

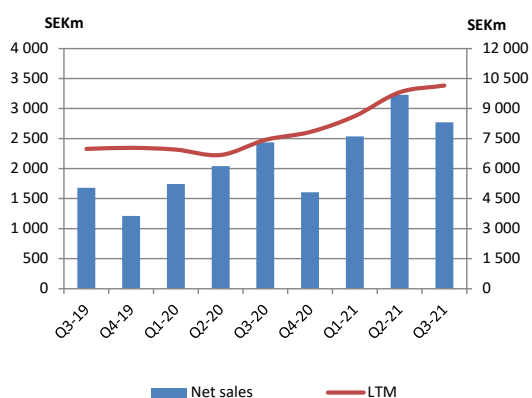
Thule Group

Interim report, third quarter, July–September 2021

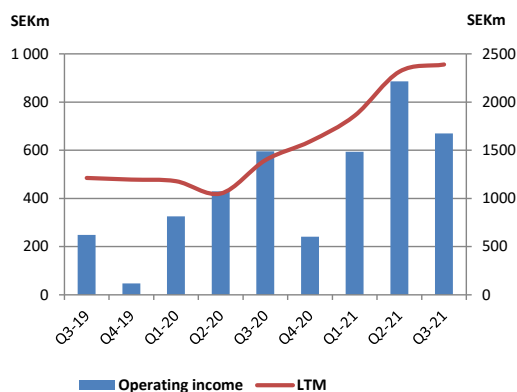
- **Net sales** for the quarter amounted to SEK 2,772m (2,436), corresponding to an increase of 13.8 percent. Adjusted for exchange rate fluctuations, sales increased 16.2 percent.
- **Operating income** amounted to SEK 670m (596), corresponding to a margin of 24.2 percent (24.4). Adjusted for exchange rate fluctuations, the operating margin increased 0.1 percentage points.
- **Net income** amounted to SEK 516m (449).
- **Cash flow from operating activities** totaled SEK 534m (764).
- **Earnings per share before dilution** amounted to SEK 4.94 (4.32).

	Jul-Sep 2021	Jul-Sep 2020	%	Jan-Sep 2021	Jan-Sep 2020	%	Full-year 2020
Net sales, SEKm	2 772	2 436	+13.8	8 540	6 223	+37.2	7 828
Operating income (EBIT), SEKm	670	596	+12.5	2 150	1 350	+59.2	1 591
Net income, SEKm	516	449	+14.9	1 636	1 002	+63.2	1 166
Earnings per share, SEK	4.94	4.32	+14.4	15.64	9.68	+61.6	11.23
Cash flow from operating activities, SEKm	534	764	-30.1	1 473	1 295	+13.7	1 614

Net sales



Operating income (EBIT)



CEO's statement

Strong growth and high profitability

Sales growth for the third quarter was 14 percent (16 percent after currency adjustment) compared with the year-earlier period.

Considering that the third quarter of 2020 was exceptionally strong, with a clear seasonal shift from spring to summer and autumn due to pandemic shutdowns, growth was even more impressive. After currency adjustment, growth in the third quarter of 2021 improved 75 percent compared with the same period in 2019. Thanks to our flexible supply chain organization, we were able to meet most of the increased demand in the market.

For the first nine months of the year, sales increased 44 percent after currency adjustment, compared with the same period the previous year. This is equivalent to an increase of 55 percent after currency adjustment over the same period in 2019.

As expected, manufacturing costs continued to increase during the quarter. These increases were driven by generally rising material prices, extreme freight prices and costs related to overtime and extra personnel in our assembly plants.

During the quarter we raised prices, as previously announced, which in part has compensated the increasing costs. It will not be until after the planned price increases in 2022 are implemented that we expect to be able to fully compensate for increased input costs.

We reached an EBIT margin of 24.2 percent (24.4) for the quarter and 25.2 percent (21.7) for the first nine months of the year.

Region Europe & RoW – continued positive trend

During the quarter, sales in the region increased 7 percent after currency adjustment, compared with an exceptionally strong third quarter in the previous year. This means that the year's third quarter posted growth of 70 percent when comparing with the same quarter in 2019.

Accordingly, for the first nine months of the year, growth of 40 percent was achieved after currency adjustment, with very positive trends in all markets.

In particular, the categories Sport&Cargo Carriers and RV Products performed well in all product groups at the same time as we captured market shares. This was despite the challenges of fully being able to meet significant demand.

Region Americas – very strong growth

In Region Americas, sales increased as much as 45 percent in the quarter after currency adjustment. This entails growth of 88 percent compared with the third quarter of 2019. For the first nine months of the year, sales in the region grew 57 percent after currency adjustment.

In Sport&Cargo Carriers, growth was very favorable in all product groups. We also continued to deliver good growth in the Active with Kids category.

The bag category also grew during this quarter. With fewer restrictions and increased travel, both to and from work and for leisure, sales increased in our important collections.

High demand puts focus on expanding capacity in a challenging environment

We're seeing clear signals that the trend for leisure and vacation activities closer to home will remain strong.

Our flexible supply chain set-up, with deliberately selected global suppliers and our own assembly facilities in and close to our main markets, is based on always having available capacity, even in periods when we see significant demand increases.

In line with our strategic plan we are therefore bringing forward several major capacity-related investments. This means that in 2022, we will invest over 5 percent of our turnover, which is higher than our historical levels.

We expect the general business environment to remain challenging for the rest of the year with continued high costs for materials and transportation. At the same time, the fact that the staff that for an extended period have worked digitally from home now are returning to our offices is contributing to a stronger team spirit, more effective co-operation and a further energy boost for the organization.

I look forward to the near future with a great deal of confidence, based both on the positive signals we see in the market and on the positive energy within the organization.



Magnus Welander
CEO and President

Financial overview

Trend for the third quarter

Net sales

In the third quarter of 2021, net sales amounted to SEK 2,772m (2,436), representing an increase of 13.8 percent. Adjusted for exchange rate fluctuations, net sales for the Group increased 16.2 percent.

In Region Europe & RoW, net sales totaled SEK 1,922m (1,827), up 5.1 percent, and 6.9 percent after currency adjustment. Net sales in Region Americas amounted to SEK 850m (609), up 39.6 percent and 44.6 percent after currency adjustment compared with the third quarter of 2020.

	Jul-Sep	Jan-Sep
	2021	2021
Change in net sales		
Changes in exchange rates	-2.4%	-6.8%
Structural changes	0.0%	0.0%
Organic growth	16.2%	44.0%
Total	13.8%	37.2%

Gross income

Gross income for the quarter totaled SEK 1,125m (1,044), corresponding to a gross margin of 40.6 percent (42.9). After currency adjustment, the margin decreased 2 percentage points. Gross income was affected by significantly higher material and freight costs and costs related to extra personnel that were partially compensated for through an advantageous product mix and over absorption of production overhead costs.

Operating income

Operating income amounted to SEK 670m (596), corresponding to an operating margin of 24.2 percent (24.4). The operating margin after currency adjustment is at the same level as the previous year. Higher sales and continued low overheads contributed to the strong operating income performance for the quarter.

	Jul-Sep	Jan-Sep
Change in Operating margin		
Operating income 2021	670	2 150
Operating margin 2021	24.2%	25.2%
Operating income 2020	596	1 350
Operating margin 2020	24.4%	21.7%
Operating income 2020, currency adjusted	574	1 312
Operating margin 2020, currency adjusted	24.1%	22.1%
Change in operating margin, currency adjusted	0.1%	3.0%

Net financial items

Net financial items for the quarter amounted to an expense of SEK 12m (expense: 15). Exchange rate differences on loans and cash and cash equivalents were an expense of SEK 4m (expense: 1). The interest expense for borrowings was SEK 8m (expense: 14).

Net income for the period

In the third quarter, net income was SEK 516m, corresponding to earnings per share of SEK 4.94 before dilution and SEK 4.89 after dilution. For the year-earlier period, net income totaled SEK 449m, corresponding to earnings per share of SEK 4.32 before dilution and SEK 4.30 after dilution.

Trend for the first three quarters

Net sales

Net sales for the first three quarters of 2021 amounted to SEK 8,540m (6,223), representing an increase of 37.2 percent. Adjusted for exchange rate fluctuations, net sales for the Group increased 44.0 percent. The outbreak of the coronavirus (COVID-19) in the comparative period in 2020 and the considerable quarantine measures introduced at that time in most countries had a strong negative impact on sales, primarily for April and May 2020.

In Region Europe & RoW, net sales totaled SEK 6,285m (4,646), up 35.3 percent, and 40.0 percent after currency adjustment. Net sales in Region Americas amounted to SEK 2,255m (1,577), up 43.0 percent and 56.5 percent after currency adjustment compared with the first three quarters of 2020.

Gross income

Gross income for the first three quarters amounted to SEK 3,538m (2,587) corresponding to a gross margin of 41.4 percent (41.6). After currency adjustment, the margin decreased 0.6 percentage points. An advantageous product mix, over absorption of production overhead costs, but rising material and freight costs, particularly in the third quarter are underlying factors.

Operating income

Operating income amounted to SEK 2,150m (1,350), corresponding to an operating margin of 25.2 percent (21.7). Changes in exchange rates had a negative impact of SEK 38m and adjusted for currency effects, the margin improved 3 percentage points. Operating income was positively impacted by the strong growth in sales during the year, with a continued high gross margin and low overheads. Operating income was also impacted by revenue recognized from release of the provision related to the Tepui Outdoors Inc. earn-out payment of SEK 15m.

Net financial items

Net financial items for the period amounted to an expense of SEK 27m (expense: 46). Exchange rate differences on loans and cash and cash equivalents amounted to an expense of SEK 4m (expense: 5). The interest expense for borrowings was SEK 23m (expense: 41).

Net income for the period

For the first three quarters, net income was SEK 1,636m, corresponding to earnings per share of SEK 15.64 before dilution and SEK 15.50 after dilution. For the year-earlier period, net income totaled SEK 1,002m, corresponding to earnings per share of SEK 9.68 before and after dilution.

Cash flow

Cash flow from operating activities for the quarter was SEK 534m (764). The sales growth during the quarter made an impact through higher profit. To meet growing demand, inventory was accumulated during the quarter, which has increased working capital compared with the equivalent period in the previous year since the inventory was too low given the difficulties meeting demand. Cash flow from operating activities for the first three quarters was SEK 1,473m (1,295). Investments in tangible and intangible assets amounted to SEK 350m (116). During the period, SEK 1,202m was distributed to the company's shareholders.

Financial position

At September 30, 2021, the Group's equity amounted to SEK 5,554m (5,430). The equity ratio amounted to 55.7 percent (58.6).

At September 30, 2021, net debt amounted to SEK 512m (714). Total long-term borrowing amounted to SEK1,051m (1,652), and comprised loans from credit institutions of SEK 919m (1,477) gross, long-term lease liabilities of SEK 125m (164), capitalized financing costs of SEK 5m (8) and the long-term portion of financial derivatives of SEK 11m (20). Total current financial liabilities amounted to SEK 67m (62) and comprised the short-term portion of financial derivatives and lease liabilities.

SEKm	Sep 30 2021	Sep 30 2020	Dec 31 2020
Long-term loans, gross	1 044	1 641	1 051
Financial derivative liability, long-term	11	20	16
Short-term loans, gross	57	55	53
Financial derivative liability, short-term	9	7	35
Overdraft facilities	0	0	0
Capitalized financing costs	-5	-8	-7
Accrued interest	0	0	0
Gross debt	1 117	1 714	1 147
Financial derivative asset	-24	-33	-57
Cash and cash equivalents	-581	-967	-706
Net debt	512	714	384

At September 30, 2021, goodwill totaled SEK 4,447m (4,524). The decrease was attributable entirely to currency effects.

At September 30, 2021, inventories totaled SEK 1,589m (828). Inventory was accumulated during the period to meet higher demand. Compared with the same point in time in 2020, inventory was negatively impacted by currency effects amounting to SEK 17m.

At September 30, 2021, deferred tax receivables amounted to SEK 356m (406), of which SEK 140m (228) pertained to capitalized tax losses carry forwards.

Other information

Coronavirus pandemic

Continued uncertainty exists in relation to decisions by various regions and countries to close down markets. This can have effects for the Thule Group from a production or a sales perspective, which could have a major impact on future earnings and cash flow. An increased market demand as consumers have chosen to live active lives and vacation closer to home and our continued investments in product development and a flexible supply chain has meant that performance since the second half of 2020 has been very strong. The dividend that the Annual General Meeting resolved on in April 2021 means that, in practice, the 2019 dividend that was withdrawn will be distributed as an extraordinary dividend this year in addition to the increased ordinary dividend for 2020.

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. Thule Group has adapted its production processes and supply chain in response to these variations.

Employees

The average number of employees was 3,250 (2,616).

Thule Group's share

The shares of Thule Group AB are listed on the Nasdaq Stockholm Large Cap list. At September 30, 2021, the total number of shares in issue was 104,562,436.

Dividend

The Annual General Meeting on April 22 resolved to distribute a dividend of SEK 15.50 per share (of which SEK 8.00 comprises an ordinary dividend for 2020 and SEK 7.50 per share comprises an extraordinary dividend based on the withdrawal of the proposed ordinary dividend for 2019) and that the dividend be distributed in two installments for a better adaptation to the Group's cash flow profile. The total resolved dividend amounted to SEK 1,621m. The first installment comprised the extraordinary dividend and half of the ordinary dividend. The record date for the first dividend payment of SEK 11.50 per share was April 26, 2021 and the record date for the second payment of SEK 4.00 per share was October 4, 2021.

Shareholders

At September 30, 2021, Thule Group AB had 20,863 shareholders. At this date, the largest shareholders were AMF Försäkringar & Fonder (9.3 percent of the votes), SEB Fonder (4.8 percent of the votes), Swedbank Robur Fonder (3.7 percent of the votes) and ODIN Fonder (3.5 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–September 30, 2021. The Parent Company invoices its costs to Group companies. The Parent Company reported a net loss of SEK 24m (loss: 18). Cash and cash equivalents and current investments amounted to SEK 0m (0). Long-term liabilities to credit institutions totaled SEK 915m (1,468).

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	Jul-Sep		Change		Jan-Sep		Change	
	2021	2020	Rep.	Adj. ¹	2021	2020	Rep.	Adj. ¹
Net sales	2 772	2 436	13.8%	16.2%	8 540	6 223	37.2%	44.0%
- Region Europe & RoW	1 922	1 827	5.1%	6.9%	6 285	4 646	35.3%	40.0%
- Region Americas	850	609	39.6%	44.6%	2 255	1 577	43.0%	56.5%

¹ Adjusted for changes in exchange rates

Region Europe & RoW

During the third quarter, sales in the region increased 7 percent after currency adjustment, compared with an exceptionally strong third quarter in the previous year. This means that the third quarter posted growth of 70 percent, the highest quarterly growth so far in 2021, compared with the equivalent period in 2019.

Accordingly, for the first nine months of the year, growth of 40 percent was achieved after currency adjustment, with very positive trends in all markets and growth in all product categories.

In particular, the categories Sport&Cargo Carriers and RV Products performed well across all product groups during the quarter and we captured market shares by performing better than our competitors in meeting the strong demand. This despite the challenges we had in being able to fully meet the increased demand.

The major chassis manufacturers for RVs experienced similar component shortfalls as other parts of the automotive industry. RV manufacturers thus had problems in their supply chain, leading to delays in delivery.

Our markets in the southern hemisphere are now entering their traditional peak season. Also there, in countries like Australia and New Zealand, we are noting clear signals that demand will remain very positive.

Region Americas

In Region Americas, sales increased as much as 45 percent in the quarter after currency adjustment, compared with the previous year. This entails growth of 88 percent compared with the third quarter of 2019. For the first nine months of the year growth in the region was 57 percent after currency adjustment.

In Sport&Cargo Carriers, growth was very favorable in all product groups. We also continued to deliver good growth in the Active with Kids category.

The bag category also grew during this quarter. With fewer restrictions and increased travel, both to and from work and and for leisure, sales increased in our important collections.

The positive growth in Latin America for the second consecutive quarter is also worth noting.

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 22, 2021

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, 2021 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 22, 2021
PricewaterhouseCoopers AB

Eric Salander
Authorized Public Accountant
Auditor in Charge

Neda Feher
Authorized Public Accountant

Selected key events



Launch of the stylish Thule Tact collection – The versatile bluesign®-approved Thule Tact collection offers practical backpacks and sling packs as well as cross-body bags. The collection is made from recycled materials and offers stylish design with practical storage solutions and anti-theft features to keep all of your important items organized and secure.



Launch of the convenient and comfortable Thule Sapling child carrier – The new child carrier offers market-leading comfort both for children and for parents. Its design is equally suitable for the trailhead as well as weekend trips to the big city. The patented ErgoRide child seat keeps your child comfortable, with ample under leg support and ventilation. The fully adjustable torso and hip belt provide a perfect fit and a quick transition from parent to parent.

Financial statements

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

Consolidated Income Statement

	Note	Jul - Sep		Jan - Sep		LTM	Full-year 2020
		2021	2020	2021	2020		
Net sales	2	2 772	2 436	8 540	6 223	10 145	7 828
Cost of goods sold		-1 647	-1 392	-5 001	-3 636	-5 964	-4 599
Gross income		1 125	1 044	3 538	2 587	4 181	3 230
Other operating revenue		0	0	15	0	15	0
Selling expenses		-372	-351	-1 146	-978	-1 468	-1 300
Administrative expenses		-83	-98	-257	-259	-337	-338
Operating income	2	670	596	2 150	1 350	2 391	1 591
Net interest expense/income		-12	-15	-27	-46	-45	-64
Income before taxes		658	581	2 123	1 304	2 346	1 527
Taxes	4	-142	-132	-487	-302	-546	-361
Net income		516	449	1 636	1 002	1 799	1 166
Net income pertaining to:							
Shareholders of Parent Company		516	449	1 636	1 002	1 799	1 166
Net income		516	449	1 636	1 002	1 799	1 166
Earnings per share, SEK before dilution		4.94	4.32	15.64	9.68		11.23
Earnings per share, SEK after dilution		4.89	4.30	15.50	9.68		11.21
Average number of shares (millions)		104.6	104.1	104.6	103.5		103.8

Consolidated Statement of Comprehensive Income

	Jul - Sep		Jan - Sep		LTM	Full-year 2020
	2021	2020	2021	2020		
Net income	516	449	1 636	1 002	1 799	1 166
Items that have been carried over or can be carried over to net income						
Foreign currency translation	80	-61	285	-158	-142	-585
Cash flow hedges	-6	-9	-17	-9	5	13
Net investment hedge	5	-12	17	-15	89	57
Tax on components in other comprehensive income	-1	6	-6	9	-21	-6
Items that cannot be carried over to net income						
Revaluation of defined-benefit pension plans	-4	-5	9	-18	18	-9
Tax pertaining to items that cannot be carried over to net income	1	1	-2	4	-4	2
Other comprehensive income	75	-79	286	-186	-55	-527
Total comprehensive income	591	370	1 921	816	1 744	639
Total comprehensive income pertaining to:						
Shareholders of Parent Company	591	370	1 921	816	1 744	639
Total comprehensive income	591	370	1 921	816	1 744	639

Consolidated Balance Sheet

	Sep 30 2021	Sep 30 2020	Dec 31 2020
Assets			
Intangible assets	4 486	4 568	4 296
Tangible assets	1 321	1 056	1 033
Long-term receivables	3	4	6
Deferred tax receivables	356	406	342
Total fixed assets	6 166	6 034	5 678
Inventories	1 589	828	1 068
Tax receivables	54	9	0
Accounts receivable	1 347	1 238	762
Prepaid expenses and accrued income	72	47	55
Other receivables	155	145	179
Cash and cash equivalents	581	967	706
Total current assets	3 798	3 234	2 770
Total assets	9 965	9 268	8 448
Equity and liabilities			
Equity	5 554	5 430	5 253
Long-term interest-bearing liabilities	1 051	1 652	1 060
Provision for pensions	231	231	224
Deferred income tax liabilities	315	264	309
Total long-term liabilities	1 597	2 148	1 592
Short-term interest-bearing liabilities	67	62	87
Accounts payable	989	643	660
Tax liabilities	403	242	145
Other liabilities	472	86	80
Accrued expenses and deferred income	789	603	564
Provisions	95	54	66
Total short-term liabilities	2 814	1 691	1 603
Total liabilities	4 411	3 838	3 195
Total equity and liabilities	9 965	9 268	8 448

Consolidated Statement of Changes in Equity

	Jan - Sep		Full-year
	2021	2020	2020
Opening balance, January 1	5 253	4 330	4 330
Net income	1 636	1 002	1 166
Other comprehensive income	286	-186	-527
Total comprehensive income	1 921	816	639
Transactions with the Group's owners:			
New issue of shares	-	262	262
Dividend	-1 621	-	-
Warrants	-	22	22
Closing balance	5 554	5 430	5 253

Consolidated Statement of Cash Flow

	Jul - Sep		Jan - Sep	
	2021	2020	2021	2020
Income before taxes	658	581	2 123	1 304
Adjustments for items not included in cash flow	46	85	131	195
Paid income taxes	-105	-26	-278	-108
Cash flow from operating activities prior to changes in working capital	600	639	1 976	1 391
Cash flow from changes in working capital				
Increase(-)/Decrease (+) in inventories	-309	99	-482	212
Increase(-)/Decrease (+) in receivables	246	-35	-567	-637
Increase(+)/Decrease (-) in liabilities	-2	61	546	329
Cash flow from operating activities	534	764	1 473	1 295
Investing activities				
Acquisition/divestment of tangible/intangible assets	-113	-32	-350	-116
Cash flow from investing activities	-113	-32	-350	-116
Financing activities				
New issue of shares	-	261	-	262
Warrants	-	-	-	22
Dividend	-	-	-1 202	-
Debt repaid/new loans	-166	-1 581	-48	-761
Cash flow from financing activities	-166	-1 320	-1 250	-477
Net cash flow	255	-588	-128	702
Cash and cash equivalents at beginning of period	326	1 555	706	268
Effect of exchange rates on cash and cash equivalents	0	-1	3	-3
Cash and cash equivalents at end of period	581	967	581	967

Condensed Parent Company Income Statement

	Jul - Sep		Jan - Sep		Full-year
	2021	2020	2021	2020	2020
Other operating revenue	5	5	14	16	22
Administrative expenses	-13	-12	-42	-29	-59
Operating income	-9	-6	-29	-13	-37
Result from Shares in Subsidiaries	0	0	0	0	700
Interest income- and expense	-0	-2	-1	-9	-9
Income after financial items	-9	-8	-30	-22	653
Appropriations	0	0	0	0	63
Net income before taxes	-9	-8	-30	-22	717
Taxes	2	1	6	4	-4
Net income	-7	-8	-24	-18	713

Condensed Parent Company Balance Sheet

	Sep 30	Sep 30	Dec 31
	2021	2020	2020
Assets			
Financial fixed assets	4 240	4 089	4 214
Total fixed assets	4 240	4 089	4 214
Other current receivables	9	242	300
Cash and cash equivalents	0	0	0
Total current assets	9	242	300
Total assets	4 249	4 331	4 514
Equity and liabilities			
Equity	1 547	2 461	3 192
Other provisions	23	17	18
Liabilities to credit institutions	915	1 468	894
Liabilities to Group companies	368	368	368
Total long-term liabilities	1 306	1 854	1 281
Liabilities to credit institutions	0	0	0
Liabilities to Group companies	951	0	0
Other current liabilities	445	17	40
Total short-term liabilities	1 396	17	40
Total equity and liabilities	4 249	4 331	4 514

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. Revised standards that became effective in 2021 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	
	2021	2020	2021	2020	LTM	2020
Net sales to external customers	2 772	2 436	8 540	6 223	10 145	7 828
- Region Europe & RoW	1 922	1 827	6 285	4 646	7 359	5 721
- Region Americas	850	609	2 255	1 577	2 786	2 107
Underlying EBITDA	709	631	2 262	1 459	2 539	1 737
Operating depreciation/amortization	-39	-35	-110	-107	-147	-144
Underlying EBIT	670	596	2 151	1 351	2 392	1 593
Other depreciation/amortization	0	0	-1	-1	-1	-1
Items affecting comparability	-	-	-	-	-	-
Operating income	670	596	2 150	1 350	2 391	1 591
Net interest expense/income	-12	-15	-27	-46	-45	-64
Taxes	-142	-132	-487	-302	-546	-361
Net income	516	449	1 636	1 002	1 799	1 166

All revenue is recognized at one point in time.

Note 3 Fair value of financial instruments

	Fair Value	
	Sep 30	Sep 30
	2021	2020
<hr/>		
Assets - Financial derivatives		
Currency forward contracts	7	6
Currency swaps	9	14
Currency options	0	0
Interest rate swaps	7	13
Total derivative assets	24	33
<hr/>		
Liabilities - Financial derivatives		
Currency forward contracts	-4	-5
Currency swaps	-5	-2
Currency options	0	0
Interest rate swaps	-12	-20
Total derivative liabilities	-20	-27

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 2021 period was 23.0 percent. The effective tax rate for the corresponding period in 2020 amounted to 23.2 percent. No significant events occurred during the year 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 industry and market-related risks, operational risks, sustainability risks and financial risks. For a more detailed description of the relevant risk factors, refer to Thule Group's Annual Report.

Specifically in relation to the coronavirus 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.

Key figures

	Jul - Sep		Jan - Sep		Full-year
	2021	2020	2021	2020	2020
Net sales, SEKm	2 772	2 436	8 540	6 223	7 828
Net sales growth, %	13.8%	44.9%	37.2%	6.8%	11.2%
Net sales growth, adjusted % ¹	16.2%	52.4%	44.0%	7.1%	13.1%
Gross margin, %	40.6%	42.9%	41.4%	41.6%	41.3%
Underlying EBIT, SEKm	670	596	2 151	1 351	1 593
Underlying EBIT margin, %	24.2%	24.5%	25.2%	21.7%	20.3%
Operating income (EBIT), SEKm	670	596	2 150	1 350	1 591
Operating margin, %	24.2%	24.4%	25.2%	21.7%	20.3%
Earnings per share, SEK	4.94	4.32	15.64	9.68	11.23
Equity ratio, %	55.7%	58.6%	55.7%	58.6%	62.2%
Leverage ratio	0.2	0.5	0.2	0.5	0.2

¹ Adjusted for changes in exchange rates

Alternative performance measures and other financial definitions

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 the Board of Directors to measure the company's financial performance. These performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement. Refer to definitions of alternative performance measures, including calculation tables and other financial definitions below.

Organic growth, currency adjusted

Net sales growth adjusted for structural changes and currency effects.

Organic growth excludes the effects of structural changes in the Group's structure and exchange rates, which enables the comparison of net sales over time.

Net sales growth, currency adjusted

Net sales growth adjusted for currency effects.

CAGR (Compounded Annual Growth Rate)

Measures of the growth rate achieved over a certain period time period if that growth rate was the same each year during the given time period (expressed as a percentage).

Gross margin

Gross income as a percentage of net sales.

Gross income

Net sales less cost of goods sold.

EBIT – Operating income

Income before net financial items and taxes.

EBIT margin - Operating margin

EBIT as a percentage of net sales.
Operating income as a percentage of net sales.

EBITDA – Operating income before depreciation/amortization/impairment

Income before net financial items, taxes, depreciation/amortization and impairment of tangible and intangible assets.

Underlying EBIT and underlying EBITDA

Underlying denotes that we have made adjustments for the items: depreciation/amortization of consolidated excess values and items affecting comparability. Items affecting comparability are 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.

Underlying EBIT

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

The APM constitutes one of the company's financial targets. The APM reflects the company's operational profitability, where adjustments are made for items affecting comparability, to enable comparison over time.

Underlying EBIT margin, currencyadjusted

Underlying EBIT as a percentage of net sales adjusted for currency effects.

Underlying EBITDA

EBITDA excluding items affecting comparability.

Earnings per share

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

LTM

Rolling 12-month.

Net debt

Gross debt less cash and cash equivalents. Gross debt is the total of long- and short-term borrowing, derivative instruments, capitalized transaction costs and accrued interest.

Net debt is a metric used for monitoring the debt trend and the scope of refinancing requirements. Since cash and cash equivalents can be used to repay debt at short notice, net debt is used instead of gross debt as a metric for total loan financing.

Leverage ratio

Net debt divided by underlying EBITDA (LTM).

This APM is a debt ratio that indicates how many years it would take to repay the company's debt, provided that its net debt and EBITDA are constant, without factoring cash flows pertaining to interest, tax and investments.

Equity ratio

Equity as a percentage of total assets.

Calculation table alternative performance measures

	Jul - Sep		Jan - Sep	
	2021	2020	2021	2020
Organic growth, currency-adjusted				
Change in net sales, %	13.8	44.9	37.2	6.8
Exchange rate fluctuations, %	2.4	7.5	6.8	0.3
Net sales, currency-adjusted growth, %	16.2	52.4	44.0	7.1
Structural changes, %	-	-	-	-
Organic growth, %	16.2	52.4	44.0	7.1
Underlying EBIT				
Operating income (EBIT), SEKm	670	596	2 150	1 350
Items affecting comparability, SEKm	-	-	-	-
Reversal of depreciation/amortization of consolidated excess values, SEKm	0	0	1	1
Underlying EBIT, SEKm	670	596	2 151	1 351
Underlying EBITDA				
Underlying EBIT, SEKm	670	596	2 151	1 351
Reversal of depreciation/amortization and impairment, SEKm	39	35	110	107
Items affecting comparability, SEKm	-	-	-	-
Underlying EBIT, SEKm	709	631	2 262	1 459
Underlying EBIT margin, currency-adjusted				
Underlying EBIT 2021/2020, SEKm	670	596	2 151	1 351
Underlying EBIT margin 2021/2020, %	24.2	24.5	25.2	21.7
Underlying EBIT 2020/2019, SEKm	596	274	1 351	1 174
Underlying EBIT margin 2020/2019, %	24.5	16.3	21.7	20.2
Underlying EBIT 2020/2019, currency-adjusted, SEKm	574	275	1 313	1 196
Underlying EBIT margin 2020/2019, currency-adjusted, %	24.1	17.2	22.1	20.6
Change in underlying EBIT margin, currency-adjusted, %	0.1	7.3	3.0	1.1
Net debt				
Long-term interest-bearing liabilities, gross, SEKm	1 044	1 641	1 044	1 641
Derivative liabilities, long-term, SEKm	11	20	11	20
Short-term interest-bearing liabilities, SEKm	57	55	57	55
Derivative liabilities, short-term, SEKm	9	7	9	7
Capitalized financing costs, SEKm	-5	-8	-5	-8
Accrued interest, SEKm	0	0	0	0
Gross debt, SEKm	1 117	1 714	1 117	1 714
Derivative assets, SEKm	-24	-33	-24	-33
Cash and cash equivalents, SEKm	-581	-967	-581	-967
Net debt, SEKm	512	714	512	714
Leverage ratio				
Net debt, SEKm	512	714	512	714
Underlying EBITDA, SEKm	2 539	1 571	2 539	1 571
Leverage ratio	0.2	0.5	0.2	0.5
Equity ratio				
Equity, SEKm	5 554	5 430	5 554	5 430
Total assets, SEKm	9 965	9 268	9 965	9 268
Equity ratio (%)	55.7	58.6	55.7	58.6

Financial calendar

Year-end report
Interim report January–March 2022
Thule Group AGM (Malmö)

February 9, 2022
April 26, 2022
April 26, 2022

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About Thule Group

Thule Group is a global sports and outdoor company. We offer high-quality products with smart features and a sustainable design that make it easy for people across the globe to live an active life. Under the motto *Active Life, Simplified* — and with a focus on consumer-driven innovation and long-term sustainability — we develop, manufacture and market products within the product categories **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** (strollers, bike trailers and child bike seats), **RV Products** (awnings, bike racks and tents for RVs and caravans) and **Packs, Bags & Luggage** (hiking backpacks, luggage and camera bags).

Thule Group has about 2,600 employees at nine production facilities and 35 sales offices worldwide. The Group's products are sold in 140 markets and in 2020, sales amounted to SEK 7.8 billion. www.thulegroup.com



Thule Group >>

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