

# Annual Report 2014



# Contents

2	Doro in brief
4	The year in brief
6	Ceo comment
8	Strategy
10	Market
12	The Doro share
15	Sustainable operations
18	Administration report
27	The board and management team
29	Financial information
40	Notes and accounting principles
58	Auditors report
59	Quarterly summary
60	Five-year summary
61	Press releases
62	Definitions

# Leading telecom solutions for seniors

**Doro is the market leader in telecom solutions for seniors. The company provides the world's growing population of seniors with easy-to-use telecom and care solutions specifically tailored for the user group.**

Doro is the clear market leader and number one brand for senior mobile solutions in Europe. The company is dedicated to understanding and meeting the needs, preferences of requirements of senior users with the objective to create satisfied and loyal end-users. Doro's products are highly appreciated by its users and as many as 82 percent would recommend them to friends and family.

## LONG HISTORY OF GROWTH

Doro's product are sold in more than 40 countries on five continents through an extensive network of partners. The company has enjoyed compounded annual growth of 21 percent in the last five years, which is based on a strategy focused on seniors, attractive products and many loyal users and brand ambassadors.

## OUR MISSION

Today, seniors are connected to the Internet to a lesser extent than other age groups. Doro considers it part of its mission to help seniors to access online services by providing relevant solutions, solving important problems in an easy way, yet at an acceptable cost and without any stigma.

## OUR VISION

Doro's vision is to be the most trusted global brand in easy-to-use telecom solutions for seniors.

## SOLUTIONS FOR INDEPENDENT LIVING

Doro offers value added consumer solutions for seniors in form of easy-to-use phones with functions that facilitate everyday life. Doro also offers services that further enable and improve the quality of independent living for seniors and their families. Doro's complete offering spans from phones and smart devices, to software to support services targeting the needs and desires of the senior population, with a strong focus on ease of use and bridging the digital divide between seniors and the rest of the population. Even if the seniors make a rather heterogeneous group, most of them will at some point need support in keeping up with the technical development, exploring new convenience services or just learn to use new technology.

## GLOBAL DISTRIBUTION A COMPETITIVE EDGE

Over the years, Doro has built up an international distribution network consisting of leading telecom operators, specialists and retailers with strong distribution channels to our end-customers. In 2014, Doro extended and expanded partnerships on

US AND CANADA

11%

UK

17%

NORDIC

21%

DACH

27%

EMEA

24%

Doro's markets share of total revenue.

many important markets. Doro's distribution network, together with its ability to efficiently develop new distribution relationships, in a global market, are key competitive advantages.

#### MARKET FOCUS ON SENIORS

Doro's phone offer focus is on the senior segment of the market and the include mobile phones for both active and fragile users. Currently, there are more than 550 million people aged 65 or more and demographics indicate that the number will be growing fast for many years to come. By the year 2020 the group is expected more than 700 million people.

#### CONTINUOUS INNOVATION

Doro has comprehensive in-depth knowledge of its target group, and has in-house teams for product development in Paris, Lund and Hong Kong. In 2013, Doro acquired Isidor SAS to strengthen its software development capabilities and complement its existing Android competence with Windows OS. The acquisition of CareTech AB in 2014 adds further know-how in the area of digital care solution development.

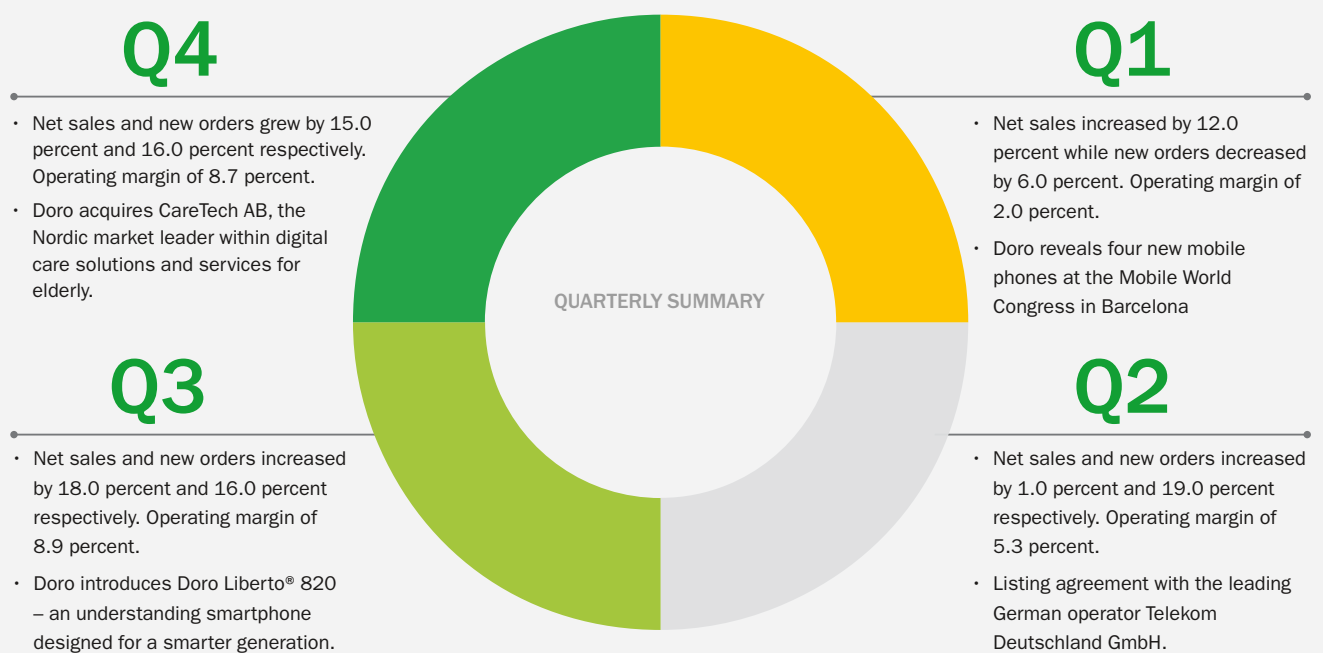
During 2014, Doro launched its third smartphone, the Doro Liberto 820®, and three new feature phones, the Doro Liberto® 650 – the company's first web-enabled feature phone, the Doro PhoneEasy® 613 – a stylish clamshell camera phone, and the Doro PhoneEasy® 508 – a candy-bar design with a well-spaced convex keypad.



# A year of strategic progress

**2014 was a year of strategic progress for Doro. Net sales grew by 12 percent and operating profit increased by 9.6 percent.**

Growth resumed in several important markets and gross margin improved. Doro's new smartphone, the Doro Liberto® 820, was launched in the fourth quarter supported by sizeable marketing campaigns with strategic partners in important markets. The launch was successful and the phone was well received by partners, end-clients and industry media. During the year, Doro continued to expand in footprint in several key markets, such as Germany, France, USA and the Nordic region, through new and extended partnerships. Doro's total market share in the Western European senior mobile phone market increased to 48.5 percent (41.8) in 2014. In the fourth quarter, Doro also announced the acquisition of CareTech AB, the Nordic market leader within digital care solutions and services for elderly, which provides a solid platform for Doro's strategic expansion of its offering for fragile users.



OPERATING PROFIT AMOUNTED TO SEK

**86.5m**

OPERATING MARGIN: 6.8 PERCENT

NET SALES AMOUNTED TO SEK

**1,277m**

AN INCREASE OF 12 PERCENT

GROSS MARGIN AMOUNTED TO

**41%****2,100,000**MOBILE PHONES SOLD  
DURING 2014

Financial goals and goal achievement	Goal	Outcome 2014
Annual growth, %	20	11.8
Long-term operating margin, %	10	6.8
Maximum leverage ratio (interest-bearing debt/equity)	1,0	0.12
Dividend, portion of net profit, %	33	0

Key figures	2014	2013	2012
Net sales, SEKm	1,277	1,143	838
Gross margin, %	41.0	37.5	38.1
Operating profit (EBIT), SEKm	86.5	78.9	61.4
Operating margin (EBIT), %	6.8	6.9	7.3
Cash flow from operations, SEKm	22.5	110.5	40.2
Earnings per share, SEK	2.76	3.07	2.73
Dividend per share, SEK	0	1.5	1.25
Number of employees	172	149	81

# Growth and investments for the future

2014 was an exciting year. During the year we have renewed our portfolio of solutions for seniors with one new smart phone, Doro Liberto® 820 and a range of new feature phones. We also strengthened our market position in Germany through strategic listings. Finally we acquired CareTech to enhance our service offerings in the care segment. All of the mentioned are important events that reflect Doro's ambition to stay in the forefront of market developments and create the platform to better profitability.

Doro Liberto® 820 was listed in specific key markets towards the end of the year, contributing to the double digit sales growth in 2014. The roll out of smart phones will continue to contribute to Doro's growth in 2015 and represent an increasing part of our sales. The Doro Liberto® 820 has been positively received by both seniors and telecom operators and the successful market introduction shows that we are on the right track.

The senior segment is very heterogeneous and our ambition is to cater for the different needs of our users. Some of the seniors are very active, discovering the connected world with smart phones with Internet connectivity equipped with user friendly interfaces for a life on the move, while others live a more stationary life. The latter group needs safe and reliable feature phones that enable easy-to-use communications with family, friends and care services. The communications solution that Doro provides is used for social reasons, but they also enable swift communications in cases of emergency. Our ambition is to provide safe and easy-to-use communications based not as much on technology as on the identified user needs. This focus on user needs is also why we aim at growing our offering for the care market, address-

ing the most dependent users. As the Telecare market becomes increasingly influenced by consumer choice, Doro can leverage its knowledge and market position.

The adaptation to new technology is slower in the senior segment than in other age groups. Therefore we foresee a much slower market transformation from feature phone to smart phones in the senior segment than in the general mobile phone market. In fact, our sales of feature phones is still growing. We believe that our product range today is highly competitive and we will develop our feature phone offer for many years to come.

The 2014 operating profit increased by 9.6 percent compared to 2013. The investments in the development of, and the marketing campaigns related to the Doro Liberto® 820 and its successors are impacting this result though. The gross margin improved significantly towards the end of 2014, partly as an effect of the regained growth in the Nordic region. I am satisfied that we have managed to invest for the future while on the same time successfully defending our positions in a rapidly changing market place, something which is reflected in our sales growth of 12 percent for 2014.





However, we still need to improve our profitability in order to meet our financial targets. We are focusing on a better pay-back from our investments in smartphones when the sales will grow, and on reducing our costs as percentage of sales, in order to reach them.

In Germany we have had an especially impressive sales development, thanks to the listings with Telekom Deutschland and Vodafone Germany. Doro's sales growth in the DACH region (Germany, Austria and Switzerland) amounted to an impressive 73.3 percent and in Germany the market share increased to 33 percent. Also in France various telecom operators contributed to the sales growth. In the Nordics and the UK we made progress with several leading operators, and we managed to defend or increase our market shares.

Another important step we took during 2014 was to enter Italy, one of the larger mobile phone markets in Europe. The launch has been successful, and we expect Italy to increase its share of sales in the EMEA-region (Europe, Middle East and Africa) in 2015.

One of the most important events last year was the acquisition of CareTech, the Nordic market leader within digital

care solutions offering a full range of services, including an alarm central which handles 60,000 users. Our strategy is to increase our Telecare business and CareTech offers a strategic platform from which we can build an international presence in the segment. We believe that the combination of Doro's mobile phones featuring alarm buttons and CareTech's alarm service offer attractive synergies. CareTech is a services business, and as the care segment grows, it will enable us to increase our recurring revenues and to improve our margins.

I look forward to yet an exciting year and I think, based on our strong portfolio and market position, that I have good reasons to be positive when looking ahead into 2015. We expect growth to continue in 2015 within the digital devices business as well as within CareTech AB, which was consolidated per 1 March 2015.

Lund, March 2015

Jérôme Arnaud, President & CEO

# Constant innovation

**Doro's strategy is based on continued market leadership and constant innovation. This strategy is based on three pillars; the technology gap, increasing the service content of the business and increasing interaction with end users.**

## CLOSING THE TECHNOLOGY GAP

Doro is the expert on communication needs for seniors. Aiming to enhance the user experience, the company's core strategy is to develop secure and easy-to-use products and services for this target group. Rapid developments in mobile and IT technology together with greater use of digital technology in society mean that mobile and Internet connectivity have become essential if people are to feel actively involved in the world they live in. As most people increasingly communicate via mobile devices and the Internet, it creates a technology gap between some seniors and the rest of the population.

Doro's products and services aim to help close this gap. By offering value-added, easy-to-use, secure solutions, Doro hopes to enable seniors to communicate more with family and friends and to be active citizens and consumers despite the impairments that may come with age.

Doro has comprehensive expertise in this market and closely monitors developments in technology in order to keep up with new trends and solutions. At the heart of Doro's expertise, however, is a solid understanding of communication patterns and the specific needs of seniors. Armed with this indepth knowledge of the senior market, the company's product development activities focus on meeting identified needs of seniors by eliminating unnecessary and user-unfriendly functions and concentrating on core communication needs.

Doro has developed this expertise through many years of experience and through unique research. Doro regularly undertakes major market surveys in order to fully understand the transformative drivers and attitudes of this target group. The 2014 survey involved 1,600 persons aged 60+ looking to buy a phone within the next 12 months. For more information on the survey see the market section of this report.

## INCREASED SERVICE CONTENT

To date Doro's business model has been dominated by hardware, but in a broader strategic approach the service side of the business is now increasing. There are various reasons for expanding the service business. An increased share of services implies an increased share of recurring revenue and a more stable revenue stream. An offering which combines hardware and services makes Doro more competitive and enables product differentiation, while also increasing brand loyalty and alleviating immediate price pressure.

The acquisition of CareTech was a key step in the strategy to increase the services share of Doro's customer offering. CareTech offers a complete social alarm service and targets customer segments such as municipalities. CareTech currently operates one of Sweden's largest social alarm response centres, connecting some 60,000 senior residents to municipal services throughout Sweden.

## A STRATEGY BASED ON THREE PILLARS







## CASE: CARETECH

The seniors are a heterogeneous group but can roughly be divided in three segments; active, fragile and dependent seniors. Doro's renowned phones are primarily aimed for the active and fragile groups whereas the care products and services are target the dependent group.

The acquisition of CareTech adds substantially to Doro's care offering. The offering includes Telecare and alarm services that enable elderly to independently live in their homes longer and safer. There is a steadily growing demand for these services among elderly.

CareTech is the Nordic market leader within digital care solutions, and has around 100 employees and an alarm central handling 60,000 users. The acquisition is a good complement to Doro's existing care business, in which Doro provides the products but partners with companies who run the alarm centers. Through the CareTech acquisition Doro moves closer to the end user by actually also managing the Swedish alarm center in house.

CareTech also forms a good platform for Doro to offer CareTech's solutions combined with Doro's mobile phone and alarm button portfolio. This creates operational and business synergies between the mobile phone and the alarm button products, as well as the CareTech portfolio, and adds user value and competitive strength to the combined solutions.

The business model in CareTech which is built on a recurring sales, is also something that Doro can take advantage of and develop further.

Doro believes that there are many potential synergies between the mobile phone business and alarm products that can create added value. Combining CareTech's service with the Doro's mobile devices – complete with alarm functions – will add user value. CareTech's recurring services model will also be evaluated and will be implemented where appropriate.

### INTERACTION WITH END USERS

Technology adds to the potential of all Doro's devices. The strategy is to continue the dialogue between users and Doro, allowing Doro to refine and improve its product portfolio according to defined user needs but also to enhance the user experience.

A number of end users have agreed to let Doro track their device habits for research purposes. Doro can monitor and analyse how much time its end users spend phoning and surfing, what types of apps they download, etc. The information is of course anonymised.

Another example of user interaction is the opening of Doro's first flagship store in the 15th district of Paris. Doro displays its full range of senior communication products in this store and is able to get direct input from customers and potential customers. The same possibilities will be offered by Doro's direct merchant web shop that will be launched during 2015.

# A fast growing market segment

The Doro share operates in a fast-growing, but also rapidly changing and highly competitive market. Focusing on a solid understanding of the communication needs and habits of seniors, it is this aspect that drives Doro's market research and forms the cornerstone of the company's easy-to-use and reliable telecom products and services.

## THE SENIOR PHONE MARKET

Doro addresses the senior segment of the mobile phone market, and has been the market leader for many years. Just as in the overall mobile market the senior market is transforming from feature phones to smartphones, with smartphones being the main driver of sales in terms of both volume and value over the next few years. But, while smart phones now dominate the overall mobile phone market sales, feature phones remain very important in the senior segment and the sales of senior feature phones are still growing.

This offers Doro an opportunity to improve both its ranges of mobile phones, continuing to develop attractive and competitive easy-to-use solutions for seniors for many years to come.

Seniors' interest for the communication possibilities that smart technology offers is growing fast. But, whereas the standard smart phones are indeed easy to use for young and middle aged persons, they are poorly adapted to the needs of the senior, who in many cases are uncomfortable with many icons, applications and options.

According to the panel study from the renowned research company GfK<sup>1</sup>, more than 2 million senior mobile phones were sold in France, Germany and the UK alone during 2014.

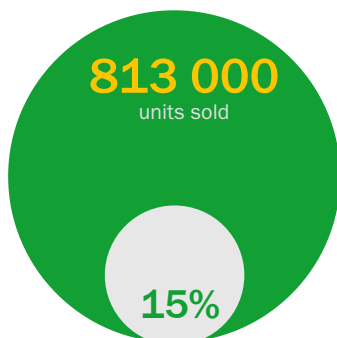
Although the market is growing in volume (number of products sold), price pressure limits sales growth. The report shows that Doro is the market leader in all markets above. In 2014 additional market shares were gained especially in Germany, as an effect of the sales agreements with Telekom Deutschland and Vodafone Germany and the acquisition of Industrievertretung Schweiger GmbH (IVS) in 2013.

## THE WORLD IS GROWING OLDER

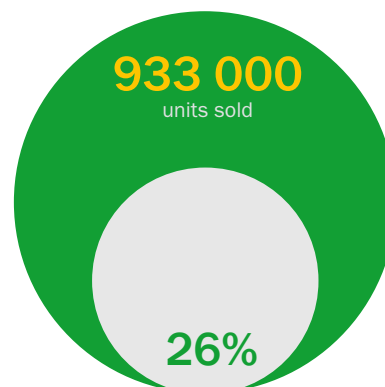
Demography is a strong driver for Doro's growth. The United Nations forecast that by the year 2050 the global population has increased from 7 billion to 9.6 billion. With declining fertility rates and increased life expectancy, the age structure is shifting rapidly, especially in the OECD countries. Seniors now comprise the fastest-growing age group. Today there are approximately 550 million people over the age of 65 in the World, and by 2020 the number of seniors is expected to exceed 700 million – representing almost 20 percent of the total population. This trend is the driving force behind what is known as the silver economy.

Over the coming decades the group of seniors will continue to grow in most OECD countries – not only as a proportion of

DORO GERMAN MARKET SHARE 2013



DORO GERMAN MARKET SHARE 2014



<sup>1)</sup> GfK Panelmarket Trends, Elderly Phone Market, EU3, Jan–Dec 2014.

the total population, but also in absolute terms. According to European Commission forecasts, between 2010 and 2050 the older population in the EU will increase by 58 million or 77 percent.

#### BRIDGING THE DIGITAL GAP

As the number of seniors grows, so does the number of people needing special products and solutions to keep in touch with friends, family and others. Doro develops solutions for a rapidly changing world, and although seniors are a heterogeneous group, over time most seniors will find that physical changes place restrictions on their use of communication devices. At the same time the World is becoming increasingly communicative and also seniors need to adapt to new communication patterns. Many seniors see the advantages that new technology brings but feel insecure using new devices and are therefore seeking simplicity and reassurance. Doro is firmly convinced that technological developments will lead to a digital gap between seniors and the rest of the population, and wants to close this gap through its offerings.

#### MARKET PENETRATION

Doro was established in 1974 in Lund in the south of Sweden as a telephone distributor and retailer. Although Doro is now present in more than 40 countries, the company still has its strongest position and brand awareness in the Nordic countries, with a penetration level (measured as seniors equipped with a Doro device as a proportion of inhabitants 65+) of 17 percent. In Doro's other key regions the company's penetration is still modest but the aim is to increase penetration in all regions. In recent years Doro's sales outside the Nordics

have risen considerably and both the sales regions DACH (Germany, Austria and Switzerland) and EMEA (Europe, Middle East and Africa) are now bigger than the Nordics. However, the high level of penetration in the Nordic region shows that Doro does not necessarily need to extend its geographical footprint, given the great growth potential in existing markets. Increased brand awareness and expanding the care sector side of the business are also increasingly important for sustained growth.

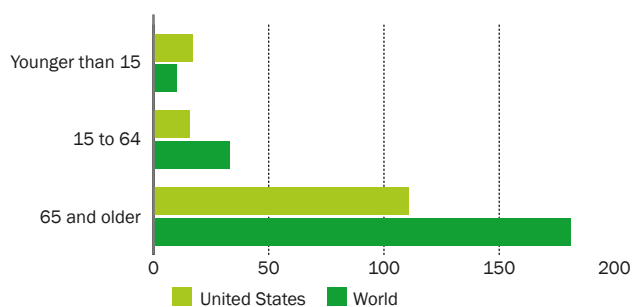
#### MARKETING

Doro's strong brand needs to be maintained at many levels and among various groups of stakeholders – not only seniors but also their relatives, and others such as municipalities and the care sector.

Doro uses a wide range of marketing and brand activities to further increase brand awareness. In 2014 Doro used television, print and online advertising to trigger existing users to upgrade to smartphones or new feature phones and to reach potential customers who have not yet invested in a Doro solution. For business-to-business marketing the company is consistently present at the major industry trade fairs.

During 2014 Doro has renewed its marketing being less descriptive and product oriented and instead more emotional and focusing on the possibilities communication offers. Important marketing activities were initiated in several countries including Germany, where Doro was co funding important campaigns with its new vendor partners Vodafone and Telecom Deutschland.

ESTIMATED PERCENT CHANGE IN POPULATION, 2010 TO 2050, BY AGE, IN THE WORLD AND THE U.S.



	Population 65+, million seniors	Doro penetration ≈ %
Nordic Region	4.4	17
DACH	17.1	2–3
EMEA & United Kingdom	63.9	2–3
USA and Canada	47.1	1

# The Doro share

**The Doro share has been listed on the Nasdaq OMX Stockholm, Nordic Small Cap list, since 1993. It has a diversified ownership base and good liquidity.**

## SHARE PRICE AND MARKET CAPITALIZATION

During the year, the value of the Doro share decreased by 11.8 percent compared with the OMX Stockholm PI index, which increased by 11.9 percent. Including the ordinary dividend of SEK 1.50 per share, the Doro share decreased by 8.4 percent. The highest price paid for the share during the year was SEK 55.00 and lowest was SEK 25.10. Per December 30, 2014, the closing price for the Doro share was SEK 38.80 and the market capitalization SEK 823m (916).

In 2014, more than 98 percent of the turnover in the Doro share was generated on Nasdaq OMX Stockholm. In total approximately 27.8m shares were traded during the year with an average daily turnover of approximately 114,619 shares.

## SHAREHOLDERS' EQUITY

January 1, 2014, shareholders' equity amounted to SEK 20 806 174 (19,349,174) and the number of shares outstanding amounted to 20 806 174 (19,349,174) with a quotient value of SEK 1.00. In 2014, shareholders' equity increased by SEK 398,309 corresponding to 398,309 shares with a quotient value of SEK 1.00. At the end of 2014, shareholders' equity amounted to SEK 21,204,483 (20,806,174) and the number of shares amounted to 21,204,483 (20,806,174) with a quotient value of SEK 1.00.

At the Annual General Meeting in May 2014 being resolved in accordance with the Board's proposal to obtain authorization until the next Annual General Meeting, to decide to issue new shares up to an aggregated number of shares which at the date of the General Meeting corresponds to 10 per cent of outstanding shares. At the same General Meeting it was resolved in accordance with the proposal and after a vote authorizing the acquisition of own shares.

## SHAREHOLDERS AND OWNERSHIP

At the end of 2014, Doro had 7,710 shareholders compared with 7,944 the year before. Swedish shareholders accounted for 57.7 (62.5) percent of the ownership while foreign shareholders accounted for 42.3 (37.5) percent. Approximately 68 percent of the shares were held by institutions and approximately 32 percent by natural persons. At the end of the year, senior executives and Board members of Doro had a combined holding of 214,197 shares and 375,000 shares respectively. By year end, Doro AB held no treasury share. The three largest shareholders measured in share capital

and votes, by year end, were Aif Clients, W8imy Clearstream Banking S.A. and Avanza Pension Försäkring AB.

There are no limitations on the transferability of shares imposed by law or Doro's articles of association. The Company is unaware of any agreements between shareholders that could entail limitations on the right to transfer shares. Neither Doro AB nor its Group companies are party to any material agreement taking effect, being amended or ceasing to apply in the event of control of the Company or a Group company changing due to a public takeover bid.

## WARRANTS PROGRAM FOR EMPLOYEES

An extraordinary General Meeting was held in August 21, 2014, and decision was made on directed issue of new warrants to senior executives and key employees within the Doro group. Each warrant gives the holder the right to buy one share to a predetermined price of SEK 42.00 during May 22, 2017 until June 21, 2017. The warrant price is calculated according to the Black & Scholes model, taking into consideration estimated dividend and used share price of SEK 31.10, volatility 30%, riskfree interest 0.31% and duration of 2.78 year (2014-09-12-2017-06-21). The CEO subscribed for 200.000 warrants and the rest of the group management subscribed for 325.000 warrants. Other key employees subscribed for 175.000 warrants. Doro Incentive subscribed for 141.000 warrants possible to be used for future employees. Totally 841.000 warrants were issued.

Detailed information about the warrants program is available at [www.doro.com](http://www.doro.com)

## DIVIDEND AND EQUITY RELATED TARGETS

Doro's long-term target is a dividend payout ratio of approximately one-third of net profit. In addition, the Board has set a maximum debt/equity ratio of 1.0. By the end of 2014, Doro had a net cash position of SEK 36.5m to finance future strategic growth initiatives. The acquisition of CareTech AB, which was announced on December 16, 2014, was completed on January 30, 2015, and did not affect Doro's financial position for 2014.

The Board proposes that no dividend is to be paid in 2014.

Read more about the Doro share and the current share price at [www.doro.com](http://www.doro.com).

## SHARE CAPITAL TREND

Year	Transaction	Change in number of shares	Issue price in SEK*	Increase in share capital in SEKm	Amount paid in SEKm	Total number of shares
1998	Directed issue	2,740,260	18.48	2.7	50.6	
1998	New issue, 1:7	1,212,894	27.00	1.2	32.7	
2001	Directed issue	11,764,705	8.50	11.8	100	
2005	New issue	7,141	1.00	0.0	0	
2005	Reverse split, 5:1	-17,180,000	0.00	0.0	0	
2006	New issue, 3:1	12,885,000	6.00	64.4	71.2	
2006	Offset issue	227,631	7.66	1.1	1.5	
2009	Directed issue	1,700,000	9.50	1.7	16.2	
2011	Directed issue	241,543	25.56	0.2	6.3	
2013	Directed issue	1,457,000	27.89	1.5	40.6	20,806,174
2014	Warrant program	398,309	35.30	0.4	14.1	21,204,483

## SHARE DATA

	2014	2013	2012	2011	2010
Undiluted number of shares at year-end, thousand	21,204	20,806	19,349	19,349	19,108
Share price at year-end, SEK	38.80	44.00	24.50	27.30	31.20
Quotient value, SEK	1.00	1.00	1.00	1.00	1.00
Earnings per share, SEK	2.76	3.07	2.73	3.02	2.99
Cash flow per share, SEK <sup>1)</sup>	1.06	5.60	2.08	5.47	4.21
Reported equity, SEK	15.79	13.79	10.8	9.16	6.35
Dividend per share, SEK <sup>2)</sup>	0	1.50	1.25	1.00	0.50
P/E <sup>3)</sup>	14.05	14.33	8.98	9.04	10.40
Dividend yield, % <sup>4)</sup>	–	3.4	5.1	3.7	1.6

1) Cash flow from operations divided by undiluted number of shares at year-end.

2) The Board of Directors' proposal to the AGM.

3) The share price at year-end divided by earnings per share for the year.

4) Dividend per share divided by the share price at year-end.

## SHAREHOLDINGS BY HOLDING SIZE

At 31 December 2014

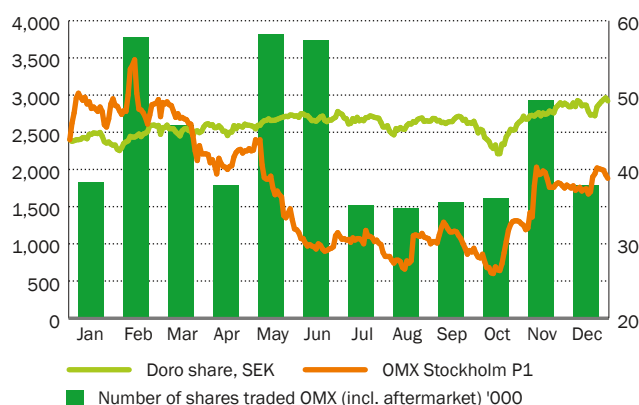
Holding, no. of shares	No. of shareholders	% of all shareholders
1 – 500	5,053	65.5
501 – 1,000	1,306	16.9
1,001 – 5,000	1 061	13.8
5,001 – 10,000	131	1.7
10,001 – 15,000	40	0.5
15,001 – 20,000	14	0.2
Over 20,001	105	1.4
<b>Total</b>	<b>7,710</b>	<b>100.0</b>

## MAJOR SHAREHOLDERS

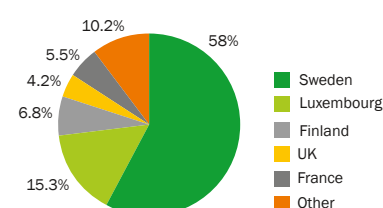
At 31 December 2014

Ten largest shareholders	No. of shares	Share of capital and votes, %
Aif Clients	1,619,673	7,6
W8imy Clearstream Banking S.A.	1,508,529	7,1
Avanza Pension	1,465,847	6,9
Nordea Fonder	1,267,428	6,0
Objectif Investissement Microcaps	740,000	3,5
Nordnet Pensionsförsäkring	726,157	3,4
Originat AB	650,000	3,1
Hajskäret Invest AB	380,000	1,8
Swedbank Robur Fonder	346,426	1,6
Kastensson Holding AB	285,000	1,3
<b>Subtotal</b>	<b>8,989,060</b>	<b>42,4</b>
<b>Total number of shares</b>	<b>21,204,483</b>	<b>100</b>

## PRICE TREND AND VOLUME



## INVESTORS PER COUNTRY







## CASE STUDY: TECHNOLOGY MOTIVATORS

Doro gains insight into user habits in many ways, including research and field testing. Analyzing this input is key and ensures that Doro has a sound understanding of seniors' mobile behavior. Every year Doro conducts a major market study. The 2014 market survey was conducted in four European markets – the UK, France, Germany and Sweden. It included 1,600 respondents in total, addressing seniors older than 60 years looking to buy a phone within the next 12 months.

The study mapped the respondents' current and planned usage of a number of devices such as mobile phones, tablets, PCs/laptops, alarm buttons and other electronic devices.

One conclusion is that there is a growing appetite among seniors for new technology, but that many are hindered to use the standard devices, for various reasons.

The survey also mapped various technology motivators. There are several drivers behind the increased use of smart-phones etc. among the senior population. Some are similar to the growth drivers in the mobile phone market as a whole, while others are more specific to the senior segment.

One important motivator is the phone as a social currency. To use a new smart phone makes the senior feel independent and it secures his or her sense of inclusion and relevance.

The influence of relatives is evident among the senior population. Many want to engage with technology – or feel they must do so – in order to meet the expectations of their families. This includes sending or receiving photos and to communicate over the Internet using services such as What's app or Skype.



# Sustainable operations

Doro's products and services are designed to make daily life simpler and safer for the Company's end customers. Operations are conducted in a responsible and honest way in order to secure and safeguard long-term sustainable development. Doro wants to earn the trust of all its stakeholders, from shareholders and others active in the capital market through employees and suppliers to customers and society. This is not just a key value; it also plays an important role in the Company's success. For this reason, Doro includes a sustainability perspective in all decisions and processes.

## RESPONSIBILITY THROUGHOUT THE CHAIN

Doro's core values are Trust, Care and Ease

- Trust is about always delivering what we promise.
- Care is about compassion and attending to the needs of others.
- Ease is about doing all we can to make everyday life a little easier.

These core values imbue Doro's corporate culture and act as guiding principles in Doro's product development and interaction with employees, customers and end users. In a rapidly evolving industry, Doro must understand the various needs that end users have and how such needs change. Doro needs to be flexible in order to deliver the best easy-to-use products while taking responsibility throughout the entire chain.

## FROM DESIGN TO RECYCLING IN A RESPONSIBLE WAY

Doro creates and develops high-quality products. When we develop a product, we always try to make it a little better than its predecessor – not just in terms of performance, but also as regards energy efficiency, ergonomics, user-friendliness, recycling and service. Doro takes a holistic view of the life cycle of its products.

For us, quality and respect for people and the environment are cornerstones of our business, on which we have built our success and the Group's long-term profitability.

The use and recycling of our products are covered by various environmental directives and stringent legal requirements. Doro's quality and environmental manager is responsible for Doro's compliance with applicable laws and regulations. In addition, each country in which Doro operates has an environmental officer responsible for ensuring compliance with the environmental legislation of the country in question.

One example of an EU directive with a certain bearing on Doro's operations is the ErP directive<sup>1</sup>. For Doro, this involves

ensuring ecological design, an energy-efficient production process and low energy consumption by battery chargers and external power supply units. The first part of the ErP directive entered into force in April 2010, with the second stage in April 2011. Doro's products meet all the requirements. Mobile phones are now also covered by the nickel directive, which limits the amount of nickel that may be released in normal contact with skin.

## MATERIALS

Doro seeks to select materials with the minimum possible impact on the environment. As more environmentally friendly materials are developed, we assess whether they can replace those currently used.

Registration of chemicals according to REACH<sup>2</sup> affects importers or manufacturers of chemical substances. As an importer of finished products with a final technical specification and design originating in a non-EU manufacturing unit, and since these products do not emit any chemical substances in normal use, Doro is not required to register or report its use of any chemicals. However, the products must comply with the disclosure requirements of REACH's SVHC<sup>3</sup> section. These requirements do not in themselves impose any limitations, but necessitate informing distributors and users if the threshold for any listed chemical is exceeded.

There are a number of other EU directives that affect Doro's operations. Among the more exhaustive are the directive on the restriction of the use of certain hazardous substances (RoHS<sup>4</sup>) from 2006, in the 2012 recast – which is the second stage of the directive. The directive now also entails CE labelling, effective from January 2013, and not just environmental labelling as was previously the case. New restrictions on materials are set in the POP<sup>5</sup> regulation, which was tightened up in certain respects in 2012.

## PRODUCTION

Doro does not conduct any operations requiring permits or notification. Nor does Doro own any production units; instead, it cooperates extensively with a number of plants that manufacture its products. Various environmental requirements are imposed during inspections of such plants. The two largest suppliers are ISO 14001 certified, and an increasing number of plants are working on various environmental programmes with the intention of gaining ISO 14001 certification.

1) Energy-related Products

2) Registration, Evaluation, Authorisation and restriction of Chemicals

3) Substances of Very High Concern

4) Restriction on the use of Certain Hazardous Substances

5) Persistent Organic Pollutants

### TRANSPORT

In its own operations Doro seeks to minimise its external impact on the environment through the efficient use of resources at all stages. Product and packaging logistics are optimised by means of a constant focus on planning and reviewing volume requirements for packaging and instructions. As far as is commercially viable, Doro uses environmentally certified suppliers and transport companies. Doro also makes extensive use of video- and teleconferencing.

### RECYCLING

The WEEE Directive<sup>6</sup> affects Doro's operations. There is also a 2008 directive regarding batteries which states that battery importers must bear the costs associated with battery waste.

As an importer, Doro must also ensure that all imported battery cells are labelled in accordance with the directive.

Doro is also a member of the packaging industry's own recycling scheme.

### GSM ASSOCIATION

Through the GSM Association Doro cooperates with mobile operators and suppliers to develop energy-efficient infrastructure and ensure that customers use energy-efficient handsets. Reducing mobile device emissions through design and recycling is an example.

### DORO'S ETHICAL RESPONSIBILITIES

Other important cornerstones of Doro's business are honesty and conducting business with great personal integrity and respect for the privacy of others. Clear guidelines for employees and suppliers alike are provided in our Code of Ethics. It is the responsibility of each manager to ensure that his or her staff are familiar with these rules and comply with them. The company also applies the Doro Corporate Social Responsibility Policy, which is based primarily on the UN's and ILO, International Labour Organizations, generally accepted principles and local legislation. Doro gives direct feedback to suppliers through its Supplier Scorecard.

Since 2008 Doro has conducted third-party audits to ensure compliance with the company's policies. If discrepancies are discovered, Doro is entitled to terminate all cooperation with the supplier. In this regard inspections are conducted regularly at all plants.

### DORO'S CODE OF ETHICS

Doro's Code of Ethics provides guidance for both employees and the company's suppliers in order to ensure responsible conduct in respect of all our stakeholders.

With regard to our employees, we focus in particular on:

- Work environment
- Labour rights
- Rewards and development
- Conflicts of interest
- Employee participation

With regard to our customers, we focus on:

- Customer satisfaction
- Product quality
- Prohibited gifts and favours

With regard to our suppliers, we focus on:

- Prohibited gifts and favours
- Human rights
- Environmental issues

With regard to society, we focus on:

- Compliance with laws and other local regulations
- Commitment to the community
- Environmental impact

With regard to our shareholders, we focus on:

- Communication

The code is available in full at [www.doro.com](http://www.doro.com).

### DORO'S RESPONSIBILITY FOR ITS EMPLOYEES

#### Good and equal development opportunities

Recruiting, retaining and developing individuals with the right expertise and attitude is crucial for a company such as Doro. We therefore attach considerable importance to employee satisfaction. We strive to provide employees with the scope and resources to grow, both in their current positions and through opportunities to move on to other roles within Doro.

Doro aims to keep decision paths short and for each individual to feel involved in and responsible for the development of the Company. In Doro's flat organisation responsibilities and powers are delegated, which places demands on employees.

One advantage of Doro's organisation is that the sales force, product developers and marketers live close to customers and suppliers – an aspect that is increasing in importance as joint development projects are on the rise and reaching completion faster. Another advantage is that Doro's employees come from a diverse range of backgrounds, speak a variety of languages and understand different cultures.

With operations in more than 40 countries, Doro has a large number of interfaces with suppliers, retailers and customers. Today, the exchange of experience and expertise between the various companies is relatively well developed and the ambition is to formalise training activities, particularly for sales methods and product development.

<sup>6</sup>) Waste Electrical and Electronic Equipment.



## CASE STUDY: SMART DEVICES

In 2014 the Doro Liberto® 820 smartphone was successfully launched in a number of countries including France, Germany, the UK and the Nordic countries. The company aims to launch Doro smartphones in all markets by the end of 2015. These smartphones address the growing number of seniors who want a mobile phone that provides full access to Internet applications (apps), but with Doro's renowned quality and user friendliness. Attractive Doro attributes include large and visible icons, clear sound and a built-in digital coach.

In addition, smartphones make Doro an interesting partner for telecom operators and retail chains – not only because smartphones drive more data (and therefore more operator revenues) compared to feature phones, but also because Doro smartphones add something new and different to the shelves. The various smartphone brands tend to look

increasingly alike, lacking the form factor differentiators of the old generation phones such as clamshell, bar and slider phones. Doro's smartphones have distinctive features that differentiate them from standard smartphones, and this enhances the shelf standout.

Doro's strategy is to continue to develop its smartphone product range as well as its portfolio of feature phones. The company aims to launch a 4G smartphone in 2015, while the feature phones are expected to represent an important share of the product portfolio for many years to come. By leveraging its market leadership in communication solutions for seniors the company is also expanding into adjacent markets; Doro already offers an easy-to-use PC, and has plans to develop a tablet for seniors with a secure and user-friendly interface.

# Operations in 2014

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

## OPERATIONS

Doro is a Swedish company that develops, markets and sells mobile communications solutions that are specially adapted for the growing number of seniors worldwide. With nearly 40 years' experience and operations in more than 40 countries, Doro is the world-leading brand for easy-to-use mobile phones and complementary safety services for seniors. Doro created the category of Care Electronics and has won a number of international design awards, most recently Best Mobile Device for Accessibility & Inclusion at the 20th Global Mobile Awards.

## BUSINESS ENVIRONMENT

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

## THE SHARE

Information about the Doro Share can be found on page 12-13.

## THE PAST YEAR'S OPERATIONS IN BRIEF

- Net sales amounted to SEK 1,277.1m (1,142.5), an increase of 11.8 percent. Adjusted for acquisitions the increase was 2.3 percent.
- Operating profit (EBIT) totalled SEK 86.5m (78.9).
- The operating margin was 6.8 percent (6.9).
- Profit for the year amounted to SEK 58.2m (60.6).
- Earnings per share after tax amounted to SEK 2.76 (3.07)
- Cash flow from operating activities amounted to SEK 22.5m (110.5).
- The Board of Directors is recommending to the Annual General Meeting that no dividend is paid for 2014 (1,50).

During the year a number of new products and services were launched. Examples include:

- Doro Liberto® 820 – award-winning smartphone with the My Doro Manager app, Doro's cloud service that allows remote control and assistance.
- Doro Liberto® 650 – the Company's first fully connected traditional mobile phone, modern and stylish.
- Doro PhoneEasy® 632/631 – an elegant design with smart technology.
- Doro PhoneEasy® 508 – an easy-to-use mobile phone sold around the world.
- Doro Magna 2000 & Doro Magna 4000 – fixed line phones with increased sound volume.
- Doro Secure® 580 – an easy-to-use mobile phone for increased safety, ready for connection to a telecare service.

## SALES AND RESULT OF OPERATIONS

Doro's sales during the year amounted to SEK 1,277.1m (1,142.5), an increase of 11.8 percent compared with 2013. Adjusted for acquisitions the increase was 2.3 percent. The growth is primarily driven by EMEA, Germany and the UK, where new product launches have been well received by customers. EBIT amounted to SEK 86.5m (78.9), giving an EBIT margin of 6.8 percent (6.9). The operating margin is largely at the same level as in the previous year, because the increase in net sales and gross margin were offset by the costs of a number of major marketing campaigns in several of our larger markets. Net income for the year amounted to SEK 58.2m (60.6). Net financial items were SEK -7.2m (-0.7).

## CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

Cash flow from operating activities amounted to SEK 22.5m (110.5).

The Group's net cash flow, which during the year amounted to SEK -42.2m (-60.8), was charged with share dividends of SEK -31.7m, (-24.2) corporate acquisitions of SEK -21.9m (-110.2) and investments of SEK -29.3m (-36.5).

The investments that were capitalised are primarily attributable to product development.

At year-end Doro had interest-bearing liabilities of SEK 41.7m (45.2), while cash and cash equivalents amounted to SEK 78.2m (123.9). The debt/equity ratio increased to 39.3 percent (38.3) at the end of the period.

## FINANCIAL POLICY

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



The estimated net flows based on normal volumes and current price lists (which usually apply for around three months) are 60–80 percent hedged. Doro applies hedge accounting in accordance with IFRS.

## BOARD OF DIRECTORS

The Board of Directors consists of Chairman of the Board Bo Kastensson, Charlotta Falvin, Karin Moberg, Jonas Mårtensson, Fredrik Hedlund and CEO Jérôme Arnaud. The Company's CFO Christian Lindholm is co-opted onto the Board as secretary.

## REMUNERATION TO SENIOR EXECUTIVES

The Board's proposed guidelines for remuneration of senior executives for 2015 essentially mean that salaries and other terms of employment for the management will be at market levels. In addition to fixed basic salary, the management can also receive variable remuneration and bonuses which are to have a predetermined ceiling and are to be based on results achieved relative to established targets (and in certain cases other key performance indicators).

The maximum cost of variable remuneration and bonuses to the Company's senior executives must not exceed SEK 15 million.

For 2014 the amount was SEK 13 million. An amount is to be set annually for the total cost for fixed and variable remuneration. This amount must include all the Company's remuneration costs. The Company's senior executives are able to allocate part of their fixed and variable remuneration to other benefits, such as pension benefits. The management's pension plans shall mainly be defined contribution plans.

If employment is terminated by the Company, senior executives may be entitled to severance pay; in which case, this shall have a predetermined ceiling. No severance pay is payable if employment is terminated by the employee. The Board has the right to deviate from the guidelines if there are particular reasons for this in individual cases.

This proposal is in line with the guidelines adopted by the 2014 Annual General Meeting.

## PRODUCT DEVELOPMENT AND DEVELOPMENT EXPENSES

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

In addition, Doro invests in various moulding tools and design rights in order to protect the products' designs. These costs are capitalised until the products are ready to be supplied, when depreciation begins.

For 2014 the Group's costs of development work amounted to SEK 65.6m (50.0), primarily due to the development of smart-phones and increased resources for our own software production.

At the end of 2014 Doro had been granted two registered European patents as well as the right to use various patents under contract. Doro has registered the trademarks Doro, Care Electronics, Doro PhoneEasy, Doro Secure, Doro Experience, Doro Connect & Care, Doro Liberto, Ergonomic Sound, Audio-line, along with a large number of other product names and figurative trademarks.

Doro has also protected its designs through a large number of registered design rights. During the year we applied for three patents in accordance with the Company's patent routines, as well as a couple of new trademarks and design rights.

## INVESTMENTS

Investments are made in design, moulding tools, certification processes, control equipment, other equipment, computers and software systems.

Investments amounted to SEK 29.3m (36.5). See also Accounting principles.

## LEGAL PROCEEDINGS

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

Doro has brought an action against mobile phone manufacturer Beafon Mobile GmbH citing infringement of the Company's registered design rights. During the year the parties reached a settlement that involves Beafon paying EUR 1 for each phone sold for use of the design rights. A further dispute is ongoing with Beafon in respect of a similar phone that Beafon has decided to launch.

In addition, the holder of the rights to the French brand and trademark EASYPC has written to Doro threatening to object to Doro's trademark application in the EU for "Doro EasyPC". Doro has contested that there is any risk of confusion and opposition proceedings are now in progress before the EU's registration authority OHIM.

## QUALITY

Regular follow-up of suppliers' quality is carried out quarterly using the "Doro scorecard". Follow-up focuses on the suppliers'

manufacturing processes and specifies points of escalation for reported quality failures and associated remedial action. Potential suppliers are assessed on site in respect of all quality-related processes. At the same time, an initial evaluation is carried out in connection with Doro's Code of Supplier Conduct. The product quality of individual consignments is also checked on an ongoing basis.

#### REGULATIONS

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

#### DIVIDEND AND FINANCIAL TARGETS

The Company has a long-term operating margin target of 10 percent and an annual growth target of 20 percent for the coming years.

The Company's long-term target is a dividend of around a third of net profit after tax. Finally, the Board of Directors has specified a maximum debt/equity ratio of 1.0 (interest-bearing liabilities/shareholders' equity).

The Board has proposed to the 2015 Annual General Meeting that no dividend is paid for 2014.

At present Doro has a net cash position, providing a strong financial base and readiness to finance growth through investments – either organic or via acquisitions.

#### FINANCIAL OVERVIEW

The various financial reports provide the following quarterly statements:

- income statement
- statement of comprehensive income
- balance sheet
- statement of cash flows
- statement of changes in equity
- quarterly summary
- five-year summary

#### PARENT COMPANY

In addition to Group management and financial functions, the Parent Company Doro AB also provides a number of support functions for the rest of the Group. Marketing and product development are coordinated by the Parent Company, while the product and quality department oversees design and tool modifications, among other things, as well as quality assurance of deliveries. Purchasing and logistics are also coordinated by the Parent Company, which is responsible for flows of material within the Group.

Doro AB had sales of SEK 1,013.7m (993.8). Profit after financial items amounted to SEK 31.9m (80). Doro AB is responsible for the subsidiaries' financing. The Parent Company's net debt was SEK -43.8m at year-end 2014. Shareholders' equity amounted to SEK 264.9m (259.5).

#### RISKS

Doro's risks and uncertainties primarily relate to its ability to continually develop competitive products, to disruptions in supply, customer relations and exchange rate fluctuations. Further information on Doro's management of financial risks can be found in Note 23. Other risks are described below.

#### PRICE RISK

Doro operates mainly within telecommunications and is affected by general price decreases and cost development within the consumer electronics industry. This means that selling prices may fall faster than production prices.

Doro works actively with various forecasting tools and follow-up programmes for production planning and stock management.

The Company works in partnership with suppliers, which allows good flexibility based on forecasts that are converted into purchase orders.

Changes in authorities' requirements and technological developments could result in products in stock having a significantly lower sales value than estimated.

#### BORROWING

During the year Doro converted a EUR 5m loan into a SEK 50m overdraft facility with Handelsbanken. As of the closing day, the Company had no net debt. In January 2015 a loan of SEK 180m was raised in connection with the acquisition of CareTech.

#### CASH FLOW RISK

Doro's cash flow from operating activities is usually slightly negative in the first quarter, with positive cash flow during the rest of the year. The Company's cash funds and credit agreements have been adapted to deal with these fluctuations.

#### COMPETITION RISK

Doro operates within competitive markets. Market segmentation is one way of facing this competition.

In addition, Doro continually carries out market surveys to find out end customers' needs and requirements, so as to be able to develop unique products. Activities to increase productivity are carried on in parallel. Brand development within the seniors market is also a distinguishing feature that is an asset of the Company.



### RISK OF BAD DEBTS

In recent years Doro has had a very low level of bad debts since its main customer group is large business groups with regular trade. In 2014 Doro had confirmed bad debts of less than SEK 0.3m (0.1). Probable bad debts amount to SEK 3.5m.

In 2014 no individual customer accounted for more than 10 percent of revenue. In 2013 one individual customer in the US market accounted for 15 percent of revenue.

### RISK OF COMPLAINTS

The risk of complaints refers to the costs of correcting faults arising in products supplied by Doro.

Warranty periods are usually 12–24 months. Various provisions are made for outstanding warranties. The Group's extensive quality work has improved quality in recent years.

### INSURANCE RISK

Doro has a coordinated programme for insurance. Drawing on external expertise, a policy was drawn up stating the type of insurance to be taken out, the amounts of cover required and the distribution of risk between the Parent Company and subsidiaries.

### POLITICAL RISK

Political risk refers to the risk that authorities in various countries take political decisions that make continued operations more difficult, more expensive or impossible. All production takes place in Asia (this is also largely true of all our competitors).

### ENVIRONMENTAL RISK

Environmental risk refers to the costs that may be incurred by the Group in reducing its environmental impact. Doro does not manufacture products itself.

Doro works actively to comply with various new directives relating to the environment and has had no problems with managing charges for returns of electronic waste, packaging and used batteries.

### LEGAL DISPUTES

This type of risk refers to the costs that may be incurred by Doro for pursuing various legal proceedings, as well as costs of third parties.

In 2014 Doro was involved in two disputes. Doro draws on external expertise with a view to prevention and actively safeguards its rights.

### ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 3 p.m. on 27 April 2015 at the Scandic Anglairs Hotel, Humlegårdsgatan 23, 102 44 Stockholm.

### PROPOSED ALLOCATION OF THE COMPANY'S PROFIT

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

Share premium reserve	76,246,707.70
Fair value reserve	-3,568,404.00
Retained earnings	90,505,939.34
Profit for the year	24,568,375.84
	<hr/> 187,752,618.88

The Board of Directors proposes that no dividend is paid for 2014 and that the funds of SEK 187,752,618.88 available to the Annual General Meeting are carried forward.

### FULL-YEAR OUTLOOK FOR 2015

The Group's sales and profit for 2015 are expected to increase. As in previous years, the majority is expected to be generated in the second half of the year.

### EVENTS AFTER THE END OF THE YEAR

Doro presented a number of launches at the Mobile World Congress in Barcelona: Doro Liberto®820 Mini – the elegant, compact successor to the Doro Liberto®820 model, offering consumers a full-scale Doro smartphone experience at an attractive price point.

Doro Connect & Care® – an innovative service that makes it easier to stay in contact with older relations and thereby arrange assistance and support.

Doro 820 Claria and Doro 820 Mini Claria – a unique mobile phone solution for the blind people based on our partnership with Claria (formerly Telorion), an award-winning supplier of mobile solutions for the visually impaired.

In January 2015 Doro acquired CareTech AB, a leading player in digitalisation of safety alarms for seniors living in their own homes.

The acquisition strengthens Doro's position in the strategic Care segment.

IVS GmbH has in the beginning of 2015 sold its subsidiary Service and Sales GmbH.

Doro have during the first quarter of 2015 incurred an extra cost of about 20 MSEK due to insufficient currency hedging during a period of rapid and significant appreciation of USD versus the majority of the currencies in which Doro has its main revenue streams.

This extra cost have affected first quarter's result. The hedging routines have been reviewed and the Company views the main part of the extra costs to be a non-recurring item.

# Clear responsibility for operations creates confidence

Essential to Doro's continued success is having the confidence of the market, shareholders and the public. To achieve this, the Board of Directors and the management must work in a way that is responsible, transparent and committed. It is thus reassuring that over the year our Company has had an effective Board of Directors that has worked constructively with the Company's management and other employees. The role of the Board is becoming increasingly important in a global business environment where change occurs ever more rapidly – not only in terms of the macroeconomic climate and the specific business conditions in which Doro operates, but also the increased competition that we are now seeing in some of our markets. We are well prepared to face market developments and can adapt the Company quickly to new circumstances.

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

Just as important for Doro's credibility is our openness to the market and the fact that we continually provide information about our ongoing measures and business results. This forms the basis of a value-adding relationship with all our stakeholders in which both existing and new shareholders can feel sure that they will receive accurate information at the right time.

Doro AB is a Swedish public limited company listed on OMX Nasdaq Stockholm ("the Stockholm stock exchange"). Doro's corporate governance is based on Swedish legislation, primarily Sweden's Companies Act, but also on the Stockholm stock exchange's rule book for issuers, the Swedish Corporate Governance Code ("the Code") and other applicable rules. In addition to these, the Company is governed in accordance with its articles of association, internal instructions and policies, and recommendations issued by relevant organisations. This corporate governance report has been prepared by the Board of Directors of Doro AB in accordance with the Swedish Annual Accounts Act and the Code. The report forms part of the formal Annual Report.

## SHAREHOLDERS

According to Euroclear Sweden AB's register of shareholders, as of 31 December 2014 Doro AB had 7,710 shareholders. Foreign investors accounted for 42.3 percent of the total number of shares. The number of shares in Doro AB as of 31 December 2014 amounted to SEK 21,204,483 and on the same date Doro's market capitalisation was SEK 822.7 million.

Doro's largest shareholder is AIF Clients, which owns 7.6 percent of the Company's shares.

## SWEDISH CORPORATE GOVERNANCE CODE

The Swedish Corporate Governance Code is to be applied to all companies that are listed on the Stockholm stock exchange. The aim is to improve corporate governance in listed companies and to create confidence in these companies, both among the general public and among players in the capital market. The Code is based on the principle of "comply or explain", which means that companies may deviate from the rules provided they give a satisfactory explanation for the deviation and describe the chosen alternative. The Code is available on the website [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se).

## ANNUAL GENERAL MEETING

The Annual General Meeting is the Company's highest decision-making body. The Board of Directors and Chairman of the Board of Doro AB are elected at the Annual General Meeting. The Company's auditors are also appointed. The Annual General Meeting approves the income statement and balance sheet, and the appropriation of the profit or loss for the year. The other matters to be dealt with are laid down in the Swedish Companies Act. The Annual General Meeting is to be held within six months of the end of the financial year. Shareholders who are registered in Euroclear Sweden's register of shareholders on the record day and have notified their intention to attend are entitled to participate in the general meeting.

## NOMINATION COMMITTEE

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

The Nomination Committee consists of Tedde Jeansson, who is chairman of the Nomination Committee; Arne Bernroth, nominated by Nordea Fonder AB; and Bo Kastensson (Chairman of the Board of Doro AB).

## BOARD OF DIRECTORS

Doro AB's Board of Directors consists of the Company's CEO along with five other members, all elected by the Annual General Meeting held on 12 May 2014. A more detailed

presentation of each member can be found on page 27. The Company's CFO Christian Lindholm is co-opted onto the Board as secretary. Other senior executives participate in Board meetings by presenting information.

#### BOARD MEETINGS

The Board met eight times in 2014. Three meetings were held in Stockholm, two on the Company's premises in Lund and one meeting was held in Paris. In addition, two meetings were held by telephone. All the members were present at all the meetings. The Company's CFO and the Board secretary were present at all the meetings.

The Board deals with matters arising such as the market situation, budget, results for the period and cost efficiency. All the Board meetings follow an agenda approved in advance. This is sent out to each Board member a week in advance of the meeting, along with relevant documentation and a list of matters outstanding from the previous meeting. The meetings of the Remuneration Committee and Audit Committee are reported back to the Board and minutes of these meetings are distributed to the Board.

Each month the previous month's results are also sent out with comments.

#### THE BOARD'S RULES OF PROCEDURE

The Board's rules of procedure lay down the form that work of the Board of Doro AB is to take. The Board's rules of procedure are based on the articles of association, the Companies Act and the Code. The Board has an overall responsibility for the Doro Group.

The Board's responsibility also includes Doro's relations with shareholders, the public, authorities and other organisations and stakeholders. The Board is responsible for executing decisions made by the Annual General Meeting and for achieving the business objectives set out in the articles of association. The Board's mandate is described in the articles of association and in the Companies Act.

#### DISTRIBUTION OF DUTIES BETWEEN THE BOARD OF DIRECTORS AND THE CEO

The Company's Board appoints its Chief Executive Officer. The distribution of duties between the Board of Directors and the CEO is described in the Board's rules of procedure and in the instructions for the CEO. These documents establish that the Board is responsible for the Company's governance, supervision, organisation, strategies, internal control and policies. In addition, the Board decides on matters concerning major

investments, matters of principle relating to the governance of subsidiaries and on the election of board members and managing directors of subsidiaries.

The Board ensures the quality of the financial reporting. The CEO is in turn responsible for the Company being managed in accordance with the Board's guidelines and instructions. In addition, the CEO is responsible for budget work and the planning of the Company's operations 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 via monthly reports.

#### REMUNERATION COMMITTEE

The Board as a whole is responsible for remuneration matters and other terms of employment for the Group management and five other key employees. The Chairman of the Board is to approve the terms for managers who report to the CEO. In total, the terms of employment for eleven people are dealt with (11 in 2013).

The Board fees are decided annually by the Annual General Meeting.

Proposals for fees are prepared in the Company's Nomination Committee.

The Board then sets the remuneration to the CEO. The Board has appointed Bo Kastensson and Karin Moberg to the Remuneration Committee from among its members. The Committee met for the first time on 9 May 2014 to determine the remuneration principles for 2014. Both the members were present at the meeting. A second meeting was held on 4 November 2014 with a view to discussing current pay levels, bonus schemes and the remuneration principles for 2015; both members also attended this meeting. The minutes of these meetings were presented at the subsequent Board meetings.

#### REMUNERATION

The total fees to the members of the Board amounted to SEK 950,000 in accordance with the decision by the Annual General Meeting. Of this amount, the fees to the Chairman of the Board amounted to SEK 350,000 and to other Board members SEK 150,000. The Company's CEO received no Board fee.

The Company's CEO received a salary of SEK 4,053,000 for his work in 2014. Variable remuneration to the CEO amounted to SEK 124,000 for 2014. Salaries to the other five members of the Group management amounted to SEK 5,776 million.

These five members were paid variable remuneration of SEK 633,000 for the 2014 financial year. All employed members of the Group management including the CEO receive employment benefits in the form of a company car. The Annual General Meeting held on 12 May 2014 adopted guidelines for remuneration of senior executives for the 2014 financial year.

Under his current employment contract, the CEO and the Company have a reciprocal notice period of 12 months. The CEO is entitled to full salary and other employment benefits during the notice period. Other senior executives have a notice period of three to nine months.

#### GOVERNANCE OF SUBSIDIARIES

The ten subsidiaries Doro A/S, Doro GmbH, IVS GmbH, Doro SAS, Doro UK Ltd., Doro Hong Kong Ltd., Doro Inc., Doro SRL, Aldebaran SAS and Doro Incentive AB are governed and supervised by their own boards of directors in the country concerned, primarily consisting of representatives of Doro AB in Sweden. Doro AB's President and CEO is the chairman of the board of each subsidiary with the exception of Doro SAS in France, where Bo Kastensson is chairman. The subsidiaries report to the Board of Doro AB whenever they meet. The reports contain information on each company's development and financial position.

#### FINANCIAL COMMITTEE

The Financial Committee consists of the Chairman of the Board Bo Kastensson and the Board member Jonas Mårtensson along with the Company's CEO Jérôme Arnaud and CFO Christian Lindholm. The Committee's primary task is to prepare quarterly reports and decision-making documentation for acquisitions and the Group's financing.

#### CONTROL AND AUDITING

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

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

The 2014 Annual General Meeting appointed Ernst & Young as Doro's auditor for a period of one year, with Stefan Engdahl as chief auditor.

In the past three years the fees for audit work within the Doro Group amounted to SEK 1,200,000 (2014), SEK 1,300,000 (2013) and SEK 779,000 (2012) respectively.

#### AUDIT COMMITTEE

The focus and scope of the audit is presented by the Company's auditor. An audit is performed based on the quarterly close as of 30 September, the result of which is reported at a meeting with the Audit Committee.

During 2014 the Audit Committee consisted of Board members Bo Kastensson, Karin Moberg, Jonas Mårtensson and Charlotta Falvin. The Committee held meetings on 13 February and 4 November. Minutes of these meetings are included in the minutes of the Board meetings held on the same dates. All the members attended all the meetings, along with the auditor Stefan Engdahl. The Audit Committee satisfies the independence requirement in the Swedish Corporate Governance Code.

The Committee's primary task is to support the Board in its work on auditing and internal control, accounting and financial reporting. In 2014 the work focused mainly on follow-up of the 2013 audit and on more detailed review of the period January–September 2014, known as the hard close. In addition, the Committee performed an in-depth review of the interim report for the third quarter (for the period up to and including September 2014).

#### INTERNAL CONTROL

An important part of the control environment is that the organisation, decision-making structures, responsibilities and authority levels are clearly defined and communicated in the Company's steering documents. More information on the Company's internal control can be found in the directors' report on page 25.

The Group controller is responsible for raising certain matters with the CFO. In view of the limited size of the finance department, there is judged to be no need for a separate internal audit function.

# Internal control

## THE BOARD'S REPORT ON INTERNAL CONTROL FOR THE 2014 FINANCIAL YEAR

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

## CONTROL ENVIRONMENT

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

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

## RISK ASSESSMENT

The Group conducts ongoing risk assessment to identify material risks in respect of the financial statements. The main risk relating to the financial statements is considered to be that of material misstatement, e.g. in bookkeeping and the measurement of assets, liabilities, income and expenses, or other discrepancies.

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

## CONTROL ACTIVITIES

Control activities are in place to manage the risks that the Board and Company management consider to be material to

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

An important duty of Doro's staff units is to implement, develop further and maintain the Group's control procedures and conduct internal control geared to business-critical matters. Those responsible for processes at different levels are responsible for implementing the necessary controls in respect of financial reporting. The period close and reporting processes include controls relating to measurement, accounting principles and estimates.

Continual analysis of financial reporting is carried out and this, along with the analysis performed at Group level, is of great importance in ensuring that the financial statements are free from material misstatement.

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

## INFORMATION AND COMMUNICATION

Doro works with the communications consultancy Hallvarsson & Hallvarsson AB, which aims to promote completeness and accuracy in financial statements released to the stock market. Regular updates and bulletins inform the employees concerned of changes to accounting principles and reporting requirements and also provide them with other information. The organisation has access to policies and guidelines.

The Board receives monthly financial reports. External information and communication is governed by the Company's Communications Policy, among other things, which describes Doro's general disclosure principles.

## FOLLOW-UP

Doro's compliance with adopted policies and guidelines is monitored by the Board and management team. The Company's financial position is discussed at each Board meeting. The Board's Remuneration and Audit Committees 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 statements.

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

The Board meets with the auditors twice a year to discuss internal control and, in specific cases, to instruct the auditors to perform separate reviews focusing on specific areas. In light of this, the Board has not found it necessary to establish a separate internal audit function.

Lund, 1 April 2015  
The Board of Doro AB



# Board of Directors

**BO  
KASTENSSON**

**CHARLOTTA  
FALVIN**

**KARIN  
MOBERG**

**JONAS  
MÅRTENSSON**

**JÉRÔME  
ARNAUD**

**FREDRIK  
HEDLUND**


<b>PRIMARY OCCUPATION</b>	CEO Kastensson Holding AB		Founder and CEO of Friends of Adam	Partner and board member in Altied AB	President and CEO, Doro AB	CEO Sigma Connectivity
<b>EDUCATION</b>	Bachelor of Arts, Lund University	MBA, Lund University	MBA, Stockholm University	MBA, Stockholm School of Economics	MSc Engineering, École Centrale de Paris	MBA, Halmstad University and University of Humberside, UK
<b>YEAR OF ELECTION</b>	2006, Chairman since 2007	2011	2009	2007	2007	2013
<b>YEAR OF BIRTH</b>	1951	1966	1963	1963	1963	1974
<b>NATIONALITY</b>	Swedish	Swedish	Swedish	Swedish	French	Swedish
<b>OTHER ASSIGNMENTS</b>	<i>Chairman of the Board:</i> Pricer AB Coromatic Group AB Axema Access Control AB <i>Board member:</i> Skandinaviska Kraft AB Reservekraft AS Industrial Adisor EQT Metric AS AtekTeknik AS Metric Power Systems AB	<i>Chairman of the Board:</i> Ideon AB Lund Business Incubator AB <i>Board member:</i> Axis AB Sydsvenska Industri & Handelskammaren Fasiro AB Invisio Communications AB	<i>Chairman of the Board:</i> CareTech AB <i>Board member:</i> IAR Systems Group AB SBAB Friends of Adam AB CareTech Nordic AB	<i>Chairman of the Board:</i> Ownpower Projects Europé AB Transticket AB <i>Board member:</i> DistIT AB IAR Systems Group AB JNM Invest AB		
<b>DEPENDENCE</b> – Company – Owners	No No	No No	No No	No No	Yes No	No No
<b>PREVIOUS ASSIGNMENTS</b>	Formerly CEO of Bewator Group, Incentive Development, held various positions in the Axel Johnson Group	CEO TAT CEO Decuma COO Axis	Managing Director Telia e-bolaget Marketing Director and Communications Director Telia Sonera	17 years in corporate finance at SEB Enskilda, Maizels Westberg & Co and Nordea	Matra Nortel Communications	CVP Strategy, Sony Mobile Communications
<b>OWN AND RELATED PARTIES shareholdings, 2014</b>	285,000 shares (through companies)	–	5,000 shares	85,000 shares	163,336 shares 200,000 warrants	
<b>OWN AND RELATED PARTIES shareholdings, 2013</b>	400,000 shares (through companies)	–	5,000 shares	125,000 shares (through companies)	147,004 shares 200,000 warrants	–
<b>BOARD ATTENDANCE</b>	8/8	8/8	8/8	8/8	8/8	8/8
<b>ATTENDANCE</b> – Audit Committee – Remuneration Committee	2/2 2/2	2/2	2/2 2/2	2/2		
<b>BOARD REMUNERATION</b>	350,000	150,000	150,000	150,000		150,000

# Management

**JÉRÔME  
ARNAUD**

**CHRISTIAN  
LINDHOLM**

**THOMAS  
BERGDAHL**

**ULRIK  
NILSSON**

**CAROLINE  
NOUBLANCHE**

**CHRIS  
MILLINGTON**


<b>POSITION</b>	CEO, Doro AB Deputy Director of Sales (interim)	CFO	Vice President Product Development	Vice President Operations	Deputy MD Marketing & Portfolio	Director Brand & Marketing Strategy and Managing Director UK/IRE
<b>EMPLOYED SINCE</b>	2000	2013	2002	1991	2011	2005
<b>EDUCATION</b>	MSc Engineering, École Centrale de Paris	BSc Economics, Växjö University	MSc, Industrial Engineering and Management, Institute of Technology Linköping	Technician, telecoms	HEC Business School, Paris	Economics and Finance, Leeds City College
<b>YEAR OF BIRTH</b>	1963	1964	1964	1971	1976	1970
<b>NATIONALITY</b>	French	Swedish	Swedish	Swedish	French	British
<b>PREVIOUS EXPERIENCE</b>	Business development at Matra Nortel Communications	CFO of TFS International AB, Clinical Data Care AB, Wilnor AB and BU Controller at Perstorp AB	Director of manufacturing, Anoto	Supply manager	Founder and CEO of Prylos	Sales Management and Business Development Oregon Scientific Sony UK and Kenwood Electronics UK
<b>OWN AND RELATED PARTIES shareholdings, 2014</b>	163,336 shares 200,000 warrants	– 65,000 warrants	36,082 shares 65,000 warrants	3,897 shares 65,000 warrants	2,449 shares 65,000 warrants	5,433 shares 65,000 warrants
<b>OWN AND RELATED PARTIES shareholdings, 2013</b>	147,004 shares 200,000 warrants		35,000 shares 50,000 warrants	632 shares 40,000 warrants	30,000 warrants	13,800 shares 52,000 warrants

# Contents

Consolidated Income statement/Statement of comprehensive Income – the Group	30
Statement of comprehensive Income – the Group	30
Balance sheet – The Group	31
Shareholders' equity – The Group	33
Cash flow statement – The Group	34
Income statement – Parent company	35
Statement of comprehensive income – Parent Company	35
Balance sheet – Parent company	36
Changes in shareholders' equity – Parent company	38
Cash flow statement – Parent company	39
Notes and accounting principles	40
Board signing	57
Auditor's Report	58
Quarterly Summary	59
Five-Year Summary	60
Press releases 2014	61
Financial definitions	62

# Consolidated Income statement/Statement of comprehensive Income – the Group

SEK m	Note	2014	2013
<b>REVENUE</b>			
Sale of goods	2, 3	1,270.3	1,134.4
Other revenue	2	6.8	8.1
		<b>1,277.1</b>	<b>1,142.5</b>
<b>OPERATING COSTS</b>			
Merchandise	19	-749.8	-709.9
Other external costs	4, 16	-279.2	-229.1
Personnel costs	5	-118.7	-89.8
Depreciation and impairment of property, plant and equipment	8	-4.4	-8.6
Depreciation and impairment of intangible assets	7	-38.5	-26.2
<b>Operating profit/loss</b>	<b>2</b>	<b>86.5</b>	<b>78.9</b>
<b>PROFIT/LOSS FROM FINANCIAL ITEMS</b>			
Interest income and similar profit/loss items	6	0.7	0.5
Interest costs and similar profit/loss items	6	-7.9	-1.2
<b>Profit/loss after financial items</b>		<b>79.3</b>	<b>78.2</b>
Tax on profit/loss for the year	17	-21.1	-17.6
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>58.2</b>	<b>60.6</b>
(Attributable to: Parent company's shareholders)		<b>58.2</b>	<b>60.6</b>
<b>KEY FIGURES</b>			
Average number of shares, thousands	11	21,059	19,740
Average number of shares after dilution, thousands		21,059	19,772
Earnings per share after tax, SEK		2.76	3.07
Earnings per share after tax, after dilution, SEK		2.76	3.06

## Statement of comprehensive Income – the Group

SEK m	2014	2013
<b>PROFIT/LOSS FOR THE YEAR</b>	<b>58.2</b>	<b>60.6</b>
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Translation differences	8.7	2.5
Effects from cash flow hedges	-2.8	-1.7
Deferred tax	0.6	0.4
<b>Total result</b>	<b>64.7</b>	<b>61.8</b>
(Related to Parent Company's shareholders.)		

# Balance sheet – The Group

Assets, SEK m	Note	2014	2013
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	7	151.9	142.2
Customer register and distribution agreements	7	10.3	15.7
Trademarks	7	0.4	0.5
Capitalized expenditure for development work	7	36.8	41.2
Right to lease	7	1.8	0.0
Equipment and tools	8	4.8	7.0
Long term deposits		0.7	0.5
Deferred tax asset	17	15.6	20.7
		<b>222.3</b>	<b>227.8</b>
<b>CURRENT ASSETS</b>			
Inventories	19	204.6	130.3
Prepayments to supplier		2.9	1.3
Accounts receivable – trade	23	269.5	243.5
Other current receivables	10	61.1	17.4
Current tax receivables		5.8	1.0
Prepaid expenses and accrued income	10	8.3	3.7
Cash and bank balances	12, 23	78.2	123.9
		<b>630.4</b>	<b>521.1</b>
<b>TOTAL ASSETS</b>		<b>852.7</b>	<b>748.9</b>

# Balance sheet – The Group

Shareholders' equity, SEK m	Note	2014	2013
<b>SHARE CAPITAL 21,204,483 (20,805,174) SHARES, QUOTA VALUE SEK 1</b>			
Other allocated capital	11	21.2	20.8
Reserves		162.3	147.9
Profit/loss brought forward		5.5	-1.0
Profit/loss for the year		87.6	58.7
Total shareholders' equity		58.2	60.6
<b>LONG TERM LIABILITIES</b>		<b>334.8</b>	<b>287.0</b>
<b>INTEREST-BEARING LIABILITIES</b>			
<b>Liabilities to credit institutions</b>			
Total interest-bearing liabilities	24	0.0	44.3
<b>Non interest-bearing liabilities</b>			
<b>Provisions for pension</b>			
Other provisions	21	2.8	1.7
Other long-term liabilities	22	54.1	68.2
Total non interest-bearing liabilities	18	2.7	24.1
<b>CURRENT LIABILITIES</b>		<b>59.6</b>	<b>94.0</b>
<b>INTEREST-BEARING LIABILITIES</b>			
<b>Liabilities to credit institutions</b>			
Total interest-bearing liabilities	12	41.7	0.9
<b>Non interest-bearing liabilities</b>			
<b>Provisions for guarantees</b>			
Accounts payable – trade	20	42.9	41.1
Other liabilities		159.9	165.4
Current tax liability	18	26.6	24.6
Accrued expenses and prepaid income		8.7	8.0
Total non interest-bearing liabilities	13	178.5	83.6
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>416.6</b>	<b>322.7</b>
<b>Pledged assets</b>		<b>852.7</b>	<b>748.9</b>
Contingent liabilities	14	170.0	170.0
Eventualförpliktelser	15	-	-



# Shareholders' equity – The Group

Change in shareholders' equity 2014, SEK m	Share capital	Other allocated capital	Reserves <sup>1)</sup>	Losses brought forward	Total Shareholders' equity
<b>Shareholders' Equity December 31, 2012</b>	<b>19.3</b>	<b>109.0</b>	<b>-2.2</b>	<b>82.9</b>	<b>209.0</b>
Total Result for the year				60.6	60.6
Other comprehensive income			1.2		1.2
Total result	0.0	0.0	1.2	60.6	61.8
Share issue in kind	1.5	39.1			40.6
Warrants, buy-back		-0.2			-0.2
Dividend				-24.2	-24.2
Total transactions with shareholders	1.5	38.9	0.0	-24.2	16.2
<b>Shareholders' Equity December 31, 2013</b>	<b>20.8</b>	<b>147.9</b>	<b>-1.0</b>	<b>119.3</b>	<b>287.0</b>
Total Result for the year				58.2	58.2
Other comprehensive income			6.5		6.5
Total result	0.0	0.0	6.5	58.2	64.7
New Share issue connected to warrantprogram	0.4	13.7			14.1
Warrants		0.7			0.7
Dividend				-31.7	-31.7
Total transactions with shareholders	0.4	14.4	0.0	-31.7	-16.9
<b>Shareholders' Equity December 31, 2014</b>	<b>21.2</b>	<b>162.3</b>	<b>5.5</b>	<b>145.8</b>	<b>334.8</b>

<sup>1)</sup> Specification of reserves.

	2014	2013
Accumulated translationdifferences, January 1	0.3	-2.2
Translation differences for the year	8.7	2.5
Accumulated translation differences, December 31	9.0	0.3
Accumulated effects of cash flow hedges, January,1	-1.3	0.0
Effects of cash flow hedges for the year	-2.8	-1.7
Deferred tax in effects of cash flow hedges	0.6	0.4
Accumulated effects of cash flow hedges, December 31	-3.5	-1.3
<b>Total reserves, December 31</b>	<b>5.5</b>	<b>-1.0</b>

# Cash flow statement – The Group

SEK m	Note	2014	2013
Profit/loss after financial items <sup>1)</sup>		79.3	78.2
<b>Adjusted for items not in cash flow</b>			
Change in allocations	20, 21, 22	-11.3	-7.0
Depreciation and write downs	7, 8	42.9	34.8
Adjustment for other non-cash items:			
Unrealized exchange differences in cash flow hedges		-15.1	1.7
Reverse of additional purchase price in acquisitions	18	-8.7	-3.5
Interest part in amount for acquisition below	18	0.8	0.0
<b>Total adjustment for other non-cash items</b>		<b>8.6</b>	<b>26.0</b>
Taxes paid	17	-18.3	-5.6
<b>Cash flow from current activities before changes in working capital</b>		<b>69.6</b>	<b>98.6</b>
<b>Change in working capital</b>			
Change in stocks	19	-74.1	6.0
Change in receivables		-60.9	-3.6
Change in non-interest-bearing liabilities		87.9	9.5
<b>Cash flow from current activities</b>		<b>22.5</b>	<b>110.5</b>
<b>INVESTMENT ACTIVITIES</b>			
Acquisitions	18	-21.9	-110.2
Acquisition of intangible fixed assets	7	-27.7	-35.2
Acquisition of tangible fixed assets	8	-1.6	-1.3
<b>Cash flow from current activities</b>		<b>-51.2</b>	<b>-146.7</b>
<b>FINANCING ACTIVITIES</b>			
Dividend		-31.7	-24.2
New Share issue		14.1	0.0
Warrant Program, new issue		0.7	0.0
Warrant Program, buy back		0.0	-0.2
Amortization of loans		-45.0	-0.8
Loan raised		41.5	44.1
<b>Cash flow from financing activities</b>		<b>-20.4</b>	<b>18.9</b>
<b>Cash flow for the year</b>		<b>-49.1</b>	<b>-17.3</b>
Liquid assets at start of year		123.9	141.1
Exchange rate difference in liquid assets		3.4	0.1
<b>Liquid assets at end of year</b>	<b>23</b>	<b>78.2</b>	<b>123.9</b>

<sup>1)</sup> Paid and received interests appear in note 6.

# Income statement – Parent company

SEK m	Note	2014	2013
<b>OPERATING INCOME</b>			
Net sales	2, 3	1011.6	990.8
Other revenue	2	2.1	3.0
		<b>1013.7</b>	<b>993.8</b>
<b>OPERATING COSTS</b>			
Merchandise	19	-578.7	-608.8
Other external costs	4, 16	-319.2	-256.8
Personnel costs	5	-42.4	-38.1
Depreciation and impairment of property, plant and equipment	8	-3.4	-7.7
Depreciation and impairment of intangible assets	7	-35.4	-25.3
<b>Operating profit/loss</b>	<b>2</b>	<b>34.6</b>	<b>57.1</b>
<b>PROFIT/LOSS FROM FINANCIAL ITEMS</b>			
Interest income and similar profit/loss items	6	4.9	24.2
Interest costs and similar profit/loss items	6	-7.6	-1.3
<b>Profit/loss after financial items</b>		<b>31.9</b>	<b>80.0</b>
Tax on profit/loss for the year	17	-7.3	-10.5
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>24.6</b>	<b>69.5</b>

# Statement of comprehensive income – Parent Company

SEK m	2014	2013
<b>PROFIT/LOSS FOR THE YEAR</b>	<b>24.6</b>	<b>69.5</b>
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Effects from cash flow hedges	-2.8	-1.7
Deferred tax	0.6	0.4
<b>Total result</b>	<b>22.4</b>	<b>68.2</b>
(Related to Parent Company's shareholders)		

# Balance sheet – Parent company

Assets, SEK m	Note	2014	2013
<b>FIXED ASSETS</b>			
<b>Intangible assets</b>			
Capitalized expenditure for development work	7	36.8	41.5
Goodwill	7	0.0	0.0
Customer register	7	1.9	4.9
Brands	7	0.5	0.5
<b>Tangible assets</b>			
Equipment and tools	8	2.1	4.3
<b>Financial assets</b>			
Participations in Group companies	9, 25	73.4	68.2
Deferred income tax recoverable	17	12.0	14.6
<b>Total fixed assets</b>		<b>126.7</b>	<b>134.0</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Finished goods and goods for resale	19	156.9	87.6
Advanced payment to suppliers		2.9	0.9
<b>Current receivables</b>			
Accounts receivable – trade	23	202.1	189.1
Receivables from Group companies		175.8	113.2
Other current receivables	10	52.9	10.3
Prepaid expenses and accrued income	10	10.1	2.9
Cash and bank balances	12, 23	9.9	94.9
<b>Total current assets</b>		<b>610.6</b>	<b>498.9</b>
<b>TOTAL ASSETS</b>		<b>737.3</b>	<b>632.9</b>

# Balance sheet – Parent company

Shareholders' equity and liabilities, SEK m	Note	2014	2013
<b>SHAREHOLDERS' EQUITY</b>			
<b>Restricted equity</b>			
Share capital 20,805,174 (19,349,174) shares, quota value SEK 1	11	21.2	20.8
Revaluation reserve		0.5	0.5
Other allocated capital		55.5	55.5
<b>Total restricted equity</b>		<b>77.2</b>	<b>76.8</b>
<b>Non-restricted equity</b>			
Share premium reserve		76.2	61.9
Fair value reserve		-3.5	-1.3
Profit/loss brought forward		90.4	52.6
Profit/loss for the year		24.6	69.5
<b>Total non-restricted equity</b>		<b>187.7</b>	<b>182.7</b>
<b>Total shareholders' equity</b>		<b>264.9</b>	<b>259.5</b>
<b>PROVISIONS</b>			
Provisions for guarantees	20	36.9	33.7
Other provisions	22	36.6	52.3
<b>Total provisions</b>		<b>73.5</b>	<b>86.0</b>
<b>LONG-TERM LIABILITIES</b>			
<b>Interest-bearing liabilities</b>			
Liabilities to credit institutes		0.0	44.3
<b>Total interest-bearing liabilities</b>		<b>0.0</b>	<b>44.3</b>
<b>CURRENT LIABILITIES</b>			
<b>Interest-bearing liabilities</b>			
Overdraft facility	12	41.5	0.0
Liabilities to Group companies		12.2	8.9
<b>Total interest-bearing liabilities</b>		<b>53.7</b>	<b>8.9</b>
<b>Non interest-bearing liabilities</b>			
Accounts payable – trade		140.6	140.6
Prepayments		0.0	0.0
Liabilities to Group companies		29.8	11.2
Other liabilities		8.5	5.1
Current tax liability		6.3	4.4
Accrued expenses and prepaid income	13	160.0	72.9
<b>Total non interest-bearing liabilities</b>		<b>345.2</b>	<b>234.2</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>737.3</b>	<b>632.9</b>
Pledged assets	14	170.0	170.0
Contingent liabilities	15	-	-

# Changes in shareholders' equity

## – Parent company

Changes in shareholders' equity 2014, SEK m	Share capital	Revaluation reserve	Statutory reserve	Share premium reserve	Fair value reserve	Retained earnings	Total shareholders' equity
<b>Shareholders' Equity December 31, 2012</b>	<b>19.3</b>	<b>0.5</b>	<b>55.5</b>	<b>22.8</b>		<b>76.8</b>	<b>174.9</b>
Profit for the year						69.5	69.5
Other comprehensive income					-1.3		-1.3
<b>Total result</b>					<b>-1.3</b>	<b>69.5</b>	<b>68.2</b>
Dividend						-24.2	-24.2
Share issue in kind	1.5			39.1			40.6
<b>Total transactions with shareholders</b>	<b>1.5</b>	<b>0</b>	<b>0</b>	<b>39.1</b>	<b>0</b>	<b>-24.2</b>	<b>16.4</b>
<b>Shareholders' Equity December 31, 2013</b>	<b>20.8</b>	<b>0.5</b>	<b>55.5</b>	<b>61.9</b>	<b>-1.3</b>	<b>122.1</b>	<b>259.5</b>
Profit for the year						24.6	24.6
Other comprehensive income					-2.2		-2.2
<b>Total result</b>					<b>-2.2</b>	<b>24.6</b>	<b>22.4</b>
Dividend						-31.7	-31.7
New Share issue in connection with exercise of warrants	0.4			13.7			14.1
Warrant program				0.6			0.6
<b>Total transactions with shareholders</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>	<b>14.3</b>	<b>0.0</b>	<b>-31.7</b>	<b>-17.0</b>
<b>Eget kapital 31 december 2014</b>	<b>21.2</b>	<b>0.5</b>	<b>55.5</b>	<b>76.2</b>	<b>-3.5</b>	<b>115.0</b>	<b>264.9</b>



# Cash flow statement – Parent company

SEK m	Note	2014	2013
Profit/loss after financial items <sup>1)</sup>		31.9	80.0
<b>Adjusted for items not in cash flow</b>			
Change in allocations	20, 21, 22	-12.5	-9.4
Depreciation and write downs	7, 8	38.8	33.0
Unrealized exchangedifferences in cash flow hedges		-15.1	1.7
Other items not in cash flow		0.0	-2.0
<b>Summa ej kassaflödespåverkande poster</b>		<b>11.2</b>	<b>23.3</b>
Taxes paid		-2.1	0.0
<b>Cash flow from current activities before changes in working capital</b>		<b>41.0</b>	<b>103.3</b>
<b>Change in working capital</b>			
Change in stocks	19	-69.3	3.7
Change in receivables		-112.0	-132.4
Change in non-interest-bearing liabilities		105.8	25.6
<b>Cash flow from current activities</b>		<b>-34.5</b>	<b>0.2</b>
<b>INVESTMENT ACTIVITIES</b>			
Acquisition of Group Company	18	-5.1	-46.4
Acquisition of intangible fixed assets	7	-27.7	-35.2
Acquisition of tangible fixed assets	8	-1.2	-1.0
<b>Cash flow from current activities</b>		<b>-34.0</b>	<b>-82.6</b>
<b>FINANCING ACTIVITIES</b>			
Dividend		-31.7	-24.2
New share issue <sup>2)</sup>		14.1	40.6
Warrantprogram		0.6	0.0
Change in non interest-bearing liabilities subsidiaries		3.3	-22.0
Loans raised		41.5	44.3
Amortization of loan		-44.3	0.0
<b>Cash flow from financing activities</b>		<b>-16.5</b>	<b>38.7</b>
<b>Cash flow for the year</b>		<b>-85.0</b>	<b>-43.7</b>
Liquid assets at start of year		94.9	138.6
<b>Liquid assets at end of year</b>	<b>23</b>	<b>9.9</b>	<b>94.9</b>

1) Paid and received interests appear in note 6.

2) Consists 2014 of new share issue in connection with exercise of warrants. 2013 it consists of a directed non-cash issue for acquisitions of subsidiaries.

# Notes and accounting principles

## Note 1

### ACCOUNTING PRINCIPLES

The Annual Report and Consolidated Accounts were approved for publication by the Board and CEO on April 1, 2015 and will be presented to the AGM on April 27, 2015 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 adopted by the EU.

Furthermore, the Consolidated Accounts were 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 Report of the Parent Company was 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.

### Changed accounting principles and disclosures

The accounting principles applied agree with those used in the previous year's report, with the exceptions detailed below.

As of 1 January 2014 the following amendments has been regarded, but none of them has implied any changes in the way Doro report.

- IFRS 10 Consolidated financial statements define what constitutes control and hence when entities should be consolidated. EU has endorsed the standard for annual periods beginning on 1 January 2014.
- IFRS 11 joint arrangements identify two different kinds of joint arrangements; joint operation, where the owners have rights and obligations with regards to an entity's assets and liabilities, and joint venture, where the owners has rights to the net assets of the specific entity. As part of a joint operation each partner accounts for their respective assets and liabilities, expenses and revenues. A joint venture is consolidated using the equity method. EU has endorsed the standard beginning on 1 January 2014.
- IFRS 12 Disclosure of interests in other entities includes all disclosure requirements with regards to subsidiaries, associates, joint arrangements and structured entities that are not consolidated. EU has endorsed the standard beginning on 1 January 2014.
- IAS 27 Separate Financial Statements. Accounting and disclosures with regards to subsidiaries, "joint arrangements", associates and "unconsolidated structured entities". EU has endorsed the standard beginning on 1 January 2014.
- IAS 28 has been renamed to Investments in Associates and joint arrangements and describes the application of the equity method

and focuses on both associates and joint ventures. EU has endorsed the standard beginning on 1 January 2014.

- Amendments to IAS 32 Financial instruments: Classification includes a clarification in Application guidance describing when you could net financial assets and liabilities. The standard will be effective as of 1 January 2014.
- *The amendment in IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"*. In accordance with the amendment more disclosures need to be accounted for with regards to assets whose recovery value has been calculated using its fair value less cost to sell.
- *The amendment in IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"*. The amendment introduces a simplification by allowing hedge accounting may continue even when a derivative that are designated as hedging instruments, transmitted to a central counterpart if certain conditions are met, including that required by law or other regulations e.g. EMIR. The amendment does not include transactions where the derivative voluntarily transferred to the central counterparty.

### Standards issued but not yet effective

Standards and interpretation that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards when they become effective if EU has not decided another date of adoption. None of the changes is expected to have any impact in Doros Financial Statements, but especially the effects of IFRS 9 and IFRS 15 will be evaluated further.

- IFRS 9 Financial Instruments; The new standard has been revised in different parts, some relate to recognition and measurement of financial assets and financial liabilities. The standard is divided into three parts, classification and measurement, hedge accounting and impairment. The standard becomes effective for financial years beginning with January 2018 or later. It is expected to be approved by the EU during the second half of 2015.
- IFRS 15 Revenue from Contracts with Customers (will probably be endorsed by EU Q2 2015) shall be implemented as of periods beginning on or after 1 January 2017. In accordance to IFRS 15 the accounting for revenue will commence when two parties makes a deal where one party delivers goods or services to another party. The customer agreement will generate an asset (rights, promise of payment) and a liability (an obligation/promise to deliver goods or services) in the books of the seller. IFRS 15 is normally described in a five step model.
- Step 1. Identify an agreement between two parties where there is a right and an obligation.

- Step 2. Identify the various commitments. An arrangement contains promises to transfer goods or services to the customer (performance obligations). All obligations which by their nature can be distinguished are presented separately.
- Step 3. Determine transaction price. The transaction price is the amount of compensation that the company is expected to receive in exchange for the promised goods or services. Transaction price must be adjusted for moving parts such as any discounts.
- Step 4. Allocate transaction price to performance obligations. Usually the company may allocate the transaction price of each individual product or service based on a standalone selling price.
- Step 5. Revenue recognition at the time of fulfillment of performance obligations. The company shall recognize revenue when they met their performance commitments. The amount recognized as income is the amount that the company has previously been distributed to the relevant performance commitment.

IFRS 15 could either be implemented using a full retrospective approach or a modified retrospective approach.

- IFRIC 21, Levies (Endorsed by EU 13 June 2014) entered into force 1 January 2014, but EU decided to postpone the first application for financial periods beginning on 17 June or later. The interpretation clarifies when levies (covered by IAS 37) should be accounted for. Levies are fees or taxes that the governments take out from companies. In accordance with law/regulation with the exception of income taxes, fines or other penalties.
- IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures – modification (will probably be endorsed by EU Q3 2015) shall be applied as of periods beginning on or after 1 January 2016. The changes clarify the accounting effects of loss of control of a subsidiary, classified as a non-business in accordance with IFRS 3, and the shares are sold to an associate or joint operation accounted for with equity method.
- IFRS 11 Joint arrangements – modification (will probably be endorsed by EU Q3 2015) and applied on or after periods beginning on or after 1 January 2016. The standard demand that a joint operation investing in a joint arrangement defined as a business in accordance with IFRS 3 should be accounted for in accordance with that standard. Former shares in the particular entity should not be revalued as long as long joint control still exists.
- IAS 16 Property, plant and equipment and IAS 38 Intangible assets – modification shall be applied as of periods beginning on or after 1 January 2016. The standard prohibits revenue based depreciations with regards to property, plant and equipment and it is very restrictive as well for intangible assets, even though it is not prohibited. The standard will probably be endorsed by EU Q3 2015.
- IAS 19 Employee benefits – modification (will probably be endorsed by EU Q4 2014) shall be applied as of periods beginning on or after period beginning of 1 July 2014 or later. The modifications clarify when contributions from employees with regards to defined benefit plans should reduce the pension cost.
- IAS 27 Separate financial reports – modification (endorsed by EU december 2014) will be applied for periods beginning on or after 1 January 2016. The modification introduces an opportunity for companies to account for associates and joint ventures in accordance with the equity method in the statutory accounts. This change will most likely not have any effect on statutory accounts in Sweden as a consequence of the legal requirements.

## 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's Consolidated Accounts include the Parent Company Doro AB, and the companies in which the Parent Company, directly or indirectly owns shares equaling more than half of the voting rights. This means that Doro AB has a controlling influence over Group company, which entitles Doro AB to devise strategies for the Group company with a view to obtaining financial gains.

At the end of the financial year there were 10 (9) operating companies in the Group.

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

The Consolidated Accounts are prepared in line with the acquisition method, which means that the historical cost of participations in Group companies is broken down into identifiable assets and liabilities at their fair value on the date of acquisition. Unutilized loss carry-forwards for tax purposes in the acquired company are converted into deferred tax assets in the Consolidated Accounts if assessed earning 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 and any adjustment of the expected purchase price. Changes in the item in question are recognized in the income statement.

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

### Exchange rates

#### Translation of foreign operations

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

### Exchange rates

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

Currency	Average-rate		Closing Day rate	
	2014	2013	2014	2013
EUR	9.11	8.65	9.4	8.85
HKD	0.89	0.84	1.00	0.83
NOK	1.08	1.11	1.04	1.06
GBP	11.32	10.22	12.07	10.61
USD	6.89	6.51	7.75	6.42

### Effects of changing exchange rates

Receivables and liabilities in foreign currencies are translated at the closing day rates and unrealized exchange gains and losses are included in the profit/loss.

### Revenue recognition

Doro only has one revenue segment: product sales. Revenue from product sales is recognized principally when all risks and rights associated with ownership have been transferred to the buyer, which usually occurs upon delivery.

### Employee remuneration

Employee remuneration is reported as salaries earned and paid plus earned 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 fall 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 on 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 with regard to defined-benefit pension plans is the present value of the defined-benefit obligation at the close of the reporting period. Since the recognized liability with regard to defined-benefit pension plans is an insignificant amount, the assumptions on which the actuarial calculations are based are not presented in the annual report.

### Research and development

Product development is carried out in cooperation with various manufacturing partners and most expenditure is borne by them. Doro works in an environment of rapid technological development. 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 the 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, consisting of goodwill, upgrading and enhancement of IT platforms, equipment and tools, are recognized at historical cost less accumulated depreciation/amortization according to plan, except goodwill, which is not amortized in the Group.

### Financial instruments

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

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

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

The acquisition or divestment of financial assets is recognized at the transaction date, which is the date on which the Company undertake to acquire or divest the asset.

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

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

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

Fair value is determined based on the following three levels:

- Level 1: According to quoted prices on an active market for the same instrument
- Level 2: Based on directly or indirectly observable market data not included in Level 1
- Level 3: Based on input data not observable on the market

All financial instruments measured at fair value have been measured according to Level 2.

## Financial assets

### Derivatives – Currency hedges

Derivatives are classified as Held for trade or Held for sale.

#### Held for trade

- Measurement at fair value occurs in the income statement.

#### Held for sale

- Measurement at fair value occurs through other comprehensive income.
- See also the section on hedge accounting below.

### Accounts receivable and loans receivable

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

### Other financial liabilities

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

### Hedge accounting

Effective from January 1, 2013, Doro applies hedge accounting for forward currency contracts. Doro's overall hedging strategy is followed according to the adopted treasury policy in terms of purpose, amounts, maturities and currencies.

Changes in the value of forward exchange contracts classified as cash-flow hedges are recognized in other comprehensive income. Hedge accounting ceases when the underlying exposure enters the balance sheet (i.e. when purchase and sale occur). Accumulated results in the hedging reserve (which is in other comprehensive income) will then be dissolved in the cost of goods sold for forward exchange contracts pertaining to purchases, or in sales for forward exchange contracts pertaining to sales. Value changes pertaining to forward exchange contracts from the date on which hedge accounting ceased will be recognized directly in the cost of goods sold, or sales.

Forward exchange contracts linked to commercial flows not subject to hedge accounting are classified as "held for trade". Value changes pertaining to such foreign exchange transactions have been recognized directly in sales for contracts relating to sales, and in the cost of goods sold for contracts relating to purchases.

Hedge accounting only occurs for forward contracts in EUR, USD, NOK and GBP and which refer to exposures that have not yet entered the balance sheet.

Foreign exchange derivatives linked to liquidity management and loans are not subject to hedge accounting. They are classified as "held for trade". Value changes pertaining to such foreign exchange transactions are recognized in net financial income/expense.

### Impairment

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

In present value computation, an interest rate before tax is used for the purpose of the calculation that reflects the current market interest rate and the risk attributable to the asset. If the recoverable amount is below the carrying amount then the asset is impaired to its recoverable amount. Reversals of impairment are recognized if there are no grounds for such impairment, except in terms of goodwill. Impairment and reversals of impairment are recognized in the income statement.

At least once a year, an assessment of forecast future earnings and cash flow trends is made with regard to goodwill. When the carrying amount exceeds the recoverable amount, it is impaired.

### Depreciation of property, plant and equipment

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

Tools for the manufacture of products included in intangible assets, capitalized development costs. All tools previously classified as property is fully depreciated.

Computers, cars, furniture etc.

2–5 years

### Amortization of intangible assets

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

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

### Leases

Leases are classified in the Consolidated Accounts as either financial or operating leases. Finance leases exist when the financial risk and benefits associated with ownership are essentially transferred to the lessee. Leases are otherwise considered operating. Leases for company cars, photocopiers, computer equipment and the like are recognized as operating leases. Finance leases occur only to a minor extent.

Rents for premises are included in operating leases. No significant leases were entered during 2014.

### Inventory

Inventories are measured at the lower of cost (in accordance with the first-in, first out principle – FIFO) and the net sale 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 sale value includes impairment due to technological and commercial obsolescence made in the Group company in question.

Impairment increases according to a scale, with products impaired to 50 percent after 6–12 months as inventory, depending on the product group, and fully impaired after 18 months. In addition, individual impairment tests may be carried out. The measurement technique using different obsolescence steps provides a sound assessment of fair value.

### 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 or crediting as well as cost for checking, repairs (including parts) and transport. In the event of deviations (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 calculated 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. The 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, the calculation is made based on tax rates on the closing date applied to temporary differences between an asset or liability's value in terms of accounting and taxations, 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, which the Company considers to be three to four years. 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. In 2014 and 2013 Doro had no current investments,

### Segment reporting (IFRS 8)

Doro monitors since several years its operations by market: the Nordic region, EMEA (Europe, Middle East and Africa), DACH (Germany, Austria and Switzerland), the UK, the US & Canada and other regions. Results belonging to central functions was until 2013 allocated to the regions but as of 2014 these results are accounted for separately. The figures for 2013 in Note 2 has been adjusted accordingly.

### 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 pertain to the following:

#### Goodwill measurement

When assessing testing for 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 further described in Note 7.

#### Deferred tax related to loss carry-forwards

When measuring deferred tax assets an assessment is made of future surpluses for tax purposes of each company, 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 further information.



**Measurement of inventory**

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

**PARENT COMPANY****Impairment of participation in Group companies and impairment reversals**

Participations in Group companies are measured at historical cost. If the recoverable amount (see section above entitled "impairment")

should prove to be lower, there is an impairment. Impairment of the value of participations in subsidiaries is reversed when there are no longer grounds for such impairment.

**Financial instruments**

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

## Note 2

**RESULTS PER SEGMENT AND INCOME TYPE**

Income divided into type of income	Group		Parent Company	
	2014	2013	2014	2013
Product sales	1,270.3	1,134.4	1011.6	990.8
Other revenue	6.8	8.1	2.1	3.0
<b>Total</b>	<b>1,277.1</b>	<b>1,142.5</b>	<b>1013.7</b>	<b>993.8</b>

Other Revenue	Group		Parent Company	
	2014	2013	2014	2013
EU funding	-0.4	0.7	-0.4	0.7
Activated development costs	4.3	4.3	0.0	0.0
Insurance income	1.2	0.0	1.2	0.0
Recovered receivables	0.1	0.5	0.0	0.0
Release of provisions	0.0	0.1	0.0	0.0
Positive currency effect	0.9	2.1	1.3	2.2
Gain on sale of fixed assets	0.5	0.2	0.0	0.0
Rent income	0.0	0.1	0.0	0.0
Development of software	0.0	0.1	0.0	0.1
Others	0.2	0.0	0.0	0.0
	<b>6.8</b>	<b>8.1</b>	<b>2.1</b>	<b>3.0</b>

**REVENUE PER COUNTRY**

	2014	2013
Germany	352.0	187.5
France	250.8	227.6
Sweden	196.6	179.9
United Kingdom	178.5	185.2
USA	110.8	171.8
Norway	38.2	50.7
Belgium	28.9	29.8
Finland	27.5	24.9
Ireland	20.5	10.2
Canada	19.9	34.8
Denmark	3.8	12.6
Other countries	50.2	19.4
<b>Total</b>	<b>1,277.7</b>	<b>1,134.4</b>

**RESULTS PER SEGMENT (ACCORDING TO IFRS 8)**

Since 2011 Doro has chosen to follow up the operation based on the regions that Doro is active in.

2014 Operating profit per geographical region	Nordic	Europe, Middle east and Africa	Germany, Austria and Switzerland	United Kingdom	USA and Canada	Other Regions	Central	Total
Income/Net Sales	269.5	312.9	348.9	211.4	139.7	9.7	-15.0	1,277.1
Operating cost	-192.8	-241.7	-311.7	-165.3	-107.9	-9.3	-119.0	-1,147.7
<b>Operating profit</b>	<b>76.7</b>	<b>71.2</b>	<b>37.2</b>	<b>46.1</b>	<b>31.8</b>	<b>0.4</b>	<b>-134.0</b>	<b>129.4</b>
Depreciation	0.0	-0.5	-4.8	-0.1	-4.0	0.0	-33.5	-42.9
<b>Operating result</b>	<b>76.7</b>	<b>70.7</b>	<b>32.4</b>	<b>46.0</b>	<b>27.8</b>	<b>0.4</b>	<b>-167.5</b>	<b>86.5</b>

2013 Operating profit per geographical region	Nordic	Europe, Middle east and Africa	Germany, Austria and Switzerland	United Kingdom	USA and Canada	Other Regions	Central	Total
Income/Net Sales	271.5	277.2	201.3	182.2	204.4	5.9	0.0	1,142.5
Operating cost	-182.0	-219.0	-180.0	-149.5	-163.8	-6.7	-127.8	-1,028.8
<b>Operating profit</b>	<b>89.5</b>	<b>58.2</b>	<b>21.3</b>	<b>32.7</b>	<b>40.6</b>	<b>-0.8</b>	<b>-127.8</b>	<b>113.7</b>
Depreciation	0.0	-0.2	-3.0	0.0	-1.7	0.0	-29.9	-34.8
<b>Operating result</b>	<b>89.5</b>	<b>58.0</b>	<b>18.3</b>	<b>32.7</b>	<b>38.9</b>	<b>-0.8</b>	<b>-157.7</b>	<b>78.9</b>

There were no transactions between regions in 2014 or 2013. Doro is unable to report assets and liabilities per segment, because only the income statement is followed up. In 2014 no single customer accounted for more than 10% of the revenues. In 2013 one single customer accounted for 14,8% of the revenues. Of these 100% related to the region USA and Canada.

## FIXED ASSETS

	Closing value	
	2014	2013
<b>Tangible Fixed assets</b>		
Sweden	2.1	4.3
France	1.3	1.2
Germany	1.1	1.3
Hong Kong	0.3	0.2
<b>Total</b>	<b>4.8</b>	<b>7.0</b>
	Closing value	
	2014	2013
<b>Intangible Fixed assets</b>		
Sweden	36.8	41.2
France	71.3	66.5
Germany	93.1	91.9
<b>Total</b>	<b>201.2</b>	<b>199.6</b>

## Note 3

### INTRA GROUP TRANSACTIONS

Of the Parent Company's invoicing SEK 78.1 m (42.1) relates to subsidiaries. Invoicing from subsidiaries to the Parent Company amounted to SEK 89.3 m (67.2). Invoicing between subsidiaries amounted to SEK 4.3 m (0.8).

## Note 4

### RENTAL AND LEASING AGREEMENTS

Total charges for rental agreements and leases during the year amounted to SEK 9,0 m (7,5) for the group and SEK 2,9 m (3,0) for the parent company. Agreed future rental and leasing costs fall due for payment as shown below.

	Group		Parent Company	
	2014	2013	2014	2013
<b>Rental and leasing</b>				
Within 1 year	8.1	7.3	2.7	2.1
Within 2 to 5 years	9.4	13.5	2.1	2.4
Later than 5 years	0.0	0.0	0.0	0.0
<b>Total</b>	<b>17.5</b>	<b>20.8</b>	<b>4.8</b>	<b>4.5</b>

## Note 5

### PERSONNEL

#### Average number of employees

Number	2014		2013	
		of whom men		of whom men
Parent Company	41	27	34	21
Norway	3	3	3	3
United Kingdom	10	7	9	5
France	37	22	28	14
Hong Kong	8	6	8	6
Germany	56	40	35	25
<b>Total</b>	<b>155</b>	<b>105</b>	<b>117</b>	<b>74</b>

## Salaries and remuneration

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

SEK m	Group		Parent Company	
	2014	2013	2014	2013
Salaries and remuneration	81.6	61.3	25.3	24.4
	<b>81.6</b>	<b>61.3</b>	<b>25.3</b>	<b>24.4</b>
Payroll overheads excluding pension costs	23.2	18.3	9.1	7.2
	<b>23.2</b>	<b>18.3</b>	<b>9.1</b>	<b>7.2</b>
Pension costs	9.5	7.3	5.5	4.9
<i>of which premium-based</i>	8.7	7.1	5.5	4.9
	<b>9.5</b>	<b>7.3</b>	<b>5.5</b>	<b>4.9</b>

## Gender of senior managers

	2014 total	Women %	2013 total	Women %
Board	6	33	6	33
Group Management	6	17	7	14
whereof situated in:				
Sweden	3	0	3	0
United Kingdom	1	0	1	0
France	2	50	3	33

Amongst the senior managers in 2013 there were two persons included that was not employed, but invoiced their fees. One was placed in Sweden and the other in France.

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

SEK m	2014		2013	
	Board and CEO	Other employees	Board and CEO	Other employees
Sweden	3.8	22.5	3.1	22.3
Norway		2.4		2.7
United Kingdom		6.7		5.1
France	2.1	19.4	1.8	14.7
Germany		21.2		9.5
Hong Kong		3.7		3.1
Italy		0.8		0.0
<b>Total</b>	<b>5.9</b>	<b>76.7</b>	<b>4.9</b>	<b>57.4</b>

## Management remuneration (SEK k)

The Board 2014	Other remuneration			Total
	Fees	Pension		
Chairman of the Board	350	0	0	350
Other Board members <sup>1)</sup>	600	0	0	600
<b>Total</b>	<b>950</b>	<b>0</b>	<b>0</b>	<b>950</b>

<sup>1)</sup>Fee to the Chairman of the Board is SEK 350 k (350) and to other Board members SEK 150 k (150) as decided on Annual General Meeting May 12, 2014.

Senior Executives 2014	Variable remuneration		Pension	Other benefits	Total
	Salary				
Jérôme Arnaud (CEO)	4,053	124	537	67	4,781
Other senior executives	5,776	633	1,799	517	8,725
<b>Total</b>	<b>9,829</b>	<b>757</b>	<b>2,336</b>	<b>584</b>	<b>13,506</b>

The amounts include salaries and remunerations to employed senior executives. In 2014, the management team has consisted of six persons.

The Board 2013	Remuneration via company		Fees	Total
Chairman of the Board	350	350	0	700
Other Board members <sup>1)</sup>	600	150	0	750
<b>Total</b>	<b>950</b>	<b>500</b>	<b>0</b>	<b>1,450</b>

<sup>1)</sup> Fee to the Chairman of the Board is SEK 350 k (350) and to other Board members SEK 150 k (150) as decided on Annual General Meeting May 14, 2013. The Chairman of the Board and one of the Board Members have invoiced consultancy fees in addition to their Board Fees. Please also see Note 25.

Senior Executives 2013	Variable remuneration		Pension	Other benefits	Total
	Salary				
Jérôme Arnaud (CEO)	3,722	745	367	64	4,898
Other senior executives	4,302	927	1,393	299	6,921
<b>Total</b>	<b>8,024</b>	<b>1,672</b>	<b>1,760</b>	<b>363</b>	<b>11,819</b>

The amounts include salaries and remunerations to employed senior executives. In 2013, the management team has consisted of seven persons. In the management team there are two positions on a consultancy basis; CFO until November 2013 on an interim basis and a second person who has been active throughout the year. Both these have invoiced their remunerations to the company. The amounts are not included in the table above but totals to SEK 4.4 m.

### Principles

Fees are paid to the Chairman and other Board members in accordance with decisions made by the AGM. Payment for work on the boards of subsidiaries is made separately. 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. There are 6 (6) members of the management team. Average number of senior executives in the management team in 2014: 6 (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. The retirement age for the CEO is 65 years. 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 2,3 m (1,8) 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

"No member of the board receives any share-based payments (options, convertible debentures or similar) issued by Doro or its principal owner.

In accordance with the mandate given by the Annual General Meeting on 23 March 2011, all of Doro's employees were offered warrants granting them the right to acquire shares at a predetermined price of SEK 35.30 during the period 1 April 2014 – June 2014 and a warrant price of SEK 3.40. The warrant price was calculated according to the Black & Scholes model, taking into consideration the dividend approved by the 2011 AGM, a share price of SEK 28.68, volatility of 29%, a risk-free interest rate of 2.79% and a term of 3.25 years (31 March 2011 – 30 June 2014). The CEO subscribed for 200,000 warrants and other members of Group management subscribed for 155,000 warrants. Doro Incentive subscribed for 192,830 warrants which were to be used for future employees. During the term of the programme Doro Incentive bought back warrants from employees and at the end of the programme had 316,380 warrants that were not exercised. During the exercise period from April to June 2014 a total of 398,309 warrants were exercised.

An Extraordinary General Meeting held on 21 August 2014 passed a resolution on a directed issue of new warrants to senior executives and key individuals within the Doro Group. Each warrant gives the holder the right to buy one share to a predetermined price of SEK 42.00 during the period from 22 May 2017 to 21 June 2017. The warrant price of 1,26 SEK was calculated according to the Black & Scholes model, taking into consideration an estimated dividend and a share price of SEK 31.10, volatility of 30%, a risk-free interest rate of 0.31% and a term of 2.78 years (12 September 2014 – 21 June 2017). The CEO subscribed for 200,000 warrants and other members of Group management subscribed for 325,000 warrants. Doro Incentive subscribed for 141,000 warrants that were to be used for future employees. In total 841,000 warrants were issued.

## Note 6

### INTEREST AND SIMILAR ITEMS

	The Group		Parent Company	
Income	2014	2013	2014	2013
Interest income, external	0.2	0.5	0.3	0.5
Interest income, internal	0.0	-	4.1	1.5
Exchange rate gain	0.5	0.1	0.5	0.1
Dividend from Group Company	0.0	-	0.0	22.2
Other	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.7</b>	<b>0.6</b>	<b>4.9</b>	<b>24.3</b>
<b>Expenses</b>				
Interest expenses, external	-2.6	-1.3	-1.8	-0.9
Interest expenses, internal	0.0	-	-0.3	-0.5
Exchange rate losses	-5.3	0.0	-5.3	0.0
Other	0.0	0.0	-0.2	0.0
<b>Total</b>	<b>-7.9</b>	<b>-1.3</b>	<b>-7.6</b>	<b>-1.4</b>
<b>Financial net</b>	<b>-7.2</b>	<b>-0.7</b>	<b>-2.7</b>	<b>22.9</b>

Interest income consists of interest earned on balances of bank accounts. Interest expense consists of interest on bank loans and interest for late payments. Closing earlier loans converted into overdraft facility with Handelsbanken totaling SEK 50 m. Exchange gains and losses of SEK -4.8 m (0.1) arising from revaluation of foreign exchange contracts.

## Note 7

### INTANGIBLE FIXED ASSETS

Group/Goodwill, SEK m	2014	2013
Opening cost	142.2	25.8
Acquisitions during the year	1.4	113.1
Exchange rate difference	8.3	3.3
<b>Closing accumulated cost</b>	<b>151.9</b>	<b>142.2</b>
<b>Group / Customer register and distribution agreements</b>	<b>2014</b>	<b>2013</b>
<b>Acquisition value brought forward</b>	<b>21.2</b>	<b>5.4</b>
Acquisitions during the year	0.0	15.3
Exchange rate difference	1.4	0.5
<b>Closing accumulated acquisition value</b>	<b>22.6</b>	<b>21.2</b>
<b>Write-downs brought forward</b>	<b>-5.5</b>	<b>-1.5</b>
Write-downs for the year	-6.2	-4.0
Exchange rate difference	-0.6	0.0
<b>Closing depreciation/write-downs</b>	<b>-12.3</b>	<b>-5.5</b>
<b>Closing residual value according to plan</b>	<b>10.3</b>	<b>15.7</b>
<b>Parent company / Goodwill</b>	<b>2014</b>	<b>2013</b>
<b>Acquisition value brought forward</b>	<b>19.1</b>	<b>19.1</b>
Acquisitions during the year	0.0	0.0
<b>Closing accumulated acquisition value</b>	<b>19.1</b>	<b>19.1</b>
<b>Write-downs brought forward</b>	<b>-19.1</b>	<b>-19.1</b>
Write-downs for the year	0.0	0.0
<b>Closing depreciation/write-downs</b>	<b>-19.1</b>	<b>-19.1</b>
<b>Closing residual value according to plan</b>	<b>0.0</b>	<b>0.0</b>

Parent company / Customer register	2014	2013
<b>Acquisition value brought forward</b>	<b>14.8</b>	<b>14.8</b>
Acquisitions during the year	0.0	0.0
<b>Closing accumulated acquisition value</b>	<b>14.8</b>	<b>14.8</b>
<b>Write-downs brought forward</b>	<b>-9.9</b>	<b>-7.0</b>
Write-downs for the year	-3.0	-2.9
<b>Closing depreciation/write-downs</b>	<b>-12.9</b>	<b>-9.9</b>
<b>Closing residual value according to plan</b>	<b>1.9</b>	<b>4.9</b>

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.

Goodwill has been allocated to Doro excluding IVS och IVS separately. For IVS separable cash flows can be identified, but since the other Group companies' activities and their contributions are very much dependent on each other there is no breakdown of this goodwill.

	2014		2013	
SEK m	Doro, other	IVS	Doro, other	IVS
Goodwill	65.0	86.9	60.3	81.9
Forecast period	5 years	5 years	5 years	5 years
Average growth rate, %	14.5	3	5	4
Sustainable growth, %	2	2	2	2
Discount rate (WACC) before tax, %	15	17	15	18
Discount rate (WACC) after tax, %	12	12	12	12

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

### SENSITIVITY ANALYSIS

#### Doro other operations

Growth rate after 5 years: A change in the growth rate from 2 to 1 percent implies no impairment. Discount rate after tax increases by 1 percentage point: the discount rate after tax changes from 12 to 13 percent. The change implies no impairment.

#### IVS

Growth rate after 5 years: A change in the growth rate from 2 to 1 percent implies no impairment. Discount rate after tax increases by 1 percentage point: the discount rate after tax changes from 12 to 13 percent. The change implies no impairment.

#### Goodwill and customer register in the parent company

For the Parent Company goodwill was originally acquired internally from Doro Nordic AB and originates from internal divestments of operations

in 2002. Goodwill and the customer register in the Parent company are eliminated at the Group level.

### Brands

The Parent Company acquired from Doro Finans AB the internal brands Doro and Audioline in 2007. These brands are fully depreciated according to plan. As the brands are acquired internally they are eliminated at group level. In 2011 Doro made the acquisitions of the companies Birdy och Prylos. The trademark related to the acquisitions have been identified.

The Group/Brands, SEK m	2014	2013
Acquisition value brought forward	1.0	1.0
Acquisitions during the year	0.0	0.0
Exchange rate difference	0.1	0.0
Closing accumulated acquisition value	1.1	1.0
Depreciation according to plan brought forward	-0.5	-0.3
Depreciation according to plan for the year	-0.2	-0.2
Closing depreciation according to plan	-0.7	-0.5
Closing residual value according to plan	0.4	0.5

Parent Company/Brands	2014	2013
Acquisition value brought forward	36.8	36.8
Acquisitions during the year	0.0	0.0
Closing accumulated acquisition value	36.8	36.8
Depreciation according to plan brought forward	-36.3	-36.0
Depreciation according to plan for the year	-0.2	-0.3
Closing depreciation according to plan	-36.5	-36.3
Closing residual value according to plan	0.3	0.5

Group/Right to lease	2014	2013
Acquisition value brought forward	0.0	0
Acquisitions	1.8	0.0
Closing accumulated cost	1.8	0.0

The Group's capitalized expenditure for development work / IT, SEK m	2014	2013
Acquisition value brought forward	76.0	58.7
Acquisitions during the year	18.6	21.4
Acquisitions	0.0	0.0
Exchange rate difference	0.4	0.0
Sales/Disposals	0.0	-11.9
Reclassifications	13.8	7.8
Closing accumulated acquisition value	108.8	76.0
Depreciation according to plan brought forward	-49.4	-39.3
Depreciation according to plan for the year	-32.1	-22.0
Sales/Disposals	0.0	11.9
Exchange rate difference	-0.2	0.0
Closing depreciation according to plan	-81.7	-49.4
Closing residual value according to plan	27.1	26.6

Ongoing capitalized expenditure for development work / IT, SEK m	2014	2013
Opening balance	14.6	9.4
Balanced during the year	-13.8	-7.8
New expenditure	9.1	13.8
Cost accounted	-0.2	-0.8
Closing balance	9.7	14.6
Total closing residual value	36.8	41.2

Parent company / Capitalized expenditure for development work / IT, SEK m	2014	2013
Acquisition value brought forward	76.4	59.1
Acquisitions during the year	18.6	21.4
Sales/Disposals	0.0	-11.9
Reclassifications	13.8	7.8
Closing accumulated acquisition value	108.8	76.4
Depreciation according to plan brought forward	-49.5	-39.3
Depreciation according to plan for the year	-32.2	-22.1
Sales/Disposals	0.0	11.9
Closing depreciation according to plan	0.0	0.0
Closing residual value according to plan	-81.7	-49.5
Closing residual value according to plan	27.1	26.9
Ongoing capitalized expenditure for development work / IT	2014	2013
Opening balance	14.6	9.4
Balanced during the year	-13.8	-7.8
New expenditure	9.1	13.8
Cost accounted	-0.2	-0.8
Closing balance	9.7	14.6
Total closing residual value	36.8	41.5

## Note 8

### TANGIBLE FIXED ASSETS

	Group		Parent Company	
Equipment and tools, SEK m	2014	2013	2014	2013
Acquisition value brought forward	29.1	35.4	22.3	30.7
Acquisitions during the year	1.6	1.3	1.2	1.0
Acquisitions	0.4	1.8	0.0	0.0
Sales/Disposals	-0.3	-9.4	0.0	-9.4
Reclassifications	0.0	0.0	0.0	0.0
Exchange rate difference	0.6	0.0	-	-
Closing acquisition value	31.4	29.1	23.5	22.3
Depreciation according to plan	-22.1	-22.9	-18.0	-19.7
Depreciation according to plan	-4.4	-8.6	-3.4	-7.7
Sales/Disposals	0.2	9.4	0.0	9.4
Reclassifications	0.0	0.0	0.0	0.0
Exchange rate difference	-0.3	0.0	-	-
Closing depreciation according to plan	-26.6	-22.1	-21.4	-18.0
Closing residual value according to plan	4.8	7.0	2.1	4.3

## Note 9

### PARTICIPATION IN GROUP COMPANIES

Subsidiary	No. of shares	%	Nominal value	Book value, SEK m, 2014	Shareholders' equity, SEK m, 2014 <sup>1)</sup>	Profit and loss, SEK m, 2014	Book value, SEK m, 2013
Doro A/S, Norway	200	100	NOK 0.1	0.60	2.2	0.6	0.60
Doro UK Ltd	3,013,400	100	GBP 32.1	4.20	17.5	3.9	4.20
Doro SAS <sup>2)</sup>	66,667	100	EUR 8.9	11.60	5.6	-8.0	11.60
Doro Hong Kong Ltd	4,500	100	HKD 4.0	5.10	5.6	0.0	5.10
Doro Inc	3,000	100	USD 0.0	0.04	4.3	1.4	0.04
Doro Incentive AB	50,000	100	SEK 0.1	0.06	0.1	0.0	0.06
Doro Deutschland GmbH	1	100	EUR 0.2	0.20	-1.4	-1.0	0.20
IVS Industrivertretung Schweiger GmbH <sup>3)</sup>	9,239	33,33	EUR 0.1	46.50	101.0	23.2	46.50
Service and Sales GmbH					4.5	1.2	0
Doro S.R.L	1	100	EUR 0.1	0.1	0.1	0.0	-
Aldebaran SAS	275,000	100	EUR 2.6	5.0	3.2	-0.1	-
<b>Total</b>				<b>73.4</b>	<b>142.7</b>	<b>21.2</b>	<b>68.3</b>

<sup>1)</sup> Equity according to balance sheet of subsidiaries.

<sup>2)</sup> Isidor SAS has been merged with Doro SAS in 2014.

<sup>3)</sup> IVS industrivertretung Schweiger GmbH is included in the Group to 100%. Doro AB owns 33,33% and Doro Deutschland GmbH owns 66,67%.

Subsidiary – Company reg. no	Registered office
Doro A/S – 934210719	Fredrikstad, Norway
Doro UK Ltd – 1180330	Chalfont St Peter, United Kingdom
Doro SAS – 309,662,195	Versailles, France
Doro Hong Kong Ltd – 08194263-000-12-98-6	Kowloon, Hong Kong
Doro Inc. – 4706937,810 0,090679976	New York, USA
Doro Incentive AB – 556843-4962	Lund, Sweden
Doro Deutschland GmbH – HRB75859	Köln, Germany
IVS Industrivertretung Schweiger GmbH – HRB 2040	Amberg, Germany
Service and Sales GmbH – HRB 3892	Amberg, Germany
Doro S.R.L – 08721340969	Milano, Italy
Aldebaran SAS – 504,770,116	Paris, France

SEK m	2014	2013
<b>Opening balance</b>	<b>68.3</b>	<b>21.8</b>
Acquisition	5.0	46.5
Newformed company	0.1	0.0
<b>Closing balance</b>	<b>73.4</b>	<b>68.3</b>

## Note 11

### SHARE CAPITAL AND DIVIDENDS

	No. of shares	Voting rights	Class
A shares	21,204,483	1 vote per share	Normal

## Note 10

### OTHER CURRENT RECEIVABLES AND PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income	Group		Parent Company	
	2014	2013	2014	2013
Rent	0.6	0.8	0.4	0.5
Acquisition costs CareTech	0.0	0.0	3.0	0.0
Insurance premiums	1.4	0.0	1.2	0.0
Exhibition costs	2.3	1.6	2.3	1.6
IT costs	0.6	0.4	0.6	0.4
Licence costs	2.2	0.0	2.2	0.0
Other prepaid expenses	1.2	0.9	0.4	0.4
<b>Total</b>	<b>8.3</b>	<b>3.7</b>	<b>10.1</b>	<b>2.9</b>

Other current receivables	Group		Parent Company	
	2014	2013	2014	2013
VAT receivable	39.2	11.9	34.4	8.5
Cash Flow hedges	16.0	0.4	16.0	0.4
Other current receivables	6.0	5.1	2.5	1.4
<b>Total</b>	<b>61.2</b>	<b>17.4</b>	<b>52.9</b>	<b>10.3</b>

### Share capital

21,204,483 shares at a quota value of SEK 1.00 per share = SEK 21,204,483.

### New share issue

Doro has during the year issued new shares as a result of an warrant program in the company.

As a result of the share issue, the number of shares rised from 20,806,174 to 21,204,483 shares.

### Dividends

The Board of Directors proposes that no dividend to the shareholders for the 2014 fiscal year.

### Warrant program

An extraordinary General Meeting was held in August 21, 2014, and descision was made on directed issue of new warrants to senior executives and key employees within the Doro group. Each warrant gives the holder the right to buy one share to a predetermined price of SEK 42.00 during May 22, 2017 until June 21, 2017. The warrant price of 1.26 SEK is calculated according to the Black & Scholes model, taking into consideration estimated dividend and used share price of SEK 31.10, volatility 30%, riskfree interest 0.31% and duration of 2.78 year (2014-09-12–2017-06-21). The CEO subscribed for 200,000 warrants and the rest of the group management subcribed for 325,000 warrants. Doro Incentive subcribed for 141,000 warrants possible to be used for future employees. Totaly 841,000 warrants were issued.



## Note 12

### OVERDRAFT FACILITIES

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Approved credit	50.0	0.0	50.0	0.0
Utilized credit	41.5	0.0	41.5	0.0

Former foreign loans in Euro is converted into an overdraft facility for SEK 50 m in Q4 2014 with a contractual requirement of a minimum equity ratio of 12,5 % and EBT SEK 50m. As of March 31, 2015 subject to the credit of a covenance agreement where EBT and net debt relative to EBITDA is measured quarterly. EBT rolling 12 months, shall during Q4 2014 to Q3 2015 amount to at least SEK 50m after which the result should amount to SEK 85m over the next subsequent four quarters.

Net debt relative to EBITDA shall not exceed 1,2 times until June 2016, after which the ratio drops to 1,0.

## Note 13

### ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Holiday pay liability	7.7	6.2	4.2	3.3
Payroll overheads	5.9	5.2	1.9	1.5
Stock accounts interim	91.9	7.6	91.9	7.6
Other staff liabilities	3.6	3.7	0.1	3.1
Accrued Royalty	21.0	19.4	21.0	18.9
Accrued customer bonus	17.3	21.8	14.5	21.8
Other accrued expenses	31.1	19.7	26.4	16.7
<b>Total</b>	<b>178.5</b>	<b>83.6</b>	<b>160.0</b>	<b>72.9</b>

## Note 14

### PLEDGED ASSETS TO CREDIT INSTITUTIONS

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Chattel mortgages	170.0	170.0	170.0	170.0
<b>Total</b>	<b>170.0</b>	<b>170.0</b>	<b>170.0</b>	<b>170.0</b>

## Note 15

### CONTINGENT LIABILITIES

Doro has no contingent liabilities.

## Note 16

### AUDITORS

The 2014 AGM elected Stefan Engdahl (Ernst & Young AB) as auditor of the Parent Company, Doro AB. Ernst & Young will carry out auditing at all large units for the period of one year.

	Group		Parent Company	
Fees and costs, SEK m	2014	2013	2014	2013
Auditing assignments	1.0	1.1	0.4	0.6
Auditing outside the assignment	0.2	0.2	0.2	0.2
Tax assignments	0.4	0.6	0.4	0.6
Other advisory services by auditors	2.1	2.6	2.1	2.6
<b>Total</b>	<b>3.7</b>	<b>4.5</b>	<b>3.1</b>	<b>4.0</b>

## Note 17

### TAXES

	Group		Parent Company	
Taxes on profit/loss for the year, SEK m	2014	2013	2014	2013
Current tax	-15.1	-13.1	-4.0	-4.4
Deferred tax	-6.0	-4.5	-3.3	-6.1
<b>Total tax on profit/loss for the year</b>	<b>-21.1</b>	<b>-17.6</b>	<b>-7.3</b>	<b>-10.5</b>

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

	Group		Parent Company	
Taxes, SEK m	2014	2013	2014	2013
Reported profit/loss before tax	79.3	78.2	31.9	80.0
Tax at current rate 22,0 %	-17.4	-17.2	-7.0	-17.6
Non-deductible expenses	-0.3	-0.4	-0.3	-0.1
Non-taxable income	0.0	0.3	0.0	0.3
Tax effect on Group dividends	0.0	-0.6	0.0	4.9
Change in valuation in losses carryforwards	1.0	0.7	0.0	0.0
Change in valuation of temporary differences	0.7	2.0	0.0	2.0
Tax cost concerning previous year	-1.9	0.0	0.0	0.0
Adjustment for tax rates in foreign Group company	-3.2	-2.4	0.0	0.0
<b>Reported tax</b>	<b>-21.1</b>	<b>-17.6</b>	<b>-7.3</b>	<b>-10.5</b>

Temporary differences arise 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:

	Group		Parent Company	
Deferred tax asset, SEK m	2014	2013	2014	2013
Temporary differences, provisions	15.5	20.6	11.0	11.5
Temporary differences, other	0.1	0.1	1.0	3.1
<b>Total reported deferred tax asset</b>	<b>15.6</b>	<b>20.7</b>	<b>12.0</b>	<b>14.6</b>

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 88 m (83) can be used without a time limit being imposed. The remaining losses are in the United Kingdom and in France.

Losses carry forward fall due as follows, SEK m:	2014	2013
Without limit	88	83
<b>Total</b>	<b>88</b>	<b>83</b>

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

SEK m	Group		Parent Company	
	2014	2013	2014	2013
	26	20	0	0

## Note 18

### ACQUISITIONS

On August 1, 2014, Doro acquired the French company Aldebaran with an employee. The company has a shop with a privileged location in Paris and is the first Doro Flag Ship Store. Net sales for 2014 through December amounted to kEUR 413 of which kEUR 97 refers to the time after the acquisition. Earnings for 2014 to December amounted to kEUR 38 which kEUR -9 refers to the time after the acquisition. Goodwill is attributable to the increased sales that this form of product exposure will bring Doro. Cost of acquisition have been charged to operating profit of SEK 0,4 m.

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

Fair value	SEK m
Intangible assets	1.8
Fixed assets	0.4
Stock	0.2
Other receivables	0.1
Cash and bank	1.3
Accounts payable, trade	-0.2
Other liabilities	-0.3
<b>Acquired net assets</b>	<b>3.2</b>
Goodwill	1.4
<b>Total purchase consideration</b>	<b>4.7</b>
Cash in company acquired	-1.3
<b>The acquisition's impact on the Group's cash flow</b>	<b>3.4</b>

### Acquisition after closing

On January 30, 2015 acquired Doro AB 63,7% of the stock in CareTech AB in Kalix. The remaining 36,3% was acquired on 18 February 2015 through an issue of new shares. Cost of acquisition has been charged to 2014 earnings with SEK 3 m. The purchase price was paid in cash with SEK 148,1 m and SEK 84,4 m as a share issue in kind.

Goodwill is linked to the enhanced position in the Care segment that CareTech's new sales channels provide, as well as increased expertise in the care segment for the senior population. On the acquisition date, the headcount was 154. Net sales for 2014 amounted to SEK 130,1 m with an EBIT of SEK 7,5 m.

### Preliminary figures for the acquisition below

	SEK m
Intangible assets	51.7
Fixed assets	4.9
Other financial assets	0.3
Stock	9.9
Accounts receivable trade	15.7
Other receivables and prepaid expenses	4.4
Net Debt	-9.2
Accounts payable, trade	-11.9
Deferred tax liability	-4.2
Other current debts and accrued expenses	-19.7
<b>Acquired net assets</b>	<b>41.9</b>
Goodwill	190.6
<b>Total purchase consideration</b>	<b>232.5</b>

Some uncertainty exists in the data above because Care Tech's financial statements are not completely clear.

### Details of the acquisitions in 2013

Goodwill is attributable to future customers and products, cross-selling opportunities for Doro, ability to improve future Doro products with advanced features for acquired technical know-how, and skilled development team. The acquisitions are expected to generate cost savings as a result of economies of scale.

During 2013 costs of SEK 7,1m directly attributable to the acquisitions were booked as other operating expenses in the group.

### IVS GmbH

On May 13, Doro acquired 100 percent of the German company IVS Industrievertretung Schweiger GmbH. The acquisition of IVS leads to a reinforcement of Doro's market position in Germany, the opportunity to grow faster in other German-speaking countries and expansion into the growing Eastern European market.

IVS for the full year 2013 had sales of SEK 296.4 m and a profit after tax of SEK -0.4 m. Since the acquisition date, IVS has generated sales of SEK 189.7 m and a profit after tax of SEK 12.1 m.

On the acquisition date, the headcount was 64. Costs directly attributable to the acquisition of SEK 6.0 m has been accounted for in the profit and loss.

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

Fair value	SEK m
Intangible assets	12.3
Fixed assets	1.6
Deferred tax asset	4.6
Stock	45.0
Accounts receivable trade	62.2
Other current assets	10.0
Cash and bank	2.5
Provisions	-21.2
Interestbearing liabilities	-9.2
Accounts payable, trade	-27.1
Other current debts	-11.0
<b>Acquired net assets</b>	<b>69.7</b>
Goodwill	79.6
<b>Total purchase consideration</b>	<b>149.3</b>
Share issue in kind	-40.6
Deferred payment	-16.7
Contingent consideration	-12.6
Net debt in acquired company	6.6
<b>Change in the Group's cash flow resulting from the acquisition</b>	<b>86.0</b>
<b>Impact on the cash flow 2014</b>	
Withholding of payment for kEUR 2 000, the present value of estimated 2013 to kEUR 1914	-16.7
Difference at kEUR booked as a financial expense	-0.8
Currency adjustment	-0.7
<b>The acquisition's impact on the Group's cash flow in 2014</b>	<b>-18.2</b>

Withholding of payment was recorded as a current liability in 2013 while additional purchase price was recorded as a long-term liability. The additional purchase price that is fixed in size at EUR 1,6 m, conditional upon company reaches a minimum results. The amount payable no earlier than 10 January, 2015. The additional purchase price of EUR 1,6 m is reported as a current liability in 2014.

#### Isidor SAS

On 3 July 2013 Doro acquired its French software design partner Isidor SAS. The acquisition strengthens Doro's development team and increases Doro's opportunities to shorten the time-to-launch of smart-phones for seniors and programs for easy Internet access for tablets and computers. The acquisition price was EUR 2.8 m on a cash and debt free basis, with a maximum contingent consideration of EUR 2.2 million based on the results for 2013 and the next two years. For full-year 2013 Isidor had income of SEK 6,664 k and profit after tax of SEK 34 k. In the period from the acquisition date to the end of 2013 Isidor had income of SEK 3,261 k and profit after tax of SEK 47 k. Acquisition expenses of SEK 1.1 m were charged to profit in 2013. At the acquisition date the company had seven employees. In December 2014 Isidor SAS was merged with Doro SAS.

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

Fair value	SEK m	
Intangible assets	3.0	
Fixed assets	0.2	
Accounts receivable trade	2.9	
Other current assets	0.3	
Tax receivable	0.4	
Cash and bank	0.8	
Interestbearing liabilities	-0.3	
Accounts payable, trade	-1.0	
Other current debts	-2.4	
Deferred tax liability	-1.0	
<b>Acquired net assets</b>	<b>2.9</b>	
Goodwill	33.5	
<b>Total purchase consideration</b>	<b>36.4</b>	
Contingent consideration	-11.7	
Net debt in acquired company	-0.5	
<b>Change in the Group's cash flow resulting from the acquisition</b>	<b>24.2</b>	
<b>Contingent consideration</b>	<b>2014</b>	<b>2013</b>
Current	0.9	0.7
Long-term	2.7	11.0
<b>Total contingent consideration for Isidor</b>	<b>3.6</b>	<b>11.7</b>
<b>The change benefits on</b>	<b>2014</b>	
Payment for result in 2013	-0.3	
Change in valuation recognized in the operationg result	-8.6	
Currency adjustment	0.8	
<b>Total changes</b>	<b>-8.1</b>	

## Note 19

### FINISHED GOODS AND GOODS FOR RESALE

The Group, SEK m	2014	2013
<b>Opening gross stock</b>	<b>141.2</b>	<b>96.9</b>
Acquisition	0.2	50.0
Change in gross stock	71.8	-4.6
Internal profit in stock	-1.8	-2.4
Exchange rate difference	3.4	1.3
<b>Closing gross stock</b>	<b>214.8</b>	<b>141.2</b>
<b>Opening write-downs of stock</b>	<b>-10.9</b>	<b>-5.6</b>
Acquisition	0.0	-5.0
Change in write-downs of stock	1.2	-0.2
Exchange rate difference	-0.5	-0.1
Closing write-downs of stock *	-10.2	-10.9
<b>Net stock in balance sheet</b>	<b>204.6</b>	<b>130.3</b>

<sup>1)</sup> Acquisition value for the inventory that write-downs of stock of SEK 10.2 m (10.9) relates to is based on inventory book value of SEK 36,4 m (30,4).

Parent company, SEK m	2014	2013
<b>Opening gross stock</b>	<b>92.9</b>	<b>96.9</b>
Change in gross stock	70.2	-4.0
<b>Closing gross stock</b>	<b>163.1</b>	<b>92.9</b>
<b>Opening write-downs of stock</b>	<b>-5.3</b>	<b>-5.6</b>
Change in write-downs of stock	-0.9	0.3
Closing write-downs of stock *	-6.2	-5.3
<b>Net stock in balance sheet</b>	<b>156.9</b>	<b>87.6</b>

<sup>1)</sup> Acquisition value for the inventory reserve of SEK 6.2 m (5.3) is based on inventory book value of SEK 30,4 m (20.9).

## Note 20

### ALLOCATIONS FOR GUARANTEES

SEK m	Group		Parent Company	
	2014	2013	2014	2013
Opening balance	41.1	27.5	33.7	27.5
Acquisition	0.0	6.9	0.0	0.0
Amount released	-45.6	-39.3	-43.9	-39.3
New allocations	47.1	45.8	47.1	45.5
Exchangerate difference	0.3	0.2	-	-
Closing balance	42.9	41.1	36.9	33.7

## Note 21

### PENSION ALLOCATIONS

The Group, SEK m	2014	2013
Opening balance	1.7	1.5
Amount released	0.0	0.0
New allocations	0.9	0.2
Exchange rate difference	0.3	0.0
Closing balance	2.8	1.7

## Note 22

### OTHER ALLOCATIONS

SEK m	Group		Parent Company	
	2014	2013	2014	2013
Opening balance	68.2	67.9	52.3	67.9
Acquisitions	0.0	14.3	0.0	0.0
Amount released	-2.1	0.0	-0.3	0.0
New allocations	5.2	4.0	2.7	2.8
Unutilized amount cancelled	-18.5	-19.6	-18.5	-19.6
Reclassification	0.4	1.2	0.4	1.2
Exchange rate difference	0.9	0.4	-	-
Closing balance	54.1	68.2	36.6	52.3

	Group		Parent Company	
	2014	2013	2014	2013
Additional costs	53.9	68.0	36.6	52.3
Other allocations	0.2	0.2	0.0	0.0
Closing balance	54.1	68.2	36.6	52.3

#### Additional costs

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

## Note 23

### RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

#### FINANCIAL RISK MANAGEMENT

The Board of Directors of Doro has adopted a treasury policy that regulates how financial risks are to be identified and managed. Risk Management aims to reduce or eliminate risks. The main objective is to achieve a 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 financial investments and in accounts receivable, as well as counterparty risk associated with futures hedging. Credit and counterparty risks are managed centrally by the parent company of Doro AB and regulated by the treasury policy. Financial instruments may only be done with counterparties/issuers within the categories government, municipalities and banks. At 31 December 2014 and 31 December 2013 there were no short-term investments.

The value of accounts receivable amounted to SEK 269,4m (248,6). In recent years Doro has experienced very 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 9,2 percent (14,8) of Group sales. In most countries Doro operates without credit insurance.

Age analysis of accounts receivable	Group	
	2014	2013
Not yet due	236.6	224.0
Due for payment < 60 days	33.4	21.4
Due for payment > 60 days	7.4	3.2
Total accounts receivable	277.4	248.6
Expected bad debt losses	-8.0	-5.1
Accounts receivable in the financial statements	269.4	243.5

Impaired accounts receivable	Group	
	2014	2013
Opening balance	-5.1	-4.9
Expected bad debt losses	-3.5	-0.9
Confirmed bad debt losses	-0.3	-0.1
Translation differences	-0.1	0.0
Amount reversed	1.0	0.8
Closing balance	-8.0	-5.1

#### Other receivables

Other receivables are not yet due.

#### LIQUIDITY RISK

At 31 December 2014, the Group had SEK 41,7m (45,2) in interest-bearing liabilities. In connection with Doro obtaining an overdraft facility, previous Euroloans were cancelled. Thus there is no long-term loans remaining within the Group.

At 31 December 2014, Group liquidity amounted to SEK 78,2m (123,9).

#### FOREIGN EXCHANGE RISK

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

**Transaction exposure**

Transaction exposure arises when sales and purchases take place in foreign currencies. Doro has income and expenses in different currencies. Goods are primarily purchased in USD, while sales are commonly in EUR, GBP and the Nordic currencies. In accordance with the treasury policy, forecast net flows are hedged on a quarterly basis for periods for which the price list is set at between 60 and 80 percent. The hedge horizon can thus vary between three and six months. Foreign exchange management is centralised at the finance department of Doro AB, which buys and sells currencies under the treasury policy.

Since 2013, Doro applies hedge accounting in accordance with IFRS.(see accounting principles for further information).

**Transaktionsvolymen Utestående exponering (Mkr)**

(före och efter kurssäkring)

	Before hedging 2014	After hedging 2014	Before hedging 2013	After hedging 2013
CAD	4	4	15	8
NOK	18	9	16	8
EUR	257	64	109	2
GBP	70	5	66	11
USD	-244	-103	-152	-2

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.

**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 143 m (110). The breakdown by currency is shown in the table below.

Value of foreign assets	2014	2013
USD	4	2
NOK	2	2
EUR	113	89
GBP	17	12
HKD	6	5
<b>Total</b>	<b>143</b>	<b>110</b>

**Financial instruments - fair value**

Group 2014	Financial assets and liabilities at fair value through profit and loss	Derivatives subject to hedge accounting	Saleable assets	Accounts receivable and loans receivable	Other financial liabilities	Carrying amount	Fair value
Accounts receivable				269.5		269.5	269.5
Other receivable				4.3		4.3	4.3
Currency futures subject to hedge accounting		15.4				15.4	15.4
Currency futures held for trading	0.6					0.6	0.6
Current investments						0.0	0.0
Bank balances			78.2			78.2	78.2
<b>Assets</b>	<b>0.6</b>	<b>15.4</b>	<b>78.2</b>	<b>273.8</b>	<b>0.0</b>	<b>368.0</b>	<b>368.0</b>
Currency futures subject to hedge accounting		7.4				7.4	7.4
Liabilities to credit institutions					41.7	41.7	41.7
Accounts payable					159.9	159.9	159.9
Additional purchase consideration	17.3					17.3	17.3
Other liabilities					175.7	175.7	175.7
<b>Liabilities</b>	<b>17.3</b>	<b>7.4</b>	<b>0.0</b>	<b>0.0</b>	<b>377.3</b>	<b>402.0</b>	<b>402.0</b>
<b>Group 2013</b>							
Accounts receivable				243.5		243.5	243.5
Other receivable				4.9		4.9	4.9
Currency futures subject to hedge accounting		0.3				0.3	0.3
Currency futures held for trading	0.1					0.1	0.1
Current investments						0.0	0.0
Bank balances			123.9			123.9	123.9
<b>Assets</b>	<b>0.1</b>	<b>0.3</b>	<b>123.9</b>	<b>248.4</b>	<b>0.0</b>	<b>372.7</b>	<b>372.7</b>
Currency futures subject to hedge accounting		4.1				4.1	4.1
Liabilities to credit institutions					45.2	45.2	45.2
Accounts payable					165.4	165.4	165.4
Additional purchase consideration	41.7					41.7	41.7
Other liabilities					79.5	79.5	79.5
<b>Liabilities</b>	<b>41.7</b>	<b>4.1</b>	<b>0.0</b>	<b>0.0</b>	<b>290.1</b>	<b>335.9</b>	<b>335.9</b>

Parent Company 2014	Financial assets and liabilities at fair value through profit and loss	Derivatives subject to hedge accounting	Saleable assets	Accounts receivable and loans receivable	Other financial liabilities	Carrying amount	Fair value
Accounts receivable				202.1		202.1	202.1
Receivables from Group companies				175.8		175.8	175.8
Other receivables				0.8		0.8	0.8
Currency futures subject to hedge accounting		15.4				15.4	15.4
Currency futures held for trading	0.6					0.6	0.6
Current investments				0.0		0.0	0.0
Bank balances			9.9			9.9	9.9
<b>Assets</b>	<b>0.6</b>	<b>15.4</b>	<b>9.9</b>	<b>378.7</b>	<b>0.0</b>	<b>404.6</b>	<b>404.6</b>
Currency futures subject to hedge accounting		7.4				7.4	7.4
Liabilities to credit institutions					41.5	41.5	41.5
Accounts payable					140.6	140.6	140.6
Receivables from Group companies					29.8	29.8	29.8
Other liabilities					158.4	158.4	158.4
<b>Liabilities</b>	<b>0.0</b>	<b>7.4</b>	<b>0.0</b>	<b>0.0</b>	<b>370.3</b>	<b>377.7</b>	<b>377.7</b>
<b>Parent Company 2013</b>							
Accounts receivable				189.1		189.1	189.1
Receivables from Group companies				113.2		113.2	113.2
Other receivables				1.1		1.1	1.1
Currency futures subject to hedge accounting		0.3				0.3	0.3
Currency futures held for trading	0.1					0.1	0.1
Current investments						0.0	0.0
Bank balances			94.9			94.9	94.9
<b>Assets</b>	<b>0.1</b>	<b>0.3</b>	<b>94.9</b>	<b>303.4</b>	<b>0.0</b>	<b>398.7</b>	<b>398.7</b>
Currency futures subject to hedge accounting		4.1				4.1	4.1
Liabilities to credit institutions					44.3	44.3	44.3
Accounts payable					140.6	140.6	140.6
Receivables from Group companies					20.1	20.1	20.1
Other liabilities					71.2	71.2	71.2
<b>Liabilities</b>	<b>0.0</b>	<b>4.1</b>	<b>0.0</b>	<b>0.0</b>	<b>276.2</b>	<b>280.3</b>	<b>280.3</b>

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 data not observable on the market.

Currency futures and additional purchase considered 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.

## Note 24

### LONG-TERM LIABILITIES

Former foreign loans in Euro is converted into an overdraft facility for SEK 50 m in Q4 2014.

	Group		Parent Company	
	2014	2013	2014	2013
Amounts that fall due in 1 - 5 years	0.0	44.3	0.0	44.3
Amounts that fall due later than 5 years	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>44.3</b>	<b>0.0</b>	<b>44.3</b>

## Note 25

### RELATED PARTY TRANSACTIONS

No related party transactions during the year except for salaries and remuneration according to note 5. During 2013 the Chairman Bo Kastensson and the board member Jonas Mårtensson billed consulting services to Doro AB. The compensation was made on market terms and refers to advisory services in the IVS acquisition process. Bo Kastensson billed SEK 350 000, plus VAT through his company Kasting Advising AB. Jonas Mårtensson billed SEK 150 000, plus VAT through his company JNM Invest AB.

# Board signing

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

Lund, April 1, 2015

Bo Kastensson  
Chairman of the Board

Charlotta Falvin  
Board member

Fredrik Hedlund  
Board member

Karin Moberg  
Board member

Jonas Mårtensson  
Board member

Jérôme Arnaud  
CEO

Our auditor's report was submitted on April 1, 2015

Ernst & Young AB

Stefan Engdahl  
Authorized Public Accountant



# Auditor's report

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Doro AB (publ) for the year 2014, except for the corporate governance statement on pages 22-28. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 18-57.

### Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director 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.

### Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

### Opinions

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 the parent company as of 31 December 2014 and of its financial performance and its cash flows 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 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 22-28. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

### Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Doro AB (publ) for the year 2014. We have also conducted a statutory examination of the corporate governance statement.

### 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. The Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement has been prepared in accordance with the Annual Accounts Act.

### Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have obtained a sufficient basis for our opinion. This means that our statutory 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.

### Opinions

We recommend to the annual 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.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Malmö, 1 April 2015

Ernst & Young AB

Stefan Engdahl

Authorized Public Accountant

# Quarterly summary

SEK m	2014				2013			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
<b>Quarterly profit trend</b>								
Income/Net sales	233	277	330	437	209	273	279	381
Operating costs	-217	-252	-290	-389	-195	-248	-250	-336
<b>Operating profit/loss before depreciation</b>	<b>16</b>	<b>25</b>	<b>40</b>	<b>48</b>	<b>14</b>	<b>25</b>	<b>29</b>	<b>45</b>
Planned depreciation and write-downs	-11	-11	-11	-10	-7	-8	-9	-12
<b>Operating profit/loss after depreciation</b>	<b>5</b>	<b>14</b>	<b>29</b>	<b>38</b>	<b>8</b>	<b>17</b>	<b>20</b>	<b>33</b>
Net financial items	-2	-1	1	-5	0	0	0	0
<b>Profit/loss after financial items</b>	<b>3</b>	<b>13</b>	<b>30</b>	<b>33</b>	<b>8</b>	<b>17</b>	<b>20</b>	<b>33</b>
Taxes	-1	-3	-6	-11	-1	-4	-5	-7
<b>Net profit/loss</b>	<b>2</b>	<b>10</b>	<b>24</b>	<b>22</b>	<b>7</b>	<b>13</b>	<b>15</b>	<b>26</b>
<b>Quarterly balance sheet for the Group</b>								
Intangible assets	197	203	201	201	67	172	208	199
Tangible assets	6	6	6	5	11	11	9	7
Financial assets	1	1	1	1	1	1	1	1
Deferred Tax Asset	20	19	19	16	21	15	13	21
Inventories	116	133	189	205	87	132	133	130
Current receivables	193	199	259	348	133	233	224	267
Cash and bank balances	70	89	96	78	145	111	68	124
<b>Total assets</b>	<b>603</b>	<b>649</b>	<b>769</b>	<b>853</b>	<b>465</b>	<b>674</b>	<b>655</b>	<b>749</b>
Shareholders' equity	292	288	316	335	217	203	258	287
Long-term Liabilities	108	108	66	60	66	129	136	138
Current Liabilities	204	253	387	458	182	342	261	324
<b>Total shareholders' equity and liabilities</b>	<b>603</b>	<b>649</b>	<b>769</b>	<b>853</b>	<b>465</b>	<b>674</b>	<b>655</b>	<b>749</b>
<b>Quarterly cash flow</b>								
Operating profit/loss after financial items	3	13	30	33	8	17	20	33
Depreciation according to plan	11	11	11	10	7	8	9	11
Other non cash flow items	-2	3	-14	-10	-1	2	0	-3
Taxes	-4	-3	-4	-7	0	-3	-1	-2
Change in working capital	-38	23	-9	-34	5	16	-47	32
<b>Cash flow from current activities</b>	<b>-30</b>	<b>47</b>	<b>14</b>	<b>-8</b>	<b>18</b>	<b>40</b>	<b>-19</b>	<b>71</b>
Investments	-24	-12	-8	-7	-14	-94	-23	-16
<b>Cash flow from investment activities</b>	<b>-24</b>	<b>-12</b>	<b>-8</b>	<b>-7</b>	<b>-14</b>	<b>-94</b>	<b>-23</b>	<b>-16</b>
Dividend/ Premium for Warrant Program	0	-32	0	0	0	-24	0	0
New share issue and premium for warrant program	0	14	1	0	0	0	0	0
Change in interest-bearing liabilities	0	0	2	-5	0	44	-1	1
<b>Cash flow from financial activities</b>	<b>0</b>	<b>-18</b>	<b>3</b>	<b>-5</b>	<b>0</b>	<b>20</b>	<b>-1</b>	<b>1</b>
Translation differences and other	0	2	-2	2	0	0	0	0
<b>Liquid assets (change in liquid funds)</b>	<b>-54</b>	<b>19</b>	<b>7</b>	<b>-18</b>	<b>4</b>	<b>-34</b>	<b>-43</b>	<b>56</b>

# Five year summary

SEK m	2014	2013	2012	2011	2010
<b>Income statement</b>					
Income	1,277.7	1,142.5	837.5	745.4	632.8
Operating profit/loss before depreciation and write-downs, EBITDA	129.4	113.7	83.1	75.6	63.1
Operating profit/loss after depreciation and write-downs, EBIT	86.5	78.9	61.4	62.0	47.0
Net financial items	-7.2	-0.7	-11.9	10.9	-0.6
Profit/loss after financial items	79.3	78.2	49.5	72.9	46.4
<b>Balance sheet</b>					
Fixed assets	222.3	227.8	93.2	86.1	60.8
Current assets	552.2	397.2	282.1	214.3	186.8
Cash and bank balances	78.2	123.9	141.1	148.4	89.5
Shareholders' equity	334.8	287.0	209.0	177.3	121.3
Long-term liabilities	59.6	138.3	73.1	88.7	46.0
Current liabilities	458.3	323.6	234.3	182.8	169.8
Balance sheet total	852.7	748.9	516.4	448.8	337.1
<b>KEY FIGURES (Definitions on page 62)</b>					
<b>Return ratios</b>					
Average return on capital employed, %	32.8	52.2	94.5	116.1	80.1
Average return on shareholders' equity, %	18.7	24.4	27.4	38.8	60.4
Earnings per share, after taxes paid, SEK	2.9	3.68	2.34	3.62	2.04
Cash Conversion Rate	26.0	140	65	169	171
<b>Margins</b>					
Operating margin, EBITDA, %	10.1	10.0	9.9	10.1	10.0
Operating margin, EBIT, %	6.8	6.9	7.3	8.3	7.4
Net margin, %	6.2	6.8	5.9	9.8	7.3
<b>Capital turnover</b>					
Capital turnover rate (multiple)	1.6	1.8	1.7	1.9	2.2
<b>Financial data</b>					
Equity/assets ratio, %	39.3	38.3	40.5	39.5	36.0
Cash flow from current activities	22.5	110.5	40.2	104.9	80.4
Number of employees	172.0	149.0	81.0	77.0	61.0
Liquid assets (incl. unused credit)	86.7	123.9	172.6	177.5	121.5
Investments (incl. acquisitions 2011,2013)	51.2	146.7	27.3	40.8	20.6

# Press releases 2014

<b>16 December</b>	Doro makes a strategic acquisition within Care: CareTech AB
<b>27 October</b>	Doro to present its report for the third quarter via audio cast and telephone conference
<b>20 October</b>	Doro signs agreement with Vodafone in some key European markets
<b>14 October</b>	Doro AB's Nomination Committee for the 2015 Annual General Meeting
<b>9 October</b>	Doro's partner Consumer Cellular adds Target's US stores to its distribution
<b>8 September</b>	Doro introduces its new smartphone – The Doro Liberto® 820 – with first listing through Telekom Deutschland
<b>5 September</b>	Introducing the Doro Liberto® 820
<b>21 August</b>	Press release from Doro AB's Extraordinary General Meeting 2014
<b>12 August</b>	Doro present its report for the second quarter via audiocast and telephone conference
<b>14 July</b>	Doro extends partnership with Australian Optus
<b>11 July</b>	Notice of extraordinary general meeting 2014
<b>16 June</b>	The leading German operator Telekom Deutschland GmbH lists Doro
<b>15 May</b>	Doro receives final settlement from litigation against Emporia
<b>13 May</b>	Press release from Doro AB's Annual General Meeting 2014
<b>7 May</b>	Leading Austrian operator Telekom Austria (A1) lists Doro
<b>6 May</b>	Doro to present its report for the first quarter via audiocast and telephone conference
<b>11 April</b>	Exercise of employee warrants in Doro
<b>11 April</b>	Notice of annual general meeting 2014
<b>14 March</b>	Doro opens experience store in Paris and increases efforts within direct sales channels
<b>25 February</b>	Doro reveals four new mobile phones at the Mobile World Congress in Barcelona
<b>4 Februari</b>	Doro presenterar rapporten för det fjärde kvartalet via audiocast och telefonkonferens

# 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.

## CAPITAL TURNOVER RATE

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

## CASH AND CASH EQUIVALENTS

Cash position plus granted unutilised credits from banks and current investments in interest-bearing certificates.

## CASH CONVERSION RATE

Cash flow from operating activities divided by EBIT.

## CASH FLOW

Cash flow from operating activities.

## CASH FLOW PER SHARE

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

## EARNINGS PER SHARE AFTER TAX

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

## EARNINGS PER SHARE AFTER TAX, DILUTED

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

## EARNINGS PER SHARE AFTER TAXES PAID

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

## EARNINGS PER SHARE AFTER TAXES PAID, DILUTED

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

## EARNINGS PER SHARE BEFORE TAX

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

## EARNINGS PER SHARE BEFORE TAX, DILUTED

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

## EBIT MARGIN

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

## EBITDA MARGIN

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

## EQUITY PER SHARE

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

## EQUITY PER SHARE, DILUTED

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

## EQUITY/ASSETS RATIO

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

## INTEREST COVERAGE RATIO

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

## INVESTMENTS

Net investments including acquisitions.

## MARKET CAPITALISATION, SEK m

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 DEBT/NET CASH

Cash and bank balances less interest-bearing liabilities.

## NET MARGIN

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

## NUMBER OF EMPLOYEES

Average number of employees.

## 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.

DORO AB  
Magistratsvägen 10  
226 43 Lund  
Sweden  
Tel +46 280 50 00  
Fax +46 280 50 01

DORO UK LTD.  
First Floor  
Bridge House  
Chiltern Hill  
Chalfont St Peter  
Bucks SL9 9UE  
United Kingdom  
Tel +44 1753 883 080  
Fax +44 1753 883 081

DORO SAS  
10 Rue de Châteaudun  
75009 Paris  
France  
Tel +33 1 47 03 61 80  
Fax + 33 1 42 96 24 30

DORO HONG KONG LTD.  
Unit 222  
No. 1 Science Park W. Avenue  
Hong Kong Science Park Shatin  
New Territories  
Hongkong  
Tel +852 2730 2777  
Fax +852 2730 2433

DORO SAS  
BP 446  
78055 Saint Quentin en Yvelines Cdx  
France  
Tel +33 1 30 07 17 00  
Fax +33 1 30 07 17 85

DORO A/S  
Kråkerøyveien 2  
NO-1671 Kråkerøy  
Norway  
Tel +47 69 35 86 00  
Fax +47 69 35 86 69

DORO INC.  
c/o Duane Morris LLP  
1540 Broadway  
New York  
NY 10036  
USA  
Tel +1 212 692 1067  
Fax +1 212 208 2514

