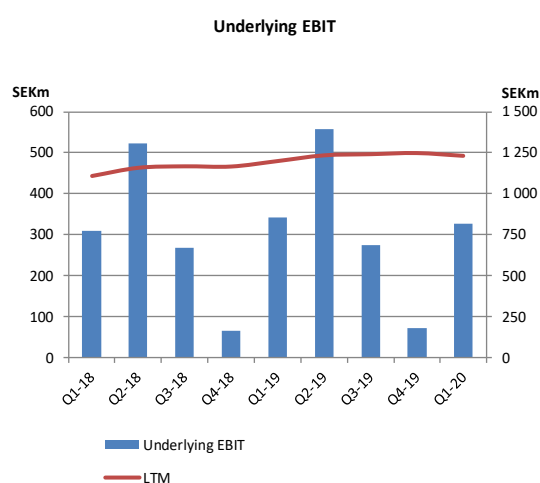
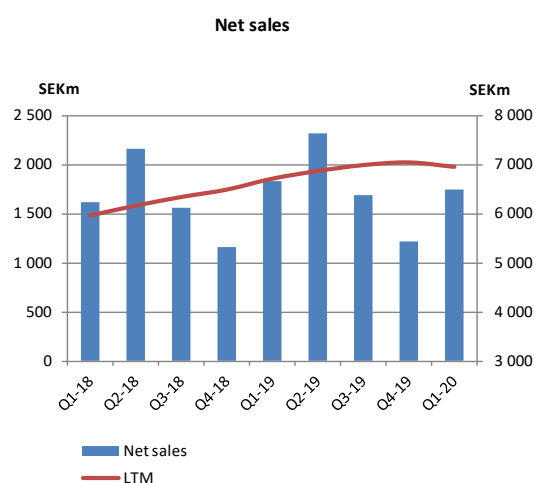


Thule Group

Interim report, first quarter, January–March 2020

- **Net sales** for the quarter amounted to SEK 1,744m (1,834), corresponding to a decrease of 4.9 percent. Adjusted for exchange rate fluctuations, sales declined 7.5 percent.
- **Operating income** amounted to SEK 325m (342), corresponding to a decrease of 4.9 percent and a margin of 18.7 percent (18.7). Adjusted for exchange rate fluctuations, the margin declined 0.4 percentage points.
- **Net income** was SEK 241m (253).
- **Cash flow from operating activities** totaled SEK 8m (outflow: 145).
- **Earnings per share before dilution** amounted to SEK 2.33 (2.46).
- **The coronavirus pandemic impacted** sales during the second half of March, which is the most important part of the quarter. As communicated earlier, Thule Group foresees a more significant impact in the second quarter, which is normally the company's peak season.

	Jan-Mar			Full-year		
	2020	2019	%	LTM	2019	%
Net sales, SEKm	1 744	1 834	-4.9	6 948	7 038	-1.3
Underlying EBIT, SEKm	326	342	-4.9	1 228	1 245	-1.3
Operating income (EBIT), SEKm	325	342	-4.9	1 178	1 195	-1.4
Net income, SEKm	241	253	-5.0	871	883	-1.4
Earnings per share, SEK	2.33	2.46	-5.0	-	8.56	-
Cash flow from operating activities, SEKm	8	-145	+105.5	1 184	1 030	+14.9



CEO's statement

Solid quarter despite significant negative effects due to corona virus as of mid-March

In the first quarter 2020 the Thule Group, like most of the world, lived through two completely different phases. We started the year very strong with increased sales, improved profitability and a more efficient use of capital.

When then massive lockdowns were implemented in our main markets in Europe and North America, as a consequence of the corona pandemic, we saw a significantly reduced demand and needed to act quickly in a completely new reality.

Sales in the quarter decreased with SEK 90m to SEK 1,744m, a decrease of 4.9 percent (7.5 percent excl. currency effects). Underlying EBIT in the quarter was SEK 326m (342), which meant that we delivered the same EBIT-margin as Q1 previous year of 18.7 percent and generated an improved cash flow of SEK 8m (-145).

Region Europe & ROW – significant impact from state measures to handle pandemic

In the quarter sales declined with 5.7 percent (currency adjusted).

The corona virus outbreak and the reduced travels in the Asia region led to that the previously rapidly growing Luggage category turned to decline in the quarter. In Europe all markets grew until mid-March, to then encounter different levels of decline, directly related to the degree of lockdowns in the markets, with store closures and stay at home orders.

Sales dropped very significantly in the markets with the most drastic measures implemented, such as France, Italy, Spain and the UK. Sales decline in other markets was still considerable, but less, as certain stores were allowed to be open and physical activities were allowed in parks and nature.

Positive to note was that the Active with Kids category grew in the quarter, driven by the launch of the new Thule Spring stroller, but also by a good development in the other two stroller models.

Region Americas – significant lockdowns in North America at the end of the quarter

In Region Americas sales decreased with 13 percent in the quarter (currency adjusted).

As in Europe sales grew in North America until mid-March and then dropped significantly. The most important sales regions in the US and Canada (California, New England and Quebec) where some of the regions that introduced the most stringent pandemic lockdown measures, with virtually

complete store shutdowns and demands on citizens to stay at home.

Sales in Brazil developed well, while rest of Latin America experienced reduction in demand at the end of the quarter.

Also in Region Americas the Active with Kids category developed best, with a strong growth in the quarter. Driven by the new Thule Spring city-stroller, but also the Thule Urban Glide 2 jogging stroller.

Focus on current challenges short-term, balanced with a long-term focus

We have since the corona-outbreak focused on the health&safety of our employees. Measures implemented include travel bans, opportunities to work from home as well as the implementation of new hygiene and social distancing processes and rules in our assembly plants, distribution centres and offices.

At the same time we have acted to ensure that we can cost efficiently run the business in a short-term situation of significantly decreased demand. We have therefore at all our operating units implemented various levels of short-term furloughs and other cost reducing initiatives.

It is currently not possible to estimate how the effect will be in the short-term and we are therefore implementing measures to meet a short-term challenging financial reality in 2020. However, we are also ensuring that this is done in balance with the drive to meet our long-term strategic agenda and targets. We are committed to our communicated long-term strategy that focuses on utilizing a strong financial position to drive significant initiatives of sustainable product development of fantastic products. We also continue the building of a strong global consumer brand as well as driving efficiency improvements in our supply chain.

The underlying long-term positive market trends in the segments we operate in and the Company's leading position in products for an active life close to home, with a clear exposure to "staycation", makes me optimistic once we come through this current challenging period.



Magnus Welander,
CEO & President

Financial overview

Trend for the first quarter

Net sales

In the first quarter of 2020, net sales amounted to SEK 1,744m (1,834), representing a decrease of 4.9 percent. Adjusted for exchange rate fluctuations, net sales for the Group declined 7.5 percent. Until mid-March, sales grew compared with the first quarter 2019. The outbreak of coronavirus (covid-19) and the considerable quarantine measures introduced in most countries had a very negative impact on sales during the second half of March.

In Region Europe & ROW, net sales totaled SEK 1,354m (1,406), down 3.7 percent, and 5.7 percent after currency adjustments. Net sales in Region Americas amounted to SEK 390m (428), down 8.8 percent, and 13.1 percent after currency adjustment year-on-year.

	Jan-Mar
Change in net sales	2020
Changes in exchange rates	2.6%
Structural changes	0.0%
Organic growth	-7.5%
Total	-4.9%

Gross income

Gross income for the quarter totaled SEK 713m (746), corresponding to a gross margin of 40.9 percent (40.7). After currency adjustment, the margin decreased 0.2 percentage points. The efficiency improvements in the nine assembly plants during the quarter and somewhat lower material costs made a positive contribution. A negative effect arose through some under absorption due to the significantly lower sales in the last two weeks of the quarter, some changes in the customer/product mix and US/China tariff effects (stage 2 of the increased tariffs were introduced in July 2019).

Operating income

Underlying EBIT amounted to SEK 326m (342), corresponding to an operating margin of 18.7 percent (18.7). Changes in exchange rates had a positive impact of SEK 18m. The lower sales during the last month of the quarter had a negative effect on operating income, but with an unchanged margin. This was achieved thanks to strong measures taken as a result of the outbreak of corona virus, but also the communicated savings made through the small reorganization launched in 2019. Operating income totaled SEK 325m (342).

	Jan-Mar
Change in underlying EBIT margin	2020
Underlying EBIT 2020	326
Underlying EBIT margin 2020	18.7%
Underlying EBIT 2019	342
Underlying EBIT margin 2019	18.7%
Underlying EBIT 2019, currency adjusted	360
Underlying EBIT margin 2019, currency adjusted	19.1%
Change in underlying EBIT margin, currency adjusted	-0.4%

Net financial items

Net financial items for the quarter amounted to an expense of SEK 11m (expense: 13). Exchange rate differences on loans and cash and cash equivalents amounted to SEK 2 (expense: 2). The interest expense for borrowings was SEK 12m (expense: 10).

Net income for the period

In the first quarter, net income was SEK 241m, corresponding to earnings per share of SEK 2.33 before and after dilution. For the year-earlier period, net income totaled SEK 253m, corresponding to earnings per share of SEK 2.46 before dilution and SEK 2.45 per share after dilution.

Cash flow

Cash flow from operating activities in the quarter was SEK 8m (neg: 145). At March 31, cash and cash equivalents amounted to SEK 1,061m (195). During the quarter, a total of SEK 850m of the credit facility had been utilized, most of which was to secure the company's liquidity as part of the measures taken ahead of the uncertainty due to the corona pandemic. Against the backdrop of the prevailing situation and uncertainty regarding market development, the Board of Directors announced on March 22 that the earlier dividend proposal of SEK 7.50 per share, totaling SEK 774m, was to be withdrawn and it is instead proposed to the 2020 Annual General Meeting that no dividend be distributed. This decision was part of further strengthening the company's already strong financial position.

Investments in tangible and intangible assets amounted to SEK 50m (35).

Financial position

At March 31, 2020, the Group's equity amounted to SEK 4,794m (4,398). The equity ratio amounted to 48.2 percent (50.6).

Net debt amounted to SEK 2,301m (2,413) at March 31, 2020. Total long-term borrowing amounted to SEK 3,308m (2,552), and comprised loans from credit institutions of SEK 3,118m (2,372) gross, long-term finance lease liabilities of SEK 181m (182), capitalized financing costs of SEK 9m (10) and the long-term portion of financial derivatives of SEK 18m (8). Total current financial liabilities amounted to SEK 83m (73) and comprised the short-term portion of financial derivatives and finance lease liabilities.

SEKm	Mar 31 2020	Mar 31 2019	Dec 31 2019
Long-term loans, gross	3 299	2 555	2 342
Financial derivative liability, long-term	18	8	15
Short-term loans, gross	58	51	53
Financial derivative liability, short-term	25	22	12
Overdraft facilities	0	0	0
Capitalized financing costs	-9	-10	-10
Accrued interest	0	0	0
Gross debt	3 391	2 626	2 413
Financial derivative asset	-29	-18	-26
Cash and cash equivalents	-1 061	-195	-268
Net debt	2 301	2 413	2 119

At March 31, 2020, goodwill totaled SEK 4,827m (4,586). Of the increase, SEK 8m pertained to the acquisition of the assets of Denver Outfitters. The increase otherwise pertained to currency effects. At March 31, 2020, inventories amounted to SEK 1,172m (1,186). The communicated plans for spring 2020 were to continuously reduce inventory levels, which had been increased in the spring of 2019 to ensure a high position deliveries for the four large assembly plants, where the company implemented major changes to production flows during the year. Until mid-March, this proceeded to plan, but due to the various lock-down initiatives taken by the authorities in most of our markets and the significant decline in sales in the last two weeks of the quarter, the inventory could not be reduced at the intended pace. Compared with the same point in time in 2019, inventory was also positively impacted by currency effects amounting to SEK 42m.

Other information

Coronavirus pandemic

The rapid global development of the situation relating to coronavirus is expected to lead to a significant financial effect in 2020. It is not currently possible to quantify or forecast the impact and Thule Group is implementing vigorous measures to reduce the risks pertaining to results and cash flow. In addition to the furlough of employees, these measures also comprise reduced variable expenses and reprioritizing investments. Furthermore, the Group is continuously adapting its global production network based on anticipated sales volumes and will temporarily close plants as necessary or if instructed to by authorities. On March 22, the Board of Directors also communicated its decision to withdraw its proposal announced previously for a dividend amounting to approximately SEK 774m.

Seasonal variations

Thule Group's sales and operating income are partially affected by seasonal variations. During the first quarter, sales in the Sport&Cargo Carriers category (roof boxes, ski-racks, etc.) are affected by winter conditions. The second and third quarters are primarily impacted by how early the spring and summer arrive. In the fourth quarter, seasonal variations are primarily attributable to sales of winter-related products (roof boxes, ski-racks, snow sport backpacks, etc.) and sales of products in the bag category prior to major holidays.

Employees

The average number of employees was 2,501 (2,588).

Thule Group's share

The shares of Thule Group AB are listed on the Nasdaq Stockholm Large Cap list. At March 31, 2020, the total number of shares in issue was 103,208,606.

Annual General Meeting

The Annual General Meeting for Thule Group will be held on April 28, 2020, in Malmö, Sweden.

Shareholders

At March 31, 2020, Thule Group AB had 14,610 shareholders. At this date, the largest shareholders were AMF Försäkringar & Fonder (10.3 percent of the votes), Nordea Fonder (4.7 percent of the votes), Didner & Gerge Fonder (4.2 percent of the votes) and T. Rowe Price (3.9 percent of the votes). See www.thulegroup.com for further information on Thule Group's shareholders.

Parent Company

Thule Group AB's principal activity pertains to head office functions such as Group-wide management and administration. The comments below refer to the period January 1–March 31, 2020. The Parent Company invoices its costs to Group companies. The Parent Company reported a net loss of SEK 4m (loss: 6). Cash and cash equivalents and current investments amounted to SEK 0m (0). Long-term liabilities to credit institutions totaled SEK 3,109m (2,362).

The Parent Company's financial position is dependent on the financial position and development of its subsidiaries. The Parent Company is therefore indirectly impacted by the risks described in Note 5, Risks and uncertainties.

Sales trend by region

SEKm	Jan-Mar		Change		Full-year	
	2020	2019	Rep.	Adj. ¹	LTM	2019
Net sales	1 744	1 834	-4.9%	-7.5%	6 948	7 038
- Region Europe & ROW	1 354	1 406	-3.7%	-5.7%	5 005	5 057
- Region Americas	390	428	-8.8%	-13.1%	1 942	1 980

¹ Adjusted for changes in exchange rates

Region Europe & ROW

In the first quarter of 2020, net sales amounted to SEK 1,354m (1,406), representing a decrease of 3.7 percent (a decrease of 5.7 percent after currency adjustment).

The performance in the quarter was characterized by a positive start until mid-March, followed by sharply declining sales, primarily in those countries that implemented the most extreme quarantine and lockdown measures. We experienced sales decreases of more than 50 percent in some major markets in the last two weeks of March.

- There is normally a large increase in the sales of bike racks from the second half of March or the beginning of April, depending on when spring arrives in the large markets in Europe. As noted in the report for the first quarter of 2019, we had an exceptionally early start for the spring sales of bike racks last year in the last weeks of March, while this year, we had an extreme opposite effect due to stores being closed and citizens being ordered to stay in their homes.
- Roof rack and roof box sales performed well until March, but the closure of skiing and vacation destinations had a strongly negative effect.
- The European RV market developed positively for the first two months of the year, but then the plant closures by major RV manufacturers resulted in a drop in demand at the end of March.
- Launches of two new luggage collections generated a positive development, but there was a generally very negative impact on this category during the quarter. This was because Asian sales are more important in this category and we saw the effects of the corona pandemic earlier there and, in addition, international travel nearly disappeared completely.
- Active with Kids was the only category to display growth in the quarter, driven by the launch of the new Thule Spring city stroller and increased sales for our other two stroller models. However, we also noted a decline in the growth rate of this category toward the end of March after a very strong start to the year.
- Countries with the most extreme quarantine measures and the most severe lockdown restrictions had the most negative trend in March, including France, Italy, Spain and the UK, but other markets also noted significant declines at the end of the quarter.

Region Americas

In Region Americas, sales decreased 8.8 percent (a decrease of 13.1 percent after currency adjustment) during the first quarter.

Also in this region, we recorded growth until mid-March and then saw very large decreases in sales. As with Region Europe & ROW, this decrease was directly related to the way in which aggressive lockdown measures were taken in various states in the US and the other countries in the region.

- In the US, our most important states by far introduced store closures and lockdown rules earliest and most aggressively (California, New York, New England, Illinois), while very firm restrictions were also implemented in Canada (Quebec and Ontario).
- Brazil, which is one of the most important markets in the region, has implemented the least severe corona-driven quarantine restrictions to date and was the country in the region that performed best.
- Also in this region, a large increase in sales of bike racks is normally noted from the second half of March or beginning of April, depending on when spring arrives. Unlike Europe, March 2019 was not particularly strong in the US, but nonetheless, sales declined significantly as stores were closed and citizens were ordered to remain in their homes.
- Other categories performed in a similar way, but somewhat worse than in Region Europe & ROW, and with growing stroller sales as the main highlight.

The Board of Directors and the President provide their assurance that this interim report provides a fair and accurate view of the Group's and the Parent Company's operations, financial position and earnings, and describes the material risks and uncertainties faced by the Parent Company and other companies in the Group.

April 28, 2020

Board of Directors

Review report

This report has not been reviewed by the company's auditor.

Selected key events during the period



Thule Spring strollers launched in stores – During the quarter, the Group's third stroller model was launched, the Thule Spring city stroller. With its easy, compact one-hand folding, smooth ride characteristics and fresh design, it was very well received by the market.



The Thule Chasm collection of duffel bags expanded with large wheeled bags and small backpacks – The popular Thule Chasm duffel bags gained new colors and new siblings in the collection during the quarter in the form of large and small wheeled bags, as well as a small backpack model.

Financial statements

(Unless otherwise stated, all amounts are in SEK m)

Consolidated Income Statement

	Note	Jan - Mar			Full-year
		2020	2019	LTM	2019
Net sales	2	1 744	1 834	6 948	7 038
Cost of goods sold		-1 031	-1 087	-4 153	-4 209
Gross income		713	746	2 795	2 829
Selling expenses		-309	-326	-1 297	-1 315
Administrative expenses		-79	-78	-320	-319
Other operating expenses		0	0	0	0
Operating income	2	325	342	1 178	1 195
Net interest expense/income		-11	-13	-46	-49
Income before taxes		315	329	1 132	1 146
Taxes	4	-74	-76	-261	-263
Net income		241	253	871	883
Net income pertaining to:					
Shareholders of Parent Company		241	253	871	883
Net income		241	253	871	883
Earnings per share, SEK before dilution					
		2.33	2.46		8.56
Earnings per share, SEK after dilution					
		2.33	2.45		8.55
Average number of shares (millions)					
		103.2	103.2		103.2

Consolidated Statement of Comprehensive Income

	Jan - Mar			Full-year
	2020	2019	LTM	2019
Net income	241	253	871	883
Items that have been carried over or can be carried over to net income				
Foreign currency translation	308	201	356	249
Cash flow hedges	-23	-6	-10	6
Net investment hedge	-90	-28	-95	-34
Tax on components in other comprehensive income	23	-1	11	-13
Items that cannot be carried over to net income				
Revaluation of defined-benefit pension plans	9	-9	-11	-28
Tax pertaining to items that cannot be carried over to net income	-2	2	2	6
Other comprehensive income	226	158	253	185
Total comprehensive income	466	412	1 123	1 069
Total comprehensive income pertaining to:				
Shareholders of Parent Company	466	412	1 123	1 069
Total comprehensive income	466	412	1 123	1 069

Consolidated Balance Sheet

	Mar 31 2020	Mar 31 2019	Dec 31 2019
Assets			
Intangible assets	4 877	4 618	4 664
Tangible assets	1 085	986	1 023
Long-term receivables	5	14	5
Deferred tax receivables	426	376	376
Total fixed assets	6 394	5 994	6 067
Inventories	1 172	1 186	1 092
Tax receivables	38	50	1
Accounts receivable	1 084	1 063	704
Prepaid expenses and accrued income	73	74	62
Other receivables	130	127	91
Cash and cash equivalents	1 061	195	268
Total current assets	3 558	2 695	2 218
Total assets	9 952	8 689	8 285
Equity and liabilities			
Equity	4 794	4 398	4 330
Long-term interest-bearing liabilities	3 308	2 552	2 348
Provision for pensions	198	179	205
Deferred income tax liabilities	261	219	259
Total long-term liabilities	3 767	2 951	2 812
Short-term interest-bearing liabilities	83	73	65
Accounts payable	659	639	529
Tax liabilities	79	100	14
Other liabilities	75	73	52
Accrued expenses and deferred income	449	433	430
Provisions	44	22	54
Total short-term liabilities	1 390	1 340	1 143
Total liabilities	5 157	4 291	3 955
Total equity and liabilities	9 952	8 689	8 285

Consolidated Statement of Changes in Equity

	Mar 31 2020	Mar 31 2019	Dec 31 2019
Opening balance, January 1	4 330	4 012	4 012
Adjustment to Equity, January 1	0	-26	-26
Net income	241	253	883
Other comprehensive income	226	158	185
Total comprehensive income	466	412	1 069
Transactions with the Group's owners:			
Dividend	0	0	-722
Buy back of warrants	-2	0	-3
Closing balance	4 794	4 398	4 330

Consolidated Statement of Cash Flow

	Jan - Mar 2020	2019	Full-year 2019
Income before taxes	315	329	1 146
Adjustments for items not included in cash flow	54	37	160
Paid income taxes	-56	-108	-298
Cash flow from operating activities prior to changes in working capital	313	257	1 008
Cash flow from changes in working capital			
Increase(-)/Decrease (+) in inventories	-56	-78	19
Increase(-)/Decrease (+) in receivables	-386	-438	-31
Increase(+)/Decrease (-) in liabilities	137	113	34
Cash flow from operating activities	8	-145	1 030
Investing activities			
Acquisition of subsidiaries	0	0	-10
Acquisition/divestment of tangible/intangible assets	-50	-35	-161
Cash flow from investing activities	-50	-35	-171
Financing activities			
Buy back of warrants	-2	0	-3
Dividend	0	0	-722
Debt repaid/new loans	835	189	-53
Cash flow from financing activities	833	189	-779
Net cash flow	792	8	81
Cash and cash equivalents at beginning of period	268	186	186
Effect of exchange rates on cash and cash equivalents	1	1	1
Cash and cash equivalents at end of period	1 061	195	268

Condensed Parent Company Income Statement

	Jan - Mar		Full-year
	2020	2019	2019
Other operating revenue	5	5	19
Administrative expenses	-8	-8	-34
Operating income	-2	-4	-15
Result from Shares in Subsidiaries	0	0	800
Interest income- and expense	-3	-3	-12
Income after financial items	-5	-7	773
Appropriations	0	0	45
Net income before taxes	-5	-7	818
Taxes	1	1	-4
Net income	-4	-6	814

Condensed Parent Company Balance Sheet

	Mar 31	Mar 31	Dec 31
	2020	2019	2019
Assets			
Financial fixed assets	5 727	4 978	5 586
Total fixed assets	5 727	4 978	5 586
Other current receivables	804	702	47
Cash and cash equivalents	0	0	0
Total current assets	804	702	47
Total assets	6 531	5 680	5 633
Equity and liabilities			
Equity	2 189	2 100	2 195
Other provisions	15	11	14
Liabilities to credit institutions	3 109	2 362	2 168
Liabilities to Group companies	368	368	368
Total long-term liabilities	3 492	2 742	2 551
Liabilities to credit institutions	0	0	0
Liabilities to Group companies	834	826	871
Other current liabilities	16	12	16
Total short-term liabilities	850	839	887
Total equity and liabilities	6 531	5 680	5 633

Disclosures, accounting policies and risk factors

Disclosures in accordance with Paragraph 16A of IAS 34 *Interim Financial Reporting* can be found in the financial statements and the associated notes as well as in other sections of the interim report.

Note 1 Accounting policies

This condensed consolidated interim report has been prepared in accordance with IAS 34, *Interim Financial Reporting*, and the applicable provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act on interim financial reporting. The same accounting policies and calculation methods have been applied for the Group and Parent Company as in the most recent Annual Report. Changed standards applying from 2020 have had no significant impact on the Group's earnings and financial position.

Note 2 Operating segments and allocation of revenue

Thule Group comprises one segment. Though the Group has shared global processes for product development, purchasing, manufacture, logistics and marketing, its sales are managed in two regions, Region Europe & ROW and Region Americas. Internal monthly follow-up focuses on the Group as a whole, in addition to the geographic sales data, which is presented at other levels than Group level.

	Jan - Mar		Full-year	
	2020	2019	LTM	2019
Sales to customers	1 744	1 834	6 948	7 038
- Region Europe & ROW	1 354	1 406	5 005	5 057
- Region Americas	390	428	1 942	1 980
Underlying EBITDA	361	372	1 372	1 383
Operating depreciation/amortization	-35	-30	-143	-138
Underlying EBIT	326	342	1 228	1 245
Other depreciation/amortization	0	0	-1	-1
Items affecting comparability	0	0	-49	-49
Operating income	325	342	1 178	1 195
Net interest expense/income	-11	-13	-46	-49
Taxes	-74	-76	-261	-263
Net income	241	253	871	883

All revenue is recognized at one point in time.

Note 3 Fair value of financial instruments

	Fair value	
	Mar 31	Mar 31
	2020	2019
Assets - Financial derivatives		
Currency forward contracts	10	11
Currency swaps	8	1
Currency options	0	0
Interest rate swaps	12	6
Total derivative assets	29	18
Liabilities - Financial derivatives		
Currency forward contracts	-23	-14
Currency swaps	-2	-3
Currency options	0	-1
Interest rate swaps	-18	-13
Total derivative liabilities	-43	-30

The carrying amount is an approximation of the fair value for all financial assets and liabilities. The Group's long-term liabilities are subject to variable interest rates, which means that changes in the basic interest rate will not have a significant impact on the fair value of the liabilities. According to the company's assessment, neither have there been any changes in the credit margins that would significantly impact the fair value of the liabilities. The financial instruments measured at fair value in the balance sheet consist of derivatives held to hedge the Group's exposure to interest rates, currency rates and raw material prices. All derivatives belong to Level 2.

Note 4 Taxes

The effective tax rate for the January–March 2020 period was 23.5 percent. The effective tax rate for the corresponding period in 2019 amounted to 23.0 percent. No significant events occurred during the quarter that could affect the Group's effective tax rate.

Note 5 Risks and uncertainties

Thule Group is an international company and its operations may be affected by a number of risk factors in the form of operational and financial risks. The operational risks are managed by the operational units and the financial risks by the central finance department. The operational risks comprise the overall economic trend as well as consumption by both consumers and professional users, primarily in North America and Europe, where most of the Group's sales are conducted. An economic downturn in these markets could have a negative impact on the Group's sales and earnings. Changes in product technology and sales channel shifts could also affect the Group's sales and earnings negatively.

Thule Group's operations are also exposed to seasonal variations. Demand for consumer products for an active outdoor lifestyle (such as bike racks or water sport-related products) is greatest during the warmer months of the year, while demand for smaller bags is greatest when schools start and at the end of the year. Thule Group has adapted its production processes and supply chain in response to these variations.

Specifically in relation to the corona pandemic, there are risk factors associated with the decisions made by various states to close down the market from a production or a sales perspective. Despite Thule Group's flexible production chain and sales in 140 different countries, with no individual dominating suppliers or customers, it is difficult to assess this risk factor.

Other relevant risk factors are described in Thule Group's Annual Report and pertain to industry and market-related risks, operating, legal and fiscal risks as well as financial risks.

Key figures

	Jan - Mar		Full-year	
	2020	2019	LTM	2018
Net sales, SEKm	1 744	1 834	6 948	7 038
Net sales growth, %	-4.9%	13.8%	-	8.5%
Net sales growth, adjusted % ¹	-7.5%	7.5%	-	3.9%
Gross margin, %	40.9%	40.7%	40.2%	40.2%
Underlying EBIT, SEKm	326	342	1 228	1 245
Underlying EBIT margin, %	18.7%	18.7%	17.7%	17.7%
Operating income (EBIT), SEKm	325	342	1 178	1 195
Operating margin, %	18.7%	18.7%	17.0%	17.0%
Earnings per share, SEK	2.33	2.46	-	8.56
Equity ratio, %	48.2%	50.6%	48.2%	52.3%
Working capital, SEKm	2 251	1 428	2 251	1 140
Leverage ratio	1.7	1.9	1.7	1.5

¹ Adjusted for changes in exchange rates

Alternative performance measures

Alternative performance measures are used to describe the underlying development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by Group management and Board of directors to measure the company's financial performance. The alternative performance measures used are net debt (see table on page 4), underlying EBIT and underlying EBITDA. Underlying denotes that we have made adjustments for specific items, see Note 2 Operating segments and allocation of revenue. For further information, please refer to the Definitions section. These performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement.

Definitions

Gross margin Gross income as a percentage of net sales.

Gross income Net sales less cost of goods sold.

Gross debt Total long and short-term borrowing including overdraft facilities, financial derivatives, capitalized transaction costs and accrued interest.

EBITDA (Earnings before interest, taxes, depreciation and amortization) Income before net financial items, taxes and depreciation/amortization and impairment of tangible and intangible assets.

EBITDA margin EBITDA as a percentage of net sales.

EBIT (Earnings before interest and taxes) Income before net financial items and taxes.

EBIT margin EBIT as a percentage of net sales.

Equity per share Equity divided by the number of shares at the end of the period.

Items affecting comparability Profit/loss items that are by their very nature unusual and significantly impact profit or loss. These play an important part in understanding the underlying business performance.

Net investments Investments in tangible and intangible assets adjusted for disposals.

Net debt Gross debt less cash and cash equivalents.

Operational depreciation/amortization The Group's total depreciation/amortization excluding depreciation/amortization of consolidated excess values. Other depreciation/amortization comprises depreciation/amortization of consolidated excess values.

LTM Rolling 12-month.

Earnings per share Net income for the period divided by the average number of shares during the period.

Working capital Comprises inventories, tax receivables, accounts receivable, prepaid expenses and accrued income, other receivables, cash and cash equivalents less accounts payable, income tax liabilities, other liabilities, accrued expenses and deferred income and provisions. Working capital in the cash flow excludes cash and cash equivalents.

Leverage ratio Net debt divided by the underlying LTM EBITDA.

Equity ratio Equity as a percentage of total assets.

Underlying EBITDA EBITDA excluding items affecting comparability.

Underlying EBIT EBIT excluding items affecting comparability and depreciation/amortization of consolidated excess values.

Financial calendar

Thule Group AGM (Malmö)
Interim report April–June 2020
Interim report July–September 2020
Year-end report

April 28, 2020
July 21, 2020
October 23, 2020
February 10, 2021

Contacts

Fredrik Erlandsson, Senior Vice President Communications and IR
Tel: +46 (0)70-309 00 21, e-mail: fredrik.erlandsson@thule.com
Jonas Lindqvist, CFO
Tel: +46 (0)736-65 45 75, e-mail: jonas.lindqvist@thule.com

About Thule Group

Thule Group is a world leader in products that make it easy to bring the things you care for — easily, securely and in style — when living an active life. Under the motto *Active Life, Simplified* — we offer products within **Sport&Cargo Carriers** (roof racks, roof boxes and carriers for transporting cycling, water and winter sports equipment, and rooftop tents mounted on a car), **Active with Kids** (bicycle trailers, buggies and child bike seats), **RV Products** (awnings, bike racks and tents for motorhomes and caravans) and **Packs, Bags & Luggage** (e.g. hiking backpacks, luggage and camera bags).

Thule Group has about 2,400 employees at nine production facilities and 35 sales offices worldwide. The Group's products are sold in 140 markets and in 2019, sales amounted to SEK 7 billion. www.thulegroup.com



Thule Group»

Thule Group AB (publ)
Fosievägen 13
SE-214 31 Malmö, Sweden
Corp. Reg. No: 556770-6311
www.thulegroup.com