

DORO JULY – SEPTEMBER 2020

Carl-Johan Zetterberg
Boudrie, President & CEO

Linda Nilsson, CFO

Friday October 23rd, 2020



AGENDA

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



KEY HIGHLIGHTS



KEY HIGHLIGHTS IN THE QUARTER

Doro Care Strategy Execution

Strengthening our technical capabilities and offering with the acquisition of Victrix and launch of our new welfare hub Doro Eliza

Improving our presence and position in United Kingdom with the acquisition of Eldercare

Restructuring

Will reduce our annual operating expenses with SEK 110-130 million

Savings of SEK 50 million implemented, and on track in reaching our savings target

Good financial performance

Solid operating margin excluding restructuring costs

Strong cash flow in quarter creating headroom for further investments



THIRD QUARTER 2020



BUSINESS AREA DORO CARE

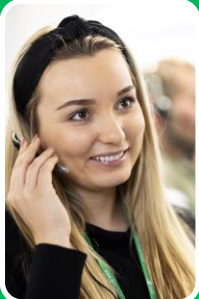
Business highlights

- During the quarter we accelerated our strategy, further strengthening our position as a leading company in technology enabled care
- Through the acquisition of Victrix we took a big step forward in our own software platform. This strengthens our technical capability and enables us to offer more proactive solutions
- We launched our new welfare hub Doro Eliza in the quarter, rewarded with the iF design award for its outstanding design
- Expanding our presence and position in the UK market. With the acquisition of Eldercare we are now one of the largest players in the market
- After the end of the period Connexus Careline was acquired which even further expands our presence in the UK market
- The work of extracting synergies from Centra Pulse and Connect continues to show progress in the quarter and we are working to integrate Eldercare and Connexus Careline



BUSINESS AREA DORO CARE

SALES & FINANCIALS Q3 2020



Sales in Business Area Doro Care

- Sales increased 4.3 % y/y with organic growth of -11.4 % y/y
- Sales of services increased by 7.6 % y/y, also an increase compared to Q2'20
- Sales in products decreased in all markets, especially in rest of the world

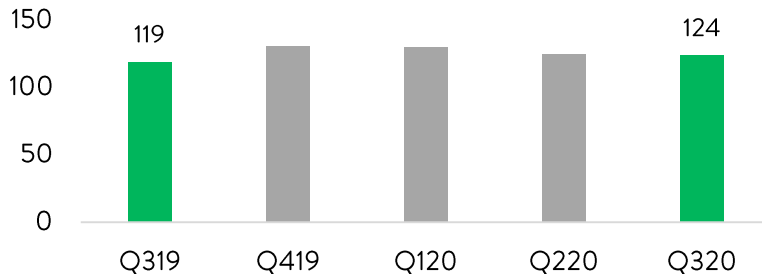


Financials Business Area Doro Care

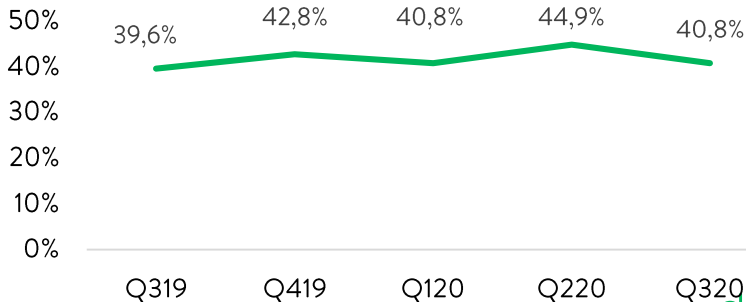
- EBIT SEK 9.7m (9.1)
- Gross margin 40.8 % (39.6), mainly an effect of synergies from our acquisition Centra Pulse and Connect
- Operating margin 7.8 % (7.6)
- Number of subscriptions 348 000 (304 000)
- Investments in product development, SEK 3.7m (4.8)

NET SALES

SEKm



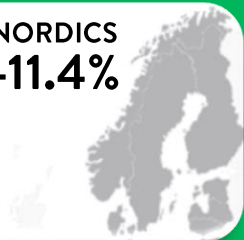
GROSS MARGIN



BUSINESS AREA DORO CARE

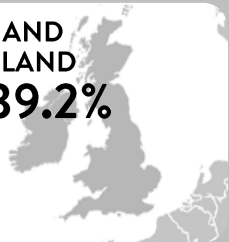
SALES PER MARKET Q3 2020

NORDICS
-11.4%



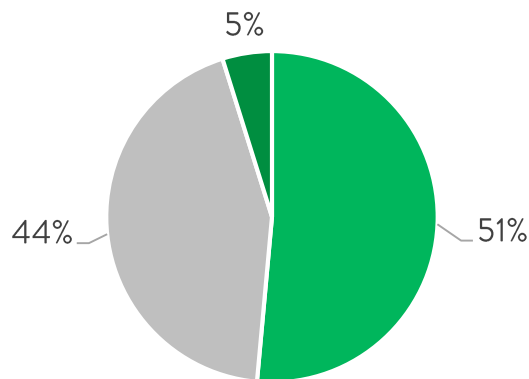
- Slow market development, procurements postponed as a result of COVID-19
- Increased tender activity in Sweden towards the end of the quarter
- Low product sales in Norway, successive increase in coming quarters expected due to the launch of Eliza

UK AND IRELAND
+39.2%



- The acquisition of Eldercare added 45 000 connections
- Tender activity started to return towards the end of the quarter

Sales per region (Q320 / Growth Y/Y Q320)



- Nordics (SEK 63.9/-11.4%)
- United Kingdom and Ireland (SEK 54.3m/39.2%)
- Rest of the World (SEK 6.0m/-24.7%)

BUSINESS AREA DORO PHONES

Business highlights

- Sales are still negatively affected by COVID-19, but most markets recovered in the period
- Strong recovery in France where we performed better than the market and reinforced our market leading position
- We see a strong recovery in traditional retail in the quarter, and online sales continue to develop positively
- We strengthened our product portfolio with the launch of Doro 7080, Doro 780X, Doro 730X and Doro 7000H
- Market situation still uncertain in coming quarters with the effects from the pandemic



BUSINESS AREA DORO PHONES

SALES & FINANCIALS Q3 2020



Sales in Business Area Doro Phones

- Sales negatively impacted mainly due to COVID-19, decreased -20.7 % y/y
- The recovery in certain markets was quicker than expected, why we have not been able to fully meet the demand in this quarter
- New product launches boosted sales to operators
- Order book increased with 37.4 % compared to the previous quarter

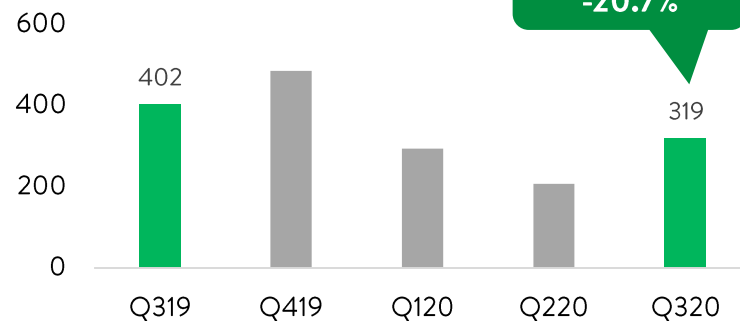


Financials Business Area Doro Phones

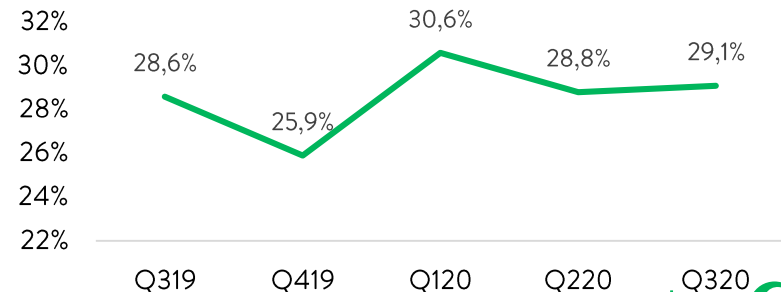
- Gross margin increased to 29.1 % (28.6)
- EBIT SEK 23.1m (29.8), good cost control contributed to a stable EBIT in a quarter affected by the pandemic
- Operating margin 7.2 % (7.4)
- Investment product development SEK 4.1m (20.5)

NET SALES

SEKm



GROSS MARGIN



BUSINESS AREA DORO PHONES

SALES PER MARKET Q3 2020

NORDICS
-21.8%



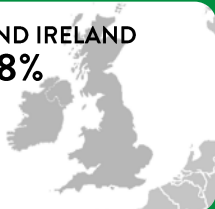
- Lower activity due to COVID-19
- Good listing frequency and new launches boosted sales in the quarter
- Maintaining market share

WEST AND SOUTH
EUROPE AND
AFRICA
+6.9%



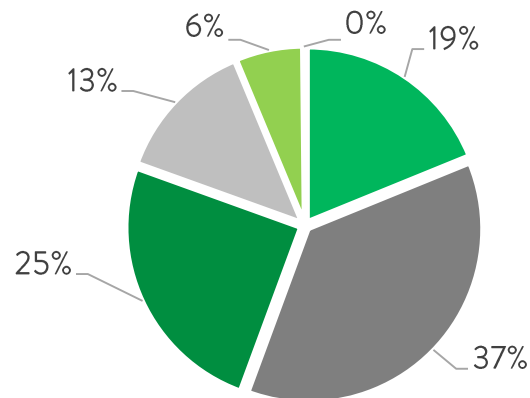
- Sales strongly recovered in the quarter, mainly driven by an increased demand of feature phones
- In a declining market we strengthen our market position in the quarter

UK AND IRELAND
+8.8%



- Strong recovery in retail during the quarter
- Online sales developing positively

Sales per Region (Q320 / Growth Y/Y Q320)

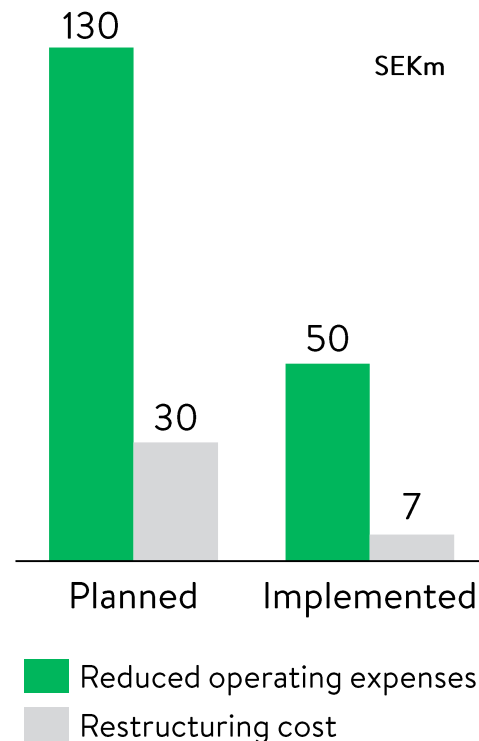


- Nordics (SEK 60.3m/-21.8%)
- West and South Europe and Africa (SEK 117.7m/6.9%)
- Central and Eastern Europe (SEK 79.6m/-31.9%)
- United Kingdom and Ireland (SEK 42.3m/8.8%)
- North America (SEK 19.6m/-66.0%)
- Other (SEK -0.5m)

RESTRUCTURING UPDATE

We are restructuring 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, already implemented SEK 50 million
- Increased focus on key markets and products
- Phase out less profitable markets
 - North America
- Closing operations in non-core markets
 - South Europe (Italy and Spain)
- Estimated restructuring costs of SEK 20-30 millions, 6.7 millions affecting Q3

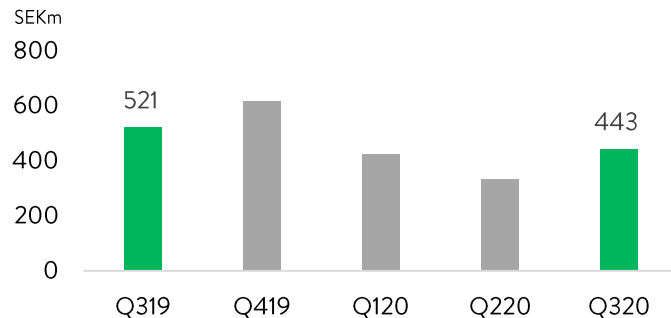


PROFITABILITY GROUP Q3 2020

Sales

- Net sales SEK 443.2m (521.4), decreased with -15.0 % compared to Q3 2019
- Gradual recovery in most markets in the quarter
- Still uncertain how the pandemic will affect us in the coming quarters

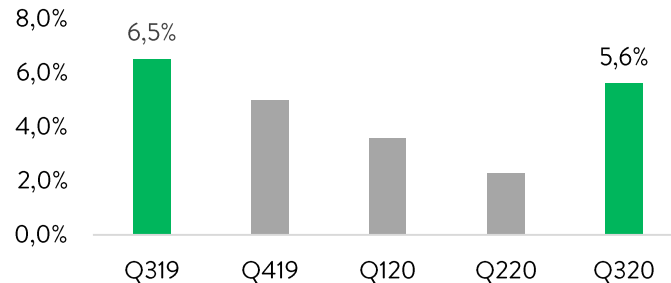
NET SALES



Margin

- Gross margin increased compared to Q3 2019
- Operating margin 7.2 % excluding restructuring costs. Our saving initiatives contributed to the improved margin

OPERATING MARGIN



Profit

- EBITDA SEK 53.2m (57.3)
- EBIT SEK 31.7m excluding restructuring cost of SEK 6.7m, including restructuring costs, EBIT amounted to SEK 25.0m (33.8)
- Profit after tax SEK 18.7m (23.0)

CASH FLOW Q3 2020

Cash flow

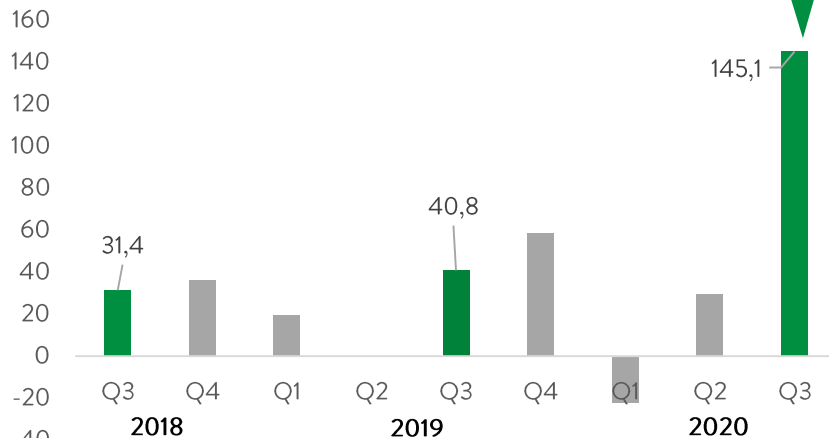
- Free Cash Flow before acquisitions amounted to SEK 145.1m (40.8)
- Higher cash flow y/y mainly due to a positive change in working capital, longer payment terms negotiated with our suppliers and a low inventory level

Net debt

- Net cash of SEK 6.2m at the end of Q3 2020, compared with a net debt of SEK 100.4m at the end of Q2 2020, and SEK 142.4m at the end of Q3 2019
- Equity/assets ratio at 48.7% end of Q3, down vs Q2 2020 at 52.1% and up from 44.4% end of Q3 2019

FREE CASH FLOW

SEKm



CONCLUDING REMARKS AND Q&A



CONCLUDING REMARKS

Q3 positive

- Took several steps forward in the execution of our strategy
- Strengthened our technical capability in order to offer more proactive solutions
- Strengthened our position and expanded our geographical presence in the UK market
- Delivered a strong cash flow and operating margin, excluding restructuring costs, in a quarter affected by the pandemic
- Reorganized the organisation to increase focus and efficiency

Q3 challenges

- Growth in Business Area Doro Care is not in line with our ambitions
- The market development within Business Area Doro Care continued to be slow with postponed public procurements
- Sales in Business Area Doro Phones still affected by the pandemic

Priorities ahead

- Continue to ensure safety for our employees and customers
- Implement several measures to improve the development within Business Area Doro Care
- Continue to restructure Doro Phones, reduce operating expenses and focus on key markets

Q&A

- Thank you for your attention!
- Next report: Q4 February 17, 2021
- 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.

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THANK YOU!

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