

TRANSSCRIPT, THULE INVESTOR MEETING

28 MARCH 2025

Mattias Ankarberg (CEO):

I am joined here with Toby Lawton as well, our CFO and we will give a brief intro and then hand over for a Q&A session. And I thought as an intro we will just recap our recent performance. We'll speak about the current market environment and we will remind everybody of the priorities that we have for 2025. So if we can start on the next page, I mean in case there is anybody that is not that familiar with Thule, we are a premium outdoor product company and we've been around for a very long time for over 80 years and we've been a public listed company since 2014, which is shown on this graph. We had a pretty busy 2024 and it was nice to see that 2024 also then resulted financially in back to profitable growth. Sales was up by 5% to 9.5 billion SEK, EBIT margin increased by half a percentage point to 17.0.

So that was nice, the outcome on the financial side. We were also really busy and just as a backdrop to what we're doing in 25, 2024 was the biggest product launch year in Thule's history, by a margin. We launched three types of products. You could say we had several upgrades of our existing bestsellers, many products that got new generation products out. We brought some new innovations to the market in the categories we're already in. And then we entered three new product categories. We entered dog products in the beginning of the year with a dog crate Thule Allax, start of the 2024. We entered car seats in May and then gradually rolled that out during 2024 and we entered what's called performance phone amount through the acquisition of Quad Lock at the end of 2024. So very busy year. Good start for the new categories. Dog products is the best first year sales for a category that we've ever had and car seats is a bit earlier in its sales phase, but we won, of course you are aware, the most important consumer test we could win the ADAC test in Germany and have a good start also commercially for car seats.

So a lot of activity to broaden the portfolio. We opened five new DTC markets. We were recognised for our design effort in terms of product awards and the team awards and at the end of the year we also were recognised for our sustainability work. Sustainalytics ranked Thule as one one of the top 50 sustainable companies in the world out of over 15,000 in the scope. So a very busy 2024 and it was not an easy market environment, but if it's one thing that we learned in 2024, it's that new to products can drive sales growth also in a tough market and that has coloured also how we look at 2025. So as a reminder on what we're doing in 2025 and also to comment on the market situation, we can go to the next page. And just to remind everybody, this page is exactly the same page that we presented at the Q4 quarterly call.

So there's been no change to our priorities. Obviously market is a dynamic place but priorities are exactly the same and our focus is simply to continue to drive the long-term growth just that we have in place. We of course don't have an easy market in 2025. It was challenging as I said in 24 and as we look now in the start of the year, we see the same trend continuing with some I guess accelerations on some parts, it wasn't all gloomy last year we had some pluses and some minuses in the marketplace. Two things stood out on the positive side, the bike market, at least the premium end of the bike market was coming back nicely, which helped us and the European consumer was increasingly healthy I would say in terms of willingness to spend and continue to participate in sport and outdoor activities, but also more willing to spend than which is for example visibility in an improved consumer confidence number in Europe last year.

So that was on the plus side on the negative side last year, we have an exposure to the RV industry with our RV business and that's going through a tough time. So that hurt sales in 24 and also our

North American consumer was clearly not recovering as well as the European consumer during last year. If we look at the beginning of this year, I mean we are in durables, trends don't shift that quickly. I'm sure this audience is aware of some other market trends going on as well. So we largely see the same patterns. If anything the US market and the North American consumer is becoming more negative. Again, examples from, for example, public data on consumer sentiment is dropping significantly three months in a row and particularly so now very recently with the uncertainties that going on. And this of course affects consumer purchase intent and also retailer behaviour particularly in the US. We are given that well positioned.

Thule is the global market leader in our most important product categories. We sell to enthusiasts there are above income consumers and are willing to spend on new innovative products. We produce most of what we sell in our own factories and we have factories in both Europe and the US, so we have a favourable position to be able to advance our competitiveness and continue to drive the business forward in 2025. And we have set four priorities to do so and these are the same as same headings as last year. And then we tweak the content and update the priorities to adapt to where we are of course in our development and the marketplace. But first is continue the product development efforts that we do really well. We had a record launch year last year. We continue to put the foot on the gas also in 2025 and keep a similarly high launch calendar as we see that that's driving growth.

Since we launched two new categories organically last year, we are now focusing more resources on launching products in our existing product categories. So you will see rooftop boxes, bike carriers, running strollers, upgraded versions of existing bestsellers during 2025. We also have an earlier launch calendar in 2025 than 2024. So we want to keep to try to catch more of the high season, which is spring and early summer for us and therefore launch more products earlier in the year. We will continue, as number two, to build up the new categories that we recently entered to scale up dog transportation, excuse me, we have a new product coming, crush tested harness soon, we'll continue to expand distribution as well. Similarly, on child car seats, we expanded all throughout 2024 with 20 new countries in Q4. So that's now in place and continuing to activate that consumer, educate that retail staff et cetera, and also bringing more products to that portfolio with a high back booster seat coming in 2025.

And then the Quad Lock business, the acquired performance phone mount business also has an ambitious development agenda for 2025. So as a second priority, we'll continue to drive those new categories and develop those. We will also continue the work of being closer to the consumer, being more visible. We know there are lots of fans of Thule out there that are not yet aware of our full offer. And one example of that is our DTC effort. We recently opened, two weeks ago I believe, opened Norway for Thule.com DTC sales and we will continue to add markets also this year. And then lastly, we will continue to trim our supply chain efficiency. We have taken particularly inventory levels down a lot, 1.2 billion sec last two years and we have an ambition to reduce another 200 million in 2025.

So that's the priorities for 25. They have not changed since we spoke last at the fourth quarter and we look forward to executing them with high pace as the season starts and as we have an ambitious launch calendar. Also wanted to just quickly update you of some of the products that are coming now already in Q1 to the market. So just very briefly, we are bringing a new version of Thule Force to the market, which is our most selling mid price rooftop box, new design, better aerodynamics, new lock system, new accessories. Really excited to launch that here actually just about the end of March, which is around now. So look forward to see that in trade. Now we are bringing innovation in rear of car this year called Thule Santu, it's a combination of a bike carrier and a cargo box, a flexible modular system that we know has been positively received with particularly, excuse me, electronic vehicle drivers and we look forward to you seeing more of that during 2025.

And then lastly, we have a big focus on some of our most important product categories including bike carriers and we have just released Thule Reverse, which is an upgraded version of our most sold bike carrier in North America. Again, better functionality, higher loads, more accessories, including a look, et cetera. And although the North American market is pretty tough, we have already received very positive reviews and included a few just PR clip highlights here, which I think continue to underline that we are bringing good products to the market and we are proud of what our R&D team keeps feeding our consumers. So that's a little bit of an up update of the market situation, our priorities, and also how those priorities are playing out now in the start of 2025. And before we move to Q&A maybe Toby, are there anything you'd like to add specifically for this update?

Toby Lawton (CFO):

Yeah, maybe. Thanks Matthias. Yeah, hi everybody. Maybe I can just, I mean add a couple of things that to bear in mind, particularly maybe in the relation to quarter one and quarter one is going to be reported on 29th of April, but I mean firstly as Mattias says, it is a challenging market out there and we feel that as well North America as Mattias mentioned in particular is tough and RV is in a tough place. So we certainly feel those trends, so that's important to bear in mind. On top of that, when it comes to the P&L, I think it's also something we've talked about before, so it's nothing new, but we have a phasing of our particularly development costs, which is in relation to the product launches, which Matthias also mentioned, which are coming earlier this year. So we take quite a lot of our development cost at the time of product launch.

So we expect our cost base, our SG&A cost base to be higher in quarter one as a result of that than it was last year. So you can expect an impact of a few percentage points versus last year when it comes to SG&A, when you look at it as a proportion of sales. So that's one thing to bear in mind. Again, nothing we haven't talked about before but maybe not been fully picked up. And the other thing to bear in mind is we obviously now have Quad Lock in the company. We had one month of Quad Lock in quarter four, we'll have three months of Quad Lock in quarter one, but then make sure you're aware of the seasonality of Quad Lock as well. Quad Lock has a seasonality, which we actually had some numbers in the Q4 report, so if you dig into the back of the Q4 report you can find some more data.

But basically if you take Quad Lock's annual revenue, around 18% of their annual revenue was in Q1 last year. So we expect the same kind of pattern and around 15% of their EBITDA came in quarter one, so it's their smallest quarter of the year. And just imagine below EBITDA you also have to bear in mind there is depreciation in Quad Lock, which is approximately 10 million per quarter. And then we will also have the amortisation of intangibles, which is, you can also find that in the back of the Q4 report, but it's about 9 million per quarter as well. So make sure you're keeping that in mind. So just a few more detailed points but just to make sure everyone's on the same page. Maybe with that I could hand over to hand back to you Mattias and over to Q&A. Yep.

Mattias Ankarberg (CEO):

Thank you Toby. Thank you for those clarifications and yeah, let's look forward to some questions and interesting discussions. So we will turn to operator to manage the Q&A session.

Operator:

Thank you. To ask a question, please press star followed by one on your telephone keypad now if you change your mind, please press star followed by two. When preparing to ask your question, please ensure that your device is unmuted locally. Our first question is from Mats Liss of Kepler Cheuvreux. Mats, your line is now open. Please go ahead.

Mats Liss, Kepler Cheuvreux:

Yeah, hi. Thank you. A couple of questions first. I mean you mentioned that things are sort of slowing down, especially in the US and I guess currently we are sort of moving into peak season for you to some extent, the year over year situation seems to be well somewhat ease by your new product launch. How should we see that balance? I mean product launch are interesting for you. You can drive sales as you indicate. Is it enough to balance the softer market situation? I mean on top line then again you have cost for the product launches, et cetera. Maybe it's a bit...

Mattias Ankarberg (CEO):

Hi Mats, Matthias here, I can start and then Toby can add maybe. But of course first of all we try not to optimise only for the quarterly level. It's more the product launches that we do and put in place now is, as I said, to capture as much of the high season as we can. Q2 is the biggest quarter, but we do take the costs, to Toby's point, when we launch, well take costs continuously, but a lot of the costs, some of the costs taken at launch. So there's a dynamic there and I think typically Easter time is a good indication of where the market is heading and we have that a couple of weeks out so I think that should give us a good read. But of course when there is uncertainty in the business and of course consumers react, then you can see in the US consumer sentiment numbers that basically across age groups and income brackets, people are expecting higher inflation.

That's the takeaway which leads to reduced spend. And then retailers also, some more eager to load in volumes, but most are of course cautious also to build up inventory as they don't know what the demand will go. So there are a couple of things in place. I think it's hard to put a specific number down for a single month or quarter, but we clearly saw last year that without having this ambitious launch calendar that we identified, we wouldn't have been able to drive that growth. So for the full year we feel that we have lots of good products coming out and being able to capture the high season and that should be able to give a nice boost to the top line for 2025.

Mats Liss, Kepler Cheuvreux:

And also the bike segment is certainly a high margin segment for you. And what, what's the year over year comparison there? I mean you saw a good trend during 24 and could it be expected to continue in 25 now? Are there other things to move in another direction?

Mattias Ankarberg (CEO):

I think again, Toby feel free to add, but I think generally the bike market has recovered nicely in 24 and actually starting even late in 23 or second half of 23. And the big reason has been, as you probably are aware, the inventory levels at bike retail that is now largely sort of is in a healthy spot in Europe since quite a few quarters and is getting there in the US. So I think that we still see the same long-term growth drivers of bike commuting is becoming more popular, e-bikes are growing, people are buying more expensive bikes, so they want to have more premium bike carriers which benefits Thule, so that's a good long-term thing. We do have a lot of new things coming out in bike during the last two quarters and the coming quarters. But then again of course short-term uncertainty is little too early to say I would say. But when the consumer is shaking like this and the retailers become cautious, that of course is a negative effect in the very short term. But we'll see how it plays out. Then as we come to high season.

Toby Lawton (CFO):

Maybe I just add, I mean in quarter one bike is a smaller part of revenue because really the bike season comes alive as Mattias said in quarter two and quarter three. So it is a bit too early to read.

Mats Liss, Kepler Cheuvreux:

And another topic is of course the multi tariffs there. And I guess you mentioned that you have production in Europe and within the borders there, but have you made any preparation, I mean some tariffs will affect you, I guess components and so on. Could you make some thing to balance that through while price increases also?

Toby Lawton (CFO):

Maybe I can start here, but yeah, we have a lot of our manufacturing in the US firstly, so it's obviously the tariff situation is affecting the US market primarily and a lot of US producers. We manufacture most of our revenue in US is manufactured in US. So we are less affected than most of our competitors who are importing either from Asia or from Mexico in nearly every case. But we are not, we are somewhat impacted. We do have some imports. We also manufacture with raw materials that are either imported or are subject to quite volatile pricing right now because of the tariff situation. So we have announced some price increases. It's different by product, but on average the price increase is about 5% from 1st of June in the North American market.

So that's to offset the impact of tariffs on us as we estimate the impact to be. Of course, it's quite a changeable picture as everyone knows, so we are monitoring very closely, but that's the action we are taking. The price increase will come from 1st of June, we might get some impact. We don't see impact really in quarter one, but in quarter two. It depends on the timing of the tariffs really versus that price increase. But there might be some tariff impact a bit before that price increase depending whether it's on which kind of product category, if it's kind of aluminium or steel, or some imports from China, which are the two main tariff impacts on us.

Mats Liss, Kepler Cheuvreux:

Okay, great. Thank you.

Operator:

As a reminder to ask a question, please press star followed by one on your telephone keypad. Now we currently have no further questions, so I'll hand back to Mattias Ankarberg for closing remarks.

Mattias Ankarberg (CEO):

Thank you everybody for joining the call and look forward to speaking to you if not before at the Q1 call at the end of April. Wish you all a great weekend.