



# DORO

## Q3 Interim Report

Jörgen Nilsson, CEO  
Isabelle Sengès, CFO

Oct 27<sup>th</sup> 2023

# Agenda



- Key highlights



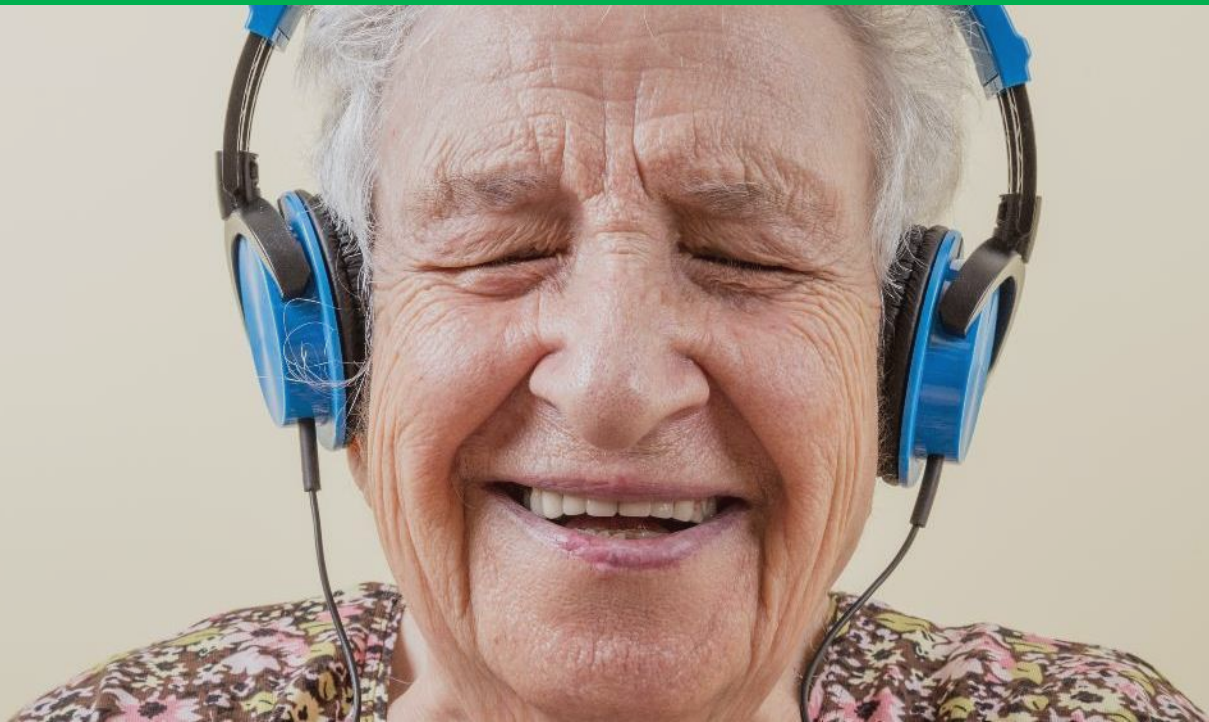
- Third quarter 2023



- Concluding remarks



# Key highlights





# Key highlights in the quarter

## Busy times with many activities & exciting launches

Q3 always busy with IFA and other major fairs, new product launches, and heightened marketing and sales activities for Black Friday and Christmas. We launched **HearingBuds** and also opened our first **Doro pop-up store**.

## 4G transition continues to yield good results

Doro managed 2G sunset in Sweden & France without inventory concerns and the 4G transition continued to yield favourable result. Our current 4G phones are best sellers with strong margin and now also introduced new and better positioned 4G range ahead of time.

## Robust quarter despite declining markets

Doro grew share and sales despite declining markets. Q3 sales +13% to 272M with gross margin at 43%, driven by favourable portfolio mix, low freight costs and positive FX effects. Also had good cash flow. Controlled opex, increased sales, and high margin, resulted in EBIT at 38.9M with EBIT% of 14%.



# Third quarter 2023



# Q3 – Business key points

- **Third quarter busy time with high activity** many fairs, IFA exhibition and heightened marketing and sales activities in preparation for Black Friday and Christmas.
- **Doro launched the HearingBuds** which have garnered positive media and good feedback from reviewers, customers, and users. Doro HearingBuds can truly make a difference for individuals suffering from minor hearing impairment, or for those simply wanting to listen to music with crystal-clear sound.
- To support HearingBuds launch, developed a **Hearing Simulator** on our website, allowing users to experience the benefits first hand.
- In addition, pre-announced forthcoming **Doro DoorBell**, and **launched our first Doro Pop-up store** to be able to directly engage with seniors and their relatives to gain valuable insights into needs and preferences.
- **Doro market shares and sales grow despite regional phone markets declining** Overall feature and smartphone markets continue to decline compared to last year but Doro grow its market share and sales in most countries
- We managed to handle sunset of 2G without lingering inventory concerns, and with strong 4G portfolio the **transition to 4G continued to yield favourable results**. Several of current 4G products emerged as bestsellers with strong margins. By end of Q3, also introduced new range of better positioned 4G phones ahead of time to further replace remaining 2G phones.
- **Quarter has proven robust** with increases in sales, margin and profit. Sales 273M (+13%), gross margin 43% thanks to favourable mix of products, low freight costs, and positive forex effects, which generated EBIT of 39M (+44%) compared to same quarter last year



# Q3 – Sales per market

## NORDICS +51.5%



- Net sales grew to SEK 71.2 million (47.0). Steady demand as customers completed the transition to new network technology
- B2B remained robust with largest operator continuing to replace fixed line portfolio

## CENTRAL AND EASTERN EUROPE -18.6%



- Net sales declined to 44.6 MSEK (54.8) due to planned reduced volumes of non-strategic products
- Strategic products showed slight decline primarily due to slow performance of our e-commerce as redefining our Amazon business

## WEST AND SOUTH EUROPE AND AFRICA +11.1%



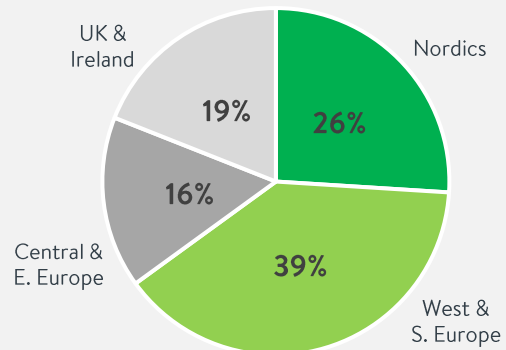
- Net sales increased to SEK 106.4 million (95.8) as 4G transition is now full underway across all distribution channels in the region
- Estimate another 1 million 2G phones active in France alone. Also strong resurgence in retail sector and good trend in smart phones

## UK AND IRELAND +15.8%



- Net sales up to SEK 50.5 million (43.6), with good momentum continuing also this quarter
- Increased marketing resulted in higher visitor volumes to Doro UK web sites.
- Favourable 4G results continued, and good sales out prompted re-orders and boosted sales

Sales per Region Q3'23



# Q3 – Sales & Profitability

| Sales   | <ul style="list-style-type: none"><li>Net sales SEK 272.7 million (241.2), an increase of 13.1% compared to Q3 2022</li><li>Strong performance of our 4G range. Sustained demand for B2B products in Nordic, strong retail demand in Frabel and UK &amp; IE.</li></ul>                  | <p>NET SALES (MSEK)</p> <table><thead><tr><th>Quarter</th><th>Net Sales (MSEK)</th></tr></thead><tbody><tr><td>Q3'22</td><td>241</td></tr><tr><td>Q4'22</td><td>~260</td></tr><tr><td>Q1'23</td><td>200</td></tr><tr><td>Q2'23</td><td>200</td></tr><tr><td>Q3'23</td><td>273</td></tr></tbody></table>    | Quarter | Net Sales (MSEK) | Q3'22 | 241   | Q4'22 | ~260 | Q1'23 | 200 | Q2'23 | 200  | Q3'23 | 273   |
|---------|---|--|---------|------------------|-------|-------|-------|------|-------|-----|-------|------|-------|-------|
| Quarter | Net Sales (MSEK)  |  |         |                  |       |       |       |      |       |     |       |      |       |       |
| Q3'22   | 241   |  |         |                  |       |       |       |      |       |     |       |      |       |       |
| Q4'22   | ~260  |  |         |                  |       |       |       |      |       |     |       |      |       |       |
| Q1'23   | 200   |  |         |                  |       |       |       |      |       |     |       |      |       |       |
| Q2'23   | 200   |  |         |                  |       |       |       |      |       |     |       |      |       |       |
| Q3'23   | 273   |  |         |                  |       |       |       |      |       |     |       |      |       |       |
| Margin  | <ul style="list-style-type: none"><li>Gross margin at 43.4 percent (37.7).</li><li>Strong margin this quarter. High margin on products due to a more favourable portfolio (increased 4G and smartphones), lower freight costs than last year, other margin components stable.</li></ul> | <p>GROSS MARGIN</p> <table><thead><tr><th>Quarter</th><th>Gross Margin</th></tr></thead><tbody><tr><td>Q3'22</td><td>37,7%</td></tr><tr><td>Q4'22</td><td>~35%</td></tr><tr><td>Q1'23</td><td>35%</td></tr><tr><td>Q2'23</td><td>40%</td></tr><tr><td>Q3'23</td><td>43,4%</td></tr></tbody></table>        | Quarter | Gross Margin     | Q3'22 | 37,7% | Q4'22 | ~35% | Q1'23 | 35% | Q2'23 | 40%  | Q3'23 | 43,4% |
| Quarter | Gross Margin  |  |         |                  |       |       |       |      |       |     |       |      |       |       |
| Q3'22   | 37,7%   |  |         |                  |       |       |       |      |       |     |       |      |       |       |
| Q4'22   | ~35%  |  |         |                  |       |       |       |      |       |     |       |      |       |       |
| Q1'23   | 35%   |  |         |                  |       |       |       |      |       |     |       |      |       |       |
| Q2'23   | 40%   |  |         |                  |       |       |       |      |       |     |       |      |       |       |
| Q3'23   | 43,4%   |  |         |                  |       |       |       |      |       |     |       |      |       |       |
| Profit  | <ul style="list-style-type: none"><li>EBITDA SEK 48.4 million (37.7), an increase of 28.4%.</li><li>EBIT SEK 38.9 million (26.9) corresponding to operating margin of 14.3% (11.2%).</li><li>Profit after tax SEK 22.0 million (16.6) and earnings per share SEK 0.90 (0.68).</li></ul> | <p>OPERATING MARGIN</p> <table><thead><tr><th>Quarter</th><th>Operating Margin</th></tr></thead><tbody><tr><td>Q3'22</td><td>11,2%</td></tr><tr><td>Q4'22</td><td>~7%</td></tr><tr><td>Q1'23</td><td>1%</td></tr><tr><td>Q2'23</td><td>0.5%</td></tr><tr><td>Q3'23</td><td>14,3%</td></tr></tbody></table> | Quarter | Operating Margin | Q3'22 | 11,2% | Q4'22 | ~7%  | Q1'23 | 1%  | Q2'23 | 0.5% | Q3'23 | 14,3% |
| Quarter | Operating Margin  |  |         |                  |       |       |       |      |       |     |       |      |       |       |
| Q3'22   | 11,2%   |  |         |                  |       |       |       |      |       |     |       |      |       |       |
| Q4'22   | ~7%   |  |         |                  |       |       |       |      |       |     |       |      |       |       |
| Q1'23   | 1%  |  |         |                  |       |       |       |      |       |     |       |      |       |       |
| Q2'23   | 0.5%  |  |         |                  |       |       |       |      |       |     |       |      |       |       |
| Q3'23   | 14,3%   |  |         |                  |       |       |       |      |       |     |       |      |       |       |



# Q3 – Cash flow & Financial position

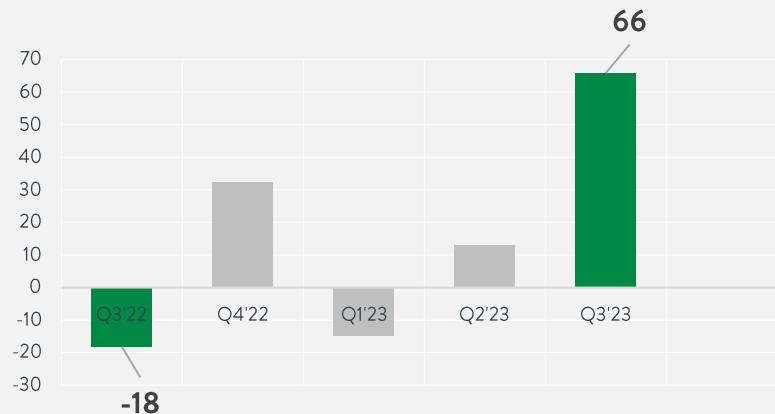
## Cash flow

- Cash flow from operating activities during Q3'23 SEK 73.1 million (-4,4). High EBIT and positive development of working capital.
- Free cash flow after investments SEK 65.8 million (-18.2) with investments at SEK 7.3 million (13.8).

## Net debt

- Cash and cash equivalents totalled SEK 167.4 million (117.4) at the end of the first quarter. The equity ratio was 55.9 percent (47.7).
- Net cash SEK 135.3 million at the end of Q3 compared to net cash of SEK 74.9 million at end of previous quarter and a net cash of SEK 27.2 at the end of third quarter of '22.

FREE CASH FLOW (MSEK)



# Concluding remarks and Q&A



# Q3 – Concluding remarks

## Positive

- Market shares increased, sales grew, margins remained high, opex as plan, generating robust operating profit
- New products HearingBuds launched, and investment for future continues. Launched Doro Pop-up Store and pre-announced Doro DoorBell
- 4G transition continues positively and several of our 4G products are best sellers with strong margin
- Free cash flow reflecting strong EBIT and positive development of working capital

## Challenges

- Continued economic consumer worry especially in stagnating Germany, which further puts a strain on our German business transformation
- Succeeding with higher sell-out of innovation products (i.e. non-phones portfolio) requiring more investments in sales and marketing initiatives
- Implementation of new EU Ecodesign Directive with major impact on entire industry's coming products w.r.t. durability, energy efficiency, waste reduction and recyclability

## Priorities ahead

- Successful sell-out of HearingBuds, delivery of coming DoorBell and continued implementation of future products
- Maintaining good momentum in 4G transition ensuring that phone sales and margins continue to be stable and fund expansion into adjacent product areas
- Completing final parts of streamlining the DACH business structure for the region to deliver on its potential

# Q&A



- Thank you for your attention!
- Next report: Q4 Feb 15<sup>th</sup>, 2024
- 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 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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