A serene landscape photograph of a man in a small wooden boat on a calm lake. The man is positioned in the lower right quadrant, facing right. The lake's surface is still, reflecting the surrounding greenery. In the background, a dense forest of tall trees covers a hillside. The foreground is framed by the out-of-focus branches and leaves of trees, creating a sense of being in a secluded natural setting. The overall lighting is soft, suggesting early morning or late afternoon.

# DORO JANUARY – JUNE 2021

Carl-Johan Zetterberg  
Boudrie President & CEO

Friday July 16<sup>th</sup>, 2021

# AGENDA

- Key highlights
- Second quarter 2021
- Concluding remarks and Q&A session



# KEY HIGHLIGHTS



# KEY HIGHLIGHTS IN THE QUARTER

## Positive sales growth

Good sales growth in both business areas with increased activity in several markets

Organic growth in Doro Care of 9%, adjusted for currency effects, a step in the right direction

## Improved margins

Strong gross margin and good operating margin in the quarter

The strong margins in Doro Phones an effect of the implemented restructuring program

## Listing of Business Area Doro Care

The preparations for the separate listing continues as planned

Setting a foundation for two successful businesses, focused on delivering their strategy





# SECOND QUARTER 2021



# BUSINESS AREA DORO CARE

## Business highlights

- Organic growth of 9%, clear improvement from previous quarters and a step in the right direction
- Market activity and tenders have increased in all markets during the quarter, new market shares won in Sweden through new tenders
- The wish to initiate a digital shift in the UK starting to increase
- Managed to limit the effects from global component shortage, although we needed to make certain prioritizations in our business
- Gross margin decreased in the quarter, lower efficiency, partly due to connectivity issues and transition costs for new system in UK, and higher costs for freight and components
- The ambition to become European market leader in technology enabled care will continue to be the strategy and goal for Doro Care
- Our main focus will be to grow organically, drive service delivery excellence and develop new technology enabled solutions



# BUSINESS AREA DORO CARE

## SALES & FINANCIALS Q2 2021



### Sales in Business Area Doro Care

- Sales increased 17.4% y/y. Organic growth of 6.5% y/y, adjusted for currency effects 8.5%
- Sales of services increased by 12.9% y/y, also an increase compared to Q1'21
- Sales in products increased both y/y and compared to Q1'21, the increase is mainly from region Other



### Financials Business Area Doro Care

- EBIT SEK 8.1m (14.9)
- Gross margin 41.4% (44.9), low efficiency, higher costs due to component shortage and one-off costs impacting negatively
- Operating margin 5.5% (11.9)
- Number of subscriptions 368 000 (304 000)
- Investments in product development, SEK 7.6m (5.9)

### NET SALES

SEKm

200

150

100

50

0

Q220

Q320

Q420

Q121

Q221

125

147

Net sales  
+17.4%

### GROSS MARGIN

50%

40%

30%

20%

10%

0%

Q220

Q320

Q420

Q121

Q221

44,9%

40,8%

39,5%

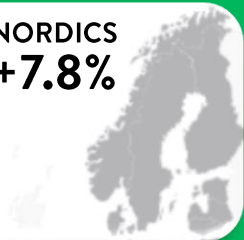
41,5%

41,4%

# BUSINESS AREA DORO CARE

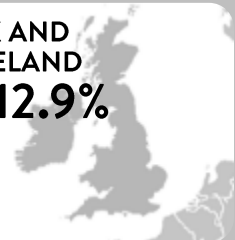
## SALES PER MARKET Q2 2021

**NORDICS**  
**+7.8%**



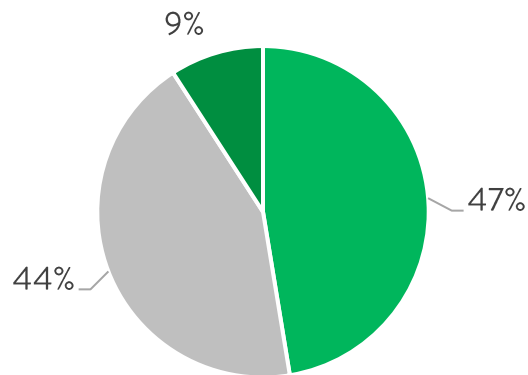
- Improved sales since we implemented new won agreements where our welfare hub Doro Eliza been a part
- Tender activity continued to increase in Sweden during the quarter, won several new contracts
- Slow product sales in Norway due to COVID-19 which postponed roll-outs

**UK AND IRELAND**  
**+12.9%**



- Slow product sales, although we started to see an increased demand in the end of the quarter
- More and more signs that customers want to switch from analogue to digital solutions
- Increasing market activity throughout the quarter, with growing tender activity from local authorities

### Sales per region (Q221 / Growth Y/Y Q221)



- Nordics (SEK 69.5/+7.8%)
- United Kingdom and Ireland (SEK 63.7m/+12.9%)
- Rest of the World (SEK 13.4m/+235.0%)



# BUSINESS AREA DORO PHONES

## Business highlights

- Good performance in the quarter and positive sales growth in several markets
- Strong gross margin of 35.2%, result of a better product and customer mix as well as favourable exchange rates
- We see positive effects from the restructuring program, the strategic decision to phase out less profitable markets and decrease our cost level have impacted margins positively
- The restructuring of our operations in Germany continued in the quarter, we have started to see improving sales levels in the last month of the quarter
- We carried out a major campaign with one of our operators in the Nordic region, which had a very positive effect on sales of feature phones in the quarter
- Doro Phones will continue to manifest its position as market leader for senior phones in Europe
- The strategy going forward also include broadening our offering with new products areas that enables technology for seniors



# BUSINESS AREA DORO PHONES

## SALES & FINANCIALS Q2 2021



### Sales in Business Area Doro Phones

- Positive sales growth of +25.5 % y/y, as restrictions ease and vaccinate rates increases sales has picked up
- Negative effect on sales y/y due to the strategic decision to phase out less profitable markets like North America.
- Sales last year significantly impacted by COVID-19

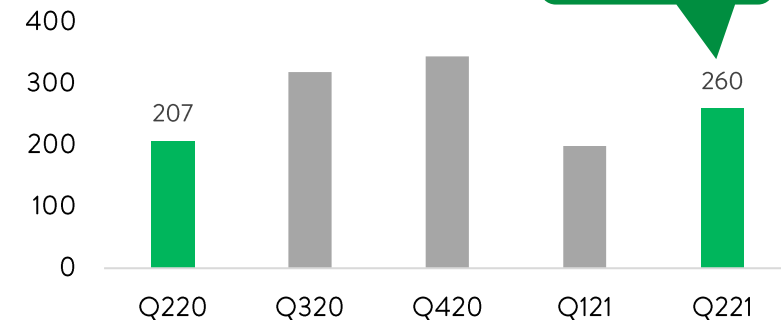


### Financials Business Area Doro Phones

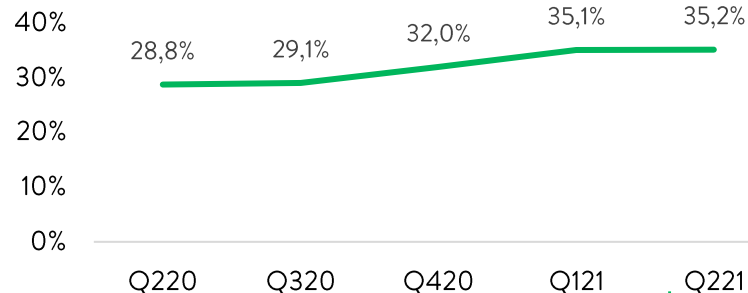
- Gross margin increased to 35.2% (28.8), mainly due to favorable exchange rates and mix effects
- EBIT SEK 24.8m (-1.9), the effects from the restructuring program drives increased margins and profitability
- Operating margin 9.5% (-0.9)
- Investment product development SEK 5.2m (9.5)

### NET SALES

SEKm



### GROSS MARGIN



# BUSINESS AREA DORO PHONES

## SALES PER MARKET Q2 2021

**NORDICS**  
**+54.0%**



- Major campaign with on of our operators affected sales of feature phones positively in the quarter
- Eased restrictions during the quarter have impacted demand positively

**WEST AND SOUTH EUROPE AND AFRICA**  
**+89.0%**



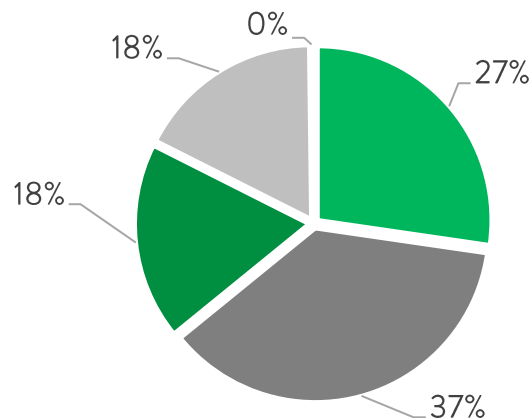
- Increased demand in all product categories as restrictions eased, and more people being vaccinated
- Strong performance in most markets in the region, especially France with their best quarter ever

**UK AND IRELAND**  
**+71.3%**



- Stores reopened in the quarter leading to strong customer demand
- Uncertainty how sales will be affected by the component shortage in coming quarters

Sales per Region (Q221 / Growth Y/Y Q221)

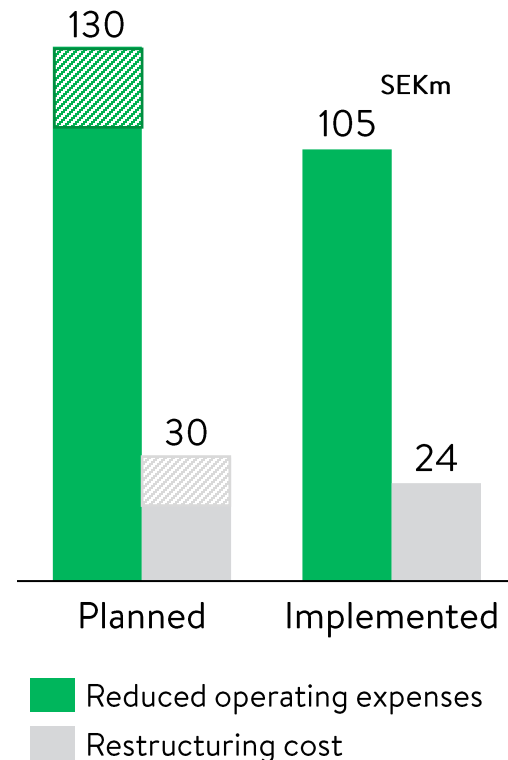


- Nordics (SEK 71.0m/+54.0%)
- West and South Europe and Africa (SEK 95.8m/+89.0%)
- Central and Eastern Europe (SEK 47.6m/-19.5%)
- United Kingdom and Ireland (SEK 45.2m/+71.3%)

# RESTRUCTURING UPDATE

During 2020 we announced that we would restructure the business, primarily Business Area Doro Phones to ensure long-term profitability and cash flow. We communicated that annual operating expenses was expected to decrease by approximately SEK 110-130 million in comparison to 2019 levels and that the restructuring costs was estimated to SEK 20-30 million.

- We have as part of the restructuring program phased out less profitable markets like North America and Italy. This has increased focus and margins.
- As a final step in the restructuring program, we initiated a restructuring of region DACH, the last activities in this project will be finalized during 2021.
- We have so far implemented savings of SEK 105 million in Doro Group, we expect to finalize the restructuring program and implement the rest of the savings during Q3-Q4. The savings of SEK 110-130 million will have full effect in end of 2021.
- We do not expect to exceed the communicated restructuring costs of SEK 30 million. We had 15.0 million of restructuring costs in 2020, 9.0 million in Q2 2021 and 5-6 million is planned during Q3-Q4 2021.
- The new structure will give a solid foundation for further expanding our market leading position and develop new products and services designed to suit the needs of the senior.



# PROFITABILITY GROUP Q2 2021

## Sales

- Net sales SEK 406.9m (332.3), an increase of 22.4% compared to Q2 2020, adjusted for currency effects 26.4 %
- Organic growth adjusted for currency effects of 8.5% in business area Doro Care
- Uncertainty in how sales will be affected by the current component shortages in coming quarters

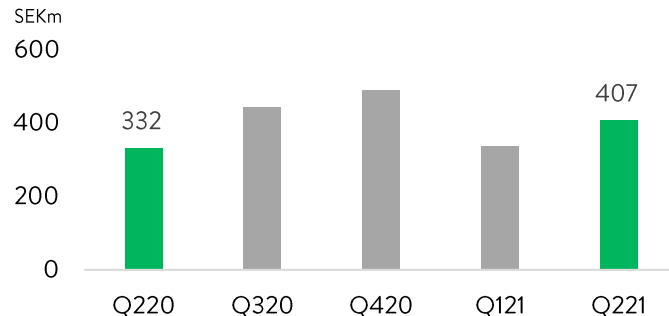
## Margin

- Gross margin increased compared to Q2 2020, mainly due to favorable exchange rates and a positive customer- and product mix
- Operating margin of 7.6 % excluding restructuring costs and costs for the listing of Doro Care, supported by a lower cost base and sales mix from the implemented restructuring program

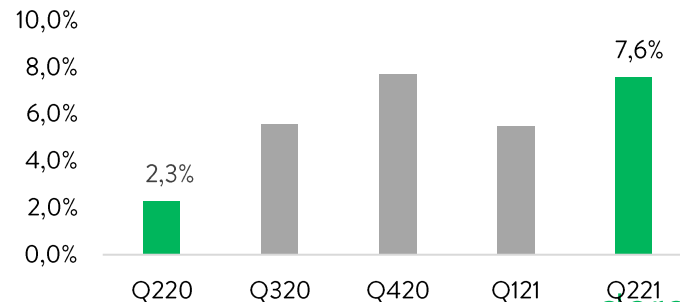
## Profit

- EBITDA SEK 51.6m (38.0)
- EBIT SEK 30.8m excluding restructuring costs and costs for the listing of Doro Care of SEK 9.3m, including restructuring costs, EBIT amounted to SEK 21.5m (7.8)
- Profit after tax SEK 12.9m (-3.3)

NET SALES



OPERATING MARGIN





# CASH FLOW Q2 2021

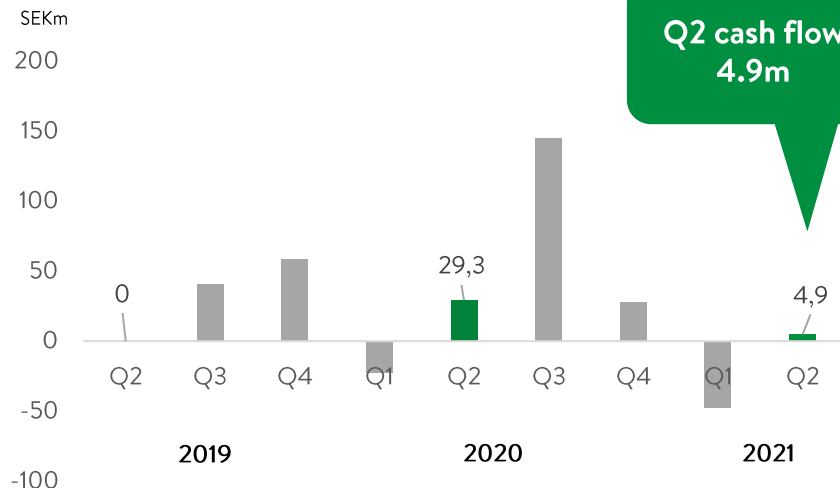
## Cash flow

- Free Cash Flow before acquisitions amounted to SEK 4.9m (29.3)
- The lower cash flow is mainly explained by a negative change in working capital
- Pension liability of SEK 41.9m settled as planned during the quarter, impacting Cash flow from investment activities

## Net debt

- Net debt of SEK 73.1m at the end of Q2 2021, compared with a net debt of SEK 32.3m at the end of Q1 2021, and a net debt of SEK 100.4m at the end of Q2 2020
- Equity/assets ratio at 56.2% end of Q2 down vs Q1 2021 at 56.4% and up from 52.1% end of Q2 2020

## FREE CASH FLOW



# CONCLUDING REMARKS AND Q&A



# CONCLUDING REMARKS

## Q2 positive

- Increased activity with positive sales growth and good margins
- We have successfully handled the challenges of COVID-19 and now we look forward, leaving the pandemic behind us
- Good organic growth in business area Doro Care, a step in the right direction
- We see positive effects from the restructuring program, and we will achieve the communicated savings of SEK 110-130m compared to 2019 levels

## Q2 challenges

- Continued challenges in our supply chain with component shortage, increased lead time and higher freight costs
- Gross margin in business area Doro Care decreased in the quarter, lower efficiency and higher costs for freight and components

## Priorities ahead

- Limit the effects from component shortages to meet customer demand
- Continue to drive organic growth and service delivery excellence in Doro Care
- Expanding our offering in Doro Phones leveraging our strong senior and technical know how
- Continue the preparations for a separate listing of business area Doro Care and enabling the business to deliver their strategy and meeting customer needs

# Q&A

- Thank you for your attention!
- Next report: Q3 October 22, 2021
- 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 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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