

# Year-End Report

January – December 2012

Press release, February 13, 2013

## Solid earnings in a tough economic climate - The Board proposes raised dividend

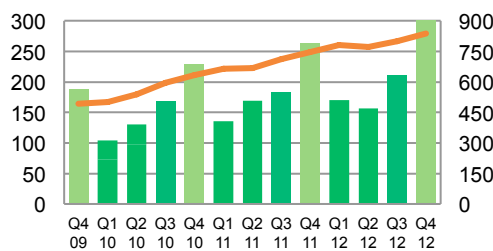
### Highlights of the fourth quarter, 2012:

- Net sales amounted to SEK 299.8 m (263.5), an increase of 13.8 percent.
- Operating profit (EBIT) totalled SEK 28.0 m (30.0). The operating margin was 9.3 percent (11.4).
- Profit after tax for the period amounted to SEK 18.6 m (19.2).
- Earnings per share after tax amounted to SEK 0.96 (0.99).
- Cash flow from current activities amounted to SEK 33.9 m (65.9).
- Order intake amounted to SEK 213.4 m (194.6), an increase of 9.7 percent.

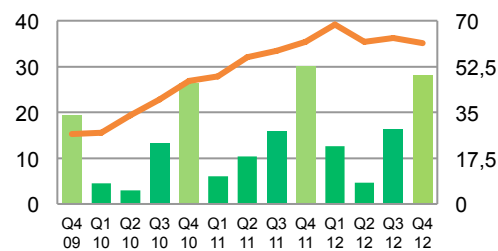
### Highlights of the full year, 2012:

- Net sales amounted to SEK 837.5 m (745.4), an increase of 12.4 percent.
- Operating profit (EBIT) totalled SEK 61.4 (62.0). The operating margin was 7.3 percent (8.3).
- Profit after tax for the year amounted to SEK 52.9 m (57.9).
- Earnings per share after tax amounted to SEK 2.73 (3.02)
- Cash flow from current activities amounted to SEK 40.2 m (104.9)
- The Board proposes a raised dividend of SEK 1.25 (1.0) per share

Sales per quarter and rolling 12 months, SEKm



EBIT per quarter and rolling 12 months, SEKm



DORO GROUP (SEK m)	2012	2011	2012	2011
	Oct-Dec	Oct-Dec	Full-year	Full-year
Net sales	299.8	263.5	837.5	745.4
Net sales growth, %	13.8	15.0	12.4	17.8
EBITDA	34.7	34.6	83.1	75.6
EBITDA margin, %	11.6	13.1	9.9	10.1
EBIT	28.0	30.0	61.4	62.0
EBIT margin, %	9.3	11.4	7.3	8.3
Profit after tax	18.6	19.2	52.9	57.9
Earnings per share after tax, SEK	0.96	0.99	2.73	3.02
Equity/assets ratio, %	40.5	39.5	40.5	39.5



## CEO Jérôme Arnaud: We met last year's result in line with our outlook. 2013 sales have started well.

Despite a challenging consumer sentiment, we delivered a sales increase of 12.4 percent in 2012 – in line with our outlook for the year. Growth was strong in most of our markets, especially in the US, Canada and UK. We have reinforced our geographical footprint, broadened our product range and strengthened the Doro-brand. Doro's overall market share in Western Europe senior mobile phone market increased during 2012 and we confirm our leadership being twice the size of the runner-up<sup>1</sup>. The order backlog by the end of the year increased by 15 percent compared to last year and 2013 sales have started well.

Increased market share confirming our leadership with twice the size of the runner-up

Fulfilled earnings outlook

The earnings for the quarter fulfilled our outlook and were in line with the same quarter 2011 in spite of the fact that we increased our spending within product development with more than 50 percent. Our margins held up well in our main markets with the exception of Germany, where we have seen lower margins in 2012 due to increased competition in the low price segment. We believe that during 2013, supported by a more locally adapted product range and other actions, margins will improve in Germany.

We have an edge with our range of 3G products

The ramp-up of investments in product development has resulted in a more competitive product mix, including our first smartphone and a renewed range of 3G feature phones - a product line that is unique in the marketplace. As we move into 2013, quite a few operators in our markets are about to close down their GSM networks (2G) in favour of 3G and 4G networks, giving us an edge with our range of 3G products. Our smartphone adapted for seniors was launched in the Nordics by the end of the fourth quarter and is now listed at several leading distributors. After the end of the year, it was launched in Germany and we will continue our gradual rollout of this smartphone on all of Doro's markets.

Expansion within telecare as we see an attractive opportunity

In 2013 we will expand within telecare and assisted living devices where we see an attractive opportunity. This segment, named Care, currently stands for some 10 percent of our sales but we have the prerequisites, with our existing high-value platform, to become a major player here. This is an area within general senior care where we foresee that specialized mobile solutions will take a substantial part of the market over the coming years. We have begun our efforts in the segment by, in November, signing a deal with Bosch Healthcare that will bring our telecare offer to the German and Swiss markets and progressively to the rest of Europe from the beginning of 2013.

New segmentation reporting as of Q1 2013

We will from Q1 2013 report our activity according to our new main segments: Consumer and Care, along with regional sales. Our business unit Consumer aims at a senior target group in constant evolution on one hand, and the business unit Care aims at an elderly target group requesting assistance. This new reporting replaces the present segment reporting.

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<sup>1</sup> GfK Senior Mobile Panel WE10 2012

## Important events during and after the period

### *Product launches*

- Doro showcased new offerings within telecare and telehealth at MEDICA – the world's largest trade fair for medical equipment
- Doro's smartphone – the PhoneEasy® 740 – was launched in the Nordics in November, with gradual roll-out to follow on all of Doro's markets during 2013
- Doro PhoneEasy® 615 was launched in a limited edition, signed by the Swedish artist and our new style icon Lill-Babs Svensson, followed by a full Christmas media plan

### *Geographical and partner expansion*

- Consumer Cellular launched Doro's PhoneEasy® 618 – the first 3G model for seniors on the North American market
- Bosch selected Doro to enrich its telecare offering with mobile solutions

## Group, fourth quarter and full year 2012

### **Net sales and earnings**

Doro's net sales for the fourth quarter amounted to SEK 299.8 m (263.5), an increase of 13.8 percent compared with the fourth quarter of 2011. The increase in net sales is through improvements in most geographical regions, especially in US, Canada, UK and the Nordics with good customer reception of new product launches. If the same exchange rates are applied as for the preceding year, growth for the fourth quarter amounted to 16,7 percent. Net sales for the full-year 2012 amounted to SEK 837.5 m (745.4), corresponding to a growth amounted to 12.4 percent.

EBIT in the fourth quarter was SEK 28.0 m (30.0). The EBIT margin amounted to 9.3 percent (11.4). EBIT margin was lower compared to corresponding quarter last year, partly due to continued spending in product development and partly due to lower margins in EMEA (Europe, Middle East and Africa) as an effect of increased competition in the low price segment in Germany. Accumulated full year EBIT amounted to SEK 61.4 m (62.0), giving an EBIT margin of 7.3 percent (8.3).

Net financial items for the fourth quarter were SEK 0.2 m (3.1). The amount in the fourth quarter 2011 was positively affected with SEK 2.8 m by revaluation of foreign exchange forward contracts. The Group tax for the quarter amounted to SEK -9.6 m (-13.9). Due to accumulated tax losses only limited amounts are paid. The positive tax for the full year is an effect from recognized temporary differences related to provisions.

The profit after tax for the quarter amounted to SEK 18.6 m (19.2). Full-year accumulated profit after tax was SEK 52.9 m compared to SEK 57.9 m for the full-year 2011.

### **Cash flow, investments and financial position**

The cash flow from current activities for the fourth quarter amounted to SEK 33.9 m (65.9) and was mainly affected by a temporary higher working capital relating to inventories – as order intake for delivery in January 2013 was strong and an increased use of sea freight to improve margin and lower carbon footprint. The change in cash and cash equivalents for the fourth quarter amounted to SEK 27.1 m (55.4). The cash flow from current activities for the full year amounted to SEK 40.2 m (104.9)

The equity/assets ratio was 40.5 percent (39.5) at the close of the period. At the end of the period, Doro had interest bearing liabilities of SEK 1.6 m (2.4) with a net cash balance of SEK 139.5 m (146.0). The company also has unutilized overdraft facilities of SEK 32 m.

Full year growth amounted to 12.4 percent

Decline in EBIT margin due to continued efforts in product development

Cash flow affected by strong order intake for delivery in January

## Geographical regions

### *Nordic region*

Nordic region saw the launch of the PhoneEasy® 740

EBIT increased by 41.9 percent

Sales in the Nordic region during the fourth quarter amounted to SEK 96.6 m (88.8) – an increase of 8.8 percent compared with the corresponding quarter in 2011 due to an updated range of products and the launch of the PhoneEasy® 740. EBIT for the quarter amounted to SEK 18.3 m (12.9), an increase of 41.9 percent. The EBIT margin was also significantly higher, amounting to 18.9 percent compared to 14.5 percent in the corresponding quarter last year, as an effect of the upgraded product range.

### *EMEA (Europe, Middle East and Africa)*

Doro continued its steps to regain its profitability on the German market

Sales in the EMEA region amounted to SEK 86.7 m (110.8) during the fourth quarter, mainly due to the German market, where the low price segment are larger and local competitors stronger, than we see in other markets. Doro continued its steps to regain its profitability on the German market with several more actions being evaluated for 2013. Sales in Germany during the fourth quarter were SEK 22.0 m (26.2). Sales in France amounted to SEK 47.9 m (57.8). Belgium (covering full Benelux) showed net sales of 9.9 (8.0). In total, growth in the EMEA region was negative for the quarter. The EBIT margin was at 0.7 percent (11.2), mainly due to competitive pressure in Germany.

### *United Kingdom*

The UK region saw a 58.6 percent increase in growth

The UK region showed sales of SEK 55.2 m (34.8) in the fourth quarter, amounting to a growth of 58.6 percent in the quarter and 25.5 percent for the full-year 2012. EBIT improved significantly to SEK 5.8 m (0.7). The strong growth was an effect of the successful co-operation with O2 but also from our new partnerships on Ireland. The EBIT margin was 10.5 percent (2.0).

### *US and Canada*

The US and Canada region performed well

US and Canada continued to perform well during the fourth quarter and continuing the positive trend from previous quarters. Sales amounted to SEK 56.1 m (26.8), an increase of 109 percent. Sales during the quarter were driven by increased sales during the holiday season as well as an updated product line, for example the PhoneEasy 618® - the first 3G model for seniors on the North American market. Net sales for the full-year amounted to SEK 125.2 m (104), an increase of 20.4 percent.

### *Other regions*

Other regions accounted for SEK 5.2 m during the quarter

For the quarter, Other regions accounted for SEK 5.2 m (2.3) with a slight deficit in terms of EBIT.

Because overhead costs are attributed according to sales, the regions' operating margins can vary from quarter to quarter.

**Personnel**

At the end of the period, the headcount was 80 (77). Of these, 35 (33) are based in Sweden, 26 (26) in France, 8 (8) in the UK, 8 (7) in Hong Kong, 3 (3) in Norway, and 1(0) in Germany.

**Parent Company**

The Parent Company's net sales for the year's fourth quarter amounted to SEK 297.8 m (255.6). The profit before tax amounted to SEK 20.9 m (23.7).

**Events after the close of the period**

No significant events after the close of the period.

**Full-year outlook for 2013**

Doro's growth is expected to continue in 2013 with expansion initiatives planned in both business units Consumer and Care. 2013 has started with a bigger order book and a higher order intake than previous year. No detailed forecast for 2013 is given.

**Proposed dividend**

The Board proposes an increase of the dividend to SEK 1.25 (1.0) per share, reflecting the strengthened financial position of the company.

**The Doro share**

Doro's shares are quoted on the Nasdaq OMX Nordic Exchange Stockholm, Small Cap – Telecom/IT list.

As per December 31, 2012, Doro's market capitalization was SEK 474.1 m, which can be compared with SEK 528.2 m on December 31, 2011.

During the period January 1 2012 to December 31 2012, the share price decreased from SEK 27.3 to SEK 24.5. This is equivalent to a decrease of 10.3 percent, which can be compared with the increase of 9.5 percent in the OMX Stockholm PI over the same period.

As per December 31, 2012, there were 7,072 shareholders (6,114).

On December 31, 2012, the largest shareholders were:

Shareholder	Number of shares	Proportion of shares and votes, %
Försäkringsaktiebolaget Avanza Pension	1,925,493	10.0
Nordea Investment Funds	1,452,918	7.5
Originat AB	1,130,000	5.8
LAZARD FRERES BANQUE, W8IMY	580,000	3.0
CLEARSTREAM BANKING S.A., W8IMY	550,543	2.8
Kastensson Holding AB	513,000	2.6
Nordnet Pensionsförsäkring AB	502,710	2.6
Hajskäret Invest AB	430,000	2.2
ABN AMRO BANK NV, W8IMY	386,545	2.0
Banque et Caisse d'Epargne de l'Etat, Luxembourg	279,508	1.4
Hotel Riddargatan AB	260,000	1.3

Source: Euroclear Sweden AB and Doro AB.

### Related-party transactions

No transactions took place between Doro and related parties that had a material impact on the Company's financial position and results.

### Risks

Risks and instability factors are mainly related to supplier disruption, product adaptation and certification, customer relations, exchange rate fluctuations and loan financing. Apart from these risks and the instability factors described on pages 22-23 and 56-58 of the 2011 Annual Report, no other risks of any significance have been identified during the most recent period.

### Accounting principles

This Interim Report has been prepared on behalf of the Group according to IAS 34, Interim Financial Reporting, and for the Parent Company in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting of legal entities. Deferred tax assets are considered to the extent the company believes that this can be utilized in the foreseeable future, which the Company considers to be 3-4 years. The accounting principles and calculation methods applied are consistent with those that were applied when drawing up the previous year's accounts.

### Annual Report 2012

The Annual Report for 2012 will be published on the company's website on April 16, 2013.

Annual General Meeting 2013 will be held on May 14<sup>th</sup>. The Q1 report will be published on the same day.

#### Financial calendar 2013-2014

The Board has set the following dates for the publication of Doro's Reports:

Annual General Meeting 2013 and Q1 report: May 14, 2013

Q2 report: August 21, 2013

Q3 report: November 8, 2013

Year-end report 2013: February 14, 2014

#### For further information, please contact:

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CFO, Gunnar Modalen, +46 (0) 46 280 50 06

#### Doro's report to be presented via audiocast

Analysts, investors and the media are welcome to attend a presentation via [www.doro.com](http://www.doro.com) or by telephone from 09:00 a.m. CET on February 13, 2013. Doro's President and CEO Jérôme Arnaud will hold the presentation and take questions.

Approximately 1 hour before the start of the presentation, the materials will be made available on the Company's website.

Please call about five minutes before the advertised starting time to access the telephone conference.

Call-in details:

UK: +44 (0)1452 555 131, SE: + 46 (0)8 506 307 79, US: + 1 866 682 8490

Lund, Sweden, February 13, 2012

#### *Board of Directors*

Doro AB (publ) | Company registration number 556161-9429

Doro AB (publ)

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The Board of Directors and CEO confirm that this Q4 Report provides a fair overview of the Company's and Group's business, position and results and describes the significant risks and uncertainties faced by the Company and its subsidiaries.

This interim report has not been reviewed by the Company's auditors.

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#### About Doro

Doro, the leader in the telecom care market, is a Swedish public company. With over 38 years of experience in the telecom industry, the company focuses on developing, marketing and selling products, software, TeleCare and mHealth solutions specially adapted to the growing worldwide population of seniors. Doro's range of easy-to-use mobile phones is unmatched and its unique know-how has been recognized through several international design awards. The company's products are sold in more than 30 countries on five continents. In FY 2011 revenue totaled SEK 745 m. Doro's shares are quoted on the Nasdaq OMX Stockholm exchange, Nordic list, Small companies. Read more about Doro at [www.doro.com](http://www.doro.com).

# Financial Reports

INCOME STATEMENT (SEK m)	2012		2011	
	Oct-Dec	Oct-Dec	Full year	Full year
<b>Doro Group</b>				
Income/net sales	299.8	263.5	837.5	745.4
Operating cost	-265.1	-228.9	-754.4	-669.8
Operating profit/loss before depreciation and write-downs, EBITDA	34.7	34.6	83.1	75.6
Depreciation according to plan	-6.7	-4.6	-21.7	-13.6
Operating profit/loss after depreciation and write-downs, EBIT	28.0	30.0	61.4	62.0
Net financial items	0.2	3.1	-11.9	10.9
Profit/loss after financial items	28.2	33.1	49.5	72.9
Taxes	-9.6	-13.9	3.4	-15.0
<b>Profit/loss for the period</b>	<b>18.6</b>	<b>19.2</b>	<b>52.9</b>	<b>57.9</b>
Average number of shares, thousands	19 349	19 349	19 349	19 188
Average number of shares after dilution*, thousands	19 349	19 349	19 349	19 188
Earnings per share before tax, SEK	1.46	1.71	2.56	3.80
Earnings per share before tax, after dilution*, SEK	1.46	1.71	2.56	3.80
Earnings per share after tax, SEK	0.96	0.99	2.73	3.02
Earnings per share after tax, after dilution*, SEK	0.96	0.99	2.73	3.02

\*The effect of dilution is considered only when the effect on earnings per share is negative.

STATEMENT OF COMPREHENSIVE INCOME (SEK m)	2012		2011	
	Oct-Dec	Oct-Dec	Full year	Full year
<b>Doro Group</b>				
Profit/loss for the period	18.6	19.2	52.9	57.9
Translation differences and others	0.4	-1.3	-1.9	-0.4
<b>Total result</b>	<b>19.0</b>	<b>17.9</b>	<b>51.0</b>	<b>57.5</b>

(Related to Parent Company's shareholders)

STATEMENT OF FINANCIAL POSITION (SEK m)	2012		2011	
	Doro Group		Dec 31	Dec 30
Intangible assets			59.2	59.3
Tangible assets			12.5	8.9
Financial assets			0.5	0.5
Deferred tax asset			21.0	17.4
Inventories			91.3	60.2
Current receivables			190.8	154.1
Cash and cash equivalents			141.1	148.4
<b>Total assets</b>			<b>516.4</b>	<b>448.8</b>
Shareholders' equity			209.0	177.3
Long-term liabilities		Note 1	100.6	88.7
Current liabilities			206.8	182.8
<b>Total shareholders' equity and liabilities</b>			<b>516.4</b>	<b>448.8</b>



STATEMENT OF CASH FLOWS (SEK m)		2012	2011	2012	2011
Doro Group		Oct-Dec	Oct-Dec	Full year	Full year
Operating profit/loss after depreciation and write-downs, EBIT		28.0	30.0	61.4	62.0
Depreciation according to plan		6.7	4.6	21.7	13.6
Net financial items		0.4	0.3	1.5	0.8
Revaluation deferred consideration	Note 1	-2.0	0.0	-2.0	0.0
Taxes paid		-1.2	-0.7	-4.3	-3.5
Changes in working capital		2.0	31.7	-38.1	32.0
Cash flow from current activities		33.9	65.9	40.2	104.9
Acquisitions	Note 1	0.0	0.0	-0.4	-19.6
Investments		-6.6	-10.2	-26.9	-21.2
Cash flow from investment activities		-6.6	-10.2	-27.3	-40.8
Loans raised		0.0	-0.3	0.0	2.6
Amortization of debt		-0.2	0.0	-0.8	0.0
Dividend		0.0	0.0	-19.3	-9.6
Premium for warrant program		0.0	0.0	0.0	1.8
Cash flow from financial activities		-0.2	-0.3	-20.1	-5.2
Exchange differences in cash and cash equivalents		0.0	0.0	-0.1	0.0
<b>Change in cash and cash equivalents</b>		<b>27.1</b>	<b>55.4</b>	<b>-7.3</b>	<b>58.9</b>
<b>Net cash</b>		<b>139.5</b>	<b>146.0</b>	<b>139.5</b>	<b>146.0</b>

STATEMENT OF CHANGES IN EQUITY (SEK m)		2012	2011
Doro Group		Dec 31	Dec 31
Opening balance		177.3	121.3
Total result for the period		51.0	57.5
New issue of shares		0.0	6.3
Dividend		-19.3	-9.6
Other allocated capital, warrant program		0.0	1.8
Effects of warrant program		0.0	0.0
<b>Closing balance</b>		<b>209.0</b>	<b>177.3</b>

OTHER KEY FIGURES		2012	2011
Doro Group		Dec 31	Dec 31
Order book at the end of the period, SEK m		96.7	84.2
Order intake, SEK m		213.4	194.6
Gross margin %		38.1	41.3
Equity/assets ratio, %		40.5	39.5
Number of shares at the end of the period, thousands		19 349	19 349
Number of shares at the end of the period after dilution*, thousands		19 349	19 349
Equity per share, SEK		10.80	9.16
Equity per share, after dilution*, SEK		10.80	9.16
Earnings per share after taxes paid, SEK		2.34	3.62
Earnings per share after taxes paid, after dilution*, SEK		2.34	3.62
Return on average share holders' equity, %		27.4	38.8
Return on average capital employed, %		94.5	116.1
Share price at period's end, SEK		24.50	27.30
Market value, SEK m		474.1	528.2

\*The effect of dilution is considered only when the effect on earnings per share is negative.

SALES PER REGION (SEK m)	2012		2011	
	Oct-Dec	Oct-Dec	Full year	Full year
<b>Doro Group</b>				
Nordic	96.6	88.8	274.4	232.6
Europe, Middle East and Africa	86.7	110.8	286.8	297.2
USA and Canada	56.1	26.8	125.2	104.0
United Kingdom	55.2	34.8	130.9	104.3
Other regions	5.2	2.3	20.2	7.3
<b>Total</b>	<b>299.8</b>	<b>263.5</b>	<b>837.5</b>	<b>745.4</b>

OPERATING PROFIT AFTER DEPRECIATION, EBIT, PER GEOGRAPHICAL REGION (SEK m)	2012		2011	
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
<b>Doro Group</b>				
Nordic	18.3	12.9	48.1	34.9
<i>Operating margin, %</i>	18.9	14.5	17.5	15.0
Europe, Middle East and Africa	0.6	12.4	-2.2	22.0
<i>Operating margin, %</i>	0.7	11.2	-0.8	7.4
USA and Canada	4.6	3.8	12.4	7.9
<i>Operating margin, %</i>	8.2	14.2	9.9	7.6
United Kingdom	5.8	0.7	5.2	-0.8
<i>Operating margin, %</i>	10.5	2.0	4.0	-0.8
Other regions	-1.3	0.2	-2.1	-2.0
<i>Operating margin, %</i>	-25.0	8.7	-10.4	-27.4
<b>Operating profit/loss after depreciation</b>	<b>28.0</b>	<b>30.0</b>	<b>61.4</b>	<b>62.0</b>
<b><i>Operating margin, %</i></b>	<b>9.3</b>	<b>11.4</b>	<b>7.3</b>	<b>8.3</b>

SALES PER COUNTRY (SEK m)	2012		2011	
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Sweden	69.8	54.3	172.9	136.1
United Kingdom	48.7	28.2	112.2	90.2
France	47.9	57.8	173.2	166.1
USA	38.1	22.7	81.7	58.6
Germany	22.0	26.2	55.6	66.4
Canada	18.3	4.0	41.0	45.1
Norway	16.0	15.9	51.9	43.4
Belgium	9.9	8.0	28.8	23.6
Denmark	1.3	7.2	14.5	24.3
Other countries	26.9	33.0	89.7	84.0
<b>Total</b>	<b>298.9</b>	<b>257.3</b>	<b>821.5</b>	<b>737.8</b>
Other revenue	0.9	6.2	16.0	7.6
<b>Total revenue</b>	<b>299.8</b>	<b>263.5</b>	<b>837.5</b>	<b>745.4</b>

INCOME STATEMENT (SEK m)	2012		2011	
	Parent Company	Oct-Dec	Oct-Dec	Full year
Income/net sales	297.8	255.6	831.6	733.7
Operating cost	-268.5	-228.4	-757.6	-667.9
Operating profit/loss before depreciation and write-downs, EBITDA	29.3	27.2	74.0	65.8
Depreciation according to plan	-8.4	-6.6	-28.8	-20.3
Operating profit/loss after depreciation and write-downs, EBIT	20.9	20.6	45.2	45.5
Net financial items	0.0	3.1	-12.4	10.6
Profit/loss after financial items	20.9	23.7	32.8	56.1
Taxes	-10.2	-12.6	4.2	-12.6
<b>Profit/loss for the period</b>	<b>10.7</b>	<b>11.1</b>	<b>37.0</b>	<b>43.5</b>

SUMMARY OF BALANCE SHEET (SEK m)	2012		2011	
	Parent Company	Dec 31	Dec 31	Dec 31
Intangible assets	37.8	44.4		
Tangible assets	11.0	7.3		
Financial assets	42.1	37.7		
Inventories	91.3	60.2		
Current receivables	183.5	151.9		
Cash and cash equivalents	138.6	144.7		
<b>Total assets</b>	<b>504.3</b>	<b>446.2</b>		
Shareholders' equity	174.9	157.2		
Long-term liabilities	95.4	81.2		
Current liabilities	234.0	207.8		
<b>Total shareholders' equity and liabilities</b>	<b>504.3</b>	<b>446.2</b>		

# Notes

## Note 1 – Contingent consideration

In 2011 Doro acquired the two French companies Prylos SAS and Birdy Technology SAS. The acquisitions included conditions for possible contingent consideration that in both cases are based on the companies' sales performances. As per December 31<sup>st</sup> 2012, Prylos SAS reported an estimated contingent consideration of SEK 1.4 M. As per December 31<sup>st</sup> 2011, and per time of the acquisition, the equivalent estimation was SEK 1.8 M. The maximum contingent consideration amounts to EUR 800 K. For Birdy Technology SAS, as per December 31<sup>st</sup> 2012, the estimated contingent consideration amounts to SEK 2.3 M. As per December 31<sup>st</sup> 2011, and per time of the acquisition, the equivalent estimation was SEK 4.0 M. The maximum contingent consideration amounts to EUR 600 K. During 2012, no contingent consideration has been paid.

# Financial Definitions

**Gross Margin:** Net sales – merchandise costs.

**Gross Margin, %:** Gross Margin in percentage of Net sales.

**Average number of shares:** Number of shares at the end of each period divided with number of periods.

**Average number of shares after dilution:** Average number of shares adjusted with the dilution effect from warrants is calculated as the difference between the assumed number of shares issued at the exercise price and the assumed number of shares issued at average market price for the period.

**Earnings per share before tax:** Profit/loss after financial items divided by the average number of shares for the period.

**Earnings per share before tax, after dilution:** Profit/loss after financial items divided by the average number of shares for the period after dilution.

**Earnings per share after tax:** Profit/loss after financial items minus tax divided by average number of shares for the period.

**Earnings per share after tax, after dilution:** Profit/loss after financial items minus tax divided by the average number of shares for the period after dilution.

**Number of shares at the end of the period:** Actual number of shares at the end of the period.

**Number of shares at the end of the period, after dilution:** The number of shares at the end of the period adjusted with the dilution effect from warrants is calculated as the difference between assumed number of shares issued at the exercise price and the assumed number of shares issued at the closing market price at the end of the period.

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

**Earnings per share after taxes paid:** Profit/loss after taxes paid divided by average number of shares for the period.

**Earnings per share after taxes paid, after dilution:** Profit/loss after taxes paid divided by the average number of shares for the period after dilution.

**Net Debt/Net Cash:** Cash and bank balances reduced with interest bearing liabilities.

**Equity/assets ratio, %:** Shareholders' equity as a percentage of the balance sheet total.

**Return on average shareholders' equity, %:** Profit/Loss rolling twelve months after financial items and tax divided by average shareholders' equity.

**Capital employed:** Total assets reduced with non-interest bearing debt.

**Return on average capital employed, %:** Operating profit/loss rolling twelve months, divided by the quarterly average capital employed excluding cash and bank balances.

**Share price at period's end:** Closing market price at the end of the period.

**Market value, SEK m:** Share price at period's end times the number of shares at the end of the period.