



**DORO**  
**JANUARY – MARCH 2021**

**Carl-Johan Zetterberg Boudrie**  
**President & CEO**

**Thursday April 29<sup>th</sup>, 2021**

# AGENDA

- Key highlights
- First quarter 2021
- Concluding remarks and Q&A session



# KEY HIGHLIGHTS



# KEY HIGHLIGHTS IN THE QUARTER

## Improved margins

Strong margins in the quarter, both gross margin and operating margin improved compared to Q1 2020

With continued good cost control, we have been able to balance the effects of weaker sales

## Strengthened offering

We launched our new mobile social alarm in the quarter the Doro 450

In the quarter we have continued to improve our offering with new releases to support new products and features

## Listing of Business Area Doro Care

Doro intends to separately list Business Area Doro Care in the fourth quarter of this year

The split will enable both businesses to create the best foundation to achieve its long-term ambitions



# FIRST QUARTER 2021



# BUSINESS AREA DORO CARE

## Business highlights

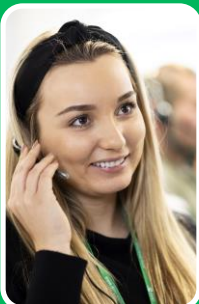
- Continued to strengthened our product offering with the launch of our new mobile social alarm Doro 450
- During the quarter we have continued with new releases for our device management and health monitoring systems to support new products and features
- FirstCall 24/7 was acquired in the quarter, extending our reach in the UK market
- Positive organic growth of 0.4%, adjusted for currency effects in the quarter
- We won several new contracts during the quarter, both in Sweden and in the United Kingdom
- Improved gross margin in the quarter, several efficiency measures have been implemented to streamline the service delivery. We have, among other things, reduced the number of alarm platforms in UK
- Slow product sales in both UK and Norway due to COVID-19





# BUSINESS AREA DORO CARE

## SALES & FINANCIALS Q1 2021



### Sales in Business Area Doro Care

- Sales increased 5.9% y/y. Organic growth of -4.0% y/y, adjusted for currency effects 0.4%
- Sales of services increased by 7.6% y/y, also an increase compared to Q4'20
- Sales in products decreased both y/y and compared to Q4'20, effected by lockdown and restrictions in UK and Norway

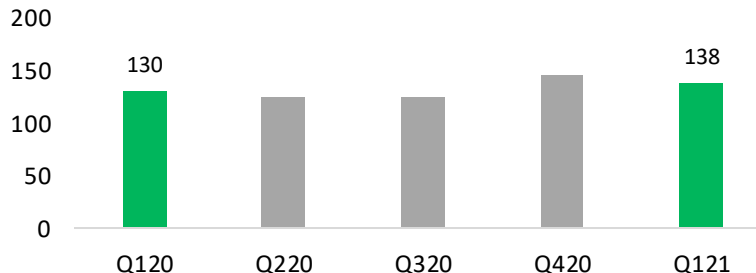


### Financials Business Area Doro Care

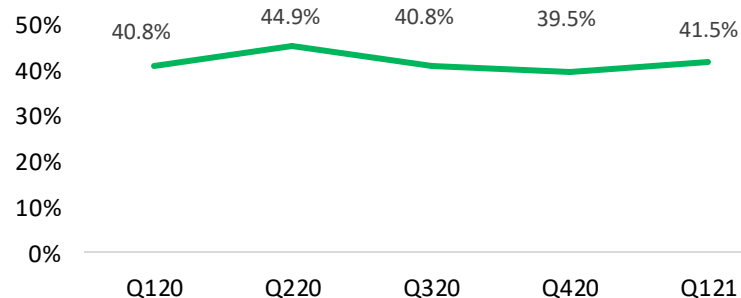
- EBIT SEK 7.7m (7.2)
- Gross margin 41.5% (40.8), efficiency measures were implemented in the quarter, primarily in UK
- Operating margin 5.6% (5.5)
- Number of subscriptions 371 000 (316 000)
- Investments in product development, SEK 7.4m (5.0)

### NET SALES

SEKm



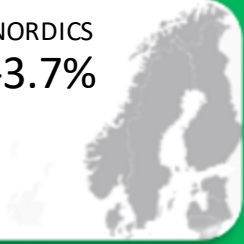
### GROSS MARGIN



# BUSINESS AREA DORO CARE

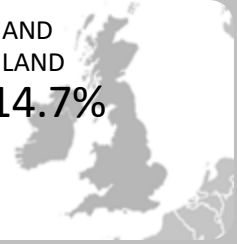
## SALES PER MARKET Q1 2021

NORDICS  
-3.7%



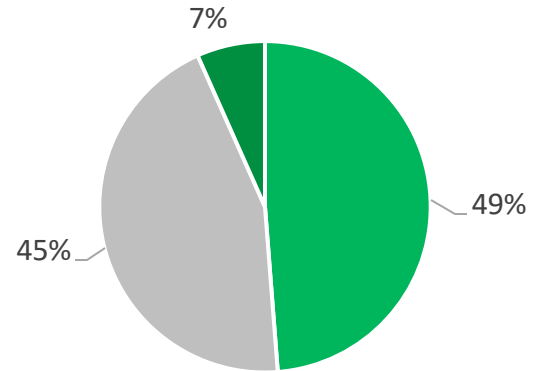
- Sales decreased due to lost contracts last year in both Sweden and Norway
- Tender activity increased in Sweden during the quarter, won several new contracts
- Slow sales in Norway due to COVID-19 which postponed roll-outs

UK AND  
IRELAND  
+14.7%



- Slow product sales, negatively affected by lockdown and restrictions
- Won a few new contracts that will have a positive effect on sales in the coming quarters
- FirstCall 24/7 was acquired in the quarter, added 1,600 connections

Sales per region (Q121 / Growth Y/Y Q121)



- Nordics (SEK 67.3/-3.7%)
- United Kingdom and Ireland (SEK 61.5m/14.7%)
- Rest of the World (SEK 9.2m/35.3%)



# BUSINESS AREA DORO PHONES

## Business highlights

- During the quarter, we strengthened our market-leading position in France and the Nordics and maintained it in the UK
- Some of our main markets were still in lockdown or significantly affected by restrictions in the quarter
- The phase out of less profitable markets like North America contributed to the decrease in sales
- Strong gross margin of 35.1%, mainly due to a more profitable product and customer mix and favorable exchange rates
- Increased challenges in our supply chain with constraints in the supply of components, increased lead times and higher shipping costs
- Continued negative sales trend in Germany which is why we have decided to restructure the region as a final part of the restructuring program
- With continued good cost control, the Business Area has been able to balance the effects of weaker sales and delivered strong margins



# BUSINESS AREA DORO PHONES

## SALES & FINANCIALS Q1 2021



### Sales in Business Area Doro Phones

- Sales continues to be negatively impacted by COVID-19 and phase out of less profitable markets, decreased -32.4% y/y, adjusted for currency effect -27.2 %
- Continued growth in online sales and an increased demand in smartphones, positive trend particularly in France

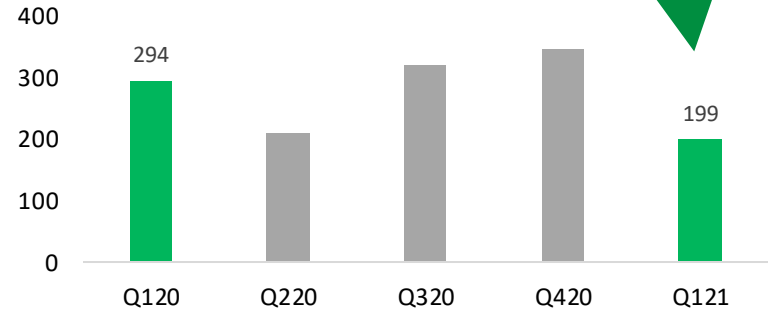


### Financials Business Area Doro Phones

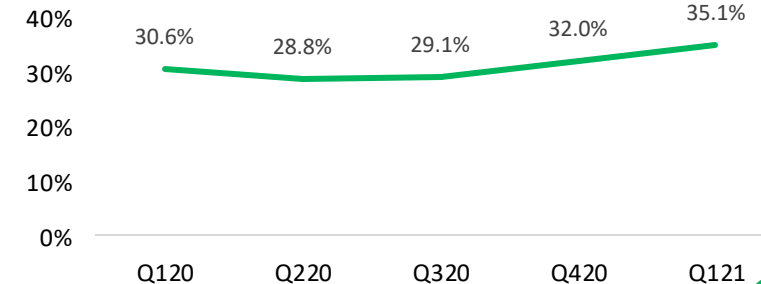
- Gross margin increased to 35.1% (30.6), mainly due to favorable exchange rates and mix effects
- EBIT SEK 12.7m (9.9), continued good cost control contributed to a stable EBIT in the quarter
- Operating margin 6.4% (3.4)
- Investment product development SEK 3.1m (8.5)

### NET SALES

SEKm



### GROSS MARGIN



# BUSINESS AREA DORO PHONES

## SALES PER MARKET Q1 2021

NORDICS  
-9.3%



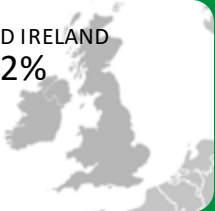
- Manifested our market leading position
- Increased sales of smartphones

WEST AND SOUTH  
EUROPE AND AFRICA  
-6.4%



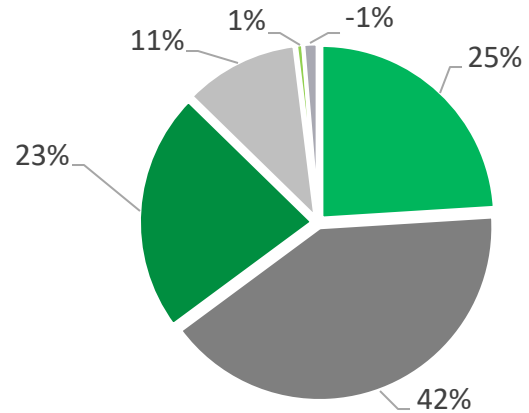
- Good quarter despite lockdown and restrictions, mainly due to strong sales in France
- Increased demand in smartphones and a positive development in online sales

UK AND IRELAND  
-48.2%



- The market is strongly affected by COVID-19 with lockdown and restrictions
- Many customers secured their inventory in Q4 2020 to prepare for Brexit, which affected sales in Q1

Sales per Region (Q121 / Growth Y/Y Q121)

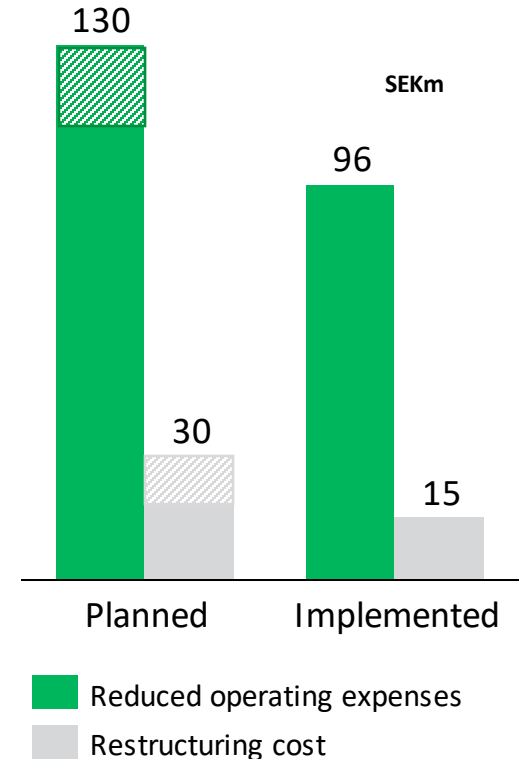


- Nordics (SEK 49.0m/-9.3%)
- West and South Europe and Africa (SEK 83.4m/-6.4%)
- Central and Eastern Europe (SEK 45.8m/-36.2%)
- United Kingdom and Ireland (SEK 21.9m/-48.2%)
- North America (SEK 1.3m/-96.9%)
- Other (SEK -2.7m)

# RESTRUCTURING UPDATE

We are restructuring our business and primarily Business Area Doro Phones to ensure long-term profitability and cash flow. The new structure will give a solid foundation for further expanding our market leading position in both business areas and develop new products and services designed to suit the needs of the senior

- Annual operating expenses are expected to decrease by SEK 110-130 million in comparison to 2019 levels. During 2021 we have implemented savings of SEK 14 million, and in total we have implemented savings of SEK 96 million in Doro Group
- In 2021 we are expected to implement the rest of the savings (15-35 millions) with full effect in end of 2021
- During the first quarter of 2021 we continued to phase out less profitable markets such as North America and Italy
- As a final step in the restructuring program, we have in the quarter initiated a restructuring of region DACH
- Estimated restructuring costs of SEK 20-30 million, 15.0 million affecting 2020. Restructuring costs of 5-15 million is planned during Q2-Q3 2021, not expect to exceed 30 million.



# PROFITABILITY GROUP Q1 2021

## Sales

- Net sales SEK 336.7m (424.2), decrease with -20.6% compared to Q1 2020, adjusted for currency effects - 16.4 %
- Organic growth adjusted for currency effects of 0.4% in business area Doro Care
- Still uncertain how the pandemic will affect us in coming quarters

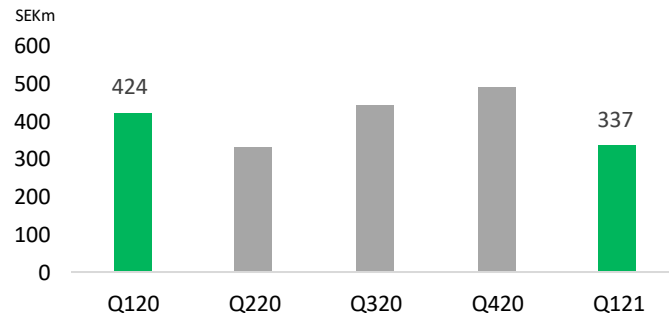
## Margin

- Gross margin increased compared to Q1 2021, strong improvement in the quarter mainly due to favorable exchange rates
- Operating margin of 5.5 % excluding project costs for the separation and separate listing of business area Doro Care despite lower sales

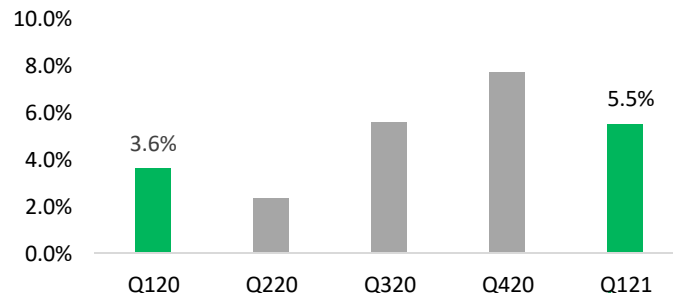
## Profit

- EBITDA SEK 47.9m (43.7)
- EBIT SEK 18.4m excluding project costs for separation and listing of Business Area Doro Care of SEK 1.0m, including restructuring costs, EBIT amounted to SEK 17.4m (15.2)
- Profit after tax SEK 18.8m (14.5)

NET SALES



OPERATING MARGIN



# CASH FLOW Q1 2021

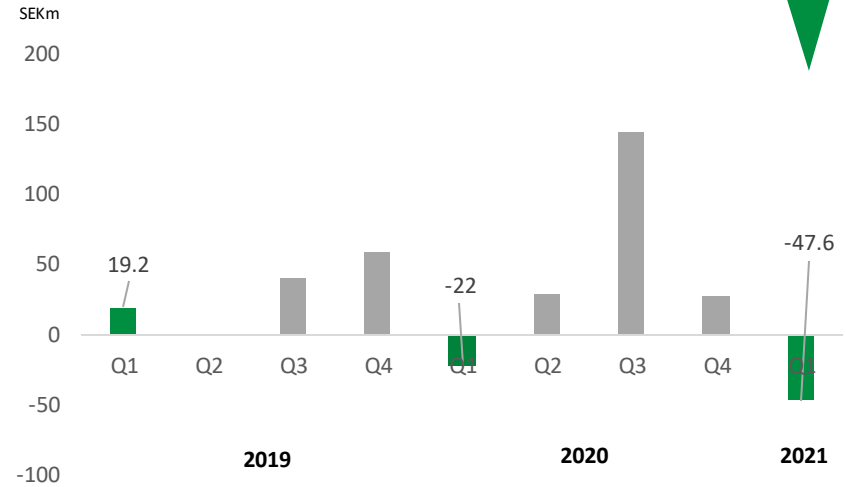
## Cash flow

- Free Cash Flow before acquisitions amounted to SEK -47.6m (-22.0)
- The low cash flow is mainly explained by a negative change in working capital since we have returned to normal payment terms with our suppliers

## Net debt

- Net debt of SEK 32.3m at the end of Q1 2021, compared with a net cash of SEK 12.1m at the end of Q4 2020, and a net debt of SEK 129.6m at the end of Q1 2020
- Equity/assets ratio at 56.4% end of Q1, up vs Q4 2020 at 50.9% and up from 50.2% end of Q1 2020

## FREE CASH FLOW



Q1 cash flow  
-47.6m



# CONCLUDING REMARKS AND Q&A



# CONCLUDING REMARKS

## Q1 positive

- Announced that we intend to separately list Business Area Doro Care
- Positive development in some of our main markets despite the continued COVID-19 impact
- Strengthened our position and expanded our geographical presence in the UK market
- We continued to improve our offering with new releases such as the Doro 450
- Delivered strong margins despite drop in sales

## Q1 challenges

- Growth in business area Doro Care too slow in some markets impacted by COVID-19, although the Swedish market started to recover in the quarter
- Business Area Doro Phones still significantly impacted by the effects of the pandemic
- We have experienced increased challenges in our supply chain with constraints in the supply of components, increased lead times and higher shipping costs

## Priorities ahead

- Minimize effects from global supply chain challenges
- Expand and strengthen our offering, and drive organic growth within business area Doro Care
- Finalize restructuring program, realizing a significantly lower cost base
- Continue the preparations for a separate listing of business area Doro Care
- Continue to deliver what we do best – safety and independence for seniors

# Q&A

- Thank you for your attention!
- Next report: Q2 July 16, 2021
- Contact: [ir@doro.com](mailto:ir@doro.com)



# DISCLAIMER

- FORWARD-LOOKING STATEMENTS

- This presentation contains forward-looking statements with words such as “believes”, “anticipates”, “outlook”, “confident”, “meeting” and “expects” about expected revenues and earnings, anticipated demand, internal estimates and liquidity. These forward-looking statements involve a number of unknown risks, uncertainties and other factors that could cause actual results to differ materially. Unknown risks, uncertainties and other factors are discussed in the “Risk” section of the Annual Report 2020 and in the Interim Report.

- CONSOLIDATED FINANCIAL RESULTS

- Doro provides financial information adjusted for items such as currency effects and one-off cost items solely as supplemental financial information to help investors and the financial community make meaningful comparisons of Doro’s operating results from one financial period to another. These adjustments might not be in accordance with IFRS.

THANK YOU!

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