

First quarter 2023 in summary

- Doro's net sales amounted to SEK 208.3 million (204.6), an increase with 1.8 percent.
- Gross margin was 35.8 percent (32.0).
- EBITDA amounted to SEK 15.2 (14.8), an increase of 2.7 percent.
- Operating profit (EBIT) amounted to SEK 3.2 million (3.0), corresponding to an operating margin of 1.5 percent (1.5).
- Profit after tax for the period was SEK 3.6 million (3.5) and earnings per share was SEK 0.15 (0.14).
- Free cashflow was SEK -14.9 million (-14.2).

+1.8%
Net Sales

1.5%
EBIT-Margin

KEY FIGURES	2023	2022		2022
SEK million	Quarter 1	Quarter 1	%	Full year
Net sales	208.3	204.6	1.8%	909.5
Net sales growth, %	1.8	2.9		-12.5
Gross result	74.5	65.5	13.7%	317.6
Gross margin, %	35.8	32.0		34.9
EBITDA	15.2	14.8	2.7%	100.4
EBITDA margin, %	7.3	7.2		11.0
EBIT	3.2	3.0	6.7%	55.4
EBIT margin, %	1.5	1.5		6.1
Earnings per share, SEK	0.15	0.14	7.1%	1.68
Equity/assets ratio, %	54.2	49.9		52.6

MESSAGE FROM THE CEO

Decent results in a challenging market

During Q1 a number of indicators have turned in the right direction and Doro's sales in the quarter increased by 1.8% compared to last year. The healthy sales was partly explained by our customers' low inventory levels, caused by their extremely restrained ordering at the end of 2022. The first part was better from a sales point of view, but towards the end of the quarter, the sales softened. Overall, Doro came in slightly better than the same quarter last year, and our FraBel region did particularly well, bolstered by the launch of our latest smartphone at our biggest French mobile operator customer.

In general, our smartphones and 4G feature phones sold well in the quarter. The latter a clear testament to the accelerated technology shift in our markets, with the sunset of 2G and 3G technology closing in.

Traditionally 4G based feature phones are more complex and less user friendly for the senior segment, but Doro has made a tremendous effort in maintaining the simplicity for the users while upgrading the underlying technology to fulfil the complex requirements of modern mobile telephony.

During the quarter, we also continued implementing our new innovative sales initiatives, such as the roll-out of our Doro-dedicated shop corners, in several stores throughout Sweden and with more to follow in the other Nordic countries. The Doro corners ensures more visibility for the full Doro range, both for existing products already in place and for the innovation products that are coming. Similar concepts are now also being tried out in Ireland and Germany, with Doro-dedicated shelves in select stores.

In Great Britain we delivered the first orders from our own relaunched web shop. The Doro UK web shop was previously closed as a result of Brexit and Covid-19 pandemic but now once again provides us with flexibility and an excellent way to try out new sales concepts directly with end-customers. These activities have no doubt contributed to support sales and mitigate the shrinking senior feature phone market size, resulting in improved market shares for Doro in the quarter.

Despite the weak Swedish krona still negatively affecting the consumer electronics business, Doro managed to deliver a solid gross margin of 35.8% thanks to the positive development of our other cost of goods.

Freight was by far the cost item that showed the best trend, with a strong decrease of shipping fees from Asia and a better sea to air transport ratio. We also managed to decrease our inventory relative to Q1 2022, as the customary inventory build-up in Q1, driven by the Chinese New Year, was offset by good sell-out of older products.

"Our FraBel region did particularly well, bolstered by the launch of our latest smartphone at our biggest French mobile operator customer..."

"During the quarter, we also continued implementing our new innovative sales initiatives, such as the rollout of the dedicated Doro shop corners..."



Investing in the future

In line with the strategy to broaden our portfolio while still remaining leader in the elderly phone segment, not only are we investing in new products, but we also made several recruitments of key resources for the development and product management teams in the quarter.

In addition, the Management Team was further supported by a Chief Product Officer and Head of Commercial Development consultants, to optimise the implementation of our strategy from both a commercial, portfolio and marketing point of view.

In light of the challenging market conditions, and our current increasing investments in the future, we are satisfied to continue deliver positive operating profits of SEK 3.2 million (1.5% margin) in the quarter. I see our margin as a sign of strength for the business, although still lower than the levels we believe we should be able to reach.

With the new organisation coming into place and with the additional investments in both product development, and sales and marketing, we look forward to accelerating our portfolio broadening to reach more seniors with tailor made solutions that help them live better lives.

"In line with strategy to broaden our portfolio while still remaining leader in the elderly phone segment... we have recruited several key resources... and with the reinforced organisation getting in place, we are looking forward to accelerating portfolio broadening"

- Jörgen Nilsson, President and CEO

QUARTER HIGHLIGHTS

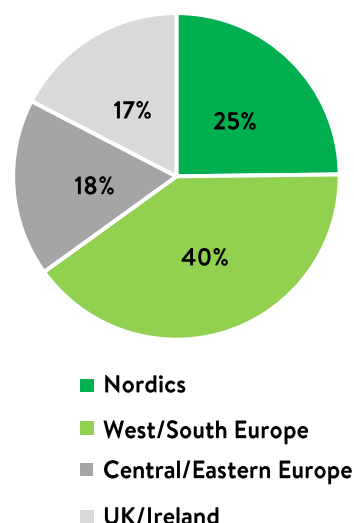
Net sales for the first quarter amounted to SEK 208.3 million (204.6), an increase of 1.8 percent compared to the same period in 2022. The quarter started strongly with customers refilling their inventory after a cautious final quarter 2022. The latter part of the quarter was a bit slower with a sense of end consumers not fully finding their way back to stores. The consumer electronics business in general continued to struggle against headwinds in a time of reduced purchasing power. In our markets, it was most notable in Germany and the Nordic countries.

Sales in the **Nordics** amounted to SEK 51.7 million (47.3), an increase of 9.3 percent. The quarter was an uplift as customers replenished their depleted inventories from last year. The Easter weekend early April helped lift demand at the end of the quarter. Some less positive signs are that some of the home electronics department store chains have been closing several of their stores around the region. The senior phone market declined in Denmark, Finland, and Norway, while Sweden showed an increase mirroring the increase in Doro's sales, as Doro is particularly large on the home market¹.

Sales in **Western and Southern Europe** reached SEK 83.8 million (66.9), an increase of 25.3 percent. Demand from major mobile operators was strong in France during the quarter, which was reflected by the increased sale of smartphones and 4G feature phones. Consumer electronics chains also ordered well, while general retail demand declined. The latter is a clear consequence of 2G sunset and the shift to 4G, which has accelerated during the quarter with announcements from several large operators on the technology shift.

Sales in **Central and Eastern Europe** amounted to SEK 36.6 million (54.0), a decrease of 32.2 percent. Last year's figures include a large one-off sales deal of non-core products with a limited margin, deals which we are now moving away from as part of our strategy to focus on Doro products. The German telecom market showed a rather sharp decline during the first quarter, which affected Doro's sales. At the same time, we are in a transition period in the region, as we are changing direction from a general distribution set-up to a Doro-products-only business. It will most probably affect sales for some time to come, with portfolio changes and re-designing of the customer base. We remain convinced however that this is the way for the future and will show the expected results eventually.

Sales in **Great Britain and Ireland** amounted to SEK 36.2 million (36.3), a decrease of 0.3 percent. A major difference in the quarter's revenue compared to the same quarter last year is a downfall in 3G sales to our largest retail customer, who ordered large volumes in 2022 to fill all their stores ahead of the shutdown of the category. This loss of 3G sales was however almost balanced out by sales to several new customers, the first sales via our own web platform, and continued good lift from other digital channels. Our market share had increased in the region at the end of the period¹.



1) GfK 2023 EU4

NET SALES PER MARKET	2023	2022		2022
SEK million	Quarter 1	Quarter 1	%	Whole year
Nordics	51.7	47.3	9.3	187.1
West and South Europe and Africa	83.8	66.9	25.3	348.4
Central and Eastern Europe	36.6	54.0	-32.2	212.5
UK and Ireland	36.2	36.3	-0.3	161.6
Total	208.3	204.6	1.8	909.5

Order backlog at the end of the first quarter was SEK 68.5 million, a decrease of 21.2 percent compared to the same quarter last year. The Nordic region had a larger order backlog than at the same time last year while the other regions had lower order backlog. As previously mentioned, the rather low order backlog at the end of each period in the past year confirms that our customers order more restrictively, with the aim of avoiding large inventory in their own warehouse.

The gross margin during the first quarter was 35.8 percent compared to 32.0 percent last year. Our business continues to be negatively affected by a weak Swedish krona, although not in the same extent as previous quarter thanks to less extensive currency fluctuations. The biggest improvement compared to the same quarter last year is shipping costs, mainly shipping from Asia. USD price per kilo for sea freight has fallen to levels approaching pre-pandemic levels. The price of air transport also shows a decline, although not in the same extent. During the quarter, we were even able to increase the proportion of sea transport compared to air, which affected costs in the right direction. Other costs, such as warranty and royalty costs, are in line with previous quarters, which also means an improvement compared to the first quarter of last year.

EBIT amounted to SEK 3.2 million (3.0) during the first quarter, corresponding to an EBIT margin of 1.5 percent (1.5). Results were affected by the planned higher operating costs, as part of our strategy to grow, which requires expanding our teams in product development, product management and marketing.

KEY FIGURES	2023	2022		2022
SEK million	Quarter 1	Quarter 1	%	Whole year
Net sales	208.3	204.6	1.8%	909.5
Cost of goods and services sold	-133.8	-139.0	-3.7%	-591.9
Gross profit	74.5	65.5	13.7%	317.6
<i>Gross margin, %</i>	<i>35.8</i>	<i>32.0</i>		<i>34.9</i>
Other operating expenses	-71.3	-62.5	14.1%	-262.2
Operating profit (EBIT)	3.2	3.0	6.7%	55.4
<i>Operating margin (EBIT margin), %</i>	<i>1.5</i>	<i>1.5</i>		<i>6.1</i>
Order book	68.5	86.9	-21.2%	67.0
Order intake	209.8	217.0	-3.3%	902.0
Investment product development	4.3	4.7	-8.5%	37.8

The result for the period amounted to SEK 3.6 million (3.5) during the first quarter. Net financial items were SEK 1.8 million (1.8). The effective tax rate for the period was 27.2 percent (25.0).

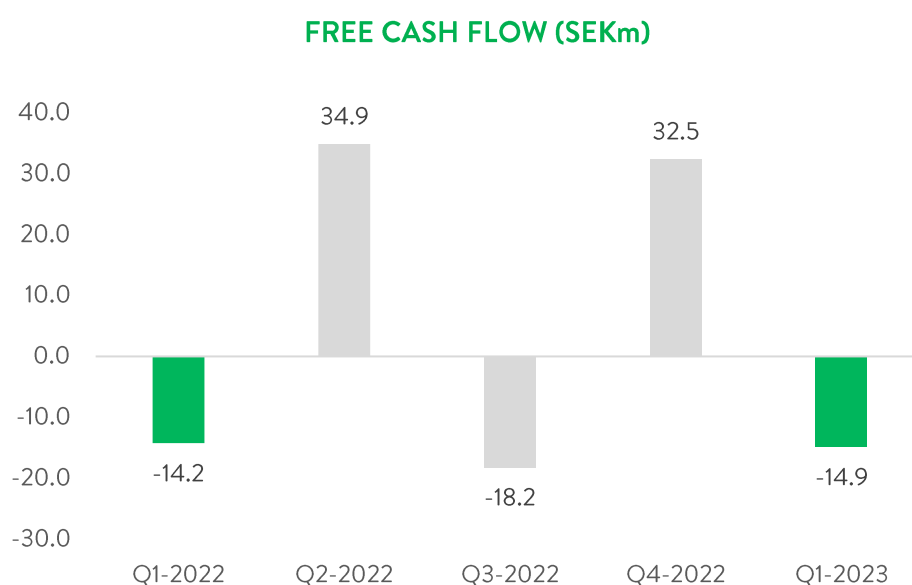
FINANCIAL DEVELOPMENT

Cash flow, investments, and financial position

Cash flow from operating activities during the first quarter was SEK -10.6 million (-9.4). The working capital deteriorated, with slightly higher inventory and lower accounts payable than end of year. Free cash flow after investments amounted to SEK -14.9 million (-14.2). Investments during the period amounted to SEK 4.3 million (4.8).

Cash and cash equivalents totalled SEK 125.1 million (91.0) at the end of the first quarter. At the same time, the equity ratio was 54.2 percent (49.9)

Net cash amounted to SEK 50.0 million at the end of the first quarter, compared with a net cash of SEK 63.6 million at the end of the previous quarter, and a net debt of SEK 1.8 million at the end of the first quarter of 2022.



Significant events during the period

- On March 17, Doro AB filed a report to the Swedish Data Protection Authority (IMY) for a potential breach of the Data Protection Regulation (GDPR). On April 25, the IMY confirmed that they have closed the issue without further actions.

Significant events after the period

- No significant events after the period.

OTHER INFORMATION

Equity and the Doro share

Doro's share is listed on Nasdaq Stockholm, Small Cap, in the segment Telecom/IT. On 31 March 2023, the number of issued shares was 24.532.500, of which Doro AB holds 206.286 Doro shares. Total equity amounted to SEK 481.7 million (430.9).

Employees

On 31 March 2023, Doro had 112 (111) employees, corresponding to 109 (106) full-time equivalents. Of these employees, 59 (54) were based in the Nordic region, 22 (25) in Central and Eastern Europe, 12 (13) in Western and Southern Europe and Africa, 8 (8) in the United Kingdom and Ireland and 11 (11) in the rest of the world.

Risks

Currently, the global economic situation and the uncertainty surrounding its evolution still pose a risk, especially in our home market where the weak Swedish krona contributes to high inflation and reduced consumer purchasing power. The technology shift with the upcoming closure of 2G and 3G networks as well as increased technical requirements in connection with the focus on sustainability are a risk but can also prove to be an opportunity and our development team works continuously to adapt our products and our technology. Cyber security is also a tangible risk that our IT department counteracts through customized security measures.

Other risks are described on pages 32–33 of the Annual Report 2021.

Parent company

The parent company's net sales during the first quarter totalled SEK 195.6 million (178.2). Profit after tax amounted to SEK 13.5 million (-0.9).

Accounting principles

This interim report has been prepared for the group in accordance with IAS 34. "Interim Financial Reporting." and for the parent company in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2. "Accounting for legal entities." Government assistance received is reported as other income. The accounting principles and calculation methods applied correspond to those that were used to prepare the most recent annual report.

FINANCIAL REPORTS

GROUP

INCOME STATEMENT

SEK million Doro Group

	2023 Quarter 1	2022 Quarter 1	2022 Whole year
Net Sales	208.3	204.6	909.5
Cost of goods and services sold	-133.8	-139.0	-591.9
Gross profit	74.5	65.5	317.6
Selling, distribution and marketing expenses	-39.6	-37.1	-152.5
Research and development expenses	-18.7	-14.7	-64.4
Administrative expenses	-14.6	-12.3	-50.9
Other income and expense	1.6	1.6	5.6
Total operating expenses	-71.3	-62.5	-262.2
whereof depreciation and amortization of intangible and tangible fixed assets	-12.0	-11.8	-45.0
Operating profit/loss before depreciation and amortization (EBITDA)	15.2	14.8	100.4
Operating profit/loss after depreciation and amortization (EBIT)	3.2	3.0	55.4
Net financial items	1.8	1.8	-10.9
Profit/loss before taxes	5.0	4.8	44.5
Taxes	-1.4	-1.3	-3.6
Profit/loss for the period	3.6	3.5	40.9
Average number of shares, thousands	24 326	24 326	24 326
Average number of shares after dilution, thousands*	24 326	24 326	24 326
Earnings per share, SEK	0.15	0.14	1.68
Earnings per share after dilution, SEK*	0.15	0.14	1.68

*The effect of dilution is considered only when the effect on earnings per share is negative.

STATEMENT OF COMPREHENSIVE INCOME**SEK million Doro Group**

	2023	2022	2022
	Quarter 1	Quarter 1	Whole year
Profit/loss for the period	3.6	3.5	40.9
Profit/loss for the period, total	3.6	3.5	40.9
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Translation differences	1.8	2.2	13.5
Effects from cash flow hedges	1.6	3.0	-2.8
Tax on items that may be reclassified to profit or loss	-0.3	-0.6	0.5
Other comprehensive income, total	3.1	4.6	11.2
Other comprehensive income related to Parent company's shareholders	6.7	8.1	52.1

STATEMENT OF FINANCIAL POSITION**SEK million Doro Group**

	2023	2022	2022
	31-Mar	31-Mar	31-Dec
Non-current assets			
Intangible assets	281.2	273.9	285.5
Property, plant, and equipment	16.5	19.4	17.4
Financial assets	38.5	51.4	38.6
Deferred tax-asset	14.3	13.7	14.2
Current assets			
Inventories	219.2	225.7	208.4
Current receivables	193.7	189.0	185.3
Cash and cash equivalents	125.1	91.0	154.4
Total assets	888.5	864.0	903.8
Shareholders' equity attrib. to Parent company's shareholders	481.7	430.9	475.0
Long term liabilities, interests-bearing	70.4	89.0	86.3
Long term liabilities, non-interests bearing	47.7	43.5	48.1
Current liabilities, interests-bearing	7.5	7.2	7.3
Current liabilities, non-interests bearing	281.2	293.4	287.1
Total shareholders' equity and liabilities	888.5	864.0	903.8

Financial instruments recognized at fair value in Balance Sheet**SEK million Doro Group**

	2023	2022	2022
	31-Mar	31-Mar	31-Dec
Exchange rate contracts recorded as current liability	5.6	1.5	14.1
Exchange rate contracts recorded as current receivable	0.0	3.8	0.1
Hybrid loan	38.0	50.9	38.0

Financial instruments recognized at fair value consist of currency forward contracts and are used primarily for hedging purposes and are measured at level 2.

STATEMENT CASH FLOWS	2023	2022	2022
SEK million Doro Group	Quarter 1	Quarter 1	Whole year
EBIT	3.2	3.0	55.4
Depreciation according to plan	12.0	11.8	45.0
Net paid financial items	0.2	-0.7	-2.2
Unrealized exchange rate differences in cash flow hedges	-6.8	1.5	11.9
Income tax paid	-6.1	-14.6	-25.6
Change in working capital (incl. changes in provision)	-13.1	-10.5	-11.4
Cash flow from current activities	-10.6	-9.4	73.1
Investments in intangible and tangible assets	-4.3	-4.8	-38.0
Free cash flow before acquisitions	-14.9	-14.2	35.1
Cash flow from investing activities	-4.3	-4.8	-38.0
Amortization of debt	-17.0	-77.0	-82.4
Cash flow from financing activities	-17.0	-77.0	-82.4
Exchange rate diff in cash and cash equivalents	2.6	3.1	22.6
Change in liquid funds	-29.3	-88.1	-24.7
 Net cash	 50.0	 -	 63.6
Net debt	-	1.8	-

STATEMENT OF CHANGES IN EQUITY	2023	2022	2022
SEK million Doro Group	31-Mar	31-Mar	31-Dec
Opening balance	475.0	422.9	422.9
Total Comprehensive income related to Parent company's shareholders	6.7	8.1	52.1
Closing balance	481.7	430.9	475.0

OTHER KEY FIGURES	2023	2022	2022
SEK million Doro Group	31-Mar	31-Mar	31-Dec
EBITDA	15.2	14.8	100.4
Equity/assets ratio, %	54.2	49.9	52.6
Number of shares at the end of the period, thousands	24 326	24 326	24 326
Number of shares at end of the period after dilution, thousands*	24 326	24 326	24 326
Equity per share, SEK	19.80	17.71	19.53
Equity per share, after dilution SEK*	19.80	17.71	19.53
Return on average share holders' equity, %	8.9	16.7	9.1
Return on average capital employed, %	13.2	13.9	13.1
Share price at period's end, SEK	14.14	27.00	14.86
Market value, SEKm	344.0	656.8	361.5

*The effect of dilution is considered only when the effect on earnings per share is negative.

PARENT COMPANY

INCOME STATEMENT

SEK million Parent company

	2023	2022	2022
	Quarter 1	Quarter 1	Whole year
Net Sales	195.6	178.2	808.0
Cost of goods and services sold	-130.5	-128.1	-543.5
Gross profit	65.1	50.1	264.5
Operating expenses	-67.8	-54.3	-245.4
Operating profit/loss (EBIT)	-2.7	-4.1	19.2
Net financial items	15.4	3.3	-7.0
Profit/loss after financial items	12.7	-0.8	12.2
Taxes	0.8	-0.1	-6.6
Profit/loss for the period	13.5	-0.9	5.6

STATEMENT OF COMPREHENSIVE INCOME

SEK million Parent company

	2023	2022	2022
	Quarter 1	Quarter 1	Whole year
Profit/loss for the period	13.5	-0.9	5.6
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Effects from cash flow hedges	1.6	3.0	-2.8
Tax on items that may be reclassified to profit or loss	-0.3	-0.6	0.5
Total Result related to Parent company's shareholders	14.8	1.5	3.3

STATEMENT OF FINANCIAL POSITION

SEK million Parent company

	2023	2022	2022
	31-Mar	31-Mar	31-Dec
Non-current assets			
Intangible assets	49.0	49.8	54.6
Property, plant and equipment	0.7	0.7	0.9
Financial assets	110.7	123.0	110.2
Current assets			
Inventories	180.2	180.3	171.5
Current receivables	381.5	534.1	370.7
Cash and cash equivalents	114.1	79.6	142.4
Total assets	836.2	967.5	850.3
Shareholders' equity attributable to Parent company's shareholders	240.1	223.4	225.3
Provisions	72.0	69.3	72.2
Long-term liabilities	60.0	75.0	75.0
Current liabilities	464.1	599.8	477.8
Total shareholders' equity and liabilities	836.2	967.5	850.3

FINANCIAL DEFINITIONS

Average number of shares after dilution	Average number of shares adjusted with the dilution effect from warrants is calculated as the difference between the assumed number of shares issued at the exercise price and the assumed number of shares issued at average market price for the period.
Earnings per share	Profit/loss after financial items minus tax divided by average number of shares for the period.
Earnings per share, after dilution	Profit/loss after financial items minus tax divided by the average number of shares for the period after dilution.
Number of shares at the end of the period, after dilution	The number of shares at the end of the period adjusted with the dilution effect from warrants is calculated as the difference between assumed number of shares issued at the exercise price and the assumed number of shares issued at the closing market price at the end of the period.
Equity per share	Shareholders' equity at the end of the period divided by the number of shares at the end of the period.
Equity per share, after dilution	Shareholders' equity at the end of the period divided by the number of shares at the end of the period, after dilution.
Net Debt/Net Cash	Cash and bank balances reduced with interest-bearing liabilities.
Market value, SEK m	Share price at period's end times the number of shares at the end of the period.

Use of non-IFRS performance measures

Guidelines on Alternative Performance Measures (APMs) for companies with securities listed on a regulated market within the European Union have been issued by ESMA (the European Securities and Markets Authority). These guidelines apply to APMs disclosed when publishing regulated information on or after July 3, 2016. Reference is made in the interim report to a number of non-IFRS performance measures that are used to help investors as well as management analyse the company's operations. Described below are the non-IFRS performance measures that are used as a complement to the financial information that is reported in accordance with IFRS.

Description of financial performance measures that are not used in IFRS

Non-IFRS performance measure	Description	Reason for use of the measure
Gross Margin %	Net Sales minus Cost of goods and services sold in percentage of Net Sales.	Gross Margin is an important measure for showing the margin before Other operating expenses.
Sales growth comparable entities %	Net Sales for the period minus Net Sales for entities acquired during the year minus Net Sales for the corresponding period last year in percentage of Net Sales for the corresponding period last year.	Sales growth for comparable entities shows the Group's organic growth excluding acquired businesses.
Currency adjusted Sales growth %	Net Sales for the period minus Net Sales for the corresponding period last year recalculated using this year's currency exchange rates in percentage of Net Sales for the corresponding period last year recalculated using this year's currency exchange rates.	The measure shows the Sales growth excluding the effect of changes in currency exchange rates between the years.
Equity/assets ratio	Equity expressed as a percentage of total assets.	A traditional measure for showing financial risk, expressing the amount of restricted equity which is financed by the owners.
Return on average shareholders' equity	Profit/Loss rolling twelve months after financial items and tax divided by average shareholders' equity.	Shows from a shareholder perspective the return that is generated on the owners' capital that is invested in the company.
Capital employed	Total assets reduced with non-interest-bearing debt and cash and bank balances.	This measure shows the amount of total capital that is used in the operations and is thus one component for measuring the return from operations.
Return on average capital employed	Operating profit/loss rolling twelve months, divided by the quarterly average capital employed excluding cash and bank balances.	This is the central ratio for measuring the return on the capital tied up in operations.

Calculation of financial performance measures that are not defined in IFRS

	2023 Quarter 1	2022 Quarter 1	2023 31-Mar	2022 31-Mar
Currency adjusted sales growth (MSEK)				
Currency adjusted sales growth	-7.6	-3.8		
Currency effect	11.3	9.7	0	0
Reported sales growth	3.7	5.9		
Capital employed				
Total assets			888.5	864.0
Non-interest-bearing liabilities			328.9	336.9
Cash and bank			125.1	91.0
Reported capital employed			434.5	436.1

CONFIRMATION BY THE BOARD

The board and CEO affirm that this Interim Report provides an accurate overview of the operations, position and earnings of the company and group and that it also describes the principal risks and uncertainty factors faced by the company and its subsidiaries.

This Interim Report has not been reviewed by the Company's auditors.

Malmö, 28 April 2023

Henri Österlund
Chairman of the Board

Juha Mört
Board member

Victor Saeijs
Board member

Noora Jayasekara
Board member

Fredrik Löthgren
Board member

Jörgen Nilsson
President & CEO

REPORT DATES

Q2 report, January-June 2023 14 July 2023
Q3 report, January-September 2023 27 October 2023

The annual general meeting will be held in Malmö on 28 April 2023.

CONTACT

For further information, please contact:

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E-post: ir@doro.com

WEBCAST

A video conference call will be held on Friday, 28 April at 9.00 am (CEST) when President and CEO Jörgen Nilsson and CFO Isabelle Sengès will present the report. The videoconference is accessed at [Quarterly report meeting \(doro.com\)](https://Quarterly-report-meeting(doro.com)). The presentation material is available on Doro's financial website [Presentations \(doro.com\)](https://Presentations(doro.com)).

