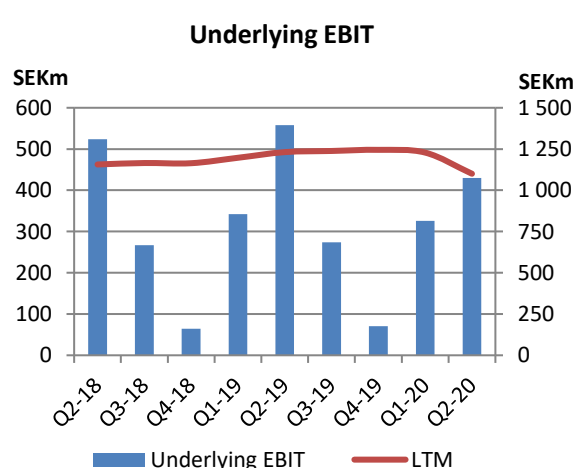
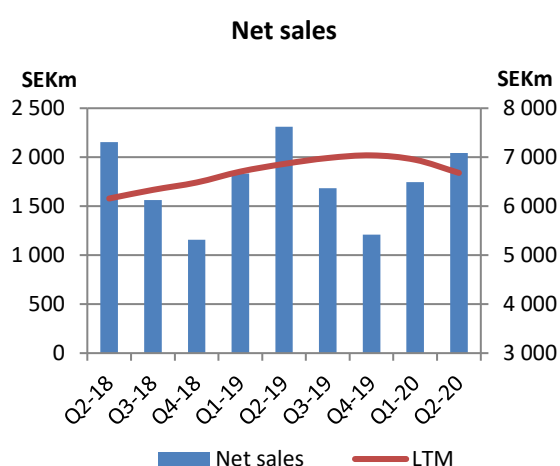


Thule Group

Interim report, second quarter, April–June 2020

- **Net sales** for the quarter amounted to SEK 2,043m (2,311), corresponding to a decrease of 11.6 percent. Adjusted for exchange rate fluctuations, sales declined 12.3 percent.
- **Operating income** amounted to SEK 430m (558), corresponding to a decrease of 23.0 percent and a margin of 21.0 percent (24.1). Adjusted for exchange rate fluctuations, the margin declined 3.0 percentage points.
- **Net income** was SEK 312m (419).
- **Cash flow from operating activities** totaled SEK 523m (431).
- **Earnings per share before dilution** amounted to SEK 3.02 (4.06).
- **The coronavirus pandemic** had a significant negative impact on sales in the quarter.

	Apr-Jun 2020	Apr-Jun 2019	%	Jan-Jun 2020	Jan-Jun 2019	%	Full-year 2019
Net sales, SEKm	2 043	2 311	-11.6	3 787	4 145	-8.6	7 038
Underlying EBIT, SEKm	430	558	-23.0	756	900	-16.1	1 245
Operating income (EBIT), SEKm	430	558	-23.0	755	900	-16.1	1 195
Net income, SEKm	312	419	-25.6	553	673	-17.9	883
Earnings per share, SEK	3,02	4,06	-25.6	5,36	6,52	-17.8	8,56
Cash flow from operating activities, SEKm	523	431	+21.3	531	285	+86.1	1 030



CEO's statement

High profitability in extreme quarter

The second quarter was exceptional in many respects for Thule Group, primarily due to the massive lockdowns in our core markets in Europe and North America due to the corona pandemic.

I am therefore very satisfied that, despite a decline of 11.6 percent in sales, we were again able to demonstrate our ability to manage major production fluctuations while maintaining high margins. In Q2 we delivered an EBIT margin of 21.0 percent (24.1).

In April sales nearly halved year-on-year due to lockdowns, while in May a number of countries began to permit active leisure activities. This meant that we in June regained some of the lost sales from the spring period and sales in June therefore grew strongly. The differences between countries and categories remained extreme, ranging from highly favorable growth to sales that were more than halved.

The large fluctuations between categories, countries and months naturally gave rise to major operational challenges. Nonetheless, we achieved operating income of SEK 430m (558) for the quarter. In addition, we generated an improved cash flow compared with prior year of SEK 523m (431).

Region Europe & ROW – positive end to the quarter with major differences between countries and categories

During the quarter, sales in the region declined by 12 percent after currency adjustment. Similar to the situation at the end of the first quarter, performance was weak in countries with extreme pandemic measures, such as France, Italy, Spain and the UK, where sales declined significantly.

During the quarter, it was positive to note that the countries where the social restrictions were successively eased, immediately displayed a high level of growth and that some of the sales normally made during the spring were instead realized during the early summer period. This confirms that consumers want to continue living active lives and appreciate our products.

Our large and growing portfolio of products in the bike category (bike racks, bicycle trailers and child bike seats) stood out and performed strongly in the end of the quarter.

Region Americas – very strong end to the quarter, driven by the bike category

In Region Americas, sales declined by 12 percent in the quarter after currency adjustment. As in Europe, sales at the end of the quarter were strong, mainly

driven by a very healthy level of demand for bicycle related products. The growth in these categories was partly fuelled by the large increase in bicycle sales in the US and Canada.

Sales in Latin America, however, were weak for the entire quarter due to the escalating pandemic situation in these markets.

Focus on rapid adjustments and a long-term approach in a continued uncertain market

We have focused on the health and safety of our employees since the outbreak of corona. At the same time, during the extreme fluctuations of the recent period, we were able to benefit from our production set-up, with flexible assembly plants and logistics flows. However, we were unable to fully meet the significant rise in demand for certain products at the end of June and beginning of July.

We foresee good opportunities to offset some of the lost sales from the spring season during the third quarter and to also continue to ride the wave of a generally strong bike sector in the countries that have opened up for travel and leisure activities.

However, we expect to see continued low demand in other categories, such as bags. We will also be challenged by the fact that some major markets still have extensive restrictions in stores and on the possibilities to carry out group activities. The consequences of the covid-pandemic creates much uncertainty, but we believe in our long-term approach with great products for active people.

We continue to push an aggressive product development agenda to drive future growth. During the autumn, we are going to present many new products to our retailers and we will do so virtually, using new digital tools. The products will be launched to consumers in stores during the spring of 2021.

I want to finish by thanking all my colleagues at Thule Group who have demonstrated fantastic flexibility during a difficult period, with efforts ranging from how to resolve delivery challenges to ramp up rapidly at the end of the quarter as demands increased to developing new and inspiring digital sales tools featuring fantastic material in a short space of time.



Magnus Welander,
CEO and President

Financial overview

Trend for the second quarter

Net sales

In the second quarter of 2020, net sales amounted to SEK 2,043m (2,311), representing a decrease of 11.6 percent. Adjusted for exchange rate fluctuations, net sales for the Group declined 12.3 percent. The outbreak of coronavirus (COVID-19) and the far-reaching quarantine measures introduced in most countries had a strongly negative impact on sales during the first half of the second quarter. In the latter part of May and during June, there was a recovery and we saw year-on-year strong sales growth for June.

In Region Europe & ROW, net sales totaled SEK 1,465m (1,667), down 12.1 percent, and 12.3 percent after currency adjustments. Net sales in Region Americas amounted to SEK 577m (644), down 10.4 percent and 12.2 percent after currency adjustment year-on-year.

	Apr-Jun	Jan-Jun
Change in net sales	2020	2020
Changes in exchange rates	0.7%	1.5%
Structural changes	0.0%	0.0%
Organic growth	-12.3%	-10.1%
Total	-11.6%	-8.6%

Gross income

Gross income for the quarter totaled SEK 830m (972), corresponding to a gross margin of 40.6 percent (42.1). Currency effects were slight and also after currency adjustment, the margin decreased 1.5 percentage points. A negative effect arose through under-absorption due to significantly lower sales in the first half of the second quarter as a result of the outbreak of coronavirus. Changes in the customer/product mix and US/China tariff effects (stage 2 of the increased tariffs introduced in July 2019) also had a negative impact. The efficiency improvements in the nine assembly plants during the quarter and somewhat lower material costs made a positive contribution.

Operating income

Underlying EBIT amounted to SEK 430m (558), corresponding to an operating margin of 21.0 percent (24.1). The lower sales during the first months of the quarter had a negative effect on operating income. Cost-reducing measures implemented in conjunction with the outbreak of coronavirus and savings from the minor reorganization initiated at the end of 2019 had a positive effect. Changes in exchange rates had a marginally positive impact of SEK 2m. Operating income totaled SEK 430m (558).

	Apr-Jun	Jan-Jun
Change in underlying EBIT margin		
Underlying EBIT 2020	430	756
Underlying EBIT margin 2020	21.0%	20.0%
Underlying EBIT 2019	558	900
Underlying EBIT margin 2019	24.1%	21.7%
Underlying EBIT 2019, currency adjusted	560	921
Underlying EBIT margin 2019, currency adjusted	24.0%	21.9%
Change in underlying EBIT margin, currency adjusted	-3.0%	-1.9%

Net financial items

Net financial items for the quarter amounted to an expense of SEK 21m (expense: 10). Exchange rate differences on loans and cash and cash equivalents were an expense of SEK 6m (income: 2). The interest expense for borrowings was SEK 13m (expense: 11).

Net income for the period

In the second quarter, net income was SEK 312m, corresponding to earnings per share of SEK 3.02 before and after dilution. For the same period previous year, net income totaled SEK 419m, corresponding to earnings per share of SEK 4.06 before dilution and SEK 4.05 per share after dilution.

Trend for the first six months

Net sales

In the first half of 2020, net sales amounted to SEK 3,787m (4,145), representing a decrease of 8.6 percent. Adjusted for exchange rate fluctuations, net sales for the Group declined 10.1 percent. Until mid-March, sales grew compared with the previous year. The outbreak of coronavirus (COVID-19) and the far-reaching quarantine measures introduced in most countries had a strongly negative impact on sales during the second half of March and the months of April and May. During June, we saw strong growth compared with June 2019.

In Region Europe & ROW, net sales totaled SEK 2,819m (3,073), down 8.3 percent, and 9.3 percent after currency adjustments. Net sales in Region Americas amounted to SEK 968m (1,072), down 9.8 percent and 12.6 percent after currency adjustment year-on-year.

Gross income

Gross income amounted to SEK 1,542m (1,719) for the first half of the year, corresponding to a gross margin of 40.7 percent (41.5). After currency adjustment, the margin decreased 0.9 percentage points. A negative effect arose through under-absorption due to significantly lower sales as a result of the outbreak of coronavirus. Changes in the customer/product mix and US/China tariff effects (stage 2 of the increased tariffs introduced in July 2019) also had a negative impact. The efficiency improvements in the assembly plants and somewhat lower material costs contributed positively.

Operating income

Underlying EBIT amounted to SEK 756m (900), corresponding to an operating margin of 20.0 percent (21.7). Changes in exchange rates had a positive impact of SEK 21m. The lower sales during the first half of the year had a negative effect on operating income. The forceful measures implemented in conjunction with the outbreak of coronavirus and savings made because of a minor reorganization initiated at the end of 2019 had a positive effect on the operating margin. Operating income totaled SEK 755m (900).

Net financial items

In the first half of the year, net financial items amounted to an expense of SEK 32m (expense: 23). Exchange rate differences on loans and cash and cash equivalents were an expense of SEK 4 (0). The interest expense for borrowings was SEK 25m (expense: 21).

Net income for the period

For the first six months, net income was SEK 553m, corresponding to earnings per share of SEK 5.36 before dilution and SEK 5.35 after dilution. For the same period 2019, net income totaled SEK 673m, corresponding to earnings per share of SEK 6.52 before dilution and SEK 6.51 after dilution.

Cash flow

Cash flow from operating activities for the quarter was SEK 523m (431). A positive change in working capital and lower tax payments contributed to the improvement compared with the year-earlier period. Cash flow from operating activities was SEK 531m (285) for the first half of the year. Investments in tangible and intangible assets amounted to SEK 84m (69). At June 30, cash and cash equivalents amounted to SEK 1,555m (227). A total of SEK 850m of the credit facility was utilized as one of the measures taken to secure access to liquidity against the background of the outbreak of the corona pandemic and uncertainty regarding market performance.

Financial position

At June 30, 2020, the Group's equity amounted to SEK 4,799m (4,091). The equity ratio amounted to 47.9 percent (46.0).

At June 30, 2020, net debt amounted to SEK 1,700m (2,410). Total long-term borrowing amounted to SEK 3,215m (2,573), and comprised loans from credit institutions of SEK 3,031m (2,392) gross, long-term finance lease liabilities of SEK 172m (178), capitalized financing costs of SEK 8m (10) and the long-term portion of financial derivatives of SEK 19m (13). Total current financial liabilities amounted to SEK 63m (84) and comprised the short-term portion of financial derivatives and finance lease liabilities.

SEKm	Jun 30 2020	Jun 30 2019	Dec 31 2019
Long-term loans, gross	3 203	2 570	2 342
Financial derivative liability, long-term	19	13	15
Short-term loans, gross	55	60	53
Financial derivative liability, short-term	8	24	12
Overdraft facilities	0	0	0
Capitalized financing costs	-8	-10	-10
Accrued interest	6	0	0
Gross debt	3 284	2 658	2 413
Financial derivative asset	-28	-21	-26
Cash and cash equivalents	-1 555	-227	-268
Net debt	1 700	2 410	2 119

At June 30, 2020, goodwill totaled SEK 4,555m (4,591). The change mainly pertained to currency effects. The amount increased due to the acquisition of the assets of Denver Outfitters, SEK 8m, which was completed at the end of 2019.

At June 30, 2020, inventories amounted to SEK 948m (1,096). The inventory level declined in the latter part of the period, driven by the high level of demand during June. Compared with the same point in time in 2019, inventory was also negatively impacted by currency effects amounting to SEK 10m.

Other information

Coronavirus pandemic

In connection with the rapid global development of the coronavirus situation, Thule Group implemented vigorous measures to reduce the risks pertaining to results and cash flow. In addition to the furlough of employees, these measures also comprised substantial reductions in variable expenses and some minor reprioritized investments. As demand for the Group's products has risen, the furlough measures have been discontinued. Thule Group has in total received government grants of SEK 14m, whereof SEK 9m in Sweden.

On March 22, the Board of Directors also made the decision to withdraw its proposal announced previously for a dividend amounting to approximately SEK 774m and this was adopted by the Annual General Meeting on April 28.

Seasonal variations

Thule Group's sales and operating income are during a normal year 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 2,376 (2,675).

Thule Group's share

The shares of Thule Group AB are listed on the Nasdaq Stockholm Large Cap list. At June 30, 2020, the total number of shares in issue was 103,216,106.

Share-based incentive program 2020/2023

The warrants program resolved on by the Annual General Meeting (AGM) for executive management and key employees of Thule Group was implemented in the second quarter of 2020. The program comprises 2,090,000 warrants issued to Thule AB for onward transfer to participants. The participants acquired the warrants at the fair market value and the program currently includes 31 participants. The subscription price is SEK 216.60, which corresponds to 118 percent of the volume-weighted average price according to Nasdaq Stockholm's official price list for shares in the company during the period April 29, 2020 through May 13, 2020. If on subscribing for the share, the latest price paid for the company's share when the stock exchange closes on the last trading day preceding the subscription date exceeds 162.3 percent of the average share price based upon which the subscription price has been determined, the subscription price shall be increased correspondingly. The warrants may be exercised during the period June 15–December 15, 2023.

In June, 7,500 warrants in Thule Group's 2017/2020 warrant series were exercised and this entailed that the number of shares and votes in the company increased by 7,500 during the period.

Shareholders

At June 30, 2020, Thule Group AB had 15,270 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 (4.0 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–June 30, 2020. The Parent Company invoices its costs to Group companies. The Parent Company reported a net loss of SEK 10m (loss: 12). Cash and cash equivalents and current investments amounted to SEK 0m (0). Long-term liabilities to credit institutions totaled SEK 3,023m (2,383).

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	Apr-Jun		Change		Jan-Jun		Change	
	2020	2019	Rep.	Adj. ¹	2020	2019	Rep.	Adj. ¹
Net sales	2 043	2 311	-11.6%	-12.3%	3 787	4 145	-8.6%	-10.1%
- Region Europe & ROW	1 465	1 667	-12.1%	-12.3%	2 819	3 073	-8.3%	-9.3%
- Region Americas	577	644	-10.4%	-12.2%	968	1 072	-9.8%	-12.6%

¹ Adjusted for changes in exchange rates

Region Europe & ROW

During the second quarter, sales in the region declined 12.3 percent after currency adjustment, leading to a 9.3 percent decrease after currency adjustment for the first half of the year.

Similar to the situation at the end of the first quarter, performance was weak in countries with extreme pandemic measures, such as Russia, France, Italy, Spain and the UK, where sales declined significantly.

During the quarter, it was positive to note that the countries where the social restrictions were successively eased, such as Germany, the Netherlands and parts of Eastern Europe, immediately displayed a high level of growth and that some of the sales normally made during the spring were instead realized during the summer period. Regarding product categories, the second half of the quarter was stronger in all categories, but particularly in the rapidly growing bike related category (bike racks, bicycle trailers and child bike seats), which performed well at the end of the quarter.

In relative terms, the trend was more negative for roof racks, rooftop cargo carriers and products for motorhomes and caravans at the beginning of the quarter, but we also noted better development in these categories at the end of the period.

The category with the greatest challenges was the bag category. This category is partly exposed to air travel, but it also has a relatively higher share of sales in brick&mortar stores than other categories, for example, for hiking backpacks, and was therefor impacted by the large number of stores that were closed for a large part of the quarter.

Region Americas

During the second quarter, sales in the region declined 12.2 percent after currency adjustment, leading to a 12.6 percent decrease after currency adjustment for the first half of the year.

Similar to the first quarter, development was affected to a high degree by the rules on social distancing in the United States and the other markets in the region. It was positive to report that we, in line with the trend in Europe, noted rapid sales growth in Canada and the states in the US that opened up during the second half of the quarter.

On the other hand, the situation in Latin America was challenging as most of these markets experienced a rapid increase in cases of covid-19 and, as a result, imposed significant measures.

The trend for product categories also resembled that in Europe, with highly favorable sales of all bike-related products, as the North American bike market also performed extremely well during the quarter.

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.

July 21, 2020

Bengt Baron
Chairman of the Board

Mattias Ankarberg
Board member

Hans Eckerström
Board member

Heléne Mellquist
Board member

Therese Reuterswärd
Board member

Helene Willberg
Board member

Magnus Welander
President and CEO

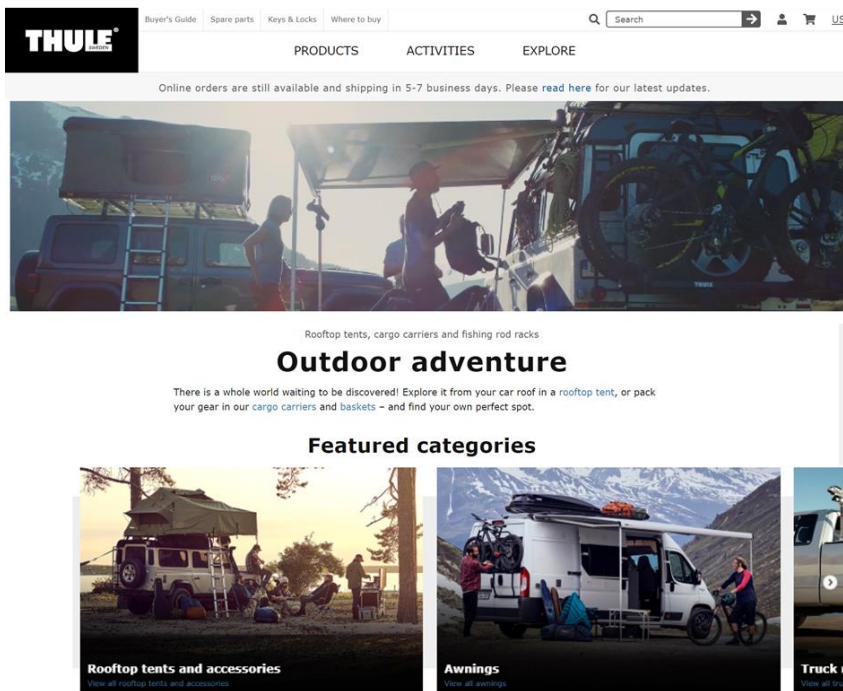
Review report

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

Selected key events during the period



The Thule AllTrail X backpack was launched in stores – The successful collection of Thule AllTrail hiking backpacks was expanded during the quarter to include a version that, with its design and waxed canvas material, is equally at home on the hiking trail as it is on the way to the gym.



Our consumer website, Thule.com, is undergoing a major update – In June, we implemented an update of thule.com, giving consumers the possibility to explore the brand and products using activity-based navigation, in addition to traditional product-focused navigation. This upgrade gives us greater opportunities to offer customers an immersive experience of the brand and to demonstrate the breadth of our product portfolio in a more inspiring manner.

Financial statements

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

Consolidated Income Statement

	Not	Apr - Jun		Jan - Jun		Full-year	
		2020	2019	2020	2019	LTM	2019
Net sales	2	2 043	2 311	3 787	4 145	6 679	7 038
Cost of goods sold		-1 213	-1 339	-2 244	-2 426	-4 027	-4 209
Gross income		830	972	1 542	1 719	2 652	2 829
Selling expenses		-318	-333	-627	-659	-1 282	-1 315
Administrative expenses		-82	-82	-161	-160	-320	-319
Other operating expenses		0	0	0	0	0	0
Operating income	2	430	558	755	900	1 050	1 195
Net interest expense/income		-21	-10	-32	-23	-57	-49
Income before taxes		409	547	723	876	993	1 146
Taxes	4	-97	-128	-171	-204	-230	-263
Net income		312	419	553	673	763	883
Net income pertaining to:							
Shareholders of Parent Company		312	419	553	673	763	883
Net income		312	419	553	673	763	883
Earnings per share, SEK before dilution		3,02	4,06	5,36	6,52		8,56
Earnings per share, SEK after dilution		3,02	4,05	5,35	6,51		8,55
Average number of shares (millions)		103,2	103,2	103,2	103,2		103,2

Consolidated Statement of Comprehensive Income

		Apr - Jun		Jan - Jun		Full-year	
		2020	2019	2020	2019	LTM	2019
Net income		312	419	553	673	763	883
Items that have been carried over or can be carried over to net income							
Foreign currency translation		-405	30	-97	232	-80	249
Cash flow hedges		23	0	-0	-6	12	6
Net investment hedge		87	-20	-3	-49	12	-34
Tax on components in other comprehensive income		-19	3	3	2	-12	-13
Items that cannot be carried over to net income							
Revaluation of defined-benefit pension plans		-22	-22	-13	-30	-11	-28
Tax pertaining to items that cannot be carried over to net income		5	5	3	7	2	6
Other comprehensive income		-333	-4	-107	155	-77	185
Total comprehensive income		-21	416	446	828	687	1 069
Total comprehensive income pertaining to:							
Shareholders of Parent Company		-21	416	446	828	687	1 069
Total comprehensive income		-21	416	446	828	687	1 069

Consolidated Balance Sheet

	Jun 30 2020	Jun 30 2019	Dec 31 2019
Assets			
Intangible assets	4 601	4 623	4 664
Tangible assets	1 060	1 012	1 023
Long-term receivables	5	15	5
Deferred tax receivables	396	377	376
Total fixed assets	6 062	6 027	6 067
Inventories	948	1 096	1 092
Tax receivables	22	77	1
Accounts receivable	1 280	1 274	704
Prepaid expenses and accrued income	61	77	62
Other receivables	87	124	91
Cash and cash equivalents	1 555	227	268
Total current assets	3 954	2 875	2 218
Total assets	10 016	8 902	8 285
Equity and liabilities			
Equity	4 799	4 091	4 330
Long-term interest-bearing liabilities	3 215	2 573	2 348
Provision for pensions	220	201	205
Deferred income tax liabilities	254	214	259
Total long-term liabilities	3 689	2 989	2 812
Short-term interest-bearing liabilities	63	84	65
Accounts payable	630	633	529
Tax liabilities	148	174	14
Other liabilities	116	416	52
Accrued expenses and deferred income	541	493	430
Provisions	29	22	54
Total short-term liabilities	1 528	1 822	1 143
Total liabilities	5 217	4 811	3 955
Total equity and liabilities	10 016	8 902	8 285

Consolidated Statement of Changes in Equity

	Jan - Jun		Full-year
	2020	2019	2019
Opening balance, January 1	4 330	4 012	4 012
Adjustment to Equity, January 1	0	-26	-26
Net income	553	673	883
Other comprehensive income	-107	155	185
Total comprehensive income	446	828	1 069
Transactions with the Group's owners:			
New issue of shares	1	0	0
Dividend	0	-722	-722
Warrants	22	-1	-3
Closing balance	4 799	4 091	4 330

Consolidated Statement of Cash Flow

	Apr - Jun		Jan - Jun	
	2020	2019	2020	2019
Income before taxes	409	547	723	876
Adjustments for items not included in cash flow	56	50	110	87
Paid income taxes	-26	-73	-81	-181
Cash flow from operating activities prior to changes in working capital	439	525	752	782
Cash flow from changes in working capital				
Increase(-)/Decrease (+) in inventories	168	91	112	13
Increase(-)/Decrease (+) in receivables	-216	-210	-602	-649
Increase(+)/Decrease (-) in liabilities	132	25	269	138
Cash flow from operating activities	523	431	531	285
Investing activities				
Acquisition/divestment of tangible/intangible assets	-34	-34	-84	-69
Cash flow from investing activities	-34	-34	-84	-69
Financing activities				
New issue of shares	1	0	1	0
Warrants	24	-1	22	-1
Dividend	0	-361	0	-361
Debt repaid/new loans	-16	-3	820	186
Cash flow from financing activities	9	-365	843	-176
Net cash flow	498	31	1 290	40
Cash and cash equivalents at beginning of period	1 061	195	268	186
Effect of exchange rates on cash and cash equivalents	-3	0	-2	1
Cash and cash equivalents at end of period	1 555	227	1 555	227

Condensed Parent Company Income Statement

	Apr - Jun		Jan - Jun		Full-year
	2020	2019	2020	2019	2019
Other operating revenue	5	5	11	10	19
Administrative expenses	-9	-10	-17	-18	-34
Operating income	-4	-5	-6	-9	-15
Result from Shares in Subsidiaries	0	0	0	0	800
Interest income- and expense	-4	-3	-7	-6	-12
Income after financial items	-8	-8	-13	-15	773
Appropriations	0	0	0	0	45
Net income before taxes	-8	-8	-13	-15	818
Taxes	2	2	3	3	-4
Net income	-6	-6	-10	-12	814

Condensed Parent Company Balance Sheet

	Jun 30	Jun 30	Dec 31
	2020	2019	2019
Assets			
Financial fixed assets	5 644	4 999	5 586
Total fixed assets	5 644	4 999	5 586
Other current receivables	32	6	47
Cash and cash equivalents	0	0	0
Total current assets	32	6	47
Total assets	5 676	5 005	5 633
Equity and liabilities			
Equity	2 209	1 371	2 195
Other provisions	16	12	14
Liabilities to credit institutions	3 023	2 383	2 168
Liabilities to Group companies	368	368	368
Total long-term liabilities	3 407	2 764	2 551
Liabilities to credit institutions	0	0	0
Liabilities to Group companies	41	496	871
Other current liabilities	19	374	16
Total short-term liabilities	60	870	887
Total equity and liabilities	5 676	5 005	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, except that pertaining to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. Due to the covid-19 situation, the company has received a total of SEK 14m in government assistance, out of which SEK 9m in Sweden. This is recognized as a cost reduction of the items to which the assistance pertains and is only recognized when it is reasonably certain that the assistance will be received and any conditions for the assistance have been met. Revised standards that became effective in 2020 have had no material 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.

	Apr - Jun		Jan - Jun		Full-year	
	2020	2019	2020	2019	LTM	2019
Sales to customers	2 043	2 311	3 787	4 145	6 679	7 038
- Region Europe & ROW	1 465	1 667	2 819	3 073	4 804	5 057
- Region Americas	577	644	968	1 072	1 875	1 980
Underlying EBITDA	467	590	828	962	1 249	1 383
Operating depreciation/amortization	-37	-32	-72	-62	-148	-138
Underlying EBIT	430	558	756	900	1 100	1 245
Other depreciation/amortization	0	0	-1	-1	-1	-1
Items affecting comparability	0	0	0	0	-49	-49
Operating income	430	558	755	900	1 050	1 195
Net interest expense/income	-21	-10	-32	-23	-57	-49
Taxes	-97	-128	-171	-204	-230	-263
Net income	312	419	553	673	763	883

All revenue is recognized at one point in time.

Note 3 Fair value of financial instruments

	Fair Value	
	Jun 30 2020	Jun 30 2019
Assets - Financial derivatives		
Currency forward contracts	11	7
Currency swaps	3	5
Currency options	0	0
Interest rate swaps	13	9
Total derivative assets	28	21
Liabilities - Financial derivatives		
Currency forward contracts	-2	-9
Currency swaps	-5	-12
Currency options	0	0
Interest rate swaps	-19	-16
Total derivative liabilities	-27	-37

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–June 2020 period was 23.6 percent. The effective tax rate for the corresponding period in 2019 amounted to 23.2 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 countries and 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

	Apr - Jun		Jan - Jun		Full-year
	2020	2019	2020	2019	2019
Net sales, SEKm	2 043	2 311	3 787	4 145	7 038
Net sales growth, %	-11.6%	7.3%	-8.6%	10.1%	8.5%
Net sales growth, adjusted % ¹	-12.3%	3.0%	-10.1%	4.9%	3.9%
Gross margin, %	40.6%	42.1%	40.7%	41.5%	40.2%
Underlying EBIT, SEKm	430	558	756	900	1 245
Underlying EBIT margin, %	21.0%	24.1%	20.0%	21.7%	17.7%
Operating income (EBIT), SEKm	430	558	755	900	1 195
Operating margin, %	21.0%	24.1%	19.9%	21.7%	17.0%
Earnings per share, SEK	3,02	4,06	5,36	6,52	8,56
Equity ratio, %	47.9%	46.0%	47.9%	46.0%	52.3%
Working capital, SEKm	2 489	1 137	2 489	1 137	1 140
Leverage ratio	1,4	1,8	1,4	1,8	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 5), 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

Interim report July–September 2020

Year-end report

October 23, 2020

February 10, 2021

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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 >>

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