

REPORT ON THE FIRST QUARTER 2023

EBITA MARGIN OF 11.6% AND SIGNIFICANTLY IMPROVED OPERATING CASH FLOW

FIRST QUARTER 2023

- Net sales were SEK 7,289 m (7,518); a decrease of -3%, of which -13% was organic growth.
- Operating profit (EBITA) before items affecting comparability was SEK 847 m (1,114), corresponding to a margin of 11.6% (14.8%).
- Items affecting comparability were SEK -26 m (-159).
- Operating profit (EBITA) was SEK 821 m (955), corresponding to a margin of 11.3% (12.7%).
- Operating profit (EBIT) was SEK 667 m (812), corresponding to a margin of 9.2% (10.8%).
- Profit (loss) for the quarter was SEK 334 m (494).
- Earnings per share were SEK 1.04 (1.54).
- Adjusted earnings per share were SEK 1.44 (2.27).
- Cash flow for the quarter was SEK -37 m (-1,305). Operating cash flow was SEK 294 m (-398).
- Net debt to EBITDA leverage ratio at the end of the quarter was 3.2x (2.7x). The ratio at year end 2022 was 3.0x.
- Credit facilities agreement with bank group renewed and new credit facility with Svensk Exportkredit signed.

CEO COMMENT

"The first quarter result 2023, with a solid double-digit EBITA margin despite extremely challenging market conditions and macroeconomic uncertainty, shows how our strategic initiatives are transforming Dometic into a more diversified and resilient company. RV industry production in the US declined by 54 percent year to date, while high retailer inventory levels continued to affect our Service & Aftermarket business globally. In this environment, net sales for the quarter reached SEK 7,289 m (7,518) and both the Marine and Global segments reported organic net sales growth. For the Group, organic net sales declined by 13 percent. Service & Aftermarket organic net sales declined by 19 percent, a sequential improvement compared with the fourth quarter of 2022. We expect a continued gradual improvement over the coming quarters. Operating cash flow improved significantly to SEK 294 m (-398), supported primarily by sequentially reduced inventories.

EBITA before items affecting comparability was SEK 847 m (1,114), corresponding to a margin of 11.6 percent (14.8). The decline was attributable to the EMEA and Americas segments, while the margin improved in the APAC, Marine and Global segments. The margin for the Americas segment continued to be negatively impacted by significantly lower net sales in both RV OEM and Service & Aftermarket. The sales mix, with a lower share of Service & Aftermarket net sales, also had a negative effect on the margin for the EMEA segment. In addition, extraordinary logistics-related costs and inefficiencies in manufacturing linked to the factory transfer from Germany to our existing site in Hungary, continued to have an adverse impact on the EMEA result. We are taking additional measures to improve the results in EMEA and Americas, and expect to see gradual improvements in 2023. The global restructuring programs announced in 2019 and 2022 are continuing at high pace, and today there are 14 percent fewer FTEs (full-time equivalents) in the company than a year ago. At the same time we are increasing our investments in product development and in strategic structural growth areas such as Mobile Power Solutions and Mobile Cooling.

The Igloo business continues to perform well, with mid-single-digit organic net sales growth and an improved EBITA margin compared with the same period last year. There is nothing new to report regarding the lawsuit filed by the sellers of Igloo, which we communicated in the fourth quarter of 2022.

The innovation index was 14 percent (21 percent), as earlier semiconductor supply constraints impacted product launches in 2022. Our focus on reducing inventories, by driving sales on existing products, is also having a temporary negative impact on the index. Our pipeline of new products is strong, we have increased investments in product development, and we expect to see improvements towards our innovation target of 25 percent as inventories of existing products are sold. Our sustainability activities are generating results and all four KPIs reported on a quarterly basis are tracking well towards our targets for 2024.

Operating cash flow improved and our inventory levels continued to decline. Net debt to EBITDA leverage ratio increased as expected to 3.2x compared to 3.0x at the end of 2022, due to normal seasonality patterns. We have established a solid and flexible financing solution for our business, and at the end of March we proactively refinanced part of the credit facilities agreement with our bank group. In addition, we signed a new 3.5-year loan with Svensk Exportkredit, which further broadens our funding sources. The focus on cash flow across the Group is strong, inventories will continue to decline, and we are committed to achieving our net debt to EBITDA leverage ratio target of around 2.5x.

We are optimistic about the long-term trends in the Mobile Living industry, however it is difficult to predict how the current macroeconomic situation will impact the business in the short term. We anticipate a gradual recovery in demand in Service & Aftermarket over the coming quarters, and continued stable development in the Distribution sales channel. In the OEM sales channel we foresee a gradual weakened demand over the coming quarters, with the exception of RV Americas where we expect to see a stabilization in demand by the end of the year. In this environment we will continue to drive our strategic agenda to deliver on our targets, while at the same time remaining agile to quickly respond to short-term market trends."

Juan Vargas President and CEO

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 outstanding design for an outdoor and mobile lifestyle in the areas of Food & Beverage, Climate, Power & Control, and Other Applications. Dometic employs approximately 8,500 people worldwide, had net sales of SEK 29.8 billion in 2022 and is headquartered in Solna, Sweden.

PRESENTATION OF THE REPORT

Analysts and media are invited to participate in a telephone conference at 10.00 (CEST) April 26, 2023, during which President and CEO, Juan Vargues, and CFO, Stefan Fristedt, will present the report and answer questions.

Webcast link: <https://dometic.videosync.fi/2023-04-26-q1-2023/register>

To participate in conference call to ask questions

Those who wish to participate in the conference call to ask questions in connection with the webcast are welcome to register on the link below. After the registration you will be provided phone numbers and a conference ID to access the conference.

Registration link: <https://events.inderes.se/teleconference/?id=100356>

Webcast URL and presentation are also available at <https://www.dometicgroup.com/en/investors>

This information is information that Dometic Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CEST on April 26, 2023.

FOR FURTHER INFORMATION, PLEASE CONTACT

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