

Effective measures contributed to a positive operating profit in the quarter

The quarter in summary

- Doro's net sales amounted to SEK 332.3 million (459.6), a decrease of 27.7 percent.
- Net sales for the business segment Care were SEK 124.9 million (109.4), an increase of 14.2 percent and for the business segment Phones were SEK 207.4 million (350.2), a decrease of 40.8 percent.
- Gross margin decreased to 34.8 percent (34.9). For Care, the gross margin increased to 44.9 percent (43.3) and for Phones the gross margin decreased to 28.8 percent (32.4).
- EBITDA amounted to SEK 38.0 million (47.3), a decrease of 19.7 percent.
- Operating profit (EBIT) amounted to SEK 7.8 million (26.2), with an operating margin of 2.3 percent (5.7).
- Profit after tax for the period was SEK -3.3 million (18.7) and profit per share was SEK -0.14 (0.79).
- Free cash flow before acquisitions was SEK 29.3 million (0.0).
- The rapid spread of the COVID-19 virus had a negative effect on sales in the quarter due to closed markets, which predominately affected business segment Phones. A limited recovery occurred in the end of the quarter.

2.3%

EBIT margin

-27.7%

Net sales

January – June in summary

- Doro's net sales amounted to SEK 756.5 million (925.8), a decrease of 18.3 percent.
- Net sales for the business segment Care were SEK 255.2 million (227.0), an increase of 12.4 percent and for the business segment Phones were SEK 501.3 million (698.8), a decrease of 28.3 percent.
- Gross margin increased to 34.2 percent (33.0). For Care, the gross margin decreased slightly to 42.8 percent (43.0) and for Phones the gross margin was stable at 29.8 percent (29.8).
- EBITDA amounted to SEK 81.7 million (90.9), a decrease of 10.1 percent.
- Operating profit (EBIT) amounted to SEK 23.0 million (47.7), with an operating margin of 3.0 percent (5.1).
- Profit after tax for the period was SEK 11.3 million (34.1) and profit per share was SEK 0.47 (1.43).
- Free cash flow before acquisitions was SEK 7.3 million (19.2).

KEY FIGURES

(SEK million)	2020 Quarter 2	2019 Quarter 2	%	2020 Jan-Jun	2019 Jan-Jun	%	2019 Whole year
Net sales	332.3	459.6	-27.7	756.5	925.8	-18.3	2,063.0
Sales growth, %	-27.7	8.3		-18.3	9.7		8.2
EBITDA	38.0	47.3	-19.7	81.7	90.9	-10.1	209.3
EBITDA margin, %	11.4	10.3		10.8	9.8		10.1
EBIT	7.8	26.2	-70.2	23.0	47.4	-51.5	112.1
EBIT margin, %	2.3	5.7		3.0	5.1		5.4
Profit per share	-0.14	0.79	-117.7	0.47	1.43	-67.1	3.28
Equity ratio, %	52.1	46.5		52.1	46.5		46.6

Message from the CEO

During the quarter, COVID-19 continued to influence companies, markets and communities all around the world. The current situation highlights the importance to develop digital technology of the future for seniors and the essential social role Doro fulfils. My belief is that the COVID-19 virus will lead to an increased demand in technology enabled care, which allows us to enhance safety for seniors in their daily life's.

Overall, we have managed to handle the effects of the pandemic in our business in a quick and successful way in a challenging quarter. There was a negative impact on sales at the beginning of the quarter due to markets being closed, but during June we saw a gradual recovery. With strong and successful measures, we have managed to maintain our service levels and quality in our service business whilst reducing our costs. The cost reducing activities, decreased inventory levels and improved working capital have contributed to a positive operating profit and cashflow in the quarter. I would like to thank all our employees for their commitment during this uncertain time, it makes me convinced that all of us together will stand strong through the pandemic.

In line with our strategic ambition of becoming a European market leader in technology enabled care, we accelerate the strategy implementation and reorganize the business into two separate business areas, Doro Care and Doro Phones. The business area Doro Phones will be restructured to ensure long-term profitability. The restructure aims to increase focus on our key markets and products where we will reduce cost structures for continued competitiveness. We preserve our vision to empower seniors to get the most out of every day, enable independence and ensure peace of mind when it matters most.

Sales during the second quarter amounted to SEK 332.3 million (459.6). The decline is mainly an effect of COVID-19 as the markets were completely or partially closed during the first part of the period but where we could see a recovery during the end of the quarter. With early and effective cost reducing activities we have, despite lower sales, managed to deliver a positive operating profit of SEK 7.8 million (26.2).

Sales of services within business segment Care was stable compared to the previous quarter and increased compared to same period last year. However, during the quarter there have been fewer procurements as health and social care commissioners had their focus on handling the immediate effects of the pandemic. The organic growth during the quarter has not been according to my expectations, which is a disappointment. Profitability improved during the quarter and the gross margin amounted to 44.9 percent. Our work to streamline service delivery and extract synergies from our latest acquisition, Centra Pulse and Connect, is showing progress during the quarter which resulted in an improved profitability.

Sales in business segment Phones were negatively affected by lock down at several markets, which resulted in an increased focus on e-commerce and increased online sales in the quarter. During May customer's sales improved, which contributed to a recovery in our sales in several of our markets during June.

As the corona virus spreads, social exclusion and involuntary loneliness have become a reality for many seniors. Therefore, recognizing our social responsibility, we have donated a number of Doro phones to isolated seniors in a new initiative "Doro Do Good". At Doro we drive innovation and create services that meet the needs and provide the support the seniors require. It has been a turbulent time, but my convictions are that we together will create a safer everyday life for seniors.

Carl-Johan Zetterberg Boudrie, President and CEO



“Overall, we have managed to handle the effects of the pandemic in our business in a quick and successful way in a challenging quarter”

“With early and effective cost reducing activities we have, despite lower sales, managed to deliver a positive operating profit”

NET SALES

Highlights during the second quarter

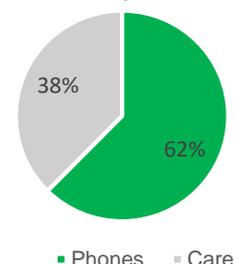
Doro's net sales for the second quarter amounted to SEK 332.3 million (459.6), a decrease of 27.7 percent compared with the second quarter of 2019. Adjusted for currency effects, the decrease was 27.4 percent.

Sales in the business segment Care increased by 14.2 percent, while sales in the business segment Phones decreased by 40.8 percent compared with the second quarter of 2019. Organic growth within Care was 0.3 percent.

NET SALES BY BUSINESS SEGMENT

(SEK million)	2020 Quarter 2	2019 Quarter 2	%	2020 Jan-Jun	2019 Jan-Jun	%	2019 Whole year
Care	124.9	109.4	14.2	255.2	227.0	12.4	476.7
Phones	207.4	350.2	-40.8	501.3	698.8	-28.3	1,586.3
Total	332.3	459.6	-27.7	756.5	925.8	-18.3	2,063.0

Net sales by business segment for the quarter



OPERATING PROFIT

Highlights during the second quarter

The gross margin was stable compared with the second quarter of 2019 and amounted to 34.8 percent (34.9).

EBITDA for the second quarter decreased by 19.7 percent to SEK 38.0 million (47.3), which corresponds to an EBITDA margin of 11.4 percent (10.3).

EBITA for the second quarter decreased to SEK 10.3 million (29.0). Planned depreciation of intangible assets from company acquisitions was SEK -2.5 million (-2.8) during the quarter, resulting in an EBIT of SEK 7.8 million (26.2) and an EBIT margin of 2.3 percent (5.7). COVID-19 The decline in profitability is primarily explained by the reduction in sales within business segment Phones which was significantly impacted by. Reduced revenue could not be fully offset by cost savings.

Net financial items for the second quarter totalled SEK -12.2 million (-1.6) including revaluation of financial instruments in foreign currency. The decrease is mainly due to the strengthening of SEK against the currencies USD, EUR and GBP. Group tax for the quarter was SEK 1.1 million (-5.9). Profit after tax for the period was SEK -3.3 million (18.7).

OPERATING PROFIT BY BUSINESS SEGMENT

(SEK million)	2020 Quarter 2	2019 Quarter 2	%	2020 Jan-Jun	2019 Jan-Jun	%	2019 Whole Year
Care							
Gross profit	56.1	47.4	18.4	109.3	97.7	11.9	200.8
Gross margin	44.9	43.3		42.8	43.0		42.1
Operating profit (EBIT)	14.9	9.4	58.5	22.1	21.2	4.2	40.5
EBIT margin	11.9	8.6		8.7	9.3		8.5
Phones							
Gross profit	59.7	113.3	-47.3	149.5	207.9	-28.1	448.6
Gross margin	28.8	32.4		29.8	29.8		28.3
Operating profit (EBIT)	-1.9	30.0	-106.3	8.0	42.3	-81.1	105.7
EBIT margin	-0.9	8.6		1.6	6.1		6.7
Unallocated operating expenses	-5.2	-13.2	-60.6	-7.1	-16.1	-55.9	-34.1
Group							
Gross profit	115.7	160.6	-28.0	258.8	305.7	-15.3	649.5
Gross margin	34.8	34.9		34.2	33.0		31.5
Operating profit (EBIT)	7.8	26.2	-70.2	23.0	47.4	-51.5	112.1
EBIT margin	2.3	5.7		3.0	5.1		5.4

HIGHLIGHTS BY BUSINESS SEGMENT

CARE

Second quarter

Net sales in the business segment Care for the second quarter amounted to SEK 124.9 million (109.4), an increase of 14.2 percent compared with the second quarter of 2019. Sales of services increased by 18.3 percent to SEK 102.0 million (SEK 86.2 million) and product sales decreased by 1.3 percent to SEK 22.9 million (23.2).

The gross margin for the second quarter was 44.9 percent (43.3).

EBIT amounted to SEK 14.9 million (9.4) during the second quarter, which is equivalent to an EBIT margin of 11.9 percent (8.6). The improved margin and operating profit are mainly an effect of the successful work of streamlining the alarm receiving centres. The integration and work to extract synergies from our latest acquisition Centra Pulse and Connect has shown progress in the quarter.

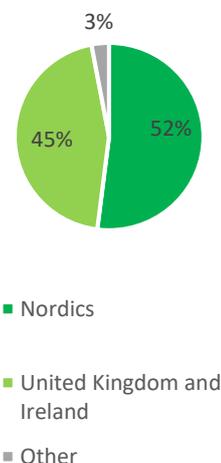
The number of subscriptions at the end of the period was 304,000 (202,000). Compared to the previous quarter, the number of subscriptions has decreased by 3.8 percent, this is mainly due to lost contracts in previous quarters and a correction of no longer active connections.

Sales in the Nordics decreased by 3.6 percent compared with the second quarter of 2019. The decrease in sales is mainly due to the weakening of the NOK against the SEK.

Sales in the UK and Ireland increased by 64.9 percent compared with the second quarter of 2019. This increase in sales is partly the result of the acquisition of Centra Pulse & Connect, which was incorporated in the group in September 2019 and partly a result of an increase in product sales, as a result of higher demand from our customers due to COVID-19.

Sales for other regions during the first quarter totalled SEK 4.0 million (8.3).

Sales by market



KEY FIGURES CARE

(SEK million)	2020 Quarter 2	2019 Quarter 2	%	2020 Jan-Jun	2019 Jan-Jun	%	2019 Whole year
Net sales	124.9	109.4	14.2	255.2	227.0	12.4	476.7
Cost of goods and services sold	-68.8	-62.0	11.0	-145.9	-129.3	12.8	-275.9
Gross profit	56.1	47.4	18.4	109.3	97.7	11.9	200.8
Gross margin %	44.9	43.3		42.8	43.0		42.1
Other operating expenses	-41.2	-38.0	8.4	-87.2	-76.5	14.0	-160.3
Operating profit after depreciation and write-downs (EBIT)	14.9	9.4	58.5	22.1	21.2	4.2	40.5
EBIT margin %	11.9	8.6		8.7	9.3		8.5
Number of subscriptions (thousand)	304.0	202.0	50.5	304.0	202.0	50.5	312.0
Product sales	22.9	23.2	-1.3	49.5	55.2	-10.3	102.3
Sales of services	102.0	86.2	18.3	205.7	171.8	19.7	374.4
Investment in product development	5.9	2.1	181.0	10.9	3.0	263.3	13.4

NET SALES BY MARKET

(SEK million)	2020 Quarter 2	2019 Quarter 2	%	2020 Jan-Jun	2019 Jan-Jun	%	2019 Whole year
Nordics	64.5	66.9	-3.6	134.4	133.7	0.5	274.9
United Kingdom and Ireland	56.4	34.2	64.9	110.0	75.3	46.1	170.4
Other	4.0	8.3	-51.8	10.8	18.0	-40.0	31.4
Total	124.9	109.4	14.2	255.2	227.0	12.4	476.7

PHONES

Second quarter

Net sales in the business segment Phones for the second quarter amounted to SEK 207.4 million (350.2), a decrease of 40.8 percent compared with the second quarter of 2019. Sales in the quarter were negatively affected by COVID-19 with extensive shutdowns. April and May were hit particularly hard by the shutdowns while we saw a recovery in June on several markets.

The order book increased with 17.9 percent compared to the previous quarter, which shows a recovery in the quarter.

The gross margin for the second quarter was 28.8 percent (32.4). The lower margin is due to a more favourable exchange rate effect during the second quarter of 2019 and higher costs for stock obsolescence during the second quarter of 2020. EBIT amounted to SEK -1.9 million (30.0) during the second quarter, which is equivalent to an EBIT margin of -0.9 percent (8.6). The decline in profitability is mainly explained by the fact that the reduction in sales could not be fully offset by cost savings in the quarter.

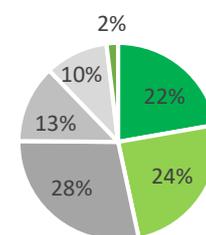
Sales in the Nordics decreased by 21.5 percent compared with the second quarter of 2019. This decline is the result of lower activity due to COVID-19, but unlike other markets the Nordics has not been affected as badly.

Sales in Western and Southern Europe and Africa decreased by 40.3 percent compared with the second quarter of 2019. During April and May businesses and stores were completely shut down, which had an immediate impact on sales. During June stores started to reopen, and sales quickly recovered. Online sales have been in focus and we see a significant increase in eCommerce sales during the quarter.

Sales in Central and Eastern Europe decreased by 50.0 percent compared with the second quarter of 2019, sales in the United Kingdom and Ireland decreased by 41.2 percent and sales in North America decreased by 51.8 percent. Sales in all markets were negatively affected by closed stores, while online sales developed positively. We view the increase in eCommerce very positively.

Adjustments for other regions during the second quarter totalled SEK 3.9 million.

Sales by market



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

KEY FIGURES PHONES

(SEK million)	2020 Quarter 2	2019 Quarter 2	%	2020 Jan-Jun	2019 Jan-Jun	%	2019 Whole year
Net sales	207.4	350.2	-40.8	501.3	698.8	-28.3	1,586.3
Cost of goods and services sold	-147.7	-236.9	-37.7	-351.8	-490.9	-28.3	-1,137.7
Gross profit	59.7	113.3	-47.3	149.5	207.9	-28.1	448.6
Gross margin %	28.8	32.4		29.8	29.8		28.3
Other operating expenses	-61.6	-83.3	-26.1	-141.5	-165.6	-14.6	-342.9
Operating profit after depreciation and write-downs (EBIT)	-1.9	30.0	-106.3	8.0	42.3	-81.1	105.7
EBIT margin %	-0.9	8.6		1.6	6.1		6.7
Order book	136.6	145.6	-6.2	136.6	145.6	-6.2	98.4
New orders	228.1	384.7	-40.7	539.5	745.7	-27.7	1,576.9
Investment in product development	9.5	19.6	-51.5	18.0	32.0	-43.8	77.9

NET SALES BY MARKET (SEK million)

	2020 Quarter 2	2019 Quarter 2	%	2020 Jan-Jun	2019 Jan-Jun	%	2019 Whole year
Nordics	46.1	58.7	-21.5	100.1	121.5	-17.6	298.5
Western and Southern Europe and Africa	50.7	84.9	-40.3	139.8	189.8	-26.4	422.7
Central and Eastern Europe	59.1	118.3	-50.0	130.9	201.6	-35.1	452.5
United Kingdom and Ireland	26.4	44.8	-41.2	68.7	95.4	-28.0	201.2
North America	21.3	44.1	-51.8	63.3	97.4	-35.0	215.6
Other	3.9	-0.6	-747.5	-1.4	-6.9	-79.5	-4.3
Total	207.4	350.2	-40.8	501.3	698.8	-28.3	1,586.3

FINANCIAL DEVELOPMENT

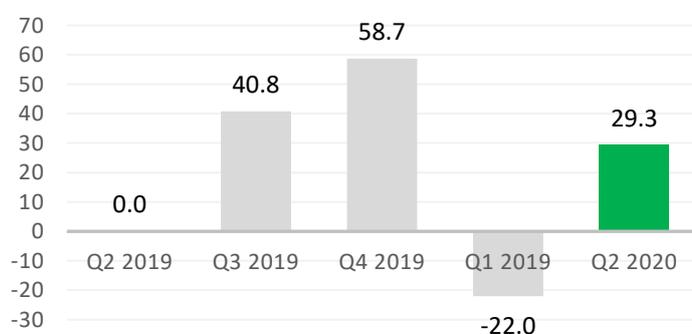
Cash flow, investments and financial position

Cash flow from operating activities during the second quarter was SEK 47.5 million (29.0). The increase is mainly due to a positive change in working capital compared with the second quarter of 2019 as a result of reduced accounts receivable, accounts payable and inventories due to lower sales and purchase restrictions. Free cash flow, after investments but before acquisitions, amounted to SEK 29.3 million (0.0). Investments during the period amounted to SEK 18.2 million (29.0).

Cash and cash equivalents totalled SEK 194.0 million (148.7) at the end of the second quarter. At the same time, the equity ratio was 52.1 percent (46.5).

Net debt amounted to SEK 100.4 million at the end of the second quarter, compared with SEK 129.6 million at the end of the previous quarter and SEK 154.6 million at the end of the second quarter of 2019.

FREE CASH FLOW



Significant events during the period

- COVID-19 strongly affected sales during the quarter and Doro has employees on short term leave in most markets.

Significant events after the period

- Doro have communicated that the business will be reorganized 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.

OTHER INFORMATION

Equity and the Doro share

Doro's share is listed on Nasdaq Stockholm, Small Cap, in the segment Telecom/IT. On 30 June 2020, the number of issued shares was 24.204.568, of which Doro AB holds 439.030 Doro shares. Total equity amounted to SEK 777.7 million (734.0).

Employees

On 30 June 2020, Doro had 881 (696) employees, corresponding to 646 (540) full-time equivalents. Of these employees, 353 (362) are based in the Nordic region, 39 (48) in Central and Eastern Europe, 22 (25) in Western and Southern Europe and Africa, 457 (252) 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 second quarter totalled SEK 231.5 million (330.5). Profit after tax amounted to SEK -10.1 million (5.0).

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 the business segment 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 the business segment Care usually experience only small seasonal variations.

FINANCIAL REPORTS

Group

INCOME STATEMENT

Doro – Group (SEKm)	Note	Quarter 2 2020	Quarter 2 2019	Jan-Jun 2020	Jan-Jun 2019	Whole year 2019
Net sales		332.3	459.6	756.5	925.8	2,063.0
Cost of goods and services sold		-216.6	-299.0	-497.7	-620.1	-1,413.5
Gross profit		115.7	160.6	258.8	305.7	649.5
Selling, distribution and marketing expenses		-46.2	-69.8	-115.6	-138.4	-284.7
Research and development expenses		-26.1	-20.2	-48.8	-46.1	-98.7
Administrative expenses		-40.1	-45.4	-74.7	-75.4	-156.1
Other income and expense		4.5	1.0	3.3	1.6	2.1
Total operating expenses		-107.9	-134.4	-235.8	-258.3	-537.4
whereof depreciation and amortisation of intangible and tangible fixed assets		-30.2	-21.1	-58.7	-43.5	-97.2
Operating profit/loss before depreciation and amortisation (EBITDA)		38.0	47.3	81.7	90.9	209.3
Operating profit/loss after depreciation and amortisation (EBIT)		7.8	26.2	23.0	47.4	112.1
Net financial items		-12.2	-1.6	-7.5	-2.5	-4.8
Profit/loss before taxes		-4.4	24.6	15.5	44.9	107.3
Taxes		1.1	-5.9	-4.3	-10.8	-29.4
Profit/loss for the period		-3.3	18.7	11.3	34.1	77.9

Average number of shares, thousands	23,766	23,766	23,766	23,766	23,766
Average number of shares after dilution, thousands*	23,766	23,766	23,766	23,766	23,766
Earnings per share, SEK	-0.14	0.79	0.47	1.43	3.28
Earnings per share after dilution, SEK*	-0.14	0.79	0.47	1.43	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 2 2020	Quarter 2 2019	Jan-Jun 2020	Jan-Jun 2019	Whole year 2019
Profit/loss for the period		-3.3	18.7	11.3	34.1	77.9
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Translation differences		-24.3	-0.5	-16.5	17.0	22.4
Effects from cash flow hedges		-5.3	-2.9	1.4	-1.0	-2.5
Deferred tax		1.1	0.6	-0.3	0.2	0.5
Total Result related to Parent company's shareholders		-31.7	15.9	-4.1	50.3	98.3

STATEMENT OF FINANCIAL POSITION

Doro – Group (SEKm)	2020 30-Jun	2019 30-Jun	2019 31-Dec
Non-current assets			
Intangible assets	677.4	636.3	698.2
Property, plant and equipment	128.2	112.5	123.1
Financial assets	6.7	6.0	5.8
Deferred tax asset	17.7	6.6	16.7
Current assets			
Inventories	207.5	281.0	244.4
Current receivables	261.1	385.7	390.8
Cash and cash equivalents	194.0	148.7	198.5
Total assets	1,492.6	1,576.8	1,677.5
Shareholders' equity attributable to Parent company's shareholders	777.7	734.0	781.8
Long term liabilities	335.6	344.2	345.8
Current liabilities	379.3	498.6	549.9
Total shareholders' equity and liabilities	1,492.6	1,576.8	1,677.5

STATEMENT CASH FLOWS

Doro – Group (SEKm)	Quarter 2 2020	Quarter 2 2019	Jan-Jun 2020	Jan-Jun 2019	Whole year 2019
Operating profit/loss after depreciation and write-downs. EBIT	7.8	26.2	23.0	47.4	112.1
Depreciation according to plan	30.2	21.1	58.7	43.5	97.2
Net paid financial items	-2.0	-2.2	-3.5	-3.7	-6.4
Unrealized exchange rate differences in cash flow hedges	-10.0	-3.6	-4.2	-1.1	5.4
Taxes paid	-3.8	-1.3	-30.0	-10.9	-27.4
Changes in working capital (incl changes in provisions)	25.3	-11.2	1.0	-5.4	61.7
Cash flow from current activities	47.5	29.0	45.0	69.8	242.6
Investments in intangible and tangible fixed assets	-18.2	-29.0	-37.7	-50.6	-123.9
Total Free Cash flow before acquisitions	29.3	0.0	7.3	19.2	118.7
Acquisitions	0.0	0.0	-0.7	0.0	-18.7
Cash flow from investment activities	-18.2	-29.0	-38.4	-50.6	-142.6
Amortisation of debt	-5.0	-2.1	-10.2	-6.3	-37.5
Warrant program, new/buy back	0.0	0.0	0.0	0.0	-0.2
Cash flow from financial activities	-5.0	-2.1	-10.2	-6.3	-37.7
Exchange rate differences in cash and cash equivalents	-2.8	0.1	-1.0	1.6	1.9
Change in liquid funds	21.6	-2.0	-4.5	14.5	64.2
Net debt	100.4	154.6	100.4	154.6	84.1

STATEMENT OF CHANGES IN EQUITY

Doro – Group (SEKm)	2020 30-Jun	2019 30-Jun	2019 31-Dec
Opening balance	781.8	683.7	683.7
Total Result related to Parent company's shareholders	-4.1	50.3	98.3
Warrants	0.0	0.0	-0.2
Closing balance	777.7	734.0	781.8

OTHER KEY FIGURES

Doro – Group (SEKm)	2020 30-Jun	2019 30-Jun	2019 31-Dec
EBITA, SEKm	28.5	53.0	122.9
Equity/assets ratio, %	52.1	46.5	46.6
Number of shares at the end of the period, thousands	23,766	23,766	23,766
Number of shares at the end of the period after dilution, thousands*	23,766	23,766	23,766
Equity per share, SEK	32.72	30.89	32.90
Equity per share, after dilution SEK*	32.72	30.89	32.90
Return on average share holders' equity, %	7.1	12.5	10.6
Return on average capital employed, %	9.8	14.3	12.9
Share price at period's end, SEK	35.30	34.00	50.50
Market value, SEKm	838.9	808.0	1,200.2

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

INCOME STATEMENT

Segment (SEKm)	Note	Quarter 2 2020	Quarter 2 2019	Jan-Jun 2020	Jan-Jun 2019	Whole year 2019
Net sales Care		124.9	109.4	255.2	227.0	476.7
Net sales Phones		207.4	350.2	501.3	698.8	1,586.3
Total Net sales		332.3	459.6	756.5	925.8	2,063.0
Gross profit Care		56.1	47.4	109.3	97.7	200.8
Gross profit Phones		59.7	113.3	149.5	207.9	448.6
Total Gross profit		115.7	160.6	258.8	305.7	649.5
Operating profit/loss (EBIT) Care		14.9	9.4	22.1	21.2	40.5
Operating profit/loss (EBIT) Phones		-1.9	30.0	8.0	42.3	105.7
Non-allocated operating expenses		-5.2	-13.2	-7.1	-16.1	-34.1
Total Operating profit/loss after depreciation and amortisation (EBIT)		7.8	26.2	23.0	47.4	112.1

CARE

INCOME STATEMENT

Care (SEKm)	Note 1	Quarter 2 2020	Quarter 2 2019	Jan-Jun 2020	Jan-Jun 2019	Whole year 2019
Net sales		124.9	109.4	255.2	227.0	476.7
Cost of goods and services sold		-68.8	-62.0	-145.9	-129.3	-275.9
Gross profit		56.1	47.4	109.3	97.7	200.8
Gross margin, %		44.9	43.3	42.8	43.0	42.1
Other operating expenses		-41.2	-38.0	-87.2	-76.5	-160.3
Operating profit (EBIT)		14.9	9.4	22.1	21.2	40.5
Operating margin (EBIT margin), %		11.9	8.6	8.7	9.3	8.5

NET SALES PER MARKET

Care (SEKm)	Note 1	Quarter 2 2020	Quarter 2 2019	Jan-Jun 2020	Jan-Jun 2019	Whole year 2019
Nordics		64.5	66.9	134.4	133.7	274.9
UK and Ireland		56.4	34.2	110.0	75.3	170.4
Other		4.0	8.3	10.8	18.0	31.4
Total		124.9	109.4	255.2	227.0	476.7

KEY RATIOS CARE

Care (SEKm)	Note 1	Quarter 2 2020	Quarter 2 2019	Jan-Jun 2020	Jan-Jun 2019	Whole year 2019
Number of subscriptions (thousands)		304.0	202.0	304.0	202.0	312.0
Product sales		22.9	23.2	49.5	55.2	102.3
Service sales		102.0	86.2	205.7	171.8	374.4
Investments in product development		5.9	2.1	10.9	3.0	13.4

PHONES

INCOME STATEMENT

Phones (SEKm)	Note 1	Quarter 2 2020	Quarter 2 2019	Jan-Jun 2020	Jan-Jun 2019	Whole year 2019
Net sales		207.4	350.2	501.3	698.8	1,586.3
Cost of goods and services sold		-147.7	-236.9	-351.8	-490.9	-1,137.7
Gross profit		59.7	113.3	149.5	207.9	448.6
Gross margin, %		28.8	32.4	29.8	29.8	28.3
Other operating expenses		-61.6	-83.3	-141.5	-165.6	-342.9
Operating profit (EBIT)		-1.9	30.0	8.0	42.3	105.7
Operating margin (EBIT margin), %		-0.9	8.6	1.6	6.1	6.7

NET SALES PER MARKET

Phones (SEKm)	Note 1	Quarter 2 2020	Quarter 2 2019	Jan-Jun 2020	Jan-Jun 2019	Whole year 2019
Nordics		46.1	58.7	100.1	121.5	298.5
West and South Europe and Africa		50.7	84.9	139.8	189.8	422.7
Central and Eastern Europe		59.1	118.3	130.9	201.6	452.5
UK and Ireland		26.4	44.8	68.7	95.4	201.2
North America		21.3	44.1	63.3	97.4	215.6
Other		3.9	-0.6	-1.4	-6.9	-4.3
Total		207.4	350.2	501.3	698.8	1,586.3

KEY RATIOS PHONES

Phones (SEKm)	Note 1	Quarter 2 2020	Quarter 2 2019	Jan-Jun 2020	Jan-Jun 2019	Whole year 2019
Order book		136.6	145.6	136.6	145.6	98.4
Order intake		228.1	384.7	539.5	745.7	1,576.9
Investments product development		9.5	19.6	18.0	32.0	77.9

PARENT COMPANY

INCOME STATEMENT

Parent company (SEKm)	Note	Quarter 2 2020	Quarter 2 2019	Jan-Jun 2020	Jan-Jun 2019	Whole year 2019
Net sales		231.5	330.5	545.0	691.1	1,566.0
Cost of goods and services sold		-153.0	-216.1	-360.9	-472.3	-1,087.5
Gross profit		78.5	114.4	184.1	218.8	478.5
Operating expenses		-79.7	-107.3	-171.2	-206.1	-423.7
Operating profit/loss (EBIT)		-1.2	7.1	12.9	12.7	54.8
Net financial items		-10.1	0.9	-3.2	0.7	1.8
Profit/loss after financial items		-11.3	8.0	9.7	13.4	56.6
Group contribution		0.0	0.0	0.0	0.0	0.0
Taxes		1.2	-3.0	-4.2	-5.3	-15.6
Profit/loss for the period		-10.1	5.0	5.5	8.1	41.0

STATEMENT OF COMPREHENSIVE INCOME

Parent Company (SEKm)	Note	Quarter 2 2020	Quarter 2 2019	Jan-Jun 2020	Jan-Jun 2019	Whole year 2019
Profit/loss for the period		-10.1	5.0	5.5	8.1	41.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Effects from cash flow hedges		-5.3	-2.9	1.4	-1.0	-2.5
Deferred tax		1.1	0.6	-0.3	0.2	0.5
Total Result related to Parent company's shareholders		-14.2	2.7	6.6	7.3	39.0

STATEMENT OF FINANCIAL POSITION

Parent Company (SEKm)	2020 30-Jun	2019 30-Jun	2019 31-Dec
Non-current assets			
Intangible assets	319.1	303.8	323.8
Property, plant and equipment	22.1	18.1	19.4
Financial assets	303.0	271.9	303.0
Current assets			
Inventories	170.2	203.7	183.8
Current receivables	415.8	536.0	554.4
Cash and cash equivalents	122.5	93.2	104.6
Total assets	1,352.7	1,426.7	1,489.0
Shareholders' equity attributable to Parent company's shareholders	517.6	479.3	510.9
Provisions	62.8	87.0	74.5
Long term liabilities	220.0	240.0	220.0
Current liabilities	552.3	620.4	683.6
Total shareholders' equity and liabilities	1,352.7	1,426.7	1,489.0

NOTES

Note 1 – Business segment reporting

Effective 1 January 2020, Doro reports two business segments, Care and 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.

CARE

INCOME STATEMENT	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Whole year
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
<i>Gross margin, %</i>	<i>42.8</i>	<i>43.3</i>	<i>39.6</i>	<i>42.8</i>	<i>42.1</i>
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
<i>Operating margin (EBIT margin), %</i>	<i>10.0</i>	<i>8.6</i>	<i>7.6</i>	<i>7.8</i>	<i>8.5</i>

NET SALES PER MARKET	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Whole year
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
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	95.9	106.7	374.4
Investments in product development	0.9	2.1	4.8	5.6	13.4

PHONES

INCOME STATEMENT

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

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 PHONES

Phones (SEKm)	Quarter 1 2019	Quarter 2 2019	Quarter 3 2019	Quarter 4 2019	Whole year 2019
Order book	120.1	145.6	181.6	98.4	98.4
Order intake	361.0	384.7	439.1	392.1	1,576.9
Investments product development	12.4	19.6	20.5	25.4	77.9

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.

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

	Quarter 2 2020	Quarter 2 2019	Jan-Jun 2020	Jan-Jun 2019
Currency adjusted sales growth (SEK million)				
Currency adjusted sales growth	-125.9	22.9		
Currency effect	-1.4	12.5		
Reported sales growth	-127.3	35.4		
Capital employed				
Total assets			1,492.6	1,576.8
-non-interest bearing liabilities			415.1	537.6
-cash and cash equivalents			194.0	148.7
Reported capital employed			883.5	890.5

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.

This interim report has not been reviewed by the Company's auditors.

Malmö, 16 July 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

REPORT DATES

Q3-report. January-September 2020:
Q4-report. January-December 2020:

23 October 2020
17 February 2020

CONTACT

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WEBCAST

A webcast conference call will be held on Thursday 16 July 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-q2-2020>. 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 Thursday, July 16, 2020 at the time of the above contact persons. 8.00 (CET).