

QUARTERLY REPORT

Q4 2021

Solna, January 27, 2022

32% SALES GROWTH AND RECORD HIGH BACKLOG

FOURTH QUARTER 2021

- Net sales were SEK 5,542 m (4,213); an increase of 32%, of which 2% was organic growth.
- Operating profit (EBITDA) before depreciation and amortization was SEK 771 m (701), representing a margin of 13.9% (16.6%).
- Operating profit (EBITA) before amortization⁽¹⁾ and items affecting comparability was SEK 632 m (536), representing a margin of 11.4% (12.7%).
- Operating profit (EBIT) was SEK 470 m (514), representing a margin of 8.5% (12.2%).
- Profit (loss) for the quarter was SEK 197 m (-160).
- Earnings per share were SEK 0.62 (-0.54).
- Cash flow for the quarter was SEK -5,593 m (1,017). Operating cash flow was SEK 546 m (724).
- Net debt leverage at the end of the quarter was 2.6x (2.0x).
- The acquisition of Igloo completed in the quarter.

FULL YEAR 2021

- Net sales were SEK 21,516 m (16,207); an increase of 33%, of which 23% was organic growth.
- Operating profit (EBITDA) before depreciation and amortization was SEK 3,775 m (2,669), representing a margin of 17.5% (16.5%).
- Operating profit (EBITA) before amortization⁽¹⁾ and items affecting comparability was SEK 3,348 m (2,235), representing a margin of 15.6% (13.8%).
- Operating profit (EBIT) was SEK 2,855 m (1,880), representing a margin of 13.3% (11.6%).
- Profit for the period was SEK 1,726 m (451).
- Earnings per share were SEK 5.58 (1.52).
- Cash flow for the period was SEK -3,579 m (3,666). Operating cash flow was SEK 1,749 m (2,258).
- The Board of Directors proposes a dividend of SEK 2.45 (2.30) per share for 2021.
- Nine acquisitions announced during the year.

FINANCIAL OVERVIEW

	Q4	Q4	FY	FY
SEK m	2021	2020	2021	2020
Net sales	5,542	4,213	21,516	16,207
Operating Profit (EBITDA) ⁽²⁾	771	701	3,775	2,669
% of net sales	13.9%	16.6%	17.5%	16.5%
Operating Profit (EBITA) before items affecting comparability ⁽¹⁾	632	536	3,348	2,235
% of net sales	11.4%	12.7%	15.6%	13.8%
Operating profit (EBIT) before items affecting comparability ⁽³⁾	507	466	2,979	1,939
% of net sales	9.2%	11.1%	13.8%	12.0%
Operating profit (EBIT)	470	514	2,855	1,880
% of net sales	8.5%	12.2%	13.3%	11.6%
Profit (loss) for the period	197	-160	1,726	451
Earnings per share, SEK	0.62	-0.54	5.58	1.52
Cash flow for the period	-5,593	1,017	-3,579	3,666
Operating cash flow ⁽⁴⁾	546	724	1,749	2,258
Core working capital	6,475	2,952	6,475	2,952
Net debt leverage	2.6	2.0	2.6	2.0
RoOC	36.9%	26.9%	36.9%	26.9%

⁽¹⁾ Before Amortization of acquisition-related intangible assets and items affecting comparability

⁽²⁾ Before Depreciation and Amortization

⁽³⁾ See Note 6 Items affecting comparability.

⁽⁴⁾ Net cash flow from operations after investments in fixed assets and excluding income tax paid. Paid interest/received interest is a part of the net cash flow of financing.



CEO COMMENTS

2021 became a new and important milestone for Dometic. We continued to successfully drive our transformational agenda and achieved all-time high net sales and operating profit despite several new pandemic breakouts, unprecedented supply chain constraints and raw material and freight cost increases during the year.

Net sales in the quarter totaled SEK 5,542 m (4,213), corresponding to growth of 32 percent. Organic net sales growth was 2 percent. For the full year 2021, we achieved record-high net sales of SEK 21.5 b with organic growth of 23 percent.

Excluding the acquired Igloo business, EBITA before items affecting comparability in the quarter improved to SEK 644 m (536) corresponding to a margin of 12.8 percent (12.7) despite the negative impact of supply chain constraints and higher raw material prices. We continued to adjust our pricing to compensate for the increased costs and see a positive development compared to the third quarter. Sales and marketing investments have been increased compared to a year ago to drive growth in the new strategic areas. In addition, we had a low cost base in the fourth quarter 2020, still influenced by the pandemic related lock-downs. Including the Igloo business, EBITA before items affecting comparability in the quarter improved to SEK 632 m (536), corresponding to a margin of 11.4 percent (12.7).

The acquisition of Igloo, our largest and strategically important platform acquisition in the consumer orientated Outdoor field, offers Dometic new opportunities to increase our presence in the large and growing cooler and drinkware markets. The planned integration activities, including price increases and other operational improvements, are implemented to secure expected synergies.

Nine acquisitions were announced in 2021, mainly targeting the Outdoor market. End-user demand for flexible products to support Vehicle Based Outdoor Activities is accelerating, and as we enter 2022 it is encouraging to see our offering and presence on this fast-growing market. Supported by the acquisitions, the sales channel mix continues to improve in favor of less cyclical sales channels. The share of Distribution and Service & Aftermarket was 50 percent in 2021, compared with 39 percent in 2017. Further acquisitions, as well as divestments of non-strategic areas, are planned to further improve the mix and reduce the exposure to cyclical stepwise.

The innovation index improved to 26 percent (22) and the pipeline of new products to be launched remains strong. The cost reduction program remains a top priority. While COVID-19 related effects impacted the implementation pace in 2021, cost reduction activities are expected to accelerate in 2022.

Implementation of our sustainability roadmap continues, and CO₂ ton/net sales has decreased by an impressive 24 percent compared with 2020, which exceeds the 2021 target level. New ambitious sustainability targets have been implemented across the organization for the 2022–2024 period.

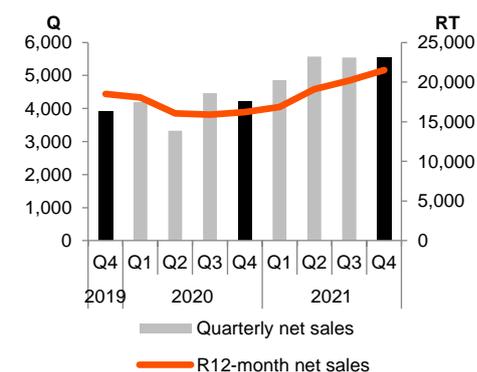
Cash flow for the period was SEK -5,593 m (1,017), impacted by the completed acquisition of Igloo. Operating cash flow for the quarter was SEK 546 m (724), and the net debt leverage ratio was 2.6x (2.0x).

We continue to be optimistic about the demand outlook for forthcoming quarters. Our order backlog is record-high and retail inventory levels are low across all vertical end markets. The global supply chain disturbances impacting many industries remain challenging. While we are implementing mitigating actions and see improvements in several areas, it is still difficult to predict when the situation will fully stabilize.

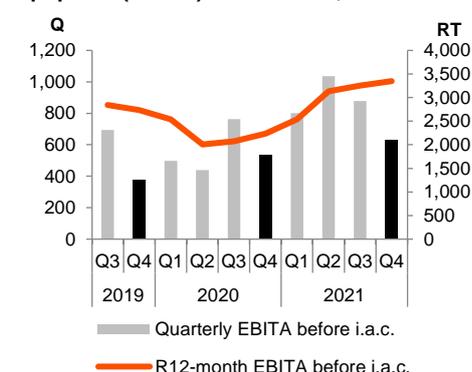
We are very proud of the results that the entire organization has achieved in a year during which strong market demand has been balanced with an extremely challenging supply situation impacting many industries. In this environment, and thanks to our dedicated and highly professional employees, we have taken several important steps on our strategic transformation journey. We are optimistic about the long-term trends in the Mobile Living industry and will continue to drive our strategic agenda to deliver on our financial targets.

Juan Vargues, President and CEO

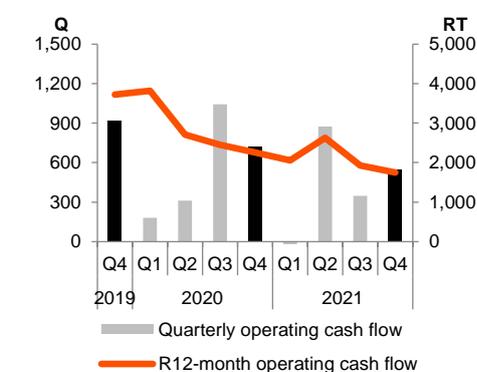
Net Sales, SEK m



Op. profit (EBITA) before i.a.c., SEK m



Operating cash flow, SEK m



FINANCIAL SUMMARY – FOURTH QUARTER 2021

Net sales were SEK 5,542 m (4,213), an increase of 32% compared with the same quarter last year. This comprised 2% organic growth, 2% currency translation and 27% M&A.

Gross profit was SEK 1,444 m (1,205) corresponding to 26.1% (28.6%) of net sales.

Sales and administrative expenses totaled SEK -759 m (-543) impacted by acquisitions and by investments in new strategic areas. In addition the cost base in the fourth quarter of 2020 was low, still influenced by the pandemic related lock-downs.

Research and development expenses were SEK -110 m (-97). In addition, Research & development expenses of SEK -3 m (-5) were capitalized in the quarter. In total, this corresponds to 2.0% (2.5%) of net sales.

Other operating income and expenses were SEK 57 m (-29). The difference is mainly due to currency hedge effects.

Operating profit (EBITDA) before depreciation and amortization was SEK 771 m (701). The EBITDA margin was 13.9% (16.6%).

Operating profit (EBITA) before amortization of acquisition-related intangible assets and items affecting comparability was SEK 632 m (536). The EBITA margin was 11.4% (12.7%). Excluding the acquired Igloo business, the margin was 12.8% (12.7%). The gross impact from tariffs was SEK -39 m (-37).

Amortization of acquisition-related intangible assets were SEK -125 m (-70).

Items affecting comparability totaled SEK -37 m (48) of which restructuring costs for the global restructuring program amounted to SEK -36 m (-18). The amount for the same quarter 2020 was positively impacted by SEK 66 m related to a gain from a sale of fixed assets.

Operating profit (EBIT) was SEK 470 m (514). The EBIT margin was 8.5% (12.2%).

Financial items totaled a net amount of SEK -187 m (-149), including SEK -104 m (-94) in interest on external bank loans. Other FX revaluations and other items amounted to SEK -84 m (-55) and financial income amounted to SEK 1 m (0).

Taxes totaled SEK -86 m (-525), corresponding to 30% (144%) of profit before tax. Current tax amounted to SEK -276 m (-649) and deferred tax to SEK 190 m (123). The amount for the same quarter 2020 was impacted by a provision for a tax foreign tax dispute. Paid tax was 47% (33%), partly relating to payments for prior years.

Profit (loss) for the quarter was SEK 197 m (-160).

Earnings per share for the quarter were SEK 0.62 (-0.54).

Operating cash flow for the quarter was SEK 546 m (724). A positive development in accounts receivables and accounts payables was offset by increased inventories driven by longer than normal supply lead-times, strong market demand and seasonal inventory build up in Igloo.

Cash flow for the quarter was SEK -5,593 m (1,017). Net cash flow from investments was SEK -6,015 m (461), mainly due to the completed acquisition of Igloo. The amount for the same quarter 2020 was positively impacted by sales of fixed assets of SEK 536 m. Net cash flow from financing was SEK -146 m (-125).

Global restructuring program. Total costs related to the program amounted to SEK -36 m (-18) for the quarter while no new sites or employees were affected.

Acquisitions. The acquisition of Igloo was completed in the quarter. The acquisition of Cadac International was completed on January 4, 2022. The acquisition of NDS Energy is expected to be completed in the first quarter 2022. See note 10 for details.

Other events during the quarter. The Group margin target measurement was changed from EBIT before i.a.c. of 16-17% to EBITA before i.a.c. of 18-19%. The other financial targets remained unchanged.

Significant events after the quarter. Dometic will have a new segment reporting structure starting from the reporting of the first quarter 2022. The Marine business will be reported as a new separate segment while Other global verticals and Igloo will remain in segment Global. Segments Americas, EMEA and APAC will remain as is.

There have been no significant events that have impacted the financial reporting after the balance sheet date.

FINANCIAL SUMMARY – FULL YEAR 2021

Net sales were SEK 21,516 m (16,207), an increase of 33% compared with full year 2020. This comprised 23% organic growth, -3% currency translation and 13% M&A.

Operating profit (EBITDA) before depreciation and amortization was SEK 3,775 m (2,669). The EBITDA margin was 17.5% (16.5%).

Operating profit (EBITA) before amortization of acquisition-related intangible assets and items affecting comparability was SEK 3,348 m (2,235). The EBITA margin was 15.6% (13.8%). The gross impact from tariffs was SEK -189 m (-199).

Amortization of acquisition-related intangible assets were SEK -369 m (-296).

Items affecting comparability totaled SEK -123 m (-59) of which restructuring costs for the global restructuring program amounted to SEK -86 m (-116). Full year 2020 was positively impacted by SEK 66 m related to a gain from a sale of fixed assets.

Operating profit (EBIT) was SEK 2,855 m (1,880). The EBIT margin was 13.3% (11.6%).

Financial items totaled a net amount of SEK -499 m (-532), including SEK -374 m (-399) in interest on external bank loans. Other FX revaluations and other items amounted to SEK -138 m (-140) and financial income amounted to SEK 13 m (7).

Taxes totaled SEK -630 m (-897), corresponding to 27% (67%) of profit before tax. Current tax amounted to SEK -715 m (-955) and deferred tax to SEK 84 m (58). Paid tax was 43% (33%) and was negatively impacted by a settlement of a foreign tax dispute related to previous years.

Profit for the period was SEK 1,726 m (451).

Earnings per share for the period were SEK 5.58 (1.52).

Operating cash flow for the period was SEK 1,749 m (2,258).

Cash flow for the period was SEK -3,579 m (3,666). Net cash flow from investments was SEK -8,760 m (289) mainly due to the acquisitions completed in the period. Net cash flow from financing was SEK 4,028 m (1,318) positively impacted by a directed share issue of approximately SEK 3.35 billion before transaction costs and EUR 300 m issued on the European bond market with a 7-year maturity. This was partly offset by a dividend payout of SEK -680 m (-) and by a repayment of an EMTN bond due of SEK -1,000 m.

Net debt leverage was 2.6x (2.0x) at the end of the period.

Return on Operating Capital (RoOC) was 36.9% (26.9%).

Global restructuring program. Total costs related to the program amounted to SEK -86 m (-116) for the period. One additional site and 26 additional employees have been affected during the period. Since program start, 22 sites and 804 employees have been affected with a total cost of SEK -319 m.

Employees. Number of employees in terms of headcount was 9,095 (6,497) at the end of the period.

FINANCIAL PERFORMANCE BY SEGMENT

SEK m	Q4	Q4	Change (%)		FY	FY
	2021	2020	Rep.	Org. ⁽¹⁾	2021	2020
Americas	1,516	1,235	23%	-6%	5,970	4,447
EMEA	1,520	1,279	19%	8%	6,981	5,629
APAC	546	434	26%	1%	1,961	1,315
Global	1,960	1,266	55%	5%	6,605	4,816
Net sales	5,542	4,213	32%	2%	21,516	16,207
Americas	45	24			301	41
EMEA	77	76			902	646
APAC	144	112			510	271
Global	241	254			1,266	981
Operating profit (EBIT) before i.a.c. ⁽²⁾	507	466			2,979	1,939
Americas	3.0%	1.9%			5.0%	0.9%
EMEA	5.1%	5.9%			12.9%	11.5%
APAC	26.3%	25.9%			26.0%	20.6%
Global	12.3%	20.0%			19.2%	20.4%
Operating profit (EBIT) % before i.a.c.	9.2%	11.1%			13.8%	12.0%

⁽¹⁾Net sales growth excluding acquisitions/divestments and currency translation effects.

⁽²⁾See note 4 for reported EBIT by segment and note 6 for details on items affecting comparability.

Previous periods have been restated according to the new segment structure, see note 4 for further details on the financial performance by segment.

For details on acquisitions included in each segment, see note 10.

The segment operating profit comments are based on "EBIT" while the Group operating profit comments are based on "EBITA" (Operating profit before amortization of acquisition-related intangible assets). The segment comments will be based on EBITA starting from the reporting of the first quarter 2022. A restatement of previous periods will be distributed ahead of the report.

SEGMENT AMERICAS

FOURTH QUARTER 2021 NET SALES AND OPERATING PROFIT (EBIT)

Segment Americas reported net sales of SEK 1,516 m (1,235), representing 27% (29%) of Group net sales. Total growth was 23%, of which -6% was organic growth, 3% currency translation and 26% M&A. Growth was driven by application areas Power & Control and Other applications.

Operating profit (EBIT) before items affecting comparability was SEK 45 m (24), corresponding to a margin of 3.0% (1.9%). The improvement was driven by net sales growth, cost reductions, pricing and a positive margin contribution from acquired companies. This was partly offset by rising raw material prices and freight costs. The gross impact from tariffs was SEK -39 m (-37). Items affecting comparability totaled SEK -30 m (-12). Operating profit (EBIT) was SEK 15 m (12), corresponding to a margin of 1.0% (0.9%).

FULL YEAR 2021 NET SALES AND OPERATING PROFIT (EBIT)

Segment Americas reported net sales of SEK 5,970 m (4,447), representing 28% (27%) of Group net sales. Total growth was 34%, of which 20% was organic growth, -6% currency translation and 20% M&A. All application areas showed net sales growth.

Operating profit (EBIT) before items affecting comparability was SEK 301 m (41), corresponding to a margin of 5.0% (0.9%). The improvement was driven by net sales growth, pricing, cost reductions, sales mix and a positive contribution from acquired companies. This was partly offset by rising raw material prices and freight costs. The gross impact from tariffs was SEK -189 m (-199). Items affecting comparability totaled SEK -55 m (-68) and were related to restructuring measures implemented during the year as well as material M&A transaction costs. Operating profit (EBIT) was SEK 246 m (-27) corresponding to a margin of 4.1% (-0.6%).

SEGMENT EMEA

FOURTH QUARTER 2021 NET SALES AND OPERATING PROFIT (EBIT)

Segment EMEA reported net sales of SEK 1,520 m (1,279), representing 27% (31%) of Group net sales. Total growth was 19%, of which 8% was organic growth, 0% currency translation and 11% M&A. Growth was driven by application area Climate.

Operating profit (EBIT) before items affecting comparability was SEK 77 m (76), corresponding to a margin of 5.1% (5.9%). Rising raw material prices, freight costs and M&A transaction costs had a negative impact on the margin. This was partly offset by net sales growth, cost reductions, pricing and a positive margin contribution from acquired companies. Items affecting comparability totaled SEK -6 m (55). Operating profit (EBIT) was SEK 72 m (131), corresponding to a margin of 4.7% (10.2%).

FULL YEAR 2021 NET SALES AND OPERATING PROFIT (EBIT)

Segment EMEA reported net sales of SEK 6,981 m (5,629), representing 32% (35%) of Group net sales. Total growth was 24%, of which 22% was organic growth, -2% currency translation and 4% M&A. Growth was driven by application areas Climate and Food & Beverage.

Operating profit (EBIT) before items affecting comparability was SEK 902 m (646), corresponding to a margin of 12.9% (11.5%). The improvement was driven by net sales growth, pricing, cost reductions and sales mix. This was partly offset by rising raw material prices and freight costs, as well as M&A transaction costs. Items affecting comparability totaled SEK -28 m (32) and were related to restructuring measures implemented during the year. Operating profit (EBIT) was SEK 874 m (678) corresponding to a margin of 12.5% (12.1%).

SEGMENT APAC

FOURTH QUARTER 2021 NET SALES AND OPERATING PROFIT (EBIT)

Segment APAC reported net sales of SEK 546 m (434), representing 10% (10%) of Group net sales. Total growth was 26%, of which 1% was organic growth, 3% currency translation and 21% M&A. All application areas showed net sales growth.

Operating profit (EBIT) before items affecting comparability was SEK 144 m (112), corresponding to a margin of 26.3% (25.9%). The improvement was driven by net sales growth, cost reductions and pricing. This was partly offset by rising raw material prices and freight costs. Items affecting comparability totaled SEK - m (5). Operating profit (EBIT) was SEK 144 m (117), corresponding to a margin of 26.3% (27.0%).

FULL YEAR 2021 NET SALES AND OPERATING PROFIT (EBIT)

Segment APAC reported net sales of SEK 1,961 m (1,315), representing 9% (8%) of Group net sales. Total growth was 49%, of which 34% was organic growth, 0% currency translation and 15% M&A. All application areas showed net sales growth.

Operating profit (EBIT) before items affecting comparability was SEK 510 m (271), corresponding to a margin of 26.0% (20.6%). The improvement was driven by net sales growth, pricing and cost reductions. This was partly offset by rising raw material prices and freight costs. Items affecting comparability totaled SEK - m (-20). Operating profit (EBIT) was SEK 510 m (251) corresponding to a margin of 26.0% (19.1%).

SEGMENT GLOBAL

FOURTH QUARTER 2021 NET SALES AND OPERATING PROFIT (EBIT)

Segment Global reported net sales of SEK 1,960 m (1,266), representing 35% (30%) of Group net sales. Total growth was 55%, of which 5% was organic growth, 4% currency translation and 46% M&A. Growth was driven by application area Food & Beverage supported by the Igloo acquisition that was completed October 26, 2021.

Operating profit (EBIT) before items affecting comparability was SEK 241 m (254), corresponding to a margin of 12.3% (20.0%). Excluding the acquired Igloo business, the margin was 19.2% (20.0%). Sales mix, rising raw material prices and freight costs had a negative impact on the margin. This was partly offset by net sales growth, cost reductions and pricing. Items affecting comparability totaled SEK -1 m (-). Operating profit (EBIT) was SEK 240 m (254), corresponding to a margin of 12.2% (20.0%).

FULL YEAR 2021 NET SALES AND OPERATING PROFIT (EBIT)

Segment Global consist of the subsegments Marine, Other global verticals and since October 26, 2021 the acquired Igloo business. Sub-segment Other global verticals consists of Residential, Hospitality and Mobile deliveries.

Segment Global reported net sales of SEK 6,605 m (4,816), representing 31% (30%) of Group net sales. Total growth was 37%, of which 24% was organic growth, -4% currency translation and 17% M&A. All application areas showed net sales growth.

Operating profit (EBIT) before items affecting comparability was SEK 1,266 m (981), corresponding to a margin of 19.2% (20.4%). Excluding the acquired Igloo business, the margin was 21.4% (20.4%). The improvement was driven by net sales growth, pricing and cost reductions. This was partly offset by rising raw material prices and freight costs. Items affecting comparability totaled SEK -41 m (-3) and were related to material M&A transaction costs as well as restructuring measures implemented during the year. Operating profit (EBIT) was SEK 1,225 m (978) corresponding to a margin of 18.5% (20.3%).

SUSTAINABILITY UPDATE

OUR FOCUS AREAS AND AMBITIONS



Offer a safe, inclusive, diverse and dynamic workplace – allowing every employee to reach their full potential for the best of the company as a whole.



Sustainable Innovation
– Offer innovative, durable, circular, low carbon products

Sustainable Operation
– Minimize climate impact, increase resource efficiency & support circularity.



Safeguard human rights at all times while pursuing fair business and labor practices.

Focus area	KPI	Same period		
		Actual	Prev. year	Target 2021
People	LTIFR (Injury rate per million working hours)	2.4	3.2	2.0
People	% Female managers	25%	24%	26%
Governance	% Audited spend in LCC	88%	78%	90%
Planet	Reduction in CO ₂ ton / net sales SEK m ⁽¹⁾	-24%	-	-5%

⁽¹⁾Adjusted for acquisitions and currency translation effects.

For definitions of KPIs, and what the actual period refers to for each KPI, see Definitions and Key ratios at the end of the report.

See the Dometic Annual and Sustainability report 2020 and the Q1 2021 interim report for details on targets and baselines of KPIs.

BACKGROUND AND SIGNIFICANT EVENTS DURING THE FOURTH QUARTER 2021

As a pioneer in the Mobile Living arena, Dometic is committed to driving sustainability in its industry. This means offering innovative, durable, low-carbon products that inspire an active, comfortable and responsible outdoor lifestyle. Dometic also provides a safe, healthy, diverse, and inclusive workplace and ensures business practices meet the highest ethical standards.

Dometic has developed a new sustainability concept and platform with goals and activities for 2024 and beyond. The new concept and platform will be launched on Dometic.com and communicated via the 2021 Annual and Sustainability Report. Three focus areas have been defined for 2022–2024: People, Planet and Governance, with strong ownership in Group management and with clear KPIs, targets and activities implemented in daily operations. Progress on all defined targets is reported externally as part of the Annual and Sustainability Report, but in addition Dometic has chosen to report its progress on a quarterly basis on four of the KPIs.

KPI UPDATE

LTIFR (Lost Time Injury Frequency Rate) reduced by 26% compared with the same period last year, with improvements in all segments. The implementation of the Dometic Health & Safety Guidelines continues to improve this further, with a focus on ergonomics in sub-segment Marine, as well as on safety culture and awareness in EMEA. The injury severity rate has decreased by 13% compared with the same period last year.

% female managers. The percentage of female managers improved to 25% and the company will step up efforts to increase the proportion of female managers over the next three years to drive this further. All segments continue to work on segment-specific Diversity & Inclusion targets and corresponding action plans.

% audited spend in LCC. Despite travel restrictions the company has managed to audit 88% of the supplier spend in LCC over the past two years. Going forward, efforts will be focused on auditing all new suppliers for ESG, as well as existing suppliers prioritized for audit based ESG risk assessments.

CO₂ ton/net sales SEK m decreased by 24% compared with the baseline year (2020), significantly exceeding the target for 2021. The implementation of a roadmap for transitioning to renewable electricity in operations will support further reductions and target fulfillment for the next target period until 2024. Absolute CO₂ emissions decreased by 5.9% compared with the baseline year, driven by the transition to renewable electricity supply. The share of renewable indirect energy (scope 2) LTM increased to 20.4% (5.8% Dec 2020).

¹⁾ Scope 1 and 2 emissions represented by fuel combustion, electricity and district heating used on operation sites.

PARENT COMPANY DOMETIC GROUP AB (PUBL)

Fourth quarter 2021

The Parent Company Dometic Group AB (publ) comprises the functions of the Group's head office, such as Group management and administration. The Parent Company invoices its costs to subsidiaries.

For the quarter, the Parent Company had an operating profit (loss) of SEK -1 m (-4), including administrative expenses of SEK -66 m (-56) and other operating income of SEK 65 m (51), of which the full amount relates to income from subsidiaries.

Profit (loss) from financial items totaled SEK 135 m (160), including interest income from subsidiaries of SEK 62 m (44), interest expenses to subsidiaries of SEK - m (-) and other financial expenses of SEK 72 m (116).

Profit (loss) for the quarter amounted to SEK 385 m (21).

Full year 2021

For the period, the Parent Company had an operating profit (loss) of SEK -2 m (-9), including administrative expenses of SEK -282 m (-199) and other operating income of SEK 280 m (190), of which the full amount relates to income from subsidiaries.

Profit (loss) from financial items totaled SEK 33 m (-99), including interest income from subsidiaries of SEK 191 m (194), interest expenses to subsidiaries of SEK -1 m (-) and other financial expenses of SEK -156 m (-293).

Profit (loss) for the period amounted to SEK 278 m (-142).

For further information, please refer to the Parent Company's condensed financial statements on page 12.

ANNUAL GENERAL MEETING 2022

Dometic Group's Annual General Meeting will be held on April 13, 2022, in Stockholm.

NOMINATION COMMITTEE – ANNUAL GENERAL MEETING 2022

In accordance with the resolution adopted by the 2021 Annual General Meeting (AGM), the Nomination Committee ahead of the 2022 AGM shall be composed of the Chairman of the Board of Directors together with one representative from each of the three largest shareholders, based on the ownership structure at August 31, 2021. Further details about the Nomination Committee are available on the website. www.dometicgroup.com

PROPOSED DIVIDEND

For the 2021 full year, the Board of Directors proposes a cash dividend of SEK 2.45 (2.30) per share.

Solna, January 27, 2022

Board of Directors

REVIEW

This interim report has not been subject to review by the Dometic Group AB (publ)'s external auditor.

CONSOLIDATED INCOME STATEMENT

SEK m	Q4 2021	Q4 2020	FY 2021	FY 2020
Net sales	5,542	4,213	21,516	16,207
Cost of goods sold	-4,099	-3,009	-15,155	-11,571
Gross Profit	1,444	1,205	6,361	4,636
Sales expenses	-445	-309	-1,593	-1,214
Administrative expenses	-314	-234	-1,086	-915
Research and development expenses	-110	-97	-412	-336
Other operating income and expenses	57	-29	78	64
Items affecting comparability	-37	48	-123	-59
Amortization of acquisition-related intangible assets	-125	-70	-369	-296
Operating profit	470	514	2,855	1,880
Financial income	1	0	13	7
Financial expenses	-189	-149	-512	-538
Net financial expenses	-187	-149	-499	-532
Profit (loss) before tax	283	365	2,357	1,348
Taxes	-86	-525	-630	-897
Profit (loss) for the period	197	-160	1,726	451
Profit (loss) for the period attributable to owners of the Parent Company	197	-160	1,726	451
Earnings per share before and after dilution, SEK - Owners of the Parent Company	0.62	-0.54	5.58	1.52
Average number of shares, million	319.5	295.8	309.6	295.8

Previous periods have been restated in line with Company communication March 15, 2021. Logistic costs have moved from Sales expenses to Cost of goods sold and Product development have moved from Cost of goods sold to Research & Development expenses.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q4 2021	Q4 2020	FY 2021	FY 2020
Profit (loss) for the period	197	-160	1,726	451
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit pension plans, net of tax	-19	76	79	-14
	-19	76	79	-14
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges, net of tax	33	8	108	-62
Gains/losses from hedges of net investments in foreign operations, net of tax	281	198	294	130
Exchange rate differences on translation of foreign operations	573	-1,150	1,389	-1,667
	887	-943	1,790	-1,599
Other comprehensive income for the period	868	-867	1,869	-1,613
Total comprehensive income for the period	1,064	-1,027	3,595	-1,162
Total comprehensive income for the period attributable to Owners of the Parent Company	1,064	-1,027	3,595	-1,162

CONSOLIDATED BALANCE SHEET (IN SUMMARY)

SEK m	Dec 31, 2021	Dec 31, 2020
ASSETS		
Non-current assets		
Goodwill and trademarks	25,947	17,204
Other intangible assets	7,016	3,853
Tangible assets	2,280	1,474
Right-of-use assets	1,000	630
Deferred tax assets	686	597
Derivatives, long-term	-	-
Other non-current assets	145	95
Total non-current assets	37,075	23,853
Current assets		
Inventories	6,983	3,133
Trade receivables	2,686	1,839
Current tax assets	74	48
Derivatives, short-term	119	88
Other current receivables	488	618
Prepaid expenses and accrued income	197	123
Cash and cash equivalents	4,408	7,913
Total current assets	14,955	13,762
TOTAL ASSETS	52,030	37,615
EQUITY AND LIABILITIES		
EQUITY	22,447	16,201
LIABILITIES		
Non-current liabilities		
Liabilities to credit institutions, long-term	16,099	12,455
Deferred tax liabilities	2,822	1,666
Derivatives, long-term	-	2
Other non-current liabilities	2,910	-
Leasing liabilities, long-term	881	601
Provisions for pensions	704	797
Other provisions, long-term	246	213
Total non-current liabilities	23,661	15,734
Current liabilities		
Liabilities to credit institutions, short-term	-	1,000
Trade payables	3,193	2,019
Current tax liabilities	477	944
Advance payments from customers	51	59
Leasing liabilities, short-term	233	139
Derivatives, short-term	13	140
Other provisions, short-term	332	264
Other current liabilities	193	209
Accrued expenses and prepaid income	1,429	906
Total current liabilities	5,921	5,680
TOTAL LIABILITIES	29,583	21,414
TOTAL EQUITY AND LIABILITIES	52,030	37,615

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IN SUMMARY)

SEK m	FY 2021	FY 2020
Opening balance for the period	16,201	17,363
Profit (loss) for the period	1,726	451
Other comprehensive income for the period	1,869	-1,613
Total comprehensive income for the period	3,595	-1,162
Transactions with owners		
New share issue	3,331	-
Dividend paid to shareholders of the Parent Company	-680	-
Total transactions with owners	2,651	-
Closing balance for the period	22,447	16,201

CONSOLIDATED STATEMENT OF CASH FLOW

SEK m	Q4 2021	Q4 2020	FY 2021	FY 2020
Cash flow from operating activities				
Operating profit	470	514	2,855	1,880
<i>Adjustment for other non-cash items</i>				
Depreciation and amortization	301	188	920	789
Adjustments for other non-cash items	-106	-139	-204	-305
<i>Changes in working capital</i>				
Changes in inventories	-1,011	-404	-2,275	-485
Changes in trade receivables	624	263	141	-309
Changes in trade payables	518	515	600	778
Changes in other working capital	-94	-137	125	156
Income tax paid	-132	-119	-1,009	-444
Net cash flow from operations	569	681	1,153	2,060
Cash flow from investments				
Acquisition of operations, net of cash acquired	-5,883	-	-8,555	-
Investments in fixed assets	-155	-76	-413	-246
Proceeds from sale of fixed assets	26	536	61	537
Deposit	0	-	147	-
Other investing activities	-3	1	1	-1
Net cash flow from investments	-6,015	461	-8,760	289
Cash flow from financing				
New share issue	-	-	3,326	-
Borrowings from credit institutions	-	-	3,062	2,000
Repayment of loans to credit institutions	-	-	-1,000	-
Payment of lease liabilities related to lease agreements	-70	-48	-225	-171
Paid interest	-61	-41	-385	-415
Received interest	1	1	4	2
Other financing activities	-15	-37	-74	-99
Dividend paid to shareholders of the Parent Company	-	-	-680	-
Net cash flow from financing	-146	-125	4,028	1,318
Cash flow for the period	-5,593	1,017	-3,579	3,666
Cash and cash equivalents at beginning of period	9,959	6,921	7,913	4,289
Exchange differences on cash and cash equivalents	42	-25	74	-43
Cash and cash equivalents at end of period	4,408	7,913	4,408	7,913

PARENT COMPANY INCOME STATEMENT

SEK m	Q4 2021	Q4 2020	FY 2021	FY 2020
Administrative expenses	-66	-56	-282	-199
Other operating income	65	51	280	190
Operating profit (loss)	-1	-4	-2	-9
Interest income subsidiaries	62	44	191	194
Interest expenses subsidiaries	-	-	-1	-
Other financial expenses	72	116	-156	-293
Profit (loss) from financial items	135	160	33	-99
Group contributions	346	-101	346	-
Profit (loss) before tax	480	55	378	-108
Taxes	-94	-34	-99	-34
Profit (loss) for the period	385	21	278	-142

PARENT COMPANY BALANCE SHEET (IN SUMMARY)

SEK m	Dec 31, 2021	Dec 31, 2020
ASSETS		
Non-current assets		
Shares in subsidiaries	16,228	16,228
Other non-current assets	10,892	5,169
Total non-current assets	27,120	21,397
Current assets		
Current assets	2,695	2,299
Total current assets	2,695	2,299
TOTAL ASSETS	29,815	23,696
EQUITY	12,853	9,924
PROVISIONS		
Provisions	99	75
Total provisions	99	75
LIABILITIES		
Non-current liabilities		
Non-current liabilities	16,099	12,455
Total non-current liabilities	16,099	12,455
Current liabilities		
Current liabilities	764	1,242
Total current liabilities	764	1,242
TOTAL LIABILITIES	16,962	13,772
TOTAL EQUITY AND LIABILITIES	29,815	23,696

CONDENSED NOTES

NOTE 1 | ACCOUNTING PRINCIPLES

Dometic Group AB (publ) and its subsidiaries (together “the Dometic Group”, “Dometic” or “the Group”) applies International Financial Reporting Standards (IFRS), as endorsed by the European Union. This consolidated Interim Financial Report has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’.

The accounting and valuation principles in this interim report correspond to principles applied by the Group in the 2020 Annual and Sustainability Report and should be read in conjunction with that Annual and Sustainability Report, available at www.dometicgroup.com.

The Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board, have been applied for the Parent Company. The interim report comprises pages 1–22 and pages 1–12 are thus an integral part of this financial report (IAS 34.16A).

Totals quoted in tables and statements may not always be the exact sum of the individual items because of rounding differences. The aim is for each line item to correspond to its source, and rounding differences may therefore arise.

New or amended accounting policies for 2021 adopted by the Group

A detailed description of the accounting and valuation principles for new or amended accounting policies for 2021 applied by the Group in this interim report can be found in Note 2.1.1 Changes in accounting policies, New or amended accounting policies for 2021, of the 2020 Annual and Sustainability Report available at www.dometicgroup.com.

NOTE 2 | RISKS AND UNCERTAINTIES

Risks are part of any business and as a global Group with production and distribution all over the world Dometic faces risks that can impact its ability to achieve established strategic and other objectives, including financial targets. Effective risk management of strategic, execution, compliance & regulatory and reporting risks creates opportunities and effective risk mitigation.

The key to effective risk management is identifying known risks and preparing for any unknown risks to which the Group is exposed. While mitigating risks usually comes at a cost, effective risk management adds value by establishing clear risk and process ownership combined with risk identification, assessment, prioritization and risk response i.e. risk mitigating actions as well as effective monitoring.

In line with Dometic’s Three Lines Model, Risk Management as part of the second line of responsibility constitutes an important role by providing and supporting management and the business operations with a risk framework, including a risk management process and a risk universe for identification, assessment, and prioritization of risks, and for providing risk response i.e. risk mitigating actions as well as effective monitoring.

In 2019 the risk framework was updated to increase the focus on strategic risks and to improve alignment with the Group strategic objectives and strategy toolbox for execution. Each defined tool in the strategy toolbox represents both risks and opportunities that, correctly managed, help the Group deliver on its strategy. Risks in the risk framework, and especially strategic risks are connected to the objectives defined for each of the three pillars in the Group strategy.

During 2020, extensive risk assessments were performed on Group and segment level to assess risks and related mitigating actions. Group risk assessments mainly focused on the strategic risks, and the segment risk assessments mainly focused on the execution risks, since the segments execute on the strategy and

decisions made by Group Management and the Board of Directors.

The Risk Committee held meetings in connection with Group Management meetings, during which significant time was dedicated to plan for and present results from risk assessments, as well as review of risk mitigating actions. Strategic risks are assessed top-down by Group Management, while execution, compliance & regulatory and reporting risks are assessed bottom-up by Segment Management and process and risk owners, as well as top-down by Group Management and global process and risk owners, as applicable. The Risk Committee discusses and makes decisions on risk mitigating actions and the members of Group Management act as global process and risk owners as applicable. The work of the Risk Committee is regularly reported to the Audit Committee and annually to the Board of Directors.

With strategic, execution, compliance & regulatory and reporting risks identified and assessed annually, the results thereof in terms of risk registers and risk maps help raise risk awareness and support management and the business operations at different levels of the organization in prioritization of risk mitigating actions. The annual risk assessment, including risk registers and risk maps, also serves as foundation for the Group’s control functions, such as Internal Control and Internal Audit, for their prioritization of focus areas.

The risk framework includes a universe of risks that could impact Dometic’s ability to achieve established strategic and other objectives including financial targets. The risks to which Dometic is exposed are classified into four main categories: strategic risks, execution risks, compliance & regulatory risks and reporting risks. Each main category has subcategories with defined underlying risks. Sustainability risks are integrated in the main categories and subcategories. Risks are mapped to strategic and other objectives including financial targets. Risk ownership is identified for each risk in the risk universe.

Strategic risks can impact Dometic’s ability to achieve strategic objectives including financial targets. Strategic risks are divided into the following subcategories; market and sales risks, product risks, manufacturing, distribution and sourcing risks, organizational risks and external risk factors. External risk factors could be political such as tariffs, climate change, weather related, hazards such as disease outbreaks and risks related to competition and external crime.

Execution risks are operational, commercial and financial risks associated with business operations.

Compliance & Regulatory risks are both internal compliance with governing documents, as well as external compliance with laws, rules and regulations.

Reporting risks are risks associated with Dometic’s reporting, information and communication, both financial and non-financial.

The COVID-19 pandemic had a negative impact on Dometic’s business and operations, primarily during the first half of 2020. Future development of the pandemic create uncertainty and external as well as internal measures to contain COVID-19 cases may negatively impact the business and operations. While an increase in end-user appetite for staycation and outdoor activities is driving demand for the company’s products across the portfolio, Dometic continues to take proactive actions to protect its employees, other stakeholders and the financial position. Dometic is actively working to balance capacity and resources with demand across the organization.

Supply chain disturbances including rising raw material prices and freight costs, as well as availability of critical components and transport capacity, have impacted profitability and cash flow since the end of 2020. Mitigating actions from Dometic to safeguard Company profitability and cash flow includes price increases as well as close collaboration with suppliers and freight partners to

mitigate the negative effects from the current disturbances in the global value chain. Improvements from mitigating actions are seen in several areas, but it is still difficult to predict when the situation will fully stabilize.

Dometic's risks and risk management are described on pages 59-61 and on pages 86-89 in the 2020 Annual and Sustainability Report, available at www.dometicgroup.com.

NOTE 3 | FINANCIAL INSTRUMENTS

Dometic uses interest rate swaps to hedge senior facility term loans to move from a floating interest rate to a fixed interest rate.

The Group also uses currency forward agreements to hedge part of its cash flow exposure.

The fair values of Dometic's derivative assets and liabilities were SEK 119 m (88) and SEK 13 m (142). The value of derivatives is based on published prices in an active market. No transfers between levels of the fair value hierarchy have occurred during the period.

For financial assets and liabilities other than derivatives, fair value is assumed to be equal to the carrying amount.

TABLE TO NOTE 3 – FINANCIAL INSTRUMENTS

Dec 31, 2021	Balance sheet carrying amount	Financial instruments at amortized cost	Financial instruments at fair value	Derivatives used for hedging
Per category				
Derivatives	119	-	33	86
Financial assets	7,727	7,727	-	-
Total financial assets	7,847	7,727	33	86
Derivatives	13	-	1	12
Financial liabilities	22,395	22,395	-	-
Total financial liabilities	22,408	22,395	1	12

NOTE 4 | SEGMENT INFORMATION

CONSOLIDATED OPERATING SEGMENTS

As of 2021 Dometic has a new organizational structure with four segments: Segments Americas, EMEA, APAC and Global. Segment performance is primarily assessed based on net sales and operating profit. Information for each segment is based on type of customer and where customers are located. Management follow-up is based on the integrated result in each segment. For further information, please refer to Note 5 of the 2020 Annual and Sustainability Report available at www.dometicgroup.com

SEK m	Q4 2021	Q4 2020	FY 2021	FY 2020
Net sales, external				
Segment Americas	1,516	1,235	5,970	4,447
Segment EMEA	1,520	1,279	6,981	5,629
Segment APAC	546	434	1,961	1,315
Segment Global	1,960	1,266	6,605	4,816
Total net sales, external	5,542	4,213	21,516	16,207
Operating profit (EBIT) bef i.a.c				
Segment Americas	45	24	301	41
Segment EMEA	77	76	902	646
Segment APAC	144	112	510	271
Segment Global	241	254	1,266	981
Total operating profit (EBIT) before i.a.c.	507	466	2,979	1,939
Operating profit (EBIT) bef i.a.c. %				
Segment Americas	3.0%	1.9%	5.0%	0.9%
Segment EMEA	5.1%	5.9%	12.9%	11.5%
Segment APAC	26.3%	25.9%	26.0%	20.6%
Segment Global	12.3%	20.0%	19.2%	20.4%
Total operating profit (EBIT) before i.a.c. %	9.2%	11.1%	13.8%	12.0%
Items affecting comparability				
Segment Americas	-30	-12	-55	-68
Segment EMEA	-6	55	-28	32
Segment APAC	-	5	-	-20
Segment Global	-1	-	-41	-3
Total items affecting comparability	-37	48	-123	-59
Operating profit (EBIT)				
Segment Americas	15	12	246	-27
Segment EMEA	72	131	874	678
Segment APAC	144	117	510	251
Segment Global	240	254	1,225	978
Total operating profit (EBIT)	470	514	2,855	1,880
Operating profit (EBIT) %				
Segment Americas	1.0%	0.9%	4.1%	-0.6%
Segment EMEA	4.7%	10.2%	12.5%	12.1%
Segment APAC	26.3%	27.0%	26.0%	19.1%
Segment Global	12.2%	20.0%	18.5%	20.3%
Total operating profit (EBIT) %	8.5%	12.2%	13.3%	11.6%
Financial income	1	0	13	7
Financial expenses	-189	-149	-512	-538
Taxes	-86	-525	-630	-897
Profit (loss) for the period	197	-160	1,726	451

Previous periods have been restated according to the new segment structure.

NET SALES BY APPLICATION AREAS

SEK m	Q4 2021	Q4 2020	FY 2021	FY 2020
Segment Americas				
Food & Beverage	362	383	1,580	1,404
Climate	639	687	2,733	2,453
Power & Control	212	3	546	10
Other applications	302	161	1,111	580
Segment Americas net sales, external	1,516	1,235	5,970	4,447
Segment EMEA				
Food & Beverage	488	459	2,484	2,088
Climate	795	591	3,451	2,572
Power & Control	151	134	632	520
Other applications	86	95	414	449
Segment EMEA net sales, external	1,520	1,279	6,981	5,629
Segment APAC				
Food & Beverage	242	237	901	672
Climate	177	174	726	543
Power & Control	101	8	232	23
Other applications	25	16	102	76
Segment APAC net sales, external	546	434	1,961	1,315
Segment Global				
Food & Beverage	717	97	1,366	441
Climate	239	241	1,036	930
Power & Control	739	654	3,017	2,301
Other applications	265	273	1,184	1,143
Segment Global net sales, external	1,960	1,266	6,605	4,816
Net sales, external				
Food & Beverage	1,810	1,174	6,331	4,605
Climate	1,851	1,693	7,946	6,498
Power & Control	1,204	800	4,427	2,856
Other applications	678	545	2,812	2,248
Total net sales, external	5,542	4,213	21,516	16,207

Inter-segment sales were as follows.

SEK m	Q4 2021	Q4 2020	FY 2021	FY 2020
Segment Americas	28	32	146	169
Segment EMEA	91	76	376	309
Segment APAC	794	875	3,472	2,544
Segment Global	8	1	30	4
Eliminations	920	985	4,025	3,026

NOTE 5 | NET SALES BY SALES CHANNEL

SEK m	Q4	Q4	Change (%)		FY	FY
	2021	2020	Rep.	Org. ⁽⁴⁾	2021	2020
Net sales, external						
OEM	2,758	2,487	11%	1%	10,848	8,712
Distribution	1,130	357	216%	15%	3,127	1,734
Service and Aftermarket	1,654	1,369	21%	1%	7,541	5,762
Total net sales, external	5,542	4,213	32%	2%	21,516	16,207

⁽⁴⁾Net sales growth excluding acquisitions/divestments and currency translation effects.

NOTE 6 | ITEMS AFFECTING COMPARABILITY

SEK m	Q4	Q4	FY	FY
	2021	2020	2021	2020
Global restructuring program	-36	-18	-86	-116
Other	-1	66	-37	57
Total	-37	48	-123	-59

“Other” FY 2020 includes a gain of SEK 66 m related to sale of fixed assets.

“Other” FY 2021 includes major transaction costs related to acquisitions.

The table below specifies items affecting comparability by function and other operating income and expenses. Previous periods have been restated in line with Company communication on March 15, 2021. Logistic costs have moved from Sales expenses to Cost of goods sold and Product development have moved from Cost of goods sold to Research & development expenses.

Global restructuring program		Q4	Q4	FY	FY
SEK m		2021	2020	2021	2020
Cost of goods sold		-31	-8	-81	-80
Sales expenses		-0	-1	-1	-3
Administrative expenses		0	-4	0	-9
Research and development expenses		0	-3	0	-4
Other operating income and expenses		-5	-2	-5	-21
Total		-36	-18	-86	-116

Other		Q4	Q4	FY	FY
SEK m		2021	2020	2021	2020
Cost of goods sold		-	-	-	-
Sales expenses		-	-	-	-
Administrative expenses		-	-	-	-
Research and development expenses		-	-	-	-
Other operating income and expenses		-1	66	-37	57
Total		-1	66	-37	57

Total		Q4	Q4	FY	FY
SEK m		2021	2020	2021	2020
Cost of goods sold		-31	-8	-81	-80
Sales expenses		-0	-1	-1	-3
Administrative expenses		0	-4	0	-9
Research and development expenses		0	-3	0	-4
Other operating income and expenses		-6	64	-42	37
Total		-37	48	-123	-59

NOTE 7 | AMORTIZATION OF ACQUISITION-RELATED INTANGIBLE ASSETS BY FUNCTION

The table below specifies amortization of acquisition-related intangible assets by function and other operating income and expenses.

SEK m			Amortization of Customer Relationship Assets		Amortization of Technology	Amortization of intellectual property	Total
			Amortization Trademarks				
Cost of goods sold							
	Q4	2021	-	-	-15	-3	-18
	Q4	2020	-	-	-11	-6	-17
	FY	2021	-	-	-49	-20	-69
	FY	2020	-	-	-45	-23	-68
Sales expenses							
	Q4	2021	-20	-87	-	-	-107
	Q4	2020	-11	-43	-	-	-54
	FY	2021	-63	-238	-	1	-301
	FY	2020	-48	-181	-	-	-228
Total Amortization of acquisition-related intangible assets							
	Q4	2021	-20	-87	-15	-3	-125
	Q4	2020	-11	-43	-11	-6	-70
	FY	2021	-63	-238	-49	-19	-369
	FY	2020	-48	-181	-45	-23	-296

NOTE 8 | RIGHT-OF-USE ASSETS

Right-of-use assets information is specified below:

Total depreciation and amortization of SEK -920 m (-789) includes depreciation of right-of-use assets of SEK 223 m (179) for the full year 2021.

Depreciation & amortization	Q4	Q4	FY	FY
SEK m	2021	2020	2021	2020
Depreciation and amortization	-301	-188	-920	-789
Add back depreciation related to right-of-use assets	71	46	223	179
Total	-230	-141	-697	-610

Right-of-use assets	Dec 31,	Dec 31,
SEK m	2021	2020
Buildings	919	591
Machinery, equipment and other technical installations	81	39
Total	1,000	630

NOTE 9 | TRANSACTIONS WITH RELATED PARTIES

No transactions between Dometic and related parties that have significantly affected the company's position and earnings took place during 2021.

NOTE 10 | ACQUISITIONS AND DIVESTMENTS

Announced acquisitions Jan-Dec 2021

Acquisition	Date of announcement	Included and controlled from	Segment	Previous year net sales⁽¹⁾	Number of employees⁽¹⁾
Twin Eagles	Feb 2, 2021	Feb 18, 2021	Global	34 MUSD	130
Valterra	April 22, 2021	May 25, 2021	Americas	94 MUSD	550
Enerdrive	May 18, 2021	June 1, 2021	APAC	28 MAUD	45
Front Runner	May 20, 2021	Aug 3, 2021	EMEA	35 MUSD	320
Zamp Solar	May 26, 2021	May 26, 2021	Americas	14 MUSD	65
Büttner Elektronik	July 2, 2021	July 2, 2021	EMEA	13 MEUR	17
Cadac International	Sept 16, 2021	Jan 4, 2022	EMEA	17 MEUR	40
Igloo	Sept 17, 2021	Oct 26, 2021	Global	401 MUSD	1,100
NDS Energy	11 nov, 2021	TBC ⁽²⁾	EMEA	11 MUSD	25

⁽¹⁾ Annual net sales and number of employees as disclosed in the press release when announced.

2021

Acquisition of Igloo

Dometic has acquired Igloo, a US provider of passive cooling boxes and drinkware products for the outdoor market. Founded in 1947, Igloo is perceived as one of the leading manufacturers in the world with an iconic brand, wide product range and strong consumer orientation. The acquisition strengthens Dometic's offering and distribution network for the outdoor market in North America. The transaction was closed October 26, and Dometic has consolidated the company as of that date.

The initial purchase price paid amounts to SEK 5,929 m on a debt and cash free basis excluding potential earn-out elements. The total potential purchase price is estimated to SEK 7,504 m.

Goodwill is justified by customer relationships and market position. Acquisition-related costs in the consolidated income statement amounts to SEK 9 m, reported as items affecting comparability. Total annual improvements from synergies on EBITDA of approximately USD 50 million, are expected to be realized within five years.

In the purchase price allocation below, calculation of intangible assets and goodwill are only preliminary. The purchase price allocation for acquisitions are finalized no later than one year after the acquisition is made. Goodwill is generally not tax deductible.

Other acquisitions

Twin Eagles

Dometic has acquired Twin Eagles, a leading US manufacturer of freestanding and built-in-grills and outdoor kitchen solutions for the Residential Outdoor market. The acquisition strengthens Dometic's offering in the fast-growing Residential Outdoor area in North America.

Valterra Products

Dometic has acquired Valterra Products, a leading North American provider of service and aftermarket products to the RV and CPV industries, including solar power solutions. The acquisition of Valterra broadens Dometic's position in Service and Aftermarket through new products, a broader distribution network and strengthened market presence.

Enerdrive

Dometic has acquired Enerdrive, an Australian-based provider of mobile power products for the Outdoor market. The acquisition of Enerdrive strengthens Dometic's offering of mobile power products, including solar power solutions, in the Pacific region.

Zamp Solar

Dometic has acquired Zamp Solar, a leading North American manufacturer of innovative and high-quality mobile solar power solutions for the Outdoor market. The acquisition of Zamp Solar broadens Dometic's position in the fast-growing market for mobile solar power solutions.

Büttner Elektronik GmbH

Dometic has acquired Büttner Elektronik, a Germany based provider of mobile power solutions for the Outdoor market. The acquisition strengthens Dometic's offering of mobile power products, including solar power solutions, for the European Outdoor market.

Front Runner Vehicle Outfitters

Dometic has acquired Front Runner Vehicle Outfitters, a global provider of high-quality products for the Outdoor market headquartered in South Africa. The acquisition strengthens Dometic's product offering and distribution network for the vehicle based outdoor market.

The purchase price paid amounts to SEK 2,774 m on a debt and cash free basis excluding potential earn-out elements. The total purchase price amounts to SEK 3,958 m.

In the purchase price allocation below, calculation of intangible assets and goodwill are only preliminary. The purchase price allocation for acquisitions are finalized no later than one year after the acquisition is made.

Goodwill is justified by customer relationships, market position and new future technologies. Acquisition-related costs in the consolidated income statement for the 2021 amount to SEK 40 m of which SEK 3 m was reported as i.a.c.

2021 acquisitions summary

The proportion of equity in all acquired companies are 100%.

The acquisitions have affected consolidated net sales from the date of acquisitions by SEK 2,134 m and EBITA before i.a.c. by SEK 298 m. If the acquisitions had been acquired and consolidated as of January 1, 2021, the total pro forma net sales would have been SEK 6,630 m and EBITA of SEK 661 m. This excludes amortization of acquisition-related intangible assets.

Effect on group cash flow

Effect on group cash flow amounts to SEK -8,555 m.

Purchase price allocation, preliminary	Igloo SEK m	Other Acquisitions	Total SEK m
Trademarks and tradenames	1,416	86	1,502
Other intangible assets	2,121	815	2,936
Tangible assets	511	86	597
Right-of-use assets	230	59	289
Other non-current assets	29	1	30
Operating assets	1,552	756	2,308
Cash and cash equivalents	36	112	148
Provisions and other non-current liabilities	-981	-66	-1,047
Leasing liabilities, long- and short-term	-229	-51	-280
Operating liabilities	-486	-236	-722
Fair value of net assets	4,198	1,564	5,762
Goodwill	3,305	2,394	5,699
Purchase price	7,504	3,958	11,461
Consideration transferred	-5,929	-2,774	-8,703
Cash and cash equivalents in acquired companies	36	112	148
Cash flow effect on Group's cash and cash equivalents at the acquisition	-5,893	-2,662	-8,555

2020

Dometic did not make any acquisitions or divestments in 2020.

NOTE 11 | SIGNIFICANT EVENTS AFTER THE PERIOD

Dometic will have a new segment reporting structure starting from the reporting of the first quarter 2022. The Marine business will be reported as a new separate segment while Other global verticals and Igloo will remain in segment Global. Segments Americas, EMEA and APAC will remain as is. There have been no significant events that have impacted the financial reporting after the balance sheet date.

RECONCILIATION OF NON-IFRS MEASURES TO IFRS (ALTERNATIVE PERFORMANCE MEASURES)

Dometic presents some financial measures in this interim report, which are not defined by IFRS. The company believes that these measures provide valuable additional information to investors and management for evaluating the company's financial performance, financial position and trends in the company's operations. It should be noted that these measures, as defined, may not be comparable to similarly titled measures used by other companies. These non-IFRS measures should not be considered as substitutes for financial reporting measures prepared in accordance with IFRS. See Dometic's website www.dometicgroup.com for the detailed reconciliation.

Core working capital	Consists of inventories and trade receivables less trade payables.
EBITDA	Operating profit (EBIT) before Depreciation and Amortization. Depreciation also includes depreciation of right-of-use assets in accordance with IFRS 16 Leases.
EBITDA margin	EBITDA divided by net sales.
EBITA bef i.a.c.	Operating profit (EBIT) before Amortization of acquisition-related intangible assets and items affecting comparability
EBITA margin	EBITA divided by net sales.
Leverage	Net debt excluding pensions, leasing and accrued interest in relation to EBITDA before items affecting comparability and including acquisitions proforma. Any cash deposits with tax authorities are treated as cash in leverage calculation.
Net debt	Total borrowings including pensions and accrued interest less cash and cash equivalents.
Operating cash flow	Cash flow from operations after investments in fixed assets excluding income tax paid. Paid interest/received interest is a part of the net cashflow of financing.
Organic growth	Sales growth excluding acquisitions/divestments and currency translation effects. Quarters are calculated at comparable currency, applying the latest period average rate.
RoOC – Return on Operating Capital	Operating profit (EBIT) divided by operating capital. Based on the operating profit (EBIT) for the four previous quarters, divided by the average operating capital for the previous four quarters, excluding goodwill and trademarks for the previous quarters.

DEFINITIONS AND KEY RATIOS

% audited spend in LCC	Percentage of spend of direct material suppliers in low-cost countries, that has been audited during the last two years.
% female managers	Percentage of female managers in the company at the end of each period, with one quarter delay in reporting.
Capital expenditure	Expenses related to the purchase of tangible and intangible assets.
CO₂ ton / net sales SEK m	CO ₂ emissions from own operations (scope 1 and 2) divided by currency adjusted net sales. Rolling 12 months with one month delay in reporting. Scope 1 = energy from fuel combustion used at operation sites (factories, warehouses, distribution centers), Scope 2 = electricity and district heating used at operation sites. (excl M&A)
EPS – Earnings per share	Net profit for the period divided by average number of shares.
FY 2020	Financial Year ended December 31, 2020.
FY 2021	Full Year. January to December 2021 for Income statement.
i.a.c. – items affecting comparability	Items affecting comparability are events or transactions with significant financial effects, which are relevant for understanding the financial performance when comparing profit (loss) for the current period with previous periods. Items included are for example restructuring programs, expenses related to major revaluations, gains and losses from acquisitions or disposals of subsidiaries, or major transaction costs related to mergers and acquisitions,
Interest-bearing debt	Liabilities to credit institutions plus liabilities to related parties plus provisions for pensions.
LTIFR	Lost Time Injury Frequency Rate. Work related accidents with lost time >=1 day per million working hours. Rolling 12 months.
LTM	Last twelve months.
Net profit	Profit (loss) for the period.
OCI	Other Comprehensive Income.
OEM	Original Equipment Manufacturers.
Operating capital excluding goodwill and trademarks	Interest-bearing debt plus equity less cash and cash equivalents, excluding goodwill and trademarks.
Operating profit (EBIT)	Operating profit (EBIT) before financial items and taxes.
Operating profit (EBIT) margin	Operating profit (EBIT) divided by net sales.
Product development costs	Research and development costs including capitalized spend.
Q4 2021	October to December 2021 for Income Statement.
Q4 2020	October to December 2020 for Income Statement.
RoOC	Return on Operating Capital, excluding goodwill and trademarks.
Working capital	Core working capital plus other current assets less other current liabilities and provisions relating to operations.

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference at 10.00 (CET), January 27, 2022, during which President and CEO, Juan Vargues and CFO, Stefan Fristedt, will present the report and answer questions. To participate in the webcast/telephone conference, please dial in five minutes prior to the start of the conference call. The webcast URL and presentation are available at www.dometicgroup.com.

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This document is a translation of the Swedish version of the interim report. In the event of any discrepancy, the Swedish wording shall prevail.

ABOUT DOMETIC

Dometic is a global market leader in the mobile living industry. Millions of people around the world use Dometic products in outdoor, residential, and professional applications. Our motivation is to create smart, sustainable, and reliable products with aspirational design for an outdoor and mobile lifestyle in the areas of Food & Beverage, Climate, Power & Control, and Other Applications. Dometic employs approximately 9,000 people worldwide, had net sales of SEK 21.5 billion in 2021 and is headquartered in Stockholm, Sweden.

DISCLAIMER

Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors, (a) changes in economic, market and competitive conditions, (b) success of business and operating initiatives, (c) changes in the regulatory environment and other government actions, (d) fluctuations in exchange rates and (e) business risk management.

FINANCIAL CALENDAR

April 13, 2022:	Annual General Meeting
April 28, 2022:	Interim report for the first quarter 2022
July 15, 2022:	Interim report for the second quarter 2022
October 26, 2022:	Interim report for the third quarter 2022