



# **Thule Group Investor Meeting**

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## Update on Strategy and Acquisition of Quad Lock

Mattias Ankarberg

*Chief Executive Officer, Thule Group*

Toby Lawton

*Chief Financial Officer, Thule Group*

### Introduction

**Mattias Ankarberg:** Thank you very much. And welcome, everybody, to this call. I am here today with Toby Lawton, our CFO as well. And we will be speaking to the presentation that is available through the webcast, but also on our webpage afterwards. We have termed this presentation Update on Strategy and Acquisition of Quad Lock, which we announced this morning, and we would like to cover both points.

### Quad Lock Company

Before I dig into the presentation, let me just share a few words about the acquisition that was announced this morning, our time. So we are quite excited, I think for three reasons. First of all, Quad Lock is a really great company. Global market leaders in a very attractive niche within outdoor lifestyle of performance mounts, make high-quality products. It is almost a category-defining brand, very well-appreciated brand. Talented people and of course a history of very good growth and at good margins.

Founded not too long ago in 2011 by two gentlemen in Australia. I think we are just impressed by what they and then, of course, now a much bigger team have achieved. So that is number one, a really great company we are excited about. Number two, we think this fits really great into the strategy that we are pursuing both in terms of our brand, in terms of our strategic priorities and actually in terms of culture. And we will cover a lot of that today. And then lastly, there is also good complementarity. So there are clear opportunities for us to develop things further together in a couple of ways. I mean, just look geographically first. Thule is the strongest in Europe, and Quad Lock is strongest in North America and Asia Pacific. Channel perspective, Thule is really over 90% sold through retail or distributors, whereas Quad Lock is 75% sold through direct-to-consumer or e-commerce. So we can help each other there, too. And then also in terms of consumer or target consumers, Thule's biggest exposure is within bike, where of course, Quad Lock also has an exposure, but the biggest is motorbike. So there will also be development opportunities in several areas.

So a great company, a great fit and opportunities to address together going forward, which we are quite excited about. We will get more into that, into the presentation. However, before we talk about Quad Lock, I would like to spend a few minutes on Thule and our strategy going forward. And for those of you who follow us, you know that I will typically in our quarterly report include some personal reflections in the CEO comment about what makes Thule strong. So I thought this would be a good opportunity to sum that up, maybe share a few more reflections and hopefully, that also helps the understanding of why Quad Lock fits so well into Thule.

**Agenda**

On page number two, that is the agenda for today. We will cover that first section of who we are very quickly, as I anticipate most people know Thule on this call, and spend more time on the strategy and the Quad Lock chapters.

**Who We Are***80+ years of product-driven growth*

So very quickly then, who are Thule, on page three. Well, we are a product company, we are a growth company, and we have been around for a long time. We have done this for over 80 years, and we were founded in Hillerstorp, in the forest in South Sweden. Started out in the winter categories with the Ski Racks and the ambassadorship with the then world-famous alpine skier, Ingemar Stenmark. Moved into water with surfboard carriers, into bike, RV, and the story goes on from there.

This year in 2024, at the bottom of the page, we have continued to launch new categories, entering just these last couple of quarters into dog transportation and car seats. So a growth-oriented product company is where we are.

*Global footprint and in-house capabilities*

On page four. We do this at a global scale, and we do this with a lot of in-house capabilities. We sell in almost 140 markets. We are quite proud about our premium brand that consumers feel represents quality, safety, good design and ease of use. We are also invested a lot in our global R&D and test centres, particularly in Sweden, where Thule is from, but also in some of our satellites. We manufacture what we do, we are proud of our culture, and we take sustainability for real and include in the way we do business.

*Solid track record of profitable growth*

We have been around for 80 plus years, but on page five, is the history we have as a publicly traded company. We had an IPO in 2014, and I think it is fair to say we had a good track record of profitable growth since. And pandemic years aside, it is a fairly steady improvement. And last 12 months we turned over almost SEK 9.5 billion with an EBIT of SEK 1.6 billion, and a margin of just over 17%.

*Ambitious sustainability agenda, creating results*

Coming back to the sustainability topic, we also have a good development towards our sustainability goals. We have several, and here I highlight the climate-related goals. And again, for those of you who follow us closely, you know that we have integrated this agenda into the way we do operations in terms of our manufacturing footprint and our product development, for example.

*Strong recognition for best product*

And lastly, but not least on the chapter of who Thule are, we are a product company, we are proud of our products, and we are also proud to be recognised for having really good products. And these are some examples of recognition we have had within the last year. We, starting from top-left, recently launched our first product into car seats, and are very proud that we, as a newcomer, won the biggest consumer test in Europe, maybe in the world, the German ADAC test for the Thule products. We have received 23 IF Design and Red Dot awards in 2024, adding to the 27 we have achieved before in history. Got some nice prizes for being best of

the best, as it is called in a few categories, and also very proud of the team to be awarded Design Team of the Year in Red Dot, as an example.

So that was, as flagged, a quite quick rundown or introduction of who we are. Now, on the coming pages, I would like to talk to who do we want to be, and how we will get there, so to speak.

### **Our Thule Strategy**

*We make the best products in the world, built to last and pass the toughest tests, and enable an active life outdoors*

And moving into the page number nine, this is how we phrase our vision. We have found our identity, as a company with over 80 years of age, that is maybe no surprise, and we are a product company, and we phrase our vision as we want to make the best products in the world. And we are also an outdoor company, and we want to make products that are of high quality. And we phrase it as we want our products to last and pass the toughest tests and enable an active life outdoors. That is who we want to be.

*Building on strengths*

And following that on the next page, we are fortunate to do this from a position of strength. And this is a page, on page ten, that I have shown several times during the last year. I think it sets a very good scene for who we are, and I am also, as a person, a fan of the principles or the mindset of building on strengths. And I think there are three important strengths at the overall level.

First of all, we are fortunate to operate in a market that has tailwind. People do want to live active lives, and increasingly so. Secondly, we are global market leaders in our key product categories. Thirdly, we invest a lot in ourselves, as I typically say, invest a lot in our own capabilities for innovation and quality, and that really helps us.

*#1: Market-leading positions are the source of our value creation*

Today, in this section, I would like to speak a bit more about the second point here, which is being global market leaders in our key product categories. I have four things to say about this, starting on page 11.

The first thing is that this is how we make money. Having been in the company for a few years, and a bit more than a year as a CEO, reflected a lot about what is the core of Thule, of course, and it is, I think, highlighting or revealing to understand that the market-leading positions are the driver of our profitable growth. We have several categories where we have been the market leader for decades. For example, rooftop boxes on the picture since the 1990s. And a handful or a few of these market-leading positions account for about 90% of the sales growth and gross profit growth, since we became a public company in 2014. So that is important.

*#2: Our market-leading positions are in categories with common characteristics*

The second point I would like to make about market-leading positions is on page 12. And that point is that they have a lot of things in common, or at least the categories have common characteristics. And I would like to highlight four things, and the pictures here are examples of some of these market-leading positions.

If it is a bike carrier or if it is a running stroller or a rooftop box, they all fit with the Thule brand. Our brand is about enabling an active life outdoors, and we are a premium brand and have premium products, and we are appreciated by enthusiasts. So that is one thing that is in common. The second one is that these categories typically have good growth, good tailwind, and also a consumer that is willing to pay for innovation and the best product in the market.

Thirdly, there are some barriers to entry. So if it is related to safety, like a bike carrier, or complexity or regulations or IP or other things, that means that there is a little bit less competitive intensity. If it is difficult to solve from a sort of safety or regulatory perspective, like a bike carrier or an RV awning, it is typically good for Thule. The last point is that we do get leverage from innovation, as I call it. So the category lends itself to be driving to getting premium positions and growth from innovation. We are positioned to deliver the best product and drive that innovation. And we also get scale from the infrastructure that we have in, for example, distribution and supply chain.

So these positions have things in common. That is message number two.

*#3: We have a proven model to extend market positions*

And message number three, on the page 13, and this is an important one. Not only do we have these positions, we have a model for how to grow them, or extend them. So I will try to explain this a little bit simplified picture of course, but on the left-hand side, by being market leaders in a niche or in a pocket, that is not just a number of units sold or a market share. That also means we have the market-leading resources. We have the best understanding of the market, we have technology platforms, we typically have intellectual property. As the biggest player in that segment, we have probably the biggest ability to invest, and we also have reach, so we can get scale on our improvements and our developments.

Secondly, by having our Thule model, that I described briefly initially, we have a lot of capabilities and a culture that suits to develop these pockets. We have invested a lot in our innovation centre. We manufacture things ourselves, we have a culture of never settling and always improving, and we get scale effects.

Combining these two, I think in my mind is the main reason why we do what I call out-innovate the market, or we push innovation to the next level, and that drives profitable organic growth. And that means we can invest more in our own capabilities, and we can extend these market-leading positions. So a bit conceptual, but I think important point to describe how we create value in Thule. And by doing this well, we grow the market share in these categories and actually, to some extent, also grow the categories themselves, and therefore, have an influence over our own future.

*Example: Building bike carriers into a top Thule category*

I would like to take a short example on this, on page 14. And this is about bike carriers, that many of you know as a core Thule category. And we can start back a bit. 30 years ago, Thule was the global market leader in so-called roof-mounted bike carriers. That is, you put the bike on the top of the car, typically have a bike carrier then mounted to your roof racks. And then in 1992, we launched the first towbar-mounted bike carrier, it was a hanging bike carrier.

Five years later, we entered the so-called platform segment, which today's version of that is seen on the picture to the right, with a product called Thule EuroClassic. And that quickly took

off, and we became a market leader. And as we were the market leader, we also had more capacity to invest. And then without going into all the details, we quickly moved forward from there, acquiring a supplier, starting in-house manufacturing, launching a mid-priced product, e-bike-focused product, launched Thule EasyFold, currently the world's most sold bike carrier, in 2014, which is a foldable premium product, etc.

And then fast-forward, launching more products, platform bike carriers overtaking rooftop bike carriers by volume. And just a couple of weeks ago, end of September, we launched what is maybe the most recent example development in this category, the world's most sold bike carrier, Thule EasyFold just got upgraded with better functionality, 50% lower CO2 emissions, and then a higher price, €100 up versus previous generation now to €949.

So it is, in my mind, a good example of how we start from a leading position, develop from there, invest and continuously push innovation, develop the market, and grow both the market and our own market share. So that was message number three regarding market leading positions.

*#4: Acquisitions have added to market-leading positions*

On page 15, message number four is that acquisitions have added to these market-leading positions. Now, Thule has not done a lot of acquisitions, but we have done a few. And here, I have listed the four of them. I have excluded the smallest ones, but four of them we have done since 2000, basically. And in 2005, we acquired a company called Omnistor, which was the European market leader in bike carriers and awnings for RVs. We acquired Chariot in 2011, a Canadian company which was the leader in multi-sport child trailers; bike seat company, Yepp, in 2017, six years later; and then Tepui Tents, just one year after that, an American manufacturer and market leader of rooftop tents that were taken to Europe.

*... that has grown fast, boosted by the Thule brand and culture*

So we have had some history of bringing acquisitions in, and adding to these market-leading positions. And on page 16, we can also see that these businesses have grown fast, and been boosted by the Thule brand and culture. And as you can see from the naming here, they have also been integrated under the Thule brand umbrella, or co-branded as we could call it, maintaining the strength of the specific category brand, but combining it with the Thule brand, and of course, combining it with the Thule people and culture, adding more passionate people who are always looking to improve and innovate the next product in these categories.

And these businesses have done quite well. I mean, Thule Omnistor has grown by 9% CAGR since acquisition; Chariot with 13%; Yepp with 10%; and Tepui, which is more recent with 23%. So that has been a good piece of value for us as well.

*Strategy: Big in pockets, united by our Thule brand*

And then summarising all this, summing up the strategy chapter of this presentation on page 17, with a mindset of building on strengths, we phrase it as our strategy as being big in pockets or niches if you will, but all united by our Thule brand. And we have four focus areas in this strategy.

One is to focus on market leadership in the attractive product categories. Second is to continue to drive what we call product-driven growth, out-innovate and extend our market positions. Thirdly, add on acquisitions to complement the organic growth, and I think

important word there is complement. Organic growth is still the foundation of our strategy. And number four, very importantly, uniting all of it with our premium Thule brand and our culture, uniting our categories and enthusiastic consumers under the one brand and culture.

So that hopefully is a little bit more information about the way we look at value creation and strategy, and connect some of the messages we have been talking about for the last couple of quarters together.

### **Introducing Quad Lock**

So with that said, let us talk about, on page 18, Quad Lock and how Quad Lock fits into Thule. And we can start with an overview of Quad Lock.

*Quad Lock helps adventures integrate smartphones in their active lives*

And if you happen to be a, I do not know, hardcore mountain biker or a motor biker, there is a good chance you are familiar with Quad Lock products. And if you are not, hopefully you are a bit more familiar after this presentation. We will try to explain what this is about. However, at the big picture, Quad Lock is a company that helps adventurers use or integrate smartphones when they are active or in their active lives. It is really a category-defining innovator of what is called performance phone mounts for outdoor adventurers and sports enthusiasts.

Founded 13 years ago in Australia, and today selling in over 100 countries, sales of almost SEK 1.5 billion, SEK 1.4 billion the last 12 months, and EBITDA more than 25%. Obviously, grown quite fast since inception, since it was just 13, 14 years ago. Quite a diversified revenue, but still with the main footprint being in North America and Australia and New Zealand. 75% of the business is through direct to consumers and a high degree of returning customers, that speaks well for the brand. And actually, an enthusiastic consumer base of two and a half million active consumers by now.

So that is the big picture facts about who Quad Lock is.

*Quad Lock is a strong fit with Thule and our strategy*

And similarly, on page 20 then, how does Quad Lock fit into Thule and our strategy? Well, let us keep it simple and run through these focus areas I just talked about when I talked about Thule's strategy.

So first of all, we say we should focus on market leadership in attractive categories. Quad Lock is the global market leader in performance mounts, and by quite the distance to the number two. It is the number one in mounts for motorbike, for bike and for off-road cars, and it has clearly, and importantly, the widest offer in the market, which caters to enthusiasts and their specific gear and needs, requires specific solutions sometimes.

It also operates on the topic of attractive categories, in a category that is growing well, and a category that fits Thule well. It is really an enthusiast category at its core. Consumers buy it and prioritise their purchases based on products that are robust and quality and safe and easy to use, which fits Thule well. The category has had about a 10% historical growth, and a similar forecast going forward.

Secondly, we said in our strategy we should focus on product-driven growth, and this is really a company which has a successful innovation track record and portfolio expansion. I will share more on that soon. It is also company that has grown faster than the market and taken

market share in the recent years, and also has the plans in place to do so going forward. It is also a company gets good leverage from the innovations given the reach they have as the market leader.

And lastly, we talk about a premium Thule brand and a culture that unite all of our positions. And Quad Lock and Thule have really a lot of things in similar. We share the same target consumers from an emotional point of view. We have the same brand fundamentals, and we think that sets a stage for a very successful Thule Quad Lock co-branding going forward. And we also believe there is a very good cultural fit in terms of a similar passion for product and outdoors, and a very competitive spirit, and a global business mindset from both Quad Lock and Thule.

And I will now dig a little bit more into a few of these points to give you some more depth into this.

*Quad Lock is the global market leader in performance mounts*

So page 21, we talk about, or I talk about Quad Lock being the market leader in performance mounts. Let me maybe start to explain why consumers buy performance mounts, to the right-hand side of this page. Well, if you are, let us say an active mountain biker, a performance mount gives you the opportunity to keep your smartphone on the bike, stable during high-speed rides or rough terrains. You can use navigation or other adventure or activity-specific apps easily hands-free, and that is quite common these days, and increasingly used. And Quad Lock is really focused particularly on this part of the phone mount market, the one that is called performance mounts. That is the vast majority of the business. And Quad Lock is the market leader both in performance mounts for motorbike, for bike or cycle, and for off-road drive.

*Performance mounts an attractive category with supporting trends*

Page 22, this category is also attractive, we think, and has some good supportive trends that rhyme very well with some of the Thule categories that we already operate in. The market has been growing for about 10-12% per year, and we expect that pace about to continue, with the biggest growth in cycle. There are some good trends. From quite overview-ish to more specific, we believe that we continue to see that consumers are being more active also related to these activities. There is a steady growth in adventure motorbikes, mountain bikes, over-land cars. We see that the general consumer awareness for performance mount is increasing. We see that consumers increasingly use smartphones when they are cycling, for example, or riding their motorbikes. And we also see that innovations and features help drive higher price points and sales in this category.

*Track record of product innovation and product portfolio expansion*

Quad Lock has, on page 23, a really strong track record of innovation since, basically, Rob and Chris established this company back in 2011, and started selling products in 2012. And they were focused on bicycle right from the start, already in 2012. Soon after followed off-road, motorbike a few years later. And then, as with Thule, some of the growth bursts came with or timed with some of the more successful product launches that came later in the year, and you see several coming here towards the end. So, a good, strong track record of innovation and product portfolio expansion.



*Quad Lock and Thule brands share the same fundamentals*

Page 24, it is almost striking to us, how the similarity between the brands, and we have joked a bit between the Quad Lock and the Thule teams that maybe we could almost share each other's photos when we do advertising or promotional material. Quad Lock as a brand is focused on outdoor enthusiasts that live active lives, and consumers are willing to pay for the best product. The brand is, if you do the research, really known for robustness, quality, safety. And a lot of these things hold true for Thule as well, targeting outdoor enthusiasts living active lives, willing to pay for the best product. And again, a brand known for quality, safety, design, and ease of use. So, a lot of things in common.

*Strong cultural fit and experienced management team*

And speaking of in common, on page 25, we have been very fortunate to acquire a business which has a good cultural fit and experience management team. We have, importantly, been fortunate to spend quite a bit of time together as management teams, and with other positions in the respective companies, and with the founders, both in Australia and in Sweden. And we feel that the culture is well-aligned with the Thule Group culture. And some of the highlights here. And we are also happy to welcome an experienced management team of nine executives, including the founders, and the combination of good long Quad Lock experience, and clearly relevant external experience as well.

Then, I will let Toby, on page 26, cover some of the more transaction-related information.

*Overview of transaction terms*

**Toby Lawton:** Thank you, Mattias. And good morning, everybody.

And now you have heard all about the Quad Lock, I can explain some of the key transaction terms here as well.

Firstly, the enterprise value is AUD 500 million, which is equivalent to approximately SEK 3.6 billion. So that is the enterprise value, means it is on a cash and debt free basis, and that purchase price is equivalent to an EBITDA multiple of 10x.

When it comes to financing the purchase price, it is a combination of cash and shares, and approximately 79% of the purchase price is financed with cash. And those of you that follow Thule, you know that we have had a good cash flow generation, particularly the last couple of years, so we are reinvesting some of that cash generation. We are also using the existing funds available, and we are going to extend our existing RCF as well to finance the cash portion. And we are happy that our existing lenders are extending that RCF for us, to help finance this transaction, and they are very happy to support us.

Approximately 21% of the purchase price is financed through newly issued Thule shares, and that represents around 1.9% of the total number of shares. And lastly, approximately 1% is in what is called a deferred performance incentive for key management shareholders, which will be paid out over three years, depending on performance. And you can say, with both that deferred performance incentive and the share portion, that the key management shareholders have reinvested the majority of their proceeds in the current transaction. So they really believe in the business going forward.

The next point here, and I think a key point, is we expect the transaction to be accretive on a number of lines. Basically, accretive to Thule Group when it comes to earnings per share. We

expect it to be accretive when it comes to sales growth, and EBIT margin, and also EBITDA margin.

When it comes to leverage, following the transaction and the funding of the cash portion, we expect the pro forma leverage to be 2.0x post-transaction, and that is the end of 2024. That is where we forecast to be on a pro forma basis at the end of 2024.

And then, finally, the closing of the transaction has not yet happened. The signing of the transaction happened this morning, but not the closing. The closing is dependent on approval from the Australian Foreign Investment Review Board. There are no other approvals needed. This is a foreign investment approval, and it is expected to be closed within the fourth quarter.

*Additional information: transaction facts*

And then we can just flip to the next slide. And I will not present this slide in the interest of time, but here you have a slide with a number of transaction facts on both the company and on the transaction, that you can find information there.

And then with that, I will hand back to Mattias for slide 28.

*Addition of Quad Lock supports building the next-level Thule Group*

**Mattias Ankarberg:** Thank you, Toby.

I will start summarising this. And well, stepping back, and as I said initially, not only is Quad Lock an impressive company, it is a good fit with us, and supports our building the next level of Thule Group. And there are two points I would like to make. First of all, we see that it is a strong fit with Thule and with the strategy, we have going forward. Back to the point about global market leader in an attractive category, product-driven growth, and a good match with our brand and our consumers.

And then secondly, and excitingly, we have several areas where there are opportunities to explore together. Again, geographically, Thule is strong in Europe, where we could hopefully add some value and help the Quad Lock business, whereas Quad Lock is strong in Australia, New Zealand, and APAC becomes 10% of the new Group's share of sales from today's 5%. DTC moves from 7% to 15% of the Group's share of sales where Quad Lock is strong, and Thule is strong within retail distribution, can hopefully support there.

Quad Lock has the strongest segment, the largest audience within Motorbike, which adds development opportunities for us. And then, of course, there are several technology opportunities and technological platforms, and for example, Quad Lock has good capabilities within electronics, for example, wireless charging.

So both are a strong fit and further areas of opportunity.

*Quad Lock is a good addition to reach our financial targets*

A good contribution, on page 29, also on our journey to reach our financial targets. This is the same picture that we showed at the start of the presentation, but updated with a preliminary set of pro forma numbers for the new Thule Group.

On the right-hand side, and as this probably possible to see quite clearly from the graph, including Quad Lock in our Thule Group numbers, pro forma provides a boost to both sales and EBIT. And as Toby mentioned before, we expect this to be accretive across the lines, basically. So just again, preliminary net sales would for the last 12 months be around

SEK 10.8 billion from SEK 9.4 billion today. EBIT would have moved from SEK 1.6 billion to about SEK 1.9 billion, and EBIT margin would have increased around half a percentage point to about 17.5%. A good addition towards our journey of reaching the SEK 20 billion sales in 2030 and an EBIT margin of not less than 20%.

### Summary

So in all, and summarising on page 31, before we move to Q&A, three messages from us today. We are building the next level of Thule Group, and we are doing it based on our strengths. We are focusing on market leadership and attractive product categories. We are continuing to drive product-driven growth. We will have add-on acquisitions on the agenda to complement the main part of our growth strategy, which is organic growth, and we will tie it all together united with our premium Thule brand and our Thule culture.

Secondly, we are happy to have Quad Lock in the Thule family. It is a strong fit with our Thule brand and our strategy going forward for the reasons mentioned. And we feel it is a financially attractive acquisition that also clearly supports reaching our target, adding SEK 1.4 billion of sales, and an EBITDA margin of 25%, and a transaction multiple of 10x EBITDA.

With that, I conclude the presentation part of this meeting, and ask the moderator to turn to questions.

### Q&A

**Fredrik Ivarsson (ABG Sundal Collier):** Thank you so much. Thanks for the presentation, guys. Very good. I have got a few questions related to the acquisition.

First one, Mattias, you talked about entry barriers and the importance of those, of course, on page 12. Can you explain what are the key moats in Quad Lock, please?

**Mattias Ankarberg:** Fredrik, yes, sure, will do. Well, a combination of things and I think a key one, we could talk about IP and brand strength, and those are definitely true, but I think a key one here is having the widest offer in the market, catering to specific enthusiasts' needs. So these core consumers are people that are, let us call them enthusiasts, the least in terms of, for example, mountain bikes and motorbikes, and they have specific bikes and specific gear, and they would like to equip them in a specific way. So there is a lot of model-specific adaptation to really penetrate this market deeply. In a way, we draw a parallel to roof racks, which may look like it is a simple standardised product, but hundreds of car models and many, many new launches every year makes this quite complex category to manage. And our ability to do so, is one of the reasons why we stay so strong a market leader. So I would like to highlight that specifically.

**Fredrik Ivarsson:** Yes, that is good, very clear. Second one, if you are willing to share some historical financials in terms of margins. You gave us some growth figures, but if you could give us some sense of the 25% EBITDA margin, how that sort of relates to historical levels.

**Toby Lawton:** Yes, I can. So you are right, the EBITDA margin LTM basis is 25%, which we have disclosed in the material. You can say there is not a lot of volatility in historical margins. So it has not changed a lot. And the company's also always been profitable since the start of its creation, which, I think, is quite impressive for a startup.

**Fredrik Ivarsson:** Perfect, thanks. And then on the sales channels is 75% you said is DTC. On the other 25%, do you have any sort of overlaps today, or do you believe you can add Quad Lock's products into your current dealer network or boost sales that way or any other flavour on this topic you could add?

**Mattias Ankarberg:** Yes, sure, helpful to. No, I think for sure we see some opportunities. We should not overestimate them. I think as a strong company with a strong ambition, they have addressed the most relevant ones on their own quickly. However, it is really a business that comes from DTC, and then has over the years also moved more into retail to get that omnichannel presence. And they have some good channel partners, particularly in North America and Australia-Pacific. There are opportunities for sure in Europe, where we have a really strong distribution, particularly in the bike category. Motorbike we have less to offer. However, in bike and outdoor, we clearly have some introductions we can make.

**Fredrik Ivarsson:** Yes, makes sense. And last question from my side, you say around, I guess, 40-45% of sales comes from Asia if I do my maths correctly. How much is from Europe and the US or North America? And also, if you could tell us how the sort of production setup looks like in Quad Lock, where are these products produced? I assume it is by a third party. So some more flavour on that.

**Mattias Ankarberg:** Yes, I can answer the supply chain one, while Toby finds the numbers for the geographical split.

Supply chain is largely outsourced, and being an Australian company, a lot of this proximity is produced in Asia, operated through Quad Lock's own procurement and purchasing office, also located in China, specifically. So management in-house in Australia and in China, and then Asian third-party suppliers for manufacturing.

**Toby Lawton:** Yes, thanks. And on the split of sales, Fredrik, on slide 19, actually, we show a split. However, basically, it is 35% North America, it is 30% EU, which obviously excludes UK, and then it is 20% Australia, New Zealand, and then the remaining rest of world is 15% and a big chunk of that is actually UK. So it is not a big chunk in Asia, like you mentioned.

**Fredrik Ivarsson:** Okay, good. That is all my questions. Thanks a lot, well done.

**Daniel Schmidt (Danske Bank):** Yes, good morning, Mattias and Toby. Maybe a very sort of detailed question, but just coming back to what differentiates this product from the low end? And could you say anything, Mattias, when you look at the product assortment, how does that differentiate from something you could buy, and in terms of performance?

**Mattias Ankarberg:** Yes, absolutely. So as in many product categories, and as in Thule's for example, there are of course low-cost options. And similarly to Thule, I would say the defining characteristics or the differentiating characteristics are around quality, particularly. And if you would look at the number of review wins or five-star ratings, etc., Quad Lock really, really stands out, having the highest quality and most robust solution. If you have an Apple phone mounted to your motorbike, and you are going off-road or even on bumps, that phone, there is lots of tests on the Internet, that phone can get destroyed in many ways or fall off or wear and tear could reduce the parts, particularly when going on bumpy rides. And Quad Lock has the highest quality, most robust solutions in the market.

**Daniel Schmidt:** Okay. It looks like when you look at the bike solution, it looks like you twist it on. Is that in any way patent protected, or is there any part of this that is patent protected?

**Mattias Ankarberg:** Yes, this. Right. This Quad Lock is a name sort of alluding to the twist-on if you like. And there is a whole portfolio of intellectual property protection around this.

**Daniel Schmidt:** And is there any exploration of that, or is that for the foreseeable future, or how does that work?

**Toby Lawton:** There is no expiration in the near future. Patents have a lifetime, but they have not been around very long. So it is patented for a long time.

**Daniel Schmidt:** Okay, good. And you also got a question on top-line synergies. And you do not mention it, and I understand that this is you allude to a European opportunity, maybe. Do you see on the other hand that Quad Lock is going to propel your knowledge when it comes to the DTC approach? Is that an obvious for you?

**Mattias Ankarberg:** So you broke up a little bit. Can you say the last part again?

**Daniel Schmidt:** No, but you do not mention top-line synergies a lot. However, you did mention that there is an opportunity when it comes to the European market, where you have a stronghold when it comes to distribution. However, putting it the other way around, given that these guys have been very successful on their digital approach, do you think there is a lot of learnings from their digital journey that you can copy, basically?

**Mattias Ankarberg:** Absolutely. For sure there are good learnings, it is a really strong team on digital things, and there is also really good market insights into, for example, Australia and New Zealand. So there are some opportunities, or I do not typically like to use the word synergies, but it is for sure, some things we can address together and learn from each other, for sure. And then we should, of course, realise that it is not sort of copy-paste. You cannot just automatically replicate things between businesses from day one. However, as we now have a bigger family of businesses and good, capable colleagues, there are absolutely opportunities to address in these areas that you mentioned.

**Daniel Schmidt:** All right, it sounded like when you sort of show the picture of product development, a lot of things have been developed in the past few years. However, it did also sounds like there is much more to come. However, one thing, when you look at the product, and I have not looked at it for more than ten minutes so far, it does, of course, fit into a lot of what you are trying to do with your products, but it does not have a safety element. Am I right? It is sort of one of the strongholds that you have been good at developing. Is that something that could be added to one of the part of the assortment going forward, or what is your thinking there?

**Mattias Ankarberg:** Well, I would put it like this. You know, two points. First of all, I think Quad Lock is really known for having the most, maybe secure is the better word than safe, but for sure the product of the highest quality and the best performance in terms of staying on the bike, protecting your phone, protecting your gear. So from that perspective, I think it is clearly an element of being secure here, that is connected with both the product and the brand.

However, having said that, secondly, Daniel, to your point, there are a lot more development opportunities in this category. It is an exciting category that is growing and for sure, you will

see some newness in this category as well going forward over the next couple of years, and with some ideas already in the works, and others to come.

**Daniel Schmidt:** Okay, thanks. Just a final question. Have you thought about reporting when it comes to this acquisition, is this going to be a new line or new segment, or it is going to be part of the existing way of reporting?

**Toby Lawton:** Basic answer is: We will come back on that, Daniel. However, this, this is a business that fits well into Thule, so will fit into the existing reporting of Thule. However, we will come back on exactly how that will be done, and we will, of course, make clear how much of growth and so on comes from acquisition versus organic growth to be able to judge that over the next 12 months.

**Daniel Schmidt:** Yes. Okay. Just a final one, maybe. Also, what is your current financing cost?

**Toby Lawton:** It is basically a floating rate. So the financing cost right now is a little bit over 4%.

**Daniel Schmidt:** Okay, thank you. Thank you. That is all for me, guys.

**Mats Liss (Kepler Cheuvreux):** Yes, hi, Kepler Cheuvreux. Thank you for taking my question.

Firstly, I appreciate the high level of DTC. However, my question is, could you use that platform to improve your own DTC sales, or do you have to build the platforms to be complementary, or use side by side?

**Mattias Ankarberg:** Well, I think the obvious opportunity is that yes, there is opportunity, and the obvious opportunity is to use knowledge and capabilities that this team has, and then we can, going forward, look at some more hard opportunities in terms of technology and shared logistics and things like that. However, for sure here we get a very capable and high-performing team in place that knows how to run the DTC business in more than 100 countries. So that would be a source of inspiration and knowledge for us, and help Thule in general.

**Mats Liss:** Great. And then you talk about the brand as a premium brand, and it is at the same level as your own Thule brand, and I guess it will be sharing this, and you will try to keep it running. Well, the question is, could you use Quad Lock to maybe move into new market segments or new markets, rebrand maybe some of your existing Thule products, or is that to take it too far?

**Mattias Ankarberg:** Well, the strategy going forward is really to unite everything under the Thule brand, so they will be co-branded with Thule over time. However, to your point, several of the businesses we have acquired, and also some of the organic ones, have really strong category brands. And Thule Chariot, for example, or Thule Omnistor in RV and bike trailers. And Quad Lock is a strong brand, and particularly so with the motorbike enthusiast and maybe also with some of the biking community around mountain bike, for example. So here there are for sure development opportunities. We can all get creative and excited, but we do not really tap into, for example, the example motorbike audience today. And they need bags and other kinds of transport solutions, like other people, too. So we will, for sure, find development opportunities related to this brand strength of Quad Lock.

**Mats Liss:** Okay, good. And then, I mean, well, Trump won the election and there are tariffs to be implemented maybe or raised. Is there any reason to believe that your product will be more affected or Quad Lock?

**Toby Lawton:** Maybe I can take that. However, I think all those discussions are a kind of relative game. We do not believe to the extent it would affect Quad Lock or us, it will affect others as much or at least as much. And I would also add that the actual cost of the physical product is a relatively smaller part of the total price of the product. So that means the tariffs on the cost of the product, yes, although they are negative, they are not that big in relation to the selling price.

**Mats Liss:** Great, thank you. And finally, this seems to be well-managed and doing well on their own also. So what about the acquisition opportunities besides this? Should we expect this to be a one-off, and maybe are there more to come in the not too far future?

**Mattias Ankarberg:** Well, I think it is a good question. We have always been clear that the main driver of our growth strategy is to do things organically, and that will remain. However, we will also look for add-on acquisitions that really fit in. We have a quite high bar we think for what fits in, given the criteria we have outlined today. However, we think that is good. So there will be a full focus on the organic growth journey, and then selective add-on acquisitions as we find and conclude on things that really fit into what we want to build here.

**Mats Liss:** Okay, great. Thanks a lot.

**Carl Deijenberg (Carnegie):** Thank you very much. Hello, Mattias and Toby. So I think three questions from my side.

Maybe first of all, if you could talk a little bit about the let us say historical contribution to the company of the sellers here, and maybe specifically about the private equity owners. You talked a little bit about historical organic growth in Quad Lock, but has that been purely self-financed, or has there been any significant equity injections during the way, or how does that pan out?

**Mattias Ankarberg:** Yes, I can start, and then Toby, you can add if you want.

But in short form, two gentlemen named Rob Ward and Chris Peters started this business in 2011, and launched the first product in 2012, and have been operating profitably since that day, basically. And then you are right, an Australian well-known private equity company, Quadrant, owns currently 60% of the shares, and have done so for about four years. Our view is that Quadrant has invested quite a bit in the business, really in product development, in the team, and then also making the brand more visible and well-known. And I think the combination of strong concepts, strong entrepreneurial founders, and support from a private equity company willing to invest in growth has gotten them where they are today.

We should also give credit, of course, to the management team that has built up over the last couple of years, which is now a combination of people have been around for as long as the company's been around, so to speak, but also some external people that have now for the last few years put a full executive management team in place.

**Carl Deijenberg:** Okay, very well. And secondly, I just wanted to follow up also. I appreciate what you said on the margin side, both on EBITDA and EBIT, and it seems like the discrepancy in between EBIT and EBITDA is fairly similar to what you were reporting in the

group today. However, I just wanted to ask also, gross margin-wise, is there any significant difference between the Group as it is today and Quad Lock's? Because I guess, yes, if they would be with the acquired entities, cost margins are higher, and you also talked about this growth rate. So naturally, maybe the longer-term margins could even be a little bit higher. Yes, that is what I am asking.

**Mattias Ankarberg:** Yes, on the margin profile, you can draw a parallel to Thule, in a way. And with the DTC business being such a big part in Quad Lock, it has a different profile, as it does with the DTC business in Thule. So that profile would be higher gross margins because you do not sell through a retailer and higher SG&A, basically, to operate with logistics, marketing and costs around that. So it is a bit different to the Thule Group average, but not dramatically different from the Thule DTC model.

**Carl Deijenberg:** Yes, understood. And just finally, also, on the synergy side, and I heard what you answered to the previous questions, and I guess also it is very early days, but further down the line, would you see the potential of consolidating these production lines also in-house to what you already have today into the Group, or is there a material difference, production processes versus what you are capable of doing today, if we look, let us say two, three years down the line?

**Mattias Ankarberg:** In a few years out, there is probably not a great fit in terms of manufacturing. There are other areas where we can support each other much better that would be more important to address in terms of distribution and some of the development capabilities, for example. Over time, as with some of the acquisitions in history that we talked about, over many years, we can, of course, develop things more together as the bigger, new Group. However, in the short-term, there will not be a focus on manufacturing synergies.

**Carl Deijenberg:** Okay, I understood. I think that was all for me. So thank you very much.

**Mattias Ankarberg:** Thank you very much, everybody, for joining this call on fairly short notice. I appreciate it. The material will be available on our website, and we are reachable through the usual channels. And if nothing else, wish you a good day and look forward to talking to you at the time of the Q4 report.

[END OF TRANSCRIPT]