

2023/Q1 Report

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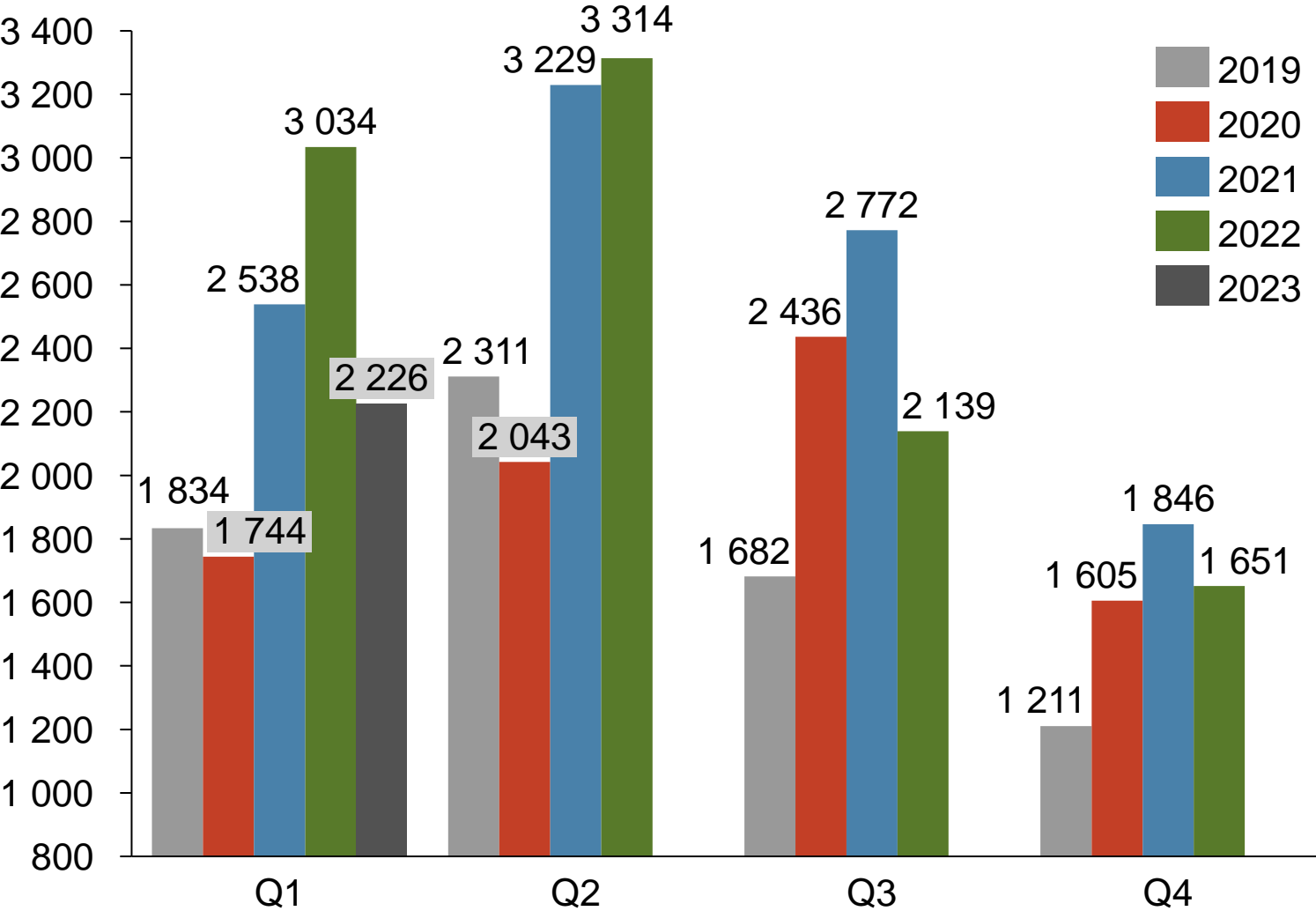
Thule Group »

2023/Q1 – Slow start due to high retail stock levels, but good profitability

- Sales 2,226 MSEK, -31% Fx adjusted vs PY
 - In line with expectations, as compared with extremely strong comps 2022/Q1 and impacted by high inventory levels in Bike Retail
 - +12% vs pre-pandemic 2019/Q1 (Fx adjusted)
- Gross Margin improves to 41.2% (40.0%)
 - Improvement of 1.5 p.p. (Fx adjusted)
 - Key contributor: Price increases compensating for cost increases
 - Positive: Freight cost reductions and channel mix with higher share DTC
 - Negative: Supply chain under absorption of fixed costs and product mix
- SG&A kept steady despite aggressive product development push
 - SG&A costs of 534 MSEK vs 522 MSEK PY
 - 17 MSEK cost reduction in constant currency
- EBIT Margin at 17.2% (22.8%)
 - EBIT of 382 MSEK vs 692 MSEK PY
- Operational Cash Flow +162 MSEK (-610)
 - Inventory reduction of 158 MSEK



Thule Group Sales by Quarter (Reported currency)



- 2023/Q1 – Weak vs extreme 2022 and OK vs pre-pandemic 2019
 - -27% vs 2022/Q1 (reported currency)
 - -31% vs 2022/Q1 (Fx adjusted)
 - +12% vs 2019/Q1 (Fx adjusted)
 - 2022/Q1 by far most difficult comp, as +64% 2022/Q1 vs 2019/Q1
- 2023/Q2 – Very tough comp 2022/Q2
 - +43% 2022/Q2 vs 2019/Q2 (Fx adjusted)
 - Still high inventory in Bike retail in April-May
- 2023/Q3 – Easy comp 2022/Q3
 - +23% 2022/Q3 vs 2019/Q3 (Fx adjusted)
 - Bike retailers put the brakes on in 2022/Q3
- 2023/Q4 – Relatively easy comp 2022/Q4
 - +28% 2022/Q4 vs 2019/Q4 (Fx adjusted)
- Uncertain market conditions
 - Retailers with high stock levels start of season
 - Inflationary effects on consumer demand

Region Europe & RoW: Bike category still hit hard by high retail stock levels

- **2023/Q1 Net sales 1,698 MSEK (2,158)**
-26% decline (constant currency)
- Bike category hit hard by a period with heavy retail destocking, and also as compared to PY, same quarter, with stock build-up
- Retailers generally cautious with inventory levels pre-season across other Sport&Cargo Carriers sub-categories
- RV Products solid quarter thanks to Motorhome manufacturers catching up with some of the orderbook backlog
- Packs, Bags & Luggage categories grow as commuting to universities and offices starts to pick up, also in Asia
- China and SE Asian markets growth driven by strong bag sales, with easy comp period, as limited travel was allowed in 2022/Q1
- Strongest comparable Market performance in countries located near Ukraine, as the Russian invasion dented purchasing confidence from retail also in neighboring countries in 2022
- Direct To Consumer (DTC) show strong growth from small base



Region Americas: N. American retailers reduce inventory levels

- **2023/Q1 Net sales 528 MSEK (876)**
-45% decline (constant currency)
- Bike category hit hard by a period with heavy retail destocking, and also as compared to PY, same quarter, with stock build-up
- N. American retailers generally cautious with inventory levels pre-season across other Sport&Cargo Carriers sub-categories, as well as in the Juvenile & Pet category
- Small niche RV Products category weak, with general market hit hard with weak Motorhome purchases
- Packs, Bags & Luggage categories grow as commuting to universities and offices starts to pick up
- Latin American distributor markets growth partly due to easy comp period, as cautious purchases in 2022/Q1
- Direct To Consumer (DTC) show strong growth



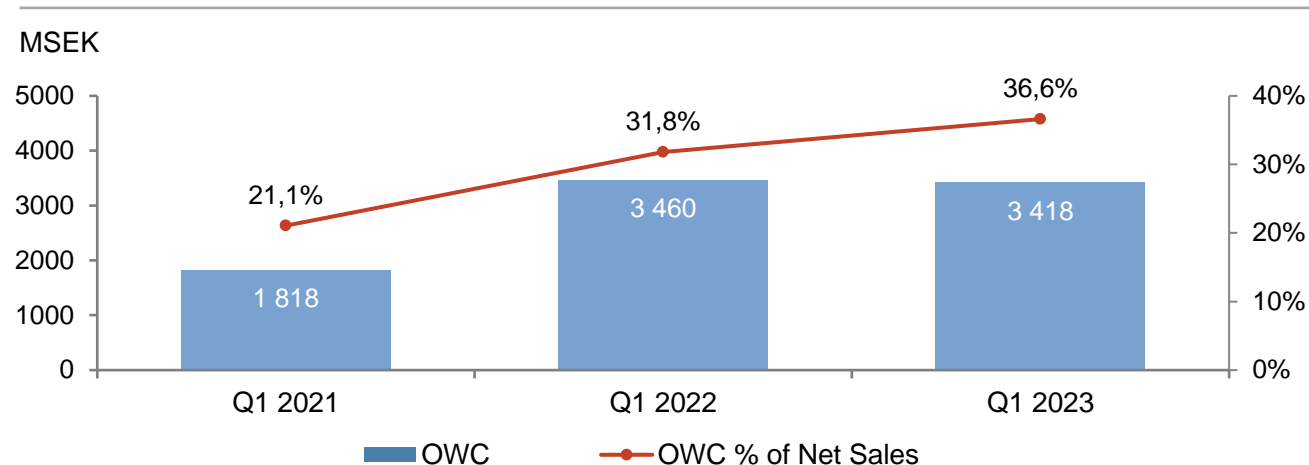
Thule Group Financials 2023/Q1: Reported income statement

MSEK	Q1			Full-year
	2023	2022	LTM	2022
Net sales	2 226	3 034	9 330	10 138
Cost of goods sold	-1 310	-1 819	-5 769	-6 279
Gross income	916	1 215	3 561	3 859
<i>Gross margin %</i>	<i>41,2%</i>	<i>40,0%</i>	<i>38,2%</i>	<i>38,1%</i>
Selling expenses	-430	-429	-1 769	-1 768
Administrative expenses	-104	-93	-396	-385
Operating income	382	692	1 396	1 706
<i>EBIT margin %</i>	<i>17,2%</i>	<i>22,8%</i>	<i>15,0%</i>	<i>16,8%</i>
Net interest expense/income	-24	-11	-72	-59
Income before taxes	358	682	1 324	1 647
Taxes	-84	-155	-302	-373
Net income	275	527	1 022	1 275

- Sales decline in the quarter by 27%
 - -31% in constant currency
- Gross margin 41.2% (40.0%)
 - Price increases in 2022 and reduced freight costs
 - Positive channel mix
 - Lower volumes ⇒ cost of unutilized production capacity
 - Still high cost of material
 - Unfavorable product mix
- SG&A-increase by 12 MSEK (from 522 MSEK to 534 MSEK)
 - 17 MSEK decrease in constant currency
 - Aggressive product development push
 - Temporary cost for handling high inventory impact selling expenses
- EBIT-margin 17.2% (22.8%)
- Tax rate of 23.3% (22.7%) in period

Thule Group Financials 2023/Q1: Cash Flow

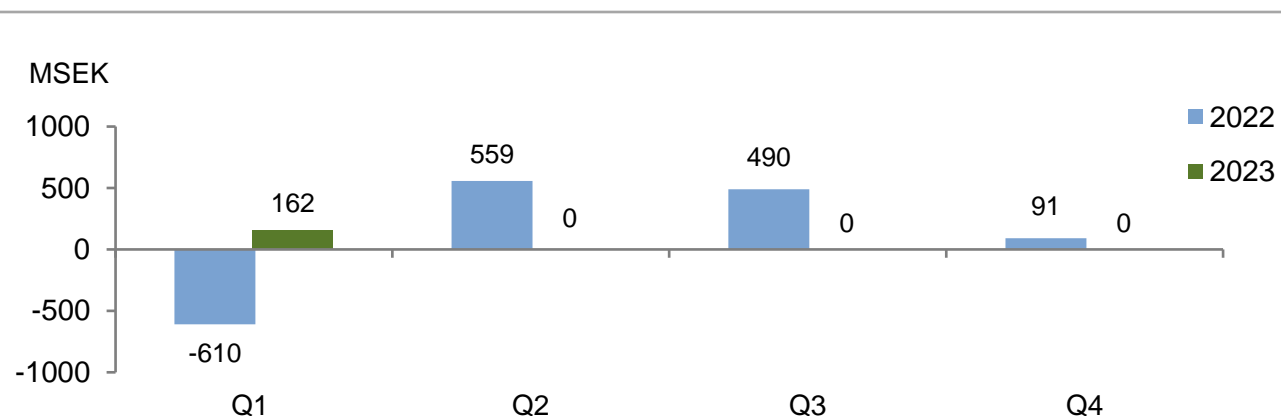
Operating Working Capital



Operating Working Capital

- Operating working capital slightly lower than 2022/Q1, with inventory 6% down, excl. FX
- Operating working capital, 31 Mar. 2023:
 - Inventory: 2 999 MSEK (3 022)
currency effect +178 MSEK
 - Accounts receivables: 1 085 MSEK (1 616)
currency effect +115 MSEK
 - Accounts payable: 666 MSEK (1 178)
currency effect +87 MSEK
- Currency effect +206 MSEK vs prior year – OWC excl currency impact is 34,4%

Operational Cash Flow

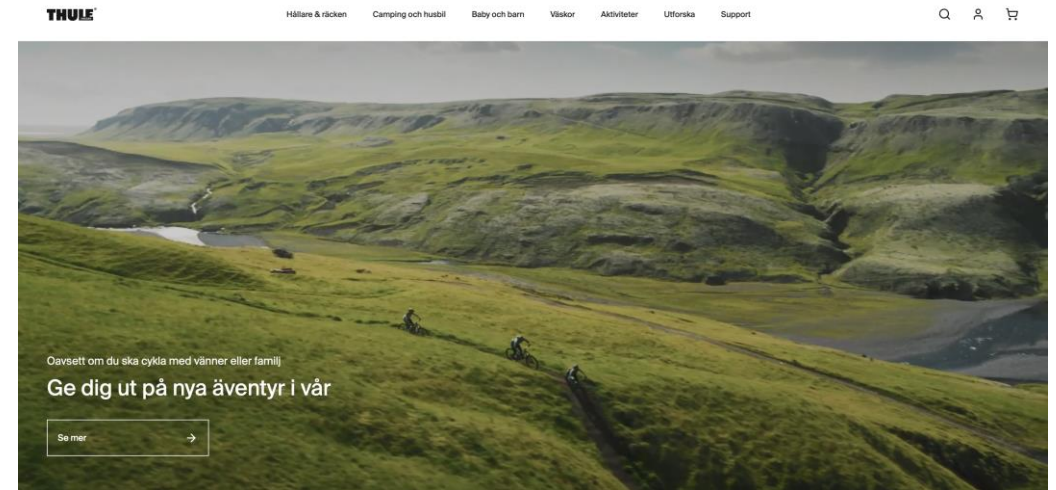


Operational Cash Flow

- Q1 operational cash flow 162 MSEK (-610), an increase by 772 MSEK vs PY
 - Inventory reduction 158 MSEK (-469)
 - CapEx 59 MSEK (148) in the quarter

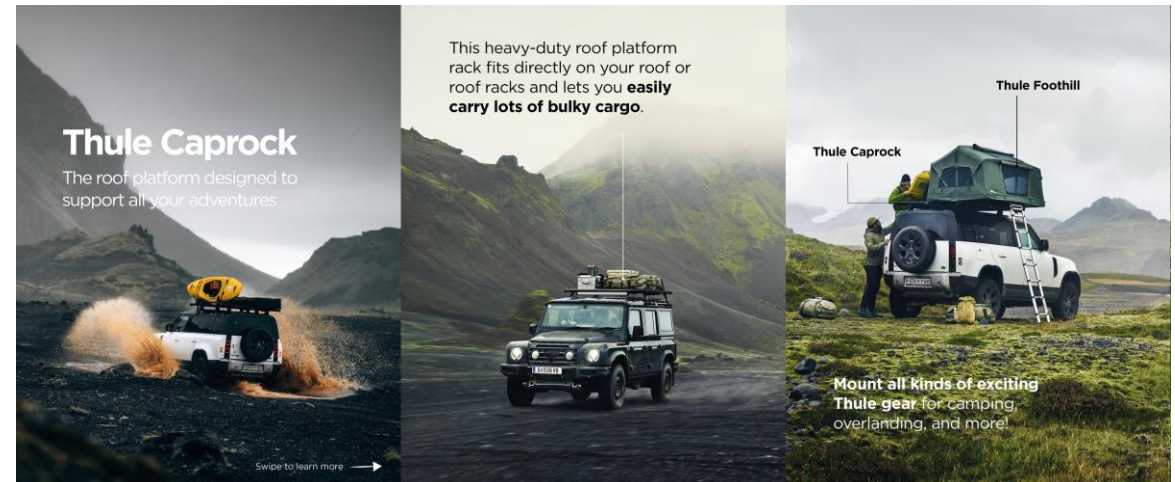
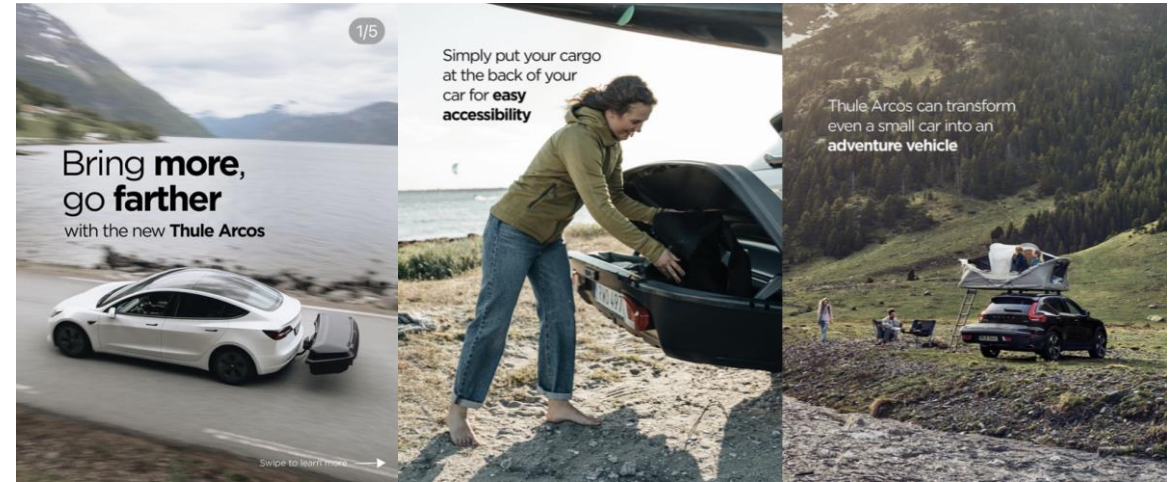
Strong marketing push to drive brand building and sales in coming period

- We continue dial up the "lifestyle" positioning by utilizing all the great new products, but also with more emotionally loaded marketing initiatives
- Digital focus at the core for the future and great recent steps taken with thule.com refresh going live on March 21
 - New thule.com is live with more sales driving tools and inspirational stories
 - Push with authentic and credible messages and story telling with our long term ambassadors with a strengthened focus on Social Media
- Using our great offer of products to drive awareness and sales also at fairs, events and pop-up activities with high consumer flows
 - Image on the right an example from an lifestyle pop-up at Copenhagen Airport



More new products than ever launched in the coming 18 months

- Key Consumer launches Spring 2023
 - Thule Approach – most spacious roof top tent in the market
 - Thule Arcos – energy-efficient premium rear of car cargo box
 - Thule Caprock – premium lifestyle roof platform
 - Thule Epos – revolutionary premium rear of car bike carrier
- Key Consumer launches autumn 2023
 - Thule Allax – safest dog crate for the car trunk in the market
 - Several new bag models
- Trade Introductions 2023 for Consumer Launches 2024
 - Car seat launch postponed to 2024/Q2 as lead-time issues with assembly equipment delays volume ramp-up
 - Key innovative volume driving new products within all Product Categories at this summer's fairs and events
Will be shared more in the 2023/Q2 update



Thule Epos – New innovative premium towbar/hitch bike carrier



2023 Focus – Continue to drive our growth strategy

- Growth focused strategy remains unchanged
 - Prices kept stable after several increases 2021-2022
 - Drive profitable organic sales growth via great products
 - Strengthen the global lifestyle Thule brand further with *Bring your life*
 - Utilize strong back-end organization to drive cost efficient growth
 - Increased roll-out of sales supporting tools for retail
 - Boost Direct to Consumer sales with several initiatives
- Product portfolio and development push to fuel growth
 - Exciting key volume driving in core categories coming 12-18 months
 - New product category entries
- Lowest level of production staffing in last 5 years at beginning of year, as we have high inventory levels
- Continuous improvements in our Supply Chain set-up
 - Automation focus
 - CapEx levels decrease after heavy push for capacity
- Strong cash generation as we sell down our inventory

- *Very tough comps at beginning of year and easy comps 2nd half*
- *Still many uncertainties around the world so we need to be as quick to act and as flexible as in recent years*
- *New CEO, Mattias Ankarberg, will take over August 9*





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