ANNUAL REPORT 2018

Freedom to live life in full

doro®

Contents

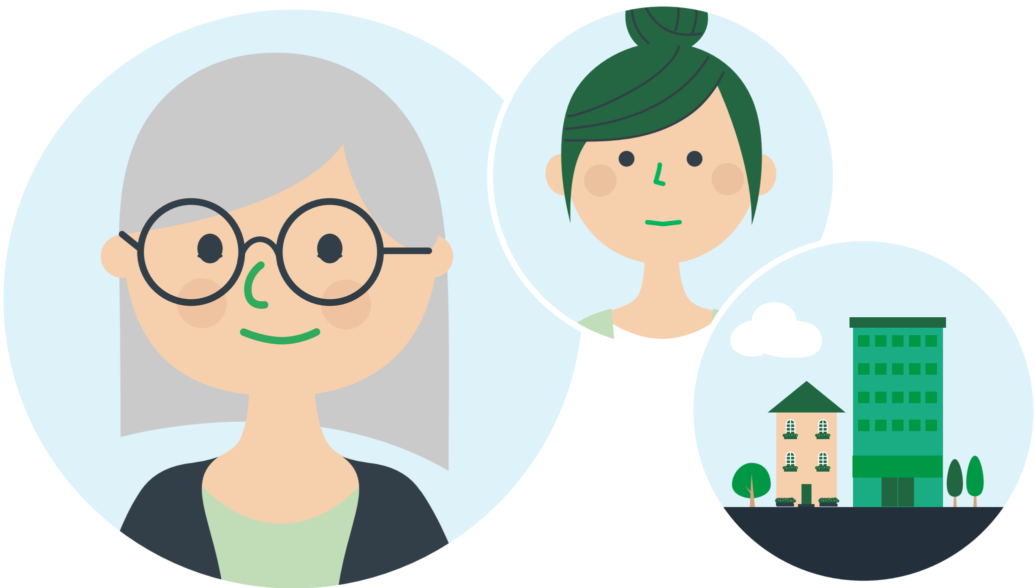
The formal annual report includes pages 27-71.

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

"We want to make ageing an independent, invigorating and full stage of life. Seniors should be able to make the most of life and do what they want."

We know seniors best

We strive to continually deepen our knowledge of seniors, so as to develop technology-oriented security solutions that give them a sense of belonging to, feeling safe in and being a natural part of society – just like everyone else.



Our vision

We want to make ageing an independent, invigorating and content-rich stage of life. Seniors should be able to make the most of life and do what they want.

Our business concept

We develop and offer services and products that help seniors to live a safe and full life. In this way they have the opportunity to live independently and achieve things they may not have otherwise been able to do.

What we offer

We offer technology to support people to live a more independent life. The offer contains a number of services and products – from a complete digital alarm chain to easy to use and customised mobile phones.

The value we create

FOR SENIORS

We create values for seniors who, because of our ability to develop innovative products and services, can feel safe, independent and involved in our modern society.

FOR FRIENDS AND RELATIVES

This is turn provides peace of mind for relatives and friends, who can feel calm and safe in the knowledge that the seniors are safe, with the opportunity to live independently and safely in their own homes

FOR SOCIETY

Our solutions also provide added value for society at large. When the wellbeing of seniors and their relatives and friends increases, both social and financial costs are reduced. This enables us to make more effective use of the resources of society – something that benefits everyone.

40 **We are present in 40 countries on five continents, our solutions are sold through an extensive network of telecom operators, dealers and partners.**

2018 in brief

Significant events in 2018

- In 2018, we improved operating profit by 33 percent, freed cash flow by 148 percent and improved earning per share by 37 percent
- We acquired the British telecare company Welbeing, which means that we strengthened and expanded our presence in Europe's largest telecare market
- We strengthened the management team and made important organisational changes to streamline the transformation of operations according to our updated strategy
- We launched the new Doro 8035 smartphone on the European market
- We launched new feature phones with smart functions tailored for 4G – Doro 7050/7060/7070 – on the European and American markets
- We continued to develop our service offering through the development of the MyDoro platform, the service concept SmartCare by Doro and the launch of Response by Doro

Q1 Improved earnings and stronger margins

- Net sales increased by 11.9 percent in our Services category
- Profit after tax for the period amounted to SEK 18.6 million (13.0)
- At the Mobile World Congress in February we launched Doro 8035 (smartphone) and presented our new smart 4G feature phone Doro 7060/7070
- During the Mobile World Congress we also announced and demonstrated our new service concept SmartCare by Doro
- Our smartphone Doro 8040 was awarded the Red Dot Award 2018 for best product design and received the Best Senior Phone Award in Italy
- We entered into an agreement with the City of Oslo for the operation of security alarm services for five districts, comprising approximately 3,500 connections

Q2 Successful transition towards services business

- Net sales increased by 41.5 percent in our Services category
- Profit after tax for the period amounted to SEK 20.8 million (15.3)
- We acquired the British telecare company Welbeing
- We launched Doro 7060/7070 (4G smart feature phone) on the European market

Q3 Organisational changes for better profitability

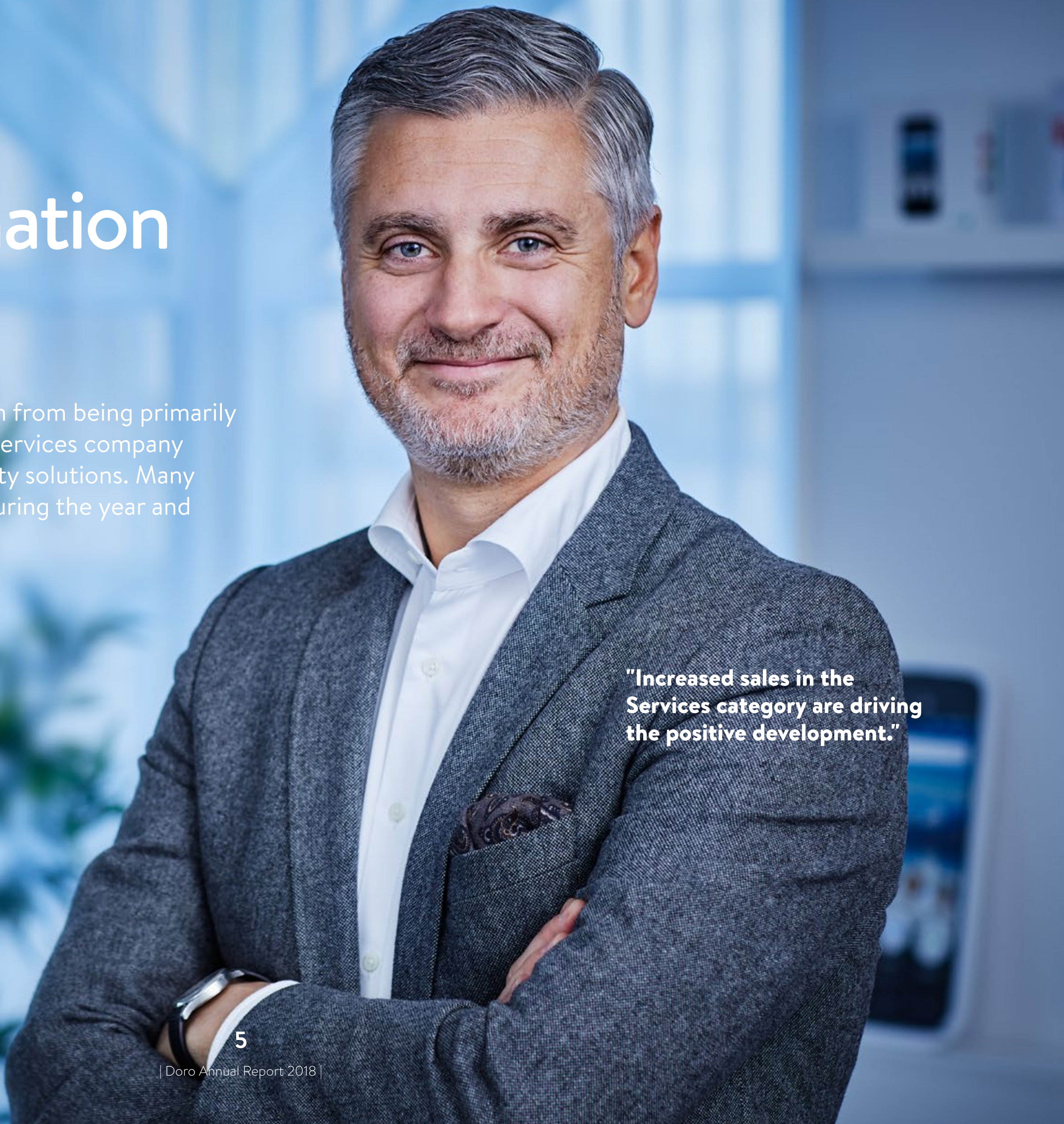
- Net sales increased by 68.2 percent in our Services category
- Profit after tax for the period amounted to SEK 26.5 million (15.7)
- We strengthened group management and divided the business into two new focus areas – private and public customers
- We moved our head office from Lund to Malmö, which was an important step in bringing together expertise in products and services
- We began a centralisation of warehouse operations to streamline the cost base
- We launched Doro 7050 (4G feature phone) on the American market

Q4 Improved earnings for the eighth quarter in a row

- Net sales increased by 68.0 percent for our Services category
- Profit after tax for the period amounted to SEK 25.6 million (22.5)
- We launched Response by Doro in a few selected shops
- Warehousing in the Nordics and France has been moved to our new central warehouse facility in the Czech Republic
- Implementation of a new business system in large parts of the group for greater efficiency

The transformation continues

In 2018, Doro continued the transformation from being primarily a hardware company to becoming a major services company with a focus on technology-oriented security solutions. Many important strategic advances were made during the year and we are now well positioned for the future.



"Increased sales in the Services category are driving the positive development."

“By filling our platform with value-creating solutions for their relatives, friends, healthcare and care providers, we can create opportunities for both us and a range of other stakeholders in society.”

2018 was a successful year for Doro in terms of taking important steps to re-adjust the business according to our strategy. One significant event was the acquisition of Welbeing in the United Kingdom, which means that we have expanded our presence in Europe's largest telecare market. The United Kingdom is a market with 1.7 million connected security alarms. We also successfully continued our work of developing the services offered by launching the Response by Doro service on the Swedish market, as well as announcing and demonstrating our new service concept SmartCare by Doro. This concept brings together our service and telephone offerings to create an effective and unique ecosystem that we can build on. Our organisation, which is now divided into private and public customers, has better opportunities for creating offers that are customised to the needs of each target group.

Sales of services accelerated

Net sales for the Services category increased by 48.1 percent during the year. The positive development is primarily driven by increasing sales in the public sector in Sweden, Norway and the United Kingdom. This development confirms that our strategic approach of offering complete technology-oriented security solutions for seniors has come at the right time. Our focus corresponding to market needs was also demonstrated by a widespread European study that we recently performed about elderly people's attitudes towards digital technology in everyday life. The result clearly shows that our target group has a large and growing interest in smart solutions that can facilitate communication and provide greater security in the home.

Despite a continuing downward market trend in mobile phones and especially in the sale of feature phones, we succeeded in finding a good balance during the year to successively transform the business in a declining market. Sales of products still account for a significant part of Doro’s total turnover, which means that we continue to consolidate our position as a leading supplier of mobile phones in Europe and as the absolute leader in the senior segment.

Organisational changes for better profitability

In 2018, we have also taken several initiatives to adapt the organisation for the transformation of the business. With the ambition to implement the transformation more quickly, we have strengthened group management with three new members. We have moved our headquarters to new premises in Malmö, which means that we have been able to gather together expertise in products and services. Thus we can find synergies between different parts of what we offer and intensify the development of our technology-oriented security solutions.

We have also begun changes to streamline our cost base and create space for investments in the development of the service offering. During the period, warehousing in the Nordics and France was moved to our new central warehouse facility in the Czech Republic. We have also implemented a new business system which creates the conditions for improving efficiency throughout the entire chain.

Good prospects for the future

All in all, during the year we have made a number of positive advances in our work to become the leading provider of technology-oriented security solutions for seniors in Europe. We improved our profitability and cash flow, largely due to growth and investment in the public services sector. We will continue our journey of change and I look forward to a very exciting time to come. Thanks to our ability to connect alarm services with security solutions and products, we are now well positioned in a growing market. I am also convinced that our genuine consumer understanding, combined with our strong offering, will make a big difference to the daily lives of many people. By filling our platform with value-creating solutions for their relatives, friends, healthcare and care providers, we can create opportunities for both us and a range of other stakeholders in society.

March 2019

Robert Puskaric,
President and CEO

LONG-TERM GOALS

To ensure that we create value in the long-term for our business, customers and shareholders, we have defined a number of financial goals:

10%

Average annual sales growth of at least 10 percent (including acquisitions)

Goal fulfilment 2018: -0.9%

8%

Long-term operating margin (EBIT) of at least 8 percent

Goal fulfilment 2018: 6.4%

30%

In the long-term, income from services shall represent at least 30 percent of total income

Goal fulfilment 2018: 15%

2.5x

Net liabilities as a proportion of EBITDA shall not exceed 2.5 times

Goal fulfilment 2018: 0.54 times

33%

Dividends to shareholders shall represent 33 percent of net profit (although taking into account capital structure and share repurchase)

Goal fulfilment 2018: 0%*

*during the year, a share repurchase program was implemented

Well positioned in a growing market

Artificial intelligence and smart technology have changed the conditions for connected and mobile solutions in society in a very short time. At the same time, we live longer and technology maturity among the elderly grows. These external factors create good prospects for Doro's future growth. Because of our ability to connect alarm services with products and security solutions, we hold a strong position in the market.

We live longer today and it is becoming increasingly clear that local and county authorities are in great need of finding new ways of financing and caring for an ageing population. The forecast for 2040 estimates there will be about two taxpayers for each pensioner in Europe. This can be compared with 1980 when the corresponding figure was about five taxpayers for each pensioner. The demographic development in society, combined with our interconnected and global environment, contributes to a growing interest in opportunities for coping with the future needs for health and social care with the aid of new technology.

The elderly want to live at home for longer
Today, it costs society almost five times as much to care for a person in a care home than if he or she lives in their own home. The possibility of living independently and safely at home longer is also something that is usually in line with seniors' own wishes. Seniors want to feel life force through the ability to live an active and independent life. The innovative to find new solutions that make it possible to live at home longer is therefore of great importance for increasing the quality of life of an ageing population.

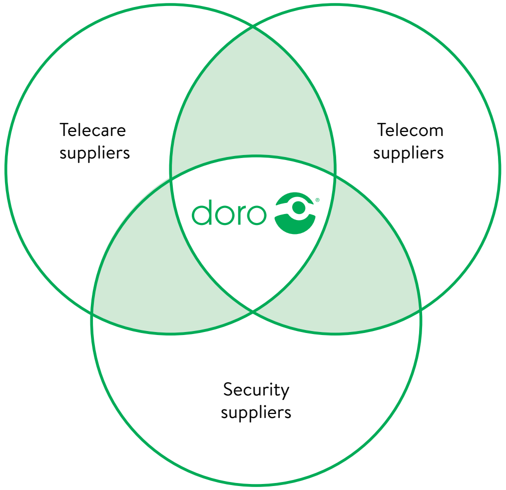
Greater responsibility is placed on seniors' relatives and friends
As the burden on health and social care providers increases, there is a growing need for private actors in health and social care solutions. The development of society is also moving towards a greater responsibility for the care of seniors by their families and friends. There is today a great need for relatives to make sure that seniors are doing well and feel safe in their daily lives. At the same time, seniors often want to avoid seeking help from their relatives for fear of bothering them needlessly. This increases the demand for services that enable the senior to be safe without being perceived as intrusive.

"Local and county authorities must find new solutions to finance an ageing population."

From hardware to software
Our modern society means that much of life today takes place via mobile phones and other digital tools. It is via digital channels that we communicate with others and perform many of our daily tasks. With more older people in society, there is an increasing need for customised solutions that give them the same opportunities and conditions to be part of modern society. At the same time, technology maturity is growing among older people, which in turn requires new products and offers to work with the latest functions. We also see how technology is becoming more accessible, and how advances in voice control, artificial intelligence and machine learning are making the software in the development of new solutions increasingly important. We at Doro have taken all this on board in our forward strategy.

Unique approach

Thanks to the opportunity to combine security solutions, alarm services and products, Doro has a strong market position. Today we are the market leader in mobile phones for seniors and a leading player in security solutions in Sweden, Norway and the United Kingdom. Our combined knowledge of seniors' needs means that we can offer everything from individual products to complete and customised solutions that combine hardware and software, service and support. These are aimed at seniors, relatives, health care providers and carers.



Doro develops products and services with a focus on seniors. Our competitors consist of telecare suppliers, telecom suppliers and security suppliers. However, no one else can connect security solutions, alarm services and products to offer service-centred total solutions in the way that we do.

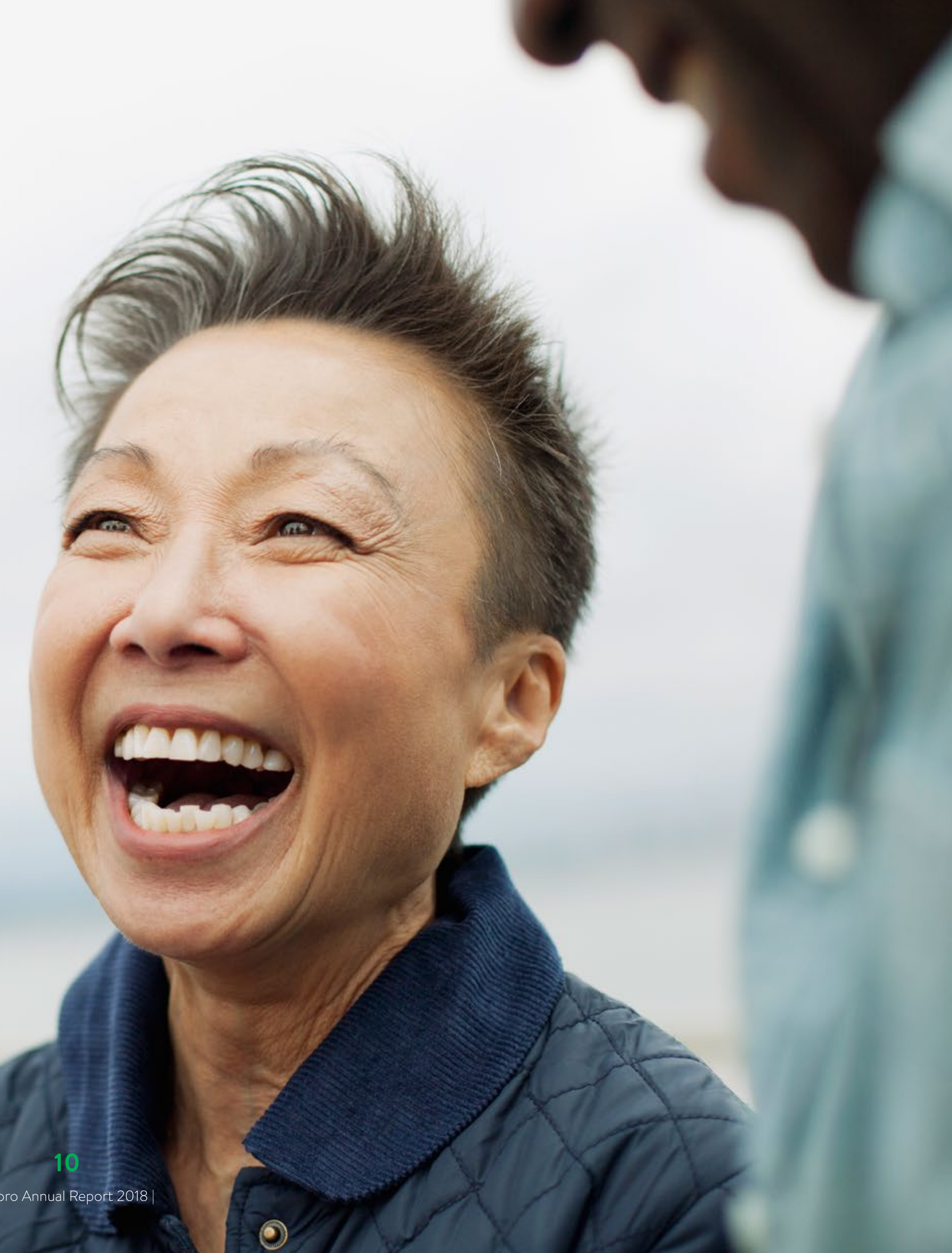
Driving forces for what we offer

In the development of our strategy, there are three market trends that we have identified as driving forces for what we offer:

- Demographic changes in society mean that the proportion of seniors are increasing, both in absolute terms and in relation to the population as a whole.
- Demand is increasing for new technologies and innovative solutions that encourage a healthy lifestyle, prevent accidents and proactively help reduce costs in health care.
- A growing need for care in society leads to a greater cost burden for government, local and county authorities. There is therefore a great need to find new and effective solutions to counteract the rising costs.

Increased service offering to address society's challenges

Central to our strategy is offering smart technology that enables seniors to live an active, safe and independent life. Our solutions are positive for both seniors and their relatives, as well as benefitting society at large. With an eco-system of intelligent and smart products and services, we create greater security.

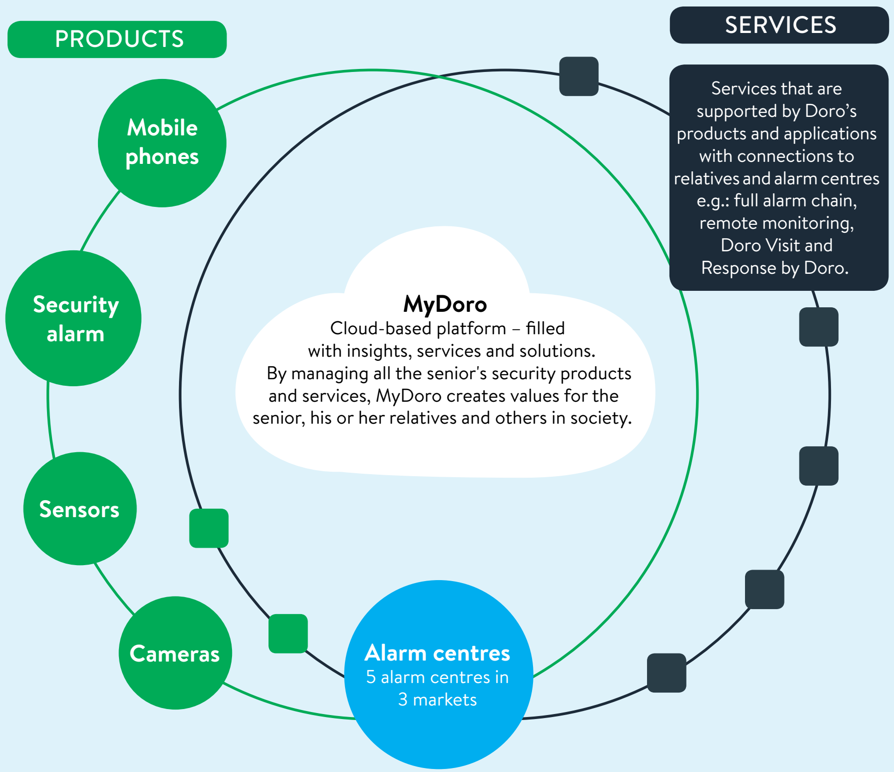


Strategic priorities 2018

- ✔ **EXECUTE** our strategy in subscription-based security services
- ✔ **EXPAND** what we are offering in security solutions, including geographically
- ✔ **REINFORCE** our position as market leader in mobile phones for seniors

Doro's strategy

To offer the market technology-oriented security services



Doro's security solutions are part of an ecosystem of services and products, such as Doro's mobile phones, where everything can be connected to the cloud-based platform MyDoro. Our ambition is to continue to fill the platform with insights, services and solutions that create value for seniors, their relatives and others in society. We see great opportunities for us, our customers and third parties to take advantage of the platform's benefits.

In 2017, we updated our strategy in a direction that both meets the market demand for technology-oriented security solutions for seniors and safeguards our internal knowledge and strengths. The key elements of the strategy are to offer integrated total solutions by developing our service offering. These solutions combine Doro's insights as the market leader in mobile telephony for seniors with our offerings in security and alarm services.

Strategic priorities during the year

As a first step in the new strategic direction, we have launched the service concept Response by Doro during the year. During 2019 we will launch the next service offering – SmartCare by Doro.

In addition to the development of our service offering, during 2018 we have also worked further on increasing our presence in markets where we have previously been under-represented. With the acquisition of Welbeing in the United Kingdom, we can be part of driving transformation of the market and capitalise on our mobile phone business via sales of services.

During the year we have continued to strengthen our position as a market leader in mobile telephony for seniors. Although we largely focus on the development of our service offering, the sale of mobile phones is important to us. During 2018, we have launched new smart mobile phones and will continue to safeguard our widespread knowledge of this area to continue to develop new products and integrate them into our security solutions.

Outlook for 2019 and onwards

In 2019, we will focus on launching and developing our security services in selected countries in Europe. We will continue to work to strengthen and further develop our platform and service offering with the aim of being the leading supplier of technology-oriented security solutions for seniors in Europe.

wel being
A DORO COMPANY

As part of strengthening and expanding the telecare business, in 2018 Doro acquired the British company Welbeing. Welbeing is one of the leading telecare companies in the United Kingdom. The majority of the company's sales of approximately SEK 90 million are services-related. Welbeing became part of Doro on 1 June 2018. The acquisition means that we are now represented in Europe's largest telecare market, the United Kingdom – a market that is both fragmented and in great need of conversion from analogue to digital alarm services. The acquisition means that we can be part of driving transformation within the market and capitalise on our technology enabled care services via sales of services.

When the body grows older but the mind remains young

Our insights and resources

KNOWLEDGE LEADER THROUGH:

Insight activities
Alarm centres
Quality management
Product development
Partners

What we offer

SECURITY SERVICES AND PRODUCTS FOR A MORE INDEPENDENT LIFE:

Mobile telephones
Security alarms
Complete alarm chain
Remote monitoring

The value we create

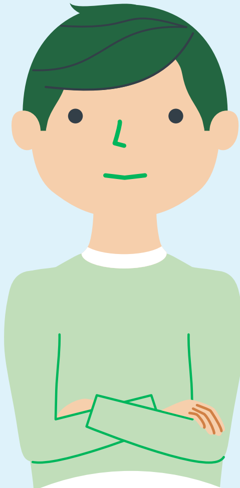
SECURITY AND QUALITY FOR:

Seniors
Relatives and friends
Society

THE VALUE WE CREATE

For seniors

We create values for seniors who, because of our ability to develop services, platforms and products, can feel safe, independent and involved in our modern society.



For friends and relatives

This in turn gives values for the seniors' relatives and friends, who can feel calm and safe in the knowledge that the seniors are doing well and have the opportunity to take part in what goes on around them.

For society

Our solutions also provide value for society at large. When the wellbeing of seniors, their relatives and friends increases, both social and financial costs are reduced. This enables us to make more effective use of the resources of society – something that benefits everyone.

OUR OFFER OF SERVICES

Doro's security services are aimed at seniors, relatives, health care providers and carers. Our offer covers the entire alarm chain, from security alarms and mobile phones to sensors, accessories, alarm centres and call-outs. The offers to private customers, healthcare providers and carers are different.

20,000

security alarms are received every day.

Complete digital alarm chain
Doro offers local authorities a full alarm chain with support for both stationary and mobile security alarms and services connected to Doro's five alarm centres. In addition to this, Doro offers peripherals, such as smoke detectors and bed alarms.

A mobile security alarm facilitates and encourages the user to live a more active life at increasing age and to be able to move freely, including outside the home, whilst remaining safe and secure. Regular physical activity is important throughout life and it is even more important as you get older.

With our **Doro Visit** service we offer digital remote monitoring, a safe and discreet alternative to home supervision. A study by the Swedish Institute of Assistive Technology has shown that people who require nighttime supervision are often made uneasy and results in them actually requiring further assistance.Doro Visit allows monitoring via a camera that is activated at specified times or as necessary. Doro Visit has many advantages: the user feels more secure, the solution is discreet and the local authority making a saving both financially and environmentally.

Alarm reception
Doro has developed alarm services for over ten years and today offers a complete digital alarm chain in Sweden, Norway and the United Kingdom. Every day, the alarm centres receive over 20,000 security alarms and are manned around the clock. The alarm personnel are specially trained to receive alarms from seniors and other people with a need to feel extra security in their daily lives – they respond within 30 seconds and can quickly identify what has happened and decide on appropriate action.

Response by Doro is a subscription security service that is designed to give seniors and their relatives extra security in everyday life. With a simple press of the phone's security button, the user can quickly alert and receive help. The alarm goes first to the user's relatives and then on to the Doro's alarm centre. Response by Doro works with selected Doro mobile phones. Relatives and other alarm receivers can use any IOS or Android smartphone.

SmartCare by Doro is a subscription security solution that helps relatives to receive automatic alarms.

The service is designed to create security at home without being perceived as intrusive in everyday life and works with the aid of self-learning systems. Sensors are strategically deployed in the user's home and trigger the alarm if movement patterns or routines suddenly change.

Response and SmartCare by Doro communicate with Doro's cloud service MyDoro and are easy to manage via a smartphone or computer.

No. 1

Doro is the market leader in security services in Sweden and Norway and number 4 in the UK

OUR PRODUCTS

Doro offers a wide range of products for both private customers, health care providers and carers. All with a dedicated purpose: It should be easier for seniors to keep in contact with friends and family, it should be possible to maintain an active life and to have the security and independence to stay at home for as long as they wish.

No. 1

Doro is the market leader in mobile telephony for seniors

85%

of Doro's sales come from the sale of products

Doro's mobile telephones
Our mobile phones are both smart and easy to use and you choose for yourself if you want many or few functions. However, all are adapted to the needs and conditions of seniors – with extra clear sound, large buttons and strong contrast.

DORO FEATURE PHONES

Doro's classic mobile phones are logical and designed to be easy to use. Functions include sound tailored to the correct frequency to match how a senior's hearing changes over the years, the security button on the back of the phone and much more. The mobile phones make it easy to receive calls and reply to text messages. With our latest models, you can also take pictures and surf the fast 4G network.

DORO SMARTPHONES

Doro's smart mobile phones enable the user to easily listen to music, make video calls and watch films. It is also easy to adapt the number of functions in the phone and keep in touch with friends and relatives via calls and text. Doro's smart mobile phones have a sleek and user-friendly design, and in our newer models there is also the possibility for the user to use voice control via Google Assistant.

Doro security products
We also offer a wide range of security products for the elderly and disabled people. This includes everything from digital and analogue security alarms to mobile security alarms, remote monitoring products, sensors, radio transmitters, smoke detectors and much more. This range is primarily aimed at health care providers and carers but seniors and their relatives can also benefit from these products.

Doro is constantly working to develop products and services to meet the market needs to the best of its ability. We have a strong focus on developing both our mobile and digital security systems. In many markets there is a technology shift underway, from analogue to digital. Doro has developed digital security alarms and systems for over ten years and is today one of Europe's market leading players in the field.

INSIGHTS AND RESOURCES

Genuine insight activities

We make continuous studies of seniors and their relatives so that we can develop products and services that meet their wishes and enable a safer everyday life. Through our research we wish to increase knowledge about what is needed to facilitate everyday life for the elderly and their relatives.

Knowledgeable alarm centres

Our alarm centres in Sweden, Norway and the United Kingdom are open 24/7. The staff at the alarm centres are trained in care and speak many different languages. Every day they receive more than 20,000 alarms from more than 200,000 connected security alarms. The alarm centres give us important insights into the needs of seniors.

200,000
Connected security alarms

1,936
quality controls at our partners were carried out in 2018

Rigorous quality controls

Our systematic quality controls, follow-ups and close dialogues with carefully selected production partners ensure that quality is built into every stage of product development. We endeavour to choose quality materials for the best results. Our quality controls provide us with important information that means we can ensure that our products have what it takes. Which we are working continuously to improve.

Forward-looking product development

We continuously analyse market trends and the needs of users so as to develop higher quality products. By setting clear and definite requirements, we can ensure that the design of Doro's hardware and interfaces give a better user experience. Our product development is certified according to ISO 9001 and has clear processes and structure for how to develop products that meet customer requirements.

Well-educated partners

Doro selects its partners carefully. We assure ourselves that our distributors can handle large volumes and are flexible. They need to be able to adjust their flows so that volume and destination can be tailored over time and meet fluctuations in price, supply and demand. We are also actively working to educate dealers, operators and others who work with Doro's services and products to ensure that they have real knowledge of what we offer. In this way, we can ensure that users get accurate information and can make informed purchasing decisions.

30,000
courses were conducted at our partners during 2018

7.1%
of Doro's total sales were invested in the development of products in 2018

A sustainable business

Doro has a business that fits well into three of the global goals for sustainable development produced by the UN. We have therefore created three focus areas in which we work, each of which reflects a global goal.

How we contribute

DORO FOCUS AREA	UN SUSTAINABILITY GOALS	HOW WE CONTRIBUTE
What we sell does the world good	**Goal 10: Reduced inequalities**	Our telephones and telecare solutions provide a better life for the elderly and the disabled. With the aid of our products, they can live a fuller and more independent life.
Production and products do not harm the environment or people	**Goal 12: Responsible consumption and production**	We choose good materials in our products to improve the environmental performance over the entire lifecycle, from raw material to recycling. We are working to reduce our environmental impact through more efficient and environmentally friendly transport.
Our staff feel good and conduct themselves well	**Goal 16: Peace, justice and strong institutions**	We do not support corrupt social structures. Telephones are an important means of obtaining information. Our staff and suppliers shall have fundamental freedoms and comply with legal requirements.

WHAT WE SELL DOES THE WORLD GOOD

Goal 10: Reduced inequalities

Goal 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, economic or other status

How we contribute: Our telephones and telecare solutions provide a better life for the elderly and the disabled. With the aid of our products, they can live a fuller and more independent life.

Our tailor-made complete offering in telecom and telecare has been developed based on the different phases of ageing. As the market leader in easy-to-use telecom solutions for seniors, we contribute to a society where older people can live a safer and more active life in full. Our services-centred security solutions mean that more seniors can live at home longer. At the same time, this is a gain from a socio-economic and environmental perspective. One example is that healthcare professionals can avoid using their vehicles to visit the user as their status can be obtained digitally.

Customer and user, with the right information security

Our customers should feel confident about using our products, solutions and services. In Doro's cooperation with local authorities, personal data is handled with great confidentiality. In 2017 we certified our alarm centres in accordance with ISO 27001, management systems for information security. The system has been improved further in 2018 and during 2019 we plan to also certify our newly acquired unit Welbeing. ISO 27001 involves high demands on our systematic management of information security, to ensure:

- **Confidentiality** (protection against unauthorised access)
- **Correctness** (protection against unwanted change)
- **Availability** (access for authorised persons at the right time)
- **Traceability** (ability to track changes)

Our strength is that Doro's technology enables high integrity and security, which in the long-term creates value for all our customers.

"Our strength is that Doro's technology enables high integrity and security, which in the long-term creates value for all our customers."

PRODUCTION AND PRODUCTS DO NOT HARM THE ENVIRONMENT OR PEOPLE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Goal 12: Responsible consumption and production

Goal target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.

Goal 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 minimise their adverse impacts on human health and the environment.

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

How we contribute: We choose good materials in our products to improve the environmental performance over the entire lifecycle, from raw material to recycling. We reduce environmental impact through more efficient and environmentally-friendly transport. As part of our solution, parts of the hardware used in the service offer can be reused because they are built in such a way, and of such materials, that enable reconstruction and reuse.

Responsibility at all stages

Doro attempts in different ways to contribute to more sustainable development at all stages of our business – from raw material to production and use by the end consumer. Doro has no production of its own and our manufacturing partners are located in China, among other places. For us it is important to live up to our values in all parts of our business including our partners' manufacturing, which requires a systematic approach to setting requirements and follow-up.

Materials

Doro endeavours to choose materials with as little environmental impact as possible. As more environmentally-friendly materials are developed, we make assessments and evaluations of whether these can replace existing materials. Doro meets the EU requirements for materials and chemicals in our products.

Manufacturing and our suppliers

Doro has agreements and partnerships with about a dozen manufacturing partners in Asia. The majority are specialised in consumer electronics and telecom, but we also have agreements with a number of accessories manufacturers. It is important for us to be clear about what we stand for, and to act accordingly – at all stages of our business. Doro endeavours to maintain long-term relationships and close cooperation with partners and suppliers. We want to be a positive force for change and create incentives for our partners and suppliers to develop and improve. We believe that we can contribute to development by standing up for our values and setting requirements for our suppliers to comply with our code of conduct and our environmental requirements.

"We believe that we can contribute to development by standing up for our values and setting requirements for our suppliers to comply with our code of conduct and our environmental requirements."

Our code of conduct is available in two versions – one for the European market and a more specified and comprehensive one for the Asian market. Since 2008, Doro has had third-party investigations of our existing suppliers at least every three years, depending on whether a supplier is considered high or low risk. We visit Asia four times a year to ensure that the sites comply with our code and guidelines. Our local inspectors also play an important role in our efforts to maintain the code. They check all deliveries before transportation

from the respective factory, and because they are on site, they can notice any abnormal working conditions.
If a supplier violates the code or any other requirement, we make it clear that this is not acceptable. With each visit, we give feedback to our existing suppliers through the "Supplier Score Card" evaluation tool, where CSR is one of several parameters for assessment and follow-up. With new suppliers, we are always clear about what our requirements are.

Doro also sets clear environmental requirements for suppliers. We work actively to improve the environmental performance of our products through efficient design. When we develop a product, we always try to make it a bit better than our last version – in terms of performance, energy consumption, ergonomics and user-friendliness, and also with regard to recycling and service.

Doro's largest suppliers are ISO 14001 certified and increasingly more plants are working on different environmental programmes to achieve ISO 14001 certification. Doro does not carry out any activity which is subject to a permit or notification requirement.

Logistics

In Doro's own operations, we work on optimising logistics for products and packaging. We use environmentally certified suppliers and transport companies. We use sea freight and also use video and teleconferencing. We have also performed tests on train deliveries from Asia and expect to be able to use this freight method more in 2019.

Our own activities

In its own activities, Doro endeavours to minimise external impacts on the environment by utilising resources efficiently at all stages. Doro Care in Sweden has been environmentally-certified since 2011 and our operations in Norway were also environmentally certified in 2017. During 2019 we plan to also environmentally certify our newly acquired unit Welbeing in the United Kingdom.

Lifecycle perspective

Doro has a holistic view of the product lifecycle. Manufacturing products that last a long time and have good battery capacity is an important part of the environmental thinking. Our telecare products can be reconstructed and parts can be replaced, which gives very good environmental performance.

OUR STAFF FEEL GOOD AND CONDUCT THEMSELVES WELL

Goal 16: Peace, justice and strong institutions

Goal target 16.5: Substantially reduce corruption and bribery in all their forms.

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

How we contribute: We do not support corrupt social structures. Telephones are an important means of obtaining information. Our staff and suppliers shall enjoy fundamental freedoms and comply with legal requirements.

"Doro's core values permeate our business culture and are guiding principles when we develop products and interact with each other, customers and end users."

Values and business ethics

It is important for Doro to adhere to our core values and to act in line with our code of conduct, even when development is fast. This involves a responsibility at all stages of our business. Doro's core values permeate our business culture and are guiding principles when we develop products and interact with each other, customers and end users. Our code of conduct is the bridge to translate these principles into behaviour and action.

Values

Trust: Trust that we always deliver what we promise.

Ease: Simplicity and doing what we can to simplify everyday life.

Care: Care and compassion for the needs of others.

Code of conduct

- Business ethics and bribes
- Human rights
- Health and safety
- Society
- The environment
- Relationship with employees

Our code of conduct is available in its entirety on Doro's website.

Work environment

For information about Doro's work environment, see the employee section on page 23.

THE REQUIREMENTS OF THE ANNUAL REPORTS ACT REGARDING SUSTAINABILITY REPORTING

LEGAL REQUIREMENT	HOW WE HANDLED THE REQUIREMENT
1 **The company's business model**	The business model is presented on pages 12-16
2 **Policy including audit procedures**	The following policies are mainly relevant to the sustainability areas and are published on our website: – Environmental Policy – Work environment policy – Business ethics These policies are followed up annually by group management
3 **Significant risks**	Our most important sustainability risks are information security and suppliers on see page 35
4 **Risk management**	Risk management is presented on pages 34–35
5 **Central result indicators**	Some of our goals in sustainability that have been followed up by top management in 2018 are: • Employee satisfaction and motivation • Leadership index • CO_2 emissions from transports of products • Fulfilment of GDPR when it enters into force • Moving head office and Malmö alarm centre without major non-conformances in information security • Increased awareness of information security by training staff • Speed up non-conformance management • Ecodriving training for our operation in Oslo

Auditor's statement 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 2018 on pages 17-22 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, 29 March 2019
PricewaterhouseCoopers AB

Magnus Willfors
Authorised Public Accountant
Auditor in charge

Johan Rönnbäck
Authorised Public Accountant

Our core values permeate everything

We dare to develop our employees so that they become attractive to other employers, but work actively on satisfaction so that they choose to stay.

Our employees
To be able to offer our seniors a safe and active life through our services and products, it is absolutely vital that our employees are committed and focused when they come to work.

Because our employees are our most important asset, we perform ongoing employee surveys to ensure that we create the best conditions for an attractive and stimulating workplace. During 2018 we had a response rate of 92% in our employee survey as well as a good result.

We measure motivation, satisfaction and loyalty and perform continuous measures in areas where there is potential for development and also focus on maintaining the high values.

One concrete measure is that during 2018 we have moved the operations from Lund and Malmö to new joint premises in central Malmö. By co-locating our operations, we can take even greater advantage of synergies and the transfer of knowledge and facilitate our transformation. We have also introduced more internal communication channels to ensure that information reaches out throughout the business.

Our culture
Doro's core values are Trust, Ease and Care. We apply these values externally as well as internally. Internally, it is important that our core values permeate everything we undertake and are part of our mindset every day. It can be about seeking smart and simple solutions in what we do, how we act with each other and that we keep our promises.

In addition to daily working with our core values, they form a natural part of our performance appraisals in the form of goal

"Doro strives to have a flat organisation with the aim of creating good conditions for knowledge transfer, high ceilings and creative ideas."

formulations and development areas. In future, our core values will form the basis of our leadership development.

Our development

Doro strives to have a flat organisation with the aim of creating good conditions for knowledge transfer, high ceilings and creative ideas. It is important for us that Doro is a sustainable and clear employer that focuses on improving all aspects of Employee Lifecycle - in other words: Attract, recruit, introduce, develop, retain and learn from departures.

As the number of employees and geographical distribution increases, we work continuously to streamline introduction and integration. Over the next few years we will automate the practical parts of the on-boarding process, so as to free up time for interaction.

For us it is important that we have clear leadership and clear expectations of our leaders. Our managers play an important role in the development and wellbeing of our employees. To create the best conditions for success with the task you have as a manager, the tools for managers need to be constantly developed, and our managers need to be challenged to grow. In 2019, a leadership programme will be set up with the goal of creating even stronger managers with a common terminology, so that they can support each other to a greater extent in transformative leadership.

In order to work proactively on initiatives to minimise staff turnover, in 2019 we will systematise our exit interviews. We dare to develop our employees so that they become attractive to other employers, but work actively on increasing satisfaction so that they choose to stay.

Our knowledge

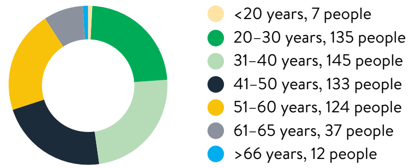
We are convinced that different knowledge, backgrounds and new skills are what are required for continued growth. This is in parallel with a knowledge transfer that ensures that the strengths and skills we have developed over the years are taken into account in our transformation.

We have customers and consumers in over 40 countries. We will continue to work to identify synergies between skills, departments and countries in order to optimise our offering at all times. Our employees represent a wide range of professional groups, including engineers, economists, developers, nurses, salespeople and marketers. Many of these speak a variety of languages, have understanding of different cultures and know our clients from different perspectives.

Although the majority of Doro's employees are in the Nordic countries, we prioritise a local presence in all our markets. Doro's global spread and understanding of people and the society they live in is fundamental to our business.

Collaboration between our operations takes place in English, however, to create well-functioning communication throughout the group.

Age distribution

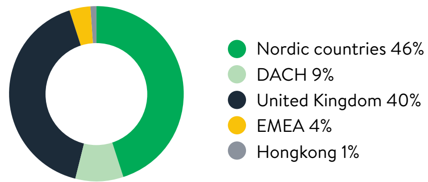


Gender distribution

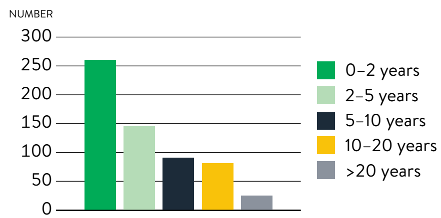
54% Women

46% Men

Geographical distribution of employees



Period of employment



The Doro share

Share price development and market capitalisation

The Doro share is listed on Nasdaq Stockholm and is part of the Small Cap segment, a company with a market value up to 150 million euros.

The Stockholm Stock Exchange industry index OMX technology, in which the Doro share is included, rose a total of 9.2 percent in 2018. Doro's share price fell by 17.6 percent during the same period. The Stockholm Stock Exchange as a whole rose 6.4 percent. Doro's market capitalisation at the end of 2018 was SEK 827 million (1,038). Trading on Nasdaq Stockholm accounted for over 87 percent (87) of trade in the Doro share during 2018. In total, approximately 9.6 (16.0) million shares were traded during the year with an average daily turnover of 38,356 (63,633) shares.

Share capital

At the annual general meeting in April 2018, in accordance with the proposal of the board of directors, it was decided to authorise the board, until the next AGM, to issue new shares up to a total number of shares which, at the date of the AGM, corresponds to 10 percent of all outstanding shares. The decision was unanimous. At the same general meeting, it was decided, in accordance with the board of directors' proposal, to authorise the board to decide on the acquisition of treasury shares up to a number that does not at any time exceed 10 percent of all shares in the company. The decision was unanimous.

Doro implemented a buy-back programme in accordance with the mandate given at the annual general meeting of 2017 during the period from 19 February 2018 to 26 April 2018. Shares to a total maximum of SEK 25 million could be repurchased and a maximum of 2,375,525 shares repurchased. Shares were repurchased to a value of SEK 18.9 million and in total the company now owns 439,030 shares.

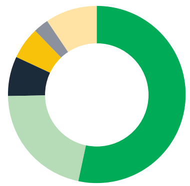
The annual general meeting decided on a directed new issue of subscription options and the transfer of subscription options under a new option programme. The option program includes an issue of 1,000,000 subscription options. The right to participate in the options program covers the company's CEO, other senior executives and other employees within the group. The subscription options were acquired at a price corresponding to the market value of the options, with no personnel costs or social security contributions incurred by the company in connection with the issue. In total, 649,932 subscription options were acquired, the dilution effect corresponds to approximately 2.7 percent of the share capital and votes in the company.

During June 2018, the number of outstanding shares in Doro AB increased by 449,313 and the number of votes by 449,313. The change is a result of the share issue decided by the board in accordance with the authorisation to the board at the annual general meeting 2018 in connection with the acquisition of Welbeing. After the share issue, the number of shares in Doro AB amounts to 24,204,568 shares (previous number of shares 23,755,255) and the number of votes to 24,204,568 (previous number of votes 23,755,255).

Investor relations

The Doro share is regularly followed by analysts at ABGSC, Redeye and Pareto; for the relevant analyses, www.introduce. se/foretag/doro and www.redeye.se/ bolag/doro/start. When the company publishes quarterly reports, the CEO together with the CFO give a webcast presentation of the report. The webcast, which is normally held at 09:00 on the date of the report, can be reached via the company's website https://corporate.doro.com. For those who wish, it is also possible in these presentations to ask questions to the CEO and CFO. In addition to the quarterly report presentations, the CEO and CFO are also available for meetings and telephone conferences with investors, analysts and owners on an ongoing basis during the year.

Investors by country



Share distribution in size classes

Shareholding	Number of shareholders	% of all owners
1–500	5,411 (6,522)	76.8 (77.3)
501–1,000	775 (928)	11.0 (11.0)
1,001–5,000	643 (763)	9.1 (9.0)
5,001–10,000	92 (88)	1.3 (1.0)
10,001–15,000	31 (37)	0.4 (0.4)
15,000–20,000	12 (17)	0.2 (0.2)
Above 20,001	83 (83)	1.2 (1.0)
Total	**7,047 (8,438)**	**100.0**

Dividend

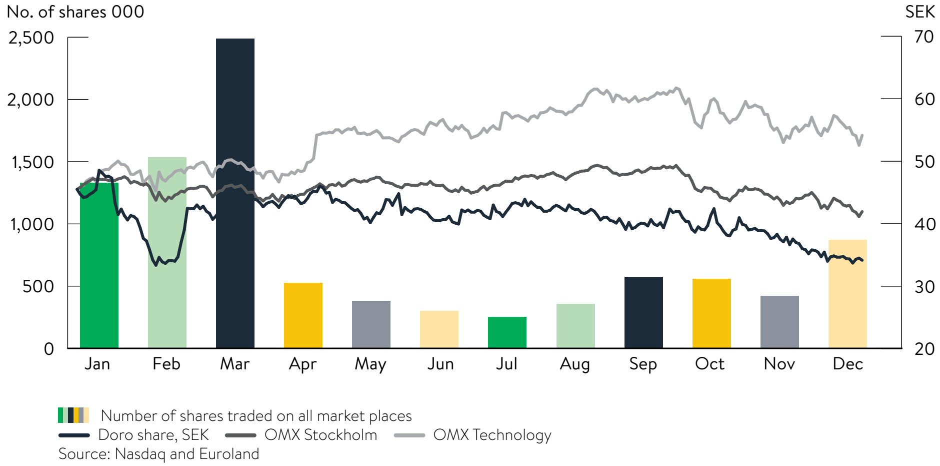
Dividends to shareholders shall represent 33 percent of net profit (although taking into account capital structure and share repurchase). The board of directors proposes that no dividend be paid for 2018.

Data per share

Transaction	2018	2017	2016	2015	2014
Number of shares at year end, 000	23,766	23,755	23,238	23,238	21,204
Share price at year-end, SEK	34.15	43.70	53.00	62.00	38.80
Highest paid	48.55	60.75	78.00	62.00	55.00
Lowest paid	33.35	42.10	45.10	37.50	25.10
Market capitlization at year-end, SEK million	827	1,038	1,232	1,440	823
Quotient value, SEK	1.00	1.00	1.00	1.00	1.00
Earnings per share, SEK	3.86	2.83	1.33	2.78	2.76
Cash flow per share [1]	9.33	5.03	2.66	3.69	1.06
Reported equity, SEK	28.77	24.57	22.38	20.74	15.79
Dividend, SEK	–	–	1.00	–	–
Dividend, share of net profit, %	–	–	75	–	–
P/E ratio [2]	8.85	15.44	39.73	22.30	14.05
Dividend yield , % [3]	–	–	1.9	–	–

1) Cash flow from operating activities divided by the number of shares before dilution at year-end
2) Share price at year-end divided by profit per share for the year
3) Dividend per share divided by share price at year-end

Share price development and turnover



Source: Nasdaq and Euroland

Share capital development

Year	Transaction	Change in number of shares	Issue price, SEK	Increase in share capital, SEK million	Paid-in amount, SEK million	Total number of shares
2001	Directed new issue	11,764,705	8.50	11.8	100	21,467,859
2005	New share issue	7,141	1.00	0	0	21,475,000
2005	Reverse split, 5:1	–17,180,000	0.00	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 new issue	1,700,000	9.50	1.7	16.2	19,107,631
2011	Directed new issue	241,543	25.56	0.2	6.3	19,349,174
2013	Directed new issue	1,457,000	27.89	1.5	40.6	20,806,174
2014	Warrant programme	398,309	35.30	0.4	14.1	21,204,483
2015	Directed new issue	2,033,772	41.50	2	84.4	23,238,255
2017	Warrant programme	517,000	42.00	0.5	21.7	23,755,255
2018	Directed new issue	449,313	42.60	0.4	19.2	24,204,568

Largest shareholders

31 December 2018 Ten largest shareholders	Number of shares	Share of capital and votes, %
Accendo Capital SICAV SIF	3,743,092	15.5
Rite Internet Ventures Holding AB	2,486,572	10.3
Lazard Freres Banque , W8IMY	1,373,792	5.7
Humle Kapitalförvaltning AB	825,168	3.4
Nordea Investment Funds	734,729	3.0
Clearstream Banking S.A., W8IMY	704,181	2.9
Nordea Bank ABP, Nordea Bank AB (Publ)	659,452	2.7
Försäkringsaktiebolaget, Avanza Pension	628,420	2.6
Linc AB	600,000	2.5
Originat AB	540,000	2.2
Total	**12,295,406**	**50.8**
Total number of shares	**24,204,568**	**100**

A clear responsibility for the business creates trust

The confidence of the market, the owners and the public is central to Doro's continued success. This requires responsible, committed and transparent board and management work. It is therefore reassuring that during the year our company has had a well-functioning board that has constructively worked with the company's management and other employees. The board's role is becoming even more important in a global business environment with accelerating changes in both the macro climate and the specific business conditions in which Doro operates and the increased competition that we now see in some of our markets. We are well prepared for developments in the market and can quickly adapt the company to new conditions.

We are also in a period that requires significant investment in new products and services that will make life easier for the world's seniors. This places great demands on the board's ability to make informed decisions and balance the risks and opportunities that are always associated with a commercial activity.

Just as important for Doro's credibility is our openness to the market and that we provide continuous information about our ongoing activities and the outcome of operations. This is the basis of a value-creating relationship with all our stakeholders, where both existing and new shareholders can feel confident of obtaining accurate information at the right time.

Doro AB is a Swedish public limited company listed on the OMX Nasdaq Stockholm (Stockholm Stock Exchange). Doro's corporate governance is based on Swedish legislation, mainly the Companies Act, but also the Stockholm Stock Exchange regulations, the Swedish Corporate Governance Code ("the Code") and other applicable rules and regulations. In addition to these, the company is governed by its articles of association, internal instructions and policies, as well as recommendations issued by relevant organisations and authorities.

This corporate governance report has been compiled by Doro AB's board of directors in accordance with the Annual Reports Act and the Code. The report forms part of the formal annual report.

Shareholders

According to Euroclear Sweden AB's shareholder register as of 31 December 2018, Doro AB had 7,047 shareholders. Of the total number of shares, foreign shareholders accounted for 46.4 percent. On 31 December 2018, the number of shares in Doro AB amounted to 24,204,568 and, on the same date, Doro's market capitalisation amounted to SEK 827 million.

Doro's largest shareholder is Accendo Capital, which owns 15.5 percent of the company's shares.

The Swedish Corporate Governance Code

The Swedish Corporate Governance Code shall be applied by all companies listed on the Stockholm Stock Exchange. The purpose is to improve corporate governance in listed companies and to create confidence in these companies, both among the public and among those active on the capital markets. The Code is based on the "comply or explain" principle, which means that it is possible to deviate from the rules provided that the company gives an account of the selected alternative and a satisfactory explanation for the change. The Code is available on the website www.bolagsstyrning.se.

General meeting

The general meeting is the company's highest decision-making body. At the annual general meeting, Doro AB's board of directors and the chair of the board are elected. The company's auditors are also appointed. The annual general meeting establishes the income statement, balance sheet and the allocation of profit for the year. Other matters follow from the Swedish Companies Act. The annual general meeting shall be held within six months after the end of the financial year. Shareholders who are registered in Euroclear Sweden's share register as of the record date and have registered have the right to participate at the general meeting.

Nominating committee

The annual general meeting appoints the members of the company's nominating committee. The nominating committee's task is to nominate board members and, where applicable, auditors for election at the next annual general meeting and to propose remuneration for the work of the board and its committees. The nominating committee also proposes the chair for the annual general meeting.

The nominating committee consists of chair Mark Shay, nominated by Accendo Capital, Christoffer Häggblom, nominated by Rite Ventures and Erik Durhan, nominated by Nordea. Johan Andsjö, chairman of Doro AB, is adjunct to the nomination committee.

The board of directors

Doro AB´s board consists of six members and one employee representative that was elected by the general meeting on the 27:th of April, 2018. Johan Andsjö was elected chairman of the board.
A detailed presentation of each member can be found on page 40. Doro AB's CFO Carl Johan Zetterberg Boudrie co-opted to the board as secretary. Other senior executives participate in board meetings as rapporteurs.

The meetings of the board

The board met eleven times in 2018. All members were present at all meetings except Niklas Savander, who was absent on 18 October and 15 November 2018. The board deals with current issues such as market situation, budget, profit and loss for the period and cost-effectiveness. All board meetings follow a pre-approved agenda. This is sent to each board member one week before each meeting, along with relevant documentation and a list of open items from the previous meeting. The remuneration committee's meetings are reported to the board of directors and minutes of these meetings are distributed to the board.

Every month, the previous month's financial results are also sent with comments.

The rules of procedure for the board

The board's rules of procedure lay down the working methods of Doro AB's board of directors. The board's rules of procedure are based on the articles of association, the Companies Act and the Code. The board has overall responsibility for the Doro group.

The board's responsibilities also include Doro's relations with the shareholders, the public, authorities and other organisations and interest groups. The board is responsible for executing decisions taken by the annual general meeting and for achieving the business objectives specified in the company's articles of association. The board's authorisation is described in the articles of association and in the Swedish Companies Act.

Evaluation of the work of the board

An evaluation of the board's combined work is carried out annually through a joint internal review of the board's work. The results of the evaluation shall be presented to the nomination committee.

Distribution of work between the board and the CEO

The company's board of directors appoints its CEO. The distribution of work between the board and the CEO is described in the rules of procedure for the board and in the instructions to the CEO. These documents determine that the board is responsible for the company's governance, supervision of the ongoing operations, organisation, strategies, internal control and policies. The board also decides on issues concerning major investments, policy issues regarding governance of subsidiaries and the election of board members and managing directors of subsidiaries. The board ensures the quality of financial reporting. In turn, the CEO is responsible for managing the company in accordance with the board's guidelines and instructions. In addition, the CEO is responsible for the budget work and the planning of the company's activities in order to achieve specific objectives. The CEO shall ensure a good control environment and that the group's risk-taking always complies with the board's instructions. Any deviations must be reported to the board. The board also receives regular updates from the CEO in the form of monthly reports.

Remuneration committee

The board as a whole is responsible for remuneration issues and other conditions of employment for group management and two other key persons. The chair of the board shall approve the terms and conditions for managers who report to the CEO. In total, employment conditions are handled for 8 people. The board's fees are decided annually by the annual general meeting. Proposals for fees are prepared by the company's nominating committee.

The board then determines the remuneration of the CEO. The board has appointed Jonas Mårtensson and Henri Österlund to the remuneration committee. The committee had its first meeting on 14 February 2018, at which both members took part, to determine the remuneration principles for 2018.

Remuneration

The total fees to the members of the board of directors amounted to SEK 1,483 thousand, which follows the annual general meeting's decision. Of this amount, the chair's fee was SEK 450 thousand and to other members SEK 1,033 thousand.

The company's present CEO received a salary of SEK 3,700 thousand for his work during 2018. Variable remuneration was paid to SEK 486 thousand. In accordance with the employment contracts in force, the CEO and the company have a mutual period of notice of twelve months. During the period of notice, the CEO is entitled to full pay and other employment benefits.

Salaries to the seven other members of group management amounted to SEK

10,731 thousand. Variable remuneration of SEK 1,195 thousand has been paid for 2018. All members of the group management team, including the CEO, are offered a benefit in the form of a company car if desired. The annual general meeting on 27 April 2018 decided on guidelines for remuneration to senior executives for the financial year 2018. The company's other senior executives have a notice period with pay of between three and twelve months.

Governance of subsidiaries

The 17 subsidiaries are controlled and supervised by their own boards in each country, which mainly consist of representatives of Doro AB in Sweden. The subsidiaries report to Doro AB's board of directors on all meetings. The reports contain information on the respective company's development and financial position.

Steering group/finance committee

Since 2017, the finance committee has been an integral part of the board of directors, and during board meetings the financial position of the company and other issues falling under the responsibility of the finance committee are discussed on an ongoing basis. The committee's task is primarily to prepare quarterly reports, as well as decision support for acquisitions and the group's financing.

Controls and audits

The board is ultimately responsible for ensuring that the company has a satisfactory structure for internal control and the compilation of reliable financial reports. It is the responsibility of the board and group management to monitor and identify business risks and to govern the company so that it can manage the most important risks.

The auditors follow and investigate how the company is led by its board and CEO, as well as the quality of the company's financial reporting.

The annual general meeting 2018 appointed the auditing company PricewaterhouseCoopers AB as Doro AB's auditors for a period of one year, with Magnus Willfors as auditor in charge. For the past three years, fees for audit work in the Doro group amounted to SEK 1.6 million (2018), SEK 1.6 million (2017) and 2.0 million (2016) for each year.

Audit committee

The audit committee's responsibility is carried out as an integral part of the board meetings and their minutes. The auditor attends two meetings per year according to plan.

The audit's focus and scope are presented by the company's auditor. Based on the quarterly financial statement as of 30 September, an audit is carried out, the results of which are reported at a meeting with the audit committee.

All members participated in the first meeting, Niklas Savander was absent from the second meeting. The audit committee fulfils the requirement for independence in the Swedish Corporate Governance Code.

INTERNAL CONTROL

The board's report on internal control for the financial year 2018
According to the Swedish Corporate Governance Code, the board shall ensure that the company has good internal control and is continuously keep informed, as well as evaluating how the company's internal control system is functioning. The board shall also report on the organisation of internal controls relating to financial reporting and, if there is no internal audit, evaluate the need for such a function and justify its decision.

Control environment
In order to create and maintain a functioning control environment, the board has established a number of basic documents relevant to financial reporting, including in particular the board's rules of procedure and instructions to the CEO and committees. It is primarily the responsibility of the CEO to maintain the control environment directed by the board in day-to-day work. The CEO regularly reports to the board according to established procedures. In addition to this, there is reporting from the company's auditors.

The internal control structure is also based on a management system based on the company's organisation and way of running the business, with clearly defined roles and responsibilities and delegation of authority. Governing documents, such as policies and guidelines, also play an important role in the control structure.

Risk assessment
Doro carries out an ongoing risk assessment to identify significant risks related to financial reporting.

With regard to financial reporting, the main risk is deemed to be in material inaccuracies, for example in relation to the entry and valuation of assets, liabilities, income and expenses, or other deviations.

Fraud and loss through misappropriation are another risk. Risk management is built into each process and different methods are used to evaluate and limit risks and to ensure that the risks to which Doro is exposed are managed in accordance with established regulations, instructions and follow-up procedures. The purpose of this is to reduce any risks and promote correct accounting, reporting and information disclosure.

Control activities
Control activities are intended to manage the risks that the board of directors and the company's management deem important for the business, internal control and financial reporting.

The control structure consists of, among other things, clear roles within the organisation that enable an effective division of responsibility for specific control activities, the purpose of which is timely detection and prevention of the risk of errors in reporting. Examples of such control activities are a clear decision-making procedure and clear decision-making processes for major decisions, such as acquisitions, other types of major investments, divestments, contracts and analysis.

An important task for Doro's staff is to implement, further develop and maintain the group's control routines and to perform internal control focused on business-critical issues. Process controllers at different levels are responsible for the performance of the necessary controls on financial reporting. The period end and reporting processes include controls on valuation, accounting principles and estimates.

The continuous analysis carried out on financial reporting, together with the analysis performed at group level, is very important in order to ensure that financial reporting does not contain any material inaccuracies.

Information and communication
Doro collaborates with the communications consultant Trägårdh Kommunikation, the purpose of which is to further the completeness and accuracy of financial reporting to the market. Regular updates and notifications inform the relevant employees about changes in accounting principles, changes in reporting requirements or other information.

The organisation has access to policies and guidelines. The board receives monthly financial reports.

The external information and communication is governed by, among other things, the company's information policy, which describes Doro's general principles for information disclosure.

Follow-up
Doro's compliance with adopted policies and guidelines is followed up by the board and executive management. The company's financial situation is discussed at every board meeting. The remuneration committee and finance committee of the board play 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 reporting.

Doro's management performs a monthly follow-up on financial results, with analysis of deviations from budget, forecasts and the previous year. It is also part of the external auditors' task every year to review internal control at the group's subsidiaries.

The board meets with the auditors twice a year, partly to go through internal control and partly to give the auditors the task of carrying out special audits aimed at any area.

In view of this combined background, the board of directors has not considered it necessary to establish a separate internal audit.

Lund, March 2019
Board of Directors of Doro AB

BOARD OF DIRECTORS AND AUDITOR

JOHAN ANDSJÖ
Chairman of the board of directors

Main occupation: Professional board member

Education: Engineering degree from the Royal Institute of Technology (KTH) in Stockholm

Elected: 2016

Born: 1972

Nationality: Swedish

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

Dependence: Company: No Owner: No

Previous experience: CEO Salt (Former Orange Switzerland), Consejero Delegado Yoigo

Own and closely related parties shareholdings: 80,000 shares

HENRI ÖSTERLUND
Deputy chairman

Main occupation: Managing Partner, Accendo Capital

Education: Degree in business administration, School of Economics in Helsinki

Elected: 2015

Born: 1971

Nationality: Finnish

Other assignments: Founder and Partner: Accendo Capital. Board and committee memberships: Remedy Entertainment Oyj

Dependence: Company: No Owner: Yes

Previous experience: Board member: Okmetic Oyj, Talents Oyj, Comptel Oyj, Partner: Conventum Corporate Finance, Triton in London, Associate: Doughty Hanson

Own and closely related parties shareholdings: 6,830 shares and 3,743,092 shares (Accendo Capital)

JONAS MÅRTENSSON
Board member

Main occupation: Partner and board member of Alted AB

Education: Degree in business administration, Stockholm School of Economics

Elected: 2007

Born: 1963

Nationality: Swedish

Other assignments: Chariman: Ownpower Projects Europe AB, Alcadon Group. Board member: IAR Systems Group AB, DistIT AB. JNM Ivest AB

Dependence: Company: No Owner: No

Previous experience: 17 years of experience of corporate finance at SEB Enskilda, Maizels, Westerberg & Co and Nordea

Own and closely related parties shareholdings: 50,000 shares (via company)

LENA HOFSBERGER
Board member

Main occupation: Professional board member

Education: Degree in business administration and Fil kand, University of Gothenburg

Elected: 2015

Born: 1954

Nationality: Swedish

Other assignments: Chariman: Ambea AB (publ), PharmaRelations AB; Leos Lekland, RestaurangAssistans AB. Board member: Max Hamburgerrestauranger AB

Dependence: Company: No Owner: No

Previous experience: CEO Aleris, CEO SSP Group LTD and a number of positions within Compass Group plc and SAS Service Partner.

Own and closely related parties shareholdings: 10,000 shares

JOSEPHINE SALENSTEDT
Board member

Main occupation: Partner, Rite Ventures

Education: Degree in business administration, Stockholm School of Economics

Elected: 2018

Born: 1984

Nationality: Swedish

Other assignments: Board member: Skincity Sweden AB, Söder Sportfiske AB, Paradox Interactive

Dependence: Company: No Owner: Yes

Previous experience: About 15 years' experience of growth companies and the digital sector, including chair of Skincity Sweden AB, Board member of Nord Software Oy, board member of 24 Media Network AB.

Own and closely related parties shareholdings: 2,486,572 shares (Rite Ventures)

NIKLAS SAVANDER
Board member

Main occupation: Advisor, investor and professional board member

Education: Master of engineering, Helsinki University of Technology and MBA, the Swedish School of Economics in Helsinki

Elected: 2018

Born: 1962

Nationality: Swedish and Finnish

Other assignments: Senior Advisor Permira Private Equity, Venture Partner Conor Ventures, chair: Cint AB, Zervant Oy, Board member: Klarna Bank AB, Verne Global Ltd

Dependence: Company: No Owner: No

Previous experience: CEO Elekta AB, chief operating officer and a number of business unit managements at Nokia Oy

Own and closely related parties shareholdings: 68,000 shares

MONA KRISTENSSON
Employee representative

Elected: 2018

Born: 1966

Nationality: Swedish

Own and closely related parties shareholdings: 100 shares

MAGNUS WILLFORS
Auditor

PricewaterhouseCoopers AB

Born: 1963

Other assignments: Elanders AB, Carl Bennet AB, Arise AB and Arjo AB

MANAGEMENT

ROBERT PUSKARIC
President and CEO

Employed since: 2017

Education: Degree in business management, Lund University

Born: 1969

Nationality: Swedish

Other assignments: –

Previous experience: President Ericsson Denmark, President and Head of Business Unit Ericsson Mobile platforms, President Ericsson Russia and President of Region Northern Europe, Eastern Europe and Central Asia. Board member Lund University

Own and closely related parties shareholdings: 30,000 shares, 210,000 options

CARL-JOHAN ZETTERBERG BOUDRIE
Chief Financial Officer

Employed since: 2016

Education: Master of engineering, Royal Institute of Technology and MBA, Stockholm University

Born: 1978

Nationality: Swedish

Previous experience: CFO of Lekolar, Vice President Business Development of Beijer Electronics, Management Consultant at Cap Gemini Consulting

Own and closely related parties shareholdings: 7,950 shares (via company), 121,100 options

CARL-JOHAN RIJPMA
Vice President Operations

Employed since: 2017

Education: Master of engineering, Lund Institute of Technology and MBA, Lund University

Born: 1975

Nationality: Swedish

Previous experience: Procurement Director Findus Group, Director Sourcing & Partner Management Sony Mobile Companion Products

Own and closely related parties shareholdings: 3,000 shares, 56,000 options

ANNIKA RAMSING
Vice President Human Resources

Employed since: 2018

Education: Bachelor's degree in behavioural sciences, Lund University

Born: 1972

Nationality: Swedish

Previous experience: Group HR Manager, TwentyFourSevenGroup AB, HRBP, Grontmij AB, HR Manager, Hi3G A/S, Consultant Manager Ajilon AB, HR Advisor Orange AB

Own and closely related parties shareholdings: 42,000 options

JÖRGEN NILSSON
Vice President Consumer Segment

Employed since: 2015

Education: Bachelor of Science in Systems Analysis, Lund University

Born: 1970

Nationality: Swedish

Previous experience: Director Category Management, Doro, Category Manager Feature Phones, Doro, Commercial Advisor Viva, STC Kuwait, Programme Manager Telenor Thailand, Programme Manager Orange Egypt, Consultant Cap Gemini, Ernst & Young

Own and closely related parties shareholdings: 6,000 shares, 70,000 options

STEVE SMITH
Vice President Public Care Segment

Employed since: 2018

Education: Master of Business Administration (OUBS)

Born: 1958

Nationality: British

Previous experience: CEO at Wellbeing, COO at AlwaysON, Director at HPS Consulting, MD at Cirrus (now Appello), Regional MD at Tunstall, MD at Modern Vitalcall

Own and closely related parties shareholdings: 55,984 shares , 10,000 options

JOHAN FROGNER
Chief Technology Innovation Officer

Employed since: 2018

Education: Master of engineering, Lund Institute of Technology

Born: 1962

Nationality: Swedish

Previous experience: Global Technical Director Care, Tunstall Ltd Sweden CTO Group, Tunstall Ltd UK, CTO Nordic & UK / Ireland, Tunstall Nordic AB, Sweden, VP & Head of Development Europe, Sony Mobile

Own and closely related parties shareholdings: 40,000 options

Jörgen Alsing is no longer part of the management team since 19/02/28.

THE BUSINESS IN 2018

Doro AB is a Swedish public limited company (Doro) registered in Sweden under registration number 556161-9429. The company's registered office since August 2018 is in Malmö. The head office address is: Jörgen Kocksgatan 1B, 211 20 Malmö, Sverige. Doro has subsidiaries in France, Hong Kong, Norway, the United Kingdom, Germany, Italy and the USA. The group's legal structure is shown in note 9.

THE COMPANY

Doro develops telecom products and services for seniors so that they can live an independent, full and rich life. As global market leaders in the category of telecom for seniors, Doro also offers a wide portfolio of products and services for safety and care solutions. These smart solutions are tailored to the specific needs of seniors and the disabled and also help to digitally connect generations so as to create a safe and independent environment in people's own homes. Doro has won several international design awards during the year and received, among others, the Red Dot Award for best product design.

GLOBAL OUTLOOK

Doro operates in the fast-changing market for mobile communications and security solutions for older consumers in Europe, North America and the Asia/Pacific region. Doro's production is carried out by contract manufacturers, especially in Asia. Doro protects its products by owning mould tools and pattern protection, as well as by actively participating in the design, development and quality assurance processes.

THE SHARE

Information about the Doro share can be found on pages 25–26.

THE PAST FINANCIAL YEAR IN BRIEF:

Total income amounted to SEK 1,906.4 million (1,924.0), a decrease of 0.9 percent.

- Operating profit (EBIT) amounted to SEK 122.3 million (92.0).
- The operating margin was 6.4 percent (4.8).
- Profit for the year amounted to SEK 91.5 million (66.5).
- Earnings per share after tax was SEK 3.86 (2.83).
- Cash flow from current activities amounted to SEK 221.8 million (119.5).
- Doro acquired Welbeing in June 2018 (see note 18)

During the year, a number of new products and services have been launched such as:

- **Doro 8035** – an easy to use smartphone for both new and more experienced smartphone users. Choose between traditional Android interface and Doro's intuitive and easy-to-navigate interface
- **Doro 7050/7060/7070** – smart and simple folding 4G mobile phone
- **Doro 1370/1372** – easy-to-use classic 2G mobile phone with space for dual SIM card
- **Doro 2415** – easy-to-use folding 2G mobile phone with external screen
- **Response by Doro** – security service for seniors and relatives
- **Doro Enzo** – alarm button that works together with a security alarm from Doro

The company's sales and financial results

Doro's total revenue in the year amounted to SEK 1,906.4 million (1,924.0) during the year, a decrease of 0.9 percent compared to 2017. Growth in the Services category was 48.1 percent with positive development in both Sweden and Norway, as well as the acquisition of the British company Welbeing. Income for the Products category decreased by 6.4 percent after weak market developments in Central and Eastern Europe in particular.

EBIT amounted to SEK 122.3 million (92.0), giving an EBIT margin of 6.4 percent (4.8). The improved margin is mainly explained by an increased share of sales from Services. Profit for the year amounted to SEK 91.5 million (66.5). Net financial items amounted to SEK 0.7 million (-0.3).

CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

Cash flow from current activities amounted to SEK 221.8 million (119.5).

The group's net cash flow, which during the year amounted to SEK 77.2 million (–3.9) was affected by company acquisition totalling SEK –110.7 million (0.0) and investments of SEK –99.3 million (–70.2). Investments that are capitalised are primarily attributable to product development. No dividend was paid but the company repurchased share for SEK 18,9 million. At year end, Doro had an interest-bearing liability of SEK 240.0 million (162.4) and cash and cash equivalents of SEK 134.2 million (57.1). The equity ratio decreased to 46.7 percent (49.6) at the end of the period.

FINANCE POLICY

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

Calculated currency flows based on normal volumes and current price lists (which are usually valid for about 3 months) are hedged at 70–90 percent. Doro applies hedge accounting in accordance with IFRS.

THE BOARD

The board consists of chair Johan Andsjö, Jonas Mårtensson, Lena Hofsberger, Niklas Savander, Josephine Salenstedt, Mona Kristensson (employee representative) and deputy chair Henri Österlund. CEO Robert Puskaric also participates in board meetings.

The company's CFO Carl Johan Zetterberg Boudrie is co-opted to the board as secretary.

REMUNERATION TO SENIOR EXECUTIVES

The board's proposal for guidelines for remuneration to senior executives in 2019 mainly means that salaries and other remuneration conditions for the management shall be at market levels.

In addition to a fixed base salary, management may also receive variable remuneration and bonuses, which shall have a predetermined ceiling and be based on the results achieved in relation to established performance targets (and in some cases other key figures).

Maximum cost including social charges for variable remuneration may not exceed the fixed remuneration to the company's senior executives. The total cost of fixed and variable remuneration shall be determined annually at an amount that includes all the company's remuneration costs. The company's senior executives are able to allocate parts of their fixed and variable remuneration for other benefits, such as pension benefits. The management's pension plans shall mainly be defined contribution.

In the event of termination of employment by the company, senior executives may be entitled to severance pay, which in such cases shall have a predetermined ceiling. Upon termination of employment by the employee, no severance pay shall be given.

The board has the right to deviate from the guidelines if there are special reasons for this in an individual case. This proposal is in accordance with the guidelines adopted by the annual general meeting of 2018.

PRODUCT DEVELOPMENT AND DEVELOPMENT EXPENSES

Doro performs product development and design projects together with various external partners. In addition the company's own development costs and significant development costs are found in the manufacturing partners. Doro employs design companies from different countries and the costs are either fixed or variable. Doro occasionally purchases technology from various external companies.

Doro also invests in various mould tools and pattern protection to protect the products' designs. These costs are capitalised until the product is ready for delivery when depreciation commences.

For 2018, the group's costs for development work amounted to SEK 54.1 million (49.1).

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, i-care, Response by Doro, MyDoro and Primo as well as a large number of other product names and figurative brands. Doro has also protected its designs through a large number of pattern registrations.

INVESTMENTS

Investments are made in design, mould tools, certification processes, control equipment, inventory, leased alarm units, computers and software systems. Investments amounted to SEK 99.3 (70.2) million. See also Reporting principles.

LEGAL PROCESSES

Doro has not, during the year, been involved in any disputes that have affected or will affect the company's position in any significant way.

QUALITY

Regular, quarterly follow-up of suppliers' quality is done using the "Doro score card". The follow-up focuses on suppliers' manufacturing processes and sets escalation points for reported quality deficiencies and response to these. Prospective suppliers are evaluated on-site for all quality related processes. At the same time, an initial evaluation is made against Doro's "Code of Supplier Conduct". The product quality of individual shipments is checked.

REGULATIONS

Doro's quality manager continuously checks that the company's products are at least equivalent to the applicable laws and government requirements on the markets in question, technical specifications and environmental requirements.

DIVIDEND AND FINANCIAL GOALS

The company has a long-term operating margin goal of at least 8 percent and an annual growth target of 10 percent (including acquisitions) for the coming years. In the long term, income from services shall represent at least 30 prcent of total income. The company's target is a dividend of one third of net profit after tax (taking into account capital structure and share repurchase).

Finally, the board has determined that net liability as a proportion of EBITDA shall not exceed 2.5 times.

The board decided not to propose any dividend for 2018.

PARENT COMPANY

In addition to group management and financial functions, the parent company Doro AB also has a number of support functions for the rest of the group. Marketing and product development is coordinated by the parent company and the product and quality department monitors design and tool adaptations, among other things, as well as quality-assuring deliveries. Purchasing and logistics are also coordinated by the parent company, which is responsible for the material flows within the group.

Doro AB had net sales of SEK 1,483.9 million (1,531.8). Profit after financial items was SEK 76.2 million (48.5). Doro AB is responsible for the financing of subsidiary companies. The parent company's net liabilities per 31/12/2018 totalled SEK 183.0 million (138.5). Equity amounted to SEK 471.8 million (411.3).

RISKS

Doro's risks and uncertainty factors are primarily related to the challenge of continuously developing competitive products and services, disturbances to deliveries, customer relations, loan financing, exchange rate fluctuations and the public procurement process in Doro Care.

Further information on Doro's management of financial risks can be found in note 23. Other risks are described below.

Price risks

Doro is largely active in telecommunications and is affected by general price reductions and cost developments in the consumer electronics sector. This means that sales prices may fall faster than production prices. Doro works actively with various forecasting tools and follow-up programmes for production planning and warehouse management. There is collaboration with suppliers, which enables good flexibility based on forecasts that are converted into purchase orders. Changes in regulatory requirements or technology developments can lead to a significantly lower sales value than expected for products in stock. For Care products, the price is normally determined by a competitive public procurement for new hardware sales or new contracts for service of security solutions.

Loan financing

In April 2018, a banking agreement was signed with SEB regarding the total bank facility of SEK 450 million. The new bank facility is used to close existing financing agreements and for a geographic expansion in telecare and services. The acquisition of Welbeing used SEK 133.0 million of the loan facility.

Cash flow risks

Doro's cash flow from operating activities fluctuates naturally during the year as a result of seasonal variations in sales. The company's cash and credit agreements are adapted to meet these fluctuations.

Competitive risk

Doro operates in competitive markets. The division into different market segments is a way of addressing the competition. Doro also conducts continuous market research to acquire knowledge about the needs and requirements of end customers in order to develop unique products. In parallel, activities are underway to increase productivity.

Brand development in the market for the elderly is also a specific asset.

Risk of bad debts

In recent years Doro has had only small credit losses due to the main customer group comprising large business groups with regular trading. In 2018, Doro had confirmed customer losses of SEK 0.4 million (5.3).

Presumed customer losses in 2018 amounted to SEK 10.0 million (3.5).

For 2018 there is no single customer who accounts for more than 10 percent of the revenue.

Risk of claims

The risk of claims relates to the costs of correcting various defects arising in the products that Doro has delivered. Normally, guarantees are valid for 12 to 24 months. Various provisions are made for outstanding guarantees. The group's extensive quality work has improved quality in recent years.

Insurance risk

Doro has a coordinated programme for insurance. Working together with external expertise, a policy has been drawn up for what insurance is to be taken, the amounts to be covered and the distribution of risk between the parent company and subsidiaries.

Political risk

Political risk refers to the risk that authorities in different countries complicate, make more expensive or prevent continued activity, through political decisions. All manufacturing takes place in Asia (which also applies to virtually all competitors).

Patent and license risks

Our products, especially in mobile telephony, use a variety of third-party patents such as radio technologies. We therefore have licence agreements with many different patent holders to ensure the right technology content in our products. Third parties have previously argued that Doro infringes their intellectual property rights, and this may happen again. It can be costly in terms of time, money and other resources to defend Doro against such claims. It may result in Doro being forced to pay damages or other compensation, to modify products and technology and/or to enter into licensing agreements with licence providers. Doro cannot guarantee that such licences will be available at all or be possible to obtain on reasonable terms.

Information security risks

There is a risk of losing or spreading information, but also that information is not available when it should be. We have therefore introduced ISO 27001 in the most sensitive parts of the company. The risks have been assessed to be very structured in 2017 and 2018 in connection with our certification and the working method has been further refined during 2018. The risks that have required or presently require measures to be taken have action plans linked to them, which are followed up regularly.

Legal disputes

This type of risk refers to the costs that Doro may incur for pursuing various legal processes, as well as third party costs. During 2018, Doro was not party to any material legal dispute. Doro cooperates with external advisors for preventive purposes and actively protects its rights.

Sustainability risks

Sustainability risks are assessed overall by each department concerned. Suppliers are an important risk, because there could be someone in our supply chain with poor work environment or environmental conditions. Here we have our own and third party audits of our most important suppliers to ensure the right level relating towork environment and the environment.

SUSTAINABILITY REPORT

Doro's sustainability report, in accordance with the new requirements of the Annual Reports Act, can be found on pages 17–22.

ANNUAL GENERAL MEETING

The annual general meeting will be held at 14.00 on 3 May 2019 at Hotel Scandic Anglais, Humlegårdsgatan 23, 102 44 Stockholm.

PROPOSED ALLOCATION OF THE COMPANY'S PROFIT

The following funds in the parent company are at the disposal of the annual general meeting:

Share premium reserve	200,869,040.50
Reserve for fair value	943.00
Profit brought forward	63,095,260.34
Profit for the year	57,077,001.59
	321,042,245.43

The board of directors proposes that funds at the disposal of the annual general meeting are carried forward.

FULL-YEAR OUTLOOK FOR 2019

The overall market for mobile phones is expected to remain challenging. Doro has maintained and is expected to maintain or increase its market share in the senior segment.

Services are growing organically and we are actively working on different acquisition opportunities, for which reason we expect continued double-digit percentage growth in services in 2019.

Profitability is expected to remain at a healthy level.

EVENTS AFTER THE YEAR

In January 2019, the company announced that Jörgen Alsing, vice president responsible for the new function SmartCare & Services, has left the company.

INCOME STATEMENT

The Group

SEK m	Note	2018	2017
Net sales	2,3	1,906.4	1,924.0
Cost of goods and services sold		-1,269.2	-1,341.9
Gross profit		**637.2**	**582.1**
Selling, distribution and marketing expenses		-278.4	-277.4
Research and development expenses		-104.8	-103.0
Administration expenses		-134.3	-116.6
Other income and expenses	2	2.6	6.9
Operating profit/loss	4, 5, 29	**122.3**	**92.0**
Profit/loss from financial items			
Financial income	6	5.4	5.2
Financial expenses	6	-4.7	-5.5
Profit/loss before taxes		**123.0**	**91.7**
Income tax expense	17	-31.5	-25.2
PROFIT/LOSS FOR THE YEAR		**91.5**	**66.5**
Attributable to:			
Parent company's shareholders		91.5	66.5
Key figures			
Average number of shares, thousands	11	23,674	23,536
Average number of shares after dilution, thousands		23,674	23,591
Earnings per share before dilution, SEK		3.86	2.83
Earnings per share after dilution, SEK		3.86	2.82

STATEMENT OF COMPREHENSIVE INCOME

The Group

SEK m	2018	2017
PROFIT/LOSS FOR THE YEAR	**91.5**	**66.5**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Translation differences	5.1	1.1
Effects from cash flow hedges	1.0	-3.1
Deferred tax	-0.2	0.7
Other comprehensive income	**5.9**	**-1.3**
Total result	**97.4**	**65.2**
Attributable to:		
Parent company's shareholders	97.4	65.2

BALANCE SHEET

The Group

Assets, SEK m	Note	2018	2017
ASSETS			
NON-CURRENT ASSETS			
Goodwill	7	465.9	375.3
Customer register and distribution agreements	7	35.1	11.5
Trademarks	7	2.1	0.0
Capitalized expenditure for development work	7	107.4	77.9
Right to lease	7	1.8	1.8
Equipment, tools and rental equipment	8	41.1	19.0
Long-term receivables	4	6.9	7.3
Other financial non-current assets		0.6	0.5
Deferred tax asset	17	6.5	9.5
		667.5	**502.8**
CURRENT ASSETS			
Inventories	19	264.0	196.9
Prepayments to supplier		6.1	2.1
Accounts receivable – trade	23	332.9	360.4
Other current receivables	4, 10	27.7	28.4
Current tax receivables		0.0	9.8
Prepaid expenses and accrued income	10	32.0	19.8
Cash and bank balances	12, 23	134.2	57.1
		796.9	**674.5**
TOTAL ASSETS		**1,464.4**	**1,177.3**

Shareholders' equity and liabilities, SEK m	Note	2018	2017
SHAREHOLDERS' EQUITY			
Share capital	11	24.2	23.8
Other allocated capital		285.1	264.0
Reserves		17.9	12.0
Profit/loss brought forward		265.0	217.4
Profit/loss for the year		91.5	66.5
Total shareholders' equity		**683.7**	**583.7**
LONG TERM LIABILITIES			
Interest-bearing liabilities			
Provisions for pension	21	3.2	2.6
Liabilities to credit institutions	24	240.0	100.0
Total interest-bearing liabilities		**243.2**	**102.6**
Non interest-bearing liabilities			
Other provisions	22	41.0	16.6
Total non interest-bearing liabilities		**41.0**	**16.6**
CURRENT LIABILITIES			
Interest-bearing liabilities			
Liabilities to credit institutions	4, 12, 24	0.0	62.4
Total interest-bearing liabilities		**0.0**	**62.4**
Non interest-bearing liabilities			
Provisions for guarantees	20	46.1	51.5
Accounts payable – trade		216.8	158.8
Other liabilities		5.5	13.2
Current tax liability		15.6	4.4
Accrued expenses and prepaid income	13	212.5	184.1
Total non interest-bearing liabilities		**496.5**	**412.0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,464.4**	**1,177.3**

CHANGES IN SHAREHOLDERS' EQUITY

The Group

	Share capital	Other allocated capital	Reserves[1]	Profit brought forward	Total shareholders' equity
Shareholders' Equity December 31, 2016	**23.2**	**242.9**	**13.3**	**240.6**	**520.0**
Profit/loss for the year				66.5	66.5
Other comprehensive income			-1.3		-1.3
Total result			**-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**		**-23.2**	**-1.5**
Shareholders' Equity December 31, 2017	**23.8**	**264.0**	**12.0**	**283.9**	**583.7**
Profit/loss for the year				91.5	91.5
Other comprehensive income			5.9		5.9
Total result			**5.9**	**91.5**	**97.4**
Repurchase of shares				-18.9	-18.9
New share issue connected to company acquisition, Note 18	0.4	18.8			19.2
Warrant premium		2.3			2.3
Total transactions with shareholders	**0.4**	**21.1**		**-18.9**	**2.6**
Shareholders' Equity December 31, 2018	**24.2**	**285.1**	**17.9**	**356.5**	**683.7**

1) Specifikaction of reserves.	2018	2017
Accumulated translation differences, January 1	12.8	11.7
Translation differences for the year	5.1	1.1
Accumulated translation differences, December 31	17.9	12.8
Accumulated effects of cash flow hedges, January 1	-0.8	1.6
Effects of cash flow hedges for the year	1.0	-3.1
Deferred tax in effects of cash flow hedges	-0.2	0.7
Accumulated effects of cash flow hedges, December 31	**0.0**	**-0.8**
Total reserves, December 31	**17.9**	**12.0**

CASH FLOW STATEMENT

The Group

SEK m	Note	2018	2017
CURRENT ACTIVITIES			
Operating profit		122.3	92.0
Adjusted for items not in cash flow			
Change in provisions	20, 21, 22	18.5	-22.2
Depreciation and write downs	7, 8, 29	72.0	64.2
Unrealized exchange differences in cash flow hedges		-5.7	9.9
Total adjustment for other non-cash items		**84.8**	**51.9**
Interest received		0.2	0.5
Interest paid		-4.7	-5.5
Taxes paid	17	-15.1	-10.9
Cash flow from current activities before changes in working capital		**187.5**	**128.0**
Change in working capital			
Change in stocks	19	-73.2	20.9
Change in receivables		27.5	63.0
Change in non-interest-bearing liabilities		80.0	-92.4
Cash flow from current activities		**221.8**	**119.5**

SEK m	Note	2018	2017
INVESTMENT ACTIVITIES			
Acquisitions of subsidiaries	18	-110.7	0.0
Acquisition of intangible assets	7	-80.6	-58.4
Acquisition of tangible fixed assets	8	-18.7	-11.8
Cash flow from investment activities		**-210.0**	**-70.2**
FINANCING ACTIVITIES			
Dividend		0.0	-23.2
Repurchase of shares		-18.9	0.0
New share issue		0.0	21.7
Warrant program, new issue		2.4	0.0
Warrant program, buy back		-0.1	-1.2
Amortization of loans		-185.0	-75.5
Loans raised		265.0	25.0
Cash flow from financing activities		**63.4**	**-53.2**
Cash flow for the year		**75.2**	**-3.9**
Liquid assets at start of year		57.1	61.0
Exchange rate difference in liquid assets		1.9	0.0
Liquid assets at end of year	23	**134.2**	**57.1**

INCOME STATEMENT
Parent company

SEK m	Note	2018	2017
Net sales	2,3	1,483.9	1,531.8
Cost of goods and services sold		-999.5	-1,069.8
Gross profit		**484.4**	**462.0**
Selling, distribution and marketing expenses		-153.9	-166.6
Research and development expenses		-101.3	-106.9
Administration expenses		-159.1	-142.9
Other income and expenses		0.5	0.5
Operating profit/loss	4, 5, 29	**70.6**	**46.1**
Profit/loss from financial items			
Financial income	6	10.5	10.2
Financial expenses	6	-4.9	-7.8
Profit/loss after financial items		**76.2**	**48.5**
Group contribution		0.0	1.4
Income tax expense	17	-19.2	-13.1
PROFIT/LOSS FOR THE YEAR		57.0	36.8

STATEMENT OF COMPREHENSIVE INCOME
Parent company

SEK m	2018	2017
PROFIT/LOSS FOR THE YEAR	57.0	36.8
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Effects from cash flow hedges	1.0	-3.1
Deferred tax	-0.2	0.7
Other comprehensive income	**0.8**	**-2.4**
Total result	**57.8**	**34.4**

BALANCE SHEET
Parent company

Assets, SEK m	Note	2018	2017
FIXED ASSETS			
Intangible assets			
Capitalized expenditure for development work	7	107.4	77.9
Goodwill	7	186.2	198.7
Customer register	7	3.3	6.3
Tangible assets			
Equipment, tools and rental equipment	8	17.3	14.0
Financial assets			
Participations in Group companies	9, 25	255.2	118.2
Receivables from Group companies		15.1	0.0
Deferred tax asset	17	1.7	1.4
Total fixed assets		**586.2**	**416.5**
CURRENT ASSETS			
Inventories			
Goods for resale	19	195.5	139.3
Advanced payment to suppliers		0.4	0.3
Current receivables			
Accounts receivable – trade		236.9	267.1
Receivables from Group companies		266.5	210.2
Other current receivables	10	20.2	23.7
Current tax receivables		0.0	0.0
Prepaid expenses and accrued income	10	14.9	19.7
Cash and bank balances	12, 23	98.3	41.5
Total current assets		**832.7**	**701.8**
TOTAL ASSETS		**1,418.9**	**1,118.3**

BALANCE SHEET

Parent company

Shareholders' equity and liabilities, SEK m	Note	2018	2017
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital	11	24.2	23.8
Revaluation reserve		0.5	0.5
Other allocated capital		55.5	55.5
Reserve for development expenses		70.5	36.5
Total restricted equity		**150.7**	**116.3**
Non-restricted equity			
Share premium reserve		200.9	179.7
Fair value reserve		0.0	-0.8
Profit/loss brought forward		63.2	79.3
Profit/loss for the year		57.0	36.8
Total non-restricted equity		**321.1**	**295.0**
Total shareholders' equity		**471.8**	**411.3**
PROVISIONS			
Provisions for guarantees	20	38.6	42.8
Other provisions	22	39.4	15.8
Total provisions		**78.0**	**58.6**

Shareholders' equity and liabilities, SEK m	Note	2018	2017
LONG-TERM LIABILITIES			
Interest-bearing liabilities			
Liabilities to credit institutes		240.0	100.0
Total interest-bearing liabilities		**240.0**	**100.0**
CURRENT LIABILITIES			
Interest-bearing liabilities			
Overdraft facility	12	0.0	0.0
Liabilities to credit institutes		0.0	60.0
Liabilities to Group companies		41.3	20.0
Total interest-bearing liabilities		**41.3**	**80.0**
Non interest-bearing liabilities			
Accounts payable – trade		172.1	125.5
Liabilities to Group companies		250.1	208.2
Other liabilities		5.0	12.2
Current tax liability		20.9	3.1
Accrued expenses and prepaid income	13	139.7	119.4
Total non interest-bearing liabilities		**587.8**	**468.4**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,418.9**	**1,118.3**

CHANGES IN SHAREHOLDERS' EQUITY

Parent company

Changes in shareholders' equity 2018, SEK m	Share capital	Revaluation reserve	Other allocated capital	Reserve for development expenses	Share premium reserve	Fair value reserve	Retained earnings	Total share-holders' equity
Shareholders equity December 31, 2016	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	0.0	0.0	0.0	0.0	0.0	0.0	-23.2	-23.2
Merger difference	0.0	0.0	0.0	0.0	0.0	0.0	5.2	5.2
New Share issue connected to warrant program	0.6	0.0	0.0	0.0	21.1	0.0	0.0	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, 2017	**23.8**	**0.5**	**55.5**	**36.5**	**179.7**	**-0.8**	**116.1**	**411.3**
Profit for the year							57.0	57.0
Other comprehensive income						0.8		0.8
Total result	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.8**	**57.0**	**57.8**
Allocation of earnings to development expenses reserve				34.0			-34.0	0.0
Repurchase of shares							-18.9	-18.9
New share issue connected to company acquisition, note 18	0.4				18.8		0	19.2
New Share issue connected to warrant program	0.0				2.3			2.3
Total transactions with shareholders	**0.4**	**0.0**	**0.0**	**34.0**	**21.1**	**0.0**	**-52.9**	**2.6**
Shareholders equity December 31, 2018	**24.2**	**0.5**	**55.5**	**70.5**	**200.9**	**0.0**	**120.2**	**471.8**

CASH FLOW STATEMENT

Parent company

SEK m	Note	2018	2017
OPERATING ACTIVITIES			
Operating profit		70.6	46.1
Adjusted for items not in cash flow			
Change in provisions	20, 21, 22	19.5	-16.3
Depreciation and write downs	7, 8	72.2	65.1
Unrealized exchange differences in cash flow hedges		-5.7	9.9
Total adjustment for non-cash items		**86.0**	**58.7**
Interest received		5.3	5.4
Interest paid		-4.9	-5.9
Taxes paid		-1.9	0.4
Cash flow from current activities before changes in working capital		**155.1**	**104.7**
Change in inventory	19	-56.2	11.3
Change in receivables		-17.9	140.8
Change in current liabilities		134.9	-124.2
Cash flow from operating activities		**215.9**	**132.6**

SEK m	Note	2018	2017
INVESTMENT ACTIVITIES			
Acquisition of subsidiaries	18	-133.0	0.0
Capital injection to subsidiaries		0.0	-8.4
Acquisition of intangible assets	7	-80.6	-63.7
Acquisition of tangible fixed assets	8	-8.9	-9.2
Cash flow from investment activities		**-222.5**	**-81.3**
FINANCING ACTIVITIES			
Dividend		0.0	-23.2
Repurchase of shares		-18.9	0.0
New share issue		0.0	21.7
Warrant program		2.3	-1.2
Loans raised		265.0	25.0
Amortization of loan		-185.0	-75.5
Cash flow from financing activities		**63.4**	**-53.2**
Cash flow for the year		**56.8**	**-1.9**
Liquid assets at start of year		41.5	43.4
Liquid assets at end of year	23	**98.3**	**41.5**

NOTES

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 29, 2019 and will be presented to the AGM on May 3, 2019 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.

SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The financial position and performance of the group was particularly affected by the acquisition of the British telecare company Welbeing os of June 1, 2018. The acquisition resulted in an increase of goodwill and other intangible assets (note 18). For a detailed discussion about the Group's performance and financial position refer to our administration report on page 33 to 35.

NEW ACCOUNTING POLICIES FOR 2018

IASB has issued several new standards and amendments to standards effective on January 1, 2018. None of these have had a material impact on Doro's 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. Regarding impairment, the effect of the impairment model for expected credit losses was insignificant. As the effects are insignificant the opening balances as of 1 January 2018 was not affected by the adption of the new standard. The Group has classified its financial assets and financial liabilities in accordance with the new categories in IFRS 9. On the date of initial application, January 1, 2018, the financial instruments were as follows with any reclassifications noted:

	Measurement category		Carrying amount		
	IAS 39	IFRS 9	Original	New	Difference
Non-current financial assets					
Lease receivables	Loans and receivables (amortised cost)	Amortised cost	7.3	7.3	-
Current assets					
Accounts receivable	Loans and receivables (amortised cost)	Amortised cost	360.4	360.4	-
Lease receivables	Loans and receivables (amortised cost)	Amortised cost	6.5	6.5	-
Other current assets	Loans and receivables (amortised cost)	Amortised cost	4.5	4.5	-
Derivatives (hedge accounting)	Fair value through other comprehensive income	Fair value through other comprehensive income	4.0	4.0	-
Long-term liabilities					
Liabilities to credit institutions	Amortised cost	Amortised cost	100.0	100.0	-
Short-term liabilities					
Liabilities to credit institutions	Amortised cost	Amortised cost	62.4	62.4	-
Derivatives (hedge accounting)	Fair value through other comprehensive income	Fair value through other comprehensive income	7.6	7.6	-
Derivatives (non hedge accounting)	Fair value through profit and loss	Fair value through profit and loss	0.5	0.5	-
Accounts payable	Amortised cost	Amortised cost	158.8	158.8	-
Other current liabilities	Amortised cost	Amortised cost	186.7	186.7	-

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 replaces IAS 18 Revenue and IAS 11 Contruction contracts and corresponding interpretations. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. 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 had no significant impacts on Doro's consolidated financial statements. As the effects are insignificant the opening balances as of 1 January 2018 was not affected by the adption of the new standard.

NEW ACCOUNTING POLICIES FOR 2019 AND LATER

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. IFRS 16 Leases is effective as of 1 January 2019. For lessees, the standard eliminates the classification of leases as either operating or finance, as required by IAS 17, and instead introduces a single lease accounting model. Applying that model a lessee is required to recognize, (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value and (b) depreciation of leased assets separately from interest on lease liabilities in the income statement.

Doro has will adopt IFRS 16 using the modified retrospective approach, which means that the comparatives for 2018, in accordance with the standard will not be restated. The lease liability is the sum of the present value of all future payments until lease end date. The practical expedient to set the right of use asset (before adjustments for any prepayments) equal to the lease liability has been applied for the transition. The rate for discounting the lease payments is the Doro Group incremental borrowing rate with consideration to for example the maturity of the lease contracts. The practical expedient for definition of a lease has been applied. The short term lease exception and the asset of low value exception as well as treating all agreements terminating in 2019 as short term lease has also been applied. The estimated opening balance of the lease liability and the right-of-use assets is around SEK 70 million for current lease contracts. The largest asset class of leases is office premises. Operating result will slightly increase as the interest part of the lease fee will be recognized as financial cost. The effect profit per share will be insignificant.

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

Future standard changes not yet effective and not yet endorsed by the EU in 2018
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement. The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. The amendments require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Until now, IAS 19 did not specify how to determine these expenses for the period after the change to the plan. The effective date for these amendments is 1 January 2019. The amendments are not expected to be material for the Group.

Amendments to IFRS 3 Business combinations. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in

the form of dividends, lower costs or other economic benefits to investors and others. The effective date for these amendments is 1 January 2019. The amendments are not expected to have material effect for the Group.

Amendments to References to the Conceptual Framework in IFRS Standards. The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance—in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The effective date for these amendments is 1 January 2020. The amendments are not expected to havematerial effect for the Group.

Amendments to IAS 1 and IAS 8: Definition of Material. Amendments will clarify the definition of material and to align the definition used in the Conceptual Framework and the standards themselves. The effective date for these amendments is 1 January 2020. The Group is assessing the impact of these amendments.

Other published standard changes or interpretations are not expected to have a significant effect on the Group's consolidated financial statements or disclosures.

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 (SEK m).

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. 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

	Average rate		Closing day rate	
Currency	2018	2017	2018	2017
EUR	10.25	9.63	10.21	9.83
HKD	1.11	1.10	1.14	1.05
NOK	1.06	1.03	1.03	1.00
GBP	11.56	11.03	11.36	11.07
USD	8.69	8.53	8.92	8.21

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 operating result. 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 from contracts with customers

Dors's revenues includes product sales of mainly telephone handsets and alarm devices and sales of alarm services. Product sales are recognised when when control of a good or service transfers to a customer, which usually occurs on delivery. Doro has discount agreements with most customers. Contracted discounts reduce sales revenue in the period the sale is recognised. The Group's commitment to repair or replace defective products, in accordance with normal warranty conditions, is provided for.

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. The package deal includes a number of performance obligations and transaction price is allocated to each performance obligation based on stand alone, observable sales prices. Revenues relating to services, such as alarm services and communication, are recognised in the period when services are rendered. When the offered package deal includes hardware, it is analysed for each delivery if the hardware part should be classified as a financial lease or an operating lease. The classification affects the time of delivery of the performance obligation. For deliveries classified as financial lease, the revenue is recognized when the hardware is delivered to the customer. For deliveries classified as operating lease, the revenue is recognized over the rental period.

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.

Finansiella instrument

INVESTMENTS

The Group classifies its investments in debt instruments into three categories, which are amortised cost, fair value through other comprehensive income and fair value through profit and loss. The classification is made according to IFRS 9 standard, based on the business model and contractual cash flow characteristics of debt instruments. Management determines the classification of its investments at the time of the purchase. Investments in debt instruments for which the business model objective is to hold the financial instruments to collect contractual cash flows and those cash flows are solely payments of principal and interest, are classified as amortised cost and presented in current and non-current assets. Purchases and sales of financial instruments are recognised based on trade date accounting, which is the date on which the Group commits to purchasing or selling the financial instrument. Financial instruments are derecognised when the rights to receive or the cash flows from the financial instruments have expired or have been transferred and the Group has substantially transferred all risks, rewards and obligations of the ownership of the financial asset or liability.

LOAN RECEIVABLES

Loan receivables are debt instruments with fixed or determinable payments that are not quoted on an active market. They are recorded initially at fair value and subsequently measured at amortised cost. Loss allowance for expected credit losses is calculated based on the simplified method. According to the simplified method, the calculation is based on the expected losses of the receivables full term. In the calculation the receivables are grouped based on number of days delayed. Interest income on loan receivables is included in Financial income and expense. Loan receivables with a maturity less than 12 months are included in current assets under interest-bearing receivables and those with maturities greater than 12 months, in non-current loan receivables.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- **Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities;
- **Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- **Level 3:** techniques which use inputs which have a significant effect on the recorded fair values that are not based on observable market data.

Debt

Debt is recognised initially at fair value, net of transaction costs incurred. In subsequent periods, it is stated at amortised cost using the effective interest method; any difference between proceeds, net of transaction costs, and redemption value is recognised in the Consolidated income statement over the period of the borrowings. Interest expenses are accrued for and recorded in the Consolidated income statement for each period. Debt with an original maturity greater than 12 months is classified as non-current debt in the Consolidated statement of financial position, though repayments falling due within 12 months are presented in current liabilities under the current portion of non-current debt. Short-term commercial paper, bank and other interest-bearing borrowings for which the original maturity is less than 12 months are presented in current liabilities under interest-bearing liabilities.

Derivative financial instruments and hedge accounting

Financial derivatives are initially recognised in the Consolidated Statement of Financial Position at fair value and subsequently measured at their fair value at each reporting date, though the method of recognising the resulting gains or losses is dependent on the nature of the item being hedged. When derivative contracts are entered into, the Group designates them as either hedges of highly probable forecast transactions or firm commitments (cash flow hedges), hedges of the exposure to changes in the fair value of recognised assets or liabilities (fair value hedges), hedges of net investments in foreign entities or derivative financial instruments not meeting the hedge accounting criteria in accordance with IFRS 9.

At the inception of a hedge, the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking various hedging transactions. This process includes linking all financial instruments designated under hedge accounting to specific assets and liabilities or to specific firm commitments or highly probable forecast transactions in order to verify and document hedge relationship between the hedged item and the hedging instrument as required by IFRS 9. For operational cash flow hedging purposes, foreign currency forwards and options are denominated in the same currency as the highly probable forecast transactions resulting in a hedge designation where critical terms of the hedging instrument and the hedged item will coincide. The Group also documents its qualitative prospective assessment at the hedge inception of whether the derivatives used in a hedge relationship are highly effective in offsetting changes in fair value or cash flows of hedged items. Hedge effectiveness will be assessed in accordance with IFRS 9 requirements.

Cash flow hedges

Changes in the fair value of derivatives designated and qualifying as cash flow hedges, and which are effective, are recognised in cash flow hedges reserve within OCI, the movements of which are disclosed in the Consolidated Statement of Comprehensive Income. In case of currency options, the time value of an option is excluded from the hedge designation and only the intrinsic value component of an option is designated as the hedging instrument. The changes in option time value are recognised in cost of hedging reserve within OCI. The cumulative gain or loss of a derivative deferred in equity is transferred to the Consolidated Income Statement and classified as income or expense in the same period in which the hedged item affects the Consolidated Income Statement. Realised results of hedge accounted derivative instruments hedging foreign currency sales transactions or purchases are booked as adjustments to sales or materials and services depending on the nature of the underlying hedged item. In respect of hedges of exposures to foreign currency risk of future transactions resulting in the recognition of non-financial assets, the gains and losses deferred to cash flow hedges reserve within OCI are transferred from equity to be included in the initial acquisition cost of the non-financial asset at the time of recognition. The deferred amounts are ultimately recognised in the Income Statement through depreciation over the lifetime of the non-financial assets. When a hedging instrument expires or is sold, terminated or exercised or no longer meets the hedge accounting criteria under IFRS 9, any cumulative gain or loss deferred in equity at that time remains in equity and is accounted for as an adjustment to income or expense when the committed or forecast transaction is ultimately recognised in the Consolidated Income Statement. However, if the underlying forecasted transaction is no longer expected to occur, the cumulative gain or loss reported in equity from the period when the hedge was effective is immediately recognised in the Consolidated Income Statement.

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
Rental equipment etc	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	3–7 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 term 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.

Leasing
Lease fees are recognized as operating expenses. Information concerning remaining lease fees under lease contracts is disclosed in Note 4.

Note 2 Net sales per segment and category and other income and expenses

Net sales	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Net sales of products	1,621.0	1,731.3	1,331.2	1,398.3
Net sales of services	285.4	192.7	152.7	133.5
Total	**1,906.4**	**1,924.0**	**1,483.9**	**1,531.8**

Other income and expenses	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Gain on sale of fixed assets	0.1	0.1	0.1	0.1
Others	2.5	6.8	0.4	0.4
	2.6	**6.9**	**0.5**	**0.5**

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 (private and public customers). The regions are responsible for the regional sales and reports to the Vice President Consumer and Vice President Public Care.

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 forms the basis of sales by region. No single customer amounts to more than 10% of Net sales. All significant tangible and intangible fixed assets are controlled by the Swedish parent company.

Net sales per region	2018	2017
Nordic	546.5	556.2
West and South Europe and Africa	433.3	444.0
Central- and Eastern Europe	475.8	557.0
UK and Ireland	300.3	250.2
North America	152.9	96.1
Rest of the World	7.5	23.7
Other	-9.9	-3.2
Total	**1,906.4**	**1,924.0**
whereof Sweden	375.8	384.0

Note 3 Intra Group transactions

Of the Parent Company's invoicing SEK 152,8m (179,5) relates to subsidiaries. Invoicing from subsidiaries to the Parent Company amounted to SEK 86,1m (157,7). Invoicing between subsidiaries amounted to SEK 0m (0).

Note 4 Rental and leasing agreementsl

Operational leasing where the Group is lessee

Costs for operational rental and leasing charges during the year amount to SEK 22.7m (18.8) for the group and SEK 10.6m (9.2) for the parent company. Agreed future rental and leasing costs fall due for payment as shown below.

Operational leasing	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Within 1 year	19.3	17.4	8.3	9.4
Within 2 to 5 years	47.2	40.7	28.0	25.5
Later than 5 years	16.0	14.5	8.6	13.9
Total	**82.5**	**72.6**	**44.9**	**48.8**

Financial leasing where the Group is lessee

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

Leasing where the Group is lessor

The Group has 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 addtional 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.

Financial leasing	Group 2018	Group 2017
Within 1 year	5.4	6.4
Within 2 to 5 years	6.9	7.3
Later than 5 years	0.0	0.0
Total	**12.3**	**13.7**

Note 5 Employees

Average number of employees

Number	2018	Of whom men	2017	Of whom men
Parent Company	203	97	93	62
Other companies Sweden	0	0	114	37
Norway	78	44	71	49
United Kingdom	104	44	15	10
France	22	9	26	11
Hong Kong	9	7	9	7
Germany	52	36	51	36
Italy	2	2	2	2
Total	**470**	**239**	**381**	**214**

Salaries and remuneration

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

	Group		Parent Company	
	2018	2017	2018	2017
Salaries and other remuneration	228.2	193.9	99.2	60.6
	228.2	193.9	**99.2**	60.6
Payroll overheads excluding pension costs	60.3	56.3	34.3	22.0
	60.3	**56.3**	**34.3**	**22.0**
Pension costs	22.8	18.9	13.8	11.4
of which premium-based	21.4	18.3	13.8	11.4
	22.8	**18.9**	**13.8**	**11.4**

Gender of senior managers

	2018 total	Women %	2017 total	Women %
Board	7	30	5	40
Group Management	8	22	7	20

Salaries and remuneration including board fee breakdown between board managers, CEO and other employees

	2018		2017	
	Board and CEO	Other employees	Board and CEO	Other employees
Sweden	5.7	94.9	4.9	90.2
Norway	0.0	36.6	0.0	35.1
United Kingdom	0.0	40.2	0.0	8.8
France	0.0	14.6	0.2	19.3
Germany	0.0	29.5	0.0	28.2
Hong Kong	0.0	5.9	0.0	5.5
Italy	0.0	2.9	0.0	3.0
Total	**5.7**	**224.6**	**5.1**	**190.1**

Note 5 Employees, cont.

Management remuneration (SEK k)

The board 2018	Fees	Pension	Other remuneration	Total
Chairman of the Board	450	0	0	450
Other Board members	1,033	0	0	1,033
Total	**1,483**	**0**	**0**	**1,483**

Vice Chairman of the Board Henri Österlund received SEK 300k. Jonas Mårtensson and Lena Hofsberger each received SEK 200k. Karin Moberg, who left the Board at the AGM April 27, 2018, received SEK 67k. Niklas Savander and Josephine Salenstedt who joined the Board on the AGM April 27, 2018 received SEK 133k each.

Senior Executive 2018	Salary	Bonus and variable remuneration	Pension	Other benefits	Total
Robert Puskaric (CEO)	3,700	486	1,166	146	5,498
Other senior executives	10,731	1,195	2,802	441	15,169
Total	**14,431**	**1,681**	**3,968**	**587**	**20,667**

The amounts include salaries and remunerations to employed senior executives. In 2018 the management team has had 8 members. In addition to salaries and remunerations to employed senior executives the Group has paid consultant fees to temporary senior executives amounting to SEK 236k.

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 300k. Jonas Mårtensson, Lena Hofsberger and Karin Moberg received SEK 200k each.

Senior Executive 2017	Salary	Bonus and variable remuneration	Pension	Other benefits	Total
Robert Puskaric (CEO as from 1 februari 2017)	3,406	0	1,031	137	4,574
Jérôme Arnaud (CEO until 31 januari 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 amounts include salaries and remunerations to employed senior excecutives. In 2017, the management team has consisted of 7 persons. In addition to salaries and remunerations to employed senior executives the Group has paid consultant fees to temporary senior executives amounting to SEK 2,445k.

Principles

Fees are paid to the Chairman and other Board members in accordance with decisions made by the AGM. Remuneration to the CEO and other senior executives comprises a basic salary, variable remuneration, other benefits (primarily a company car) and pension premiums. The balance between basic salary and variable remuneration should be in proportion to the executive's responsibilities and authorities Average number of senior executives in the management team in 2018: 8 (7).

Pensions

The retirement age for CEO and other senior executives of the Group is 65 and pensions are usually paid in accordance with the general pension plan plus full remuneration for the entire amount of salaries according to the ITP/ITPK plans. All pension benefits are irrevocable,i.e. not dependent on continued employment. Notice period in accordance with LAS or maximum 12 months. No agreements have been signed concerning pension commitments or the equivalent, more than is mentioned in the periods of notice mentioned above, whether for board members or senior executives. Pension schemes for senior executives are substantially premium-based with premiums of SEK 4.0m (3.6) paid.

Notice

If notice is served by the company or by the CEO himself, the period of notice is one year. The CEO has the right to salary over 12 months during the period of notice. No severance pay will be paid if notice is given by CEO. Other senior executives have agreement of salary during notice between 3 and 9 months.

Nominations and decision-making processes

These procedures are explained in the Directors' Report.

Share-related compensation & Options

At the AGM on April 27, 2018 it was decided to issue maximum 1,000,000 warrants to senior executives and key employees within the Doro Group. The warrants were sold to the participants at market value calulated according to the Black&Scholes model. The valuation of the warrants was carried out by an independent valuer. Each warrant gives the holder the right to buy one Doro AB share during the two-week period following the announcement of the second or the third interim report 2021 to a share price of SEK 63.80. To incentive participation in the warrant program, Doro made a one time bonus payment to the participants that after taxes amounts to each participants full acquisition cost for the warrants. Total cost for the one-time bonus, SEK 7,388k, is recognised over the term of the warrant program. At the starting point, the participants subscripbed 679,932 warrants. During 2018, another 40.000 option were subsribed and 70,000 options were repurchased.

Note 6 Interest and similar items

	Group		Parent Company	
Income	**2018**	**2017**	**2018**	**2017**
Interest income, external	0.2	0.3	0.0	0.0
Interest income, internal	0.0	0.0	5.4	5.4
Exchange rate gain	5.2	4.7	5.1	4.8
Other	0.0	0.2	0.0	0.0
Total	**5.4**	**5.2**	**10.5**	**10.2**
Expenses				
Interest expenses, external	-4.6	-4.9	-4.2	-4.2
Interest expenses, internal	0.0	0.0	-0.6	-1.2
Exchange rate losses	0.0	0.0	0.0	0.0
Other	-0.1	-0.6	-0.1	-2.4
Total	**-4.7**	**-5.5**	**-4.9**	**-7.8**
Financial net	**0.7**	**-0.3**	**5.6**	**2.4**

Note 7 Intangible fixed assets

Group/ Goodwill	**2018**	**2017**
Acquisition value brought forward	**375.3**	**372.1**
Acquisitions	87.9	0.0
Exchange rate difference	2.7	3.2
Closing accumulated cost	**465.9**	**375.3**

Group / Customer register and distribution agreements	**2018**	**2017**
Acquisition value brought forward	**46.2**	**46.0**
Acquisitions	32.2	0.0
Exchange rate difference	0.3	0.2
Closing accumulated acquisition value	**78.7**	**46.2**
Amortisations brought forward	**-34.7**	**-29.0**
Amortisation	-8.2	-5.2
Exchange rate difference	-0.7	-0.5
Closing amortisations	**-43.6**	**-34.7**
Closing residual value	**35.1**	**11.5**

Parent Company / Goodwill	**2018**	2017
Acquisition value brought forward	**224.5**	**19.1**
Investments	0.0	5.4
Merger of subsidiary	0.0	200.0
Closing accumulated acquisition value	**224.5**	**224.5**
Amortisations brought forward	**-25.8**	**-19.1**
Amortisation	-12.5	-6.7
Closing amortisations	**-38.3**	**-25.8**
Closing residual value	**186.2**	**198.7**

Parent company / Customer register	**2018**	2017
Acquisition value brought forward	**22.9**	**14.8**
Merger of subsidiary	0.0	8.1
Closing accumulated acquisition value	**22.9**	**22.9**
Amortisations brought forward	**-16.6**	**-14.8**
Amortisation	-3.0	-1.8
Closing amortisations	**-19.6**	**-16.6**
Closing residual value	**3.3**	**6.3**

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.

Note 7 Intangible fixed assets, cont.

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 13.0% (13.6%) before tax. A change of the discount rate to 14.0% implies no impairment.

Group / Brands	2018	2017
Acquisition value brought forward	**1.9**	**1.8**
Acquisitions	2.4	0.0
Exchange rate difference	-0.1	0.1
Closing accumulated acquisition value	**4.2**	**1.9**
Amortisation brought forward	**-1.9**	**-1.8**
Amortisation	-0.3	0.0
Exchange rate difference	0.1	-0.1
Closing amortisation	**-2.1**	**-1.9**
Closing residual value	**2.1**	**0.0**

Group / Right to lease	2018	2017
Acquisition value brought forward	**1.8**	**1.7**
Exchange rate difference	0.0	0.1
Closing accumulated cost	**1.8**	**1.8**

The Group's capitalised expenditure for development work / IT, SEK m	2018	2017
Acquisition value brought forward	**265.3**	**209.7**
Investments	80.6	58.4
Sales/Disposals/Write-downs	-15.5	-2.8
Closing accumulated acquisition value	**330.4**	**265.3**
Depreciation brought forward	**-187.4**	**-136.4**
Depreciation	-51.0	-53.7
Sales/Disposals/Write-downs	15.4	2.7
Closing depreciation	**-223.0**	**-187.4**
Closing residual value	**107.4**	**77.9**

Parent Company / Capitalized expenditure for development work / IT, SEK m	2018	2017
Acquisition value brought forward	**277.5**	**193.3**
Investments	80.6	58.4
Merger of subsidiary	0.0	27.2
Sales/Disposals/Write-downs	-15.5	-1.4
Closing accumulated acquisition value	**342.6**	**277.5**
Depreciation brought forward	**-199.6**	**-141.3**
Depreciation	-51.0	-53.5
Merger of subsidiary	0.0	-6.2
Sales/Disposals/Write-downs	15.4	1.4
Closing depreciation	**-235.2**	**-199.6**
Closing residual value	**107.4**	**77.9**

Note 8 Tangible fixed assets

	Group		Parent Company	
Equipment and tools, SEK m	2018	2017	2018	2017
Acquisition value brought forward	**42.6**	**33.9**	**38.0**	**14.4**
Acquisitions	18.7	11.8	8.9	9.2
Merger of subsidiary	0.0	0.0	0.0	14.4
Acquisitions	15.6	0.0	0.0	0.0
Sales/Disposals	-0.4	-2.7	0.0	0.0
Exchange rate difference	1.1	-0.4	0.0	0.0
Closing acquisition value	**77.6**	**42.6**	**46.9**	**38.0**
Depreciation according to plan brought forward	**-23.6**	**-20.9**	**-24.0**	**-13.6**
Depreciation	-12.4	-5.3	-5.6	-3.1
Merger of subsidiary	0.0	0.0	0.0	-7.3
Sales/Disposals	0.3	2.7	0.0	0.0
Exchange rate difference	-0.8	-0.1	0.0	0.0
Closing depreciation	**-36.5**	**-23.6**	**-29.6**	**-24.0**
Closing residual value	**41.1**	**19.0**	**17.3**	**14.0**

Note 9 Participation in Group companies

Subsidiary	No. of shares	%	Book value 2018	Book value 2017
Doro AS	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 Trygghetsjour AB	2,500	100	11.3	11.3
Doro Care Nordic AB [2]	–	–	–	0.1
Doro Care Sales UK Limited	1	100	0.0	0.0
Doro Care GmbH	1	100	0.0	2.0
Doro Care AS	242,294	100	31.3	31.3
Greencoat House Ltd [3]	334,448	100	137.1	0.0
– Wealden and eastbourne Lifeline Ltd				
– Halliday James Ltd				
Total			**255.2**	**118.2**

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 Nordic AB has been merged with Doro AB in 2018

3) Greencoat Hose Ltd was acquired in 2018, Greencoats subsidiaries are wholly-owned.

	2018	2017
Opening balance	118.2	309.9
Acquisition	137.1	0.0
Merger of wholly-owned subsidiary	-0.1	-191.7
Closing balance	**255.2**	**118.2**

Subsidiary – Company reg. no	Registered office
Doro AS – 934210719	Fredrikstad, Norway
Doro UK Ltd – 1180330	Chalfont St Peter, UK
Doro SAS – 309 662 195	Versaille, 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	Malmö, Sweden
Doro Deutschland GmbH – HRB75859	Köln, Germany
IVS Industrievertretung Schweiger GmbH – HRB 2040	Amberg, Germany
Doro S.R.L – 08721340969	Milan, Italy
Aldebaran SAS – 504 770 116	Paris, France
Doro Care Trygghetsjour AB - 556569-9740	Malmö, Sweden
Doro Care Sales UK Limited – 7776454	London, UK
Doro Care GmbH – HRB 6783	Taunus, Germany
Doro Care AS – 986616500	Oslo, Norway
Greencoat House Ltd – 08626194	East Sussex, UK
– Wealden and Eastbourne Lifeline Ltd – 08666755	East Sussex, UK
– Halliday James Limited – 05707466	East Sussex, UK

Note 10 Other current receivables and Prepaid expenses and accrued income

	Group		Parent Company	
Other current receivables	**2018**	**2017**	**2018**	**2017**
VAT receivable	10.4	13.4	9.1	16.9
Cash Flow hedges	4.3	4.0	4.3	4.0
Financial lease receivables	5.3	6.4	0.0	2.4
Other current receivables	7.6	4.6	6.8	0.4
Total	**27.7**	**28.4**	**20.2**	**23.7**

	Group		Parent Company	
Prepaid expenses and accrued income	**2018**	**2017**	**2018**	**2017**
Rent	1.4	1.0	0.8	0.7
Insurance premiums	1.7	0.9	0.1	0.2
Exhibition costs	2.1	1.3	2.1	1.3
IT costs	1.4	1.6	1.1	1.6
Licence costs	0.2	3.4	0.0	3.3
Installation expenses	0.0	6.8	0.0	6.8
Contract assets	15.1	3.4	3.4	3.4
Other prepaid expenses	10.0	1.4	7.4	2.4
Summa	**32.0**	**19.8**	**14.9**	**19.7**

Contract assets includes accrued revenue on customer contracts in the service business when the services are invoiced in arrears..

Note 11 Share capital and dividends

	No. of shares	Voting rights	Class
A shares	24,204,568	1 vote per share	Normal

Share capital
24,204,568 shares at a quota value of SEK 1.00 per share = SEK 24,204,568.

New share issue 2018
Doro has during 2018 made a non-cash issue of 449,313 shares as payment to the sellers of the acquired telecare-company Welbeing

Dividend
The board proposes that no dividend is paid for 2018.

Warrant program
At the AGM on April 27, 2018 it was decided to issue maximum 1,000,000 warrants to senior executives and key employees within the Doro Group. The warrants were sold to the participants at market value calulated according to the Black&Scholes model. The valuation of the warrants was carried out by an independent valuer. Each warrant gives the holder the right to buy one Doro AB share during the two-week period following the announcement of the second or the third interim report 2021 to a share price of SEK 63.80. To incentive participation in the warrant program, Doro made a one time bonus payment to the participants that after taxes amounts to each participants full acquisition cost for the warrants. Total cost for the one-time bonus, SEK 7,388k, is recognised over the term of the warrant program. At the starting point, the participants subscripbed 679,932 warrants. During 2018, another 40.000 option were subsribed and 70,000 options were repurchased.

Note 12 Overdraft facilities

	Group		Parent Company	
	2018	**2017**	**2018**	**2017**
Approved credit	0.0	50.0	0.0	50.0
Utilized credit	**0.0**	**0.0**	**0.0**	**0.0**

Note 13 Accrued expenses and prepaid income

	Group		Parent Company	
	2018	2017	2018	2017
Holiday pay liability	19.1	17.7	11.8	10.6
Payroll overheads	9.9	11.2	6.4	7.4
Other staff liabilities	6.3	7.3	0.0	2.0
Accrued Royalty	45.1	35.3	37.0	30.9
Contract liabilities	73.2	56.3	47.8	36.7
Other accrued expenses	58.9	56.3	36.8	31.8
Total	**212.5**	**184.1**	**139.7**	**119.4**

Contract liabilities refers to performance obligations in customer contracts that has been invoiced but not yet delivered and to accrued customer bonuses.

Note 14 Pledged assets for liabilities to credit institutions

	Group		Parent Company	
	2018	2017	2018	2017
Chattel mortgages	0.0	170.0	0.0	170.0
Shares in subsidiary	0.0	0.0	0.0	0.0
Total	**0.0**	**170.0**	**0.0**	**170.0**

Note 15 Contingent liabilities

	Group		Parent Company	
	2018	2017	2018	2017
Guarantees for subsidiary	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**

Doro AB has the ulimate 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 2018 AGM elected Magnus Willfors (PricewaterhouseCoopers AB) to be the auditor of the Parent Company, Doro AB. PwC will carry out the audit of all large entities for the period of one year, except Doro SAS for which EY has the audit assignment.

	Group		Parent Company	
Fees and costs	2018	2017	2018	2017
PwC				
Auditing assignments	1.4	1.1	0.8	0.7
whereof to PricewaterhouseCoopers AB	0.8	0.7	0.8	0.7
Auditing outside the assignment	0.0	0.0	0.0	0.0
whereof to PricewaterhouseCoopers AB	0.0	0.0	0.0	0.0
Tax assignments	0.0	0.0	0.0	0.0
whereof to PricewaterhouseCoopers AB	0.0	0.0	0.0	0.0
Other advisory services by auditors	0.9	0.1	0.9	0.1
whereof to PricewaterhouseCoopers AB	0.9	0.1	0.9	0.1
EY				
Auditing assignments	0.2	0.5	0.0	0.0
Auditing outside the assignment	0.0	0.3	0.0	0.3
Tax assignments	0.0	0.8	0.0	0.7
Other advisory services by auditors	0.0	0.1	0.0	0.0
Total	**2.6**	**2.9**	**1.7**	**1.8**

Note 17 Taxes

Taxes on profit/loss for the year	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Current tax	-34,9	-22,1	-19,7	-7,2
Deferred tax	3,4	-3,1	0,5	-5,9
Total tax on profit/loss for the year	**-31,5**	**-25,2**	**-19,2**	**-13,1**

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

Taxes	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Profit before tax	123,0	91,7	76,2	49,9
Tax at current rate 22,0 %	-27,0	-20,2	-16,8	-11,0
Non-deductible expenses	-1,4	-0,2	-2,4	-2,1
Non-taxable income	0,2	0,3	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	1,4	1,2	0,0	0,0
Change in valuation of temporary differences	0,0	0,0	0,0	0,0
Tax cost/revenue concerning previous year	-3,5	-3,6	0,0	0,0
Adjustment for tax rates in foreign Group company	-1,2	-2,7	0,0	0,0
Reported tax	**-31,5**	**-25,2**	**-19,2**	**-13,1**

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	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Unutilized losses carry forward	7,3	5,9	0,0	0,0
Temporary differences, provisions	4,1	4,3	1,7	1,2
Temporary differences, other	-4,9	-0,7	0,0	0,2
Total reported deferred tax asset	**6,5**	**9,5**	**1,7**	**1,4**

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 76m (79) can be used without a time limit being imposed. The remaining losses are in the United Kingdom and France.

Losses carry forward fall due as follows:	2018	2017
Without limit	76	79
Total	**76**	**79**

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

	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
	17	**14**	**0**	**0**

Gross changes of deferred taxes	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Opening balance	9,5	11,9	1,4	8,1
Tax attributable to the income statement	3,4	-3,1	0,5	-5,9
Tax attributable to other comprehensive income	0,6	0,7	-0,2	0,7
Acquisitions/Merger	-7,0	0,0	0,0	-1,5
Closing balance	**6,5**	**9,5**	**1,7**	**1,4**

Note 18 Acquisitions

On 1 June 2018, Doro acquired the British telecare company Welbeing by purchasing all shares in the parent company of the Welbeing group, Greencoat House Limited. Acquisition expenses had a negative effect on the net profit of SEK 6.7 million. The purchase price was paid partly in cash, SEK 128.9 million, of which SEK 15.2 million related to payment of liabilities to the previous owner, and partly through a directed placement of 449,313 shares, valued at SEK 19.2 million. Goodwill is linked to the strengthened position in the Care area in the United Kingdom, which Welbeing's sales channels provide, and increased know-how in the Care area. At the time of acquisition the company had about 180 employees. In the last full financial year at the time of acquisition, Welbeing had annual sales of GBP 7.6 million.

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

Fair value	SEK m
Intangible assets	34,6
Tangible fixed assets	15,5
Inventories	0,5
Current receivables	27,1
Cash and bank	18,3
Deferred tax liability	-7,0
Long-term liabilities	-0,3
Current liabilities	-28,6
Acquired Net Assets	60,2
Goodwill	87,9
Total purchase consideration	**148,1**
Directed placement	19,1
Cash in company acquired	18,3
The acquisition's impact on the Group's cash flow	**110,7**

Company acquisition impact on Group cash flow

	Group	
	2018	2017
Welbeing	-110.7	0.0
	-110.7	**0.0**

Note 19 Goods for resale

Group	2018	2017
Opening gross stock	**216.7**	**233.6**
Acquisition	0.5	0.0
Change in gross stock	66.1	-18.8
Internal profit in stock	0.0	-0.1
Exchange rate difference	3.0	2.0
Closing gross stock	**286.3**	**216.7**
Opening write-downs of stock	**-19.8**	**-15.7**
Acquisition	0.0	0.0
Change in write-downs of stock	-2.2	-3.9
Exchange rate difference	-0.3	-0.2
Closing write-downs of stock *	**-22.3**	**-19.8**
Net stock in balance sheet	**264.0**	**196.9**

* Acquisition value for the inventory that write-downs of stock of SEK 22.3m (19.8) relates to is based on inventory book value of SEK 72.0m (54.2).

Parent Company	2018	2017
Opening gross stock	**152.2**	**141.3**
Merger of subsidiary	0.0	21.4
Change in gross stock	59.4	-10.5
Closing gross stock	**211.6**	**152.2**
Opening write-downs of stock	**-12.9**	**-10.8**
Merger of subsidiary	0.0	-1.3
Change in write-downs of stock	-3.2	-0.8
Closing write-downs of stock *	**-16.1**	**-12.9**
Net stock in balance sheet	**195.5**	**139.3**

*Acquisition value for the inventory reserve of SEK 16.1m (12.9) is based on inventory book value of SEK 71.9m (51.8).

Note 20 Provision for guarantees

	Group		Parent Company	
	2018	2017	2018	2017
Opening balance	**51.5**	**58.1**	**42.8**	**49.9**
Acquisition	0.0	0.0	0.0	0.0
Amount released	-67.2	-73.9	-58.2	-65.6
New provisions	61.5	67.0	54.0	58.5
Exchange rate difference	0.3	0.3	0.0	0.0
Closing balance	**46.1**	**51.5**	**38.6**	**42.8**

Note 21 Pension provisions

The Group	2018	2017
Opening balance	**2.6**	**2.2**
Amount released	0.0	0.0
New provisions	0.4	0.4
Exchange rate difference	0.2	0.0
Closing balance	**3.2**	**2.6**

Note 22 Other provisions

	Group		Parent Company	
	2018	2017	2018	2017
Opening balance	**16.6**	**32.6**	**15.8**	**25.0**
Amount released	-17.3	-34.0	-16.9	-26.4
New provisions	41.7	17.9	40.5	17.2
Reversed amounts	0.0	0.0	0.0	0.0
Exchange rate difference	0.0	0.1	0.0	0.0
Closing balance	**41.0**	**16.6**	**39.4**	**15.8**

	2018	2017	2018	2017
Additional royalty costs	33.8	15.8	33.8	15.8
Other provisions	7.2	0.8	5.6	0.0
Closing balance	**41.0**	**16.6**	**39.4**	**15.8**

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.

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 2018 there there were no short-term investments carried out.

Accounts receivable amounted to SEK 332.9m (360.4) and leasing receivables amounts to SEK 12.3m (13.7). 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 percent of Group sales. In most countries Doro operates without credit insurance.

	Group	
Age analysis of accounts receivable	**2018**	**2017**
Not yet due	273.4	309.2
Due for payment < 60 days	55.6	51.4
Due for payment > 60 days	20.6	6.2
Total accounts receivable	**349.6**	**366.8**
Expected bad debt losses	-16.7	-6.4
Accounts receivable in the financial statements	**332.9**	**360.4**

	Group	
Impaired accounts receivable	**2018**	**2017**
Opening balance	**-6.4**	**-9.2**
Through Aquisitions	0.0	0.0
Expected bad debt losses	-10.0	-3.5
Confirmed bad debt losses	-0.4	5.3
Translation differences	-0.1	0.0
Amount reversed	0.2	1.0
Closing balance	**-16.7**	**-6.4**

Other receivables

Other receivables including financial lease receivables are not yet due.

LIQUIDITY RISK

At December 31, 2018, the Group had SEK 240.0 m (165.0) in interest-bearing liabilities, including finacial lease agreements for alarm devices within Doro Care, amounting to SEK 0.0m (2.4). In May 2018 a new Revolving Facility Agreement was signed, amounting to SEK 450m.

At December 31, 2018, Group liquidity amounted to SEK 134.2m (57.1). Previous year the Group also had an untilized bank overdraft facility of SEK 50.0m. At December 31, 2018, the Group had no bank overdraft facility due to the on-going change of banks from Handelsbanken to SEB.

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 20m.

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 as Doro has sales and purchases in various currencies. Goods are primarily purchased in USD, while sales are commonly in EUR, GBP and the Nordic currencies. In accordance with the treasury policy, forecasted net 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 at each point in time. Foreign exchange management is centralised at the finance department of Doro AB, which buys and sells currencies under the treasury policy. Doro applies hed accounting in accordance with IFRS. See Note 1 Accounting principles for further information.

Note 23 Risk Management and Financial Instruments, cont.

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

	Before hedging 2018	After hedging 2018	Sensitivity at 5% weaker SEK	Before hedging 2017	After hedging 2017	Sensitivity at 5% weaker SEK
NOK	7.2	7.2	0.4	19.2	19.2	1.0
EUR	197.5	-8.8	-0.4	278.6	55.4	2.8
GBP	62.3	0.4	0.0	75.0	8.6	0.4
USD	-268.9	-74.5	-3.7	-305.4	-48.4	-2.4

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 2.6m at December 31, 2018, whereof SEK -0.1m 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 308m (256). The breakdown by currency is shown in the table below.

Value of foreign assets	2018	2017
USD	12	9
NOK	16	13
EUR	198	197
GBP	76	31
HKD	7	6
Total	**308**	**256**

INTEREST RATE RISK

Interest rate risk is the risk that the Group's net interest result declines due to rising market interest levels. Doros existing debt portfolio is entirely denominated in SEK and with floating interest rate condition. Average rate of interest during 2018 amounts to 1.6%. If the interest rate would increase by 1 p.p. Doro's financial net would deteriorate by 2 SEKm based on the debt position at December 31, 2018.

Term analysis for derivatives and financial liabilities as per December 31, 2018

Group, SEK m	Currency	0–3 months	3 months–1 year	1–3 years	3 years or more	Total
Bank loan	SEK			240.0		240.0
Futures	EUR	-2.8	-0.3			-3.1
Futures	USD	1.3	0.4			1.7
Futures	GBP	-0.8	-0.4			-1.2
Accounts payable		216.8				216.8
Total		**214.5**	**-0.3**	**240.0**	-	**454.2**

Note 23 Risk Management and Financial Instruments, cont.

	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Carrying amount	Fair v alue
Group 2018					
Accounts receivable			332.9	332.9	332.9
Leasing receivable			12.3	12.3	12.3
Other receivable			1.0	1.0	1.0
Derivatives (hedge accounting)		1.0		1.0	1.0
Derivatives (non-hedge accouting)	3.2			3.2	3.2
Assets	**3.2**	**1.0**	**346.2**	**350.4**	**350.4**
Derivatives (hedge accounting)		1.1		1.1	1.1
Liabilities to credit institutions			240.0	240.0	240.0
Accounts payable			216.8	216.8	216.8
Derivatives (non-hedge accouting)	0.5			0.5	0.5
Other liabilities			205.0	205.0	205.0
Liabilities	**0.5**	**1.1**	**661.8**	**663.4**	**663.4**
Group 2017					
Accounts receivable			360.4	360.4	360.4
Leasing receivable			13.8	13.8	13.8
Other receivable			4.5	4.5	4.5
Derivatives (hedge accounting)		4.0		4.0	4.0
Derivatives (non-hedge accouting)	0.0			0.0	0.0
Assets	**0.0**	**4.0**	**378.7**	**382.7**	**382.7**
Derivatives (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
Derivatives (non-hedge accouting)	0.5			0.5	0.5
Other liabilities			186.7	186.7	186.7
Liabilities	**0.5**	**7.6**	**507.9**	**516.0**	**516.0**

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.

	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Carrying amount	Fair v alue
Parent Company 2018					
Accounts receivable			236.9	236.9	236.9
Leasing receivable			0.0	0.0	0.0
Receivables from Group companies			266.5	266.5	266.5
Other receivables			6.8	6.8	6.8
Derivatives (hedge accounting)		1.0		1.0	1.0
Derivatives (non-hedge accouting)	3.2			3.2	3.2
Assets	**3.2**	**1.0**	**510.2**	**514.4**	**514.4**
Derivatives (hedge accounting)		1.1		1.1	1.1
Derivatives (non-hedge accouting)	0.5			0.5	0.5
Liabilities to credit institutions			240.0	240.0	240.0
Accounts payable			172.1	172.1	172.1
Receivables from Group companies			291.4	291.4	291.4
Other liabilities			139.7	139.7	139.7
Liabilities	**0.5**	**1.1**	**843.2**	**844.3**	**844.3**
Parent Company 2017					
Accounts receivable			267.1	267.1	267.1
Leasing receivable			2.4	2.4	2.4
Receivables from Group companies			210.2	210.2	210.2
Other receivables			0.4	0.4	0.4
Derivatives (hedge accounting)		4.0		4.0	4.0
Derivatives (non-hedge accouting)	0.0			0.0	0.0
Assets	**0.0**	**4.0**	**480.1**	**484.1**	**484.1**
Derivatives (hedge accounting)		7.6		7.6	7.6
Derivatives (non-hedge accouting)	0.5			0.5	0.5
Liabilities to credit institutions			160.0	160.0	160.0
Accounts payable			125.5	125.5	125.5
Receivables from Group companies			228.2	228.2	228.2
Other liabilities			119.4	119.4	119.4
Liabilities	**0.5**	**7.6**	**633.1**	**640.7**	**640.7**

Note 24 Liabilities to credit institutes

	Group		Parent Company	
Long-term	**2018**	**2017**	**2018**	**2017**
Bank loans	240.0	100.0	240.0	100.0
Total	**240.0**	**100.0**	**240.0**	**100.0**
Short-term				
Bank loans	0.0	60.0	0.0	60.0
Financial leasing liability	0.0	2.4	0.0	2.4
Total	**0.0**	**62.4**	**0.0**	**62.4**
Total liabilities to credit institutes	**240.0**	**162.4**	**240.0**	**162.4**

The bank loans accrue interest of 1,0 percent + STIBOR (however not lower than 1,0%). All liabilities to credit institutions are denominated in Swedish kronor.

	Group		Parent Company	
Maturity dates of long-term liabilities	**2018**	**2017**	**2018**	**2017**
1–2 years	0.0	100.0	0.0	100.0
2–5 years	240.0	0.0	240.0	0.0
More than 5 years	0.0	0.0	0.0	0.0
Total	**240.0**	**100.0**	**240.0**	**100.0**

Note 25 Related Party Transactions

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

Note 26 Significant events after year-end

No significant events have occurred after year-end.

Note 27 Net debt changes

	Other assets			Liabilities related to financing activities				
	Cash and bank/ bank overdraft	Financial leases due within 1 year	Financial leases due after 1 year	Financial l eases 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	Total
Net Debt December 31, 2017	**-57.1**	**-2.4**	**0.0**	**0.0**	**2.4**	**60.0**	**100.0**	**102.9**
Cash flow	-75.2	2.4			-2.4	-60.0	140.0	4.8
Exchange rate differences	-1.9							-1.9
Other items not in cash flow								0.0
Net Debt December 31, 2018	**-134.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**240.0**	**105.8**

Note 28 Use of non-international financial reporting standards ("IFRS") measure

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 costs of sales of goods and services 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.
Number of subscribers	Number of subscribers connected to the alarm receiving center.	The mearsure shows the volume of customers in the alarm receiving center.
Leverage ratio	Interest bearing liabitlities divided by Equity.	The mearsure 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	2018	2017
Capital employed		
Total assets	1,464.4	1,177.3
Non interest-bearing liabilities	537.5	428.6
Cash and bank	134.2	57.1
Reported Capital employed	**792.7**	**691.6**
Leverage ratio		
Interest bearing liabilities	243.2	165.0
Equity	683.7	583.7
Reported leverage ratio	**0.36**	**0.28**
Capital turnover rate		
Net sales	1,906.4	1,924.0
Average total assets	1,320.9	1,232.6
Reported capital turnover rate	**1.4**	**1.6**

Note 29 Subdivision of income statement by cost type

With effect from January 1. 2018. Doro is changing from subdivision of income statement by cost type to subdivision of income statement by function. The reason for the change is that Doro is governed on the basis of a functional organisation. so that a subdivision of income statement by function gives clearer information about the Group's development.

The Group

SEK m	2018	2017
Revenue		
Net sales	1.906.4	1.924.0
Other revenue	11.3	34.4
Operating cost		
Merchandise	-1.057.0	-1.182.1
Other external costs	-339.2	-343.1
Personnel costs	-323.7	-277.0
Depreciation and impairment of property. plant and equipment	-12.4	-5.3
Depreciation and impairment of intangible assets	-59.5	-58.9
Other expenses	-3.6	0.0
Operating profit/loss	**122.3**	**92.0**
Profit/loss from financial items		
Interest income and similar profit/loss items	5.4	5.2
Interest costs and similar profit/loss items	-4.7	-5.5
Profit/loss after financial items	**123.0**	**91.7**
Tax on profit/loss for the year	-31.5	-25.2
Profit/loss for the year	**91.5**	**66.5**

Parent Company

SEK m	2018	2017
Revenue		
Net sales	1,483.9	1,531.8
Other revenue	8.2	24.1
Operating cost		
Merchandise	-870.2	-971.0
Other external costs	-316.4	-376.5
Personnel costs	-157.6	-97.2
Depreciation and impairment of property. plant and equipment	-5.6	-3.1
Depreciation and impairment of intangible assets	-66.6	-62.0
Other expenses	-5.1	0.0
Operating profit/loss	**70.6**	**46.1**
Profit/loss from financial items		
Interest income and similar profit/loss items	10.5	10.2
Interest costs and similar profit/loss items	-4.9	-7.8
Profit/loss after financial items	**76.2**	**48.5**
Group contributions received	0.0	1.4
Tax on profit/loss for the year	-19.2	-13.1
Profit/loss for the year	**57.0**	**36.8**

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.

Malmö, March 29 2019

Johan Andsjö
Chairman of the Board

Henri Österlund
Vice-Chairman of the Board

Lena Hofsberger
Board member

Josephine Salenstedt
Board member

Jonas Mårtensson
Board member

Niklas Savander
Board member

Mona Kristensson
Employee representative

Robert Puskaric
CEO

Our auditor´s report was submitted on March 29 2019
PricewaterhouseCoopers AB

Magnus Willfors
Authorized Public Accountant
Auditor-in-charge

Johan Rönnbäck
Authorized Public Accountant

AUDITOR'S REPORT

To the annual general meeting of Doro AB (publ), corp. reg. no. 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 2018 except for the corporate governance statement on pages 27-32. The annual accounts and consolidated accounts of the company are included on pages 33-68 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 2018 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 2018 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 27-32. 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 my (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.

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	How our audit addressed the Key audit matter
Valuation of intangible assets **REFER TO NOTE 1 AND NOTE 7 IN THE ANNUAL REPORT.** The value of Goodwill with indefinite economic use amounted, as of 31 December 2018, to 465,9 MSEK. In accordance with IFRS, management shall annually perform an impairment test. No impairment requirement was identified in conjunction with the testing undertaken by management. 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.	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. 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 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 1-26 and 72-74. 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 2018 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 27-32 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 2018 and has been the company's auditor since the 27 April 2017.

Malmö 29 March 2019
PricewaterhouseCoopers AB

Magnus Willfors
Authorised Public Accountant
Chief auditor

Johan Rönnbäck
Authorised Public Accountant

QUARTERLY SUMMARY

SEK m	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4
Quarterly profit trend								
Net sales	420	424	509	554	452	446	465	560
Operating costs	-395	-398	-476	-516	-435	-427	-443	-526
Operating profit before depreciation (EBITDA)	**39**	**44**	**54**	**57**	**31**	**34**	**38**	**53**
Operating profit after depreciation (EBIT)	**25**	**26**	**33**	**38**	**17**	**19**	**22**	**34**
Finance net	0	3	0	-3	0	0	0	-1
Profit/loss before tax	**25**	**29**	**33**	**35**	**18**	**19**	**21**	**33**
Income tax	-6	-9	-7	-10	-5	-4	-6	-10
Profit/loss for the year	**19**	**21**	**26**	**26**	**13**	**15**	**16**	**23**
Quarterly balance sheet for the Group								
Intangible assets	482	605	609	612	464	463	464	466
Tangible assets	21	39	42	41	15	17	18	19
Financial assets	9	9	8	8	7	7	7	8
Deferred Tax Asset	10	9	4	7	13	12	12	10
Inventories	215	243	268	264	232	279	259	197
Current receivables	332	376	395	399	363	378	383	420
Cash and bank balances	29	91	99	134	36	58	64	57
Total assets	**1,097**	**1,372**	**1,425**	**1,464**	**1,129**	**1,213**	**1,207**	**1,177**
Shareholders' equity	602	643	666	684	531	541	557	584
Long -term Liabilities	63	285	282	284	150	165	165	119
Current Liabilities	433	444	477	496	448	507	485	474
Total shareholders' equity and liabilities	**1,097**	**1,372**	**1,425**	**1,464**	**1,129**	**1,213**	**1,207**	**1,177**
Quarterly cash flow								
Operating profit/loss	39	44	54	57	31	34	38	53
Other non cash flow items	-2	-7	1	-2	4	5	-1	-4
Taxes	-1	-6	-4	-4	-7	-4	-1	2
Change in working capital	19	16	7	11	14	-21	-11	-12
Cash flow from current activities	**55**	**47**	**57**	**63**	**42**	**14**	**25**	**39**
Investments	-22	-135	-26	-27	-16	-15	-18	-21
Cash flow from investment activities	**-22**	**-135**	**-26**	**-27**	**-16**	**-15**	**-18**	**-21**
Dividend/ Premium for Warrant Program	-13	-6	0	0	0	-23	0	0
New share issue and premium for warrant program	0	0	2	0	-1	21	0	0
Change in interest-bearing liabilities	-50	155	-25	0	-50	25	0	-25
Cash flow from financial activities	**-63**	**149**	**-23**	**0**	**-51**	**23**	**0**	**-25**
Translation differences and other	2	1	-1	-1	0	0	0	0
Liquid assets (change in liquid funds)	**-28**	**62**	**8**	**36**	**-25**	**22**	**7**	**-7**

FIVE-YEAR SUMMARY

SEKm	2018	2017	2016	2015	2014
Income statement					
Income	**1,906.4**	1,924.0	1,959.1	1,838.0	1,276.2
Operating profit/loss before depreciation and write-downs, EBITDA	**194.3**	156.2	121.5	139.2	122.6
Operating profit/loss after depreciation and write-downs, EBIT	**122.3**	92.0	47.7	95.2	79.7
Net financial items	**0.7**	-0.3	-8.3	-10.8	-0.4
Profit/loss before tax	**123.0**	91.7	39.4	84.4	79.3
Balance sheet					
Fixed assets	**667.5**	502.8	496.2	481.4	222.3
Current assets	**662.7**	617.4	730.7	673.8	552.2
Cash and bank balances	**134.2**	57.1	61.0	43.9	78.2
Shareholders' equity	**683.7**	583.7	520.0	482.0	334.8
Long-term liabilities	**284.2**	119.2	197.1	170.3	59.6
Current liabilities	**496.5**	474.4	570.8	546.6	458.3
Balance sheet total	**1,464.4**	1,177.3	1,287.9	1,198.9	852.7

KEY FIGURES (Definitions on page 74)

Return ratios					
Average return on capital employed, %	**16.1**	13.5	7.5	17.2	32.8
Average return on shareholders' equity, %	**14.4**	12.1	6.2	15.6	18.7
Eranings per share, after taxes paid, SEK	**0.0**	0.0	1.3	2.9	2.9
Cash Conversion Rate	**181**	130	129.3	90	26
Margins					
Operating margin, EBITDA, %	**10.2**	8.1	6.2	7.6	9.6
Operating margin, EBIT, %	**6.4**	4.8	2.4	5.2	6.2
Net margin, %	**6.5**	4.8	2.0	4.6	6.2
Capital turnover					
Capital turnover rate (multiple)	**1.4**	1.6	1.6	1.8	1.6
Financial data					
Equity/assets ratio, %	**46.7**	49.6	40.4	40.2	39.3
Cash flow from current activities	**221.8**	119.5	61.7	85.7	22.5
Number of employees	**685.0**	458.0	500.0	358.0	172.0
Liquid assets (incl. unused credit)	**134.2**	107.1	111.0	89.8	86.7
Investments	**210.0**	70.2	96.4	220.7	51.2

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.

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

Net debt/equity ratio
Interest-bearing liabilities minus cash position as a percentage of shareholders' equity.

Net 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.

Design and production: NARVA