

DORO OCTOBER – DECEMBER 2020

Carl-Johan Zetterberg
Boudrie, President & CEO

Wednesday February 17th,
2021



AGENDA

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



KEY HIGHLIGHTS



KEY HIGHLIGHTS IN THE QUARTER

9.6%

Adjusted operating
margin

Strong operating margin excluding restructuring costs
Good gross margins and cost control we resulted in an operating profit above last year

COVID-19

We have managed to maintain our service delivery and quality in our alarm centers and field service
Sales was negatively impacted by the second wave of the pandemic

Doro Care
Strategy
Execution

Double digit growth in business area Doro Care and organic growth adjusted for currency effects
We acquired Connexus Careline in the quarter, our third acquisition in the year



COMMISSION ON LONELINESS

- To strengthen its position as a thought leader within technology enabled care and to contribute to a more dignified, fulfilling and inspiring older age, Doro have launched the initiative Commission on Loneliness
- The Commission is based on the fact that more than 300,000 elderly are feeling lonely, even further emphasized during COVID-19
- The Commission will strive to increase the understanding of loneliness of the elderly, the effects on the wellbeing of seniors and how we with different measure can reduce loneliness

No one alone can solve the entire problem, but we all have an obligation to contribute what we can

Together we can make Sweden less lonely



FOURTH QUARTER 2020



BUSINESS AREA DORO CARE

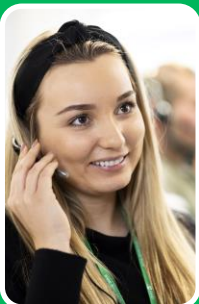
Business highlights

- The acquisition of Connexus Careline further expanded our reach and strength in the UK market
- Despite COVID-19, we have maintained our service delivery and continue to deliver high quality in both contact centers and field services
- Procurements have been postponed as health and social care commissioners have focused on handling the effects of the pandemic
- Positive organic growth of 4.7%, adjusted for currency effects in the quarter
- In the quarter we signed SKL Kommentus temporary framework agreement in Sweden
- After the end of the period FirstCall 24/7 was acquired extending our reach in the UK market



BUSINESS AREA DORO CARE

SALES & FINANCIALS Q4 2020



Sales in Business Area Doro Care

- Sales increased 10.8% y/y. Organic growth of -0.3% y/y, adjusted for currency effects 4.7%
- Sales of services increased by 2.9% y/y, also an increase compared to Q3'20
- Sales in products increased both y/y and compared to Q3'20, mainly in region rest of the world



Financials Business Area Doro Care

- EBIT SEK 6.9m (10.2)
- Gross margin 39.5% (42.8)
- Operating margin 4.8% (7.8), higher costs incurred to maintain our service delivery during COVID-19 and non recurring costs of SEK ~5m
- Number of subscriptions 372 000 (312 000)
- Investments in product development, SEK 7.3m (5.6)

NET SALES

SEKm

200

150

100

50

0

Q419

Q120

Q220

Q320

Q420

131

145

Net sales
+10.8%

GROSS MARGIN

50%

40%

30%

20%

10%

0%

Q419

Q120

Q220

Q320

Q420

42,8%

40,8%

44,9%

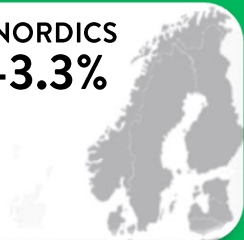
40,8%

39,5%

BUSINESS AREA DORO CARE

SALES PER MARKET Q4 2020

NORDICS
-3.3%



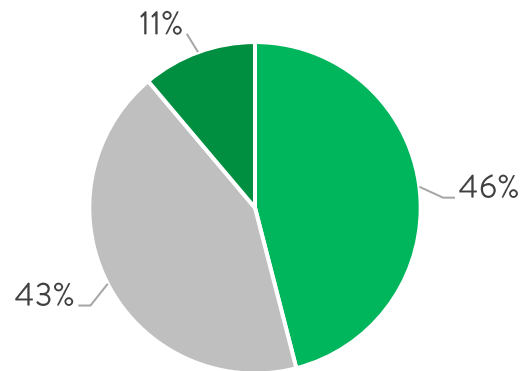
- Slow market development, procurements postponed as a result of COVID-19
- Tender activity is expected to increase in Sweden due to the temporary SKL Kommentus agreement
- Low sales in Norway due to lost contracts and postponed roll-outs

UK AND IRELAND
+10.2%



- The acquisition of Connexus Careline added 28,000 connections
- High tender activity in the quarter as previously delayed opportunities were published
- After the end of the period FirstCall 24/7 was acquired

Sales per region (Q420 / Growth Y/Y Q420)



- Nordics (SEK 66.8/-3.3%)
- United Kingdom and Ireland (SEK 61.8m/10.2%)
- Rest of the World (SEK 16.m/198.3%)

BUSINESS AREA DORO PHONES

Business highlights

- Sales negatively affected by the second wave of COVID-19; our main markets were partly in lock down during the quarter
- In line with our strategy less profitable markets like North America was phased out in the quarter which contributed to the decrease in sales
- Strong operating margin of 11.7%, mainly due to good gross margin and effects from the saving initiatives implemented during the year
- Challenges in our supply chain with component shortages and higher shipping costs in the quarter
- Market situation still uncertain in coming quarters with the effects from the pandemic



BUSINESS AREA DORO PHONES

SALES & FINANCIALS Q4 2020



Sales in Business Area Doro Phones

- Sales negatively impacted mainly due to second wave of COVID-19 and phase out of less profitable markets, decreased -28.9% y/y
- High inbound freight in the quarter due too higher shipping costs driven by the pandemic and a larger share of air freight to meet our customer's demand

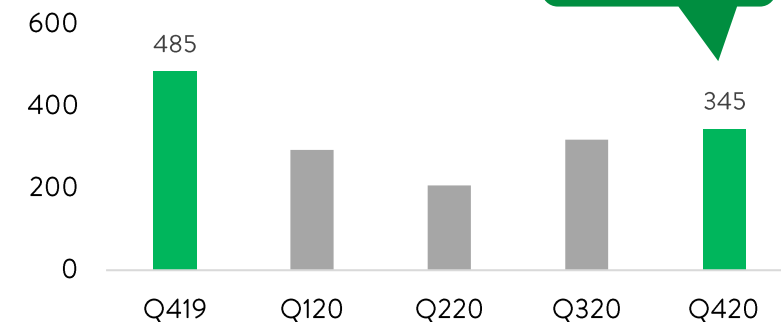


Financials Business Area Doro Phones

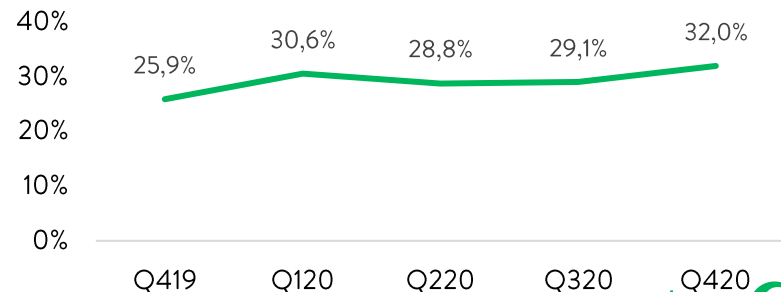
- Gross margin increased to 32.0% (25.9)
- EBIT SEK 40.4m (33.6), good cost control contributed to a strong EBIT in a quarter
- Operating margin 11.7% (6.9)
- Investment product development SEK 3.1m (25.4)

NET SALES

SEKm



GROSS MARGIN



BUSINESS AREA DORO PHONES

SALES PER MARKET Q4 2020

NORDICS
-28.2%



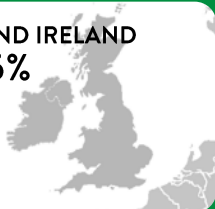
- Lower activity due to COVID-19
- Good listing frequency, added the new products 731X and 780X in the end of the quarter

WEST AND SOUTH
EUROPE AND
AFRICA
-11.7%



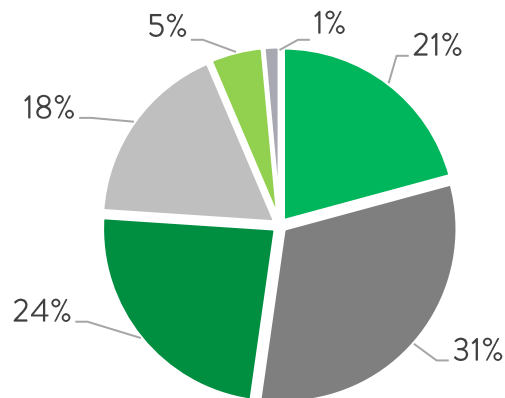
- Sales strongly affected by lockdowns in the market from the second wave of COVID-19
- Increase of online sales in the quarter

UK AND IRELAND
-9.5%



- Preparations for Brexit, many customers secured their inventory
- The market is strongly affected by COVID-19 and a third wave of restriction

Sales per Region (Q420 / Growth Y/Y Q420)

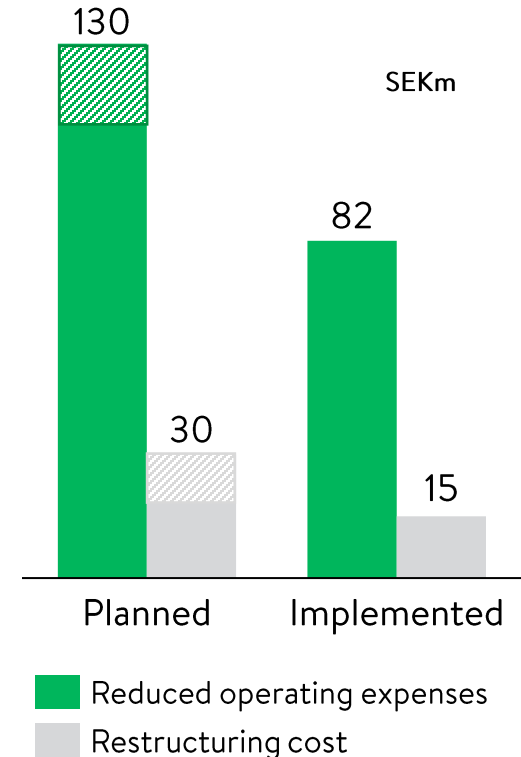


- Nordics (SEK 71.7m/-28.2%)
- West and South Europe and Africa (SEK 108.5m/-11.7%)
- Central and Eastern Europe (SEK 82.1m/-38.8%)
- United Kingdom and Ireland (SEK 60.5m/-9.5%)
- North America (SEK 17.0m/-71.9%)
- Other (SEK 5.1m)

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 2020 we have implemented savings of SEK 82 million in Doro Group
- In 2021 we are expected to implement the rest of the savings (30-50 millions) with full effect in end of 2021
- During the fourth quarter, less profitable markets such as North America and Italy started to be phased out
- 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.

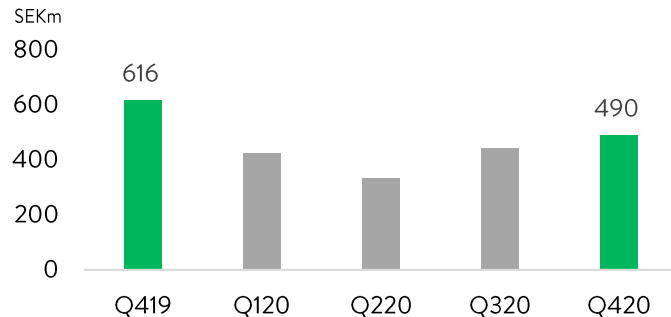


PROFITABILITY GROUP Q4 2020

Sales

- Net sales SEK 489.6m (615.8), decrease with -20.5% compared to Q4 2019
- Organic growth adjusted for currency effects of 4.7% in business area Doro Care
- Still uncertain how the pandemic will affect us in the coming quarters

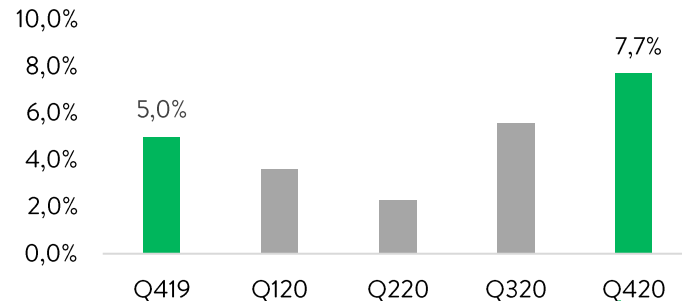
NET SALES



Margin

- Gross margin increased compared to Q4 2019
- Strong operating margin of 9.6 % excluding restructuring costs despite lower sales. Our saving initiatives contributed to the improved margin

OPERATING MARGIN



Profit

- EBITDA SEK 69.0m (61.1)
- EBIT SEK 46.9m excluding restructuring cost of SEK 9.2m, including restructuring costs, EBIT amounted to SEK 37.7m (30.9)
- Profit after tax SEK 19.2m (20.8)

CASH FLOW Q4 2020

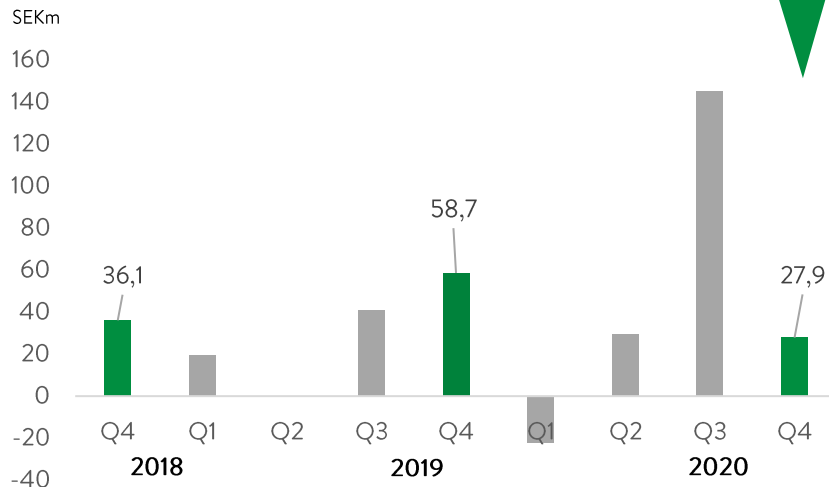
Cash flow

- Free Cash Flow before acquisitions amounted to SEK 27.9m (58.7)
- Lower cash flow y/y mainly due to a negative change in working capital due to an increased inventory

Net debt

- Net cash of SEK 12.1m at the end of Q4 2020, compared with a net cash of SEK 6.2m at the end of Q3 2020, and a net debt of SEK 84.1m at the end of Q4 2019
- Equity/assets ratio at 50.9% end of Q4, up vs Q3 2020 at 48.7% and up from 46.6% end of Q4 2019

FREE CASH FLOW



LISTING OF DORO CARE

Doro intends to separately list business area Doro Care

- The board of Doro has in its strategic review, instructed management to prepare a separation and stock exchange listing of business area Doro Care
- Technology enabled care is a market with great opportunities and interesting prospects. Business area Doro Care has grown large enough to stand on its own and a separation will create the best conditions for us to fulfil our strategy of becoming a European market leader
- For Doro Phones, which is the market leader in senior mobile phones, a separation creates better opportunities for the business to further strengthen its market position
- Preparation for a separate listing of business area Doro Care will be initiated with the aim to propose a stock exchange listing to a shareholders meeting during the year

CONCLUDING REMARKS AND Q&A



CONCLUDING REMARKS

Q4 positive

- Positive organic growth in business area Doro Care, adjusted for currency effects, in the quarter
- Maintained our service delivery and continued to delivered high quality in our service business
- Strengthened our position and expanded our geographical presence in the UK market
- Delivered a strong EBIT and operating margin

Q4 challenges

- Growth in business area Doro Care still slow due to postponed public procurements and not in line with our ambitions. Although an improvement in the quarter
- Sales in Business Area Doro Phones affected by the second wave of the pandemic
- We have experienced challenges in our supply chain with component shortages and higher shipping costs

Priorities ahead

- Expand and strengthen our offering, and drive organic growth within business area Doro Care
- Reduce operating costs and maintain a good cost control while innovating for the future
- Preparation 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: Q1 April 29, 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.

- 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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