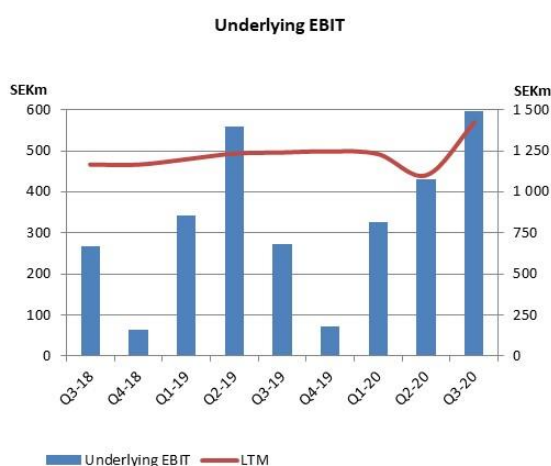
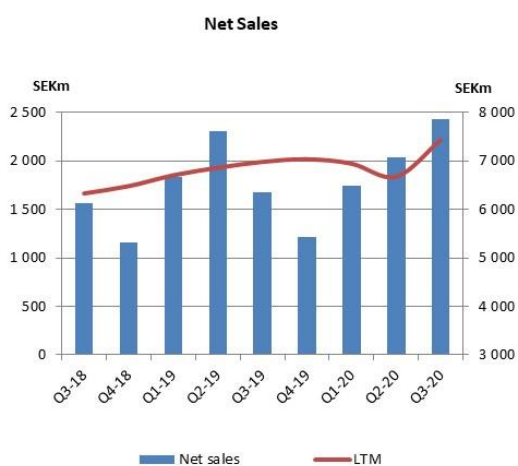


# Thule Group»

## Interim report, third quarter, July–September 2020

- **Net sales** for the quarter amounted to SEK 2,436m (1,682), corresponding to an increase of 44.9 percent. Adjusted for exchange rate fluctuations, sales rose 52.4 percent.
- **Operating income** amounted to SEK 596m (249). Underlying EBIT amounted to SEK 596m (274), corresponding to a margin of 24.5 percent (16.3). Adjusted for exchange rate fluctuations, the operating margin rose 7.3 percentage points.
- **Net income** was SEK 449m (181).
- **Cash flow from operating activities** totaled SEK 764m (571).
- **Earnings per share before dilution** amounted to SEK 4.32 (1.75).

	Jul-Sep 2020	Jul-Sep 2019	%	Jan-Sep 2020	Jan-Sep 2019	%	Full-year 2019
Net sales, SEKm	2 436	1 682	+44.9	6 223	5 827	+6.8	7 038
Underlying EBIT, SEKm	596	274	+117.6	1 351	1 174	+15.1	1 245
Operating income (EBIT), SEKm	596	249	+139.7	1 350	1 148	+17.6	1 195
Net income, SEKm	449	181	+148.6	1 002	854	+17.4	883
Earnings per share, SEK	4.32	1.75	+146.3	9.68	8.27	+17.0	8.56
Cash flow from operating activities, SEKm	764	571	+33.9	1 295	856	+51.3	1 030



## CEO's statement

### Delayed spring season and strong bike trend result in very strong quarter

I am very satisfied that we delivered currency-adjusted growth of 52 percent for the third quarter of the year, which means that we achieved a currency-adjusted sales increase of 7 percent for the first nine months. The growth during the quarter confirms our capacity to manage large fluctuations in demand flexibly and efficiently.

Driven by the strong sales growth, a favorable gross margin and an efficient organisation, we delivered an underlying EBIT margin of 24.5 percent (16.3) for the quarter. Cash flow was also strong for the quarter at SEK 764m (571).

As I communicated in connection with the second quarter report, we hoped to be able to recover the lost spring season during the summer, and to continue to ride the strong global bike trend that commenced during June. This was precisely what happened during the third quarter.

The strong profitability during the quarter also enabled us to reach an EBIT-margin of 19.1 percent for the trailing 12-month period. This is in line with where we would have expected to be by the end of this year, prior to the situation in the spring.

### Region Europe & ROW – spring and summer became a short concentrated season

During the quarter, sales in the region rose 59 percent after currency adjustment, which meant that we posted growth of 9 percent after nine months. As was the case at the end of the second quarter, the trend in the third quarter was highly positive in all European markets.

Our broad and market-leading portfolio of products in the bike category (bike racks, bike trailers and child bike seats), gained strong traction from a very positive bike trend. In addition, we also saw within our other products for car transport how the spring lockdown led to a pent-up demand for our products during the summer.

Accessories for RVs performed well, since many consumers chose this type of vacation with the possibility of living in their own, more private sphere. Stroller sales also grew during the quarter.

The bag category, however, trended negatively due to reduced travel and also lower sales of Back to Campus bags as a result of school closures in markets in Europe and Asia.

### Region Americas – bike products, rooftop tents and strollers the winners

In Region Americas, sales rose 36 percent in the quarter after currency adjustment and sales growth was 1 percent for the first nine months of the year.

As in Europe, the growth was mainly driven by a very healthy level of demand for bicycle products. In addition, stroller sales were highly positive, as were sales of rooftop tents. Bag sales in this regions were also weaker than in the preceding year.

Sales in Latin America were weak during the quarter due to the escalating pandemic situation in these markets and consequent caution among our distributors.

### Short-term uncertainty remains, but the long-term trends are positive

From a short-term view, several challenges remain, including uncertainty regarding the scope of new market lockdowns in a number of countries.

We believe that the strong trend in activities close to the home will continue in the bike and RV sectors, but it is worth noting that, for the fourth quarter, we have greater seasonal exposure to categories that have been negatively affected by the market realities during the pandemic to date.

The positive developments in recent months have made us even more secure in the underlying market trends that are positive for us and, therefore, our long-term focus on offering fantastic products for people who want to be active. In line with this, we will continue with our ambitious plans with major investments in product development and our production and distribution structure in the next year.

I want to conclude by thanking all the colleagues at Thule Group, who have shown fantastic drive and enormous flexibility during a very challenging period.



Magnus Welander,  
CEO and President

# Financial overview

## Trend for the third quarter

### Net sales

In the third quarter of 2020, net sales amounted to SEK 2,436m (1,682), representing an increase of 44.9 percent. Adjusted for exchange rate fluctuations, net sales for the Group rose 52.4 percent. There was a strong recovery in sales during the quarter and a large share of the sales lost during the spring season due to the outbreak of the coronavirus were shifted to the summer and extended the peak season.

In Region Europe & ROW, net sales totaled SEK 1,827m (1,188), up 53.8 percent, and 58.9 percent after currency adjustments. Net sales in Region Americas amounted to SEK 609m (494), up 23.3 percent and 35.7 percent after currency adjustment year-on-year.

	Jul-Sep	Jan-Sep
	2020	2020
Change in net sales		
Changes in exchange rates	-7.5%	-0.3%
Structural changes	0.0%	0.0%
Organic growth	52.4%	7.1%
<b>Total</b>	<b>44.9%</b>	<b>6.8%</b>

### Gross income

Gross income for the quarter totaled SEK 1,044m (647), corresponding to a gross margin of 42.9 percent (38.5). After currency adjustment, the margin improved 3.4 percentage points. An advantageous product mix, over absorption, lower material costs and efficiency improvements made positive contributions.

### Operating income

Operating income amounted to SEK 596m (249). Underlying EBIT amounted to SEK 596m (274), corresponding to an operating margin of 24.5 percent (16.3). The increase in sales in the quarter was the primary cause of the improvement in operating income. The savings made by the minor reorganization initiated at the end of 2019 had a positive effect. Changes in exchange rates had a marginally positive impact of SEK 1m.

	Jul-Sep	Jan-Sep
Change in underlying EBIT margin		
Underlying EBIT 2020	596	1 351
Underlying EBIT margin 2020	24.5%	21.7%
Underlying EBIT 2019	274	1 174
Underlying EBIT margin 2019	16.3%	20.2%
Underlying EBIT 2019, currency adjusted	275	1 196
Underlying EBIT margin 2019, currency adjusted	17.2%	20.6%
<b>Change in underlying EBIT margin, currency adjusted</b>	<b>7.3%</b>	<b>1.1%</b>

### Net financial items

Net financial items for the quarter amounted to an expense of SEK 15m (expense: 12). Exchange rate differences on loans and cash and cash equivalents were an expense of SEK 1m (income: 2). The interest expense for borrowings was SEK 14m (expense: 14).

### Net income for the period

In the third quarter, net income was SEK 449m, corresponding to earnings per share of SEK 4.32 before and SEK 4.30 after dilution. For the same period previous year, net income totaled SEK 181m, corresponding to earnings per share of SEK 1.75 before and after dilution.

## Trend for the first three quarters

### Net sales

Net sales for the first three quarters of 2020 amounted to SEK 6,223m (5,827), representing an increase of 6.8 percent. Adjusted for exchange rate fluctuations, net sales for the Group rose 7.1 percent. Until mid-March, sales grew compared with the previous year. The outbreak of coronavirus 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 the latter half of the second quarter and during the third quarter, strong growth compared with the same period in the previous year. A large share of the sales lost during the spring season were shifted to the summer and an extended peak season.

In Region Europe & ROW, net sales totaled SEK 4,646m (4,261), up 9.1 percent (also after currency adjustments). Net sales in Region Americas amounted to SEK 1,577m (1,566), an increase of 0.7 percent and 1.4 percent after currency adjustment compared with the first three quarters of 2019.

### Gross income

Gross income for the first three quarters amounted to SEK 2,587m (2,366) corresponding to a gross margin of 41.6 percent (40.6). After currency adjustment, the margin improved 0.5 percentage points. An advantageous product mix, over absorption, lower material costs and efficiency improvements in the assembly plants made positive contributions.

### Operating income

Underlying EBIT amounted to SEK 1,351m (1,174), corresponding to an operating margin of 21.7 percent (20.2). Changes in exchange rates had a positive impact of SEK 22m. The lower sales during the first half of the year had a negative effect on operating income. The strong sales growth that occurred during the third quarter more than offset the weak period at the end of the first quarter and beginning of the second quarter. Operating income totaled SEK 1,350m (1,148).

### Net financial items

Net financial items for the period amounted to an expense of SEK 46m (expense: 35). Exchange rate differences on loans and cash and cash equivalents amounted to an expense of SEK 5m (income: 2). The interest expense for borrowings was SEK 41m (expense: 37).

### Net income for the period

For the first three quarters, net income was SEK 1,002m, corresponding to earnings per share of SEK 9.68 before and after dilution. For the same period last year, net income totaled SEK 854m, corresponding to earnings per share of SEK 8.27 before dilution and SEK 8.26 after dilution.

## Cash flow

Cash flow from operating activities for the quarter was SEK 764m (571). The large sales increase during the quarter made an impact through higher profit. The sales increase also entailed reduced inventory, higher accounts receivable and higher accounts payable than in the same period last year. Cash flow from operating activities for the first three quarters was SEK 1,295m (856). Investments in tangible and intangible assets amounted to SEK 116m (103). During the quarter, net debt was reduced and the utilization of the credit facility declined by SEK 1,567m. A total of SEK 262m was issued in conjunction with the 2017/20 incentive program that concluded in July.

## Financial position

At September 30, 2020, the Group's equity amounted to SEK 5,430m (4,430). The equity ratio amounted to 58.6 percent (49.7).

At September 30, 2020, net debt amounted to SEK 714m (1,909). Total long-term borrowing amounted to SEK 1,652m (2,395), and comprised loans from credit institutions of SEK 1,477m (2,222) gross, long-term finance lease liabilities of SEK 164m (169), capitalized financing costs of SEK 8m (10) and the long-term portion of financial derivatives of SEK 20m (15). Total current financial liabilities amounted to SEK 62m (73) and comprised the short-term portion of financial derivatives and finance lease liabilities.

SEKm	Sep 30 2020	Sep 30 2019	Dec 31 2019
Long-term loans, gross	1 641	2 391	2 342
Financial derivative liability, long-term	20	15	15
Short-term loans, gross	55	61	53
Financial derivative liability, short-term	7	12	12
Overdraft facilities	0	0	0
Capitalized financing costs	-8	-10	-10
Accrued interest	0	0	0
<b>Gross debt</b>	<b>1 714</b>	<b>2 469</b>	<b>2 413</b>
Financial derivative asset	-33	-20	-26
Cash and cash equivalents	-967	-540	-268
<b>Net debt</b>	<b>714</b>	<b>1 909</b>	<b>2 119</b>

At September 30, 2020, goodwill totaled SEK 4,524m (4,725). The decline pertained mainly to currency effects. The amount also increased following the acquisition of the assets of Denver Outfitters, SEK 8m, which was completed at the end of 2019.

At September 30, 2020, inventories amounted to SEK 828m (978). The inventory level declined in the latter part of the period, driven by the high level of demand. Compared with the same point in time in 2019, inventory was also negatively impacted by currency effects amounting to SEK 50m.

## 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 short-term furlough of employees, these measures also comprised substantial reductions in variable expenses and some minor reprioritized investments in the spring. As demand for the Group's products has risen, the short-term furlough measures were ended in the second quarter. In total, Thule Group has received SEK 16m in government grants, of which SEK 9m in Sweden.

On March 22, the Board of Directors made the decision to withdraw its proposal announced previously for a dividend amounting to approximately SEK 774m and this proposal 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 2,616 (2,544).

### **Thule Group's share**

The shares of Thule Group AB are listed on the Nasdaq Stockholm Large Cap list. At September 30, 2020, the total number of shares in issue was 104,562,436.

### **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. During the quarter, the SEK 24m increase in equity pertained to premiums for exercised warrants.

Regarding the earlier incentive program, the 2017/2020 warrants program ended on July 29, 2020 and this meant that the number of shares in the company increased by 1,353,830 and an issue of SEK 262m.

### **Shareholders**

At September 30, 2020, Thule Group AB had 15,860 shareholders. At this date, the largest shareholders were AMF Försäkringar & Fonder (7.8 percent of the votes), Nordea Fonder (4.5 percent of the votes), Didner & Gerge Fonder (4.0 percent of the votes) and SEB Fonder (4.0 percent of the votes).

See [www.thulegroup.com](http://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–September 30, 2020. The Parent Company invoices its costs to Group companies. The Parent Company reported a net loss of SEK 18m (loss: 16). Cash and cash equivalents and current investments amounted to SEK 0m (0). Long-term liabilities to credit institutions totaled SEK 1,468m (2,212).

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 development by region

SEKm	Jul-Sep		Change		Jan-Sep		Change	
	2020	2019	Rep.	Adj. <sup>1</sup>	2020	2019	Rep.	Adj. <sup>1</sup>
Net sales	2 436	1 682	44.9%	52.4%	6 223	5 827	6.8%	7.1%
- Region Europe & ROW	1 827	1 188	53.8%	58.9%	4 646	4 261	9.1%	9.1%
- Region Americas	609	494	23.3%	35.7%	1 577	1 566	0.7%	1.4%

<sup>1</sup> Adjusted for changes in exchange rates

### Region Europe & ROW

In the third quarter, sales in the region rose 59 percent after currency adjustment, leading to a 9 percent increase for the first nine months of the year.

The positive market trend that began at the end of May and in June continued for the entire quarter, as the major European markets reduced their restrictions regarding outdoor activities.

Our broad and leading portfolio of products in the bike category (bike racks, bicycle trailers and child bike seats), gained strong traction from a very positive bike trend during the summer, which also continued for longer than normal during the autumn. Commuter biking has grown throughout Europe as a result of significant investments in better infrastructure for cyclists in many major cities and concerns about commuting on public transport. This strengthened the positive trend that has prevailed for several years of increasing numbers of parents cycling with their children to and from preschool and entails a highly positive trend for our Thule Chariot bicycle trailers and for our child bike seats.

When long-distance travel was canceled due to restrictions and health concerns, many consumers chose to spend their summer vacation this year close to their homes, making shorter trips. Combined with the bike boom this meant higher demand of bike racks over a few months than we usually see in a full spring-summer season. Also our other products for bringing things with you on the car, also saw how the spring lockdown led to higher demand for our products during the summer months.

The RV products category also performed well during the quarter. The most important factor for this was that many consumers chose this mode of vacation, with the possibility of living in their own, more private sphere, and as a result sales of small motorhomes were very strong in some of the major European markets. In addition, RV manufacturers were finally able to increase their production of new vehicles at the end of the third quarter, following a challenging period with limited access to chassis to build the vehicles on.

Stroller sales also grew during the quarter, with the broadened portfolio of our three models, Thule Spring, Thule Urban Glide 2 and Thule Sleek.

The bag category had a negative performance due to reduced travel and lower sales levels for Back to Campus bags as a result of school closures in many markets, primarily in Asia.

### Region Americas

In Region Americas, sales rose 36 percent in the quarter after currency adjustment, leading to 1 percent growth for the first nine months of the year.

As in Europe, this was primarily driven by a very healthy level of demand for bike products in North America. Although commuting by bike is considerably less common, we also noted strong sales of bike trailers and child bike seats in this region, as parents chose to brighten weekends and other leisure time with bike excursions together with their children in the countryside or local parks.

With numerous restrictions on longer journeys across state boundaries, North American consumers also increasingly chose to make shorter "staycation" trips in their local areas. The desire to bring various gear to enjoy those trips generated a positive sales trend during the summer, not only for bike racks, but also for such products as roof racks, rooftop cargo carriers, kayak carriers and rooftop tents. Stroller sales were very positive, with our award-winning bestseller Thule Urban Glide 2 as the driver, and a favorable trend for our new versatile Thule Spring stroller.

Bag sales in this region, which represents a significantly larger share of sales in Region Americas, were also weaker than in the previous year, since air travel declined considerably. Sales in Latin America also remained weak during the quarter due to the escalating pandemic situation in these markets and caution among our distributors.

## Assurance

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.

October 23, 2020

Board of Directors

## Auditor's report

To the Board of Directors of Thule Group AB (publ)  
Corp. Reg. No: 556770-6311

### Introduction

We have reviewed the condensed interim financial information (interim report) of Thule Group AB (publ) as of September 30, 2020 and the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, October 23, 2020  
PricewaterhouseCoopers AB

Eric Salander  
Authorized Public Accountant  
Auditor in Charge

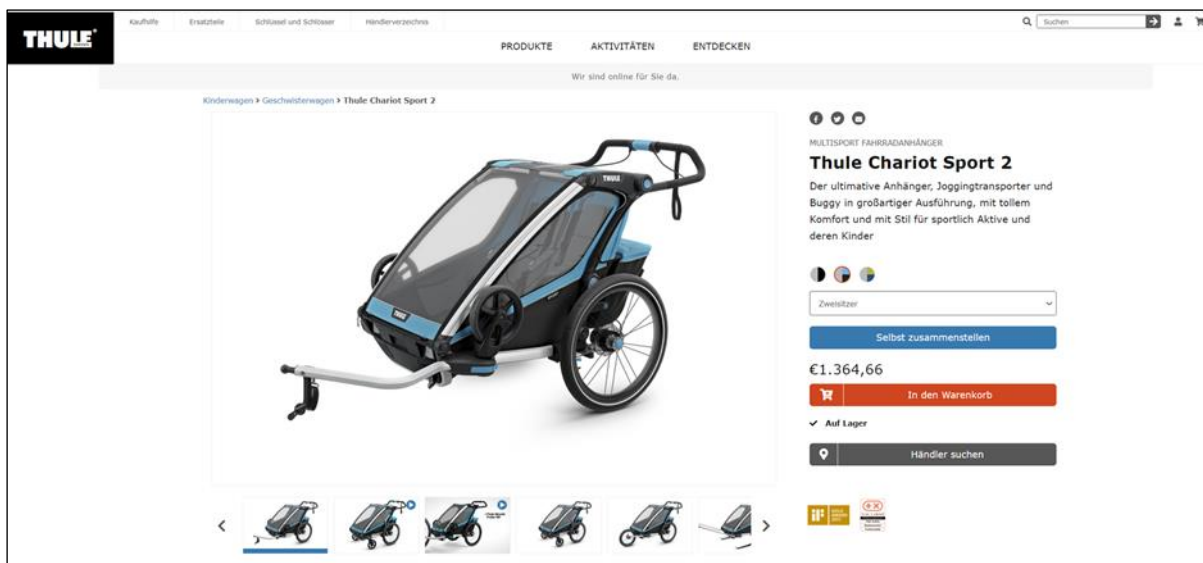
Magnus Jönsson  
Authorized Public Accountant



## Selected key events during the period



The award-winning Thule Urban Glide 2 stroller was launched in new, attractive colors – The market's most awarded jogging and all-terrain stroller, equally suitable for urban and natural environments, was launched in two new colors during the quarter, Majolica Blue and Cypress Green (image), and was very positively received by retailers and consumers.



Another country in our DTC (Direct To Consumer) rollout – In July, we opened up the possibility to buy products directly from Thule on our thule.com website in the German market. Accordingly, Germany became the fifth country (after the US, Canada, Sweden and Denmark) with direct sales to consumers. Further markets will be rolled out in 2021.

# Financial statements

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

## Consolidated Income Statement

	Note	Jul - Sep		Jan - Sep		LTM	Full-year 2019
		2020	2019	2020	2019		
Net sales	2	2 436	1 682	6 223	5 827	7 434	7 038
Cost of goods sold		-1 392	-1 035	-3 636	-3 461	-4 384	-4 209
<b>Gross income</b>		<b>1 044</b>	<b>647</b>	<b>2 587</b>	<b>2 366</b>	<b>3 049</b>	<b>2 829</b>
Selling expenses		-351	-326	-978	-985	-1 307	-1 315
Administrative expenses		-98	-73	-259	-233	-345	-319
Other operating expenses		0	0	0	0	0	0
<b>Operating income</b>	2	<b>596</b>	<b>249</b>	<b>1 350</b>	<b>1 148</b>	<b>1 397</b>	<b>1 195</b>
Net interest expense/income		-15	-12	-46	-35	-60	-49
<b>Income before taxes</b>		<b>581</b>	<b>237</b>	<b>1 304</b>	<b>1 113</b>	<b>1 337</b>	<b>1 146</b>
Taxes	4	-132	-56	-302	-260	-305	-263
<b>Net income</b>		<b>449</b>	<b>181</b>	<b>1 002</b>	<b>854</b>	<b>1 032</b>	<b>883</b>
Net income pertaining to:							
Shareholders of Parent Company		449	181	1 002	854	1 032	883
<b>Net income</b>		<b>449</b>	<b>181</b>	<b>1 002</b>	<b>854</b>	<b>1 032</b>	<b>883</b>
Earnings per share, SEK before dilution		4.32	1.75	9.68	8.27		8.56
Earnings per share, SEK after dilution		4.30	1.75	9.68	8.26		8.55
Average number of shares (millions)		104.1	103.2	103.5	103.2		103.2

## Consolidated Statement of Comprehensive Income

	Jul - Sep		Jan - Sep		LTM	Full-year 2019
	2020	2019	2020	2019		
Net income	449	181	1 002	854	1 032	883
<b>Items that have been carried over or can be carried over to net income</b>						
Foreign currency translation	-61	204	-158	435	-345	249
Cash flow hedges	-9	-2	-9	-8	6	6
Net investment hedge	-12	-29	-15	-78	29	-34
Tax on components in other comprehensive income	6	-6	9	-4	-1	-13
<b>Items that cannot be carried over to net income</b>						
Revaluation of defined-benefit pension plans	-5	-11	-18	-42	-4	-28
Tax pertaining to items that cannot be carried over to net income	1	2	4	9	1	6
<b>Other comprehensive income</b>	<b>-79</b>	<b>158</b>	<b>-186</b>	<b>313</b>	<b>-313</b>	<b>185</b>
<b>Total comprehensive income</b>	<b>370</b>	<b>339</b>	<b>816</b>	<b>1 166</b>	<b>719</b>	<b>1 069</b>
Total comprehensive income pertaining to:						
Shareholders of Parent Company	370	339	816	1 166	719	1 069
<b>Total comprehensive income</b>	<b>370</b>	<b>339</b>	<b>816</b>	<b>1 166</b>	<b>719</b>	<b>1 069</b>

## Consolidated Balance Sheet

	Sep 30 2020	Sep 30 2019	Dec 31 2019
<b>Assets</b>			
Intangible assets	4 568	4 757	4 664
Tangible assets	1 056	1 027	1 023
Long-term receivables	4	16	5
Deferred tax receivables	406	403	376
<b>Total fixed assets</b>	<b>6 034</b>	<b>6 203</b>	<b>6 067</b>
Inventories	828	978	1 092
Tax receivables	9	118	1
Accounts receivable	1 238	916	704
Prepaid expenses and accrued income	47	69	62
Other receivables	145	84	91
Cash and cash equivalents	967	540	268
<b>Total current assets</b>	<b>3 234</b>	<b>2 703</b>	<b>2 218</b>
<b>Total assets</b>	<b>9 268</b>	<b>8 906</b>	<b>8 285</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>5 430</b>	<b>4 430</b>	<b>4 330</b>
Long-term interest-bearing liabilities	1 652	2 395	2 348
Provision for pensions	231	228	205
Deferred income tax liabilities	264	214	259
<b>Total long-term liabilities</b>	<b>2 148</b>	<b>2 837</b>	<b>2 812</b>
Short-term interest-bearing liabilities	62	73	65
Accounts payable	643	447	529
Tax liabilities	242	221	14
Other liabilities	86	410	52
Accrued expenses and deferred income	603	440	430
Provisions	54	47	54
<b>Total short-term liabilities</b>	<b>1 691</b>	<b>1 639</b>	<b>1 143</b>
<b>Total liabilities</b>	<b>3 838</b>	<b>4 476</b>	<b>3 955</b>
<b>Total equity and liabilities</b>	<b>9 268</b>	<b>8 906</b>	<b>8 285</b>

## Consolidated Statement of Changes in Equity

	Jan - Sep		Full-year
	2020	2019	2019
Opening balance, January 1	4 330	4 012	4 012
Adjustment to Equity, January 1	-	-26	-26
Net income	1 002	854	883
Other comprehensive income	-186	313	185
<b>Total comprehensive income</b>	<b>816</b>	<b>1 166</b>	<b>1 069</b>
Transactions with the Group's owners:			
New issue of shares	262	-	-
Dividend	-	-722	-722
Warrants	22	-1	-3
<b>Closing balance</b>	<b>5 430</b>	<b>4 430</b>	<b>4 330</b>

## Consolidated Statement of Cash Flow

	Jul - Sep		Jan - Sep	
	2020	2019	2020	2019
Income before taxes	581	237	1 304	1 113
Adjustments for items not included in cash flow	85	71	195	159
Paid income taxes	-26	-64	-108	-246
<b>Cash flow from operating activities prior to changes in working capital</b>	<b>639</b>	<b>244</b>	<b>1 391</b>	<b>1 026</b>
<b>Cash flow from changes in working capital</b>				
Increase(-)/Decrease (+) in inventories	99	144	212	157
Increase(-)/Decrease (+) in receivables	-35	432	-637	-216
Increase(+)/Decrease (-) in liabilities	61	-249	329	-111
<b>Cash flow from operating activities</b>	<b>764</b>	<b>571</b>	<b>1 295</b>	<b>856</b>
<b>Investing activities</b>				
Acquisition/divestment of tangible/intangible assets	-32	-34	-116	-103
<b>Cash flow from investing activities</b>	<b>-32</b>	<b>-34</b>	<b>-116</b>	<b>-103</b>
<b>Financing activities</b>				
New issue of shares	261	-	262	-
Warrants	-	-	22	-1
Dividend	-	-	-	-361
Debt repaid/new loans	-1 581	-225	-761	-39
<b>Cash flow from financing activities</b>	<b>-1 320</b>	<b>-225</b>	<b>-477</b>	<b>-401</b>
Net cash flow	-588	312	702	352
Cash and cash equivalents at beginning of period	1 555	227	268	186
Effect of exchange rates on cash and cash equivalents	-1	1	-3	3
<b>Cash and cash equivalents at end of period</b>	<b>967</b>	<b>540</b>	<b>967</b>	<b>540</b>

## Condensed Parent Company Income Statement

	Jul - Sep		Jan - Sep		Full-year
	2020	2019	2020	2019	2019
Other operating revenue	5	5	16	14	19
Administrative expenses	-12	-6	-29	-25	-34
<b>Operating income</b>	<b>-6</b>	<b>-2</b>	<b>-13</b>	<b>-10</b>	<b>-15</b>
Result from Shares in Subsidiaries	0	0	0	0	800
Interest income- and expense	-2	-3	-9	-9	-12
<b>Income after financial items</b>	<b>-8</b>	<b>-4</b>	<b>-22</b>	<b>-19</b>	<b>773</b>
Appropriations	0	0	0	0	45
<b>Net income before taxes</b>	<b>-8</b>	<b>-4</b>	<b>-22</b>	<b>-19</b>	<b>818</b>
Taxes	1	1	4	4	-4
<b>Net income</b>	<b>-8</b>	<b>-4</b>	<b>-18</b>	<b>-16</b>	<b>814</b>

## Condensed Parent Company Balance Sheet

	Sep 30	Sep 30	Dec 31
	2020	2019	2019
<b>Assets</b>			
Financial fixed assets	4 089	4 832	5 586
<b>Total fixed assets</b>	<b>4 089</b>	<b>4 832</b>	<b>5 586</b>
Other current receivables	242	2	47
Cash and cash equivalents	0	0	0
<b>Total current assets</b>	<b>242</b>	<b>2</b>	<b>47</b>
<b>Total assets</b>	<b>4 331</b>	<b>4 834</b>	<b>5 633</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>2 461</b>	<b>1 367</b>	<b>2 195</b>
Other provisions	17	13	14
Liabilities to credit institutions	1 468	2 212	2 168
Liabilities to Group companies	368	368	368
<b>Total long-term liabilities</b>	<b>1 854</b>	<b>2 593</b>	<b>2 551</b>
Liabilities to credit institutions	0	0	0
Liabilities to Group companies	0	502	871
Other current liabilities	17	372	16
<b>Total short-term liabilities</b>	<b>17</b>	<b>874</b>	<b>887</b>
<b>Total equity and liabilities</b>	<b>4 331</b>	<b>4 834</b>	<b>5 633</b>

## 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 16m in government assistance, 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.

	Jul - Sep		Jan - Sep		Full-year	
	2020	2019	2020	2019	LTM	2019
<b>Sales to customers</b>	<b>2 436</b>	<b>1 682</b>	<b>6 223</b>	<b>5 827</b>	<b>7 434</b>	<b>7 038</b>
- Region Europe & ROW	1 827	1 188	4 646	4 261	5 443	5 057
- Region Americas	609	494	1 577	1 566	1 991	1 980
<b>Underlying EBITDA</b>	<b>631</b>	<b>308</b>	<b>1 459</b>	<b>1 271</b>	<b>1 571</b>	<b>1 383</b>
Operating depreciation/amortization	-35	-34	-107	-96	-149	-138
<b>Underlying EBIT</b>	<b>596</b>	<b>274</b>	<b>1 351</b>	<b>1 174</b>	<b>1 422</b>	<b>1 245</b>
Other depreciation/amortization	0	0	-1	-1	-1	-1
Items affecting comparability	-	-25	-	-25	-24	-49
<b>Operating income</b>	<b>596</b>	<b>249</b>	<b>1 350</b>	<b>1 148</b>	<b>1 397</b>	<b>1 195</b>
Net interest expense/income	-15	-12	-46	-35	-60	-49
Taxes	-132	-56	-302	-260	-305	-263
<b>Net income</b>	<b>449</b>	<b>181</b>	<b>1 002</b>	<b>854</b>	<b>1 032</b>	<b>883</b>

All revenue is recognized at one point in time.



### Note 3 Fair value of financial instruments

	Fair Value	
	Sep 30 2020	Sep 30 2019
Assets - Financial derivatives		
Currency forward contracts	6	4
Currency swaps	14	7
Currency options	0	0
Interest rate swaps	13	9
<b>Total derivative assets</b>	<b>33</b>	<b>20</b>
Liabilities - Financial derivatives		
Currency forward contracts	-5	-9
Currency swaps	-2	-3
Currency options	0	0
Interest rate swaps	-20	-15
<b>Total derivative liabilities</b>	<b>-27</b>	<b>-27</b>

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–September 2020 period was 23.2 percent. The effective tax rate for the corresponding period in 2019 amounted to 23.3 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

	Jul - Sep		Jan - Sep		Full-year
	2020	2019	2020	2019	2019
Net sales, SEKm	2 436	1 682	6 223	5 827	7 038
Net sales growth, %	44.9%	7.7%	6.8%	9.4%	8.5%
Net sales growth, adjusted % <sup>1</sup>	52.4%	3.9%	7.1%	4.6%	3.9%
Gross margin, %	42.9%	38.5%	41.6%	40.6%	40.2%
Underlying EBIT, SEKm	596	274	1 351	1 174	1 245
Underlying EBIT margin, %	24.5%	16.3%	21.7%	20.2%	17.7%
Operating income (EBIT), SEKm	596	249	1 350	1 148	1 195
Operating margin, %	24.4%	14.8%	21.7%	19.7%	17.0%
Earnings per share, SEK	4.32	1.75	9.68	8.27	8.56
Equity ratio, %	58.6%	49.7%	58.6%	49.7%	52.3%
Working capital, SEKm	1 606	1 138	1 606	1 138	1 140
Leverage ratio	0.5	1.4	0.5	1.4	1.5

<sup>1</sup> 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

Year-end report  
Interim report January–March 2021  
Thule Group AGM (Malmö)

February 10, 2021  
April 22, 2021  
April 22, 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 RVs 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](http://www.thulegroup.com)



# Thule Group»

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