



Interim report 1 January - 30 June 2008

## **Accelerating growth for Care Electronics, now 33 per cent of Doro first half year sales**

- Sales amounted to SEK 139.5 million (SEK 151.2 m)
- Loss after tax was SEK 3.7 million (SEK +1.1 m)
- Earnings per share after tax was SEK -0.21 (SEK 0.06)
- Order intake has increased significantly during second quarter compared to first quarter, with expected positive effect on third quarter sales
- The cash flow from operations for the first half year was SEK -27.3 million (SEK -30.3 m) following seasonal pattern and introduction of new products within Care Electronics
- Continued strong sales growth in Care Electronics business unit, which represents 33 per cent of total sales
- Lower sales for Home Electronics as market continues to decline according to expectations
- Launch of two new mobile phones HandleEasy 328gsm and 330gsm and an innovative amplified cordless phone HandlePlus 318w

### **About Doro**

With over 30 years' experience in telephony Doro is today characterized by innovative and user-friendly consumer electronics products. The company develops markets and sells a wide range of products in three business units: Home Electronics, Business Electronics and Care Electronics. The company's products are sold in more than 30 countries worldwide through a variety of retail outlets, including electronics stores, online stores and specialized channels. The company had sales of SEK 346 million in 2007. Doro's shares are quoted on the OMX Nordic Exchange, Small companies. Read more about Doro at [Hwww.doro.com](http://Hwww.doro.com)



## Comments by the CEO, Jérôme Arnaud

"Care Electronics' sales continued to show strong growth during Q2, climbing by almost 300 per cent and the business unit now accounts for some 40 per cent of total sales. In June this figure was 47 per cent of total sales.

The HandleEasy 328gsm and HandleEasy 330gsm mobile phones are being launched successfully across Europe. During the second half of 2008 this trend is expected to continue on the back of marketing efforts and the launch of new products for senior citizens. The market for easy-to-use mobile phones adapted to a senior target group continues to grow as the awareness of their availability and ease-of-use increases.



According to what was communicated in the Q1 report, this development has not yet offset Home and Business Electronics' lower sales figures. Lower sales combined with higher marketing and sales costs for introducing new mobile phones in Care Electronics, resulted in a pre tax loss for Doro of SEK 4.3 million for the second quarter.

During the second half of 2008 we will continue to build our Care Electronics business. In Home Electronics we will focus on the launch of new products to offset market decline. In Business Electronics we anticipate improved sales of our new range of VoIP products having strengthened our sales force".

### Sales

Doro had sales of SEK 68.1 million (SEK 72.5 m) in Q2 and SEK 139.5 million (SEK 151.2 m) during the first half year. The lower sales follows forecasted sales trends in Home and Business Electronics. Care Electronics continues to show strong growth and increased its sales by almost 300 per cent compared to Q2 last year, and by over 200 per cent during the first half year. Care Electronics sales thereby represented 40 per cent of total sales for the second quarter and 33 per cent of total sales for the half year.

### Operating profit - EBIT

The operating loss before tax and financial items for the second quarter was SEK 4.3 million (SEK -0.2 m) and for the half year SEK 3.7 million (SEK +1.1 m).

The gross margin improved due to the increased sales mix of Care Electronics' products with higher margins. The weakened US dollar had a positive effect on margins.

### Cash flow, investments and financial position

The cash flow from operations during the second quarter was SEK -10.0 million (SEK -16.3 m) and for the half year SEK -27.3 million (SEK -30.3 m), due to seasonal pattern and higher working capital required by Doro's new product launches in Care Electronics. Investments during the second quarter amounted to SEK 1.3 million (SEK 1.3 m) and SEK 2.8 million (SEK 1.3 m) for the half year. At the close of the period Doro had bank loans of SEK 35.7 million, and the company had SEK 60 million in total pre-agreed credit facilities including factoring as of 30

June 2008.

The equity/assets ratio was 25 per cent (23) at the end of the period.

### Business units

Doro has three business units: Home Electronics, which is mainly home telephony, representing 51 per cent of sales during the second quarter (74 per cent in Q2, 2007), Business Electronics, mainly specialising in business telephony, 9 per cent of sales during the second quarter (17 per cent in Q2, 2007) and Care Electronics, which specialises in telecoms and electronic products for senior citizens, 40 per cent of sales during the second quarter (9 per cent in Q2, 2007).

#### Home Electronics

During the first half year sales fell for comparable units by 21 per cent to SEK 77.3 million (SEK 97.7 m) although only by 6 per cent in volume. Due to rationalization, product mix and currency effects, margins rose compared to the same period last year. The negative sales trend followed the general decline of the market. However, at the end of the second quarter demand improved.

#### Business Electronics

During the first half year Business Electronics had sales of SEK 15.5 million (SEK 22.2 m). The introduction of new ranges of VoIP (Voice over IP) products during Q1 has been slow and therefore Doro has strengthened the sales force. A more positive sales figure for VoIP products is forecasted for the second half of 2008.



### Care Electronics

During the first half year Care Electronics increased its sales to SEK 46.7 million (SEK 15.1 m) – a rise of more than 200 per cent. This strong growth is mainly driven by the success of easy-to-use mobile phones. Sales were particularly strong in the Nordic region and in the UK.

In addition to the two latest additions to the product portfolio, the Doro HandleEasy 328gsm and HandleEasy 330gsm, Doro also introduced an innovative amplified cordless phone HearPlus 318w, emphasizing the need for strong ergonomic features for elderly.

In July, Doro was presented in the American business magazine "BusinessWeek" as one of the winners of IDEA®, the American design award. It is one of the most prestigious prizes in the world, with only top-class international designs receiving recognition. This year, five of Doro's Care Electronics products have won bronze in the "Communications products" category.

### Regions

Doro's three regions are Mainland Europe (43 per cent of sales for the first half year), Nordic (40 per cent) and UK and Ireland (17 per cent).

#### Mainland Europe

Sales fell by 11 per cent during the first six months of 2008, as sales still have a higher proportion of Home products compared to Nordic region.

#### Nordic region

Sales fell by 4 per cent. The continued strong sales increase of mobile phones within Care Electronics has almost offset the declining sales in Home Electronics.

#### UK and Ireland

Sales by all business units progressed well and rose by 63 per cent in the UK and Ireland region through listings with key distributors. Due to the strong sales increase, Doro has gained market share in the UK.

### Personnel

The headcount was 56 at the end of the period. 27 are based in Sweden, 17 in France, 4 in the UK, 4 in Norway and 4 in Hong Kong.

Doro has recruited Annette Borén as the company's new Chief Financial Officer. Annette Borén will replace Stefan Sjölin, as CFO of Doro on 17 October 2008. She has extensive financial experience and for the past three years has worked at Länsförsäkringar Skåne as Financial Director. She has an MBA from Lund University.

### Doro's shares

Doro is listed on the OMX Nordic Exchange Stockholm Small Cap - Telekom/IT.

Eight key employees bought 130,000 shares in the

company from DO Intressenter as of 7 January 2008.

### Parent company

The parent company's net sales for the first half year amounted to SEK 59.5 million (SEK 5.3 m). Doro Nordic AB, the former sales company, merged with the parent company Doro AB on 1 January 2008. The loss before tax was SEK 9.3 million (SEK -27.9 m).

### Outlook

The gradually increased proportion of Care Electronics, as part of total Doro sales combined with the improved total order intake, is anticipated to improve the result for second half of 2008 compared to the same period previous year. A continuous strengthening of the US dollar may adversely affect the gross margin.

### Risks

Doro's risks and instability factors are mainly related to supplier disruption, customer relations and currency exchange rate fluctuations. Apart from these risks and instability factors, which are described in the Annual Report 2007 on pages 24, 41 and 42, no other risks of any significance have been identified during the last period.

### Accounting principles

For the Group, this interim report is prepared according to IAS 34, Interim Financial Reporting, and the Annual Accounts Act and for the parent company, according to the Annual Accounts Act.

### Future reports and events

#### Quarterly reports

The Board has decided the following dates for the quarterly reports:

January-September 2008: 23 October 2008

January-December 2008: 4 February 2009

The quarterly reports are available at Doro's website: [www.doro.com](http://www.doro.com)

This quarterly report has been drawn up in accordance with the same accounting principles as the last annual report, and has not been subjected to a review by the company's auditors.

*Information disclosed in this press release is provided herein pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act.*

Lund, 20 August 2008 – 08.30

The Board Doro AB (publ)  
Co. Reg. No 556161-9429  
Doro is listed on the OMX Nordic Exchange Stockholm Small Cap - Telekom/IT



## Information

For further information, please contact:  
CEO Jérôme Arnaud, +46 46 280 50 05

Director Marketing, Fredrik Forssell +46 46 280 50 80

Magistratsvägen 10  
SE-226 43 Lund, Sverige  
Telefon: +46 46 280 50 60  
[www.doro.com](http://www.doro.com)

The Board and CEO confirm that this interim 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 the Group companies.

Bo Kastensson  
Chairman of the Board

Jérôme Arnaud  
CEO

Peter Blom  
Board member

Tomas Persson  
Board member

Jonas Mårtensson  
Board member



## Interim Report 1 January–30 June 2008

| INCOME STATEMENT (SEK m) Group       | 2008<br>Apr-Jun | 2007<br>Apr-Jun | 2008<br>Jan-Jun | 2007<br>Jan-Jun | 2007<br>Jan-Dec |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net sales                            | 68.1            | 72.5            | 139.5           | 151.2           | 346.3           |
| Operating costs                      | -70.9           | -71.8           | -140.4          | -148.5          | -336.3          |
| Operating profit before depreciation | -2.8            | 0.7             | -0.9            | 2.7             | 10.0            |
| Depreciation acc. to plan            | -0.8            | 0.1             | -1.6            | -0.6            | -0.8            |
| Operating profit after depreciation  | -3.6            | 0.8             | -2.5            | 2.1             | 9.2             |
| Net financial items                  | -0.7            | -1.0            | -1.2            | -1.0            | -1.1            |
| Pretax profit                        | -4.3            | -0.2            | -3.7            | 1.1             | 8.1             |
| Taxes                                | 0.0             | 0.0             | 0.0             | 0.0             | -0.6            |
| Net profit                           | -4.3            | -0.2            | -3.7            | 1.1             | 7.5             |
| Numbers of shares (average thousand) | 17408           | 17408           | 17408           | 17408           | 17408           |
| EPS before tax                       | -0.24           | -0.01           | -0.21           | 0.06            | 0.47            |
| EPS after tax                        | -0.24           | -0.01           | -0.21           | 0.06            | 0.43            |

| BALANCE SHEET SEK m) Group       | 2008<br>30 Jun | 2007<br>30 Jun | 2007<br>31 Dec |
|----------------------------------|----------------|----------------|----------------|
| Intangible assets                | 10.7           | 8.8            | 10.4           |
| Tangible assets                  | 5.3            | 2.4            | 3.8            |
| Inventories                      | 56.3           | 55.7           | 51.2           |
| Current receivables              | 64.7           | 70.7           | 87.7           |
| Cash at hand                     | 5.5            | 5.9            | 8.3            |
| Total assets                     | 142.5          | 143.5          | 161.4          |
| Shareholders' equity             | 35.7           | 31.7           | 39.5           |
| Interest bearing liabilities     | 35.8           | 11.4           | 8.0            |
| Non-interest bearing liabilities | 71.0           | 100.4          | 113.9          |
| Total equity and liabilities     | 142.5          | 143.5          | 161.4          |

| CASH FLOW (MSEK m) Group            | 2008<br>Apr-Jun | 2007<br>Apr-Jun | 2008<br>Jan-Jun | 2007<br>Jan-Jun | 2007<br>Jan-Dec |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating profit after depreciation | -3.6            | 0.9             | -2.5            | 2.1             | 9.2             |
| Depreciation                        | 0.8             | -0.1            | 1.6             | 0.6             | 0.8             |
| Net financial items                 | -0.7            | -1.1            | -1.2            | -1.0            | -1.1            |
| Taxes                               | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             |
| Changes in working capital          | -6.5            | -16.0           | -25.2           | -32.0           | -30.1           |
| Cash flow from current activities   | -10.0           | -16.3           | -27.3           | -30.3           | -21.2           |
| Acquisitions                        | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             |
| Investments                         | -1.3            | -1.3            | -2.8            | -1.3            | -5.1            |
| Cash flow from investments          | -1.3            | -1.3            | -2.8            | -1.3            | -5.1            |
| Loans raised                        | 16.7            | 8.9             | 35.7            | 6.9             | 3.5             |
| New issue                           | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             |
| Dividend paid out                   | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             |
| Translation difference and other    | 0.0             | 1.0             | 0.0             | 0.0             | 0.5             |
| Cash flow from financing activities | 16.7            | 9.9             | 35.7            | 6.9             | 4.0             |
| Change in liquid funds              | 5.4             | -7.7            | 5.6             | -24.7           | -22.3           |
| Net debt                            | 11.7            | 4.7             | 30.2            | 5.5             | -0.3            |

| SHAREHOLDERS EQUITY (SEK m) Group | 2008<br>30 Jun | 2007<br>30 Jun | 2007<br>31 Dec |
|-----------------------------------|----------------|----------------|----------------|
| Opening balance                   | 39.5           | 32.0           | 31.6           |
| Result of the period              | -3.7           | 1.1            | 7.5            |
| Dividend                          | 0.0            | 0.0            | 0.0            |
| New issue                         | 0.0            | 0.0            | 0.0            |
| Currency effect and other         | -0.1           | -1.4           | 0.4            |
| Closing balance                   | 35.7           | 31.7           | 39.5           |

| OTHER KEY FIGURES Group                           | 2008<br>30 Jun | 2007<br>30 Jun | 2007<br>31 Dec | 2006<br>31 Dec |
|---|----------------|----------------|----------------|----------------|
| Equity / Asset ratio                              | 25             | 23             | 24             | 17             |
| Numbers of A-shares (average thousand)            | 17408          | 17408          | 17408          | 17408          |
| Reported equity per share                         | 2.05           | 1.88           | 2.27           | 1.81           |
| Return on average shareholders' equity            | Neg            | 7              | 21             | neg            |
| Return on average capital employed                | Neg            | 12             | 27.1           | neg            |
| Market price at period's end restated after issue | 4.25           | 7.30           | 5.80           | 5.00           |
| Market value (SEK m)                              | 74             | 127            | 101            | 87             |

| SALES PER SEGMENT (SEK m) Group | 2008<br>Apr-Jun | 2007<br>Apr-Jun | 2008<br>Jan-Jun | 2007<br>Jan-Jun |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| Home Electronics                | 35.0            | 48.7            | 77.3            | 97.7            |
| Business Electronics            | 5.7             | 12.2            | 15.5            | 22.2            |
| Care Electronics                | 27.4            | 6.2             | 46.7            | 15.1            |
| Divested units                  | 0.0             | 5.4             | 0.0             | 16.2            |
| Total                           | 68.1            | 72.5            | 139.5           | 151.2           |

| OPERATING PROFIT/LOSS AFTER<br>DEPRECIATION PER SEGMENT (SEK M) Group | 2008<br>Apr-Jun | 2007<br>Apr-Jun | 2008<br>Jan-Jun | 2007<br>Jan-Jun |
|---|-----------------|-----------------|-----------------|-----------------|
| Home Electronics  | -3.2            | 1.4             | -2.3            | 3.3             |
| Business Electronics  | -2.2            | 0.2             | -3.3            | 0.5             |
| Care Electronics  | 1.8             | -0.7            | 3.1             | -1.7            |
| Divested units  | 0.0             | 0.0             | 0.0             | 0.0             |
| Operating profit/loss after depreciation                              | -3.6            | 0.9             | -2.5            | 2.1             |

| INCOME STATEMENT (SEK M) Parent company | 2008<br>Apr-Jun | 2007<br>Apr-Jun | 2008<br>Jan-Jun | 2007<br>Jan-Jun |
|---|-----------------|-----------------|-----------------|-----------------|
| Net sales                               | 29.0            | 2.8             | 59.5            | 5.3             |
| Operating costs                         | -28.2           | -17.1           | -64.1           | -31.2           |
| Operating profit before depreciation    | 0.8             | -13.3           | -4.6            | -25.9           |
| Depreciation acc. to plan               | -1.9            | 0.1             | -3.3            | -0.2            |
| Operating profit after depreciation     | -1.1            | -14.2           | -7.9            | -26.1           |
| Net financial items                     | -0.4            | -0.7            | -1.4            | -1.8            |
| Pretax profit                           | -1.5            | -14.9           | -9.3            | -27.9           |
| Taxes                                   | 0.0             | 0.0             | 0.0             | 0.0             |
| Net profit                              | -1.5            | -14.9           | -9.3            | -27.9           |

| BALANCE SHEET (SEK m) Parent company | 2008<br>30 Jun | 2007<br>30 Jun | 2007<br>31 Dec |
|--------------------------------------|----------------|----------------|----------------|
| Intangible assets                    | 24.7           | 0.0            | 18.0           |
| Tangible assets                      | 2.4            | 1.0            | 1.0            |
| Financial assets                     | 77.0           | 78.0           | 77.0           |
| Inventories                          | 20.3           | 0.0            | 0.0            |
| Current receivables                  | 21.3           | 16.0           | 12.3           |
| Cash at hand                         | 0.0            | 0.0            | 1.8            |
| Total assets                         | 145.7          | 95.0           | 110.1          |
| Shareholders' equity                 | 36.0           | 45.3           | 45.3           |
| Interest bearing liabilities         | 27.2           | 30.7           | 46.4           |
| Non-interest bearing liabilities     | 82.5           | 19.0           | 18.4           |
| Total equity and liabilities         | 145.7          | 95.0           | 110.1          |