

2023/Q2 Report

2023-07-19

M. Welander, CEO
J. Lindqvist, CFO



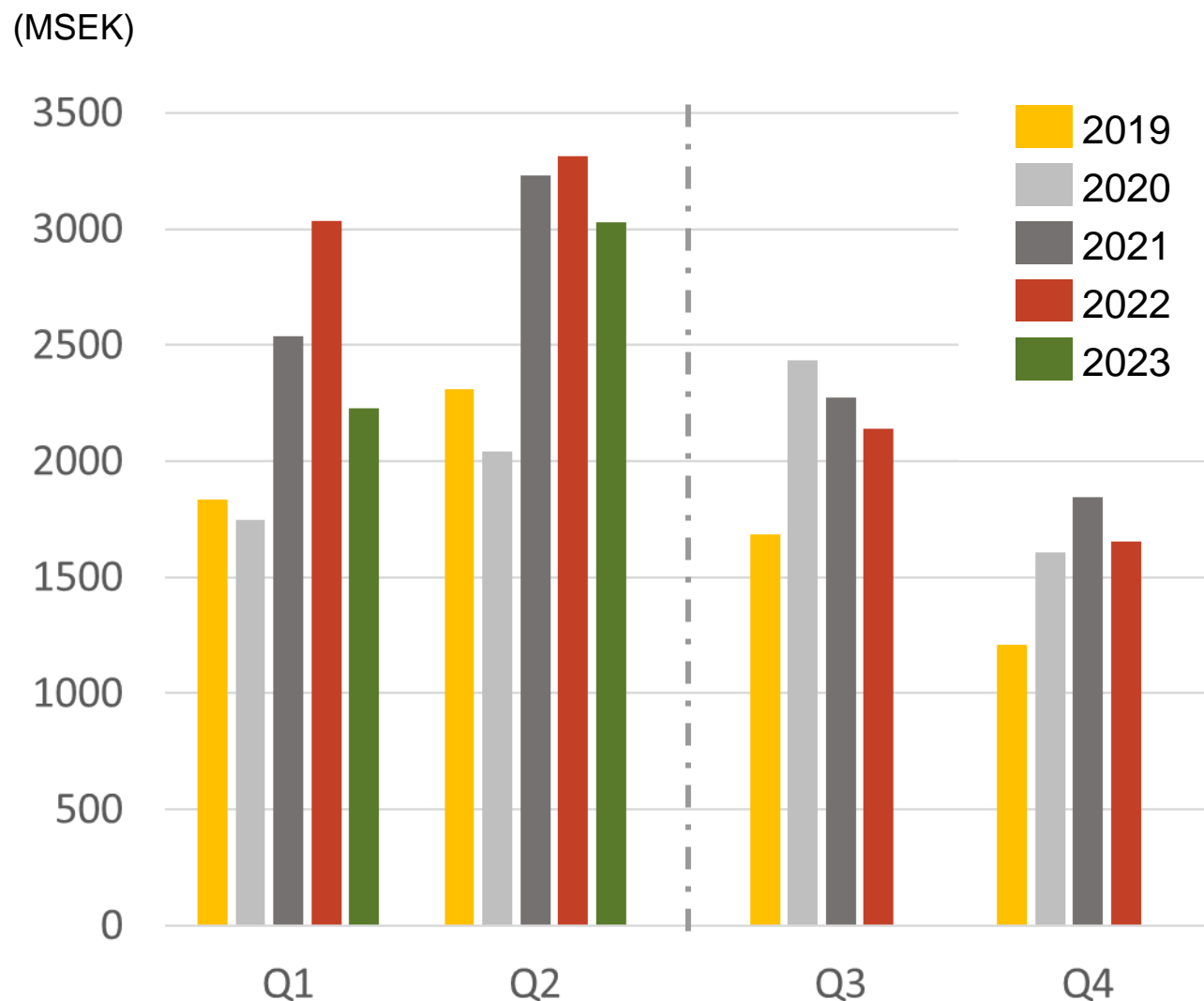
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Executive Summary: 2023/Q2 started slow, but with best ever Gross Margin

- Sales of 3,029 MSEK (3,314), -15% Fx adjusted
 - +23% vs pre-pandemic 2019/Q2 (Fx adjusted)
 - Monthly trend positive
- Gross Margin improves +1.3 p.p. vs 2022/Q2 to highest ever quarterly gross margin at 43.6%
 - POSITIVE: Price increases introduced in 2022 July, reduced freight costs, positive channel mix
 - NEGATIVE: Negative economies of scale
- SG&A kept steady despite aggressive product development push
 - SG&A costs of 610 MSEK vs 583 MSEK PY
 - 5 MSEK cost reduction in constant currency
- EBIT Margin at 23.5% (24.7%)
 - EBIT of 711 MSEK vs 817 MSEK PY
- Operational Cash Flow +783 MSEK (+559)
 - Inventory reduction of 308 MSEK



Thule Group Sales by Quarter (Reported currency)



- 2023/Q1 – Weak vs extreme 2022
OK vs 2019
 - -31% vs 2022/Q1 (Fx adjusted)
+12% vs 2019/Q1 (Fx adjusted)
 - High inventory in Bike retail

- **2023/Q2 – Weak vs extreme 2022
Good vs 2019**
 - -9% vs 2022/Q2 (reported currency)
-15% vs 2022/Q2 (Fx adjusted)
+23% vs 2019/Q2 (Fx adjusted)
 - 2022/Q2 also a very tough comp, as
+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 retail pulled handbrake in 2022/Q3

- 2023/Q4 – Relatively easy comp 2022/Q4
 - +28% 2022/Q4 vs 2019/Q4 (Fx adjusted)

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

- **2023/Q2 Net sales 2,247 MSEK (2,412)**
-14% decline (constant currency) vs 2022/Q2
+26% growth (constant currency) vs 2019/Q2
- Strong improvement month over month as bike category hit hard in the start of the quarter with heavy retail destocking, and also as compared to same time PY, which saw heavy 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
- Juvenile & Pet sees growth thanks to child bike trailer growth at the end of quarter, with retailer inventories normalizing in Q2
- Luggage and duffels best performing sub-category in Packs, Bags & Luggage category
- Strongest comparable Market performance in UK and Poland, while France underperformed with cautious large retail chains
- Direct To Consumer (DTC) show strong growth from small base



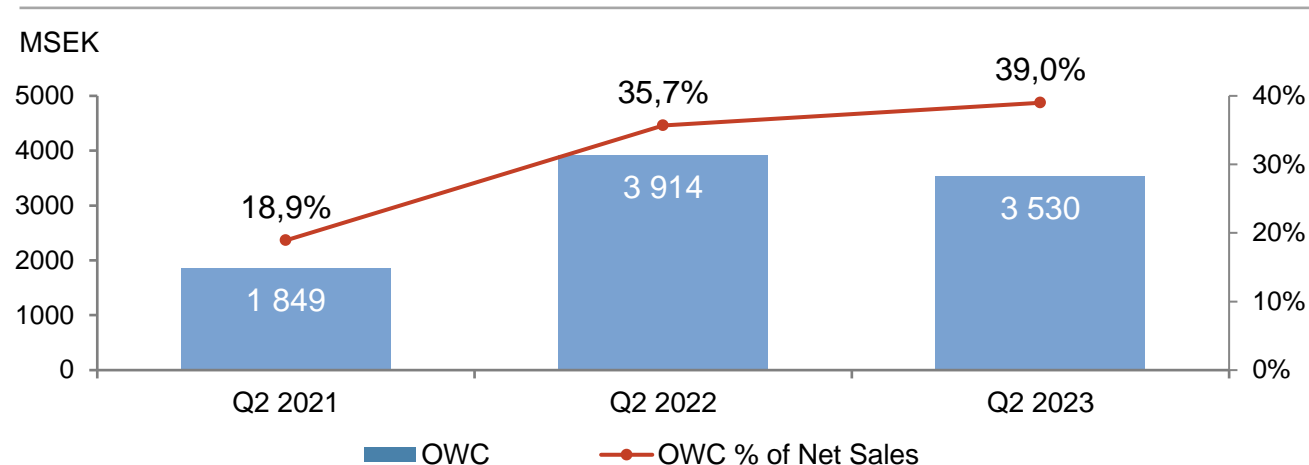
Region Americas: N. American retailers reduce inventory levels

- **2023/Q2 Net sales 782 MSEK (902)**
-18% decline (constant currency) vs 2022/Q2
+10% growth (constant currency) vs 2019/Q2
- Bike category hit hard at the beginning of the period with heavy retail destocking, and also as compared to same quarter PY, which saw heavy stock build-up
- N. American retailers generally cautious with inventory levels across other Sport & Cargo Carriers sub-categories, as well as in the Juvenile & Pet category
- Our small niche RV Products category in this region was weak, with general market hit hard with weak Motorhome sales
- Packs, Bags & Luggage categories hit by earlier strategic decision to phase out some low margin OE B2B bags business, while luggage and duffels continue to grow nicely
- Latin American markets grow
- Direct To Consumer (DTC) shows strong growth

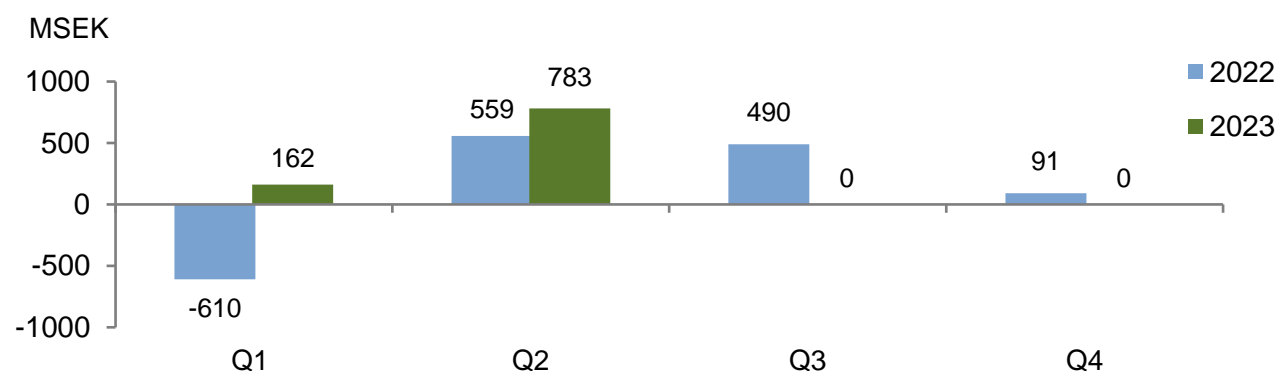


Thule Group Financials 2023/Q2: Cash Flow

Operating Working Capital



Operational Cash Flow



Operating Working Capital

- 2023/Q2: Operating working capital down as inventory is reduced according to plan
- Operating working capital, 30 Jun. 2023:
 - Inventory: 2 691 MSEK (3 148)
currency effect +186 MSEK
 - Accounts receivables: 1 574 MSEK (1 734)
currency effect +105 MSEK
 - Accounts payable: 735 MSEK (967)
currency effect +69 MSEK
- Currency effect +222 MSEK vs prior year – OWC excl currency impact is 36,6%
- Inventory changed since last quarter by -308 MSEK (126)

Operational Cash Flow

- 2023/Q2 operational cash flow 783 MSEK (559), an increase by 225 MSEK vs PY
 - Inventory 430 MSEK (6)
 - CapEx -49 MSEK (-113) in the quarter

More new product launches than ever 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
 - Bike related products introduced at Eurobike event in June
 - Thule Chariot Gen.3 – world’s best child bike trailer just go better
 - Thule Bexey – Thule’s first dog bike trailer
 - Thule Paramount - innovative 2-in-1 bike pannier & everyday backpack
 - Further key innovative volume driving new products within all Product Categories at this summer’s fairs and events
Will be shared more in the 2023/Q3 update



2023/H2 Focus – Continue to drive our growth strategy

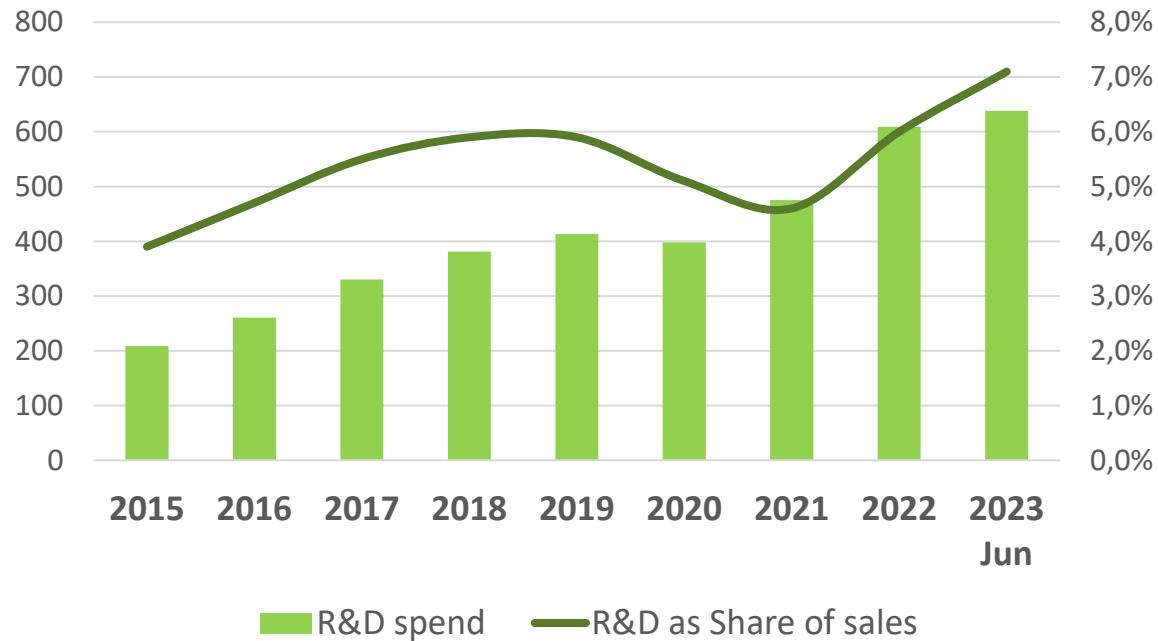
- Growth focused strategy remains unchanged
 - Prices kept stable after several increases 2021-2022
 - Drive profitable organic sales growth via great products
 - Strengthen the global lifestyle Thule brand further
 - Utilize well-invested back-end to drive cost efficient growth
 - Increased roll-out of sales supporting tools for retail
 - Boost Direct to Consumer sales with several initiatives
- Product portfolio and development push to fuel growth
 - Key volume driving product launches coming 12-18 months
 - Completely new product category entries on top
- Low level of production staffing to reduce inventory levels
- Continuous improvements in our Supply Chain set-up
- Strong cash generation as we sell down our inventory

- *Easy 2022 comps 2nd half of the year*
- *Still many uncertainties around the world so we need to be as quick to act and as flexible as in recent years*



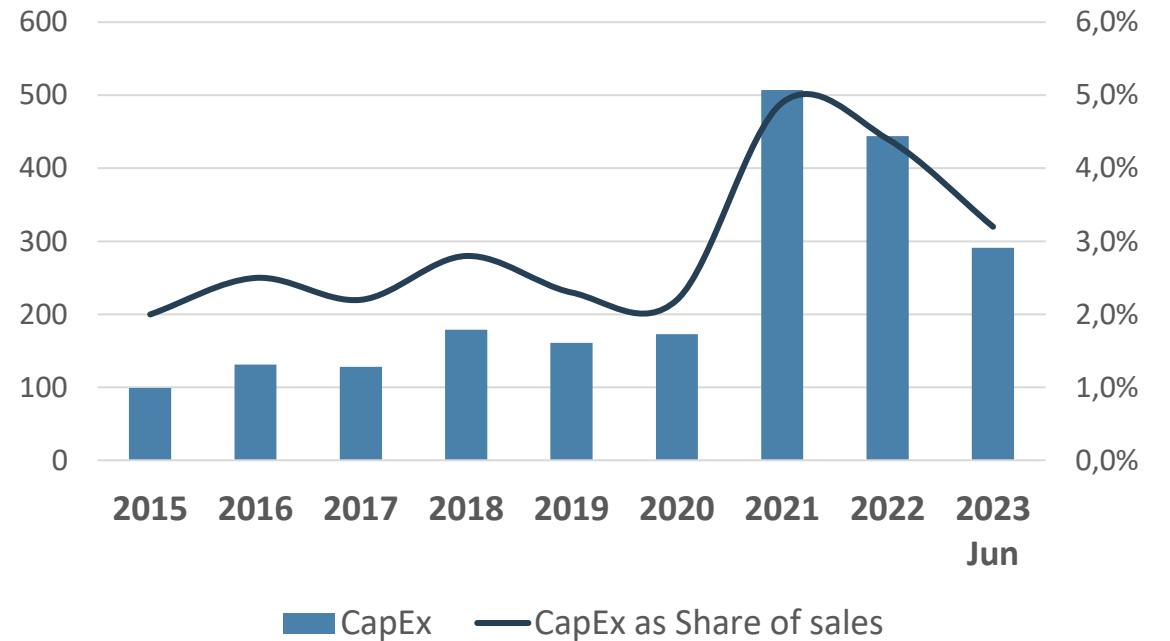
We have invested for future profitable growth

Product Development (MSEK & share of sales %, LTM)



- We continued our focus on driving long-term growth via new product launches
- Despite temporary reduction of sales our strategy to push hard for key volume launches in 2023-2025 period continued
- Entry into new product categories with no revenue hits hard percentage of sales

CapEx (MSEK & share of sales %, LTM)



- With strong growth 2020-2021 we fell behind on production capacity and needed to invest more than past in 2020-2023
- In addition we also
 - Invested in new Product Development facility and Thule Test Center
 - Invested in automation for new volume products in existing categories
 - Invested in production capacity for completely new categories

Time to hand over (with a proud smile) to a new CEO

- This, my 35th quarterly report as stock listed CEO, will be my last as I on August 9th hand over to Mattias Ankarberg, who will move from board member to take over as new CEO
- I am very proud over what I and my colleagues have achieved together over the 17 years I have been at Thule and especially after taking over as a CEO of a different Thule in 2010
- Thule Group is today a stronger company in every single aspect
 - Successful divestment of underperforming car industry sub-supply divisions
 - Changed from wholesaler model to Retail sales and exiting start of DTC journey
 - World-class Product Development with more design/test awards than any player in the sector
 - Modern and very well invested Supply Chain
 - True Sustainability mindset with high ambitions and strong track record
- Thule a well-established global lifestyle brand
- Strong financial results delivered and big dividends paid to investors (~7 Bio SEK by 2023)
- Strong internal people growth and very attractive as employer in all our markets
- Great new products coming next 2 years in sectors with long-term positive market trends
- **BUT**, in the end (especially all you analysts and investors), will judge a CEO on how well the investment has grown under their management.

I am therefore proud that we have created a fantastic return on investment. Both as an unlisted entity and since 2014 with an impressive share price development as a public company.

- *In closing a huge **THANK YOU** to all my fantastic colleagues!*
 - *You have made the 17 years a great ride and I am sure that you will help Mattias in the same way to continue the successful Thule journey!*



Q&A



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