

**+11.1%**

Net sales

**5.0%**

EBIT margin

**Increased sales and improved underlying result****October – December 2019**

- Net sales were SEK 615.8 million (554.1), an increase of 11.1 percent.
- Net sales for the category Services were SEK 106.8 million (86.2), an increase of 23.9 percent. Net sales for the category Products were SEK 509.0 million (467.9), an increase of 8.8 percent.
- Gross margin decreased to 29.5 percent (32.6). For Services, the gross margin was 44.8 percent (49.8) and for Products the gross margin was 26.3 percent (29.4).
- Operating profit (EBIT) amounted to SEK 41.5 million, excluding restructuring costs and write-downs of SEK 10.6 million, corresponding to an operating margin of 6.7 percent. Including restructuring costs and write-downs, EBIT amounted to SEK 30.9 million (38.0) with an operating margin of 5.0 percent (6.9).
- Profit after tax for the period was SEK 20.8 million (25.6).
- Profit per share was SEK 0.87 (1.08).
- Free cash flow before acquisitions was SEK 58.7 million (36.1).

**January – December 2019**

- Net sales were SEK 2,063.0 million (1,906.4), an increase of 8.2 percent.
- Net sales for the category Services were SEK 374.5 million (285.4), an increase of 31.2 percent. Net sales for the category Products were SEK 1,688.5 million (1,621.0), an increase of 4.2 percent.
- Gross margin decreased to 31.5 percent (33.4). For Services, the gross margin was 45.2 percent (47.4) and for Products the gross margin was 28.5 percent (31.0).
- Operating profit (EBIT) was SEK 131.4 million, excluding restructuring costs and write-downs of SEK 19.3 million, corresponding to an operating margin of 6.4 percent. Including restructuring costs and write-downs, EBIT amounted to SEK 112.1 million (122.3) with an operating margin of 5.4 percent (6.4).
- Profit after tax for the period was SEK 77.9 million (91.5).
- Profit per share was SEK 3.28 (3.86).
- Free cash flow before acquisitions was SEK 118.7 million (122.5).

**THE DORO GROUP**  
(SEK million)

	2019 Oct–Dec	2018 Oct–Dec	2019 Jan– Dec	2018 Jan– Dec
Net sales	615.8	554.1	2,063.0	1,906.4
Sales growth, %	11.1	-1.1	8.2	-0.9
EBITDA	61.1	57.4	209.3	194.3
EBITDA margin, %	9.9	10.4	10.1	10.2
EBITA	33.3	40.0	122.9	130.8
EBITA margin, %	5.4	7.2	6.0	6.9
EBIT	30.9	38.0	112.1	122.3
EBIT margin, %	5.0	6.9	5.4	6.4
Profit after tax	20.8	25.6	77.9	91.5
Profit per share	0.87	1.08	3.28	3.86
Equity/assets ratio, %	46.6	46.7	46.6	46.7



**Good sales and profit which exceeds previous year**

**Stable growth in the Services category**

**Focus our expansion and growth within our Care offering**

## Message from the CEO

*The fourth quarter continued in a positive fashion in many areas, just as in previous quarters. We have experienced good sales growth, during both the quarter and the year as a whole, and we have achieved a profit which exceeds that of the previous year, adjusted for non-recurring items.*

There was stable growth in the Services category, mainly as a result of the acquisition of Centra Pulse and Connect. Centra has a slightly lower level of profitability, which had a negative impact on the gross margin in the Service business. We are working to develop a more efficient organisation in the long term to strengthen the gross margin. We are already seeing some improvement compared with the third quarter and I can generally report a good quarter for Services.

Products developed well, both during the quarter and over the year as a whole, with growth on most markets, despite competition remaining tough. As a result, we have increased our market share and consolidated our position as market leader in mobile phones for seniors. I believe we have a strong offering and a great understanding of the needs of our customers and consumers.

The gross margin decreased during the quarter primarily as a result of currency effects and increased logistics costs. To meet customer demand for our products, we have had to use a higher proportion of air freight than anticipated, which has driven costs.

Our own experience and research both show that technology enabled care helps to strengthen the independence of those receiving care, while at the same time improving the work environment and resource-efficiency of service providers.

Technology enabled care meets the need to provide a safe, active and meaningful everyday life for more seniors, while also overcoming the challenges facing society in terms of increased costs and a shortage of healthcare professionals. The national guidelines for Sweden's municipalities, where personal night-time monitoring has been replaced with digital services such as Doro Visit, are a good example.

This development provides the focus for our expansion and growth within our Care offering, with the aim of becoming Europe's leading provider of technology enabled care. Together with the municipalities and regions, we will drive forward digitalisation and development.

Focusing more strongly on developing products and services for the public sector means writing off parts of the Smartcare project linked to a specific consumer offering.

To help us build an even stronger Doro, we will utilise the strength of the entire group in order to maintain a good level of income, make maximum use of our innovative strength, keep a continued focus on efficiency and, not least, ensure that we exercise leadership at all times that enables a high rate of change. 2020 will be an exciting year, as we continue to strengthen in technology enabled care to take Doro to the next level.

**Carl-Johan Zetterberg Boudrie, President and CEO**

**Sales per quarter and R12, SEK million**



**EBIT per quarter and R12, SEK million**



**Net sales increased by 11.1%**

**Strong increase in sales on most markets**

**Operating profit was SEK 415 million, excl. restructuring costs and write-downs of SEK 10.6 million**

## Group financial summary, fourth quarter 2019

### Sales

Doro's net sales for the fourth quarter amounted to SEK 615.8 million (554.1), an increase of 11.1 percent compared with the fourth quarter of 2018. Adjusted for currency effects, the increase was 7.4 percent.

New orders during the fourth quarter decreased by 5.0 per cent to SEK 513.3 million (540.2). The value of the order book was SEK 415.1 million (396.1) at the end of the quarter.

Sales in the Products category increased by 8.8 percent and sales in the Services category increased by 23.9 percent compared with the fourth quarter of 2018. Organic sales growth in Services was 3.9 percent.

Sales increased in the Nordics by 17.0 percent and in the Western and Southern Europe and Africa region by 6.7 percent. Sales in the United Kingdom and Ireland increased by 39.6 percent compared with the fourth quarter of 2018, partly as a result of the acquisition of Centra Pulse & Connect. Sales in North America increased by 31.0 percent. In the Central and Eastern Europe region, sales decreased by 9.6 percent.

### Profit

The gross margin decreased compared with the fourth quarter of 2018 and totalled 29.5 percent (32.6).

EBITDA for the fourth quarter increased by 6.4 percent to SEK 61.1 million (57.4), which corresponds to an EBITDA margin of 9.9 percent (10.4). The increase in EBITDA is explained by the new accounting standard IFRS 16 Leasing being applied from 1 January 2019, which increased EBITDA in the quarter by SEK 5.3 million.

EBITA decreased to SEK 33.3 million (40.0). Planned depreciation of intangible assets from company acquisitions was SEK -2.4 million (-2.0) during the quarter, resulting in an operating profit (EBIT) of SEK 30.9 million (38.0) and an EBIT margin of 5.0 percent (6.9). Operating profit excluding restructuring costs and write-downs totalled SEK 41.5 million.

Profit is reduced by write-downs of SEK 8.2 million, the majority of which are linked to development costs for the consumer element of Smartcare which is not relevant for Doro's offering within Care.

Net financial items for the fourth quarter totalled SEK -0.5 million (-2.8) including revaluation of financial instruments in foreign currency.

Group tax for the quarter was SEK -9.6 million (-9.6).

Profit after tax for the period was SEK 20.8 million (25.6).

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



### Cash flow from operating activities, SEK million



### Cash flow, investments and financial position

Cash flow from operating activities during the fourth quarter was SEK 99.8 million (62.9). The increase was mainly due to a positive change in working capital compared with the fourth quarter of 2018. Free cash flow, after investments but before operating acquisitions, amounted to SEK 58.7 million (36.1). Investments during the period amounted to SEK 43.2 million (26.8).

Cash and cash equivalents totalled SEK 198.5 million (134.2) at the end of the fourth quarter. At the same time, the equity ratio was 46.6 percent (46.7).

Net debt amounted to SEK 84.1 million at the end of the fourth quarter, compared with SEK 142.4 million at the end of the previous quarter and SEK 105.8 million at the end of the fourth quarter of 2018. Compared with the fourth quarter of 2018, net debt is affected by Doro applying IFRS 16 Leasing with effect from 1 January 2019. This means that an additional financial leasing liability of SEK 62.6 million was reported compared with the previous year.

### Significant events during the period

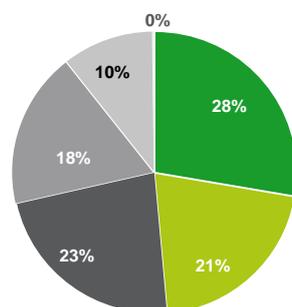
No significant events have occurred during the quarter.

### Significant events after the period

#### *New CFO*

Linda Nilsson was appointed CFO and member of the group management team at the beginning of January. She will take up her position on 23 March.

**Sales by market, R12,  
January 2019 – December  
2019**



■ Nordics

■ Western and Southern Europe and Africa

■ Central and Eastern Europe

■ United Kingdom and Ireland

■ North America

■ Rest of the World

## Net sales by market, fourth quarter 2019

### NET SALES BY MARKET

Doro Group (SEK million)

	2019 Oct– Dec	Growth %	2018 Oct– Dec	2019 Jan– Dec	2018 Jan– Dec
Nordics	168.9	17.0%	144.3	573.4	546.5
Western and Southern Europe and Africa	125.0	6.7%	117.1	432.4	433.3
Central and Eastern Europe	137.5	-9.6%	152.0	473.4	475.8
United Kingdom and Ireland	122.9	39.6%	88.0	371.6	300.3
North America	60.5	31.0%	46.2	215.6	152.9
Rest of the world	0.0		2.0	4.3	7.5
Other	1.0		4.5	-7.7	-9.9
<b>Total</b>	<b>615.8</b>	<b>11.1%</b>	<b>554.1</b>	<b>2,063.0</b>	<b>1,906.4</b>

#### Nordics

Sales in the Nordics increased by 17.0 percent compared with the fourth quarter of 2018. The increase in sales comes mainly from the sale of our updated mobile phone offering to retailers and operators. Despite extremely difficult conditions on the Nordic mobile phone market, Doro is increasing its market share. More subscriptions and new contracts in Sweden and Norway also contributed to increased sales during the quarter. At the same time, we are seeing increased price competition, particularly on the Norwegian market.

#### Western and Southern Europe and Africa

Sales increased by 6.7 percent in the Western and Southern Europe and Africa region. The mobile phone market in the region is subject to fierce competition, with traditional mobile phone operators also now entering the senior segment. Despite the current market situation, Doro has grown its sales very well, gaining market share in France, which is our largest market in the region.

#### Central and Eastern Europe

Sales during the fourth quarter decreased by 9.6 per cent. Sales have increased in Eastern Europe, while retail sales have decreased in Germany in particular, due to a weak electronics market within several product segment. A new organisation has been established in Eastern Europe during the year, which has contributed to the positive sales growth.

#### United Kingdom and Ireland

Sales recovered strongly in the fourth quarter following a very weak third quarter and increased by 39.6 percent compared with the fourth quarter of 2018. Earlier certificate problems have now been resolved and the company's new phones have been well received by operators and retailers. Sales also increased in Services, partly due to the acquisition of Centra Pulse and Connect, which was consolidated in September, but also through organic growth.

#### North America

The strong growth in North America continued, with sales increasing by 31.0 percent during the quarter. Sales are being driven by demand for the Doro 7050, a smart 4G feature phone.

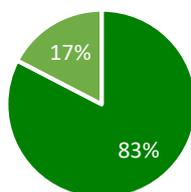
#### Rest of the world

Net sales in the rest of the world were SEK 0.0 million (2.0).

#### Other

During the fourth quarter, income and income adjustments that were not connected to any specific region totalled SEK 1.0 million (4.5).

Sales by category October  
– December 2019



- Products
- Services

## Net sales and gross margin by category, fourth quarter 2019

### NET SALES BY CATEGORY

Doro Group (SEK million)	2019 Oct–Dec	Growth %	2018 Oct–Dec	2019 Jan–Dec	2018 Jan–Dec
Products	509.0	8.8	467.9	1,688.5	1,621.0
Gross margin, %	26.3		29.4	28.5	31.0
Services	106.8	23.9	86.2	374.5	285.4
Gross margin, %	44.8		49.8	45.2	47.4
<b>Total</b>	<b>615.8</b>	<b>11.1</b>	<b>554.1</b>	<b>2,063.0</b>	<b>1,906.4</b>
<b>Gross margin, %</b>	<b>29.5</b>		<b>32.6</b>	<b>31.5</b>	<b>33.4</b>

### Products

Sales of products increased by 8.8 percent compared with the fourth quarter of 2018. Sales were driven primarily by high levels of sales to operators, retailers and distributors of the new mobile phones that were launched during the third quarter. Within the senior telephone segment, Doro grew faster than the market and gained market share on most markets, despite competition remaining tough. Gross margin weakened to 26.3 percent (29.4). Logistics costs have remained high, primarily as a result of demand being greater than expected, which has driven a higher proportion of air freight than anticipated. There is a risk that the high cost pressure within logistics will continue into future quarters, although the main focus is on reaching a point in the long term where the cost curve for logistics is declining. Gross margin has also been negatively impacted by currency effects as a result of USD strengthening against EUR and GBP.

### Services

Sales of services increased by 23.9 percent compared with the fourth quarter of 2018. This increase is mainly related to the acquisition of Centra Pulse and Connect, which was completed in the third quarter. Organic growth during the quarter totalled 3.9 percent. This upturn is the result of a number of new public contracts for security alarm services in Norway and Sweden in particular. The number of subscriptions was 312,000 (200,000) at the end of the quarter. Gross margin decreased to 44.8 percent (49.8), primarily because of lower profitability at Centra Pulse and Connect than in Doro's other operations. In order to strengthen margins and also exploit synergies from the acquisitions completed, work is under way to review working methods at the emergency call centres and to make the organisation more efficient in the long term. We saw an improved gross margin during the fourth quarter compared to third quarter 2019.

### **Equity and the Doro share**

Doro's share is listed on Nasdaq Stockholm, Small Cap, in the segment Telecom/IT. On 31 December 2019, the number of issued shares was 24,204,568, of which Doro AB holds 439,030 Doro shares. Total equity amounted to SEK 781.8 million (683.7).

### **Related party transactions**

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

### **Personnel**

On 31 December 2019, Doro had 988 (685) employees, corresponding to 712 (534) full-time equivalents. Of these employees, 369 (361) are based in the Nordic region, 50 (55) in Central and Eastern Europe, 24 (25) in Western and Southern Europe and Africa, 535 (235) in the United Kingdom and Ireland and 10 (9) in the Rest of the world.

### **Risks**

Risks and uncertainties are primarily related to the ability to continuously develop competitive products, disruptions to deliveries, customer relations, exchange rate fluctuations, loan financing and the public procurement process. Other than these risks and uncertainties, which are described in more detail on pages 34 and 35 of the annual report, no other significant risks have been identified during the period.

### **Parent company**

The parent company's net sales during the fourth quarter totalled SEK 488.7 million (438.3). Profit after tax amounted to SEK 16.8 million (33.2).

### **Accounting principles**

This interim report has been prepared for the group in accordance with IAS 34, "Interim Financial Reporting" and for the parent company in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, "Accounting for legal entities". The accounting principles and calculation methods used correspond to those that were used to prepare the most recent annual report, except that the group applies IFRS 16 Leasing with effect from 1 January 2019, see note 1.

### **Seasonal variations**

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

### **Dividend**

The proposal for a dividend for 2019 is submitted at the latest in the notice of the AGM.

The report for the first quarter of 2020 will be published on 24 April 2020

This report will be presented via a webcast on 13 February at 9.00 am

### Report dates

Q1 report, January–March 2020:	24 April 2020
Q2 report, January–June 2020:	16 July 2020
Q3 report, January–September 2020:	23 October 2020

### Annual General Meeting 2020

The Annual General Meeting will be held in Malmö on 24 April 2020.

### For further information, please contact:

Carl-Johan Zetterberg Boudrie, President and CEO, +46 (0)703 35 84 49  
E-mail: [ir@doro.com](mailto:ir@doro.com)

### Doro's report is presented via a webcast

A webcast conference call will be held on Thursday 13 February at 9.00 am (CET) when President and CEO Carl-Johan Zetterberg Boudrie and acting CFO Ronnie Ekman will present the report. The webcast is accessed at <https://tv.streamfabriken.com/doro-q4-2019>. The presentation material is available on Doro's financial website <http://www.doro.com/corporate>

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(PIN only required for France)

### About Doro

Doro AB develops telecom products and services for seniors, so that they can live a full, rich life. As well as being global market leaders in the category of telecom for seniors, Doro also offers a wide portfolio of products and services for safety and care solutions. These smart solutions are tailored to the specific needs of seniors and the disabled and also help to digitally connect generations and create a safe and independent environment in people's own homes. Doro is a Swedish publicly traded company and its share is listed on Nasdaq OMX Stockholm, Nordic List, Small Cap. Net sales in 2019 amounted to SEK 2,063 million (EUR 195,4 million).

Visit Doro on [www.doro.se](http://www.doro.se) or [www.facebook.com/dorosverige](https://www.facebook.com/dorosverige).

## Financial reports

### INCOME STATEMENT

Doro Group (SEK million)

Note	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Net sales	615.8	554.1	2,063.0	1,906.4
Costs of goods and services sold	-434.4	-373.6	-1,413.5	-1,269.2
<b>Gross profit</b>	<b>181.4</b>	<b>180.5</b>	<b>649.5</b>	<b>637.2</b>
Selling, distribution and marketing expenses	-78.3	-77.1	-284.7	-278.4
Research and development expenses	-27.1	-29.3	-98.7	-104.8
Administrative expenses	-45.4	-36.7	-156.2	-134.3
Other income and expenses	0.2	0.6	2.1	2.6
<b>Total operating expenses</b>	<b>-150.5</b>	<b>-142.5</b>	<b>-537.4</b>	<b>-514.9</b>
whereof depreciation and amortisation of intangible and tangible fixed assets	-30.2	-19.4	-97.2	-72.0
<b>Operating profit/loss before depreciation and amortisation (EBITDA)</b>	<b>61.1</b>	<b>57.4</b>	<b>209.3</b>	<b>194.3</b>
<b>Operating profit/loss after depreciation and amortisation (EBIT)</b>	<b>30.9</b>	<b>38.0</b>	<b>112.1</b>	<b>122.3</b>
Net financial items	-0.5	-2.8	-4.8	0.7
<b>Profit/loss before tax</b>	<b>30.4</b>	<b>35.2</b>	<b>107.3</b>	<b>123.0</b>
Income tax	-9.6	-9.6	-29.4	-31.5
<b>Profit/loss for the period</b>	<b>20.8</b>	<b>25.6</b>	<b>77.9</b>	<b>91.5</b>
Average number of shares, 000s	23,766	23,766	23,766	23,674
Average number of shares after dilution, 000s*	23,766	23,766	23,766	23,674
Profit per share, SEK	0.87	1.08	3.28	3.86
Profit per share after dilution, SEK*	0.87	1.08	3.28	3.86

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

### STATEMENT OF COMPREHENSIVE INCOME

Doro Group (SEK million)

	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Profit/loss for the period	20.8	25.6	77.9	91.5
<b>Other comprehensive income to be reclassified to profit or loss in subsequent</b>				
Translation differences	3.1	-6.6	22.4	5.1
Effects of cash flow hedges	-3.8	-1.4	-2.5	1.0
Deferred tax	0.8	0.3	0.5	-0.2
<b>Total Result related to Parent company's shareholders</b>	<b>20.9</b>	<b>17.9</b>	<b>98.3</b>	<b>97.4</b>

## BALANCE SHEET

Doro Group (SEK million)

	2019 31 Dec	2018 31 Dec
<b>Non-current assets</b>		
Intangible assets	698.2	612.4
Property, plant and equipment	123.1	41.1
Financial assets	5.8	7.5
Deferred tax asset	16.7	6.5
<b>Current assets</b>		
Inventories	244.4	264.0
Current receivables	390.8	398.6
Cash and cash equivalents	198.5	134.2
<b>Total assets</b>	<b>1,677.5</b>	<b>1,464.3</b>
Shareholder's equity attributable to parent company's shareholders	781.8	683.7
Long-term liabilities	345.8	284.2
Current liabilities	549.9	496.4
<b>Total shareholder's equity and liabilities</b>	<b>1,677.5</b>	<b>1,464.3</b>

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

	2019 30 Dec	2018 30 Dec
Exchange rate contracts recorded as current liability	8.9	1.7
Exchange rate contracts recorded as current receivable	3.3	4.3

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

## CASH FLOW ANALYSIS

Doro Group (SEK million)

	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Operating profit/loss after depreciation and write-downs. EBIT	30.9	38.0	112.1	122.3
Depreciations according to plan	30.2	19.4	97.2	72.0
Net paid financial items	-1.2	-1.1	-6.4	-4.5
Unrealised exchange rate differences in cash flow hedges	7.1	-0.9	5.4	-5.7
Taxes paid	-9.8	-3.8	-27.4	-15.1
Change in working capital (inc. change in provisions)	42.6	11.3	61.7	52.8
<b>Cash flow from current activities*</b>	<b>99.8</b>	<b>62.9</b>	<b>242.6</b>	<b>221.8</b>
Investments in intangible and tangible fixed assets	-41.1	-26.8	-123.9	-99.3
<b>Total free cash flow before acquisitions</b>	<b>58.7</b>	<b>36.1</b>	<b>118.7</b>	<b>122.5</b>
Acquisitions	-2.1	0.0	-18.7	-110.7
<b>Cash flow from investment activities</b>	<b>-43.2</b>	<b>-26.8</b>	<b>-142.6</b>	<b>-210.0</b>
Amortisation of debt	-24.9	0.0	-37.5	-185.0
New loans	0.0	0.0	0.0	265.0
Dividend/buy-back shares	0.0	0.0	0.0	-18.9
Warrant program. new/buy-back	0.0	0.0	-0.2	2.4
<b>Cash flow from financial activities</b>	<b>-24.9</b>	<b>0.0</b>	<b>-37.7</b>	<b>63.5</b>
Exchange rate differences in cash and cash equivalents	-1.2	-0.6	1.9	1.9
<b>Change in liquid funds</b>	<b>30.5</b>	<b>35.5</b>	<b>64.2</b>	<b>77.2</b>
<b>Net debt**</b>	<b>84.1</b>	<b>105.8</b>	<b>84.1</b>	<b>105.8</b>

\*) The introduction of IFRS 16 effects the cash-flow from current activities by SEK 4.9 million for Oct-Dec 2019 and SEK 17.5 million for Jan-Dec 2019

\*\*\*) The introduction of IFRS 16 increases net liabilities by SEK 62.6 million as of 31 December 2019

## EQUITY

Doro Group (SEK million)

	2019 31 Dec	2018 31 Dec
<b>Opening balance</b>	<b>683.7</b>	<b>583.7</b>
Total Results related to Parent company's shareholders	98.3	97.4
Dividend/buy-back shares	0.0	-18.9
Warrants	-0.2	2.3
New share issue	0.0	19.2
<b>Closing balance</b>	<b>781.8</b>	<b>683.7</b>

## OTHER KEY FIGURES

Doro Group

	2019 31 Dec	2018 31 Dec
Order book at end of period. SEK million	415.1	396.1
New orders Q. SEK million	513.3	540.2
Gross margin. %	31.5	33.4
Gross margin. Q	29.5	32.6
EBITA. SEK million	122.9	130.8
Equity/assets ratio. %	46.6	46.7
Number of shares at end of period. 000s	23,766	23,766
Number of shares at end of period after dilution effect. 000s*	23,766	23,766
Equity per share. SEK	32.90	28.77
Equity per share after dilution. SEK*	32.90	28.77
Return on average shareholder's equity. %	10.6	14.4
Return on average capital employed. %	12.9	16.1
Share price at end of period. SEK	50.50	34.15
Market value. SEK million	1,200.2	811.6

\*1) Dilution effects are only taken into account where they would have a negative effect on profit per share.

## NET SALES BY MARKET

Doro Group (SEK million)

	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Nordics	168.9	144.3	573.4	546.5
Western and Southern Europe and Africa	125.0	117.1	432.4	433.3
Central and Eastern Europe	137.5	152.0	473.4	475.8
United Kingdom and Ireland	122.9	88.0	371.6	300.3
North America	60.5	46.2	215.6	152.9
Rest of the world	0.0	2.0	4.3	7.5
Other	1.0	4.5	-7.7	-9.9
<b>Total</b>	<b>615.8</b>	<b>554.1</b>	<b>2 063.0</b>	<b>1 906.4</b>

## NET SALES BY CATEGORY

Doro Group (SEK million)

	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Products	509.0	467.9	1 688.5	1 621.0
Gross margin. %	26.3	29.4	28.5	31.0
Services	106.8	86.2	374.5	285.4
Gross margin. %	44.8	49.8	45.2	47.4
<b>Total</b>	<b>615.8</b>	<b>554.1</b>	<b>2 063.0</b>	<b>1 906.4</b>
<b>Gross margin. %</b>	<b>29.5</b>	<b>32.6</b>	<b>31.5</b>	<b>33.4</b>

## INCOME STATEMENT

Parent company (SEK million)

	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Net sales	488.7	438.3	1,566.0	1,483.9
Cost of goods and services sold	-336.8	-287.7	-1,087.5	-999.5
<b>Gross profit</b>	<b>151.9</b>	<b>150.6</b>	<b>478.5</b>	<b>484.4</b>
Operating expenses	-120.5	-106.5	-423.7	-413.8
<b>Operating profit/loss (EBIT)</b>	<b>31.4</b>	<b>44.1</b>	<b>54.8</b>	<b>70.6</b>
Net financial items	-9.5	-1.6	1.8	5.6
<b>Profit/loss after financial items</b>	<b>21.9</b>	<b>42.5</b>	<b>56.6</b>	<b>76.2</b>
Group contributions	0.0	0.0	0.0	0.0
Taxes	-5.1	-9.3	-15.6	-19.2
<b>Profit/loss for the period</b>	<b>16.8</b>	<b>33.2</b>	<b>41.0</b>	<b>57.0</b>

## STATEMENT OF COMPREHENSIVE INCOME

Parent company (SEK million)

	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Profit/loss for the period	16.8	33.2	41.0	57.0
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>				
Effects from cash flow hedges	-3.8	-1.4	-2.5	1.0
Deferred tax	0.8	0.3	0.5	-0.2
<b>Total Result related to Parent company's shareholders</b>	<b>13.8</b>	<b>32.1</b>	<b>39.0</b>	<b>57.8</b>

## SUMMARY BALANCE SHEET

Parent company (SEK million)

	Note	2019 31 Dec	2018 31 Dec
<b>Non-current assets</b>			
Intangible assets		323.8	296.9
Property, plant and equipment		19.4	17.3
Financial assets		303.0	272.1
<b>Current assets</b>			
Inventories		183.8	195.5
Current receivables		554.4	538.9
Cash and cash equivalents		104.6	98.3
<b>Total assets</b>		<b>1,489.0</b>	<b>1,418.9</b>
Shareholders' equity attributable to Parent company's shareholders		510.9	471.8
Provisions		74.5	78.0
Longterm liabilities		220.0	240.0
Current liabilities		683.6	629.1
<b>Total shareholder's equity and liabilities</b>		<b>1,489.0</b>	<b>1,418.9</b>

## Notes

### Note 1 – IFRS 16 Leasing

The group leases office premises, vehicles, furniture and office equipment. Leasing contracts are normally written for fixed periods, but there may be opportunities for extension. The terms are negotiated separately for each agreement and contain a large number of contractual conditions. The leasing agreements are reported as rights of use and an equivalent liability on the date on which the leased asset is available for use by the group. Each leasing payment is divided between amortisation of the liability and the financial cost. The financial cost shall be distributed over the term of the lease so that each accounting period is charged with an amount corresponding to a fixed interest rate for the liability recognised in each period. The right of use is depreciated on a straight line basis over the shorter of the asset's useful life and the duration of the leasing contract. Assets and liabilities arising from leasing contracts are initially reported at present value. Leasing payments are discounted by the implied interest rate of the lease if this interest rate can be easily determined, otherwise the company's marginal borrowing rate is used. Payments for short-term contracts and leasing contracts of lesser

value are expensed on a straight line basis in the income statement. Short-term contracts are contracts with a leasing period of 12 months or less.

### **Effect of implementation of IFRS 16**

## **BALANCE SHEET**

Doro Group (SEK million)

	2019 1 Jan Before	2019 1 Jan After	2019 31 Dec Before	2019 31 Dec After
<b>Non-current assets</b>				
Intangible assets	612.4	612.4	698.2	698.2
Property, plant and equipment	41.1	110.7	60.5	123.1
Financial assets	7.5	7.5	5.8	5.8
Deferred tax assets	6.5	6.5	16.7	16.7
<b>Current assets</b>				
Inventories	264.0	264.0	244.4	244.4
Current receivables	398.6	398.6	390.8	390.8
Cash and cash equivalents	134.2	134.2	198.5	198.5
<b>Total assets</b>	<b>1,464.3</b>	<b>1,534.0</b>	<b>1,614.9</b>	<b>1,677.5</b>
Shareholders' equity attributable to Parent company's shareholders	683.7	683.7	781.8	781.8
Longterm liabilities	284.2	337.2	325.8	345.8
Current liabilities	496.4	513.0	507.3	549.9
<b>Total shareholders equity and liabilities</b>	<b>1,464.3</b>	<b>1,534.0</b>	<b>1,614.9</b>	<b>1,677.5</b>

## **INCOME STATEMENT**

Doro Group (SEK million)

	2019 Oct-Dec Before	2019 Oct-Dec After	2019 Jan-Dec Before	2019 Jan-Dec After
Net sales	615.8	615.8	2063.0	2 063.0
Cost of goods and services sold	-434.4	-434.4	-1,413.5	-1,413.5
<b>Gross profit</b>	<b>181.4</b>	<b>181.4</b>	<b>649.5</b>	<b>649.5</b>
<b>Total operating expenses</b>	<b>-150.9</b>	<b>-150.5</b>	<b>-539.1</b>	<b>-537.4</b>
whereof depreciation and amortisation of intangible and tangible fixed assets	-25.3	-30.2	-79.7	-97.2
<b>Operating profit/loss before depreciation and amortisation (EBITDA)</b>	<b>55.8</b>	<b>61.1</b>	<b>190.1</b>	<b>209.3</b>
<b>Operating profit/loss after depreciation and amortisation (EBIT)</b>	<b>30.5</b>	<b>30.9</b>	<b>110.4</b>	<b>112.1</b>
Net financial items	-0.1	-0.5	-3.1	-4.8
<b>Profit/loss before taxes</b>	<b>30.4</b>	<b>30.4</b>	<b>107.3</b>	<b>107.3</b>
Taxes	-9.6	-9.6	-29.4	-29.4
<b>Profit/loss for the period</b>	<b>20.8</b>	<b>20.8</b>	<b>77.9</b>	<b>77.9</b>

### **Note 2 – Business combinations**

On 2 September 2019, Doro acquired all shares in the British telecare company Centra Pulse and Connect. Acquisition expenses had a negative effect on annual profit of SEK 3.2 million. The purchase price was paid in cash, SEK 35.9 m. of which SEK 16.4 million was related to payment of liability to the previous owner. Goodwill is linked to the strengthened position in the Care area in the United Kingdom, which Centra Pulse and Connect's sales channels provide. At the time of acquisition, the company had about 266 employees. Centra Pulse and Connect had annual sales in 2018 of GBP 6.3 million.

**Preliminary information about the acquisition is given below.**

**fair value SEK million**

Intangible assets	4.9
Tangible non-current assets	2.8
Deferred tax assets	7.5
Inventories	7.1
Current receivables	9.7
Cash and cash equivalents	19.3
Pension provision	-42.7
Current liabilities	-3.2
<b>Acquired net assets</b>	<b>5.4</b>
Goodwill/customer relations etc.	30.5
<b>Total purchase price</b>	<b>35.9</b>
Cash in acquired company	19.3
<b>Effect of the acquisition on group cash flow</b>	<b>16.6</b>

## Financial definitions

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

### Use of non-IFRS results measurement

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

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

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

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

	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
<b>Currency adjusted sales growth (SEK million)</b>				
Currency adjusted sales growth	41.0	-34.2		
Currency effect	20.7	27.9		
<b>Reported sales growth</b>	61.7	-6.3		
<b>Capital employed</b>				
Total assets			1,677.5	1,464.3
-non interest bearing liabilities			612.6	540.6
-cash and cash equivalents			198.5	134.2
<b>Reported capital employed</b>			<b>866.4</b>	<b>789.5</b>

### **Confirmation by the Board**

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

This year-end report has not been reviewed by the Company's auditors.

Malmö, 13 February 2020

Lennart Jacobsen  
Chairman of the Board

Henri Österlund  
Deputy Chairman of the Board

Tova Jexmark  
Board member

Niklas Savander  
Board member

Josephine Salenstedt  
Board member

Mona Sahlberg  
Board member

Carl-Johan Zetterberg Boudrie  
CEO

This information is information of the type that Doro AB is obliged to publish according to the EU Market Abuse Regulation. This information is given by the contact persons on page 8 for publication on Thursday 13 February 2020 at 08.00 CET.