

2022 Jul-Sep Report

October 27, 2022

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Thule Group >>

Executive Summary 2022/Q3: Rapid slow-down in bike related categories

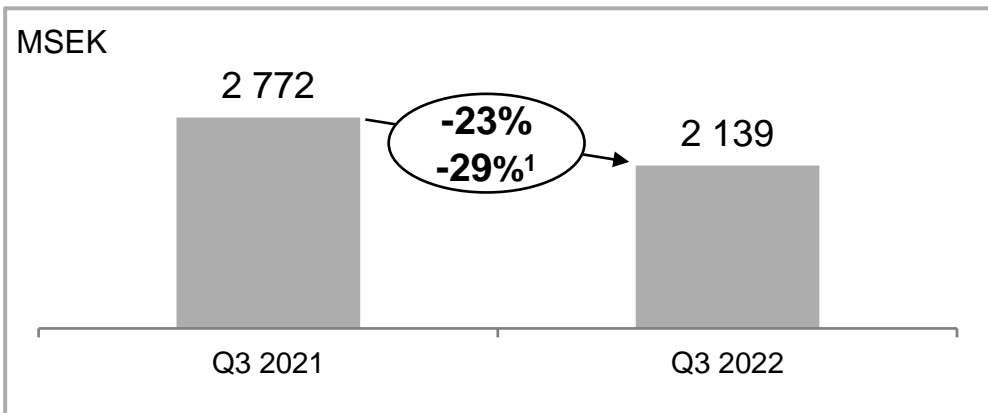
- Sales 2,139 MSEK -29% Fx adjusted vs PY
 - Region Europe & RoW: 1,418 MSEK (1,922) -29% Fx adj.
 - Region Americas: 721 MSEK (850) -29% Fx adj.
- Gross Margin at 33.9% (40.6%)
 - Fx adjusted decrease of 6.3 p.p. vs 2021/Q3
 - Considerably lower sales in bike-related products with relatively higher than average margins
 - Higher costs for raw materials and freight
- EBIT Margin at 9.0% (24.2%)
 - EBIT of 193 MSEK vs 670 MSEK PY
 - Fx adjusted decline of 14.8 p.p.
- Operational Cash Flow was +490 MSEK (+525)
 - CapEx at 116 MSEK (113)



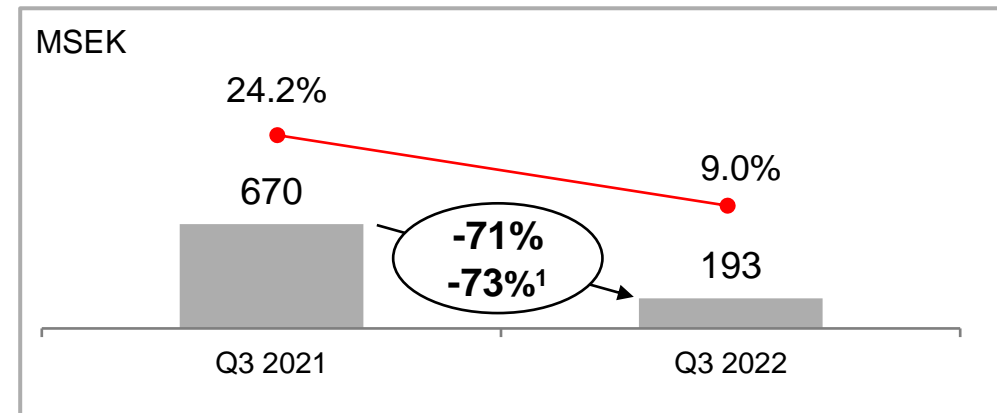
2022/Q3 – Net Sales and EBIT development

Q3

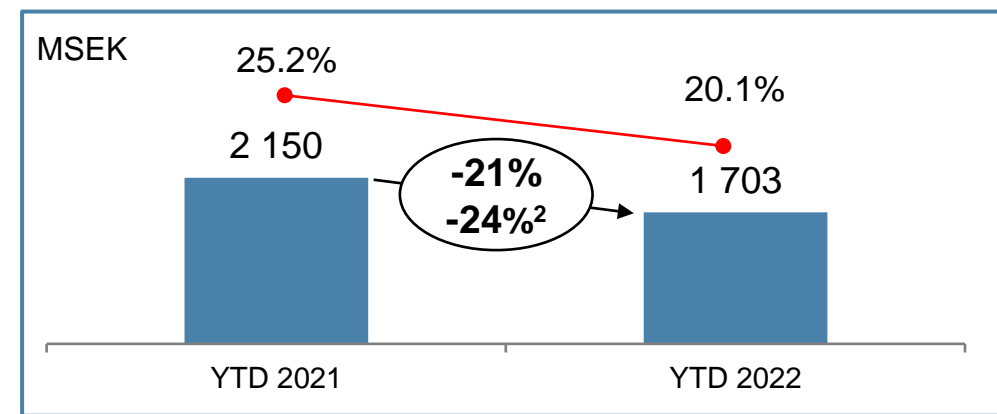
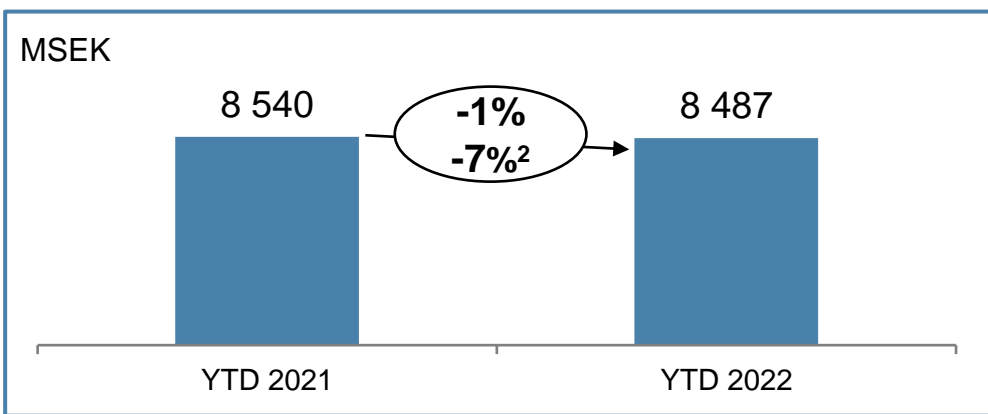
Reported Net Sales



EBIT and Margin



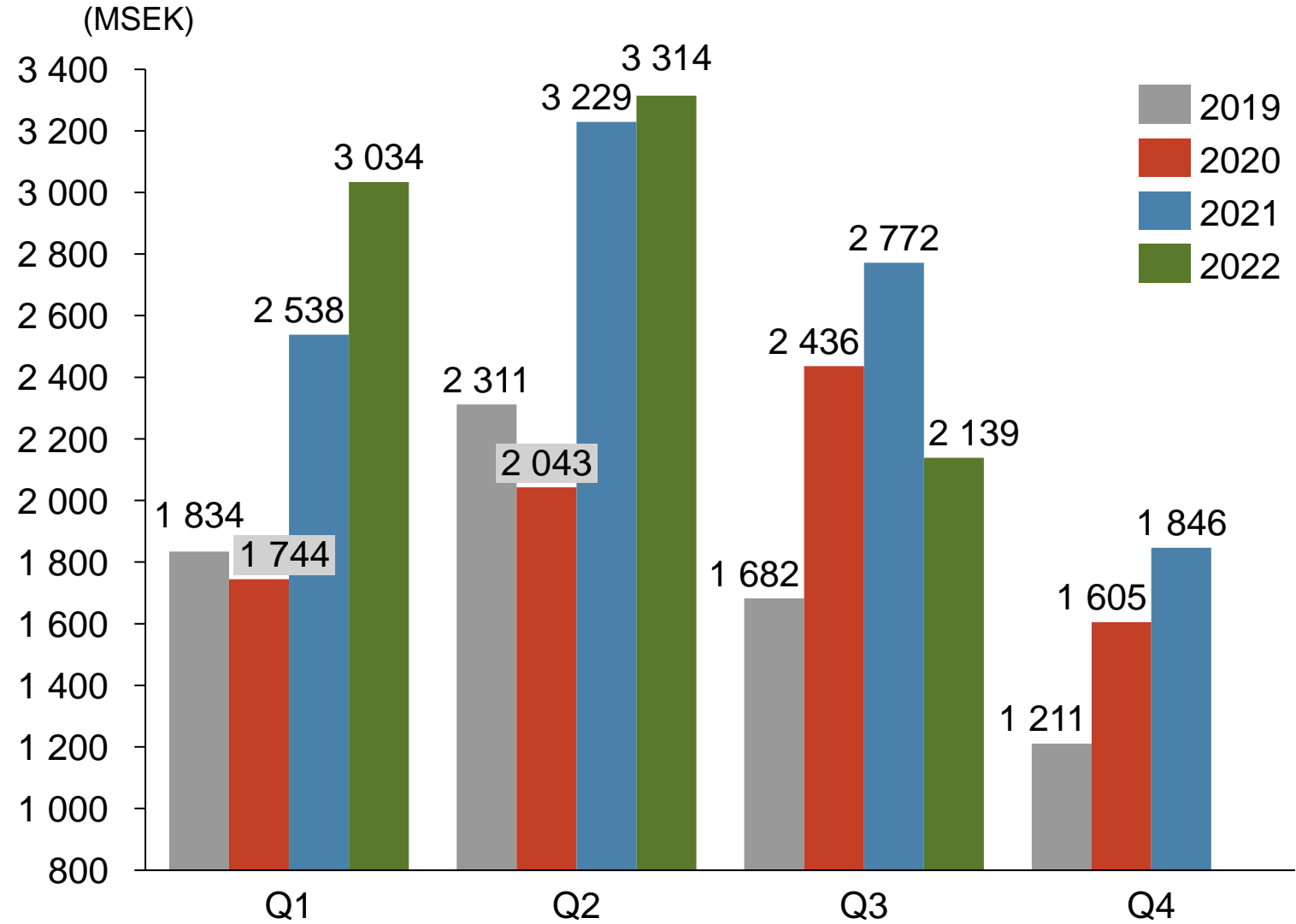
YTD



¹ Constant currency adjustment based on average FX rates 1 July 2022 – 30 September 2022.

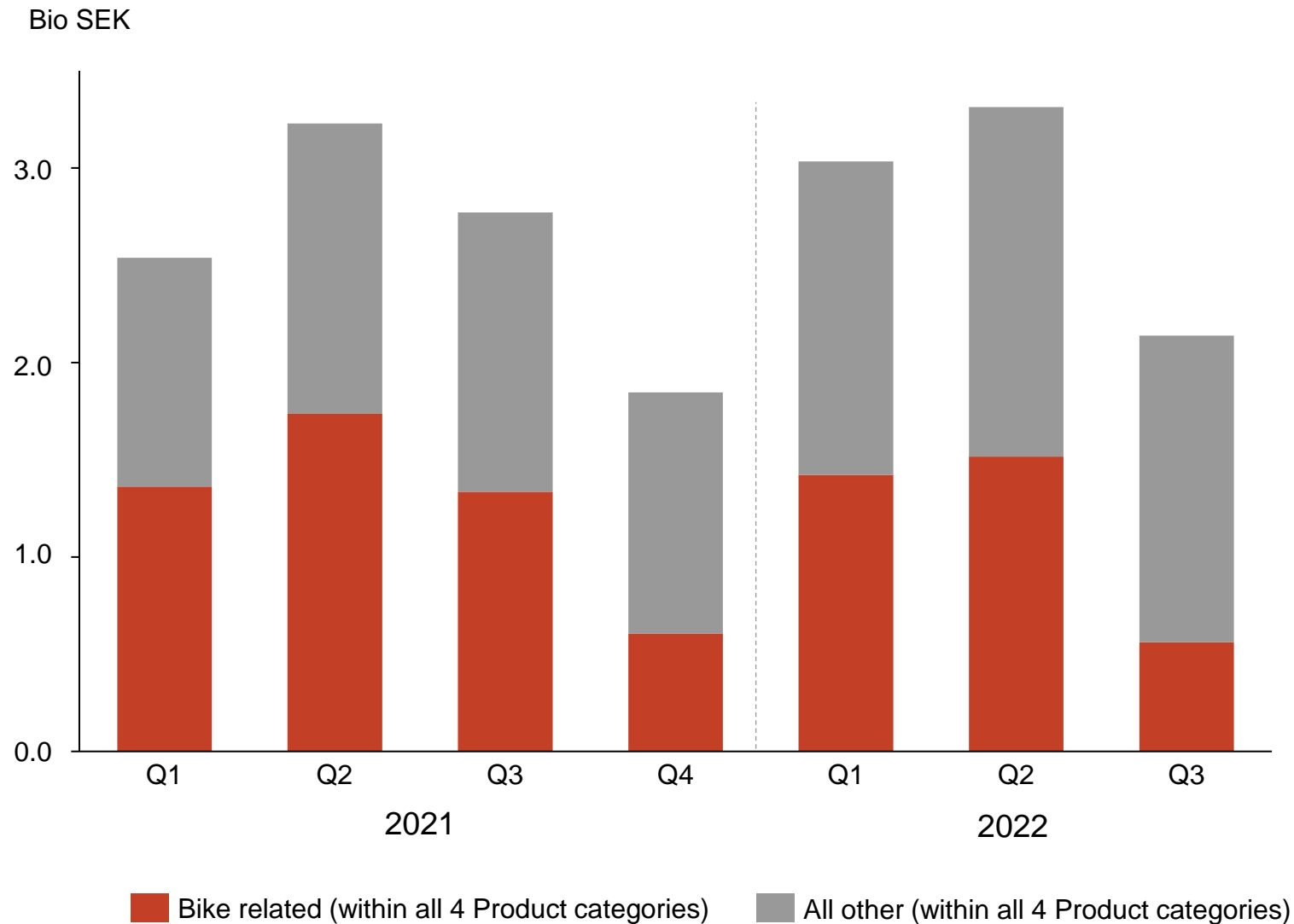
² Constant currency adjustment based on average FX rates 1 January - 30 September 2022.

Thule Group Sales by Quarter (Reported currency)



- 2022/Q1 – Very strong vs. 2021 and 2019
 - +20% vs 2021/Q1 (reported currency)
 - +13% vs 2021/Q1 (Fx adjusted)
 - +64% vs 2019/Q1 (Fx adjusted)
- 2022/Q2 – In line with 2021, strong vs. 2019
 - +3% vs 2021/Q2 (reported currency)
 - -3% vs 2021/Q2 (Fx adjusted)
 - +43% vs 2019/Q2 (Fx adjusted)
- 2022/Q3 – Far behind 2021, strong vs. 2019
 - -23% vs 2021/Q3 (reported currency)
 - -29% vs 2021/Q3 (Fx adjusted)
 - +23% vs 2019/Q3 (Fx adjusted)
- Many uncertainties in regards to market conditions in the coming quarters
 - The general consumer confidence in uncertain world market
 - Retailers with higher stock levels
 - RV manufacturers struggling to get chassis to build motorhomes on

Thule Group Sales by Quarter (Reported currency) – Bike related of Total



- Background for sharing Bike related share of total across all 4 Product categories
 - Throughout 2021 we saw an exceptional year within Bike related products over all four quarters, as communicated numerous times
 - In 2022 we saw a very strong pre-season start with Bike retail being very bullish, but in Q3 we saw a very rapid decline as bike retail sat on generally high inventory levels
- Product Categories have different exposure to Bike related sales
 - Juvenile & Pet highest share of Bike related products as we are market leader in bike related transport of children
 - Sport&Cargo carriers also high as Bike Carriers is large category in all markets
 - RV Products relatively smaller share, even if we are clear European market leader, as Awnings & Tents dominate
 - Packs, Bags & Luggage lowest share as Bike Panniers, Bike Hydration packs and Bike Transport cases are relatively small niche categories

Region Europe & RoW: Bike retail hits the brakes

- **2022/Q3 Net sales 1 418 MSEK (1 922)**
-29% decline (constant currency)
- Bike related product category sales reduced much more than anticipated vs extraordinarily strong 2021/Q3
- Good start for Roof Racks and Boxes during summer vacationing period, but weaker at the end of the period
- RV Products category very strong as motorhome manufacturers in Europe started to catch up with some of the backlog
- Juvenile & Pet hit hard by reduced sales in Bike Trailers and Child Bike Seats, but strong Stroller period
- Smallest category Packs, Bags & Luggage grows with successful collection launches and as commuting to universities and offices start to pick up, but still limited travel in Asia
- Southern hemisphere performs better than Northern hemisphere



Region Americas: Bike categories hit hard

- **2022/Q3 Net sales 721 MSEK (850)**
-29%vs PY (constant currency)
- Bike related product category sales reduced much more than anticipated vs extraordinarily strong 2021/Q3
- Sport&Cargo Carriers - Box sales strong during vacation period
- Packs, Bags & Luggage, which is more significant in this region, grows strongly as commuting to universities and offices start to pick up and as air travel back at high levels
- Disappointing sales in Juvenile products and changes implemented in commercial team
- Our small niche category RV Products continues to grow strongly
- Latin America relative performance better than larger N. American markets



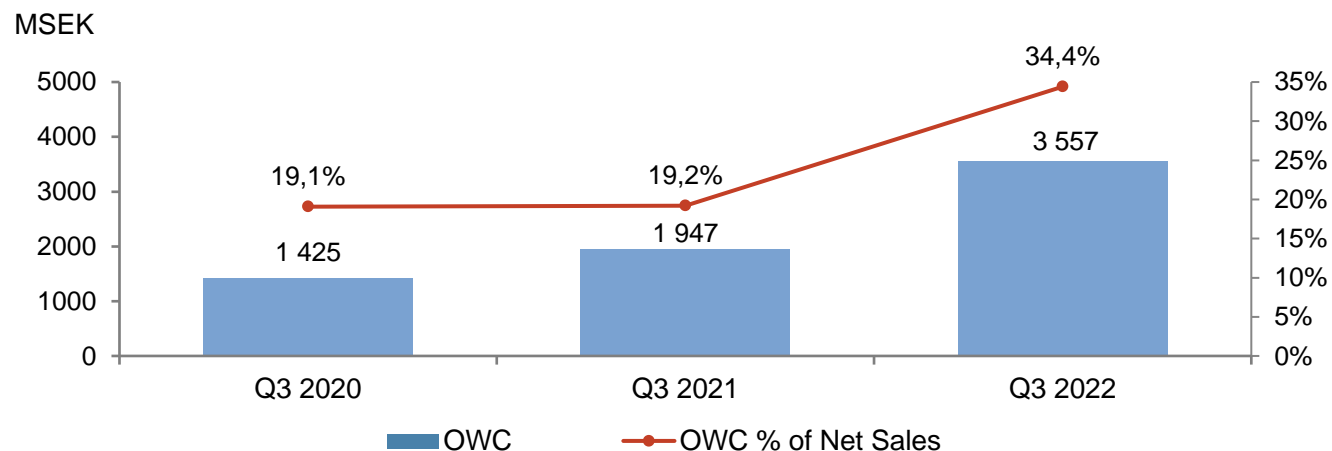
2022/Q3 Reported income statement

	Jul - Sep		Jan - Sep		LTM	Full-year 2021
	2022	2021	2022	2021		
Net sales	2 139	2 772	8 487	8 540	10 333	10 386
Cost of goods sold	-1 415	-1 647	-5 148	-5 001	-6 372	-6 226
Gross income	724	1 125	3 339	3 538	3 961	4 160
Other operating revenue	-	-	-	15	-	15
Selling expenses	-439	-372	-1 355	-1 146	-1 690	-1 481
Administrative expenses	-92	-83	-282	-257	-379	-354
Operating income	193	670	1 703	2 150	1 892	2 340
Net interest expense/income	-17	-12	-38	-27	-48	-37
Income before taxes	177	658	1 665	2 123	1 845	2 303
Taxes	-39	-142	-374	-487	-400	-513
Net income	137	516	1 291	1 636	1 445	1 790
Net income pertaining to:						
Shareholders of Parent Company	137	516	1 291	1 636	1 445	1 790

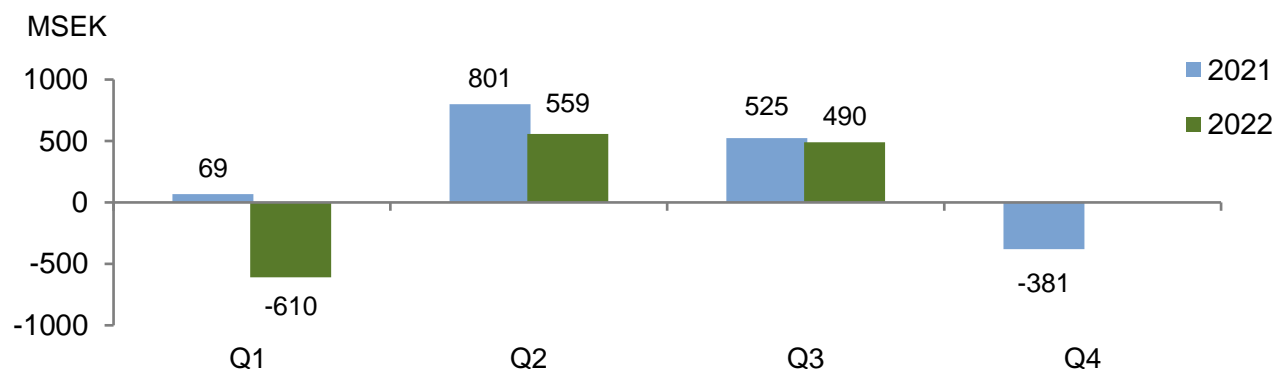
- Sales decline in the period by 23%
 - - 29% in constant currency
- Gross Margin 33.9% (40.6%)
 - Main impact coming from lower volumes in bike products, also leading to an unfavorable product mix shift
 - LTM 38.3% (40.1% FY2021)
- EBIT-margin 9.0% (24.2%)
 - SG&A increase by 76 MSEK from 455 MSEK to 531 MSEK
 - Currency effect (40 MSEK)
 - Higher inventory cost
 - Product Development push
 - Increased marketing spend for entry into Car Seats and fair participation
- Tax rate of 22.2%
 - Guidance 22%-25%

Thule Group Financials 2022/Q3: Cash Flow

Operating Working Capital



Operational Cash Flow



Operating Working Capital

- High inventory levels main factor
- Operating working capital, 30 Sep. 2022:
 - Inventory: 3 140 MSEK (1 589)
currency effect +174 MSEK
 - Accounts receivables: 1 034 MSEK (1 347)
currency effect +176 MSEK
 - Accounts payable: 622 MSEK (989)
currency effect +80 MSEK
- Currency effect +270 MSEK vs prior year
OWC excluding currency impact was 32,0%
- Inventory reduced since last quarter by -8 MSEK (322),
excluding currency impact the decrease is 117 MSEK

Operational Cash Flow

- 2022/Q3 operational cash flow 490 MSEK (525),
a decrease by 35 MSEK vs PY
 - Inventory +103 MSEK (-309) in the quarter
 - Accounts receivable + 720 MSEK (+245) in the quarter
 - Accounts payables -355 MSEK (-11) in the quarter
 - CapEx -116 MSEK (-113) in the quarter

Coming quarters – Operational focus to handle challenging market

- Exceptionally strong comparative periods (2021/Q4 and 2022/Q1)
- Facing a very cautious retail sector and consumers in general being under cost pressure
 - We have reduced staffing levels in plants for lower volumes
 - Product mix will continue to be negative for Gross Margin
- Continued focus on long-term growth strategy
 - Product Development to fuel long-term growth with entry into new product categories
 - Capacity expansion with automation for key volume products as well as new product categories – while being adaptable to market development
 - Improved Online B2B and DTC tools
 - No additional price increases implemented in 2023 January, but some positive full year effect from 2022 mid year increases
- Challenged Supply Chain situation
 - Still long shipment times and global logistics bottle necks
 - Improved efficiencies in assembly plants thanks to recent CapEx implementations will take effect once we ramp up production
- *Still many uncertainties around the world, so we need to continue to be quick to act and flexible*



Still convinced about Long-term Strategic Plan and Financial Targets 2030

REVENUE	20 bn. SEK by 2030	SUSTAINABILITY Meet ambitious Science Based Targets for reduction of greenhouse gas emissions
PROFIT	Maintain >20% EBIT-Margin	
CASH DIVIDEND	>75% of annual Net Income	

Q&A



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