

Thule Group

Interim report, third quarter, July–September 2022

Third Quarter

- **Net sales** for the quarter amounted to SEK 2,139m (2,772), corresponding to a decrease of 22.8 percent. Adjusted for exchange rate fluctuations, sales declined 29.4 percent.
- **Operating income** amounted to SEK 193m (670), corresponding to a margin of 9.0 percent (24.2).
- **Net income** amounted to SEK 137m (516).
- **Cash flow from operating activities** totaled SEK 543m (534).
- **Earnings per share before dilution** amounted to SEK 1.31 (4.94).

January-September

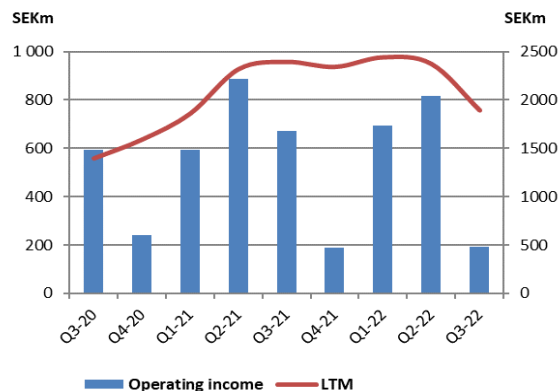
- **Net sales** for the first nine months of the year amounted to SEK 8,487m (8,540), corresponding to a decrease of 0.6 percent. Adjusted for exchange rate fluctuations, sales declined 7.1 percent.
- **Operating income** amounted to SEK 1,703m (2,150), corresponding to a margin of 20.1 percent (25.2).
- **Net income** amounted to SEK 1,291m (1,636).
- **Cash flow from operating activities** totaled SEK 506m (1,473).
- **Earnings per share before dilution** amounted to SEK 12.35 (15.64).

	Jul-Sep 2022	Jul-Sep 2021	%	Jan-Sep 2022	Jan-Sep 2021	%	Full-year 2021
Net sales, SEKm	2 139	2 772	-22.8	8 487	8 540	-0.6	10 386
Operating income (EBIT), SEKm	193	670	-71.2	1 703	2 150	-20.8	2 340
Net income, SEKm	137	516	-73.4	1 291	1 636	-21.1	1 790
Earnings per share, SEK	1.31	4.94	-73.4	12.35	15.64	-21.1	17.12
Cash flow from operating activities, SEKm	543	534	+1.7	506	1 473	-65.6	1 128

Net sales



Operating income (EBIT)



CEO's statement

Challenging quarter with rapid slowdown in bike-related categories

In the third quarter, we saw rapidly declining demand for bike-related products as global bike stores significantly cut back their purchases due to their general high inventory levels. In the report for the second quarter, we indicated concern for high inventory levels at our customers. However, the slowdown was considerably more substantial than expected. Third-quarter sales declined 23 percent (a 29 percent decline after currency adjustment) year-on-year.

The gross margin in the quarter was 33.9 percent (40.6) and was negatively impacted primarily by a decline in sales of bike-related high margin products. Higher shipping costs for bulky product groups with good growth, such as roof boxes and awnings for RVs, had a negative impact. The general increase in the share of sales in the Packs, Bags & Luggage and RV Products categories, with typically lower gross margins, also negatively impacted the gross margin.

Investments in product development continued according to plan since our view of the future long-term market trend remains unchanged. Product development, as a share of sales, was 6.7 percent for the quarter, compared with 3.8 percent in the year-earlier quarter. The relatively high level is also a result of our resumed work with development projects that we chose to postpone the completion of in 2021, in order to secure an efficient and reliable delivery chain for manufacturing these new products.

We are taking the same long-term view on marketing costs since we believe in a long-term continued favorable sales trend for our product categories. We are therefore continuing to secure and strengthen our market positions, and added investments ahead of the important launch of car seats that will reach European retail in autumn 2023.

The EBIT margin sank to 9.0 percent, which was lower than the exceptionally strong third quarter of 2021, 24.2 percent, as well as with historical levels for the third quarter of 16–18 percent.

Inventory amounted to SEK 3,140m, down SEK 117m after currency adjustment compared with the end of the second quarter. Inventory consists of components and high-volume products that we are convinced we will be able to sell in 2023.

Decreased sales of bike-related products in Region Europe & RoW

Year-on-year, sales declined 29 percent after currency adjustment during the quarter.

Sales of bike-related products decreased markedly compared with the exceptionally strong third quarter prior year. This concerned especially bike carriers in the Sport&Cargo Carriers category as well as bike trailers and child bike seats in the Juvenile&Pet Products category. Bike-related products accounted for only 28 percent in the quarter compared with some 51 percent in 2021.

Sales in the RV Products and Packs, Bags & Luggage categories trended favorably.

Region Americas - challenging bike category

After currency adjustment, sales declined 29 percent year-on-year.

Also in this region, we noted a substantial decline in sales of bike-related products that accounted for 22 percent (40) of sales in the quarter.

Packs, Bags & Luggage performed well in the region, driven by successful product launches and increased travel.

Short-term challenges, but strong confidence in our strategy and positive long-term trends

The coming quarters, as already communicated, we will be facing a challenged market with a greater uncertainty in regards to how consumers' purchasing desire is impacted in an uncertain world as well as retailers that will strive to keep inventory levels low.

Our long-term strategy and ambitious targets remain firm, as we are convinced that the trend of living active lives close to home will remain strong in the long term. At the same time we have already taken actions, thanks to our flexible operations model, to ensure that we have the right staffing levels and have adjusted our capacity related investment levels in our assembly facilities. We will continue to monitor the market development closely. In 2023, we will also begin an exciting growth journey in the child car seats and dog transport solutions product areas.

With a clear focus and high energy, we take on a challenged time over the coming quarters. At the same time, we look forward to next spring with many of our new products in stores across the world.



Magnus Welander,
CEO and President

Financial overview

Trend for the third quarter

Net sales

In the third quarter of 2022, net sales amounted to SEK 2,139m (2,772), representing a decline of 22.8 percent. Adjusted for exchange rate fluctuations, net sales for the Group decreased 29.4 percent.

In the Region Europe & RoW, net sales totaled SEK 1,418m (1,922), down 26.2 percent, and down 29.4 percent after currency adjustment. Net sales in Region Americas amounted to SEK 721m (850), down 15.3 percent. After currency adjustment, sales declined 29.5 percent.

	Jul-Sep	Jan-Sep
	2022	2022
Change in net sales		
Changes in exchange rates	6.6%	6.5%
Structural changes	0.0%	0.0%
Organic growth	-29.4%	-7.1%
Total	-22.8%	-0.6%

Gross income

Gross income for the quarter totaled SEK 724m (1,125), corresponding to a gross margin of 33.9 percent (40.6). The margin declined 6.3 percentage points after currency adjustment. Considerably lower sales in bike-related products with relatively high margins have led to a decreased gross margin. Higher costs for raw materials and higher freight prices have also impacted the gross income.

Operating income

Operating income amounted to SEK 193m (670), corresponding to a margin of 9.0 percent (24.2). The operating margin after currency adjustment was 14.8 percentage points down on the previous year. Continued major investments in development costs, launch costs of child car seats, increased costs for managing the higher inventory levels and a resumption of participation in trade fairs have impacted the quarter.

	Jul-Sep	Jan-Sep
Change in Operating margin		
Operating income 2022	193	1 703
Operating margin 2022	9.0%	20.1%
Operating income 2021	670	2 150
Operating margin 2021	24.2%	25.2%
Operating income 2021, currency adjusted	723	2 245
Operating margin 2021, currency adjusted	23.9%	24.6%
Change in operating margin, currency adjusted	-14.8%	-4.5%

Net financial items

Net financial items for the quarter amounted to an expense of SEK 17m (expense: 12). Exchange rate differences on loans and cash and cash equivalents amounted to an expense of SEK 2m (expense: 4). The interest expense for borrowings was SEK 14m (expense: 8). Increased use of the credit facility and rising interest rates accounted for the change in net interest.

Net income for the period

In the third quarter, net income was SEK 137m, corresponding to earnings per share of SEK 1.31 before and after dilution. For the year-earlier period, net income totaled SEK 516m, corresponding to earnings per share of SEK 4.94 before dilution and SEK 4.89 after dilution.

Trend for the first three quarters

Net sales

Net sales for the first three quarters of 2022 amounted to SEK 8,487m (8,540), representing an decrease of 0.6 percent. Adjusted for exchange rate fluctuations, net sales for the Group decreased 7.1 percent.

In Region Europe & RoW, net sales totaled SEK 5,988m (6,285), down 4.7 percent and 8.1 percent after currency adjustment. Net sales in Region Americas amounted to SEK 2,498m (2,255), up 10.8 percent but down 4.5 percent after currency adjustment compared with the first three quarters of 2021.

Gross income

Gross income amounted to SEK 3,339m (3,538) in the period, corresponding to a gross margin of 39.3 percent (41.4). After currency adjustment, the margin decreased 1.5 percentage points. The price increases passed on to customers partly offset higher costs for materials and freight, but lower volumes have had a negative impact.

Operating income

Operating income amounted to SEK 1,703m (2,150), corresponding to a margin of 20.1 percent (25.2). The operating margin after currency adjustment was 4.5 percentage points down on the previous year. The cost increases consisted primarily of increased development costs and increased costs for managing higher inventory levels.

Net financial items

In the first three quarters, net financial items amounted to an expense of SEK 38m (expense: 27). Exchange rate differences on loans and cash and cash equivalents amounted to income of SEK 1m (expense: 4). The interest expense for borrowings was SEK 39m (expense: 23). Increased use of the credit facility and rising interest rates accounted for the change in net interest.

Taxes

The effective tax rate for the January–September 2022 period was 22.5 percent. The effective tax rate for the corresponding period in 2021 amounted to 22.9 percent. No significant events occurred during the year that affected the Group's effective tax rate.

Net income for the period

In the first three quarters, net income was SEK 1,291m, corresponding to earnings per share of SEK 12.35 before dilution and SEK 12.26 after dilution. For the year-earlier period, net income totaled SEK 1,636m, corresponding to earnings per share of SEK 15.64 before dilution and SEK 15.50 after dilution.

Cash flow

Cash flow from operating activities for the quarter was SEK 543m (534). Cash flow from operating activities for the first three quarters was SEK 506m (1,473). Investments in fixed assets amounted net to SEK 377m (350). A further SEK 1,306m of the company's credit facility was utilized during the period.

Financial position

As of September 30, 2022, the Group's equity amounted to SEK 6,687m (5,554). During the period, equity was affected by the dividend of SEK 1,359m resolved on by the AGM, of which SEK 680m has been distributed. The equity ratio amounted to 53.0 percent (55.7).

As of September 30, 2022, net debt amounted to SEK 2,188m (512). Total long-term borrowing amounted to SEK 2,966m (1,051), and comprised loans from credit institutions of SEK 2,797m (919), gross, long-term lease liabilities of SEK 168m (125), capitalized financing costs of SEK 1m (5) and the long-term portion of financial derivatives of SEK 2m (11). Total current financial liabilities amounted to SEK 102m (67) and comprised the short-term portion of financial derivatives and lease liabilities.

SEKm	Sep 30 2022	Sep 30 2021	Dec 31 2021
Long-term loans, gross	2 965	1 044	1 556
Financial derivative liability, long-term	2	11	7
Short-term loans, gross	79	57	66
Financial derivative liability, short-term	23	9	14
Capitalized financing costs	-1	-5	-4
Accrued interest	0	0	1
Gross debt	3 067	1 117	1 640
Financial derivative asset	-39	-24	-24
Cash and cash equivalents	-841	-581	-149
Net debt	2 188	512	1 467

As of September 30, 2022, goodwill was SEK 5,014m (4,447). The increase was attributable entirely to currency effects.

As of September 30, 2022, inventories amounted to SEK 3,140m (1,589). Inventory has been accumulated during the first half of the year to counter disruptions in logistics and thereby efficiently meet at that time the higher demand. Compared with the second quarter of 2022, inventory has declined SEK 117m after currency adjustment. Compared with the same point in time in 2021, the inventory value increased due to currency effects amounting to SEK 174m.

As of September 30, 2022, deferred tax receivables amounted to SEK 351m (356), of which SEK 131m (140) pertained to capitalized tax losses carry forwards.

Other information

Seasonal variations

Thule Group's sales and operating income are during a normal year partially affected by seasonal variations. During the first quarter, sales in the Sport&Cargo Carriers category (roof boxes, ski racks, etc.) are affected by winter conditions. The second and third quarters are primarily impacted by how early the spring and summer arrive. In the fourth quarter, seasonal variations are primarily attributable to sales of winter-related products (roof boxes, ski racks, snow sport backpacks, etc.) and sales of products in the bag category prior to major holidays. Thule Group has adapted its production processes and supply chain in response to these variations.

Employees

The average number of employees, including externally contracted workers in manufacturing, during the first nine months of the year, amounted to 3,284 (3,250). At the end of the third quarter, the number of FTEs was 2,770 (2,730 employees and 40 externally contracted workers in manufacturing).

This is a reduction of 268 FTEs compared with the end of the second quarter (2,903 employees and 135 externally contracted workers in manufacturing), and a reduction of 528 FTEs compared with the end of the third quarter of 2021 (2,743 employees and 555 externally contracted workers in manufacturing). The reduction was mainly the result of completed short-term contracts and externally contracted workers in manufacturing.

Thule Group's share

The shares of Thule Group AB are listed on the Nasdaq Stockholm Large Cap list. As of September 30, 2022, the total number of shares in issue was 104,562,436.

Dividend

The Annual General Meeting on April 26 resolved to distribute a dividend of SEK 13.00 per share and that the dividend be distributed in two installments for a better adaptation to the Group's cash flow profile. The total resolved dividend amounted to SEK 1,359m. The record date for the first dividend payment of SEK 6.50 per share was April 28, 2022 and the record date for the second payment of SEK 6.50 per share was October 6, 2022.

Shareholders

As of September 30, 2022, Thule Group AB had 30,017 known shareholders. As of this date, the largest shareholders were AMF Försäkringar & Fonder (14.3 percent ownership), SEB Swedbank Robur Fonder (5.1 ownership), Didner & Gerge Fonder (3.8 percent ownership) and SEB Fonder (3.8 percent ownership).

Please refer to www.thulegroup.com for further information.

Parent Company

Thule Group AB's principal activity pertains to head office functions such as Group-wide management and administration. The comments below refer to the period January 1–September 30, 2022. The Parent Company invoices its costs to Group companies. The Parent Company reported a net loss of SEK 23m (loss: 24). Cash and cash equivalents and current investments amounted to SEK 0m (0). Long-term liabilities to credit institutions totaled SEK 2,796m (915).

The Parent Company's financial position is dependent on the financial position and development of its subsidiaries. The Parent Company is therefore indirectly impacted by the risks described in Note 4, Risks and uncertainties.

Sales trend by region

SEKm	Jul-Sep		Change		Jan-Sep		Change	
	2022	2021	Rep.	Adj.1	2022	2021	Rep.	Adj.1
Net sales	2 139	2 772	-22.8%	-29.4%	8 487	8 540	-0.6%	-7.1%
- Region Europe & RoW	1 418	1 922	-26.2%	-29.4%	5 988	6 285	-4.7%	-8.1%
- Region Americas	721	850	-15.3%	-29.5%	2 498	2 255	10.8%	-4.5%

¹ Adjusted for changes in exchange rates

Region Europe & RoW

In the third quarter, sales in the region decreased 29.4 percent after currency adjustment, compared with an exceptionally strong third quarter in the previous year. For the first nine months of the year, this entailed a decline of 8.1 percent after currency adjustment.

The highly cautious position adopted by bike and bike accessory retailers has led to lower sales in all European markets, with the Nordic countries and France being the weakest markets in the quarter compared with a very strong period last year.

In Asia, sales performed well, primarily as a result of favorable sales in Packs, Bags & Luggage. Japanese and Southeast Asian markets performed particularly well despite international travel being extremely limited.

In Sport&Cargo Carriers, roof boxes and towbar boxes for transportation were the strongest category, with a continued strong interest in stycations. Strollers continued to perform strongly in Juvenile&Pet Products (formerly known as Active with Kids), while there was a decline in sales of bike trailers and child bike seats.

The Packs, Bags & Luggage product category grew compared with a weak previous year, primarily through large duffel and carry-on bags, and backpacks for everyday use.

RV Products continued to record very strong growth, with the exception of bike carriers, despite the major RV manufacturers continuing to experience problems with access to chassis for their RV manufacturing.

Region Americas

In the region, sales declined 29.5 percent after currency adjustment, compared with an exceptionally strong third quarter in the previous year. For the first nine months of the year, this entailed a decline of 4.5 percent after currency adjustment.

The major markets in the US and Canada performed poorly in the quarter, with significantly lower sales of bike-related products. By contrast, Latin America posted favorable growth during the quarter.

Packs, Bags & Luggage, which is a significantly larger category in this region, performed very well this quarter, much like in Region Europe & RoW.

Just as in Region Europe & RoW, in Sport&Cargo roof boxes performed best, while here again, bike carriers recorded significantly lower sales during the quarter.

Juvenile&Pet Products performed poorly in the quarter compared with the exceptionally strong third quarter in 2021 in all product segments. However, the small and clearly niche RV Products category continued to perform very well.

Assurance

The Board of Directors and the President provide their assurance that this interim report provides a fair and accurate view of the Group's and the Parent Company's operations, financial position and earnings, and describes the material risks and uncertainties faced by the Parent Company and other companies in the Group.

October 27, 2022

Board of Directors

Auditor's report

Thule Group AB (publ) corp. reg. no. 556770-6311

Introduction

We have reviewed the condensed interim financial information (interim report) of Thule Group AB (publ) as of 30 September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, October 27, 2022

PricewaterhouseCoopers AB

Eric Salander
Authorized Public Accountant
Auditor in Charge

Neda Feher
Authorized Public Accountant

Selected key events



The first Thule toddler car seats were shown to retailers at the world's largest juvenile trade fairs – At Kind + Jugend trade fair in Cologne on September 8–10, Thule demonstrated the modular premium offering of infant and toddler car seats fit for European i-Size regulations, which was the first step for the brand in the category. The system consists of a shared base (Thule Alfí), which is used for both the Thule Maple infant seat and Thule Elm toddler car seats. The products will be in stores in autumn 2023.



The market's most spacious roof top tent, Thule Approach, was launched in selected stores – Thule Approach breaks new ground in the roof top tent category with the market's quickest car roof installation, a unique design that allows for greater interior space and large windows for ventilation and a view toward the starry sky. Thule Approach was launched in select stores during the quarter and will be sold globally by spring 2023.

Financial statements

(Unless otherwise stated, all amounts are in SEK m)

Consolidated Income Statement

	Note	Jul - Sep		Jan - Sep		LTM	Full-year 2021
		2022	2021	2022	2021		
Net sales	2	2 139	2 772	8 487	8 540	10 333	10 386
Cost of goods sold		-1 415	-1 647	-5 148	-5 001	-6 372	-6 226
Gross income		724	1 125	3 339	3 538	3 961	4 160
Other operating revenue		-	-	-	15	-	15
Selling expenses		-439	-372	-1 355	-1 146	-1 690	-1 481
Administrative expenses		-92	-83	-282	-257	-379	-354
Operating income	2	193	670	1 703	2 150	1 892	2 340
Net interest expense/income		-17	-12	-38	-27	-48	-37
Income before taxes		177	658	1 665	2 123	1 845	2 303
Taxes		-39	-142	-374	-487	-400	-513
Net income		137	516	1 291	1 636	1 445	1 790
Net income pertaining to:							
Shareholders of Parent Company		137	516	1 291	1 636	1 445	1 790
Net income		137	516	1 291	1 636	1 445	1 790
Earnings per share, SEK before dilution		1.31	4.94	12.35	15.64		17.12
Earnings per share, SEK after dilution		1.31	4.89	12.26	15.50		16.95
Average number of shares (millions)		104.6	104.6	104.6	104.6		104.6

Consolidated Statement of Comprehensive Income

	Jul - Sep		Jan - Sep		LTM	Full-year 2021
	2022	2021	2022	2021		
Net income	137	516	1 291	1 636	1 445	1 790
Items that have been carried over or can be carried over to net income						
Foreign currency translation	363	80	915	285	1 068	437
Cash flow hedges	15	-6	16	-17	20	-14
Net investment hedge	-28	5	-69	17	-106	-20
Tax on components in other comprehensive income	-2	-1	-7	-6	-3	-2
Items that cannot be carried over to net income						
Revaluation of defined-benefit pension plans	46	-4	106	9	87	-11
Tax pertaining to items that cannot be carried over to net income	-9	1	-22	-2	-18	2
Other comprehensive income	385	75	941	286	1 049	394
Total comprehensive income	522	591	2 231	1 921	2 493	2 183
Total comprehensive income pertaining to:						
Shareholders of Parent Company	522	591	2 231	1 921	2 493	2 183
Total comprehensive income	522	591	2 231	1 921	2 493	2 183

Consolidated Balance Sheet

	Sep 30 2022	Sep 30 2021	Dec 31 2021
Assets			
Intangible assets	5 051	4 486	4 556
Tangible assets	1 934	1 321	1 479
Long-term receivables	7	3	8
Deferred tax receivables	351	356	326
Total fixed assets	7 343	6 166	6 369
Inventories	3 140	1 589	2 510
Tax receivables	18	54	6
Accounts receivable	1 034	1 347	872
Prepaid expenses and accrued income	101	72	81
Other receivables	131	155	205
Cash and cash equivalents	841	581	149
Total current assets	5 265	3 798	3 823
Total assets	12 608	9 965	10 192
Equity and liabilities			
Equity	6 687	5 554	5 815
Long-term interest-bearing liabilities	2 966	1 051	1 559
Provision for pensions	166	231	244
Deferred income tax liabilities	377	315	370
Total long-term liabilities	3 509	1 597	2 174
Short-term interest-bearing liabilities	102	67	80
Accounts payable	622	989	1 057
Tax liabilities	215	403	165
Other liabilities	728	472	92
Accrued expenses and deferred income	654	789	716
Provisions	91	95	94
Total short-term liabilities	2 412	2 814	2 203
Total liabilities	5 921	4 411	4 377
Total equity and liabilities	12 608	9 965	10 192

Consolidated Statement of Changes in Equity

	Jan - Sep		Full-year
	2022	2021	2021
Opening balance, January 1	5 815	5 253	5 253
Net income	1 291	1 636	1 790
Other comprehensive income	941	286	394
Total comprehensive income	2 231	1 921	2 183
Transactions with the Group's owners:			
Dividend	-1 359	-1 621	-1 621
Warrants	-	-	-1
Closing balance	6 687	5 554	5 815

Consolidated Statement of Cash Flow

	Jul - Sep		Jan - Sep	
	2022	2021	2022	2021
Income before taxes	177	658	1 665	2 123
Adjustments for items not included in cash flow	90	46	190	131
Paid income taxes	-77	-105	-345	-278
Cash flow from operating activities prior to changes in working capital	190	600	1 509	1 976
Cash flow from changes in working capital				
Increase(-)/Decrease (+) in inventories	103	-309	-360	-482
Increase(-)/Decrease (+) in receivables	750	246	17	-567
Increase(+)/Decrease (-) in liabilities	-499	-2	-660	546
Cash flow from operating activities	543	534	506	1 473
Investing activities				
Acquisition of subsidiaries	-20	-	-20	-
Acquisition/divestment of tangible/intangible assets	-116	-113	-377	-350
Cash flow from investing activities	-136	-113	-397	-350
Financing activities				
Dividend	-	-	-680	-1 202
Debt repaid/new loans	308	-166	1 250	-48
Cash flow from financing activities	308	-166	570	-1 250
Net cash flow	715	255	679	-128
Cash and cash equivalents at beginning of period	122	326	149	706
Effect of exchange rates on cash and cash equivalents	4	0	13	3
Cash and cash equivalents at end of period	841	581	841	581

Condensed Parent Company Income Statement

	Jul - Sep		Jan - Sep		Full-year
	2022	2021	2022	2021	2021
Other operating revenue	5	5	16	14	18
Administrative expenses	-11	-13	-37	-42	-57
Operating income	-5	-9	-21	-29	-39
Result from Shares in Subsidiaries	0	0	0	0	900
Interest income- and expense	-3	-0	-8	-1	-3
Income after financial items	-9	-9	-30	-30	858
Appropriations	0	0	0	0	36
Net income before taxes	-9	-9	-30	-30	894
Taxes	2	2	7	6	1
Net income	-7	-7	-23	-24	895

Condensed Parent Company Balance Sheet

	Sep 30	Sep 30	Dec 31
	2022	2021	2021
Assets			
Financial fixed assets	5 424	4 240	4 439
Total fixed assets	5 424	4 240	4 439
Receivables from group companies	1	0	536
Other current receivables	19	9	7
Cash and cash equivalents	0	0	0
Total current assets	20	9	543
Total assets	5 444	4 249	4 982
Equity and liabilities			
Equity	1 084	1 547	2 466
Other provisions	27	23	24
Liabilities to credit institutions	2 796	915	1 418
Liabilities to Group companies	0	368	368
Total long-term liabilities	2 823	1 306	1 810
Liabilities to Group companies	840	951	679
Other current liabilities	697	445	27
Total short-term liabilities	1 537	1 396	706
Total equity and liabilities	5 444	4 249	4 982

Disclosures, accounting policies and risk factors

Disclosures in accordance with Paragraph 16A of IAS 34 *Interim Financial Reporting* can be found in the financial statements and the associated notes as well as in other sections of the interim report.

Note 1 Accounting policies

This condensed consolidated interim report has been prepared in accordance with IAS 34, *Interim Financial Reporting*, and the applicable provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act on interim financial reporting. The same accounting policies and calculation methods have been applied for the Group and Parent Company as in the most recent Annual Report. Revised standards that became effective in 2022 have had no material impact on the Group's earnings and financial position.

Note 2 Operating segments and allocation of revenue

Thule Group comprises one segment. Though the Group has shared global processes for product development, purchasing, manufacture, logistics and marketing, its sales are managed in two regions, Region Europe & RoW and Region Americas. Internal monthly follow-up focuses on the Group as a whole, in addition to the geographic sales data, which is presented at other levels than Group level.

	Jul - Sep		Jan - Sep		Full-year	
	2022	2021	2022	2021	LTM	2021
Net sales to external customers	2 139	2 772	8 487	8 540	10 333	10 386
- Region Europe & RoW	1 418	1 922	5 988	6 285	7 143	7 440
- Region Americas	721	850	2 498	2 255	3 190	2 946
EBITDA	243	709	1 847	2 262	2 078	2 493
Operating depreciation/amortization	-50	-39	-144	-111	-186	-153
EBIT/Operating income	193	670	1 703	2 150	1 892	2 340
Net interest expense/income	-17	-12	-38	-27	-48	-37
Taxes	-39	-142	-374	-487	-400	-513
Net income	137	516	1 291	1 636	1 445	1 790

All revenue is recognized at one point in time.

Note 3 Fair value of financial instruments

	Fair Value	
	Sep 30	Sep 30
	2022	2021
Assets - Financial derivatives		
Currency forward contracts	13	7
Currency swaps	2	9
Currency options	0	0
Interest rate swaps	24	7
Total derivative assets	39	24
Liabilities - Financial derivatives		
Currency forward contracts	-18	-4
Currency swaps	-7	-5
Currency options	0	0
Interest rate swaps	0	-12
Total derivative liabilities	-25	-20

The carrying amount is an approximation of the fair value for all financial assets and liabilities. The Group's long-term liabilities are subject to variable interest rates, which means that changes in the basic interest rate will not have a significant impact on the fair value of the liabilities. According to the company's assessment, neither have there been any changes in the credit margins that would significantly impact the fair value of the liabilities. The financial instruments measured at fair value in the balance sheet consist of derivatives held to hedge the Group's exposure to interest rates, currency rates and raw material prices. All derivatives belong to Level 2.

Note 4 Risks and uncertainties

Thule Group is an international company and its operations may be affected by a number of risk factors in the form of industry and market-related risks, operational risks, sustainability risks and financial risks. For a more detailed description of the relevant risk factors, refer to Thule Group's Annual Report.

Specifically in relation to the coronavirus pandemic, there are risk factors associated with the decisions made by various countries and states to close down the market from a production or a sales perspective. Despite Thule Group's flexible production chain and sales in 140 different countries, with no individual dominating suppliers or customers, it is difficult to assess this risk factor.

The current macroeconomic situation, rising inflation and geopolitical concern has led to uncertainty that makes it difficult to predict how demand and the total cost base will be impacted.

Key figures

	Jul - Sep		Jan - Sep		Full-year
	2022	2021	2022	2021	2021
Net sales, SEKm	2 139	2 772	8 487	8 540	10 386
Net sales growth, %	-22.8%	13.8%	-0.6%	37.2%	32.7%
Net sales growth, adjusted % ¹	-29.4%	16.2%	-7.1%	44.0%	37.7%
Gross margin, %	33.9%	40.6%	39.3%	41.4%	40.1%
Operating income (EBIT), SEKm	193	670	1 703	2 150	2 340
Operating margin, %	9.0%	24.2%	20.1%	25.2%	22.5%
Earnings per share, SEK	1.31	4.94	12.35	15.64	17.12
Equity ratio, %	53.0%	55.7%	53.0%	55.7%	57.1%
Leverage ratio	1.1	0.2	1.1	0.2	0.6

¹ Adjusted for changes in exchange rates

Alternative performance measures and other financial definitions

Alternative performance measures are used to describe the underlying development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by Group management and the Board of Directors to measure the company's financial performance. These performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement. Refer to definitions of alternative performance measures, including calculation tables and other financial definitions below.

Gross margin

Gross income as a percentage of net sales.

Gross income

Net sales less cost of goods sold.

CAGR (Compounded Annual Growth Rate)

Measures of the growth rate achieved over a certain time period if that growth rate was the same each year during the given time period (expressed as a percentage).

EBIT - margin / Operating margin

EBIT as a percentage of net sales.

Operating income as a percentage of net sales.

EBIT – Operating income

Income before net financial items and taxes.

EBITDA – Operating income before depreciation/amortization/impairment

Income before net financial items, taxes, depreciation/amortization and impairment of tangible and intangible assets.

Organic growth, currency adjusted

Changes in net sales for the period adjusted for structural changes and currency effects.

Organic growth excludes the effects of structural changes in the Group's structure and exchange rates, which enables the comparison of net sales over time.

Net sales growth, currency adjusted

Changes in net sales for the period adjusted for currency effects.

Net debt

Gross debt less cash and cash equivalents.

Gross debt is the total of long- and short-term borrowing, derivative instruments, capitalized transaction costs and accrued interest.

Net debt is a metric used for monitoring the debt trend and the scope of refinancing requirements. Since cash and cash equivalents can be used to repay debt at short notice, net debt is used instead of gross debt as a metric for total loan financing.

LTM

Rolling 12-month.

Earnings per share

Net income for the period divided by the average number of shares during the period.

Leverage ratio

Net debt divided by EBITDA (LTM).

This APM is a debt ratio that indicates how many years it would take to repay the company's debt, provided that its net debt and EBITDA are constant, without factoring cash flows pertaining to interest, tax and investments.

Equity ratio

Equity as a percentage of total assets.

Calculation table alternative performance measures

	Jul - Sep		Jan - Sep	
	2022	2021	2022	2021
Organic growth, currency-adjusted				
Change in net sales, %	-22.8	13.8	-0.6	37.2
Exchange rate fluctuations, %	-6.6	2.4	-6.5	6.8
Net sales, currency-adjusted growth, %	-29.4	16.2	-7.1	44.0
Structural changes, %	-	-	-	-
Organic growth, %	-29.4	16.2	-7.1	44.0
EBITDA				
Operating income (EBIT), SEKm	193	670	1 703	2 150
Reversal of depreciation/amortization, SEKm	50	39	144	111
EBITDA, SEKm	243	709	1 847	2 262
Net debt				
Long-term interest-bearing liabilities, gross, SEKm	2 965	1 044	2 965	1 044
Derivative liabilities, long-term, SEKm	2	11	2	11
Short-term interest-bearing liabilities, SEKm	79	57	79	57
Derivative liabilities, short-term, SEKm	23	9	23	9
Capitalized financing costs, SEKm	-1	-5	-1	-5
Accrued interest, SEKm	0	0	0	0
Gross debt, SEKm	3 067	1 117	3 067	1 117
Derivative assets, SEKm	-39	-24	-39	-24
Cash and cash equivalents, SEKm	-841	-581	-841	-581
Net debt, SEKm	2 188	512	2 188	512
Leverage ratio				
Net debt, SEKm	2 188	512	2 188	512
EBITDA LTM, SEKm	2 078	2 539	2 078	2 539
Leverage ratio	1.1	0.2	1.1	0.2
Equity ratio				
Equity, SEKm	6 687	5 554	6 687	5 554
Total assets, SEKm	12 608	9 965	12 608	9 965
Equity ratio, %	53.0	55.7	53.0	55.7

Financial calendar

Interim report October–December 2022

Interim report January–March 2023

Thule Group AGM (Malmö)

February 10, 2023

April 27, 2023

April 27, 2023

Contacts

Fredrik Erlandsson, Senior Vice President Communications and IR

Tel: +46 (0)70-309 00 21, e-mail: fredrik.erlandsson@thule.com

Jonas Lindqvist, CFO

Tel: +46 (0)736-65 45 75, e-mail: jonas.lindqvist@thule.com

About Thule Group

Thule Group is a global sports and outdoor company. We offer high-quality products with smart features and a sustainable design that make it easy for people across the globe to live an active life. Under the motto *Active Life, Simplified* — and with a focus on consumer-driven innovation and long-term sustainability — we develop, manufacture and market products within the product categories **Sport&Cargo Carriers** (roof racks, roof boxes and carriers for transporting cycling, water and winter sports equipment, and rooftop tents mounted on a car), **Juvenile & Pet Products** (strollers, bike trailers and child bike seats), **RV Products** (awnings, bike carriers and tents for RVs and caravans) and **Packs, Bags & Luggage** (hiking backpacks, luggage and camera bags).

Thule Group has about 3,300 employees at nine production facilities and 35 sales offices worldwide. The Group's products are sold in 140 markets and in 2021, sales amounted to SEK 10.4 billion. www.thulegroup.com



Thule Group >>

Thule Group AB (publ)
Fosievägen 13
SE-214 31 Malmö, Sweden
Corp. Reg. No: 556770-6311