



DORO

Q2 Interim Report

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Jul 14th 2023

Agenda



- Key highlights



- Second quarter 2023



- Concluding remarks

Key highlights



Key highlights in the quarter

Household spending still restrained

Challenging economic conditions continued holding back household consumption. The senior phone market declined in terms of value and consumer electronic chains in many markets struggle and consolidation takes places.

Positive margin and Ebit despite market and invest.

Sales remain positive despite declining senior market. Gross margin improved significantly and Doro show positive EBIT, despite tough market conditions and the many investments in staff, product development and sales and marketing initiatives.

4G transition accelerating

Technology shift accelerated with phasing out of older networks. Some operators incentivizing subscribers to switch to 4G, which Doro capitalizes on. In other markets there is still strong demand for 2G, which has enabled Doro to decrease our inventory.



Second quarter 2023



Q2 – Business key points

- **Consumer sentiment remaining weak also in second quarter** and the challenging economic conditions meant continued limited household consumption.
- The **senior phone market declined** (-12.5% YoY), in line with the overall European phone market. Likewise our fixed line and non-Doro products dropped, but Doro feature and smart phones sales increased compared to last year. Overall Doro sales ended up at **SEK 203 million, a slight increase of +2%**
- Thanks to favourable product mix, stable USD, and positive freight cost development, Doro **gross margin improved significantly to 40%**
- The technology shift to 4G networks further accelerated as French operators communicated end-of-life schedule for 2G and 3G. At the same time, demand for 2G remained strong in DACH **which benefited Doro as we are well positioned in 4G but also still able to supply good volumes of 2G.**
- Given phase out of older networks, inventory management increasingly important and were successful in **reducing the stock value by 35M** compared to the same quarter last year.
- In line with strategy to broaden our offering while maintaining leadership in senior phones, we continued investments in the future by **further staff hirings within product management** and product development teams.
- We also **continued roll-out of our new** sales initiatives, **Doro end-cap, in the Nordics, UK & Ireland, and with Germany** to soon follow.
- **Focus on the seniors continued** in the quarter with **consumer research** and **prototyping**, as well as improving processes and feedback to ensure that we fully understand the needs and challenges of the seniors.
- The many investments in future are reflected in increased operational costs, which resulted in a **modest EBIT of SEK 1.0 million** (5.3)



Q2 – Sales per market

NORDICS
+27.5%



- Net Sales of SEK 56.1 million (44.0), as good sales of new smartphone + more 4G FP.
- Very good B2B sales boosted by Sweden's largest operator switching from copper to digital networks, and proposing Doro's 4G fixed phone for updating of the devices.

**CENTRAL AND
EASTERN EUROPE**
-25.2%



- Net sales of 32.9 MSEK (44), significant drop explained by largest customer's temp financial challenges. Situation restored later on with better level of orders.
- Distribution channel had good quarter while e-com dropped slightly, in line with overall online sales trend in DACH.

**WEST AND
SOUTH EUROPE
AND AFRICA**
-7.3%



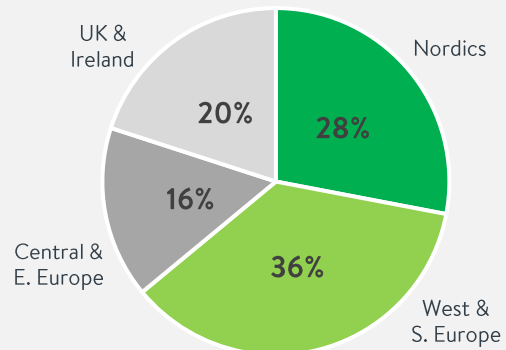
- Net sales at SEK 72.9 million (78.6), as senior segment dropped significantly in the region and as large volume of orders were shipped only last days of June hence not accounted for until next quarter.
- Still good start of new SP and more 4G FP.

**UK AND
IRELAND**
+26.5%



- Net sales of SEK 41.1 million (32.5), another positive quarter as momentum continues. UK only region where senior phone market grew.
- Excellent 2G to 4G transition at our biggest retail customer and non-direct retail bounced back in the quarter.

Sales per Region Q1'23



Q2 – Sales & Profitability

Sales	<ul style="list-style-type: none">• Net sales SEK 203.0 million (198.4), an increase of 2.3% compared to Q2 2022.• Strong quarter for Nordic and UK. Good momentum for our smartphones with the new series and with our 4G range ahead of technology shift.	<div>NET SALES (MSEK)</div> <table><tr><th>Quarter</th><th>Net Sales (MSEK)</th></tr><tr><td>Q2'22</td><td>198</td></tr><tr><td>Q3'22</td><td></td></tr><tr><td>Q4'22</td><td></td></tr><tr><td>Q1'23</td><td></td></tr><tr><td>Q2'23</td><td>203</td></tr></table>	Quarter	Net Sales (MSEK)	Q2'22	198	Q3'22		Q4'22		Q1'23		Q2'23	203
Quarter	Net Sales (MSEK)													
Q2'22	198													
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Q4'22														
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Margin	<ul style="list-style-type: none">• Gross margin at 40.3 percent (35.6).• Main elements building the margin going in right direction, with better FOB, more stability in USD-SEK rate, decreasing freight prices and limited air transport, good inventory management and low warranty costs.	<div>GROSS MARGIN</div> <table><tr><th>Quarter</th><th>Gross Margin</th></tr><tr><td>Q2'22</td><td>35,6%</td></tr><tr><td>Q3'22</td><td></td></tr><tr><td>Q4'22</td><td></td></tr><tr><td>Q1'23</td><td></td></tr><tr><td>Q2'23</td><td>40,3%</td></tr></table>	Quarter	Gross Margin	Q2'22	35,6%	Q3'22		Q4'22		Q1'23		Q2'23	40,3%
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Profit	<ul style="list-style-type: none">• EBITDA SEK 12.8 million (15.7), a decrease of 18.5%.• EBIT SEK 1.0 million (5.3) corresponding to operating margin of 0.5% (2.7%).• Profit after tax SEK 1.1 million (4.9) and earnings per share SEK 0.05 (0.20).	<div>OPERATING MARGIN</div> <table><tr><th>Quarter</th><th>Operating Margin</th></tr><tr><td>Q2'22</td><td>2,7%</td></tr><tr><td>Q3'22</td><td></td></tr><tr><td>Q4'22</td><td></td></tr><tr><td>Q1'23</td><td></td></tr><tr><td>Q2'23</td><td>0,5%</td></tr></table>	Quarter	Operating Margin	Q2'22	2,7%	Q3'22		Q4'22		Q1'23		Q2'23	0,5%
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Q2 – Cash flow & Financial position

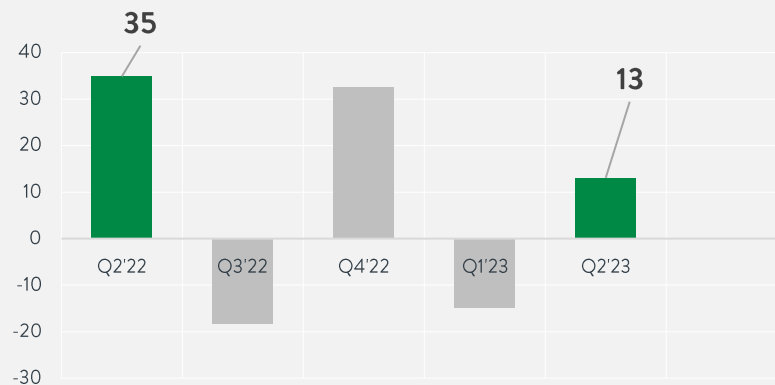
Cash flow

- Cash flow from operating activities during Q2'23 SEK 21.6 million (44.7). Low inventory freed up cash, but low accounts payable made the improvement less significant than in Q2'22.
- Free cash flow after investments SEK 13.1 million (34.9) with investments at SEK 8.5 million (9.8).

Net debt

- Cash and cash equivalents totalled SEK 138.3 million (132.5) at the end of second quarter. The equity ratio was 55.4 percent (48.9).
- Net cash position SEK 74.2 million at the end of Q2 compared to net cash of SEK 50.0 million at the end of previous quarter and a net cash of SEK 41.0 at the end of Q2'22.

FREE CASH FLOW (MSEK)



Concluding remarks and Q&A



Q2 – Concluding remarks

Positive

- Continued positive EBIT, strong gross margin, and slight increase in sales, despite difficult market conditions, declining senior phone segment, and strong investments in the future.
- Roll-out of end-cap solution continues with more shops and regions to follow. Conducted customer events and fairs and awarded price for Smart Watch.
- Direct-to-consumer business and Inventory Management remained strategic priorities and stock value 35M lower than same quarter last year.

Challenges

- European consumer sentiment remain weak and challenging economic conditions result in reduced household consumption.
- Some of the biggest electronic chains in Sweden and Germany faced financial difficulties, with impact on their ordering.
- Senior phone EU4 market continues to decline and new product not yet replacing the revenue, but both Doro feature and smart phones sales grew compared to same quarter last year.

Priorities ahead

- Continue deployment of end-caps, pop-up store, and the development of D2C sales.
- Maintaining tight control of warehouse.
- Continue the final leg of conversion of DACH region to full-fledged Doro sales region, to deliver on its potential.
- Ensuring secured revenue and margin from existing (feature) phones, while developing the new revenue streams for the future.

Q&A

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- A couple is seen from behind, sitting on blue beach chairs on a sandy beach. They are wearing wide-brimmed straw hats. The sun is low on the horizon, creating a warm, golden glow over the ocean. The sky is a clear, pale blue. The couple is positioned in the center-right of the frame, looking out towards the sea.
- Thank you for your attention!
 - Next report: Q3 Oct 27th, 2023
 - 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 2021 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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