

DORO APRIL – JUNE 2020

Carl-Johan Zetterberg
Boudrie, President & CEO

Linda Nilsson, CFO

Thursday July 16th 2020



AGENDA

- Key highlights
- Second quarter 2020
- Concluding remarks and Q&A session



KEY HIGHLIGHTS



KEY HIGHLIGHTS IN THE QUARTER

COVID-19

Sales was negatively impacted by the pandemic in beginning of the quarter, with a recovery in June
With strong measures we have managed to maintain our service levels and quality in our service business

SEK 7.8m
EBIT

With early and effective cost reducing activities we have managed to deliver a positive operating profit and cash flow in the quarter

Reorganisation & Restructuring

The business will be organised in two distinct business areas, Doro Care and Doro Phones
Doro Phones will be restructured to ensure long-term profitability and cash flow



SECOND QUARTER 2020



BUSINESS SEGMENT CARE

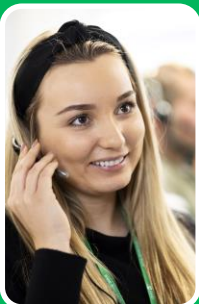
Business highlights

- With strong and successful measures, managed to maintain our service levels and quality of service
- Sales of services within Business Segment Care increased with 18.3 % compared with the second quarter of 2019
- Fewer procurements as health and social care commissioners had their focus on handling the immediate effects of the pandemic
- Revenue development in Business Segment Care not in line with our ambition
- The integration and work to extract synergies from our latest acquisition Centra Pulse and Connect has shown progress in the quarter which has improved gross margin
- COVID-19 may onwards lead to an increased demand in technology enabled care



BUSINESS SEGMENT CARE

SALES & FINANCIALS Q2 2020



Sales in Business Segment Care

- Sales increased 14.2 % y/y with organic growth of 0.3 % y/y
- Sales of services increased by 18.3 % y/y
- Sales in products for other markets decreased during the quarter vs Q1 2020, and services inline with Q1 2020

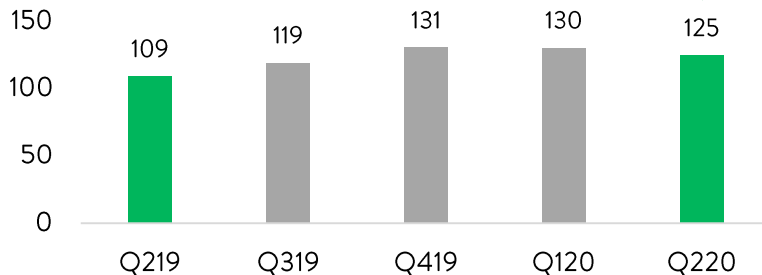


Financials Business Segment Care

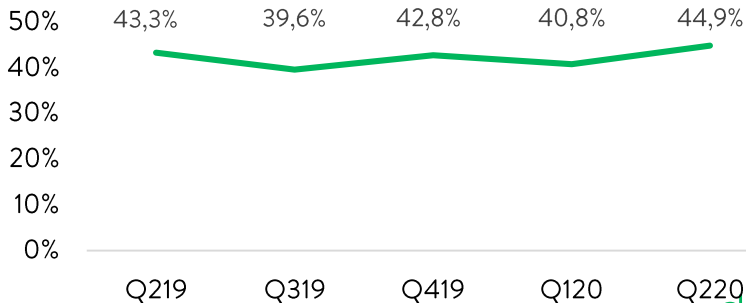
- EBIT SEK 14.9m (9.4)
- Gross margin 44.9 % (43.3), mainly an effect of synergies from our latest acquisition Centra Pulse and Connect
- Operating margin 11.9 % (8.6)
- Number of subscriptions 304 000 (202 000)
- Investments in product development, SEK 5.9m (2.1)

NET SALES

SEKm



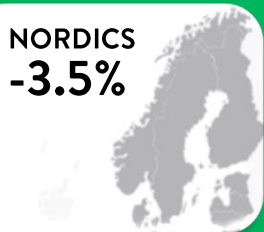
GROSS MARGIN



BUSINESS SEGMENT CARE

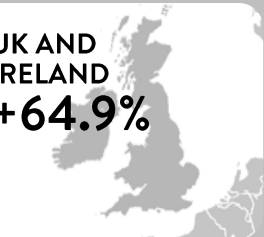
SALES PER MARKET Q2 2020

NORDICS
-3.5%



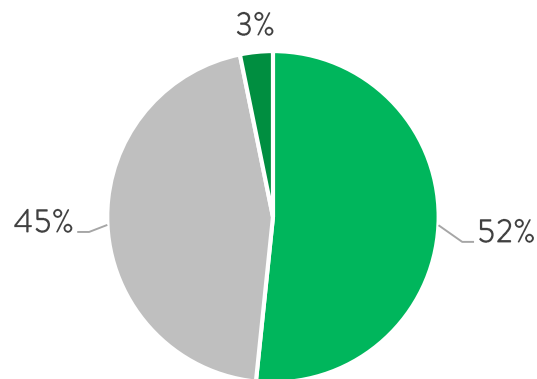
- Fewer procurements as health and social care commissioners focused on handling the immediate effects of the pandemic
- Sales in Norway decreased, lost contract as service insourced by the local authority

UK AND
IRELAND
+64.9%



- Improved profitability due to progress in extracting synergies from acquisition Centra Pulse and Connect
- Increased demand in product sales in beginning of quarter due to COVID-19

Sales per region (Q220 / Growth Y/Y Q220)



- Nordics (SEK 64.5/-3.5%)
- United Kingdom and Ireland (SEK 56.4m/64.9%)
- Rest of the World (SEK 4.0m/-52.2%)

BUSINESS SEGMENT PHONES

Business highlights

- Sales in the quarter negatively affected by COVID-19 with extensive lock-downs. April and May hit particularly hard, gradual improvement during June in several markets
- The orderbook at the end of the quarter increased 17.9 % compared to the first quarter indicating a recovery during the quarter
- Online sales has developed positively in the quarter
- With early and effective cost reducing activities we have managed to offset most of the negative profit impact due to lower sales in the wake of COVID-19
- As the corona virus spreads, social exclusion and involuntary loneliness have become a reality for many seniors. Our products address this issue and to support we donated Doro phones to isolated seniors in a new initiative “Doro Do Good”



BUSINESS SEGMENT PHONES

SALES & FINANCIALS Q2 2020



Sales in Business Segment Phones

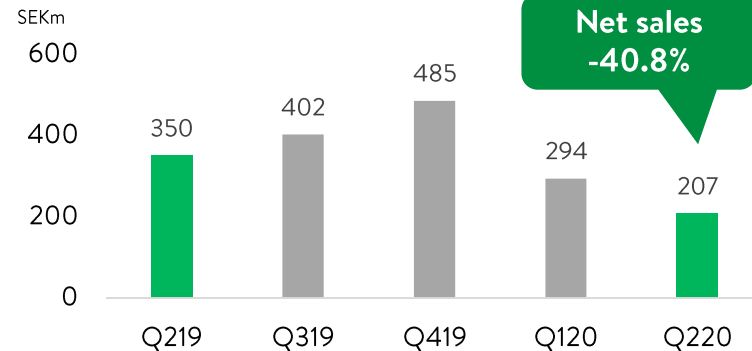
- Sales negatively impacted in the quarter mainly due to COVID-19, with most of our key markets being closed
- Sales decreased -40.8 % y/y
- Sell out from customers gradually improved from mid May resulting in sales recovery in June



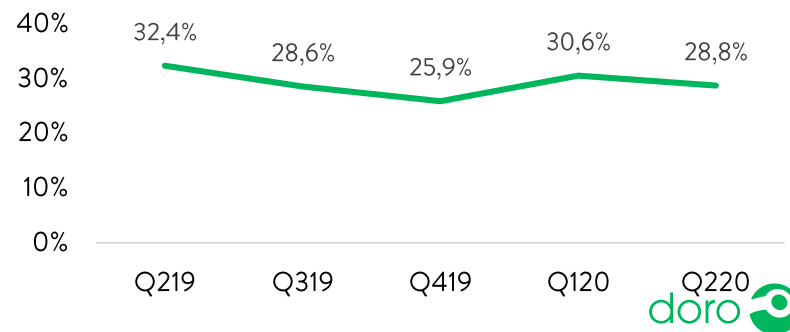
Financials Business Segment Phones

- EBIT SEK -1.9m (30.0)
- Gross margin 28.8 % (32.4), at a stable level despite the pandemic
- Operating margin -0.9 % (8.6), the decrease is mainly explained by the reduction in sales not fully offset by cost savings
- Investment product development SEK 9.5m (20.1)

NET SALES



GROSS MARGIN



BUSINESS SEGMENT PHONES

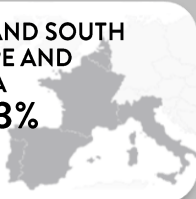
SALES PER MARKET Q2 2020

NORDICS
-21.5%



- Lower activity due to COVID-19, but unlike other markets the Nordics has not been affected to the same extent
- Doro phones donated to isolated seniors in a new initiative “Doro Do Good”

WEST AND SOUTH EUROPE AND AFRICA
-40.3%



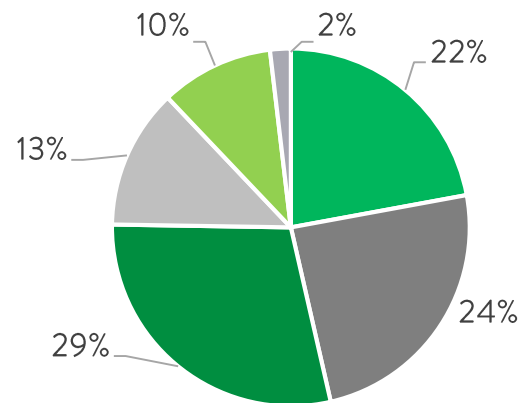
- Sales strongly affected by the pandemic, stores closed until mid May
- Online sales developed positively during the quarter

CENTRAL AND EASTERN EUROPE
-50.0%



- During April and May stores were completely in lock-down
- Stores reopened in June and sales started to recover

Sales per Region Q220 (Q120 / Growth Y/Y Q220)



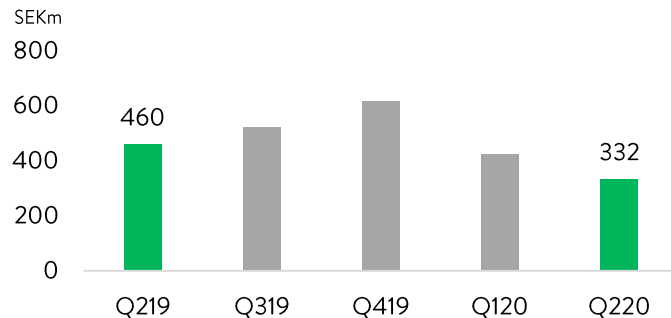
- Nordics (SEK 46.1m/-21.5%)
- West and South Europe and Africa (SEK 50.7m/-40.3%)
- Central and Eastern Europe (SEK 59.1m/-50.0%)
- United Kingdom and Ireland (SEK 26.4m/-41.2%)
- North America (SEK 21.3m/-51.8%)
- Other (SEK 3.9m)

PROFITABILITY GROUP Q2 2020

Sales

- Net sales SEK 332.3m (459.6), decreased with -27.7 % compared to Q2 2019
- Overall we managed to handle the effects of the pandemic in a successful way in a challenging quarter

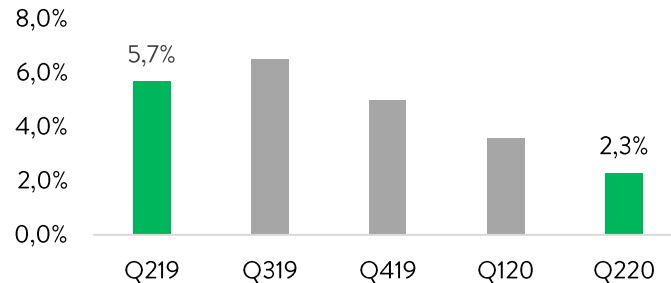
NET SALES



Margin

- Gross margin decreased compared with Q2 2019 but increased compared to Q1 2020
- Operating margin 2.3 %, despite lower sales with closed markets we delivered a positive margin due to early and effective cost reductions

OPERATING MARGIN



Profit

- EBITDA SEK 38.0m (47.3)
- EBIT SEK 7.8m (26.2)
- Profit after tax SEK -3.3m (18.7)

CASH FLOW Q2 2020

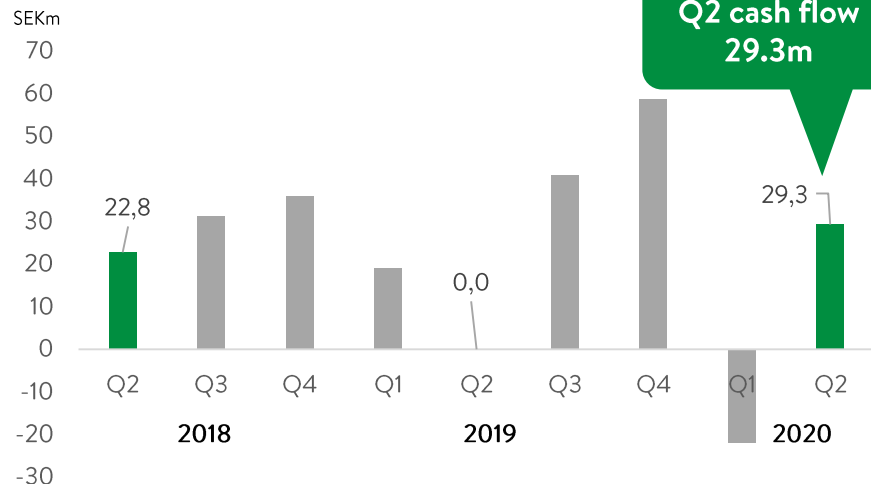
Cash flow

- Free Cash Flow before acquisitions amounted to SEK 29.3m (0.0)
- Higher cash flow y/y mainly due to a positive change in working capital

Net debt

- Net debt decreased q/q, to SEK 100.4 m from SEK 129.6m, and decreased y/y from SEK 154.6m
- Equity/assets ratio at 52.1% end of Q2, up vs Q1 2020 at 50.2% and up from 46.5% end of Q2 2019

FREE CASH FLOW



CONCLUDING REMARKS AND Q&A



CONCLUDING REMARKS

Q2 positive

- Manage to maintain and deliver high quality in our service business
- Markets started to open during the second half of the quarter with gradual recovery in sales
- Positive EBIT and cash flow despite a challenging quarter
- Improved gross margin and operating margin in Business Segment Care

Q2 challenges

- Weak sales with markets completely or partially closed during the first half of the quarter
- Fewer public procurements as health and social care commissioners had their focus on handling the immediate effects of the pandemic
- Sales in Business Segment Care disappointing, not up to expectations

Priorities ahead

- Continue to ensure safety for our employees and customers
- Accelerate strategy execution
- Fully implement new organisational structure with two distinct business areas, Doro Care and Doro Phones
- Restructure Doro Phones to increase focus and ensure long-term profitability
- Continuously manage the effects of the pandemic, ensure cost control and maintain quality in our service delivery

Q&A

- Thank you for your attention!
- Next report: Q3 October 23, 2020
- Contact: 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 2019 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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