

Introduction

Mattias Ankarberg

CEO, Thule Group

Welcome

Welcome, everybody, to this Q1 call. I am joined, as usual, here today by Toby Lawton, our CFO, and we will take you to the material that will also be available on our Investor Relations website afterwards.

2025/Q1 – Thule growing despite weak North America

Starting off, in the first quarter of the year, Thule is growing despite a clearly weak North America. Sales increased in total 10% versus last year. The market in North America is weak, and I am sure we will get back to that. But there is also cautious behaviour across the world after the announcement of the tariffs in the US in February.

Organic growth was minus 3% with clear differences between the geographies. North America declined 13% versus Europe was flat. It is nice to see, though, that we continue to see growth from new Thule products even in this market and also that the three new product categories that we have continued to add sales growth, including the acquired Quad Lock came at the end of last year.

Gross margin increased to an all-time high of 44.8%. EBIT margin was almost 2 percentage points below last year at 15.1%. We are having more product launches ahead of the high season, i.e., earlier in the year this year, which shifts SG&A to H1, and there will be less product development costs versus last year in H2. That has an impact on the specific quarter one numbers, of course. Excluding that, the EBIT margin would have been in line with last year.

EBIT in total was SEK401 million versus SEK412 million last year. Cash flow from operations was negative SEK334 million, and we have seen the working capital pattern return now to the historical seasonal pattern that we have had with the buildup ahead of the high season. We still are on track to reduce inventory levels, a further SEK200 million in 2025.

From a business highlight point of view, a couple of things. First of all, we have made changes in North America to strengthen our competitiveness and increase the ability to drive profitable growth in this weak market. We will get back to that.

It is really nice to see that we continue to be recognised for our product design. We have 7 new iF Design awards announced already in 2025, and we also have several new products that have been really well received ahead of the high season, which is, of course, encouraging.

2025/Q1 – Continued profitable growth

On page three, we update you on the long-term financial trend, and this is the overview since the IPO in 2014. As you can see, we continue to add profitable growth. Sales last 12 months is now SEK9.8 billion and an EBIT margin of 16.5%.

2025/Q1 – New Thule products and categories add growth (1/2)

When we look closer to the sales performance by product category in the quarter, starting on page four. It is clear that we have an effect of the weak North American market and also

some different effects by category. But the common theme across is also that new Thule products continue to add growth.

If we go through them one by one, starting with our clearly biggest product category, Sport & Cargo Carriers. The category declined by 2% in the quarter. We have a really nice sales growth from particularly bike-related and bike carrier products, new bike carrier products that are well received in the market. The new updated best-selling Thule Easyfold generation three is developing really nicely. Also in North America, the North American specific Thule ReVert, the hanging rack is doing really well. We have also had just now in the quarter, a very nice start for our North America specific bike carrier Thule Verse.

In this category also, we have also launched our updated mid-priced rooftop box, Thule Force. That is also done really nicely in the first quarter. Continued good growth from new products that make a difference for us. But it is clearly a challenging market. North American market has been tough for quite some time, but clearly turned tougher after the announcement of the tariffs in February.

Consumer sentiment is weak and retailers are clearly cautious to build inventory ahead of high season. That cautiousness can also be seen across the world, also in Europe and other places, both with retailers and consumers, but not at all to the same extent. We actually see growth in this category, Sport & Cargo Carriers in Europe in the quarter.

RV Products. The market trend continue from the last previous quarter. The growth in the aftermarket channel offsets the decline in the OE channel in this quarter. The industry continues to go through a tougher period, where the OE channels or the manufacturers of the vehicles are reducing production levels to manage inventory level in the channel. That channel is clearly declining. But that is offset by a really nice growth in the aftermarket channel for us. The same trend as in Q4 continues in Q1 and supported by several new products also making a difference in the RV business.

2025/Q1 – New Thule products and categories add growth (2/2)

Moving to the next page and the next two product categories, Active with Kids & Dogs declined by 5% in total, really clearly effect of really cautious retailers not wanting to take product in after the tariffs have announced and quite a big discrepancy between the retail customers and our own direct channels where we see very nice sales momentum on thule.com in this category.

We have two new product categories here that both add sales really nicely. Dog transportation continue to do really well and developing very nicely in the first quarter with the first two products that we have in the market, the dog crate Thule Allax and the dog trailer Thule Bexey. And also child car seats, which you may remember was rolled out sequentially during last year and now is sold in 30 markets after we have completed the full launch in just a couple of months ago. That is also, of course, adding sales to this quarter.

The Bags & Mounts category, as we now call it, we see a really big growth, but it comes, of course, from the acquired Quad Lock business. The organic sales decline, again, driven by a couple of really cautious retailers, where we see continued growth on thule.com. But the big growth driver is the addition of Quad Lock in the quarter.

Good first full quarter together with Quad Lock

On page six, this is our first full quarter together with the Quad Lock team. It has been a good quarter. As a quick reminder for those who may feel they needed, Thule entered this category, which is called performance phone mounts through acquisition of Quad Lock in the last quarter in Q4 of last year. This is in line with how Thule has entered several product categories historically through acquisitions.

Quad Lock is the global market leader in performance phone mounts. It is a really nice fit with the strategy that we are pushing and the brand that we have. It had been global market leader in a growing and attractive category, a very product-oriented company with the best premium products in the market, successful track record of innovation and taking market share and brand values are very aligned, if you ask the consumers around quality and safety and enabling an active life outdoors. About SEK1.4 billion business at the time of the acquisition with very nice margins, EBITDA around 25%.

The first quarter has been good. Quad Lock's momentum continues really well over 20% as they maintained high margins. We have a clear integration plan that we do step by step. We are on track with that. We are also importantly starting to work together as organisations and colleagues from both organisations are now having new homes, so to say, in new countries.

You can see, for example, on the pictures here, a couple of our key people interacting. On the top right, we have Henrik Ericksson, who is leading our design team. They got the Red Dot Design of the year last year with one of the two founders, Chris Peters of Quad Lock and founder of the business together with Rob Ward, the other gentlemen. So good first quarter with Quad Lock.

Changes made in North America

Turning to page seven and back to the topic of North America. We have made some changes. The market is weak in North America, and we expect it to continue to be weak. We have therefore acted to change and made some changes, and the changes are to strengthen our ability to drive profitable growth in the weak market.

There are mainly three headings. First of all, we have a new sales organisation in place. Now we have a dedicated sales team for North America. We have closed the satellite office that came with an acquisition of Case Logic quite a long time ago, and instead focusing the team on building a regional head office in Connecticut, where we also have one of our two factories. That is number one.

Number two, we are changing our growth priorities to focus the investments on the attractive pockets with the best returns. We have already started focusing much more on bike carriers where we are both the global and the regional market leader, but there is still quite a lot of potential left. We do see really nice sales momentum from the new products in North America already in Q1, where the market is really tough. We have quite a pipeline to come, both this year and in the future. We really look forward to that.

We also have a new focus or renewed focus on pickup trucks. It is a category where we have a clear right to play. We have not launched products for quite some time. There is quite

some potential for us. We have now a new bed rack, which is called Thule Xscape coming this winter.

We have also decided to stop the North American car seat project. We had a project ongoing to adapt the car seats that have been so well received in Europe to the US. However, we now see that the premium segment has not grown as we had hoped with the new regulation in place. It is, of course, a competitive category in general and a costly initiative ahead of us if we were to continue this going forward with product development costs and sales and marketing efforts, etc.

In order to focus on the most attractive opportunities, we are stopping that project. Of course, we could pick it up at a later point if the market would change, so we would see a different technological route.

The good news is also that the pockets that we are focusing on, where we see nice traction, we can also produce those product categories in our factories in the US, which gives us competitive advantage.

The third action we are taking is price increases. We do have two factories in the US, where we produce our most important product categories. But still, we are impacted by the tariffs directly and indirectly, and we are making price increases as of 1st June this year.

Recognition for product design continues

On page eight, I also wanted to update you on the recognition we get for product design. We talk a lot of product. We are a product-oriented company. In addition to commercial contribution, it is really nice to see that we are also getting recognition from the industry and from the design community. There are iF Design awards for 2025 already out, and we have received seven new awards already this year. So really happy for the team and a nice recognition for the good work done. Then we will see what the rest of the award season will bring as the year moves on.

With that, I hand over to Toby to cover some of the financial aspects.

Financial Review

Toby Lawton

CFO, Thule Group

2025/Q1 – Sales overview

Thank you, Mattias. Good morning, everybody. Firstly, just a slide to introduce you to our slightly adjusted categories and sales regions, which Mattias has already talked some about.

Firstly, the product categories on the left-hand side. You see the pie chart. We have Sport & Cargo Carriers, which is 50% of our business, half of our business, the same categories before. We have RV Products, which is the same category as before, now is 20% of our business. Then we have the new or renamed category, Bags & Mounts, which includes the previous packs, bags and luggage, but also the newly acquired performance phone mounts from Quad Lock. This is 18% of our revenue. Finally, Active with Kids & Dogs, which is 12%, which we previously called Juvenile and Pets, but otherwise it is the same.

Then on the right-hand side, you see our geographical regions, which copy our sale structure as well. We now have Europe, which previously we had Europe and Rest of World. But now

we have a sales region for Europe, which is 71% of our revenue. We have North America, where previously we had Americas, but now we have a dedicated North American sales region, and this represents 21% of our revenue. Bear in mind, this includes USA and Canada. And Mattias has talked about North America, but I think it is worth bearing in mind it is an important market for us, but it is only 20% of our revenue.

Then finally, we have the rest of the world, which is basically all other geographies, which is 8% of revenue.

2025/Q1 – Income statement

Okay. If I move on to the next slide and just some details about the income statements. Firstly, if we look on the table on the top left and I mentioned revenue, we had 10% revenue in the quarter. We had a revenue of SEK2.662 billion versus SEK2.4 billion last year, so a growth of 10% in top line.

If you look on LTM revenue, we now have SEK9.8 billion in last 12 months revenue versus in full year 2024, we had SEK9.5 billion. We had organic growth, as Mattias has said, of minus 2.9%, which was basically a small plus in Europe, plus 0.4% and a decline of 12.6% in North America, as Mattias has talked about.

When it comes to gross margin, it developed well in the quarter, and we continue to see results from our drive to improve gross margin. We are now at 44.8% gross margin in quarter one versus 41.2% in quarter one last year. The acquisition of Quad Lock has the biggest impact here. That is approximately two-thirds of the increase comes from Quad Lock, but we also have significant contributions from the organic business, from our annual price increases, from a better product mix and also increased product volumes.

If I move on, you can see that the Q1 EBIT. If I move down to the EBIT line, we had SEK401 million of EBIT or operating income in the quarter versus SEK412 million in quarter one last year. As Mattias said, this is impacted by the earlier phasing of costs related to product launches. This purely comes from the fact that the timing of our product launches is earlier than it was in the prior year. That phasing impact impacts the EBIT margin of 15.1% versus 17% last year. Without that impact, EBIT margin would have been on the same level as prior year.

Just to mention, this is an impact we expect to see from phasing, which brings the development costs earlier in the year in the first half, and we expect to see them being less than previous year in the second half.

Then we just move on Q1 net interest expenses, SEK49 million, effective tax rate of 25% and net income was SEK266 million in the quarter.

2025/Q1 – Cash flow

Just moving on to the next slide. A few comments on the cash flow. We had a negative cash flow from operations in the quarter, which has been driven by the seasonal increase in working capital. This is both inventory but also the biggest impact from accounts receivable in the quarter. It is also worth mentioning that we also did have an FX impact in the cash flow from operations before changes in working capital. The number in the top line you see here of SEK226 million, and this is approximately SEK100 million negative in the cash flow from operations before working capital, but this was offset by the positive FX impact, which

you can see on the bottom of the table in the second last line, where we have plus SEK189 million in other change in net debt. These two should be seen together because they result in the same impact.

Overall, the increase in net debt, you can see at the bottom of the table was SEK185 million in the quarter.

2025/Q1 – Net debt and net debt: EBITDA

If I just move on to the next slide to show the net debt and the net debt to EBITDA when it comes to the balance sheet. As I just mentioned, we did increase net debt slightly in the quarter, and this is due to the seasonal pattern of our business. We do normally increase net debt slightly in quarter one. If you go through the history on this graph, you can see that, except for the last two years during the post pandemic when we have been obviously reducing inventory from the highs that we had in the pandemic.

Then we now land at a net debt to pro forma EBITDA of 1.94 at the end of the quarter.

Good. Okay. With that, I will hand back to Mattias.

Overview

Mattias Ankarberg

CEO, Thule Group

Focus 2025 – drive long-term growth strategy in a tough market

Thank you, Toby. I will round off with some forward-looking points. The focus for us in 2025 is still to continue to drive the long-term growth strategy that we have, but we clearly do this in a tough market. We expect the weak North American market and generally cautious behaviour to continue.

We feel we are well positioned. I mean, we are clearly the global market leaders in our key categories. We are fortunate to sell premium products to enthusiast consumers. We are also fortunate to have own manufacturing, both in Europe and in USA, and also growth drivers that we can see matter also in this market with the new Thule products and the new categories, adding sales growth.

We have also made changes to adapt our position in North America on organisation, on growth priorities, on cost and on pricing to increase our ability to drive profitable organic growth in this weak market that we expect to continue.

With those changes made, we continue to drive the four clear priorities that we have for 2025:

- We continue to invest in product development. We have a high pace also in 2025. It is more front-loaded this year as we have covered a bit today to capture more of the high season. We have an increased focus in North America on what we call attractive pockets, where we see good traction already;
- We are, as number two, building up more product categories. We are not looking to enter any one this year, but we have three that recently launched and entered to scale up: dog transportation, child car seats in Europe and the acquired performance phone mounts business;

- Number three, we continue to work on being more visible for the consumer to show more to sell more and expand our DTC business, which is stood well in the water; and
- Lastly, to continue to drive supply chain efficiency and the target to reduce inventory with another SEK200 million in 2025 that is still on track.

High launch pace continues 2025

As a reminder, on page 14, we do have a high launch pace also this year with a big launch calendar, more front-loaded. Several of these products listed on this page have been launched already. There are three types of products, mainly this year. We upgrade several of our best sellers that makes a big difference for us. We do continue to push innovations this year, mainly in our core Sport & Cargo Carriers category, and then we continue to build out the newest categories.

Thule Cappy – crash tested dog harness

To show you some of this, I mean, on page 15, we are about to extend our dog transportation category by launching Thule Cappy this summer, a crash tested dog harness that we are looking forward to seeing the market soon.

Thule Force – upgrading our best mid-price roof top box

We have already launched at the end of this quarter, Q1, Thule Force which is an upgraded version of our best mid-priced roof top box with better aerodynamics, new design, new lock system, etc., that has been well received in the market.

Thule Verse – upgrading our best-selling North Am bike carrier

We have launched Thule Verse, which is an upgraded version of a North America-specific best-selling bike carrier that we have, really well received and actually selling everything we can produce at the moment.

Ready for high season

In total, we are now about to enter high season 2025. Q2 is the peak season for Thule in terms of sales. We are ready. We have a lot of new products, more to come in the second quarter. We have more thule.com countries and new marketing campaigns, and it is peak energy, I guess, the peak activities in the sales and marketing teams, but also in the factories on production right now. Looking forward to moving to high season in Q2 of 2025.

With that, we conclude the presentation part of this call and move to Q&A.

Q&A

Gustav Hagéus (SEB): I have a few, if I may. Firstly, could you please help us a bit understand how you feel now about the balance between OPEX and gross margins? It seems like the company is changing towards a higher gross margin, higher OPEX situation. I understand that perhaps Q1 this year was exceptionally low in terms of EBIT at 15%, but also looking last year, you are now generating lower EBIT margins compared to pre-pandemic levels despite having, say, 200 bps higher gross margins. How do you think about that? Have you thought about perhaps resetting your investments in R&D and taking down OPEX a

bit and maybe gross margins then as a consequence of that? Or how do you balance that, that would be interesting to hear.

Mattias Ankarberg: Thank you, Gustav. I can start, I guess. Now, we are really pleased with the gross margin development. As you pointed out, it has been growing nicely over several quarters. As the share of sales, the SG&A has also come up to your point. I think it is pretty clear that we have been operating in a not easy market for a while, which, of course, we would have hoped with the better market sales would have been even better. But we are long term and continue to invest in what we think makes a difference. I think that is one of the reasons.

The other reason is we have also been in a phase where we have been launching new product categories. We launched two organically last year and acquired a third. Of course, that is costly, both in terms of getting the product out, getting tooling out and investing in sales and marketing to drive the success in those categories.

Then thirdly, in this tough market, what we have been seeing, and I think underlining is that what really matters is new and new Thule products drive growth. We have been making the active choice to continue to focus on driving growth because it gives a better net effect, really great gross margins as some higher SG&A but a net total effect.

In a different marketplace, I assume you would have said seen clearly higher sales level and therefore, differences in percentage points, but that is the history. Of course, now more forward-looking. I mean, particularly the North American situation is very different, and we have decided, therefore, to make some changes, both in terms of focus and pricing and also what we take in terms of costs, both now but also long-term costs to your point, adapt to the different marketplace.

Toby Lawton: Gustav, just to make sure this is crystal clear for everybody. I mean, our EBIT margin was 15.1% in the quarter. It was 17% quarter one last year. It is a gap of 1.9%. That is the phasing of the development costs that we have taken earlier this year in relation to the earlier product launches, which we have talked a lot about. It is not new news for anybody. But if that effect was not there, which is a phasing effect, then we would be at the same margin as last year, just to make sure that is crystal clear.

Gustav Hagéus: Sure. But on that note, Toby, was not there an impact from building the tools for the new categories in H1 last year? What was that impact? What is the underlying impact then excluding that?

Toby Lawton: That is the gap of, like I said, 1.9% is due to the difference between the investment we had last year in development costs and the investment we have this year in development costs. Of course, we had some development costs last year, absolutely, but it is phased differently this year.

Gustav Hagéus: Sure. When you think about the margin progression a bit longer term, I note that the consensus here is that 20% margin basically in 2027 and 19% plus in next year. Do you feel that that is a realistic EBIT margin evolution towards the 2030 target of sales? Or are they going to be more in line so that the margin target will coincide with the top line target when they are materialised as you see them?

Mattias Ankarberg: We have very clear targets, as probably most of you know. We are aiming for SEK20 billion sales in 2030 and 20% EBIT margin. Those targets still hold. Of course, we have a plan and we do things to drive the growth and to increase the margin and to take us in that direction. But the marketplace is changing from time to time. We do not give guidance, and we do not really care about the exact path in a single quarter or maybe even a year.

The most important thing for us is that we feel we are on track towards those targets. I would be very happy if the marketplace had less cautiousness and more optimistic consumer, and we would get back to a nicer sales environment for everybody quicker rather than later. But if it is not, we are adapting and then we are moving forward with our long-term plan once those adoptions are now completed.

Gustav Hagéus: If I may have one final question. Obviously, some news today on that you are discontinuing the plans to roll out car seats in the States. I believe the initial plan was to roll them out late last year. Could you confirm whether or not you have allocated capital that is on your balance sheet related to this rollout? What has changed versus the 2022 Capital Markets Day assumptions that these markets were roughly the same size, and you seemed quite positive on the US potential at that time?

Mattias Ankarberg: Yes. No, I can start, Gustav. I think a lot of things have changed since 2022 spring over the last couple of years. I am sure we can spend time on that. But I think also, the other important point here is that, look, we have other opportunities that are clearly more attractive. This traction we now see even in the US in bike carriers, for example, and what we are about to enter this winter with a renewed focus on pickup truck are clearly better opportunities.

Regarding costs, there will be no write-offs. There is nothing that we will take. But would we have pursued this going forward, as you know, you know truly well, we would have to take costs, take tooling costs, and then, of course, the big sales and marketing pushed over a longer period of time to build this up. That is where the decision is made.

Fredrik Ivarsson (ABG): I will take the questions one by one. First one. I guess, Mattias, you mentioned that retailers seem a bit cautious still. But have you seen any early signs from end consumer demand, especially in Europe? Obviously, North America is weak, but in Europe, since the season is getting started here, either up or down, I guess.

Mattias Ankarberg: Well, I think I will say this in all transparency, Fredrik. So far in Q1, the retailer cautiousness is much bigger than the consumer cautiousness. The consumers are better in a way. Retail has been really careful to build inventory. I think almost immediately after tariffs were announced, we saw some changed behaviours. Whereas, I guess, one metric of the consumer demand is our direct-to-consumer channel, where we see that live, and that is doing clearly better and actually really well in the first quarter, particularly in Europe.

I think consumer is still there, but the retailers are really cautious. Now that is Q1. Let us see if the retailers are better at breaking the future than the consumers are right now. But in an optimistic scenario, of course, retailers find their feet, so to speak, and we get back to a more stable environment also in that channel.

Looking more big picture, I think even looking at macro statistics, etc., clearly, it is not an easy market in Europe either. I mean, there is several reasons for that. But it is pretty okay so far. Whereas North America, I think almost every indicator was not in a great place last year and has clearly turned a lot more sour beginning of this year, almost month by month.

Fredrik Ivarsson: Mattias, super helpful. That is clear. Second question on the gross margin. Just if you could help us a little bit with the bridge. Maybe first, how was the impact of Quad Lock? I guess that is the big driver here. Also if you could state the other key drivers in the quarter to get some sense?

Toby Lawton: Yes. Absolutely, Fredrik. Good morning. Yes, I mean it was a good improvement in gross margin in the quarter. [Inaudible] the figure here. It was an increase of SEK41.2 million last year to SEK44.8 million, so about a 3.6% improvement. About two-thirds of that comes from the Quad Lock acquisition. The Quad Lock has a significant positive impact on gross margin, but it is also a significant positive impact from the rest as well, which comes from basically price increases. It comes from better product mix, and it comes from production volumes being better this year than they were in Q1 last year.

Fredrik Ivarsson: Perfect. That is also super clear. Maybe last one on the cash flow, which was a bit on the weak side. Can you give us an update on your expectations of inventory release for the full year?

Toby Lawton: Yes. I mean, our target, which we talked about SEK200 million, we are confident we can meet that target of an inventory reduction of SEK200 million over the year. But of course, we have the seasonal impact that we do tend to build inventory in Q1 and Q2 and then we reduce as we go out of the season in Q3 and Q4. It will really come in the second half of the year.

Fredrik Ivarsson: Okay. Still SEK200 million.

Toby Lawton: Yes, still SEK200 million, absolutely.

Fredrik Ivarsson: Maybe if I could sneak in a last one on OPEX. How should we think about these phasing costs over the year, obviously lower in Q3, Q4, but will Q2 be of similar magnitude, or are they already coming down in the current quarter?

Toby Lawton: The phasing versus last year impacts you to say Q1 heaviest, but it also impacts Q2. We expect it elevated in the first half year and then a lower level in the second half year.

Fredrik Ivarsson: Okay. But Q1 heaviest, that is good.

Toby Lawton: Yes.

Agnieszka Vilela (Nordea): Maybe just coming back to the selling and R&D expenses, Toby. Can you give us any guidance in the absolute numbers, what kind of expenses do you expect for 2025? I understand the phasing will be more into H1 and then probably better year-on-year in H2. But do you have any guidance for the full year?

Toby Lawton: I mean, generally, we do not give guidance for the full year, Agnieszka. But what we have said is, I mean, our development expense last year was around 7% of revenue. That is part of the selling expenses, and we expect that to be a similar level for the full year

in 2025. But it is that part in particular, which is phased now differently than last year and where we have this basically difference in EBIT margin in Q1 coming from the phasing.

Agnieszka Vilela: Understood. Then maybe just coming back to the retailers hesitance right now that you see. Do you believe that it might impact the selling season for you? And also maybe if you can refer to what appetite do they see to take the new products that you are launching right now?

Mattias Ankarberg: Mattias here. I can start. Yes. No, of course, it impacts the season. I mean it is clearly visible in Q1. I would hope that returns more to a normal inventory build in Q2, but still, of course, more cautious behaviour, I think is to be expected in this environment.

Yes, on the question number two of product news, I think I would say that that is probably the one thing that they are looking to add, where we are, in many categories, one of the new companies that are really investing in product news this year and that is really what there is an appetite for both with retailers and consumers during this market environment.

Agnieszka Vilela: Then the last question. I think you mentioned that you saw both direct and indirect impacts from the tariffs on your operations. Can you remind us what position do you have in the US in terms of manufacturing? What products are you producing there? And also, what percentage of what you sell in the US is produced within the US and what is shipped outside, both when it comes to finished products and components?

Toby Lawton: I can maybe give some colour there, Agnieszka. We have two factories in the US. We have one factory outside Chicago making roof boxes, and we have one factory in Connecticut, which is making primarily bike carriers and some other roof rack and truck rack components. Basically a little bit more than half of our revenue in US is coming from products, which we manufacture in the US.

It is not everything. We still have a significant part, which is not manufactured fully in US. But you could say, more than half and some of the key products are manufactured in US. What is not manufactured in the US is imported either from Europe, which is the biggest part, where we have some bike carriers are manufactured in Europe, the global specs and imported to US and then we have some products sourced from Asia as well, which can be Vietnam, Cambodia or some in China.

Then we have direct and indirect effects, as you mentioned. Obviously, direct effects we all know is the tariffs, the indirect effect is we do expect we have American suppliers as well who supplies with some raw materials and we made estimates that they are expecting to see some cost increases as well, and it could be steel and aluminium are two components, of course, that we use in our production. That is part of that.

Daniel Schmidt (Danske Bank): A couple of questions from me. Just coming back to the US market. I think you, Mattias, mentioned that it got weaker month by month. I understand that retailers have been overly cautious maybe versus the consumer. But what do you think has been the market development in the US? How does that stack up against your performance?

Mattias Ankarberg: Hi, Daniel. Mattias here. We have strong partnerships with the biggest outdoor retailers in the US. We actually see what we sell into them, we see what they sell out of us, but we also see the category sales performance in the US at the moment.

For our key product categories, it is clear that it is well into double-digit declines. We are performing a little bit better than the market in total, I would say. Then there are some other product categories, which I think are probably even more challenging. I think the juvenile space is really, really tough right now. Estimates are that over 90% of strollers to the US are imported from China. And with potential 145% tariff increase, I mean there is a lot of struggle and a lot of, let us say, at least hesitance from retailers to act and spare any cash they may have.

A tough environment in general, and we are not, of course, doing well with a 13% organic decline, but the market is clearly sour and probably a little bit worse even than we are.

Daniel Schmidt: Okay. If you just tie that into stopping the car seat project in the US and letting people go at the Boulder office. If I looked at that press release or it was in the media I think, it looked like there was a lot of product development people that was let go. It looks like you say that you are shrinking the product development spending in the US.

If you look at the entire picture, do you think that you would have stopped the car seat project in the US if you would not have had been in a demand situation like this that you are currently in?

Mattias Ankarberg: Yes, it is true. We are making changes in North America, and there is several, as we talked about on your comment on the product development, but it is actually not decreasing, but we are focusing it in other categories. Yes, some people have unfortunately leaving the company, but we will add some people. Some of that in another satellite office, where we collocate people. But in total, it is a cost saving, but it maintained focus on growth.

But for sure, the categories we are now focusing on are much more attractive from a return profile. Clearly, we are seeing good traction in bike carriers with what we are doing right now. Clearly, we have a big opportunity in pickup. So it is the right thing to do independently if this demand situation would have emerged after February. We would have done the same decision. The answer is yes.

Daniel Schmidt: Okay. Just the price increases that you have let know when it comes to introducing, I think you mentioned an average of maybe 5% before it got really bad in the trade war between US and China. Have you upped that number even more since then when you look at the price increases that you need to do in order to neutralise the tariffs?

Mattias Ankarberg: Yes, we have. It is a dynamic market. But we are now moving with a 10% price increases, I mean, on average in the US as of 1st June. We will continue to monitor the situation, of course, and continue to adjust if need be.

Daniel Schmidt: As you look at it right now and things could change tomorrow, of course. Those 10%, they also include defending the margin in the US?

Mattias Ankarberg: Well, yes. It is a little hard to give you a fully transparent answer that because it is a little hard to know what. Well, first, the direct effects of how some of these

are interpreted, but also the indirect effects. But we believe this is a really good step to offset the impact we can see now. If we will see further impact, we will adjust prices more.

Do you want to add to that, Toby?

Toby Lawton: No.

Daniel Schmidt: Any initial response from retailers on this announced price increases? And how does it stack up against what competitors are needing to do?

Mattias Ankarberg: Yes. Of course, nobody likes a price increase in this market. It is a tough situation. I guess we have the advantage of being the market leaders in our categories. We have pricing power to use that phrase. Competition has acted a lot already, some a little bit less, some clearly more, both within the categories we are. Another major player in the bike carrier, for example, have increased a little bit more than 10% already. The Juvenile business, again, is the furthest hit with several strollers, big selling strollers are now up already now 30% in the market.

There are even more extreme examples, but big volume products are up in the 30% space in Juvenile. Of course, nobody likes the increases from the customer side and sure it is going to impact consumer demand, but it is happening I would not say across the board, but it is happening rapidly in every category.

Daniel Schmidt: Sorry for staying on this topic, but just want to make it clear. Going with the price increases by 1st June up 10%, do you feel that that matches the tariff impact that you will experience, or is there a lead time where you will have a negative impact until you catch up? Or how does it work?

Toby Lawton: No. It is hard to predict, is number one. But we feel that matches the increase we need to offset the cost impact from both indirect and direct cost impacts. Then the timing, it is, like I said, a bit hard to predict, but we do not expect big cost increases before we have the price increase, but there may be some. But it is hard to give a guidance on that, but we do not expect a big impact ahead of the price increase.

Daniel Schmidt: No. Okay. Just a final one also, sorry, on the car seats and stopping the product in the US. I think you said back then that this was a SEK1 billion sales potential in 2030. Then, of course, part of that was the US market. Do you feel that that could be compensated, with what you are seeing in the European market? Or does this mean that the total addressable market is 40% less or something like that?

Mattias Ankarberg: Now, of course, the addressable market with the products we now have in the marketplace will be smaller. But we do have really great traction in Europe, and the premium segment is significant in Europe and clearly bigger. We hope to be able to offset that with the European traction, and we have one more product coming this summer, high back booster seats and we will introduce, as a cliff hanger, I guess, we will introduce later in the year a really nice premium suite of products to the trade that could also bring this to the next level.

We are doing everything we can to grab the market share in Europe and to compensate for that. We have to remember that even when we say we are going to get to SEK1 billion. We do that, it is still a fairly small number of the total European premium segment we are talking about. A matter of time, and we will get there.

Adela Dashian (Jefferies): A couple of questions from me. If we start with the commentary around the direct-to-consumer platform. I do not know if you mentioned during the call, I am sorry, I joined late. But are you able to specify any concrete numbers around how much that platform grew in the US? I guess, are you prioritising or leveraging that as an opportunity to still achieve some type of growth in the North American market despite the ongoing weakness experienced there?

Mattias Ankarberg: Mattias here. I can start. Well, if we talk about the Thule directly, it newly acquired Quad Lock business. For now, we do see a really nice growth in the quarter, well into double-digit. We do not give specifics per geography, but I can say it outperformed in every geography compared to the retail business, if you like, or the retail channel. But really nice development.

We are, of course, happy to see it. We are not pushing D2C at the expense of our retail partners but it is nice to see that consumers increasingly discover our own channel and shoppers cross categories, etc. I do believe there is an extra impact in all honesty in this quarter of retailers being cautious with holding inventory, and getting to thule.com is a good space or a good place to actually find the new Thule products that you are looking for.

Yes, really nice channel development across geographies and continue to have it as a premium channel option for our consumers, and hope that that will continue.

Adela Dashian: That makes sense. I guess as you are seeing a more robust consumer in the US versus how the retailers are behaving, with your flexible assembly footprint, I guess, would it be fair to say that retailers are in a situation where inventory levels are below demand that you would be flexible enough to scale up and deliver better relative to your competitors in the North American markets?

Mattias Ankarberg: Yes. Well, we think so. I mean just from looking at the facts, almost none of our competitors in our core categories have production in the US. With everything that is happening now to logistic flows and supply chain dynamics, I am sure we are going to be in a much better position than almost anybody to be able to deliver on time and in full and all of that as we are now into high season. That is clearly the case.

Sorry, I forgot if there was a second part of your question, if so, maybe you could please repeat.

Adela Dashian: No, I think that answers it. Then maybe lastly on just the consumer. I mean now with the expansion of the D2C you now have, I guess, better way of communicating with your consumers. Could there be currently a situation where they are also acting in advance of any price increases? Therefore, you are seeing a better robustness of the consumer rather than just the demand situation being better, if you see what I am saying. There is going to be price increases coming. Everyone is aware of that. Customers are quoting decisions or purchases ahead of time for that, and hence are you seeing better development?

Mattias Ankarberg: Of course, it is possible. We rarely saw with consumers, but more often saw, of course, with the retailers. We announced price increases as of 1st June. They are not visible to consumers yet, but the retailers have the price list, so to speak. I guess if you are a

very informed consumer, you can make an educated guess and buy ahead. That is not a typical sort of significant behaviour that we see.

On retailers, yes, there could be such effect with early ordering and then, of course, less sales afterwards. We have not really seen that yet, quite the opposite with retailers being really conservative with putting orders in and really looking to conserve cash in this market environment.

Adela Dashian: Got it. Then just lastly, on the price increases. I think you have previously mentioned this was a couple of weeks ago now, but that you were looking to implement price increases of 5% in North America from 1st June. Now it is increased to 10%. How quickly can you act if further price increases are necessary? Like how much of advance time do you need to give your retailers when it comes to price increases?

Mattias Ankarberg: Now, first of all, you are correct. We said 5% before, now we are saying 10%, market changes. We are less concerned about how quickly we can act. We can act fairly quickly, but we want to have retail partners where we give a little bit of notice. They have now gotten the information that it will be 10% just recently, and we are implementing that as of 1st June. I guess that is a pretty good indication that late April, we can send the information out that we implement early June.

But we like to give a little bit of notice, so our long-standing retail partners can prepare and get ready for the new prices when they do come.

Carl Deijenberg (Carnegie): Just one question for me. Coming back a little bit to the prior topic on underlying market development versus your organic reporting here in the US. I appreciate the colouring you gave on the retailer hesitation. But could you give any such estimate on also what you are seeing in Europe? Would you say that the organic development to 1Q is fairly much now with the market development? I appreciate that there is a lot of different categories and so on, but a broad answer would be appreciated.

Mattias Ankarberg: Yes. Thank you, Carl. I mean, we do not want to sound too optimistic. But I think some of the materials is publicly available. You can read up. Maybe it is better to refer to some of that. But if you look at the RV industry, for example, which I think there is quite a few publicly listed players, they are all in quite a lot of sales troubles, if I would say so. Big declines, double digits, some well into double digits, some even start with two and we are doing plus one. I think that is an indication of a category where we clearly are outperforming.

I think in all honesty, we tend to have our strongest positions and outperform the most, where we are the market leaders and where we have strength because we do bring the newness that nobody else does, and we do bring the stability and we are attractive also for the consumers, the retailers can pass this on. In RVs, one, I think, really good example and with our internal data, we see the same in, for example, bike carriers and rooftop boxes, etc. But there are no publicly available sources, I can point you to in those product categories.

Carl Deijenberg: Yes. Fair enough. Maybe just secondly, a follow-up also. I mean I came in a little bit later also, but the prior, let us say, inventory reduction guidance that you gave in 4Q, has that changed anything on the back of recent events on price adjustments and so on for the full year of 2025, I am referring to?

Toby Lawton: Hi Carl. Toby here. Our inventory reduction, we have our target of SEK200 million for the year, which we are confident of achieving. There is no change, and we still expect to achieve that.

Alexander Siljeström (Pareto Securities): Just one follow-up here on, if you could provide some colour to the start of Q2?

Mattias Ankarberg: Yes. Well, spring is always tricky with the calendar effects and we are entering into what is the high season for us. We said before that we do see a tough market in North America, and we expect that to continue. That is a continuation of trends, I guess, I would say, if anything. Start is as Q1, if you put it in a very simplified way. Then we are, of course, only short of one month into the quarter, yet.

Alexander Siljeström: Is that also true for Europe?

Mattias Ankarberg: Yes.

Alexander Siljeström: In terms of Quad Lock, you showed quite nice growth here in Q1. Was there a prebuy effect on the back of tariffs? And also if you could talk about the stock to Q2 here given tariffs?

Mattias Ankarberg: Same answer actually. It has been a really nice development in Q1 and a good start for Q2 there as well.

Alexander Siljeström: In terms of price increases for Quad Lock, is that to the same extent as of the rest of the Group for North America? Or are you looking at higher price increases here?

Mattias Ankarberg: No, but there will be price increases there, too. A little bit different levels because it is a bit of a different P&L dynamic, as you may know, with higher gross margins and higher share of SG&A, but price increases also in Quad Lock. Yes, we would not share actually the specific details of that for some other reasons, but there will be price increases for Quad Lock too.

Daniel Schmidt: Just a follow-up. You touched upon the RV performance. It looks to be quite extensive outperformance compared to what many others are saying when it comes to European RV at the start of 2025. I think you alluded to a difficult market also in Q2 in connection with the previous quarterly report. Is that still your view and what you see in terms of your own dynamics between OE and aftermarket, where the aftermarket has been surprisingly good for you? Is that temporary, or is that on the back of product launches that you mentioned? Shed some more light on that.

Mattias Ankarberg: Yes, happy to. RV is basically continuing a trend from Q4, and we expect it to continue also into Q2. What I mean by that is that, clearly, there has been a correction in the marketplace. But with the OEs have had production stops to hold back on volumes being pushed out into the retail channel. When people produce less, they buy less. So our sales is also declining well into double-digit for OE RV in Q4 and in Q1, and we expect that, that will be up also in Q2.

However, exactly to your point, Daniel, we have had really nice sales in the aftermarket, both in Q4. And in Q1, it offset the decline in OE versus small plus 1% net effect. We still see that growth happening in Q2 as well. I think there are two reasons. One is that the consumer

demand or interest and demand for RVs is still, I guess, solid, is it the word maybe I would use. It is not peaking, but it is still there. Some discount-driven for sure. But attendance at these big fairs that is going on around Europe this spring has been really nice around all-time high levels just as last year and sell-out volumes from retail RV dealers are not bad, actually, pretty okay.

Then on top of that, we have these new product launches that make a difference. We made a small comment that particularly on the bike side in RV, where we have also launched some new things, we do see good growth in the aftermarket channel. The dynamics from Q4 continue into Q1, and we expect that that will continue into Q2 as well.

Mats Liss (Kepler Cheuvreux): A couple of questions. First, about Bags & Mounts. I guess, you include the Quad Lock in that segment. Do you experience any cross-selling opportunities there? I mean selling your existing or Thule products into Quad Lock area and North, South Asia in those kind of areas, or is it too early yet to see those effect?

Mattias Ankarberg: I might say very, very, very small effects in Q1. Quad Lock is a great business with a great team, and they have a great plan, and we want the team to be really focused on that. Having said that, we clearly have some integration projects we are doing and integration plan. We also have some opportunities on the sales and distribution side. So far, it has been mainly about introducing Quad Lock to retail partners that Thule has. But we have also put Quad Lock products, for example, in our Thule stores. There is a little, little bit, but insignificant impact on the quarter so far. Much more to be held for the future when the right time comes.

Mats Liss: I mean, you experienced some headwind now in consumer demand. But have you adjusted your cost structure fully to that headwind? Or do you do those measures gradually now and do you take any extra cost to adapt to that?

Mattias Ankarberg: Yes. Now, where the headwinds are clearly the strongest is in North America, of course, where we have a minus 13% organic sales number in the quarter, whereas Europe is flat, and we have done quite a few changes in North America recently. I mean we are taking costs down, both now with closing the office in Colorado that came with the Case Logic acquisition, and we are also avoiding future costs by not doing the North American car seat project going forward.

But then on top of that, we are investing more in growth where we see we have the big traction, and we are increasing prices by 10% in the US as a first step. Several actions are actually being taken to offset the weak market that we see in North America.

Mats Liss: But you mentioned the organic growth there in the US, 13% negative. I guess it seems that things are slowing down somewhat. We should expect somewhat more in the second quarter?

Mattias Ankarberg: I believe it is a tough market for sure, and that will continue also going forward and look at other companies that report or consumer sentiment numbers or other public sources. The consumer is clearly not in a great place in the US right now and the retailers are very, very cautious.

Mats Liss: Yes. But more flattish in Europe or should we see some more gradual negative development in Europe as well?

Mattias Ankarberg: Well, I guess you can have your own macro view, but we have seen flat in Europe in the Q1, and we see that at the start of Q2 is generally in line with Q1. We have seen for actually quite some time that the European consumer has been much stronger than the US consumer. We expect that, that pattern will continue also in the second quarter of this year and probably longer than that.

Thank you, everybody, for joining this call. Wish you all a great day and look forward to talking to you again at the Q2 conference call, if not before that. Thank you.

[END OF TRANSCRIPT]