

Eventful quarter with improved cashflow

The quarter in summary

- Doro's net sales amounted to SEK 443.2 million (521.4), a decrease of 15.0 percent.
- Net sales for business area Doro Care were SEK 124.2 million (119.1), an increase of 4.3 percent and for business area Doro Phones were SEK 319.0 million (402.3), a decrease of 20.7 percent.
- Gross margin increased to 32.4 percent (31.1). For Doro Care, the gross margin increased to 40.8 percent (39.6) and for Doro Phones the gross margin increased to 29.1 percent (28.6).
- EBITDA amounted to SEK 53.2 million (57.3), a decrease of 7.2 percent.
- Operating profit (EBIT) amounted to SEK 31.7 million (33.8), excluding restructuring costs of SEK 6.7 million, corresponding to an operating margin of 7.2 percent (6.5). Including restructuring costs, EBIT amounted to SEK 25.0 million (33.8) with an operating margin of 5.6 percent (6.5).
- Profit after tax for the period was SEK 18.7 million (23.0) and profit per share was SEK 0.79 (0.97).
- Free cash flow before acquisitions was SEK 145.1 million (40.8).

5.6%

EBIT margin

-15.0%

Net sales

January – September in summary

- Doro's net sales amounted to SEK 1,199.7 million (1,447.2), a decrease of 17.1 percent.
- Net sales for business area Doro Care were SEK 379.4 million (346.1), an increase of 9.6 percent and for business area Doro Phones were SEK 820.3 million (1,101.1), a decrease of 25.5 percent.
- Gross margin increased to 33.5 percent (32.3). For Doro Care, the gross margin increased to 42.2 percent (41.9) and for Doro Phones the gross margin increased to 29.5 percent (29.3).
- EBITDA amounted to SEK 134.9 million (148.2), a decrease of 9.0 percent.
- Operating profit (EBIT) amounted to SEK 54.7 million (89.9), excluding restructuring costs of SEK 6.7 million (8.7), corresponding to an operating margin of 4.6 percent (6.2). Including restructuring costs, EBIT amounted to SEK 48.0 million (81.2) with an operating margin of 4.0 percent (5.6).
- Profit after tax for the period was SEK 29.9 million (57.1) and profit per share was SEK 1.26 (2.40).
- Free cash flow before acquisitions was SEK 152.5 million (60.0).
- The rapid spread of the COVID-19 virus had a negative effect on sales in the period due to closed markets, which predominately affected business area Doro Phones. A gradual recovery occurred in the end of the second quarter and in the third quarter.

KEY FIGURES

(SEK million)	2020 Quarter 3	2019 Quarter 3	%	2020 Jan-Sep	2019 Jan-Sep	%	2019 Whole year
Net sales	443.2	521.4	-15.0	1,199.7	1,447.2	-17.1	2,063.0
Sales growth, %	-15.0	2.5		-17.1	7.0		8.2
EBITDA	53.2	57.3	-7.2	134.9	148.2	-9.0	209.3
EBITDA margin, %	12.0	11.0		11.2	10.2		10.1
EBIT	25.0	33.8	-26.0	48.0	81.2	-40.9	112.1
EBIT margin, %	5.6	6.5		4.0	5.6		5.4
Adjusted EBIT*	31.7	33.8	-6.2	54.7	89.9	-39.2	131.4
Adjusted EBIT margin*, %	7.2	6.5		4.6	6.2		6.4
Profit per share	0.79	0.97	-18.7	1.26	2.40	-47.6	3.28
Equity ratio, %	48.7	44.4		48.7	44.4		46.6

*EBIT excluding restructuring costs

Message from the CEO

It has been another eventful quarter for Doro, we have taken several important steps forward in our ambition to become European market leader in technology enabled care. During the quarter, we completed two acquisitions whilst working to restructure the business. I am proud of the fantastic work that the Doro team has done during this intense period. Without their efforts and commitment, this would not have been possible, and together we will take steps towards becoming the leading player in the market.

The current pandemic has accentuated and accelerated some key market trends that influence our strategy and execution. Within business area Doro Care the market starts to demand solutions that are more efficient and secure which enables increased safety for seniors. Therefore, we continue to expand our service offering and develop new, innovative solutions to meet our customers' growing demand. During the quarter we accelerated our strategy, completed the acquisitions of Victrix and Eldercare, and launched our new welfare hub Eliza.

The acquisition of Victrix is a big step forward in our own software platform and strengthen our technical capability. Together with the launch of Eliza, we are a company with technology enabled care at the forefront. This enables us to offer more proactive solutions, create flexibility and speed with integrations to other systems and products. Victrix's strong technical competence and extensive experience in technology enabled care fits well with our strategy and will be a great addition to Doro. Another key part of our strategy is to strengthen our position in the UK market. With the acquisition of Eldercare, we expand our geographical presence in the UK and are one of the largest players in the market. The geographical position of Eldercare enables us to reach out and support new customers and thereby help more people to live a safer and secured life.

During the past quarter, the slow market development within business area Doro Care has continued, with postponed procurements. This has resulted in a sales development that is below our target, which we are not satisfied with. By reorganizing into two different business areas, we can work more intensely and focused within both business areas – Doro Care and Doro Phones. With a strengthened team and a greater focus, we can gradually improve the development and generate the results we want.

Sales during the third quarter amounted to SEK 443.2 million (521.4), a decrease of 15.0 percent compared to the third quarter of 2019. We see an improvement compared to the previous quarter, which is a result of a gradual recovery in our key markets, even though sales are still lower than last year. With good cost control, we managed to deliver an EBIT of SEK 31.7 million, excluding restructuring costs, (33.8) and a positive cash flow during the third quarter. It is too early to determine how long our business will be affected by the pandemic and it is still uncertain how the market will develop. Recently, however, we have shown that we are well prepared and in an efficient way have adapted the business to the current situation.

Early in the quarter we announced that we had decided to restructure the business in order to maintain and consolidate our market leading position in Europe. With a declining market and an ongoing pandemic, we want to ensure a sustainable and long-term profitability. To achieve this, we will reduce our operating expenses, predominately within business area Doro Phones, by SEK 110-130 million. We have already reduced our costs by SEK 50 million and I have strong belief that we will reach our saving target. The restructuring will create space for new innovative solutions and offerings, while we lay a strong foundation for continued success in both business areas.

I am convinced that the important steps we have taken in our strategy during the quarter will support a profitable growth. I look forward to all the challenges and new opportunities we have ahead of us. Together we will create a better future for seniors.

Carl-Johan Zetterberg Boudrie, President and CEO



“The acquisition of Victrix means a big step forward in our own software platform that contributes to a stable profitability and creates space for new innovative solutions and offerings”

“With a declining market and an ongoing pandemic, we have chosen to restructure the business, to maintain and consolidate our market leading position in Europe”

NET SALES

Highlights during the third quarter

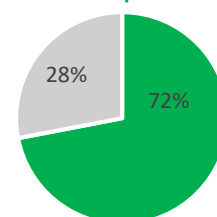
Doro's net sales for the third quarter amounted to SEK 443.2 million (521.4), a decrease of 15.0 percent compared with the third quarter of 2019. Sales gradually recovered during the quarter. Adjusted for currency effects, the decrease was 12.1 percent.

Sales in business area Doro Care increased by 4.3 percent, while sales in business area Doro Phones decreased by 20.7 percent compared with the third quarter of 2019. Organic growth within Doro Care was -11.4 percent.

NET SALES BY BUSINESS AREA

(SEK million)	2020 Quarter 3	2019 Quarter 3	%	2020 Jan-Sep	2019 Jan-Sep	%	2019 Whole year
Doro Care	124.2	119.1	4.3	379.4	346.1	9.6	476.7
Doro Phones	319.0	402.3	-20.7	820.3	1,101.1	-25.5	1,586.3
Total	443.2	521.4	-15.0	1,199.7	1,447.2	-17.1	2,063.0

Net sales by business area for the quarter



- Doro Phones
- Doro Care

OPERATING PROFIT

Highlights during the third quarter

The gross margin increased compared with the third quarter of 2019 and amounted to 32.4 percent (31.1).

EBITDA for the third quarter decreased by 7.2 percent to SEK 53.2 million (57.3), which corresponds to an EBITDA margin of 12.0 percent (11.0).

EBITA for the third quarter decreased to SEK 26.2 million (36.6). Planned depreciation of intangible assets from company acquisitions was SEK -1.2 million (-2.8) during the quarter, resulting in an EBIT of SEK 31.7 million excluding restructuring costs of SEK 6.7 million and an EBIT margin of 7.2 percent. Including restructuring costs EBIT amounted SEK 25.0 million (33.8) with an EBIT margin of 5.6 percent (6.5). The improved operating margin, excluding restructuring costs, is mainly explained by the saving initiatives which was implemented in the early phase of the pandemic. The restructuring cost of SEK 6.7 million is mostly related to business area Doro Phones.

Net financial items for the third quarter totalled SEK 0.2 million (-1.8) including revaluation of financial instruments in foreign currency. Group tax for the quarter was SEK -6.5 million (-9.0). Profit after tax for the period was SEK 18.7 million (23.0).

OPERATING PROFIT BY BUSINESS AREA

(SEK million)	2020 Quarter 3	2019 Quarter 3	%	2020 Jan-Sep	2019 Jan-Sep	%	2019 Whole Year
Doro Care							
Gross profit	50.7	47.2	7.4	160.0	144.9	10.4	200.8
Gross margin	40.8	39.6		42.2	41.9		42.1
Operating profit (EBIT)	9.7	9.1	6.8	31.8	30.3	5.0	40.5
EBIT margin	7.8	7.6		8.4	8.7		8.5
Doro Phones							
Gross profit	92.8	115.2	-19.4	242.2	323.1	-25.0	448.6
Gross margin	29.1	28.6		29.5	29.3		28.3
Operating profit (EBIT)	23.1	29.8	-22.5	31.1	72.1	-56.9	105.7
EBIT margin	7.2	7.4		3.8	6.5		6.7
Unallocated operating expenses	-7.9	5.1	54.9	-14.9	-21.2	-29.7	-34.1
Group							
Gross profit	143.5	162.4	-11.6	402.3	468.1	-14.1	649.5
Gross margin	32.4	31.1		33.5	32.3		31.5
Operating profit (EBIT)	25.0	33.8	-26.0	48.0	81.2	-40.9	112.1
EBIT margin	5.6	6.5		4.0	5.6		5.4

HIGHLIGHTS BY BUSINESS AREA

DORO CARE

Third quarter

Net sales in business area Care for the third quarter amounted to SEK 124.2 million (119.1), an increase of 4.3 percent compared with the third quarter of 2019. Sales of services increased by 7.6 percent to SEK 103.3 million (SEK 96.0 million) and product sales decreased by 9.5 percent to SEK 20.9 million (23.1). At the end of the quarter, our new innovative welfare hub Eliza was launched, specially developed to take advantage of the capabilities afforded through today's and tomorrow's digital networks. The response from the market has been positive and in the beginning of the year, Eliza received the iF design award for its outstanding design. Sales are expected to increase in the coming quarters due to the launch of Eliza.

The gross margin for the third quarter was 40.8 percent (39.6).

EBIT amounted to SEK 9.7 million (9.1) during the third quarter, which is equivalent to an EBIT margin of 7.8 percent (7.6). The improved margin and operating profit are mainly an effect of the continued work of streamlining the alarm receiving centres. We are working to integrate and extract synergies from our latest acquisition Eldercare.

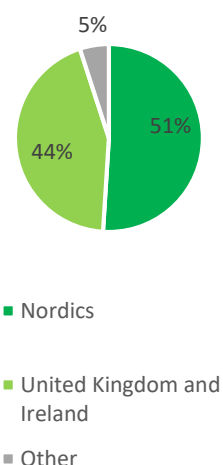
The number of subscriptions at the end of the period was 348,000 (304,000).

Sales in the Nordics decreased by 11.4 percent compared with the third quarter of 2019. The decrease in sales is partly due to lost contracts in Norway and less product sales. During the end of the quarter we have seen an increased tender activity in Sweden.

Sales in the UK and Ireland increased by 39.2 percent compared with the third quarter of 2019. This increase in sales is partly a result of the acquisition of Centra Pulse & Connect, which was incorporated in the group in September 2019, and partly a result of the acquisition of Eldercare, which was incorporated in the group in August 2020.

Sales for other regions during the third quarter totalled SEK 6.0 million (8.0).

Sales by market



KEY FIGURES

DORO CARE

(SEK million)	2020 Quarter 3	2019 Quarter 3	%	2020 Jan-Sep	2019 Jan-Sep	%	2019 Whole year
Net sales	124.2	119.1	4.3	379.4	346.1	9.6	476.7
Cost of goods and services sold	-73.5	-71.9	2.2	-219.4	-201.2	9.0	-275.9
Gross profit	50.7	47.2	7.4	160.0	144.9	10.4	200.8
Gross margin %	40.8	39.6		42.2	41.9		42.1
Other operating expenses	-41.0	-38.1	7.6	-128.2	-114.6	11.8	-160.3
Operating profit after depreciation and write-downs (EBIT)	9.7	9.1	6.8	31.8	30.3	5.0	40.5
EBIT margin %	7.8	7.6		8.4	8.7		8.5
Number of subscriptions (thousand)	348.0	304.0	14.5	348.0	304.0	14.5	312.0
Product sales	20.9	23.1	-9.5	70.4	78.3	-10.1	102.3
Sales of services	103.3	96.0	7.6	309.0	267.8	15.4	374.4
Investment in product development	3.7	4.8	-22.9	14.6	7.8	87.2	13.4

NET SALES BY MARKET

(SEK million)	2020 Quarter 3	2019 Quarter 3	%	2020 Jan-Sep	2019 Jan-Sep	%	2019 Whole year
Nordics	63.9	72.1	-11.4	198.3	205.8	-3.6	274.9
United Kingdom and Ireland	54.3	39.0	39.2	164.3	114.3	43.7	170.4
Other	6.0	8.0	-24.7	16.8	26.0	-35.4	31.4
Total	124.2	119.1	4.3	379.4	346.1	9.6	476.7

DORO PHONES

Third quarter

Net sales in business area Doro Phones for the third quarter amounted to SEK 319.0 million (402.3), a decrease of 20.7 percent compared with the third quarter of 2019. Sales in the quarter continued to be negatively affected by COVID-19, but most countries started to see a gradual recovery. The recovery in the markets has been faster than we expected, as a result of this we have not been able to fully meet the demand in this quarter.

The order book increased by 37.4 percent compared to the previous quarter, which shows continued recovery.

The gross margin for the third quarter was 29.1 percent (28.6). EBIT amounted to SEK 23.1 million (29.8) during the third quarter, which is equivalent to an EBIT margin of 7.2 percent (7.4). The decline in profitability is mainly explained by the low sales in the quarter. Due to a good cost control, Doro Phones delivered a stable EBIT in a quarter where sales are still affected by the pandemic.

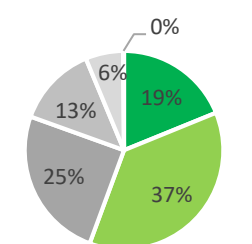
Sales in the Nordics decreased by 21.8 percent compared with the third quarter of 2019 and sales in Central and Eastern Europe decreased by 31.9 percent. The decline is a result of lower activity due to COVID-19. Especially in the Nordics we see that online sales have developed positively, where orders are placed online and picked up in stores.

Sales in Western and Southern Europe and Africa increased by 6.9 percent compared with the third quarter of 2019. The increase in sales is mainly driven by an increased demand of feature phones. Despite a declining market within feature phones, Doro has performed better than the market in the quarter and strengthen its market position. New product launches have also boosted sales to our operators.

Sales in the United Kingdom and Ireland increased by 8.8 percent compared with the third quarter of 2019. The increase in sales is mainly explained by a strong recovery in retail in the quarter and at the same time online sales continuing to develop positively.

As a result of the restructuring of business area Doro Phones we will phase out less profitable markets. One of these markets is North America, which decreased by 66.0 percent compared with the third quarter of 2019. Adjustments for other regions during the third quarter totalled SEK -0.5 million.

Sales by market



- Nordics
- Western and Southern Europe and Africa
- Central and Eastern Europe
- United Kingdom and Ireland
- North America

KEY FIGURES

DORO PHONES

(SEK million)

	2020 Quarter 3	2019 Quarter 3	%	2020 Jan-Sep	2019 Jan-Sep	%	2019 Whole year
Net sales	319.0	402.3	-20.7	820.3	1,101.1	-25.5	1,586.3
Cost of goods and services sold	-226.2	-287.1	-21.2	-578.1	-778.0	-25.7	-1,137.7
Gross profit	92.8	115.2	-19.4	242.3	323.1	-25.0	448.6
Gross margin %	29.1	28.6		29.5	29.3		28.3
Other operating expenses	-69.7	-85.4	-18.4	-211.2	-251.0	-15.9	-342.9
Operating profit after depreciation and write-downs (EBIT)	23.1	29.8	-22.5	31.1	72.1	-56.9	105.7
EBIT margin %	7.2	7.4		3.8	6.5		6.7
Order book	187.7	203.7	-7.9	187.7	203.7	-7.9	98.4
New orders	370.1	451.3	-18.0	909.6	1,197.0	-24.0	1,576.9
Investment in product development	4.1	20.5	-80.0	22.1	52.5	-57.9	77.9

NET SALES BY MARKET

(SEK million)

	2020 Quarter 3	2019 Quarter 3	%	2020 Jan- Sep	2019 Jan-Sep	%	2019 Whole year
Nordics	60.3	77.1	-21.8	160.4	198.6	-19.2	298.5
West and South Europe and Africa	117.7	110.1	6.9	257.5	299.9	-14.1	422.7
Central and Eastern Europe	79.6	116.8	-31.9	210.5	318.4	-33.9	452.5
UK and Ireland	42.3	38.9	8.8	111.0	134.3	-17.4	201.2
North America	19.6	57.7	-66.0	82.9	155.1	-46.6	215.6
Other	-0.5	1.7	-131.7	-2.0	-5.2	-62.4	-4.3
Total	319.0	402.3	-20.7	820.3	1,101.1	-25.5	1,586.3

FINANCIAL DEVELOPMENT

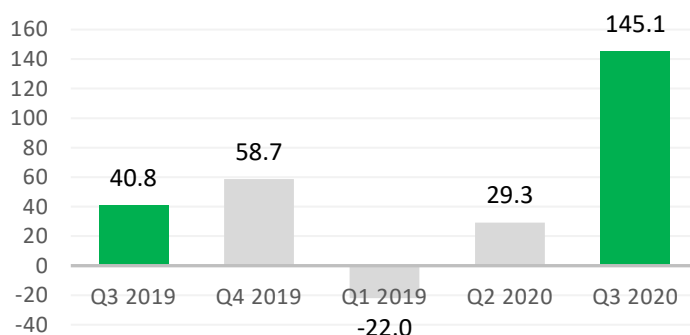
Cash flow, investments and financial position

Cash flow from operating activities during the third quarter was SEK 155.9 million (73.0). The increase is mainly due to a positive change in working capital as a result of reduced inventory and accounts payable due to purchase restriction compared with the third quarter of 2019. Free cash flow, after investments but before acquisitions, amounted to SEK 145.1 million (40.8). Investments during the period amounted to SEK 10.8 million (32.2). During the quarter the cash flow was extra high due to long payment terms negotiated with our suppliers and a low inventory due to purchase restrictions.

Cash and cash equivalents totalled SEK 249.3 million (167.9) at the end of the third quarter. At the same time, the equity ratio was 48.7 percent (44.4).

Net cash amounted to SEK 6.2 million at the end of the third quarter, compared with a net debt of SEK 100.4 million at the end of the previous quarter and SEK 142.4 million at the end of the third quarter of 2019.

FREE CASH FLOW



Significant events during the period

- COVID-19 affected sales negatively in the quarter. Majority of Doro employees on short term leave during the first part of the quarter, gradually returned to full time work during the quarter.
- Doro has reorganized its organisation into two separate business areas, Doro Care and Doro Phones. The business area Doro Phones will be restructured with the aim of increasing focus on our key markets and products with the ambition to ensure long-term profitability and cash flow. Annual operating expenses, predominately in Doro Phones, are expected to decrease by approximately SEK 110-130 million in comparison to 2019 levels. The restructuring is planned to be carried out during 2020 and will result in estimated restructuring costs of SEK 20-30 million.
- In August, Doro acquired the UK-based company Eldercare (UK) Limited. Together with its existing business in the UK, Doro will now handle over 230,000 connections and be one of the two largest players in the market.
- In September Doro made the strategic acquisition of Victix SocSan. The acquisition is in line with the ambition to become European market leader in technology enabled care and develop new proactive solutions.

Significant events after the period

- In October Doro acquired Connexus Careline. To further expand its presence and strengthen its position in the UK market, Doro acquired the assets of the Careline services from Connexus Housing Group.

OTHER INFORMATION

Equity and the Doro share

Doro's share is listed on Nasdaq Stockholm, Small Cap, in the segment Telecom/IT. On 30 September 2020, the number of issued shares was 24,204,568, of which Doro AB holds 206,286 Doro shares. Total equity amounted to SEK 810.4 million (760.9).

Employees

On 30 September 2020, Doro had 1,043 (980) employees, corresponding to 793 (700) full-time equivalents. Of these employees, 358 (369) are based in the Nordic region, 36 (49) in Central and Eastern Europe, 34 (25) in Western and Southern Europe and Africa, 605 (528) in the United Kingdom and Ireland and 10 (9) in the rest of the world.

Risks

In the present situation, the most significant risks are those relating to the COVID-19 pandemic. Stores remaining closed and a general downturn in the economy would have a major impact on sales of telephones. Within Care, the pandemic may result in problems meeting demand for services if a large number of our alarm centre staff are absent from work while at the same time there is an increase in the number of alarms being generated.

Risks relating to information security are slightly increased (personal data) due to a large number of staff work from home, including alarm receiving centre staff.

Procurements and product launches are in danger of being postponed as a result of the pandemic.

Other risks are described on pages 28–29 of the Annual Report.

Parent company

The parent company's net sales during the third quarter totalled SEK 321.8 million (386.2). Profit after tax amounted to SEK -2.2 million (15.9).

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.

Seasonal variations

Doro's sales in business area Doro Phones are affected by seasonal variations. Normally, sales are lowest during the first quarter, improve during the second and third quarters and peak during the fourth quarter. Doro's sales in business area Care usually experience only small seasonal variations.

FINANCIAL REPORTS

Group

INCOME STATEMENT

Doro – Group (SEKm)	Note	Quarter 3 2020	Quarter 3 2019	Jan-Sep 2020	Jan-Sep 2019	Whole year 2019
Net sales		443.2	521.4	1 199.7	1 447.2	2,063.0
Cost of goods and services sold		-299.7	-359.0	-797.4	-979.1	-1,413.5
Gross profit		143.5	162.4	402.3	468.1	649.5
Selling, distribution and marketing expenses		-52.8	-68.0	-168.4	-206.4	-284.7
Research and development expenses		-27.7	-25.5	-76.5	-71.6	-98.7
Administrative expenses		-40.1	-35.4	-114.8	-110.8	-156.1
Other income and expense		2.1	0.3	5.4	1.9	2.1
Total operating expenses		-118.5	-128.6	-354.3	-386.9	-537.4
whereof depreciation and amortisation of intangible and tangible fixed assets		-28.2	-23.5	-86.9	-67.0	-97.2
Operating profit/loss before depreciation and amortisation (EBITDA)		53.2	57.3	134.9	148.2	209.3
Operating profit/loss after depreciation and amortisation (EBIT)		25.0	33.8	48.0	81.2	112.1
Net financial items		0.2	-1.8	-7.3	-4.3	-4.8
Profit/loss before taxes		25.2	32.0	40.7	76.9	107.3
Taxes		-6.5	-9.0	-10.8	-19.8	-29.4
Profit/loss for the period		18.7	23.0	29.9	57.1	77.9

Average number of shares, thousands	23,768	23,766	23,766	23,766	23,766
Average number of shares after dilution, thousands*	23,768	23,766	23,766	23,766	23,766
Earnings per share, SEK	0.79	0.97	1.26	2.40	3.28
Earnings per share after dilution, SEK*	0.79	0.97	1.26	2.40	3.28

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

**Other income and expenses refer mainly to government assistance for employees on short-term leave

STATEMENT OF COMPREHENSIVE INCOME

Doro – Group (SEKm)	Note	Quarter 3 2020	Quarter 3 2019	Jan-Sep 2020	Jan-Sep 2019	Whole year 2019
Profit/loss for the period		18.7	23.0	29.9	57.1	77.9
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Translation differences		-0.3	2.3	-16.7	19.3	22.4
Effects from cash flow hedges		4.9	2.3	6.3	1.3	-2.5
Deferred tax		-1.1	-0.5	-1.4	-0.3	0.5
Total Result related to Parent company's shareholders		22.3	27.1	18.1	77.4	98.3

STATEMENT OF FINANCIAL POSITION

Doro – Group (SEKm)	2020 30-Sep	2019 30-Sep	2019 31-Dec
Non-current assets			
Intangible assets	763.4	685.7	698.2
Property, plant and equipment	123.9	123.9	123.1
Financial assets	5.5	6.4	5.8
Deferred tax asset	16.8	16.0	16.7
Current assets			
Inventories	203.1	299.5	244.4
Current receivables	303.6	412.8	390.8
Cash and cash equivalents	249.3	167.9	198.5
Total assets	1,665.7	1,712.2	1,677.5
Shareholders' equity attributable to Parent company's shareholders	810.4	760.9	781.8
Long term liabilities	338.0	379.4	345.8
Current liabilities	517.3	571.9	549.9
Total shareholders' equity and liabilities	1,665.7	1,712.2	1,677.5

Financial instruments valued at fair value on the balance sheet, SEK million

	2020 30-Sep	2019 30-Sep	2019 31-Dec
Exchange rate contracts recorded as current liability	4.9	0.7	8.9
Exchange rate contracts recorded as current receivable	7.8	6.5	3.3
Financial instruments valued at fair value consist of currency derivatives and these are valued at level 2			

STATEMENT CASH FLOWS

Doro – Group (SEKm)	Quarter 3 2020	Quarter 3 2019	Jan-Sep 2020	Jan-Sep 2019	Whole year 2019
Operating profit/loss after depreciation and write-downs. EBIT	25.0	33.8	48.0	81.2	112.1
Depreciation according to plan	28.2	23.5	86.9	67.0	97.2
Net paid financial items	-1.5	-1.5	-5.0	-5.2	-6.4
Unrealized exchange rate differences in cash flow hedges	2.0	-0.6	-2.2	-1.7	5.4
Taxes paid	-9.2	-6.7	-39.2	-17.6	-27.4
Changes in working capital (incl changes in provisions)	111.4	24.5	112.4	19.1	61.7
Cash flow from current activities	155.9	73.0	200.9	142.8	242.6
Investments in intangible and tangible fixed assets	-10.8	-32.2	-48.5	-82.8	-123.9
Total Free Cash flow before acquisitions	145.1	40.8	152.5	60.0	118.7
Acquisitions	-30.9	-16.6	-31.6	-16.6	-18.7
Cash flow from investment activities	-41.7	-48.8	-80.1	-99.4	-142.6
Amortisation of debt	-55.0	-6.3	-65.1	-12.6	-37.5
Warrant program, new/buy back	0.0	-0.2	0.0	-0.2	-0.2
Cash flow from financial activities	-55.0	-6.5	-65.1	-12.8	-37.7
Exchange rate differences in cash and cash equivalents	-3.9	1.5	-4.8	3.1	1.9
Change in liquid funds	55.4	19.2	50.9	33.7	64.2
Net cash	6.2	0.0	6.2	0.0	0.0
Net debt	0.0	142.4	0.0	142.4	84.1

STATEMENT OF CHANGES IN EQUITY

Doro – Group (SEKm)	2020 30-Sep	2019 30-Sep	2019 31-Dec
Opening balance	781.8	683.7	683.7
Total Result related to Parent company's shareholders	18.1	77.4	98.3
Warrants	0.0	-0.2	-0.2
Acquisition of subsidiaries net assets	10.5	0.0	0.0
Closing balance	810.4	760.9	781.8

OTHER KEY FIGURES

Doro – Group (SEKm)	2020 30-Sep	2019 30-Sep	2019 31-Dec
EBITA, SEKm	54.8	89.6	122.9
Equity/assets ratio, %	48.7	44.4	46.6
Number of shares at the end of the period, thousands	23,998	23,766	23,766
Number of shares at the end of the period after dilution, thousands*	23,998	23,766	23,766
Equity per share, SEK	33.77	32.02	32.90
Equity per share, after dilution SEK*	33.77	32.02	32.90
Return on average share holders' equity, %	6.4	11.6	10.6
Return on average capital employed, %	8.9	14.0	12.9
Share price at period's end, SEK	47.50	38.60	50.50
Market value, SEKm	1,139.9	917.3	1,200.2

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

INCOME STATEMENT

Business Area (SEKm)	Note	Quarter 3 2020	Quarter 3 2019	Jan-Sep 2020	Jan-Sep 2019	Whole year 2019
Net sales Doro Care		124.2	119.1	379.4	346.1	476.7
Net sales Doro Phones		319.0	402.3	820.3	1,101.1	1,586.3
Total Net sales		443.2	521.4	1,199.7	1,447.2	2,063.0
Gross profit Doro Care		50.7	47.2	160.0	144.9	200.8
Gross profit Doro Phones		92.8	115.2	242.3	323.1	448.6
Total Gross profit		143.5	162.4	402.3	468.1	649.5
Operating profit/loss (EBIT) Doro Care		9.7	9.1	31.8	30.3	40.5
Operating profit/loss (EBIT) Doro Phones		23.1	29.8	31.1	72.1	105.7
Non-allocated operating expenses		-7.9	-5.1	-14.9	-21.2	-34.1
Total Operating profit/loss after depreciation and amortisation (EBIT)		25.0	33.8	48.0	81.2	112.1

DORO CARE

INCOME STATEMENT

Doro Care (SEKm)	Note 1	Quarter 3 2020	Quarter 3 2019	Jan-Sep 2020	Jan-Sep 2019	Whole year 2019
Net sales		124.2	119.1	379.4	346.1	476.7
Cost of goods and services sold		-73.5	-71.9	-219.4	-201.2	-275.9
Gross profit		50.7	47.2	160.0	144.9	200.8
Gross margin, %		40.8	39.6	42.2	41.9	42.1
Other operating expenses		-41.0	-38.1	-128.2	-114.6	-160.3
Operating profit (EBIT)		9.7	9.1	31.8	30.3	40.5
Operating margin (EBIT margin), %		7.8	7.6	8.4	8.7	8.5

NET SALES PER MARKET

Doro Care (SEKm)	Note 1	Quarter 3 2020	Quarter 3 2019	Jan-Sep 2020	Jan-Sep 2019	Whole year 2019
Nordics		63.9	72.1	198.3	205.8	274.9
UK and Ireland		54.3	39.0	164.3	114.3	170.4
Other		6.0	8.0	16.8	26.0	31.4
Total		124.2	119.1	379.4	346.1	476.7

KEY RATIOS DORO CARE

Doro Care (SEKm)	Note 1	Quarter 3 2020	Quarter 3 2019	Jan-Sep 2020	Jan-Sep 2019	Whole year 2019
Number of subscriptions (thousands)		348.0	304.0	348.0	304.0	312.0
Product sales		20.9	23.1	70.4	78.3	102.3
Service sales		103.3	96.0	309.0	267.8	374.4
Investments in product development		3.7	4.8	14.6	7.8	13.4

DORO PHONES

INCOME STATEMENT

Doro Phones (SEKm)	Note 1	Quarter 3 2020	Quarter 3 2019	Jan-Sep 2020	Jan-Sep 2019	Whole year 2019
Net sales		319.0	402.3	820.3	1,101.1	1,586.3
Cost of goods and services sold		-226.2	-287.1	-578.0	-778.0	-1,137.7
Gross profit		92.8	115.2	242.3	323.1	448.6
Gross margin, %		29.1	28.6	29.5	29.3	28.3
Other operating expenses		-69.7	-85.4	-211.2	-251.0	-342.9
Operating profit (EBIT)		23.1	29.8	31.1	72.1	105.7
Operating margin (EBIT margin), %		7.2	7.4	3.8	6.5	6.7

NET SALES PER MARKET

Doro Phones (SEKm)	Note 1	Quarter 3 2020	Quarter 3 2019	Jan-Sep 2020	Jan-Sep 2019	Whole year 2019
Nordics		60.3	77.1	160.4	198.6	298.5
West and South Europe and Africa		117.7	110.1	257.5	299.9	422.7
Central and Eastern Europe		79.6	116.8	210.5	318.4	452.5
UK and Ireland		42.3	38.9	111.0	134.3	201.2
North America		19.6	57.7	82.9	155.1	215.6
Other		-0.5	1.7	-2.0	-5.2	-4.3
Total		319.0	402.3	820.3	1,101.1	1,586.3

KEY RATIOS PHONES

Doro Phones (SEKm)	Note 1	Quarter 3 2020	Quarter 3 2019	Jan-Sep 2020	Jan-Sep 2019	Whole year 2019
Order book		187.7	203.7	187.7	203.7	98.4
Order intake		370.1	451.3	909.6	1,197.0	1,576.9
Investments product development		4.1	20.5	22.1	52.5	77.9

PARENT COMPANY

INCOME STATEMENT

Parent company (SEKm)	Note	Quarter 3 2020	Quarter 3 2019	Jan-Sep 2020	Jan-Sep 2019	Whole year 2019
Net sales		321.8	386.2	866.8	1 077.3	1,566.0
Cost of goods and services sold		-237.8	-278.5	-598.7	-750.8	-1,087.5
Gross profit		84.0	107.7	268.1	326.5	478.5
Operating expenses		-89.9	-97.2	-261.1	-303.3	-423.7
Operating profit/loss (EBIT)		-5.9	10.5	7.0	23.2	54.8
Net financial items		2.2	10.6	-1.0	11.3	1.8
Profit/loss after financial items		-3.7	21.1	6.0	34.5	56.6
Group contribution		0.0	0.0	0.0	0.0	0.0
Taxes		1.5	-5.2	-2.7	-10.5	-15.6
Profit/loss for the period		-2.2	15.9	3.3	24.0	41.0

STATEMENT OF COMPREHENSIVE INCOME

Parent Company (SEKm)	Note	Quarter 3 2020	Quarter 3 2019	Jan-Sep 2020	Jan-Sep 2019	Whole year 2019
Profit/loss for the period		-2.2	15.9	3.3	24.0	41.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Effects from cash flow hedges		4.9	2.3	6.3	1.3	-2.5
Deferred tax		-1.1	-0.5	-1.4	-0.3	0.5
Total Result related to Parent company's shareholders		1.6	17.7	8.2	25.0	39.0

STATEMENT OF FINANCIAL POSITION

Parent Company (SEKm)	2020 30-Sep	2019 30-Sep	2019 31-dec
Non-current assets			
Intangible assets	303.2	313.4	323.8
Property, plant and equipment	21.1	18.4	19.4
Financial assets	352.3	311.2	303.0
Current assets			
Inventories	175.7	222.7	183.8
Current receivables	463.0	562.9	554.4
Cash and cash equivalents	169.3	102.2	104.6
Total assets	1,484.6	1,530.8	1,489.0
Shareholders' equity attributable to Parent company's shareholders	519.2	497.1	510.9
Provisions	65.2	75.8	74.5
Long term liabilities	170.0	240.0	220.0
Current liabilities	730.2	717.9	683.6
Total shareholders' equity and liabilities	1,484.6	1,530.8	1,489.0

NOTES

Note 1 – Business area reporting

Effective 1 January 2020, Doro reports two business areas, Doro Care and Doro Phones. Consequently, Net sales and Gross margin per category Products and Services are not further reported. The comparative figures for 2019 have been restated to comply with this new reporting model.

DORO CARE

INCOME STATEMENT	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Whole year
Doro Care (SEKm)	2019	2019	2019	2019	2019
Net sales	117.6	109.4	119.1	130.6	476.7
Cost of goods and services sold	-67.3	-62.0	-71.9	-74.7	-275.9
Gross profit	50.3	47.4	47.2	55.9	200.8
Gross margin, %	42.8	43.3	39.6	42.8	42.1
Other operating expenses	-38.5	-38.0	-38.1	-45.7	-160.3
Operating profit (EBIT)	11.8	9.4	9.1	10.2	40.5
Operating margin (EBIT margin), %	10.0	8.6	7.6	7.8	8.5

NET SALES PER MARKET	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Whole year
Doro Care (SEKm)	2019	2019	2019	2019	2019
Nordics	66.8	66.9	72.1	69.1	274.9
UK and Ireland	41.1	34.2	39.0	56.1	170.4
Other	9.7	8.3	8.0	5.4	31.4
Total	117.6	109.4	119.1	130.6	476.7

KEY RATIOS CARE	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Whole year
Doro Care (SEKm)	2019	2019	2019	2019	2019
Average number of subscriptions (thousands)	203.0	202.0	304.0	312.0	312.0
Number of subscriptions (thousands)	32.0	23.2	23.1	24.0	102.3
Services sales	85.5	86.3	96.0	106.6	374.4
Investments in product development	0.9	2.1	4.8	5.6	13.4

DORO PHONES

INCOME STATEMENT

Doro Phones (SEKm)	Quarter 1 2019	Quarter 2 2019	Quarter 3 2019	Quarter 4 2019	Whole year 2019
Net sales	348.6	350.2	402.3	485.2	1,586.3
Cost of goods and services sold	-254.0	-236.9	-287.1	-359.7	-1,137.7
Gross profit	94.6	113.3	115.2	125.5	448.6
Gross margin, %	27.1	32.4	28.6	25.9	28.3
Other operating expenses	-82.3	-83.3	-85.4	-91.8	-342.9
Operating profit (EBIT)	12.3	30.0	29.8	33.7	105.7
Operating margin (EBIT margin), %	3.5	8.6	7.4	6.9	6.7

NET SALES PER MARKET

Doro Phones (SEKm)	Quarter 1 2019	Quarter 2 2019	Quarter 3 2019	Quarter 4 2019	Whole year 2019
Nordics	62.8	58.7	77.1	99.9	298.5
West and South Europe and Africa	104.9	84.9	110.1	122.8	422.7
Central and Eastern Europe	83.3	118.3	116.8	134.0	452.5
UK and Ireland	50.6	44.8	38.9	66.9	201.2
North America	53.3	44.1	57.7	60.5	215.6
Other	-6.3	-0.6	1.7	1.1	-4.3
Total	348.6	350.2	402.3	485.2	1,586.3

KEY RATIOS DORO PHONES

Doro Phones (SEKm)	Quarter 1 2019	Quarter 2 2019	Quarter 3 2019	Quarter 4 2019	Whole year 2019
Order book	120.1	145.8	203.7	98.4	98.4
Order intake	361.0	384.7	451.3	379.9	1,576.9
Investments product development	12.4	19.6	20.5	25.4	77.9

Note 2 - Business combinations

Eldercare

On 11th August 2020, Doro acquired all shares in the British telecare company Eldercare. Acquisition expenses had a negative effect on annual profit of SEK 2 million. The purchase price was paid in cash and amounted to around 25 million SEK on a cash and debt-free basis. Goodwill is linked to the strengthened position in the Care area in the United Kingdom, which Eldercare's sales channels provide. At the time of acquisition, the company had about 109 employees. Eldercare had annual sales in 2018/19 of GBP 4.6 million.

Preliminary information about the acquisition is given below, fair value SEK million

Intangible assets	0.0
Property, plant and equipment	2.8
Deferred tax asset	0.1
Current receivables	5.7
Cash and cash equivalents	18.1
Loans	-1.2
Current liabilities	-12.6
Acquired net assets	12.9
Goodwill	20.2
Total purchase price	33.1
Cash in acquired company	18.1
Effect of the acquisition on group cash flow	15.0

Victrix

On 30 September 2020, Doro acquired all shares in the Spanish software company Victrix. Acquisition expenses had a negative effect on annual profit of SEK 0.3 million. The purchase price was partly paid in cash, SEK 15.8m (whereof SEK 1.0m refers to settlement of debt to previous owner) and partly in a directed placement valued at SEK 10.5m. An additional consideration (estimated to SEK 42.9m) will be paid if certain significant and defined sales targets are met during a three-year period. Goodwill is linked to the increased opportunity to offer innovative solutions within technology enabled care and a strengthened position in the Care area in Spain. At the time of acquisition, the company had about 10 employees. Victrix had annual sales in 2019 of EUR 0.4 million.

Preliminary information about the acquisition is given below, fair value SEK million

Intangible assets	8.5
Property, plant and equipment	0.5
Current receivables	0.7
Cash and cash equivalents	0.0
Loans	-3.7
Current liabilities	-3.6
Acquired net assets	2.4
Goodwill	66.8
Total purchase price	69.2
Payed with shares	10.5
Estimated additional consideration to be paid 2023	42.9
Cash in acquired company	0.0
Effect of the acquisition on group cash flow	15.8

FINANCIAL DEFINITIONS

Average number of shares after dilution	The average number of shares adjusted for the dilution effect of subscription options calculated as the difference between the presumed number of shares issued at the redemption price and the presumed number of issued shares at the average market price for the period.
Profit per share	Profit after tax divided by the average number of shares for the period.
Profit per share after dilution	Profit after tax divided by the average number of shares for the period after the dilution effect.
Number of shares at end of period after dilution effect	The number of shares at the end of the period adjusted for the dilution effect of subscription options calculated as the difference between the presumed number of shares issued at the redemption price and the presumed number of issued shares at the market price at the end of the period.
Equity per share	Equity on the balance date divided by the number of shares on the balance date.
Equity per share after dilution	Equity on the balance date divided by the number of shares at the end of the period after dilution effects.
Net liabilities/Net cash	Cash and bank deposits less interest-bearing liabilities
Market value. SEK million	Share price at the end of the period times the number of shares at the end of the period.

Use of non-IFRS results measurement

Guidelines regarding alternative key figures for companies with securities listed on a regulated market within the EU have been issued by the ESMA (European Securities and Markets Authority). These guidelines shall be applied to alternative key figures that are used with effect from 3 July 2016. The interim report has references to a number of non-IFRS result measurements that are used to help both investors and management in analysing the company's activities. Below we describe the non IFRS result measurements that are used as a supplement to the financial information that is reported according to IFRS.

Description of financial result measurements that are not found in the IFRS rules

Non-IFRS result measurement	Description	Reason for use of measurement
Restructuring costs	Costs of impairment and personnel costs in connection with restructuring.	This measurement shows the specific costs that arise in connection with restructuring of a specific activity, which contributes to better understanding of the underlying cost level in the ongoing operational activities.
Gross margin %	Net sales minus cost of goods and services sold as a percentage of net sales.	The gross margin is an important measurement for showing the margin before other costs.
Sales growth comparable units %	Net sales for the period minus net sales for companies acquired during the period minus net sales for the corresponding period in the previous year as a percentage of net sales for the corresponding period in the previous year.	Sales growth comparable units shows the group's organic growth excluding company acquisitions.
Currency adjusted sales growth %	Net sales for the period recalculated with exchange rates for the corresponding period the previous year minus net sales for the corresponding period the previous year as a percentage of net sales for the corresponding period the previous year.	This measurement shows sales growth with currency effects cancelled out.
Equity ratio	Equity expressed as a percentage of total assets	A traditional measurement for showing financial risk, expressed as the percentage of the total capital that is financed by the owners.
Return on average equity	Rolling 12-month profit, after financial items and tax, divided by average equity.	Shows from a shareholder perspective what the return is on the owners' invested capital.
Capital employed	Total assets less non-interest-bearing liabilities and cash and bank deposits.	The measurement shows how much total capital is used in the operation and is thus the only component in measuring return from the activities.
Return on average capital employed	Rolling 12-month operating profit divided by the average quarterly capital employed	The key measurement for measuring the return on all the capital in the company.
Number of subscription customers	Number of subscription customers connected to alarm reception.	This measurement shows the volume of customers in the services activities.
Unallocated operating expenses	Central operating expenses not allocated to the business segments, Doro Care and Doro Phones. These expenses include acquisition costs, restructuring costs, amortisation of values identified at company acquisitions and effects of accounting of leases in accordance with IFRS 16.	These operating expenses are not allocated to the business segments so that the EBIT of the business segments shows the profitability excluding costs related to restructuring, acquisitions and IFRS 16-effects. This agree with how the business segments are measured internally.

Calculation of financial result measurements that are not found in the IFRS rules

	Quarter 3 2020	Quarter 3 2019	Jan-Sep 2020	Jan-Sep 2019
Currency adjusted sales growth (SEK million)				
Currency adjusted sales growth	-63.1	1.5		
Currency effect	-15.1	11.4		
Reported sales growth	-78.2	12.9		
Capital employed				
Total assets			1,665.7	1,712.2
-non-interest bearing liabilities			612.9	641.0
-cash and cash equivalents			249.3	167.9
Reported capital employed			803.5	903.3

Confirmation by the Board

The board and managing director 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.

Malmö, 23 October 2020

Lennart Jacobsen
Chairman of the Board

Henri Österlund
Deputy Chairman of the Board

Tova Jexmark
Board member

Juha Mört
Board member

Josephine Salenstedt
Board member

Cecilia Ardström
Board member

Mona Sahlberg
Board member

Carl-Johan Zetterberg Boudrie
CEO

AUDITORS REPORT

Doro AB (publ). reg. no. 556161–9429

Introduction

We have reviewed the condensed interim financial information (interim report) of DORO AB (publ) as of 30 September 2020 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, 23 October 2020

PricewaterhouseCoopers AB

Magnus Willfors
Authorized Public Accountant

Auditor in charge

Johan Rönnbäck
Authorized Public Accountant

REPORT DATES

Q4-report. January-December 2020: 17 February 2021
Q1-report. January-March 2021: 29 April 2021

The Annual General Meeting 2021 will be held in Malmö on 29 April 2021

CONTACT

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Linda Nilsson, CFO, +46 (0)703 28 29 25

E-mail: ir@doro.com

WEBCAST

A webcast conference call will be held on Friday 23 October at 9.00 am (CET) when President and CEO Carl-Johan Zetterberg Boudrie and CFO Linda Nilsson will present the report. The webcast is accessed at <https://tv.streamfabriken.com/doro-q3-2020>. The presentation material is available on Doro's financial website <http://www.doro.com/corporate>.

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This information is information that Doro AB is obliged to disclose in accordance with the EU Market Abuse Regulation. The information was submitted for publication on Friday, October 23, 2020 at the time of the above contact persons. 8.00 (CET).