

**-4.9%**

Net sales

**6.2%**

EBIT margin

**Transformation towards service business continues****April – June 2018**

- Net sales were SEK 424.2 million (446.0), a decrease of 4.9 percent.
- Net sales for the category Products were SEK 359.9 million (400.5), a decrease of 10.1 percent. Net sales for the category Services were SEK 64.4 million (45.5), an increase of 41.5 percent.
- The gross margin increased to 36.5% (31.1%). For Products, the gross margin increased to 34.7 percent (30.2) and for Services the gross margin increased to 46.8 percent (38.0).
- Operating profit (EBIT) was SEK 26.1 million (19.1), which corresponds to an operating margin of 6.2 percent (4.3). The costs of the acquisition of Welbeing had an effect on the financial results of SEK 4.0 million.
- Profit after tax for the period was SEK 20.8 million (15.3).
- Profit per share was SEK 0.87 (0.65).
- Free cash flow before acquisitions was SEK 22.8 million (-1.4).

**January - June 2018**

- Net sales were SEK 843.8 million (898.3), a decrease of 6.1 percent.
- Net sales for the category Products were SEK 726.7 million (805.7), a decrease of 9.8 percent. Net sales for the category Services were SEK 117.1 million (92.6), an increase of 26.5 percent.
- The gross margin increased to 35.2% (30.2). For Products, the gross margin increased to 33.5 percent (29.4) and for Services the gross margin increased to 45.6 percent (37.1).
- Operating profit (EBIT) was SEK 51.0 million (36.4), which corresponds to an operating margin of 6.0 percent (4.1). The costs of the acquisition of Welbeing had an effect on the financial results of SEK 4.8 million.
- Profit after tax for the period was SEK 39.4 million (28.3).
- Profit per share was SEK 1.66 (1.21).
- Free cash flow before acquisitions was SEK 55.0 million (25.1).

<b>THE DORO GROUP</b> (SEK million)	<b>2018</b> Apr-Jun	<b>2017</b> Apr-Jun	<b>2018</b> Jan-Jun	<b>2017</b> Jan-Jun	<b>2017</b> Jan-Dec
Net sales	424.2	446.0	843.8	898.3	1,924.0
Sales growth, %	-4.9	-5.8	-6.1	1.3	-1.8
EBITDA	44.1	33.8	82.6	65.1	156.2
EBITDA margin, %	10.4	7.6	9.8	7.2	8.1
EBITA	27.7	20.4	53.7	38.9	97.2
EBITA margin, %	6.5	4.6	6.4	4.3	5.1
EBIT	26.1	19.1	51.0	36.4	92.0
EBIT margin, %	6.2	4.3	6.0	4.1	4.8
Profit after tax	20.8	15.3	39.4	28.3	66.5
Profit per share	0.87	0.65	1.66	1.21	2.83
Equity ratio, %	46.9	44.6	46.9	44.6	49.6



**Strengthening of service business and geographical presence with the acquisition of Welbeing**

**Stronger offering with the launch of a smart 4G feature phone**

**Increasing percentage of sales from Services and currency effects contributed to stronger profits and margins**

## Message from the CEO

During the second quarter, Doro continued to work towards its objective of being the leading technology enabled care solutions company in Europe. Step by step, we are transforming the business to offer the market complete, service-related solutions.

During the quarter, we acquired the British telecare company Welbeing. The United Kingdom is the largest telecare market in Europe with about 1.7 million safety alarms connected. With Welbeing's attractive market position, we now have a platform for expanding Doro's service offering in the British market. In the first stage, we are helping to drive the transformation from analogue to digital alarms and in the second stage we now have the prerequisites to capitalise on our mobile business with sales of services.

Doro's sales for the period decreased by 4.9 percent compared with the same period last year. Organically, sales decreased by 6.6 percent. Obviously we are not happy with this and we see it as evidence of the great need to further accelerate our transformation. The loss of sales can mainly be attributed to the greater competition we are facing in markets outside the senior segment in Central and Eastern Europe and the Nordic Region. Sales for our Product category decreased by 10.1 percent for the same reason. At the same time, we can see a more stable senior market where we are maintaining our market share. Services increased its sales by 41.5 percent. Sales for Services include the acquisition of Welbeing, which has been included in our books since 1 June 2018. Organically, Services grew by 25.5 percent during the quarter.

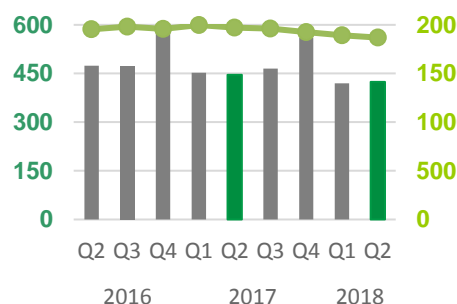
Although we are making significant strides in the services segment, the greater part of our sales is still in the Products category. We have therefore now launched new feature phones with smart functions that are adapted for 4G. The first launch was Doro 7070 in the Nordic region at the end of the period. Further models will be rolled out in the rest of Europe and in the USA during the third and fourth quarters respectively.

We are continuing to develop our services offering and the first stage of this, Response by Doro, will be launched in October this year. Response and SmartCare by Doro are examples of integrated, smart solutions that make it possible for relatives and connected alarm centres to receive alarms that are activated automatically or manually by the user. With this concept, we bring our service and telephone offerings together to create an effective ecosystem that we can build on.

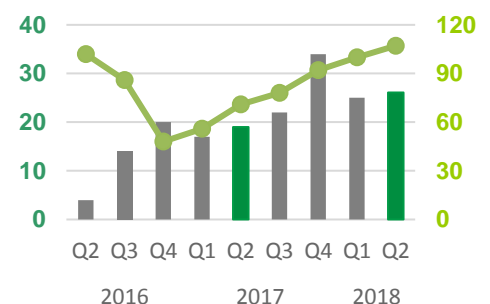
Doro's move towards selling technology enabled care solutions involves a change in competences, which means that the business will be reinforced with new competences in selected areas. In order to ensure this transformation, we are now launching a transformation program that also aims to reduce costs by an estimated SEK 30 million on a yearly basis.

**Robert Puskaric, President and CEO**

Sales per quarter and R12m, SEK million



EBIT per quarter and R12m, SEK million



Net sales decreased  
4.9%

Positive sales  
development in  
Services

Weak sales in  
Central and Eastern  
Europe

Favourable currency  
effects in Products

Gross margin  
increased to 36.5%  
and operating  
margin to 6.2%

## Financial summary group, second quarter 2018

### Sales

Doro's net sales for the first quarter were SEK 424.2 million (446.0), a decrease of 4.9 percent compared with the second quarter of 2017. Excluding the acquisition of Welbeing the decrease was 6.6 percent. Adjusted for currency effects, the decrease was 9.0 percent, including the acquisition of Welbeing.

New orders during the second quarter increased by 5.0 percent to SEK 464.1 million (442.2). At the end of the quarter, the value of the order book was SEK 342.3 million (278.7).

Sales in the Products category decreased by 10.1 percent, while sales in the Services category increased by 41.5 percent compared with the second quarter of 2017.

Sales of smartphones were weak and a disappointment during the quarter, accounting for around 17 percent of our total sales of mobile phones. Delays to acceptance tests of our new Doro 8035 smartphone among some operators had a negative effect on sales during the quarter.

Sales in the Nordic region decreased by 0.9 percent compared with the second quarter of 2017. In the West and South Europe and Africa region, sales decreased by 2.8 percent. In Central and Eastern Europe, sales decreased by 16.0 percent. Sales in the United Kingdom and Ireland increased by 7.0 percent, while sales in North America increased by 23.9 percent.

### Earnings

The gross margin increased compared with the second quarter of 2017 and amounted to 36.5 percent (31.1). The stronger gross margin is mainly the result of an increasing percentage of sales coming from Services, as well as positive currency effects from USD weakening against EUR and GBP.

EBITDA for the second quarter increased by 30.5 percent to SEK 44.1 million (33.8), which corresponds to an EBITDA margin of 10.4 percent (7.6). The increase in EBITDA was mainly due to the improved gross margin.

EBITA improved to SEK 27.7 million (20.4). Planned depreciation of intangible assets from company acquisition was SEK -1.6 million (-1.3) during the quarter, which resulted in an operating profit (EBIT) of SEK 26.1 million (19.1) and an EBIT margin of 6.2 percent (4.3).

Net financial items for the second quarter amounted to SEK 3.4 million (0.2) including revaluation of financial instruments in foreign currency.

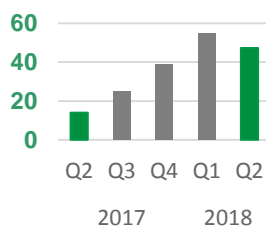
Group tax for the quarter was SEK -8.7 million (-4.0).

Profit after tax for the period was SEK 20.8 million (15.3).

### 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 current activities during the second quarter was SEK 47.3 million (14.0). The increase was mainly due to a higher operating profit and a decrease in capital tied up in stock in the quarter compared with the previous year. Free cash flow, after investments but before operating acquisitions, amounted to SEK 22.8 million (-1.4). During the quarter, the cash portion of the acquisition price of the British telecare company Welbeing was paid. The effect of the acquisition on group cash flow amounted to SEK -110.7 million.

Cash and cash equivalents amounted to SEK 90.7 million at the end of the second quarter (57.8). At the same time, the equity ratio was 46.9 percent (44.6).

Net debt amounted to SEK 174.6 million at the end of the second quarter, compared with SEK 81.1 million at the end of the previous quarter and SEK 127.2 million at the end of the second quarter of 2017. During the quarter, the company entered into an agreement with SEB on a new financing structure. The new bank facility amounts to SEK 450 million. At the end of the second quarter, the company had utilised SEK 265 million of this bank facility, partly to close existing financing agreements and partly to adjust the purchase price for the acquisition of Welbeing.

### Significant events during the period

On 16 February 2018, Doro initiated a programme for buying back own shares. The programme was concluded during the quarter and in all shares were repurchased to a value of SEK 18.9 million. The company now owns 439,030 shares.

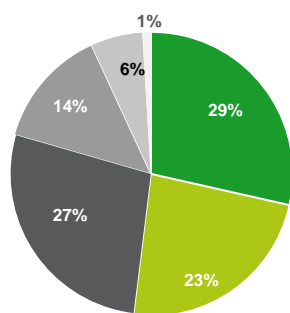
Doro has entered into a new financing structure with SEB. The new bank facility of SEK 450 million will be used to close existing financing agreements, to drive the geographical expansion of telecare and to create a strong basis for the rollout of new services, such as Response and SmartCare by Doro.

Welbeing, headquartered in Eastbourne, UK was acquired on 31 May. This is part of the strategy of extending and expanding telecare business, strengthening our offerings and increasing service income. The UK is the largest telecare market in Europe with an estimated 1.7 million connected safety alarms, and Welbeing is one of the leading suppliers. The company has approximately 75,000 connections, 21,000 of which are private. Sales in the financial year 2016/2017, ended September 2017, amounted to GBP 7.6 million (about SEK 90 million), most of which was service related. Welbeing became part of Doro with effect from 1 June 2018. The acquisition is expected to have a limited effect on profit per share, including transaction costs, in 2018. See note 4 for more information.

### Significant events after the period

No such events can be reported.

### Sales by market, R12, July 2017 - June 2018



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

## Net sales by market second quarter 2018

### NET SALES BY MARKET<sup>\*)</sup>

Doro Group (SEK million)	2018 Apr-Jun	Sales growth, %	2017 Apr-Jun restated	2018 Jan-Jun	2017 Jan-Jun restated	2017 Jan-Dec restated
Nordics	130.7	-0.9%	131.9	260.9	278.4	556.2
West and South Europe and Africa	96.4	-2.8%	99.2	201.5	202.8	444.0
Central and Eastern Europe	107.8	-16.0%	128.3	210.2	247.9	557.0
United Kingdom and Ireland	61.5	7.0%	57.5	114.7	107.2	250.2
North America	31.6	23.9%	25.5	64.2	48.0	96.1
Rest of the world	2.3	-51.1%	4.7	4.4	10.3	23.7
Other	-6.1		-1.1	-12.1	3.7	-3.2
<b>Total</b>	<b>424.2</b>	<b>-4.9%</b>	<b>446.0</b>	<b>843.8</b>	<b>898.3</b>	<b>1,924.0</b>

<sup>\*)</sup> Note 1

#### Nordics

Sales in the Nordics decreased by 0.9 percent compared with the second quarter of 2017. As in the previous quarter, the mobile telephone market has been challenging. Sales of services continue to show good growth, which compensates for sales decrease of products.

#### West and South Europe and Africa

In the West and South Europe and Africa region, sales decreased by 2.8 percent. France and Benelux have sales figures on a par with the same period the previous year, while South Europe shows growth. The situation in Algeria continues to be a challenge because of import restrictions and Doro has now decided not to prioritise this market in future.

#### Central and Eastern Europe

This has been a difficult region for some time and sales during the second quarter fell by 16.0 percent. The market for mobile telephones shows no growth, which has led to a weak development for our customers in the important German market. We also see increasing competition in the segment outside the senior market.

#### United Kingdom and Ireland

Sales during the second quarter increased by 7.0 percent. The acquisition of the British telecare company Welbeing, which has been consolidated with effect from 1 June 2018, compensated for decreasing mobile phone sales during the period.

#### North America

The region showed continuing growth during the second quarter. Sales increased by 23.9 percent compared with the second quarter of 2017. As planned, our launch of 4G feature phone will occur during the second half of 2018.

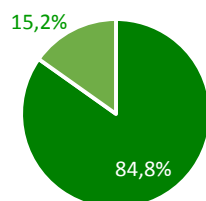
#### Rest of the world

Net sales in the rest of the world amounted to SEK 2.3 million (4.7).

#### Other

During the second quarter, income and income adjustments that were not connected to any specific region amounted to SEK -6.1 million (-1.1).

Sales by category April - June 2018



- Products
- Services

## Net sales and gross margin by category second quarter 2018

### NET SALES BY CATEGORY<sup>\*)</sup>

Doro Group (SEK million)	2018 Apr-Jun	Sales growth, %	2017 Apr-Jun restated	2018 Jan-Jun	2017 Jan-Jun restated	2017 Jan-Dec restated
Products	359.9	-10.1%	400.5	726.7	805.7	1,731.3
Gross margin	34.7%		30.2%	33.5%	29.4%	29.0%
Services	64.4	41.5%	45.5	117.1	92.6	192.7
Gross margin	46.8%		38.0%	45.6%	37.1%	41.7%
<b>Total</b>	<b>424.2</b>	<b>-4.9%</b>	<b>446.0</b>	<b>843.8</b>	<b>898.3</b>	<b>1,924.0</b>
<b>Gross margin</b>	<b>36.5%</b>		<b>31.1%</b>	<b>35.2%</b>	<b>30.2%</b>	<b>30.3%</b>

<sup>\*)</sup> Note 2

### Products

Sales in the Product category decreased by 10.1 percent compared with the second quarter of 2017, mainly due to continuing weak market development for mobile phones. This was especially true in Central and Eastern Europe, where the weak market development had a negative effect on a number of key customers and competition outside the senior market increased. The gross margin for the category increased to 34.7 percent (30.2), which was very largely due to positive currency effects, especially from a weaker USD against EUR and GBP.

### Services

Sales in the Services category increased by 41.5 percent, partly due to the acquisition of the British telecare company Welbeing, which was consolidated with effect from 1 June 2018, and also the positive development of sales in the Nordic region. Including Welbeing, the number of subscriptions in Doro Care amounted to approximately 200,000 (123,000), of which Welbeing contributed with approximately 75,000 subscriptions. The gross margin for the category increased to 46.8 percent (38.0), mainly due to streamlining service deliveries in Doro Care.

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

Doro's share is listed on Nasdaq Stockholm, Small Cap, in the segment Telecom/IT. On 30 June 2018 the number of issued shares was 24,204,568. Total equity amounted to SEK 643.0 million (540.8).

### **Related party transactions**

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

### **Personnel**

On 30 June 2018, Doro had 613 (483) employees, corresponding to 501 (377) full-time equivalents. Of these, 318 (373) are based in the Nordics, 57 (57) in Central and Eastern Europe, 27 (29) in West and South Europe and Africa, 202 (15) in the United Kingdom and Ireland and 9 (9) in the rest of the world.

### **Risks**

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

### **Parent company**

The parent company's net sales during the second quarter amounted to SEK 328.3 million (393.9). Profit after tax was SEK 15.7 million (-0.9).

### **Accounting principles**

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

### **Seasonal variations**

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

### **Outlook**

We firm up on our outlook for 2018 and expect sales in the range SEK 1.9bn – 2.0bn and an operating profit (EBIT) in the range SEK 105m – 135m, including Welbeing, but excluding any further acquisitions or restructuring costs.

Our previous expectation was sales in the range SEK 1.9bn – 2.1bn million and an operating profit (EBIT) in the range SEK 100m - 140m, excluding acquisitions.

**The report for the third quarter of 2018 will be published on 19 October 2018**

**This report is presented via audiocast on 13 July at 09.00 CET**

#### **Report dates**

Q3 report, January-September 2018: 19 October 2018  
Q4 report, January-December 2018: 14 February 2019

#### **For further information, please contact:**

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Carl-Johan Zetterberg Boudrie, CFO, +46 (0)70 335 84 49

E-mail: [ir@doro.com](mailto:ir@doro.com)

#### **Doro's report is presented via audiocast**

Analysts, investors and the media are welcome to join the presentation via <https://edge.media-server.com/m6/p/7mkhfhdx> or telephone at 09.00 CET on 13 July 2018. Doro's President and CEO Robert Puskaric and CFO Carl-Johan Zetterberg Boudrie will give the presentation and answer questions. The presentation is available in advance on <https://corporate.doro.com/sv/investerare/rapporter-och-presentationer/presentationer/>.

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#### **About Doro**

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

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



## Financial reports

### INCOME STATEMENT

Doro Group (SEK million)

	Note 3	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Net sales		424.2	446.0	843.8	898.3	1,924.0
Cost of goods and services sold		-269.1	-306.8	-547.1	-626.3	-1,341.9
<b>Gross profit</b>		<b>155.1</b>	<b>139.2</b>	<b>296.7</b>	<b>272.0</b>	<b>582.1</b>
Selling, distribution and marketing expenses		-69.8	-67.4	-130.5	-127.9	-277.4
Research and development expenses		-26.3	-24.7	-49.3	-50.9	-103.0
Administrative expenses		-33.4	-29.4	-67.4	-61.5	-116.6
Other income and expenses		0.5	1.4	1.5	4.7	6.9
<b>Total operating expenses</b>		<b>-129.0</b>	<b>-120.1</b>	<b>-245.7</b>	<b>-235.6</b>	<b>-490.1</b>
whereof depreciation and amortisation of intangible and tangible fixed assets		-18.0	-14.7	-31.6	-28.7	-64.2
<b>Operating profit/loss before depreciation and amortisation (EBITDA)</b>		<b>44.1</b>	<b>33.8</b>	<b>82.6</b>	<b>65.1</b>	<b>156.2</b>
<b>Operating profit/loss after depreciation and amortisation (EBIT)</b>		<b>26.1</b>	<b>19.1</b>	<b>51.0</b>	<b>36.4</b>	<b>92.0</b>
Net financial items		3.4	0.2	3.6	0.6	-0.3
<b>Profit/loss before taxes</b>		<b>29.5</b>	<b>19.3</b>	<b>54.6</b>	<b>37.0</b>	<b>91.7</b>
Taxes		-8.7	-4.0	-15.2	-8.7	-25.2
<b>Profit/loss for the period</b>		<b>20.8</b>	<b>15.3</b>	<b>39.4</b>	<b>28.3</b>	<b>66.5</b>
Average number of shares, thousands		23,849	23,386	23,802	23,313	23,536
Average number of shares after dilution, thousands*		23,849	23,503	23,802	23,417	23,591
Earnings per share, SEK		0.87	0.65	1.66	1.21	2.83
Earnings per share, after dilution, SEK*		0.87	0.65	1.66	1.21	2.82

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

### STATEMENT OF COMPREHENSIVE INCOME

Doro Group (SEK million)

	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Profit/loss for the period	20.8	15.3	39.4	28.3	66.5
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Translation differences	5.7	-1.2	17.9	-1.7	1.1
Effects from cash flow hedges	2.4	-3.4	2.2	-5.5	-3.1
Deferred tax	-0.5	0.7	-0.5	1.2	0.7
<b>Total Result related to Parent company's shareholders</b>	<b>28.4</b>	<b>11.4</b>	<b>59.0</b>	<b>22.3</b>	<b>65.2</b>

## BALANCE SHEET

Doro Group (SEK million)

	2018 30 Jun	2017 30 Jun	2017 31 Dec
<b>Non-current assets</b>			
Intangible assets	605.0	462.8	466.5
Property, plant and equipment	39.1	16.6	19.0
Financial assets	8.6	6.8	7.8
Deferred tax asset	9.2	11.6	9.5
<b>Current assets</b>			
Inventories	243.4	279.1	196.9
Current receivables	375.5	378.6	420.5
Cash and cash equivalents	90.7	57.8	57.1
<b>Total assets</b>	<b>1,371.5</b>	<b>1,213.3</b>	<b>1,177.3</b>
Shareholders' equity attributable to Parent company's shareholders	643.0	540.8	583.7
Longterm liabilities	284.7	164.7	119.2
Current liabilities	443.8	507.8	474.4
<b>Total shareholders equity and liabilities</b>	<b>1,371.5</b>	<b>1,213.3</b>	<b>1,177.3</b>

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

	2018 30 Jun	2017 30 Jun	2017 31 Dec
Exchange rate contracts recorded as current liability	6.7	13.1	8.1
Exchange rate contracts recorded as current receivable	11.9	4.4	4.0

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

## CASH FLOW ANALYSIS

Doro Group (SEK million)

	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Operating profit/loss after depreciation and write-downs, EBIT	26.1	19.1	51.0	36.4	92.0
Depreciation according to plan	18.0	14.7	31.6	28.7	64.2
Net paid financial items	-0.8	-1.5	-1.8	-2.6	-5.0
Unrealized exchange rate differences in cash flow hedges	-6.4	6.7	-6.9	12.1	9.9
Taxes paid	-5.6	-4.1	-6.9	-11.1	-10.9
Changes in working capital (incl changes in provisions)	16.0	-20.9	34.8	-7.2	-30.7
<b>Cash flow from current activities</b>	<b>47.3</b>	<b>14.0</b>	<b>101.8</b>	<b>56.3</b>	<b>119.5</b>
Investments in intangible and tangible fixed assets	-24.5	-15.4	-46.8	-31.2	-70.2
<b>Total Free Cash flow before acquisitions</b>	<b>22.8</b>	<b>-1.4</b>	<b>55.0</b>	<b>25.1</b>	<b>49.3</b>
Acquisitions	-110.7	0.0	-110.7	0.0	0.0
<b>Cash flow from investment activities</b>	<b>-135.2</b>	<b>-15.4</b>	<b>-157.5</b>	<b>-31.2</b>	<b>-70.2</b>
Amortisation of debt	-110.0	0.0	-160.0	-50.5	-75.5
New loans/changes in bank overdraft facility	265.0	25.0	265.0	25.0	25.0
Dividend/buy-back shares	-6.3	-23.2	-18.9	-23.2	-23.2
New share issue	0.0	21.7	0.0	21.7	21.7
Warrant program, new/buy back	0.0	0.0	0.0	-1.2	-1.2
<b>Cash flow from financial activities</b>	<b>148.7</b>	<b>23.5</b>	<b>86.1</b>	<b>-28.2</b>	<b>-53.2</b>
Exchange rate differences in cash and cash equivalents	1.0	0.0	3.2	-0.1	0.0
<b>Change in liquid funds</b>	<b>61.8</b>	<b>22.1</b>	<b>33.6</b>	<b>-3.2</b>	<b>-3.9</b>
<b>Net debt</b>	<b>174.6</b>	<b>127.2</b>	<b>174.6</b>	<b>127.2</b>	<b>102.9</b>

## EQUITY

Doro Group (SEK million)

	2018 30 Jun	2017 30 Jun	2017 31 Dec
<b>Opening balance</b>	<b>583.7</b>	<b>520.0</b>	<b>520.0</b>
Total Result related to Parent company's shareholders	59.0	22.3	65.2
Dividend/buy-back shares	-18.9	-23.2	-23.2
New share issue	19.2	21.7	21.7
<b>Closing balance</b>	<b>643.0</b>	<b>540.8</b>	<b>583.7</b>

## OTHER KEY FIGURES

Doro Group	2018 30 Jun	2017 30 Jun	2017 31 Dec
Order book at the end of the period, SEK m**	342.3	278.7	314.9
Order intake Q, SEKm**	464.1	442.2	500.6
Gross margin, %	35.2	30.2	30.3
Gross margin Q, %	36.5	31.1	-
EBITA, SEKm	53.7	38.9	97.2
Equity/assets ratio, %	46.9	44.6	49.6
Number of shares at the end of the period, thousands	24,205	23,755	23,755
Number of shares at the end of the period after dilution, thousands*	24,205	23,755	23,755
Equity per share, SEK	26.57	22.77	24.57
Equity per share, after dilution SEK*	26.57	22.77	24.57
Return on average share holders' equity, %	13.1	10.1	12.1
Return on average capital employed, %	15.2	10.1	13.5
Share price at period's end, SEK	42.20	54.50	43.70
Market value, SEKm	1,021.4	1,294.7	1,038.1

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

## NET SALES BY MARKET\*)

Doro Group (SEK million)	2018 Apr-Jun	2017 Apr-Jun restated	2018 Jan-Jun	2017 Jan-Jun restated	2017 Jan-Dec restated
Nordics	130.7	131.9	260.9	278.4	556.2
West and South Europe and Africa	96.4	99.2	201.5	202.8	444.0
Central and Eastern Europe	107.8	128.3	210.2	247.9	557.0
United Kingdom and Ireland	61.5	57.5	114.7	107.2	250.2
North America	31.6	25.5	64.2	48.0	96.1
Rest of the World	2.3	4.7	4.4	10.3	23.7
Other	-6.1	-1.1	-12.1	3.7	-3.2
<b>Total</b>	<b>424.2</b>	<b>446.0</b>	<b>843.8</b>	<b>898.3</b>	<b>1,924.0</b>

\*) Note 1

## NET SALES BY CATEGORY\*)

Doro Group (SEK million)	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Products	359.9	400.5	726.7	805.7	1,731.3
Gross margin, %	34.7	30.2	33.5	29.4	29.0
Services	64.4	45.5	117.1	92.6	192.7
Gross margin, %	46.8	38.0	45.6	37.1	41.7
<b>Total</b>	<b>424.2</b>	<b>446.0</b>	<b>843.8</b>	<b>898.3</b>	<b>1,924.0</b>
<b>Gross margin, %</b>	<b>36.5</b>	<b>31.1</b>	<b>35.2</b>	<b>30.2</b>	<b>30.3</b>

\*) Note 2

## INCOME STATEMENT

Parent company (SEK million)	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Net sales	328.3	393.9	661.0	703.2	1,531.8
Cost of goods and services sold	-205.3	-265.1	-419.5	-490.8	-1,070.3
<b>Gross profit</b>	<b>123.0</b>	<b>128.8</b>	<b>241.5</b>	<b>212.4</b>	<b>461.5</b>
Operating expenses	-105.4	-128.5	204.5	-207.5	-415.4
<b>Operating profit/loss (EBIT)</b>	<b>17.6</b>	<b>0.3</b>	<b>37.0</b>	<b>4.9</b>	<b>46.1</b>
Net financial items	4.7	-0.8	6.1	0.7	2.4
<b>Profit/loss after financial items</b>	<b>22.3</b>	<b>-0.5</b>	<b>43.1</b>	<b>5.6</b>	<b>48.5</b>
Group contribution	0.0	0.0	0.0	0.0	1.4
Taxes	-6.6	-0.4	-11.8	-1.7	-13.1
<b>Profit/loss for the period</b>	<b>15.7</b>	<b>-0.9</b>	<b>31.3</b>	<b>3.9</b>	<b>36.8</b>

## STATEMENT OF COMPREHENSIVE INCOME

Parent company (SEK million)

	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Profit/loss for the period	15.7	-0.9	31.3	3.9	36.8
Other comprehensive income to be reclassified to profit or loss in					
Effects from cash flow hedges	2.4	-3.4	2.2	-5.5	-3.1
Deferred tax	-0.5	0.7	-0.5	1.2	0.7
<b>Total Result related to Parent company's shareholders</b>	<b>17.6</b>	<b>-3.6</b>	<b>33.0</b>	<b>-0.4</b>	<b>34.4</b>

## SUMMARY BALANCE SHEET

Parent company (SEK million)

	2018 30 Jun	2017 30 Jun	2017 31 Dec
<b>Non-current assets</b>			
Intangible assets	290.1	283.2	282.9
Property, plant and equipment	16.3	11.0	14.0
Financial assets	267.3	124.6	119.6
<b>Current assets</b>			
Inventories	194.0	214.5	139.3
Current receivables	467.6	491.3	521.0
Cash and cash equivalents	58.7	51.4	41.5
<b>Total assets</b>	<b>1294.0</b>	<b>1,176.0</b>	<b>1,118.3</b>
Shareholders' equity attributable to Parent company's shareholders	445.4	378.6	411.3
Provisions	42.6	65.4	58.6
Longterm liabilities	265.0	129.3	100.0
Current liabilities	541.0	602.7	548.4
<b>Total shareholders equity and liabilities</b>	<b>1294.0</b>	<b>1,176.0</b>	<b>1,118.3</b>

## Notes

### Note 1 – Net sales by market

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

### Net sales by market

Doro Group (SEK million)

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

## Note 2 – Net sales by category

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

### Net sales by category Doro Group (SEK million)

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

## Note 3 – Subdivision of income statement by function

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

### INCOME STATEMENT Doro Group (SEK million)

	2017 Jan-Mar restated	2017 Apr-Jun restated	2017 Jul-Sep restated	2017 Oct-Dec restated	2017 Jan-Dec restated
Net sales	452.3	446.0	465.3	560.4	1,924.0
Cost of goods and services sold	-319.5	-306.8	-328.8	-386.8	-1,341.9
<b>Gross profit</b>	<b>132.8</b>	<b>139.2</b>	<b>136.6</b>	<b>173.5</b>	<b>582.1</b>
Selling, distribution and marketing expenses	-60.5	-67.4	-63.5	-86.0	-277.4
Research and development expenses	-26.2	-24.7	-23.9	-28.2	-103.0
Administrative expenses	-32.1	-29.4	-27.9	-27.2	-116.6
Other income and expense	3.3	1.4	1.2	1.0	6.9
<b>Total operating expenses</b>	<b>-115.5</b>	<b>-120.1</b>	<b>-114.1</b>	<b>-140.4</b>	<b>-490.1</b>
whereof depreciation and amortisation of intangible and tangible fixed assets	-14.0	-14.7	-16.5	-19.0	-64.2
<b>Operating profit/loss before depreciation and amortisation (EBITDA)</b>	<b>31.3</b>	<b>33.8</b>	<b>38.0</b>	<b>53.1</b>	<b>156.2</b>
<b>Operating profit/loss after depreciation and amortisation (EBIT)</b>	<b>17.3</b>	<b>19.1</b>	<b>21.5</b>	<b>34.1</b>	<b>92.0</b>
Net financial items	0.4	0.2	-0.1	-0.8	-0.3
<b>Profit/loss before taxes</b>	<b>17.7</b>	<b>19.3</b>	<b>21.4</b>	<b>33.3</b>	<b>91.7</b>
Taxes	-4.7	-4.0	-5.7	-10.8	-25.2
<b>Profit/loss for the period</b>	<b>13.0</b>	<b>15.3</b>	<b>15.7</b>	<b>22.5</b>	<b>66.5</b>

## Note 4 – Acquisitions

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

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

Tangible fixed assets	15.5
Inventories	0.5
Current receivables	27.1
Cash and bank deposits	18.3
Long-term liabilities	-0.3
Current liabilities	-28.3
Acquired net assets	32.8
Goodwill	115.3
<b>Total purchase price</b>	<b>148.1</b>
Directed placement	19.1
Cash in acquired company	18.3
<b>Effect of the acquisition on group cash flow</b>	<b>110.7</b>

**Note 5 – Order book and order intake**

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

## 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 alarm reception activities.

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

	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
<b>Currency adjusted sales growth (SEK million)</b>					
Currency adjusted sales growth	-40.1	-40.7			
Currency effect	18.3	13.2			
<b>Reported sales growth</b>	<b>21.8</b>	<b>-27.5</b>			
<b>Capital employed</b>					
Total assets			1371.5	1213.3	1177.3
-non interest bearing liabilities			463.5	482.1	428.6
-cash and cash equivalents			90.7	57.8	57.1
<b>Reported capital employed</b>			<b>817.3</b>	<b>673.4</b>	<b>691.6</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 the Parent Company, and that it also describes the principal risks and uncertainty factors faced by the company and its subsidiaries.

This interim report has not been subject to review by the company's auditors.

Lund, Sweden, 13 July 2018

Johan Andsjö  
Chair of the Board

Henri Österlund  
Deputy chair of the Board

Lena Hofsberger  
Board member

Niklas Savander  
Board member

Jonas Mårtensson  
Board member

Josephine Salenstedt  
Board member

Mona Kristensson  
Employee board member

Robert Puskaric  
CEO

This information is information that Doro AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons on page 8, on July 13 2018, at 08.00 CET.