

ANNUAL AND SUSTAINABILITY REPORT 2020

# MOBILE LIVING MADE EASY.



 **DOMETIC**



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# DOMETIC TODAY

In 2020 Dometic had net sales of more than SEK 16 billion, an EBIT margin<sup>1)</sup> of 12.0 percent and an operating cash flow of SEK 2.3 billion. The company has a large installed customer base world-wide including a distribution, service and aftermarket network of nearly 40,000 resellers and repair shops. The aim is to be the leader in branded solutions for Mobile Living in all application areas where the company is present. Innovation of new products and solutions is a strategic cornerstone and in 2020 the innovation index<sup>2)</sup> increased to 22 (16) percent. With headquarters in Stockholm, Sweden, Dometic shares are traded on the Nasdaq Stockholm Large Cap.



REVENUE  
**16,207**  
SEK m

NO. OF EMPLOYEES  
**6,500**  
WORLDWIDE

PRODUCTS SOLD IN  
**100**  
COUNTRIES

SALES OFFICES IN  
**30**  
COUNTRIES

<sup>1)</sup> Before items affecting comparability.

<sup>2)</sup> Share of net sales coming from products launched during the last three years.

## FOUR MAJOR CORE APPLICATION AREAS



### FOOD & BEVERAGE

Products and solutions for leisure and professional mobile food and beverage applications, such as refrigerators, minibars, cooling boxes, mobile delivery solutions and cooking products.



### CLIMATE

Products and solutions for leisure and professional mobile climate and temperature-control applications, such as air conditioners, tents, parking coolers, windows, doors, workshop equipment and heating solutions.



### POWER & CONTROL

Products and solutions for leisure and professional mobile power and control applications, such as steering systems, batteries, energy solutions, displays and monitors.

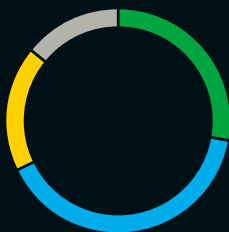


### OTHER APPLICATIONS

Products and solutions for leisure and professional mobile applications, such as alarms, sanitation solutions and complementary products.

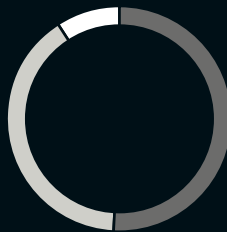
## A WELL-DIVERSIFIED BUSINESS

NET SALES BY APPLICATION AREAS



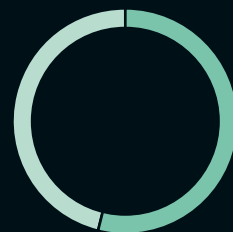
- Food & Beverage, 28% (28)
- Climate, 40% (43)
- Power & Control, 18% (17)
- Other applications, 14% (12)

NET SALES BY REGION



- Americas, 51% (50)
- EMEA, 40% (40)
- APAC, 9% (10)

NET SALES BY CHANNEL



- Original Equipment Manufacturer, OEM, 54% (57)
- Aftermarket, AM, 46% (43)

## **MOBILE LIVING MADE EASY**

All those millions of people around the world who use Dometic's products have one thing in common: they are all going somewhere – whether they are RV users, boat owners, truck drivers, hotel guests, lovers of the great outdoors or simply on the move as part of their profession.

Our job is to meet their essential needs on the journey, like cooking, keeping food fresh, taking care of personal hygiene and maintaining a pleasant temperature. That way, they can explore more, see more and stay away longer. We call it Mobile Living made easy.

Enjoy the journey.



# 2020 IN BRIEF



Strategy implementation continued at a high pace in 2020 to build a stronger company long term. In a year heavily impacted by the spread of COVID-19, structural improvements and investments to drive long-term growth was balanced with short-term cost-reduction measures. In this challenging environment, Dometic delivered an EBIT margin before items affecting comparability of 12.0 percent and an operating cash flow of SEK 2,258 million. Organic net sales growth for the second half of the year was 8 percent while full year organic net sales declined –10 percent negatively impacted by the spread of COVID-19 in the first half of the year.

The spread of COVID-19 had a significant impact on the year. When the pandemic spread during the spring, the company took action quickly to safeguard the health and safety of employees and to modify operations and the cost base. At the same time, Dometic continued to execute its strategy to build a company well-equipped to navigate short-term changes in demand and to build a stronger company in the long term. In the second half of 2020, when market demand recovered and end user appetite for staycation and outdoor activities accelerated, Dometic was well positioned for continued growth and margin expansion.

## FINANCIAL HIGHLIGHTS 2020

- Net sales decreased by –12 percent to SEK 16,207 m (18,503).
- EBITDA of SEK 2,669 m (3,155).
- Operating profit (EBIT) of SEK 1,939 m (2,435).<sup>1)</sup>
- Operating cash flow of SEK 2,258 m (3,721).
- Profit for the year of SEK 451 m (1,325).
- Earnings per share of SEK 1.52 (4.48).

## BUSINESS HIGHLIGHTS 2020

- Innovation index<sup>2)</sup> improved to 22 (16) percent.
- Continued implementation of the cost reduction program from 2019.
- Reduction of SKUs by 48 percent to drive complexity reduction.
- New organizational structure from 2021 to drive growth and efficiency.

NET SALES, SEK M

**16,207**  
(18,503)

TOTAL GROWTH

**–12%**  
(1%)

ORGANIC GROWTH

**–10%**  
(–7%)

OPERATING MARGIN (EBIT)<sup>1)</sup>

**12.0%**  
(13.2%)

EBITDA MARGIN

**16.5%**  
(17.1%)

OPERATING CASH FLOW, SEK M

**2,258**  
(3,721)

LEVERAGE NET DEBT/EBITDA

**2.0**  
(2,4)

<sup>1)</sup> Excluding items affecting comparability.

<sup>2)</sup> Share of net sales coming from products launched during the last 3 years.

## HIGHLIGHTS PER QUARTER

### QUARTER 1 - ADJUST OPERATIONS AND COST BASE

- Net sales of SEK 4,199 m (4,650), corresponding to an organic growth of –14 percent.
- Operating profit (EBIT) <sup>1)</sup> of SEK 421 m (618), corresponding to a margin of 10.0 (13.3) percent.
- Operating cash flow of SEK 181 m (84).
- COVID-19 outbreak had a negative impact on demand.
- Continued strategy execution combined with actions taken to adjust operations and cost base.
- Financing agreement with bank group proactively negotiated, creating further flexibility and headroom.

### QUARTER 2 - MAJOR IMPACT FROM COVID-19

- Net sales of SEK 3,329 m (5,329), corresponding to an organic growth of –38 percent.
- Operating profit (EBIT) <sup>1)</sup> of SEK 361 m (900), corresponding to a margin of 10.9 (16.9) percent.
- Operating cash flow of SEK 311 m (1,417).
- Significant negative impact on net sales and business due to COVID-19 as countries closed down.
- Actions to reduce costs supported margin and cash flow.
- Markets and businesses gradually opened up from mid-May.

### QUARTER 3 - STRONG RECOVERY IN MARKET DEMAND

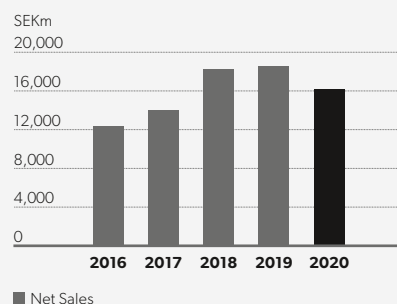
- Net sales of SEK 4,466 m (4,605), corresponding to an organic growth of 3 percent.
- Operating profit (EBIT) <sup>1)</sup> of SEK 690 m (619), corresponding to a margin of 15.5 (13.5) percent.
- Operating cash flow of SEK 1,043 m (1,301).
- Strong customer demand leads to record order backlog at the end of the quarter.
- Margin improvement supported by growth in the aftermarket business and by efficiency improvements.

### QUARTER 4 - STRONG GROWTH AND MARGIN IMPROVEMENT

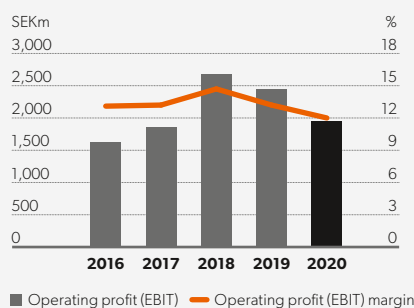
- Net sales of SEK 4,213 m (3,919), corresponding to an organic growth of 15 percent.
- Operating profit (EBIT) <sup>1)</sup> of SEK 466 m (298), corresponding to a margin of 11.1 (7.6) percent.
- Operating cash flow of SEK 724 m (918).
- Continued strong customer demand.
- Several important product launches in the quarter.
- Organic net sales growth and profitability improvements in all regions.

## ANNUAL PERFORMANCE

### Net sales

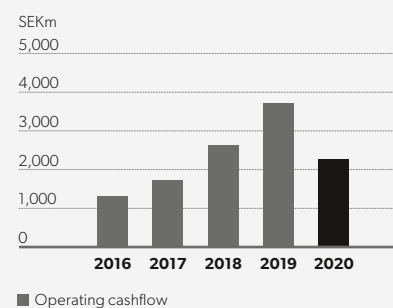


### EBIT and EBIT margin<sup>1)</sup>



<sup>1)</sup> Operating profit (EBIT) before items affecting comparability.

### Operating cash flow





“In a year heavily impacted by the COVID-19 outbreak, we successfully balanced short-term fluctuations in demand with long-term investments and structural improvements.”

Juan Vargues

# POSITIONED FOR GROWTH AND MARGIN EXPANSION

In 2020 Dometic continued its journey to transform as a company and build a strong foundation for sales and margin expansion. Strategy execution continued at high pace with strong progress in product innovation and in the cost reduction program. A new organization has been implemented from 2021 to strengthen existing business areas and accelerate growth in the aftermarket business while also establishing a more focused environment for new areas to grow. In a year heavily impacted by the COVID-19 outbreak, we successfully balanced major short-term fluctuations in demand with long-term investments and structural improvements.

Despite a challenging first half of 2020, impacted by the COVID-19 related lockdowns, we deliv-

ered an EBIT<sup>1)</sup> margin of 12.0 percent and a cash flow from operations of SEK 2,258 m. In a growing market driven by the end-user's appetite for staycation and outdoor activities, Dometic is well positioned with the industry's broadest product offering and largest customer base.

## CONTINUED STRATEGY EXECUTION

In 2020 the execution of strategic initiatives to build a stronger and more competitive Dometic long-term was balanced with short-term market challenges. The common ground for all implemented activities is found in the strategy launched at the end of 2018. With clear activities and responsibilities within the strategic areas of profitable expansion, product leadership and cost reductions, we will leverage our full strengths as a global company by industrializing Dometic whilst

maintaining a successful entrepreneurial and innovative approach.

## Profitable expansion in mobile living:

Our focus and investments in the aftermarket business show strong progress and the net sales share from aftermarket business reached 46 percent in 2020, compared with 39 percent in 2018. We are building up our Direct to Consumer approach and as a consequence the number of visits to Dometic.com increased by 50 percent in 2020. In order to take full advantage of this asset we are developing a new global B2C e-commerce platform to be launched in the first half of 2021.

After a challenging first half of 2020, the Marine and RV OEM market returned to growth in the second half of the year supported by

<sup>1)</sup> Operating profit (EBIT) before items affecting comparability.



staycation trends and lower than normal inventory levels on the market. While we have an ambition to reduce our relative exposure to RV OEM over time, this industry is of highest importance for us and during 2020 we launched several new products targeting this market.

In 2020 we continued to recruit resources and build competence in new growth areas such as Outdoor, Residential, Mobile Deliveries and Hospitality. There is a trend in the outdoor industry that more and more people are spending time in nature with their own cars and SUVs (Sports Utility Vehicles). Annually there are 29 million new SUVs registered globally and in 2023 this market is expected to reach 53 million. We have launched the Vehicle Based Activities (VBA) concept and by using our technology know-how, design experience in mobility and for working on small spaces, we are convinced that we can take the lead in this growing trend.

M&A is a strategic cornerstone in our growth strategy. While COVID-19 led to a pause in M&A activities in the spring, activities have been restarted and the pipeline of potential targets is now stronger than ever before.

#### **Product leadership through innovation:**

Innovation and product leadership are, and will always be, the fundamental drivers for organic growth and long-term competitiveness. In 2020 our innovation index, measuring net sales coming from new products improved to 22 percent (16 percent) and we are on track towards the target of 25 percent. Major steps have also been taken in shifting the focus from smaller local development projects to global and modular programs with the aim to renew the entire existing product portfolio with significantly higher value for the company. We are also expanding into new areas, with a particular focus on outdoor, and a global development center in India has been established to add capacity and support new initiatives.

**Continuous cost reductions:** Cost reductions are a key enabler for reaching our wanted position on profitability and cash flow. We must relentlessly strive to reduce costs in all areas of our business by reducing complexity, increasing the level of outsourcing, optimizing our manufacturing footprint, coordinating sourcing, driving lean excellence and increasing the level of automation and digitalization. In a year impacted by extreme fluctuations in demand between quarters, actions to protect profitability in the

short term were executed whilst at the same time implementing structural improvements. The cost reduction program announced in 2019 is progressing well. To date, 778 employees and 21 locations have been impacted. Major activities carried out in 2020 include transferring the last part of air conditioner manufacturing from China to Mexico and moving awning manufacturing from the US to Mexico. The number of manufacturing sites was reduced to 22 from 28 end of 2018 and the SKU reduction is 48 percent and already overachieving the 2021 target. We remain committed to deliver on our cost reduction targets while travel restrictions due to COVID-19 and the strong market demand for our products are currently slowing down some of the ongoing projects.

**Building together:** To implement our strategy and transform Dometic we need to have employees driving the execution. Building one Dometic based on common core values is key and I am very proud of the commitment and strong results that the entire organization has achieved, particularly considering the challenges created by the unprecedented lockdowns we experienced worldwide in the second quarter and the business acceleration we saw in the third quarter of 2020. Like other businesses, Dometic was impacted by the pandemic but we managed to coordinate our Health & Safety efforts efficiently by taking rigorous measures and sharing best practices in order to avoid potential spreading events in our operations.

Several activities have been performed in 2020 to drive performance and a common culture. As a result of the follow-up of our first global employee survey in fall 2019, we have actively worked with the resulting action plans. To drive our sustainability work further we need the employees to be involved and in 2020, we have developed a global sustainability e-learning program, which is part of the mandatory training package for all employees.

#### **COMMITTED TO DRIVE SUSTAINABILITY IN OUR INDUSTRY**

As a pioneer in the Mobile Living area, Dometic is committed to drive the sustainability agenda in our market. We shall meet the growing demand for the Mobile Living lifestyle while increasing resource efficiency and reducing the environmental footprint throughout the value chain. We have identified four focus areas – Ethics, People, Products and Environment – where we

can make the greatest difference. Each focus area and corresponding targets have clear ownership in my management teams and the targets are implemented in daily operations. In 2020 Dometic developed a climate roadmap and we will continue to work relentlessly to drive the sustainability agenda further and ensure that we achieve our 2021 and long-term targets.

#### **BUSINESS PERFORMANCE 2020**

The COVID-19 pandemic had a significant impact on the year. When the pandemic spread during the spring, the company took quick actions to safeguard the health and safety of employees and to modify operations and cost base. Market demand recovered in the second half of the year as end user appetite for staycation and outdoor activities accelerated. In this volatile and challenging environment, Dometic delivered a solid EBIT margin before items affecting comparability of 12.0 percent and an operating cash flow of SEK 2,258 million. Organic net sales growth for the second half of the year was 8 percent. Full year organic net sales growth was -10 percent due to the unprecedented lockdowns in the second quarter. Our investments in the aftermarket business are paying off and aftermarket sales showed more stability and higher performance than the OEM business.

#### **POSITIONED FOR GROWTH**

In a difficult year we have again proven that the journey we have started is the right one by delivering double-digit margins, recurring positive cash flows and a solid cash position. While COVID-19 creates some short-term uncertainties, we see clear global trends benefitting our growth moving forward, from a fast-growing outdoor market to the new and accelerating trends we have seen in Mobile Deliveries. Dometic is in a perfect position with our market presence and new and existing product offering. A lot of hard work remains, but we are confident that we are moving in the right direction and I am also confident about the long-term positive trends in the Mobile Living industry. We remain fully committed to delivering on our strategic agenda and financial targets.

Stockholm, March 2021

Juan Vargas  
President and CEO Dometic

# STRONG POSITION IN A GROWING MARKET

Dometic has a unique global market reach with presence in over 100 countries. The company will continue to build a strong position in Mobile Living across the globe, supported by continued growth in demand for leisure and professional Mobile Living solutions, as well as for sustainable products. The combination of global growth trends, such as increased leisure spending, innovation and mobility, and improved value proposition have resulted in a steadily growing demand for Dometic's solutions, creating a good foundation for continued profitable growth.



## STRONG GLOBAL MARKET TRENDS



### INCREASED LEISURE SPENDING

Increased wealth and more free time, increased leisure spending, outdoor activities



### THE WORLD IS BECOMING MORE MOBILE

Mobile workplaces, mobile deliveries, new transport trends



### MARKET CONSOLIDATION

Fragmented industries, size matters, speed is key, brand awareness



### SUSTAINABILITY IS AN OPPORTUNITY

Environmental regulations, customer requirements, change in travel trends



### INNOVATION IS BECOMING INCREASINGLY IMPORTANT

Design and quality, customer experience, connectivity



### DIGITALIZATION AND E-COMMERCE REVOLUTION

Digital marketing, seamless flow, e-commerce

Dometic operates in a global market that is being transformed by a number of important trends. The company uses its global organization to develop innovative products and solutions and has opportunities to leverage its leading position in the Mobile Living market and benefit from the continued growth of outdoor activities and trends in related professional application areas. Along with digitalization and sustainability, this drives the pace of innovation and industry consolidation.

Dometic has identified six global trends that create opportunities for profitable growth in existing and new business areas.

#### INCREASED LEISURE SPENDING

Around the world, people are spending more and more time and money on outdoor activities. An active outdoor lifestyle is becoming increasingly popular, driven by continuous urbanization and new demographics. The COVID-19 outbreak further accelerated this trend. The broad range of leisure enthusiasts creates many opportunities, from true outlanders going off-grid for longer periods of time to families using their car as a base for spending a day or a weekend outdoor. By leveraging its technology know-how in Food & Beverage, Climate, Power & Control and Other applications, Dometic aims to address the essential needs of the leisure lifestyle.

A similar trend can also be seen in professional applications, where commercial vehicles are being equipped with more products to make life more convenient for drivers and operators.

#### THE WORLD IS BECOMING MORE MOBILE

Today, demand for products related to Mobile Living is growing across all age groups due to increased interest in outdoor living and increased wealth. At the same time, mobile workplaces, mobile deliveries and new transport trends are evolving. Changed consumer behavior and technology development open the door to new, fast-growing opportunities such as mobile deliveries and last-mile food delivery. This is an area where Dometic can play an important role based on its experience in food and beverage, technology know-how and global presence.

#### MARKET CONSOLIDATION

Dometic competes in an environment characterized by a high degree of local fragmentation and limited industrialization. With a market leading position in key product areas, Dometic has an opportunity to drive consolidation in the industry. This provides a strong rationale for value-adding acquisitions to build true global leadership with strong local presence. Strong brands will be at the forefront on global markets, aimed at well-informed consumers who set high demands for both products and the companies behind them.

#### SUSTAINABILITY IS AN OPPORTUNITY

Environmental regulations, customer requirements and change in travel trends are driving demand for products and solutions that are sustainable and energy efficient. This is an opportunity and Dometic is developing prod-

ucts and solutions that are supporting customers and partners to improve their processes in areas such as energy efficiency, safety and reduced environmental impact.

#### INNOVATION IS BECOMING INCREASINGLY IMPORTANT

Design and quality, sustainability, customer experience and connectivity are vital to stay competitive and attract end customers. With its scale and close customer relationship, Dometic is in a position to continuously develop new products and solutions, based on customer needs and with a focus on sustainability.

#### DIGITALIZATION AND E-COMMERCE REVOLUTION

Building an even more consumer-focused business model is a key competitive advantage in today's market, where consumers are well informed about their options. A strong brand, seamless and automated business flows, and relevant B2B and B2C e-commerce channels will be key competitive advantages. In recent years Dometic has accelerated the efforts to get closer to the end consumers, developing fruitful relationships with a huge number of Dometic ambassadors and increasing the presence in social media. As a result, the number of visitors to Dometic.com increased by 50 percent in 2020. With a new e-commerce platform to be launched in 2021, Dometic is well positioned to take further advantage of this trend.

# DOMETIC'S ADDRESSABLE MARKET AND CUSTOMERS

Since 2019, Dometic has been expanding the Mobile Living scope from primarily being an RV and Marine business with a few other smaller areas, to being strong in a number of vertical end markets for both private and professional customers. The RV and Marine OEM industries continue to be core industries for Dometic, but based on our strong technology know-how and global presence, new business opportunities are increasing the addressable leisure and professional market.

### THREE MAIN GO-TO-MARKET CHANNELS

Dometic has three main go-to-market channels; New products through OEM manufacturers (RV, Marine and CPV), new products through distribution channels (physical and digital wholesales and retailers as well as Dometic B2C e-commerce), and service and aftermarket of the

installed base served through a network of independent service dealers and service providers or through the Dometic service organization.

### SERVICE AND AFTERMARKET – RECURRING SALES AND GROWTH

Dometic's large installed base in both leisure and professional markets is a key asset driving organic growth in service and aftermarket sales. Preventive service contracts, corrective service, upgrade kits, spare parts, and replacements of existing products provide stable demand, enabling Dometic to capitalize on the world's largest installed base and its aftermarket network of nearly 40,000 resellers and repair shops. Additional service concepts, based on longer-term contracts including preventive maintenance and modernization kits, will strengthen customer relationships and provide

further growth opportunities for the Group going forward. A continuously increasing installed base, increased technology content as well as more focus on professional markets drive service and aftermarket growth, contributing to increased recurring revenues.

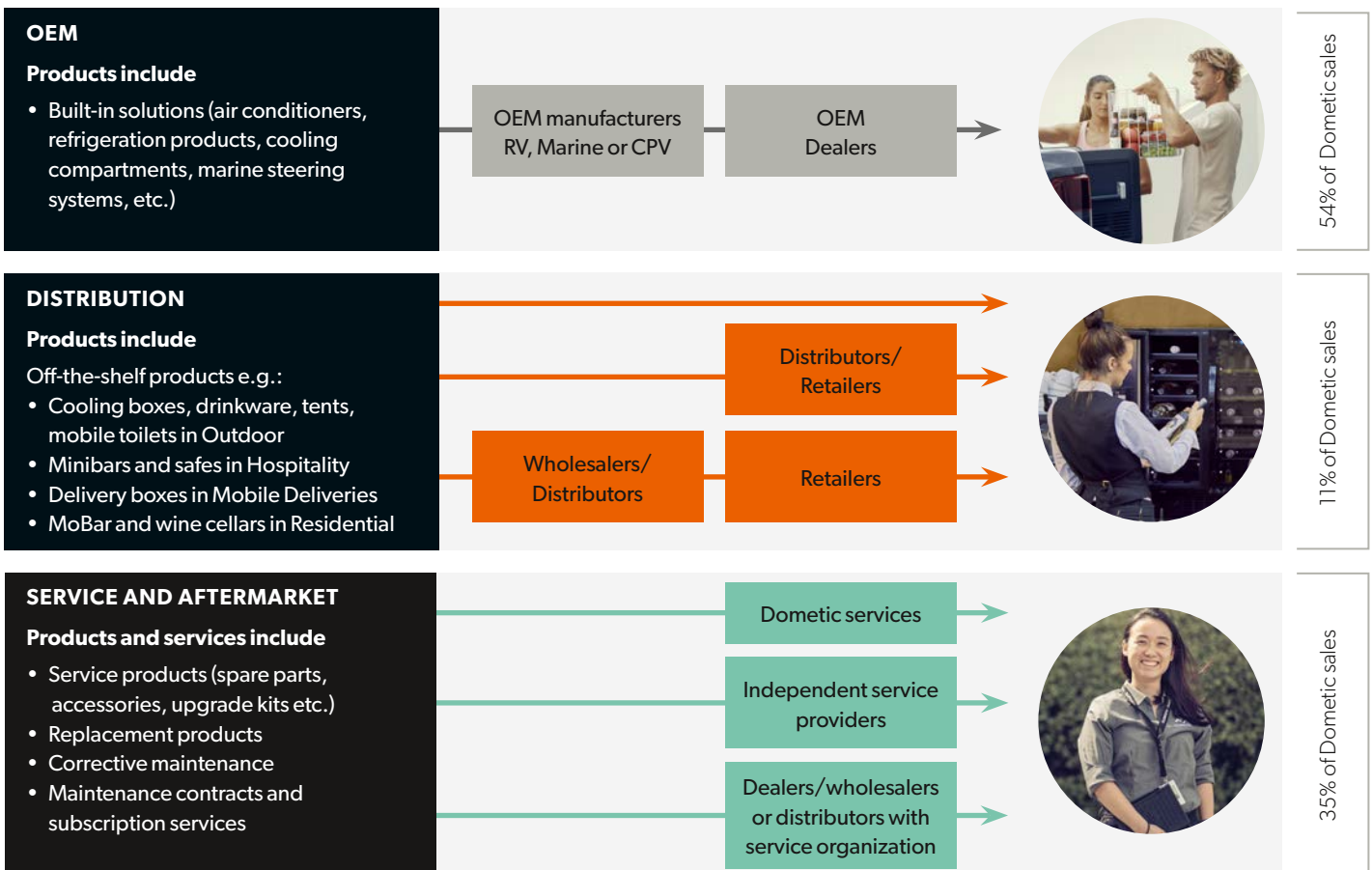
### LEISURE MARKET – END CUSTOMER IN FOCUS

Today, demand for products related to Mobile Living is growing across all age groups due to increased interest in outdoor living and increased wealth. New technologies and improved products are also playing an increasingly important role, with growing demand for connected solutions, quality, functionality and design. Dometic is leading the development of smart solutions in the areas of Food & Beverage, Climate and Power & Control, where demand is

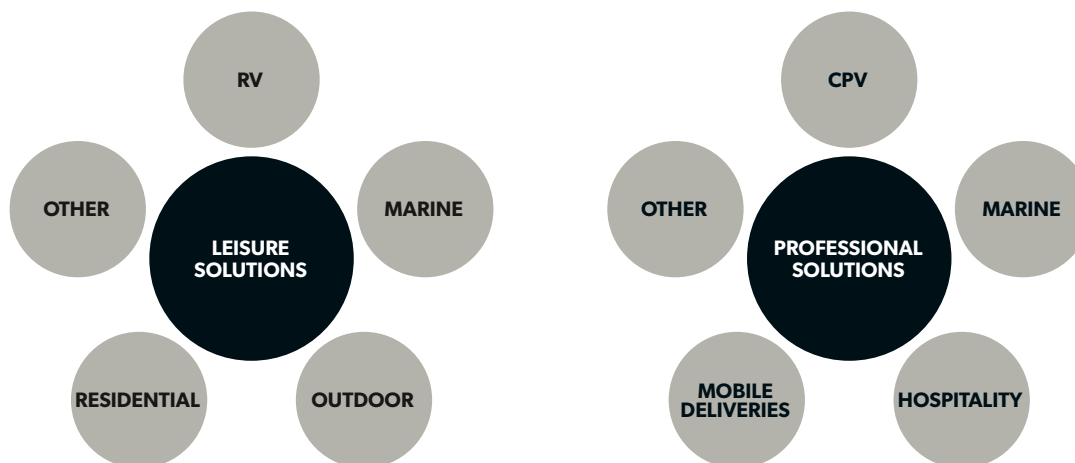
### THREE MAIN GO-TO-MARKET CHANNELS

#### DOMETIC

#### CONSUMER



**BROADENING THE MARKET FOR OUR APPLICATION AREAS**



strong for products that make the outdoor experience more convenient while also being attractively designed with high quality. Dometic leverages its global presence to build strong brand awareness among end customers. Depending on the geographical market, Dometic cooperates with manufacturers of boats, RVs and cars as well as specialist distributors, such as retail stores and resellers. Dometic is broadening the distributor network and investing in its own e-commerce solutions to further expand this development.

**PROFESSIONAL MARKETS – SERVICE OFFERING AND STRONG PARTNERSHIPS**

Commercial trucks, buses, agricultural vehicles, commercial boats, hotels and food delivery companies are all environments in which Dometic’s solutions in Food & Beverage, Climate and Power & Control can be found. Customer projects are often large and complex, with a high level of specification and durability requirements. Dometic’s strong technology know-how, global presence, focused sales force and long-term partnerships are key when addressing these markets.

**POTENTIAL FOR GROWTH**

In 2019, Dometic took a decision to redefine the addressable market by moving from the business areas of RV, Marine, CPV, Retail and Lodging to the application areas of Food & Beverage, Climate, Power & Control and Other Applications. Dometic’s products and technology competence are assets that can serve and develop new business opportunities outside the areas where Dometic traditionally has been present. By broadening the Mobile Living scope, Dometic’s addressable market has been redefined from SEK 60 bn to SEK 200 bn.

	<b>FOOD AND BEVERAGE</b>	<b>CLIMATE</b>	<b>POWER AND CONTROL</b>	<b>OTHER APPLICATIONS</b>	<b>TOTAL</b>
<b>Estimated global market size<sup>1)</sup></b>	<b>SEK &gt;120bn</b>	<b>SEK &gt;40bn</b>	<b>SEK &gt;40bn</b>	<b>SEK &gt;10bn</b>	<b>SEK &gt;200bn</b>
<b>Areas</b>	<ul style="list-style-type: none"> <li>Refrigerators</li> <li>Mobile cooling</li> <li>Mobile deliveries</li> <li>Minibars</li> <li>Cooking and barbecues</li> </ul>	<ul style="list-style-type: none"> <li>Air conditioning</li> <li>Parking coolers</li> <li>Heating solutions</li> <li>Blinds</li> <li>Awnings</li> <li>Windows and doors</li> </ul>	<ul style="list-style-type: none"> <li>Steering systems</li> <li>Control solutions</li> <li>Power solutions</li> <li>Storage</li> </ul>	<ul style="list-style-type: none"> <li>Hygiene and sanitation</li> <li>Safety solutions</li> <li>Security solutions</li> </ul>	
<b>Market growth<sup>1)</sup></b>	<b>5–10%</b>	<b>2–7%</b>	<b>2–7%</b>	<b>~5%</b>	
<b>Market drivers</b>	<ul style="list-style-type: none"> <li>Outdoor interest</li> <li>Mobile living</li> <li>Convenience</li> </ul>	<ul style="list-style-type: none"> <li>Convenience</li> <li>Energy savings</li> <li>Penetration</li> </ul>	<ul style="list-style-type: none"> <li>Energy-efficient products</li> <li>More tech content</li> <li>Connectivity</li> </ul>	<ul style="list-style-type: none"> <li>Convenience</li> <li>Other equipment for mobile living</li> </ul>	

<sup>1)</sup> Estimate presented at Dometic Capital markets day 2019.

# MISSION, FINANCIAL AND SUSTAINABILITY TARGETS

## MISSION

Dometic's mission is to make Mobile Living easy. It is all about providing products, solutions and services that fulfill the needs and expectations of the customers.

## FINANCIAL TARGETS

### GROWTH

**10%**

Financial target over a business cycle  
Average annual sales growth, including organic growth and M&A

### PROFITABILITY

**16–17%**

Financial target over a business cycle  
EBIT margin of 16–17 percent. Before items affecting comparability

### LEVERAGE

**2X**

Financial target over a business cycle  
Net debt/EBITDA around 2x. Excl. larger acquisitions and effects from FX

### DIVIDEND

**40%**

Financial target over a business cycle  
At least 40 percent of net profit

## SUSTAINABILITY TARGETS



- Continue to implement the Code of Conduct
- Implement training program on anti-trust and export control
- Conduct supplier audits



- Reduce injury rate
- Improve gender distribution
- Increase competence management



- Reduce energy consumption
- Reduce the use of greenhouse gases
- Reduce stock keeping units (SKU)
- Improve material control



- Reduce space
- Accelerate energy savings
- Reduce water consumption
- Increase recycling of waste

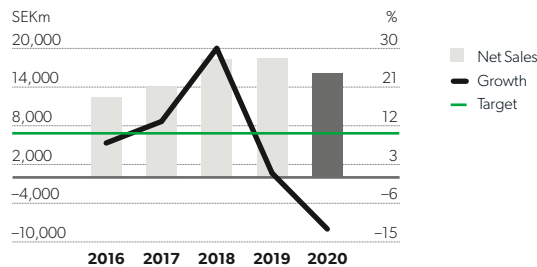
Read about our sustainability targets, page 42.

## PROGRESS TO OUR FINANCIAL TARGETS

The company believes in the long-term underlying positive trends in the Mobile Living Industry and remains fully committed to delivering the strategic direction and financial targets.

### Growth

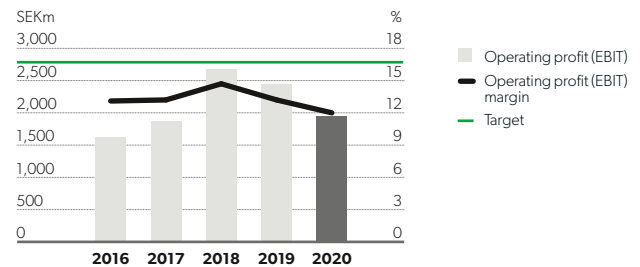
#### Net sales and growth



**Outcome 2020** | Growth was -12 percent due to a difficult and unprecedented first half of 2020 impacted by COVID-19-related lockdowns. The organic growth in the second half of 2020 was 8 percent. M&A is a key enabler for future growth. The M&A organization has been strengthened during the year and the company is continuously identifying and evaluating potential opportunities.

### Profitability

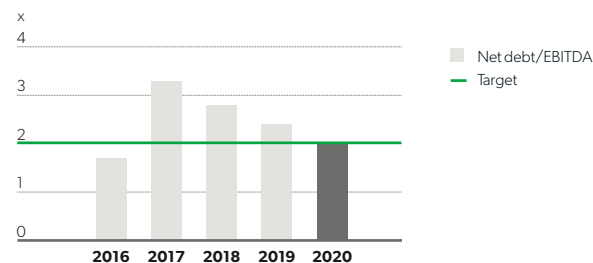
#### EBIT and EBIT margin before IAC



**Outcome 2020** | In a year impacted by high volatility in demand between quarters, the company balanced short-term cost reduction measures with long-term investments and structural improvements. The 2020 EBIT margin excluding items affecting comparability was 12.0 (13.2) percent with a significant improvement in the second half of the year.

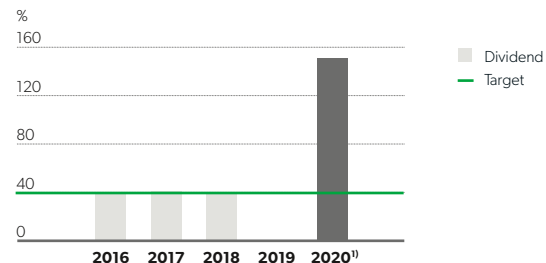
### Leverage

#### Net debt/EBITDA



**Outcome 2020** | Despite the challenging market situation in 2020, the company delivered healthy operational cash flows every quarter. Net debt/EBITDA leverage improved to 2.0x compared to 2.4x at the end of 2019.

### Dividend



**Outcome 2020** | Given the exceptional and uncertain market conditions caused by COVID-19, the Board of Directors decided to withdraw its dividend proposal in 2020. Proposed dividend for 2020 is SEK 2.30 (-) per share, corresponding to a payout ratio of 151 (-) percent of 2020 net profit, while corresponding to 38 percent of the combined net profit for 2019 and 2020.

<sup>1)</sup> Corresponding to 38 percent of the combined net profit for 2019 and 2020.

## PROGRESS TO OUR SUSTAINABILITY TARGETS

During 2020 Dometic has significantly strengthened the efforts to reduce climate impact by developing a climate roadmap. The scope of CO<sub>2</sub> monitoring has been broadened, improvement initiatives have been identified and a long-term CO<sub>2</sub> target is being set. By 2021 all electricity purchased in Germany will be renewable which is estimated to reduce CO<sub>2</sub> emissions by 40 percent in EMEA.

Read more about our sustainability targets, page 42.

# DOMETIC STRATEGY – AN EXCITING JOURNEY AHEAD

The Dometic strategy outlined in 2019 is progressing well. To succeed in the mission – making Mobile Living easy – Dometic aims to realize profitable growth through the following priorities: Profitable Expansion in Mobile Living, Product Leadership through Innovation and Continuous Cost Reductions. Dometic calls the foundation “Building together,” as the strategy will be implemented through dedicated teamwork involving all employees. Thus: employeeship will make it happen.



## PROFITABLE EXPANSION IN MOBILE LIVING

- Expand Mobile Living scope through acquisitions
- Increase presence in service and aftermarket
- Expand outdoor businesses
- Expand professional equipment and services globally



## PRODUCT LEADERSHIP THROUGH INNOVATION

- Smart and reliable products with outstanding design
- Global products and modularity
- Design for consumables, service parts and upgrade kits



## CONTINUOUS COST REDUCTIONS

- Complexity reduction in everything Dometic does
- Common processes and continuously improved competitiveness
- Optimize manufacturing and distribution footprint
- Digitalization



## BUILDING TOGETHER

COMMON VALUES

GLOBAL TALENT POOL AND DEVELOPMENT

STRONG LEADERSHIP SKILLS ON ALL LEVELS OF THE ORGANIZATION

EMPLOYEE ENGAGEMENT

COMMON TOOLBOX FOR EXECUTION

SUSTAINABILITY





# PROFITABLE EXPANSION IN MOBILE LIVING

## STRATEGIC TOOLBOX

Multiple activities are performed across the organization to drive and secure strategy execution. The following areas are key for driving profitable expansion in mobile living.

**BRANDING**

**SEGMENTATION AND  
COMMERCIAL  
SPECIALIZATION**

**PRICING**

**MARKETING**

**CHANNEL  
MANAGEMENT**

**ACQUISITIONS**

**E-COMMERCE**

Dometic has a unique position in the growing Mobile Living market, which provides an excellent opportunity to both expand market reach and to continue to grow in the existing business areas. Global trends, such as staycation, transforming logistics flows, home deliveries of food, as well as outdoor living, are all expanding – offering new expansion opportunities for Dometic. Dometic has the know-how, technology, global presence, and go-to-market channels to take part in all of these areas.

### EXPAND MOBILE LIVING SCOPE THROUGH ACQUISITIONS

A balanced combination of organic growth and strategic acquisitions will continue to be important in further strengthening Dometic's leadership position. Carefully selected strategic acquisitions have been important to creating the true global player that Dometic is today and will continue to enable synergies and scalability, while integration processes and value creation will be further systematized.

Dometic is primarily looking for acquisitions to strengthen the areas of products, geographical presence and distribution channels. Complementary acquisitions play an important role in existing businesses to strengthen the offering or further increase local presence. In new growth areas, larger platform acquisitions will occasionally be crucial to become relevant to the market and gain a critical mass from which to expand.

Dometic's industries are still fragmented and leading the consolidation will be key to benefit from the global trends driving growth. While the growing pipeline of potential strategic acquisitions are managed centrally, the operational units have been given greater responsibility to identify and evaluate interesting targets.

### INCREASE PRESENCE IN DISTRIBUTION, SERVICE AND AFTERMARKET

Dometic's target is to develop this business and grow sales to more than 50 percent of total net sales. This will be important for profitability expansion and for reducing sales and margin volatility between quarters and years.

Dometic has a unique portfolio of products for recreational vehicles and leisure boats and a strong distribution, service and aftermarket network with close to 40,000 resellers and repair shops around the world. This provides Dometic with excellent opportunities to grow and gain market share through a more sophisticated approach to segmentation and channel management, increased service content in the products, and a more advanced approach to spare parts and service management.

With a vast installed base of boats, commercial and passenger vehicles and RVs, Dometic is in a strong position to increase its service and aftermarket presence. By creating dedicated teams specializing in understanding the needs of customers and end-users, Dometic can increase its offering to the service and aftermarket channel and improve the experience for the millions of boat and RV owners all over the world.

The company has started to add serviceability already in product development in order to address this market potential. By becoming an even more relevant and professional partner



to distributors, dealers and resellers, Dometic will facilitate ordering and inventory management, thereby reducing costs for customers.

**EXPAND OUTDOOR BUSINESSES**

Today, Dometic offers a rapidly growing range of outdoor products that do not require professional installation, such as mobile cooling boxes and tents, and products for a wide range of vehicles. With mobile coolers and tents as anchor products, Dometic is actively pursuing various opportunities to further expand in the outdoor area through a combination of organic initiatives and acquisitions.

During the year, the Dometic CFX3 cooler received several prestigious awards, including the Red Dot award for outstanding design. Another example is the announcement of Dometic MoBar, a brand new range of products in the outdoor kitchen segment.

The ambition to expand the outdoor business requires Dometic to increase efforts to build brand awareness in order to get closer to end users, broaden the product offering and build a strong e-commerce presence. To achieve this ambition, marketing and communications efforts have been increased and social media activity has increased dramatically in recent years. Continued investments in the development of e-commerce solutions have proven successful with a growing share of sales generated through e-commerce channels.

**VEHICLE BASED ACTIVITIES**

In 2021, Dometic will further develop the Vehicle Based Activities (VBA) concept. In the outdoor industry there is a trend that more and more families are spending time in nature with their own cars and SUVs (Sports Utility Vehicles). Dometic has a leading position in the RV industry, which has historically produced 700–800 thousand vehicles per year. At the same time, the SUV market has grown dramatically in the last 15 years and in 2023 the SUV market is expected to reach a registration of 53 million vehicles per year. By using the technology know-how and the small-space design experience from the RV and Marine industry, Dometic will lead the growth of the SUV market. Examples of



Covid-19 has accelerated the demand for food home deliveries. Dometic has an ambition to be part of this growing market by leveraging the company’s technology leadership in mobile cooling and temperature control.

products are mobile solar panels, battery packages and generators as well as outdoor cooking products – products that will inspire consumers to enjoy the outdoors effortlessly and spontaneously.

**EXPAND PROFESSIONAL EQUIPMENT AND SERVICES GLOBALLY**

Expansion into professional end-customer segments is a top priority, as this will further reduce cyclicity and seasonality exposure while opportunities for growth will expand. The goal is to further expand in trucks, personal vehicles and hotels, while also entering areas such as commercial marine and mobile deliveries and service solutions. The company is actively developing a global approach to product development, sales and marketing to drive growth, and also sees opportunities to strengthen the professional equipment portfolio through acquisitions.

Demand for smart, energy-efficient and small cooling solutions is growing as cities or countries restrict the use of large trucks in cities, and COVID-19 has further accelerated demand for food delivery to homes. Dometic has an ambition

to be part of this growing market by leveraging the company’s technology leadership in mobile cooling and temperature control. New products targeting this market are being developed and will be launched in 2021.

**E-COMMERCE**

B2B and B2C e-commerce solutions will become important channels for expanding the outdoor business and for increasing distribution sales as well as service and aftermarket sales. It will also improve order and supply flow efficiency for Dometic and for customers. In 2020, a head of Dometic E-commerce was appointed and the establishment of a global competence center for E-commerce started. There was especially strong e-commerce development in the US and B2C online stores were launched in Australia and in nine EMEA markets. The number of visits to Dometic.com in 2020 was 13 million, an increase of 50 percent. This is an important asset for future growth, and to further leverage this asset a new global B2C e-commerce platform is planned to be launched in 2021.



**VEHICLE BASED ACTIVITIES**

In the outdoor industry there is a trend that more and more families are spending time in nature with their own cars and SUVs (Sport Utility Vehicles). There are 250 million SUVs registered

in the world, and it is increasing by 29 million cars every year to be compared with around 0.8 million new Recreational Vehicles (RVs) every year. When these SUVs are used to go out and

spend time outdoors, there is a need for coolers, tents, cooking products, etc. Dometic sees a great potential in this market and is strengthening the product offering for this customer group.

**VACATION**

More than 3 days

**STAYCATION**

1-3 days

**ACTIVITY**

Over the day



A distribution, service and aftermarket network of close to

**40,000**

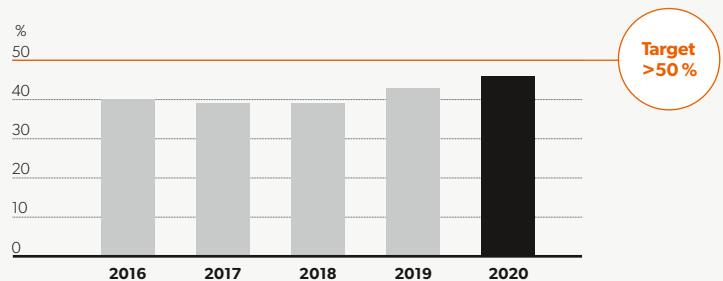
resellers and repair shops

Number of visitors to dometic.com

**+50%**

in one year

Share of distribution, service and aftermarket sales





# PRODUCT LEADERSHIP THROUGH INNOVATION

## STRATEGIC TOOLBOX

Multiple activities are performed across the organization to drive and secure strategy execution. The following areas are key for driving product leadership through innovation.

VOICE OF THE CUSTOMER

ROBUST COMMON TOOLS AND PROCESSES

MODULARITY THROUGH PLATFORMS

PRODUCT MANAGEMENT

PRODUCT DEVELOPMENT PROCESS

QUALITY FROM START

GLOBAL APPROACH WITH CENTERS OF EXCELLENCE

Innovation is a key driver for continued organic growth and long-term competitiveness. The company can only strengthen product leadership through a coordinated approach to resources and investments.

### SMART AND RELIABLE PRODUCTS WITH OUTSTANDING DESIGN

The fundamental question should always be: "What does the end customer really need?" To find out, Dometic listens carefully to customers as well as end users and understands their needs – for products, complete solutions, delivery, support and service. Identifying and defining relevant customer benefits at an early stage of product development will ensure that they will be integrated at the right quality and cost. One example is the 2020 launch of the marine industry's first all-electric steering. The easy-to-install, yet technologically advanced actuator eliminates hydraulic oil and its maintenance

further Dometic's commitment to protect the environment.

A number of activities are being conducted with end users to develop the understanding of their requirements and expectations. Involving ambassadors and end customers is also crucial for product designers to make the right choices among all parameters such as weight, size, aesthetic design and performance.

The product management organization plays a pivotal role in this work, ensuring that Dometic has the right pipeline of products. This role includes responsibility for market intelligence, idea generation, product roadmaps, sales support development and lifecycle management including product phase-in and phase-out.

With the creation of the Dometic patent department in 2015, Dometic's IP strategy has been to work actively to protect the distinctive and innovative product designs, so that IP

protection supports investment in brand design. As a result, design registrations have increased by a factor of 7 over the last four years. The work is closely aligned with the global design department and reflects their focus on upcoming core projects.

In 2020 Dometic continued the strategy to protect its IP and obtained around 100 new patent and design registrations around the world, for example the unique MoBar and a number of items in our new connectivity platform.

The IP portfolio benefits greatly from a more modular and global approach in the development process. Efficient leverage of the IP portfolio is supported by a modular and global development process. This secures an increase in brand recognition while maintaining local specification with improved cost control.



The Dometic CFX3 App allows temperature control via WiFi or Bluetooth and provides performance history.

### GLOBAL PRODUCTS, GENERATION PLANNING AND MODULARITY

Dometic's strategy is to increase the level of innovation while maintaining and strengthening competitiveness. A balance between a global and regional product approach is required to increase efficiency, flexibility and time to market while reducing product complexity. Technological know-how is comprehensive. Dometic has defined three global product areas – refrigeration, air conditioning and mobile cooling – and three global technologies – electronics, connectivity and cooling technology. These are technologies

and product areas in which Dometic has a strong competitive position, which is important for future growth, and the technologies are used across several customer offerings and solutions. By establishing these global areas, common processes down to the production technology and tooling levels are implemented. In addition, modularity, cost control, quality and component reuse between products and projects are secured. Product managers for each of the global product and technology areas are leading this work.

In 2020, the Dometic Product Development Process (DPDP) has continued to take major steps toward shifting the focus from smaller local development programs to global transformational development initiatives. The increased focus on larger projects will ensure that Dometic spends time and resources on innovations that truly make a difference in the market, at the same time as there will be a continuous expansion into new areas with a particular focus on outdoor. Dometic has therefore also established a global development center in Chennai, India. This will



provide further flexibility and capacity to support growth efforts.

The strong focus on increasing speed in all areas of the product development process has generated good results in 2020, with a high number of products being launched during the year, shorter time to market and an increased innovation index. Dometic’s innovation index improved to 22 percent at the end of the year, compared to 16 percent by the end of 2019. The ambition is to have an innovation index of 25 percent, and Dometic is well on its way to reaching this target. Examples of products launched this year include: a global minibar platform with three cooling technologies, including the first chromate-free absorption minibar; a new range of exciting outdoor products in Australia; the first RV heater for Europe; a new range of compressor refrigerators in the US; and the boat in the box offering with HTML5 capability, allowing collaborative connections to major brand multi-function displays for a better boating experience.

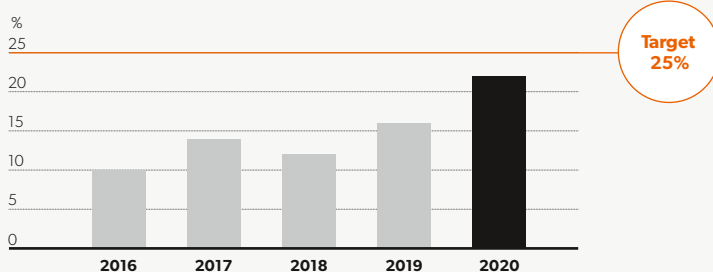
During 2020 Dometic has performed life cycle assessment on the three main product groups in order to increase awareness about the main environmental hotspots of the product life cycle. This knowledge enables informed decisions in future product development and long-term reduced environmental impact throughout the life cycle of products. The Dometic Design for Sustainability Guidelines have been reviewed and relaunched during the year in order to support development projects in target setting and execution.

**DESIGN FOR CONSUMABLES, SERVICE PARTS AND UPGRADE KITS**

Historically, the focus has been on improving product performance, product quality and product cost. In recent years, a stronger service and aftermarket offering has been added to these focus areas. New products are being designed with a greater focus on serviceability, in addition to increased focus on developing products specifically for service and aftermarket.

In 2020, a brand new platform for rooftop air-conditioning was launched. This unique platform will offer numerous upgrade possibilities and features, such as air purification, external lights, thermostat and connectivity functions and simple exchange of competitors’ products.

**Innovation index**



Dometic’s innovation index improved to 22 percent at the end of the year, compared to 16 percent by the end of 2019. The KPI measures share of sales coming from products launched during last three years.

**Investments in product development 2020, as % of net sales**

**2.2%**  
**SEK 357 M**



# CONTINUOUS COST REDUCTIONS

## STRATEGIC TOOLBOX

Multiple activities are performed across the organization to drive and secure strategy execution. The following areas are key for driving continuous cost reductions.

COMPLEXITY REDUCTION

SOURCING EXCELLENCE

LOGISTICS AND WAREHOUSING EXCELLENCE

MANUFACTURING FOOTPRINT OPTIMIZATION

LEAN EXCELLENCE

DIGITALIZATION

AUTOMATION WHEREVER POSSIBLE

To further increase Dometic's competitiveness and drive continued profitable growth, reducing costs is key. Cost reductions will be achieved by reducing inefficiencies and waste, while leveraging the benefits of automation and digitalization.

### COMPLEXITY REDUCTION IN EVERYTHING DOMETIC DOES

Dometic's size, broad business scope and global reach have many benefits, but also result in complexity. Unnecessary complexity must be reduced to create an efficient, agile, more innovative company. Dometic has initiated complexity reductions throughout the organization, including areas such as number of suppliers, number of sites, number of legal entities, unique articles, number of SKUs, IT infrastructure and number of different procedures.

Complexity reduction is the starting point for driving industrialization. Dometic has implemented a structured process with clear ownership and cross-functional collaboration to optimize operations. The first step is focused on reducing complexity in stock keeping units (SKUs), reducing the supplier base and driving

regional and global category management. The second step involves outsourcing of non-core activities and consolidation of sites. The third and final step is to optimize the structure through common processes for sourcing, supply chain, lean methods and automation. The three steps are being implemented in parallel, with different timelines, and are progressing well.

A target was set in 2018 to reduce the number of SKUs by 40 percent by the end of 2021. A reduction in SKUs is important, as it reduces complexity, cost and risk. The company has made excellent progress and by the end of 2020, SKUs have already been reduced by 48 percent. Reduction efforts continue and there is a strong focus on product development, sales and supply to secure a continued optimal level of SKUs going forward. The number of suppliers has been reduced by approximately 22 percent compared to 2018 and the target is to reduce this figure by 50 percent by 2023.

Sourcing is increasingly important as Dometic is gradually shifting to globally coordinated processes around product development and manufacturing. Non-core components and

products will be outsourced to external suppliers in low-cost countries, resulting in greater economies of scale and improved flexibility. Dometic is coordinating strategic sourcing centrally and global sourcing structures have been established in a number of key areas, such as electronics and compressors. The share of the sourcing organization located in low-cost countries increased from 46 percent to 64 percent. Direct Material share in low-cost countries increased to 59 percent share and the target is to reach 80 percent in 2023. To support increased sourcing from low-cost countries, sourcing offices have been established in Mexico and Hungary, in addition to the existing office in China.

### COMMON PROCESSES AND CONTINUOUSLY IMPROVED COMPETITIVENESS

Lean methods are crucial for operational excellence and will improve Dometic's competitiveness. A lean organization creates more value for customers while using fewer resources by focusing on continuously increasing customer value and eliminating inefficiencies. Common processes



and clear ownership are critical to coordinate the industrialization of Dometic’s operations. This includes everything from product development, manufacturing and logistics to sales, administration and IT. Dometic has appointed global key process owners with responsibility for developing, leading and coordinating the implementation of Dometic’s processes, training programs and IT applications in their respective areas.

**FUTURE OPTIMIZED MANUFACTURING AND DISTRIBUTION FOOTPRINT**

Optimization of manufacturing operations is essential for realizing cost reductions. The ability to have a flexible infrastructure, adapt quickly to seasonality and cyclical and be asset-light are key. To achieve these goals, Dometic is focusing on reducing vertical integration by outsourcing non-core activities, reducing the number of manufacturing sites, reducing manufacturing

in high-cost countries, seizing the benefits of low-cost countries, and increasing automation and assembly near the main markets.

Dometic is strategically reducing in-house manufacturing, while increasing the value Dometic outsources. Optimization of the manufacturing footprint includes common and improved procedures and processes for sourcing. A natural effect of this transition is a reduction in the number of suppliers and an increased number of strategic partners, resulting in high reliability, competitiveness, zero-defect sourcing and high sustainability standards.

Dometic initiated a strategic review of the manufacturing and distribution footprint in 2018, leading up to a structured plan to optimize the footprint in the coming years. A cost reduction program was announced in 2019, focused on outsourcing non-core activities and site consolidation. The program is expected to

generate a positive annual impact on earnings of approximately SEK 400 million when fully implemented. Implementing the program is expected to cost around SEK 750 million. Execution of the restructuring program progressed well in 2020 and to date 778 employees and 21 locations have been impacted. Major activities carried out in 2020 include moving awning manufacturing from the US to Mexico, transferring the last part of air conditioner manufacturing from China to Mexico, consolidating production in China to Zhuhai, and finishing the outsourcing of hot products from Bassano in Italy to China.

**DIGITALIZATION AND SEAMLESS FLOW**

Dometic endeavors to automate processes wherever possible and to transform the industry with a high degree of automation and seamless flow in all areas. The implementation of seamless flow and the coordination and optimization of

**DEVELOP OPERATIONS IN STEPS**



<sup>1)</sup> Stock Keeping Units <sup>2)</sup> High Cost Countries to Low Cost Countries





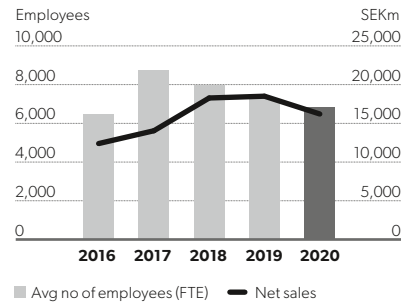
the IT structure will also enable efficient coordination of support functions. With this agenda, Dometic will be able to better and more efficiently serve all of the thousands of customers worldwide.

Implementation of a global ERP system continued and Americas was first to launch the new platform solution in early 2020. EMEA and APAC will be initiating the migration process gradually.

The company is increasing activities and investments in digitalization and e-commerce to reach new customers and reduce costs. This involves:

- A global B2C solution to serve new customers directly.
- A global B2B solution to automatize flows, reduce costs and increase effectiveness.
- EDI solutions for existing customers and suppliers to reduce transactional costs.

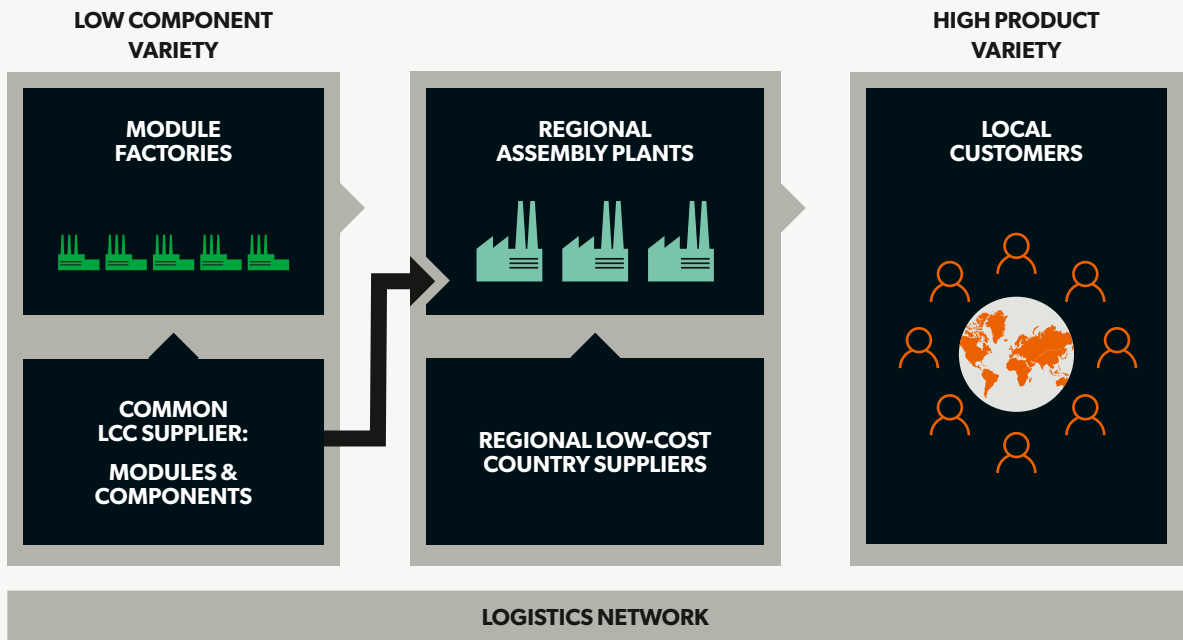
Total number of employees



**TARGETS, PRESENTED IN 2019**

- Restructuring program**  
SEK 400 m in annual cost reduction from mid-2022
- Reductions in # of SKUs**  
40% by 2021
- Reduction in # of suppliers**  
50% by 2023
- Share of direct material sourced from low-cost countries**  
80% by 2023

**FUTURE MANUFACTURING FOOTPRINT STRUCTURE**





# BUILDING TOGETHER

## CORE VALUES

Four core values define what it takes to work at Dometic. They guide employees with regard to how to interact with each other and with external stakeholders.

**We are passionate:** We are proactive and curious, inspired by new technologies and ideas – and eager to share our expertise with customers.

- **We are passionate** about our products and their quality and we show attention to detail.
- **We understand** our end users and how they use our products.

**We act responsibly:** We are professional and reliable. By taking the customer perspective into account, we develop rewarding long-term business relationships that help customers make Mobile Living easy.

- **We put health and safety first**, act with integrity and have high ethical standards in everything we do.
- **We are fast and responsive** to customers.



**We are building together:** Everything we do is about teamwork – across segments and between functions. There is always room for improvement, as no individual or organization is perfect. We need each other to create a successful business – for the benefit of all our stakeholders, to achieve our financial and sustainability targets and to realize our aspirations.

- **We focus** on what is best for the company as a whole.
- **We stick to our word** and work as a team.

**We embrace change:** We listen to our customers and to their customers. This forms the basis for creating innovative, future-proof solutions. We always strive to find new and better ways to do what we do.

- **We are performance-driven** and always strive for continuous improvements.

The core values describe the heart and soul of Dometic. They are an integrated part of everything Dometic does. Accomplishments are followed up, and also how they were achieved is followed up. The core values are therefore interlinked with many of the company’s processes, such as Performance Management and Talent Management.

### DIVERSITY AND INCLUSION

Dometic believes that teamwork, including a shared sense of purpose and the willingness to take responsibility as individuals and as a group, is essential for its success. Good teamwork will help make Dometic not only a successful company, but also a great place to work.

Diversity is a strategic asset for Dometic and a key element of the competitive edge. Diversity is embraced to the fullest and is seen as crucial for company success and motivation at work. Having a diverse workforce helps to acquire and retain the best talent, build employee engagement, enhance innovation and improve business performance.

Diversity and inclusion principles apply across the entire Company and cover all facets of diversity. The understanding of diversity means respecting that every individual is unique and Dometic fosters the ability to set aside personal prejudices.

Dometic can only achieve the Company’s aspirations by teaming up, living the core values,

and acting in line with the Company strategy. Dometic offers employees professional development and growth opportunities and embraces talent management and improved internal communication and interaction.

Dometic’s aim is to develop an organizational culture based on employeeship. This means that taking responsibility, showing loyalty and being innovative should characterize the Company’s culture. This mindset will help cultivate the teamwork and partnership that will stimulate involvement and participation from all employees.



## BUILDING TOGETHER

Dometic shows clear focus, develops its capabilities continuously and finds passion in everything Dometic does in order to execute the company strategy. Teamwork makes Dometic the best it can possibly be. The four core values describe the heart and soul of Dometic.

One of the most important pillars of sustainable and long-term organizational success is the systematic development of good leaders. Dometic believes in investing in leadership development and expect the efforts to have a positive effect on the bottom line.

In 2020, several activities to improve the leadership development initiatives were identified and implemented.

In addition to the core values, Dometic has started to implement three common leadership criteria which clarify what is expected from all leaders. These criteria are:

- I drive performance
- I inspire engagement
- I drive change.

Leaders in Dometic manage rapid changes due to new technologies, politics, environmental concerns and unexpected events, such as the COVID-19 pandemic. Leaders need to be equipped and trained to be able to lead teams successfully and build organizational capacity for positive change. A new virtual leadership training program is therefore currently in development and will deepen the understanding of the required leadership skills to accelerate company success.

## A STRONG EMPLOYER

To allow for more internal development opportunities, Dometic has further strengthened its internal job market and Talent Management.

As new growth areas and a clear e-commerce organization have been established, new talents are hired and added.

The implementation of the global employer brand has continued in 2020, especially on social media such as LinkedIn. The main messages of the global employer brand are:

- A global Company with an entrepreneurial feel
- Stronger and better together
- Challenges drive personal growth
- Leading the industries

As a result of the follow-up of the first global employee survey in fall 2019, the Company has also actively worked in 2020 with the resulting action plans. The teams discussed the survey results with their managers and agreed on actions together, creating joint ownership of the necessary improvements.

## COVID-19

Like other businesses, Dometic was impacted by the pandemic in 2020. Fortunately, the market picked up relatively quickly. Dometic managed to coordinate its Health & Safety efforts efficiently by taking rigorous measures and sharing best practices in order to avoid potential spreading in its factories, for example. Dometic Academy quickly developed e-training programs on the topic to ensure efficient distribution of information and training.



Offering a global working environment with opportunities of broader responsibilities and new challenges is key to attract and retain employees that make the difference.

# HOW WE CREATE VALUE

Dometic is already a success story, but there are many opportunities to improve the company in many areas. Dometic wants to further accelerate its financial performance while creating an even stronger global industrial group that can offer employees new opportunities to grow with the company in a successful and positive environment. In other words, Dometic wants to offer all stakeholders – including employees – an even better future.

## GLOBAL TRENDS

- Leisure spending
- Market consolidation
- Mobility
- Sustainable living
- Innovation
- Digitalization

## STRATEGY AND KEY ACTIVITIES



### PROFITABLE EXPANSION IN MOBILE LIVING

- Expand Mobile Living scope through acquisitions
- Increase presence in service and aftermarket
- Expand outdoor businesses
- Expand professional equipment and services globally



### PRODUCT LEADERSHIP THROUGH INNOVATION

- Smart and reliable products with outstanding design
- Global products and modularity
- Design for consumables, service parts and upgrade kits



### CONTINUOUS COST REDUCTIONS

- Complexity reduction in everything Dometic does
- Common processes and continuously improved competitiveness
- Optimize manufacturing and distribution footprint
- Digitalization



### BUILDING TOGETHER

- Common values
- Global talent pool and development
- Strong leadership skills on all levels of the organization
- Employee engagement
- Common toolbox for execution

## ASSETS AND RESOURCES

### MARKET

- Well-diversified product offering and geographical spread
- Strong brands in many attractive markets and product groups
- Large installed base, large distribution network and growing service and aftermarket opportunities

### FINANCIAL

- Strong balance sheet/equity
- Strong cash flow generation
- High return on operating capital
- Clear and ambitious financial targets supporting continued value creation

### SUSTAINABILITY

- Four sustainability focus areas, each with clear ownership in Group Management
- Sustainability targets implemented in daily operations

## KEY REASONS TO INVEST IN DOMETIC

Global market leader with a strong brand in highly attractive Mobile Living niches

1

Underlying market trends supporting long-term growth

2

Large and profitable service and aftermarket business with growth potential

3

Well-invested business with strong profitability and returns

4

Diversification across geographies, products and customers adds resilience

5

Growth strategy leveraging large upside potential

6

A company focused on sustainable mobile living with clear targets for reducing its own and consumers' environmental impact, that supports the United Nations' Sustainable Development Goals

7

## STAKEHOLDER VALUE

### CUSTOMERS

Smart and reliable products with outstanding design

### EMPLOYEES

Professional development and growth

### SOCIETY

A responsible company promoting fair business and labor practices as well as resource efficiency throughout the value chain

### SHAREHOLDERS

Profitable growth resulting in attractive total returns

Dometic's contribution to the Sustainable Development Goals



## EMPLOYEES AND ORGANIZATION

- 6,500 employees
- Sales offices in more than 30 countries
- 22 manufacturing and assembly sites in 11 countries
- Global teams established to secure structural improvements
- New organizational structure from 2021 to drive growth and efficiency

REGION AMERICAS

# BROADENED PRODUCT OFFERING AND NEW GO-TO-MARKET CHANNELS



## “After a challenging first half of 2020, we are entering 2021 with a strong position in a growing market”

Scott Nelson – President of Americas

### MARKET AND BUSINESS SUMMARY

In 2020, Dometic’s business in Americas was significantly impacted by COVID-19. The first half of the year was negatively impacted by the lockdowns, while business in the second half of the year recovered supported by an increased customer appetite for staycations and outdoor activities. While net sales organic growth was -29 percent in the first half of 2020, the second half of the year saw an increase by 12 percent. Despite the challenging environment, the company successfully balanced short-term cost reduction measures with long-term strategic investments in innovation and efficiency improvements. Dometic is entering 2021 with a strong position in a growing market: new products have been introduced, higher efficiency and agility have been built into the supply chain and the organization, and new go-to-market channels have been developed specifically in the CPV and outdoor businesses.

### STRATEGIC PRIORITIES

#### Profitable expansion in mobile living

The Americas region is focused on further diversification of the business to drive growth in service and aftermarket, CPV, Marine and outdoor. Dometic has a leading market position in many product areas targeting the RV industry and the company continues to invest in new products and supply capabilities in order to defend and further strengthen its position. The SeaStar acquisition in December 2017 was a very successful addition to the Dometic Marine business, primarily in Americas. As Dometic content per boat increases, future opportunities for product expansion, product development and

acquisitions emerge with the aim of enhancing end-user relevance.

In the past two years, over 500 new retail locations have been added with nationwide resellers to drive sales in the outdoor area. There is also strong e-commerce development both toward businesses (B2B) and consumers (B2C).

Efforts to build up an organization targeting commercial and passenger vehicles have been successfully executed. This growth area has great opportunities, where refrigeration and center console cooling solutions provide high value for the end user in connection with food and beverage cooling.

There are also significant opportunities in the M&A pipeline to further strengthen the Marine, RV, aftermarket, and outdoor businesses.

KEY FIGURES	2017	2018	2019	2020
Net sales, SEK m	6,329	9,758	9,325	8,217
Net sales growth, %	10	54	-4	-12
Organic growth, %	13	4	-11	-10
EBIT margin, % <sup>1)</sup>	14.0	15.1	11.8	10.4

<sup>1)</sup> Operating profit (EBIT) margin before items affecting comparability.

#### Product leadership through innovation

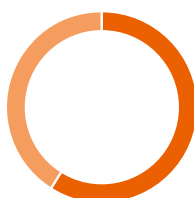
In the past two years, Dometic has been awarded several key projects with top truck and automotive OEMs, which began to launch in Q4 2020. In Marine, several new products were launched in 2020 including the Electric Power

Net sales by application area



- Food & Beverage, 18% (18)
- Climate, 34%, (39)
- Power & Control, 28% (26)
- Other applications, 20% (17)

Net sales by sales channel



- OEM, 59% (66)
- Aftermarket, 41% (34)

Region as a proportion of group net sales



- Americas, 51% (50)
- Rest of Group, 49% (50)

Charts and text in this chapter describe Americas based on the 2020 reporting structure. Please see page 90 for more details.

Assist Steering System which can be mounted to all major outboard brands and brings smooth and easy power steering to mechanically steered outboard-powered boats. Finally, the next generation of active cooling boxes, passive cooling boxes, and products from Kampa have been launched in Americas to leverage the growing staycation trend for the outdoor business.

**Continuous cost reductions**

Efforts to reduce the impact of tariffs on goods imported from China continued in 2020. After transferring the Brisk air conditioner manufacturing to Monterrey, Mexico from China in 2019, the remaining air conditioning range was trans-

ferred in early 2020. In addition, awning manufacturing was moved from US to Monterrey, Mexico in 2020.

To build a more cost-efficient sourcing organization and reduce complexity and the number of suppliers, the Americas region has accelerated low-cost country sourcing activities in Mexico.

A new ERP system was implemented in early 2020, leading to improved efficiency in both internal and external processes. This new system will provide a platform for expansion into B2B and B2C efforts to facilitate growth and reduce transactional costs for Dometic, business partners and end users.

**Sustainability**

The region carried out several activities during the year and talent in Environment, Health and Safety has been hired locally to support the organization and drive improvements. One example of the activities carried out is in one of the manufacturing sites where a new lighting system reduced the electricity consumption by more than 50 percent. Manufacturing footprint consolidation is leading to energy savings, reduction in water consumption and reduction in CO<sub>2</sub> emissions to support Group targets.



Products from Kampa have been launched in Americas to leverage the growing staycation trend for the outdoor business.





#### DOMETIC'S AMBASSADORS

## THE BAJA EXPERIENCE – THE WORLD OF A DIFFERENCE

Baja, Mexico. No roads, no buildings, natural beaches, and a group of outdoor enthusiasts making their way from one camping spot to the next.

**Some of the biggest** names in the outdoor industry were invited, including Travis Burke, Loki, Kelly Lund, Ally Coucke, and more to camp together, cook together, and enjoy the untouched beaches of Baja, Mexico to experience the Dometic difference and try out a brand-new product. So seven purpose-built overlanding rigs, ten people, four dogs, and one toddler made the journey to the Mexican peninsula for an activity-packed week.

**For the first time ever**, the campers packed their supplies in the new Dometic CFX3. The powered cooler is the newest in the Dometic line of portable refrigerator/freezers that keep food clean, cold, and fresh in even the toughest of environments.

The CFX3 needs no ice, which means the groceries for the trip weren't swimming in water by the time they arrived at their destination.

**Long, hot days filled with activities** meant plenty of hydration. On top of keeping drinks at the perfect temperature even in weather up to 55 degrees Celsius (131 degrees Fahrenheit), the Dometic CFX3 55IM is the first powered cooler on the market with a built-in ice making compartment that allows you to make ice at the same time as keeping refrigerated food fresh. That means adventurers can enjoy ice-cold water, cool cocktails, and ice on demand for an enhanced, previously impossible, outdoor experience even in the most remote locations on Earth.

REGION EMEA

# POSITIONED FOR PROFITABLE GROWTH



“In 2020, we implemented a new organizational structure in aftermarket to drive efficiency and growth in new initiatives”

Henrik Fagrenius – President of EMEA

**MARKET AND BUSINESS SUMMARY**

In a challenging market in 2020 that has caused significant sales fluctuations between quarters, the region has focused on price management, cost reductions and supply flexibility. EBIT margin before items affecting comparability was 11.9 percent with a significant improvement in the second half of the year. The region continues to balance business exposure and aftermarket accounted for more than 51 percent of sales in 2020 compared to 47 percent two years ago.

The first half of the year was significantly negatively impacted by lockdowns related to COVID-19. Business recovered in the second half of the year, supported by increased customer appetite for staycations and outdoor activities. Lower-than-normal retail inventory levels drove market demand from RV OEM manufacturers in the fall. The CPV business recovered well during the year, supported by recently launched refrigeration products.

Net sales organic growth in the first half of 2020 was -25 percent followed by a growth of 5 percent in the second half of the year.

**STRATEGIC PRIORITIES**

**Profitable expansion in mobile living**

In 2020, the previous country-centered aftermarket sales structure was replaced with a regional setup. This will strengthen strategy deployment, reduce complexity and costs while making investments in new growth areas like outdoor more relevant.

The integration of Kampa, a company acquired in 2018, has been successful, with good sales development. In March, a premium inflatable panel van tailgate awning branded Kampa Dometic was launched to meet the demand from the fast-growing panel van market.

The high focus on Marine customers continued, and in the summer it was announced that Sirena Yachts had chosen Dometic to enhance its onboard environments and climate control in their new model range.

To drive sales and increase end-user interaction, B2C online stores were launched in nine EMEA markets during the year.

**Product leadership through innovation**

Starting in 2019 and continuing in 2020, product development has been concentrated on selected centers of excellence. This creates greater critical mass for taking on transformational projects, reduces complexity, and attracts engineers, as it also creates more attractive career opportunities.

A number of important products were launched in the region in 2020, including the portable cool box CFX3, the intelligent blind spot camera CAM1000, and a new range of wine refrigerators with improved energy performance that exceeds the requirements of the upcoming EU legislation.

KEY FIGURES	2017	2018	2019	2020
Net sales, SEK m	5,962	6,706	7,472	6,493
Net sales growth, %	17	12	11	-13
Organic growth, %	10	6	1	-12
EBIT margin, % <sup>1)</sup>	10.4	12.1	13.1	11.9

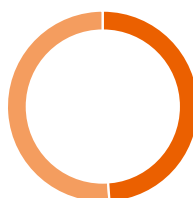
<sup>1)</sup> Operating profit (EBIT) margin before items affecting comparability.

**Net sales by application area**



- Food & Beverage, 36% (36)
- Climate, 47%, (49)
- Power & Control, 8% (8)
- Other applications, 9% (7)

**Net sales by sales channel**



- OEM, 49% (49)
- Aftermarket, 51% (51)

**Region as a proportion of group net sales**



- EMEA, 40% (40)
- Rest of Group, 60% (60)

Charts and text in this chapter describe EMEA based on the 2020 reporting structure. Please see page 90 for more details.

**Continuous cost reductions**

The region has increased productivity and improved overall cost structures, with additional leverage from investments in a reinforced sourcing organization, contributing to the financial performance. Good progress has been made to increase flexibility and manage cost structures in order to navigate changes in market demand. The global restructuring program continued

during the year, with a range of activities including an exit from the manufacturing site in Bassano, Italy.

**Sustainability**

To support the Group sustainability targets, the region performed several activities during the year. These include investments in the factory in Slovakia to improve energy efficiency and

multiple energy-saving improvements in the central warehouse in Emsdetten, Germany. By 2021, the plan is to have fully renewable energy across the operations in Germany, which is estimated to reduce CO<sub>2</sub> emissions by 40 percent in the region.



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#### DOMETIC'S AMBASSADORS

## SEBASTIAN CANAVES – SEBASTIAN IS TRULY ON A MISSION TO EXPLORE THE WORLD

Sebastian Canaves is always on the go and off the path, traveling the world and sharing his experiences thanks to his Dometic CFX3 powered cooler.

**With over 100 countries** under his belt, Sebastian Canaves is truly on a mission to explore the world. The overlander spends his days adventuring in his Jeep and running Germany's largest online outdoor travel and adventure website, [off-the-path.com](http://off-the-path.com).

**His first taste of mobile living** was in Western Australia where he spent six weeks in a tiny campervan with the bare minimum of supplies and utilities. These humble beginnings were a stark contrast to today, as Sebastian has fitted his Jeep Wrangler into the perfect traveling camper mobile with all the things he needs to stay dry, warm, and happy no matter where he roams.

**When building out his Jeep** Wrangler, Sebastian made sure to design it to fit his Dometic CFX3 35 Powered Cooler. The state of the art refrigerator / freezer keeps a constant temperature even in the harshest climates and has a rugged exterior built to keep up with the journey and take a beating along the way. With the CFX3, Sebastian and his travel companions can ensure that they will be well fed on remote adventures and healthy meals can last as long as they

would in a home refrigerator or freezer. Healthy meals, even on the road, without ever needing to stop for ice or to worry about food spoiling or floating in water, are a true game changer for Sebastian.

**The CFX3 can last** a whole weekend off the grid when paired with the Dometic PLB40 Portable Lithium Battery. This compact but powerful battery can recharge from the vehicle along the way, and power the CFX3 continuously, along with any of the modern electronics Sebastian and his crew may need and kitchen appliances that would otherwise feel like an impossible luxury.

**Among his many travels,** Sebastian has swum with sharks in Australia, bungee-jumped backwards in Scotland, and canoed in Sweden, along with many other feats. Despite his extensive travel, his bucket list is impossibly long. Most recently, he took to the South African bush on horseback. Some day, he hopes to make it to Alaska. Right now, Sebastian doesn't see an end to his overland adventures, he plans to keep going, to inspire others, and to expect the unexpected every day.

REGION APAC

# OPERATIONAL EXCELLENCE AND EXPANDED PRODUCT OFFERING



“In 2020 we managed short-term uncertainties while implementing structural improvements for long-term growth and margin expansion”

Chialing Hsueh – President of APAC

**MARKET AND BUSINESS SUMMARY**

Despite a challenging market in 2020, the region continued to protect profitability well through pricing, product launches and cost reductions. The year of 2020 was materially impacted by the COVID-19 pandemic. After a first wave of lockdowns during the spring, a recovery in early summer was followed by a second wave of lockdowns in parts of Australia in August-September-October and into November. In this environment, the APAC region had to balance short-term risk mitigations and cost reductions with long-term investments to drive innovation, growth and structural improvements. The trend of increased customer appetite for staycations and outdoor activities, triggered in part by the pandemic, was also visible among end users across the region.

**STRATEGIC PRIORITIES**

**Profitable expansion in mobile living**

COVID-19 had a material impact on a number of areas in the business, including in RV and tradi-

tional retail. However, staycations brought new growth opportunities. The forecast for the local tourism industry remains optimistic, with substantial government funding allocated across many organizations, destinations and recreational activities. Dometic is a close partner to these organizations and a strong market leader across this space.

The outdoor leisure industry in the Pacific continues to grow. One of Dometic’s key activities is to broaden the offering and get closer to end users. In 2020, Australia embarked on a pilot program to significantly expand category adjacencies with the addition of rooftop tents, mobile cooking and power solutions,

supported by the existing inflatable tents and awnings. To leverage this further, the B2C online store was re-launched in Australia to drive sales and build an even stronger relationship with end users.

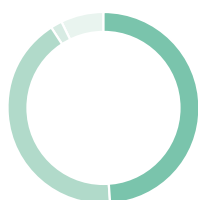
The Marine business secured distribution with an important retail chain, adding over 100 SKUs to their 300 retail locations. New power systems, diesel filtration/water fuel separation and exhaust hose lines have also been added to the Marine portfolio.

In Asia, the focus was on a tactile response to the pressures created early in the year by the initial COVID-19 outbreak restricting resourcing, manufacturing and operational capability. Many initiatives were implemented to combat these constraints and minimize supply disruptions. Progress was good, with increasing customer coverage across China, Korea and Japan with several significant wins in government tenders. The focus on increasing aftermarket sales continues through the introduction of the outdoor leisure portfolio.

KEY FIGURES	2017	2018	2019	2020
Net sales, SEK m	1,753	1,810	1,707	1,497
Net sales growth, %	13	3	-6	-12
Organic growth, %	12	3	-8	-10
EBIT margin, % <sup>1)</sup>	20.4	21.8	21.2	21.0

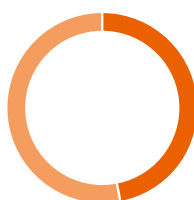
<sup>1)</sup> Operating profit (EBIT) margin before items affecting comparability.

**Net sales by application area**



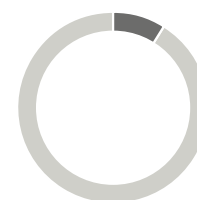
- Food & Beverage, 49% (49)
- Climate, 42%, (40)
- Power & Control, 2% (2)
- Other applications, 7% (9)

**Net sales by sales channel**



- OEM, 47% (46)
- Aftermarket, 53% (54)

**Region as a proportion of group net sales**



- APAC, 9% (10)
- Rest of Group, 91% (90)

The charts and text in this chapter describe APAC based on the 2020 reporting structure. Please see page 90 for more details.

**Product leadership through innovation**

In 2020, the APAC region launched several new products not only to address customer needs, but also as a means of optimizing the manufacturing footprint by introducing the global platform concept. Launches include:

- The new CFX3 range of portable refrigerators. The CFX3 advanced design has been granted Red Dot and Australian Good Design Gold Accolade awards.
- The first range of outdoor products including a series of tents, cooking appliances, power products and a wide range of accessories.
- The Harrier lite air conditioner.
- The Dometic Dust Reduction System, which was launched in late 2019 and awarded an Australian Good Design award in July 2020.

In Marine, several sole-supplier designs of steering and controls for OXE and COX diesel outboard engines were won, leading to excellent exposure throughout the region. Taiwan and China have pockets of growth with yacht builders installing the 4000/5000 series of Optimus EPS. In 2021, Marine will be launching several steering and climate control products, which have already won multiple awards in 2020.

**Continuous cost reductions**

With two larger manufacturing sites in China and a cross-regional purchasing organization, APAC is an important manufacturing and sourcing region for the global Dometic organization. To maintain efficiency in the wake of COVID-19, cost reductions were especially important in 2020.

During the year, the APAC region implemented activities to drive efficiencies in sourcing and manufacturing, including:

- Optimizing the manufacturing footprint based on production competence.
- Flexible workforce and crewing plan to maximize productivity in factories.
- Consolidation of and redeploying existing manufacturing workshops for better utilization.
- Optimizing space utilization, which led to reduction of workshop space as well as external warehouses.



In 2020, Australia embarked on a pilot program to significantly expand category adjacencies with the addition of rooftop tents, mobile cooking and power solutions, supported by the existing inflatable tents and awnings.

- Continued outsourcing.
- Restructuring white-collar and office workforce.
- Focus on cash position through inventory reduction and improved payment terms.

Actions were also taken to reduce SG&A by continuously looking for opportunities to scale down infrastructures in a number of markets and by increasing site consolidation in China and Australia.

**Sustainability**

To support the Group sustainability targets, the region implemented several activities during the year. Examples of areas with strong progress include “People”, where the share of female managers is 37 percent, which is already above the Group target of 26 percent for 2021. Another example is in “Ethics”, where 99 percent of the suppliers have signed the Dometic Code of Conduct.





#### DOMETIC'S AMBASSADORS

## SAILING NANDJI – LOVE TO LIVE, LIVE TO FROTH!

Bonita and Yosh, Life frothin', yacht livin',  
ocean-dwellers who love the #sealife.

**Meet Nandji, a 40ft Bruce Roberts Cutter** with one mast, one main sail, two head sails, and two humans who call her home. Jarred Laver, also known as Yosh, and Bonita Herewane live their lives aboard the Nandji with plans to see the world from the deck of the beloved sailing yacht. Cruising along with their dog, Marley, the couple enjoy Nandji's high sides, large flat deck, and three-quarter-length keel which makes for smooth and comfortable sailing. Hailing from Australia, Yosh and Bonita are no strangers to a life on the go, having previously lived on a bus before trading in their wheels for sea legs. Nandji's cabin features two large couches, a queen-size bed, clothing storage, and a galley. There is space to hold over 400 litres of fresh water hidden beneath the furniture. #Sealife means small spaces, long stretches between restocking supplies, and being ready for anything.

**The bathroom sports a shower** and a Dometic Masterflush 7160, which can use sea water to flush and is compact to fit in the small space. The toilet flush requires very little energy so using it doesn't drain their precious battery supply aboard the yacht. Making sure there is a space for all the necessities and ample power to keep them running strong is important and one of the biggest challenges in mobile living.

**Staying healthy, happy, and well-fed** on their adventures from one port to the next is a crucial aspect of life aboard Nandji. The galley is equipped with a gas cooker and stove, a sink, cupboards for storing food and essentials, and two refrigerators. The Dometic Coolmatic CRX 80 can function as a refrigerator, freezer, or both. The game changer, their Dometic Coolmatic CD30 drawer fridge can fit anywhere, tucked away for easy access. With these tools, the couple can bring dairy products, fresh fruits and vegetables, and meats on their journeys from one location to the next and keep things fresh much longer than they could with a cooler. The ability to freeze the fish they catch has also been a huge lifestyle improvement for the sailing duo.

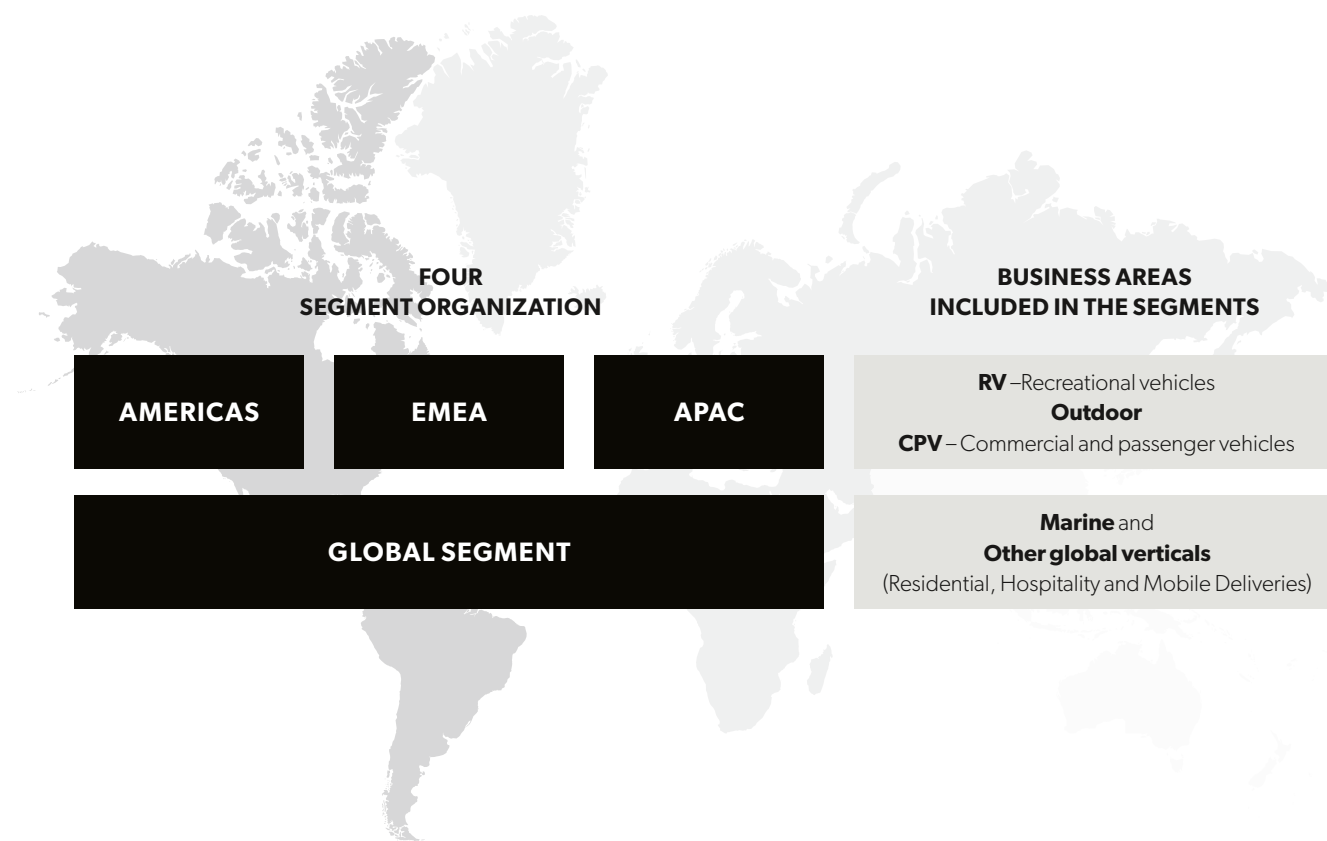
**From their starting point** in Queensland, Australia, their journey has taken them around the Whitsundays and Great Barrier Reef to New Caledonia, Vanuatu, the Solomon Islands, Papua New Guinea, Indonesia and Malaysia. Currently, they have arrived in Thailand where they will cruise and explore the area before heading into the boatyard to do some more work to get Nandji ready for her biggest adventure to date: crossing the Indian Ocean to Africa.

# NEW ORGANIZATIONAL STRUCTURE FROM 2021

From 2021 Dometic has a new organizational structure with the aim to develop and strengthen existing and well-positioned business areas while establishing a more focused environment, allowing new growth areas to receive the necessary management attention and fully dedicated resources to thrive and become sizable businesses.

The new structure, which is also aimed at improved performance, comprises four segments, compared to three regions before: Segments Americas, EMEA, APAC and Global. The segments will be the highest responsible operational entities reporting to the CEO. Reporting according to the new structure will start from Q1 2021.

# STRUCTURE FROM 2021



The new structure is a natural step in line with the strategy to broaden Dometic's addressable market and enhance focus through commercial specialization. The structure will allow for a stronger emphasis on existing and new strategic business areas and further improve efficiencies. This will make Dometic even more relevant to customers, and will enable the company to seize growth opportunities and deliver on the strategy.

## Reporting structure 2020

The complete business in respective region, divided into three regions:

- Region Americas
- Region EMEA
- Region APAC

## BUSINESS AREAS INCLUDED IN THE SEGMENTS

Segments Americas, EMEA and APAC:

- Recreational vehicles (RV)
- Commercial and passenger vehicles (CPV)
- Outdoor

Global Segment:

- Marine and Other global verticals.  
Other global verticals include:
  - Residential
  - Hospitality
  - Mobile Deliveries

**Rationale for regional segments:** Regional management attention is essential to fully capture the potential in the RV, CPV and outdoor markets, to accelerate aftermarket growth, to drive M&A activities and to reduce complexity in legacy structures.

**Rationale for global segment:** Dometic has identified a number of business areas with strong potential for growth. The Global Segment has two sub-segments, Marine, and Other global verticals. Other global verticals include Residential, Hospitality and Mobile deliveries. These areas all share the characteristics of relevant global market size, growing trends and many opportunities for acquisitive growth.

## GLOBAL SEGMENT – ADDRESSING NEW GROWTH OPPORTUNITIES

The Global Segment has two sub-segments: Marine and Other global verticals.

### MARINE

The Marine sub-segment supplies the global marine industry with a wide range of innovative products for both the leisure and professional markets. The SeaStar acquisition in December 2017 was a very successful addition to the Dometic business, primarily in Americas. The strategy is to leverage SeaStar as a platform for the Marine business globally and to make future acquisitions from a position of market leadership in steering and control systems, fuel systems, digital integration, and climate control. With a strong market position as a basis and by driving continuous innovation, Dometic has an opportunity and the ambition to outperform market growth by increasing the content per boat, increasing service and aftermarket business with purpose-built products, and by expanding the business into new areas, such as Commercial Marine.

### OTHER GLOBAL VERTICALS

Other global verticals consists of Residential, Hospitality and Mobile deliveries. The aim of Other global verticals is to work, based on our technology know-how, with global product assortments that can be sold in all geographical regions. The common characteristics of these verticals are relevant global market size, growing trends and many opportunities for acquisitive growth.

The target for Residential is to create unique home and patio environments by taking the existing wine refrigerator assortment to a new level and expanding into new areas. Today most of the net sales are connected to indoor wine cellars. In 2020, the Dometic MoBar was launched to the market. MoBar is a series of mobile outdoor beverage centers made for stylish entertaining at outdoor gatherings. Dometic's plan is to introduce the product for the US and EMEA in 2021 and for the rest of the world in 2022.

In Hospitality, the current business is related primarily to the lodging industry, with the main products being minibars and safety boxes. The strategy is to continue to address the lodging business, while also using our technology and products for new customer segments, such as health care and elderly care institutions. New products and solutions are currently in development, with expected product announcements in 2021.

Mobile deliveries has several opportunities to increase sales as logistics flows are changing and home deliveries of food and other goods are increasing. Dometic's heating and cooling products and capabilities create a strong foundation for developing products that can be used in the last mile of food delivery or as home delivery boxes. New products and solutions are currently in development, with expected product launches in 2021.

	Sub-segment Marine	Sub-segment Other global verticals		
		Residential	Hospitality	Mobile Deliveries
<b>Customer category</b>	Leisure and Professional	Leisure and Professional	Professional	Professional
<b>Customers include</b>	<ul style="list-style-type: none"> <li>• Marine OEMs</li> <li>• Engine manufacturers</li> <li>• Retailers and service shops</li> <li>• E-commerce B2C</li> </ul>	<ul style="list-style-type: none"> <li>• Retailers</li> <li>• E-commerce B2C</li> </ul>	<ul style="list-style-type: none"> <li>• Hotels</li> <li>• Health care and elderly care institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Retailers</li> <li>• Property developers</li> <li>• Mobile delivery companies</li> <li>• E-commerce B2C</li> </ul>
<b>Products include</b>	<ul style="list-style-type: none"> <li>• Marine parts and accessories.</li> <li>• Steering systems</li> <li>• Fuel systems</li> <li>• Refrigeration products</li> <li>• Climate control</li> </ul>	<ul style="list-style-type: none"> <li>• Wine coolers and other beverage solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Minibars</li> <li>• Safes</li> <li>• Beverage solutions</li> <li>• Delivery boxes</li> </ul>	<ul style="list-style-type: none"> <li>• Last mile delivery products for warm and cool food</li> <li>• Delivery boxes</li> </ul>



# ON THE MOVE

## TO A SUSTAINABLE TOMORROW

As a pioneer in the Mobile Living area, Dometic is committed to driving sustainability in its market. This means providing smart, reliable and safe products designed with a life cycle perspective to increase resource efficiency and reduce the environmental footprint throughout the product life cycle; providing a safe, healthy, diverse and inclusive workplace; and ensuring business practices meet the highest ethical standards.

### DOMETIC'S ROLE IN SOCIETY – MOBILE LIVING MADE EASY

As a market leader in Mobile Living solutions, Dometic is taking an active role in key sustainability areas in the industry. Millions of people around the world buy and use Dometic products: RV users, boat owners, truck drivers, workers on professional boats, campers, hotel guests and people who enjoy the outdoors and are on the move in general. All are part of a growing movement of people who enjoy an active and mobile lifestyle, for freedom and adventure, as well as people who travel for work.

Proximity to nature is an important motivation for users of Dometic's products. The company shall therefore meet the growing demand for the Mobile Living lifestyle while increasing resource efficiency and reducing the total environmental footprint throughout the product life cycle. Sustainability is integrated into Dometic's business processes and product offering. This is crucial for building a company that is well prepared for future challenges and opportunities.

### SUSTAINABILITY FOCUS AREAS

Dometic has identified four sustainability focus areas where the company can make the greatest difference. Each focus area and corresponding targets have clear ownership in Group Management. The targets within

each focus area are implemented in daily operations, supported by governing documents and training as well as regular monitoring and follow-up.

### REDUCING THE CARBON FOOTPRINT OF MOBILE LIVING

In 2020 Dometic has developed a climate roadmap aiming at defining long-term CO<sub>2</sub> emissions targets. The roadmap includes intermediate short- and medium-term activities to support future long-term targets. The activities include transitioning to renewable energy sources with a focus on renewable electricity in operations starting in 2021.

### SUSTAINABILITY TRAINING FOR ALL EMPLOYEES

Sustainability can only be fully integrated in a company's processes and day-to-day decisions if all employees are aware of the benefits and the importance for various stakeholders. In 2020, Dometic has developed a global sustainability e-learning program, which is part of the mandatory training package for all employees. Other training activities rolled out during the year include an ESG training program for sourcing and supplier auditors as well as trainings in export regulations and antitrust.

# SUSTAINABILITY TARGETS 2019–2021

The Dometic Sustainability targets are defined by the focus area owners along with key activities to support the targets. Key performance indicators for each target enable close progress monitoring throughout the organization. The baseline for the targets 2019–2021 is 2018. Through Dometic’s focus areas, key activities and product offering, the company has the potential to contribute to at least 7 of the Sustainable Development Goals (SDGs) in support of the 2030 Agenda for Sustainable Development.



Dometic strives to safeguard human rights at all times, while pursuing fair business and labor practices.

### TARGETS

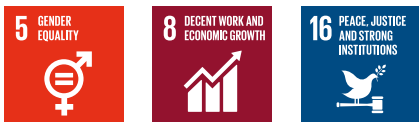
- Continue to implement the Code of Conduct
- Implement training program on anti-trust and export control
- Conduct supplier audits

### EXAMPLE OF KPIS

**100%**

Of suppliers of direct material have signed the Dometic Code of Conduct

### RELATED SDG CONTRIBUTION



For sub-targets see page 120–121.



Dometic strives to be a safe, inclusive, diverse and dynamic workplace – allowing every employee to reach their full potential.

### TARGETS

- Reduce injury rate
- Improve gender distribution
- Increase competence management

### EXAMPLE OF KPIS

**2**

Reach a lost-time injury frequency rate of 2

### RELATED SDG CONTRIBUTION



For sub-target see page 120–121.



Dometic aims to only provide recyclable and resource-efficient products.

**TARGETS**

- Reduce energy consumption
- Reduce the use of greenhouse gases
- Reduce stock keeping units (SKU)
- Improve material control

**EXAMPLE OF KPIS**

**5%**

Reduction of energy consumption in new global products

**RELATED SDG CONTRIBUTION**



For sub-targets see page 120–121.



Dometic uses materials and precious resources responsibly, improves waste management and lowers emissions.

**TARGETS**

- Reduce space
- Accelerate energy savings
- Reduce water consumption
- Increase recycling of waste

**EXAMPLE OF KPIS**

**10%**

Reduction of energy consumption in production

**RELATED SDG CONTRIBUTION**



For sub-targets see page 120–121.



## ETHICS

Dometic's Code of Conduct and additional governing documents lay out the framework for how the Group acts and follows up business practices. The Code of Conduct applies to all employees as well as business partners. In 2020, a new revised version of the Code of Conduct was rolled out in the organization. The board also approved and rolled out a new policy, the Dometic Code of Conduct for Business Partners, such as suppliers. The new Code of Conduct for Business Partners clarifies Dometic's requirements of business partners in terms of ethical business practices.

Dometic is a signatory to the UN Global Compact and committed to working with the ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption.

### ANTI-CORRUPTION

Dometic's Code of Conduct strictly prohibits engaging in or facilitating any kind of corruption, including fraudulent actions, bribery, facilitation payments or money laundering. Dometic's relationships with business partners are based on high ethical standards and business practices that aim to prevent unethical behavior throughout the value chain. These practices strengthen the Dometic brand and contribute to fair market competition.

### TRAINING AND AWARENESS

All Dometic employees are trained in the Code of Conduct. The training program provides hands-on examples from the workplace to practice expected behaviors in difficult situations. No matter where they are in the world, new employees are invited and expected to complete the training program within their first few weeks of employment. In 2020, a new training program was launched to better reflect the new Code of Conduct. 95 percent of white-collar workers and 95 percent of blue-collar workers completed the Code of Conduct awareness program in 2020. The KPI for white-collar workers is on track towards target, however there was a reduction in 2020 mainly due to timing of registrations. The Dometic engagement survey carried out in late 2019



confirms that there is high awareness and a good understanding of the Code of Conduct in the organization.

### WHISTLEBLOWING

The Dometic whistleblower system, called the Dometic SpeakUp Line, is available for reporting in all Dometic Group languages. It offers Dometic's employees an anonymous channel in which to report any business activities or behaviors that are potentially in breach of the Code of Conduct or applicable laws and regulations. Dometic's SpeakUp Line is managed by a third-party vendor to ensure full privacy. The whistle-

blower system is confirmed to be widely known and used throughout the organization. In 2020, about half of the reported cases led to investigations and actions. The other cases were guided to other appropriate channels or closed due to irrelevance. At the end of 2020, a new awareness campaign was launched internally to maintain high awareness of the SpeakUp Line and how to report breaches.

### BUSINESS PARTNERS

Working with business partners who share Dometic's high standards regarding business ethics, quality and resource efficiency is neces-



Continue to implement the Code of Conduct WHITE-COLLARS		Continue to implement the Code of Conduct BLUE-COLLARS		Continue to implement the Code of Conduct SUPPLIERS		Conduct supplier audits	
<b>Target</b>	100%	<b>Target</b>	100%	<b>Target</b>	100%	<b>Target</b>	90%
<b>Actual</b>	95%	<b>Actual</b>	95%	<b>Actual</b>	95%	<b>Actual</b>	82%
<b>Baseline</b>	98%	<b>Baseline</b>	0%	<b>Baseline</b>	34%	<b>Baseline</b>	Not applicable

#### FOCUS AREA ETHICS TARGETS 2019–2021

- ▶ **Continue to implement the Code of Conduct**  
100 percent of employees (white-collar and blue-collar) complete e-learning on the Code of Conduct.  
100 percent of suppliers of direct material adhere to the Dometic Code of Conduct.
- ▶ **Implement training program on anti-trust and export control**  
100 percent of the senior managers and sales employees complete e-learning on anti-trust and export control.
- ▶ **Conduct supplier audits**  
90 percent of the spend of direct material suppliers in low-cost countries to be audited every second year.

#### KEY ACTIVITIES 2019–2021

- ▶ Ensure that all blue-collar workers receive training on the Code of Conduct.
- ▶ Develop e-learning courses on anti-trust and export control regulations.
- ▶ Strengthen the supplier audit organization.
- ▶ Develop new global audit template and plan for supplier audits.
- ▶ Accelerate supplier audits.
- ▶ Implement structured ESG screening as part of the due diligence process for acquisition targets.
- ▶ Continue to ensure GDPR compliance.

sary to effectively manage risks and enhance efficiency in the value chain. As a global company, Dometic sources from countries with varying levels of risk exposure to corruption, human rights abuses and modern slavery. The Group has around 3,200 suppliers of direct material in around 43 countries. The biggest categories of material bought by Dometic are metal components, plastic components, electronic components and traded products. To ensure that suppliers meet the standards for responsible and ethical business practices, suppliers are required to comply with the principles set forth in the Dometic Code of Conduct for Business Partners.

The Group's Sourcing Council and regional sourcing organizations monitor compliance with the Code of Conduct for Business Partners through supplier self-assessments and on-site audits. In 2020, 95 percent of suppliers confirmed compliance with the Dometic Code of Conduct and 82 percent of the direct material supplier spend in low-cost countries has been audited in the past two years. Dometic's strategy to reduce complexity and the number of suppliers enables better assessment and follow-up of suppliers.

In conjunction with the roll-out of the Code of Conduct for Business Partners, an internal

training program for sourcing and the supplier audit organization were introduced in order to ensure a good understanding of the supplier requirements and how to conduct audits to verify compliance with these requirements.

To further strengthen due diligence and evaluate the effectiveness of the internal processes, Dometic has piloted a partnership with third-party auditors to assess a selection of suppliers with a focus on business ethics, social conditions and environmental compliance.



## PEOPLE



Dometic is committed to providing an attractive workplace. The core values form the foundation of the corporate culture. They set the framework for everything Dometic does and how people in the Group interact with each other and external parties. By having a work environment based on Dometic's core values, the Code of Conduct and supporting governing documents, the company's ambition is to create a great place to work for current and future employees.

### DIVERSITY AND INCLUSION

In 2020, the Board of Directors approved a new Diversity and Inclusion Policy. Part of the implementation included the development of three-year action plans in all regions. A Diversity and Inclusion training program is in development to increase awareness in the organization about topics such as Dometic's challenges and obstacles related to diversity and inclusion, and how to manage unconscious bias. The training program

will be an important step in fostering a culture in which every employee feels respected, valued, and comfortable being their authentic self.

Dometic has had a particular focus on increasing gender diversity during the past two years. The Group works continually with gender distribution at all levels in the company to build more diverse teams by applying this aspect to our candidate pools. The internal job market portal offers access to all open positions in the regions and supports a fair and transparent hiring process at Dometic. In 2020, Dometic reached a share of 24 percent female managers out of 517 managers in total. Group Management comprises 10 people, of which 4 are women.

### HEALTH AND SAFETY

Health and safety are key for Dometic, from the perspective of people, business and regulatory requirements. The company works proactively

to safeguard a healthy and safe work environment and to reduce the number of work-related accidents.

Dometic's Health & Safety (H&S) Guideline is a key component of the factory management systems and aims to ensure a common standard across the Group. Another important part of the factory management systems is the Dometic Loss Prevention Guideline (DLPG). This guideline is designed to guide the Group's production sites regarding appropriate safety and security measures to reduce risk, ensure compliance with industry practices, and to maintain high standards for safety, quality and delivery. Dometic conducts regular assessments of all production sites with a third party to analyze potential risks. In 2020, a third party assessed 11 sites against the DLPG, and 10 sites were assessed against the Dometic H&S Guideline.

In 2020, 41 (62) lost-time safety-related incidents were reported. The LTIFR was 2.8 (4.1).

The focus in 2020 has been on reducing accidents at a limited number of sites with higher accident frequency by strengthening local procedures in line with the Dometic H&S Guideline.

In 2020, the H&S organization has been strengthened with both local and regional resources aimed at better supporting operations with increased leadership in H&S. Additionally, a review of the H&S Guidelines was initiated to cover more than the Dometic Operations physical work environment. The guideline framework will be expanded to provide better guidance for events similar to those experienced in 2020 (the pandemic) and to work more proactively with psychosocial factors. During the COVID-19 pandemic, Dometic established well-functioning global structures to share knowledge and experiences in order to quickly adapt to rapidly changing circumstances. Common materials such as checklists and e-training programs have been developed to support the organization

throughout the lockdowns and resumed operations.

Dometic’s global H&S index enables global monitoring and provides a necessary complement to current safety KPIs, as well as input for the development of local measures and initiatives for improvement. Going forward, increased focus will be given to global monitoring of accident severity and lessons from near-miss reporting. To further strengthen awareness among employees, a global H&S e-learning program was developed in 2019 and rolled out in 2020.

**COMPETENCE MANAGEMENT**

Knowledge is a key factor for Dometic’s business success and for its employees. Dometic Academy provides a central learning management system that hosts training opportunities globally. In recent years, coordinated efforts have led to several appreciated global training programs

that can be provided internally, in line with business needs. The digital infrastructure makes e-learning programs, tutorials and webinars available to all employees. Employees can also download books on business, as well as titles on stress reduction, language skills and IT software. In addition, Dometic supports its employees through practical skills training programs to gain new knowledge and build leadership skills. In 2020, Dometic began developing its first fully virtual leadership training program in order to implement the newly launched global leadership model. In total, more than 3,920 (2,500) employees participated in over 726 (600) training activities across all markets in 2020. In the next few years, Dometic will increase its efforts in competence management to defend its leading market position and support the company’s transition.

Reduce injury rate (LTIFR)	Female managers	Performance review
<b>Target</b> 2	<b>Target</b> 26%	<b>Target</b> 100%
<b>Actual</b> 2.8	<b>Actual</b> 24%	<b>Actual</b> to be measured in 2021
<b>Baseline</b> 3.7	<b>Baseline</b> 23%	<b>Baseline</b> 55% (actual 2019)

**FOCUS AREA PEOPLE TARGETS 2019–2021**

- ▶ **Reduce injury rate**  
Reach a lost-time injury frequency rate of 2 by 2021 (LTIFR = work accidents with lost time >= 1 day per million working hours).
- ▶ **Improve gender distribution**  
26 percent female managers by 2021.
- ▶ **Increase competence management**  
100 percent employee performance reviews by 2021.

**KEY ACTIVITIES 2019–2021**

- ▶ Implement electronic performance agreements including individual development plans.
- ▶ Develop and implement Career Paths.
- ▶ Implement regional competence management processes by 2020.
- ▶ Implement leadership model globally.
- ▶ Perform global health & safety awareness initiative, finalized by 2020.



# RESOURCE EFFICIENCY THROUGH INNOVATION

Proximity to nature is an important motivation for users of Dometic’s products. The company provides smart, reliable and safe products while striving for resource efficiency and to continuously reduce environmental impact throughout the product lifecycle. Environmental consideration is an integral aspect of product design and each development project defines targets in line with the Group sustainability targets. In 2020, the Dometic “Design for Sustainability” guidelines were revised and updated to better support product development through a common framework.

## LIFECYCLE APPROACH

When considering the lifetime environmental impact of any Dometic product, the sum of the inputs, such as raw materials, processing, shipping, use phase and end of life must be considered. Each input has its own quantifiable environmental impact. The aggregated input creates the total environmental impact of the product. As Dometic works to reduce the environmental footprint, this is valuable data. Mapping

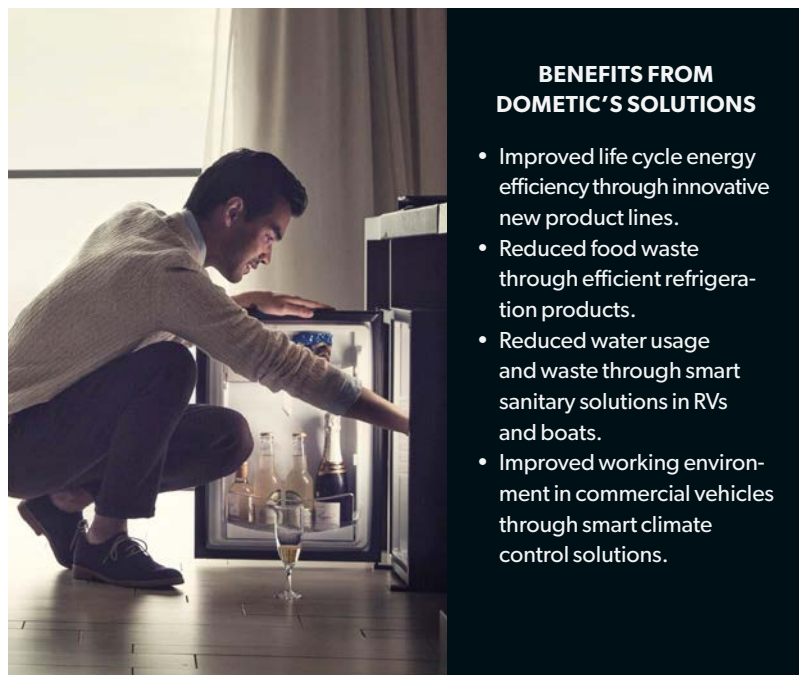
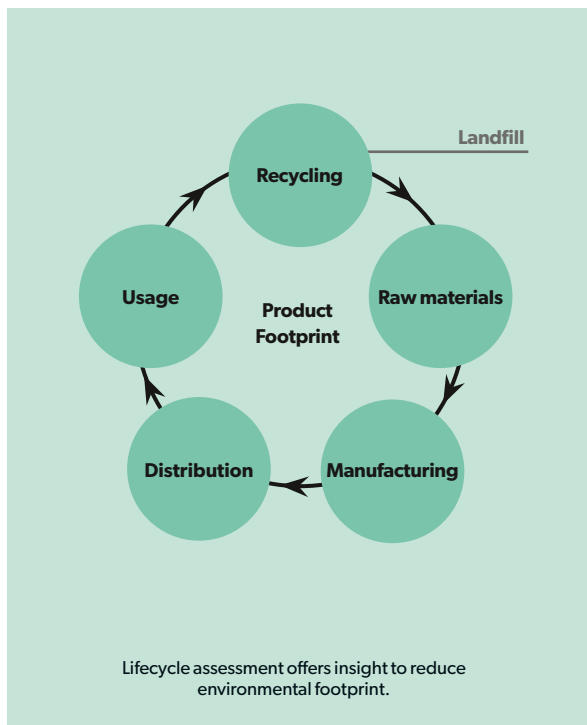
the data facilitates identification of hotspots that offer the greatest opportunities for reducing environmental impact. In 2020, Dometic conducted lifecycle assessments of three product groups: minibars, rooftop air-conditioners and cooling boxes. With this knowledge, informed decisions will be made in the development of new products. The result of the assessments confirms the priority of continuous focus on increasing the energy efficiency in the use phase, as well as minimizing the amount of refrigerant used and phasing out refrigerants with high global warming potential. Alternative materials, such as recycled or renewable materials, will also help to reduce the environmental footprint and are therefore important areas to explore further.

## ENERGY EFFICIENCY

Energy efficiency in the product use phase is vital to reducing the overall environmental footprint, as well as energy costs during use. Dometic works continuously to improve energy efficiency in all development projects, in line with the

Group target to reduce the energy consumption of products.

One example is the FreshJet 3000 air conditioner, which is the first air conditioner with inverter technology available on the European market, representing a milestone for Dometic and the industry. Another example is Harrier Plus, developed for the Australian market, which is 2 percent lighter, thus providing some fuel savings for customers as well as the environment. Both air conditioners offer a more efficient way to control energy consumption thanks to inverter technology, which provides just the right power at the right time. Both products also offer reduced noise and the amount of refrigerant used has been reduced by up to 4 percent in Harrier Plus and 11 percent in FreshJet 3000, contributing to more sustainable performance. Another example is the new HiPro minibar range, which is over 30 percent more energy efficient on average than its predecessor, setting a new benchmark in cooling performance and energy efficiency.



## BENEFITS FROM DOMETIC’S SOLUTIONS

- Improved life cycle energy efficiency through innovative new product lines.
- Reduced food waste through efficient refrigeration products.
- Reduced water usage and waste through smart sanitary solutions in RVs and boats.
- Improved working environment in commercial vehicles through smart climate control solutions.

The new HiPro minibar range is on average over 30 percent more energy efficient than its predecessor, setting a new benchmark in cooling performance and energy efficiency.

Reduce space		Reduce energy consumption		Reduce water consumption		Increase recycling	
<b>Target</b>	-15%	<b>Target</b>	-10%	<b>Target</b>	-10%	<b>Target</b>	75%
<b>Actual</b>	-13%	<b>Actual</b>	-15%	<b>Actual</b>	-20%	<b>Actual</b>	76%
<b>Baseline</b>	670,000 m <sup>2</sup>	<b>Baseline</b>	116.4 GWh	<b>Baseline</b>	280,000 m <sup>3</sup>	<b>Baseline</b>	68%

#### FOCUS AREA ENVIRONMENT TARGETS 2019–2021

- ▶ **Reduce space**  
15 percent space reduction by 2021.
- ▶ **Accelerate energy saving**  
10 percent reduction of energy consumption by 2021.
- ▶ **Reduce water consumption**  
10 percent reduction of water consumption by 2021.
- ▶ **Increase recycling of waste**  
75 percent recycling target for all waste by 2021.

#### KEY ACTIVITIES 2019–2021

- ▶ Consolidation of locations to reduce space.
- ▶ Reduction of stock keeping units (SKUs) and components.
- ▶ Modular product platform.
- ▶ Digitalization throughout the entire value chain.
- ▶ Consolidation of suppliers.
- ▶ Increased coordination of transportation of goods.
- ▶ Continue ISO 14001: 2015 certification.
- ▶ Increased focus on Value Analysis/Value Engineering to reduce use of material and waste.

Dometic has worked proactively for years with energy-saving programs aimed at reducing energy consumption in its facilities. The environmental and energy management systems in the factories ensure continuous focus on improving energy efficiency. Total energy consumption continued to decrease in 2020, to 99 (109) GWh. Reductions were primarily driven by lockdowns due to the COVID-19 pandemic. Examples of activities, despite the lockdowns, are investments in the factories in Slovakia and Limerick to improve energy efficiency.

#### CLIMATE ROADMAP

Dometic aims to reduce the carbon footprint of mobile living. Energy efficiency in production and the product use phase have long been key environmental targets that contribute to reducing the climate impact.

During 2020 a climate roadmap that expands impact monitoring, identifies further reduction activities and intends to set a long-term CO<sub>2</sub> target has been developed. To obtain a more complete picture of the Group's climate impact, the company has also started monitoring of scope 3 emissions represented by goods transport.

In 2020, CO<sub>2</sub> emissions from scope 1 and 2 decreased by 28 percent compared to the baseline 2018, partly as a consequence of factory lockdowns due to the COVID-19 pandemic, but also due to implemented energy efficiency measures and decreased intensity of country CO<sub>2</sub> factors.

Dometic aims to increase the share of energy from renewable sources over the next few years, in line with its plans to reduce CO<sub>2</sub> emissions. By 2021, operations across Germany will have fully renewable electricity, which is expected to reduce CO<sub>2</sub> emissions by 40 percent in EMEA.

Risk management related to climate change is integrated into risk governance in Dometic. Physical risks and transition risks are considered within the risk framework, both from strategic and execution perspectives. Within the risk framework, all risks are quantified from a financial perspective and mitigating activities are identified. The Sustainability Team and Management Team review the effectiveness of implemented measures. Physical risks in Dometic's operations are managed within the Loss Prevention Guideline framework and assessments are performed by a third party. Climate-related transition risks and opportunities are likely to impact Dometic in the

form of new legislative requirements concerning products as well as operations.

Dometic follows the development of the TCFD reporting requirements as well as the EU Taxonomy and intends to further align its reporting accordingly.

#### MATERIAL EFFICIENCY AND WASTE MINIMIZATION

Resource efficiency is crucial to achieving a sustainable business model. The main materials sourced for Dometic products are plastics, steel, aluminum and copper. To ensure the responsible use of resources, Dometic takes an active role in promoting new materials. The company also aims to increase the use of recycled materials and enhance repairability and recyclability in future product generations. Together with increased efforts in the aftermarket with planned maintenance programs, repairs and upgrade kits, these factors contribute to circularity in the long term. In 2020, following the launch of the Coolfun SC 30B cooling box, consisting of a bio-composite material, further efforts have been made to promote alternative and renewable materials in future products.

Monitoring water consumption and identifying initiatives to improve the efficiency of water use are components of the regions' environmental programs to achieve the target of a 10 percent reduction by 2021. In 2020, total water consumption decreased by 20 percent compared to the baseline, due primarily to manufacturing lockdowns related to the COVID-19 pandemic.

Dometic works continuously to reduce generation of waste and to increase the recycling rate. In 2020, total waste amounted to 12,300 (10,900) tons, of which 400 (700) were hazardous waste. In all, 76 (71) percent of waste was recycled. In most countries, Dometic has access to developed systems for recycling and energy recovery and aims to achieve recycling

solutions in all markets in order to further increase the recycling rate.

**LEGISLATION, INDUSTRY STANDARDS AND SUBSTANCE CONTROL**

Dometic's products are subject to more than 100 specific product regulations worldwide and the products are often found in the interface between household and vehicle legislation. Dometic is currently strengthening global substance control in order to manage integration of both current and future legislation. This is particularly important for managing quickly growing substance legislation requirements and for ensuring product safety throughout the product lifecycle. To enhance the efficiency of substance legislation compliance, Dometic will launch a global database with substance compliance data.

Refrigerants are key components in many of Dometic's products. To minimize their potential negative impact, Dometic is phasing out refrigerants with a higher Global Warming Potential (GWP) in favor of refrigerants with lower GWP that can fulfil the technical requirements, including safety. This is particularly important for air conditioning products, where the main efforts will be made.

Chromate has long been the established industry standard as the corrosion inhibitor for absorption minibars. Dometic has invested in R&D and is now in the unique position of offering a more sustainable alternative with the same reliability by using an alternative corrosion inhibitor for selected models, and chromate will gradually be phased out in all absorption refrigerators.

Reduce product energy consumption		Reduce the use of greenhouse gases		Reduce stock keeping units		Improve material control	
<b>Target</b>	5%	<b>Target</b>	10%	<b>Target</b>	40%	<b>Target</b>	90% of component purchase value
<b>Actual</b>	Reduction targets set per project	<b>Actual</b>	New refrigerants being introduced in new product generations	<b>Actual</b>	48%	<b>Actual</b>	Ongoing global system development
<b>Baseline</b>	Comparable reference product	<b>Baseline</b>	575,100 tCO <sub>2</sub> -eq <sup>1)</sup>	<b>Baseline</b>	74,000	<b>Baseline</b>	Local control

**FOCUS AREA PRODUCTS TARGETS 2019–2021**

- ▶ **Reduce energy consumption**  
5 percent reduction of energy consumption in new global products by 2021.
- ▶ **Reduce the use of greenhouse gases**  
A minimum of 10 percent CO<sub>2</sub>-eq reduction through introduction of new refrigerants.
- ▶ **Reduce stock keeping units (SKU)**  
40 percent reduction of stock keeping units (SKU) of finished goods by 2021.
- ▶ **Improve material control**  
90 percent of component purchase value to be captured in a central database for material substance control.

**KEY ACTIVITIES 2019–2021**

- ▶ Introduce a range of sustainable products.
- ▶ Use GRI metrics combined with product LCA to drive sustainability in product development.
- ▶ Continue the phasing-out of F-gases in air conditioning and refrigerator products.
- ▶ Increase efficiency in following substance legislation
  - Improved systems for handling product compliance information.
  - A supplier database that handles all product compliance information on component level connected to the ERP system allowing maximum automation.
- ▶ Closer industry co-operation on key legislation.

<sup>1)</sup> The CO<sub>2</sub>-eq represents the global warming potential of the refrigerants used, not actual impact as the refrigerants are handled in hermetically sealed systems and recovered during service or at end of life.



# THE DOMETIC SHARE AND SHAREHOLDERS

## SHARE PRICE AND TRADING

Dometic's shares have been listed on Nasdaq Stockholm since November 25, 2015. In 2020 the share price increased by 15.5 percent (71.5). The closing price was SEK 108.95 (94.32) on the last business day of the year, corresponding to a market capitalization of SEK 32.2 billion (27.9). The highest price paid during 2020 was SEK 117.90 (99.84) and the lowest price paid was SEK 37.64 (52.45).

A total of 331.2 million shares were traded during the year on Nasdaq Stockholm, with a total value of SEK 25.5 billion, corresponding to an average daily trading volume of 1,314,438 shares.

## SHARE CAPITAL AND CAPITAL STRUCTURE

As of December 31, 2020, the share capital amounted to SEK 739,583, divided into 295,833,333 shares. All shares are of the same class and carry equal rights in all respects. According to the Articles of Association, the Company should have no less than 200,000,000 shares and not more than 800,000,000 shares. The Company's share capital shall not be less than SEK 500,000 and not more than SEK 2,000,000. The Company's shares are registered with Euroclear Sweden AB, which manages the Company's share register and registers the shares for individuals.

## DIVIDEND AND DIVIDEND POLICY

The Board of Directors of Dometic has adopted a dividend policy, according to which the Board of Directors aims to propose to the annual shareholders' meeting that over a business cycle at least 40 percent of reported net profit for the period shall be distributed to the shareholders. The Board of Directors assess that after distribution of proposed dividend, the equity of the Parent Company and the Group will be sufficient with respect to the kind, extent, and risk of the operations. The Board of Directors consider hereby, among other things, the Parent Company's and the Group's historical development, the budgeted development and the state of the market. For further information, please see page 114.

The Board of Directors proposes a dividend of SEK 2.30 (-) per share for 2020, equivalent to a total distribution of SEK 680 million (-). The proposed dividend corresponds to 151 (-) percent of the net profit for the period. Based on the Dometic share price at the end of 2020 the dividend yield is 2.1 percent.

## SHAREHOLDERS

On December 31, 2020, Dometic had 11,927 shareholders according to the share register kept by Euroclear Sweden AB. Alecta was the largest shareholder, with 7.2 percent of the shares. Dometic's ten largest owners held shares corresponding to 44.8 percent of the shares. Institutional ownership amounted to 86.9 percent of the shares.

Of the total share capital, 43.7 percent was owned by Swedish institutions and mutual funds. 3.3 percent was held by Swedish private investors and the remaining 53.0 percent was held by foreign and non-disclosed owners.

Foreign investors are not always recorded in the share register, as foreign banks and other custodians may be registered for one or several customers' shares. This explains why the actual owners are not normally displayed in the register.

## ANALYST COVERAGE

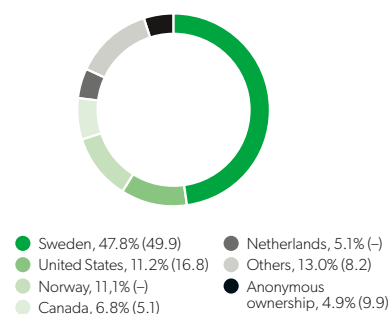
At the end of 2020, the following analysts had active coverage of Dometic.

ABG Sundal Collier	Johan Brown
Berenberg	Trion Reed
Carnegie	Henrik Christiansson
Danske Bank	Daniel Schmidt
DnB	Viktor Trollsten
Handelsbanken	Karri Rinta
Jefferies	Rizk Maidi
Kepler Cheuvreux	Johan Eliasson
Morgan Stanley	Lucie Carrier
Nordea	Agnieszka Vilela
Pareto	Fredrik Moregård
SEB Enskilda	Gustav Hageus

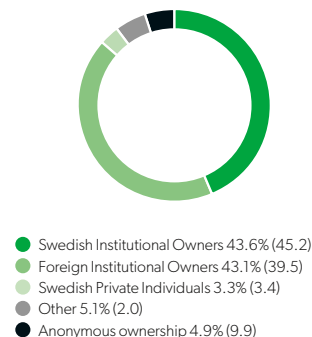
## FOR FURTHER INFORMATION

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 Head of Investor Relations  
 Tel: +46 73 056 97 35  
 rikard.tunedal@dometic.com

## Shareholder countries, % of capital and votes



## Shareholder categories





## 15 LARGEST SHAREHOLDERS

Shareholders	Share capital, %	Voting rights, %
1 Alecta Pension Insurance	7.2	7.2
2 NN Group N.V.	4.9	4.9
3 SEB Funds	4.8	4.8
4 1832 Asset Management	4.8	4.8
5 Handelsbanken Funds	4.8	4.8
6 Didner & Gerge Funds	4.2	4.2
7 Nordea Funds	3.8	3.8
8 Incentive AS	3.7	3.7
9 Swedbank Robur Funds	3.6	3.6
10 ODIN Funds	3.0	3.0
11 Vanguard	2.7	2.7
12 Norges Bank	2.6	2.6
13 Carnegie Funds	2.6	2.6
14 Lannebo Funds	2.2	2.2
15 Janus Henderson Investors	1.6	1.6
<b>Total top 15</b>	<b>56.6</b>	<b>56.6</b>
<b>Others</b>	<b>43.4</b>	<b>43.4</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

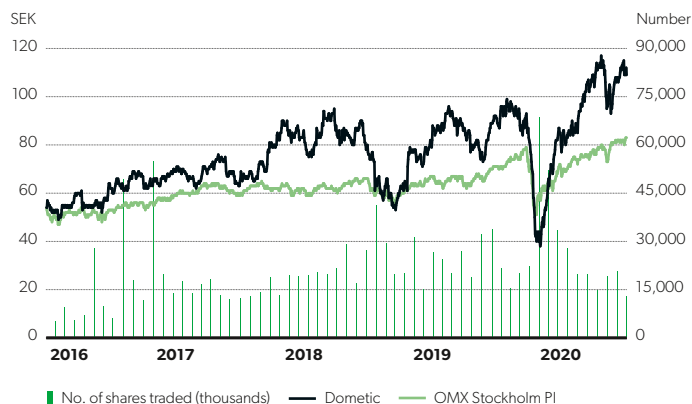
Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority as of December 31, 2020.

## SHAREHOLDING BY SIZE

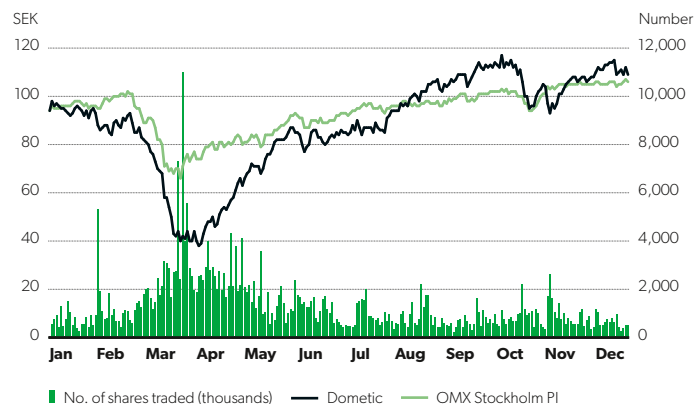
	No. of shares	Capital, %	Votes, %	Number of known owners	Part of known owners, %
1-100	194,213	0.1	0.1	4,867	40.8
101-200	410,909	0.1	0.1	2,358	19.8
201-300	215,014	0.1	0.1	803	6.7
301-400	197,393	0.1	0.1	532	4.5
401-500	282,824	0.1	0.1	584	4.9
501-1,000	1,041,391	0.4	0.4	1,288	10.8
1,001-2,000	1,045,046	0.4	0.4	687	5.8
2,001-5,000	1,297,113	0.4	0.4	387	3.2
5,001-10,000	945,167	0.3	0.3	128	1.1
10,001-20,000	1,139,732	0.4	0.4	75	0.6
20,001-50,000	1,667,490	0.6	0.6	55	0.5
50,001-100,000	2,617,422	0.9	0.9	38	0.3
100,001-500,000	13,177,898	4.5	4.5	60	0.5
500,001-1,000,000	14,646,272	5.0	5.0	21	0.2
1,000,001-5,000,000	79,782,002	27.0	27.0	30	0.3
5,000,001-10,000,000	38,756,562	13.1	13.1	5	0.0
10,000,001-15,000,000	102,516,069	34.7	34.7	8	0.1
15,000,001-	21,336,401	7.2	7.2	1	0.0
Anonymous ownership	14,564,415	4.9	4.9		
<b>Total</b>	<b>295,833,333</b>	<b>100.0</b>	<b>100.0</b>	<b>11,927</b>	<b>100.0</b>

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority as of December 31, 2020.

## SHARE PRICE DEVELOPMENT 2016-2020



## SHARE PRICE DEVELOPMENT 2020



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# BOARD OF DIRECTORS' REPORT

The Board of Directors and the President of Dometic Group AB (publ), company registration number 556829-4390 (the "Company"), hereby submit the following Annual Report and Consolidated Financial Statements covering the period January 1 to December 31, 2020.

## Business and organization

The Company and subsidiaries jointly known as the Dometic Group ("Dometic", the "Group", the "Dometic Group") is a global market leader in branded solutions for Mobile Living in the application areas of Food & Beverage, Climate, Power & Control and Other applications. Dometic provides products and solutions for use in recreational vehicles, pleasure boats, workboats, trucks, premium cars and for a variety of other outdoor activities. Dometic's focus is to create smart and reliable products with outstanding design.

Dometic operates 22 manufacturing and assembly sites in 11 countries with sales in approximately 100 countries. Dometic has a global distribution and dealer network in place to serve the aftermarket. The Group was in 2020 organized into three regions: Americas, EMEA (Europe, Middle East and Africa), and APAC (Asia Pacific).

Dometic employs approximately 6,500 persons worldwide, and has its headquarters in Stockholm, Sweden.

## Significant events in the fiscal year

### Organization

Henrik Fagrenius joined Dometic as the new head of region EMEA on October 1, 2020, replacing Peter Kruk who decided to leave Dometic for another external assignment.

Due to the COVID-19 pandemic, the full implementation of the organizational change communicated in February 2020 was postponed until the first quarter 2021.

### COVID-19

In late 2019, a Corona virus was found in China that spread to humans and caused the disease COVID-19. As a consequence, Dometic established a crisis management team to coordinate all activities related to the COVID-19 pandemic.

Dometic took proactive actions to protect its employees, other stakeholders and the financial position. Dometic has actively been working to balance capacity and resources with demand across the organization. The pandemic had a negative impact on Dometic's business and operations primarily during the first half of 2020.

During 2020 Dometic received government grants of SEK 61 million, mainly comprising salary support received. In addition other governmental business support, including short-term work compensation and reduction in social security charges, of SEK 149 million was received. An absolute majority of the support was received during the COVID-19 related lockdowns in the second quarter.

### Amended financing agreement with bank group

Given the uncertainties caused by COVID-19, Dometic announced an amended financing agreement with its bank group April 24, 2020. The amended financing agreement created flexibility and covenant headroom.

### Class action complaint

Since September 2018, a single consolidated class action complaint has been pending in Florida. In July 2019, the district court in the Southern District of Florida denied class certification on the basis of a single threshold requirement and did not address the remainder of the class certification inquiry. The plaintiffs subsequently appealed the decision to the Eleventh Circuit Court of Appeals. On February 2, 2021, the Eleventh Circuit Court of Appeals overturned the legal standard applied by the district court, which concerned only one of several prerequisites to class certification, and remanded the case to the district court to complete the class certification analysis. Dometic remains firm in its position that the allegations in the case are without merit and that a class action cannot be certified.

Dometic reached an agreement with one of its insurers, pursuant to which this

insurance company agreed to reimburse the company for a certain portion of the legal costs related to the class action. In addition, Dometic prevailed on summary judgment against a different insurer, pursuant to which this other insurance company will reimburse the company for the remaining portion of the legal costs related to the class action.

### Acquisitions and divestments

Dometic has not made any acquisitions or divestments during 2020.

## Business, result and financial position at Dometic

During 2020, net sales growth was –12 percent, of which organic growth was –10 percent. COVID-19 had a significant negative impact on net sales mainly in the first half of the year. During the year, significant short-term fluctuations in demand were successfully balanced with long-term investments and structural improvements. Net sales organic growth was –27 percent in the first half of 2020 while organic growth in the second half was 8 percent. Despite unprecedented challenges due to COVID-19, Dometic delivered a solid EBIT margin before items affecting comparability of 12.0 percent (13.2) and the leverage ratio improved to 2.0x (2.4x). Strategic initiatives to increase growth in the aftermarket business, invest in innovation and to reduce costs in several different areas of the company continued at high pace.

### Net sales

Net sales totaled SEK 16,207 million (18,503), a net sales growth of –12 percent, of which –10 percent was organic growth, –2 percent currency translation and 0 percent M&A.

Americas reported net sales of SEK 8,217 million (9,325). Total growth was –12 percent, of which –10 percent was organic growth, –2 percent currency translation and 0 percent M&A. COVID-19 and supply constraints impacted net sales negatively in 2020, primarily in the application areas of Climate Control and Food and Beverage. Net sales organic growth was –29 percent in the first half of 2020 and 12 percent in the second half of the year. Aftermarket net sales growth was 6 percent while OEM net sales growth was –21 percent.

EMEA reported net sales of SEK 6,493 million (7,472). Total growth was –13 percent, of which –12 percent was organic growth, –1 percent currency translation and 0 percent M&A. COVID-19 impacted net sales negatively in 2020 across all application areas mainly in the first half of 2020. Net sales organic growth was –25 percent in the first half of 2020 and 5 percent in the second half of the year.

APAC reported net sales of SEK 1,497 million (1,707). Total growth was –12 percent, of which –10 percent was organic growth, –2 percent currency translation and 0 percent M&A. COVID-19 impacted net sales negatively in 2020 across all application areas, mainly in the first half of the year. Net sales organic growth was –18 percent in the first half of 2020 and –2 percent in the second half of the year.

### Operating profit (EBIT)

Operating profit (EBIT) totaled SEK 1,880 million (2,338). Operating profit (EBIT) before items affecting comparability amounted to SEK 1,939 million (2,435), representing a margin of 12.0 percent (13.2). A negative impact from lower net sales was partly offset by cost reductions and a favorable business mix. The gross impact from tariffs was SEK –199 million (–258).

Americas' operating profit (EBIT) before items affecting comparability was SEK 855 million (1,096), representing a margin of 10.4 percent (11.8). Items affecting comparability totaled SEK –68 million (–41) and were related to restructuring measures implemented during the year. Operating profit (EBIT) was SEK 787 million (1,055)

negatively impacted by lower net sales, partly offset by cost reductions and a favorable business mix. The gross impact from tariffs was SEK –199 million (–258).

EMEA Operating profit (EBIT) before items affecting comparability was SEK 770 million (978), representing a margin of 11.9 percent (13.1). Items affecting comparability totaled SEK 30 million (–51) of which SEK 66 million related to a gain from a sale of fixed assets, partly offset by costs for the global restructuring program. Operating profit (EBIT) was SEK 799 million (926) negatively impacted by lower net sales due to COVID-19 in the first half of 2020, partly offset by cost reductions.

APAC operating profit (EBIT) before items affecting comparability was SEK 314 million (362), representing a margin of 21.0 percent (21.2). Items affecting comparability totaled SEK –20 million (–5) and were related to restructuring measures implemented during the year. Operating profit (EBIT) was SEK 294 million (357). Operating profit and margin were negatively impacted by lower net sales, partly offset by cost reductions.

### Operating profit before depreciation and amortization (EBITDA)

Operating profit before depreciation and amortization (EBITDA) totaled SEK 2,669 million (3,155). The EBITDA margin was 16.5 percent (17.1).

### Items affecting comparability

Items affecting comparability totaled SEK –59 million (–97), of which SEK –116 million related to the global restructuring program and SEK 66 million related to a gain from a sale of fixed assets. In the global restructuring program 21 sites and 778 employees have been affected so far.

### Global restructuring program

The global restructuring program, announced in 2019 and with a target to reduce cost by SEK 400 million, is progressing well. However, COVID-19-related travel restrictions combined with strong market demand are factors that are slowing down the pace of some ongoing projects.

### Research and development

Product development costs including capitalized spend of SEK 21.1 million (6.5) amounted to SEK 357 million (395), or 2.2 percent (2.1) of net sales.

### Financial items

Financial items totaled a net amount of SEK –532 million (–508), including SEK –399 million (–434) in interest on external bank loans. Other FX revaluations and other items amounted to SEK –140 million (–88) and financial income amounted to SEK 7 million (14).

### Taxes

Taxes totaled SEK –897 million (–505), corresponding to 67 percent (28) of profit before tax. Current tax amounted to SEK –955 million (–591) and deferred tax to SEK 58 million (86). The tax rate was impacted by a tax provision for an ongoing foreign tax dispute related to previous years. Paid tax of 33 percent (29) was higher compared with last year, due to an internal transfer of intangible assets.

### Profit (loss) for the year

Profit (loss) for the year was SEK 451 million (1,325), negatively impacted by lower operating profit and a tax provision for an ongoing foreign tax dispute related to previous years.

### Investments

Total investments in intangible and tangible fixed assets amounted to SEK 246 million (361). Investments in tangible fixed assets amounted to SEK 195 million (300) of which SEK 42 million (85) refers to machinery, equipment and tools, SEK 10 million (8) to buildings and SEK 144 million (207) to construction in progress and advance payments. Investments in intangible assets amounted to SEK 51 million (61).

### Cash flow from financing and financial position

Cash flow from financing, including paid interest, amounted to SEK 1,318 million (–1,403). The cash flow includes net changes in borrowing of SEK 2,000 million (216). A new SEK 2,000 million facility with EKN was arranged in the second quarter. No new bonds in the EMTN program were issued in 2020.

Net paid interest/received interest amounted to SEK –413 million (–361), and other financing activities to SEK –99 million (–96). Payment of lease liabilities related to lease agreements (IFRS 16) amounted to SEK –171 million (166).

Interest-bearing liabilities, excluding pension provisions, amounted to SEK 13,456 million (12,288). The debts are expressed in EUR, USD and SEK.

Group cash and cash equivalents at year-end amounted to SEK 7,913 million (4,289), and including tax deposits of SEK 146 million (266), the total amounted to SEK 8,059 million (4,555) at year-end. In addition, the Group has unutilized loan facilities under the revolving credit facility of SEK 2,022 million (2,094), and unutilized local loan facilities of SEK 239 million (134). The Senior Credit Facilities agreement ("SFA"), the EKN facility and the EMTN program may terminate upon the occurrence of certain customary circumstances, including in connection with a change of control in the Company or a delisting of the Company from Nasdaq Stockholm; for further information on the loan terms, see note 21.

There are no pledged assets or securities in the SFA, EKN and the EMTN program. The financing package is conditioned with covenants; Net debt/EBITDA and interest cover that are assessed on a quarterly basis. Other financial risks are described in note 3.

The equity ratio amounted to 43 percent (47). Net debt/EBITDA (leverage ratio) amounted to 2.0x (2.4x).

### Financial instruments

Dometic uses interest rate swaps to hedge senior facility term loans to move from floating interest rates to fixed interest rates. 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 88 million (38) and SEK 142 million (32), respectively.

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. For information on financial risk management and financial instruments, see note 3.

### Parent Company

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 2020, the Parent Company Dometic Group AB (publ) had an operating profit (loss) of SEK –9 million (0), including administrative expenses of SEK –199 million (–185) and other operating income of SEK 190 million (185), of which the full amount relates to income from subsidiaries.

Profit (loss) from financial items amounted to SEK –99 million (–453), including interest income from subsidiaries of SEK 194 million (279), interest expenses to subsidiaries of SEK – million (0) and other financial income and expenses of SEK –293 million (–732).

Profit (loss) for the year amounted to SEK –142 m (–54).

The Parent Company has zero (0) branch offices. In total, the Group has four (4) branch offices. For more information on the number of employees, salaries, and remuneration, see note 9 Employee benefit expense and remuneration. For information on shares in subsidiaries see note 26.

### Other significant events

#### Authorization to issue new shares in Dometic Group AB (publ)

The Board of Directors proposes that the annual shareholders' meeting authorizes the board of directors to resolve, on one or several occasions until the next annual shareholders' meeting, to issue new shares in Dometic Group AB (publ) with or without deviation from the shareholders' pre-emptive right. Such resolution may provide for payment in cash, against set-off of claims or in kind. The number of shares that may be issued in total under the authorization shall be within the limits of the articles of association and shall not exceed ten (10) percent of the total number of shares in the company at the time of the Board's resolution to issue new shares.

The purpose of the authorization, and the reasons for any deviation from the shareholders' pre-emptive right, is to enable payment through the issuance of own shares in connection with potential corporate acquisitions as well as to raise

capital in order to finance such acquisitions. The issue price shall be determined in accordance with prevailing market conditions.

### Significant events after the reporting period

On January 1, 2021 Dometic implemented a new organizational structure to generate additional focus and performance. The new structure is formed around four Segments, in contrast to three previous regions: Segments Americas, EMEA, APAC and Global. The Segments are the highest responsible operational entities reporting to the Group. The new organizational structure will be reflected in Dometic's report for the first quarter of 2021.

On February 2, 2021, Dometic announced the agreement to acquire Twin Eagles, a leading US manufacturer of grills and kitchen solutions for the residential outdoor market. Twin Eagles' annual net sales is USD 34 million.

There have been no other significant events with effects on the financial reporting after the balance sheet date.

### Future development

Dometic Group has set its financial targets as outlined below and has a roadmap of initiatives with which the Group will continue to implement its strategy. Dometic does not provide a financial outlook for the year.

### The Group's medium to long-term financial targets

Dometic's Board of Directors adopted in 2019 the following medium to long-term financial targets over a business cycle:

- Net sales growth of 10 percent, including organic growth and M&A.
- Reported operating profit (EBIT) margin before items affecting comparability of 16–17 percent.
- Net debt/EBITDA around 2x.
- Dividend of at least 40 percent of its net profit shall be distributed.

### Employees and remuneration

#### Number of employees

The average number of employees in terms of headcount was 6,482 (7,168).

### Guidelines for remuneration for the CEO and the Group Management

The annual shareholders' meeting resolved in April 7, 2020 to adopt the below guidelines for remuneration for the CEO and the Dometic Group management (the "Group Management"). The guidelines shall be subject to approval by the shareholders' meeting at least every fourth year. The Board of Directors has not proposed any amendments to the guidelines before the annual shareholders' meeting 2021, as a result of which the below guidelines remain in force. The guidelines apply to arrangements entered into following the adoption of the guidelines, as well as to any changes made in existing agreements following the adoption of the guidelines.

### The guidelines' promotion of the company's business strategy, long-term interests and sustainability

In short, the common ground for the company's business strategy and for all activities is found in the global strategy. By defining the way forward through well-defined toolboxes within the areas of profitable expansion, product leadership and cost reductions, we are leveraging our full strengths as a global company and industrializing Dometic whilst maintaining our successful entrepreneurial approach. For more information regarding the company's business strategy, please see <https://www.dometic.com/en/se/about-us/our-company/strategy>.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the executive management a competitive total remuneration.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

### Total remuneration

The total remuneration shall be based on the position held, individual performance, performance of the Dometic Group and be competitive in the country of

employment. The overall remuneration package may consist of the base salary, variable salary based on short-term annual performance targets, long-term incentives, pension and other benefits, including non-monetary benefits.

Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, considering, to the extent possible, the overall purpose of these guidelines.

### Base salary and variable salary

Base salary shall be the basis for the total remuneration. The base salary shall be market relevant and reflect the degree of responsibility involved in the position. The base salary levels shall be reviewed annually.

Members of the Group Management shall, in addition to the base salary, dependent on an annual decision by the Board of Directors, be eligible to variable salary that is based on short-term annual predetermined and measurable performance targets which can be financial or non-financial. The performance targets shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy, or promote the executive's long-term development. The short-term variable remuneration shall be linked mainly to financial parameters such as EBIT, cash conversion etc. Non-financial parameters can occur. The weighting of the different parameters can vary between 10–60 percent. The variable salary potential shall be dependent on the position and may for the CEO amount to a maximum of 75 percent of the base salary and for the other members of the Group Management amount to a maximum of 30–50 percent of the annual base salary, according to individual agreements.

The extent to which the criteria for awarding short-term variable cash remuneration have been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation. For financial targets, the evaluation shall be based on the latest financial information made public by the company, with any adjustments considered appropriate by the Remuneration Committee and Board of Directors.

### Long-term incentive programs

In addition to base salary and short-term variable cash remuneration, long-term incentive programs may be implemented. Such programs shall be designed to ensure a long-term commitment to Dometic Group's development, be implemented on market terms and have a term of no less than three years. Long-term incentive programs shall be cash-based and linked to the development of earnings per share. The total remuneration during the three-year measurement period may amount to a maximum of 100 percent of the participant's annual base salary at the time of the implementation of the program. Alternatively, long-term incentive programs shall be share- or share-price-related and be approved by the shareholders' meeting.

### Pensions and insurance

Pension and disability benefits shall reflect regulations and practice in the country of employment. The value of the pension and the benefits shall be in line with market practice in the country and the pension premiums for premium-based pension shall not exceed 40 percent of the annual base salary for the CEO and 35 percent for the other members of Group Management. If possible, pension plans shall, in line with the group remuneration policy, be defined contribution plans. The retirement age is normally 65 years. Variable salary components shall not qualify for pension benefits, save for situations when the rules in a general pension plan are applicable (for example the Swedish ITP plan).

### Other benefits

Other benefits, such as company car, medical or health insurance, housing or travel benefits or similar, may be part of the total remuneration and shall aim to facilitate the Group Management's duties and correspond to what is considered reasonable in relation to market practice in the country of employment.

Premiums and other costs relating to such benefits may amount to not more than 10 percent of the fixed annual base salary.

### Notice of termination and severance pay

Upon termination of employment, the notice period may not exceed twelve months. Fixed cash salary during the notice period and severance pay may not, in total, exceed an amount corresponding to the fixed cash salary for two years.

When termination is made by the executive, the notice period may not exceed six months, without any right to severance pay.

Severance pay shall not form a basis for vacation pay or pension benefits. Local employment laws and regulations may influence the terms and conditions for notice given by the company.

The Group Management shall be obliged not to compete with the Company during the notice period.

### Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, the salary and employment conditions for employees of the company have been taken into account by the inclusion of information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to executives and remuneration to other employees will be disclosed in the remuneration report.

### The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a remuneration committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

### Authority for the Board of Directors to deviate from the guidelines for remuneration

Under special circumstances and if it is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability, the Board of Directors may, in whole or in part, in an individual case deviate from these guidelines for remuneration. In case of such deviation, the next annual shareholders' meeting shall be informed of the reasons.

The Board of Directors has exercised its mandate given by the annual shareholders' meeting to deviate from the guidelines in the following cases. In connection with the recruitment of the new President EMEA, it was agreed to partly compensate the new President EMEA for lost STI, shares and options from the previous employment, with an amount of SEK 1.000.000. In 2020, the pandemic set unprecedented conditions which required great efforts from the business. A payout of 10 percent was implemented for Group and Regional Management members during the most intense phase of the pandemic that affected the business. In light of the situation and as an extraordinary retention tool, the Board of Directors made the performance evaluation of the LTI programs for 2018 and 2019 in 2020 in advance (to be paid in 2021 and 2022), before the three-year vesting period of these programs had expired. The outcome of the Board of Directors' performance evaluation was that 50 percent of the maximum remuneration under the two programs shall be paid out after expiration of the three-year vesting period for all participants in the program. These two programs are the first programs for several of the Group Management members and in Regional Management.

### Sustainability and environmental impact Sustainability

For more information on the Dometic Group and sustainability, read the full sustainability report on pages 41–50. This is the statutory sustainability report in accordance with the Swedish annual accounts act. See pages 118–121 for the sustainability notes. For information on subsidiaries in the Group, see note 26.

### Environmental impact

Dometic undertakes production at some 22 wholly owned factories in Americas, EMEA and APAC. Manufacturing comprises mainly assembly of components sourced from external suppliers. Other processes include processing of metal, sheet metal and plastic, welding, vacuum forming, foaming and painting, sewing and brazing.

The product portfolio consists of refrigerators, air conditioning systems, windows, doors, steering systems and other equipment and appliances in the business areas of RV, Marine, CPV, Lodging and Retail.

The most important environmental aspects in production primarily constitute energy consumption and waste. Studies of the total environmental impact of the Group's products during their entire lifetime, i.e. from production and use to recycling, indicate that the largest environmental impact is generated when the products are used which is why energy efficiency in the use phase is a key environmental target. The Group has a long history of collecting and monitoring environmental data from its production sites and reports, among other things, on wastewater, energy and CO<sub>2</sub> emissions. All Dometic factories with more than 50 employees are expected to maintain ISO 14001 certification of their operations. Dometic's manufacturing units adjust their operations, apply for necessary permits and report to the authorities in accordance with local legislation. The permits cover e.g. thresholds or maximum permissible values for air and water-borne emissions and noise.

Dometic's products are affected by laws, rules and regulations in various markets principally involving energy consumption, producer responsibility for recycling, and the management of hazardous substances. Dometic continuously monitors changes in laws, rules and regulations and both product development and manufacturing incorporate any required legal changes.

### The share, shareholders and proposed distribution of earnings

#### The share

Dometic's shares have been listed on Nasdaq Stockholm since November 25, 2015; the share capital amounted to SEK 739,583 divided into 295,833,333 shares. The quotient value (nominal value) of the share is SEK 0.0025 per share.

#### All shares are of the same class and carry equal rights in all respects

At the annual shareholders' meeting, each share carries one vote and each shareholder is entitled to vote the full number of shares such shareholder holds in the Company.

#### Shareholders

On December 31, 2020 the number of shareholders amounted to 11,927 according to the share register kept by Euroclear Sweden AB. Of the total share capital, 43.7 percent was owned by Swedish institutions and mutual funds. 3.3 percent was held by Swedish private investors and the remaining 53.0 percent was held by foreign and non-disclosed owners. Alecta Pension Insurance is the largest shareholder, holding 7.2 percent of the share capital and 7.2 percent of the voting rights. NN Group N.V. is the second-largest shareholder, holding 4.9 percent of the share capital and 4.9 percent of the voting rights. The ten largest shareholders accounted for approximately 44.8 percent of the share capital and 44.8 percent of the voting rights in the Company.

#### Articles of Association

The articles of association contain no separate provisions pertaining to the appointment and dismissal of Board members, nor to amendments to the articles of association.

#### Proposed distribution of earnings

The following earnings (SEK thousands) are at the disposal of the annual shareholders' meeting:

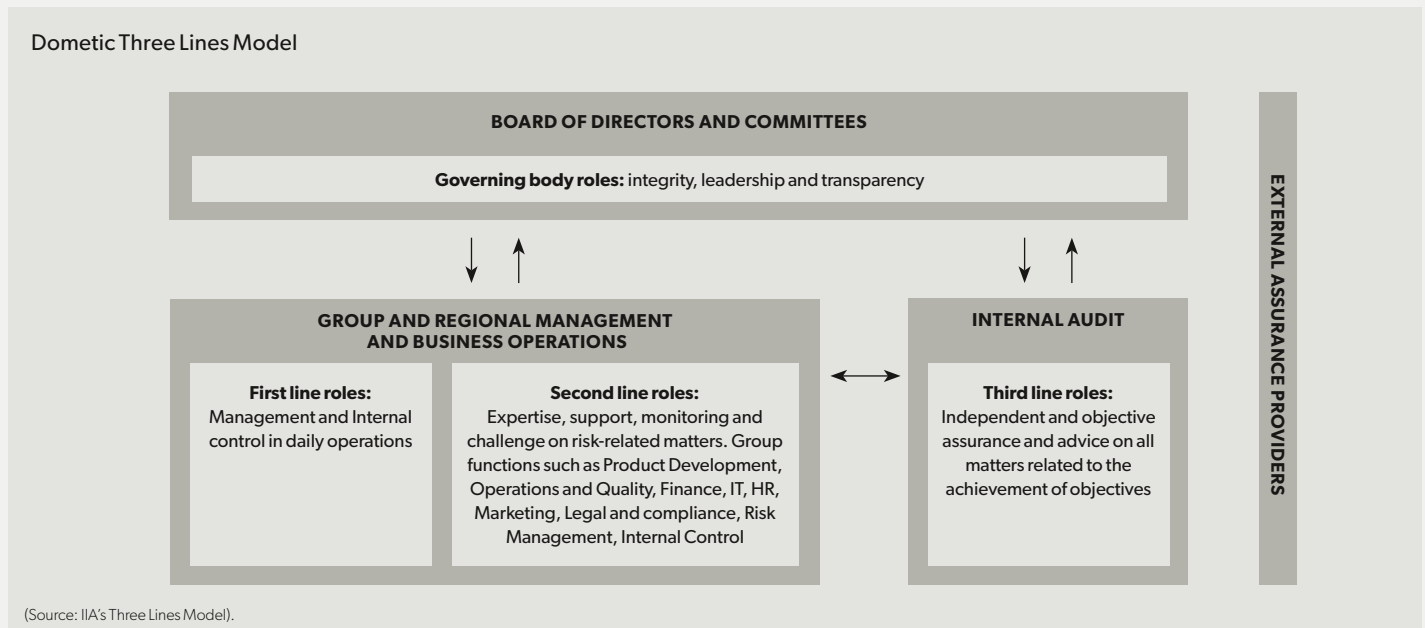
Retained earnings	10,065,500
Profit for the year	-142,120
<b>Total</b>	<b>9,923,380</b>

The Board of Directors proposes that earnings be distributed as follows:

A dividend to the shareholders of SEK 2.30 per share, totaling	680,417
To be carried forward	9,242,963
<b>Total</b>	<b>9,923,380</b>

# RISKS AND RISK MANAGEMENT

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.

## Risk management

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 the strategic risks are connected to the objectives defined for each of the three pillars in the Group strategy. Read more about our strategy on page 12.

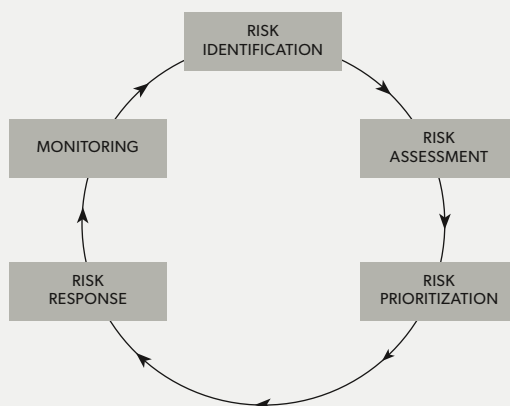
During 2020 extensive risk assessments were performed on group and regional level to assess risks and related mitigating actions. Group risk assessments mainly focused on the strategic risks and the regional risk assessments mainly focused on the execution risks, since the regions execute on the strategy and decisions made by Group Management and the Board of Directors.

The Risk Committee, which from 2019 comprises the members of Group Management, 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.

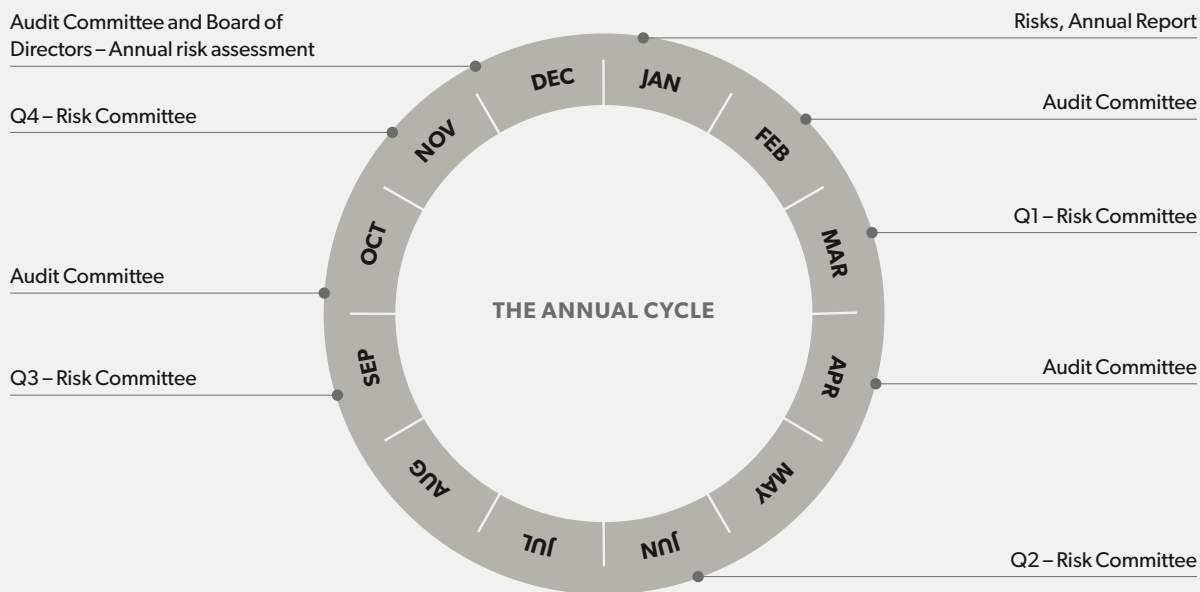
Strategic risks are assessed top-down by Group Management, while execution, compliance & regulatory and reporting risks are assessed bottom-up by Regional Management and process and risk owners, as well as top down by Group Management and global process and risk owners, as applicable. The Risk Committee 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

## Risk management process



**THE ANNUAL CYCLE**  
The Risk Management process annual cycle.



The Risk Committee comprises the members of Group Management. The work of the Risk Committee is regularly reported to the Audit Committee and annually to the Board of Directors including the annual risk assessment.

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.

Risk response i.e. risk mitigating actions could include avoiding the risk, reducing the risk, sharing the risk or accepting the risk. The preferred action depends on the probability, impact and nature of the risk, whether e.g. avoiding it by not engage in certain businesses, reducing the exposure of it by hedging or strengthening internal processes, sharing it through insurance or joint ventures, or accepting it as part of the business in combination with monitoring it to be able to react fast if the risk materializes. Monitoring is executed in the daily business operations and more formally at the Risk Committee meetings as well as at the Audit Committee and Board of Directors’ meetings respectively.

**Risk universe**

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**

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
- External risk factors

Strategic risks are assessed top-down by Group Management and strategic risk maps are used for e.g. evaluating the Group’s options and strategic position.

Examples of market and sales risks are customer dependency, cyclicity, seasonality and segment dependency, market trends, channel conflicts, e-commerce, brand and reputation and M&A opportunities and prioritization. Examples of product risks are product prioritization, technology disruption, and product life cycle management. There are also manufacturing, distribution and sourcing risks and within organizational risks there are competence management and leadership risks. External risk factors could be political, climate change, weather-related, hazards and risks related to compensation and external crime. Political risks could be tariffs or other trade barriers caused by political decisions. Special attention was given to the hazard risk during the year, as an effect of the COVID-19 outbreak. See pages 4 and 68 for more Information.



**Execution risks**

Execution risks are operational, commercial and financial risks associated with business operations. Execution risks are divided into the following subcategories:

- Financial risks
- Product-related risks
- Sales, sourcing/suppliers, distribution, manufacturing risks
- Organizational risks
- Corporate Governance risks
- Information and IT risks
- Asset risks

Execution risks are assessed bottom-up by Regional Management and process and risk owners and execution risk maps are used by business operations to support in business evaluations and decisions.

Execution risks can impact the business operations’ ability to reach established objectives. Execution risks are mitigated by implementing clear process ownership, internal governing documents, by effective internal control activities, quality programs, whistleblower system, insurance programs and proper crisis management as well as by reducing environmental impact and improving energy efficiency.

Examples of financial risks are credit, liquidity and financing, impairment, tax, interest rate and currency risks. Examples of product-related risks are inefficient introduction of new products, reactions to product quality issues, product safety and liability, environmental and business disruption risks. Examples of risk related to sales, sourcing/suppliers, distribution, manufacturing risks are price control, customer/supplier contracts, suppliers and supply chain, manufacturing of existing products, distribution and environmental risks. Examples of organizational risks are employee health and safety, working conditions, ability to attract, hire, retain competence and personnel, change management, M&A integration and security risks. Examples of corporate governance risks are ineffective organization, process ownership, internal processes and internal governing documents, digitalization, internal corruption, fraud and misconduct risks. Examples of Information and IT risks are Information Security, IT operations, IT security, cybercrime and social media risks. Examples of asset risks are tangible assets, inventory and intangible assets risks. For more information on financial risks and risk management, see Note 3 financial risk management and financial instruments on page 86.

**Compliance & Regulatory risks**

Compliance & Regulatory risks are both internal compliance with governing documents as well as external compliance with laws, rules and regulations. Compliance & Regulatory risks are divided into the following subcategories:

- Laws and regulations risks
- Other compliance and regulatory risks

Compliance & Regulatory risks are assessed top-down by Group Management as

well as bottom-up by Regional Management and compliance & regulatory risk maps are used to support business evaluations and decisions.

Dometic is subject to stringent environmental and other regulatory requirements, which can result in additional cost for the Group impacting operational profit or liability, restrict operations or result in the limitation or suspension of the sale or production of a product. The introduction of new laws, rules and regulations, the discovery of previously unknown contamination, or the imposition of new or increased regulatory requirements could affect the Group’s operational profit and quality of financial reporting. Internal compliance risks are mitigated by active dialogue, intranet publications and training of employees, annual assessments of internal governing documents by Compliance and by Group Internal Control. External compliance risks are mitigated by active review by the global Quality function and continuous dialogue between regional entities and Group functions, such as the Legal, HR, Finance and Tax.

Laws and regulations risks may be related to global, regional or local laws, rules and regulations. Examples of other compliance and regulatory risks are other specific industry or market requirements as well as dispute and litigation risks.

A more detailed description of Dometic’s work with Internal control over financial reporting is provided in the Corporate Governance Report, section Internal control over financial reporting on page 67.

**Reporting risks**

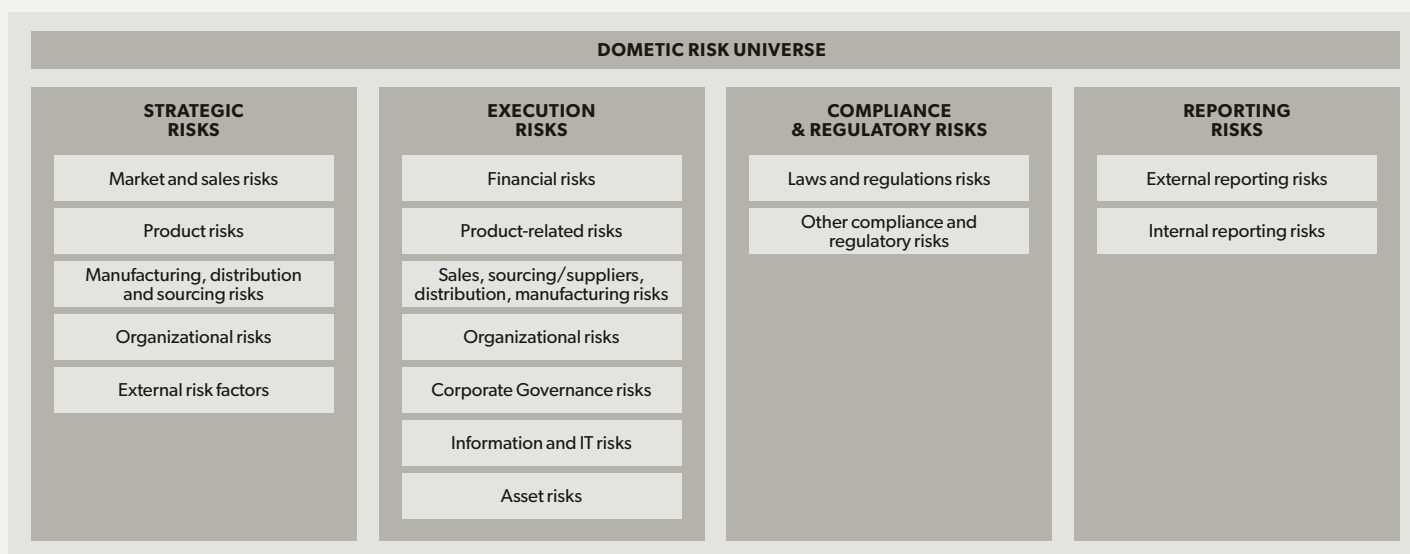
Reporting risks are risks associated with Dometic’s reporting, information and communication, both financial and non-financial. Reporting risks are divided into the following subcategories:

- External reporting risks
- Internal reporting risks

Reporting risks are assessed top-down by Group Management as well as bottom-up by Regional Management and reporting risk maps are used in the risk assessment. External reporting is supported by e.g. an Information Policy approved by the Board of Directors, and internal reporting is supported by other internal governing documents.

Examples of external reporting risks are related to external reporting, communication and information both financial, such as Interim reports, Full-year reports and Annual reports, and non-financial. Examples of internal reporting risks are related to internal reporting, communication and information, both financial and non-financial, including decision supporting material and monitoring supporting material.

A more detailed description of Dometic’s work with Internal control over financial reporting is provided in the Corporate Governance Report, section Internal control over financial reporting on page 67.



# CORPORATE GOVERNANCE REPORT

Dometic is a global market leader in branded solutions for Mobile Living in the application areas of Food & Beverage, Climate, Power & Control and Other applications. Dometic was in 2020 organized into three regions: the Americas, EMEA and APAC, providing products and solutions for use in recreational vehicles, pleasure and work boats, trucks, premium cars and for a variety of other uses. Our motivation is to create smart and reliable products with outstanding design. Dometic has a global distribution and dealer network in place to serve the aftermarket. Dometic employs approximately 6,500 employees worldwide and had net sales of more than SEK 16 billion in 2020.

The parent company of the Dometic group of companies ("Dometic", "the Group", "the Dometic Group") is Dometic Group AB (publ) ("the Company"), registered under number 556829-4390 with the Swedish Companies Registration Office.

The registered office of the Board of Directors of Dometic (the "Board") is in Solna, Sweden. The address of the Group headquarters is Hemvärnsgatan 15, 6th floor, SE-171 54 Solna, Sweden.

The Company is a public Swedish limited liability company. The Company's shares are listed on the Nasdaq Stockholm Large Cap List. The Company aims to implement strict norms and efficient processes to ensure that all operations create long-term value for shareholders and other stakeholders. This involves the maintenance of an efficient organizational structure, systems for internal control and risk management and transparent internal and external reporting.

The governance of the Company and the Group is based on the Swedish Companies Act, the Swedish Annual Accounts Act, the Nordic Main Market Rulebook for Issuers of Shares and the Swedish Corporate Governance Code (the "Code") and other applicable Swedish and foreign laws, rules and regulations as well as internal regulations in terms of Dometic's governing documents. The Code is published on the website of the Swedish Corporate Governance Board, which administers the Code: [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se). Dometic's formal corporate governance structure is presented below.

This corporate governance report has been drawn up as a part of the Company's application of the Code. The Company does not report any deviations from the Code in 2020. There has been no infringement by the Company of the applicable stock exchange rules and no breach of good practice on the securities market reported by the disciplinary committee of Nasdaq Stockholm or the Swedish Securities Council in 2020.

## Highlights 2020

Re-election of Fredrik Cappelen as the Chairman of the Board. Henrik Fagrenius was appointed as new President of region EMEA as of October 1, 2020.

Applicable laws, rules and regulations, examples	Internal regulations in terms of Dometic's governing documents, examples
<ul style="list-style-type: none"> <li>Swedish Companies Act</li> <li>Swedish Annual Accounts Act</li> <li>Nordic Main Market Rulebook for Issuers of Shares</li> <li>Swedish Corporate Governance Code.</li> </ul>	<ul style="list-style-type: none"> <li>Articles of Association</li> <li>Rules of Procedure for the Board of Directors</li> <li>Instructions for the CEO</li> <li>Instructions for the Remuneration Committee</li> <li>Instructions for the Audit Committee</li> <li>Instructions for the reporting of financial situation of Dometic Group AB (publ) and the Dometic Group</li> <li>Code of Conduct</li> <li>Guidelines for Remuneration</li> <li>Diversity and Inclusion Policy</li> <li>Finance Policy (incl. Tax, Treasury and Credit Policy)</li> <li>Information Policy</li> <li>Insider Policy</li> <li>Internal Audit Policy</li> <li>Dividend Policy</li> <li>Privacy Policy</li> <li>IT Policy</li> <li>Finance Manual</li> <li>Internal Control Charter</li> <li>Processes for internal control and risk management</li> <li>Minimum Internal Control Requirements (MICR)</li> </ul>

## Shareholders' Meeting

Pursuant to the Swedish Companies Act, the shareholders' meeting is the Company's highest decision-making body and the shareholders exercise their voting rights at such meetings. At the annual shareholders' meeting, shareholders have the opportunity to ask questions about the Company and the Group and the results for the past year. The annual shareholders' meeting of the Company is held in Stockholm, Sweden, usually in April or May.

The annual shareholders' meeting resolves upon:

- Adoption of statutory financial statements.
- Disposition of the Company's disposable earnings and dividend.
- Discharge from liability of the Board members and the CEO.
- Election of the Board members, the Chairman of the Board and the external auditor.
- Remuneration to the Board members, the Chairman of the Board and the external auditor.
- Principles for the appointment and work of the Nomination Committee.
- Guidelines for remuneration for the CEO and the Group Management, and, if applicable, adoption of long-term share or share-price related incentive programs.
- Approval of the remuneration report (applicable for the first time at the annual shareholders' meeting 2021).
- Other important matters, such as authorization to acquire and transfer shares in the Company, authorization to issue new shares in the Company, amendments to the Company's Articles of Association, if applicable.

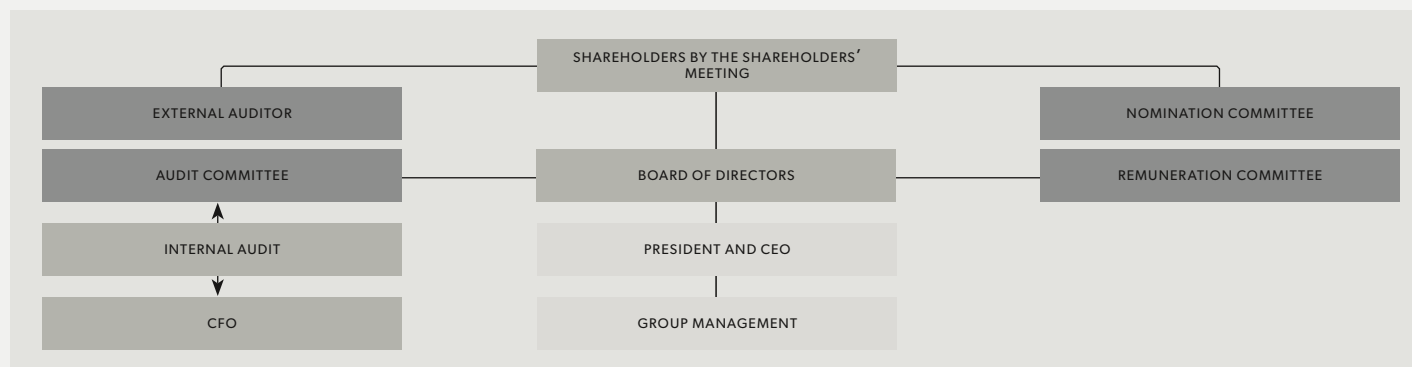
Extraordinary shareholders' meetings may be held at the discretion of the Board or, if requested, by the external auditor or by shareholders owning at least 10 percent of all shares in the Company.

Participation in decision-making normally requires the shareholder's presence at the shareholders' meeting, either personally or through a proxy. In addition, the shareholder shall be registered in the share register by a stipulated date prior to the meeting and shall provide notice of participation in the manner prescribed in the notice convening the meeting. According to the Company's Articles of Association, meetings are convened by publication of the convening notice in the Swedish National Gazette (Sw. Post- och Inrikes Tidningar) and on the Group's website, [www.dometic.com](http://www.dometic.com). At the time of the notice convening the meeting, information regarding the notice is published in the Swedish daily newspaper Svenska Dagbladet. The Company's Articles of Association are available on the Group's website.

Individual shareholders may request that the Board includes a specific issue in the agenda of a shareholders' meeting. The address and the last date for making such a request for the respective meeting shall be published on the Group's website.

Decisions at the shareholders' meeting are usually taken on the basis of a simple majority. However, as regards certain issues, the Swedish Companies Act stipulates that proposals must be approved by shareholders representing a larger number of the votes cast and the shares represented at the meeting. The minutes recorded at the meeting shall be published on the Group's website not later than two weeks following the meeting. A press release containing the decisions made by the shareholders' meeting shall be published on the Group's website immediately after the meeting.

## Dometic's corporate governance structure



All shares in the Company carry equal voting rights, namely one vote per share. The Company's Articles of Association do not have any specific provisions regarding the appointment and dismissal of directors or about amending the Articles.

### Annual Shareholders' Meeting 2020

The 2020 annual shareholders' meeting of the Company was held at Hotel At Six in Stockholm, Sweden, on April 7, 2020. 300 shareholders representing a total of 58.9 percent of the votes were represented at the meeting. The CEO's speech was recorded and is available on the Group's website, [www.dometic.com](http://www.dometic.com) together with the minutes.

Decisions at the 2020 annual shareholders' meeting included:

- Adoption of statutory financial statements for the financial year 2019.
- Approval of the Board's proposal that no dividend for the financial year 2019 shall be paid out to the shareholders and that disposable earnings shall be brought forward.
- Discharge from liability of the Board members and the CEO.
- Re-election of the Board members: Fredrik Cappelen, Erik Olsson, Heléne Vibbleus, Jacqueline Hoogerbrugge, Magnus Yngen, Peter Sjölander and Rainer Schmückle.
- Re-election of Fredrik Cappelen as the Chairman of the Board.
- Re-election of the audit firm PricewaterhouseCoopers AB as external auditor, with Anna Rosendal remaining as the auditor in charge.
- Approval of remuneration to the Board members, the Chairman of the Board and the external auditor.
- Adoption of the principles for the appointment and work of the Nomination Committee.
- Approval of the guidelines for remuneration for the CEO and the Group Management.
- Authorization for the Board to acquire and transfer shares in the Company.
- Authorization for the Board to issue new shares in the Company.

### Annual Shareholders' Meeting 2021

The 2021 annual shareholders' meeting of the Company will be held by postal voting on Tuesday, April 13, 2021. For additional information regarding the next annual shareholders' meeting and how to register attendance, see the Group's website, [www.dometic.com](http://www.dometic.com).

### Nomination Committee

The 2020 annual shareholders' meeting resolved to adopt the following principles for the appointment and work of the Nomination Committee for the 2021 annual shareholders' meeting.

The Nomination Committee shall be composed of the Chairman of the Board together with one representative of each of the three largest shareholders, based on ownership in the Company as of August 31. Should any of the three largest shareholders renounce its right to appoint one representative to the Nomination Committee, such right shall transfer to the shareholder who then in turn, after these three, is the largest shareholder in the Company. The Board shall convene the Nomination Committee. The member representing the largest shareholder shall be appointed the chairman of the Nomination Committee, unless the Nomination Committee unanimously appoints someone else.

Should a shareholder having appointed a representative to the Nomination Committee no longer be among the three largest shareholders at a point in time falling three months before the annual shareholders' meeting at the latest, the representative appointed by such shareholder shall resign and the shareholder who is then among the three largest shareholders shall have the right to appoint one representative to the Nomination Committee. Should such change in the ownership occur during the three-month period prior to the annual shareholders' meeting, the already established composition of the Nomination Committee shall remain unchanged. Should a member resign from the Nomination Committee before his or her work is completed, the shareholder who has appointed such member shall appoint a new member, unless that shareholder is no longer one of the three largest shareholders, in which case the largest shareholder in turn shall appoint the substitute member. A shareholder who has appointed a representative to the Nomination Committee shall have the right to discharge such representative and appoint a new representative.

Changes to the composition of the Nomination Committee shall be announced immediately. The term of the office for the Nomination Committee ends when the next Nomination Committee has been appointed. The Nomination Committee shall carry out its duties as set out in the Code.

The composition of the Nomination Committee for the annual shareholders' meeting is publicly announced on the Group's website, [www.dometic.com](http://www.dometic.com) no later than six months before the annual shareholders' meeting.

The Nomination Committee's tasks include preparing a proposal for the next annual shareholders' meeting regarding:

- Chairman of the annual shareholders' meeting.
- Board members.
- Chairman of the Board.
- Remuneration to Board members and Chairman of the Board.
- Remuneration for Board committee work.
- Amendments of the principles for the appointment and work of the Nomination Committee, if deemed necessary.
- External auditor and external auditor's fee.

In addition, the Nomination Committee shall assess the independence of the Board members in relation to the Company and the largest shareholders. The Nomination Committee's proposals are publicly announced no later than on the date of the notice of the annual shareholders' meeting. Shareholders wishing to submit proposals to the Nomination Committee should send a letter to Nomination Committee, Dometic Group AB (publ), Hemvärnsgatan 15, 6th floor, SE-171 54 Solna, Sweden.

No remuneration is paid to members of the Nomination Committee. The Company shall pay any necessary expenses that the Nomination Committee may incur in its work.

Further information regarding the Nomination Committee and its work can be found on the Group's website: [www.dometic.com](http://www.dometic.com).

### Nomination Committee for the 2020 Annual Shareholders' Meeting

The Nomination Committee for the 2020 annual shareholders' meeting comprised four members. Mr. Ramsay Brufer (Alecta Pension Insurance) was the Chairman of the Nomination Committee.

For the proposal for the 2020 annual shareholders' meeting, the Nomination Committee made an assessment of the composition and size of the then current Board as well as the Group's operations. Areas of particular interest were Dometic's strategies and goals and the demands on the Board that were expected from the Group's positioning for the future. The Nomination Committee also considered that a breadth and variety as regards age, nationality, gender, educational background, experience, competence and term of office were represented among the Board members.

The Nomination Committee proposed re-election of the Board members: Fredrik Cappelen, Erik Olsson, Heléne Vibbleus, Jacqueline Hoogerbrugge, Magnus Yngen, Peter Sjölander and Rainer Schmückle and the re-election of Fredrik Cappelen as the Chairman of the Board. After the election at the 2020 annual shareholders' meeting, two out of seven Board members are women.

### Nomination Committee for the 2021 Annual Shareholders' Meeting

The Nomination Committee for the 2021 annual shareholders' meeting is based on the ownership in the Company as of August 31, 2020. The composition of the Nomination Committee was announced on the Group's website, [www.dometic.com](http://www.dometic.com) on September 29, 2020, i.e. six months before the 2021 annual shareholders' meeting, in accordance with the Code's announcement requirement.

The Nomination Committee's members are: Mr. Magnus Billing (Alecta Pension Insurance), Mr. Henrik Didner (Didner & Gerge Funds), Mr. Jan Särilvik (Nordea Funds) and Mr. Fredrik Cappelen, Chairman of the Board. Mr. Magnus Billing is the Chairman of the Nomination Committee.

### Nomination Committee

Name	Appointed by	Percentage of votes, August 31, 2020
Magnus Billing	Alecta Pension Insurance	7.6%
Henrik Didner	Didner & Gerge Funds	4.4%
Jan Särilvik	Nordea Funds	3.9%
Fredrik Cappelen	Chairman of the Board	0.31%

### The Board of Directors

The Board has the overall responsibility for the Company's and the Group's organization and administration by continuously monitoring the operations, ensuring an appropriate organization, management, governing documents and internal control. The Board establishes objectives and strategies and makes decisions concerning major investments and operational changes. The Chairman of the Board has a leading role and is responsible for ensuring that the Board's work is well organized and performed efficiently.

### Composition of the Board

The Board comprises seven members, without deputies, who are elected by the annual shareholders' meeting. The annual shareholders' meeting elects the Chairman of the Board. Directly after the annual shareholders' meeting, the Board holds a meeting for formal constitution at which the members of the committees of the Board are elected. The Chairman of the Board is Fredrik Cappelen.

Two of the seven Board members are not Swedish citizens. All members of the Board are non-executive members.

For additional information regarding the Board members, see page 70.

The information is updated regularly on the Group's website, [www.dometic.com](http://www.dometic.com)

### Diversity Policy for the Board of Directors

The Nomination Committee shall apply the Swedish Corporate Governance Code article 4.1 as its Diversity Policy in respect of the Board. The goal of the Policy is for the Board to have a composition appropriate to the Company's and the Group's operations, phase of development and other relevant circumstances. The Board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The Company shall strive for gender balance on the Board.

As set out in the Nomination Committee's proposal on election of the Board members for the 2020 annual shareholders' meeting, the Nomination Committee applied article 4.1 of the Swedish Corporate Governance Code as the Diversity Policy in its nomination process. The 2020 annual shareholders' meeting resolved to appoint the Board members in accordance with the Nomination

Committee's proposal. After the election at the 2020 annual shareholders' meeting, two out of seven Board members are women (28.6 percent women).

The above-mentioned assessment and application of the Diversity Policy has also been made in respect of the Nomination Committee's preparation of the proposals for the 2021 annual shareholders' meeting. In its work the Nomination Committee has focused on ensuring an adequate balance of experience, competence, diversity and gender when considering the composition of the Board. The Nomination Committee has explicitly stated that diversity and equal gender balance are prioritized matters. Thus, in order to ensure continuity in the Board's work and to add relevant competence but also to strengthen the equal gender balance in the Board, the Nomination Committee has proposed to appoint an additional female Board member, with expertise in e-commerce and technology development. According to the Nomination Committee's proposal, the Board shall consist of eight Board members, of which seven Board members should be re-elected and one additional new Board member should be elected at the 2021 annual shareholders' meeting. Three of the proposed Board members are women and five Board members are men.

### Independence

The Board is considered to be in compliance with relevant requirements for independence. The assessment of each Board member's independence is presented on pages 70-71. All Board members have been considered independent. Accordingly, the Company is in compliance with the Code's independence requirement.

### The Board's tasks

One of the main tasks of the Board is to manage the Group's operations in such a way as to assure that the interests of the owners in terms of long-term profitable growth and value creation are being met in the best possible manner. The Board's work is governed by applicable laws, rules and regulations as well as internal governing documents that constitute the framework for corporate Governance at Dometic.

The Board deals with and decides on Group-related issues, such as:

- Objectives and strategies.
- Appointing, evaluating, and, if necessary, dismissing the CEO.
- Identifying how sustainability issues impact business risks and opportunities.
- Internal governing documents, as applicable.
- Ensuring that there is an appropriate system of internal controls and risk management to follow-up the Group's operations and the risks to the Group that are associated with its operations.
- Ensuring that there is a satisfactory process for monitoring the Group's compliance with applicable laws, rules and regulations as well as internal governing documents.
- Ensuring that the Group's external communications are characterized by openness and that they are accurate, reliable and relevant.
- Evaluating its work annually.
- Evaluating the work of the CEO continuously.
- Matters that according to the Instructions for the CEO fall outside of the scope of the CEO's day-to-day management.

For information regarding examples of applicable laws, rules and regulations as well as internal governing documents, see the table on page 62.

### Working procedures and Board meetings

The Board determines its working procedures, documented in the Rules of Procedure for the Board of Directors, each year and reviews these Rules of Procedure as required. The Rules of Procedure describe the Chairman of the Board's duties as well as the responsibilities delegated to the committees appointed by the Board.

In accordance with the Rules of Procedure for the Board of Directors and the Code, the Chairman of the Board shall among other things:

- Organize and lead the Board's work.
- Verify that the Board's decisions are implemented efficiently and effectively.
- Ensure that the Board discharges its duties.

- Ensure the efficient and effective functioning of the Board including necessary introductory training for new Board members and ensure that the Board regularly updates and develops its knowledge of the Group and its operations.
- Be responsible for contacts with the shareholders regarding ownership issues.
- Ensure that the Board receives sufficient information and documentation to enable it to conduct its work.

The Rules of Procedure for the Board of Directors stipulate that the meeting for the formal constitution of the Board shall be held directly after the annual shareholders' meeting. Decisions at such statutory Board meetings include the election of chairman and members of the committees of the Board and authorization to sign on behalf of the Company. In addition to the statutory Board meeting, the Board shall hold at least four ordinary Board meetings during the year. These meetings are held in conjunction with the publication of the Company's Interim reports, Full-year reports and Annual reports, in connection with visits to the Group manufacturing facilities, as applicable, and coordinated with the most important processes of the Group, such as strategy, budget and risk. Furthermore, extraordinary Board meetings may be held when necessary by telephone, video conferences, or per capsulam.

### The Board's work in 2020

During the year, the Board held 17 meetings, including statutory, ordinary, extraordinary. The attendance of each Board member at these meetings is presented on pages 70–71.

Ordinary Board meetings follow a calendar that is established annually. In addition to the Board meetings, the Chairman of the Board and the CEO have continuous contact pertaining to operations and other important matters. All Board meetings during the year followed an agenda, which, together with the documentation for each item on the agenda, was made available for the Board members in advance of the meetings. Meetings usually last for half a day or one entire day in order to allow time for presentations and discussions. Normally the CEO and the CFO are present at ordinary Board meetings and Dometic's Group General Counsel serves as secretary at the Board meetings.

Each scheduled ordinary Board meeting includes a review of the Group's business and the financial results and financial position as well as the outlook for the forthcoming quarters, as presented by the CEO and the CFO. The meetings also deal with investments, and the establishment of new operations, acquisitions and divestments. The Board decides on all investments exceeding SEK 10 million.

Major items addressed by the Board in 2020 included:

- Organizational changes
- Discussions regarding the impact of the COVID-19 pandemic
- Strategy implementation
- Restructuring program
- Cost reduction activities
- Growth opportunities, including M&A projects

### Ensuring quality in financial reporting

The Rules of Procedure for the Board of Directors and the Instruction for the reporting of financial situation determined annually by the Board include detailed instructions on the type of financial reports and similar information which shall be submitted to the Board. In addition to the Interim reports, the Full-year reports and the Annual reports, the Board reviews and evaluates comprehensive financial information regarding the Group as a whole and the segments within the Group.

The Board also reviews, primarily through the Board's Audit Committee, the most important accounting principles applied by the Group in financial reports and major changes in these principles as well as internal control over financial reporting. See further section Internal control over financial reporting on page 67.

The Company's external auditor reports to the Board as necessary and as a minimum once a year. The external auditor also attends the meetings of the Audit Committee. The Audit Committee reports to the Board after each of its meetings. Minutes are taken at all Audit Committee meetings and are made available to all Board members and to the external auditor.

### Board work evaluation

The Board evaluates its work annually with regards to its Rules of Procedure for the Board of Directors and the working climate as well as regards the focus of the Board's work. This evaluation also focuses on access to and requirements of special competence in the Board. The evaluation is a tool for the development of the Board's work and also serves as input for the Nomination Committee's work. The evaluation of the Board is initiated and led each year by the Chairman of the Board.

The 2020 annual evaluation was carried out in survey form. All Board members responded to the written questionnaire. The result of the evaluation was discussed at a Board meeting and also presented for the Nomination Committee by the Chairman of the Board.

The Board's work is progressing well. The members are making a constructive contribution to both the strategic discussion and the governance of the Company and the Group. The discussions are seen as open and the dialogue between the Board and the management is also considered positive and constructive.

### Remuneration to Board members

Remuneration to the Board members and the Chairman of the Board is determined by the annual shareholders' meeting. The remuneration to the Board members and the Chairman of the Board remained unchanged in 2020 compared to 2019. For an overview of remuneration to the Board members and the Chairman of the Board please see the table below.

### Remuneration to the Board 2020 and 2019 (applicable from the respective annual shareholders' meeting)

SEK	2020	2019
Chairman of the Board	900,000	900,000
Board member	420,000	420,000
Chairman of the Audit Committee	120,000	120,000
Member of the Audit Committee	65,000	65,000
Chairman of the Remuneration Committee	100,000	100,000
Member of the Remuneration Committee	50,000	50,000

### Committees of the Board

The Board has established an Audit Committee and a Remuneration Committee. The work of the respective committee is carried out pursuant to the Rules of Procedure for the Board of Directors and the Instructions for the Audit Committee and the Remuneration Committee respectively. The major tasks of these committees are preparatory and advisory, but the Board may delegate decision-making powers on specific issues to the committees. The issues considered at committee meetings shall be recorded in minutes of the meetings and reported at the following Board meeting. The members and Chairmen of the committees are appointed at the Statutory Board meeting following election of Board members, or when a committee member needs to be replaced.

### Audit Committee

The Audit Committee shall support the Board in monitoring that the Company and the Group are organized and managed in such a way that their respective accounts, management of funds and financial conditions in all aspects are controlled in a satisfactory manner in accordance with laws, rules and regulations as well as internal governing documents. As of the 2020 annual shareholders' meeting, the Audit Committee comprises three members: Magnus Yngen (Chairman), Jacqueline Hoogerbrugge and Heléne Vibbleus. The Audit Committee meets all the requirements including accounting and auditing competence as stipulated in the Swedish Companies Act, as well as the requirements for independence as stipulated in the Code.

At least four (4) meetings are held annually. Additional meetings are held as needed. In 2020, the Audit Committee held seven (7) meetings, which were recorded in minutes. The attendance of each member at these meetings is presented on pages 70–71. Dometic's CFO, the Heads of Internal Audit, Accounting, Business Control, Internal Control, Tax and Treasury participated in the Audit Committee meetings. The Dometic's Group General Counsel serves as secretary at Audit Committee meetings. The external auditor participated in the ordinary Audit Committee meetings.

The Audit Committee's tasks include:

- To monitor the financial reporting process and review financial reports and submit observations and recommendations to ensure their integrity for the Board's approval.
- To monitor the effectiveness of internal control, internal audit, regulatory compliance and risk management in general, and in particular with regards to the financial reporting.
- To maintain regular contact with the external auditor and keep itself informed of the outcome of the external audit of the Company and the Group, including the audit of the financial statements and the consolidated financial statements and the conclusions from the quality control carried out by the Swedish Inspectorate of Auditors (Sw. Revisorsinspektionen).
- To inform the Board of the outcome of the external audit and explain how the audit contributed to the integrity of the financial reporting and of the role of the Committee in that process.
- To review and monitor the objectivity and independence of the external auditor as well as the external auditor's engagements in tasks other than audit services.
- To prepare the proposal concerning election of the external auditor for adoption by the annual shareholders' meeting.

In 2020, the work of the Audit Committee focused on monitoring the financial reporting processes, with a special focus on identifying risks in general and risks related to the COVID-19 pandemic in particular and their impact on the quality of the financial reporting process as well as evaluating the internal control environment. In addition, the Audit Committee focused on following up on the results of the work performed by the Risk management, Internal Control and Internal Audit functions as well as the results from the external audit. Furthermore, the Audit Committee reviewed the Interim reports, Full-year report and the Annual report. The Audit Committee also reviewed the plans of the external auditor.

### Remuneration Committee

One of the Remuneration Committee's primary tasks is to prepare the Board's proposal concerning guidelines for remuneration for the CEO and the Group Management for adoption by the annual shareholders' meeting. The Remuneration Committee monitors and evaluates the applied remuneration structure and remuneration levels in the Group, as well as programs for variable remuneration, both ongoing and those that have ended during the year, for the CEO and the Group Management. The Remuneration Committee also monitors the application of the guidelines for remuneration for the CEO and the Group Management adopted by the annual shareholders' meeting.

As of the 2020 annual shareholders' meeting, the Remuneration Committee comprises three members: Erik Olsson (Chairman), Fredrik Cappelen and Rainer Schmückle. At least three (3) meetings are held annually. Additional meetings are held as needed.

In 2020 the Remuneration Committee held seven (7) meetings, which were recorded in minutes. The attendance of each member at these meetings is presented on pages 70–71. The Head of Human Resources and the CEO participated in the Remuneration Committee meetings. The CEO does not participate in regard to items on the agenda relating to remuneration of the CEO.

The Remuneration Committee's tasks include:

- To review and recommend to the Board the guidelines for remuneration for the CEO and the Group Management for adoption by the annual shareholders' meeting.
- To review and make a recommendation to the Board for any changes in the compensation of the CEO and the Group Management.
- To monitor and evaluate programs for variable remuneration, both ongoing and those that have ended during the year, for the CEO and the Group Management.
- To monitor and evaluate compliance with the guidelines for remuneration for the CEO and the Group Management adopted by the annual shareholders' meeting, as well as the current remuneration structures and remuneration levels in the Group.

- To assist the Board in preparing a remuneration report for approval by the annual shareholders' meeting.
- To prepare any proposals for shareholders' resolutions regarding share or share-price-related incentive programs (if relevant).
- To prepare any Board resolutions regarding short-term variable salary and incentive programs not requiring shareholder approval (i.e. variable cash remuneration schemes) for the CEO and the Group Management.

### CEO and Group Management

Group Management includes the CEO, the CFO, the three regional presidents and five group staff heads. The CEO is appointed by the Board. The CEO, in turn, appoints other members of the Group Management and shall administer the Company's and the Group's ongoing operations pursuant to the instructions and directives issued by the Board. Group Management holds monthly meetings to review the previous month's results, to update forecasts and plans and to discuss strategic issues. The CEO reports to the Board and ensures that the Board receives the information required to be able to make well-founded decisions.

The Company's CEO in 2020 was Mr. Juan Vargues (born 1959). Mr. Vargues has a Management Education IMD Lausanne (CH); Executive MBA, Lund University (EFL); and high school degree in Mechanical Engineering, Tekniska Vuxengymnasiet, Gothenburg. Mr. Vargues has been Head of Entrance Systems at ASSA ABLOY, has previously worked as President and CEO of the Besam Group and has held several positions within the SKF group. He holds 733,483 shares in the Company as of December 31, 2020. Mr. Vargues is also a member of the Board of Munters Group AB. For details regarding members of Group Management, see pages 72–73. The information is updated regularly at the Group's website, [www.dometic.com](http://www.dometic.com).

### Changes in Group Management during 2020

On October 1, 2020, Henrik Fagrenius (born 1971) was appointed President of region EMEA and a member of the Group Management.

### Remuneration for the CEO and Group Management

Guidelines for remuneration for the CEO and the Group Management are resolved upon by the annual shareholders' meeting, based on the proposal from the Board, at least every fourth year. Remuneration to the CEO is resolved upon by the Board, based on proposals from the Remuneration Committee. Changes in the remuneration to other members of Group Management are resolved upon by the Remuneration Committee, based on proposals from the CEO, and reported to the Board. The total remuneration shall be based on the position held, individual performance, performance of the Group, and be competitive in the country of employment.

Remuneration may comprise:

- Base salary.
- Variable salary.
- Long-term incentive programs.
- Pensions and other benefits.

Members of Group Management shall, in addition to the base salary, dependent on an annual decision by the Board, be eligible to variable salary that is based on short-term annual predetermined and measurable performance targets.

In addition to the base salary and variable salary, long-term incentive programs may be implemented. Such programs shall be designed to ensure a long-term commitment to the Group's development, be implemented on market terms and have a term of no less than three years. Share- or share-price-related incentive programs shall be approved by the shareholders' meeting.

Under special circumstances and if it is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability, the Board may in an individual case deviate from the guidelines for remuneration for the CEO and the Group Management. In case of such deviation, the next annual shareholders' meeting shall be informed of the reasons.

The guidelines for remuneration for the CEO and the Group Management can be found on the Group's website, [www.dometic.com](http://www.dometic.com).

### External auditor

The 2020 annual shareholders' meeting re-elected PricewaterhouseCoopers AB (PwC) as the Company's external auditor for a one-year period until the 2021 annual shareholders' meeting. Authorized Public Accountant Anna Rosendal is the auditor in charge of the Company.

The external auditor audits the annual accounts and consolidated accounts of Dometic Group AB (publ), the proposed appropriation of the Company's profit or loss, and the administration of the Board of Directors and the Managing Director of Dometic Group AB (publ). Based on the audit, the external auditor recommends the annual shareholders' meeting on adoption of the income statement and balance sheet for the parent company and the Group respectively, on appropriation of the Company's profit or loss, and on the discharge from liability for the financial year for the individual Board members and the Managing Director. In addition, the external auditor provides a review report on the Interim report for the third quarter.

Pursuant to the decision of the 2020 annual shareholders' meeting, the external auditor's fee until the 2021 annual shareholders' meeting is paid in accordance with approved invoices within the external auditors' quotation.

When PwC is engaged to provide services other than the audit services, decisions pertaining to the nature, scope and fees for such work are made by the CFO and the Chairman of the Audit Committee.

The external audit is conducted in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden.

Audits of local statutory financial statements for legal entities outside of Sweden are performed as required by law or applicable regulations in the respective countries and as required by IFAC GAAS, including issuance of audit opinions for the various legal entities.

### Dometic's internal governing documents

Dometic's internal governing documents, in the form of policies, guidelines and manuals etc., are exemplified on page 62 insofar as they concern the governance of the Company and the Group. The internal governing documents are mainly communicated via the Dometic intranet and are updated as needed on a regular basis to reflect changes in laws, rules and regulations or changes in Dometic's operations or processes.

### Internal control over financial reporting

The Board is responsible for internal control and risk management in accordance with the Swedish Companies Act and the Swedish Corporate Governance Code. Below is the Board's report on internal control and risk management over financial reporting.

The description of the Group's system of internal controls and risk management with regards to financial reporting is based on the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The framework comprises five integrated components; the control environment, risk assessment, control activities, information & communication and monitoring, as well as 17 fundamental principles related to the five components designed to provide reasonable assurance regarding the achievement of objectives. The description below is limited to internal control and risk management over financial reporting.

Internal control over financial reporting aims to provide reasonable assurance of the accurate, reliable and relevant external financial reporting in Interim reports, Full-year reports and Annual reports, and to ensure that external financial reporting is prepared in accordance with laws, accounting standards and other requirements applicable to listed companies.

### Control environment

Internal control over financial reporting is based on the overall control environment. Dometic's overall control environment combines corporate culture, core values, internal governing documents including processes as the basis for carrying out internal control across the Group. The Board and Group Management set the tone at the top regarding the importance of effective internal control, including expected standards of conduct of the employees. This involves integrity and ethical values, the parameters enabling the Board to carry out its oversight responsibilities, the organizational structure and assignment of responsi-

bility and authority, the process for attracting, developing, and retaining employees, and the rigor around performance measures, as well as incentives and rewards to drive accountability for performance.

This is communicated in the form of internal governing documents such as Rules of Procedure for the Board of Directors, Instructions for the CEO, Instructions for the Audit Committee, Instructions for the reporting of financial situation, Code of Conduct, Finance Policy, Information Policy, Insider Policy, Internal Audit Policy, IT Policy, Finance Manual, Internal Control Charter, Processes for Internal control and risk management as well as Minimum Internal Control Requirements (MICR). In addition, corporate culture and core values are important parts of the corporate governance of Dometic.

### Risk assessment

Risk management within Dometic comprise 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.

The risk universe is a universe of risks that could impact Dometic's ability to achieve established strategic and other objectives including financial targets as well as to achieve objectives of internal control over financial reporting i.e. to provide reasonable assurance of the accurate, reliable and relevant external financial reporting in Interim reports, Full-year reports and Annual reports and to ensure that external financial reporting is prepared in accordance with laws, accounting standards and other requirements applicable to listed companies. The risks to which Dometic is exposed are classified into four main categories; strategic risks, execution risks, compliance & regulatory risks and reporting risks, whereof the two latter main categories are attributable to internal control over financial reporting.

Compliance & Regulatory risks are assessed top-down by Group Management as well as bottom-up by Regional Management and compliance & regulatory risk maps are used in the risk assessment. Compliance attributable to internal control over financial reporting relates to laws, accounting standards and other requirements applicable to listed companies as well as to internal governing documents e.g. the Finance Policy, Information Policy, IT Policy, Finance Manual, Internal Control Charter, Processes for internal control and risk management as well as Minimum Internal Control Requirements (MICR)

Reporting risks are risks associated with Dometic's reporting, information and communication, both financial and non-financial. Reporting risks are divided into the following subcategories:

- External reporting risks
- Internal reporting risks

Reporting risks are assessed top-down by Group Management as well as bottom-up by Regional Management and reporting risk maps are used in the risk assessment. External reporting is supported by e.g. an Information Policy approved by the Board of Directors, and internal reporting is supported by other internal governing documents.

Examples of external reporting risks are related to external reporting, communication and information both financial, such as Interim reports, Full-year reports and Annual reports, and non-financial. Examples of internal reporting risks are related to internal reporting, communication and information, both financial and non-financial, including decision supporting material and monitoring supporting material.

During 2020 extensive risk assessments were performed on group and regional level to assess risks and related mitigating actions where priorities were identified and agreed.

A more detailed description of Dometic's risks and risk management is provided on page 59.

### Control activities

Dometic maintains a comprehensive financial reporting system which enables comprehensive monitoring of Group performance. Financial reports for the different legal entities and regions are reviewed on a continuous basis by the central finance function. This entails a thorough monitoring of the financial results in accordance with the financial reporting calendar for the financial year.

Financial data are reported by approximately eighty reporting units in accordance with the standardized procedures for financial reporting that are stipulated in the Finance Manual. This financial reporting is the basis for the Group's consolidated financial reports. The CFO as well as other representatives of the central finance function meet the regional managers and review the region's results every month.

Business reviews are carried out on a quarterly basis, where the CEO, the CFO and relevant representatives of the central functions meet the management of the respective region to discuss the business. The product portfolio is reviewed on a monthly and quarterly basis as part of the internal process for product development. Larger projects are reviewed at least on a quarterly basis.

Dometic has implemented an internal control framework, called Minimum Internal Control Requirements (MICR), which covers seven key processes (entity level controls, purchase to pay, inventory, order to cash, payroll, fixed assets and financial closing). The MICR internal control framework was developed and implemented in 2016 and further developed in 2017–2020. In 2020 the IT MICR key process (local entities and global IT) was added to the MICR internal control framework. Systematic self-assessments of the MICR are conducted on the legal entity level. The MICR internal control framework is supported by regional coordinators, monitored by the Company's central Internal Control function and evaluated by the Group's Internal Audit function.

### Information and communication

Dometic maintains information and communication processes to ensure adequate internal financial reporting, for monitoring of performance and for decision support, as well as for providing accurate, reliable and relevant external financial reporting to the financial markets.

Dometic is subject to the provisions of the EU Market Abuse Regulation No 596/2014 (MAR) which contains extensive requirements on Dometic's handling of inside information. The MAR regulates how inside information is to be disclosed to the market and circumstances in which publication may be delayed. It also requires Dometic to keep a list of persons working for the Group who have access to inside information about Dometic.

Since April 1 2018, Dometic has used InsiderLog, a digital tool, to ensure that the above persons meet the requirements of MAR and the Dometic Insider Policy; from the decision to delay disclosure of insider information all the way to the notice to be submitted to the Swedish Financial Supervisory Authority when the information has been disclosed. Only authorized persons in Dometic have access to InsiderLog. More information is available at [www.insiderlog.com](http://www.insiderlog.com).

### Internal information and communication

The internal governing documents relevant to internal control over financial reporting are e.g. the Finance Policy, Information Policy, IT Policy, Finance Manual, Internal Control Charter, Processes for internal control and risk management as well as Minimum Internal Control Requirements (MICR). The documents can be accessed on the Group's intranet by all relevant personnel. The CFO reports to the Audit Committee on the results, critical accounting issues and other issues that could affect the quality of the Group's financial reports at the Audit Committee meetings where the Interim reports, Full-year reports and Annual reports are dealt with. The Chairman of the Audit Committee reports on the Committee's work to the Board in the form of observations, recommendations and proposed decisions at the Board meeting following the Committee meetings and in the form of minutes from the Committee meetings that are submitted to the Board. Internal financial reports for monitoring of performance and for decision support are submitted to Group Management and the Board on a regular basis.

### External information and communication

Dometic aims to provide the financial markets with accurate, reliable and relevant information in a timely manner. The Group has an Information Policy meeting the requirements of a listed company. Financial information is issued regularly in the form of Interim reports, Full-year reports, Annual reports and press releases on all matters that could materially affect the share price. Interim reports, Full-year reports, and Annual reports are to be found at the Group's website, [www.dometic.com](http://www.dometic.com), as well as press releases, presentations and relevant internal governing documents.

### Monitoring

Ongoing evaluations, separate evaluations and some combinations of the two are used to ascertain whether each of the five components of internal control is present and functioning. Ongoing evaluations are performed by the Board, the Audit Committee and management at different levels of the Group, and separate evaluations are conducted as deemed necessary for instance by the Internal Audit function.

The Audit Committee evaluates the Group's internal control based on the result of the work performed by the Group's control functions with a role to play in the internal control over financial reporting e.g. Internal Control and Internal Audit. The Group's control functions are present at the Audit Committee's meetings to report on the effectiveness of internal control over financial reporting when the Group's Interim reports, Full-year reports and Annual reports are on the agenda for the Audit Committee meetings. The Audit Committee reports the results of its work to the Board, which supports the Board in its monitoring of the effectiveness of internal control over financial reporting and on the adequacy of the reporting to the Board.

### Internal Control

Dometic has a central function for Internal Control to ensure compliance with the internal governing documents for efficient and effective operations and internal control. In 2020 an Internal Control Charter was developed and implemented, including the four building blocks vision, governance, roles and responsibilities and framework for internal control, which is one integral component for fostering sound corporate governance within Dometic. The scope of the central Internal Control function and the Internal Control Charter is internal control over financial reporting (ICFR). The Minimum Internal Control Requirements (MICR) internal control framework was developed and implemented in 2016 under the leadership of the central Internal Control function.

The MICR internal control framework is built on a risk-based approach identifying key processes that affect financial reporting and also since 2018 on key controls related to these processes as well as target classification. The goal of the MICR internal control framework is to add value by reducing risks and preventing losses, and to ensure efficiency and effectiveness of internal control over financial reporting. The MICR internal control framework includes a systematic self-assessment of the MICRs. The MICR internal control framework is evaluated and adjusted annually and has been updated following the Group's expansion to ensure it is suited for the Group's current needs. During 2020 the development of the MICR internal control framework continued with the aim of taking a more risk-based approach and working even more efficiently. In addition, in 2020 the IT MICR key process (local entities and global IT) was added to the MICR internal control framework for implementation by the local entities and global IT.

### Internal Audit

Internal Audit is an independent and objective, assurance and advisory function established by Dometic to add value to and improve its operations. It helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance. Internal Audit is a corporate function within Dometic that shall act as an independent assurance function to the Board, primarily the Audit Committee, and to support Group Management as an independent Business Advisor.

The scope of Internal Audit includes all business operations and processes as well as all management and organizational levels of Dometic in all geographic locations. The function utilizes a risk-based approach meaning that regional annual internal audit plans are directly linked to the annual risk assessment results described under section Risk and Risk Management on pages 59–61. Its mission, expectations and authority within the organization are outlined in an Internal Audit Policy approved by the Board. The Policy sets forth the Internal Audit requirements, mission and objective, scope, responsibilities, organizational structure, independence and objectivity, authority, resources and working standards, reporting, as well as quality assurance and improvement program for Internal Audit.



The Internal Audit organization is governed and led by the Head of Internal Audit based in Dometic’s Group head office in Sweden with regional Internal Auditors located in each regional headquarter. The Head of Internal Audit reports functionally to the Audit Committee Chairman on internal audit matters and administratively to the CFO. The Head of Internal Audit has full access to the Audit Committee and its Chairman. Internal Audit is authorized full, free and unrestricted access to Dometic’s records, physical properties, and personnel pertinent to carrying out its engagements.

Its three main targets are:

- Value creation
- Risk mitigation
- Cost reduction

The Internal Audit function reviews and updates its internal audit plans every year, based on the annual risk assessment described under section Risk and Risk Management on pages 59–61. Regional annual internal audit plans, with input from Group Management and Regional Management to capture business needs, are used to secure internal audit targeting. Internal audit plans are presented annually by the Head of Internal Audit to the Audit Committee for approval.

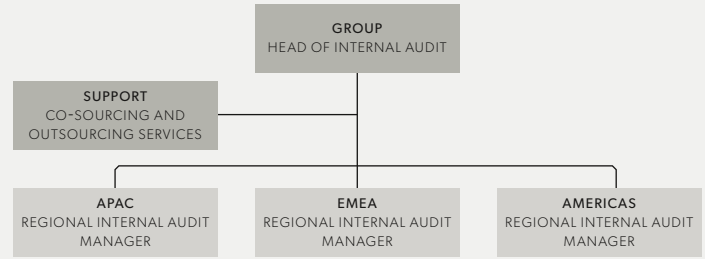
Since 2017 internal audits are conducted based on a defined internal audit process resulting in formal internal audit reports and following up agreed actions. Since 2018 internal audit plans are referenced to risk maps, as the result of annual risk assessments. Since 2019 data analytics are used as a method of testing in selected internal audits, to increase coverage and testing efficiency.

After internal audit announcement and information requests are communicated, internal audit field work is conducted followed by an internal audit report distributed to different levels and legal entities of the organization both at regional and Group levels as applicable, along with a report to the Audit Committee.

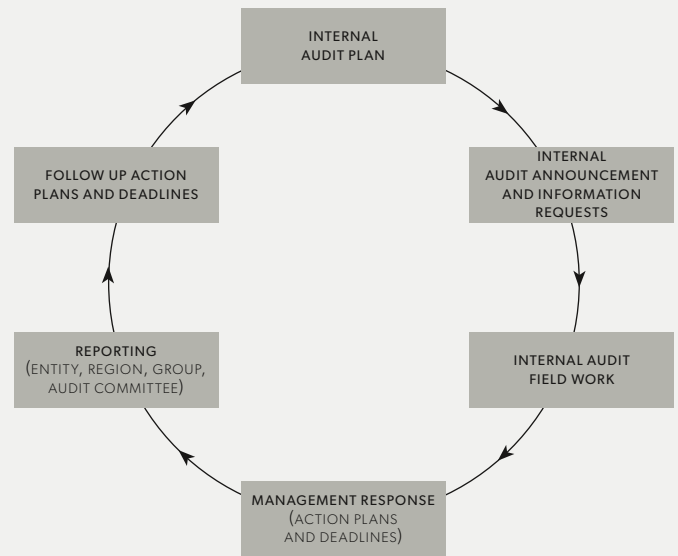
Agreed action plans and deadlines are followed up to verify their status in response to the internal audit recommendations.

The COVID-19 pandemic had a significant impact on the internal audit work during 2020. Several internal audits had to be performed remotely and prioritization was necessary in response to national lockdowns that affected the Dometic facilities and employees, as well as in response to travel restrictions.

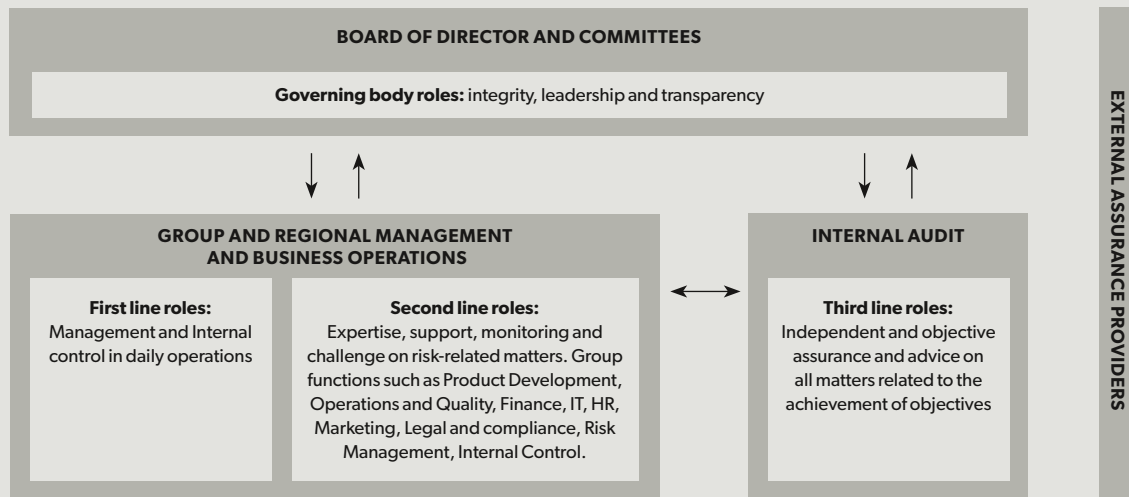
**Dometic’s internal audit organization**



**Internal audit process**



**Dometic Three Lines Model**



(Source: IIA’s Three Lines Model).

# BOARD OF DIRECTORS



Board of Directors	Fredrik Cappelen	Heléne Vibbleus	Erik Olsson
	<p>Chairman since 2013. Born 1957. Sweden. M.Sc. in Economics from Uppsala University. Studies in political science at Uppsala University. Member of the Remuneration Committee.</p>	<p>Board member since 2017. Born 1958. Sweden. B.Sc. in Business Administration and Economics from Linköping University. Member of the Audit Committee.</p>	<p>Board member since 2015. Born 1962. Sweden. B.Sc. in Business Administration and Economics, Gothenburg School of Business, Economics and Law. Chairman of the Remuneration Committee.</p>
<b>Position and Board membership<sup>1)</sup></b>	<p>Chairman of the board of directors of Transcom WorldWide AB, Eterna Invest AB, KonfiDents GmbH (Germany) and Ideal of Sweden AB. Member of the board of directors of Securitas AB.</p>	<p>Vice President, Internal Audit, Chief Audit Executive, CAE, of Autoliv Inc. Member of the board of directors and chairman of the Audit Committee of Scandi Standard AB.</p>	<p>The Chairman of Will Scot Mobile Mini, Inc. The Chairman of Ritchie Bros. Auctioneers, Inc. Member of the board of Directors of Pontem LLC and of the non-profit organization St Mary's Food Bank Alliance.</p>
<b>Previous positions</b>	<p>Chairman of the board of directors of Dustin Group AB, Byggmax Group AB, Granngården AB, Svedbergs AB, Sanitec Oy and Terveystalo Oy. Deputy chairman of the board of directors of Munksjö AB. Member of the board of directors of Carnegie Investment Bank AB and Cramo Oy. CEO and President of Nobia AB. CEO and member of the Group management of STORA Building-products AB. Vice President Marketing and Sales and member of Group management of STORA Finepaper AB. CEO of Kauko GmbH and Kauko International.</p>	<p>Member of the board of directors of Trelleborg AB, TradeDoubler AB, Marine Harvest ASA (Norway), Renewable Energy Corporation ASA (Norway), Orio AB, Swedbank Sjuhärad AB and Tyréns AB. Deputy chairman of the board of directors of Swedish International Development Cooperation Agency (SIDA). Chairman of the board of directors of Nordic Growth Market NGM AB and of Invisio Communications AB. Chief Audit Executive, CAE of Elekta AB. Senior Vice President Group Controller of AB Electrolux. Partner and member of the board of directors of PricewaterhouseCoopers, Sweden.</p>	<p>CEO and member of the board of directors of Mobile Mini Inc. CEO and member of the board of directors of RSC Holdings, Inc. Various senior positions in the United States, Brazil, and Sweden with the Atlas Copco Group.</p>
<b>Board meeting attendance</b>	17/17	17/17	14/17
<b>Remuneration Committee attendance</b>	6/7		7/7
<b>Audit Committee attendance</b>		7/7	
<b>Holdings in Dometic<sup>2)</sup></b>	914,140 <sup>3)</sup>	2,500	12,000
<b>Independence in relation to the company and its executive management/In relation to major shareholders<sup>4)</sup></b>	Yes/Yes	Yes/Yes	Yes/Yes

<sup>1)</sup> Position and board membership as of December 31, 2020.

<sup>2)</sup> Holdings in Dometic Group AB (publ) as of December 31, 2020.

<sup>3)</sup> Through legal entity.

<sup>4)</sup> For further information about the independence assessment, see page 64.

**Jacqueline Hoogerbrugge**

Board member since 2017.  
Born 1963. The Netherlands.  
M.Sc. in Chemical Engineering  
from Rijks Universiteit Groningen.  
Member of the Audit Committee.

**Peter Sjölander**

Board member since 2017.  
Born 1959. Sweden.  
M.Sc. in Economics from Gothenburg  
University.

**Magnus Yngen**

Board member since 2011  
Born 1958. Sweden.  
M.Sc. and Licentiate of Technology  
from the Royal Institute of Technology  
in Stockholm.  
Chairman of the Audit Committee.

**Rainer Schmückle**

Board member since 2011.  
Born 1959. Germany.  
Degree in Industrial Engineering at  
the University of Karlsruhe.  
Member of the Remuneration  
Committee.

Member of the board of directors of  
Swedish Match AB, Broadview B.V.,  
BA Glass I- Serviços de Gestão e  
Investimentos S.A. and Jumbo Groep  
Holding B.V.

Senior Executive Advisor of Altor. Indus-  
trial Advisor for EQT AB. Chairman of  
Eton Group AB, Grundéns Rainwear.  
Board member in Fiskars Oy, Run & Relax

Chairman of the board of directors of  
Fractal Design AB and Deputy chairman  
of the board of directors of Intrum AB.

Chairman of the board of directors of  
STIGAC (Luxembourg) and STIGA SpA  
(Italy). Member of the board of directors  
of Autoneum AG (Switzerland), Kunst-  
offteile Schwanden AG (Switzerland),  
ACPS Automotive (Netherlands) and  
Canoo Inc. (USA).

President Operations of Cloetta. Member  
of the board of directors of Cederroth  
International. VP Operations Medical Divi-  
sion and VP Procurement Worldwide Baby  
Division at Danone. Procurement Director,  
Factory Director, Supply Chain Manager,  
Operations Manager and Services Man-  
ager of Unilever. Sales Manager Hydro-  
carbon Sector, Marketing Co-ordinator  
and Process Engineer of Fluor Daniel.  
Member of the board of directors of IKEA  
Industries AB.

CEO of Helly Hansen Group AS. SVP,  
Product & Brand Europe, CMO Global  
Brand & Global Licensing of AB Elec-  
trolux. General Manager Central Europe  
(CEMEA) NIKE and Global Business  
Director, Nike ACG of Nike Inc. Euro-  
pean Director of Footwear, Marketing  
Director European Outdoor and Direc-  
tor of Marketing Nordics of Nike Europe  
BV. Marketing and Buying Director of  
Intersport AG. Brand Director of Möln-  
lycke AB, Project and Site manager ABV  
Construction AB. Chairman of Revolu-  
tion Race AB. Member of the board of  
directors of Helly Hansen Group AS,  
Swims AS, Stokke AS, BTX Group A/S,  
OBH Nordica Group, Varier AS, Fit Flop  
Ltd, F&S Ltd and Stadium AB. Senior  
advisor to F&S (London, UK).

President and CEO of Camfil AB, President  
and CEO of Dometic Group AB, President  
and CEO of Husqvarna AB and deputy  
CEO of Electrolux AB. Chairman of the  
board of directors of Sveba-Dahlén  
Group AB. Member of the board of  
directors of Intrum Justitia AB and Camfil  
AB, Frostbite Holding AB and the non-  
profit organizations Teknikarbetsgivarna  
i Sverige and Teknikföretagen i Sverige.

Member of the board of directors of  
Wittur GmbH, Frostbite Holding AB and  
MAN Truck&Bus AG. CEO of MAG IAS  
GmbH. COO Automotive of Johnson  
Controls, Inc. and COO of Mercedes  
Cars of Daimler AG. President and CEO  
of Freightliner Corporation.

16/17

17/17

17/17

17/17

7/7

7/7

7/7

10,000

-

118,460

78,895<sup>3)</sup>

Yes/Yes

Yes/Yes

Yes/Yes

Yes/Yes

# GROUP MANAGEMENT



## 1. JUAN VARGUES

Born: 1959. President and CEO since 2018  
Management Education IMD Lausanne (CH),  
Executive MBA Lund University (EFL), High School  
Degree in Mechanical Engineering Tekniska  
Vuxengymnasiet, Gothenburg.  
Shareholding: 733,483\*

## 2. SILKE ERNST

Born 1967. EVP and Head of Group HR since 2018.  
Executive Master of Business Administration (MBA)  
from Stockholm University and M.Sc., Linguistics,  
Dipl. Germanistin from Humboldt University,  
Germany.  
Shareholding: 0

## 3. EVA KARLSSON

Born 1966. EVP and Head of Group Operations  
since 2018.  
M.Sc. in Mechanical Engineering from Chalmers  
University of Technology.  
Shareholding: 2,518\*

## 4. STEFAN FRISTEDT

Born 1966. CFO since 2019  
Bachelor's degree in Business Administration and  
Economics from the University of Lund and an MBA  
from the University of Lund.  
Shareholding: 0

## 5. CHIALING HSUEH

Born 1963. President of region APAC since 2016.  
M.Sc. in Marketing, University of Massachusetts,  
USA. B.Sc., Soochow University, Taiwan.  
Shareholding: 0

## 6. PETER KJELLBERG

Born 1965. Chief Marketing Officer since 2015.  
Marketing Economy, DIHM, IHM Business School.  
Member of the Board of Directors of USWE Sports AB  
and XO Boats.  
Shareholding: 110,241

\* Including related party.

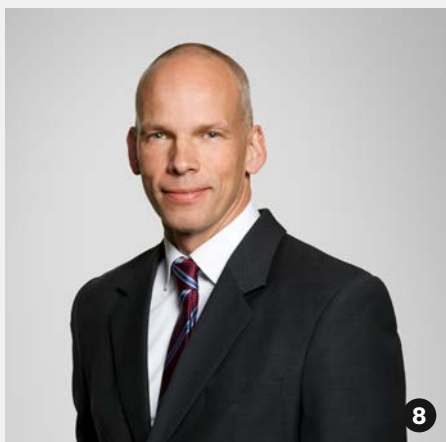


#### **7. SCOTT NELSON**

Born 1964. President of region Americas since 2016.

B.Sc. in Economics & Management, Albion College, USA and MBA studies, Indiana University, USA.

Shareholding: 0



#### **8. ANTON LUNDQVIST**

Born 1970. Chief Technology Officer since 2018.

Ph.D. Chemical Engineering – Electrochemistry and Tech. Lic, Chemical Engineering – Electrochemistry from KTH Royal Institute of Technology. M.Sc. Chemical Engineering – Energy Technology from KTH Royal Institute of Technology.

Shareholding: 39,200



#### **9. ANNA SMIESZEK**

Born 1964. EVP and Group General Counsel since 2015.

Masters of Law from University of Silesia and Stockholm University. PhD studies at Oxford University, Diploma Program in International Law from Stockholm University.

Shareholding: 2,500



#### **10. HENRIK FAGRENIUS**

Born 1971. President of region EMEA since 2020.

M.Sc. in Mechanical Engineering from Lund University Faculty of Engineering and B.Sc. Business Administration and Economics, Stockholm University.

Shareholding: 0

# KEY RATIOS

SEK m	2020	2019	2018
<b>Result</b>			
Net sales	16,207	18,503	18,274
Organic growth, %	-10	-7	5
EBITDA	2,669	3,155	3,113
EBITDA before items affecting comparability	2,728	3,252	3,205
Operating profit (EBIT)	1,880	2,338	2,587
Operating profit (EBIT) before items affecting comparability	1,939	2,435	2,679
Net result	451	1,325	1,576
<b>Margins</b>			
Operating margin, %, EBITDA	16.5	17.1	17.0
Operating margin, % EBITDA before items affecting comparability	16.8	17.6	17.5
Operating margin, %, operating profit (EBIT)	11.6	12.6	14.2
Operating margin, % operating profit (EBIT) before items affecting comparability	12.0	13.2	14.7
<b>Return on operating capital</b>			
Return on operating capital, %	7.4	8.6	9.8
Return on operating capital, excl. goodwill and trademarks, %	26.9	28.3	30.5
<b>Financial position</b>			
Total assets	37,615	36,681	34,111
Interest-bearing debt	14,252	13,109	12,349
Net debt/EBITDA	2.0	2.4	2.8
Equity	16,201	17,363	16,029
Operating capital	22,541	26,183	26,265
Operating capital excluding goodwill and trademarks	5,336	7,308	8,062
Equity ratio, %	43	47	47
<b>Share</b>			
Earnings per share before dilution, SEK	1.52	4.48	5.33
Earnings per share after dilution, SEK	1.52	4.48	5.33
Dividend per share, SEK <sup>1)</sup>	2.30	-	2.15
Number of shares (note 28)	295,833,333	295,833,333	295,833,333
<b>Employees</b>			
Average number of employees (FTE)	6,868	7,257	7,991
Revenue per employee	2.36	2.55	2.29

<sup>1)</sup> Proposed by Board of Directors.

# CONSOLIDATED INCOME STATEMENT

SEK m	Note	2020	2019
Net sales	5, 6	16,207	18,503
Cost of goods sold	6	-10,901	-12,504
<b>Gross profit</b>		<b>5,306</b>	<b>5,999</b>
Sales expenses	6	-2,220	-2,411
Administrative expenses	7	-915	-918
Other operating income and expenses	10	64	68
Items affecting comparability	6	-59	-97
Amortization of acquisition-related intangible assets	6	-296	-303
<b>Operating profit</b>	<b>6, 8, 9</b>	<b>1,880</b>	<b>2,338</b>
Financial income	11	7	14
Financial expenses	11	-538	-522
<b>Net financial expenses</b>		<b>-532</b>	<b>-508</b>
<b>Profit (loss) before tax</b>		<b>1,348</b>	<b>1,830</b>
Taxes	12	-897	-505
<b>Profit (loss) for the year</b>		<b>451</b>	<b>1,325</b>
<b>Profit (loss) for the year attributable to owners of the Parent Company</b>		<b>451</b>	<b>1,325</b>
<b>Earnings per share</b>	<b>28</b>		
before dilution, SEK		1.52	4.48
after dilution, SEK		1.52	4.48
<b>Average number of shares</b>	<b>28</b>		
before dilution		295,833,333	295,833,333
after dilution		295,833,333	295,833,333

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Note	2020	2019
Profit (loss) for the year		451	1,325
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension plans, net of tax	19	-14	-69
		<b>-14</b>	<b>-69</b>
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges, net of tax	3	-62	-30
Gains/losses from hedges of net investments in foreign operations, net of tax	3	130	-41
Exchange rate differences on translation of foreign operations		-1,667	784
		<b>-1,599</b>	<b>713</b>
<b>Other comprehensive income for the year</b>		<b>-1,613</b>	<b>644</b>
<b>Total comprehensive income for the year</b>		<b>-1,162</b>	<b>1,969</b>
<b>Total comprehensive income for the year attributable to Owners of the Parent Company</b>		<b>-1,162</b>	<b>1,969</b>

# CONSOLIDATED BALANCE SHEET

SEK m	Note	December 31, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	14	13,545	14,832
Trademarks	14	3,659	4,043
Other intangible assets	14	3,853	4,560
Buildings, land and land improvements	15	546	1,003
Machinery and other technical installations	15	515	561
Tools, equipment and installations	15	294	380
Construction in progress and advance payments	15	119	165
Right-of-use assets	8	630	623
Deferred tax assets	12	597	583
Derivatives, long-term	3	–	2
Other non-current assets	3, 13	95	99
<b>Total non-current assets</b>		<b>23,853</b>	<b>26,852</b>
<b>Current assets</b>			
Inventories	16	3,133	2,957
Trade receivables	3, 17	1,839	1,695
Current tax assets	12	48	74
Derivatives, short-term	3	88	36
Other current receivables	3	618	641
Prepaid expenses and accrued income	18	123	136
Cash and cash equivalents	25	7,913	4,289
<b>Total current assets</b>		<b>13,762</b>	<b>9,828</b>
<b>TOTAL ASSETS</b>		<b>37,615</b>	<b>36,681</b>



# CONSOLIDATED BALANCE SHEET

SEK m	Note	December 31, 2020	December 31, 2019
<b>EQUITY</b>			
<b>Equity attributed to owners of the Parent Company</b>			
Share capital	28	1	1
Other paid-in capital		11,446	11,446
Reserves		1,007	2,606
Retained earnings, including net profit (loss)		3,747	3,310
<b>TOTAL EQUITY</b>		<b>16,201</b>	<b>17,363</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions, long-term	21	12,455	12,288
Deferred tax liabilities	12	1,666	1,895
Derivatives, long-term	3	2	-
Other non-current liabilities	29	0	165
Leasing liabilities, long-term	3, 8	601	475
Provisions for pensions	19	797	821
Other provisions, long-term	20	213	198
<b>Total non-current liabilities</b>		<b>15,734</b>	<b>15,842</b>
<b>Current liabilities</b>			
Liabilities to credit institutions, short-term	21	1,000	-
Trade payables	3	2,019	1,414
Current tax liabilities		944	468
Advance payments from customers	6	59	20
Leasing liabilities, short-term	3, 8	139	163
Derivatives, short-term	3	140	32
Other provisions, short-term	20	264	266
Other current liabilities	3	209	206
Accrued expenses and prepaid income	22	906	907
<b>Total current liabilities</b>		<b>5,680</b>	<b>3,476</b>
<b>TOTAL LIABILITIES</b>		<b>21,414</b>	<b>19,318</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>37,615</b>	<b>36,681</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Note	Attributable to owners of the parent					Total equity
		Share capital	Other paid-in capital	Other reserves <sup>3)</sup>	Retained earnings		
Opening balance, January 1, 2019	28	1	11,446	1,892	2,690	16,029	
Profit (loss) for the year					1,325	1,325	
<b>Other comprehensive income</b>							
Remeasurements of defined benefit plans, net of tax <sup>1)</sup>					-69	-69	
Cash flow hedges, net of tax				-30		-30	
Gains/losses from hedges of net investment in foreign operations, net of tax				-41		-41	
Exchange rate differences on translation of foreign operations				784		784	
<b>Total comprehensive income</b>		-	-	713	1,256	1,969	
<b>Transactions with owners</b>							
Dividend paid to shareholders of the Parent Company					-636	-636	
<b>Total transactions with owners</b>		-	-	-	-636	-636	
<b>Closing balance, December 31, 2019</b>		<b>1</b>	<b>11,446</b>	<b>2,606</b>	<b>3,310</b>	<b>17,363</b>	
Opening balance, January 1, 2020	28	1	11,446	2,606	3,310	17,363	
Profit (loss) for the year					451	451	
<b>Other comprehensive income</b>							
Remeasurements of defined benefit plans, net of tax <sup>2)</sup>					-14	-14	
Cash flow hedges, net of tax				-62		-62	
Gains/losses from hedges of net investment in foreign operations, net of tax				130		130	
Exchange rate differences on translation of foreign operations				-1,667		-1,667	
<b>Total comprehensive income</b>		-	-	-1,599	437	-1,162	
<b>Transactions with owners</b>							
Dividend paid to shareholders of the Parent Company					-	-	
<b>Total transactions with owners</b>		-	-	-	-	-	
<b>Closing balance, December 31, 2020</b>		<b>1</b>	<b>11,446</b>	<b>1,007</b>	<b>3,747</b>	<b>16,201</b>	

<sup>1)</sup> 2019 Remeasurements of defined benefit plans amounted to SEK - 68 m, and the tax related remeasurements of defined benefit plans amounted to SEK -1 m.

<sup>2)</sup> 2020 Remeasurements of defined benefit plans amounted to SEK - 47 m, and the tax related remeasurements of defined benefit plans amounted to SEK 32 m.

<sup>3)</sup> Other reserves mainly comprise of exchange rate differences on translation of foreign operations.

# CONSOLIDATED STATEMENT OF CASH FLOW

SEK m	Note	2020	2019
<b>Cash flow from operating activities</b>			
Operating profit		1,880	2,338
<b>Adjustment for other non-cash items</b>			
Depreciation and amortization	8, 25	789	817
Adjustment for other non-cash items	25	-305	-29
<b>Changes in working capital</b>			
Changes in inventories		-485	970
Changes in trade receivables		-309	81
Changes in trade payables		778	53
Changes in other working capital		156	-148
Income taxes paid		-444	-529
<b>Net cash flow from operations</b>		<b>2,060</b>	<b>3,553</b>
<b>Cash flow from investments</b>			
Investments in fixed assets	14, 15	-246	-361
Proceeds from sale of fixed assets		537	15
Other investing activities		-1	-2
<b>Net cash flow from investments</b>		<b>289</b>	<b>-348</b>
<b>Cash flows from financing</b>			
Borrowings from credit institutions	25	2,000	9,762
Repayment of loans to credit institutions	25	-	-9,546
Payment of lease liabilities related to lease agreements	25	-171	-166
Paid interest		-415	-369
Received interest		2	8
Other financing activities	25	-99	-96
Dividend paid to shareholders of the Parent Company		-	-636
<b>Net cash flow from financing</b>		<b>1,318</b>	<b>-1,043</b>
<b>Cash flow for the year</b>			
		<b>3,666</b>	<b>2,162</b>
Cash and cash equivalents at beginning of year	25	4,289	2,113
Exchange differences on cash and cash equivalents		-43	14
<b>Cash and cash equivalents at end of the year</b>		<b>7,913</b>	<b>4,289</b>

# PARENT COMPANY INCOME STATEMENT

SEK m	Note	2020	2019
Administrative expenses	7	-199	-185
Other operating income		190	185
<b>Operating profit (loss)</b>	6, 9	<b>-9</b>	<b>0</b>
Interest income subsidiaries	11	194	279
Interest expense subsidiaries	11	-	0
Other financial expenses	11	-293	-732
<b>Profit (loss) from financial items</b>		<b>-99</b>	<b>-453</b>
Group contributions		-	387
<b>Profit (loss) before tax</b>		<b>-108</b>	<b>-66</b>
Taxes	12	-34	12
<b>Profit (loss) for the year</b>		<b>-142</b>	<b>-54</b>

# PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK m	Note	2020	2019
Profit (loss) for the year		-142	-54
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>-142</b>	<b>-54</b>

# PARENT COMPANY BALANCE SHEET

SEK m	Note	December 31, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Shares in subsidiaries	26	16,228	16,228
Other intangible assets	2, 14	1	2
Equipment	15	1	1
Deferred tax assets	12	26	17
Receivables from subsidiaries		5,103	5,792
Other non-current assets	11, 13	38	31
<b>Total non-current assets</b>		<b>21,397</b>	<b>22,072</b>
<b>Current assets</b>			
Receivables from subsidiaries		2,284	519
Other current assets		8	5
Prepaid expenses and accrued income	18	7	9
Cash and cash equivalents		0	-
<b>Total current assets</b>		<b>2,299</b>	<b>532</b>
<b>TOTAL ASSETS</b>		<b>23,696</b>	<b>22,604</b>
<b>EQUITY</b>			
	28		
<b>Equity attributed to owners of the parent company</b>			
<b>Restricted equity</b>			
Share capital		1	1
<b>Unrestricted equity</b>			
Retained earnings		10,065	10,119
Profit/Loss for the year		-142	-54
<b>TOTAL EQUITY</b>		<b>9,924</b>	<b>10,066</b>
<b>PROVISIONS</b>			
Other provisions	20	75	53
<b>Total provisions</b>		<b>75</b>	<b>53</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions, long-term	21	12,455	12,288
<b>Total non-current liabilities</b>		<b>12,455</b>	<b>12,288</b>
<b>Current liabilities</b>			
Liabilities to credit institutions, short-term	21	1,000	-
Trade payables		22	18
Liabilities to subsidiaries		3	-
Other current liabilities		56	12
Accrued expenses and prepaid income	22	161	167
<b>Total current liabilities</b>		<b>1,242</b>	<b>197</b>
<b>TOTAL LIABILITIES</b>		<b>13,772</b>	<b>12,538</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>23,696</b>	<b>22,604</b>

# PARENT COMPANY

## STATEMENT OF CHANGES IN EQUITY

SEK m	Note	Share capital	Other reserves	Retained earnings	Total equity
Opening balance, January 1, 2019	28	1	–	10,754	10,755
Profit (loss) for the year				–54	–54
Other comprehensive income				–	–
<b>Total comprehensive income</b>		–	–	–54	–54
<b>Transactions with owners</b>					
Dividend paid to shareholders of the Parent Company				–636	–636
<b>Total transactions with owners</b>		–	–	–636	–636
<b>Closing balance, December 31, 2019</b>		<b>1</b>	<b>–</b>	<b>10,065</b>	<b>10,066</b>
Opening balance, January 1, 2020	28	1	–	10,065	10,066
Profit (loss) for the year				–142	–142
Other comprehensive income				–	–
<b>Total comprehensive income</b>		–	–	–142	–142
<b>Transactions with owners</b>					
Dividend paid to shareholders of the Parent Company				–	–
<b>Total transactions with owners</b>		–	–	–	–
<b>Closing balance, December 31, 2020</b>		<b>1</b>	<b>–</b>	<b>9,923</b>	<b>9,924</b>

# PARENT COMPANY

## STATEMENT OF CASH FLOW

SEK m	Note	2020	2019
<b>Cash flow from operating activities</b>			
Operating profit		-9	0
<b>Adjustment for other non-cash items</b>			
Depreciation and amortization	25	1	1
Adjustment for other non-cash items	25	28	-540
<b>Changes in working capital</b>			
Changes in trade payables		4	4
Changes in other working capital		-1,762	717
Income taxes paid		-	-
<b>Net cash flow from operations</b>		<b>-1,738</b>	<b>183</b>
<b>Cash flow from investments</b>			
Investments in fixed assets		-	-1
Other investing activities		-	-
<b>Net cash flow from investments</b>		<b>-</b>	<b>-1</b>
<b>Cash flow from financing</b>			
Borrowings from credit institutions	25	2,000	9,762
Repayment of loans to credit institutions	25	-	-9,546
Group contribution		-	387
Paid interest		-410	-439
Received interest		194	279
Other financing activities	25	-45	-
Dividend paid to shareholders of the Parent Company		-	-636
<b>Net cash flow from financing</b>		<b>1,739</b>	<b>-193</b>
<b>Cash flow for the year</b>		<b>0</b>	<b>-11</b>
Cash and cash equivalents at beginning of year	25	-	11
Exchange differences on cash and cash equivalents		-	-
<b>Cash and cash equivalents at end of year</b>		<b>0</b>	<b>-</b>

## NOTE 1 | GENERAL INFORMATION

Dometic Group AB (publ) and its subsidiaries (together “the Dometic Group” or “the Group”) is a global market leader in branded solutions for mobile living in the areas of Food & Beverage, Climate, Power & Control and Other Applications. Dometic operates in the Americas, EMEA and APAC, providing products for use in recreational vehicles, pleasure and workboats, trucks and premium cars, and for a variety of other uses. The motivation is to create smart and reliable products with outstanding design. Dometic has a global distribution and dealer network in place to serve the aftermarket.

The Company is a limited liability company with corporate identity number 556829-4390. The address of its registered office is Hemväringatan 15, 171 54 Solna, Sweden.

These consolidated financial statements cover the period January 1 to December 31, 2020 (comparative figures January 1 to December 31, 2019), and the financial statements were authorized for issue by the Board of Directors on March 16, 2021.

The balance sheets and income statements are subject to approval by the annual shareholders’ meeting on April 13, 2021.

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.

Unless otherwise stated, all amounts are reported in million Swedish krona (SEK m).

## NOTE 2 | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied, unless otherwise stated. Standards or interpretations that are not applicable for the Group are not included in the summary below.

### 2.1 Basis of preparation

The consolidated financial statements of Dometic Group AB (publ) have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations as adopted by the European Union. The consolidated financial statements have been prepared under the historical cost convention, except for modified financial assets and financial liabilities, including derivative instruments accounted for at fair value through profit or loss.

Some additional information is disclosed based on the standard RFR 1 from the Swedish Financial Reporting Board and the Swedish Annual Accounts Act.

The Parent Company applies the same accounting principles as the Group, except in the cases specified below in the section entitled Parent Company accounting principles.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4. Further information about additional accounting policies is disclosed in the respective note.

Since January 1, 2015 Dometic Group applies hedge accounting for net investment in foreign operations.

#### 2.1.1 Changes in accounting policies

*New or amended accounting policies for 2020:*

A number of accounting standards and interpretations have been published.

*Definition of Material – Amendments to IAS 1 and IAS 8*

The amendments of IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarify materiality assessment and definition of users of financial statements. The Definition of Material Amendments to IAS 1 and IAS 8 came into effect January 1, 2020.

*Definition of a Business – Amendments to IFRS 3*

The amended definition of a business in IFRS 3 Business combination, requires a new evaluation of inputs and outputs in the acquisition calculation process. In general, this

amendment might result in more acquisitions being accounted for as asset acquisitions and it will be part of the accounting of acquired businesses going forward. The Definition of a Business – Amendments to IFRS 3 came into effect January 1, 2020.

*Revised Conceptual Framework for Financial Reporting*

Dometic will apply the revised Framework from January 1, 2020.

*New or amended accounting policies for 2021 and later:*

The new, amended or improved accounting policies and interpretations that have been published to be applied after 2021, are not expected to have any material impact on future reporting periods

## 2.2 Principles for consolidation

### (a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method is used to account for the business combinations. The purchase price for an acquisition of a subsidiary is the fair values of the net assets included at the acquisition date. Acquisition-related costs are expensed as incurred. The excess of the purchase price over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (b) Associates

Associates are companies over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

The carrying amount is increased or decreased to recognize the Group’s share of the profit or loss of the associated Company after the date of acquisition. The Group’s share of post-acquisition profit or loss is recognized in the income statement and its share of post-acquisition movements in Other Comprehensive Income “OCI” is recognized in OCI with a corresponding adjustment to the carrying amount of the investment.

## 2.3 Foreign currency translation

### (a) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates – “the functional currency”. The consolidated financial statements are presented in Swedish krona (SEK), which is Dometic Group’s presentation currency.

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within financial net. All other foreign exchange gains and losses are presented in the income statement within the operating result.

### (c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:



**NOTE 2 cont.**

- (1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- (2) income and expenses for each income statement are translated at average exchange rates and
- (3) all resulting exchange differences are recognized in other comprehensive income.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

**Exchange rates**

Country	Currency	Average rate		Closing rate as of December 31	
		2020	2019	2020	2019
Australia	AUD	6.3438	6.5725	6.2537	6.5338
Canada	CAD	6.8411	7.1041	6.4258	7.1479
China	CNY	1.3320	1.3661	1.2601	1.3372
Denmark	DKK	1.4081	1.4146	1.3557	1.3997
Euro Zone	EUR	10.4961	10.5594	10.0792	10.4547
Great Britain	GBP	11.7978	12.0441	11.0978	12.2458
Hong Kong	HKD	1.1837	1.2003	1.0616	1.1998
Japan	JPY	0.0862	0.0862	0.0794	0.0856
Norway	NOK	0.9805	1.0739	0.9544	1.0591
Poland	PLN	2.3724	2.4566	2.2285	2.4561
United States	USD	9.1883	9.4029	8.2302	9.3423

**2.4 Financial assets****Financial assets**

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired and substantially all risks and rewards of ownership are transferred. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

Dometic Group classifies and measures its financial assets in the following categories: Amortized cost and fair value through profit and loss.

- a) Amortized costs: The Group's financial assets at amortized cost comprise trade receivables and other receivables as well as cash and cash equivalents in the balance sheet. The objective of holding these financial assets is to collect the contractual cash flows, thus the "hold to collect" business model. The cash flows from these assets are solely payment of principal and interest, and are therefore measured at amortized cost. Selling or trading these financial assets are not part of the business model. If a sale would occur, it would be incidental and infrequent.
 

Trade receivables within this category are amounts due from customers in the ordinary course of business. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.
- b) Fair value through profit and loss: Financial derivatives that are not subject to hedge accounting are always recognized at fair value through profit and loss, and financial derivatives used for hedging are recognized at fair value through OCI. Valuation of financial derivatives at fair value is done at the most recent updated market prices. Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category is presented in the operating result or financial net in the income statement depending on the nature of the economic relationship with the underlying asset.

Assets are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities later than 12 months after the balance sheet date.

**Impairment of financial assets**

The Group has revised its impairment methodology for financial assets subject to IFRS 9's impairment model for financial assets leading to a so called expected credit loss model. Since January 1, 2018, Dometic recognizes expected credit losses over the expected life of the trade receivables. Historical information by subsidiary, regarding credit loss experience and ageing, is used to forecast future credit losses. In addition, current and forward-looking information by subsidiary is used to reflect current and expected future losses. To support and harmonize the organization, a calculation matrix for calculating expected credit losses has been developed by headquarters and distributed to the relevant functions throughout the Group.

Dometic Group applies the simplified approach to measure lifetime expected credit losses for trade receivables to provide for losses each closing. The new model changed the loss allowance immaterially.

**2.5 Financial liabilities**

Financial liabilities are recognized initially at fair value, net of transaction costs incurred. Liabilities to credit institutions are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates. Liabilities to credit institutions are classified as current liabilities unless the Group has the right to defer settlement of the liability for at least 12 months after the balance sheet date. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

**Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability.

**2.6 Derivative financial instruments and hedging activities**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The derivatives in Dometic hedge a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

**Cash flow hedges**

The effective portion of changes in the fair value of derivatives that are designated and qualify as currency cash flow hedges is recognized in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are accounted for in the income statement in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings are recognized in the financial net. The gain or loss relating to the ineffective portion is also recognized in the financial net. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement.

**NOTE 2 cont.****Net investment hedges**

Dometic Group applies hedge accounting for net investment in foreign operations. Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss within other income or other expenses. Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is sold.

**2.7 Employee benefits****Termination benefits**

Termination benefits are payable when employment is terminated by the Group before the planned retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

**Bonus plans**

The Group recognizes a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

**2.8 Parent Company accounting principles**

The Parent Company's annual report was prepared in accordance with the Annual Accounts Act and through the application of the Swedish Financial Reporting Board's Recommendation RFR 2, Accounting for legal entities. This means that IFRS is applied with the deviations and additions presented below.

**Financial statements**

In accordance with the requirements in RFR 2, the Parent Company's financial statements deviate from those presented for the Group. The Parent Company has the following five statements in the Annual Report: income statement, statement of comprehensive income, balance sheet, statement of cash flow and statement of changes in equity.

**Financial instruments: Recognition and measurement**

The Parent Company does not apply IFRS 9 Financial instruments replacing IAS 39 Financial instruments: Recognition and measurement since January 1, 2018. Instead measurements are based on the acquisition cost of assets and liabilities.

**IFRS 16 Leases**

The Parent Company has used RFR 2 exemption and will not apply IFRS 16 Leases. The standard came into effect January 1, 2019.

**Ownership of subsidiaries**

Holdings in subsidiaries are recognized in the Parent Company's financial statements according to the cost method of accounting. The value of subsidiaries is tested for impairment when there is an indication of a decline in the value.

**Group contributions**

The Parent Company recognizes all Group contributions, paid and received, as appropriations in the Income Statement.

**Shareholders' contributions**

Shareholders' contributions from the Parent Company are recognized directly in the receiver's equity and capitalized in the shares and participations of the Parent Company, to the extent that impairment is not required.

**Dividend from subsidiaries**

A dividend is accounted for when the right for dividend is deemed as probable.

**NOTE 3 | FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

Dometic Group's operations are exposed to different financial risks, including the effects of price changes in the loan and capital markets. To manage these risks efficiently, Dometic Group has established guidelines in the form of a Treasury policy which is a part of the Finance policy that describes the financial risks that Dometic Group may accept, as well as how such risks are limited and managed. The Treasury policy also establishes a distribution of responsibilities between Dometic Group's subsidiaries and Dometic Group's central finance function.

Financial risk management is carried out by a central treasury department ("Group Treasury") under a policy approved by Dometic Group's Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with Dometic Group's operating units. The Board provides written principles for overall financial risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

**Currency risks**

As Dometic Group is a global Group with operations in a large number of countries throughout the world, Dometic is exposed to both transaction risks and translation risks. Transaction risk arises where assets and liabilities are stated in different currencies and certain net sales and costs arise in different currencies. Translation risk arises when the Group's financial statements are consolidated and the currencies differ from the functional currency of certain operating subsidiaries.

Transaction exposure arises at the time of purchasing and selling as well as when conducting financial transactions. Dometic Group's transaction exposure is primarily related to the Euro, U.S. dollar, Australian dollar, Canadian dollar, Great Britain pound and Chinese yuan. Important currency flows are China/Hong Kong's sales to Europe, the United States and Australia, and sales from Europe to Australia and the United States. To the extent possible, transactional exposure is concentrated to the countries where the manufacturing entities are located. This is achieved by invoicing the sales entities in their respective functional currency from the manufacturing entities. Dometic Group treasury policy targets to hedge all main currency flows, but in order not to be over-hedged, permits up to 95 percent of the forecasted exposure and product flows in CNY, EUR, USD, AUD, CAD, GBP and JPY to be hedged utilizing spot and currency exchange contracts, currency swaps and currency options. In addition, Dometic Group's treasury policy requires that contracted exposure in projects and firm commitments amounting to more than SEK 2 m is hedged per currency.

Dometic Group manages translation exposure principally through borrowing in the relevant foreign currencies. To meet the largest exposures, as of December 31, 2020, 45 percent (51) of Dometic Group's borrowings were in euro, 33 percent (41) were in U.S. dollars and 22 percent (8) in Swedish krona. Loans in other currencies as of December 31, 2020 amounted to 0 percent (0) of total loans. Regarding the currency risk on the Senior Facilities and EMTN program, a change of 1 percent in the respective currencies, with all other variables held constant, profit before tax would be impacted by SEK 105 m for the year ended December 31, 2020. This is a result of foreign exchange gains/losses of translation for the EUR and USD denominated borrowings. The effect from EUR would be SEK 60 m and the effect from USD would be SEK 45 m. Equity hedging is used to reduce the translation effect on the borrowings in foreign currencies.

**Interest rate risks**

Dometic Group defines interest rate risk as the risk that changes in interest rates will have a negative impact on its earnings and cash flow. Dometic Group's interest rate risks arise from long-term loans.

Interest rate risks are managed centrally by Group Treasury in accordance with the treasury policy. The treasury policy target is to hedge between 50 percent and 75 percent of outstanding external floating rate loans to fixed rates, with a duration between 6 months and 3 years. When market rates are negative no new hedges are executed. To limit the interest rate risk, the outstanding debt portfolio (several senior facility term loans and local loans) has a maximum interest period of nine months and in the case of interest bearing assets, the fixed interest rate period is matched against the closest debt maturity. Furthermore, as of December 31, 2020 Dometic Group has hedged 55 percent (55) of cash flow exposure on its senior facility USD term loans by using interest rate swaps to move from

## NOTE 3 cont.

floating interest rates to fixed interest rates. Interest is normally paid quarterly, therefore the floating interest rate on loans, and the floating leg of the interest rate swaps are set quarterly.

**Cash flow hedges**

In accordance with the Dometic Group's Treasury policy, the Group has hedged part of its cash flow exposure, by way of currency forward agreements (see currency risk) and interest rate swaps with external counterparts, as reported below.

**Interest swaps per currency**

Currency (maturity date)	December 31, 2020			December 31, 2019		
	Nominal value in currency	Amount SEK m	Interest rate, %	Nominal value in currency	Amount SEK m	Interest rate, %
USD (2022)	300	2,469	1.6	300	2,803	1.6
		2,469			2,803	

**Market value derivatives**

December 31, 2019	Nominal value	Assets	Liabilities
<b>Derivative financial instruments</b>			
Interest rate swaps – cash flow hedges	2,803	4	–
Currency forwards & options – cash flow hedges	3,550	34	–32
<b>Total</b>		<b>38</b>	<b>–32</b>
Less non-current portion:		–	–
<b>Current portion</b>		<b>38</b>	<b>–32</b>

December 31, 2020	Nominal value	Assets	Liabilities
<b>Derivative financial instruments</b>			
Interest rate swaps – cash flow hedges	2,469	0	–37
Currency forwards & options – cash flow hedges	3,318	88	–140
<b>Total</b>		<b>88</b>	<b>–177</b>
Less non-current portion:		–	–
<b>Current portion</b>		<b>88</b>	<b>–177</b>

Interest rate swaps mature on a quarterly basis whereas currency forward hedges mature on a monthly basis. During the period SEK 13 m (before taxes) have been moved from OCI to realized hedge result. As of December 31, 2020, a net of SEK –64 m is reported in OCI (Other comprehensive income).

Dometic Group is exposed to price risks for raw materials such as iron, copper, aluminum and components in which these metals are included. This risk also affects plastics in which petroleum forms the base. To limit the price risk of this type, the Group may enter into short-term contracts with some of the suppliers of raw material. As of December 31, 2020 no such financial contracts were in place.

**Sensitivity analysis**

The table shows the impact on the result if no hedges were in place if the currency increased 5 percent (1 percent)/decreased –5 percent (–1 percent) and if the interest rate increased 1 percent/decreased –1 percent.

With start from 2019 the the sensitivity analysis for currency changed from 1 percent to 5 percent because we consider 5 percent change in respective currency pair is closer to an average yearly change. The translation effect on the senior loans and EMTN program would also have the same impact on Equity.

Currency	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2019
Transaction effect	USD/CNY	+ five percentages	91
	EUR/USD	+ five percentages	59
	EUR/AUD	+ five percentages	–14
	AUD/USD	+ five percentages	35
Currency translation impact on loans	EUR/SEK	+ five percentages	0
	USD/SEK	+ five percentages	254
EMTN program	EUR/SEK	+ five percentages	314

Interest rate	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2019
Interest rate effect	Interest rate	+ one percentage	–51

Currency	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2019
Transaction effect	USD/CNY	– five percentages	–91
	EUR/USD	– five percentages	–59
	EUR/AUD	– five percentages	14
	AUD/USD	– five percentages	–35
Currency translation impact on loans	EUR/SEK	– five percentages	0
	USD/SEK	– five percentages	–254
EMTN program	EUR/SEK	– five percentages	–314

Interest rate	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2019
Interest rate effect	Interest rate	– one percentage	51

Currency	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2020
Transaction effect	USD/CNY	+ five percentages	84
	EUR/USD	+ five percentages	59
	EUR/AUD	+ five percentages	–7
	AUD/USD	+ five percentages	32
Currency translation impact on loans	EUR/SEK	+ five percentages	0
	USD/SEK	+ five percentages	224
EMTN program	EUR/SEK	+ five percentages	302

Interest rate	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2020
Interest rate effect	Interest rate	+ one percentage	–65

## NOTE 3 cont.

Currency	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2020
Transaction effect	USD/CNY	- five percentages	-84
	EUR/USD	- five percentages	-59
	EUR/AUD	- five percentages	7
	AUD/USD	- five percentages	-32
Currency translation impact on loans	EUR/SEK	- five percentages	0
	USD/SEK	- five percentages	-224
EMTN program	EUR/SEK	- five percentages	-302

Interest rate	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2020
Interest rate effect	Interest rate	- one percentage	12

### Financial credit risks

Financial assets carry risk in that counterparties may be unable to fulfill their payment obligations. This exposure arises from investments in liquid funds and from derivative positions with positive unrealized results against banks and other counterparties. Dometic Group seeks to mitigate this risk by holding cash primarily in well rated counterparties with a high credit rating. As of December 31, 2020, Dometic Group's financial credit risk was equal to the balance sheet value of cash and cash equivalents of SEK 7,913 m (4,289) and the negative unrealized results from derivatives positions of SEK -63 m (9). All derivative transactions are covered by ISDA netting agreements to reduce the credit risk. No credit losses were incurred during 2020, on external investments or on derivative positions. Credit risk is divided into two categories: financial credit risk and credit risk in accounts receivable (see note 17, Accounts receivable – trade).

December 31, 2020	Assets	Liabilities
<b>Derivatives</b>		
Net amount recognized in the balance sheet	88	-142
ISDA agreements whose transactions are not offset in the balance sheet	-65	-65
<b>Net after offsetting in accordance with ISDA agreements</b>	<b>23</b>	<b>-207</b>

### Financing risks

#### Liquidity risks

Liquidity risk is Dometic Group's risk of being unable to meet its payment obligations due to insufficient availability of cash and cash equivalents or being unable to meet its payment obligations without significantly higher financing costs. The overall objective of Dometic Group's liquidity management is to ensure that Dometic Group maintains control over its liquidity situation.

Liquidity risks are managed by the Group by ensuring it has sufficient sources of liquidity through current investments with a liquid market, available financing through contracted credit facilities, and the possibility to close market positions. Because of the dynamic nature of the business activities, the Group ensures flexibility by maintaining agreements on retractable credit status.

To maintain control over the liquidity and to ensure that the Group has enough cash to make major payments such as interest payments and amortizations on term loans under the senior facilities, all subsidiaries report to management with a weekly cash balance. Also, a liquidity forecast of eight weeks is reported to management on bi-weekly basis.

The table below analyzes the Group's financial liabilities and derivative liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows for the liabilities. For 2021 an annual undiscounted cash flow of SEK 1,338 m related to long-term debt obligations including future undiscounted interest payments, is expected up until the maturity of the long-term debt obligations.

December 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	More than 4 years
Long-term debt obligations including future undiscounted interest payments	405	1,405	385	3,522	8,723
Derivative financial instruments	0	0	0	-	-
Forward foreign exchange contracts	32	-	-	-	-
Trade and other payables	1,414	-	-	-	-
<b>Total</b>	<b>1,851</b>	<b>1,405</b>	<b>385</b>	<b>3,522</b>	<b>8,723</b>

December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	More than 4 years
Long-term debt obligations including future undiscounted interest payments	1,338	318	5,431	2,137	6,100
Derivative financial instruments	0	0	0	-	-
Forward foreign exchange contracts	140	-	-	-	-
Trade and other payables	2,019	-	-	-	-
<b>Total</b>	<b>3,498</b>	<b>318</b>	<b>5,431</b>	<b>2,137</b>	<b>6,100</b>

The table below shows Group's leasing liabilities by maturity.

December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	More than 4 years
Leasing liabilities	164	131	102	56	113
<b>Total</b>	<b>164</b>	<b>131</b>	<b>102</b>	<b>56</b>	<b>113</b>

### Capital risks

Dometic Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group, through its financing agreements, has to be compliant with bank covenants. From June 2016 the covenants' leverage ratio and interest cover covenants are measured.

The lease agreements, accounted for according to IFRS 16 Leases, will have no implication on the covenant calculations in our loan agreement.

At year-end 2020 the headroom was sufficient in both covenants. The headroom in the leverage ratio was 61 percent and in the interest cover covenant 166 percent. A breach of the bank covenants would technically put the Group in default. In such an event the lenders under the financing agreements have the right to accelerate the debts. Also, a negotiated solution between owners, lenders and Group Management would be sought in order to keep the Group as a going concern.

Capital risk	December 31, 2020	December 31, 2019
Total Borrowing	13,455	12,288
Less: cash and cash equivalents	-7,913	-4,289
<b>Net Debt</b>	<b>5,542</b>	<b>7,999</b>
Total Equity	16,201	17,363
<b>Total Capital</b>	<b>21,743</b>	<b>25,361</b>
Gearing Ratio, %	25	32

### Fair value estimation

Valuation of financial instruments and derivatives at fair value is done at the most recent updated market prices. The valuation is performed on a regular basis to capture changes in financial assets and liabilities over time. Standard methods such as discounting future cash flows based on observable market rates for each respective maturity and currency are used. Fair value of financial instruments with

## NOTE 3 cont.

option elements is valued using the Black-Scholes model. At year-end 2020 no option instruments were in place.

For currency forwards the fair market value of the foreign-exchange spot rate is used to convert the outstanding value of the derivate into SEK. For interest rate derivatives the present value market price is converted into SEK at closing rate.

At year-end 2020 the fair value for level 2 financial assets was SEK 88 m (38) and for the total financial liabilities SEK 142 m (32).

Making fair value estimations requires a different kind of input on how to determine the fair values. The different levels have been defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Other observable data for the asset or liability than quoted prices included in Level 1, either directly, i.e. as price quotations, or indirectly, i.e. derived from prices.

Level 3: Data for the asset or liability that is not based on observable market data.

Within the Dometic Group the only financial instruments measured at fair value are derivative financial instruments, which fall into the level 2 category.

The outstanding loan facilities would if renewed today, be on an average around the same margin; therefore the carrying amount is a reasonable approximation of fair value.

## Financial instruments by category

December 31, 2019	Balance sheet carrying amount	Financial assets or liabilities at amortized cost	Financial assets or liabilities at fair value	Derivatives used for hedging	Derivatives at fair value
<b>Financial assets</b>					
Other non-current assets	99	99	–	–	–
Derivatives, long-term	2	–	–	2	–
Derivatives, short-term	36	–	–	30	6
Trade receivables	1,695	1,695	–	–	–
Other current receivables	641	641	–	–	–
Cash and cash equivalents	4,289	4,289	–	–	–
<b>Total assets</b>	<b>6,762</b>	<b>6,724</b>	<b>–</b>	<b>32</b>	<b>6</b>
<b>Current portion</b>	<b>6,661</b>	<b>6,625</b>	<b>–</b>	<b>30</b>	<b>6</b>

December 31, 2019	Balance sheet carrying amount	Financial assets or liabilities at amortized cost	Financial assets or liabilities at fair value	Derivatives used for hedging	Derivatives at fair value
<b>Financial liabilities</b>					
Liabilities to credit institutions, long-term	12,288	12,288	–	–	–
Other non-current liabilities	165	165	–	–	–
Derivatives, short-term	32	–	–	17	15
Liabilities to credit institutions, short-term	–	–	–	–	–
Trade payables	1,414	1,414	–	–	–
Other current liabilities	206	206	–	–	–
<b>Total liabilities</b>	<b>14,105</b>	<b>14,073</b>	<b>–</b>	<b>17</b>	<b>15</b>
<b>Current portion</b>	<b>1,652</b>	<b>1,620</b>	<b>–</b>	<b>17</b>	<b>15</b>

December 31, 2020	Balance sheet carrying amount	Financial assets or liabilities at amortized cost	Financial assets or liabilities at fair value	Derivatives used for hedging	Derivatives at fair value
<b>Financial assets</b>					
Other non-current assets	95	95	–	–	–
Derivatives, short-term	88	–	–	62	27
Trade receivables	1,839	1,839	–	–	–
Other current receivables	618	618	–	–	–
Cash and cash equivalents	7,913	7,913	–	–	–
<b>Total assets</b>	<b>10,553</b>	<b>10,465</b>	<b>–</b>	<b>62</b>	<b>27</b>
<b>Current portion</b>	<b>10,458</b>	<b>10,370</b>	<b>–</b>	<b>62</b>	<b>27</b>

December 31, 2020	Balance sheet carrying amount	Financial assets or liabilities at amortized cost	Financial assets or liabilities at fair value	Derivatives used for hedging	Derivatives at fair value
<b>Financial liabilities</b>					
Liabilities to credit institutions, long-term	12,455	12,455	–	–	–
Derivatives, long-term	2	–	–	2	–
Derivatives, short-term	140	–	–	124	17
Liabilities to credit institutions, short-term	1,000	1,000	–	–	–
Trade payables	2,019	2,019	–	–	–
Other current liabilities	209	209	–	–	–
<b>Total liabilities</b>	<b>15,825</b>	<b>15,683</b>	<b>–</b>	<b>126</b>	<b>17</b>
<b>Current portion</b>	<b>3,368</b>	<b>3,228</b>	<b>–</b>	<b>124</b>	<b>17</b>

## NOTE 4 | CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In order to prepare the accounting records in accordance with proper accounting standards, estimates and assumptions affecting reported amounts in the annual report must be made. Fair outcome can differ from these estimations and assumptions. Areas where estimates and assumptions are of significant importance to the Group are presented below.

### Impairment test of goodwill and trademarks

In accordance with IFRS, the need for impairment of goodwill and trademarks is reviewed annually. These reviews are based on a survey of the recoverable value estimated on the basis of management's calculations of future cash flow based on the budget and the strategic plan for the Group. Further information on assumptions and sensitivity are presented in note 14.

### Deferred tax assets and deferred tax liabilities

Estimates are made to determine the value of both current and deferred tax assets and deferred tax liabilities. The possibility of making deductions against future taxable profits and thereby utilizing the deferred tax assets is also determined based on estimates. The actual results may differ from these estimates, for instance due to changes in the projections of future taxable profits, changed tax legislation or the outcome of the final review by tax authorities and tax courts of filed tax returns. See note 12.

### Assumptions upon pension and post-retirement commitments

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds. Dometic Group has both defined benefit and defined contribution plans. The value of the pension commitments depends on the assumptions made by management and used by actuaries when calculating these amounts. Assumptions and actuarial calculations are made separately for the respective country where Dometic Group has operations which result in such post-employment obligations.

These assumptions include discount rate, inflation, salary trends, development of pensions over time, mortality, trends in cost of health care, and other factors. The assumption about inflation is based on external market indications and the assumption of salary increase reflects the historical development of salary costs, short-term forecasts and expected inflation. Mortality is based on official statistics. Sensitivity analysis for the main assumptions is presented in note 19.

### Warranty obligation

Within Dometic Group's line of business many products are covered by a warranty, which is included in the price and valid for a predetermined amount of time. Provisions for warranties are calculated based on past experience of costs for repairs, etc. See further note 20.

### Provisions for recalled products

Provisions for recalled products are estimations of future cash flow required to regulate commitments. Such estimations are based on the nature of the recall, the legal process, and the likely extent of damages as well as the progress of the process. Furthermore, consideration is taken of opinions and recommendations from legal advisors and other advice regarding the outcome of the process and experiences from similar cases. See note 20.

### Status of Dometic class actions

Since September 2018, a single consolidated class action complaint has been pending in Florida. In July 2019, the district court in the Southern District of Florida denied class certification on the basis of a single threshold requirement and did not address the remainder of the class certification inquiry. The plaintiffs subsequently appealed the decision to the Eleventh Circuit Court of Appeals. On February 2, 2021, the Eleventh Circuit Court of Appeals overturned the legal standard applied by the district court, which concerned only one of several prerequisites to class certification, and demanded the case to the district court to complete the class certification analysis. Dometic remains firm in its position that the allegations in the case are without merit and that a class cannot be certified. Dometic reached an agreement with one of its insurers, pursuant to which this insurance

company agreed to reimburse the company for a certain portion of the legal costs related to the class action. In addition, Dometic prevailed on summary judgment against a different insurer, pursuant to which this other insurance company will reimburse the company for the remaining portion of the legal costs related to the class action.

## NOTE 5 | SEGMENT INFORMATION

### Consolidated operating segments

2019	Americas	EMEA	APAC	Un-allocated	Total
Net sales, external	9,325	7,472	1,707	–	18,503
<b>Operating profit before depreciation and amortization (EBITDA)</b>	<b>1,543</b>	<b>1,192</b>	<b>421</b>	<b>–</b>	<b>3,155</b>
Depreciation and amortization	–488	–266	–64	–	–817
<b>Operating profit (EBIT)</b>	<b>1,055</b>	<b>926</b>	<b>357</b>	<b>–</b>	<b>2,338</b>
Financial income	–	–	–	14	14
Financial expenses	–	–	–	–522	–522
Taxes	–	–	–	–505	–505
<b>Profit (loss) for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,325</b>
<b>Operating profit (EBIT) before i a c</b>	<b>1,096</b>	<b>978</b>	<b>362</b>	<b>–</b>	<b>2,435</b>
Items affecting comparability (i a c)	–41	–51	–5	–	–97
<b>Operating profit (EBIT)</b>	<b>1,055</b>	<b>926</b>	<b>357</b>	<b>–</b>	<b>2,338</b>
Investments in intangible and tangible assets	–	–	–	361	361
Net assets <sup>1)</sup>	17,206	7,404	3,789	–	28,399

2020	Americas	EMEA	APAC	Un-allocated	Total
Net sales, external	8,217	6,493	1,497	–	16,207
<b>Operating profit before depreciation and amortization (EBITDA)</b>	<b>1,265</b>	<b>1,053</b>	<b>351</b>	<b>–</b>	<b>2,669</b>
Depreciation and amortization	–478	–254	–57	–	–789
<b>Operating profit (EBIT)</b>	<b>787</b>	<b>799</b>	<b>294</b>	<b>–</b>	<b>1,880</b>
Financial income	–	–	–	7	7
Financial expenses	–	–	–	–538	–538
Taxes	–	–	–	–897	–897
<b>Profit (loss) for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>451</b>
<b>Operating profit (EBIT) before i a c</b>	<b>855</b>	<b>770</b>	<b>314</b>	<b>–</b>	<b>1,939</b>
Items affecting comparability (i a c)	–68	30	–20	–	–59
<b>Operating profit (EBIT)</b>	<b>787</b>	<b>799</b>	<b>294</b>	<b>–</b>	<b>1,880</b>
Investments in intangible and tangible assets	–	–	–	246	246
Net assets <sup>1)</sup>	14,957	6,216	3,448	–	24,620

<sup>1)</sup> Net assets at the end of the period excluding financial assets and liabilities and deferred taxes.

Dometic Group has been organized into three segments i.e. regions: Americas (North and South America), EMEA (Europe, Middle East and Africa) and APAC (Asia Pacific).

These segments are reported in a manner consistent with the internal reporting provided to the Group Management and the Board of Directors. The operating segments are regularly reviewed by the President and CEO, the Group's chief operating decision maker.

## NOTE 5 cont.

The performance of the segments is primarily assessed based on sales and operating profit. Information regarding income for each region is based on from which geography sales are carried out. Information regarding the assets is based on geographic regions, where the benefit of the assets is consumed. Sales between segments are carried out on market conditions with arm's length principles.

Investments in fixed assets are monitored on a Group and legal entity level, hence not allocated to segments. In operational follow-up net assets are allocated to segments.

Management follow-up is based on integrated results in each segment, i.e. intra segment sale is eliminated in the result of the segment. A simplified way of describing an integrated result is a local result in each segment combined with profit/loss allocated from the factories/distribution centers in other segments based on production volume. However, business areas and sales channel are considered important attributes when presenting Dometic Sales. See the table below for details.

The Group has no customer from which it generates income that accounts for more than 10 percent of the company's net sales.

Operational follow-up is not done by product as the product range is wide and each item is not material enough to justify a separate presentation and therefore not regarded to benefit the reader.

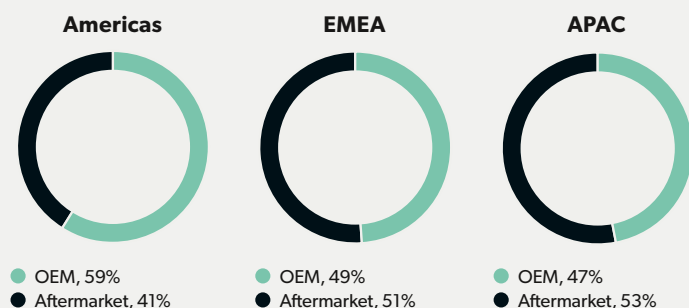
	2020	2019
<b>Net sales, external</b>		
<b>Americas</b>		
OEM	4,851	6,142
Aftermarket	3,366	3,183
<b>Americas net sales, external</b>	<b>8,217</b>	<b>9,325</b>
<b>EMEA</b>		
OEM	3,156	3,624
Aftermarket	3,337	3,848
<b>EMEA net sales, external</b>	<b>6,493</b>	<b>7,472</b>
<b>APAC</b>		
OEM	705	792
Aftermarket	792	914
<b>APAC net sales, external</b>	<b>1,497</b>	<b>1,707</b>
OEM	8,711	10,558
Aftermarket	7,496	7,945
<b>Total net sales, external</b>	<b>16,207</b>	<b>18,503</b>

Net sales by sales channel are 46 percent for OEM and 54 percent for Aftermarket.

**Inter-segment sales**

Inter-segment sales were as follows:

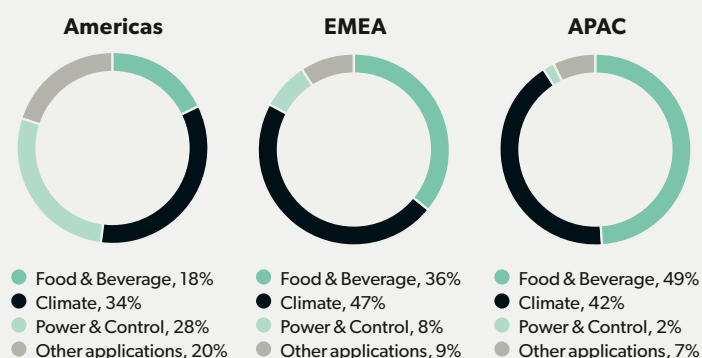
	2020	2019
Americas	266	363
EMEA	319	359
APAC	2,536	2,369
<b>Total eliminations</b>	<b>3,121</b>	<b>3,092</b>

**Net sales, external by region and channel****Application areas**

SEK m	2020	2019
<b>Net sales, external</b>		
<b>Americas</b>		
Food & Beverage	1,510	1,681
Climate	2,791	3,632
Power & Control	2,307	2,464
Other applications	1,610	1,548
<b>Americas net sales, external</b>	<b>8,217</b>	<b>9,325</b>
<b>EMEA</b>		
Food & Beverage	2,361	2,695
Climate	3,081	3,672
Power & Control	525	566
Other applications	526	538
<b>EMEA net sales, external</b>	<b>6,493</b>	<b>7,472</b>
<b>APAC</b>		
Food & Beverage	734	839
Climate	626	690
Power & Control	24	31
Other applications	112	147
<b>APAC net sales, external</b>	<b>1,497</b>	<b>1,707</b>
<b>Net sales, external</b>		
Americas	8,217	9,325
EMEA	6,493	7,472
APAC	1,497	1,707
<b>Total net sales, external</b>	<b>16,207</b>	<b>18,503</b>

**Application areas**

Full year 2019 Net sales by Application area for Americas include restated numbers for Climate Control (SEK -128 m), Power & Control (SEK +904 m) and Other applications (SEK -776 m). The reason for restatement is to provide comparability between years, as there has been a reclassification of certain product groups in Americas 2020.

**Net sales, external by region and application area****Reorganization and new segment reporting with start from the first quarter of 2021**

On January 1, 2021 Dometic implemented a new organizational structure to generate additional focus and performance. The new structure is formed around four Segments, in contrast to three previous regions: Segments Americas, EMEA, APAC and Global. The Segments are the highest responsible operational entities reporting to the Group. The new organizational structure will be reflected in Dometic's report for the first quarter of 2021.

## NOTE 5 cont.

**Geographical information**

	Net sales by country	
	2020	2019
United States	7,184	8,654
Germany	2,817	3,067
Australia	1,037	1,184
United Kingdom	688	979
France	625	749
Italy	443	502
Sweden	293	376
The Netherlands	343	388
Canada	329	380
Other	2,447	2,224
<b>Total</b>	<b>16,207</b>	<b>18,503</b>

Net sales attributable to countries on the basis of the customer's location.

**Non-current assets**

	Non-current assets by country	
	2020	2019
United States	11,489	13,363
Germany	4,172	4,572
Australia	2,987	3,139
Canada	2,199	2,525
Italy	369	406
China	398	446
Sweden	380	372
United Kingdom	696	808
Hong Kong	114	133
Other	358	404
<b>Total</b>	<b>23,162</b>	<b>26,168</b>

Non-current assets located in Sweden amount to SEK 380 m (372).

**NOTE 6 | NET SALES AND OPERATING PROFIT**

Dometic Group net sales 2020 amounted to SEK 16,207 m (18,503).

**Revenue recognition and additional information on net sales***IFRS 15 Revenue from Contracts with Customers*

Revenue recognition in Dometic Group is based on IFRS 15 – Revenue from Contracts with Customers. This standard specifies the requirements for recognizing revenue from all contracts with customers, except for contracts that are within the scope of the Standards on leasing, insurance contracts and financial instruments.

Dometic is in the business of manufacturing and selling a diverse range of products within Food & Beverage, Climate, Power & Control and Other applications. These products are primarily for use in Recreational Vehicles, pleasure boats, work boats, trucks and premium cars.

Products in the area of Mobile living are sold via the two sales channels Original Equipment Manufacturer (OEM) and Aftermarket (AM).

The new revenue model is made up of a series of steps required to help entities determine when and how much revenue to recognize.

In the first step of the revenue model, the Group identifies the contract with a customer. This is then followed by the second step, in which the various goods and services that need to be accounted for separately, or distinct performance obligations, are identified. In the third step, the Group determines the transaction price, which is the total amount to which the Group expects to be entitled, and then in the fourth step the transaction price is allocated to the distinct performance obligations. Finally, the amount of revenue allocated to each distinct performance obligation is recognized either at a point in time or over a period of

time, depending on when the customer acquires control over the promised goods or services in that performance obligation.

*Customer contract*

Purchase orders from the customer, which is the most common way of ordering goods, qualify as an IFRS 15 contract, including all enforceable rights and obligations required.

*Distinct performance obligations*

The promises are all distinct, since the customer can benefit from the goods on their own and the service (if included in a contract) together with the readily available goods. Each promise (performance obligation) is accounted for separately.

In the rare cases where the Group offers installation services, revenue for that performance obligation is recognized over the contract period during which the service is provided. At present, the service part of the Group's revenue is immaterial, which is why revenue over time is not separately presented in the disclosures.

*Transaction price*

Sales are recorded based on the price specified in the customer agreements, net of the estimated discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. If the consideration includes a variable amount, the transaction price includes an estimate of what the entity will be entitled to receive. Estimated discounts are accounted for at the time of the sale and simultaneously reduce external revenue. The amount is estimated by using either the expected value or the most likely amount.

The revenue estimate is included in the transaction price only if it is highly probable that there will not be a significant reversal in the amount of cumulative revenue recognized.

*Revenue recognition*

Revenue is recognized when the Group has fulfilled its performance obligation, which means the Group has transferred the promised good or service to the customer. The goods or services are regarded as transferred when the customer has obtained control of the good or service. Revenue from the sale of goods and services is recognized in a pattern that reflects the transfer of control of the promised goods or service to the customer, and this takes place when the customer has obtained the ability to direct the use of the goods and obtained substantially all remaining benefits from the asset.

Control either transfers to the customer over time or at a point in time, and this is determined at contract inception. The assessment of whether control transfers over time or at a point in time is critical to the timing of revenue recognition, since revenue is recorded when or as control transfers.

The Group has a limited number of arrangements where the performance obligations are satisfied over time, including some services but also a small volume of customized goods constructed for customers. To achieve valid revenue timing, progress toward satisfaction of a performance obligation must be measured.

Indicators for the transfer of control at a point in time for goods are if the Group has a right to payment for the goods or if the customer has legal title to the goods. Other indicators which the Group considers are if the Group has transferred physical possession of the goods and if the customer has the significant risks and rewards related to the ownership of the goods.

Additionally, the Group considers whether the customer has accepted the goods in accordance with the customer acceptance clause.

International commercial terms are important as a checkpoint, to determine when control transfers to a customer. The Group must use judgement to determine whether all relevant IFRS control factors collectively indicate that the customer has obtained control before recognizing revenue.

*Financing component*

If the timing of the payment of the consideration is in advance or deferred and the timing provides a significant financing benefit, the payments are adjusted for the time value of money. However, since sales are normally made with a credit term of 30–60 days, which is consistent with market practice, no element of financing is considered to exist. The Group receives very limited amounts of advance payments from customers.



**NOTE 6 cont.***Warranty*

Dometic offers a standard warranty, normally between two and three years. In some cases, an extended warranty may be offered to the customer. The standard warranty is recorded as a provision and a warranty cost in the income statement, whereas the extended warranty is a separate performance obligation. The portion of the transaction price in the contract that is allocated to the extended warranty is accounted for as revenue over the term of the warranty period.

**Costs of goods sold and additional information on costs by nature**

Cost of goods sold consists of direct costs of producing products such as cost of materials, labor costs and factory costs. It also includes warranties and stock value adjustments and costs of assembly of products, and costs for finished goods from external suppliers. The most significant components of Dometic Group's costs of goods sold include materials (including both raw materials and manufacturing supplies), which represented 47% (51) of Dometic Group's net sales at year-end.

As Dometic Group manufactures a wide range of products, Dometic Group's direct materials are highly diversified, with no individual type of raw material or component being dominant. Other significant components of goods sold include factory and material overheads and direct and indirect labor, which together typically represent a quarter of Dometic Group's cost of goods sold.

Cost of goods sold also includes product development costs of SEK 336 m, not including capitalized spend of SEK 21.1 m (388), which consists of expenses incurred in connection with Dometic Group's research and development activities; these amounts for example include salaries and related employee benefits, which are generally fixed, and external services for example testing and design, which are variable.

**Government grants and other support measures**

Government grants are recognized in the income statement on a systematic basis over the periods the entity recognizes the related costs, that the grants are intended to compensate. The grants are included on a net basis in the income statement by function. A government grant is not recognized in the financial statement until there is a reasonable assurance that the entity will comply with the conditions attached to them and that the grants will be received. During 2020 government grants mainly comprising salary support received amounted to SEK 61 m (0), whereof costs of goods sold SEK 34 m, sales expenses SEK 18 m and administrative expenses SEK 9 m. Other support measures including other governmental business support such as short-term work compensation and a reduction in social security charges amounted to SEK 149 m for the full year 2020.

**Amortization of acquisition-related intangible assets by function and other operating income/cost**

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

	Amortization of trademarks		Amortization of customer relationship assets		Amortization of technology		Amortization of intellectual property		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Cost of goods sold	-	-	-	-	-45	-47	-23	-23	-68	-70
Sales expenses	-48	-49	-181	-185	-	-	-	-	-228	-234
Administrative expenses	-	-	-	-	-	-	-	-	-	-
Other operating income and expenses	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-48</b>	<b>-49</b>	<b>-181</b>	<b>-185</b>	<b>-45</b>	<b>-47</b>	<b>-23</b>	<b>-23</b>	<b>-296</b>	<b>-303</b>

Expenses by nature	Group		Parent	
	2020	2019	2020	2019
Raw materials and manufacturing supplies	-7,555	-9,464	-	-
Employee benefit expenses (note 9)	-3,077	-3,568	-89	-86
Transport expenses	-820	-647	-	-
Amortization and depreciation (note 8, 14 and 15)	-789	-817	-	-
Warranty costs	-297	-334	-	-
Marketing expenses	-193	-326	-	-
Other	-1,596	-1,009	89	86
<b>Total</b>	<b>-14,327</b>	<b>-16,165</b>	<b>0</b>	<b>0</b>

Expenses by function	Group		Parent	
	2020	2019	2020	2019
Cost of goods sold	-10,901	-12,504	-	-
Sales expenses	-2,220	-2,411	-	-
Administrative expenses	-915	-918	-199	-185
Other operating income <sup>1)</sup>	152	75	190	185
Other operating expenses	-88	-7	-	-
Items affecting comparability	-59	-97	-	-
Amortization of acquisition-related intangible assets	-296	-303	-	-
<b>Total</b>	<b>-14,327</b>	<b>-16,165</b>	<b>-9</b>	<b>0</b>

<sup>1)</sup> The Parent Company has reported other operating income of SEK 190 m (185) of which the full amount relates to income from subsidiaries.

**Sales expenses**

Sales expenses consist mainly of expenses relating to marketing activities, including costs of sales staff, promotion, exhibitions and other events. Sales expenses also include logistics (outbound freight cost of deliveries to customers), guarantee, credit and collection and related IT expenditures.

## NOTE 6 cont.

**Items affecting comparability by function and other operating income/cost**

The table below specifies items affecting comparability by function and other operating income/cost.

	Global restructuring program		Other		Total	
	2020	2019	2020	2019	2020	2019
Cost of goods sold	-78	-113	-	-	-78	-113
Sales expenses	-9	-	-	-	-9	-
Administrative expenses	-9	-3	-	-	-9	-3
Other operating income and expenses	-21	-	57	19	36	19
<b>Total</b>	<b>-116</b>	<b>-116</b>	<b>57</b>	<b>19</b>	<b>-59</b>	<b>-97</b>

**Administrative expenses**

Administrative expenses include costs related to the administration of Dometic Group's business that are not attributable to costs of goods sold or sales expenses, such as expenses related to IT, management, human resources, finance and administration departments.

**Items affecting comparability (i. a. c.)**

Items affecting comparability are events or transactions with significant financial effects, which are relevant for understanding the financial performance when comparing profit 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.

Items affecting comparability	2020	2019
Global restructuring program	-116	-116
Other	57	19
<b>Total</b>	<b>-59</b>	<b>-97</b>

In 2019 a global restructuring program was launched to optimize footprint and reduce costs to increase competitiveness. During 2020 total costs to the global restructuring program amounted to SEK -116 m. 21 sites and 778 employees have been affected. SEK 66 million related to a gain from a sale of fixed assets.

**NOTE 7 | AUDIT FEES**

	Group		Parent	
	2020	2019	2020	2019
<b>PricewaterhouseCoopers (PwC)</b>				
Audit fees <sup>1)</sup>	-20	-19	-2	-3
Audit-related fees <sup>2)</sup>	-1	-1	-	-
Tax fees <sup>3)</sup>	-8	-6	-	-
All other fees <sup>4)</sup>	0	0	-1	-
<b>Total fees to PwC</b>	<b>-29</b>	<b>-26</b>	<b>-3</b>	<b>-3</b>
<b>Other auditors</b>				
Audit fees to other audit firms	-1	-1	-	-
Audit-related fees	-	0	-	0
Tax fees	-	-5	-	-3
All other fees	-	-	-	-
<b>Total fees other auditors</b>	<b>-1</b>	<b>-7</b>	<b>-</b>	<b>-3</b>
<b>Total fees to other auditors</b>	<b>-30</b>	<b>-33</b>	<b>-3</b>	<b>-6</b>

<sup>1)</sup> Audit fees – fees for the annual audit services and other audit services, i.e. services that only the external auditors reasonably can provide, and include the Company audit and statutory audits.

<sup>2)</sup> Audit-related fees – fees for assurance and related services that are reasonably related to the performance of the audit of the Company's financial statements or that are traditionally performed by the external auditors.

<sup>3)</sup> Tax fees – fees for transfer pricing, tax-compliance services, tax consultations and advice related to acquisitions, divestments and other projects and assistance with tax audits.

<sup>4)</sup> All other fees - fees for other services.

Audit fees for PwC Sweden during 2020 amount to SEK -2 m (-3), audit-related fees SEK 0 m (-0.3), tax fees SEK - m (-0.4) and all other fees to SEK -0.9 m (-0.1).

**NOTE 8 | LEASING AGREEMENTS**

Right-of-use assets information is specified below:

2019	Buildings	Machinery, equipment and other technical installations	Total
<b>Acquisition costs</b>			
Opening balance	–	–	–
Recognized on adoption of IFRS16 Leases	469	49	519
Additions during the year	278	30	308
Reductions	–33	–7	–40
Exchange rate differences	–4	–1	–5
<b>Closing balance</b>	<b>710</b>	<b>72</b>	<b>782</b>
<b>Depreciation</b>			
Opening balance	–	–	–
Depreciation and impairment for the year	–151	–29	–180
Reductions	14	6	20
Exchange rate differences	1	0	1
<b>Closing balance</b>	<b>–137</b>	<b>–22</b>	<b>–159</b>
Net carrying amount December 31, 2018	–	–	–
<b>Net carrying amount December 31, 2019</b>	<b>573</b>	<b>50</b>	<b>623</b>

2020	Buildings	Machinery, equipment and other technical installations	Total
<b>Acquisition costs</b>			
Opening balance	710	72	782
Additions during the year	233	20	252
Reductions	–53	–17	–69
Exchange rate differences	–71	–3	–75
<b>Closing balance</b>	<b>819</b>	<b>71</b>	<b>890</b>
<b>Depreciation</b>			
Opening balance	–137	–22	–159
Depreciation and impairment for the year	–153	–26	–179
Reductions	42	14	56
Exchange rate differences	20	2	22
<b>Closing balance</b>	<b>–228</b>	<b>–32</b>	<b>–260</b>
Net carrying amount December 31, 2019	573	50	623
<b>Net carrying amount December 31, 2020</b>	<b>591</b>	<b>39</b>	<b>630</b>

Total depreciation and amortization of SEK 789 m (817) includes depreciation of right-of-use assets of SEK 179 m (180) for 2020.

**Depreciation and amortization**

	2020	2019
Depreciation and amortization	–789	–817
Add back depreciation related to right-of-use assets	179	180
<b>Total depreciation and amortization excl. depreciation of right-of-use assets</b>	<b>–610</b>	<b>–637</b>

**Additional lease information**

The interest expenses on lease agreements are disclosed in Note 11 Financial income and expenses. A maturity analysis of the lease liability is disclosed in Note 3 Financial risk management and financial instruments.

Expenses for leases with low value and short-term leases amounted to SEK 12 m (10). Variable lease cost amounted to SEK 18 m (8).

**IFRS 16 Leases (“IFRS 16”)**

The Group has lease agreements as a lessee for some of its buildings, machinery, equipment and other technical installations including vehicles. Lease contracts are usually entered into for a fixed period of two to three years, however during 2019, a few building contracts with longer lease term have been signed.

Extension options are included in the accounting lease term for buildings when they are reasonably certain to be exercised. If the lease term ends within three years, extension options are considered reasonably certain to be utilized, in alignment with current plans for the Group.

Leases are recognized as a right-of-use asset and a corresponding liability, except for short-term leases (with a term of 12 months or less) and leases with low value. For these leases, payments are recognized on a straight-line basis as an expense in the income statement.

Dometic Group presents right-of-use lease assets and lease liabilities separately from other assets and other liabilities on the face of the statement of financial position.

**Measurement and remeasurement**

Lease liabilities are initially measured at the present value of the future lease payments, fixed and variable depending on an index or a rate, discounted by the incremental borrowing rate.

Each lease payment is allocated between an amortization of the liability and finance cost.

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or a rate.

Right-of-use assets are measured at cost, comprising the amount of the initial measurement of the lease liability, lease payments made at or before the commencement date and any initial direct costs and any restoration costs.

The right-of-use asset is depreciated over the lease term on a straight-line basis and charged to the income statement over the lease period.

When there is a remeasurement of, or adjustment to the lease liability, a corresponding adjustment is made to the right-of-use asset.

**Discount rate assumptions and estimation**

Dometic Group has established a method of calculating the discount rate when determining the present value of the remaining lease payments and in recognizing the right-of-use assets. Lease contracts for different types of assets are assigned different discount factors, since the risk and thus the finance cost may vary significantly. Other adjusting factors for the rate are the currency and the time to maturity of the lease. Euro countries are deemed to have the same risk, as we borrow/lend internally in the Group at the same rate for all euro countries. The underlying observable market data used is government bonds.

**Policy choices**

The Group uses the practical expedient for non-lease components, which means that each lease component and any associated non-lease component will not be treated separately but accounted for as one.

Dometic Group uses the recognition exemption for short-term leases and low-value leases and has decided to classify all IT and office equipment as low-value assets and hence not include these in the balance sheet.

**Cash flow**

IFRS 16 lease payments are split in cash flow between cash payments for the interest portion of the lease liabilities and repayment of its principal portion. The Group presents the principal portion of lease payments within the cash flows from financing activities, as required by IFRS 16. Cash payment for the interest portion is treated the same way as the presentation of interest payments of the Group. Short-term payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are not shown separately but are included in payments to suppliers.

Total cashflow from Leases amounted to SEK 222 m.

## NOTE 9 | EMPLOYEE BENEFIT EXPENSE AND REMUNERATION

### Salaries, wages, other remuneration and social security costs

Employee benefits	Group		Parent	
	2020	2019	2020	2019
Salaries and remunerations	-2,503	-2,720	-53	-45
Social security costs	-323	-393	-21	-17
Pension costs				
– defined contribution plans	-67	-84	-13	-11
Pension costs – defined benefit plans	-19	-19	0	0
Other personnel costs	-165	-352	-3	-13
<b>Total</b>	<b>-3,077</b>	<b>-3,568</b>	<b>-89</b>	<b>-86</b>

Remuneration is applied based on local market conditions and collective agreements. The total cost for employee benefits in 2020 amounted to SEK 3,077 m (3,568).

### Remuneration to the Board of Directors

Remuneration to the Board of Directors approved by the 2019 annual general shareholders' meeting	SEK thousand
Fredrik Cappelen, Chairman	950
Jacqueline Hoogerbrugge, Board member	485
Erik Olsson, Board member, Chairman Remuneration Committee	520
Peter Sjölander, Board member	420
Rainer E. Schmückle, Board member	470
Magnus Yngen, Board member, Chairman Audit Committee	540
Heléne Vibbleus, Board member	485
<b>Total remuneration to the Board of Directors</b>	<b>3,870</b>

Remuneration to the Board of Directors approved by the 2020 annual general shareholders' meeting	SEK thousand
Fredrik Cappelen, Chairman	950
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Heléne Vibbleus, Board member	485
<b>Total remuneration to the Board of Directors</b>	<b>3,870</b>

Remuneration to representatives in the Board of Directors for Board- and Committee work amounts to SEK 3,870 thousand (3,870). Remuneration for the Committee work (Audit Committee and Remuneration Committee) until the next annual shareholders' meeting amounts to SEK 450 thousand in total (of which SEK 120 thousand to the Chairman of the Audit Committee, SEK 100 thousand to the Chairman of the Remuneration Committee, SEK 65 thousand to each Audit Committee member and SEK 50 thousand to each Remuneration Committee member).

Group Management consist of the CEO and nine other members. The roles represented in the Group Management directly reporting to the CEO are the three Regional Presidents and the Heads of the Group functions; Finance, Human Resources, Legal, Marketing, Product Development and Operations.

The annual shareholders' meeting held on April 7, 2020 determined the guidelines which shall apply in relation to remuneration to the CEO and other members of Group Management. Current employment agreements and remunerations are based on the Remuneration Guidelines for the CEO and Group Management.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. The total remuneration shall be based on the position held, individual performance, performance of the Dometic Group and be competitive in the country of employment. The overall remuneration package may consist of the following components:

- Fixed base salary
- Short-term incentive (STI) linked to yearly business targets established by the Board of Directors
- Long-term incentive (LTI) in the form of a three-year cash-based incentive plan linked to EPS development
- Pensions, (if possible defined-contribution plans), that do not exceed
  - 35 percent of the base salary for Group Management members and
  - 40 percent for the CEO.
- Other benefits associated with the position

Salaries and Remuneration to the CEO and Group Management in 2020 amount to SEK 84,885 thousand (68,452). The increase in total cost depends on an increase in variable remuneration earned in 2020. Both STI and LTI outcomes were higher for 2020 compared to 2019. In addition, more executives were entitled to a payout from the LTI plan.

In addition to Dometic's short-term and long-term incentive plans, the variable pay reported includes a sign-on incentive and a retention bonus governed by the Remuneration Committee. The variable pay reported also include the final installment to the CEO for lost compensation relating to long-term incentive programs at the previous employer of SEK 3,985 thousand, (3,744). The total amount paid during the period 2018 to 2020 was SEK 12,026 thousand (agreed maximum amount was SEK 15,000 thousand). Other benefits include allowances and benefits associated with the position, such as company car or car allowance and health care benefits. During 2020, the cost for termination benefits amounted SEK 0 thousand (0).

### Pension benefits

Group Management agreements concerning pensions are, where possible, defined contribution pension plans. All pension plans provided are defined as a percentage of the fixed salary. According to the remuneration policy for the CEO and Group Management, the pension shall reflect regulations and practice in the country of employment and not exceed 35 percent of the annual base salary for the Group Management members and 40 percent for the CEO. The Group Management members employed in Sweden are either covered by a defined contribution plan or by the relevant ITP plan. General retirement age is 65. Contributions to the pension scheme will cease when leaving the Company. Total pension expenses paid for the CEO and Group Management during 2020 amounted to SEK 9,912 thousand (9,526).

### Notice period and severance

Members of the Group Management have a 6 months' notice period when notice is given by the employee. If the notice is given by the Company, between 6–12 months' notice is applied. The CEO has 12 months' notice by the Company, as well as a 12 month's severance period. Severance pay shall not form a basis for vacation pay or pension benefits. Local employment laws and regulations may influence the terms and conditions for notice given by the Company.

### Remuneration to the CEO and Group Management

2019	Annual fixed salary	Variable salary for 2019 <sup>1)</sup>	Other benefits	Pension contribution	Total
President and CEO	8,145	5,560	1,065	2,874	17,644
Other members of Group Management	29,449	11,932	2,775	6,652	50,808
<b>Total</b>	<b>37,594</b>	<b>17,492</b>	<b>3,839</b>	<b>9,526</b>	<b>68,452</b>

<sup>1)</sup> Variable salary for 2019 has been updated to reflect payments for the first LTI program, paid in 2020.

2020	Annual fixed salary	Variable salary for 2020	Other benefits	Pension contribution	Total
President and CEO	8,270	11,699	640	3,464	24,074
Other members of Group Management	27,136	24,192	3,036	6,448	60,811
<b>Total</b>	<b>35,406</b>	<b>35,891</b>	<b>3,676</b>	<b>9,912</b>	<b>84,885</b>

## NOTE 9 cont.

**Salaries and remunerations to senior executives and other employees**

Salaries and remunerations to senior executives and other employees	Group	
	2020	2019
Board, president and other senior executives	75	62
Other employees	2,428	2,658
<b>Total</b>	<b>2,503</b>	<b>2,720</b>

**Average number of employees and gender distribution**

The average number of employees in Dometic Group during the period January 1 to December 31 2020 was 6,868 (7,257). Out of the total number of employees 36 per cent are women. In the Group Management team 4 executives out of 10 are women.

**Gender distribution for Board of Directors and Group Management**

	December 31, 2020		December 31, 2019	
	Number on closing date	Of which men	Number on closing date	Of which men
<b>Group (including subsidiaries)</b>				
Board members	7	5	7	5
CEO and other senior executives	10	6	10	6
<b>Group total</b>	<b>17</b>	<b>11</b>	<b>17</b>	<b>11</b>

	2020		2019	
	Average number of employees <sup>1)</sup>	Of which men, %	Average number of employees <sup>1)</sup>	Of which men, %
<b>Parent</b>				
Sweden	7	57	8	57
<b>Total</b>	<b>7</b>	<b>57</b>	<b>8</b>	<b>57</b>
<b>Subsidiary</b>				
Australia	101	71	108	73
Austria	6	84	6	84
Belgium	16	87	22	87
Canada	514	75	425	79
China	2,163	64	2,262	64
Denmark	15	87	14	86
Finland	8	75	8	75
France	36	47	36	54
Germany	850	70	932	71
Hong Kong	27	48	72	40
Hungary	296	64	284	62
Italy	95	79	166	75
Japan	24	72	25	69
Korea	6	49	6	51
Mexico	8	63	7	57
Netherlands	41	73	39	74
New Zealand	9	67	9	78
Norway	9	93	7	85
Poland	28	68	17	65
Portugal	1	-	1	-
Russia	16	69	15	67
Singapore	8	50	7	43
Slovakia	216	61	173	64
South Africa	5	60	5	60
Spain	18	67	26	62
Sweden	250	69	220	67
Switzerland	8	100	8	100
United Arab Emirates	15	67	14	71
United Kingdom	195	59	243	40
United States of America	1,878	63	2,092	59
Other	-	-	-	-
<b>Group total</b>	<b>6,868</b>	<b>66</b>	<b>7,257</b>	<b>64</b>

<sup>1)</sup> The average number of employees is based on FTE.

**NOTE 10 | OTHER OPERATING INCOME AND EXPENSES**

	2020	2019
<b>Other operating income</b>		
Gain on disposal of fixed assets	2	3
Exchange rate effect changes	32	65
Other <sup>1)</sup>	118	25
<b>Total</b>	<b>152</b>	<b>93</b>
<b>Other operating expenses</b>		
Loss on disposal of fixed assets	-2	-1
Exchange rate effect changes	-51	-20
Other	-35	-4
<b>Total</b>	<b>-88</b>	<b>-25</b>
<b>Other operating income and expenses</b>	<b>64</b>	<b>68</b>

<sup>1)</sup> Other includes the release of other non-recurrent liability related to a potential earn-out regarding the Kampa acquisition of SEK 98 m.

**Parent Company**

Other operating income amounts to SEK 190 m (185) of which the full amount relates to income from subsidiaries.

**NOTE 11 | FINANCIAL INCOME AND EXPENSES**

	Group	
	2020	2019
Interest income	7	14
<b>Total financial income</b>	<b>7</b>	<b>14</b>
Interest expenses borrowing, credit institutions	-399	-434
Interest expense on pension liabilities and expected return on plan assets (note 19)	-16	-21
Amortization capitalized long-term financing expenses	-22	-50
Interest expense leases	-22	-19
Exchange rate difference, net	-56	19
Other financial expenses	-25	-16
<b>Total financial expenses</b>	<b>-538</b>	<b>-522</b>
<b>Net financial expenses</b>	<b>-532</b>	<b>-508</b>
Interest income is recognized on a time-proportion basis using the effective interest method.		
	Parent Company	
	2020	2019
Interest income subsidiaries	194	279
<b>Total interest income subsidiaries</b>	<b>194</b>	<b>279</b>
Interest expense subsidiaries	-	0
<b>Total interest expense subsidiaries</b>	<b>-</b>	<b>0</b>
Interest expenses borrowing, credit institutions	-397	-427
Amortization capitalized long-term financing expenses	-22	-50
Exchange rate difference, net	146	-243
Other financial expenses	-20	-12
<b>Total other financial expenses</b>	<b>-293</b>	<b>-732</b>
<b>Profit (loss) from financial items</b>	<b>-99</b>	<b>-453</b>

**NOTE 12 | TAXES**

	Group		Parent	
	2020	2019	2020	2019
Current tax on profit for the year	-432	-586	-20	-
Current tax in respect of prior year	-523	-5	-23	-
Deferred tax income/expense (-)	58	86	9	12
<b>Total tax income/expense</b>	<b>-897</b>	<b>-505</b>	<b>-34</b>	<b>12</b>

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in equity under other comprehensive income. In this case the tax is also recognized in equity under other comprehensive income.

The differences between income tax expense and an estimated tax expense based on current tax rates are as follows:

	Group		Parent	
	2020	2019	2020	2019
Profit (loss) before income tax	1,348	1,830	-108	-66
Income tax calculated in accordance with the Group's current tax rate <sup>1)</sup>	-337	-458	23	14
<b>Effects of:</b>				
Non-taxable income <sup>2)</sup>	33	4	-	-
Non-deductible expenses <sup>3)</sup>	-28	-85	-9	-4
Temporary differences for which no deferred income tax was recognized	14	18	-	-
Tax losses and other credits for which no deferred tax was recognized <sup>4)</sup>	-34	-2	-34	-
Recognition of deferred tax on prior year losses	-	-	-	-
Effect of change in tax rates <sup>5)</sup>	-13	-	-1	-
Other revaluation of deferred tax related to prior year	0	6	9	-
Current tax in respect of prior year <sup>6)</sup>	-523	-5	-23	-
Other differences	-9	17	1	2
<b>Total tax income/expense</b>	<b>-897</b>	<b>-505</b>	<b>-34</b>	<b>12</b>
<sup>1)</sup> Estimated average tax rate is, %	25	25	21.4	21.4

<sup>2)</sup> Includes the release of other non-recurrent liability related to a potential earn-out regarding the Kampa acquisition.

<sup>3)</sup> Lower compared to 2019 mainly due to the final US High Tax Exception (HTE) regulations that allow for the exclusion of Global Intangible Low-Taxed Income (GILTI) when calculating US taxes, which reduces the overall US tax liability.

<sup>4)</sup> Mainly relates to the effect of the Swedish interest deduction limitation rules.

<sup>5)</sup> Sweden's tax rate has been reduced from 21.4% to 20.6% effective from January 1, 2021.

<sup>6)</sup> Mainly relates to a tax provision for an ongoing foreign tax dispute related to previous years.

The basis for estimating the average tax rate for the Group is the statutory tax rates in countries where Group conducts the major part of its business. The estimated tax rate for the parent company corresponds to the statutory tax rate in Sweden.

Temporary differences exist when the carrying amounts of assets and liabilities reported in the consolidated financial statements differ from the amounts used for taxation purpose. The Group's temporary differences have resulted in deferred tax assets and liabilities attributable to the following:

	Group		Parent	
	2020	2019	2020	2019
<b>Deferred tax assets</b>				
Deductible goodwill amortization	0	1	-	-
Pension commitments	76	48	8	7
Tax loss carryforward	220	309	-	-
Provisions	44	70	-	-
Inventories, including internal profit in inventories	78	58	-	-
Derivatives	31	7	-	-
Other assets and liabilities	252	207	18	10
<b>Total deferred tax assets</b>	<b>701</b>	<b>700</b>	<b>26</b>	<b>17</b>
Netting of assets/liabilities	-104	-117	-	-
<b>Net deferred tax asset</b>	<b>597</b>	<b>583</b>	<b>26</b>	<b>17</b>
<b>Deferred tax liabilities</b>				
Trademarks	-850	-943	-	-
Other intangible assets	-709	-873	-	-
Tangible assets	-191	-188	-	-
Derivatives	-19	-8	-	-
Other assets and liabilities	-	-	-	-
<b>Total deferred tax liabilities</b>	<b>-1,769</b>	<b>-2,012</b>	<b>-</b>	<b>-</b>
Netting of assets/liabilities	104	117	-	-
<b>Net deferred tax liabilities</b>	<b>-1,665</b>	<b>-1,895</b>	<b>-</b>	<b>-</b>
<b>Net deferred tax</b>	<b>-1,068</b>	<b>-1,312</b>	<b>26</b>	<b>17</b>

	Group		Parent	
	2020	2019	2020	2019
<b>Change in net deferred tax</b>				
Opening balance	-1,312	-1,317	17	5
Deferred tax recognized in other comprehensive income	14	18	9	-
Tax income (expense) during the period recognized in profit or loss	58	86	-	12
Operations/Acquisitions	-	-	-	-
Exchange rate differences	172	-99	-	-
<b>Closing balance</b>	<b>-1,068</b>	<b>-1,312</b>	<b>26</b>	<b>17</b>

Of total deferred tax recognized in equity of SEK 14 m (18), SEK 32 m (-1) relates to pensions and SEK -19 m (19) to financial hedges.

Deferred tax assets related to tax losses carryforwards are recognized to the extent that it is likely that the loss carry-forwards can be utilized to offset profits in future tax returns.

At the end of the period, total tax losses carryforward for which no deferred tax asset is recognized are estimated to SEK 174 m (203).

Tax loss carryforwards with time limits total SEK 30 m (48), of which SEK 19 m (27) will expire after more than five years.

During the first quarter 2018 a deposit of SEK 233 m for an ongoing tax audit in Hong Kong was made, reported as Other current receivables.

**Current and deferred income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**NOTE 12 cont.**

Deferred income tax is recognized, using the liability method, on temporary differences arising when the carrying amounts of assets and liabilities reported in the consolidated financial statements differ from the amounts used for taxation purposes. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to net the balances.

**IFRIC 23 - Interpretation 23 Uncertainty over Income Tax Treatments**

The interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is an uncertainty over tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. In this case, an assessment must be made whether it is probable that the tax authority, or court, will accept the tax treatment in the income tax return, otherwise, the effect of uncertainty must be estimated and recognized in the financial statements as a tax liability. The uncertain tax treatment is to be assessed either by using the most likely outcome or the expected value—the sum of the probability-weighted amounts in a range of possible outcomes. The first mentioned principle has been applied in respect of the provision made for the ongoing foreign tax dispute related to previous years.

**NOTE 13 | OTHER NON-CURRENT ASSETS**

	December 31, 2020	December 31, 2019
Shares and participation in associated companies	10	9
Present value for life assurance	78	73
Other long-term receivables	7	16
<b>Closing balance</b>	<b>95</b>	<b>99</b>

**Parent Company**

Other non-current assets in the Parent Company consist of capital insurance of SEK 38 m (31).

**NOTE 14 | INTANGIBLE ASSETS****Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is recognized immediately as an expense and is not subsequently reversed.

**Trademarks**

Acquired trademarks are shown at historical cost. All trademarks within Dometic Group with a value on the balance sheet have been identified as part of the strategic planning process. Trademarks that have been determined to have an indefinite useful life are not depreciated but are tested for impairment annually. Trademarks which have been determined to have a defined useful life are amortized up to 10 years.

**Acquisition-related intangible assets**

All customer relationships, technology and intellectual property (IP) are acquired in a business combination and recognized at fair value at the acquisition date. Customer Relationships and IP have a finite useful life and are carried at the initial value less accumulated amortization. Amortization is calculated using the straight-line method to allocate the value over their estimated useful lives set to:

- Customer Relationships up to 25 years
- Technologies up to 25 years
- Intellectual Property and other rights 7 years

In connection with the acquisition of SeaStar Solutions December 15, 2017 long-lasting customer relationship and technology were acquired, both with an estimated useful life of 25 years. This estimated life is based historical relationships with customers and long product technology cycles within the industry.

**Other intangible assets/capitalized development expenses**

Research expenditures are recognized as an expense as incurred. Expenditures for development projects are capitalized as intangible assets only if certain criteria are met. Other development expenditures that do not meet the criteria for capitalization are recognized as an expense as incurred. Expenditures for development projects that are capitalized are amortized on a linear basis over their useful life from the time when it is available for use. The amortization period equals five years.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when certain criteria are met. Computer software development costs recognized as assets are amortized over their estimated useful lives, which are not expected to exceed three years.

Criteria for capitalization of development costs:

- it is technically feasible to complete the asset so that it will be available for use
- management intends to complete the asset and use or sell it
- there is an ability to use or sell the asset
- it can be demonstrated how the asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available
- the expenditure attributable to the asset during its development can be reliably measured.

Other intangible assets, such as patents and other rights that are capitalized are amortized on a straight-line basis over their estimated useful lives, which are normally 5 to 10 years.

Other intangible assets consist of customer relationship assets, technology, intellectual property and other rights, capitalized development expenses and other intangible assets, which altogether amount to SEK 3,853 m (4,560).

## NOTE 14 cont.

2019	Goodwill	Trademarks	Other intangible assets				Other intangible assets	Total
			Customer Relationship assets	Technology	Intellectual property and other rights	Capitalized development expenses		
<b>Acquisition costs</b>								
Opening balance	14,288	3,915	3,661	1,034	160	85	268	23,411
Acquired in business combinations	-	-	-	-	-	-	-	-
Investments for the year	-	-	-	-	3	6	52	61
Sales and disposals	-	-	-	-	-	-	-1	-1
Exchange rate differences	544	176	213	74	0	0	5	1,010
<b>Closing balance</b>	<b>14,832</b>	<b>4,091</b>	<b>3,874</b>	<b>1,108</b>	<b>163</b>	<b>91</b>	<b>325</b>	<b>24,484</b>
<b>Amortization</b>								
Opening balance	0	0	-310	-46	-94	-72	-179	-701
Sales and disposals	-	-	-	-	-	-	-	-
Amortization for the year	-	-49	-185	-47	-23	-5	-17	-326
Exchange rate differences	-	0	-16	-3	0	0	-4	-24
<b>Closing balance</b>	<b>0</b>	<b>-49</b>	<b>-511</b>	<b>-96</b>	<b>-117</b>	<b>-77</b>	<b>-200</b>	<b>-1,050</b>
Net carrying amount December 31, 2018	14,288	3,915	3,351	988	66	13	89	22,711
<b>Net carrying amount December 31, 2019</b>	<b>14,832</b>	<b>4,043</b>	<b>3,363</b>	<b>1,012</b>	<b>46</b>	<b>14</b>	<b>125</b>	<b>23,435</b>

2020	Goodwill	Trademarks	Other intangible assets				Other intangible assets	Total
			Customer Relationship assets	Technology	Intellectual property and other rights	Capitalized development expenses		
<b>Acquisition costs</b>								
Opening balance	14,832	4,091	3,874	1,108	163	91	325	24,484
Acquired in business combinations	-	-	-	-	-	-	-	-
Investments for the year	-	-	-	-	9	21	21	51
Sales and disposals	-2	-	-	-	-	-	-9	-11
Exchange rate differences	-1,285	-344	-435	-119	0	-	-13	-2,196
<b>Closing balance</b>	<b>13,545</b>	<b>3,747</b>	<b>3,439</b>	<b>989</b>	<b>172</b>	<b>112</b>	<b>323</b>	<b>22,328</b>
<b>Amortization</b>								
Opening balance	0	-49	-511	-96	-117	-77	-200	-1,050
Sales and disposals	-	-	-	-	-	-4	9	5
Amortization for the year	-	-48	-181	-45	-23	-3	-33	-333
Exchange rate differences	-	9	75	14	0	-	10	107
<b>Closing balance</b>	<b>-</b>	<b>-88</b>	<b>-617</b>	<b>-127</b>	<b>-140</b>	<b>-84</b>	<b>-214</b>	<b>1,271</b>
Net carrying amount December 31, 2019	14,832	4,043	3,363	1,012	46	14	125	23,435
<b>Net carrying amount December 31, 2020</b>	<b>13,545</b>	<b>3,659</b>	<b>2,822</b>	<b>862</b>	<b>32</b>	<b>28</b>	<b>109</b>	<b>21,057</b>

**Amortization for the year**

Total amortization for the year related to intangible assets amounts to SEK -333 m (-326). The increase compared to last year mainly relates to amortization of customer relationship and amortization of technology related to the acquisition of Kampa, and amortization of trademarks. See also the table above.

*Amortization of capitalized development assets and other intangibles*

The amortization of capitalized development expenses and other intangible assets has been charged to cost of goods sold at SEK -36 m (-22).

*Amortization of acquisition-related intangible assets*

The amortization of acquisition-related intangible assets is specified in the table below.

	2020	2019
Amortization trademarks	-48	-49
Amortization customer relationship assets	-181	-185
Amortization technology	-45	-47
Amortization intellectual property and other rights	-23	-23
<b>Amortization of acquisition-related intangible assets</b>	<b>-296</b>	<b>-303</b>



## NOTE 14 cont.

**Parent Company**

Other intangible assets amount to SEK 1 m (2), which include patents, licenses and IT systems.

2019	Other intangible assets		
	Intellectual property rights	IT system	Total
<b>Acquisition costs</b>			
Opening balance	2	3	5
Investments for the year	–	–	–
<b>Closing balance</b>	<b>2</b>	<b>3</b>	<b>5</b>
<b>Amortization</b>			
Opening balance	–1	–1	–2
Amortization for the year	–1	0	–1
<b>Closing balance</b>	<b>–2</b>	<b>–1</b>	<b>–3</b>
Net carrying amount, December 31, 2018	1	2	3
<b>Net carrying amount, December 31, 2019</b>	<b>0</b>	<b>2</b>	<b>2</b>

2020	Other intangible assets		
	Intellectual property rights	IT system	Total
<b>Acquisition costs</b>			
Opening balance	2	3	5
Investments for the year	–	–	–
<b>Closing balance</b>	<b>2</b>	<b>3</b>	<b>5</b>
<b>Amortization</b>			
Opening balance	–2	–1	–3
Amortization for the year	0	–1	–1
<b>Closing balance</b>	<b>–2</b>	<b>–2</b>	<b>–4</b>
Net carrying amount, December 31, 2019	0	2	2
<b>Net carrying amount, December 31, 2020</b>	<b>0</b>	<b>1</b>	<b>1</b>

**Impairment test goodwill and trademarks**

Dometic Group holds assets in the form of goodwill and acquired trademarks that are judged to have an indefinite useful life. Goodwill and trademarks are allocated to the Cash-Generating Units (CGUs) of the Group which are the three Regions (Americas, EMEA and APAC).

Measured trademarks are among others Dometic, SeaStar, WAECO and Mobicool. Dometic Group continuously evaluates how to develop the trademark portfolio.

As of December 31, 2020 the impairment test of the measured goodwill and trademarks shows no indication of impairment.

**Impairment of non-financial assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization. On a yearly basis, or whenever indications of impairment arise that the carrying amount may not be recoverable, an impairment test of goodwill and trademarks is performed. The recoverable amount for goodwill and trademarks has been established using a value-in-use method (VIU) covering five years. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Discounted cash flows are compared with the carrying amount of the cash-generating unit and an impairment requirement may exist if the present value of the discounted cash flows is less than the carrying amount.

Management judgment is that this year there are no reasonably possible changes in any of the key assumptions that would have resulted in an impairment write-down in any of the cash-generating units.

There is no impairment recognized in the year-end profit and loss at year-end 2020 (SEK – m).

**Key assumptions in valuation**

The following key assumptions have been applied:

The weighted average cost of capital (WACC) rates, IFRS 16 compliant since January 1, 2019, are based on equity beta set in comparison with Nordic peer's, local prerequisites for each region's inflation, regional long-term bonds and regional market risk build the return on equity. This together with the Group capital structure build a discount rate, which Management judges to be on an adequate market level for acquisitions.

The Group pre-tax discount rate applied to cash flow projections is set to 8.41 percent (9.42) and set by region along with the carrying amounts as follows:

Goodwill, Trademarks and discount rate	Goodwill		Trademarks		Average discount rate pre-tax %	
	2020	2019	2020	2019	2020	2019
Americas	7,344	8,336	2,124	2,419	8.68	10.08
EMEA	3,753	3,925	960	1,016	7.92	8.35
APAC	2,449	2,570	575	607	8.99	9.66
<b>Group</b>	<b>13,545</b>	<b>14,832</b>	<b>3,659</b>	<b>4,043</b>	<b>8.41</b>	<b>9.42</b>

Budget and estimates are based on reasonable assumptions by region of important areas such as volume, price and mix, which will create a basis for future growth and gross margin. These figures are set in relation to past performance and external reports on market growth in the business in which we operate. Assumptions are judged to remain the same between the years.

The calculations use five-year cash flow projections. The first year of the five year strategic plan approved by Management is aligned with the financial budget approved by the Board. Cash flows beyond the five-year period are extrapolated using a growth rate of 2 percent for all cash-generating units. This growth assumption set in comparison to GDP for Dometic main markets US, Europe and Australia/New Zealand (2.1 percent annual increase since 2000) can be considered conservative.

**Impact of possible changes in key assumptions**

The group has performed a sensitivity analysis, by applying a 1 percent higher pre-tax discount rate and a 0.5 percent lower estimated perpetual growth rate to the cash flow projections of Dometic Group.

The calculations are based on management's consideration and assessment of a reasonably possible change of cost of capital and growth. None of these changes in the key assumptions would lead to a reduction of the recoverable amount under the carrying amount for any of the cash-generating units. i.e. would not lead to any impairment needs in the Dometic Group.

A sensitivity analysis as of December 31, 2020 on the level of cash-generating unit, the regions indicates that an increase of WACC by 1 percent for the Americas, EMEA and APAC does not imply a write-down requirement of goodwill in the Group. The sensitivity to a change in WACC for the respective region of 1 percent corresponds to a change in future cash flows of SEK 0.9 billion (0.8) for APAC, SEK 4.0 billion (3.8) for EMEA and SEK 4.4 billion (3.2) for the Americas. An impairment of goodwill does not affect the cash flow.

The Group believes that the expected range of changes in important variables such as market share and market growth, foreign exchange rates, raw material prices and other factors, would not, taken separately, have such large effects that they would reduce the recoverable amount to an amount lower than the book value.

**NOTE 15 | TANGIBLE FIXED ASSETS**

2019	Land and land improvements	Buildings	Machinery and other technical installations	Equipment and installations	Tools	Construction in progress and advanced payment	Total
<b>Acquisition costs</b>							
Opening balance	262	1,458	1,680	542	1,351	221	5,514
Acquired in business combinations	–	–	–	–	–	–	–
Investments for the year	0	8	24	19	42	207	300
Sales and disposals	–	–10	–47	–28	–25	–4	–114
Reclassifications	–1	14	137	5	111	–268	–
Exchange rate differences	7	38	47	13	36	9	150
<b>Closing balance</b>	<b>268</b>	<b>1,508</b>	<b>1,841</b>	<b>551</b>	<b>1,515</b>	<b>165</b>	<b>5,848</b>
<b>Depreciation</b>							
Opening balance	–9	–552	–1,139	–430	–1,105	–	–3,236
Acquired in business combinations	–	–	–	–	–	–	–
Sales and disposals	–	2	32	21	21	–	76
Depreciation for the year	–1	–63	–119	–39	–89	–	–311
Reclassifications	–	0	0	18	–17	–	–
Exchange rate differences	–1	–14	–27	–9	–28	–	–79
<b>Closing balance</b>	<b>–11</b>	<b>–627</b>	<b>–1,254</b>	<b>–439</b>	<b>–1,218</b>	<b>–</b>	<b>–3,550</b>
<b>Impairment</b>							
Opening balance	–38	–97	–19	–10	–3	–	–167
Impairment charge for the year	–	–	–7	1	–16	–	–22
Exchange rate differences	0	0	0	0	0	–	0
<b>Closing balance</b>	<b>–38</b>	<b>–97</b>	<b>–26</b>	<b>–9</b>	<b>–20</b>	<b>–</b>	<b>–190</b>
Net carrying amount December 31, 2018	215	809	522	102	243	221	2,112
<b>Net carrying amount December 31, 2019</b>	<b>219</b>	<b>784</b>	<b>561</b>	<b>103</b>	<b>277</b>	<b>165</b>	<b>2,109</b>

2020	Land and land improvements	Buildings	Machinery and other technical installations	Equipment and installations	Tools	Construction in progress and advanced payment	Total
<b>Acquisition costs</b>							
Opening balance	268	1,508	1,841	551	1,515	165	5,848
Acquired in business combinations	–	–	–	–	–	–	–
Investments for the year	–	10	12	12	18	144	195
Sales and disposals	–52	–633	–133	–52	–117	–9	–996
Reclassifications	–	26	108	7	23	–166	–2
Exchange rate differences	–14	–75	–128	–25	–94	–15	–350
<b>Closing balance</b>	<b>202</b>	<b>836</b>	<b>1,700</b>	<b>493</b>	<b>1,345</b>	<b>119</b>	<b>4,695</b>
<b>Depreciation</b>							
Opening balance	–11	–627	–1,254	–439	–1,218	–	–3,550
Acquired in business combinations	–	–	–	–	–	–	–
Sales and disposals	2	304	110	48	112	–	576
Depreciation for the year	–1	–57	–100	–38	–81	–	–277
Reclassifications	–	–	–	–	–	–	–
Exchange rate differences	–	30	82	25	74	–	211
<b>Closing balance</b>	<b>–10</b>	<b>–350</b>	<b>–1,162</b>	<b>–404</b>	<b>–1,113</b>	<b>–</b>	<b>–3,040</b>
<b>Impairment</b>							
Opening balance	–38	–97	–26	–9	–20	–	–190
Impairment charge for the year	–	–	–4	–	–	–	–4
Reclassifications	–	–	7	–1	3	–	9
Exchange rate differences	–	3	–	–	1	–	4
<b>Closing balance</b>	<b>–38</b>	<b>–94</b>	<b>–23</b>	<b>–10</b>	<b>–16</b>	<b>–</b>	<b>–181</b>
Net carrying amount December 31, 2019	219	784	561	103	277	165	2,109
<b>Net carrying amount December 31, 2020</b>	<b>154</b>	<b>392</b>	<b>515</b>	<b>78</b>	<b>216</b>	<b>119</b>	<b>1,474</b>

**NOTE 15 cont.**

Land, land improvements and buildings amount in total to SEK 546 m (1,003). The total of equipment, installations and tools amounts to SEK 294 m (380).

**Depreciation for the year – by line in the Income statement**

In the consolidated income statement the total depreciation SEK 277 m (311) has been charged to the following: cost of goods sold, SEK 200 m (247), sales expenses, SEK 48 m (28) and administrative expenses, SEK 29 m (35).

**Parent Company**

Equipment in the parent company SEK 1 m (1).

2019	Equipment	Total
<b>Acquisition costs</b>		
Opening balance	1	1
Investments for the year	0	0
<b>Closing balance</b>	<b>1</b>	<b>1</b>
<b>Depreciation</b>		
Opening balance	0	0
Depreciation for the year	0	0
<b>Closing balance</b>	<b>0</b>	<b>0</b>
Net carrying amount, December 31, 2018	0	0
<b>Net carrying amount, December 31, 2019</b>	<b>1</b>	<b>1</b>

2020	Equipment	Total
<b>Acquisition costs</b>		
Opening balance	1	1
Investments for the year	0	0
<b>Closing balance</b>	<b>1</b>	<b>1</b>
<b>Depreciation</b>		
Opening balance	0	0
Depreciation for the year	0	0
<b>Closing balance</b>	<b>0</b>	<b>0</b>
Net carrying amount, December 31, 2019	1	1
<b>Net carrying amount, December 31, 2020</b>	<b>1</b>	<b>1</b>

**Property, plant and equipment**

Land and buildings comprise mainly factories and offices. Land and buildings are entered at acquisition value, reduced by subsequent depreciation of buildings.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated, as it is considered to have an unlimited useful life. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Buildings 20–40 years
- Machinery 6–15 years
- Vehicles 5 years
- Furniture, fittings and equipment 3–10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the income statement.

**NOTE 16 | INVENTORIES**

	December 31, 2020	December 31, 2019
<b>Acquisition value inventories</b>		
Raw materials and consumables and products in progress	1,413	1,255
Finished products	2,234	2,098
Advances to suppliers	12	21
<b>Total inventories before provisions</b>	<b>3,659</b>	<b>3,374</b>
<b>Provisions for obsolescence</b>		
Raw materials and consumables and products in progress	-96	-73
Finished products	-430	-344
<b>Total provisions for obsolescence</b>	<b>-526</b>	<b>-417</b>
<b>Book value inventories</b>		
Raw materials and consumables and products in progress	1,317	1,182
Finished products	1,804	1,754
Advances to suppliers	12	21
<b>Total book value</b>	<b>3,133</b>	<b>2,957</b>

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provisions for obsolescence are included in the value for inventory.

**NOTE 17 | ACCOUNTS RECEIVABLE – TRADE**

	December 31, 2020	December 31, 2019
Trade receivables	1,913	1,740
Less provision for expected credit losses	-74	-45
<b>Trade receivables – net</b>	<b>1,839</b>	<b>1,695</b>

	December 31, 2020	December 31, 2019
Opening balance	-45	-19
Provision for expected credit losses	-65	-55
Receivables written off during the period as uncollectible	27	25
Unused amounts reversed	2	4
Exchange rate differences and other changes	7	0
<b>Closing provision for expected credit losses</b>	<b>-74</b>	<b>-45</b>

	December 31, 2020	December 31, 2019
<b>Ageing analysis of trade receivables</b>		
Trade receivables, not due	1,466	1,470
Past due:		
Less than two months	204	180
2–6 months	119	51
6–12 months	62	17
More than 1 year	61	22
<b>Total past due</b>	<b>446</b>	<b>270</b>
of which provision for expected credit losses	-74	-45
<b>Closing book value, net</b>	<b>1,839</b>	<b>1,695</b>

**NOTE 17 cont.**

Trade receivables are amounts due from customers in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

As of December 31, 2020, provision for expected credit losses of trade receivables amounted to SEK 74 m (45). The major driver of this increase are the effects of the pandemic, as well as a continued increase of business in the Americas.

**Expected credit losses on trade receivables**

Dometic recognizes expected credit losses over the expected life of the trade receivables. Historical information by legal entity, regarding credit loss experience and ageing, is used to forecast future credit losses. In addition, current and forward-looking information by legal entity is used to reflect current and expected future losses. To support and harmonize the organization, a calculation matrix for calculating expected credit losses has been developed by headquarters and distributed to the relevant functions throughout the Group.

Dometic applies the simplified approach to measure lifetime expected credit losses for trade receivables to provide for losses each closing. The new model changed the loss allowance immaterially.

**Credit risk**

Credit risk is divided into two categories: credit risk in accounts receivable and financial credit risk (see note 3, Financial risk management and financial instruments).

The Group has no significant concentration of credit risks. The Group has established policies to ensure that products are sold to clients with favorable payment history. In the Group, with all its subsidiaries, credit reports are used to evaluate and establish credit limits on new clients. For a large part of EMEA and APAC, Dometic Group uses credit insurance to limit the credit risk and to get credit information regarding the clients.

Letters of credits are used as a method for securing payments from customers operating in emerging markets, in particular markets with unstable political and/or economic environments. By having banks confirm the letters of credit, the political and commercial credit risk exposures to the Group are mitigated.

Provisions for impairment of trade receivables are assessed on a regular basis.

**Parent Company**

The parent company has substantial receivables from subsidiaries and measurement of expected credit loss shows an immaterial amount.

**NOTE 18 | PREPAID EXPENSES AND ACCRUED INCOME**

	December 31, 2020	December 31, 2019
Prepaid rent	7	6
Prepaid insurance	44	55
Prepaid financing expenses	4	2
Prepaid market expenses	5	10
Prepaid personnel expenses	1	4
Prepaid administrative expenses	41	23
Prepaid consumable supplies	11	23
Prepaid costs, other	7	11
Accrued interest	1	2
Accrued income, other	2	-
<b>Total</b>	<b>123</b>	<b>136</b>

**Parent Company**

The Parent Company had prepaid expenses and accrued income of SEK 7 m (9), of which prepaid consumer supplies amounts to SEK 3 m (6), prepaid insurance SEK 3 m (1) and accrued interest amounts to SEK 1 m (2).

**NOTE 19 | PROVISIONS FOR PENSIONS****Pension obligations**

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. Dometic Group has both defined benefit and defined contribution plans. The largest defined benefit plans are in the US and Germany.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The defined benefit plan typically defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. The discount rates are based on corporate bonds indexes and government bonds indexes with the same maturity as the underlying plan liabilities. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in the income statement. Interest costs on retirement benefit obligation and interest income on plan assets are recognized within financial items. Remaining items are recognized in operating profit within costs of goods sold, sales or administrative expenses depending on the function of the employee.

**Other post-employment obligations**

Some Group companies provide post-retirement healthcare benefits. The anticipated costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

**Risk**

Through its defined benefit pension plans and post-employment medical plans the Group is exposed to some risks, of which the most significant are:

**a) Assets volatility**

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.

**b) Changes in bond yields**

A decrease in corporate bond yields will increase plan liabilities.

**c) Inflation risk**

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. The plan assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

**d) Life expectancy**

The majority of the pension plans are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

**Plan assets, investment strategy and risk management**

The Group has delegated the investments and allocation of the pension plan assets to external providers. As a part of the agreement with the external providers, the investment strategy mitigates risk to the pension assets by closely aligning our diversification with the projected liabilities of the plans.

## NOTE 19 cont.

**Swedish plan**

The commitments for retirement plans and family pension regarding employees in Sweden are secured through insurance in Alecta.

According to a statement (UFR 10) issued by the Swedish Financial Reporting Board this constitutes a defined benefit plan including several employers. The Group's participation in the plan is considered to be immaterial. For the financial period, sufficient information to use an accounting approach for defined benefit plans was not available. This plan is accounted for as a defined contribution plan. At the end of 2020, Alecta reports a plan surplus of 148 percent (148). Such surplus reflects the fair value of Alecta's plan assets as a percentage of plan commitments, measured in accordance with Alecta's actuarial assumptions, which are different from those under IAS 19. Alecta's surplus may be distributed to the policy-holders and/or the insureds.

Of the cost for defined contribution plans, SEK 9 m (11) has been charged by Alecta. The amount is expected to be immaterially changed for 2021.

The amounts recognized in the balance sheet are determined as follows:

	December 31, 2020	December 31, 2019
Present value of funded or partly funded obligations	1,143	1,177
Fair value of plan assets	-585	-603
<b>Net liabilities relating to funded obligations</b>	<b>559</b>	<b>574</b>
Present value of unfunded obligations	238	247
<b>Net liability in the balance sheet</b>	<b>797</b>	<b>821</b>
<b>Reconciliation to the balance sheet</b>		
Defined benefit pension plan, net	797	821
Other pensions	-	-
<b>Provision for pensions</b>	<b>797</b>	<b>821</b>

The movement in the defined benefit obligation over the year is as follows:

	December 31, 2020	December 31, 2019
Opening balance	1,424	1,250
Current service cost	16	16
Interest expense	32	41
<b>Remeasurements:</b>		
Actuarial changes arising from changes in demographic assumptions	-9	-8
Actuarial changes arising from changes in financial assumptions	104	158
Experience adjustments	4	-16
Exchange difference	-133	42
Benefits paid	-57	-60
<b>Closing balance</b>	<b>1,381</b>	<b>1,424</b>

The movement in the fair value of plan assets over the year is as follows:

	December 31, 2020	December 31, 2019
Opening balance	603	511
Interest income	17	20
<b>Remeasurements:</b>		
Return on plan assets, excluding amounts included in interest	51	63
Exchange difference	-71	21
Employer contributions	42	48
Benefits paid	-57	-60
<b>Closing balance</b>	<b>585</b>	<b>603</b>

	December 31, 2020	December 31, 2019
Present value of funded or unfunded obligations	1,381	1,424
Present value of plan assets	-585	-603
<b>Net liabilities relating to funded and unfunded obligations</b>	<b>797</b>	<b>821</b>

<b>Breakdown by country</b>	December 31, 2020	December 31, 2019
Of which Funded plan Germany and USA	559	574
Of which Unfunded plans	238	247
<b>Closing balance</b>	<b>797</b>	<b>821</b>

The amounts recognized in the income statement are as follows:

	2020	2019
Current service cost <sup>1)</sup>	19	19
Interest cost, net	16	21
<b>Costs attributable to defined benefit plans</b>	<b>35</b>	<b>40</b>
Costs attributable to defined contribution plans	67	84
<b>Total cost in the income statement</b>	<b>102</b>	<b>124</b>

<sup>1)</sup> Incl. admin. expenses of SEK 3 m (3).

Remeasurement (gain)/loss in Other comprehensive income amounts to SEK 47 m. Major assumptions for the valuation of the liability:

Major actuarial assumptions	December 31, 2020			December 31, 2019		
	Germany	USA	Other	Germany	USA	Other
Discount rate, %	0.92	2.39	1.11	1.20	3.05	1.22
Expected salary increase rate, %	2.50	3.01	1.24	2.50	2.50	1.75

<b>Major categories of plan assets</b>	December 31, 2020	December 31, 2019
Cash, cash equivalent	1	2
Equity instruments	311	301
Debt instruments	188	213
Real estate	6	6
Investment funds	78	81
<b>Closing balance</b>	<b>585</b>	<b>603</b>

The administered assets principally consist of debt instruments, investment funds and equity funds. No administered assets consist of financial instruments in Dometic Group or assets that are used within the Dometic Group. None of the assets on the balance sheet date were traded on active markets in which market quotations are used for valuation of the assets.

Expected contributions to the plan next year amounts to SEK 47 m (53).

Average duration of obligation is 12.18 years in Germany, 14.37 years in the US and 10.74 years in other.

**Sensitivity analysis**

Below is the sensitivity analysis for the main financial assumption and the potential impact on the present value of the defined benefit obligation in the Group.

<b>Change of obligation, increased obligation (+)</b>	<b>SEK m</b>
Discount rate + 0.5%	-87
Discount rate - 0.5%	96
Salary increase + 0.5%	1
Salary increase - 0.5%	-6
Life expectancy + 1 year	-46
Life expectancy - 1 year	46

**NOTE 20 | OTHER PROVISIONS**

	Warranty commitments	Environmental provisions	Recall provision	Restructuring provision	Other provisions	Total
Opening balance January 1, 2019	226	20	3	100	136	486
<i>Charged to the income statement:</i>						
– Additional/valuation provisions	7	3	1	66	18	94
– Unused amounts reversed	–	–2	–	0	0	–2
Used during year	–25	–	–1	–81	–17	–125
Exchange rate differences	9	0	0	1	1	–10
Closing balance December 31, 2019	217	21	3	86	138	464
<b>Provisions consist of:</b>						
Long-term	57	21	2	3	115	198
Short-term	159	–	1	83	23	266
<b>Total</b>	<b>217</b>	<b>21</b>	<b>3</b>	<b>86</b>	<b>138</b>	<b>464</b>

	Warranty commitments	Environmental provisions	Recall provision	Restructuring provision	Other provisions	Total
Opening balance January 1, 2020	217	21	3	86	138	464
<i>Charged to the income statement:</i>						
– Additional/valuation provisions	27	1	1	21	94	144
– Unused amounts reversed	0	–1	–	0	–1	–3
Used during year	–8	0	0	–72	–26	–105
Exchange rate differences	–19	–3	0	–1	–1	–24
Closing balance December 31, 2020	217	18	3	34	204	477
<b>Provisions consist of:</b>						
Long-term	56	18	2	0	136	213
Short-term	161	–	1	34	68	264
<b>Total</b>	<b>217</b>	<b>18</b>	<b>3</b>	<b>34</b>	<b>204</b>	<b>477</b>

**Parent Company**

Provisions for the Parent Company consist of provisions for other post-employment benefits of SEK 46 m (37) and other provisions of SEK 29 m (16) in total SEK 75 m (53).

**Provisions**

Provisions for environmental restoration, restructuring costs and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

**Warranty commitments**

Within Dometic Group's line of business many products are covered by a warranty, which is included in the price and valid for a predetermined amount of time. Provisions for warranties are calculated based on past experience of costs for repairs, etc. Dometic offers a standard warranty normally between two and three years. In some cases, an extended warranty may be offered to the customer.

**Environmental provision**

This relates to reserves for handling of electric and electronic waste, known as the WEEE directive, and the timing of the outflows for environmental provisions is uncertain.

**Recall provision**

Provisions for recalled products are estimations of future cash flow required to regulate commitments. Such estimations are based on the nature of the recall, the legal process, and the likely extent of damages as well as the progress of the process. Furthermore, consideration is taken of opinions and recommendations from legal advisors and other advice regarding the outcome of the process and experiences from similar cases. The timing of any outflow is uncertain.

**Restructuring provision**

The major part of the restructuring provisions is expected to be consumed within twelve months. In 2019 a global restructuring program was launched to optimize footprint and reduce costs to increase competitiveness.

**Other provisions**

Other provisions consist for example of other post-employee benefits and other liabilities where the timing of any outflows is uncertain.

For further information regarding critical accounting estimates and assumptions regarding provisions – see note 4.

## NOTE 21 | LIABILITIES TO CREDIT INSTITUTIONS

As of December 31, the Dometic Group's outstanding liabilities to credit institutions were:

	Group		Parent	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>Non-current</b>				
Senior term loans, long-term	4,434	5,052	4,434	5,052
EMTN program, long-term	6,021	7,236	6,021	7,236
EKN loan	2,000	–	2,000	–
Other bank loans	–	–	–	–
	<b>12,455</b>	<b>12,288</b>	<b>12,455</b>	<b>12,288</b>
<b>Current</b>				
EMTN program, short-term	1,000	–	1,000	–
Other bank loans	–	–	–	–
Accrued interest	135	148	135	148
	<b>1,135</b>	<b>148</b>	<b>1,135</b>	<b>148</b>
<b>Total borrowings</b>	<b>13,590</b>	<b>12,436</b>	<b>13,590</b>	<b>12,436</b>

The amount granted on the Senior Credit facilities agreement ("SFA") in the Dometic Group amounts to SEK 6,495 m (7,172), of which SEK 4,473 m (5,077) was utilized as of December 31, 2020. The amount on the issued Euro bonds under the EMTN program amounts to SEK 7,047 m (7,272) as of December 31, 2020. The amount granted on local facilities in the Dometic Group amounts to SEK 239 m (134), of which SEK 0 m (0) was utilized as of December 31, 2020.

Of the long-term borrowings SEK 3,024 m (3,136) falls due for payment more than five years after the balance sheet date.

The Group's long-term borrowing is principally under credit frameworks with long advance commitments but with short-term fixing of interest terms, so these have been assessed as having a fair value corresponding to the reported value.

According to the SFA and the EKN loan the Group has to be compliant with financial covenants. In June 2016 the measurement of the Net debt/EBITDA and the interest cover covenants started. The new covenants are set with generous headroom, so the risk of breaching the covenants is limited. The SFA was amended in April 2020 due to the situation with Covid-19 to allow for increased flexibility for the covenant headroom. The amendment is valid for four quarters starting in Q2 2020 and ending in Q1 2021. At year-end 2020 headroom was sufficient for both covenants. The headroom in the Net debt/EBITDA was 61 percent (48) and for the interest cover covenant 166 percent (102).

According to the EMTN program and its prospectus the Group must be compliant with one financial covenant, the interest cover covenant. The covenant is the same as in the SFA but with an even more generous headroom. At year-end 2020 the headroom for the interest cover covenant under the EMTN program was 219 percent (254). See also Note 3 Financial risk management and financial instruments.

### Local loan facilities

Certain subsidiaries of the Group in China are parties to local loan facilities. The aggregate amount currently available under these facilities is SEK 239 m (134), of which SEK 0 m (0) was drawn on December 31, 2020. These facilities are with local Chinese Banks.

### Commercial papers

In Q1 2019 the Group started the process of establishing a Commercial paper program in the Swedish market. The program was signed in March 2019 and has a framework of SEK 3,000 m, with the possibility to issue commercial papers in SEK and EUR with maturities between 1 month and 1 year. The first issuance of SEK 500 m for a period of 3 months was made in March 2019. The issuing institutions are DNB Sweden AB, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ) and Svenska Handelsbanken AB (publ).

### EKN loan

In Q2 2020 the Group arranged a 3-year loan of SEK 2,000 m with EKN (The Export Credit Board) to respond to potential impacts and consequences on the Group arising from the Covid-19 pandemic. The EKN loan is a mirror of the SFA with the same basic conditions.

### Senior Credit Facilities agreement (SFA)/ EMTN program/EKN loan

In Q2 2020 the Group amended the SFA with its bank group to allow for increased flexibility and covenant headroom. Back in Q1 2018 the Group started the process of establishing an EMTN (Euro Medium Term Note) Bond.

The prospectus under EMTN program was listed on the Irish Stock exchange in Dublin, in May 2018. The first issuance of EUR 300 m under the program was made on September 6, 2018. The second issuance of a 2-year SEK 999 m was made in February 2019 and the third issuance of a 7-year EUR 300 m was made in May 2019. The equivalent of EUR 221 m and USD 157 m was used to prepay current and non-current senior debt in connection with the third issuance. Prepayments were made on the senior facilities with maturity 2020 with amounts of EUR 130 m and USD 157 m and prepayments were made on the senior facilities with maturity 2022 with an amount of EUR 91 m.

In July 2019 the Group renegotiated the outstanding SFA of USD 543 m and revolving credit facility of EUR 133 m with maturities 2020 and 2022. The SFA of USD 543 m was prolonged with new maturity in year 2024 and with a now used possibility to prolong USD 333 m with maturity 2025. The outstanding revolving credit facility (RCF) was extended to EUR 200 m (133) with maturity 2024. One new bank, BNP Paribas was added to the bank group in connection with the renegotiation. The current term loan and revolving credit facilities are with DNB Sweden AB, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and BNP Paribas as lenders. The renegotiated SFA consists of term loan facility (equivalent of SEK 4,473 m available for drawing in USD) and a revolving credit facility (SEK 2,022 m available for drawing in SEK, USD & EUR), the SFA.

As of December 31, 2020, the aggregate principal amount under the SFA is equivalent to SEK 6,495 m (7,172). The SFA has a final maturity date, July 10, 2024, with an executed extension of USD 333 m with a final maturity date July 10, 2025. The Group's main financing now consists of the Credit facilities and the Bonds under the EMTN program of EUR 600 m (SEK 6,048 m) and SEK 1,000 m, which are all unsecured, the EKN loan of SEK 2,000 m and a revolving credit facility (RCF) of SEK 2,022 m.

The SFA, the EKN loan and the EMTN program contain customary representations and warranties made as of the signing date of the SFA, the EKN loan and the prospectus under the EMTN program, in relation to certain representations and warranties, as of certain subsequent dates.

The SFA, the EKN loan and the EMTN program also contain customary undertakings for Dometic Group and its subsidiaries, such as maintaining authorizations, complying with laws (including environmental laws and sanctions), not changing the business of the Group, restrictions on mergers, restrictions on disposals, negative pledge, restrictions for Dometic Group's subsidiaries incurring financial indebtedness, restrictions on providing loans and guarantees and restrictions on acquisitions (maximum aggregate consideration per financial year). The SFA and the EKN loans also include financial covenants requiring that the Net debt/EBITDA and interest coverage of the Group should not adversely deviate from certain levels. The prospectus under the EMTN program includes the interest coverage covenant with a more generous headroom than that of the SFA.

The SFA, the EKN loan and the EMTN program may terminate upon the occurrence of certain customary circumstances, including in connection with a change of control of Dometic Group or a delisting of Dometic Group from Nasdaq Stockholm.

The SFA, the EKN loan and the EMTN program may be repayable in full or in part if certain events occur, including, but not limited to, non-payment, insolvency and cross default. The cross-default provision is subject to a threshold amount.

**NOTE 21 cont.**

The carrying amounts in SEK m of the Group's SFA and EMTN program are denominated in the following currencies:

	December 31, 2020	December 31, 2019
USD (SFA)	4,473	5,077
EUR (EMTN program)	6,048	6,273
SEK (EMTN program)	1,000	999
SEK (EKN loan)	2,000	–
<b>Total</b>	<b>13,520</b>	<b>12,349</b>
of which current	1,000	–
<b>Total non-current</b>	<b>12,250</b>	<b>12,349</b>

**Interest-bearing debt**

The Group's definition of interest-bearing debt of SEK 14,252 m (13,109) includes the following items: senior term loans (SFA) SEK 4,473 m (5,077), EMTN program SEK 7,047 m (7,272) and EKN loan SEK 2,000 m (0), amortized costs SEK –65 m (–61) and provisions for pensions SEK 797 m (821). Derivative financial liabilities related to interest rate swaps were SEK 8 m (0).

December 31, 2019	Currency	SEK m	All-in Interest rate, %	Margin, %	Final pay- ment year
<b>Senior unsecured term loan B (SFA)</b>					
Dometic Group AB	USD	1,963	3.89	1.90	2024
Dometic Group AB	USD	3,114	3.89	1.90	2025
<b>Senior unsecured term revolving credit facility (SFA)</b>					
Dometic Group AB	EUR	–	–	1.50	2025
<b>EMTN program</b>					
Dometic Group AB	SEK	999	2.00	–	2021
Dometic Group AB	EUR	3,136	3.00	–	2023
Dometic Group AB	EUR	3,136	3.00	–	2026
<b>Total</b>		<b>12,349</b>			

December 31, 2020	Currency	SEK m	All-in Interest rate, %	Margin, %	Final pay- ment year
<b>Senior unsecured term loan B (SFA)</b>					
Dometic Group AB	USD	1,729	2.18	1.90	2024
Dometic Group AB	USD	2,743	2.18	1.90	2025
<b>Senior unsecured term revolving credit facility (SFA)</b>					
Dometic Group AB	EUR	–	–	1.50	2025
<b>EMTN program</b>					
Dometic Group AB	SEK	1,000	2.00	–	2021
Dometic Group AB	EUR	3,024	3.00	–	2023
Dometic Group AB	EUR	3,024	3.00	–	2026
<b>EKN loan</b>					
Dometic Group AB	SEK	2,000	1.95	1.95	2023
<b>Total</b>		<b>13,520</b>			

The margins in the table are the stipulated interest margins according to the SFA.

**NOTE 22 | ACCRUED EXPENSES AND PREPAID INCOME**

	Group		Parent	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Prepaid income for extended guarantee period	10	12	–	–
Accrued employee-related items	301	322	20	12
Accrued bonus to customers	193	99	–	–
Accrued interest	136	166	136	150
Accrued production costs	24	52	–	–
Accrued administrative expenses	111	76	–	–
Accrued marketing expenses	8	44	–	–
Accrued finance expenses	6	3	–	–
Product liability claims	74	86	–	–
Other	43	47	5	5
<b>Total</b>	<b>906</b>	<b>907</b>	<b>161</b>	<b>167</b>

**NOTE 23 | PLEDGED ASSETS**

December 31, 2020 the local loan facilities in China are partly supported by pledged assets of SEK 370 m (254).

In connection with the IPO/Listing in November 2015 all pledged assets (with the exception of certain security provided for local loan facilities in Germany and China) were released. The conditions for the borrowings under the senior facilities agreement (SFA), the EKN loan and EMTN program state that the Group has to be compliant with covenants. In the event that the covenants are not complied with, the lenders have the right to accelerate the outstanding loans and demand immediate repayment of principal and accrued interest.

**Parent Company**

There are no pledged assets in the parent company on December 31, 2020 (–).

**NOTE 24 | CONTINGENT LIABILITIES**

There are no outstanding contingent liabilities as per December 31, 2020 (–).



**NOTE 25 | CASH FLOW DETAILS**

	Group		Parent	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>Cash and cash equivalents includes</b>				
Cash in hand and balances with banks	7,913	4,289	0	0
<b>Total cash and cash equivalents</b>	<b>7,913</b>	<b>4,289</b>	<b>0</b>	<b>0</b>
<b>Adjustments for non-cash items</b>				
Depreciation and amortization (Note 8, 14, 15)	789	817	1	1
Exchange rate differences	-201	-114	0	-501
Earn out Kampa acquisition	-98	-	-	-
Sale of fixed assets	-67	-	-	-
Other non-cash items	61	86	28	-40
<b>Total non-cash items</b>	<b>-305</b>	<b>788</b>	<b>29</b>	<b>-540</b>

**Other financing activities***Group*

Other financing activities amount to SEK -99 m (-96) including pensions paid SEK -41 m (-48), realized result financial hedges SEK -3 m (-27) and paid financial fees SEK -25 m (-16) and other SEK -31 m (-6).

*Parent Company*

Other financing activities amount to SEK -45 m (0) including paid financial fees SEK -25 m (0).

**Reconciliation of changes in liabilities arising from financing activities, including both changes arising from cashflows and non-cash changes**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if drawn, are shown within borrowings in current liabilities on the balance sheet, SEK 0 m (0) overdrafts were drawn December 31, 2020.

**Group**

	On January 1	Changes arising from cashflow			Non-cash changes			On December 31
		Change in cash and cash equivalents	Amortization of senior term loans	New senior term loans/ EMTN loans	Change accrued interest	Foreign exchange movements incl fees	Changes in defined benefit obligations	
<b>2019</b>								
Senior term loans, long-term	8,187	-	-9,114	5,560	-	445	-	5,077
Senior term loans, short-term	406	-	-432	-	-	27	-	-
EMTN program	3,077	-	-	4,202	-	-7	-	7,272
Provisions for pensions	739	-	-	-	-	-	82	821
Accrued interest	65	-	-	-	83	-	-	148
	<b>12,474</b>	<b>-</b>	<b>-9,546</b>	<b>9,762</b>	<b>83</b>	<b>465</b>	<b>82</b>	<b>13,319</b>
Cash and Cash equivalents	2,113	2,162	-	-	-	14	-	4,289
<b>Net debt</b>	<b>10,361</b>							<b>9,030</b>

	On January 1	Changes arising from cashflow		Non-cash changes		On December 31
		Leasing payments	Leasing interest	Additions/reductions during the year	Foreign exchange movements	
<b>2019</b>						
Lease liabilities	517	-166	-19	268	38	638

	On January 1	Changes arising from cashflow			Non-cash changes			On December 31
		Change in cash and cash equivalents	Amortization of senior term loans	New senior term loans/ EMTN loans/ EKN loans	Change accrued interest	Foreign exchange movements incl fees	Changes in defined benefit obligations	
<b>2020</b>								
Senior term loans, long-term	5,077	-	-	2,000	-	-604	-	6,473
Senior term loans, short-term	-	-	-	-	-	-	-	-
EMTN program	7,272	-	-	-	-	-225	-	7,047
Provisions for pensions	821	-	-	-	-	-	-24	797
Accrued interest	148	-	-	-	-13	-	-	135
	<b>13,318</b>	<b>-</b>	<b>-</b>	<b>2,000</b>	<b>-13</b>	<b>-830</b>	<b>-24</b>	<b>14,452</b>
Cash and Cash equivalents	4,289	3,624	-	-	-	-	-	7,913
<b>Net debt</b>	<b>9,030</b>							<b>6,539</b>

	On January 1	Changes arising from cashflow		Non-cash changes		On December 31
		Leasing payments	Leasing interest	Additions/reductions during the year	Foreign exchange movements	
<b>2020</b>						
Lease liabilities	638	-171	-22	235	59	740

## NOTE 25 cont.

## Parent Company

	On January 1	Changes arising from cashflow			Non-cash changes			On December 31
		Change in cash and cash equivalents	Amortization of senior term loans	New senior term loans/ EMTN loans	Change accrued interest	Foreign exchange movements incl fees	Changes in defined benefit obligations	
2019								
Senior term loans, long-term	8,140	–	–9,114	5,560	–	429	–	5,015
Senior term loans, short-term	393	–	–432	–	–	40	–	–
EMTN program	3,077	–	–	4,202	–	–7	–	7,272
Accrued interest	65	–	–	–	83	–	–	148
	<b>11,676</b>	<b>–</b>	<b>–9,546</b>	<b>9,762</b>	<b>83</b>	<b>462</b>	<b>–</b>	<b>12,436</b>
Cash and Cash equivalents	11	–11	–	–	–	–	–	–
<b>Net debt</b>	<b>11,665</b>							<b>12,436</b>

	On January 1	Changes arising from cashflow			Non-cash changes			On December 31
		Change in cash and cash equivalents	Amortization of senior term loans	New senior term loans/ EMTN loans/ EKN loans	Change accrued interest	Foreign exchange movements incl fees	Changes in defined benefit obligations	
2020								
Senior term loans, long-term	5,015	–	–	2,000	–	–607	–	6,408
Senior term loans, short-term	–	–	–	–	–	–	–	–
EMTN program	7,272	–	–	–	–	–225	–	7,047
Accrued interest	148	–	–	–	–13	–	–	135
	<b>12,436</b>	<b>–</b>	<b>–</b>	<b>2,000</b>	<b>–13</b>	<b>–832</b>	<b>–</b>	<b>13,591</b>
Cash and Cash equivalents	–	–	–	–	–	–	–	–
<b>Net debt</b>	<b>12,436</b>							<b>13,591</b>

## NOTE 26 | SHARES IN SUBSIDIARIES

## Dometic Group AB (publ)

Company name	Corp. id. no	Domicile	Number of shares	Proportion of equity in %	2020 book value SEK m
<b>Direct shareholdings</b>					
Dometic Group Services AB	556829-4416	Solna, Sweden	50,000	100	0
Dometic Holding AB	556677-7370	Solna, Sweden	1,001	100	11,831
Dometic Sweden AB	556598-2674	Solna, Sweden	22,100,000	100	4,396
<b>Total</b>					<b>16,228</b>

Company name	Corp. id. no	Domicile	Proportion of equity in %
<b>Indirect shareholdings</b>			
Dometic Australia PTY LTD	086366305	Australia	100
Dometic Austria GmbH	FN290460y	Austria	100
Dometic Belgium Awnings NV	0559910229	Belgium	100
Dometic do Brasil Ltda.	04.935.880/0001-49	Brazil	100
Marine Canada Acquisition Inc.	853832533RC0003	Canada	100
Atwood Trading (Shanghai) Co., Ltd.	310000400720486	China	100
Dometic (Shenzhen) Trading Co Ltd	91440300594318592P	China	100
Dometic (Shenzhen) Electronics Co Ltd	91440300618885496F	China	100
Dometic (Zhuhai) Technology Co Ltd	91440400729235971W	China	100
Dometic Denmark A/S	25 70 51 30	Denmark	100
Dometic Finland Oy	0885413-1	Finland	100
Dometic S.A.S	438636425 R.C.S COMPIEGNE	France	100
Dometic Germany Holding GmbH	HRB 5557	Germany	100
Dometic GmbH	HRB 5558	Germany	100
Dometic Light Systems GmbH	HRB 7855	Germany	100
Dometic Germany Krautheim GmbH	HRB 7731	Germany	100

## NOTE 26 cont.

Company name	Corp. id. no	Domicile	Proportion of equity in %
Dometic Germany GmbH	HRB 3716	Germany	100
Dometic UK Ltd.	04190363	Great Britain	100
Dometic UK Awnings Ltd (former Kampa UK Limited)	05964899	Great Britain	100
Dometic UK Blind Systems Ltd (former Oceanair Marine Limited)	02504653	Great Britain	100
Dometic Asia Co. Ltd.	14979283-000-02	Hong Kong	100
Dometic Asia Holding Co. Ltd.	17208219-000-07	Hong Kong	100
U C T Ltd	33068257-000-07	Hong Kong	100
United Cooling Technologies Ltd	33068249-000-07	Hong Kong	100
Dometic Impex Ltd	22342626-000-03	Hong Kong	100
Dometic Hűtőgépgyártó és Kereskedelmi Zrt. (Dometic Zrt)	Cg.16-10-001727	Hungary	100
Dometic Italy Marine S.r.l. (former Condaria 87 S.r.l.)	08934890156	Italy	100
Dometic Italy S.r.l.	00718330400	Italy	100
SMEV S.r.l.	03410350247	Italy	100
Dometic KK	0104-01-045566	Japan	100
Dometic Korea C., Ltd	295-88-01153	Korea	100
DHAB II S.á r.l	B148161	Luxembourg	100
Dometic Mx, S DE RL DE CV	DMX011121UB6	Mexico	100
Dometic Benelux B.V.	20051965	Netherlands	100
Dometic WAECO Holding B.V.	06050846	Netherlands	100
Sierra Netherlands Coöperatief U.A	59086122	Netherlands	100
Dometic New Zealand Ltd	2084564	New Zealand	100
Dometic Norway AS	841914422	Norway	100
Dometic Poland Spółka z ograniczoną odpowiedzialnością (Dometic Poland Sp. z o.o.)	0000374897	Poland	100
Dometic Pte Ltd	200003050k	Singapore	100
Dometic Slovakia s.r.o.	31617298	Slovakia	100
Dometic (Pty) Ltd	1973/010155/07	South Africa	100
Dometic Spain SL	C.I.F.: B82837071	Spain	100
Dometic AB	556014-3074	Sweden	100
Dometic Scandinavia AB	556305-2033	Sweden	100
Dometic Seitz AB	556528-1093	Sweden	100
Dometic Switzerland AG	CH-020.3.906.004-9	Switzerland	100
Dometic RUS Limited Liability Company	1107746208338	The Russian Federation	100
Dometic Middle East FZCO	2774	United Arab Emirates	100
Atwood Mobile Products LLC	99-0378974	USA	100
Dometic Corporation	32-0145464	USA	100
Dometic Mexico LLC	3457538	USA	100
Marine Acquisition Corp.	27-5496404	USA	100
Marine Acquisition (US) Inc.	23-2467492	USA	100
Sierra International LLC	36-2643586	USA	100
Inca Products Acquisition Corp.	46-2862973	USA	100
Marine Digital Integration LLC	46-4518541	USA	100
Sierra Netherlands Holdings, LLC	46-3981447	USA	100

Change analysis of shares in subsidiaries	December 31, 2020	December 31, 2019
Opening balance	16,228	16,228
Impairment losses	–	–
<b>Closing balance</b>	<b>16,228</b>	<b>16,228</b>

## NOTE 27 | TRANSACTIONS WITH RELATED PARTIES

All of the Group companies presented in note 26 are considered to be related parties. Shares in subsidiaries are specified in note 26.

Transactions take place between Dometic Group companies concerning deliveries of goods and services, and financial and intangible services are provided. Market terms and pricing are applied to all transactions. All transactions between Group companies are eliminated in the consolidated accounts.

Parent company administrative expenses amounted to SEK -199 m (-185); of this SEK 190 m (185) was charged out to subsidiaries in accordance with a service agreement. The charged-out expenses are being classified as other operating income in the income statement.

Remuneration for the Group Management and individual members of the Board are presented in note 9. Dometic Group has not provided guarantees or sureties to or on behalf of Board members or senior executives. The Board has not identified any transactions with other related parties.

## NOTE 28 | EARNINGS PER SHARE AND PROPOSED DISTRIBUTION OF EARNINGS

### Share capital

Ordinary shares are classified as equity. The share capital of Dometic Group AB amounted to SEK 739,583 divided into 295,833,333 shares. The quotient value is SEK 0.0025 per share.

### Weighted average number of shares

Average number of shares equals actual number of shares.

Earnings per share	December 31, 2020	December 31, 2019
<b>Earnings per share before dilution</b>		
Earnings attributable to the Parent Company's shareholders (thousands)	450,920	1,325,287
Weighted average number of shares issued	295,833,333	295,833,333
<b>Earnings per share before dilution (SEK per share)</b>	<b>1.52</b>	<b>4.48</b>
<b>Earnings per share after dilution</b>		
Earnings attributable to the Parent Company's shareholders (thousands)	450,920	1,325,287
Weighted average number of shares issued	295,833,333	295,833,333
<b>Earnings per share after dilution (SEK per share)</b>	<b>1.52</b>	<b>4.48</b>

### Proposed distribution of earnings

The following earnings (SEK thousands) are at the disposal of the annual shareholders' meeting:

Retained earnings	10,065,500
Profit for the year	-142,120
<b>Total</b>	<b>9,923,380</b>

The Board of Directors proposes that earnings be distributed as follows:

A dividend to the shareholders of SEK 2.30 per share, totaling	680,417
To be carried forward	9,242,963
<b>Total</b>	<b>9,923,380</b>

## NOTE 29 | BUSINESS COMBINATIONS

The valuation of acquired assets and liabilities including items that have not been recognized in the acquired company's balance sheet, such as trademarks or customer relationship assets should be done to fair value.

The valuation of identifiable assets and liabilities is affected by the accounting environment that the acquired company has been active in. This relates for example to the availability of the data needed and the basis of preparation for the financial reporting, and consequently the level of adjustments that are necessary to comply with Dometic group accounting principles.

The initial acquisition calculations are preliminary, even though best estimates and judgement have been used. Nevertheless, calculations might need to be adjusted subsequently. All acquisition calculations are finalized up until 12 months after the acquisition date. Considering the above description, Dometic has chosen not to specify reasons why the accounting of the business combination is preliminary, or which assets and liabilities for which the initial accounting is preliminary unless regarded material. Additionally, it is not feasible to compile and disclose all individual adjustments in a manner that will be useful for the reader of the financial statements.

### 2020

Dometic has not made any acquisitions or divestments during 2020.

### 2019

Dometic has not made any acquisitions or divestments during 2019. The purchase price allocation of Kampa was considered as final. No changes have been made.

## NOTE 30 | SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 1, 2021 Dometic will implement a new organizational structure to generate additional focus and performance. The new structure will be formed around four Segments, in contrast to three previous regions: Segments Americas, EMEA, APAC and Global. The Segments will be the highest responsible operational entities reporting to the Group. The new organizational structure will be reflected in Dometic's report for the first quarter of 2021.

On February 2, 2021, Dometic announced the agreement to acquire Twin Eagles, a leading US manufacturer of grills and kitchen solutions for the residential outdoor market. Twin Eagles' annual net sales is USD 34 m.

There have been no other significant events with effects on the financial reporting after the balance sheet date.

## NOTE 31 | DEFINITIONS

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

Dometic presents some financial measures in this annual 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 our 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.dometic.com](http://www.dometic.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.

#### EBITDA margin

EBITDA divided by net sales.

#### Gearing ratio

Net debt excluding pensions and accrued interest divided by total Equity.

#### Net debt/EBTIDA (Leverage ratio)

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

Cashflow from operations after investments in fixed assets excluding income tax paid.

#### Organic growth

Sales growth excluding acquisitions/divestments and currency translation effects. Quarters calculated at comparable currency, applying 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

### AM

Aftermarket.

### Capital expenditure

Expenses related to the purchase of tangible and intangible assets.

### CPV

Commercial and Passenger Vehicles.

### EPS – Earnings per share

Net profit for the period divided by average number of shares.

### Equity ratio

Equity as a percentage of total assets.

### 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 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.

### Interest-bearing debt

Liabilities to credit institutions plus liabilities to related parties plus provisions for pensions.

### Net profit

Profit for the period.

### OCI

Other comprehensive income.

### OEM

Original Equipment Manufacturers.

### Operating capital

Interest-bearing debt plus equity less cash and cash equivalents.

### 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; earnings before financial items and taxes.

### Operating profit (EBIT) margin

Operating profit divided by net sales.

### Profit margin

Net profit as a margin of net sales.

### Product development costs

Research and development costs including capitalized spend.

### RV

Recreational Vehicles.

### Working capital

Core working capital plus other current assets less other current liabilities and provisions relating to operations.

# PROPOSED DISTRIBUTION OF EARNINGS

The following earnings (SEK thousands) are at the disposal of the annual shareholders' meeting:

Retained earnings	10,065,500
Profit for the year	-142,120
<b>Total</b>	<b>9,923,380</b>

The Board of Directors proposes that earnings be distributed as follows:

A dividend to the shareholders of SEK 2.30 per share, totaling	680,417
To be carried forward	9,242,963
<b>Total</b>	<b>9,923,380</b>

The Board of Directors propose April 13, 2021, as the record day for the right to dividend.

The Board of Directors has proposed that the 2021 annual shareholders' meeting resolves on a dividend to the shareholders of SEK 2.30. On account thereof, the Board of Directors hereby makes the following statement according to chapter 18 section 4 of the Swedish Companies Act.

The Board of Directors finds that there will be full coverage for the restricted equity of the Parent Company, after distribution of the proposed dividend.

It is the Board of Directors' assessment that after distribution of the proposed dividend, the equity of the Parent Company and the Group will be sufficient with respect to the kind, extent, and risk of the operations. The Board of Directors has hereby considered, among other things, the Parent Company's and the Group's historical development, the budgeted development and the state of the market.

After the proposed dividend, the financial strength of the Parent Company and the Group is assessed to continue to be good in relation to the industry in which the Group is operating. The dividend will not affect the ability of the Parent Company and the Group to comply with its payment obligations.

The Board of Directors finds that the Parent Company and the Group are well prepared to handle any changes in respect of liquidity, as well as unexpected events.

The Board of Directors is of the opinion that the Parent Company and the Group have the ability to take future business risks and also cope with potential losses. The proposed dividend will not negatively affect the Parent Company's and the Group's ability to make further commercially motivated investments in accordance with the strategy of the Board of Directors.

The Board of Directors and the President and CEO certify that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The Board of Directors' Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm March 16, 2021

Fredrik Cappelen  
Chairman of the Board

Juan Vargues  
President and CEO

Rainer Schmückle  
Board member

Jacqueline Hoogerbrugge  
Board member

Peter Sjölander  
Board member

Magnus Yngen  
Board member

Erik Olsson  
Board member

Heléne Vibbleus  
Board member

Our Auditors' Report was issued on March 16, 2021

PricewaterhouseCoopers AB

Anna Rosendal  
Authorized public accountant  
Partner in charge

# AUDITORS' REPORT

Unofficial translation

To the general meeting of the shareholders of Dometic Group AB (publ), corporate identity number 556829-4390

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Dometic Group AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 55-117 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the Group as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

A corporate governance statement has been prepared and is in agreement with the Annual Accounts Act. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Our audit approach

#### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Dometic Group has operations worldwide with 22 manufacturing and assembly sites in 11 countries. The business is organized into three regions, Europe, Middle East and Africa (EMEA), Americas and Asia Pacific (APAC). In terms of net sales by country (attributable on the basis of the customer's location), the United States, Germany and Australia are the most significant markets representing almost 70 percent of the Group's total sales in 2020.

The consolidated financial statements of Dometic Group consist of some 60 reporting units located in 30 countries. In establishing the overall Group audit strategy and plan, we determined the type of work that needed to be performed at the reporting unit level by component auditors. We also decided for the purpose of expressing an opinion on the consolidated accounts as a whole, that approximately 20 reporting units were the most significant and should be in scope for the Group audit – for instance reporting units in the US, Germany and Australia were in scope. In order to tailor an appropriate audit strategy, we updated our understanding about, among other things, the organization, strategic focus areas and overall control environment. We performed inquiries with management and obtained and read significant Group policies and instructions, management reports and other relevant documentation.

In addition to the Group audit, local statutory audit procedures are performed for all legal entities within the Group subject to such requirements according to local laws and regulations.

Our audit is carried out continuously during the year. In 2020, with respect to the closings for the third quarter and year-end, we reported our observations to Group management and the Audit Committee. At year-end, we also reported our main observations to the entire Board of Directors. For the third quarter 2020, we issued a limited review report.

We have considered the impact covid-19 has had on our audit and tailored our procedures to properly cover any new and/or increased risks. On an overall level we have been able to conduct our audit although the pandemic has led to other ways of working and use of digital tools for communication and collection of audit evidence.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

### Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

## Key Audit Matter

### Valuation of goodwill and trademarks

Goodwill and trademarks amount to SEK 17,2 billion as of December 31, 2020. These items are not only significant in terms of the amount, but also by nature, since they are influenced by management's judgment. This is why we have considered valuation of goodwill and trademarks as a key audit matter in our audit, and the risk that we focused on particularly in the audit is that the balances may be overstated.

Goodwill and trademarks with indefinite life are tested for impairment on an annual basis. In assessing if there is a need for impairment, cash flow models are used based on management's calculations of future cash flows based on budgets and strategic plans. Budgets and estimates are based on assumptions such as volume, price and mix to determine future growth and gross margins.

Goodwill and trademarks are allocated to the three regions; Americas, EMEA and APAC which constitute Cash-generating units (CGUs), the level on which the impairment test is performed. No impairment charges have been recorded by management against these balances in the current financial year.

As of January 1, 2021 a new organizational structure is implemented which impacts the definition of segments and Cash-generating units. For more information, refer to the Annual Report Note 30 - Significant events after the Reporting period.

For more information about the company's impairment test, refer to the Annual Report Note 4 – Critical accounting estimates and assumptions and Note 14 Intangible assets.

## How our audit addressed the Key Audit Matter

Our audit included but was not limited to the following procedures;

- Assessed the model used by the Group for impairment testing and evaluation of the significant assumptions for establishing forecasted cash flows and discount interest rates used for calculating the value-in-use of the cash generating units. In our evaluation, we have compared the historic business performance and the Group's forecasts and strategic planning as well as with external data sources where possible and relevant. PwCs valuation specialists have been involved to perform many of these procedures.
- A key assumption in the impairment test is the weighted average cost of capital (WACC). We have performed independent calculations to compare with the WACC used by Dometic in their impairment test.
- Assessed the change in segments and Cash-generating units as a result of the new organizational structure as of January 1, 2021 with regards to management's impairment assessment 2020 and related disclosures.
- Traced disclosure information to accounting records and other supporting documentation and verified that disclosures were in accordance with IAS 36.

### Inventory valuation

Inventories in the Group's consolidated financial statements amount to SEK 3,1 bn as of December 31, 2020. The provision for obsolescence was SEK 0,5 bn. Valuation of inventory is considered a key audit matter in our audit due to significance, complexity in underlying calculations and management's judgments involved.

Inventories are held by various manufacturing and assembly sites in many countries. Inventories are stated at the lower of cost and net realizable value. Cost of inventories is determined using the first-in, first-out method.

Valuation of inventories and provision for obsolescence requires clear guidelines and are subject to management's estimates.

Establishing product costing requires instances of management's judgment with effect on the reported values. This includes considering normal production levels, foreign currency, prices of raw materials, and allocation of other direct and indirect costs. Net realizable value is assessed based on the estimated selling price in the ordinary course of business less variable selling expenses. Elimination of effects from intra-group transactions also include complexity.

Refer to the Annual Report Note 16 Inventories for additional information on the line item.

Our audit included but was not limited to the following procedures;

- Assessed processes and procedures for inventory accounting.
- Tested, on a sample basis, stocks of raw materials to actual prices. Assessed the reasonableness of product costing for products in progress and finished products.
- Participated in stock takes on a number of locations and tested on a sample basis the cut-off of deliveries in or out of inventory.
- Obtained the analysis of slow movers and assessments of obsolescence as well as net selling prices.
- Traced disclosure information to accounting records and other supporting documentation.

### Income taxes

Dometic Group conducts its operations in different tax jurisdictions, all of which have their own rules and legislation regarding cross-border transactions. Consequently, the Group is regularly subject to audits by local tax authorities in each country where they conduct operations. From time to time entities within the Group are subject to tax proceedings that may range from tax audits to tax litigations. Tax liabilities, which to their nature are based on estimation, are material. Income taxes represent a key audit matter in that the underlying issues are complex, they are inherently judgmental, and the amounts involved are material.

Refer to the Annual Report Note 12 Taxes for additional information on the line item.

Our audit included but was not limited to the following activities:

- Assessed completeness and valuation of the amounts recorded as both current and deferred income taxes, including uncertain tax positions. For such matters we have as part of our audit procedures considered communication with the tax authorities as well as performing an independent assessment of whether a provision is required or not.
- We have included tax professionals at Group level in order to assess significant assumptions made with respect to the Group's tax positions.
- Traced disclosure information to accounting records and other supporting documentation and read the presentation of taxes in the financial statements based on the requirements in IAS 12 Income taxes.



## Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–54 and 118–123 and the Sustainability report and sustainability notes on pages 41–51 and 118–122. This other information also contains the Remuneration report that we expect to receive after the release of the Auditors' report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts.

In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

## Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisormsansvar](http://www.revisorsinspektionen.se/revisormsansvar). This description is part of the auditor's report.

## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Dometic Group AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director

be discharged from liability for the financial year.

## Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

## Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisormsansvar](http://www.revisorsinspektionen.se/revisormsansvar). This description is part of the auditor's report.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Dometic Group AB (publ) by the general meeting of the shareholders on the 7 April 2020 and has been the company's auditor since the general meeting of the shareholders on 15 June 2001.

Stockholm March 16, 2021  
PricewaterhouseCoopers AB

Anna Rosendal  
Authorized Public Accountant  
Partner in charge

# DETAILED SUSTAINABILITY INFORMATION

The CEO and Group Management are responsible for incorporating global sustainability initiatives into Dometic’s strategy and operations and for monitoring reporting, performance and result. Dometic’s Sustainability Board defines the Group’s sustainability agenda and ensures that sustainability is an integral aspect of Dometic’s core values, strategy, training and communication. The Sustainability Board sets the overall ambition level, targets and activities. Responsibilities also include stakeholder dialogues and close monitoring of macro trends and drivers. Business functions carry out key sustainability activities and report on progress, performance and results.

Sustainability risks, such as climate change, are integrated in the governance of risk within Dometic. Both physical and transition risks are covered by the risk framework, from strategic and execution perspectives. All identified risks, including climate-related risks, are quantified from a financial point of view. The Sustainability Board and Management Team regularly review and evaluate the effectiveness of global mitigation initiatives.

## GOVERNING DOCUMENTS

Governing documents are approved by the Dometic Board of Directors. New for 2020 is the Diversity and Inclusion Policy.

- Code of Conduct
- Finance Policy (incl. Tax Policy, Treasury Policy and Credit Policy)
- Information Policy
- Insider Policy
- Internal Audit Policy
- Privacy Policy
- IT Policy
- Diversity and Inclusion Policy

## CODE OF CONDUCT

The principles of Dometic’s Code of Conduct are based on Dometic’s core values, sustainability focus areas, international legislation, standards and agreements, including the UN Global Compact and the OECD’s guidelines for multinational companies. In 2020, a new revised version of the Code of Conduct was rolled

out in the organization. The board also approved and rolled out a new policy, the Dometic Code of Conduct for Business Partners.

Dometic Group’s Legal, HR and Sourcing departments monitor compliance with the Code of Conduct internally as well as among business partners. Employees are encouraged to report any conduct which they believe in good faith to be in breach of the Dometic Code of Conduct and/or applicable laws and regulations, preferably to their managers, or to an HR department representative. In circumstances when such reporting is not possible, or if there is a conflict of interest, or if the case is sensitive in nature, reporting shall be made through the whistleblower system. The whistleblower system is called the Dometic SpeakUp line and is managed by a third-party vendor to ensure full privacy. This system enables employees to report potential cases in their native language either through a website or a toll-free phone call. Dometic expects managers to address issues and work to ensure a satisfactory resolution in compliance with the Dometic Code of Conduct and/or applicable laws and regulations.

## STAKEHOLDERS AND STAKEHOLDER DIALOGUE

As a global Group, it is vital for Dometic to ensure accountability for its actual and potential impact on stakeholders. Dometic engages both directly and indirectly with key investors, customers, business partners, employees and trade unions. In 2018, Dometic performed a strategic sustainability review based on macro trends, input from key stakeholders and the strategic framework. The review re-confirmed the four sustainability focus areas, namely: ethics, people, products and environment. Dometic actively works with relevant measures for each area in order to further enhance value creation and compliance, and to reduce environmental impact and mitigate sustainability risks. In 2020, an additional review of the sustainability aspects was performed based on surveys with selected key stakeholders and investor input. This review resulted in the addition of a few additional KPIs for internal monitoring of performance related to climate impact and health and safety.

Read more about our stakeholders dialogue at [dometic.com](https://dometic.com)

## CERTIFICATIONS

An overview is available at [dometic.com](https://dometic.com).

## ORGANIZATION & GOVERNANCE RELATED TO SUSTAINABILITY



Dometic’s Board of Directors has overall responsibility for monitoring the Group’s sustainability work and governing documents.

## SUSTAINABILITY BOARD MEMBERS



The responsibilities for the sustainability focus areas are split among members of group management.

<b>ETHICS</b>	<b>2020</b>	<b>2019</b>
Employees that have been trained in the CoC (WC)	95%	99%
Employees that have been trained in the CoC (BC)	95%	97%
Suppliers that have signed the CoC	95%	53%
% of supplier spend in LCC that has been audited (last 24 months)	82%	75%
% of senior managers and sales employees conducted e-learning in export control and anti-trust	to be measured 2021	-

<b>PEOPLE</b>	<b>2020</b>	<b>2019</b>
% White collar employees	38%	37%
% Blue collar employees	62%	63%
% employees that have had a performance review	to be measured 2021	55%
% female employees at year end	36%	36%
% female managers at year end	24%	24%
Core values index	to be measured 2021	71

<b>HEALTH AND SAFETY</b>	<b>2020</b>	<b>2019</b>
Registered lost time accidents	41	62
Registered lost time accidents per million working hours (LTIFR)	2.8	4.1
Health & Safety index	to be measured 2021	70
Fatalities	0	0

<b>ENVIRONMENT</b>	<b>2020</b>	<b>2019</b>
Space m <sup>2</sup>	586,000	603,000
Renewable electricity %	5.8	5.6
<b>Total energy GWh</b>	<b>99</b>	<b>109<sup>1)</sup></b>
Direct energy GWh	39	44
Indirect energy GWh	60	65
Total energy MWh/ SEKm	6.1	5.9
<b>CO<sub>2</sub> total energy (scope 1 and 2 market based) tonne</b>	<b>32,600</b>	<b>35,700</b>
CO <sub>2</sub> direct (scope 1) tonne	9,200	10,300
CO <sub>2</sub> indirect (scope 2) market based tonne	23,400	25,400
CO <sub>2</sub> indirect (scope 2) location based tonne	24,100	26,100
CO <sub>2</sub> transport (scope 3) tonne	Ongoing footprint inventory	NA
<b>CO<sub>2</sub> total energy (scope 1 and 2 market based) tonne /SEKm</b>	<b>2.0</b>	<b>1.9</b>
Waste tonne	12,300	10,900
Hazardous waste tonne	400	700
Recycling rate waste %	76	71
Water m <sup>3</sup>	224,400	241,300
Water m <sup>3</sup> / SEKm	13.9	13.0

<sup>1)</sup> Consumption partly adjusted compared to previously reported figure based on actual data versus estimates.

## ETHICS

Dometic's contribution to the SDGs

### Distribution of direct material supplier spend per geographical region



- Asia 46%
- Europe 25%
- North America 29%

Dometic aims at reducing the total number of suppliers and performs risk assessment from a sustainability perspective in order to focus efforts of due diligence to suppliers of higher risk.



**5.1** – End discrimination against women and girls



**8.7** – End modern slavery, trafficking, and child labour

**8.8** – Protect labour rights and promote safe working environments



**16.5** – Substantially reduce corruption and bribery in all their forms

Dometic has the opportunity to positively contribute to at least 7 of the UN Sustainable Development Goals through its targets, key activities and product offering, as well as its influence through global presence and business relations.

## PEOPLE

Dometic's contribution to the SDGs

### No. of employees per region, %



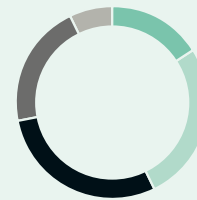
- Americas 36% (35)
- EMEA 32% (30)
- APAC 32% (35)

### Gender, %



- Male 64% (64)
- Female 36% (36)

### Age structure, %



- < 30 years, 16% (17)
- 30-39 years, 27% (26)
- 40-50 years, 29% (29)
- 51-60 years, 21% (21)
- > 60 years, 7% (7)



**5.1** – End discrimination against women and girls

**5.5** – Ensure women's full and effective participation and equal opportunities for leadership.



**8.8** – Protect labour rights and promote safe working environments

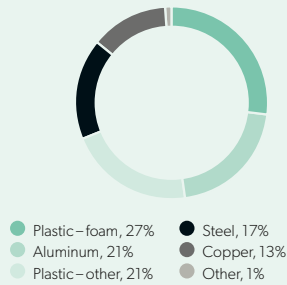


**3.9** – Reduce illnesses and deaths from hazardous chemicals and pollution

## PRODUCTS

Dometic's contribution to the SDGs

### Raw material spend <sup>1)</sup>



<sup>1)</sup> Excluding Dometic Marine

The main materials sourced for Dometic products are plastics, steel, aluminum and copper. To ensure efficient use of resources the ambition is to increase the use of recycled and renewable materials.



**3.9** – Reduce illnesses and deaths from hazardous chemicals and pollution



**6.3** – Improve water quality, wastewater treatment and safe reuse

**6.4** – Increase water-use efficiency



**9.4.1** – Reduce CO<sub>2</sub> emissions per unit of value added



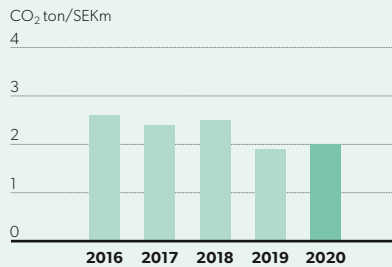
**12.3** – Halve global per capita food waste

By providing smart, resource-efficient and recyclable products Dometic has the opportunity to contribute to reducing the impact caused by the life cycle of its products and support the UN SDGs. See Benefits from Dometic's solutions on page 48.

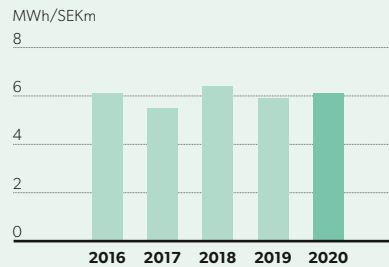
## ENVIRONMENT

Dometic's progress and contribution to the SDGs

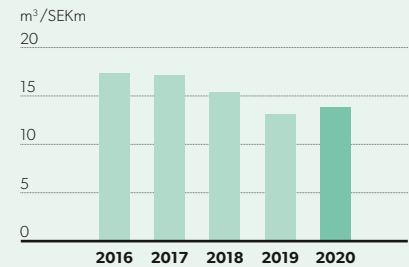
### Total CO<sub>2</sub> emissions in relation to net sales<sup>1)</sup>



### Total energy consumption in relation to net sales



### Total water consumption in relation to net sales



**8.4** – Improve resource efficiency in consumption and production.



**9.4** – Upgrade all industries and infrastructures for sustainability



**12.6** – Encourage companies to adopt sustainable practices and sustainability reporting



**6.3** – Improve water quality, wastewater treatment and safe reuse  
**6.4** – Increase water-use efficiency

<sup>1)</sup> CO<sub>2</sub> emissions are scope 1 and 2. Environmental reporting is done in a GRI conform tool aligned with the GHG protocol for CO<sub>2</sub> reporting.

**Auditor's report on the statutory sustainability report**

To the general meeting of shareholders in Dometic Group AB (publ),  
Corporate Identity Number 556829-4390

**Engagement and responsibility**

It is the board of directors who is responsible for the statutory sustainability report for the financial year 2020 on pages 41–51 and that it has been prepared in accordance with the Annual Accounts Act.

**The scope of the audit**

Our examination has been conducted in accordance with FAR's auditing standard RevR 12. The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

**Opinion**

A statutory sustainability report has been prepared.

Stockholm March 16, 2021  
PricewaterhouseCoopers AB

Anna Rosendal  
Authorized Public Accountant

# FINANCIAL CALENDAR 2021

## INTERIM REPORT

**Q1**

The Interim Report January 1–March 31, 2021 will be published on **April 23, 2021**.

## INTERIM REPORT

**Q2**

The Interim Report April 1–June 30, 2021 will be published on **July 16, 2021**.

## INTERIM REPORT

**Q3**

The Interim Report July 1–September 30, 2021 will be published on **October 22, 2021**.

## ANNUAL SHAREHOLDERS' MEETING **2021**

The 2020 annual shareholders' meeting of Dometic Group AB (publ) will be held on Tuesday **April 13, 2021**.

### FOR FURTHER INFORMATION

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This Annual Report is an English translation of the Swedish original. In the event of any discrepancies, the Swedish version shall govern.

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## **DOMETIC**

Mobile living made easy is at the core of our offering. Dometic is committed to delivering smart, reliable products with outstanding design. By doing so we will maintain and build product leadership within our main application areas Food & Beverage, Climate, Power & Control, and Other applications.

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