

AGE WANTS TO LIVE LIFE



NORBERT'S
STORY

ANNUAL REPORT 2016



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

Images in this Annual Report

Follow the links on the cover, and on pages 10, 13 and 18, to find out what our users think.



DORO IN BRIEF

Doro is the European market leader in senior mobile solutions. The company is dedicated to understanding and responding to the needs and preferences of senior users with the objective of creating satisfied and loyal end-users. Doro's users really appreciate its products, and as many as 82 percent of them would recommend our products to friends and family.

A HUGE AND GROWING MARKET

Globally, there are more than 660 million people aged 65 or over and the demographics indicate that this number will be in high growth for many years to come. By 2020, the population of this group is forecast at over 700 million. Most of them will need support in keeping up with technological progress and exploring new convenience services at some point.

GLOBAL DISTRIBUTION

Doro's products are sold in more than 40 countries on five continents through an extensive network of leading telecom operators, specialists and retailers with strong distribution channels to end-customers. This distribution network, and

Doro provides easy-to-use telecom and care solutions tailored for the world's growing population of seniors.

Doro's ability to develop new distribution relationships efficiently, are key competitive advantages.

SOLUTIONS FOR INDEPENDENT LIVING

Doro provides value-added consumer solutions for seniors in the form of easy-to-use phones with functionality that makes everyday life easier. Doro also offers services that further enable and enhance the quality of independent living for seniors and their families. Doro's offering spans feature phones and smartphones, through software and support services, with a sharp focus on ease of use.

CONTINUOUS INNOVATION

Doro has comprehensive in-depth knowledge of its target group, and has in-house product development teams in Kalix, Lund and Hong Kong.

More than

40

countries on

5

continents

NO.1

the market leader
with a 60% market share

THE YEAR IN BRIEF

Operationally, Doro's focus during the year was on re-engineering processes and operational excellence. For much of the year, Doro Care was negatively affected by its new framework agreement with SKL (The Swedish Association of Local Authorities and Regions) being subject to appeal, with the resulting delay of some 10 months. Production and delivery problems also affected handset models, while product platforms were upgraded and product rationalization executed. Ultimately, the outcome was a stronger product portfolio.

Q1

- Net sales increased by 22.3 percent and order intake increased by 10.9 percent. The operating margin was 2.3 percent.
- Caretech, our digital care solution business, changed corporate name to Doro Care.
- The acquisition of Norwegian social alarm call center operator Trygghetscentralen was announced, enhancing Doro Care's international presence in digital safety services.
- To ensure 100 percent redundancy in our digital social alarm services, we opened a new call center in Kalix, northern Sweden, in March.
- We launched an easy-to-use 4G smartphone, the Doro 8030, as the successor to Doro's first smart 4G mobile handset, the Doro 825, launched in fall 2015.

Q2

- Net sales increased by 11.8 percent and order intake increased by 17.9 percent. The operating margin was 0.9 percent.
- Production and delivery problems affected some models of smartphones and more sophisticated easy-to-use feature phones.

Q3

- Net sales increased by 6.4 percent and order intake decreased by 3.3 percent. The operating margin was 2.9 percent.
- Doro downgraded its full-year forecast for 2016, as announced in a press release on 6 July. The reason was mainly that Doro Care was adversely affected by delays to a new framework agreement with SKL.
- Ulf Lindsten, Doro Care's President, left the company. Doro's CEO Jérôme Arnaud took over the role as President of Doro Care and Trygghetscentralen.

Q4

- Net sales decreased by 3.7 percent and order intake increased by 8.5 percent. The operating margin was 3.4 percent.
- Doro Care signed a new framework agreement on social alarms, and alarm reception, with SKL. Standstill on new contracts ends.
- Doro's Chairman Magnus Mandersson resigned, and Johan Andsjö was appointed as Acting Chairman, with Henri Österlund appointed as Acting Vice Chairman.

- Robert Puskaric was appointed as new CEO, based in Lund.
- Henric Ungh became the new Vice President of Sales & Marketing.
- The full-year forecast for 2016 was downgraded, as announced in a press release on 8 December. Extensive restructuring expenses will adversely impact profit.

FINANCIAL GOALS AND GOAL ACHIEVEMENT

	Goal	Outcome 2016
Annual growth, %	20	7.1
Long-term operating margin, %	10	2.4
Maximum leverage ratio (interest-bearing debt/equity)	1.0	0.45
Dividend, share of net profit, %	33	75

KEY FIGURES

	2015	2016
Net sales, SEK m	1,829	1,959
Gross margin, %	37.2	38.5
Operating profit (EBIT), SEK m	95.2	47.7
Operating margin (EBIT), %	5.2	2.4
Cash flow from operating activities, SEK m	85.7	61.7
Earnings per share after tax, SEK	2.78	1.33
Dividend per share, SEK ¹⁾	–	1.00
Number of employees at year-end	358	500

¹⁾ See proposed appropriation of profit on page 24.

CEO'S COMMENT

I took over as Doro's CEO on 1 February 2017, succeeding Jerome Arnaud, who left the company after nine years in this position. What I've seen of Doro so far has convinced me that the company harbours substantial competence that makes it well prepared to advance its positioning further in its growing niche market—easy to use telecom—and safety solutions specially tailored for the growing population group of seniors. Doro is an entrepreneurially driven company with operations in over 40 countries, whose offering is largely based on mobile platforms from the world's leading vendors, and multinational operators and resellers as major customers like Orange, Consumer Cellular and Amazon.

I have over 20 years' international experience in telecom, mobile platforms, service solutions, and building and developing new strategies and businesses.

I have collaborated with nearly all the world's mobile producers: LG, Samsung, Sharp, Apple, Motorola, HTC and others. As CEO of Ericsson in the Nordics and Eastern Europe, I was involved in establishing the company as a partner for

non-telecom operators in digital transformation and the Internet of Things. And I'm bringing all this vital experience with me to Doro.

STRONG POSITIONING WITH OUR CUSTOMERS

One of my initial priorities has been to meet customers. Apart from the importance of maintaining relationships with them, the impressions and knowledge these meetings generate are crucial to the continued evolution of our offering, and particularly, our ongoing strategy work. It's great how often our customers tell me how important our products are to their ranges, and their great interest and encouragement to keep developing our offering for seniors. One of our most important customers, Orange, also demonstrated its appreciation recently by giving us its Orange Device Partner Award for Outstanding Excellence in Smart Mobile Design for Seniors.

Building on a strong niche position, we have great potential to keep developing our offering, and keep strengthening our positioning in several segments.

WE MAKE A DIFFERENCE IN SENIORS' EVERYDAY LIVES

The meetings with our customers, as well as our sales successes and market shares, demonstrate that we have a strong brand and are well-positioned in our segment. Doro delivers digital solutions in the form of products and services that make it easier for seniors to lead independent, active—but also safe—lives. We possess in-depth knowledge of our target groups' needs, competence and resources in hardware, software and services, as well as motivated and committed people who are really enthusiastic about making a difference for senior citizens. This is why I see such great potential for Doro to keep growing in the digital transformation that society is now undergoing.

PRIORITIES FOR 2017

My first duties in the short term are to get the operations of Doro Care back on track, focus on the group's efficiency, reduce development lead-times, and simultaneously keep developing the company's growth strategy. There is massive potential to keep prioritizing our



successful positioning in simple feature phones, advance our positioning in smart phones and win more market shares internationally. Alongside all the fantastic colleagues I've met so far, I'm convinced that we will succeed in this, and far more, as early as in 2017.

A handwritten signature in blue ink, which appears to read 'Robert Puskaric'. The signature is fluid and cursive, written on a white background.

Robert Puskaric,
CEO and President
3 April 2017

COMMENT ON THE YEAR 2016

For Doro, 2016 was a year of transition and consolidation following several years of strong growth. Our sales grew by 7.1 percent and our order book also expanded, to SEK 307.8m (193.7) at year-end. Our top line and order intake performance is clear evidence that our niche strategy—of targeting seniors with easy to use mobile and digital care solutions—is successful.

While gross margin increased to 38.5 percent (37.2), EBITDA was lower than last year at SEK 121.4m (139.4) due to increased operating costs of SEK 155m. Of these higher operating costs, SEK 29.8m are restructuring costs.

Excluding restructuring costs, there are two main reasons for higher operating costs: Doro Care was positioned for growth (which due to an appeal against our framework agreement with SKL, did not go to plan), and continued investments in our strategy—addressing seniors and improving their quality of life through technology, products and services.

FEATURE PHONE AND LEGACY BUSINESS CONTINUING TO OUTPERFORM THE MARKET

In 2016, our senior phone business continued to outperform the mobile phone market, with high activity and strong order intake despite challenging market conditions. Doro gained market shares in 2016, while the global feature phone market declined.

We have been phasing out low-end models and replaced the remaining ones with more competitive and profitable products in the same segment. This had a negative effect on sales but a positive effect on gross margin. The acquisition of Trygghetscentralen and an altered customer mix also supported our stronger gross margin.

EASY TO USE SMARTPHONES CONTINUE TO GAIN TRACTION

Smartphones' share of total mobile sales increased, to 19.5 percent in 2016 (14.2). Our brand is continuing to progress in a positive direction, and we are maintaining

our focus on improving the sell-through of smartphones. We are investing in various marketing activities, including store staff training, with the aim of continuing to increase the smartphone share of total mobile sales in 2017 and beyond.

CARE IS AN ESSENTIAL PART OF OUR STRATEGY

Doro Care delivered below management's expectations in 2016. The business was negatively affected by a standstill in the Swedish market due to an appeal against our framework agreement with SKL (The Swedish Association of Local Authorities and Regions' procurement function). A new contract with SKL was finally signed in the fourth quarter but activity is not expected to pick up until early-2017.

In 2016, Doro Care acquired and consolidated Trygghetscentralen, a Norwegian social alarm operator, which performed according to our expectations. We continue to believe the migration of personal social alarms to digital

technology offers business potential in the Nordics and beyond. The acquisition of Trygghetscentralen was an important part of this strategy.

From a strategic perspective, Doro Care is an increasingly important part of Doro. Accordingly, we decided to reorganise Doro Care's management in 2016, in order to better integrate the service offering with our product offerings, and to improve and optimize its cost structure.

Despite the negative impact of delays to the above framework agreement, Doro Care's market leadership in digital social alarms remained stable in the year. By year-end, the number of subscribers had increased to 118,000 (90,000 excluding Trygghetscentralen) from 83,000 at year-end 2015. 12 month forward looking recurring revenue (see definition on page 55) also increased, to SEK 144.7m (101.3 excluding Trygghetscentralen), compared to SEK 60.8m at year-end 2015.

THE NORDICS CONTINUE TO LEAD PROGRESS

For the full year 2016, group sales increased by 7.1 percent to SEK 1,959.1m. Sales in the Nordics and DACH showed good growth, while the UK contribution did not match expectations.

Sales in the Nordics increased by a high 15.7 percent, supported by the acquisition of Trygghetscentralen and the phone business continuing to perform positively, while the delay with SKL in Sweden affected growth negatively. The DACH region reported good annual sales growth of 6.8 percent, driven by feature phones and the Doro 8030 4G smartphone. In the UK, Brexit—and more importantly depreciation of the GBP—had a negative impact on full-year results. In the US, sales performance of 3G feature phones was consistent. However, comparison with the second half-year 2015 is more challenging because of the large-scale campaigns conducted then to promote the migration from 2G to 3G handsets.

SHARP FOCUS ON CASH FLOW

Cash flow from operating activities stood at SEK 61.7m (85.7) with a positive trend at year-end. Doro has been making substantial efforts to improve cash management, downscaling its portfolio and renegotiating supplier contracts. The focus on working capital efficiency will continue in 2017.

IMPROVING GROUP EFFICIENCY—A MAJOR TARGET

In 2016, our focus was on improving operational excellence, which included deeper integration of Doro Care. By making our operations more flexible, capacity and fixed costs will improve and more readily match demand. We will continue to enhance our efficiency and flexibility in 2017.

The restructuring program progressed according to plan and restructuring costs amounted to SEK 29.8m for the full year 2016. Non-recurring items included product-related costs, consisting of items including rationalizing our product

portfolio—which also had an impact on depreciation—as well as costs related to the change of CEO and the closure of our R&D center in Paris.

In February 2017, Robert Puskaric became CEO & President, stationed in Lund. This will create additional operational synergies and clearly position Lund as Doro's headquarters. Work will continue on streamlining operations in 2017.

MARKET

Seniors now want new digital solutions that facilitate independent and active lifestyles.

There are currently 660 million people worldwide aged over 65, equivalent to eight percent of the total population.

The number and share is increasing at a pace with generally rising standards of living, and the resulting increased average lifespan in most parts of the world.

DORO'S MARKETS

Seniors are now healthier, more mobile and more motivated to maintain independent and active lifestyles than ever. They want new digital solutions in the form of products and services that facilitate independent and active lifestyles. The total global market for telecom products for seniors is expected to continue to grow.

Doro has specialized in telecom products and services for this increasingly important consumer segment ever since start-up over 40 years ago, a segment otherwise ignored by telecom vendors despite its substantial buying power and high willingness to pay in the communication segment. Doro's offering spans entry-level feature phones and technically sophisticated but easy-to-use smartphones tailored to seniors' needs,

as well as applications and services for safer, easier everyday lives.

Doro is active in 40 countries worldwide, with its emphasis on Europe and North America, and market leadership (source GfK) in several key European countries (Germany, the UK, France and the Nordics). Its offering is identical in all countries, but demand does differ. For example, northern European seniors are more interested in smartphones, while in Southern Europe simpler feature phones are more sought after.

In the applications and services segment, customers differ between countries, where in the Nordics, public bodies such as municipalities purchase Doro's safety services, which are used in the care services they deliver to senior citizens, while in Germany and the UK, the primary buyers are non-profit organizations and private sector care providers, which use systems based on these services, and in the Netherlands, insurance companies too. In Sweden and Norway, safety services are also combined with Doro Care's call centers directly for private individuals. In time, there is also development potential for safety services directly

targeting private individuals on Doro's other markets.

COMPETITION

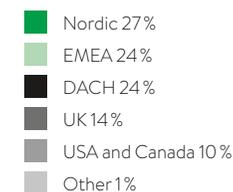
Doro is one of few providers offering a complete solution in the senior consumer segment. The competition consists of traditional providers in telecom and care.

The services provided by Doro have a small cluster of competitors, some of which compete only in personal care alarms.

TRENDS AND DRIVERS

A growing number of seniors want more sophisticated, tailored communication solutions that not only cover mobile phones but also user interfaces, applications and other services designed to make their lives easier. Users are becoming progressively more aware and skilled as a growing share of seniors are people who were still at work at the time of the breakthrough of digital communication in the early-1990s. Seniors' families are discovering the possibilities presented by digital care solutions, which mean that they can provide care in new ways,

SALES BY REGION



tailored according to the individual's wish for an independent life without this meaning they are completely alone.

CUSTOMER SEGMENTATION

The rigorous and extensive capture of knowledge on user communication patterns and lifestyles that is Doro's core competence has laid the foundation of a segmentation model that sorts the motivation factors of different user types into groups based on user interest in technology and lifestyle. Six different user types have been identified, of which a combination of four constitutes Doro's primary target group. Doro's product and service portfolio satisfies its user needs by delivering products and services for seniors that lead active lives, but want products and services tailored for them, products and services for seniors with specific disabilities such as impaired hearing and vision, compromised mobility, etc., as well as products and services for seniors that are fully dependent on assistance and supervision to enable them to stay in their own homes.

SMARTPHONE BARRIERS

Qualitative research conducted by River Research for Doro in 2015 revealed that before their next mobile phone purchase, more seniors can be expected to want to buy a smartphone instead of staying with feature phones. Doro endeavors to develop smartphones that all seniors can use, and accordingly, conducted research into the barriers seniors face when using smartphones, and that prevent them from upgrading. This research revealed that there were barriers before purchasing, during purchasing and after purchasing, but that these barriers could be overcome with guidance, that seniors would use their smartphones more, be more confident about usage, and be prepared to try completely new functionality that their previous feature phones didn't have. After the survey, most of the research subjects wanted to keep using smartphones.

USA

Total population:

325

million

Age > 65:

39

million

12%

Source: Infoplease.com

EU

Total population:

509

million

Age > 65:

92

million

18%

Source: Eurostat

STRATEGY

A quiet revolution is happening all over the world. The growing senior population is healthier, more active and outward-looking than just ten years ago.

ALTERED EXPECTATIONS AND CIRCUMSTANCES

Seniors want to stay active, even after long working lives, and to be independent of relatives or social services for dealing with everyday issues. Being able to communicate with their surroundings more easily is a must for a freer, more independent and active lifestyle. For most people, communication basically means having your own mobile phone, and steadily growing share of seniors currently either have a traditional feature phone, or increasingly, a smartphone. In Doro's markets, this group also has high buying power and is very willing to pay for communication solutions that give them an easier life and more freedom.

VISION AND GOALS

We want to make age a life stage of independence, empowerment and enjoyment. We want seniors to feel free to pursue their desires and get what they want out of life.

Doro has been working to give senior users the possibility of adopting digital technology according to their own circumstances for a long time. While it might be obvious that individual circumstances

differ, it is equally obvious that not everyone is lucky enough to remain completely healthy in their senior years. Even normal ageing involves compromised vision, hearing and motor skills. Additionally, many older people experience everything from more limited movement to the need to get in touch with relatives or care staff quickly for help in different situations.

UNDERSTANDING AND KNOWLEDGE

In-depth understanding and knowledge of seniors' communication patterns, needs and preferences is vital for addressing their changing circumstances. Doro regularly executes extensive market research among seniors, and endeavors to secure a continuous dialogue with its users.

Based on this information, we have designed a segmentation model that proceeds from user behavior and preferences, as well as user purchasing processes, activity levels, interests and opinions.

DEVELOPING OUR OFFERING – MORE SERVICES CONTENT

With all respect to mobile phones, being certain that contact and assistance is safely within reach is another important dimension to technology. Doro aims to secure market leadership within, and use its knowledge and understanding to develop, digital safety services for use in combination with fixed and mobile telephony, as well as dedicated alarm devices. These services have implications

including continuous contact pathways with call centers, with trained health and social care staff. This applies particularly in the Smarthomes concept, which presents exciting development opportunities, where the combination of sensor technology and sophisticated applications will enable greater safety and freedom for seniors inside and outside their homes.

Doro Care is a strategic key function in Doro's efforts to evolve its offering from primarily hardware, to consist of services for older consumers in the form of relevant hardware-based solutions, for seniors that still live in their own homes. Doro Care currently delivers safety services to private individuals and the municipal sector, private sector care providers and non-profit organizations that provide social alarm services for citizens and customers. Doro is the market leader in Sweden and Norway in operating in-house call centers. Doro intends to grow these operations through strategic acquisitions, mainly in the Nordics, and eventually, other major European markets, where it now mainly delivers systems for call centers operated by municipalities and other organizations.

25%

yearly growth in the last 5 years

19%

smartphones

Share of Doro's total handset sales in 2016

This greater services content creates a higher share of recurring revenues and more stable cash flow. An offering integrating products and services also sharpens Doro's competitiveness and clarifies distinctions between products, while simultaneously enhancing brand loyalty and countering price pressure.

PARTNERSHIPS IN STRATEGIC SEGMENTS

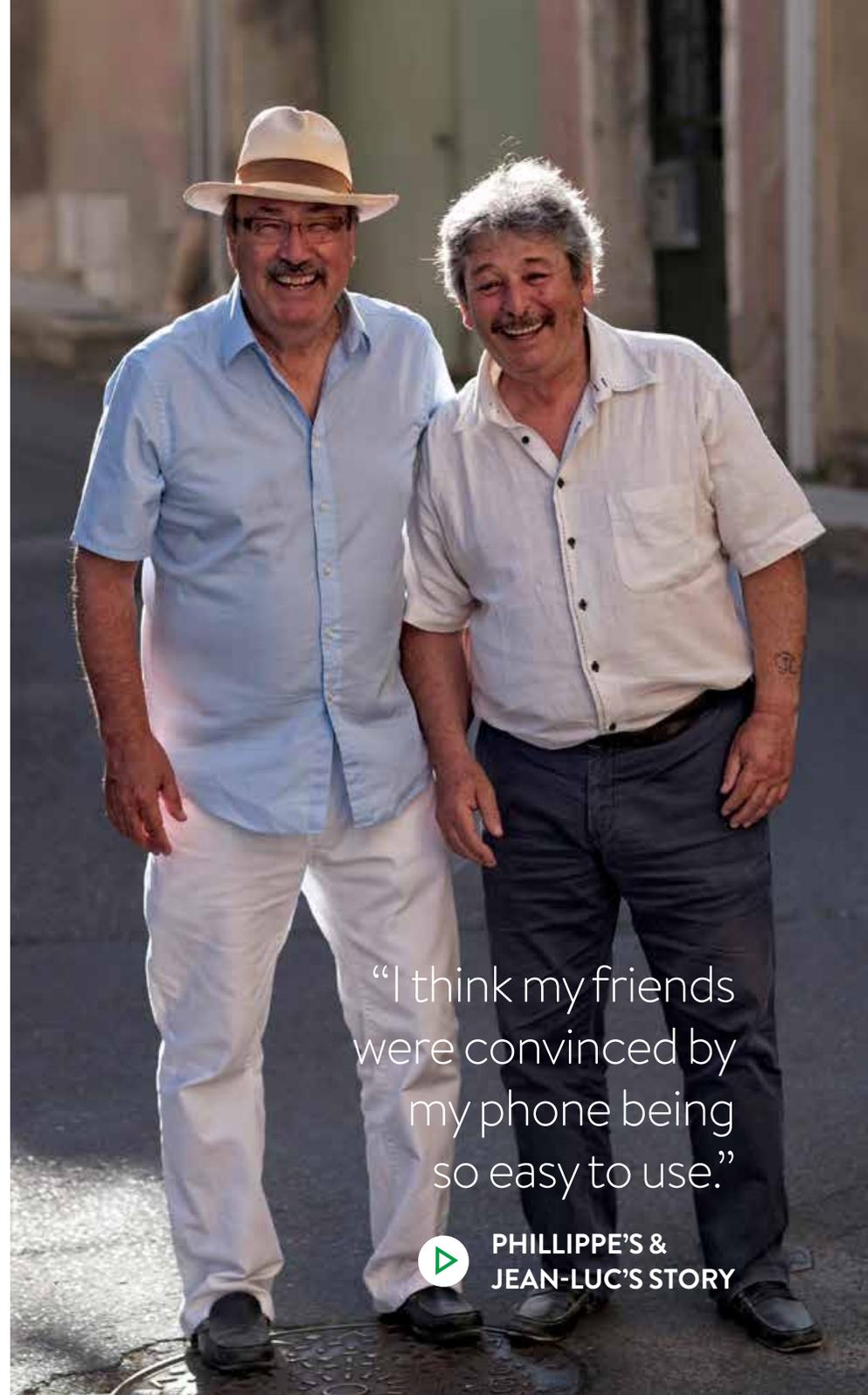
Our prime strength is our knowledge of the user, which we feed back into the development of our telephones and services. Doro makes substantial research and development investments and has teams developing its proprietary software in-house and with partners in Asia. However, phones and other hardware are produced in collaboration with carefully selected long-term partners in the US, Taiwan and China, who develop and manufacture products based on Doro's specifications. Products are certified in the US, China, Taiwan, India and Sweden.

Doro utilizes selected distributors, who are responsible for deliveries to between one and five customers per country. These distributors need to be large enough to cope with high volumes, but

also flexible enough to adapt flows to demand fluctuations. Doro products and services are primarily marketed through resellers to operators and consumer electronics retailers, as well as resellers active in ergonomics and rehabilitation. Doro also operates a retail store in Paris and web shops in selected countries. Doro has worked extensively on informing and training reseller staff about the unique characteristics of Doro products.

OPERATIONAL EXCELLENCE

Operational excellence should permeate everything we do. Our objective is to create a culture where we continuously endeavor to find the right way to improve and streamline our work in everything from product development, through sales, delivery and administration. In 2016, we worked actively to create a more efficient structure across the company, and to reduce our costs. We also continued our work on building a more flexible supply chain. Over the next year, we will retain our focus on streamlining our operations, reducing working capital and ensuring the right product quality.



“I think my friends were convinced by my phone being so easy to use.”



PHILLIPPE'S & JEAN-LUC'S STORY

OPERATIONS

Doro's offering covers a broad spectrum of products and services, which combined, bring great freedom of choice and adaptability to each user's specific needs and preferences.

OFFERING

Doro offers value-added communication solutions for seniors in the form of easy-to-use phones with functionality that makes everyday lives easier, plus associated services that enhance the quality of life of seniors and their families. Doro's comprehensive offering spans feature phones and smartphones with software and support services, to safety services and products.

PRODUCTS AND SERVICES THAT MAKE A COMPLETE SOLUTION

Doro's offering covers a broad spectrum of products and services, which combined, bring great freedom of choice and adaptability to each user's specific needs and preferences.

ORGANIZATION

The Doro Group consists firstly of a shared Research & Development organization, Supply Chain Management, support functions, and a Sales organization tailored for different product segments, geographical markets and sales channels, and secondly, product segments with customer offerings focusing on technology and services intended to enable

independent and convenient lives for seniors. The offering is bound together by strong internal synergies. Doro's offering consists of the following product segments; Mobile phones with Feature Phones and Smartphones, Applications and Services, as well as Care Products and Services. All products and services are mutual complements.

Doro's consumer products are for all seniors regardless of prior knowledge and interest, to help them stay in contact. We offer phones for every need, from simpler feature phones with large, clear buttons, good sound and more basic functionality such as texting and voice calls, to more sophisticated smartphones with menu systems and clear icons tailored for seniors.

MOBILE PHONES

Our research demonstrates that growing numbers of people in our target group of those aged 65 and over want to use a smartphone rather than a regular feature phone. This is why it's important for Doro to ensure that its product portfolio includes several options, based on needs and budgets.

FEATURE PHONES



Doro features simple, easy-to-use phones. Our feature phones are easy to use, with a straightforward menu system and clear shortcut buttons so that it's easy for users to access their 10 favorite contacts, for example.

SMARTPHONES



Smartphones offer Internet access over 3G or 4G networks. The different services of a smartphone are organized into apps. Regular smartphones are rarely very logical if you're not used to icons and apps. With our latest smartphones, we've tried to change the perspective, developing a user interface where menus are based on what's logical for the user—and especially, the first-time user.

APPLICATIONS & SERVICES

Users can easily download apps and use them on their phones. We have apps for most functions like personal banking, recipes, games etc. You can think of an app as a small computer program. We offer help on getting started with new smartphones, and ongoing support to stay in touch every day.

CARE PRODUCTS

Doro Care offers a wide selection of safety products and services, including care devices, accessories for seniors and disabled people. We're working continuously to develop new products and services to address market needs, focusing on digital safety systems. We have been developing digital care devices and systems for over ten years, and are currently the Swedish and Norwegian market leader in digital care devices.

MY DORO MANAGER



My Doro Manager is a practical web service that makes owning a Doro mobile even easier. Users can log in simply to change mobile phone settings and content easily, wherever they are.

CONNECT AND CARE



Connect & Care® is an easy-to-use service to help seniors enjoy life, while simultaneously staying connected and in touch. Doro Connect and Care® makes sure everything is working as it should, without restricting lifestyles, by creating support networks of friends, relatives and other trusted people.

DORO ALARM APPLICATION



Doro Alarm Application (DAA) is a mobile app that is either downloadable or pre-installed on Doro smartphones. DAA makes Doro smartphones compatible with alarm centers, and transmits information using the Doro Secure® IP protocol. The alarm can be activated by pressing the alarm button on the back of the phone, the Doro 3500 alarm button, the In App button, or using a safety timer.

CARE DEVICES



Digital Care Devices create a secure and safe home life. They're easy to install, can be remote-controlled for upgrades and servicing, and are monitored continuously for security and control. We offer a wide selection of accessories, such as portable or permanent alarm devices, IR and smoke detectors, door alarms and bed alarms.

ALARM RECEIVING CENTER

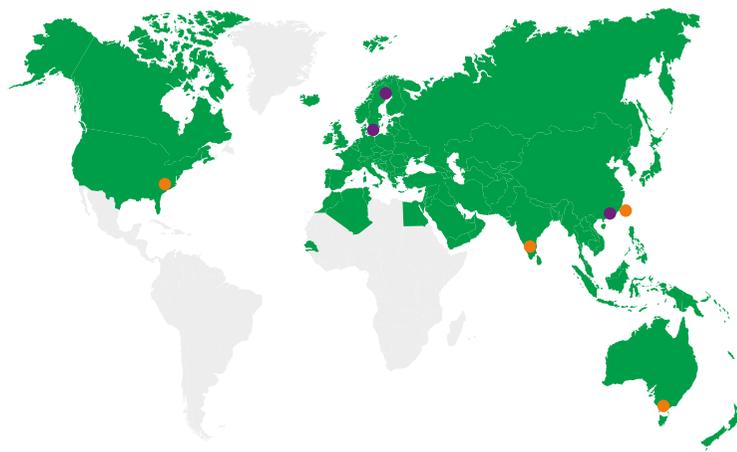


Doro operates call centers in Malmo and Kalix in Sweden, and Oslo in Norway. The total of 200 staff in these centers receive some 20,000 alerts from 120,000 connected users across Sweden and Norway every day. They receive a total of nearly 7 million alarm calls per year. Doro also provides solutions for customers that operate their own call centers in-house.

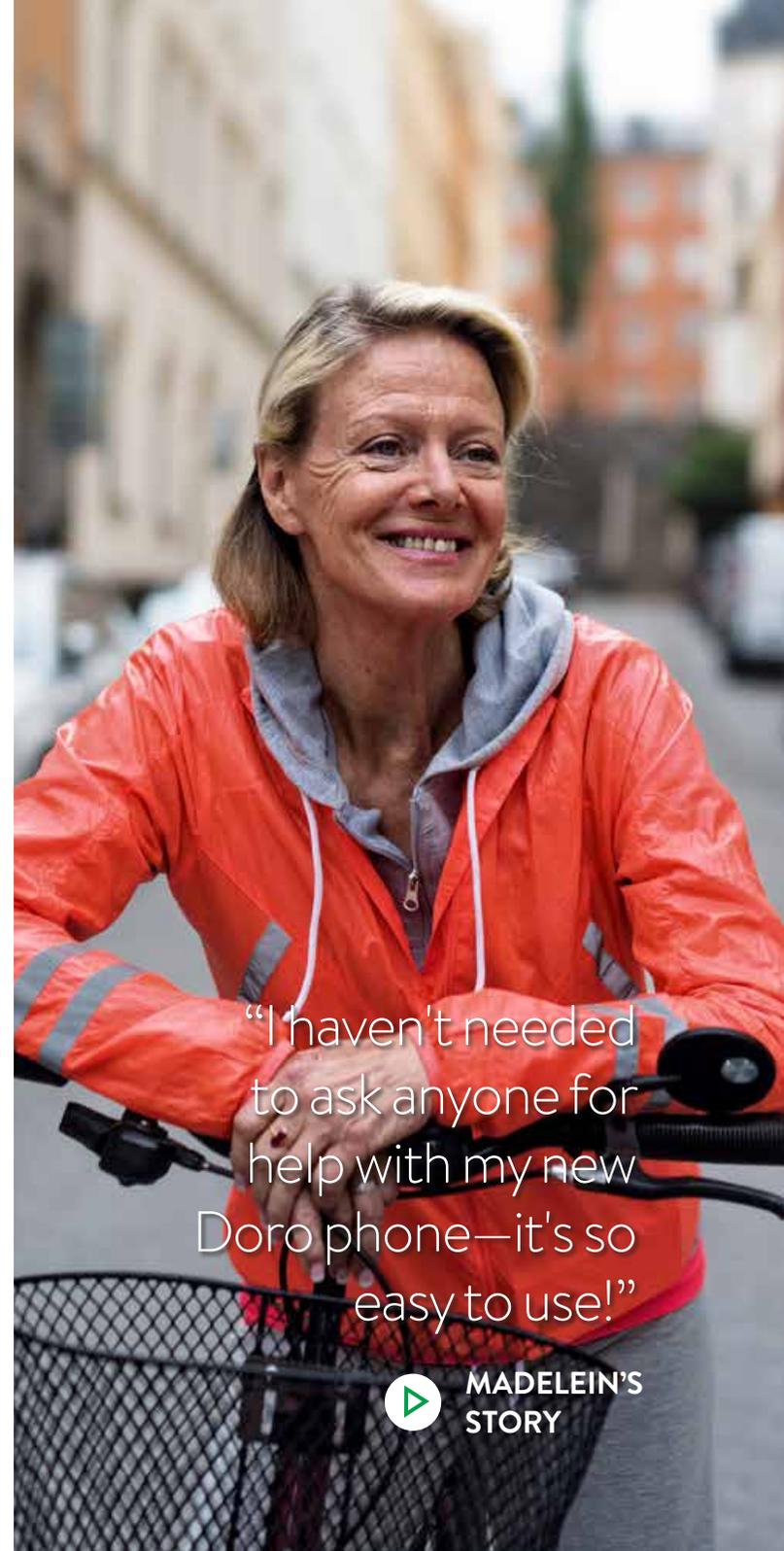
DEVELOPMENT, MANUFACTURE AND DISTRIBUTION

Each business segment represents a specific product or service segment and conducts development of services and products under the management of product owners, who initiate development projects and are also responsible for verification, testing and certifying products. All development proceeds from end-user needs and preferences and is founded on Doro's unique knowledge of its target groups. Manufacture is in partnership with carefully selected providers in the US, India, Taiwan and Australia. Partnerships in distribution, marketing and sales are managed by Doro's 16 offices worldwide, and are executed through an extensive network of selected collaboration partners, and through various channels; resellers in consumer electronics and ergonomics and rehabilitation, network operators and web retailers, and for Doro Care, municipalities, other organizations and businesses active in the care sector.

DORO'S R&D CENTRES AND PARTNERS



- Doro's R&D centres: Kalix and Lund, Sweden and Hong Kong, China.
- Partners: North Carolina / USA, Bengaluru / India, Taiwan / China, Melbourne / Australia



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



MADELEIN'S
STORY

DORO'S VALUE CREATION

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

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

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

PHASE

UNDERSTANDING/ KNOW-HOW	RESEARCH/DEVELOPMENT	PRODUCTION	DISTRIBUTION	CUSTOMERS	USERS
VALUE CREATION					
<p>13,000 USERS'</p> <p>input goes into Doro's knowledge bank</p> <hr/> <p>Doro's own research provides it with unique know-how and in-depth understanding of user needs and preferences. Accordingly, Doro contributes to raising awareness of what's necessary to make their everyday lives of its user segment and their families easier, and that it's genuinely possible and desirable to address these needs and preferences.</p>	<p>5.2 PERCENT</p> <p>This share of Doro's total sales is spent on research and development</p> <hr/> <p>By clearly and consciously specifying requirements, the development of Doro's hardware makes design and user interfaces provide an enhanced user experience and user-friendliness. We satisfy all accreditation standards, hold ISO certification and have clear processes and structures for creating high-quality products.</p>	<p>1,684 CHECKS</p> <p>performed by 10 collaboration partners in 2016</p> <hr/> <p>Doro's conscious and systematic quality control and monitoring processes and close dialogue with carefully selected production partners means quality is embedded at every step. We always endeavor to choose high quality materials for best results,</p>	<p>3.1 m NO. OF DEVICES</p> <p>delivered every year by distributors, operators and retailers</p> <hr/> <p>Collaborations with carefully selected distributors big enough to manage high flows but small enough to be able to adapt to flows so volume and destination flexibility is tailored over time and tracks fluctuations in pricing, supply and demand.</p>	<p>35,000 TRAINED SALESPEOPLE</p> <p>worked for resellers in 2016</p> <hr/> <p>Doro works actively on training and informing its customers' staff/salespeople so they inform users of the actual benefits of Doro products and services. This ensures that users get accurate information and can make the right purchasing decisions.</p>	<p>12,500 NO. OF USERS</p> <p>in Doro's customer database</p> <hr/> <p>By communicating directly with users (instead of via customers/resellers), Doro's offering reaches them and helps build Doro's customer database and know-how/understanding of user needs and preferences. Doro Care also creates a relationship with users and their families based on loyalty.</p>

A SUSTAINABLE OPERATION

A business that creates richer lives and a more inclusive society.

Using technology, Doro makes seniors' everyday lives easier, and creates security for them and their families. Through our business, we participate in, and contribute to, a society where seniors can live more active, richer lives.

Doro helps bridge the technology gap between seniors and the rest of the population by offering safe and easy-to-use products. We are continuing to advance our positioning as the market leader in telecom solutions for seniors, and provide services that improve seniors' ability to maintain flexible and independent lives

with safety solutions at home. This means that more seniors can live at home longer, which is often what they want themselves, and creates socioeconomic benefits.

Extensive market research and analysis has provided us with rigorous and nuanced knowledge of seniors—a social group making up a growing share of the global population. The specific preferences and interests of seniors will become critical to social needs in the future.

VALUES AND BUSINESS ETHICS

Doro operates in a sector in rapid transformation. We have to be flexible and be able to adapt quickly to our users' new behavior patterns and needs when developing technology solutions. When things are evolving rapidly, it is also vital that Doro stands up for its core values, and complies with its Code of Conduct. This means responsibility in every part of our business.

Doro's core values permeate our business structure and serve as guiding principles when developing products and

collaborating with our employees, customers and end-users. Our ethical Code of Conduct is the foundation for transforming these principles into conduct and actions.

PRIORITIES AND FOCUS

Within the auspices of our sustainability work, we focused on making the management of our information security more systematic in 2016. The risk analysis we executed in the year identified data security as the greatest risk from a business-critical perspective. This is an issue of

OUR FIVE CORE VALUES ARE:

TRUST
EASE
CARE

The confidence that we always keep our promises.

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

Care and sympathy for other people's needs.

ZEST
IN
TUNE

an inner conviction that gives us the energy to embrace life and live it to the full.

resonance with the people we encounter; a special understanding of their needs by being on their side.

DORO'S CODE OF CONDUCT COVERS THE FOLLOWING:

- Business ethics and bribery
 - Human rights
 - Health & safety
 - Wider society
 - The environment
 - Employee relations
-

great importance to our customers and our business, not least with the acquisition of Doro Care in 2015. Doro has also continued work on environmental certification of a growing share of our operations, and by creating the right potential for a long-term sustainable supply chain with high standards and monitoring. In the fall, Doro started efforts to define our operations and business model in terms of sustainability opportunities and risks. This serves as the foundation for the strategic sustainability work which we will continue develop in 2017. In the coming year, we plan to execute a materiality analysis so we can highlight our critical sustainability issues systematically, in terms of risks and opportunities. The next stage is to produce strategic priorities and define clear targets and follow-ups.

RESPONSIBILITY AT EVERY LEVEL

In a variety of ways, Doro is attempting to contribute to more sustainable development in every part of its business—from raw materials to production and usage by consumers (see the illustration of our value creation on page 14). Doro does not operate any production in-house, and its manufacturing partners are in countries including China. It is important for Doro to stand up for its values in every part of its business, including partners' production units in Asia, which entails a systematic approach to setting standards and following up.

MATERIALS AND RAW MATERIALS

Doro endeavors to select materials with the minimum possible environmental impact. We consider whether the more environmental materials appearing on the market can replace existing materials.

Affiliation to the Electronic Industry Citizenship Coalition (EICC) has enabled Doro to start work on improving the traceability of raw materials at the supplier level, and thus ensure the usage of conflict minerals is avoided wherever possible.

More stringent restrictions on the use of hazardous substances under RoHS (EU Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment) have been in place since 2013, which over and above environmental labelling, also set the requirement of CE labelling. The POPs Regulation also sets new restrictions on materials.

MANUFACTURING AND OUR SUPPLIERS

Doro has agreements and collaborations with a dozen manufacturing partners in China. Most are specialists in consumer electronics and telecom, but we also have agreements with a number of accessory manufacturers. It is important for us to be clear about what we stand for, and conduct ourselves accordingly, in every part of our business. Doro endeavors to secure long-term relationships and close collaborations with partners and suppliers. We want to be a force for positive change, and to create the incentive for our partners and suppliers to evolve and improve. We believe we can contribute to progress by standing up for our values and requiring our suppliers to

comply with our Code of Conduct and satisfy our environmental standards.

All our suppliers undertake to comply with our Code of Conduct, of which there are two versions—one for the European market, and a more specific and extensive one for the Asian market. Doro has been conducting third-party audits of existing suppliers at least once every three years since 2008, depending on whether a supplier is considered high or low risk. We visit China four times each year to ensure that plants are complying with our Code and guidelines on site. Our Chinese inspectors also play an important role in our efforts to uphold the Code, by monitoring and recording potentially non-compliant working conditions regularly and on site. They also inspect all shipments before transport from the relevant plant.

If a supplier breaches the Code or any other standard, we require the supplier to explain why. In order for our collaboration to continue, we require the supplier to produce an action-plan for improvements. If the supplier still does not satisfy the standard, Doro is entitled to discontinue the collaboration. We report back directly to our current suppliers using the Supplier Score Card appraisal

“One of Doro’s strengths is the high integrity and security of our technology, which is a long-term value creator for our customers.”



tool, where CSR is one of several parameters for evaluating and monitoring. We are always clear with suppliers about the standards we are applying, and when we deselect a supplier, we explain how they did not satisfy our standards.

Doro also applies ambitious environmental standards to suppliers. We work actively to improve the environmental performance of our products through efficient design. When developing a product, we always try to make it slightly better than the preceding version—in terms of performance, energy consumption, ergonomics and user-friendliness, and for recycling and servicing.

Doro’s largest suppliers are ISO 14001 certified, and a growing number of plants are working on various environmental programs to achieve ISO 14001 certification. Doro does not conduct any operations that are subject to permits or reporting.

LOGISTICS

Doro’s own operations are working on optimizing product and packaging logistics. As far as possible, Doro uses environmentally accredited suppliers and haulage contractors. We utilize maritime freight

and also use video and teleconferencing extensively.

DORO’S IN-HOUSE OPERATIONS

In its own operations, Doro endeavors to minimize its external environmental impact by utilizing resources efficiently in every context. Doro Care has been environmentally certified since 2011, and more parts of the Group secured environmental certification in 2017.

To remain at the leading edge in our sector, we need to hire, retain and develop the right people with the right competence. This means our employees are our most important resources and ambassadors. Find out more about how we promote a positive working atmosphere on page 19.

CUSTOMERS AND USERS

Doro’s offering is to provide technology that helps seniors to live more active and richer lives. Our customers are a range of institutions such as municipalities and county councils, as well as end-consumers.

In relationships with customers, one important issue of trust is protecting our customers’ integrity. Our customers

should feel safe and secure when using our products and services. This is especially important because we manage highly confidential personal data in our collaborations with municipalities. In autumn/fall 2016, we started implementing a new information security policy, stating rules on which parties can access what information, for example, and how this information should be used optimally.

The objective is to secure ISO 27001 certification for Doro Care's operation in 2017, raise internal awareness of data security risks, and reduce the number of risks with high risk ratings.

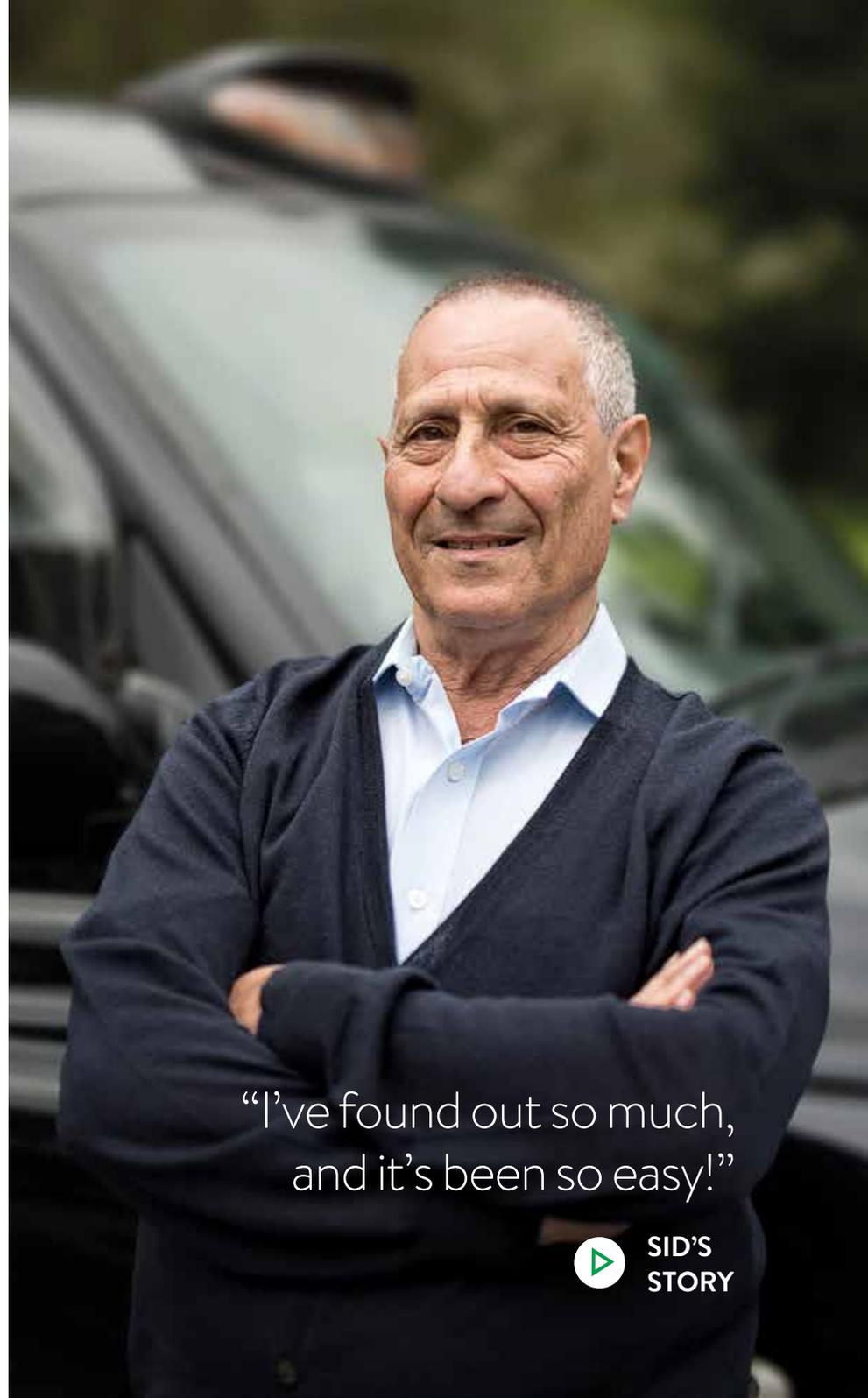
Doro's competitors on the market provide similar services to Doro in safety solutions, for example, albeit with simpler functionality and lower pricing. One of Doro's strengths is the high integrity and security of our technology, which is a long-term value creator for our customers.

Doro complies with the GSM Association's Universal Charging Solutions (UCS) initiative to standardize USB chargers on the market—and eventually, to reduce the unnecessary production of new chargers.

LIFE CYCLE PERSPECTIVE

Doro takes an overall perspective on product life cycles. We do everything we can to avoid product waste entering the natural environment, and for the batteries and packaging of used products to be disposed of efficiently. Quality and respect for the environment and humans are fundamentals of our operations, and we build our Group's success and long-term profitability on these values.

Our products are subject to a range of environmental directives, regulations and laws, which apply stringent standards to the usage and recycling of our devices. Doro's Quality and Environmental Manager is responsible for compliance with relevant laws and ordinances. To ensure compliance with local environmental legislations, Doro has a dedicated Environmental Manager in each country where we are active.



“I’ve found out so much,
and it’s been so easy!”



EMPLOYEES

The combination of our diversity and strong core values gives us the overall competence to really understand and address our users.

SEARCH & SELECTION

Doro's products and services promise improved quality of life for the user, offering more safety, freedom and flexibility.

Users, their families and the social services that appoint us have high expectations of us. Our employees are our primary resource for being able to satisfy these expectations. Accordingly, hiring, retaining and developing the right employees is a critical factor for Doro's continued success. Doro is an attractive employer, and we have a good flow of qualified candidates into our recruitment processes. Our development projects often involve intensive work over limited periods, which is why we partly staff them with consultants, which evens out resources and brings flexibility between more and less intensive work phases.

We work continuously on developing our recruitment processes. For example, we have implemented an all-new web-based recruitment system to enhance and streamline this process for our call centers. We appoint carefully selected external recruitment agencies for all other activities.

JOB SATISFACTION AND RESPONSIBILITY

We place great emphasis on our employees' job satisfaction. We endeavor to provide attractive and equal developmental opportunities for employees, both in their current roles and by progressing through our organization. Responsibility and authority is delegated through Doro's flat organizational structure. We endeavor to achieve short decision-paths, and our objective is for every employee to feel that they are participating, and responsible for, the company's progress.

COMPETENCE

Doro's employees represent many different job categories including nursing assistants, graduate engineers, engineers, technicians, accountants, marketers and sales professionals. Operations in over 40 countries mean that our employees have different origins, speak a variety of languages and understand different cultures. The collaboration between our units in different countries involves cross-fertilization of values, ideas and understandings, and contributes to our knowledge of end-users in different markets, as well as their needs and preferences.

Modern technology such as video-conferencing is used to create and maintain effective communication group wide.

VALUES

The combination of our diversity with shared collective values provides us with integrated competence to really understand and address our users' needs and preferences. Doro's core values are Trust, Care and Ease, plus In Tune and Zest. They permeate our corporate culture and serve as guiding principles when Doro develops products and interacts with its employees, customers and end-users.

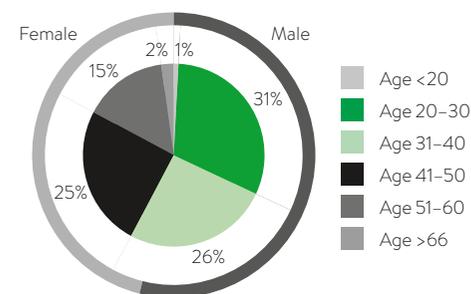
LEADERSHIP

Good leadership is about responsibility, visibility and availability. Doro works actively on discovering talented leaders among its own employees, and provides developmental opportunities in its organization through formal and informal leadership.

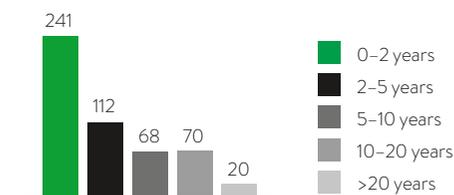
Each year we conduct an Employment Engagement Survey (EES) for all staff as a complement to appraisal interviews and daily dialog.

A Group-wide HR system is being implemented for 2017.

AGE AND GENDER DIVISION



LENGTH OF SERVICE



GEOGRAPHICAL DIVISION OF EMPLOYEES



THE DORO SHARE

SHARE PRICE AND MARKET CAPITALIZATION

The Doro share is listed on Nasdaq Stockholm in the small-cap segment, which is made up of companies with market capitalizations of up to EUR 150m. The share made poor progress in 2016, falling 14.5 percent. However, OMX Technology, the Stockholm Stock Exchange sector index that Doro is a constituent of, fell further, by a total of 20.0 percent. However, the Stockholm Stock Exchange overall did gain 5.8 percent.

Doro attracted many new shareholders, and has now a total of 11,066 (7,405) shareholders. Swedish share ownership also increased in the year, to 62 percent (53).

In 2016, more than 94 percent (97) of the turnover in the Doro share was on Nasdaq OMX Stockholm. A total of some 21.1 million (20.9) shares were traded in the year with average daily turnover of 83,495 (83,300) shares.

SHARE CAPITAL

As of January 1, 2016, Doro's share capital amounted to SEK 23,238,255

(21,204,483) with a total number of outstanding shares of 23,238,255 (21,204,483), each with a quotient value of SEK 1.00. All shares carry equal votes. The company's share capital was unchanged in 2016. At year-end 2016, the share capital was SEK 23,238,255 (23,238,255) and the number of outstanding shares was 23,238,255, each with a quotient value of SEK 1.00.

EMPLOYEE WARRANTS PROGRAM

An Extraordinary General Meeting on August 21, 2014 adopted a resolution to implement a directed issue of warrants to senior executives and key employees of the Doro Group. Each warrant entitles the holder to subscribe for one share at a pre-determined price of SEK 42.00 in the period May 22, 2017 to June 21, 2017 inclusive. Doro issued a total of 841,000 warrants. Detailed information about the warrants program is at www.doro.com. For information on senior executives' holdings, see pages 28–29.

DIVIDEND

Doro's long-term target is a dividend payout ratio of approximately one-third of net profit. The Board of Directors is proposing the payment of a dividend of SEK 1.00 per share for 2016.

INVESTOR RELATIONS

The Doro share is regularly monitored by financial analysts who work for Introduce and Redeye, who publish updated research at www.introduce.se/foretag/doro and <http://www.redeye.se/bolag/doro>.

Coincident with a company's publication of its quarterly interim reports, the CEO and CFO host a webcast presentation associated with each report. This webcast, normally held at 9 a.m. on the reporting date, is available at the company's website, corporate.doro.com. The CEO and CFO take questions at these presentations. In addition to the quarterly report webcasts, the CEO and CFO are also available for meetings and telephone conferences with investors, financial analysts and shareholders regularly through the year.

INVESTORS BY COUNTRY



Source: Euroclear

SHAREHOLDINGS BY HOLDING SIZE

Holding, no. of shares	No. of shareholders	% of all shareholders
1–500	8,746 (5,358)	79 (72.4)
501–1,000	1,161 (976)	10.5 (13.2)
1,001–5,000	897 (823)	8.1 (11.1)
5,001–10,000	107 (105)	1.0 (1.4)
10,001–15,000	44 (27)	0.4 (0.4)
15,001–20,000	17 (19)	0.2 (0.3)
>20,001	94 (97)	0.8 (1.3)
Total	11,066 (7,405)	100.0

Source: Euroclear

SHARE DATA

Transaction	2016	2015	2014	2013	2012
Number of shares at year-end, 000	23,238	23,238	21,204	20,806	19,349
Share price at year-end, SEK	53.00	62.00	38.80	44.00	24.50
Share price high	78.00	62.00	55.00	57.30	33.90
Share price low	45.10	37.50	25.10	24.60	21.10
Market capitalization at year-end, SEK m	1,232	1,440	823	915	474
Quotient value, SEK	1.00	1.00	1.00	1.00	1.00
Earnings per share, SEK	1.33	2.78	2.76	3.07	2.73
Cash flow per share, SEK ¹⁾	2.66	3.69	1.06	5.60	2.08
Reported equity, SEK	22.38	20.74	15.79	13.79	10.80
Dividend per share, SEK	1.00	–	–	1.50	1.25
Dividend share of net profit, %	75	–	–	51	46
P/E ratio ²⁾	39.73	22.30	14.05	14.33	8.98
Dividend yield, % ³⁾	1.9	–	–	3.4	5.1

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

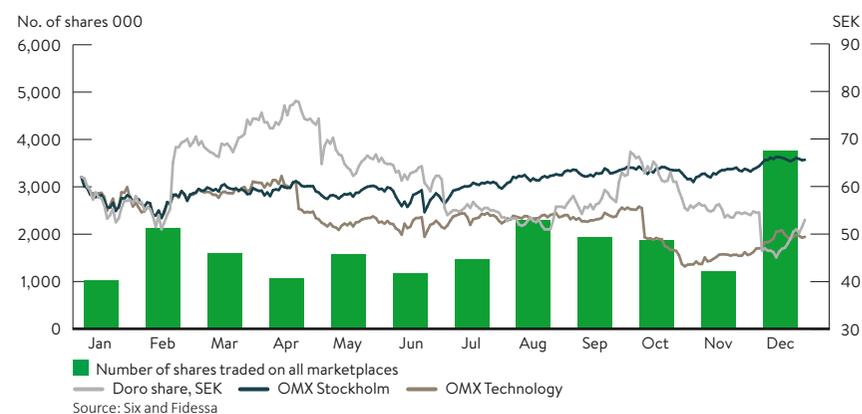
²⁾ Share price at year-end divided by earnings per share for the year

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

SHARE CAPITAL HISTORY

Year	Transaction	Change in number of shares	Issue price, SEK	Increase in share capital, SEK m	Amount deposited, SEK m	Total number of shares
2001	Directed issue	11,764,705	8.50	11.8	100	
2005	New share issue	7,141	1.00	0.0	0	
2005	Reverse split, 5:1	-17,180,000	0.00	0.0	0	
2006	New share 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
2015	Directed issue	2,033,772	41.50	2.0	84.4	23,238,255

SHARE PRICE AND VOLUME



MAJOR SHAREHOLDERS

As of December 31, 2016 Ten largest shareholders	No. of shares	Proportion of capital and votes, %
Accendo Capital	2,700,571	11.6
Swedbank Robur Fonder	1,166,929	5.0
Nordea Investment Funds	1,024,563	4.4
Försäkringsbolaget, Avanza Pension	984,255	4.2
FCP Objectif Investissement, Microcaps	920,000	4.0
Clearstream Banking S.A., W8IMY	872,070	3.8
Catella Fondförvaltning	709,219	3.1
Handelsbanken Fonder	684,832	3.0
Originat AB	650,000	2.8
Nordnet Pensionsförsäkring AB	582,468	2.5
Subtotal	10,294,907	44.3
Total number of shares	23,238,255	100

Source: Euroclear

OPERATIONS IN 2016

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 address is Magistratsvägen 10, 226 43 Lund, Sweden. Doro has subsidiaries in France, Hong Kong, Norway, the UK, Germany, Italy and the US. The legal structure of the Group is shown in Note 9.

OPERATIONS

Doro is a Swedish company that develops, markets and sells mobile communication and safety solutions that are specially adapted for the growing number of seniors worldwide. With more than 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 communication and safety solutions for older consumers in Europe, North and South America and the Asia-Pacific region. Doro's products are manufactured by contractors, mainly in China. Doro protects its products by owning moulding tools and design rights, and also by actively participating in the design, development and quality assurance processes. Doro coordinates its sourcing to achieve economies of scale and attractive pricing.

THE SHARE

Information about the Doro share is on pages 20–21.

THE PAST YEAR'S OPERATIONS IN BRIEF

Total revenue amounted to SEK 1,959.1m (1,828.9), an increase of 7.1 percent. Adjusted for acquisitions the increase was 4.4 percent.

- Operating profit (EBIT) totalled SEK 47.7m (95.2).
- The operating margin was 2.4 percent (5.2).
- Profit after tax amounted to SEK 31.0m (63.8).
- Earnings per share after tax amounted to SEK 1.33 (2.78).
- Cash flow from operating activities amounted to SEK 61.7m (85.7).
- Doro acquired Trygghetscentralen AS in April 2016 (see note 18).

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

- Doro 8030 and Doro 8031–4G smartphones that think like you do, with their unique, easy-to-use interface.
- Doro 824 smartphone for North America.

Feature phones:

- Doro 6530/6531 – flip phone with Doro Connect & Care
- Doro 6525/6526 – flip phone with external display
- Doro 6520/6521 – flip phone with large display
- Doro 6050/6051 – flip phone with external display
- Doro 5516/5517 – simple feature phone with camera
- Doro 5030/5031 – simple feature phone with torch

Doro Care:

- Doro 3500 alarm trigger – personal alarm trigger
- Doro Alarm Application (DAA) – mobile app making Doro smartphones like the Doro Liberto® 825 and Doro 8030 compatible with alarm call centres
- Doro 628 – can connect to the call centre with the IP protocol for extra safety, and works like a mobile safety phone
- Doro 480 – safety watch with sophisticated tracking and communication functionality to enhance user safety.

REVENUE AND RESULTS OF OPERATIONS

Doro's total revenue in the year amounted to SEK 1,959.1m (1,828.9), an increase of 7.1 percent compared with 2015. Adjusted for acquisitions the increase was 4.4 percent. Almost all markets grew. The highest growth was in the Nordics, where Care and Trygghetscentralen enjoy strong positioning, as well as the US and Canada. Doro is experiencing growth in Germany, while sales in EMEA and the UK declined slightly after events including the EU referendum (Brexit).

EBIT amounted to SEK 47.7m (95.2), yielding an EBIT margin of 2.4 percent (5.2). The lower margin is an effect of several non-recurring expense items, and Care's sales being affected by delays to a new framework agreement with SKL (The Swedish Association of Local Authorities and Regions), due to an appeal by a competitor. Operating margin in the fourth quarter 2016 was 3.4 percent (9.4).

Net profit for the year amounted to SEK 31.0m (63.8). Net financial items were SEK –8.3m (–10.8).

CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

Cash flow from operating activities amounted to SEK 61.7m (85.7). The Group's net cash flow and change in cash and cash equivalents, which amounted to SEK 17.1m (–34.3) in the year, was charged with corporate acquisitions of SEK –29.0m (–162.0) and investments of SEK –67.4m (–58.7). The investments that were capitalised are primarily attributable to product development. No dividend was paid in 2016 (0). At year-end, Doro had interest-bearing liabilities of SEK 234.5m (194.6), while cash and cash equivalents amounted to SEK 61.0m (43.9). The equity ratio increased to 40.4 percent (40.2) at the end of the period.

FINANCE POLICY

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

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 members of the Board of Directors are Acting Chairman of the Board Johan Andsjö, Karin Moberg, Jonas Mårtensson, Lena Hofsberger and Henri Österlund. The Chief Executive Officer Robert Puskaric also participates at Board meetings. Magnus Mandersson left the Board of Directors in October 2016, and Jerome Arnaud left the Board of Directors in February 2017. The Company's CFO Magnus Eriksson is co-opted to the Board of Directors as Secretary.

REMUNERATION TO SENIOR EXECUTIVES

The Board's proposed guidelines for remuneration of senior executives for 2017 are principally 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 with a predetermined ceiling and based on results achieved relative to established targets (and in certain cases, other key performance indicators).

The maximum cost, including social security contributions, for variable remuneration may not exceed the fixed base salary of the company's management.

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 due if employment is terminated by the employee. The Board is entitled to depart from these guidelines if there are particular reasons for this in individual cases.

This proposal is in line with the guidelines adopted by the 2016 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, manufacturing partners also bear significant development costs. Doro engages design companies from different countries and the costs may be either fixed or variable. Doro also sometimes buys technology from various external companies.

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

For 2016, the Group's costs of development work amounted to SEK 42.1m (60.5).

Doro has registered the trademarks Doro, Doro Care, Care Electronics, Doro PhoneEasy, Doro Secure, Doro Experience, Doro Connect & Care, Doro Liberto, Ergonomic Sound, Audioline, 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.

INVESTMENTS

Investments are made in design, moulding tools, certification processes, control equipment, other equipment, computers and software systems. Investments amounted to SEK 67.4m (58.7). 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.

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 GOALS

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 of Directors has proposed that the AGM 2017 approves a dividend of SEK 1.00 per share.

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, 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 Net sales of SEK 1,439.5m (1,393.4). Profit after financial items amounted to SEK -1.3m (26.4). Doro AB is responsible for the subsidiaries' financing. The Parent Company's net debt was SEK 221.0m (168.7) at year-end 2016. Shareholders' equity amounted to SEK 373.2m (370.9).

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 is in Note 23. Other risks are described below.

PRICE RISK

Doro operates largely within telecommunications and is affected by general price decreases and the progress of costs in the consumer electronics industry. This means that selling prices may fall faster than production prices.

Doro 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 progress could result in products in stock having a significantly lower sales value than estimated. For Care, pricing is normally determined by competitive public tender for new hardware sales, or new contracts for services for safety solutions.

BORROWING

In March 2016, Doro signed a new loan agreement with Svenska Handelsbanken for a total credit facility of SEK 310m, of which SEK 30.5m had been utilised at the time of the acquisition of Trygghetscentralen AS. SEK 40m of this acquisition facility was repaid in the year. Doro also has a overdraft facility with Handelsbanken of SEK 50m.

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 conducts market research to find out end customers' needs and preferences, so it can develop unique products. Activities to increase productivity are conducted in parallel. Brand development within the seniors market is another distinguishing feature that is an asset of the Company.

RISK OF BAD DEBT

In recent years Doro has had a low level of bad debts since its main customer group is large business groups with regular trade. In 2016, Doro had bad debt of SEK 2.5m (5.0). Doubtful debt in 2016 amounted to SEK 6.7m (1.7).

In 2016, no individual customer accounted for more than 10 percent of revenue

RISK OF COMPLAINTS

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

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

INSURANCE RISK

Doro has a coordinated programme for insurance. Drawing on external expertise, Doro has drawn up a policy stating the type of insurance to be taken out, the amounts of cover required and the division 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 is 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. Doro was not party to any material legal dispute in 2016. 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 2 p.m. on 27 April 2017 at Hotel Scandic Anglajs, Humlegårdsgatan 23, 102 44 Stockholm, Sweden.

PROPOSED APPROPRIATION OF PROFIT

The Board of Directors has decided to propose a dividend of SEK 1 per share for 2016. The Company's liquidity and cash flow improved progressively through the year, and accordingly, it enjoys a strong financial base and ability to finance growth through investment, either organic or via acquisitions.

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

Share premium reserve	158,614,455.70
Fair value reserve	1,580,754.00
Retained earnings	106,902,006.98
Profit for the year	-1,536,883.00
	<hr/>
	265,560,333.68

The Board of Directors proposes that the funds at the disposal of the Annual General Meeting of SEK 265,560,333.68 are appropriated so that a dividend of SEK 23,238,255.00 is paid, and the remaining amount of SEK 242,322,078.68 is carried forward.

FULL-YEAR OUTLOOK FOR 2017

Our expectation for 2017 is that both sales and EBIT will increase compared to 2016.

EVENTS AFTER THE END OF THE YEAR

New CEO

Robert Puskaric became CEO of Doro on 1 February, stationed in Lund, Sweden.

CLEAR RESPONSIBILITY FOR OPERATIONS CREATES CONFIDENCE

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

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

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

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

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

SHAREHOLDERS

According to the share register maintained by Euroclear Sweden AB as of 31 December 2016, Doro AB had 11,066 shareholders. Foreign shareholders represented 38.0 percent of the total number of shares. The number of shares of Doro AB as of 31 December 2016 was 23,238,255, and at the same date, Doro's market capitalization was SEK 1,232m.

Doro's largest shareholder is Accendo Capital, which holds 11.6 percent of the Company's shares.

SWEDISH CORPORATE GOVERNANCE CODE

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

ANNUAL GENERAL MEETING

The Annual General Meeting is the Company's highest decision-making body. The Board of Directors and Chairman of the Board of Doro AB are elected at the Annual General Meeting. The Company's auditors are

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

NOMINATION COMMITTEE

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

The members of the Nomination Committee are Chairman Mark Shay, nominated by Accendo Capital, Bengt Belfrage, nominated by Nordea Fonder and Helen Fasth Gillstedt, nominated by Handelsbanken Fonder. Johan Andsjö, Acting Chairman of Doro AB, co-opted member of the nomination committee.

BOARD OF DIRECTORS

Doro AB's Board of Directors consisted of seven members elected by the AGM on 3 May 2016. In October 2016, Chairman of the Board Magnus Mandersson resigned. Johan Andsjö took over as Acting Chairman. In February 2017, Jerome Arnaud resigned as Board member, and since then, the Board of Directors consists of five members. There is a more detailed presentation of each member on page 28. The Company's

CFO Magnus Eriksson is co-opted to the Board of Directors as Secretary. Other senior executives participate at Board meetings to make presentations.

BOARD MEETINGS

The Board of Directors met on 13 occasions in 2016, five meetings were held in Stockholm, three meetings were held at the Company's premises in Lund, and one meeting was held at the Company's premises in Paris. Four meetings were also held as conference calls. All Board members attended all meetings apart from the CEO on 7 December. The Company's CFO and Board Secretary attended ten of the meetings.

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

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

THE BOARD'S RULES OF PROCEDURE

The Board of Directors' rules of procedure stipulate the working methods for Doro AB's Board of Directors. The rules of procedure are based on the Articles of Association, the Swedish Companies Act and the Code. The Board bears overall responsibility for the Doro Group.

The Board of Directors' responsibilities also encompass Doro's relationships with its shareholders, the general public, public authorities and other organizations and interest groups. The Board of Directors is responsible for executing resolutions made by the AGM

and for achieving the business targets stated in the Articles of Association. The Board of Directors' authorizations are stated in the Articles of Association and the Swedish Companies Act.

APPRAISAL OF THE WORK OF THE BOARD OF DIRECTORS

An appraisal of the overall work of the Board of Directors should be conducted each year through a collective internal review of the Board's work. The outcome of this appraisal should be reported to the Nomination Committee. The change of Chairman of the Board and Chief Executive Officer in the past year means that this appraisal has been deferred until after the AGM.

DIVISION OF RESPONSIBILITIES BETWEEN THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Company's Board of Directors appoints its Chief Executive Officer. The division of responsibility between the Board of Directors and the Chief Executive officer is stated in the Board of Directors' rules of procedure and instructions for the Chief Executive Officer. These state that the Board of Directors is responsible for the Company's governance, monitoring, organization, strategies, internal controls and policies. The Board of Directors also decides on major investments, matters of principle regarding governance of subsidiaries and electing Board members and Chief Executive Officers of subsidiaries.

The Board of Directors assures the quality of financial reporting. In turn, the Chief Executive Officer is responsible for the Company being managed in accordance with the Board of Directors' guidelines and instructions. Additionally, the Chief Executive Officer is responsible for budgeting and planning the Company's operations to achieve specific targets. The Chief Executive Officer should make arrangements for a good control environment and that the Group's risk-taking always complies with the Board of Directors' instructions. Any non-compliance must be reported to the Board of Directors. The Board of Directors also receives regular updates from the Chief Executive Officer through monthly reports.

REMUNERATION COMMITTEE

The whole Board is responsible for remuneration matters and other terms of employment for Group

management and five other key employees. The Chairman of the Board approves the employment terms of managers who report to the CEO. In total, this applies to the terms of employment for 12 people. Directors' fees are decided annually by the Annual General Meeting.

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

The Board then sets the remuneration for the CEO. The Board has appointed Jonas Mårtensson and Henri Österlund to the Remuneration Committee from among its members. The Committee held its first meeting on 3 May 2016 to decide on remuneration principles for 2016 and establishing a bonus program for 2016. A new share warrant program was not initiated in 2016. Both members attended the meeting. A second meeting was held on 15 December 2016 with the aim of discussing the current bonus program and remuneration for the new CEO for 2017. Both members also attended this meeting. The minutes from these meetings were presented at the following Board meeting.

REMUNERATION

Total Directors' fees amounted to SEK 1,450,000, in accordance with an Annual General Meeting resolution. Of this amount, the fees to the Chairman of the Board were SEK 450,000, with each other Board member receiving SEK 200,000. The Company's CEO received no Director's fee.

The Company's Chief Executive Officer received a salary of SEK 4,346,000 for his work in 2016. The Company also expensed severance pay for the Chief Executive Officer of SEK 9,022,000 and variable remuneration of SEK 477,000. Salaries to the Group management's other six members amounted to SEK 8,508,000 including severance pay of SEK 2,257,000. No variable compensation was paid for 2016. All employed members of Group management including the CEO receive employment benefits in the form of a company car. The Annual General Meeting held on 3 May 2016 adopted guidelines for remuneration of senior executives for the financial year 2016.

According to 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 notice periods of three to nine months.

GOVERNANCE OF SUBSIDIARIES

The 16 subsidiaries are managed and monitored by the Board of Directors in each country, mainly consisting of representatives of Doro AB in Sweden. Doro AB's Chief Executive Officer and President is Chairman of every subsidiary apart from Doro SAS in France, where Johan Andjso is Chairman. The subsidiaries report to Doro AB's Board of Directors at each meeting. Their reports contain information on each company's progress and financial position.

STEERING COMMITTEE/FINANCE COMMITTEE

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

CONTROL AND AUDITING

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

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

The AGM 2016 appointed audit firm Ernst & Young AB as Doro's auditors for a period of one year, with Stefan Engdahl as Auditor in Charge. In the past three years, the Doro Group's audit fees have amounted to SEK 2.0m (2016), SEK 2.1m (2015), and SEK 1.2m (2014).

AUDIT COMMITTEE

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

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

outcome presented at a meeting with the Audit Committee.

All members attended all meetings, along with the auditor, Stefan Engdahl. The Audit Committee satisfies the requirement of independence stated in the Swedish Corporate Governance Code.

The main duty of the Committee is to support the Board of Directors in its work on auditing and internal control, accounting and financial reporting. The main focus of work in 2016 was on following up on the year-2015 audit, and a more detailed review of the January-September 2016 period, known as the hard close.

INTERNAL CONTROL

The clear definition and communication of organisational resources, decision-making structures, responsibilities and authority levels in the Company's policy documents is an important component of the control environment. More information on the Company's internal controls is in the Directors' Report on page 27.

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

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

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

AUTHORIZATION REGARDING NEW ISSUES OF SHARES AND ACQUISITIONS OF TREASURY SHARES

The AGM on 3 May 2016 resolved to authorize the Board of Directors to decide on new issues of shares of a total maximum not exceeding 10 percent of the total number of outstanding shares. The AGM also decided to authorize the Board of Directors to take decisions on the purchase of treasury shares, of a maximum number of shares that treasury holdings do not exceed 10 percent of all the shares of the company at any time.

INTERNAL CONTROL

THE BOARD'S REPORT ON INTERNAL CONTROL FOR THE 2016 FINANCIAL YEAR

According to Swedish Corporate Governance Code, the Board shall ensure that the Company has sound internal control and shall constantly be kept informed concerning, and evaluate 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 investments, 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 & Halvarsson 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 Committee and Steering Group Finance 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, 3 April 2017
The Board of Doro AB

BOARD OF DIRECTORS



JOHAN ANDSJÖ

Primary occupation: Acting Chairman of the Board

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

Year of election: 2016

Year of birth: 1972

Nationality: Swedish

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

Dependence:
Company: No
Owners: No

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

Own and related parties shareholdings, 2016: 54,000 shares

Own and related parties shareholdings, 2015: –

Board attendance: 12/13

Attendance:
– Remuneration Committee: 1/2



KARIN MOBERG

Primary occupation: Founder and CEO of Friends of Adam

Education: MBA, Stockholm University

Year of election: 2009

Year of birth: 1963

Nationality: Swedish

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

Dependence:
Company: No
Owners: No

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

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

Own and related parties shareholdings, 2015: 5,000 shares

Board attendance: 13/13



JONAS MÅRTENSSON

Primary occupation: Partner and Board member in Alted AB

Education: MBA, Stockholm School of Economics

Year of election: 2007

Year of birth: 1963

Nationality: Swedish

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

Dependence:
Company: No
Owners: No

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

Own and related parties shareholdings, 2016: 100,000 shares (through companies)

Own and related parties shareholdings, 2015: 100,000 shares

Board attendance: 13/13

Attendance:
– Remuneration Committee: 2/2



LENA HOFBSBERGER

Primary occupation: Professional Board member

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

Year of election: 2015

Year of birth: 1954

Nationality: Swedish

Other assignments: Chairman of the Board: Ambea, Pharma-Relations AB, Leos Lekland, RestaurangAssistans AB, Board member: Max Hamburgerrestauranger, AB Anders Löfberg, SABIS AB

Dependence:
Company: No
Owners: No

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

Own and related parties shareholdings, 2016: –

Own and related parties shareholdings, 2015: –

Board attendance: 13/13



HENRI ÖSTERLUND

Primary occupation: Managing Partner, Accendo Capital

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

Year of election: 2015

Year of birth: 1971

Nationality: Finnish

Other assignments: Founder and partner Accendo Capital

Dependence:
Company: No
Owners: Yes

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

Own and related parties shareholdings, 2016: 6,830 shares

Own and related parties shareholdings, 2015: 50 shares

Board attendance: 13/13

Attendance:
– Remuneration Committee: 2/2

MANAGEMENT



ROBERT PUSKARIC

Position: CEO
Employed since: 2017
Education: MBA
Year of birth: 1969
Nationality: Swedish
Previous experience: Ericsson AB
Own and related parties shareholdings, 2016: –
Own and related parties shareholdings, 2015: –



THOMAS BERGDAHL

Position: Vice President Product Development
Employed since: 2002
Education: MSc, Industrial Engineering and Management, Institute of Technology Linköping
Year of birth: 1964
Nationality: Swedish
Previous experience: Director of Manufacturing, Anoto
Own and related parties shareholdings, 2016: 15,000 shares, 65,000 warrants
Own and related parties shareholdings, 2015: 20,000 shares, 65,000 warrants



ULRIK NILSSON

Position: Vice President Operations
Employed since: 1991
Education: Technician, telecoms
Year of birth: 1971
Nationality: Swedish
Previous experience: Supply manager
Own and related parties shareholdings, 2016: 397 shares, 65,000 warrants
Own and related parties shareholdings, 2015: 3,897 shares, 65,000 warrants



HENRIC UNGH

Position: Vice President Sales & Marketing
Employed since: 2016
Education: MBA, University of Lund
Year of birth: 1968
Nationality: Swedish
Previous experience: Sales Director at DS Smith, VP Global Customer Unit Vodafone at Sony, Sales Director Carphone Warehouse at Sony Ericsson
Own and related parties shareholdings, 2016: 42,000 warrants
Own and related parties shareholdings, 2015: –



MAGNUS ERIKSSON

Position: Chief Financial Officer
Employed since: 2015
Education: Master of Science in Business Administration, Lunds University
Year of birth: 1969
Nationality: Swedish
Previous experience: CFO at Lekolar, CEO BRIO Holding AB, Head of Corporate Business Control at Sony Ericsson
Own and related parties shareholdings, 2016: 65,000 warrants
Own and related parties shareholdings, 2015: –



CARL-JOHAN ZETTERBERG BOUDRIE

Position: Vice President Doro Care
Employed since: 2016
Education: MSc Eng., Royal Institute of Technology and MSc Program, Stockholm School of Economics, Stockholm University
Year of birth: 1978
Nationality: Swedish
Previous experience: CFO at Lekolar, Vice President Business Development Beijer Electronics
Own and related parties shareholdings, 2016: –
Own and related parties shareholdings, 2015: –



SUSANNE VON WÖVERN

Position: Human Resources Director
Employed since: 2015
Education: Master of Science in Business Administration, Gothenburg University
Year of birth: 1971
Nationality: Danish
Previous experience: HR manager Itella, HR manager DT Group
Own and related parties shareholdings, 2016: –
Own and related parties shareholdings, 2015: –

CONSOLIDATED INCOME STATEMENT

THE GROUP

SEK m	Note	2016	2015
REVENUE			
Net sales	2, 3	1,959.1	1,828.9
Other revenue	2	16.0	9.1
OPERATING COSTS			
Goods for resale	19	-1,205.7	-1,149.1
Other external costs	4, 16	-361.8	-341.1
Personnel costs	5	-274.2	-179.0
Depreciation and impairment of property, plant and equipment	8	-2.9	-2.6
Amortization and impairment of intangible assets	7	-70.8	-41.4
Other expenses	2	-12.0	-29.6
Operating profit/loss	2	47.7	95.2
PROFIT/LOSS FROM FINANCIAL ITEMS			
Interest income and similar profit/loss items	6	2.6	4.1
Interest costs and similar profit/loss items	6	-10.9	-14.9
Profit/loss after financial items		39.4	84.4
Tax on profit/loss for the year	17	-8.4	-20.6
Profit/loss for the year		31.0	63.8
Attributable to: Parent Company's shareholders		31.0	63.8
KEY FIGURES			
Average number of shares, thousands	11	23,238	22,937
Average number of shares after dilution, thousands		23,411	22,995
Earnings per share after tax, SEK		1.33	2.78
Earnings per share after tax, after dilution, SEK		1.32	2.77

STATEMENT OF COMPREHENSIVE INCOME

THE GROUP

SEK m	2016	2015
Profit/loss for the year	31.0	63.8
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Translation differences	4.9	-2.3
Effects from cash flow hedges	4.9	1.7
Deferred tax	-1.1	-0.4
Other comprehensive income	8.7	-1.0
Comprehensive income	39.7	62.8
Attributable to: Parent Company's shareholders	39.7	62.8

BALANCE SHEET

THE GROUP

Assets, SEK m	Note	2016	2015	Shareholders' equity and liabilities, SEK m	Note	2016	2015
NON-CURRENT ASSETS				SHAREHOLDERS' EQUITY			
Goodwill	7	372.1	348.6	Share capital	11	23.2	23.2
Customer register and distribution agreements	7	17.0	16.3	Other paid-up capital		242.9	244.7
Trademarks	7	0.0	0.2	Reserves		13.3	4.5
Capitalized expenditure for development work	7	73.3	76.3	Accumulated profit or loss		209.6	145.8
Right to lease	7	1.7	1.8	Profit/loss for the year		31.0	63.8
Equipment and tools	8	12.9	7.7	Total shareholders' equity		520.0	482.0
Long-term receivables	4	6.5	14.5	LONG TERM LIABILITIES			
Other financial non-current assets		0.8	0.6	Interest-bearing liabilities			
Deferred tax asset	17	11.9	15.6	Liabilities to credit institutions	4, 24	162.2	136.3
		496.2	481.6	Total interest-bearing liabilities		162.2	136.3
CURRENT ASSETS				Non interest-bearing liabilities			
Inventories	19	217.9	188.5	Provisions for pension	21	2.2	2.9
Prepayments to supplier		6.3	0.4	Other provisions	22	32.6	31.1
Accounts receivable – trade	23	371.2	375.2	Total non interest-bearing liabilities		34.8	34.0
Other current receivables	4, 10	66.8	77.2	CURRENT LIABILITIES			
Current tax receivables		39.1	1.9	Interest-bearing liabilities			
Prepaid expenses and accrued income	10	29.4	30.2	Liabilities to credit institutions	4, 12, 24	72.3	58.3
Cash and bank balances	12, 23	61.0	43.9	Total interest-bearing liabilities		72.3	58.3
		791.7	717.3	Non interest-bearing liabilities			
TOTAL ASSETS		1,287.9	1,198.9	Provisions for guarantees	20	58.1	54.3
				Accounts payable – trade		254.9	286.5
				Other liabilities	18	16.9	26.8
				Current tax liability		2.6	3.8
				Accrued expenses and prepaid income	13	166.1	116.9
				Total non interest-bearing liabilities		498.6	488.3
				TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,287.9	1,198.9

SHAREHOLDERS' EQUITY

THE GROUP

Change in shareholders' equity 2016, SEK m	Share capital	Other paid-up capital	Reserves ¹⁾	Profit brought forward	Total Shareholders' equity
Shareholders' equity December 31, 2014	21.2	162.3	5.5	145.8	334.8
Profit/loss for the year				63.8	63.8
Other comprehensive income			-1.0		-1.0
Comprehensive income	0.0	0.0	-1.0	63.8	62.8
New share issue for acquisition of subsidiary, note 18	2.0	82.4			84.4
Total transactions with shareholders	2.0	82.4	0.0	0.0	84.4
Shareholders' equity December 31, 2015	23.2	244.7	4.5	209.6	482.0
Profit/loss for the year				31.0	31.0
Other comprehensive income			8.8		8.8
Comprehensive income	0.0	0.0	8.8	31.0	39.8
Warrants		-1.8			-1.8
Total transactions with shareholders	0.0	-1.8	0.0	0.0	-1.8
Shareholders' equity December 31, 2016	23.2	242.9	13.3	240.6	520.0

¹⁾ Specification of reserves

	2016	2015
Accumulated translation differences, January 1	6.7	9.0
Translation differences for the year	4.9	-2.3
Accumulated translation differences, December 31	11.7	6.7
Accumulated effects of cash flow hedges, January.1	-2.2	-3.5
Effects of cash flow hedges for the year	4.9	1.7
Deferred tax in effects of cash flow hedges	-1.1	-0.4
Accumulated effects of cash flow hedges, December 31	1.6	-2.2
Total reserves, December 31	13.3	4.5

CASH FLOW STATEMENT

THE GROUP

SEK m	Note	2016	2015
OPERATING ACTIVITIES			
Profit/loss after financial items ¹⁾		39.4	84.4
Adjusted for items not in cash flow			
Change in provisions	20, 21, 22	4.7	-11.5
Depreciation and write-downs	7, 8	73.7	44.0
Adjustment for other non-cash items:			
Unrealized exchange differences in cash flow hedges		-0.6	6.3
Reverse of additional purchase price in acquisitions	18	0.0	-0.5
Total adjustment for other non-cash items		77.8	38.3
Taxes paid	17	-26.3	-17.4
Cash flow from operating activities before changes in working capital		90.9	105.3
Change in working capital			
Change in inventories	19	-25.3	26.0
Change in receivables		-3.7	-95.8
Change in non-interest-bearing liabilities		-0.2	50.2
Cash flow from operating activities		61.7	85.7
INVESTING ACTIVITIES			
Acquisitions of subsidiaries	18	-29.0	-162.0
Acquisition of intangible assets	7	-59.7	-56.9
Acquisition of property, plant and equipment	8	-7.7	-1.8
Cash flow from investing activities		-96.4	-220.7

SEK m	Note	2016	2015
FINANCING ACTIVITIES			
Warrant program, new issue		0.0	0.6
Warrant program, buy back		-0.6	-0.6
Amortization of loans		-79.8	-52.9
Loan raised and change in bank overdraft facility		129.8	154.7
Cash flow from financing activities		49.4	101.8
Cash flow for the year		14.7	-33.2
Cash and cash equivalents at beginning of year		43.9	78.2
Exchange rate difference in cash and cash equivalents		2.4	-1.1
Cash and cash equivalents at end of year	23	61.0	43.9

¹⁾ Interest paid and received is stated in note 6.

INCOME STATEMENT

PARENT COMPANY

SEK m	Note	2016	2015
OPERATING INCOME			
Net sales	2, 3	1,439.5	1,393.4
Other revenue	2	5.7	1.3
OPERATING COSTS			
Goods for resale	19	-936.9	-912.0
Other external costs	4, 16	-373.6	-340.0
Personnel costs	5	-64.0	-51.6
Depreciation and impairment of property, plant and equipment	8	-0.5	-0.7
Amortisation and impairment of intangible assets	7	-57.7	-30.3
Other expenses	2	-10.1	-28.6
Operating profit/loss		2.4	31.5
PROFIT/LOSS FROM FINANCIAL ITEMS			
Interest income and similar profit/loss items	6	7.2	8.3
Interest costs and similar profit/loss items	6	-10.9	-13.4
Profit/loss after financial items		-1.3	26.4
Tax on profit/loss for the year	17	-0.2	-6.1
PROFIT/LOSS FOR THE YEAR		-1.5	20.3

STATEMENT OF COMPREHENSIVE INCOME

PARENT COMPANY

SEK m	2016	2015
Profit/loss for the year	-1.5	20.3
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Effects from cash flow hedges	4.9	1.7
Deferred tax	-1.1	-0.4
Other comprehensive income	3.8	1.3
Comprehensive income	2.3	21.6

BALANCE SHEET

PARENT COMPANY

Assets, SEK m	Note	2016	2015
FIXED ASSETS			
Intangible assets			
Capitalized expenditure for development work	7	52.0	58.1
Goodwill	7	0.0	0.0
Customer register	7	0.0	0.8
Brands	7	0.0	0.1
Property, plant and equipment			
Equipment and tools	8	0.8	1.4
Financial assets			
Participations in Group companies	9, 25	309.9	309.9
Receivables from Group companies		29.5	0.0
Deferred tax asset	17	8.1	9.4
Total fixed assets		400.3	379.7
CURRENT ASSETS			
Inventories			
Goods for resale	19	130.5	120.8
Advanced payment to suppliers		0.1	0.4
Current receivables			
Accounts receivable – trade	23	266.7	271.3
Receivables from Group companies		253.6	198.5
Other current receivables	10	42.4	47.9
Current tax receivables		3.9	0.0
Prepaid expenses and accrued income	10	7.4	7.1
Cash and bank balances	12, 23	43.4	7.1
Total current assets		748.0	653.1
TOTAL ASSETS		1,148.3	1,032.8
Shareholders' equity and liabilities, SEK m			
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital 23 238 255 (23 238 255) shares, quota value SEK 1	11	23.2	23.2
Revaluation reserve		0.5	0.5
Other allocated capital		55.5	55.5
Reserve for development expenses		28.5	0.0
Total restricted equity		107.7	79.2

Shareholders' equity and liabilities, SEK m	Note	2016	2015
Non-restricted equity			
Share premium reserve		158.6	158.6
Fair value reserve		1.6	-2.2
Accumulated profit or loss		106.9	115
Profit/loss for the year		-1.5	20.3
Total non-restricted equity		265.6	291.7
Total shareholders' equity		373.2	370.9
PROVISIONS			
Provisions for guarantees	20	49.9	48.0
Other provisions	22	25.0	25.0
Total provisions		74.9	73.0
LONG-TERM LIABILITIES			
Interest-bearing liabilities			
Liabilities to credit institutes	24	160.0	120.0
Total interest-bearing liabilities		160.0	120.0
CURRENT LIABILITIES			
Interest-bearing liabilities			
Overdraft facility	12	0.0	4.1
Liabilities to credit institutes	24	50.0	30.0
Liabilities to Group companies		54.4	21.7
Total interest-bearing liabilities		104.4	55.8
Non interest-bearing liabilities			
Accounts payable – trade		178.1	250.0
Liabilities to Group companies		160.2	73.2
Other liabilities		5.6	9.9
Current tax liability		0.0	0.4
Accrued expenses and prepaid income	13	91.9	79.6
Total non interest-bearing liabilities		435.8	413.1
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,148.3	1,032.8

CHANGES IN SHAREHOLDERS' EQUITY

PARENT COMPANY

Changes in shareholders' equity 2016, SEK m	Share capital	Revaluation reserve	Statutory reserve	Reserve for development expenses	Share premium reserve	Fair value reserve	Retained earnings	Total shareholders' equity
Shareholders' equity December 31, 2014	21.2	0.5	55.5	0.0	76.2	-3.5	115.0	264.9
Profit for the year							20.3	20.3
Other comprehensive income						1.3		1.3
Comprehensive income	0.0	0.0	0.0	0.0	0.0	1.3	20.3	21.6
New Share issue for acquisition of subsidiary	2.0				82.4			84.4
Total transactions with shareholders	2.0	0.0	0.0	0.0	82.4	0.0	0.0	84.4
Shareholders' equity December 31, 2015	23.2	0.5	55.5	0.0	158.6	-2.2	135.3	370.9
Profit for the year							-1.5	-1.5
Other comprehensive income						3.8		3.8
Comprehensive income	0.0	0.0	0.0	0.0	0.0	3.8	-1.5	2.3
Allocation to reserve for development expenses				28.5			-28.5	0.0
Total transactions with shareholders	0.0	0.0	0.0	28.5	0.0	0.0	-28.5	0.0
Shareholders' equity December 31, 2016	23.2	0.5	55.5	28.5	158.6	1.6	105.3	373.2

CASH FLOW STATEMENT

PARENT COMPANY

SEK m	Note	2016	2015
OPERATING ACTIVITIES			
Profit/loss after financial items ¹⁾		-1.3	26.4
Adjusted for items not in cash flow			
Change in provisions	20, 21, 22	2.0	-0.6
Depreciation and write-downs	7, 8	58.1	31.0
Unrealized exchange differences in cash flow hedges		-0.6	6.3
Total adjustment for non-cash items		59.5	36.7
Taxes paid		-4.4	-9.9
Cash flow from operating activities before changes in working capital		53.8	53.2
Change in working capital			
Change in stocks	19	-9.6	36.1
Change in receivables		-44.9	-87.7
Change in non-interest-bearing liabilities		28.6	73.1
Cash flow from operating activities		27.9	74.7
INVESTING ACTIVITIES			
Acquisition of subsidiaries	18	0.0	-149.3
Acquisition of intangible assets	7	-50.6	-50.3
Loan to subsidiary		-29.5	0.0
Cash flow from operating activities		-80.1	-199.6

SEK m	Note	2016	2015
FINANCING ACTIVITIES			
Change in non interest-bearing liabilities subsidiaries		32.7	9.5
Loans raised and changes in bank overdraft facility		130.8	155.1
Amortization of loan		-75.0	-42.5
Cash flow from financing activities		88.5	122.1
Cash flow for the year		36.3	-2.8
Cash and cash equivalents at beginning of year		7.1	9.9
Cash and cash equivalents at end of year	23	43.4	7.1

¹⁾ Interest paid and received is stated in note 6.

NOTES AND ACCOUNTING PRINCIPLES

NOTE 1

ACCOUNTING PRINCIPLES

The Annual Accounts and Consolidated Accounts were approved for publication by the Board of Directors and Chief Executive Officer on April 3, 2017 and will be presented to the AGM on April 27, 2017 for approval.

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

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

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

New accounting policies for 2016

There are no new accounting principles or interpretation statements that came into effect as of January 1, 2016 that materially affect these financial statements.

New accounting policies for 2017 and later

A number of accounting standards and interpretation statements have been published, but have not yet come into effect.

IFRS 9 Financial instruments

IFRS 9 is divided in three parts: Classification and Measurement, Impairment and Hedge Accounting, and will replace the current IAS 39 Financial Instruments: Recognition and Measurement. Doro is currently evaluating the effect of IFRS 9. The mandatory effective date is January 1, 2018, but prospective application is permitted.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 constitutes a new framework for recognising revenue with additional disclosure requirements. The framework establishes principles about the nature, amount, timing and uncertainty of revenue and cash flow arising from an entity's contracts with customers. IFRS 15 will replace the current IAS 11 Construction Contracts and IAS 18 Revenue. Doro is evaluating the impact of the IFRS 15 and monitoring any statements from the IASB and FASB Joint Transition Resource Group for revenue recognition as well as amendments to the standard. The mandatory effective date is January 1, 2018, but prospective application is permitted.

IFRS 16 Leases

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

IFRS 16 had not yet been endorsed as of the publication date of these Annual Accounts.

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

Basis for the preparation of the financial statements

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

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

GROUP Consolidated Accounts Principles

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

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

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

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

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

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

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

Exchange rates

Translation of foreign operations

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

Exchange rates

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

Currency	Average rate		Closing day rate	
	2016	2015	2016	2015
EUR	9.44	9.33	9.54	9.18
HKD	1.10	1.08	1.17	1.09
NOK	1.02	1.04	1.05	0.95
GBP	11.59	12.83	11.19	12.46
USD	8.57	8.40	9.07	8.42

Effects of altered exchange rates

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

Revenue recognition

Doro's revenues consist of product sales, mainly new telephone handsets and alarm units, revenues from alarm services and revenues from leasing alarm units. Revenue from product sales is recognized when essentially all risks and rights associated with ownership have been transferred to the buyer, which usually occurs on delivery. Revenues relating to services are recognised in the period when services are rendered. Rental revenues are recognised in the period the lease covers. Doro has discount agreements with most customers. Contracted discounts reduce sales revenue in the period the sale is recognised.

Employee benefits

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

Pensions

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

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

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

In addition, a limited number of employees at the Group's French subsidiary have defined-benefit pension plans. A defined-benefit pension plan is one that is not a defined-contribution plan. Characteristic of defined-benefit plans is that they specify an amount for the pension benefit to be received by an employee following retirement. This is normally based 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 for defined-benefit pension plans is the present value of the defined-benefit obligation at the end of the reporting period.

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

Research and development

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

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

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

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

Doro has no research expenses.

Property, plant and equipment and intangible fixed assets

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

Financial instruments

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

For more information see the section on hedge accounting below. Additional purchase price is recognised that fair value on the acquisition date. Subsequent revaluations of fair value are recognised as other operating income/other operating expenses.

A financial asset or financial liability is recognized in the Balance Sheet when the company becomes party to the instrument's contractual terms.

Accounts receivable are recognized in the Balance Sheet when invoiced. Liabilities are recognized once the counterparty has delivered and there is a contractual obligation to pay, even though an invoice may not yet have been received. Accounts payable are recognized when invoices are received.

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

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

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

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

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

Fair value is determined based on the following three levels:

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

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

Financial assets

Derivatives – currency hedges

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

Derivatives held for trading

- Measurement at fair value in profit or loss.

Derivatives accounted for as hedges

- Measurement at fair value through other comprehensive income.

Available-for-sale assets

- Measurement at fair value through profit or loss.

Accounts receivable and loans receivable

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

Other financial liabilities

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

Hedge accounting

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

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

Value changes relating to forward exchange contracts from the date on which hedge accounting ceased will be recognized directly in cost of goods sold, or sales.

Forward exchange contracts linked to commercial flows not subject to hedge accounting are classified as "held for trading". Value changes relating to such foreign exchange transactions have been recognized directly in sales for contracts relating to sales, and in the cost of goods sold for contracts relating to purchases. Hedge accounting is only used for forward contracts in EUR, USD, NOK and GBP and that relate to exposures that have not yet

entered the Balance Sheet. Currency derivatives linked to liquidity management and loans are not subject to hedge accounting. They are classified as "held for trading". Value changes relating to such foreign exchange transactions are recognized in net financial income/expense.

Impairment

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

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

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

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

Depreciation of property, plant and equipment

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

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

Equipment and tools	2–5 years
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Amortization of intangible assets

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

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

Leases

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

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

Inventory

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

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

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 conducted. The measurement technique using different obsolescence steps provides an accurate measurement of fair value.

Provisions

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

Warranties and repairs

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

A statistical program has been developed that captures outcomes regarding the time at which products are sold until they are returned, the proportion that is repaired, scrapped, compensated for through product exchange of crediting as well as cost for checking, repairs (including parts) and transport. In the event of variances (mainly in the share of returned

products), warranty provision requirements are changed. The total warranty reserve is classified as current liabilities as majority of guarantees falls within one year.

Tax

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

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

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

Cash flow statement

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

Cash and cash equivalents

Cash and equivalents comprise cash, bank balances and current investments. In 2016 and 2015, Doro had no current investments.

Share warrants

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

Segment reporting (IFRS 8)

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

Classification

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

Critical accounting matters and uncertainty in estimates

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

Goodwill measurement

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

Deferred tax related to loss carry-forwards

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

Credit risks in accounts receivable

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

Measurement of inventory

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

PARENT COMPANY

Impairment of participation in Group companies and impairment reversals

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

Financial instruments

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

NOTE 2

SEGMENT REPORTING, NET SALES AND OTHER REVENUE AND – EXPENSES

Net sales	Group		Parent Company	
	2016	2015	2016	2015
Net sales of products	1,831.7	1,771.3	1,439.5	1,393.4
Sales of services	75.2	55.5	0.0	0.0
Rental income	52.2	2.1	0.0	0.0
Total	1,959.1	1,828.9	1,439.5	1,393.4

Other Revenue	Group		Parent Company	
	2016	2015	2016	2015
Capitalized development costs	11.7	6.1	5.7	1.3
Recovered receivables	1.3	0.0	0.0	0.0
Gain on sale of fixed assets	0.1	0.0	0.0	0.0
Others	2.9	3.0	0.0	0.0
Total	16.0	9.1	5.7	1.3

Other expenses	Group		Parent Company	
	2016	2015	2016	2015
Exchange rate differences	-12.0	-29.6	-10.1	-28.6
Total	-12.0	-29.6	-10.1	-28.6

Results per segment (According to IFRS 8)

Doro is reported as a functional organization. The functional matrix structure provides focused support for the organization and these services are shared between the various products, geographical regions and distribution channels. The regions are responsible for sales in each region, and report to the Vice President of Sales & Marketing. The integration of Doro's operations means that Doro has become a single operating segment with a collective strategy and earnings monitoring, as well as cost and investment budgets.

Doro's operation are reported as a single segment, and financial information and results of operations are analyzed and reviewed by the chief operating decision maker as one segment. The most important earnings measure for managing operations is EBIT.

The location of customers forms the basis of division of sales by geographical region. No single customer represents more than 10 percent of net sales. All significant tangible and intangible assets are controlled by the Swedish parent company.

Total revenue per region	2016	2015
Nordic	536.9	463.9
<i>of which Sweden</i>	<i>401.2</i>	<i>389.0</i>
EMEA (Europa, Mid East and Africa)	467.0	468.5
DACH (Germany, Austria, Switzerland)	475.1	444.7
UK (Great Britain, Ireland)	274.0	278.8
USA and Canada	189.8	149.5
Rest of the world	19.9	13.0
Central overhead	-3.6	10.5
Total	1,959.1	1,828.9

NOTE 3

INTRA-GROUP TRANSACTIONS

Of the Parent Company's invoicing, SEK 132.8m (134.5) relates to subsidiaries. Invoicing from subsidiaries to the Parent Company amounted to SEK 146.0m (96.2). Invoicing between subsidiaries amounted to SEK 58.9m (50.9).

NOTE 4

RENT AND LEASE CONTRACTS

Costs for operating rental and lease charges during the year amount to SEK 18.3m (14.5) for the Group and SEK 3.0m (2.9) for the Parent Company. Agreed future rental and lease charges are due for payment as shown below.

Rental and leasing	Group		Parent Company	
	2016	2015	2016	2015
Within 1 year	17.1	11.3	2.8	2.8
Within 2 to 5 years	23.6	17.5	3.5	5.0
Later than 5 years	0.0	0.0	0.0	0.0
Total	40.7	28.8	6.3	7.8

In addition to the normal rental and lease contracts reported above, Doro finance leases alarm devices to customers in the public sector.

These alarm devices are financed either on Doro's Balance Sheet, or leased from a finance company. The finance lease receivable is divided between short term, i.e. within one year, of SEK 23.6m (19.7) and long term, within 2 to 5 years, of SEK 6.5m (14.4). The short-term lease liability amounts to SEK 21.6m (19.7) and the long-term finance lease liability amounts to SEK 2.4m (14.4).

NOTE 5

PERSONNEL

AVERAGE NUMBER OF EMPLOYEES

Number	of which		of which	
	2016	men	2015	men
Parent Company	57	36	48	29
Other companies Sweden	137	60	122	54
Norway	68	38	3	3
United Kingdom	13	8	13	8
France	36	20	39	24
Hong Kong	9	7	9	7
Germany	52	38	48	35
Italy	1	1	1	1
Total	373	208	283	161

SALARIES AND REMUNERATION

Salaries, remuneration, social security contributions and pension costs are as follows:

SEK m	Group		Parent Company	
	2016	2015	2016	2015
Salaries and other remuneration	194.9	140.1	39.4	32.6
	194.9	140.1	39.4	32.6
Payroll overheads excluding pension costs	55.5	37.9	12.8	10.5
	55.5	37.9	12.8	10.5
Pension costs	16.0	12.2	7.1	5.3
<i>of which defined contribution</i>	<i>10.3</i>	<i>10.5</i>	<i>7.1</i>	<i>5.3</i>
	16.0	12.2	7.1	5.3

GENDER OF SENIOR MANAGERS

Number	2016		2015	
	Women	%	Women	%
Board	6	33	7	43
Group Management	6	17	7	29

SALARIES AND REMUNERATION INCLUDING DIRECTORS' FEES

SEK m	2016		2015	
	Board and CEO	Other employees	Board and CEO	Other employees
Sweden	6.0	88.8	4.0	76.4
Norway	0.0	27.5	0.0	2.2
United Kingdom	0.0	7.5	0.0	7.3
France	9.1	21.1	2.0	21.6
Germany	0.0	28.6	0.0	20.8
Hong Kong	0.0	5.3	0.0	5.0
Italy	0.0	2.3	0.0	1.9
Total	15.1	181.0	6.0	135.2

MANAGEMENT REMUNERATION (SEK 000)

The Board 2016	Fees	Pension	Other remuneration	Total
Chairman of the Board	400	0	0	400
Other Board members	871	0	0	874
Total	1,271	0	0	1,271

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

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

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

The Board 2015	Fees	Pension	Other remuneration	Total
Chairman of the Board	350	0	0	350
Other Board members ¹⁾	675	0	0	675
Total	1,025	0	0	1,025

¹⁾ Charlotta Falvin, Jonas Mårtensson and Karin Moberg each received SEK 150,000. Lena Hofsberger and Henri Österlund, who were elected to the Board by the AGM on 27 April, received fees of SEK 75,000. Fredrik Hedlund, who left the Board at the AGM on 27 April 2015, received a fee of SEK 75,000.

Senior Executives 2015	Salary	Bonus and variable remuneration	Pension	Other benefits	Total
Jérôme Arnaud (CEO)	4,164	820	358	93	5,435
Other senior executives	8,004	582	1,877	460	10,923
Total	12,168	1,402	2,235	553	16,358

The amounts include salaries and remunerations to employed senior executives. In 2015, the management team has had seven members.

Principles

Fees are paid to the Chairman and other Board members in accordance with AGM resolution. Remuneration to the CEO and other senior executives comprises basic salary, variable remuneration, other benefits (mainly company cars) and pension premiums. The balance between basic salary and variable remuneration should be in proportion to the executive's responsibilities and authorities. The average number of senior executives in the management team in 2016 was 7 (7).

Pensions

The retirement age of the CEO and other senior executives of the Group is 65 and pensions are usually paid in accordance with occupational pensions plan plus full provisioning for the full amount of salaries according to the ITP/ITPK plans (supplementary pensions for salaried employees). All pension benefits are irrevocable, i.e. not dependent on continued employment. The retirement age of the CEO is 65 years. No agreements have been signed concerning pension commitments or equivalent, apart from as stated regarding the periods of notice mentioned above, whether for Board members or senior executives. Pension schemes for senior executives are substantially defined contribution with premiums of SEK 3.1m (2.2) paid.

Notice

If notice is served by the company or by the CEO himself, the period of notice is one year. The CEO is entitled to salary for 12 months during the period of notice. No severance pay will be paid if notice is served by CEO. Other senior executives are entitled to salary for notice periods of between 3 and 9 months.

Consultation and decision-making processes

These procedures are explained in the Directors' Report.

Share-based payment and options

An Extraordinary General Meeting on 21 August 2014 resolved on a directed issue of new warrants to senior executives and key employees of the Doro Group. Each warrant gives the holder the right to buy one share to a predetermined price of SEK 42.00 in the period 22 May 2017 to 21 June 2017.

The warrant price is calculated according to the Black & Scholes model, taking into consideration estimated dividend and the applied share price of SEK 31.10, volatility 30 percent, risk-free interest of 0.31 percent and duration of 2.78 years (12 September 2014–21 June 2017).

The CEO subscribed for 200,000 warrants and the rest of the Group management subscribed for 325,000 warrants. Doro Incentive subscribed for 141,000 warrants for potential future employees. A total of 841,000 warrants were issued.

In 2015, an additional 135,000 warrants were subscribed and 65,000 warrants were re-purchased. Another 65,000 options were subscribed in 2016, and 265,000 were repurchased.

NOTE 6

INTEREST AND SIMILAR ITEMS

Income	Group		Parent Company	
	2016	2015	2016	2015
Interest income, external	0.2	0.0	0.1	0.0
Interest income, internal	0.0	0.0	5.1	4.6
Exchange rate gain	2.4	3.7	2.0	3.7
Other	0.0	0.4	0.0	0.0
Total	2.6	4.1	7.2	8.3
Expenses				
Interest expenses, external	-5.8	-9.1	-5.2	-6.8
Interest expenses, internal	0.0	0.0	-0.6	-0.7
Exchange rate losses	-4.8	-5.8	-4.8	-5.8
Other	-0.3	0.0	-0.3	-0.1
Total	-10.9	-14.9	-10.9	-13.4
Net financial income/expense	-8.3	-10.8	-3.7	-5.1

NOTE 7

INTANGIBLE FIXED ASSETS

Group/goodwill, SEK m	2016	2015
Opening cost	348.6	151.9
Acquisitions during the year	16.8	200.0
Translation difference	6.7	-3.3
Closing accumulated cost	372.1	348.6

Group/customer register and distribution agreements	2016	2015
Acquisition value brought forward	37.3	22.6
Acquisitions during the year	7.3	15.2
Translation difference	1.4	-0.5
Closing accumulated acquisition value	46.0	37.3

Write-downs brought forward	-21.0	-12.3
Write-downs for the year	-7.2	-9.0
Translation difference	-0.8	0.3
Closing/write-downs	-29.0	-21.0
Closing residual value according to plan	17.0	16.3

Parent Company/goodwill	2016	2015
Acquisition value brought forward	19.1	19.1
Acquisitions during the year	0.0	0.0
Closing accumulated acquisition value	19.1	19.1
Write-downs brought forward	-19.1	-19.1
Write-downs for the year	0.0	0.0
Closing/write-downs	-19.1	-19.1
Closing residual value according to plan	0.0	0.0

Parent Company/customer register	2016	2015
Acquisition value brought forward	14.8	14.8
Acquisitions during the year	0.0	0.0
Closing accumulated acquisition value	14.8	14.8
Write-downs brought forward	-14.0	-12.9
Write-downs for the year	-0.8	-1.1
Closing/write-downs	-14.8	-14.0
Closing residual value according to plan	0.0	0.8

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

The recoverable value of the unit is measured 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). A risk-three interest rate equal to the yield on 10-year government bonds has been applied in addition to the stock market risk premium on small enterprises, as part of the WACC. The required return has been ascertained based on the optimum capital structure as derived from the capital market. Since the recoverable amount exceeds the carrying amount, no need for impairment is deemed to exist.

SENSITIVITY ANALYSIS

Growth rate after 5 years: Doro has assumed a perpetual growth rate of 2 percent (2) in the impairment test. A change in the growth rate from 2 to 1 percent implies no impairment. **The discount rate before tax increases by 1 percentage point:** Doro has applied a discount rate of 13.6 percent (13.6) before tax in the impairment test. A change in the discount rate before tax to 14.6 percent implies no impairment.

Profitability: the analysis takes an assumption about profitability into consideration. A 10 percent decrease in profitability does not cause any impairment.

The Group/brands	2016	2015
Acquisition value brought forward	1.8	1.1
Acquisitions during the year	0.0	0.7
Translation difference	0.0	0.0
Closing accumulated acquisition value	1.8	1.8
Depreciation according to plan brought forward	-1.6	-0.7
Depreciation according to plan for the year	-0.2	-0.9
Closing depreciation according to plan	-1.8	-1.6
Closing residual value according to plan	0.0	0.2
Parent Company/brands	2016	2015
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	-36.7	-36.5
Depreciation according to plan for the year	-0.1	-0.2
Closing depreciation according to plan	-36.8	-36.7
Closing residual value according to plan	0.0	0.1
Group/right to lease	2016	2015
Acquisition value brought forward	1.8	1.8
Translation differences	-0.1	0.0
Closing accumulated cost	1.7	1.8

The Group's capitalized expenditure for development work / IT	2016	2015
Acquisition value brought forward	159.3	108.8
Acquisitions during the year	47.2	37.8
Acquisitions	0.0	13.6
Sales/disposals/Write downs	-30.1	-9.3
Reclassifications	28.7	8.4
Closing accumulated acquisition value	205.1	159.3
Depreciation according to plan brought forward	-103.8	-81.7
Depreciation according to plan for the year	-46.3	-31.4
Sales/Disposals/Write downs	13.7	9.3
Closing depreciation according to plan	-136.4	-103.8
Closing residual value according to plan	68.7	55.5
Ongoing capitalized expenditure for development work /IT	2016	2015
Opening balance	20.8	9.7
Reclassifications	-28.7	-8.4
New expenditure	14.3	20.3
Cost accounted	-1.8	-0.8
Closing balance	4.6	20.8
Total closing residual value	73.3	76.3

Write-down of capitalized expenditures for development work amounts to SEK 16.4m (0) for the Group and SEK 14.3m (0) for the Parent company. The write-downs are partly driven by a general review of the product portfolio and partly by the fact that the sales of certain products are lower than expected.

Parent Company/capitalized expenditure for development work / IT	2016	2015
Acquisition value brought forward	148.4	108.8
Acquisitions during the year	42.1	31.2
Sales/disposals	-26.0	0.0
Reclassifications	20.4	8.4
Closing accumulated acquisition value	184.9	148.4
Depreciation according to plan brought forward	-110.7	-81.7
Depreciation according to plan for the year	-42.3	-29.0
Sales/disposals/Write downs	11.7	0.0
Closing depreciation according to plan	-141.3	-110.7
Closing residual value according to plan	43.6	37.7
Ongoing capitalized expenditure for development work /IT	2016	2015
Opening balance	20.4	9.7
Reclassifications	-20.4	-8.4
New expenditure	10.2	20.3
Cost accounted	-1.8	-1.2
Closing balance	8.4	20.4
Total closing residual value	52.0	58.1

NOTE 8

PROPERTY, PLANT AND EQUIPMENT

	Group		Parent Company	
	2016	2015	2016	2015
Equipment and tools, SEK m				
Acquisition value brought forward	25.8	31.4	14.5	23.5
Acquisitions during the year	7.8	1.8	0.0	0.0
Acquisitions	2.2	4.1	0.0	0.0
Sales/disposals	-2.3	-11.3	-0.1	-9.0
Reclassifications	0.0	0.0	0.0	0.0
Translation difference	0.3	-0.2	0.0	-
Closing acquisition value	33.9	25.8	14.4	14.5
Depreciation according to plan brought forward	-18.1	-26.6	-13.1	-21.4
Depreciation according to plan for the year	-3.4	-2.6	-0.6	-0.7
Sales/disposals	0.6	11.0	0.1	9.0
Reclassifications	0.0	0.0	0.0	0.0
Translation difference	0.0	0.1	0.0	-
Closing depreciation according to plan	-20.9	-18.1	-13.6	-13.1
Closing residual value according to plan	13.0	7.7	0.8	1.4

NOTE 9

PARTICIPATION IN GROUP COMPANIES

Subsidiary	No. of shares	%	Book value, SEK m, 2016	Book value, SEK m, 2015
Doro A/S, Norway	200	100	0.60	0.60
Doro UK Ltd	3,013,400	100	4.20	4.20
Doro SAS	66,667	100	11.60	11.60
Doro Hong Kong Ltd	4,500	100	5.10	5.10
Doro Inc	3,000	100	0.04	0.04
Doro Incentive AB	50,000	100	0.06	0.06
Doro Deutschland GmbH	1	100	0.20	0.20
IVS Industrievertretung Schweiger GmbH ¹⁾	9,239	33.33	46.50	46.50
Doro S.R.L	1	100	0.10	0.10
Aldebaran SAS	275,000	100	5.20	5.20
Doro Care AB ²⁾	78,376	100	236.30	236.30
- Doro Trygghetsjour AB				
- Doro Care Nordic AB				
- Doro Care Sales UK Limited				
- Doro Care GmbH				
- Doro Care AS				
Total			309.9	309.9

¹⁾ IVS industrievertretung Schweiger GmbH is 100 percent consolidated. Doro AB owns 33.33 percent and Doro Deutschland GmbH owns 66.67 percent.

²⁾ Doro Care AB's subsidiaries are wholly-owned.

	2016	2015
Opening balance	309.9	73.4
Acquisition	0.0	236.5
Closing balance	309.9	309.9

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 Industrievertretung Schweiger GmbH – HRB 2040	Amberg, Germany
Doro S.R.L – 08721340969	Milano, Italy
Aldebaran SAS – 504,770,116	Paris, France
Doro Care AB – 556388-9335	Kalix, Sweden
- Doro Trygghetsjour AB – 556569-9740	Malmö, Sweden
- Doro Care Nordic AB – 556773-1301	Kalmar, Sweden
- Doro Care Sales UK Limited – 7776454	London, United Kingdom
- Doro Care GmbH – HRB 6783	Taunus, Germany
- Doro Care AS – 986616500	Oslo, Norway

NOTE 10

OTHER CURRENT RECEIVABLES AND PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2016	2015	2016	2015
Other current receivables				
VAT receivable	27.1	38.2	29.2	36.9
Cash Flow hedges	12.4	10.8	12.4	10.8
Financial lease receivables	23.7	19.7	0.0	0.0
Other current receivables	3.6	8.5	0.8	0.2
Total	66.8	77.2	42.4	47.9

	Group		Parent Company	
	2016	2015	2016	2015
Prepaid expenses and accrued income				
Prepaid rent	4.8	3.8	0.5	0.4
Prepaid insurance premiums	1.0	0.6	0.0	0.0
Prepaid exhibition costs	1.6	1.4	1.6	1.3
Prepaid IT costs	0.9	0.5	0.7	0.4
Prepaid licenses	3.5	3.1	3.3	2.9
Prepaid installation expenses	12.9	17.3	0.0	0.0
Other prepaid expenses	4.7	3.5	1.3	2.1
Total	29.4	30.2	7.4	7.1

NOTE 11

SHARE CAPITAL AND DIVIDENDS

	No. of shares	Voting rights	Class
A shares	23,238,255	1 vote per share	Normal

Share capital

23 238 255 shares at a quota value of SEK 1.00 per share = SEK 23 238 255.

New share issue 2015

Doro executed a non-cash issue of 2,033,772 shares as payment to the sellers of 36.3 percent of the shares in Caretech AB. The total value of the non-cash issue was SEK 84.4m. The share issue increased the number of shares in Doro from 21,204,483 to 23,238,255, resulting in dilution of approximately 8.7 percent for existing shareholders.

Dividends

The Board of Directors proposes a dividend of SEK 1 per share for the 2016 financial year.

Warrant program

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

The CEO subscribed for 200,000 warrants and the rest of the Group management subscribed for 325,000 warrants. Doro Incentive subscribed for 141,000 warrants for potential future employees. A total of 841,000 warrants were issued.

In 2015, an additional 135,000 warrants were subscribed and 65,000 warrants were re-purchased.

In 2016, 65,000 warrants were subscribed and 265,000 warrants were re-purchased.

Repurchase of warrants is made when warrant holders leave Doro.

NOTE 12

OVERDRAFT FACILITIES

SEK m	Group		Parent Company	
	2016	2015	2016	2015
Approved credit	50.0	50.0	50.0	50.0
Utilized credit	0.0	4.1	0.0	4.1

NOTE 13

ACCRUED EXPENSES AND PREPAID INCOME

SEK m	Group		Parent Company	
	2016	2015	2016	2015
Holiday pay liability	22.6	12.0	5.6	4.4
Payroll overheads	10.6	7.7	2.6	2.4
Other staff liabilities	11.7	5.4	0.0	0.0
Accrued royalty	29.3	32.6	29.3	31.9
Accrued customer bonus	37.8	27.3	24.2	19.8
Other accrued expenses	54.1	31.9	30.2	21.1
Total	166.1	116.9	91.9	79.6

NOTE 14

PLEGGED ASSETS FOR LIABILITIES TO CREDIT INSTITUTIONS

SEK m	Group		Parent Company	
	2016	2015	2016	2015
Chattel mortgages	186.6	186.6	170.0	170.0
Shares in subsidiaries	243.2	0.0	236.3	0.0
Total	429.8	186.6	406.3	170.0

NOTE 15

CONTINGENT LIABILITIES

	Group		Parent Company	
	2016	2015	2016	2015
Guarantees for subsidiary	0.0	0.0	0.0	3.0
Total	0.0	0.0	0.0	3.0

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

NOTE 16

AUDITORS

The 2016 AGM elected Stefan Engdahl (Ernst & Young AB) as auditor of the Parent Company, Doro AB. Ernst & Young will audit all major entities large units for the period of one year.

Fees and costs, SEK m	Group		Parent Company	
	2016	2015	2016	2015
Auditing	2.0	2.1	0.8	0.9
Auditing outside the assignment	0.2	1.2	0.2	0.3
Tax consultancy	0.4	0.6	0.4	0.5
Other	0.8	0.4	0.8	0.4
Total	3.4	4.3	2.2	2.1

NOTE 17

TAXES

Taxes on profit/loss for the year, SEK m	Group		Parent Company	
	2016	2015	2016	2015
Current tax	-7.8	-19.1	0.0	-3.9
Deferred tax	-0.6	-1.5	-0.2	-2.2
Total tax on profit/loss for the year	-8.4	-20.6	-0.2	-6.1

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

Taxes, SEK m	Group		Parent Company	
	2016	2015	2016	2015
Reported profit/loss before tax	39.4	84.4	-1.3	26.4
Tax at current rate 22.0 %	-8.7	-18.6	0.3	-5.8
Non-deductible expenses	-1.2	-4.1	-0.5	-0.3
Non-taxable income	3.1	1.5	0.0	0.0
Utilisation of previously unrecognized tax loss carryforwards	0.0	1.1	0.0	0.0
Change in valuation in losses carryforwards	0.2	6.1	0.0	0.0
Change in valuation of temporary differences	0.0	0.0	0.0	0.0
Tax cost concerning previous year	3.1	-2.4	0.0	0.0
Adjustment for tax rates in foreign Group company	-4.9	-4.2	0.0	0.0
Reported tax	-8.4	-20.6	-0.2	-6.1

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

Deferred tax asset, SEK m	Group		Parent Company	
	2016	2015	2016	2015
Unutilized losses carry forward	7.2	8.6	0.2	0.0
Temporary differences, provisions	9.0	8.8	8.4	8.8
Temporary differences, other	-4.3	-1.8	-0.5	0.6
Total reported deferred tax asset	11.9	15.6	8.1	9.4

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

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

Loss carry-forwards are as follows:

	2016	2015
Without limit	95	95
Total	95	95

Non-accounted deferred tax assets in the Balance Sheet concerning unutilized taxable loss carry-forwards amount to:

SEK m	Group		Parent Company	
	2016	2015	2016	2015
	15	15	0	0

Gross changes of deferred taxes	Group		Parent Company	
	2016	2015	2016	2015
Opening balance	15.6	15.6	9.4	12.0
Tax in Income Statement	-0.6	-1.5	-0.2	-2.2
Tax attributable to other comprehensive income	-1.8	-0.4	-1.1	-0.4
Acquisitions	-1.3	1.9	0.0	0.0
Closing balance	11.9	15.6	8.1	9.4

NOTE 18

ACQUISITIONS 2016

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

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

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

ACQUISITIONS 2015

On January 30, 2015 acquired Doro AB 63.7 percent of the stock in Caretech AB in Kalix. The remaining 36.3 percent was acquired on 18 February 2015 through an issue of new shares. SEK 3m of the cost of the acquisition was charged two year-2014 earnings, and SEK 0.8m was charged to to year-2015

earnings. The purchase price was paid in cash with SEK 148.1m and SEK 84.4m as a non-cash issue. 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 seniors. On the acquisition date, the headcount was 154 Net sales for 2014 amounted to SEK 130.1m with an EBIT of SEK 7.5m.

In 2016 the Caretech business was integrated with Doro and consequently it is not possible to measure Net Sales and EBIT for the acquired operations isolated.

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

Fair value	SEK m
Intangible assets	29.7
Tangible fixed assets	4.1
Deferred tax asset	5.1
Other financial assets	0.3
Inventories	9.9
Accounts receivable	20.2
Other receivables, prepaid expenses and accrued income	10.7
Cash and bank	2.0
Interest bearing debt	-16.0
Accounts payable	-11.9
Deferred tax liability	-3.1
Other liabilities, accrued expenses and prepaid income	-18.5
Acquired net assets	32.5
Goodwill	200.0
Total purchase consideration	232.5
Of which paid by new share issue	-84.4
Cash in company acquired	-2.0
The acquisition's impact on the Group's cash flow	146.1

Company acquisition impact on Group cash flow	Group	
	2016	2015
Caretech AB	0.0	-146.1
IVS GmbH	0.0	-14.9
Isidor SAS	0.0	-0.9
Trygghetscentralen A/S	-29.0	0.0
	-29.0	-162.0

NOTE 19

GOODS FOR RESALE

The Group, SEK m	2016	2015
Opening gross stock	201.8	214.8
Acquisition	2.2	10.1
Change in gross stock	23.2	-21.8
Internal profit in stock	4.0	-0.1
Translation difference	2.4	-1.2
Closing gross stock	233.6	201.8
Opening write-downs of stock	-13.3	-10.2
Acquisition	0.0	-0.2
Change in write-downs of stock	-2.2	-3.1
Translation difference	-0.2	0.2
Closing write-downs of stock ¹⁾	-15.7	-13.3
Net stock in balance sheet	217.9	188.5

¹⁾ Acquisition value for the inventory that write-downs of stock of SEK 15.7m (13.3) relates to is based on inventory book value of SEK 46.1m (42.7).

Parent Company, SEK m	2016	2015
Opening gross stock	129.8	163.1
Change in gross stock	11.5	-33.3
Closing gross stock	141.3	129.8
Opening write-downs of stock	-9.0	-6.2
Change in write-downs of stock	-1.8	-2.8
Closing write-downs of stock ¹⁾	-10.8	-9.0
Net stock in balance sheet	130.5	120.8

¹⁾ Acquisition value for the inventory reserve of SEK 10.8m (9.0) is based on inventory book value of SEK 42.7m (42.4).

NOTE 20

PROVISION FOR GUARANTEES

SEK m	Group		Parent Company	
	2016	2015	2016	2015
Opening balance	54.3	42.9	48.0	36.9
Amount released	-75.1	-61.2	-65.8	-53.1
New provisions	78.7	72.7	67.7	64.2
Translation difference	0.2	-0.1	-	-
Closing balance	58.1	54.3	49.9	48.0

NOTE 21

PENSION PROVISIONS

The Group, SEK m	2016	2015
Opening balance	2.9	2.8
Amount released	-0.8	0.0
New provisions	0.0	0.2
Translation difference	0.1	-0.1
Closing balance	2.2	2.9

NOTE 22

OTHER PROVISIONS

SEK m	Group		Parent Company	
	2016	2015	2016	2015
Opening balance	31.1	54.1	25.0	36.6
Amount released	-2.4	-4.7	0.0	-1.2
New provisions	3.7	8.1	2.9	0.3
Unutilized amount cancelled	0.0	-27.2	0.0	-11.8
Reclassification	0.0	0.9	0.0	1.1
Translation difference	0.2	-0.1	0.0	-
Closing balance	32.6	31.1	27.9	25.0

	Group		Parent Company	
	2016	2015	2016	2015
Additional royalty expenses	29.1	25.7	25.0	25.0
Other provisions	3.5	5.4	0.0	0.0
Closing balance	32.6	31.1	25.0	25.0

Additional royalty expenses

Additional royalty expenses consist of expenses that are known but had not been debited at the time of invoicing, and those that are unknown but expected at the time of invoicing. The reserve for additional expenses is charged to cost of goods sold to obtain accurate 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 foreign exchange hedging. Credit and counterparty risks are managed centrally by the Parent Company Doro AB. Financial derivatives may only be purchased from counterparties/issuers within the categories government, municipalities and banks. At 31 December 2016 and 31 December 2015 there were no short-term investments.

Accounts receivable amounted to SEK 371.2m (375,2). In recent years Doro has experienced low credit losses (less than 0.5 percent of sales) due to the fact that the main customer group is large business with regular trade. The single largest customer accounts for less than 10 percent of Group sales. In most countries, Doro operates without credit insurance.

	Group	
Age analysis of accounts receivable	2016	2015
Not yet due	275.5	356.4
Due for payment < 60 days	96.5	16.1
Due for payment > 60 days	8.4	7.3
Total accounts receivable	380.4	379.8
Expected bad debt losses	-9.2	-4.6
Accounts receivable in the financial statements	371.2	375.2

	Group	
Impaired accounts receivable	2016	2015
Opening balance	-4.6	-8.0
Acquisitions	-0.4	-
Expected bad debt losses	-6.7	-1.7
Confirmed bad debt losses	2.5	5.0
Translation differences	-0.1	0.0
Amount reversed	0.1	0.1
Closing balance	-9.2	-4.6

Other receivables

Other receivables are not yet due.

Liquidity risk

At 31 December 2016, the Group had SEK 234.5m (194.6) in interest-bearing liabilities, including financial lease agreements for alarm devices within Doro Care, amounting to SEK 24.0m (34.2). In April 2016 a new Revolving Facility Agreement was signed, amounting to SEK 310m. At 31 December 2016, the RCF was amortized to SEK 270m, whereof 210m was utilized.

At 31 December 2016, Group liquidity amounted to SEK 61.1m (43.9). In addition, the Group also had an unutilized bank overdraft facility of SEK 50.0m (45.9).

The overall objective is to meet the short-term financing need of Group operations, while minimizing surplus liquidity. Doro has a minimum liquidity reserve of SEK 20m.

Foreign exchange risk

Doro is exposed to foreign exchange risks caused by unfavourable exchange rate fluctuations that may affect sales, earnings and equity. Foreign exchange risk is described below, divided between 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 to 80 percent. The hedge horizon can thus vary between three to six months. Foreign exchange management is centralised in Doro AB's Finance department, which buys and sells currencies in accordance with the treasury policy. Since 2013, Doro has been applying hedge accounting in accordance with IFRS (see accounting principles for further information).

Transaction volumes – outstanding exposure (SEK m)

(Before and after hedging)

	Sensitivity			Sensitivity		
	Before hedging 31/12/16	After hedging 31/12/16	5% SEK depreciation	Before hedging 31/12/15	After hedging 31/12/15	5% SEK depreciation
NOK	23.3	7.5	0.4	17.0	5.0	0.3
EUR	237.0	65.8	3.3	303.0	72.0	3.6
GBP	92.4	19.7	1.0	86.0	22.0	1.1
USD	-303.2	-87.6	-4.4	-372.0	-53.0	-2.7

The table shows outstanding transaction exposure at year-end for the hedged period. The hedged period as per the end of December refers to flows through the end of May. The net market value of all outstanding currency forwards as of 31 December 2016 was SEK 9.2m. Of this value, SEK 8.7m related to forwards for transaction exposure, and that were hedge accounted.

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 184m (152). The division by currency is in the following table.

Value of foreign assets	2016	2015
USD	9	7
NOK	3	3
EUR	139	113
GBP	26	23
HKD	7	6
Total	184	152

Interest rate risk

Interest rate risk is the risk that the Group's net financial income/expense decreases due to rising market interest rates. Doro's existing loan portfolio exclusively comprises loans with variable interest. In 2016, the average interest on borrowings was 2.3 percent. If SEK interest rates increased by one percentage point, Doro's net financial income/expense would deteriorate by approximately SEK 1.5m, based on indebtedness as of 31 December 2016.

Maturity analysis of derivative instruments and financial liabilities as of 31 December 2016

Group, SEK m	Currency	0–3 mth.	3 mth.–1 yr.	1–3 yr.	3 yr. or more	Total
Bank loans	SEK		50.0	160.0		210.0
Currency forwards	EUR	0.0	1.2			1.2
Currency forwards	USD	7.3	-0.9			6.4
Currency forwards	GBP	0.3	0.9			1.2
Currency forwards	NOK	0.1	0.3			0.4
Lease liabilities	SEK		21.6	2.4		24.0
Total		7.7	75.3	162.4	-	245.4

FINANCIAL INSTRUMENTS – FAIR VALUE

	Derivatives held for trading	Derivatives subject to hedge accounting	Available for sale assets	Accounts receivable and loans receivable	Other financial liabilities	Carrying amount	Fair value
Group 2016							
Accounts receivable				371.2		371.2	371.2
Other receivables				3.6		3.6	3.6
Foreign exchange derivatives subject to hedge accounting		12.1				12.1	12.1
Foreign exchange derivatives held for trading	0.3					0.3	0.3
Bank balances			61.0			61.0	61.0
Assets	0.3	12.1	61.0	374.8	0.0	448.2	448.2
Foreign exchange derivatives subject to hedge accounting		3.2				3.2	3.2
Liabilities to credit institutions					234.5	234.5	234.5
Accounts payable					254.9	254.9	254.9
Other liabilities					169.7	169.7	169.7
Liabilities	0.0	3.2	0.0	0.0	659.1	662.3	662.3
Group 2015							
Accounts receivable				375.2		375.2	375.2
Other receivables				9.3		9.3	9.3
Foreign exchange derivatives subject to hedge accounting		4.5				4.5	4.5
Foreign exchange derivatives held for trading	6.3					6.3	6.3
Current investments						0.0	0.0
Bank balances			43.9			43.9	43.9
Assets	6.3	4.5	43.9	384.5	0.0	439.2	439.2
Foreign exchange derivatives subject to hedge accounting		7.3				7.3	7.3
Liabilities to credit institutions					194.6	194.6	194.6
Accounts payable					286.5	286.5	286.5
Additional purchase consideration	2.1					2.1	2.1
Other liabilities					128.5	128.5	128.5
Liabilities	2.1	7.3	0.0	0.0	609.6	619.0	619.0

FINANCIAL INSTRUMENTS – FAIR VALUE

Parent Company 2016	Derivatives held for trading	Derivatives subject to hedge accounting	Available for sale assets	Accounts receivable and loans receivable	Other financial liabilities	Carrying amount	Fair value
Accounts receivable				266.7		266.7	266.7
Receivables from Group companies				253.6		253.6	253.6
Other receivables				0.7		0.7	0.7
Foreign exchange derivatives subject to hedge accounting		12.1				12.1	12.1
Foreign exchange derivatives held for trading	0.3					0.3	0.3
Current investments						0.0	0.0
Bank balances			43.4			43.4	43.4
Assets	0.3	12.1	43.4	521.0	0.0	576.8	576.8
Foreign exchange derivatives subject to hedge accounting		3.2				3.2	3.2
Liabilities to credit institutions					210.0	210.0	210.0
Accounts payable					178.1	178.1	178.1
Receivables from Group companies					214.6	214.6	214.6
Other liabilities					91.9	91.9	91.9
Liabilities	0.0	3.2	0.0	0.0	694.6	697.8	697.8
Parent Company 2015							
Accounts receivable				271.3		271.3	271.3
Receivables from Group companies				198.5		198.5	198.5
Other receivables				0.2		0.2	0.2
Foreign exchange derivatives subject to hedge accounting		4.5				4.5	4.5
Foreign exchange derivatives held for trading	6.3					6.3	6.3
Current investments						0.0	0.0
Bank balances			7.1			7.1	7.1
Assets	6.3	4.5	7.1	470.0	0.0	487.9	487.9
Foreign exchange derivatives subject to hedge accounting		7.3				7.3	7.3
Liabilities to credit institutions					154.1	154.1	154.1
Accounts payable					250.0	250.0	250.0
Receivables from Group companies					94.9	94.9	94.9
Other liabilities					79.1	79.1	79.1
Liabilities	0.0	7.3	0.0	0.0	578.1	585.4	585.4

Fair value measurement is 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.

Derivates and additional purchase considerations at fair value in the table above have been measured according to Level 2.

For other financial instruments, the carrying amount is a reasonable estimate of fair value.

NOTE 24

LIABILITIES TO CREDIT INSTITUTIONS

	Group		Parent Company	
	2016	2015	2016	2015
Bank loans	159.8	121.9	160.0	120.0
Finance lease liability	2.4	14.4	0.0	0.0
Total	162.2	136.3	160.0	120.0
Short-term				
Bank loans	50.7	33.4	50.0	30.0
Finance lease liability	21.6	19.7	0.0	0.0
Overdraft facilities	0.0	4.1	0.0	4.1
Factoring facilities	0.0	1.1	0.0	0.0
Total	72.3	58.3	50.0	34.1
Total liabilities to credit institutes	234.5	194.6	210.0	154.1

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

Maturity dates of long-term liabilities	Group		Parent Company	
	2016	2015	2016	2015
1–2 years	62.4	48.9	60.0	35.0
2–5 years	99.8	87.4	100.0	85.0
More than 5 years	0.0	0.0	0.0	0.0
Total	162.2	136.3	160.0	120.0

NOTE 25

RELATED PARTY TRANSACTIONS

Helmut Schweiger, owner of 4.4 percent of Doro, had a liability to Doro amounting to SEK 1.9m (6.0) relating to tax expenses for the period before Doro acquired IVS GmbH from him. The parties have agreed that Helmut Schweiger pays the liability when the Group settles the corresponding liability with the German tax authority. The receivable from Helmut Schweiger and the corresponding liability to the German tax authority, is denominated in EUR. The receivable is recognized as other receivables, and the liability as other provisions. Helmut Schweiger is liable for compensating the company for all expenses including potential interest that is charged by the tax authority.

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

NOTE 26

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 1 February 2017, Robert Puskaric became Doro's CEO, stationed in Lund, Sweden.

NOTE 27

APPROPRIATION OF PROFIT

The Board of Directors has decided to propose a dividend of SEK 1 per share for 2016. The company's liquidity and cash flow improved progressively through the year, and accordingly, the company has a secure financial base and is well prepared to finance growth through investment, either organically or through acquisitions.

The following funds in the parent company are at the disposal of the AGM:

Share premium reserve	158,614,455.70
Fair value reserve	1,580,754.00
Profit brought forward	106,902,006.98
Loss for the year	-1,536,883.00
	<hr/>
	265,560,333.68

The Board of Directors proposes that the funds available to the AGM of SEK 265,560,333.68 are appropriated so that a dividend of SEK 23,238,255.00 is paid, and the remaining amount of 242,322,078.68 is carried forward.

NOTE 28

USAGE OF NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) EARNINGS MEASURES

Guidelines for alternative key performance indicators for companies with securities listed on a regulated market place within the EU have been issued by ESMA (the European Securities and Markets Authority). These guidelines should be applied to alternative key performance indicators used effective 3 July 2016.

The Annual Accounts refer to a number of non-IFRS earnings measures used to help investors and managers analyse the company. We review the various non-IFRS earnings measures used as a complement to the Financial information reported in accordance with IFRS.

Review of financial earnings measures not stated in the IFRS regulations.

Non-IFRS earnings measure	Description	Reason for use of measure
Restructuring expenses	Expenses for restructuring and personnel expenses related to restructuring.	This measure illustrates the specific expenses arising in tandem with restructuring a specific operation, which contributes to better understanding of the underlying cost level in operating activities.
Gross margin, %	Net sales less the expense for goods for resale as a percentage of net sales.	Gross margin is an important measure to illustrate margin before personnel expenses and other external expenses.
Sales growth comparable units, %	Net sales for the period less net sales for companies acquired in the year less net sales for the corresponding period of the previous year as a percentage of net sales for the corresponding period of the previous year.	Sales growth in comparable units indicates the group’s organic growth excluding business combinations.
Equity/assets ratio	Equity expressed as a percentage of total assets.	Traditional measure to illustrate financial risk, expressed as the portion of total capital that is financed by shareholders.
Return on average equity	Rolling 12-month earnings after financial items and tax divided by average equity.	Illustrates which return is generated on shareholders’ invested capital, from a shareholder perspective.
Capital employed	Total assets less non-interest-bearing liabilities and cash and bank balances.	This measure illustrates how much total capital is used in operations, and accordingly, is one component for measuring returns from operations.
Return on average capital employed	Rolling 12-month operating profit, divided by quarterly average capital employed.	The central measure for measuring the return on all the capital tied up in operations.
Recurring revenue	Net sales in the coming 12 months on subscription contracts currently in place.	This measure illustrates contracted revenues for the coming 12-month period.
Number of subscribers	Number of subscription customers linked to alarm call centres.	This measure illustrates the volume of customers in the alarm call centre operation.
Debt/equity ratio	Interest-bearing liabilities divided by equity.	This measures the company’s financial risk (interest-rate sensitivity).
Dividend yield	Dividend per share divided by year-end share price.	Return measure on investing in the company’s share.
P/E ratio	Share price at year-end divided by earnings per share after tax.	Measure to evaluate the price of the company’s share.
Capital turnover rate	Sales for the year divided by average total assets.	This measure illustrates how much capital operations require, i.e. how capital intensive they are.
Cash conversion rate, %	Cash flow from operating activities as a percentage of operating profit.	This measure illustrates the share of earnings that affect cash flow.

Computation of financial earnings measures not in IFRS regulations

	2016	2015
Capital employed		
Total assets	1,287.9	1,198.9
Non-interest-bearing liabilities	533.5	522.3
Cash and cash equivalents	61.0	43.9
Reported capital employed	693.4	632.7
Debt/equity ratio		
Interest-bearing liabilities	234.5	194.6
Equity	520.0	482.0
Reported debt/equity ratio	0.45	0.40
Rate of capital turnover		
Net sales	1,959.1	1,828.9
Average total assets	1,243.4	1,025.8
Reported rate of capital turnover	1.6	1.8

BOARD SIGNATURES

The undersigned hereby certify that the consolidated accounts and the annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU and according to generally accepted accounting practice, and give a true generally accepted accounting practice, of the Group's and Parent Company's financial position and results of operations, and the statutory administration report of the Group and the Parent Company give a true and fair view of the progress of the Group's and Parent Company's operations, financial position and results of operations, and reviews the significant risks and uncertainty factors faced by Group companies.

Lund, Sweden, April 3, 2017

Johan Andsjö

Acting Chairman of the Board

Henri Österlund

Acting Vice Chairman of the Board

Lena Hofsbjörger

Board member

Karin Moberg

Board member

Jonas Mårtensson

Board member

Robert Puskaric

CEO

Our auditor's report was submitted on April 3, 2017

Ernst & Young AB

Stefan Engdahl

Authorized Public Accountant

AUDITOR'S REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Doro AB (publ) except for the corporate governance statement on pages 25–29 for the year 2016. The annual accounts and consolidated accounts of the company are included on pages 22–56 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 25–29. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Key Audit Matters

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

Goodwill and participations in group companies

The carrying value of goodwill as of 31 December 2016 amounts to 372.1 MSEK in the consolidated balance sheet, which represents 29% of total assets. Participations in group companies amounts to 309.9 MSEK in the parent company's balance sheet, which represents 27% of total assets. The company performs an impairment test annually, and when there is an indication of impairment, to ensure the carrying value does not exceed the estimated recoverable value. The recoverable amount is determined by calculating the present value of future cash flows for the lowest cash-generating unit. Future cash flows are based on management's business plans and forecasts, and includes a number of assumptions, including earnings performance, growth, investment requirements and the discount rate. For participations in group companies the recoverable amount is the higher of fair value and value in use.

Changes in assumptions have a major impact on the calculation of the recoverable amount and the assumptions that the company applied will be of significant importance for the assessment whether an impairment requirement exists. We have therefore assessed the accounting for goodwill and participations in group companies as a key audit matter of the audit.

The impairment test for 2016 did not result in any impairment. A description of the impairment test is shown in Note 7 "Intangible fixed assets" and in Note 1 "Accounting principles" section "Impairment" and section "Critical accounting matters and uncertainty in estimates".

In our audit, we evaluated and tested management's process for preparing the impairment test, including evaluating past accuracy of forecasts and assumptions. We also made comparisons with other companies in order to

evaluate the reasonableness of future cash flows and growth assumptions and with the help of our valuation specialists examined the selected discount rate and assumptions about long-term growth. We have also reviewed the company's model and method for preparing the impairment test and assessed the company's sensitivity analysis. We also assessed whether the disclosures in the financial statements are appropriate.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2–21 and 60–63. The Board of Directors and the Managing Director are responsible for this other information.

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

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS **Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Doro AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 25–29 has been prepared in accordance with the Annual Accounts Act.

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

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

Malmö, April 3, 2017
Ernst & Young AB

Stefan Engdahl
Authorized Public Accountant

QUARTERLY SUMMARY

SEK m	2016				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
QUARTERLY PROFIT TREND								
Income/net sales	413	474	473	599	338	424	445	623
Capitalised product development/ other income	3	8	1	5	2	2	2	3
Operating costs	-394	-461	-441	-560	-352	-386	-407	-554
Operating profit/loss before depreciation	22	21	33	45	-12	40	40	72
Planned depreciation and write-downs	-13	-17	-19	-25	-11	-11	-10	-13
Operating profit/loss after depreciation	9	4	14	20	-23	29	30	59
Net financial items	-1	-3	0	-4	-5	-2	-1	-2
Profit/loss after financial items	8	1	14	16	-28	27	29	57
Taxes	-2	0	-1	-5	6	-6	-7	-14
Net profit/loss	6	1	13	11	-22	21	22	43
QUARTERLY BALANCE SHEET FOR THE GROUP								
Intangible assets	445	469	473	464	428	433	440	443
Property, plant and equipment	8	10	10	13	10	7	7	8
Financial assets	13	12	8	7	1	1	14	15
Deferred Tax Asset	18	18	21	12	19	19	15	16
Inventories	231	212	240	218	237	185	225	188
Current receivables	378	426	429	513	322	325	387	485
Cash and bank balances	51	34	23	61	52	54	43	44
Total assets	1,143	1,180	1,204	1,288	1,069	1,024	1,131	1,199
Shareholders' equity	486	496	511	520	409	421	449	482
Long-term liabilities	218	239	192	201	225	188	187	170
Current liabilities	439	445	501	567	435	415	495	546
Total shareholders' equity and liabilities	1,143	1,180	1,204	1,288	1,069	1,024	1,131	1,198

SEK m	2016				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
QUARTERLY CASH FLOW								
Operating profit/loss after financial items	7	3	13	16	-23	27	28	56
Depreciation according to plan	13	17	19	25	11	10	10	13
Other non cash flow items	11	-5	-2	-5	11	-4	2	-7
Taxes	-9	-10	-8	0	-10	-6	-3	1
Change in working capital	-55	2	15	13	-34	38	-4	-31
Cash flow from operating activities	-32	7	37	50	-45	65	33	32
Investments	-14	-45	-18	-20	-167	-16	-15	-23
Cash flow from investing activities	-14	-45	-18	-20	-167	-16	-15	-23
Change in interest-bearing liabilities	53	20	-31	8	186	-47	-31	-6
Cash flow from financing activities	53	20	-31	8	186	-47	-31	-6
Translation differences and other	0	1	1	0	0	0	1	-2
Cash and cash equivalents (change in cash and cash equivalents)	7	-17	-11	38	-26	2	-12	1

FIVE-YEAR SUMMARY

SEK m	2016	2015	2014	2013	2012	SEK m	2016	2015	2014	2013	2012
INCOME STATEMENT						MARGINS					
Net sales	1,959.1	1,828.9	1,276.2	1,142.5	837.5	Operating margin, EBITDA, %	6.2	7.6	9.6	10.0	9.9
Operating profit/loss before depreciation and write-downs, EBITDA	121.4	139.2	122.6	113.7	83.1	Operating margin, EBIT, %	2.4	5.2	6.2	6.9	7.3
Operating profit/loss after depreciation and write-downs, EBIT	47.7	95.2	79.7	78.9	61.4	Net margin, %	2.0	4.6	6.2	6.8	5.9
Net financial items	-8.3	-10.8	-0.4	-0.7	-11.9	CAPITAL TURNOVER					
Profit/loss after financial items	39.4	84.4	79.3	78.2	49.5	Capital turnover rate (multiple)	1.6	1.8	1.6	1.8	1.7
BALANCE SHEET						FINANCIAL DATA					
Fixed assets	496.2	481.6	222.3	227.8	93.2	Equity/assets ratio, %	40.4	40.4	39.3	38.3	40.5
Current assets	730.7	673.4	552.2	397.2	282.1	Cash flow from operating activities	61.7	85.7	22.5	110.5	40.2
Cash and bank balances	61.0	43.9	78.2	123.9	141.1	Number of employees	500	358.0	172.0	149.0	81.0
Shareholders' equity	520.0	482.0	334.8	287.0	209.0	Cash and cash equivalents (incl. unused credit)	111.0	89.8	86.7	123.9	172.6
Long-term liabilities	200.7	170.3	59.6	138.3	73.1	Investments (incl. acquisitions)	96.4	220.7	51.2	146.7	27.3
Current liabilities	567.2	546.6	458.3	323.6	234.3						
Balance sheet total	1,287.9	1,198.9	852.7	748.9	516.4						
KEY FIGURES (Definitions on page 60)											
RETURN RATIOS											
Average return on capital employed, %	6.8	17.1	32.8	52.2	94.5						
Average return on shareholders' equity, %	6.2	15.6	18.7	24.4	27.4						
Earnings per share, after taxes paid, SEK	0.56	2.92	2.90	3.68	2.34						
Cash conversion rate	129	90	26	140	65						

DEFINITIONS

AVERAGE NUMBER OF SHARES

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

AVERAGE NUMBER OF SHARES, DILUTED

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

CAPITAL EMPLOYED

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

CAPITAL TURNOVER RATE

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

CASH CONVERSION RATE

Cash flow from operating activities divided by EBIT.

CASH FLOW

Cash flow from operating activities.

CASH FLOW PER SHARE

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

EARNINGS PER SHARE AFTER TAX

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

EARNINGS PER SHARE AFTER TAX, DILUTED

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

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.

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 MARGIN

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

NUMBER OF SHARES AT END OF PERIOD

Number of shares at the close of the period.

NUMBER OF SHARES AT END OF PERIOD, DILUTED

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

REPORTED EQUITY PER SHARE

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

RETURN ON AVERAGE CAPITAL EMPLOYED

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

RETURN ON AVERAGE SHAREHOLDERS' EQUITY

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

SHARE PRICE AT PERIOD END, SEK

Closing price at the end of the period.

PRESS RELEASES 2016

16 Dec	Doro appoints Robert Puskaric as new CEO and President
8 Dec	Doro centers top management team to Lund, prepares CEO change and changes guidance
25 Oct	Doro AB's Nomination Committee for the 2017 Annual General Meeting
18 Oct	Doro's Chairman resigns
17 Oct	Doro Care has today signed a new framework agreement with SKI
14 Oct	Doro to present its interim report for July – September 2016 via audiocast and telephone conference
30 Sep	The administrative court has issued its judgement on the appeal regarding a new framework agreement with SKL. This judgment can still be appealed.
8 Sep	New organization and CEO in Doro Care
5 Sep	Doro 8031 launched in a joint offer with Telekom Deutschland in the German market
28 Jul	Doro to present its interim report for April – June 2016 via webcast and telephone conference
6 Jul	Revised outlook for 2016
3 May	Press release from Doro AB's Annual General Meeting 2016
19 Apr	Doro to present its interim report for January – March 2016 via webcast and telephone conference
15 Apr	Doro's acquisition of Trygghetssentralen
31 Mar	Notice of annual general meeting 2016
2 Mar	Consumer Cellular launches a new Doro smartphone
29 Feb	Bell Canada launches Doro smartphones
18 Feb	Doro acquires Trygghetssentralen in Norway in order to strengthen its international presence in telecare service
17 Feb	Year-end report 2015
3 Feb	Doro to present its Year-end report 2015 via webcast and telephone conference