



DORO

Q3 Interim Report

Jörgen Nilsson, CEO
Isabelle Sengès, CFO

Oct 21st 2022

Agenda



- Key highlights



- Third quarter 2022



- Concluding remarks

Key highlights



Key highlights in the quarter

Back at IFA to see customers & consumers

Doro returned as exhibitor to the trade show in Berlin. It was very inspiring to be able to once again meet so many of our customers and consumers. Doro also launched new cooperation with German singer Doro Pesch + the German Golf association.

New innovation products well received

Doro launched the two new innovation categories Doro Tablet and Doro Watch for which we enjoyed very positive feedback, especially the Watch, which fulfils an overlooked need for simplicity and easy-to-use features

Improved sales vs previous 2022 quarters

Despite continued economic challenges and a decline vs same quarter last year, Q3 sales were the best in 2022 this far, with a good rebound in both major operator and retailer channels. Also gross margins were higher than last year despite very unfavourable USD rates.



Third quarter 2022



2022 Q3 – Business key points

- **Economic hardships continued for consumer business** with prolonged customer absence and increasing inflation due to electricity prices and cost of living.
- **Doro once again had its own stand at the major consumer electronics fair IFA in Berlin**, where it was a great joy to once again meet with our operator, retailer and distribution customers as well end consumers. The Doro stand was highly appreciated and showcased not only our impressive range of senior phones but also the new innovation categories, Doro Tablet and Doro Watch.
- **Doro's net sales of SEK 241 million, decrease of 10.5% compared to Q3'21** as a result of consumers absence. Still Q3 was the best quarter of this year so far, but that is partly normal seasonality but also an increased push of sales in the light of the coming quarter's price increase.
- **Despite increasing Cost of Sold Goods, the gross margin increased to 37.7% compared to the same quarter last year (35.9%)**. This partly thanks to favourable currency hedging but also due to lower royalty costs, as a result of significant work on the many royalty contracts which is beginning to pay off.
- **Operating margin (EBIT) at 11% equalling SEK 27 million, an improvement vs previous quarters in 2022, but a decline compared to last year (15%)** due to lower sales and higher COGS, but also and more importantly as last year's costs in Q3 were significantly lower thanks to the reallocation between the Phone and Care business areas before the split
- **The order book by end of Q3 was the highest this year**, although down by 18 percent compared to the same quarter in 2021.



2022 Q3 – Sales per market

NORDICS -28.2%



- Net Sales in the Nordics SEK 47 million (65.5), a decrease of 28.2 percent vs same quarter last year, but this mainly as a result of boosted sales campaign during Q3'21 by a major SE operator.
- Like for like, Nordic sales in the quarter declined -5% vs same quarter last year

CENTRAL AND EASTERN EUROPE -17.2%



- Net sales in DACH amounted to 54.8 MSEK (47.6), a decrease of 17.3 percent.
- The region once again faced lower demand from distributors but on the upside, retail customers came back quite strong. The region is still biggest growth opportunity for Doro

WEST AND SOUTH EUROPE AND AFRICA +1.9%



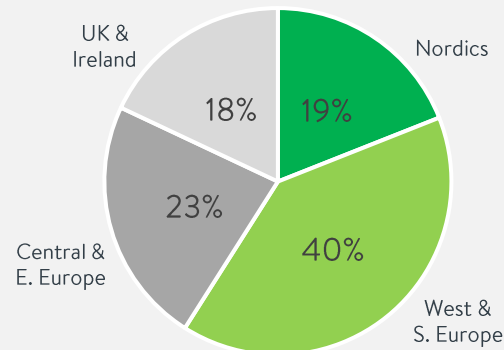
- Net sales at SEK 95.8 million (94), an increase of 2% vs last year thanks to good rebound in retail and increasing demand from operators. Parts of the increased sales were likely made in anticipation of coming quarter's price increase
- Doro still growing market share; now accounts for 83% volume and 90% value of senior phones

UK AND IRELAND -0.5%

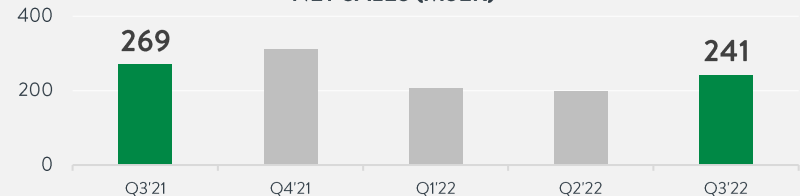
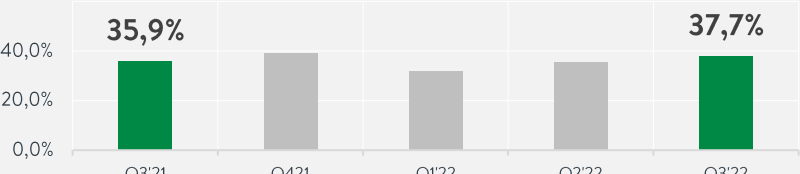
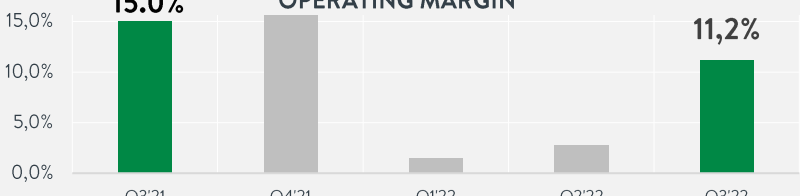


- Net sales in UK and Ireland at SEK 43.6 million (43.8), basically flat (-0.5%) versus to last year
- Economic situation even more strained than in EU, with financial markets noticeably anxious following change of government and the swing in economic policy, resulting in an all-time low level

Sales per Region
(Q3'22 / Growth Y/Y Q3'21)



2022 Q3 – Sales & Profitability

Sales	<ul style="list-style-type: none">Net sales SEK 241.2 million (269.4), a decrease of 10.5% compared to Q3 2021Strong third quarter in 2021, especially for UK and Frabel while Nordic and Dach suffered	<div>NET SALES (MSEK)</div>  <table><thead><tr><th>Quarter</th><th>Net Sales (MSEK)</th></tr></thead><tbody><tr><td>Q3'21</td><td>269</td></tr><tr><td>Q4'21</td><td>~300</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>241</td></tr></tbody></table>	Quarter	Net Sales (MSEK)	Q3'21	269	Q4'21	~300	Q1'22	~200	Q2'22	~200	Q3'22	241
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Margin	<ul style="list-style-type: none">Gross margin increased to 37.7 percent (35.9).Gross margin still hit by increasing COGS and that the US dollar kept strengthening. Thanks to favourable hedging and lower royalties the margin was boosted in the quarter	<div>GROSS MARGIN</div>  <table><thead><tr><th>Quarter</th><th>Gross Margin</th></tr></thead><tbody><tr><td>Q3'21</td><td>35,9%</td></tr><tr><td>Q4'21</td><td>~38%</td></tr><tr><td>Q1'22</td><td>~32%</td></tr><tr><td>Q2'22</td><td>~35%</td></tr><tr><td>Q3'22</td><td>37,7%</td></tr></tbody></table>	Quarter	Gross Margin	Q3'21	35,9%	Q4'21	~38%	Q1'22	~32%	Q2'22	~35%	Q3'22	37,7%
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Profit	<ul style="list-style-type: none">EBITDA SEK 37.7 million (56.5), decrease of 33%.EBIT SEK 26.9 million (40.5) corresponding to operating margin of 11.2% (15%).Profit after tax SEK 16.6 million (29.5) and earnings per share SEK 0.68 (1.23).	<div>OPERATING MARGIN</div>  <table><thead><tr><th>Quarter</th><th>Operating Margin</th></tr></thead><tbody><tr><td>Q3'21</td><td>15,0%</td></tr><tr><td>Q4'21</td><td>~15%</td></tr><tr><td>Q1'22</td><td>~1%</td></tr><tr><td>Q2'22</td><td>~2%</td></tr><tr><td>Q3'22</td><td>11,2%</td></tr></tbody></table>	Quarter	Operating Margin	Q3'21	15,0%	Q4'21	~15%	Q1'22	~1%	Q2'22	~2%	Q3'22	11,2%
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2022 Q3 – Cash flow & Financial position

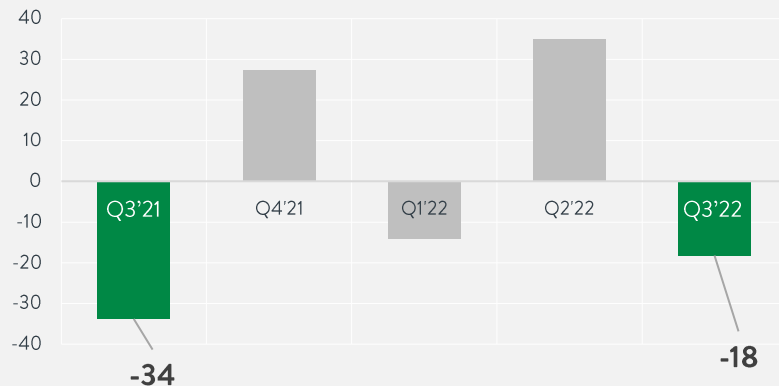
Cash flow

- Cash flow from operating activities during Q3'22 SEK -4.4 million (-13.1). Although negative, it was an improvement compared to the same quarter last year due to better development of the working capital.
- Free cash flow after investments SEK -18.2 million (-33.8) with investments at SEK 13.8 million (20.7).

Net debt

- Cash and cash equivalents totalled SEK 117.4 million (73.1) at the end of the third quarter. At the same time the equity ratio was 47.8 percent (53.4).
- Net cash SEK 27.2 million at the end of Q3 compared to a net cash of SEK 41 million at the end of previous quarter and a net debt of SEK 172.8 at the end of the third quarter of 2021.

FREE CASH FLOW (MSEK)



Concluding remarks and Q&A



Concluding remarks

Q3 positive

- IFA exhibitions with operators, retailers and end-user meetings and launch of our two new innovation categories; Doro Tablet and Doro Watch, with the latter having received very positive feedback
- Good gross margin thanks to very successful USD hedging and lower royalty costs. Despite sales decline and increasing COGS, good EBIT delivered
- Sales in Frabel above (+2%) last years' third quarter and UK basically flat, despite tough economic situation, but thanks to decent rebound in major operator and retailer channels in France and the UK

Q3 challenges

- General economic turmoil with increased inflation, food, fuel and electricity prices, which together with the uncertainty from the war in Ukraine, have shifted consumer focus away from home electronics.
- Customers choosing to spend on other items than consumer electronics, and as a consequence shop activity, both off- and on-line, are close to stand-still.
- Continued increase of COGS and very negative development of the USD against EUR and SEK in the quarter puts continuous strain on Doro's costs base.

Priorities ahead

- Stimulate channel sell-out and continue trying-out new sales concepts and ways of promoting the senior proposition.
- Continue transformation of the DACH region to getting it on its right trajectory.
- Successful launch of the third non-phone innovation category at MWC in Feb. Continue the transformation from a phone centred device company to a leading technology provider for seniors



- 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 2020 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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