warrants and the rest of the group management subscribed for 325,000 warrants. Doro Incentive subscribed for 141,000 warrants possible to be used for future employees. Totaly 841,000 warrants were issued. In 2015 an additional 135,000 warrants were subscribed and 65,000 warrants were re-purchased. In 2016 65,000 warrants were subscribed and 265,000 warrants were re-purchased. In June 2017 the warrant program was closed and 517,000 warrants were utilised to purchase 517,000 new shares.

NOTE 12

OVERDRAFT FACILITIES

SEKm	The Group		Parent Company	
	2017	2016	2017	2016
Approved credit	50.0	50.0	50.0	50.0
Utilized credit	0.0	0.0	0.0	0.0

NOTE 13

ACCRUED EXPENSES AND PREPAID INCOME

SEKm	The Group		Parent Company	
	2017	2016	2017	2016
Holiday pay liability	17.7	22.6	10.6	5.6
Payroll overheads	11.2	10.6	7.4	2.6
Other staff liabilities	7.3	11.7	2.0	0.0
Accrued royalty	35.3	29.3	30.9	29.3
Accrued customer bonus	56.3	37.8	36.7	24.2
Other accrued expenses	56.3	54.1	31.8	30.2
Total	184.1	166.1	119.4	91.9

NOTE 14

PLEGDED ASSETS FOR LIABILITIES TO CREDIT INSTITUTIONS

	The Group		Parent Company	
	2017	2016	2017	2016
SEKm				
Chattel mortgages	170.0	186.6	170.0	170.0
Shares in subsidiary	0.0	243.2	0.0	236.3
Total	170.0	429.8	170.0	406.3

NOTE 15

CONTINGENT LIABILITIES

	The Group		Parent Company	
	2017	2016	2017	2016
Guarantees for subsidiary	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

Doro AB has the ultimate responsibility for the obligations of its subsidiary, Doro UK Ltd. Doro UK Ltd acts as an agent for Doro AB in the UK and Ireland and has no external customer relations of its own.

NOTE 16

AUDITORS

The 2017 AGM elected Magnus Willfors (PricewaterhouseCoopers AB) to be the auditor of the Parent Company, Doro AB. PwC will carry out auditing at all large units for the period of one year, except for Doro SAS for which EY has the audit assignment.

	The Group		Parent Company	
	2017	2016	2017	2016
Fees and costs, SEKm				
PwC				
Auditing assignments	1.1	0.0	0.7	0.0
<i>of which PricewaterhouseCoopers AB</i>	<i>0.7</i>	<i>0.0</i>	<i>0.7</i>	<i>0.0</i>
Auditing outside the assignment	0.0	0.0	0.0	0.0
<i>of which PricewaterhouseCoopers AB</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Tax assignments	0.0	0.0	0.0	0.0
<i>of which PricewaterhouseCoopers AB</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Other advisory services by auditors	0.1	0.0	0.1	0.0
<i>of which PricewaterhouseCoopers AB</i>	<i>0.1</i>	<i>0.0</i>	<i>0.1</i>	<i>0.0</i>
EY				
Auditing assignments	0.5	2.0	0.0	0.8
Auditing outside the assignment	0.3	0.2	0.3	0.2
Tax assignments	0.8	0.4	0.7	0.4
Other advisory services by auditors	0.1	0.8	0.0	0.8
Total	2.9	3.4	1.8	2.2

NOTE 17

TAXES

	The Group		Parent Company	
	2017	2016	2017	2016
Taxes on profit/loss for the year				
Current tax	-22.1	-7.8	-7.2	0.0
Deferred tax	-3.1	-0.6	-5.9	-0.2
Total tax on profit/loss for the year	-25.2	-8.4	-13.1	-0.2

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

	The Group		Parent Company	
	2017	2016	2017	2016
Taxes, SEKm				
Reported profit/loss before tax	91.7	39.4	49.9	-1.3
Tax at current rate 22.0 %	-20.2	-8.7	-11.0	0.3
Non-deductible expenses	-0.2	-1.2	-2.1	-0.5
Non-taxable income	0.3	3.1	0.0	0.0
Utilisation of previously unrecognized tax loss carryforwards	0.0	0.0	0.0	0.0
Change in valuation in losses carryforwards	1.2	0.2	0.0	0.0
Change in valuation of temporary differences	0.0	0.0	0.0	0.0
Tax cost/revenue concerning previous year	-3.6	3.1	0.0	0.0
Adjustment for tax rates in foreign Group company	-2.7	-4.9	0.0	0.0
Reported tax	-25.2	-8.4	-13.1	-0.2

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

Deferred tax asset	The Group		Parent Company	
	2017	2016	2017	2016
Unutilized losses carry forward	5.9	7.2	0.0	0.2
Temporary differences, provisions	4.3	9.0	1.2	8.4
Temporary differences, other	-0.7	-4.3	0.2	-0.5
Total reported deferred tax asset	9.5	11.9	1.4	8.1

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

Of the consolidated losses carried forward, SEK 79 m (95) can be used without a time limit being imposed. The remaining losses are in the United Kingdom, France and Sweden.

Losses carry forward fall due as follows:	2017	2016
Without limit	79	95
Total	79	95

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

SEKm	The Group		Parent Company	
	2017	2016	2017	2016
	14	15	0	0

Gross changes of deferred taxes	The Group		Parent Company	
	2017	2016	2017	2016
Opening balance	11.9	15.6	8.1	9.4
Tax attributable to the income statement	-3.1	-0.6	-5.9	-0.2
Tax attributable to other comprehensive income	0.7	-1.8	0.7	-1.1
Acquisitions/Mergers	0.0	-1.3	-1.5	0.0
Closing balance	9.5	11.9	1.4	8.1

NOTE 18

ACQUISITIONS 2016

On April 15, 2016, DORO AB acquired all shares of Trygghetscentralen AS in Norway. Costs for the acquisition of SEK 1.2m was charged to the operating result (Other external expenses) for the first half year. The purchase price was paid in cash with SEK 29.4m, whereof 8.8m referred to settlement of Trygghetscentralen's loans from its previous owner. In Q4 a final cash settlement of SEK 1.1m was paid. Goodwill is linked to the enhanced position in the Care area in Norway that Trygghetscentralen's sales channel provide, as well as increased expertise in the Care area. On the acquisition date, the headcount was 68 permanent employees and approximately 60 temporary employees. Trygghetscentralen has annual sales of NOK 68m. In 2016 the Trygghetscentralen business was integrated with Doro and consequently it is not possible to measure Net sales and EBIT for the acquired operations isolated.

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

Fair value	SEKm
Intangible assets	7.4
Tangible fixed assets	2.2
Deferred tax asset	0.5
Inventories	2.2
Accounts receivable	6.1
Other receivables, prepaid expenses and accrued income	2.0
Cash and bank	1.5
Accounts payable	-1.2
Deferred tax liability	-1.9
Other liabilities, accrued expenses and prepaid income	-5.1
Acquired Net Assets	13.7
Goodwill	16.8
Total purchase consideration	30.5
Cash in company acquired	-1.5
The acquisition's impact on the Group's cash flow	29.0

Company acquisition impact on Group cash flow	The Group	
	2017	2016
Trygghetscentralen AS	0.0	-29.0
	0.0	-29.0

NOTE 19

GOODS FOR RESALE

The Group, SEKm	2017	2016
Opening gross stock	233.6	201.8
Acquisition	0.0	2.2
Change in gross stock	-18.8	23.2
Internal profit in stock	-0.1	4.0
Exchange rate difference	2.0	2.4
Closing gross stock	216.7	233.6
Opening write-downs of stock	-15.7	-13.3
Acquisition	0.0	0.0
Change in write-downs of stock	-3.9	-2.2
Exchange rate difference	-0.2	-0.2
Closing write-downs of stock¹⁾	-19.8	-15.7
Net stock in balance sheet	196.9	217.9

¹⁾ Acquisition value for the inventory that write-downs of stock of SEK 19.8m (15.7) relates to is based on inventory book value of SEK 54.2m (46.1).

Parent company, SEKm	2017	2016
Opening gross stock	141.3	129.8
Merger of subsidiary	21.4	
Change in gross stock	-10.5	11.5
Closing gross stock	152.2	141.3
Opening write-downs of stock	-10.8	-9.0
Merger of subsidiary	-1.3	
Change in write-downs of stock	-0.8	-1.8
Closing write-downs of stock¹⁾	-12.9	-10.8
Net stock in balance sheet	139.3	130.5

¹⁾ Acquisition value for the inventory reserve of SEK 12.9m (10.8) is based on inventory book value of SEK 53.9m (42.7).

NOTE 20

PROVISION FOR GUARANTEES

SEKm	The Group		Parent Company	
	2017	2016	2017	2016
Opening balance	58.1	54.3	49.9	48.0
Acquisition	0.0	0.0	0.0	0.0
Amount released	-73.9	-75.1	-19.9	-65.8
New provisions	67.0	78.7	12.8	67.7
Exchange rate difference	0.3	0.2	0.0	0.0
Closing balance	51.5	58.1	42.8	49.9

NOTE 21

PENSION ALLOCATIONS

The Group, SEKm	2017	2016
Opening balance	2.2	2.9
Amount released	0.0	-0.8
New provisions	0.4	0.0
Exchange rate difference	0.0	0.1
Closing balance	2.6	2.2

NOTE 22

OTHER PROVISIONS

SEKm	The Group		Parent Company	
	2017	2016	2017	2016
Opening balance	32.6	31.1	25.0	25.0
Amount released	-34.0	-2.4	-26.4	0.0
New provisions	17.9	3.7	17.2	0.0
Unutilized amount cancelled	0.0	0.0	0.0	0.0
Reclassification	0.0	0.0	0.0	0.0
Exchange rate difference	0.1	0.2	0.0	0.0
Closing balance	16.6	32.6	15.8	25.0

	The Group		Parent Company	
	2017	2016	2017	2016
Additional royalty costs	15.8	29.1	15.8	25.0
Other provisions	0.8	3.5	0.0	0.0
Closing balance	16.6	32.6	15.8	25.0

Additional royalty costs

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

NOTE 23

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk management

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

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

Credit and counterparty risk

The Group is primarily exposed to credit risk associated with commercial transactions with customers but also in financial transactions. The latter as counterparty risk associated with foreign exchange hedging and issuer risk in potential short-term investments. Credit and counterparty risks are managed centrally by the parent company Doro AB. Financial instruments may only be done with approved banks. Short-term investments may only be done with the counterparty categories government, municipalities and banks. In 2017 there were no short-term investments carried out.

Accounts receivable amounted to SEK 360.4m (371.2) and leasing receivables amounted to SEK 13.7m (30.1). In recent years Doro has experienced low credit losses (less than 0.5 percent of sales) due to the fact that the main customer group is large business with regular trade. The single largest customer accounts for less than 10% of Group sales. In most countries Doro operates without credit insurance.

	Group	
	2017	2016
Age analysis of accounts receivable		
Not yet due	309.2	275.5
Due for payment < 60 days	51.4	96.5
Due for payment > 60 days	6.2	8.4
Total accounts receivable	366.8	380.4
Expected bad debt losses	-6.4	-9.2
Accounts receivable in the financial statements	360.4	371.2
	Group	
	2017	2016
Impaired accounts receivable		
Opening balance	-9.2	-4.6
Through Aquisitions	0.0	-0.4
Expected bad debt losses	-3.5	-6.7
Confirmed bad debt losses	5.3	2.5
Translation differences	0.0	-0.1
Amount reversed	1.0	0.1
Closing balance	-6.4	-9.2

Other receivables

Other receivables including financial lease receivables are not yet due.

Liquidity risk

At 31 December 2017, the Group had SEK 165.0 m (236.7) in interest-bearing liabilities, including financial lease agreements for alarm devices within Doro Care, amounting to SEK2.4m (24.0). In April 2016 a new Revolving Facility Agreement was signed, amounting to SEK 310m. At 31 December 2017, the RCF was amortized to SEK 220m, whereof 160m was utilized.

At 31 December 2017, Group liquidity amounted to SEK 57.1 m (61.0). In addition the Group also had an unutilized bank overdraft facility of SEK 50m (50.0).

The overall objective is to meet the short-term financing need from Group operations, while minimizing surplus liquidity. Doro should have a liquidity reserve at minimum SEK 20.0m.

Foreign exchange risk

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

Transaction exposure

Transaction exposure arises when sales and purchases take place in foreign currencies. Doro has income and expenses in different currencies. Goods are primarily purchased in USD, while sales are commonly in EUR, GBP and the Nordic currencies. In accordance with the treasury policy, forecast currency flows are hedged on a quarterly basis for periods for which the price list is set at between 70 to 90 percent. The hedge horizon can thus vary between three to six months. Foreign exchange management is centralised in Doro AB's Finance department, which buys and sells currencies in accordance with the treasury policy. Since 2013, Doro has been applying hedge accounting in accordance with IFRS (see accounting principles for further information).

Transaction volumes Outstanding exposure (SEKm) 31 December 2017 and sensitivity analysis (Before and after hedging)

	Before hedging 2017	After Hedging 2017	Sensitivity at 5% weaker SEK	Before hedging 2016	After Hedging 2016	Sensitivity at 5% weaker SEK
NOK	19.2	19.2	1.0	23.3	7.5	0.4
EUR	278.6	55.4	2.8	237	65.8	3.3
GBP	75.0	8.6	0.4	92.4	19.7	1
USD	-305.4	-48.4	-2.4	-303.2	-87.6	-4.4

The table shows outstanding transaction exposure at year-end for the hedged period. The hedged period as per the end of December refers to flows through the end of May. The net market value for all outstanding currency futures amounts to SEK -4.1m at 31 December 2017, whereof SEK -1m refers to transaction exposures recognised as hedge.

Translation exposure

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

At year-end the value of foreign net assets was SEK 256m (184). The breakdown by currency is shown in the table below.

Value of foreign assets	2017	2016
USD	9	9
NOK	13	3
EUR	197	139
GBP	31	26
HKD	6	7
Total	256	184

Interest rate risk

Interest rate risk is the risk that the Group's net financial income/expense decreases due to rising market interest rates. Doro's existing loan portfolio exclusively comprises loans with variable interest. In 2017, the average interest on borrowings was 2.2 percent. If SEK interest rates increased by one percentage point, Doro's net financial income/expense would deteriorate by approximately SEK 1.5m, based on indebtedness as of 31 December 2017.

Term analysis for derivatives and financial liabilities as per 31 December 2017

Group, SEKm	Currency	0-3 months		3 years or more	Total
		months	-1 year 1-3 years		
Bank loan	SEK		60.0 100.0		160.0
Overdraft facility	SEK				0.0
Futures	EUR	3.5	-0.4		3.1
Futures	USD	-2.8	1.1		-1.7
Futures	GBP	2.7	0.1		2.8
Futures	HKD	0.1			0.1
Leasing liability	SEK	1.6	0.7		2.3
Accounts payable	SEK	158.8			158.8
Total		163.9	61.5 100.0	-	325.4

FINANCIAL INSTRUMENTS – FAIR VALUE

Group 2017	Financial assets and liabilities at fair value through profit	Derivatives subject to hedge accounting	Saleable assets	Accounts receivable and loans receivable	Other financial liabilities	Carrying amount	Fair value
Accounts receivable				360.4		360.4	360.4
Leasing receivable				13.8		13.8	13.8
Other receivable				4.5		4.5	4.5
Foreign exchange derivatives subject to hedge accounting		4.0				4.0	4.0
Bank balances				57.1		57.1	57.1
Assets	0.0	4.0	0.0	435.8	0.0	439.8	439.8
Foreign exchange derivatives subject to hedge accounting		7.6				7.6	7.6
Liabilities to credit institutions					162.4	162.4	162.4
Accounts payable					158.8	158.8	158.8
Additional purchase consideration	0.5					0.5	0.5
Other liabilities					186.7	186.7	186.7
Liabilities	0.5	7.6	0.0	0.0	507.9	516.0	516.0
Group 2016							
Accounts receivable				371.2		371.2	371.2
Other receivable				3.6		3.6	3.6
Foreign exchange derivatives subject to hedge accounting		12.1				12.1	12.1
Foreign exchange derivatives held for trading	0.3					0.3	0.3
Bank balances				61.0		61.0	61.0
Assets	0.3	12.1	0.0	435.8	0.0	448.2	448.2
Foreign exchange derivatives subject to hedge accounting		3.2				3.2	3.2
Liabilities to credit institutions					234.5	234.5	234.5
Accounts payable					254.9	254.9	254.9
Other liabilities					169.7	169.7	169.7
Liabilities	0.0	3.2	0.0	0.0	659.1	662.3	662.3

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

Parent Company 2017	Financial assets and liabilities at fair value through profit	Derivatives subject to hedge accounting	Saleable assets	Accounts receivable and loans receivable	Other financial liabilities	Carrying amount	Fair value
Accounts receivable				267.1		267.1	267.1
Receivables from Group companies				13.8		13.8	13.8
Other receivables				210.2		210.2	210.2
Foreign exchange derivatives subject to hedge accounting				0.4		0.4	0.4
Foreign exchange derivatives held for trading		4.0				4.0	4.0
Bank balances				41.5		41.5	41.5
Assets	0.0	4.0	0.0	533.0	0.0	537.0	537.0
Foreign exchange derivatives subject to hedge accounting		7.6				7.6	7.6
Foreign exchange derivatives held for trading	0.5					0.5	0.5
Liabilities to credit institutions					160.0	160.0	160.0
Accounts payable					125.5	125.5	125.5
Accounts payable					228.2	228.2	228.2
Other liabilities					119.4	119.4	119.4
Liabilities	0.5	7.6	0.0	0.0	633.1	640.7	640.7
Parent Company 2017							
Accounts receivable				266.7		266.7	266.7
Leasing receivable						0.0	0.0
Receivables from Group companies				253.6		253.6	253.6
Other receivables				0.7		0.7	0.7
Foreign exchange derivatives subject to hedge accounting		12.1				12.1	12.1
Foreign exchange derivatives held for trading	0.3					0.3	0.3
Bank balances				43.4		43.4	43.4
Assets	0.3	12.1	0.0	564.4	0.0	576.8	576.8
Foreign exchange derivatives subject to hedge accounting		3.2				3.2	3.2
Liabilities to credit institutions					210.0	210.0	210.0
Accounts payable					178.1	178.1	178.1
Receivables from Group companies					214.6	214.6	214.6
Other liabilities					91.9	91.9	91.9
Liabilities	0.0	3.2	0.0	0.0	694.6	697.8	697.8

NOTE 24

LIABILITIES TO CREDIT INSTITUTE

	The Group		Parent Company	
	2017	2016	2017	2016
Long-term				
Bank loans	100.0	159.8	100.0	160.0
Financial leasing liability	0.0	2.4	0.0	0.0
Total	100.0	162.2	100.0	160.0
Short-term				
Bank loans	60.0	50.7	60.0	50.0
Financial leasing liability	2.4	21.6	2.4	0.0
Overdraft facilities	0.0	0.0	0.0	0.0
Factoring facilities	0.0	0.0	0.0	0.0
Total	62.4	72.3	62.4	50.0
Total liabilities to credit institutes	162.4	234.5	162.4	210.0

The bank loans accrue interest of 1.85 percent + STIBOR. Plan amortisation is on a semi-annual basis. All liabilities to credit institutions are denominated in Swedish kronor.

Maturity dates of long-term liabilities	The Group		Parent Company	
	2017	2016	2017	2016
1–2 years	100.0	62.4	100.0	60.0
2–5 years	0.0	99.8	0.0	100.0
More than 5 years	0.0	0.0	0.0	0.0
Total	100.0	162.2	100.0	160.0

NOTE 25

RELATED PARTY TRANSACTIONS

Helmut Schweiger, owner of 2.9% of Doro, has at year-end a liability to Doro amounting to SEK 2.3 million (1.9) referring to tax expenses relating to the time before Doro acquired IVS GmbH from him. The parties have agreed that Helmut Schweiger pays the liability when the Group settles the corresponding liability towards the German tax authority. The liability was settled in March 2018.

No other related party transactions during the year, apart from salaries and remunerations in Note 5.

NOTE 27

NET DEBT CHANGES

	Other assets			Liabilities related to financing activities				Total
	Cash and bank/ bank overdraft	Financial leases due within 1 year	Financial leases due after 1 year	Financial leases due within 1 year	Financial leases due after 1 year	Liabilities to credit institutions due within 1 year	Liabilities to credit institutions due after 1 year	
Net Debt 31 December 2016	-61.0	-21.6	-2.4	21.6	2.4	50.7	159.8	149.5
Cash flow	3.9	21.6		-21.6		-50.5		-46.6
Exchange rate differences								0.0
Other items not in cash flow		-2.4	2.4			59.8	-59.8	0.0
Net Debt 31 December 2017	-57.1	-2.4	0.0	0.0	2.4	60.0	100.0	102.9

NOTE 26

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

In February 2018 the company announced that Group management had been strengthened by the inclusion of Jörgen Alsing, vice president with responsibility for the new function SmartCare & Services. The new function strengthens Doro's drive for safety services for seniors and their relatives. It was also announced that Annika Björk had been appointed new Human Resources Director and member of Group management.

NOTE 28

USE OF NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") MEASURES

Guidelines on Alternative Performance Measures (APMs) for companies with securities listed on a regulated market within the European Union have been issued by ESMA (the European Securities and Markets Authority). These guidelines apply to APMs disclosed when publishing regulated information on or after July 3, 2016. Reference is made in the annual report to a number of non-IFRS performance measures that are used to help investors as well as management analyse the company's operations. Described below are the non-IFRS performance measures that are used as a complement to the financial information that is reported in accordance with IFRS.

Description of financial performance measures that are not used in IFRS

Non-IFRS performance measure	Description	Reason for use of the measure
Restructuring costs	Costs for impairment together with personnel costs in connection with restructuring.	This measure shows the specific costs that have arisen in connection with restructuring of a specific operation, which contributes to a better understanding of the underlying cost level in the continuing operations.
Gross Margin %	Net Sales minus Merchandise costs in percentage of Net Sales.	Gross Margin is an important measure for showing the margin before Personnel expenses and Other external expenses.
Sales growth comparable entities %	Net Sales for the period minus Net Sales for entities acquired during the year minus Net Sales for the corresponding period last year in percentage of Net Sales for the corresponding period last year.	Sales growth for comparable entities shows the Group's organic growth excluding acquired businesses.
Equity/assets ratio	Equity expressed as a percentage of total assets.	A traditional measure for showing financial risk, expressing the amount of restricted equity that is financed by the owners.
Return on average shareholders' equity	Profit/Loss rolling twelve months after financial items and tax divided by average shareholders' equity.	Shows from a shareholder perspective the return that is generated on the owners' capital that is invested in the company.
Capital employed	Total assets reduced with non-interestbearing debt and cash and bank balances.	This measure shows the amount of total capital that is used in the operations and is thus one component for measuring the return from operations.
Return on average capital employed	Operating profit/loss rolling twelve months, divided by the quarterly average capital employed excluding cash and bank balances.	This is the central ratio for measuring the return on the capital tied up in operations.
Recurring revenues	Net Sales during the quarter from existing recurring agreements.	The measure shows revenues during the quarter from recurring agreements.
Number of subscribers	Number of subscribers connected to the alarm receiving center.	The measure shows the volume of customers in the alarm receiving center.
Leverage ratio	Interest bearing liabilities divided by Equity.	The measure shows the company's financial risk (interest rate sensitivity).
Dividend yield	Dividend per share divided by the share price at year-end.	Return measure on investment in the company's shares.
P/E ratio	The share price at year-end divided by earnings per share for the year.	Measure on the value of the company's shares.
Capital turnover rate	Net sales divided by the average total assets.	The measure shows how much capital the operation requires.
Cash conversion rate %	Cash flow from operating activities divided by EBIT.	Measures the proportion of profit that are converted to cash flow.

Calculation of financial performance measures that are not defined in IFRS

	2017	2016
Capital employed		
Total assets	1,177.3	1,287.9
Non interest-bearing liabilities	428.6	533.5
Cash and bank	57.1	61.0
Reported Capital employed	691.6	693.4
Leverage ratio		
Interest bearing liabilities	165.0	234.5
Equity	583.7	520.0
Reported leverage ratio	0.28	0.45
Capital turnover rate		
Net sales	1,924.0	1,959.1
Average total assets	1,232.6	1,243.4
Reported capital turnover rate	1.6	1.6

BOARD SIGNING

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

Lund, March 28, 2018

Johan Andsjö
Chairman of the Board

Henri Österlund
Vice-Chairman of the Board

Lena Hofsberger
Board member

Karin Moberg
Board member

Jonas Mårtensson
Board member

Robert Puskaric
CEO

Our auditor's report was submitted on March 28, 2018
PricewaterhouseCoopers AB

Magnus Willfors
*Authorized Public Accountant
Audito-in-charge*

Johan Rönnbäck
Authorized Public Accountant

AUDITOR'S REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Doro AB (publ) for the year 2017 except for the corporate governance statement on pages 37–39. The annual accounts and consolidated accounts of the company are included on pages 34–68 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance on pages 37–39. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Other information

The audit of the annual accounts and consolidated accounts for financial year 2016 was conducted by another auditor who have issued an unqualified opinion dated 3 April 2017 regarding the report on the annual accounts and consolidated accounts.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration

of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter

Valuation of intangible assets

Refer to note 1 and 7 in the annual report.

The value of Goodwill with indefinite economic use amounted, as of 31 December 2017, to SEK 375.3m. In accordance with IFRS, management shall annually perform an impairment test.

No impairment requirement was identified in conjunction with the testing undertaken by management. In our audit, we have focused on the risk that Goodwill is reported at an incorrectly high level and that an impairment needs could exist.

Some of the assumptions and judgments undertaken by management regarding future cash flows and other circumstances are complex and have an impact on the calculation of the value in use. This applies, in particular, to the following: growth rate, profit margins and discount rate. Changes in these assumptions could lead to a change in the reported value of Goodwill.

How our audit addressed the Key audit matter

Our audit activities include a review of the applied calculation model and the challenging of significant assumptions applied by management in their tests.

We have assessed the reasonableness of the budget presented by management, and which has been approved by the Board of Directors, by evaluating historical outcome against adopted budgets.

We have compared the country specific growth in perpetuity values with independent forecasts regarding economic growth and have noted that the assumptions applied are within a reasonable interval; and

We have assessed the discount rate (weighted average cost of capital ("WACC")) against comparable operations and have noted that the assumptions applied are within a reasonable interval.

We have also evaluated the management's assessment of the manner in which the group's calculation models are impacted by changes in assumptions, and have compared this with the information presented in the annual accounts related to impairment testing.

In our audit, we have noted no significant deviations and our assessment is that the disclosures provided regarding significant assumptions and sensitivity analyses as found in the Annual report are correct.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3–33 and 72–75. The Other Information does not include the annual report, except for the sustainability report and our report regarding this. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual

accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are

also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Doro AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial

situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 37–39 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

PricewaterhouseCoopers AB, box 4009, 203 11 Malmö, was appointed auditor of Doro AB (publ) by the general meeting of the shareholders on the 27 April 2017 and has been the company's auditor since the 27 April 2017.

Malmö, 28 March, 2018
PricewaterhouseCoopers AB

Magnus Willfors
Authorized Public Accountant
Auditor in charge

Johan Rönnbäck
Authorized Public Accountant

QUARTERLY OVERVIEW

SEKm	2017				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
QUARTERLY PROFIT TREND								
Net sales	452	446	465	560	413	474	473	599
Capitalised product development/ other income	5	2	2	2	3	8	1	5
Operating costs	-426	-414	-429	-509	-394	-461	-441	-560
Operating profit/loss before depreciation	31	34	38	53	22	21	33	45
Planned depreciation and write-downs	-14	-15	-16	-19	-13	-17	-19	-25
Operating profit/loss after depreciation	17	19	22	34	9	4	14	20
Net financial items	0	0	0	-1	-1	-3	0	-4
Profit/loss after financial items	18	19	21	33	8	1	14	16
Taxes	-5	-4	-6	-10	-2	0	-1	-5
Net profit/loss	13	15	16	23	6	1	13	11
QUARTERLY BALANCE SHEET FOR THE GROUP								
Intangible assets	464	463	464	466	445	469	473	464
Property, plant and equipment	15	17	18	19	8	10	10	13
Financial assets	7	7	7	8	13	12	8	7
Deferred Tax Asset	13	12	12	10	18	18	21	12
Inventories	232	279	259	197	231	212	240	218
Current receivables	363	378	383	420	378	426	429	513
Cash and bank balances	36	58	64	57	51	34	23	61
Total assets	1,129	1,213	1,207	1,177	1,143	1,180	1,204	1,288
Shareholders' equity	531	541	557	584	486	496	511	520
Long-term liabilities	150	165	165	119	218	239	192	201
Current liabilities	448	507	485	474	439	445	501	567
Total shareholders' equity and liabilities	1,129	1,213	1,207	1,177	1,143	1,180	1,204	1,288

SEKm	2017				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
QUARTERLY CASH FLOW								
Operating profit	31	34	38	53	22	21	33	45
Other non-cash items	4	5	-1	-4	11	-5	-2	-5
Taxes	-7	-4	-1	2	-9	-10	-8	0
Change in working capital	14	-21	-11	-12	-57	1	14	10
Cash flow from operating activities	42	14	25	39	-33	7	37	50
Investments	-16	-15	-18	-21	-14	-45	-18	-20
Cash flow from investing activities	-16	-15	-18	-21	-14	-45	-18	-20
Dividend warrant program premium	0	-23	0	0	0	0	0	0
New share issue and warrant program premium	-1	21	0	0	0	0	0	0
Change in interest-bearing liabilities	-50	25	0	-25	53	20	-31	8
Cash flow from financing activities	-51	23	0	-25	53	20	-31	8
Translation differences and other	0	0	0	0	0	1	1	0
Cash flow (change in cash and cash equivalents)	-25	22	7	-7	7	-17	-11	39

FIVE-YEAR OVERVIEW

SEKm	2017	2016	2015	2014	2013
INCOME STATEMENT					
Net sales	1,924.0	1,959.1	1,838.0	1,276.2	1,142.5
Operating profit/loss before depreciation and write-downs, EBITDA	156.2	121.5	139.2	122.6	113.7
Operating profit/loss after depreciation and write-downs, EBIT	92.0	47.7	95.2	79.7	78.9
Net financial items	-0.3	-8.3	-10.8	-0.4	-0.7
Profit/loss after financial items	91.7	39.4	84.4	79.3	78.2
BALANCE SHEET					
Fixed assets	502.8	496.2	481.4	222.3	227.8
Current assets	617.4	730.7	673.8	552.2	397.2
Cash and bank balances	57.1	61.0	43.9	78.2	123.9
Shareholders' equity	583.7	520.0	482.0	334.8	287.0
Long-term liabilities	119.2	197.1	170.3	59.6	138.3
Current liabilities	474.4	570.8	546.6	458.3	323.6
Balance sheet total	1,177.3	1,287.9	1,198.9	852.7	748.9
KEY FIGURES (Definitions on page 74)					
RETURN RATIOS					
Average return on capital employed, %	13.5	7.5	17.2	32.8	52.2
Average return on shareholders' equity, %	12.1	6.2	15.6	18.7	24.4
Cash conversion rate, SEK	130	129	90	26	140

SEKm	2017	2016	2015	2014	2013
MARGINS					
Operating margin, EBITDA, %	8.1	6.2	7.6	9.6	10.0
Operating margin, EBIT, %	4.8	2.4	5.2	6.2	6.9
Net margin, %	4.8	2.0	4.6	6.2	6.8
CAPITAL TURNOVER					
Capital turnover rate (multiple)	1.6	1.6	1.8	1.6	1.8
FINANCIAL DATA					
Equity/assets ratio, %	49.6	40.4	40.2	39.3	38.3
Cash flow from operating activities	119.5	61.7	85.7	22.5	110.5
Number of employees	458.0	500.0	358.0	172.0	149.0
Cash and cash equivalents (incl. unused credit)	107.1	111.0	89.8	86.7	123.9
Investments (incl. acquisitions)	70.2	96.4	220.7	51.2	146.7

DEFINITIONS

AVERAGE NUMBER OF SHARES

Number of shares at the end of the month divided by the number of months.

AVERAGE NUMBER OF SHARES, DILUTED

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

CAPITAL EMPLOYED

Total assets less non-interest-bearing liabilities and cash and cash equivalents.

CAPITAL TURNOVER RATE

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

CASH CONVERSION RATE

Cash flow from operating activities divided by EBIT.

CASH FLOW

Cash flow from operating activities.

CASH FLOW PER SHARE

Cash flow from operating activities divided by the average number of shares.

EARNINGS PER SHARE AFTER TAX

Profit/loss after tax divided by the average number of shares for the period.

EARNINGS PER SHARE AFTER TAX, DILUTED

Profit/loss after financial items divided by the average number of shares for the period, after dilution.

EBIT MARGIN

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

EBITDA MARGIN

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

EQUITY PER SHARE

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

EQUITY PER SHARE, DILUTED

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

EQUITY/ASSETS RATIO

Shareholders' equity as a percentage of the balance sheet total.

INTEREST COVERAGE RATIO

Profit/loss after net financial items plus interest expenses divided by financial expenses.

MARKET CAPITALISATION, SEK

Share price at the end of the period multiplied by the number of shares at the end of the period.

NET DEBT/EQUITY RATIO

Interest-bearing liabilities minus cash position as a percentage of shareholders' equity.

NET MARGIN

Profit/loss after financial items as a percentage of sales for the year.

NUMBER OF SHARES AT END OF PERIOD

Number of shares at the close of the period.

NUMBER OF SHARES AT END OF PERIOD, DILUTED

The number of shares at the end of the period adjusted for the dilution effect from warrants is calculated as the difference between the assumed number of shares issued at the redemption price and the assumed number of shares issued at the average share price at the end of the period.

REPORTED EQUITY PER SHARE

Shareholders' equity divided by the number of shares at year-end.

RETURN ON AVERAGE CAPITAL EMPLOYED

Operating profit/loss divided by the quarterly average capital employed excluding cash and bank balances.

RETURN ON AVERAGE SHAREHOLDERS' EQUITY

Profit/loss after financial items and tax divided by average shareholders' equity.

SHARE PRICE AT PERIOD END, SEK

Closing price at the end of the period.

PRESS RELEASES 2017

14-Nov	Doro updates on strategies and financial targets
31-Oct	Invitation to Doro's Capital Markets Day 2017
24-Oct	Doro AB's nomination committee for the 2018 Annual General Meeting
24-Oct	Interim report for January-September 2017
10-Oct	Doro to present its interim report for July-September 2017 via audiocast and telephone conference
4-Oct	Doro strengthens Group management with new VP Operations
11-Sep	Magnus Eriksson to leave Doro
5-Sep	Changes in Doro's Group management
13-Jul	Interim report January-June 2017
3-Jul	Change in number of outstanding shares in Doro
28-Jun	Doro to present its interim report for April-June 2017 via audiocast and telephone conference
22-May	Excercise of Employee Warrants in Doro
27-Apr	Press release from Doro AB's (publ) annual general meeting 2017
27-Apr	Interim report January-March 2017
7-Apr	Doro to present its interim report January-March 2017 via audiocast and telephone conference
5-Apr	Annual report 2016
28-Mar	Notice of annual general meeting 2017
17-Feb	Year-end report 2016
3-Feb	Doro to present its Year-end report 2016 via audiocast and telephone conference
4-Jan	Doro's CEO Jérôme Arnaud has sold shares