

REPORT ON THE SECOND QUARTER 2023

CONTINUED SOLID EARNINGS AND RECORD-HIGH OPERATING CASH FLOW

SECOND QUARTER 2023

- Net sales were SEK 8,329 m (8,498); a decrease of -2%, of which -10% was organic growth.
- Operating profit (EBITA) before items affecting comparability was SEK 1,177 m (1,330), corresponding to a margin of 14.1% (15.7%).
- Items affecting comparability were SEK -35 m (-14).
- Operating profit (EBITA) was SEK 1,143 m (1,316), corresponding to a margin of 13.7% (15.5%).
- Operating profit (EBIT) was SEK 985 m (1,166), corresponding to a margin of 11.8% (13.7%).
- Profit (loss) for the quarter was SEK 534 m (827).
- Earnings per share were SEK 1.67 (2.59). Adjusted earnings per share³ were SEK 2.11 (2.97).
- Cash flow for the quarter was SEK 2,221 m (358). Operating cash flow was SEK 2,299 m (738)
- Net debt to EBITDA leverage ratio at the end of the period was 3.2x (2.9x), the same level as at the end of the first quarter 2023.

CEO COMMENT

"Net sales in the quarter totaled SEK 8,329 m (8,498) with a solid EBITA margin before items affecting comparability of 14.1 percent (15.7) despite the challenging macroeconomic situation and market conditions. Our focus on cash flow continues to generate results and we delivered a record-high operating cash flow of SEK 2.3 bn, supported by reduced inventories. Organic net sales declined by 10 percent mainly due to segment Americas where RV industry production flattened out sequentially but is 50 percent below last year. OEM related organic net sales in our other segments continued to grow. Service & Aftermarket organic net sales declined by 10 percent, a clear improvement compared with previous quarters. We expect continued gradual progress over the coming quarters as retailer inventories are consumed.

EBITA before items affecting comparability was SEK 1,177 m (1,330), corresponding to a margin of 14.1 percent (15.7). The decline was mainly attributable to segment Americas due to significantly lower net sales. The margin for segment EMEA improved sequentially but remained below last year. As communicated previously, we are taking additional action in both Americas and EMEA to improve our financial performance and expect to see continued gradual improvement. Measures include continued rightsizing activities and selective price management activities prioritizing margin improvements over volume. The previously announced global restructuring programs are continuing at high pace, and there are 11 percent fewer FTEs (full-time equivalents) in the company than a year ago. On June 30, 2023, we closed the refrigerator manufacturing in Siegen, Germany, as planned, and moved all manufacturing of refrigerators in Europe to our plant in Jászberény, Hungary.

Segment Marine delivered another robust quarter with organic net sales growth and an EBITA margin before items affecting comparability of 25.8 percent. The Marine OEM business continued to grow organically supported by product innovation and the ongoing technology shift in steering systems. The Marine Service & Aftermarket business showed a positive trend in the quarter and were stable compared with the same quarter last year.

The Igloo business continues to perform well and according to plan. Compared with a strong second quarter 2022, organic net sales showed a low-single digit decline but with an improved EBITA margin. Eighteen months on from the acquisition, we are entering the next phase of the integration and are establishing a dedicated global Mobile Cooling organization managing both the Dometic and Igloo brands that will benefit from common infrastructures. The new organization will drive further global expansion in passive and active coolers as well as drinkware and secure the targeted synergies from this strategic acquisition. The new organization will be reported as a sub-segment in segment Global from the first quarter 2024.

As expected, operating cash flow improved significantly and our inventories continued to decline. The net debt to EBITDA leverage ratio of 3.2x was flat sequentially and our financing structure is solid. While the EUR bond market remains an important long-term funding source for us, the plan is to use cash at hand to repay the bond of EUR 300 m due in September 2023. Our focus on cash flow across the Group is strong and we are committed to achieving our net debt to EBITDA leverage ratio target of around 2.5x.

Long-term trends in the Mobile Living industry are strong. Our broad and continuously enhanced product offering, combined with our global presence, means we are well positioned to benefit from these trends. It remains difficult to predict how the current macroeconomic situation and market conditions will impact the business in the short term, but the last quarters results show that we have transformed Dometic into a more diversified, effective and resilient company. We anticipate a continued recovery in demand in the Service & Aftermarket sales channel over the coming quarters. In the OEM sales channel we foresee a gradual weakening in demand over the coming quarters, with the exceptions of RV Americas where we expect to see a stabilization by the end of the year and CPV where we expect to see continued strong demand. In the Distribution sales channel we foresee a weakening demand coming few quarters as retailers are re-balancing their inventories, while we expect the positive margin development year-over-year to continue.

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 Vargues 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) July 18, 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/2023-07-18-q2-2023/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=100367>

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 and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CEST on July 18, 2023.

FOR FURTHER INFORMATION, PLEASE CONTACT

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