



DORO

Q4 Interim Report

Jörgen Nilsson, CEO
Isabelle Sengès, CFO

Feb 16th, 2023

Agenda



- Key highlights



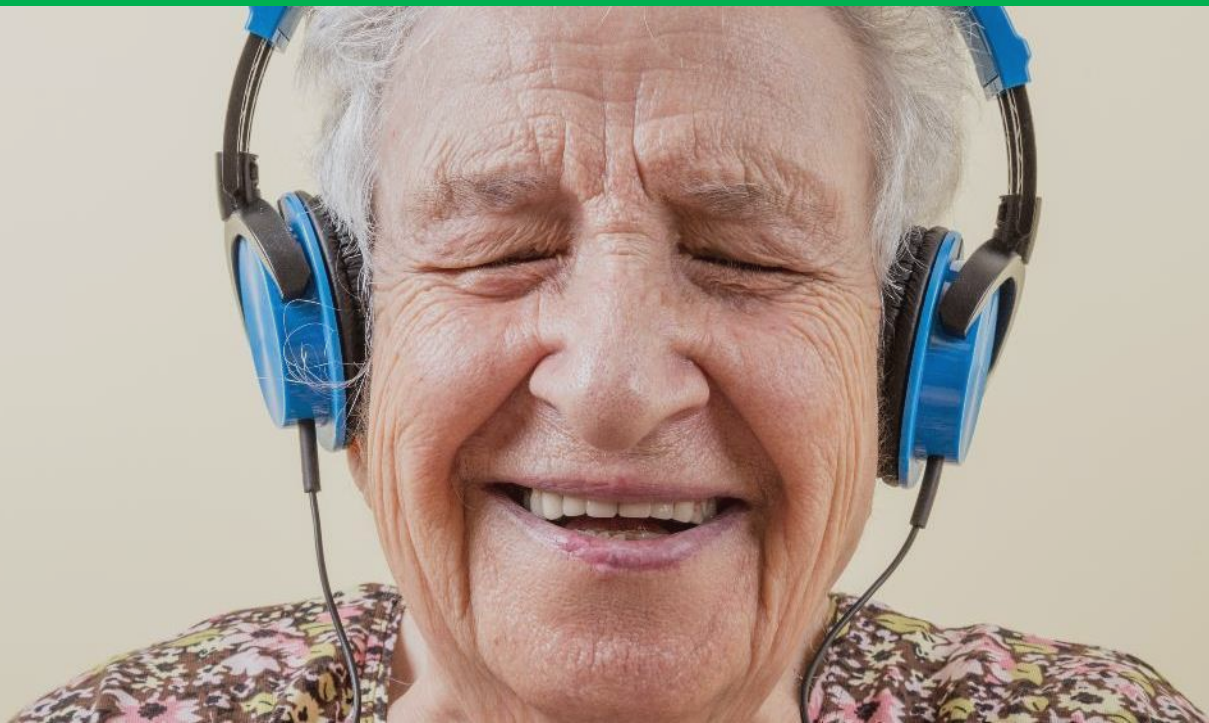
- Fourth quarter 2023



- Concluding remarks



Key highlights



Key highlights in the quarter

Challenges but Doro sustains the pressure

Despite macro economic and consumer sentiment challenges, Doro retained listings with our customers, upheld good momentum in our e-commerce, and also managed to maintain our market shares in a declining market.

Continue to deliver positive operating profit

Positive development from decreasing royalty costs, low warranty costs thanks to continued good product quality and a more stabilized transport situation during H2, enabled Doro to once again report positive operating profit, and positive free cash flow.

Building for the future – New categories launch

We delivered our first new products outside the phone family; the **Doro Watch** and the **Doro Tablet**.

Our strategy towards expanding our strong senior offering continued during the quarter and more new senior products are being prepared for launch.



Fourth quarter 2022



2022 Q4 – Business key points

- **Prevailing economic uncertainty continued** during the fourth quarter, as the consumers' purchasing power remained weak. Customers adopted a cautious wait-and-see behaviour postponing upgrades, or even putting off new device purchases altogether.
- As a result, **Doro net sales of SEK 265 million (311m)** was a decline of -14.7% compared to the same quarter previous year.
- **Doro market shares were unchanged despite** a general market decline and our products were listed at all major operators, retailers and whole-salers, while we also upheld good momentum in our e-commerce.
- **Doro gross margin (34.2%)** was lower than last year (38.9%), but this mainly as a result of the strong USD which negatively impacted our production costs. As the US dollar then weakened during the latter parts of the year, this also caused a hedging loss in the period.
- **The positive development from decreasing royalty costs continued** in the quarter and we will pursue this work also during the year to come.
- Likewise, Doro's sustained product quality **continued to secure low warranty costs** and the international **transport situation stabilised** during the latter part of the year with freight rates trending toward more normal levels.
- In the face of several challenges, we are **satisfied to be able to continue report positive operating profit** and positive free cash flow.
- **Operating profit amounted to SEK 20 million (50.5)** corresponding to a margin of 7.6%, a decline compared to last year (16.2%).
- Started **selling** our first new non-phone products; **Doro Watch and Doro Tablet.**



2022 Q4 – Sales per market

NORDICS -40%



- Net Sales in the Nordics SEK 49 million (81.6), a decrease of 40 percent vs same quarter last year, as retail- and distribution customers tried to consolidate their over-stocked inventories.
- Doro products continued to sell well to end consumers and our market share remained high, +98 percent of the value in Sweden.

CENTRAL AND EASTERN EUROPE -8.6%



- Net sales in Central and Eastern Europe came in at 59.5 MSEK (65.1), a decrease of 8.6 percent.
- The situation in Germany continued to be divided with a substantial increase in retail sales, driven by the largest home electronics chain, while demand from distributors remained low.

WEST AND SOUTH EUROPE AND AFRICA +1.2%



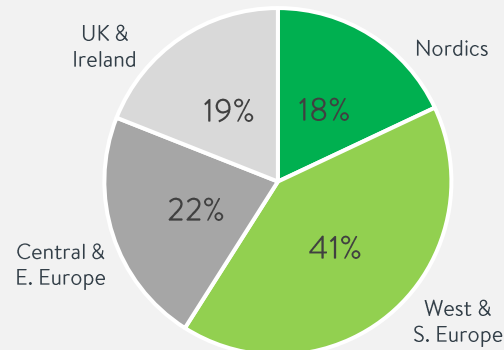
- Net sales in Western and S. Europe at SEK 107.7 million (106.4), an increase of 1.2% vs last year, thanks to our new 4G feature phone at France's largest operator, a good start of the new smart phone and a positive development of e-com.
- New competitors entered the market, but Doro managed to maintain our strong market share.

UK AND IRELAND -15%

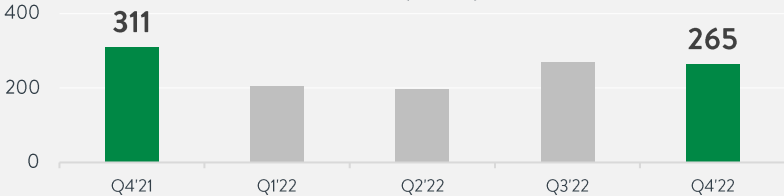
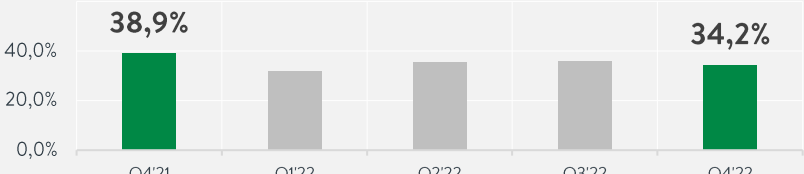
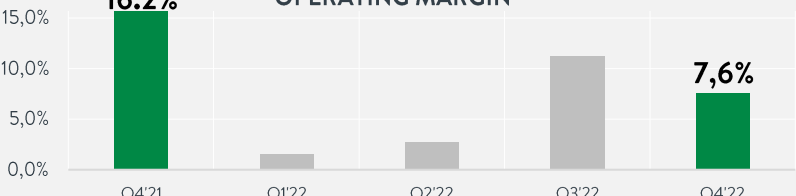


- Net sales in UK and Ireland at SEK 49.1 million (58.1), a decrease of 15.5% versus last year.
- Another tough quarter due to customers' overall negative economic sentiment. Doro on-line sales continued at good levels and we sustained good sales of 3G feature phones, in the face of the coming 4G migration.

Sales per Region
(Q4'22 / Growth Y/Y Q4'21)



2022 Q4 – Sales & Profitability

Sales	<ul style="list-style-type: none">• Net sales SEK 265.4 million (311.2), a decrease of 14.7% compared to Q4 2021• Low sell-in in Nordic, good demand from retail in France, satisfying online sales in UK and Germany	<div>NET SALES (MSEK)</div>  <table><thead><tr><th>Quarter</th><th>Net Sales (MSEK)</th></tr></thead><tbody><tr><td>Q4'21</td><td>311</td></tr><tr><td>Q1'22</td><td>200</td></tr><tr><td>Q2'22</td><td>200</td></tr><tr><td>Q3'22</td><td>265</td></tr><tr><td>Q4'22</td><td>265</td></tr></tbody></table>	Quarter	Net Sales (MSEK)	Q4'21	311	Q1'22	200	Q2'22	200	Q3'22	265	Q4'22	265
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Margin	<ul style="list-style-type: none">• Gross margin at 34.2 percent (38.9).• Costs of goods higher than last year as reflecting the higher USD rate. Significant loss from USD forward contracts in the quarter as hedging was made just before USD started to weaken against other currencies.	<div>GROSS MARGIN</div>  <table><thead><tr><th>Quarter</th><th>Gross Margin (%)</th></tr></thead><tbody><tr><td>Q4'21</td><td>38,9%</td></tr><tr><td>Q1'22</td><td>30,0%</td></tr><tr><td>Q2'22</td><td>30,0%</td></tr><tr><td>Q3'22</td><td>30,0%</td></tr><tr><td>Q4'22</td><td>34,2%</td></tr></tbody></table>	Quarter	Gross Margin (%)	Q4'21	38,9%	Q1'22	30,0%	Q2'22	30,0%	Q3'22	30,0%	Q4'22	34,2%
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Profit	<ul style="list-style-type: none">• EBITDA SEK 32.2 million (66.0), decrease of 51.2%.• EBIT SEK 20.2 million (50.5) corresponding to operating margin of 7.6% (16.2%).• Profit after tax SEK 16.0 million (29.7) and earnings per share SEK 0.66 (1.23).	<div>OPERATING MARGIN</div>  <table><thead><tr><th>Quarter</th><th>Operating Margin (%)</th></tr></thead><tbody><tr><td>Q4'21</td><td>16,2%</td></tr><tr><td>Q1'22</td><td>1,0%</td></tr><tr><td>Q2'22</td><td>1,0%</td></tr><tr><td>Q3'22</td><td>10,0%</td></tr><tr><td>Q4'22</td><td>7,6%</td></tr></tbody></table>	Quarter	Operating Margin (%)	Q4'21	16,2%	Q1'22	1,0%	Q2'22	1,0%	Q3'22	10,0%	Q4'22	7,6%
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2022 Q4 – Cash flow & Financial position

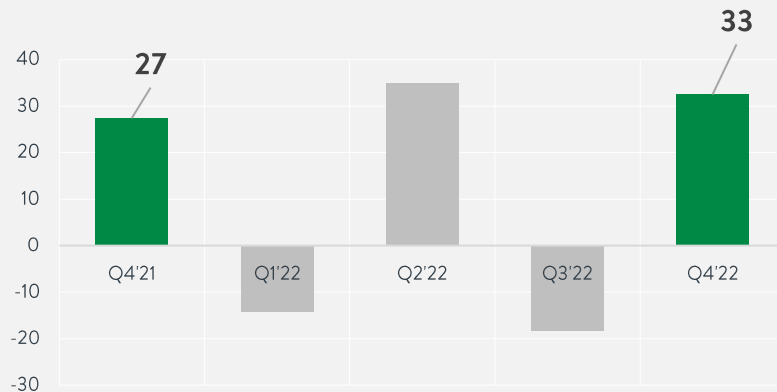
Cash flow

- Cash flow from operating activities during Q4'22 SEK 42.1 million (46.0). Lower inventory helped to improve the working capital.
- Free cash flow after investments SEK 32.5 million (27.3) with investments at SEK 9.6 million (18.7).

Net debt

- Cash and cash equivalents totalled SEK 154.4 million (179.1) at the end of the fourth quarter. The equity ratio was 52.6 percent (42.7).
- Net cash SEK 63.6 million at the end of Q4 compared to a net cash of SEK 27.2 million at the end of previous quarter and a net cash of SEK 10.7 at the end of the fourth quarter of 2021.

FREE CASH FLOW (MSEK)



Concluding remarks and Q&A



Concluding remarks

Q4 positive

- Continue to deliver positive operating profit and positive free cash flow.
- Managed to maintain our market shares despite the declining market.
- Positive development of royalty costs, continued low warranty costs, and freight costs, outside Europe, stabilized, and now almost back to pre-covid levels, and reduced inventory.
- E-commerce continues to make good traction and started selling our first new products outside the phone family; the **Doro Watch** and the **Doro Tablet**.

Q4 challenges

- Challenging economic sentiment with combination of reduced consumer purchasing power and a wait-and-see behaviour with postponed or aborted upgrades. At the same time retailer and distribution customers consolidated their inventories and put repurchases on hold.
- The negative impact of the strong USD on our production costs hitting our gross margin during the quarter.
- The weakened USD during the later parts of the year causing a hedging loss in the period.

Priorities ahead

- Implement new channel sell-out and sales concepts and promotion initiatives of the senior proposition.
- Finalise the conversion of the DACH region to a fulfilled Doro sales region in order to deliver on its huge potential.
- Continue the transformation from a phone centric device company, to the leading technology provider for seniors by expanding our strong senior offering.



Q&A

- Thank you for your attention!
- Next report: Q4 Feb 16th, 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.

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Thank you!

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