

THULE GROUP ANNUAL REPORT

2020



Thule Group >>

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The Sustainability Report includes pages 36–60 and 147–159.

The Annual Report encompasses pages 70–146 and is published in Swedish and English. The Swedish version is the original and has been audited by Thule Group's auditor.



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2020 in brief

The year was dominated by the global pandemic and in many ways will go down in history as an extraordinary year marked by major challenges, even for Thule Group. The Group's flexible manufacturing structure allowed for quick and successful management of extreme fluctuations in demand. Our extensive branding activities of many years and investments in digital communication channels also enabled us to efficiently manage the new conditions for marketing and maintaining customer contacts. In combination with exciting news with numerous new products, these factors contributed to a very successful year in terms of sales and profitability.

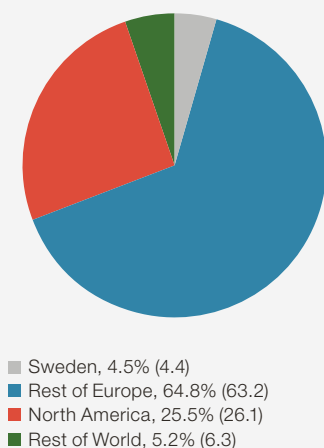
+13.1%

Sales for Thule Group increased 11.2 percent in 2020, corresponding to currency-adjusted growth of 13.1 percent. A major driver was strong growth within the Sport&Cargo Carriers and Active with Kids product categories.

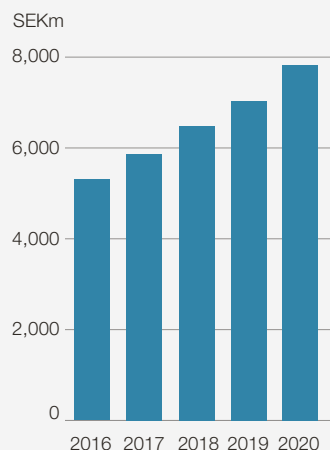
20.3%

In 2020, the Group achieved its long-term target of an EBIT margin of more than 20 percent, which was presented in 2017. Thanks to increased sales, a healthy gross margin and efficient cost controls, we achieved an EBIT margin of 20.3 percent. A 2.6 percentage point increase on last year.

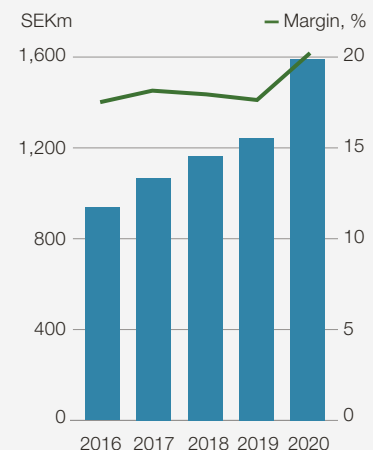
Net sales per geographical area



Net sales



Underlying EBIT and margin



Our supply chain operations has weathered some exceptional challenges

In late March, many parts of the world were locked down and we reduced production at our nine production facilities in Europe, the US and Brazil to a minimum. As the world gradually began to re-open late in the second quarter and demand during the third quarter rose to exceptional levels within several of our product categories, considerable demands were imposed on the flexibility and capacity of our supply chain to adapt. Our organization and staff have withstood the test and we have demonstrated our ability to cost-efficiently manage extreme fluctuations in demand.

Award-winning products

Our proven capacity for product development and innovation across all product categories is the single most important factor for Thule Group's success. As proof of our abilities, this year, we once again won several design awards and tests, including for our newly launched Thule Spring stroller, the best-selling Thule EasyFold XT bike carrier and the recurring test winner, Thule Motion XT roof box.



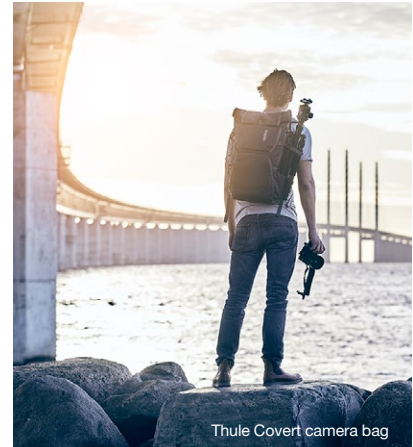
Thule Spring stroller



Thule Group Hillerstorp, Sweden

Ambitious investments for sustained growth

Thule Group has continued to invest in systems, processes and equipment to ensure our continued success. In the spring, the entire Group started operating using one global enterprise resource planning (ERP) system. In January 2021, a new 5,000 square meter development center in Hillerstorp, Sweden, was completed. The new center offers a work environment optimized for additional numbers of employees within product development, design, construction, prototype and tooling production. The new building also enables the continued expansion of our global Thule Test Center, which is being extended with additional testing possibilities during 2021, to be completed by early 2022.



Thule Covert camera bag

Long-term sustainability efforts with important advances during the year

Thule Group has not rested in its long-term sustainability efforts. The sustainability goals for 2020, which were set in 2014, have largely been met and the company's Board has decided on new, ambitious sustainability targets for 2030. These targets are within the framework of the Science Based Targets initiative (SBTi), a global standard for climate goals that originated from the Paris Agreement goal of not raising the earth's average temperature by more than 1.5°C.

Digital meetings instead of customer visits and trade fairs

In a world where meetings with customers and consumers have shifted from trade fairs and physical arrangements to the digital arena, our marketing and sales organization has very successfully strengthened our core brand Thule as a global lifestyle brand and utilized new and efficient channels for product launches and sales meetings.

Direct sales to consumers in several markets

An important contributor to Thule Group's success is the combination of our strong and distinct presence in digital sales channels and physical stores in our 140 markets. During the year, we continued to strengthen our own presence toward consumers and in 2020 we offered online sales through our own website, thule.com, in the US, Canada, Sweden, Denmark, Germany and the Netherlands.



This is Thule Group

At Thule Group, everything we do is based on consumer-driven innovation and a long-term sustainability perspective in developing, manufacturing and marketing products that make it easier for people across the globe to live an active life.

Thule Group is an international Group with sales of SEK 7,828m in 140 countries. We have had a long-term focus on sustainable growth since we were founded in 1942 in Hillerstorp, Sweden. We continuously make major strategic investments with the future in mind, with a focus on financial performance as well as societal and environmental goals.

We are a global market leader in several product categories, such as roof racks, roof boxes and bike carriers for vehicles. During the last decade, we have also established a market-leading position within bike trailers for children and strengthened our position with other child-related products such as child bike seats and strollers. We are leaders in the European market for our niche categories for RVs and caravans, awnings, tents and bike carriers. In the past few years, we have also grown in sport and luggage as well as backpacks.

‘Positive market trends

Active experiences that are shared with family and friends result in enduring happiness. The memories and positive feelings created by such experiences are connected to the products that are used, which in turn strengthens the brands and brand loyalty, and leads to sales growth.

Our markets are supported by several positive trends: a rapidly expanding urban middle class with a great interest in health and well-being, the growth of new sports, a growing middle class in emerging markets, an older generation with better health at a later age providing them with a more active lifestyle and customers of every age who want to make sustainable choices.

Regardless of where in the world our products are found – RVs with awnings and camping tents at Lake Constance,




hiking backpacks along the Appalachian Trail, car-mounted bike carriers below the mountain-bike trails in Alpes-de-Haute-Provence, bike trailers on the way to preschool in Amsterdam or laptop cases in a trendy Tokyo office – they all share our principle of offering solutions that allow you to easily bring along everything you care about and need for an active life, alone or together with family and friends.

Smart solutions, quality and design


Our business concept is to 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.

Our employees are intensely passionate about utilizing their extensive skill sets to develop, manufacture and market sustainable and innovative high-quality products with superior functionality. We also make financial investments with a focus on developing superior products. In 2020, we invested 5.1 percent of sales revenue




Products for an active lifestyle

^




Sustainable processes

^



Innovative products with smart solutions

^



A dream of a more active life

on product development and also completed a SEK 100m expansion of our global development center in Hillerstorp, Sweden. The investment is expanding our product offering, strengthens the relationship with our users and is the key to capturing profitable market shares.

During the last decade we have also worked strategically and systematically to strengthen our largest brand, the core brand Thule. With the motto *Bring your life* as a foundation, we are strengthening the emotional connection to the brand through relevant consumer communication in social media and inspiring concepts in physical and digital environments. The brand's share of the Group's sales is increasing, amounting to 86 percent in 2020.

Innovation and continuous improvement

In a rapidly changing world, it is important to focus on innovation and continuous improvement. At Thule Group, our efforts with continuous improvement not only create the preconditions

for better business for us and for our customers. They also contribute to a more sustainable world, through rigorous ethical standards and responsible business practices, climate-friendly and resource-efficient materials, processes and transportation, and sustainable innovation. Investments in sustainable long-term growth and profitability generate value for all our stakeholders.

Our Code of Conduct is based on our core values: *Shared Passion for Smart Solutions that Enable an Active Life*. The Code applies to the entire value chain. It offers guidance about how we should conduct ourselves in relation to each other and our stakeholders and describes the principles and regulations we follow in our operations.

Sustainability – a natural part of our business

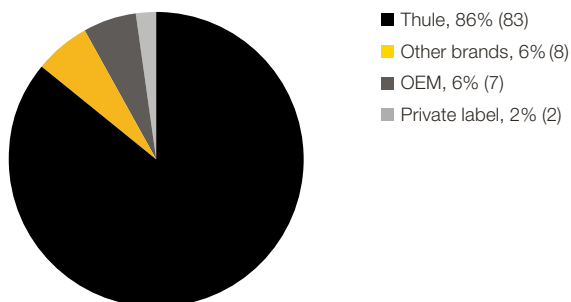
As a company, we have a long-term dependency on our employees, customers and consumers being able to enjoy an active life in the great outdoors. In October 2020, Thule Group’s Board of Directors resolved on new sustainability goals in line

with the UN’s 2030 Agenda for Sustainable Development, and we signed to commit the Science Based Targets initiative (SBTi), a global standard for climate goals originating from the goal of the Paris Agreement to limit the increase in the planet’s average temperature to 1.5°C.

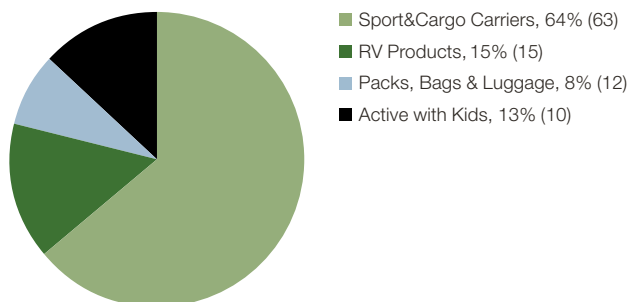
Our focus areas within climate and environment are based on a life-cycle concept: from how we design, manufacture and distribute our products to how the products are used and finally cared for, so that their components and materials can be reused and recycled in the best possible way.

In terms of social responsibility, we aim to be an active, committed partner in long-term business relationships, where we place stringent requirements on ethics and anticorruption. We aim to offer a safe and stimulating work environment where all employees are treated equally, where we are content and develop, and where we all find smarter ways to work and contribute to a sustainable world.

Sales per brand



Sales per product category

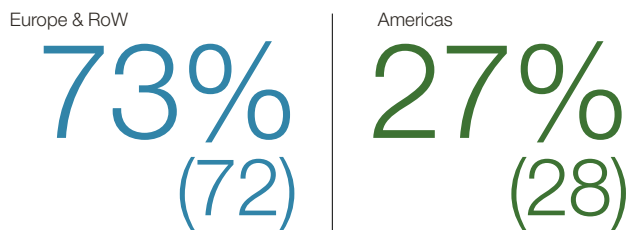


Five-year overview

SEKm	2020	2019	2018	2017	2016
Net sales	7,828	7,038	6,484	5,872	5,304
Underlying EBIT	1,593	1,245	1,164	1,069	935
Operating income (EBIT)	1,591	1,195	1,163	1,067	922
Cash flow, operating activities	1,614	1,030	606	972*	878*

* Based on total operations, ie both continuing and discontinued operations.

Sales by region



“Strong growth in a year shaped by the pandemic.”

2020 has become a year that everyone will link to the global Coronavirus pandemic. Many people have lost their loved ones. The pandemic has impacted us in so many ways and will continue to do so in the near future, despite the ongoing global vaccination efforts. For Thule Group, the pandemic has meant facing fluctuations in demand that were more extreme than anything I have ever seen in my 30 years as a working professional. Our broad product portfolio, the considerable endeavors of our employees and the flexible production chain we have built over the past decade enabled us to manage an extremely delayed and compressed season in the second half of the year and to reach our target of an EBIT margin of more than 20 percent.

We entered 2020 with a good dose of self-confidence. Major restructuring and efficiency programs had been initiated at six of our nine assembly plants in 2019. We also successfully launched several new, exciting products in all four of our product categories.

And then came the pandemic with lockdowns and restrictions that impacted geographic markets and product categories differently and a new normal that changed consumer demand and patterns. The entire company has had to operate in a flexible and focused way in the face of these challenging circumstances, while the health and safety of employees has been of paramount priority.

Overall, Thule Group delivered excellent results for the year, despite a challenging 2020. We achieved a growth of 13.1 percent, our cash flow was very robust, and we achieved our long-term profitability target of an EBIT margin of at least 20 percent in 2020. Operating income rose SEK 348m to SEK 1,593m. We thus reached an operating margin of 20.3 percent, compared with 17.7 percent last year.

Despite market uncertainties, we continued our efforts with strategic investments to create a broad and stable platform for long-term profitable growth. I would like to highlight our investment in product development highlighted by the new development center in Hillerstorp, Sweden, representing an investment of SEK 100m. In 2020, we invested 5.1 percent of sales in product development. This enables us to increase the lead over our competitors within traditional product categories, while allowing us to expand within the newer categories.

There was strong growth in both of our regions, mainly driven by captured market shares within Active with Kids and the sustained rapid growth of bike-related products within our



traditional product category, Sport&Cargo Carriers. In Region Europe & RoW, sales increased 14.2 percent after currency adjustment, while Region Americas' sales grew 10.1 percent after currency adjustments.

Bike-related categories the big winners of the year

Bike sales increased sharply during the pandemic, largely driven by increased commuting via bike to avoid the risk of

infection on public transport. There was also an increase, albeit less extreme, in the use of bikes for recreational purposes.

The increased sales of bike-related products across all markets have been a very positive trend for us at Thule Group. Thule is world-leading in bike carriers for cars and RVs, and child transportation by bike, and also sells a number of different bags that are used for cycling activities.

During the year, our largest product category Sport&Cargo Carriers posted very strong growth of 17 percent in local currency, with bike carriers for cars the major driver.

In particular, sales of our award-winning towbar and hitch mounted bike carriers rose sharply in the second half of the year, as the stringent restrictions of the spring were eased. During the summer, many consumers chose to bring their bikes with them on staycations. The autumn was also unusually mild, which extended the biking season.

Staycation trend well suited to our products

The RV Products category delivered another year of solid growth, at 9 percent. The already robust trend of younger consumers choosing RVs for flexible vacations was boosted as consumers sought to travel within their own private spheres. Sales of RVs rose in the second half of the year in Europe, driven by extreme growth in Germany, mainly in smaller RVs for a younger demographic.

These RV owners prefer to have an active holiday. To bring their bikes and surfboards with them, they need our Thule products mounted on their

"We are continuing to build our lifestyle brand Thule."



vehicles. Many stay for shorter periods in more locations and appreciate our user-friendly awnings and tents that are easy and quick to pitch on location.

Under the Sport&Cargo Carriers category, the new subcategory of rooftop tents performed very well during the year.

The European RV and caravan market is estimated to have grown by about 5 percent in terms of new production, despite the delivery problems experienced during the summer caused by considerable challenges within the complex production chain. A strong product portfolio, combined with a good level of service to our major customers, contributed to Thule Group delivering growth that exceeded the market's.

A winning portfolio of juvenile products

Very strong growth in all product groups under Active with Kids resulted in the overall growth of the category by 37 percent in 2020, after currency adjustment. The positive bike market, with its many new cycling commuters, mainly impacted sales of child bike seats and our market-leading bike trailers.

Within the strollers sub-category, we captured market shares through continued successes in our all-terrain and jogging stroller, Thule Urban Glide 2, and the launch of our third stroller model, the compact and convenient city stroller Thule Spring. With every passing year, we are becoming an increasingly established player within the premium stroller segment and our products can be seen in more and more stores throughout the world. Our greatest successes are in the US, as well as in Central and Eastern Europe.

Challenging year for Packs, Bags & Luggage

Packs, Bags & Luggage is the one category that was adversely impacted by the pandemic. Sales declined 21 percent. As with all major luggage manufacturers throughout the world, we experienced a sharp decline in sales of cabin bags and luggage when international air travel was suspended. Furthermore, directives to study and work from home in numerous major markets entailed the complete disappearance of the critical back-to-school and work period after the holiday season – a time when many consumers typically purchase a new backpack or laptop bag.

Our broad product portfolio, which includes bike bags and various sports bags, meant we escaped relatively unscathed compared with other luggage manufacturers.

We are now a part of the Science Based Target initiative

For many years, Thule Group has employed a strategic and long-term approach for working toward sustainable operations in all respects. The sustainability goals for 2020, which were

“We achieved our long-term profitability target of an EBIT margin of at least 20 percent already by 2020.”

set in 2014, have largely been met. We have therefore decided on new targets this year that are within the framework of the Science Based Targets initiative, a global standard for climate goals that originated from the Paris Agreement goal of not raising the earth's average temperature by more than 1.5° C. In October, Thule Group's Board of Directors approved the new sustainability targets in line with the UN's 2030 Agenda for Sustainable Development. I am proud and pleased that we have taken several important steps during the year toward our new long-term objectives. It is inspiring that we are now part of the Science Based Targets initiative.

As a business, we aim to contribute to a more sustainable world by offering innovative, high-quality products that inspire people to live an active life, and which are manufactured responsibly with the least possible impact on the climate and environment. The biggest challenge is to satisfy the greater demands placed by stores on short lead times and delivery precision in a cost-efficient manner, while achieving our sustainability goals. This requires that we continuously challenge and optimize our entire supply chain.

Read more about our focus areas and our sustainability efforts on pages 36–60.

A safe work environment despite the pandemic

The work environments at our production facilities were severely tested by the progress of the global Coronavirus pandemic. Many production flows had to be redesigned to meet the recommendations of local authorities to maintain social distancing. In cases where we could not rebuild workstations, we introduced special safety regulations and requirements for personal protective equipment such as masks, visors and gloves. During the year, we had 86 confirmed cases of Covid-19 within the Group. Due to increased precautions for even the slightest symptoms of a cold, there has been a considerable number of sickness absences among both white- and blue-collar employees.

Continued investments in profitable and sustainable growth

Our production facilities and distribution centers were modernized and streamlined during the period of 2018 to 2020 – investments that will ensure improved efficiency. The successful migration to a common global enterprise system, which was completed during the year, will also contribute in this regard.

During the 2020 pandemic, we proved that we have an excellent ability to adapt to and fulfill extreme fluctuations in demand, and we are continuing to invest in the development of our flexibility and capacity. In 2021, we raised our level of investments in, for example, the expansion of our two Polish plants. We will also be expanding our East European warehouse in Poland.

In January 2020, we inaugurated our new extension in Hillerstorp, Sweden, with 5,000 square meters of office and assembly space for product development, design, construction prototype- and tooling production. We have already begun further expansion of our Thule Test Center, with new spaces and equipment for future categories, which will be completed in 2022.

We are also continuing to build our lifestyle brand Thule, which accounted for 86 percent of the Group's sales in 2020. Our customers will experience this through major improvements of our website and a distinct social-media presence. We are also opening additional direct e-commerce markets through thule.com. In 2020, this channel, which was already available in the US, Sweden and Denmark, was opened to the German and Dutch markets. Its reception was highly positive and online sales increased considerably. In 2021, the e-commerce channel will be launched in markets such as France and the UK.

Our operations have coped well in this pandemic year, despite numerous challenges. I would like to thank all of our employees for all your hard work and enthusiasm as well as your energy and competence. You are the key to our success. I would also like to take the opportunity to thank the consumers who chose to purchase Thule products during the year, our ambassadors, suppliers, retail partners and, not at least, all of our shareholders who continue to place their confidence in us.

In closing, I can promise you that we will continue to launch many new, innovative quality products, further strengthen the Thule brand and focus on pursuing sustainable long-term and profitable growth.

Malmö, March 2021



Magnus Welander
CEO and President of Thule Group



Positive macro trends in three of four product categories, effects from the Coronavirus pandemic continue

Strong global macro trends have created growth opportunities for Thule Group all over the world as increasing numbers of people want to live an active life with their loved ones. The ongoing Coronavirus pandemic has impacted individuals and communities in many different ways, and we have noted strengthened interest in sport and outdoor pursuits in all markets.



Thule Tepui rooftop tent

Our products are used in urban environments and the outdoors by people at different stages of life and with different interests, but all of whom prioritize an active life full of experiences.

Thule Group benefit from several global macro trends. Increased leisure time and greater awareness of the benefits and joy of living an active life are resulting in people of all ages spending more money and time than ever before on sports and outdoor activities. This trend is also supported by a growing middle class in emerging markets and better health later in age, which leads to a more active life. This means good potential for continued growth in our classic product categories (roof racks, roof boxes and bike carriers for cars). In our newer product categories, such as luggage and strollers, we have the opportunity to create growth by capturing market shares, not to mention a growing market.

Positive experiences building strong brands

People all over the world are exposed to increasing numbers

of brands and products through digital and physical channels. Even though, or perhaps because, many of us live in an increasingly stressful urban and digital environment, travel and physical outdoor activities are attracting evermore people throughout the world and more time and money is being spent in pursuit of such experiences. This applies both to extreme experiences and the mundane, like the extra lap in the city park with your daughter in a stroller. The positive feelings created by such experiences spill over to the products that are used, which in turn builds the brand, brand loyalty and sales growth.

Lifestyle brands that aim to be more than just a product to consume and that create a strong connection to their consumers have greater possibilities of being long-term winners in a world of information shared on social media and online product comparisons. At the same time, there are more demands to live up to expectations on all levels – everything from product quality and sustainability, to the possibility of shopping whenever and wherever they want, as well as to choose the level of service they are prepared to pay for.



The way in which companies and brands work long term with sustainability issues has become all the more important for consumers in the past few years. This is particularly apparent in the premium segment of durable goods and even more so in the categories in which we are active, with consumers that appreciate an active life, often in the great outdoors. The sustainability perspective has also been accentuated by consumers in light of the Coronavirus pandemic.

Globally, digitally and locally

Meeting consumer needs on a local level is decisive in a more competitive world. Brands are built up over time, and their success is clearly impacted by how well the product meets consumer expectations, but the level of service and communication also play a part.

The global retail industry has been undergoing major changes for several years, with new purchasing patterns and new ways to meet customers seen in digital and physical channels. In 2020, the closure of shopping centers and

stores in many cities accelerated this ongoing trend, with an increasing amount of online shopping, creating challenges and opportunities for brand owners.

In a quickly changing world, consumers and retail chains are demanding shorter lead times and improved delivery precision while maintaining an expectation that this will not negatively impact prices. It is crucial for retailers to create value in order to avoid being considered an unnecessary middleman between brands and consumers. This can apply to everything from offering the broadest range and the quickest delivery times to the most sustainable total experience.

Brands that understand and work with all parts of a global omnichannel strategy, or who clearly focus on certain aspects to become the best within their chosen niche, are winners. Thule Group has a global omnichannel strategy with a focus on digital solutions that enhance the customer experience. This also means that we have greater opportunities to cost-efficiently create local solutions by collaborating with the best retailers in each market or, in some cases, sell directly to consumers.



Thule Vector roof box

More barriers and greater economic uncertainty

During the past few years, we have noted increased protectionism and new trade barriers across the entire world. In 2020, additional trade tariffs were introduced between China and the US, with high charges on products and components manufactured in China. These new tariffs added to the already high customs tariffs that were introduced in the middle of 2019. Other countries also introduced unexpected trade barriers in different forms, and protectionism is gaining ground in many markets. Uncertainty around a possible Brexit deal also created challenges, even if a deal was eventually reached and the UK left the EU on 1 January 2021.

The global economic effects of the Coronavirus pandemic have also led to increased uncertainty in the market. This is in terms of when, how and to what extent customs and tariffs could be implemented and how suppliers and retailers adapt to manage the uncertainty and credit risks.

Four product categories and international sales

Thule Group offers a broad range of products that are developed and manufactured with a focus on quality and sustainability. Products that make it easier for people to live an active life full of experiences. Overall, our markets are growing 2–5 percent each year, with greater variations in different product categories and geographic markets, depending on factors such as market maturity, standard of living, urbanization, the competitive landscape and brand recognition.

In 2020, interest for outdoor activities without needing to travel has increased, while restrictions and lockdowns have dramatically decreased international travel. Three of our four product categories have been positively impacted by the ongoing pandemic.

Sport&Cargo Carriers – strong market development driven by an increase in cycling

Thule Group is a market-leader in its largest product category, Sport&Cargo Carriers, with around 50 percent

of the global market. We offer the market's widest range of vehicle-related products that make it easy to bring along all of the bikes to the MTB trail, pack for your entire family's holiday in a roof box or take the kayak down to the sea for an after-work kayak excursion.

We drive growth through innovative product launches and intense focus on supporting retailers with store concepts, online tools and through inspiring marketing. The market is influenced by the global sports and outdoor trend, as well as the need for people to bring new products with them when traveling, such as heavier e-bikes that require new, smart solutions.

In 2020, the pandemic affected the market in positive and negative ways. Travel restrictions, both generally and more specifically – for example, at ski resorts – have negatively impacted the market. At the same time, the increased staycation trend has led to more consumers bringing their bikes on their vehicles as they take their holidays close to home.

In 2020, Sport&Cargo Carriers accounted for 64 percent (63) of the Group's sales and by our assessment, the market

is growing 2–5 percent annually. In 2020, growth was considerably stronger.

RV Products – European market remains positive

In RV Products, we are focusing on the European market, which accounts for 96 percent of sales in this category. We are market leaders in terms of awnings and bike carriers for RVs and caravans in the European market, which again posted a solid growth of app. 5 percent, by our assessment, in terms of new production. The positive trend all happened at the end of the season after RV manufacturers ramped up their complex production following closures during the spring and summer. The German market was very positive, with growth of more than 10 percent, while the market was almost flat in southern Europe.

The trend with the greatest impact on the industry in the past few years is the increased sales of smaller RVs. A new generation of young consumers appreciates the sense of freedom that a holiday in an RV can offer, and in parallel, the growing demographic of people aged 50+ who wish to



Thule Chasm duffelbags and Thule Omnistore awning



Thule Urban Glide 2 stroller

continue living an active and mobile life. The pandemic has also contributed to an increased desire to be able to decide where to travel to at the last moment, and also to be able to travel in one's own, private sphere.

The European market is estimated to have underlying growth of 5 percent, on average, for the next five years.

Active with Kids – stable and growing category

We are an international market leader in bike trailers in the premium segment, the largest sub-category in Active with Kids, and one of the three leading companies in child bike seats. For these categories, we have noted a positive market trend for several years, driven by an increase in commuting by bike primarily in Germany, Switzerland, Belgium, the Netherlands, the Czech Republic and the Nordic countries, where our bike-related products are used on the way to and from preschools, schools and work.

Commuting by bike increased markedly in 2020, primarily due to the risk of infection on public transport, but also as a

result of fewer cars in urban traffic. Even though many “new” cyclists chose more simple and cheap biking solutions, 2020 was an exceptionally good year for our premium child bike seats and multisport trailers, such as the Thule Chariot collection.

The major investments for improved bike-friendly infrastructure, such as bike lanes in many cities in many parts of the world, and the fact that 2020 has led to a situation where many parents have had positive experiences biking together with their children, provides us with the expectation that these categories will continue to grow by approximately 5 percent per year in the next few years.

Thule Group currently offers three families of strollers – the all-terrain and jogging stroller Thule Urban Glide 2, the sibling stroller Thule Sleek and the compact and convenient city-stroller Thule Spring.

We are market-leading in Europe in sport strollers and number two in North America, and as we expand our range, we are beginning to become a more well-known brand across the world even in the general premium stroller segment.

The premium segment is expected to grow around 5 percent per year, somewhat faster than the stroller market as a whole.

Packs, Bags & Luggage

– heavily impacted by reduced travel

Within the product category Packs, Bags & Luggage we offer a wide product range, everything from relatively simple cases for small electronic accessories to backpacks for everyday use at work, hiking backpacks for weekend trips or smart cabin bags for business trips.

The luggage and bag industry is highly fragmented with geographically limited brands and strong global players, usually with a product range that encompasses several categories.

During the last few years, Thule Group has taken the first steps into the largest category, cabin bags and luggage, with several collections. Following rapid growth as a new company in a global market, we also experienced a dramatic decline in sales during 2020 as a result of the major reduction of international flights.

During the last few years, we have focused on backpacks for everyday use in urban environments and also expanded our luggage offering to include different forms of sports bags,



Thule Back-to-Campus bags



Thule Chasm duffel bags

such as hiking backpacks and bike bags. Back to Campus, the important school-start season for the backpack category, was almost entirely non-existent in 2020, as many students were forced to take classes remotely. On the other hand, we reported growth in the laptop sleeves and laptop cases products.

Sales in the traditional product categories under the Case Logic brand, such as camera bags and cases for tablets, continue to decrease in an overall shrinking market, and there is no sign that the negative trend will turn around. We are spending very limited resources on development and marketing, at the same time as we are taking advantage of the situation as other brands cease to operate and disappear.

We assess that the market for cabin bags and luggage will grow compared with the very weak 2020, but believe that it will take several years for the market to return to the levels of 2019. For other prioritized sub-categories, we assess that the market will be stable with marginal growth of about 0–2 percent per year.

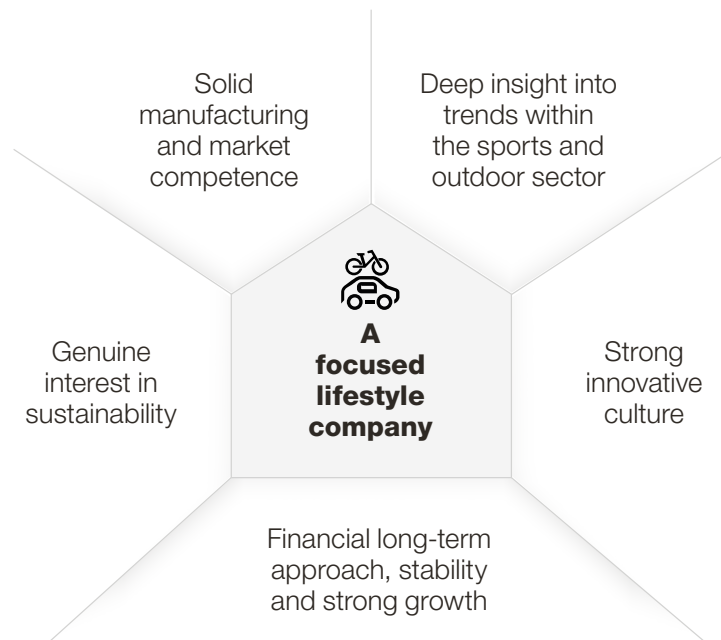
@thule | @thule_adventure | @thule_family

#bringyourlife



Business concept

Our business concept is to 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.



Thule Group is an innovative company that sustainably develops, produces and markets high-quality practical products in 140 markets for people who want to live an active life. With close to 80 years of experience in developing smart, well designed products focused on customer benefit, and a deep understanding of current trends in the sports and outdoor sector, we have established Thule Group as a leading global player. In the past few years, Thule Group has undergone a strategic realignment to become a focused lifestyle product company that supplies products for an increasingly modern lifestyle in which people live an active life with their friends and family. Through our long-term approach to finance and a genuine interest in sustainability, we have built world-leading product development

and solid skills in manufacturing and marketing over a long period. A new store concept was presented in 2017, with a focus on both online and physical stores, and the rollout is continuing successfully across the globe, in close partnership with our local retailers. In parallel, we are broadly focusing on being proactive in social media and PR contexts. Taken together, these factors allow us to be very effective in supporting our retailers in helping consumers choose the right products.

By way of sales growth and sustainable, cost-efficient operations, we create opportunities for our users to enjoy an active life, enhanced profitability for our customers, inspiring and secure workplaces for our employees and lasting value for our shareholders. This is our business model.



An active life. Quite simply.

We offer a broad range of products; everything from luggage and strollers to roof boxes and bike carriers on cars, all of which make it easy to bring everything you need to live an active life. Our products are developed based on the insights garnered from our varied users – from extreme sports enthusiasts to families – and on our expertise on various materials and the products' total impact on the climate and environment.

All our products are tested in our own facilities so that you can have full confidence in their function and performance and you and your family can enjoy an active and sustainable life together.

The customers first choice.

By this we mean that consumers who look for products that make it easy to bring everything they need for their active lives opt for products from Thule. They trust that the brand stands for sustainability and quality, and they appreciate our smart solutions.

Our customers should see Thule Group as their obvious choice of partner, since we supply innovative products that are manufactured with a long-term sustainability perspective and because we understand how the products are used in the local market. Customers and consumers can rely on us.

Shared passion.

Our employees, customers and consumers all play a major role in our development and success.

Our shared passion, which is about always trying to exceed users' expectations, means that everyone from the assembly staff in our factories to our sponsored Thule Crew members are always coming up with smart suggestions on how we can improve our products or advance our production and sales processes one step further.

Strategy

Our strategy is based on creating long-term value through consumer-driven innovation, focused efforts in branding, a global omnichannel approach and efficient processes. Thanks to a well-communicated strategy that our employees are passionate about achieving, we will continue to build upon our strong position as a leading global lifestyle company.

Innovation

Our long-term success is built on consumer-driven innovation. We develop sustainable and innovative products that make it easier for users to live an active life. With deep insights into consumers' priorities and with a focus on sustainability, quality and design, we ensure that our product portfolio is attractive to thoughtful consumers all over the world.

Product development

5.1%

During the last few years, we have continuously invested significant resources in product development, and in 2020, that investment corresponded to 5.1% of sales.

Brands

Our brand strategy is primarily focused on the growth and diversification of our biggest and best-known brand, our core brand Thule, which is used within all product categories.

The Thule brand

86%

In 2020, the Thule brand accounted for 86% of the Group's net sales, up 3 percentage points on last year. Sales of products under the Thule brand grew 17% after currency adjustment.

Thule Group – own brands

92%

In 2020, the Thule brand accounted for 92% of the Group's net sales, up 1 percentage point on last year.

Growth

We firmly believe that a focus on growth drives an organization to perform better and creates a winning culture. Thule Group has a growth goal of more than 5 percent organic growth in local currency every year. Growth is driven by our continuous investments as the market leader in our largest category, Sport&Cargo Carriers, and our niche segment in RV Products, as well as by our focus on capturing market shares in our newer categories Active with Kids and Packs, Bags & Luggage.

Organic growth (currency-adjusted)

+13.1%

In 2020, we achieved total growth of 11.2%, corresponding to 13.1% organic growth, after currency adjustment.

The Active with Kids category, growth (currency-adjusted)

+37%

Active with Kids remained the most rapidly expanding product category in 2020 with growth of 37%. We grew in all sub-categories and essentially in all markets.



Objective

To be the leading company in selected categories in the sports and outdoor sector, through sought-after products that make it easier for people to enjoy an active life at the same time as we minimize the waste and CO₂ generated by our operations.

Efficiency

We continuously strive to enhance process efficiency through continuous improvements, giving customers and consumers added value while we strengthen our competitive ability.

In 2020, we implemented one shared global ERP business system following the implementation of the same system in Region Americas that has already been in use for a number of years in Region Europe & RoW.

We also completed major investments in some of our most important assembly facilities. Our roof rack plant in Hillerstorp, Sweden, roof box plant in Neumarkt, Germany and site for bike carrier assembly in Huta, Poland and Seymour in the US. Some parts of production at our RV Products plant in Menen, Belgium were relocated to a new close-by location, with the aim of enhancing efficiency and improving the working conditions.

Stable finances

Our strong financial position allows a long-term and flexible approach when pursuing growth.

Profitability

+27%

Underlying EBIT increased 28% in 2020 (27% after currency adjustment).

Profitability margin

20.3%

The underlying EBIT margin for 2020 was 20.3%.

Sustainability

We strive to ensure our entire value chain is characterized by sustainability thinking and good ethics. In 2020, we signed to commit the Science Based Targets initiative (SBTi), a global initiative with an external review that works in accordance with the UN's 2030 Agenda for Sustainable Development and the ambition in the Paris Agreement. The follow-up on these targets is presented in more detail on pages 36–60.

Emissions and sales, tons of CO₂e per SEKm of sales

4.2 tons

In 2020, Group emissions in relation to sales were 3.7 tons of CO₂e per SEKm, a reduction compared with the previous year of 0.3 tons of CO₂e per SEKm in sales.





Thule Chariot Cross bike trailer



Thule – a lifestyle brand

The Thule brand accounted for 86 percent of the Group's sales in 2020. The Thule brand is used in all four product categories and is a global lifestyle brand for people who enjoy an active life.

Since 1942, the foundation for success with our core brand Thule has been to offer innovative products that are appreciated by users all over the world. The creation of a platform for long-term profitable growth requires several building blocks. For the past decade, we have been working intensively to strengthen all parts of the Group: we offer a flexible and fast supply chain, and we support and facilitate work at retailer level with our inspiring marketing materials. Open and direct communication in all channels enables us to capture our users' requirements and perspectives, which strengthens their loyalty and feeling for the brand.

The Thule brand is growing throughout the world

In 2020, the Thule brand accounted for 86 percent of the Group's sales – up 3 percentage points year-on-year. After currency adjustment, sales of the Thule brand grew 17 percent.

Our growth engine foundation are our innovative, high-quality products that are appreciated and well acclaimed by users throughout the world. Using deep insights into how consumers use and experience our products, we build the Thule brand's DNA on safe, user-friendly and well-designed products. We offer products for an adventurous outdoor life on weekends and holidays, as well as an active daily life in urban environments.



Thule EasyFold XT bike carrier



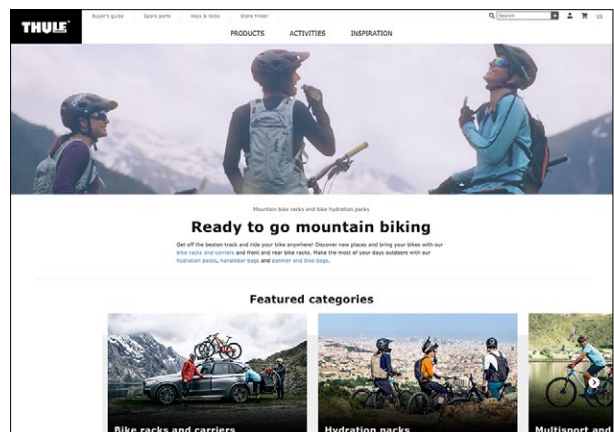
Thule Indago and Thule Notus backpacks

Examples of the breadth of the Thule brand include: a practical bike trailer for commuting with children to preschool, bike carriers for cars to bring the bike to the weekend's mountain bike ride, smart packing solutions with space for sports equipment on RVs or a backpack with room for a laptop and gym clothes.

Our branding activities are based on user-centric design and product development. Furthermore, we invest extensive efforts to support stores all over the world with our Thule Retail Partner program, within digital channels as well as physical stores.

In 2020, our broad distribution in both online and physical stores proved to be a strength, as we were able to reach consumers despite temporary lockdowns and limitations on retail stores.

We communicate directly with consumers through our website [thule.com](https://www.thule.com), which has undergone major overhauls during the year to better provide individually customized advice to our consumers. We make it easier for consumers to find the right products by focusing on improved buyer's guides and activity-based navigation, which captures their needs and interests.



Consumers across the world search for information about our products through various digital channels and our brand websites are at the heart of the information they seek. In 2020, [thule.com](https://www.thule.com) was updated with expanded content to provide what is known as activity-based navigation, which allows us to better respond to our customers' most frequent questions about the use of our products, and offer advice about the product best-suited to them.



During the year, we also launched direct sales to consumers in two additional markets: Germany and the Netherlands. Online sales were already being offered in the US, Canada, Sweden and Denmark, and this new sales channel was the fastest growing channel in 2020.

In our social-media channels, we are continuing to expand on the brand's motto, *Bring your life*, reminding our consumers that Thule is both an urban and an outdoors brand through inspirational images – both our own and from our passionate users. With the launch of the social-media channels @thule_adventure and @thule_family, we have also created opportunities for more focused communication to our followers.

A tough market for the bag category and Case Logic brand

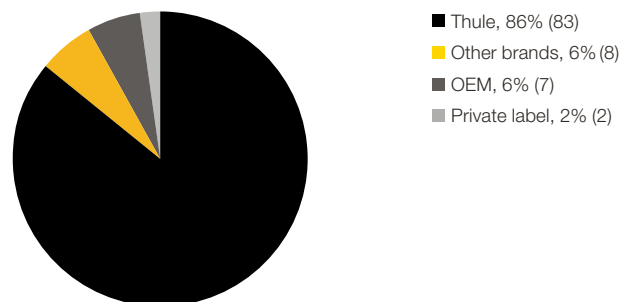
The Group's next largest brand, Case Logic, is used only in the Packs, Bags & Luggage product category. In 2020, the category faced major challenges with the dramatic reduction in travel and canceled Back-to-Campus campaigns in conjunction with school starts. The brand's share of the Group's sales fell 1 percentage point to 4 percent. However, we noted growth within laptop cases as well as an increase in direct sales to large companies that were offering their employees various practical solutions to facilitate working from home.

Reduced exposure to OEM and Private Label

OEM sales, primarily to major car manufacturers in the premium segment, within the product category Sport&Cargo Carriers, through which products are sold to consumers under the customer's own brand, increased somewhat during the year.

To a limited extent, we also sell a small number of products to major retailers who market them under their own brands, a category known as "private label." Overall sales in these channels accounted for 8 percent of the Group's sales in 2020 – a decline of 1 percentage point year-on-year.

Sales per brand



Strong global growth

Our sales are managed and continuously followed up in two regions, Region Europe & RoW and Region Americas, which altogether represent 140 markets. Both regions performed very well in 2020, with a very strong second half of the year. Substantial gains in three of four product categories.

2020 was an exceptional year due to the global pandemic. After a positive start to the year, we saw a halving of sales from mid-March to mid-May, as many countries locked down their societies with stringent restrictions on outdoor activities and travel.

As the major markets in Western Europe and North America gradually opened up again, starting in the second half of May, we experienced rapid sales growth. Many people had a strong desire to exercise and be active. Thanks to the excellent flexibility of our supply chain, we succeeded in fully compensating for the delayed spring season and managed to meet the strong demand.

The year ended very strongly, driven by a sustained demand, mainly for bike products, products for RVs and strollers.

Sales for the Group increased SEK 791m to SEK 7,828m, corresponding to an increase of 11.2 percent, or 13.1 percent after currency adjustment.

Thule Group has shared global processes for product development, purchasing, manufacturing, logistics and marketing. However, sales are managed in two regions, Europe & RoW, which grew 14.2 percent after currency adjustment, and Region Americas, where sales increased 10.1 percent after currency adjustment.

We are active in four product categories:

- Sport&Cargo Carriers – roof racks, roof boxes and carriers for transporting bikes, water and winter sports equipment and rooftop tents – grew 17 percent after currency adjustment
- RV Products – awnings, bike carriers and tents for RVs and caravans – grew 9 percent after currency adjustment
- Active with Kids – bike trailers, child bike seats and strollers – grew 37 percent after currency adjustment
- Packs, Bags & Luggage – luggage, backpacks and laptop bags for everyday use, hiking backpacks, camera bags and cases for consumer electronics – declined 21 percent after currency adjustment.

Region Europe & RoW continues to deliver growth

In the Europe & RoW region, we achieved 14.2 percent growth after currency adjustment, driven by substantial gains in the vast majority of our markets. The trends in Germany, the Netherlands, Belgium, the Nordic region, South Korea and Eastern Europe (except Russia) were particularly robust. On the other hand, we noted an overall decline in sales through the year in countries that implemented the most restrictive measures to reduce contagion from the Coronavirus in the summer, such as France, Italy, Russia and South Africa.

The growth drivers were our broad product portfolio comprising many test-winning products, and our strong consumer brand, Thule. But during this exceptional year, it was our flexible and efficient supply chain with high customer service levels that proved absolutely crucial. We managed to successfully meet the extreme fluctuations in demand.

Moreover, during the year, sales moved increasingly over to digital channels, both through retail chains offering sales in physical stores and via websites (known as omnichannel) and pure online stores. In July, we launched our own direct online sales to consumers in Germany. In December, we did the same in the Netherlands. We already offer online sales in Sweden and Denmark and will continue to expand this in more markets in 2021.

Sport&Cargo Carriers: 61 percent of sales, 18 percent growth

We noted substantial sales growth for bike carriers during the year, driven by our very strong portfolio of towbar mounted bike carriers, which are well suited to transport products from the quickly growing e-bike category. Many people who had staycations chose to bring their bikes with them by car.

Roof racks performed poorly during the first half of the year, due to most distributors and retail stores being closed, and

then grew very substantially the later part of the year and show growth for the year as a whole.

Rooftop tents, which were also launched in this region during the year, were very well received by the market.

Sales of roof boxes declined during the year. This was mainly due to a decline in sales in the Alp countries. The driving factor was the pandemic restrictions that ended the winter sports season prematurely in early spring, and in the same held back sales during the final quarter of the year.

RV Products:

20 percent of sales, 7 percent growth

RV Products, dominated by awnings and bike carriers for RVs and caravans, grew 7 percent. We estimate that the European RV and caravan market grew by about 5 percent, in terms of new production, for the full year. Sales of RVs, particularly smaller models, were very strong in Germany, the region's largest market.

Positive long-term market trends were strengthened during the pandemic by the appreciation of older and younger consumers for the flexibility of an RV for traveling within their own private spheres. Many retailers had large inventories at the start of the year, but due to the considerable problems faced by RV manufacturers in maintaining their complex production chains during the summer, sales only gained momentum in the last months of the year.

Active with Kids:

14 percent of sales, 33 percent growth

Sales of our design-winning bike trailers also rose this year, as the trend to choose biking as the means of getting children to and from daycare and preschool was strengthened.

Sales of child bike seats rose even more sharply, driven by many parents whom, although they had not been biking previously, chose to purchase a biking instead of using public transportation during the pandemic.

The expanded offering, including the launch of our third stroller model, Thule Spring, in the first quarter of 2020 generated continued positive fast growth in strollers. All models noted increased sales and our products are available in an increasing number of stores across the region.

Packs, Bags & Luggage:

5 percent of sales, 23 percent decline in sales

Sales in the Packs, Bags & Luggage category were adversely impacted during the pandemic and declined a total of 23 percent. Air travel declined sharply during the year, which impacted all brands with cabin bags and luggage. Sales of travel backpacks and bike transport cases for air travel were also affected by the pandemic.



Thule OverCast awning.

The school start season, Back to Campus, which is so crucial to the computer backpack category, almost failed to transpire in 2020, due to many students having to participate in distance learning. On the other hand, we grew within laptop sleeves and laptop cases, through an increase in direct sales to major companies that were offering new bags to their staff working from home.

Sales within categories linked to consumer electronics, such as camera bags and tablet cases (known as the Legacy categories), continued to decline this year as well.

Region Americas delivers double-digit growth

In 2020, sales in Region Americas rose 10.1 percent after currency adjustment. Positives included the favorable trend in the region's three largest markets, namely the US, Canada and Brazil where we sell directly to retailers and consumers. However, in the rest of Latin America, where we operate under a distributor model, we noted a sales decline. Following a



period of reduced demand resulting from the pandemic, our distribution partners chose to utilize their local stocks of Thule products to be able to manage their cash flows. This resulted in them lacking the same favorable preconditions to meet market demand when it picked up in certain categories.

The same pattern as in Europe emerged in Region Americas with consumers increasingly purchasing our products online and we noted continued rapid gains in our own online sales direct to US consumers.

Sport&Cargo Carriers:

73 percent of sales, 13 percent growth

The bike-carrier category grew substantially during the second half of the year in this region as well. The growth was driven by a very positive trend in bike sales and an increase in staycations, where many consumers were choosing to bring their bikes with them by car.

Although sales of roof racks were weak during the spring, when most distributors and retail stores had to close due to local restrictions, they have since rebounded robustly. Sales of roof boxes rose when numerous consumers took the opportunity to go on staycations and needed to pack their cars full with luggage and equipment.

Summer sales of racks for watersports equipment were also particularly strong.

Sales of rooftop tents continued to perform very well, this year under the Thule brand.

RV Products:

3 percent of sales, 73 percent growth





Trends for the niche products we offer in the American market were positive, despite an overall weak RV market in the region. The awnings and accessories we offer are mainly sold to small RVs and other small vehicles purchased by consumers with active lives.

Active with Kids:

9 percent of sales, 57 percent growth

Following a challenging 2019, the largest sub-category, strollers, rebounded to show very substantial growth in 2020. Sales of our award-winning jogging stroller Thule Urban Glide 2 grew sharply, when the main competitor, which had been offering aggressive discounts in the preceding year, resumed selling at full price. The new Thule Spring stroller also contributed to the strong growth.

Sales of bike trailers and child bike seats were very favorably impacted by strong bike sales. In the region, these products

2020	 Sport&Cargo Carriers	 RV Products	 Active with Kids	 Packs, Bags & Luggage				
Share of sales Thule Group	64%	15%	13%	8%				
By region	Europe & RoW 61%	Americas 73%	Europe & RoW 20%	Americas 3%	Europe & RoW 14%	Americas 9%	Europe & RoW 5%	Americas 15%
Growth after currency adjustment 2020 vs 2019	+17%	+9%	+37%	-21%				
	Europe & RoW +18%	Americas +13%	Europe & RoW +7%	Americas +73%	Europe & RoW +33%	Americas +57%	Europe & RoW -23%	Americas -19%

are mainly used on weekends and holidays, and it is obvious that many parents chose active biking experiences with their children during the year.

Packs, Bags & Luggage:

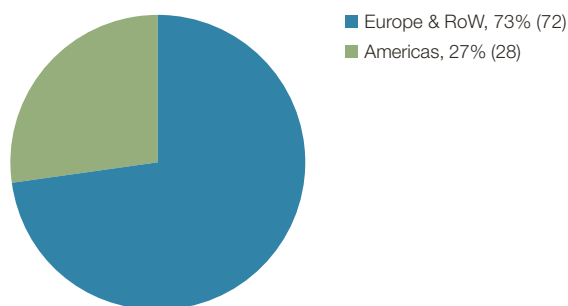
15 percent of sales, 19 percent decline in sales

Sales in this category were adversely impacted during the pandemic and declined a total of 19 percent. We noted the greatest decline in products linked to air travel, that is cabin bags and luggage, travel backpacks and bike transport cases.

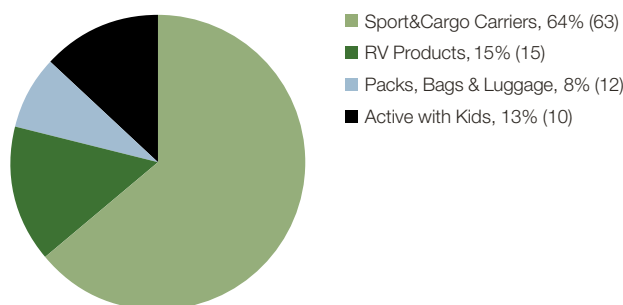
The school start season, Back to Campus, which is so crucial to the computer backpack category in Region Americas, nearly failed to transpire during the year, due to many students having to participate in distance learning. On the other hand, we grew within laptop sleeves and laptop cases, mainly through an increase in direct sales to major companies that were offering new bags to their staff working from home.

The general market decline continued in the previously large Legacy categories (primarily camera bags and tablet cases). In 2020 however, these sub-categories accounted for 28 percent (29) of the product categories in the region.

Sales by region



Sales by product category



Sales by region, SEKm	2020	2019	Change, %	
			Reported	Adjusted*
Thule Group	7,828	7,038	11.2	13.1
- Region Europe & RoW	5,721	5,057	13.1	14.2
- Region Americas	2,107	1,980	6.4	10.1

* Adjusted for changes in exchange rates

Product categories – development and long-term aims

Moving forward, the long-term ambition levels for our four product categories remain firm.



Sport & Cargo Carriers

Share of Group sales in 2020: 64%

Long-term ambition:
Sustained stable growth by further strengthening our market-leading position.

Performance in 2020:
Growth of 17% in local currency from an already strong position as market leader.

Highlights in 2020:

- Ability to manage the extreme differences in demand for production cost-efficiently.
- Bike carriers: Performance continued to be excellent with market-leading tow bar mounted bike carriers in a robust bike market.
- Roof racks: Positive reception of our new generation of roof racks and growth in a very tough global market for new car sales (-15%) solidifies our opinion that sales of our roof racks are not linked to the sales trends of the automotive industry.
- Roof boxes: Challenging year in Europe with lockdowns of Alpine ski resorts. Continued positive reactions to our most recently launched models.
- Rooftop tents: Solid growth globally in 2020, partly due to the products now being sold globally under the Thule brand and partly driven by the trend for staycations.



RV Products

Share of Group sales in 2020: 15%

Long-term ambition:
To exceed the market trend.

Performance in 2020:
Growth of 7% exceeded the overall European RV and caravan market, which, by our assessment, grew about 5% in terms of new production.

Highlights in 2020:

- Ability to manage the extreme differences in demand for production cost-efficiently.
- Our relationships with major European manufacturers and distributors continued to strengthen, thanks to successful product launches and close collaboration in logistics and planning.
- Substantial growth in our niche premium products in an overall weak market in the US.



Active with Kids

Share of Group sales in 2020: 13%

Long-term ambition:
Rapid growth driven by an expanded range, with the aim of becoming a major player also in premium strollers.

Performance in 2020:
Rapid growth of 37% in local currency.

Highlights in 2020:

- The continued positive growth, with several new retailers.
- Bike trailers and child bike seats: Healthy growth with a market-leading portfolio.
- Strollers: Growth in all models and positive reception of the new Thule Spring model, despite its launch at the worst possible time in March 2020, when stores closed due to the pandemic.



Packs, Bags & Luggage

Share of Group sales in 2020: 8%

Long-term ambition:
Stable growth through expanded offering of computer backpacks, laptop cases and sports bags, as well as through the establishment of the Thule brand within luggage as air travel is expected to slowly but surely return to previous levels.

Performance in 2020:

Sales declined 21% in local currency, severely impacted by the pandemic.

Highlights in 2020:

- Smaller bags for everyday use: Increased sales of laptop sleeves and laptop cases with increased working from home, subsidized by employers to some extent.
- Sports bags: Increased sales of hydration backpacks and bike bags.
- Luggage: This category was particularly hard hit, although we lost proportionally less than the market as a whole.

Targets and achievement

We create the prerequisites for continuous improvement by methodically following up and evaluating our operations against the business targets and our strategy. At the overall Thule Group level, we evaluate the achievement of targets in three areas: financial, environmental and social responsibility.

In terms of sustainability targets, we here present the targets for 2020, which were set in 2014. We established new long-term targets for the environment and social responsibility, which are described in detail on pages 37–39. In 2021 we will also review our long-term financial targets.

Other long-term targets in accordance with the UN’s 2030 Agenda for Sustainable Development

We are participating in the 2030 Agenda for Sustainable Development and have identified eight SDGs to guide our sustainability efforts. Read more on pages 37–39.

Financial targets

Organic growth

Sustainable, long-term growth is at the root of the company’s value creation. A focus on growth drives an organization to perform better and fosters a winning culture.

Long-term target

+5%

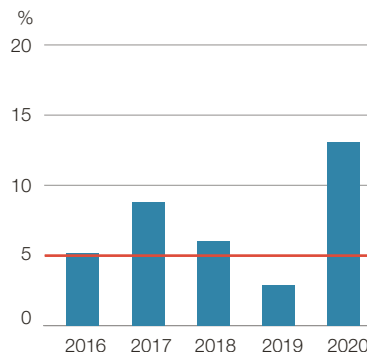
Annual organic growth after currency adjustment.

Result for 2020

+13.1%

Future focus

- Sport&Cargo Carriers (64% of net sales in 2020): With our market-leading position and sharp product focus on several major launches and proactive support for retailers, we will generate continued stable growth exceeding 5% annually.
- RV Products (15% of net sales in 2020): Strengthen our leading position in European niche markets by means of new products and close collaboration with OEM manufacturers and retail organizations, so as to maintain our above-market-average growth.
- Active with Kids (13% of net sales in 2020): Continued rapid growth through an expanded offering of products and a strengthened retail chain.
- Packs, Bags & Luggage (8% of net sales in 2020): Drive growth within the categories – luggage, smaller backpacks and sports bags – that accounted for 72% of the category’s sales in 2020.



EBIT margin

As a brand-driven lifestyle company, our growth must drive profitability and strengthen our income.

Long-term target

>20%

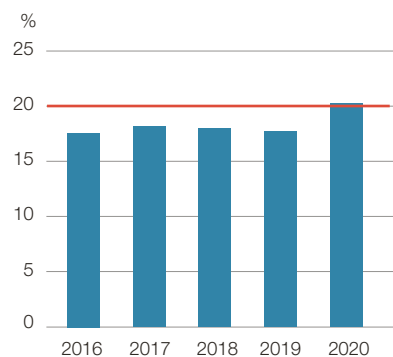
Underlying EBIT margin.

Result for 2020

20.3%

Future focus

- Sustained focus on exploiting economies of scale in a supply chain backed by strong investment, when the new categories earmarked for rapid growth achieve greater sales volumes.
- Continuous focus on improvements to profitability.
- A focus on growth in categories with high margins.



Capital structure

We intend to maintain an efficient long-term capital structure that enables continued investments in profitable growth.

Long-term target

1.5–2.5x

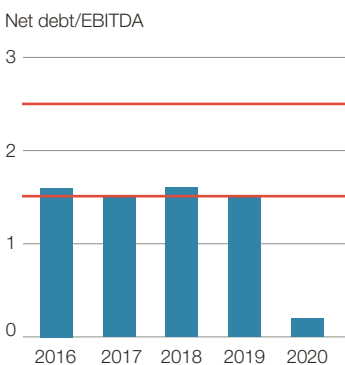
Net debt in relation to EBITDA, (adjusted for items affecting comparability).

Result for 2020

0.2x

Future focus

- An efficient, flexible long-term capital structure that creates opportunities for acquisitions and investments.



Dividend

Our intention is for at least 50% of consolidated net income to be paid as dividends over time.

Long-term target

>50%

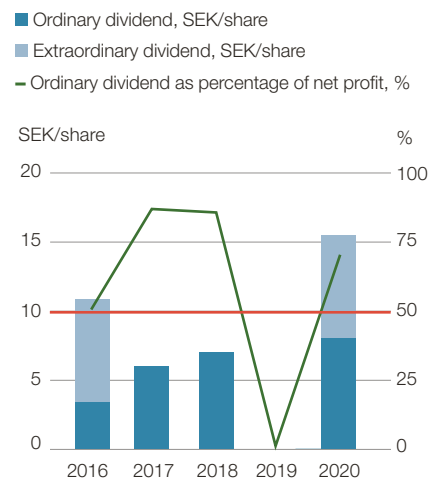
Proportion of annual net income to be distributed.

Result for 2020

72%

Future focus

- Our intention is for at least 50% of consolidated net income to be paid as dividends over time, while considering the capital structure, future profits, investment requirements, liquidity, development opportunities and general economic and business conditions.



Environmental objectives

Greenhouse gases

We aim to reduce our environmental impact by reducing our emissions of direct and indirect greenhouse gases.

2020 target

-65%

Direct and indirect emissions of greenhouse gases are to decline at least 65% in relative produced quantities at our production facilities by the end of 2020, compared with the base year of 2014.

Result for 2020

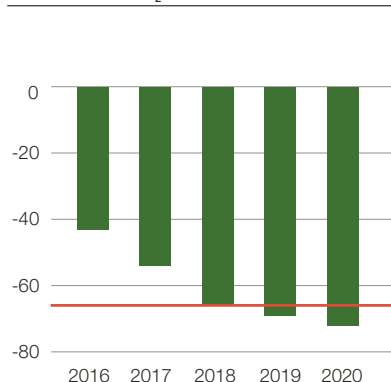
-76%

Compared with base year 2014.

Future focus and new long-term targets

- In 2020, to ensure improved monitoring of greenhouse gas emissions throughout our value chain, we signed to commit the Science Based Targets initiative (SBTi) – a scientific method of ensuring that our targets are in line with the global Paris Agreement on the climate. Read more on page 39.

Reduction of CO₂ emissions, %



Energy

We aim to reduce our environmental impact by reducing our energy consumption and increasing the proportion of renewable energy.

2020 target

100%

All electricity at all of our facilities is to originate from renewable sources by 2020.

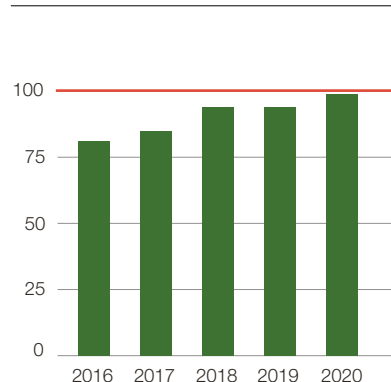
Result for 2020

99.1%

Future focus and new long-term targets

- Reduce overall energy consumption in our plants.
- Increase the proportion of energy derived from renewable sources.
- We aim for more than 75% of all energy (previous target was only focused on electricity, see above) used at our own factories to come from renewable sources by 2025.

Electricity from renewable sources, %



Recycling

We aim to reduce our waste and to increase the recycling rate by identifying efficient and practical solutions for sorting waste.

2020 target

>96%

Achieve >96% recycling rate by 2020.

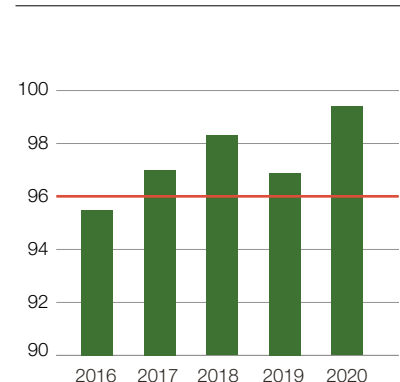
Result for 2020

98.7%

Future focus and new long-term targets

- We strive to reduce our waste and ensure increased recycling in our manufacturing processes.
- Maintain a recycling rate of more than 98%.
- 0% of our waste going to landfills by 2030.

Recycling rate, %



Social goals

Health and safety

Our goal is to reduce the number of workplace accidents at our facilities.

2020 target

<30

The number of workplace accidents resulting in more than 8 hours of absence by no later than 2020.

Result for 2020

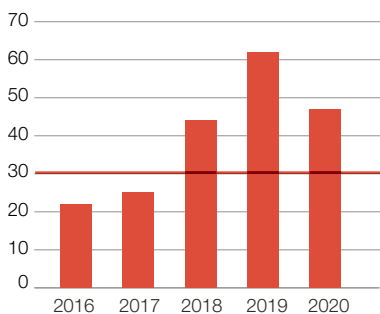
47

Number of workplace accidents resulting in more than 8 hours of absence.

Future focus and new long-term targets

- Sustained focus on pursuing our Safety First initiative at all units.
- Implement the investments decided on, as well as procedural changes defined at the plant in Menen, Belgium, which accounted for most of the accidents in the years 2019 and 2020.
- No workplace accidents resulting in more than 8 hours of absence by no later than 2030.

Number of accidents leading to at least eight lost hours



Manufacturing of bike carriers in Huta, Poland



Thule EasyFold bike carrier

Thule Group sustainability initiatives

Thule Group aims to contribute to a more sustainable world by offering innovative, high-quality products that inspire people to live an active life. The products are manufactured responsibly with the least possible impact on the climate and environment.

It is from the perspective of social, environmental and financial responsibility that Thule Group can contribute to lasting and responsible, sustainable development. Our sustainability initiatives encompass the entire value chain and are governed by our Code of Conduct and policies. The Code of Conduct is integrated into both our strategic and day-to-day work, and permeates the entire operations. This is all based on continuous improvements. We have a deep respect for the

impact of our products and operations on the environment and climate. Our consumers should feel confident that our products are safe, and we strive for transparency with regard to how they are developed and manufactured. Our employees are to conduct their work in a safe and secure workplace, and the same shall apply to suppliers and sub-suppliers. Our owners should feel that their investment is sustainable in the long-term.



We support the UN's 2030 Agenda for Sustainable Development

We work strategically for the long term in line with the UN's 2030 Agenda for Sustainable Development and in the autumn of 2020, the Board and management of Thule Group decided sign to commit the Science Based Targets initiative (SBTi) – a global standard for climate targets stemming from the goal of the Paris Agreement to prevent the earth's average temperature rising by more than 1.5°C. Thereby advancing a step further in our sustainability efforts.

Our sustainability efforts conform to the Global Reporting Initiative's (GRI) principles and guidelines. In the Annual report for 2019 we reported according to GRI Core Standards. We are receiving an increased number of requests for sharing data that falls in line with the GRI and the UN's Sustainable Development Goals, and in 2020, we have therefore further refined our reporting and added several indexes to offer even more transparency. On pages 147–150 of our GRI Index, we also report on our contributions toward attaining the UN's Sustainable Development Goals.



Continued focus on emissions that impact the climate and environment

Our work to reduce our climate impact by optimizing the efficiency of our energy consumption for lighting, heating, machinery and equipment continued uninterrupted. We evaluate our climate impact in line with the guidelines of the Greenhouse Gas Protocol on three levels ("Scope").

Scope 1 comprises direct emissions from sources that we control – principally from burning fossil fuels in our factories, refrigerants, and our vehicles' fuel consumption.

Scope 2 represents indirect emissions from our own operations – primarily from purchased electricity and heating our premises.

Scope 3 comprises indirect emissions from sources not controlled by Thule Group – mainly emissions arising from logistics and business travel.

In 2020, we laid the foundation for intensifying our focus on Scope 3 in terms of purchased goods and materials, as well as distribution. More than 90 percent of our climate impact in Scope 3 stems from these two areas. More details about how various factors have developed in relation to our climate impact can be found on pages 39–55.

Thule Group has been a participant of the UN Global Compact since 2017, and our policies are deeply rooted in the Ten Principles concerning human rights, labor, the environment and anti-corruption. Our progress in this area is reported in our annual Communication on Progress. Read more about our participation and our Communication on Progress at our corporate website www.thulegroup.com/en/sustainability.

A continuing, deeper dialogue

We maintain ongoing dialogue with our stakeholders to better understand the expectations and requirements the stakeholders have for Thule Group as a company and employer and in respect to our brands.

In 2020, we produced new educational material in regards to our Code of Conduct, which is aimed at our employees and external stakeholders. We conduct annual follow-ups to ensure that all employees have read and understood Thule Group's core values and guidelines, and the Code of Conduct in particular.

We participate in a large number of ESG surveys, which evaluate our sustainability efforts from environmental, social and corporate-governance perspectives, compared with what other companies do, and thereby providing insight and knowledge about how and what we can do better. In conjunction with Thule Group signing to commit to the SBTi, we have also joined up with the CDP (Carbon Disclosure Project) supply chain database. We are thereby not limited to only reporting on our own sustainability efforts, but can also obtain data, such as greenhouse gas emissions, from our suppliers. In 2020, we signed a three-year agreement with South Pole, a well-established company in emissions assessments, so

as to obtain an independent review of all our sustainability data. This has resulted in a written assessment that is now included as a part of our annual report (see page 157). The quality of our analyses was further strengthened through the use of Worldfavor, a digital reporting tool that we introduced in 2019. We are convinced that an in-depth knowledge of our own condition is the only means by which we can drive our sustainability efforts forward and continue to improve.

In 2020, we have intensified our dialogs with investors, experts, and consumers. There is a considerable interest in how we pursue our sustainability efforts. Questions that were discussed primarily concerned the climate and environment,

Our contributions to the 2030 Agenda for Sustainable Development

Thule Group is one of many companies contributing to the UN's 2030 Agenda for Sustainable Development. Our sustainability efforts focus on aspects of the 2030 Agenda for Sustainable Development where we can have the greatest possibility of contributing:

Environmental responsibility



SDG 6: Clean water and sanitation – targets 6.3 and 6.4

- We strive to continuously reduce water consumption at all of our facilities and, where possible, are replacing drinking water with rainwater to an ever-increasing extent.
- We use closed loop water systems in manufacturing in order to minimize the discharge of hazardous chemicals and substances.

SDG 7: Affordable and clean energy – targets 7.2 and 7.3

- Our target is for 100% of the electricity used at our plants to originate from renewable sources by no later than 2030.
- Our target is for more than 75% of all the energy used at our plants to originate from renewable sources by no later than 2025.
- Our target is for 100% of all the energy used at our plants to originate from renewable sources by no later than 2030.

SDG 8: Decent work and economic growth – target 8.7

- We strive, through our sustainability efforts, to ensure that neither our company nor any of our suppliers utilize labor that is derived from forced or compulsory labor, slavery or human trafficking, and also ensure that no child labor is used in our company or with any of our suppliers.

SDG 12: Sustainable consumption and production – targets 12.4, 12.5 and 12.6

- We strive to reduce our waste and ensure increased recycling in our manufacturing processes. Our goal is to achieve a recycling rate of more than 98% and to ensure that zero (0) percent of waste goes to landfills by no later than 2030.
- We strive to continuously monitor and expand the list of materials and chemicals that may not be used in our products, to increase the use of recycled materials in our products, and to use more eco-friendly packaging.
- We strive to ensure accurate and comprehensive sustainability reporting, and that our sustainability efforts are integral to our day-to-day operations.

SDG 13: Climate action – targets 13.1 and 13.2

- We strive to reduce our climate impact by reducing GHG emissions.
- Our goal is to reduce GHG emissions at our plants by 46% by no later than 2030 (compared with the base year of 2019).
- To ensure improved monitoring of greenhouse gas emissions throughout our value chain, we have set up new long-term climate targets in accordance with the Science Based Targets initiative (SBTi), a scientific method of ensuring that our targets are in line with the global Paris Agreement.

Social responsibility



SDG 5: Gender equality and SDG 10: Reduced inequalities

- Gender equality and allowing everyone equal opportunities for development and actual participation, as well as equal opportunities for leadership at all decision-making levels, are all part of Thule Group's core values.
- We conduct continuous assessments of our employees' remuneration to ensure an equitable pay structure.
- Our internal target is to secure a gender-equal company with gender-equal leadership by 2030, with no gender having less than 40% representation.

SDG 16: Peace, Justice and Strong Institutions – targets 16.2, 16.3 and 16.5

- Through our sustainability efforts, we will ensure the elimination of child labor and child abuse. We will promote legal security by adhering to the laws and regulations of the countries where we operate and fight corruption in every manner possible, by conducting our business in an ethical and sustainable manner.

but the social responsibility goals of our suppliers and our company were also addressed. Questions are also increasing in frequency about risks that have a bearing on sustainability and about circular business models.

In 2020, we prepared an analysis of trends and the business environment, which will be communicated to stakeholders in early 2021.

Sustainability targets for 2030

We are continuing with our efforts to lead the world towards peaceful and sustainable development through the UN’s 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs).

The majority of the sustainability targets of 2014 that we set out to achieve by no later than 2020 have been fulfilled, with the exception of our target of using 100 percent electricity from renewable sources at all of our facilities. In that regard, we have achieved 99.1 percent.

During the year, we worked to create the conditions to launch new long-term sustainability goals within the framework of SBTi, which we will be working with until 2030. In December, Thule Group’s Board decided on new targets for 2030, for Scope 1, Scope 2 and Scope 3 – all of which are in line with the ambitions of the Paris Agreement.

These targets are:

Scope	Target 2030:	Ambition
Scope 1	"We commit to a 46% absolute reduction of GHG emissions from our own production facilities by end of 2030, compared to a 2019 base year."	1.5°C-target
Scope 2	"We commit to have 100% purchased renewable electricity at our own production facilities and offices with more than 12 employees by end of 2030, compared to 94% in 2019."	1.5°C-target
Scope 3	"We commit to a 28% absolute reduction of GHG emissions related to our purchased goods, upstream logistics, and downstream logistics by end of 2030, compared to a 2019 base year."	Well below the 2°C target (with the opportunity to raise the ambition level to the 1.5°C target in the future)

Under this process, we have launched several training initiatives jointly with SBTi, mainly for staff in the functions that will primarily work toward goal attainment. In addition, we have assigned extra resources to build up a reference library of life-cycle analyses for all of our products.

We are also planning to create a reference library in early 2021, for the materials that we use in our products. This comprehensive effort that will lay the foundation for more sustainable products, without compromising safety and legal considerations.

Continuous employee dialogs

At Thule Group, we are convinced it is important to maintain a continuous ongoing dialog with employees to ensure unanimity with our core values. There is a deep commitment and interest regarding sustainability throughout the Group. Our values and how we work with sustainability are also important to those who apply for jobs here.

Our employee survey, which is conducted every other year, not only measures how positively our employees grade us as an employer, but also measures parameters such as an understanding of the company’s goals and values.

The survey also provides us with deeper insight into any occurrences of improprieties, such as harassment, discrimination, conflicts or other deficiencies in the work environment. For Thule Group, it is important to be an attractive and safe employer, a company where employees feel content and can develop. Our efforts to ensure a physically, psychologically and socially sound work environment are continuing uninterrupted. Although our managers bear the main responsibility for these efforts, it rests upon all employees to contribute to a sound work environment and the creation of a positive and friendly climate. Going to work should be fun.

Read more about our work environment and teamwork in the “Our best ambassadors” section on pages 56–60.

Responsibilities and governance

The Board is ultimately responsible for our sustainability efforts, and sets our long-term sustainability targets as part of the Group’s strategic goals. Responsibility for monitoring these targets is delegated in some respects to the Audit Committee and Remuneration Committee (who report directly to the Board), as well as to the Compliance Committee, which ensures fulfillment of target-based requirements and reports to the Group CEO. This ensures there is a link to Thule Group’s overall business goals and integrates the responsibility into the commercial managers’ tasks. Read more about our internal governance documents on pages 41–42.

The commercial and functional managers’ responsibilities, besides monitoring Group targets, also include compliance with legislation, rules and regulations in areas such as the work environment, environmental protection, environmental licenses, the use of natural resources as well as the management of hazardous waste and emissions to air and water.

Group management regularly checks on the progress of sustainability efforts. Plans, activities and the achievement of objectives are monitored through consistent dialogs, interim reports, annual follow-up reviews, and internal and external audits. Various steering groups conduct in-depth analyses of compliance with legislation and regulatory frameworks,

policies and other governance documents, the achievement of Group targets, and how key figures have trended over the year (see also the Corporate Governance Report on pages 82–91). The Group’s head of sustainability is responsible for coordinating and monitoring tangible issues.

For further information about the sustainability risks and risk management, refer to pages 61–66.

Legislation and regulations

Our operations are subject to environmental legislation, regulations and provisions governing areas such as the handling of hazardous or undesirable substances in our products. The Thule Group Prohibited & Restricted Substances List (P&R) is updated continuously. It contains

both legal requirements and Thule Group’s own requirements and we strive to go beyond what the law requires. The P&R list is also published on the Group’s website. This way, we can ensure that the list of our requirements for undesirable materials and substances is always updated and available for employees and suppliers, as well as for our customers.

A variety of methods are used to check compliance, depending on the type of product and material. Some examples are materials declarations and materials specifications from suppliers, International Material Data System (IMDS) analyses and third-party chemical analyses.

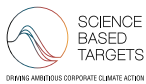
Thule Group is also a System Partner to bluesign®, which is an international standard for environmentally certified textile production. The focus on materials and manufacturing

Memberships and cooperation

Thule Group is a member of, or partner in, several organizations that undertake initiatives to increase sustainability and ensure positive developments in the sports and outdoor industry, as well as sustainable societal development in general.



Thule Group is a participant of the UN Global Compact, an initiative which companies are invited to support and respect Ten Principles for sustainable development in the realm of human rights, labor standards, the environment and anti-corruption. As a participant, we commit to publishing a report on how we have contributed to and how we are developing in relation to the Ten Principles.



In November 2020, Thule Group signed the internationally recognized Science Based Targets initiative as part of the company’s ambition to further reduce its GHG emissions.



bluesign® is a certification system for sustainable textile production. Our ambition is to eliminate hazardous substances from the manufacturing process by establishing standards for environmentally friendly and safe production, and bluesign® also offers training for the staff of member companies. Not only does this ensure that the final textile product fulfills stringent requirements relating to consumer safety, but it also creates confidence among consumers who receive and value sustainable products. The system is based on five principles: resource productivity, consumer safety, occupational health and safety, water emissions and air emissions.



The European Outdoor Conservation Association (EOCA) works to protect wilderness areas in Europe by preserving rivers, creeks and other wetlands. We collaborate with several players involved in the sports and outdoor industry via EOCA to preserve sensitive natural areas.



The Outdoor Foundation, established by the Outdoor Industry Association (OIA) in North America, encourages young people to get involved in outdoor activities and aims to inspire and raise the interest of young people in outdoor pursuits.



The Conservation Alliance works to protect wilderness areas in North America by preserving rivers, creeks and other wetlands.



Leave No Trace is a non-profit organization that informs and educates people about how they can spend time in nature in a responsible manner.



We have been co-financing a professorship in polymeric materials at Jönköping University since 2017.



Thule Group is a trade and industry representative at Mistra Sport & Outdoors – a research organization aimed at making sports and outdoor pursuits more sustainable. This organization includes many key stakeholders of Sweden’s outdoor, tourism and sporting activities.



Manufacturing of awnings in Menen, Belgium

processes leads to more responsible use of resources through the elimination of substances that pose a risk to humans and the environment from the outset.

The environmental management system ISO 14001 is one of the tools we employ to ensure that we adhere to applicable legislation and continuously implement improvements relating to the environment. Currently, eight of our nine production units are ISO 14001 certified. The goal is for all of them to be certified by the end of 2020, although work to certify the remaining production unit has been delayed due to the global Coronavirus pandemic.

During the year, Thule Group did not receive any fines or sanctions for breaching environmental or work environment-related legislation and provisions.

Internal governance documents

Four governance documents regulate the principles and values that guide our operations generally and in particular our sustainability initiatives.

Strategic annual plan

The strategic annual plan includes business and financial sustainability plans for at least the next three years, and in many cases much longer. It also includes climate, environment

and recycling goals, as well as social goals and health and safety initiatives.

Thule Group Code of Conduct

The Code of Conduct is a common thread throughout our operations and reflects our values. The Code applies to the entire value chain. It offers guidance in how we should conduct ourselves in relation to our stakeholders, and describes the directives and principles we should follow. The Code assumes compliance with legislation and regulations and is based on international standards such as the UN's Declaration of Human Rights, the Ten Principles of the UN Global Compact and the guidelines of the ILO and OECD.

The Code of Conduct applies to Thule Group's Board members, employees, suppliers, business partners and subsuppliers.

The important Anti-Slavery Statement is something that we continuously work with, as well as the other documents on anti-corruption, discrimination and harassment. In late 2020, a review of customers in export countries was conducted in accordance with our policies on trade sanctions and anticorruption.

Thule Group Corporate Compliance Program

Thule Group Corporate Compliance Program describes the

overall structure of the Group’s legal and ethical obligations in terms of issues such as anti-corruption, competition, the GDPR, trade sanctions and other policies. Furthermore, the Compliance Program clarifies the distribution of responsibility within the organization and refers to the more detailed policy document to which the Group adheres.

Our web-based education platform, Thule Group Online Academy, is an interactive system for providing education on matters such as the Code of Conduct and anticorruption, and participation is obligatory for all employees and Board members. The platform also provides all employees with access to current policy documents. As of December 2020, 93 percent of our permanent employees had undergone relevant training.

In 2020, we installed a new whistle-blowing system through an established platform called “Speak-Up.” The platform enables both employees and external partners to report improprieties that are in breach of our Code of Conduct. The new system enables individuals to report breaches of the Code of Conduct in their own language. Employees and other external stakeholders are encouraged to report any suspicions of improprieties, breaches of the Code of Conduct or other policies, and any other irregularities.

No improprieties or breaches were reported internally

through the whistle-blowing function in 2020, but one (1) breach of the Code of Conduct was reported by an external party. An investigation by the law firm, Mannheimer Swartling, resulted in one individual being given notice of termination due to questionable behavior.

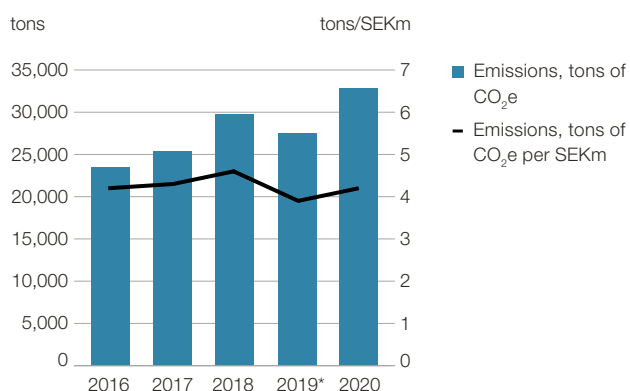
Thule Group Corporate Governance Manual (TCGM)

The Thule Group Corporate Governance Manual (TCGM) has been produced to support and guide the Group’s various units in terms of applying and living up to core values and a shared standard in relation to legislation on health and safety, environment, product recalls, risk management and working and employment conditions.

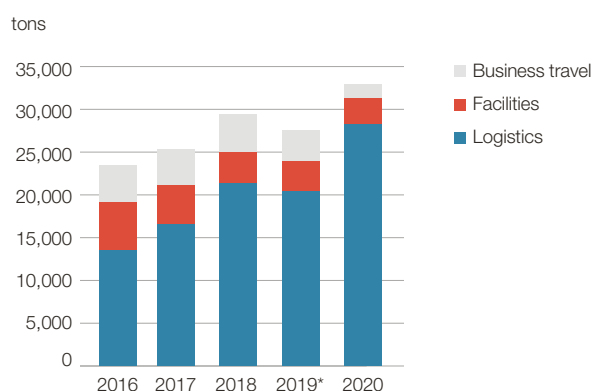
TCGM’s steering group conducts an annual review of how well local units are living up to the shared standard, and carries out internal and external audits with a focus on risks. Supplier audits in the area of sustainability are also reviewed for decisions to be taken.

Internal compliance with the TCGM is reported pursuant to new procedures for self-assessment. We can state that all of the units showed improved results during 2020. Planned audits could not be conducted due to pandemic. These audits will instead be conducted in 2021.

Emissions and sales, tons of CO₂e per SEKm



Climate impact, tons of CO₂e



Emissions, tons of CO ₂ e	2016	2017	2018	2019*	2020
Direct emissions (Scope 1)	4,463	3,324	3,394	3,185	2,591
Indirect emissions, facilities (Scope 2)	1,436	1,169	292	272	66
Total Scope 1 & 2	5,899	4,493	3,686	3,458	2,656
Indirect emissions, external (Scope 3)	17,572	20,881	25,712	24,080	30,247
Total	23,471	25,374	29,399	27,538	32,904

* Thule Group’s total greenhouse gas emissions for 2019 have been recalculated following improvements and corrections to data collection in line with recommendations from the external audit conducted by the consulting firm South Pole made in connection with the work to verify emissions for the financial year 2020.

Products for an active life

The company's success is built on our ability to develop well-designed products that make it easier for users across the globe to enjoy an active life. Our product development is based on four foundations: a deep understanding of how the products are used, a sustainable approach to design, advanced skills in development and production and a high level of quality demonstrated by extreme tests.



Thule Hullaport XT kayak racks

During the year we continued our long-term investment in developing new innovative products in all of our product categories. Despite the considerable uncertainty in the spring in relation to the pandemic and the lockdowns that followed, we chose to continue investing heavily in product development.

In 2020, we invested slightly more than 5 percent of the Group's turnover in product development and completed the expansion of our global development center in Hillerstorp, Sweden. This SEK 100m investment in product development provides an optimized work environment for an expanded workforce in design, construction and prototyping operations. The expansion includes just over 5,000 square meters of

office and manufacturing space for a test center, prototype and tool department and an additional 3,000 square meters for a park-like test track for products in the Active with Kids product category. In January, another expansion of our world-leading global Thule Test Center in Hillerstorp was launched, corresponding to an investment of SEK 80m. The new expanded center will be put into operation in the first quarter of 2022.

We implemented several key projects within our largest product category, Sport&Cargo Carriers. These included the development of five new bike carriers for launch spring 2021, where the new Thule OutWay, which is mounted on the car's trunk lid, and Thule TopRide, the new roof-mounted bike carrier



Thule Glide stroller

for sports bicycles were particularly well received by our retailers.

Thule Tepui Foothill, the innovative rooftop tent, which was also launched in stores in spring 2021, has already attracted considerable attention and won the prestigious ISPO Gold Award.

Within the Active with Kids category, we produced many new accessories and broadly revived our bike trailers and stroller products.

For Packs, Bags & Luggage, the category that was impacted heavily by the Coronavirus pandemic, we chose to postpone some new launches within cabin bags and luggage. However, several new sports-oriented bags were successfully launched during the year, such as the Thule Shield bike bag and Thule AllTrail X backpack.

User insights as the basis of product development

Our development work is based on an understanding of how our users would like to live an active life in the simplest and most stimulating manner possible. We make future projections to form well-founded speculations about the contexts and ways in which users would like to be using our products. We combine various future scenarios with deep insights about

The overall sustainability focus within product development is placed on climate and environmental impact, and can be divided into four parts:

Reduced climate and environmental impact of manufacturing and logistics

through, for example, a conscious choice of materials, increased use of recycled materials or easily recycled materials, energy-efficient manufacturing methods, optimized packaging solutions, and efficient and climate-smart transportation.

Reduced climate and environmental impact in connection with use

through, for example, reducing air drag and facilitating attachment and removal to thereby reduce energy consumption for vehicle-related products.

Extended lifespan

through, for example, improved corrosion resistance and greater opportunities for repairing products by making it easy to replace or repair key components.

Increased recycling possibilities

through increased use of recycled materials and materials that are easier to recycle, and through designs that facilitate the separation of the product into various material types.



day-to-day usage and how users interact with the products. Our product managers, designers and technical experts invest a considerable amount of time in studying how the products are used, by everyone from the most extreme enthusiasts to those who might only use the products a few times per year. The expertise that we have built up over many decades, advanced computer simulations and a broad spectrum of tests provide us with detailed and rapid feedback during ongoing development projects.

Our products are sold in 140 markets worldwide and we collaborate with leading manufacturers of cars and RVs, as well as sports and outdoor products such as bicycles, kayaks and skis, and with industry organizations and a large number of knowledgeable retailers. This enables us to recognize new trends at an early stage, both in terms of specific sports and changing behaviors. We attach great importance to following and evaluating the trends that could potentially impact our operations in the long run. Combined with a large dose of enthusiasm and a curiosity for innovation, solid expertise and major financial investments, these valuable insights create a solid foundation for our efforts to create the next successful major product.

Sustainable products that can be used frequently for a long time

The basis of our success and our long-term sustainability efforts is our distinct focus on the design, development and manufacture of products that can hold up to demanding day-to-day use for many years. We also aim for our designs to be timelessly modern. The product must “feel right,” even many years after its purchase. Consumers who choose to purchase and use our products place great value in their responsible production and long lifespan.

We are well aware that our greatest opportunity to influence the products’ long-term sustainability is during the development phase. By analyzing the materials, production methods, usage and recycling potential, we strive for our products to have as limited an impact on the climate and environment as possible during their lifecycle, without compromising on safety, quality, function or lifespan. Our development team has a solid foundation of expertise within eco-design. A lifecycle concept is an integral part of all product development projects and applies to the whole chain, from choice of materials and functionality to repairs and recycling.

Deep insights into the user phase enable us not only to create products that consumers want to buy and use, but to

factor in a broader sustainability perspective in our design choices. When developing tow bar mounted bike carriers for example, we not only include analyses of how the vehicle's energy consumption is impacted by bike carriers, but also ensure that the carrier is easy to mount and unmount, so that the conscious user can easily limit their impact on the climate and the environment.

However, our overall environmental impact is mainly a result of the raw materials that we use, primarily aluminum, steel and plastic. We strive consistently to use as little material as is technologically possible, while managing to fulfill the extreme requirements imposed by the criteria of our Thule Test Program™.

Innovative solutions subjected to tough testing

Our employees' expertise and knowledge about how the products are used and how sustainable products should be constructed form the basis of smart product solutions. We use structured development processes to ensure that manufacturing is efficient and sustainable, and most of all,

to achieve our ambitious targets for user-friendliness and safety. Although we utilize a variety of simulation tools and methods for these processes, it is only when the products are used in daily life that we ascertain that the solution works as we intended. Over the years, we have proven that we are good at developing smart technical solutions that make it easier to live an active life. Some examples of such products that were launched in spring 2021 include:

- The Thule TopRide bike carrier, which allows for fastening the bike's front fork to an attachment device while the bike is on the ground and then, with a simple grip, snapping the bike carrier into place on the roof.
- The smart and flexible division of inner space in the practical Thule RoundTrip Bike Duffel bag that allows for equipment to be both easily accessible and well protected.
- The stylish Thule Covert camera backpack, with its innovative removable internal camera compartment, allows for the bag to be used in three different ways: as a camera backpack, as a smaller camera shoulder bag, or as a regular backpack.



The stroller Thule Urban Glide 2 being tested in Thule Test Center

Valuable insights during the product-development phases gleaned from all of our internal and external pilot tests are combined with more formal and structured tests in accordance with our Thule Test Program™, which comprises more than 25 Thule Group standards, to ensure that our products meet our stringent requirements on function, quality and safety. The tests, which include shock, collision, fatigue and environmental tests are carried out at the Group's advanced and certified Thule Test Center in Hillerstorp, Sweden. We also engage external testing institutes such as the SP Technical Research Institute of Sweden in Borås, Sweden for collision tests.

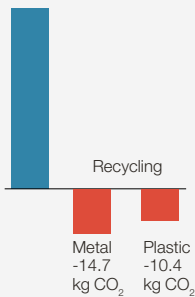
Life-cycle analysis (cradle to grave) of Thule Spring stroller



We regularly conduct life cycle analyses (LCAs) on our products with the aim of learning more and continuously assessing and reducing climate impact moving forward. Here, we can see an LCA for a Thule Spring stroller, all the way from the extraction of raw materials through its use and recycling.

Transportation has a relatively large impact on this product's LCA given that it is transported across the world when fully assembled. The study is conducted to ensure the safety of the children who are to be transported on the roads. The recycling of primarily metals, but also plastic, has a positive effect and therefore, the product has been designed to allow for the separation of material types.

Cradle to door,
61.3 kg CO₂



(User phase: 0 kg CO₂/year)

During the year we also further developed our Climate Impact Index (CII) calculation model as the basis for the design, development and manufacture of our products. This calculation model is used when the components include plastic, aluminum and steel. We are now further developing the model with additional parameters. The purchasing function will also make use of the CDP Supply Chain (read more on pages 37 and 53–55) to assist in building a sustainable supplier chain.

As we develop new products, we also develop new and more efficient ways to package and ship our goods. Our new generation of roof racks, which was launched in 2019, has more efficient packaging to reduce material consumption. It is also important that the customer receive the products easily and without unnecessary bulk.

Production for a sustainable future

In our nine production facilities and own distribution centers, we strive to create more sustainable, efficient and climate-smart operations. All of our employees are to feel confident that they are working in a physically, mentally and socially good work environment.



Manufacturing of rooftop boxes in Neumarkt, Germany

In 2020, our production facilities were put to the test by ravages of the global Coronavirus pandemic. Many production flows had to be redesigned to ensure compliance with the recommendations of local authorities to maintain social distancing. In cases where we could not rebuild workstations, we introduced special safety regulations and requirements on personal protective equipment such as masks, visors and gloves.

At the end of 2020, 84 individuals were confirmed to have contracted Covid-19. Fortunately, no cases were fatal. However, due to our increased caution with even just the

slightest symptoms of a cold, there has been a considerable number of sickness absences among both white- and blue-collar employees. Despite this development, our focus on long-term flexible production capacities has resulted in our assembly plants having higher production capacities than any year previously during the period from May to December.

Investments for growth and flexibility

In 2020, we continued to invest in the future to ensure sustainable and flexible production and distribution at our

offices, plants and distribution centers across the world. The following is a selection of some of the investments implemented during a year marked by major challenges.

- *New development center in Hillerstorp, Sweden*
A new, ultra-modern and sustainably designed 5,000 square-meter facility dedicated to our growing global product development was completed in January 2021. This year, we are continuing the investment with the major addition of the Group's global Thule Test Center.
- *New, energy-saving and automated assembly lines for the new generation roof rack in Hillerstorp, Sweden*
Phase two was completed during the year, and the third and fourth phases are ongoing in 2021. Investments in fully automated trucks were also made at Hillerstorp and the foundation was laid for continued investments in the press department to meet increasing demands.
- *New sprinkler system at our roof-box plant in Neumarkt, Germany*
During the year, a new sprinkler system was installed in conjunction with the replacement of the ceiling. LED lamps with motion and daylight sensors were also installed to improve environmental and cost efficiency.
- *Expansion of our two facilities in Poland*
Continued investments in automated welding and bending machines, as well as in fully automated assembly lines for tensioning devices that are used in several products. Expansion of office premises. Further expansion of manufacturing and distribution spaces commenced in both Huta and Pila (Poland), which will be completed in 2022.
- *Increased automation in Seymour in Connecticut in the US*
Adjacent to our assembly hall for products including bike carriers, we expanded the capacity for component processing in the new premises through a higher degree of automation. We were able to move our production in-house and thereby, also reduce our transportation needs. This has also allowed for the opportunity to rebuild the assembly stations and thus optimize their efficiency.

Major investments toward an injury-free work environment

Thule Group aims to provide safe and secure workplaces. We also want our employees to be part of a strong team characterized by a focus on high quality and a comprehensive approach to sustainability, where we all continuously contribute with identifying smarter ways to work.

The ongoing Coronavirus pandemic has dominated much of 2020, with a considerable focus on the management of physical distancing and increased requirements on hygiene. During the second quarter, the number of hours worked fell drastically, and thereby also the number of accidents. In the



latter half of the year, we succeeded in reducing the number of accidents despite a significantly higher pace of production compared with previous years.

For the full-year, the number of workplace accidents per million hours worked fell from 157 to 97. In absolute terms, the total number of workplace accidents fell from 100 to 86. The number of workplace accidents that resulted in more than eight hours of absence declined from 62 to 47.

The production units in Menen, Belgium and Huta, Poland continued to account for most of the incidents. However, at the assembly plant in Menen, there were fewer accidents that resulted in more than eight hours of absence from work, compared with 2019.

In late 2020, the number of accidents rose in Seymour in Connecticut in the US, which had maintained a low accident rate for several years. The increase was attributable to the sharp increase in production volumes, combined with deficiencies in safety regulations and procedures for new employees. Measures were taken and followed up on to ensure improvements in safety, including comprehensive training courses in health and safety for production foremen and supervisors.

The number of accidents in relation to the number of hours worked remains too high. Our target is to halve the accident rate in 2021 and we are continuing with our efforts to create conditions conducive to an injury-free work environment.

Our safety program, Safety First, provides the basis for structural investments and thorough day-to-day work. In 2020, we created interactive educational material, which is

mandatory for plant management, production managers and supervisors. Together, we are creating a work environment that not only promotes safety, but positive collaboration, job satisfaction and a balance between work and leisure.

Investments and restructuring are always preceded by an environmental and safety survey, through which we identify risks, decide on measures and implement training courses and technical improvements. This pertains not only to the work environment from a physical perspective, but to an equal extent, a social and mental health perspective, and we have included questions in these areas in all of our local health and safety committees.

Any cases of discrimination and harassment are included in quarterly reports to Thule Group's Group Management. No cases were reported in 2020.

Reduced climate impact

For several years now, we have invested heavily in enhancing our energy efficiency and reducing our dependence on fossil fuels, in order to achieve the targets for 2020 that were set in 2014:

- 100 percent of our electricity is to come from renewable sources,
- CO₂ emissions from our facilities are to have decreased by 65 percent, compared with 2014.

In total, 99.1 percent of all our electricity came from renewable sources in 2020, compared with 94 percent in 2019. Greenhouse gas emissions from our facilities have decreased by 76 percent so far (compared with the base year 2014). Read more on pages 38–39 about our new long-term

sustainability targets for 2030 which were decided on during the year.

All production units in Europe have received their electricity from renewable sources since 2017. Our assembly and development unit in Hillerstorp, Sweden uses biogas for heating, and thereby renewable energy for both heating and electricity consumption. Solar panels on the roofs of the manufacturing and office buildings in Seymour in Connecticut in the US provide around 25 percent of the buildings' electricity requirements. In 2020 a decision was made to mount solar panels at our facilities in Hillerstorp, Sweden and Huta, Poland in 2021.

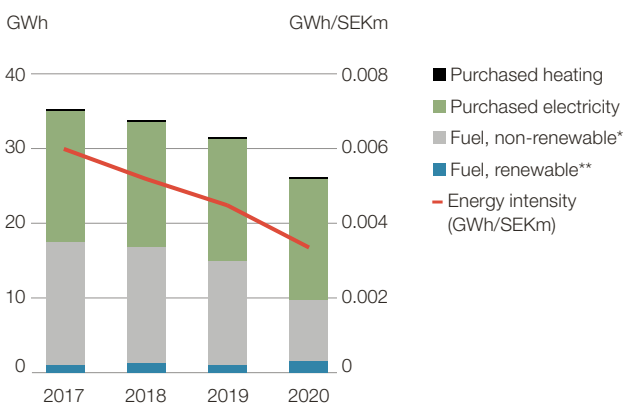
Our operations are subject to the law on energy mapping in large companies, which in turn is based on the EU's Energy Efficiency Directive. We continuously reduce our climate impact by way of investments in new and energy-efficient technology, for example, the gradual transition to more energy-efficient machinery, modern LED lighting with light and motion sensors and the installation of solar thermal collectors to heat water.

We are also investing in advanced measurement equipment that provides detailed real-time information to identify opportunities more effectively for further energy savings. In 2020, we began switching all lighting at our facility in Neumarkt, Germany, to LED lighting with daylight and movement sensors.

New energy-saving machines and equipment at our facilities helped to lower our energy consumption, despite an increase in the number of production hours.

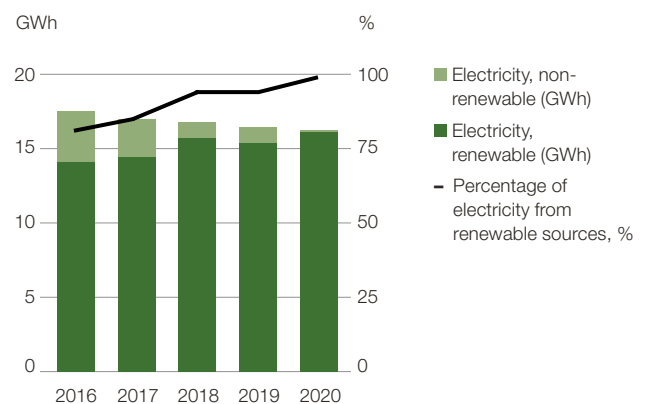
Continuous monitoring of electricity consumption, the share of renewable electricity and the climate impact of electricity

Energy (GWh) and energy intensity (GWh/SEKm)

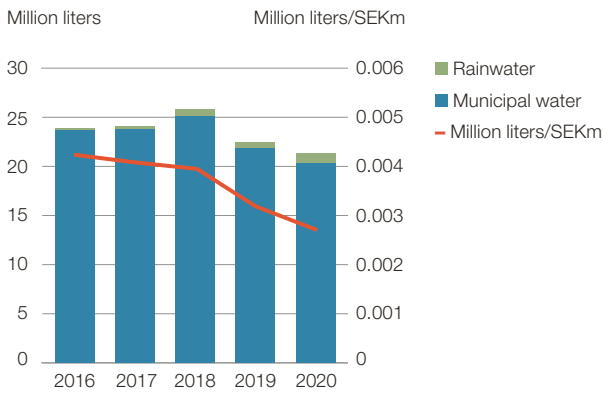


* Non-renewable fuel includes diesel, gasoline, heating oil, LDP and natural gas.
 ** Renewable fuel includes biogas and ethanol.

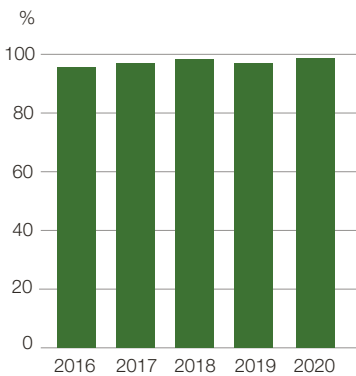
Electricity (GWh) and proportion from renewable sources (%)



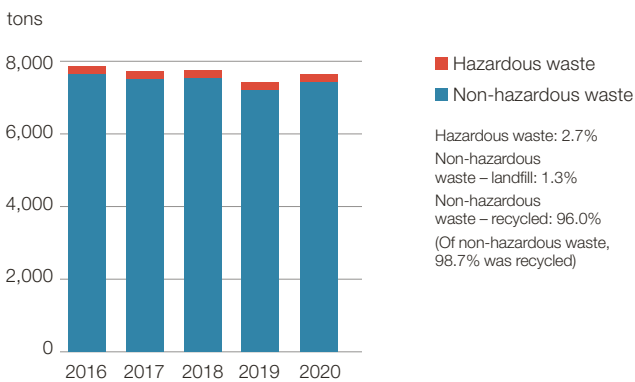
Water consumption, millions of liters



Recycling rate, %



Waste, metric tons



consumption and heating forms part of the quarterly reporting to the Group management of Thule Group.

Reduced water consumption

Water is one of the most important natural resources that we need to preserve, and Thule Group’s objective is to reduce water consumption at all of the company’s production facilities. We install closed systems, which also reduces the amount of chemical waste, and train our employees to increase their awareness of what each person can do to reduce the amount of water consumed.

Where possible, we endeavor to use rainwater to for the toilets of our facilities. Rainwater accounted for slightly more than 4 percent (3) of the Group’s overall water consumption during the year, and collection for use in production takes place at the facilities in Itupeva (Brazil), Huta (Poland), and Menen (Belgium).

Consumption of water at our own plants and distribution centers is monitored by water meters or information from water suppliers, and forms part of the quarterly reporting to the Group management of Thule Group. We are seeing a continued reduction in Thule Group’s overall water consumption to 21.1 million liters, which is a reduction of 6 percent compared with 2019.

Waste and recycling

Our target, set in 2014, was to have a waste recycling rate of 96 percent by the end of 2020. In 2020, the recycling rate was a full 99 percent (97). The strong commitment of our employees combined with our aim to find innovative and practical solutions are both vital in terms of continually increasing the rate of recycling at our facilities. Local initiatives are spread quickly through our Group-wide network by voluntary environmental ambassadors.

We collaborate with our subsuppliers to reduce the amount of waste from packaging materials used for incoming materials and components, for example. Working together with local recycling companies enables efficient and profitable waste management, which also leads to a larger proportion of materials being recycled or reused.

Despite the greater amount of waste that we generated in 2020 due to higher production volumes, the recycling rate was increased through a combination of reduction in hazardous waste and increases in the recycling of materials and energy.

The amount, type and management of waste at our own plants and distribution centers is monitored through our own measurements or information from recycling companies, and forms part of the quarterly reporting to the Group management of Thule Group.

Production strategy per product category

Category	Production strategy
Sport&Cargo Carriers	Mainly in-house assembly with limited sourcing of finished goods
RV Products	Mainly in-house assembly with limited sourcing of finished goods
Active with Kids	Combination of in-house assembly and sourcing of finished goods
Packs, Bags & Luggage	Mainly sourcing of finished goods with limited in-house assembly



Sourcing and logistics

With 562 material suppliers – own manufacturing at nine facilities in seven countries, and sales to more than 35,000 stores in 140 markets, a sustainable supply chain and cost-effective, climate-smart distribution are high on our agenda.



Distribution center in Huta, Poland

In 2020, Thule Group – along with all other international companies with a global supply chain, faced major challenges with extreme fluctuations in demand and stringent restrictions in many countries. As early as February, certain Chinese sub-suppliers were impacted by the ongoing pandemic.

To meet the considerable demand that arose in summer and autumn, when consumers across the globe were permitted to be active in their local vicinity, we chose to focus on secure access to materials and components. We achieved this by introducing new suppliers, at the same time as we were

forced to switch transportation from Asia, from boat to rail, to our European assembly plants, and with air freight to the US facilities.

Our capacity to manage the changed conditions and rapid fluctuations was excellent and helped us to win market shares. Unfortunately, we also had to accept some short-term adverse effects in terms of the climate impact from our logistics operations in this exceptional year. The pandemic-related factors with the greatest negative impact in terms of increased GHG emissions from our operations comprised:

- increased shipments in conjunction with higher sales during the year and preparation ahead of strong expected sales in the beginning of 2021,
- an increased share of sales directly to consumers and to online retailers, where we are responsible for shipping direct to the consumer, known as last-mile logistics,
- increased quantities of small road freight shipments to retailers in Europe and North America at a later stage of the season than normal and with a larger proportion of large volume shipments ahead of the peak season due to retailers' uncertainty regarding whether they would be able to keep their stores open,
- increased air freight volumes to North America and Europe as well as increased rail shipments to Europe from subsuppliers in Asia in the second half of the year when major difficulties arose in ensuring reliable and fast shipping by sea, while our sales increased about 50 percent.
- some rerouting of sea freight to the east coast of the US instead of the west coast to ensure greater accessibility, with a resulting increase in road freight within the US.

Although it was difficult for us to physically visit our suppliers in the first half of the year, we later managed to catch up with our planned sustainability audits. Each new supplier is scrutinized and undergoes a self-assessment based on Thule Group's Code of Conduct, the P&R substances list, national laws and regulations with respect to labor law, health and safety, human rights and climate and environmental aspects.

This is followed by our annual follow-up on a number of selected suppliers, using either third-party auditors or our own internal auditors to ensure that our requirements are complied with and to identify opportunities for improvement. We continuously evaluate our suppliers, with a special focus on high-risk categories such as dyeing fabric, handling PVC and surface treatments, as well as high-risk countries*. These audits contribute to both our own and suppliers' improvements and ensure a better and safer work environment for their employees.

In 2020, we updated our sustainability targets, in accordance with our new ambitions under Scope 3, through which we



Manufacturing of bike carriers in Seymour (CT), US

*High-risk countries: We define high-risk countries based on internal risk criteria, such as the product category, production process and significance for the Group, as well as a balance of indexes from the RobecoSAM Sustainability Rating, Amfori BSCI, Global Slavery Index, among others.

pledged to reduce our climate impact by 72,594 tons CO₂e by 2030, compared with 2019, which corresponds to a reduction of 28 percent.

Based on our updated policy, we identified 45 suppliers who were to be prioritized on the issue of sustainability audits in 2020. We have audited 31 suppliers, of whom 30 were second or third audits and eleven were second and third tier suppliers. 25 of the audits were conducted by our own internal auditors and six by external parties. Due to the pandemic, we were unable to achieve our goal of auditing all of the identified suppliers on site.

Most of the sustainability audits are still ongoing in Asia, but we have increased the number of audits in our key supplier countries in Europe, including Poland, Romania and Portugal. In 2020, 77 percent of the audits were conducted in Asia, 20 percent in Europe and 3 percent in Central America. The results of the audits were generally positive. The main deficiencies that were listed concerned:

- no day of rest following six days of work
- lack of documentation for salaries and overtime pay
- excessive overtime hours
- lack of a control system to review and control labor issues like health and safety
- lack of safety regulations, blocked fire exits.

Four suppliers were noted to have serious shortcomings. Of these, two had passing results after showing improvements and two were phased out.

Constant focus on logistics

With sales in 140 markets, larger production volumes and deliveries from suppliers in 32 different countries, product launches with new retailers in new categories and the growth of e-commerce, logistics still account for most of the Group's emissions of greenhouse gases. At the same time, retailers are reducing their stocks and direct deliveries to stores are on the rise. Lowering CO₂ emissions from transportation is a major and important challenge, and a prioritized focus area.

The Coronavirus pandemic has impacted the logistics flow by complicating material deliveries, and causing a change in the product mix following reduced traveling in favor of vacations close to home as well as a rise in e-commerce.

The year of the pandemic, 2020, has entailed major disruptions, challenges and instability in our supply chain. The considerable demand for rapid deliveries of materials has also meant a lowering of capacity utilization for containers. Our general objective is to reduce the proportion of air freight and replace bulk road freight with rail shipments wherever possible. Given the extreme conditions created by the pandemic in terms of a condensed season and challenges in the global logistics

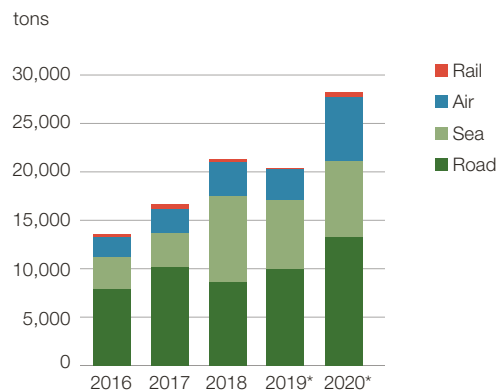
sector, our decisions to strive to meet customer needs have entailed increased air freight from Asia, primarily to North America but also to Europe. Our air freight within the US also increased as a direct result of our efforts to meet customer demand in the second half of the year. Since air freight has a considerably greater adverse climate impact compared with other modes of transport, this has entailed a year-on-year increase in carbon emissions. Air freight accounted for 24 percent (16) of total emissions from logistics in 2020.

Minimal travel in a world of digital meetings

For many of us, 2020 has meant a change in work methods and quickly made us more than comfortable with digital meetings. Good tools, knowledge and procedures are facilitating digital work methods. Many of our white-collar employees have worked from home for some periods during the pandemic, and we have not observed any changes to the trend as of early 2021.

Any travel that was not deemed to be absolutely crucial to business was canceled. All events, trade fairs and other major engagements were canceled or suspended, which further reduced travel and overnight hotel stays. We expect such major trade fairs to remain on hold even in 2021, and we are also convinced that our business travel will generally be less than it was in 2019 despite the roll-out of vaccines. Business travel accounted for 5 percent (13) of our climate impact in 2020.

Logistics – emissions, tons of CO₂e



* Thule Group's total greenhouse gas emissions from logistics for 2019 were recalculated after improvements and corrections to data collection in line with recommendations from the specialist consulting firm South Pole in conjunction with its work verifying emissions for the 2020 fiscal year.

Our best ambassadors

To continue developing as a leading global lifestyle company, it is vital for our skilled employees to feel content and able to develop in an equal and safe workplace. We also strive to create a stimulating work environment with a focus on sustainability and high quality, where everyone contributes to finding smarter ways to work.



Our fundamental values: *Shared passions for smart solutions that Enable an Active Life*, and our actions are critical to Thule Group's long-term development. Our Code of Conduct specifies what is important to us and how we want our employees to act and behave toward each other, and toward our stakeholders.

Thule Group conducts extensive international operations and has an extensive network of partners, which is why it is important for us to clearly communicate our values and guidelines, and what our company stands for. We continued our efforts to create an inspiring and user-friendly intranet in 2020, which became an especially important information

and news channel during the pandemic, particularly for the communication of important developments, instructions and local updates.

The intranet provides all employees with easy access to updated information about what we represent, how we are to treat each other and what is expected of us as employees. An important aspect of sustainability at Thule Group is for all of our employees to understand our culture, value our brand and work based on what these represent. This becomes even more important as we grow, become more international and work within new product categories.

The guidelines in our Code of Conduct apply across

our entire value chain and are the same all over the world. Day-to-day issues concerning employees and the working environment are decentralized and each subsidiary is responsible for managing these issues in a manner that is consistent with the Group's guidelines and with their own national legislation and regulations. Through Thule Group Online Academy, we can ensure that everyone receives information about the requirements and opportunities for the entire Group and what applies to their own workplace.

The average number of employees in 2020 was 2,669 (2,422). The increase was driven by major investments in product development and an increase in sales, followed by increased manufacturing volumes at most of our production facilities.

No operations were unaffected by the global Coronavirus pandemic, which imposed considerable demands on our organization and employees throughout 2020. Our permanent employees and contracted workers have displayed outstanding loyalty, team spirit and solidarity.

We have ensured that the workplaces at our plants have become Covid-safe, with a focus on physical distancing and personal protective equipment. We introduced staggered lunches and breaks and rearranged lunchroom furniture. Everyone who has had the opportunity to work from home has done so and employees have been allowed to take their computers, monitors, devices and office chairs home to ensure that they have a good work environment in the home. Digital tools have been critical to our everyday work and our managers have continuously conducted reconciliation meetings with individuals and their departments. In cases where employees were forced to come to the office, their visits were scheduled to ensure that not too many people would be on location at the same time.

Where possible, social activities such as introductory programs for new employees, have been conducted outdoors or remotely through digital tools.

During the pandemic, we took the opportunity to implement renovations and new constructions so that we are afforded with new and fresh workplaces to return to when working conditions are back to normal.

Motivated and skilled employees are the key to success

Employees who are content and feel good, who are stimulated in their daily work and feel that they can make a contribution and develop, are a prerequisite for maintaining our strong position in the market. In 2020, 92 percent of white-collar employees and 67 percent of blue-collar employees underwent an individual appraisal with their immediate manager under the Group's Performance Management Process (PMP) framework.

Employee surveys are an important component for ensuring

that we have motivated employees with a good understanding of their assignments and how they can contribute to the attainment of our business goals.

All salaried employees have individual targets, known as API (Annual Performance Indicators). These indicators are significant for employees who have bonuses as a variable salary component, since bonus outcomes are partly based on individual results.



Active employees – Kevin McCormack, PR & Communications Coordinator at the Thule Group office in Seymour (CT), US, hiking at Cliffs of Moher, County Clare, Ireland with Rachel and little Quinn.

Our core values mean that in daily operations, employees:

- understand consumers' needs
- develop smart products that make it easy for people to live an active life
- continuously challenge development and production processes in order to deliver innovative products in a cost-efficient manner
- ensure that all products are of the highest quality
- ensure that our products are available in the right channels with the right products and delivered at the right time
- adopt a long-term and sustainable approach in their daily decisions
- ensure that the values and positioning of the company's product brands are observed in all contexts.

We are proud of our sustainable and innovative products. Together, we strive to find ways to work smarter, more efficiently and to appreciate and attend to all opportunities for long-term sustainable development.



Active employees – Morgan Calder, Marketing Specialist, in Soquel (CA), US, photographs his family with their Thule Urban Glide 2.



Active employees – Loredana Nanu, sales in Romania, when she visited Lake Scropoasa north west of the capital Bucharest.

The annual employee survey, which we managed to conduct just before the Coronavirus pandemic outbreak, had a participation rate of 81 percent – an increase from 78 percent for the preceding survey in 2018. The results indicated that we still have a high satisfaction index: 76 (76). The average for similar companies is 72–74 and any score above 70 is considered adequate. In terms of work environment, we scored an index of a full 82. This shows that our employees feel content and safe in their work environment.

As we operate in a global market with several different product categories, new purchasing behaviors and many different sales channels, we encounter both challenges and opportunities. We often work in cross-functional global teams with a major focus on change and short decision-making pathways. We offer our employees training and support to enable them to face new challenges and develop as individuals.

We see a strong connection between a healthy life and strong performance

Being active, both mentally and physically, and living a healthy life, has a strong connection to how we perform and how we handle stress. By maintaining a holistic approach in terms of the different aspects of our employees' lives, we strive to

create conditions conducive to a good balance between their work and private life, as well as an active lifestyle. This includes the use of, for example, working-hour banks for more flexible working hours, wellness allowance and opportunities for lunchtime gym sessions.

For Thule Group, it is important that our employees are the best ambassadors for our products – regardless of whether they are an active skier, love mountain biking, hike in the mountains or take their children to school in one of our strollers. This allows for them to gain a better understanding of our consumers and their needs.

Employees from around the world testify to the value of an active lifestyle and many share their experiences with friends and acquaintances as well as on social media. Ideas for product improvements or new products are submitted to the company's open internal idea database. We are very proud that our employees are our best ambassadors.

An equal and safe workplace

We aim to offer everyone equal opportunities to develop at the company and incorporate an equality-centric approach to recruitment, salary and career development.

Skills, ambition and potential are to govern our employees'

Active employees – Luca Vigano, Brand Manager Italy, and his girlfriend Cristina walked with their Thule Stir 20L along the trail “Alta Via Della Valmalenco” in the Italian region of Lombardy.



opportunities, regardless of gender, age and background. In 2020, women comprised 44 (43) percent of the company's work force. Half of all vacant management positions were filled by women, and the management circle consists of 27 percent (25) women. More in-depth information can be found on page 152.

One of our long-term targets for 2030 is to further improve the balance and achieve an equal distribution of women and men in our workforce and management circle. We continuously strive to increase the ratio of women within sections of the company where the ratio is currently lowest, with a well-defined strategy for increasing the ratio of female engineers and women within the sales organization.

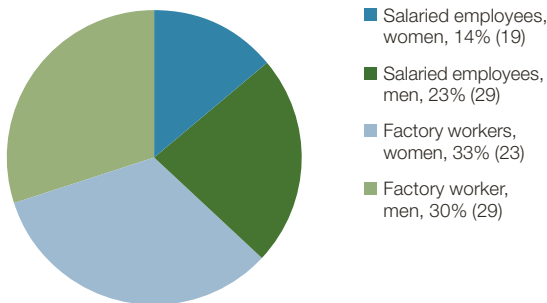
At the end of 2020, 38 percent of our sales force and 22 percent of employees active within product development were women. However, with its current recruitment efforts, Thule Group is equally appealing to women and men, which is a positive development that has been strengthened over the past few years through our proactive efforts and the diversification of our product portfolio through the product

category Active with Kids. In general, we now have a higher number of women applying for jobs with us. This is also in line with the increasing number of women graduating from colleges and universities with the required expertise. The ratio between men and women in various functions is reported in more detail on page 152.

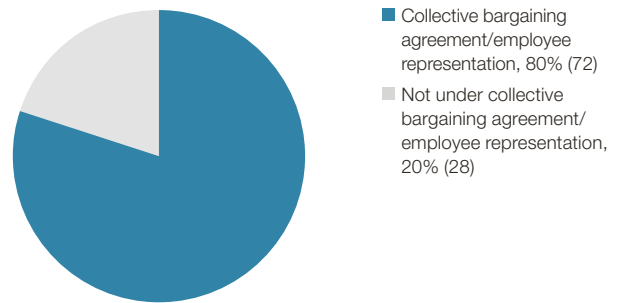
Diversity in our global operations is invaluable. The collective strength of our skills and experiences form the basis of our success. Through our products, the active lives we represent, our core values and how we communicate, we attract a variety of potential employees all over the world. Our appeal is that many people can identify with us and our operations.

We have a zero-tolerance policy toward all forms of harassment and discrimination and our policy against discrimination and harassment, which we published in 2019, clearly specifies how we manage these issues. All reported cases are handled by local Health & Safety committees. No cases of harassment or discrimination were reported during the year.

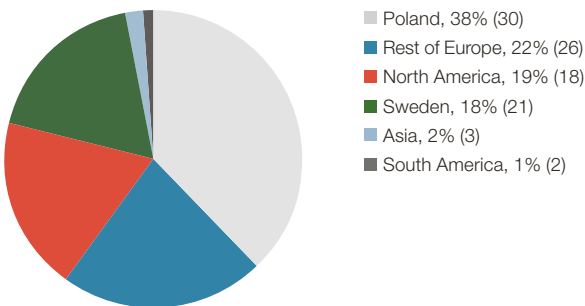
Percentage of employees by gender, and salaried employee or factory worker*



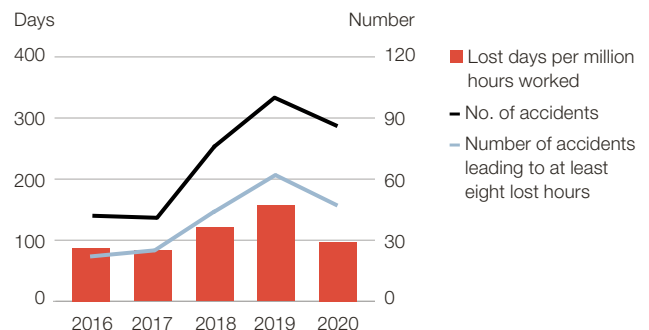
Percentage of employees with collective bargaining agreement/employee representation*



Percentage of employees by region*



Work related accidents and injuries



* In the Sustainability section we report the actual number of employees broken down by gender, age, new hires, promotions and employee turnover. In the financial section of the Annual Report, the number of employees is given as the average in accordance with the Annual Accounts Act. No major differences arose between the reporting methods.

Risks and risk management

Like all business operations, Thule Group's operations are associated with different types of risk. Continuously identifying and evaluating risks is a natural and integrated part of the operations, thus enabling us to control, limit and manage prioritized risks in a proactive manner.

The Group's ability to identify, map and prevent risk minimizes the risk of adverse events having a negative impact on the company's operations. The goal of risk management is not necessarily to eliminate risk, but to safeguard our business goals by way of a balanced risk portfolio. Identifying, mapping, planning and managing identifiable risks all support management when taking strategic decisions. The risk assessment also aims to increase risk awareness across the entire organization, for both operational decision-makers and the Board.

Organization

The Board of Directors of Thule Group bears ultimate responsibility for the company's risk management. Risks relating to business development and long-term strategic planning as well as the Group's work on sustainability and environmental initiatives and their related risks are managed and prepared by way of a prioritization proposal produced by Group management and prioritized ultimately by the Board. Prioritization is also allocated according to the assessed likelihood and level of impact should the risk materialize.

Group management reports ongoing risk issues such as the Group's financial status and compliance with the Group's finance policy to the Board. The Group's central finance department is responsible for the prioritization and management of financial risks, including exposure to exchange rate fluctuations. Thule Group has a central function responsible for ensuring that the Group is appropriately protected by insurance for insurable risks, in line with the prioritization proposed by Group management and resolved by the Board. The Group's Code of Conduct and a number of more specific policies form the basis of ongoing operational risk management undertaken at every level of the organization.

Risk overview

A number of risk areas have been identified in Thule Group's risk management process. The table on pages 62–66 briefly describes the most significant risks, along with their counteracting factors and management, to limit their potential

impact on operations. Each of these risks is also assessed according to the likelihood and level of impact should the risk materialize. These assessments are presented using a graded scale for each of the risks.

A description of how Group management evaluates and manages the primary risks in operations relate to a time frame of 1–3 years.

A more detailed compilation of financial risks can be found in Note 4, on pages 112–116. Work environment risks are described in more detail in the chapter on Sustainability efforts within manufacturing on pages 48–52. Thule Group has categorized identified risks according to industry and market-related risks, business-related risks, sustainability-related risks and financial risks.

Industry and market-related risks

Thule Group continually assesses and evaluates the risks that the company may be and is de facto continuously exposed to. In our compilation of industry and market-related risks, we include the management of business environment risks, both strategically through business and product development as well as operationally through daily sourcing, sales and marketing activities.

Operational risks

Operational risks are more important to the company in terms of the level of our own potential impact. This is also one reason why risk management often involves internal regulations with policies, guidelines and instructions. Operational risks form part of our day-to-day work and are managed by the operational departments. Operational risks refer to risks relating to the brand, suppliers, production and insurable risks.

Sustainability-related risks

Thule Group pursues operations within an industry that has both a direct and indirect impact within the areas that the company has identified as being important to sustainable operations: environmental principles, social responsibility

and corporate governance. Thule Group pursues proactive environmental work within all of the Group's departments, to ensure that the operations are financially justifiable and conducted with the least practically possible impact on the environment. By affiliating with the UN Global Compact, we ensure compliance in such areas as human rights, conditions of work and the rules on anticorruption. As part of corporate governance, all employees are trained in and are to abide by the company's Code of Conduct. Thule Group also requires that the company's suppliers, consultants and other business partners apply the principles.

Financial risks

Thule Group's management of financial risks is centralized at the Group's finance department, which manages its activities within its established risk mandates and limits.

Management is conducted in line with the guidelines in the Group's policies and regulations governing specific areas. All policies and regulations within this area are updated and established annually by the Board of Directors.

Read more about the accounting policies, risk management and risk exposure in Notes 1 and 4 on pages 104–106 and 112–117 respectively.

Overview

Low Medium High
 Likelihood:
 Level of impact:

Industry and market-related risks

Risk area	Description	Counteracting factors and management
<p>General business cycle and its impact on demand</p> <p> Likelihood: <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Level of impact: <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> </p>	<ul style="list-style-type: none"> Changes in the business cycle that lead to reduced spending power may have a negative effect on Thule Group's earnings. Significant regional and global events on the scale of the ongoing coronavirus pandemic could materially impact the economies of affected areas, which could negatively impact the operations and earnings of Thule Group. RV Products is the company's only cyclical product category, since purchases of products in this category normally coincide with the purchase of the vehicle (RV or caravan), which comprises a major financial investment for the consumer. 	<ul style="list-style-type: none"> Thule Group has sales in 140 markets, thereby reducing risk in any one market. The sports and outdoor industry's historically relatively limited exposure to rapid fluctuations during the business cycle allows time for adaptation. Thule Group's manufacturing and sales organization has proven flexibility, and a very high degree of adaptability.
<p>Demand for underlying products</p> <p> Likelihood: <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Level of impact: <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> </p>	<ul style="list-style-type: none"> In some cases, demand for Thule Group's range is dependent on demand for other underlying products. If such demand should change, it could entail an adverse impact on Thule Group's earnings. 	<ul style="list-style-type: none"> Thule Group consistently monitors consumer trends and developments in adjacent industries to which the Group has a link, and is accustomed to quickly adapting to new trends and needs. Thule Group's proven flexibility in its purchasing and logistics organization entails a very high degree of adaptability.
<p>Competition</p> <p> Likelihood: <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Level of impact: <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> </p>	<ul style="list-style-type: none"> Thule Group's operations are exposed to competition and if this competition should increase, it could have an adverse impact on Thule Group's earnings. 	<ul style="list-style-type: none"> Activities such as product development, quality work and award-winning designs as well as comprehensive sustainability efforts, are focused on maintaining the company's market position and strengthening its competitiveness.
<p>Competition legislation</p> <p> Likelihood: <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Level of impact: <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> </p>	<ul style="list-style-type: none"> Thule Group's guidelines on competition legislation can be contravened. Thule Group's strong position in some markets may entail restrictions on acquisitions and other strategies. 	<ul style="list-style-type: none"> Continuous education of employees. Continuous internal audits. Expert legal support in cases of uncertainty.

	Low	Medium	High
▀ Likelihood:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▢ Level of impact:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Operational risks

Risk area	Description	Counteracting factors and management
Reputation ▀ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ▢ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Thule Group's sales and results are dependent on the company's reputation remaining positive. 	<ul style="list-style-type: none"> Thule Group conducts continuous preventative work by providing training and information about the Group's Code of Conduct. Procedures are in place for every aspect, from how the products are developed and tested to how we safeguard competition law and sustainability initiatives. The Group's quality work is certified in line with ISO 9001. Thule Group has an established and proven product recall policy in place with clear rules and escalation procedures.
Local business risks in countries with operations ▀ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ▢ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Thule Group's business is subject to local laws and regulations in countries where the Group is active. Violation of laws and regulations could impede the Group's investments and result in increased costs. 	<ul style="list-style-type: none"> Thule Group's Code of Conduct is comprehensive and regulates how we are to act, while Thule Group also implements various preventive measures to further reduce the risk.
Dependency on external suppliers ▀ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> ▢ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> In order to be able to manufacture, sell and deliver products, Thule Group is dependent on external suppliers. If these suppliers are affected by financial, legal or operations-related problems, they could in turn adversely impact Thule Group's deliveries. Deficiencies in quality and performance from suppliers can lead to consequences for Thule Group's products, their sustainability and safety-in-use for consumers. 	<ul style="list-style-type: none"> Thule Group conducts regular assessments of legal issues and the status of external suppliers, in order to predict and prepare its business and production for any potential changes. Clear requirement specifications for external suppliers are used to assure follow-up of quality and business-related issues. The company has its own dedicated quality organization (Supplier Quality), which maintains regular contact with external suppliers, including physical meetings for local follow-up. Thule Group conducts regular tests of purchased material and our sub-suppliers' products. These tests are performed internally and with assistance from external parties.
Agreements with local suppliers and customers ▀ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ▢ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Some agreements, depending on business practices, may be informal. Difference of opinions about the content of such agreements could result in disputes, which could adversely impact the Group's earnings. 	<ul style="list-style-type: none"> Thule Group ensures that important parameters in agreements are well-documented as far as possible and that resources are in place to make ongoing assessments. The need for any provisions for potential disputes is determined with the help of the necessary expertise.
Supply chain disruptions ▀ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> ▢ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Thule Group works with external suppliers from around the world. Any disruption in the logistics chain for raw material or components goods in our own production, finished products produced by sub-suppliers or in deliveries from our own plants to customers could adversely impact the company's deliveries and sales. 	<ul style="list-style-type: none"> Thule Group collaborates closely with suppliers and freight forwarders, which enables the company to be well-prepared and able to manage the risk of temporary supply-chain disruptions. Thule Group's proven flexibility in its supply chain entails a very high degree of adaptability.
Inability to retain and recruit qualified personnel and executive management ▀ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ▢ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Being able to attract and retain qualified personnel and its executive management is vital to Thule Group's future operations. 	<ul style="list-style-type: none"> By promoting career development and other development opportunities for employees while offering market-rate and competitive remuneration, we safeguard our ability to attract the right resources and ensure that employees stay with us for the long-term because they are content and able to develop in the environment provided by the company.

	Low	Medium	High
▀ Likelihood:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▢ Level of impact:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Operational risks

Risk area	Description	Counteracting factors and management
Disruption to critical IT systems, business processes and other digital infrastructure ▀ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ▢ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Disruption or failures in critical IT systems can directly impact production, logistics and our own online sales (DTC) for example, thereafter leading to the risk of shortcomings relating to the delivery of products or information to customers and other stakeholders. 	<ul style="list-style-type: none"> Thule Group has a structured group-wide responsibility for IT security that is organized under Thule Group's head office. Thule Group continuously endeavors to keep the systems well protected and also invests in recovery plans, data storage functions, IT security expertise and training in information security with the aim of raising awareness.
Inability to limit access to IT systems and information ▀ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ▢ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Shortcomings pertaining to data protection can also lead to business-critical data becoming accessible to unauthorized parties. External breaches of the company's IT environment entail increased risk of fraud and other irregularities. 	<ul style="list-style-type: none"> The General Data Protection Regulation (GDPR) has been implemented globally. Moreover, Thule Group has increased the technical robustness of its IT security and allocated increased resources to data security. A review of the company's systems and procedures has been initiated in conjunction with the launch of new, modernized information channels.

Sustainability-related risks

Risk area	Description	Counteracting factors and management
Deficiencies in sustainability efforts ▀ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ▢ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> The confidence of society and the market in Thule Group's sustainability efforts is a prerequisite for successful operations. 	<ul style="list-style-type: none"> Thule Group pursues comprehensive quality and sustainability initiatives that impose requirements on both our own operations and those carried out by suppliers. General sustainability targets relating to the environment, quality and social responsibility are regularly monitored and compiled on a quarterly basis.
Environmental impact ▀ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ▢ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Regulatory compliance in relation to relevant environmental law and other provisions on the environment are requisite to avoiding penalty fees and other sanctioning measures. Known, as well as currently unknown, clean-up costs could impact Thule Group's operations, earnings and financial position. Increased production leads to an increase in overall environmental impact related to the manufacture and distribution of the company's products. 	<ul style="list-style-type: none"> Thule Group conducts systematic work to ensure compliance with laws and regulations, and to reduce the company's general environmental footprint. Thule Group pursues comprehensive quality and environmental management initiatives that impose requirements on both our own production and that carried out by suppliers. As part of these efforts, the company is gradually certifying all production facilities under the ISO 14001 framework. The current status is always updated on the Group's website www.thulegroup.com/en/certificates. Thule Group works proactively to reduce environmental impact in all parts of the value chain, i.e. from the design of our products, through to the manufacturing and distribution process, and finally, the end-consumer's usage and waste management of our products.
Energy consumption ▀ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ▢ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Increased production may lead to increased energy consumption. Any lack in the use of renewable energy, where this is available, could adversely impact the environment. 	<ul style="list-style-type: none"> Thule Group continuously measures the energy consumption at all of its facilities. Energy efficiency is a crucial factor for investments. When procuring energy, where possible, energy from renewable sources should be the first choice.
Increased volume of shipments ▀ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> ▢ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Thule Group sells its products in 140 countries, which entails the inevitable transportation of goods and components. The direct and indirect use of transportation services often involves the use of fossil fuels. 	<ul style="list-style-type: none"> Thule Group works to optimize logistics flows. When procuring transportation services, emissions requirements constitute a vital parameter.

	Low	Medium	High
▀ Likelihood:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▢ Level of impact:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Sustainability-related risks

Risk area	Description	Counteracting factors and management
Deficiencies in gender equality, diversity and discrimination ▀ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ▢ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Deficiencies in the implementation of and compliance with Thule Group's core values could lead to deficiencies in gender equality and diversity. 	<ul style="list-style-type: none"> Thule Group conducts recurring in-depth employee surveys and actively follows up on these results. The work is conducted with full transparency in relation to policies, employee manuals and the reporting of breaches related to discrimination.
Deficiencies in health and safety ▀ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> ▢ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> The work environment, health and safety are central to Thule Group. Deficiencies in safety and the work environment entail a greater risk of illness and incidents for the company's employees. 	<ul style="list-style-type: none"> Thule Group conducts systematic work to safeguard and improve the work environment. Thule Group continuously monitors a number of parameters within the health and safety area. Opportunities for improvements are discussed in the central and local Safety Committees. Improvements are continuously implemented and debriefed. Thule Group is a sports and outdoor company, where preventive healthcare activities are a natural part of the company's continuous human resource work.
Violation of human rights ▀ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ▢ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Thule Group is a global company. In some countries, insights into human rights may be limited. This entails a risk that the company could involuntarily contribute to violations of human rights. 	<ul style="list-style-type: none"> Thule Group is a participant in the UN Global Compact and therefore abides by its Ten Principles. The company's global Code of Conduct applies to all of Thule Group's Board members, executive management (including Group management), employees and, to the extent possible, suppliers, business partners, sub-suppliers and customers. Thule Group's supplier strategy includes the company's sustainability aspects.
Corruption ▀ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ▢ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Corruption threatens sustainable economic and social development around the world, particularly in poor regions. Corruption may exist to various extents in some countries and in different sectors of society. Thule Group sells products in 140 countries and, as for many other companies, runs a risk of becoming involved in unethical business transactions, fraud and irregularities in areas encompassing sales and procurement processes. 	<ul style="list-style-type: none"> Thule Group applies zero tolerance to unethical business practices. The company conducts obligatory courses on its Code of Conduct for employees, suppliers and business partners. In addition, courses are held on the regulatory framework pertaining to anticorruption and other policies. Combined with the framework of internal control and monitoring, this provides the foundation for an ethical business approach and correct financial reporting. Thule Group applies global and local authorization manuals in order to avoid conflicts of interest. We apply procurement processes that ensure sound business ethics. Thule Group provides suppliers with training on the company's Code of Conduct, and conducts CSR audits, both in-house and in partnership with the company Intertek, to monitor and audit compliance with Code of Conduct.
Negative assessment in external sustainability reviews ▀ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ▢ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> The increased number of external parties assessing companies' sustainability efforts entails a heightened risk of shortcomings in the quality of assessments – which could lead to a negative image of Thule Group among investors and customers. 	<ul style="list-style-type: none"> Thule Group regularly monitors new and local external sustainability assessors and their reviews of the company. The company maintains active dialogue with assessment companies/ organizations and regularly reviews their work to provide feedback on any shortcomings or errors.

	Low	Medium	High
▀ Likelihood:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
◻ Level of impact:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Financial risks

Risk area	Description	Counteracting factors and management
Exchange rate risk ▀ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> ◻ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Thule Group is active internationally and exposed to exchange rate risk that arise from various currency exposures, mainly with respect to EUR/SEK, for which the Group has a positive net inflow. Exposure stems from transaction exposure as well as translation exposure. 	<ul style="list-style-type: none"> The central finance department is responsible for all hedging to reduce the effect of transaction exposure. The Group's policy with regard to translation exposure, is to hedge current net investments for each currency with loans in the same currency to the extent possible.
Interest rate risk ▀ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ◻ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Interest rate risk is the risk that the value of financial instruments fluctuates due to changes in market interest rates and the risk that changes in the interest rate level will impact the Group's borrowing costs. 	<ul style="list-style-type: none"> This interest rate risk is managed by the Group's central finance department, which adheres to the company's finance policy. The finance policy stipulates the use of lock-in periods and the tool mainly comprises interest-rate swaps.
Commodity price risk ▀ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> ◻ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> For the Group, it is primarily fluctuations in plastic, aluminum and steel prices that constitute a significant commodity price risk. 	<ul style="list-style-type: none"> The commodity price risk is managed through supplier contracts and through financial commodity contracts with terms of up to one year.
Refinancing and liquidity risk ▀ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ◻ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Refinancing risk refers to the risk that Thule Group is unable to refinance its operations at the desired moment, or that the cost of refinancing rises. Liquidity risk refers to the risk that Thule Group is unable to fulfill its payment commitments. 	<ul style="list-style-type: none"> The central finance department continuously monitors whether Thule Group is fulfilling the binding key figures linked to the company's loan facilities. The Group has a rolling eight-week liquidity plan that includes all divisions of the Group. The plan is updated monthly.
Credit risk ▀ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ◻ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Credit risk is the risk that Thule Group's counterparties are unable to pay their liabilities and thereby cause losses for Thule Group. 	<ul style="list-style-type: none"> Customers undergo credit checks in accordance with the Group's credit policy and outstanding balances are monitored continuously.
Taxes ▀ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ◻ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> Operations are pursued in accordance with Thule Group's interpretation of applicable laws and tax regulations. If these interpretations should prove to be incorrect, they could have an adverse impact Thule Group's earnings. 	<ul style="list-style-type: none"> Thule Group has a clear tax policy that sets out the company's fundamental approach to and management of considerations in conjunction with tax questions. Thule Group has resources in place to ensure continuous assessments in ample time prior to any changes. Requisite provisions to cover any disputes that may arise are made in consultation with experts.

An investment case based on a strong and sustainable foundation

Thule Group's share has continued its strong performance in 2020. External factors such as an increasing interest in an active life across broad demographic groups has expanded markets. This has been met by Thule Group with attractive products, comprehensive long-term sustainability efforts and a flexible production approach. In 2020, the global pandemic accentuated what was already a distinct trend of increased enthusiasm for pursuing outdoor activities and taking vacations close to home.

➤ **Thule – a globally recognized premium brand**

Thule products have earned a premium position within all their respective categories in all of the 140 markets across the world where they are sold.

➤ **Focus on organic growth with proven capacity for innovation and awarded design**

Thule Group annually invests more than 5 percent of Group sales on product development. More than 50 percent of the Group's sales comprised products that were launched in the last 3 years. The high quality of the products, and their smart user solutions, focus on safety and thoughtful design have been repeatedly acclaimed in international and external tests.

➤ **Efficient and flexible global manufacturing and supply chain**

We have nine own production facilities and have proven our ability over the years, to flexibly and efficiently manage the entire supply chain, from the sourcing of raw materials to customer deliveries.

➤ **A robust go-to-market model**

We build strong customer relationships via retail and digital channels, and through our extensive experience in interacting with our customers in parallel omnichannels.

➤ **Our sustainability efforts are well-developed and recognized**

Historically, sustainability has been vital to us ever since the company's founding. With our long-term sustainability goals under the Science Based Targets initiative (SBTi) and the UN's 2030 Agenda for Sustainable Development, our customers and other external parties appreciate our comprehensive and successful sustainability efforts.

➤ **Favorable global macrotrends and customer trends**

There has been a growing trend of staycations and spending leisure time outdoors more actively for a number of years in much of the Western Hemisphere. This trend is accentuated by increased activity among consumers aged 50+ in mature markets, a growing middle class in emerging markets, and an expanded product offering for new activities.



Continued growth with healthy profitability.

Opportunity for strategic acquisitions.

High and sustainable returns for shareholders.

The Thule Group share and shareholders

During the year, the share value increased by 42,4 percent compared to OMX30 5,8 percent and for five-year the period since 2016, the company's total return has been 165,8 percent compared to OMX 30 29,6 percent.

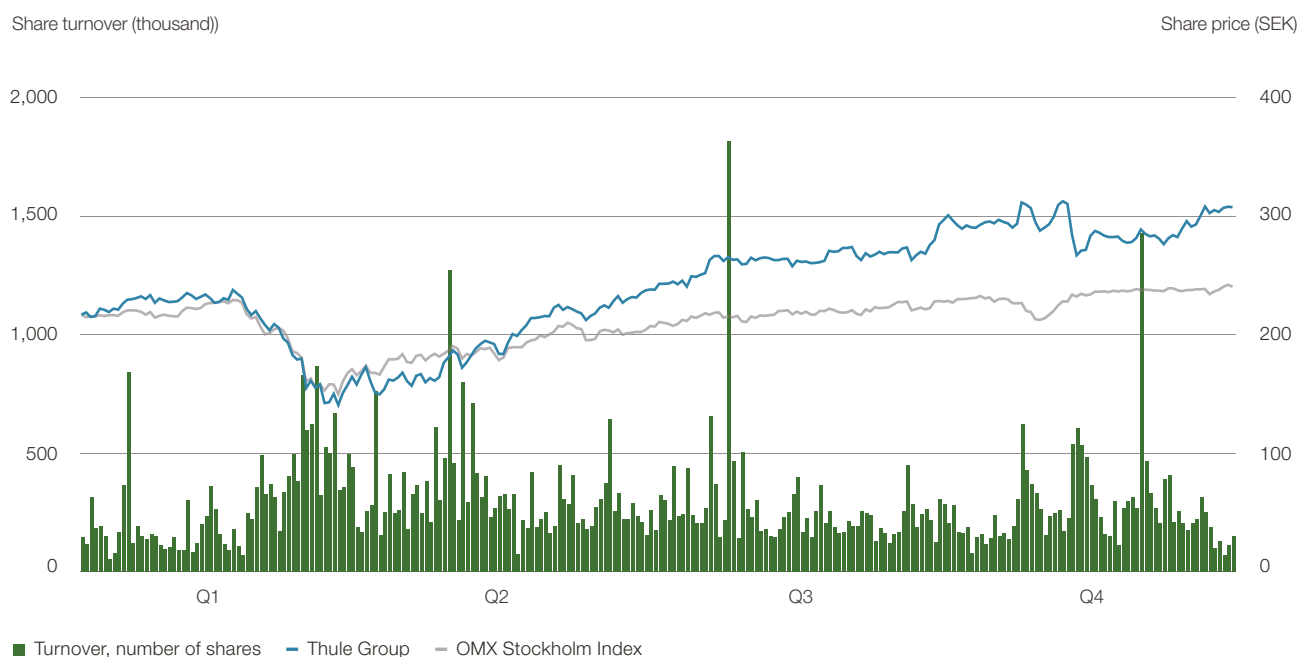
Thule Group's share has been listed on Nasdaq Stockholm since November 26, 2014. At December 31, 2020, Thule Group had 16,384 shareholders, of whom 267 (79.7 percent of shares) were financial and institutional investors, 15,263 (2.8 percent of shares) were private Swedish individuals and 853 shareholders (2.3 percent of shares) were legal entities. The remaining shareholders (15.3 percent of shares) cannot be classified.

Foreign owners accounted for 62.6 percent of the votes and capital. The ten largest owners represented 40.2 percent of the votes and capital. The highest price paid during the period between January 1 and December 31, 2020 was SEK 324.80 and the lowest price paid was SEK 136.90. During the period January 1 to December 31, 2020, Thule Group's share price rose 42.4 percent.

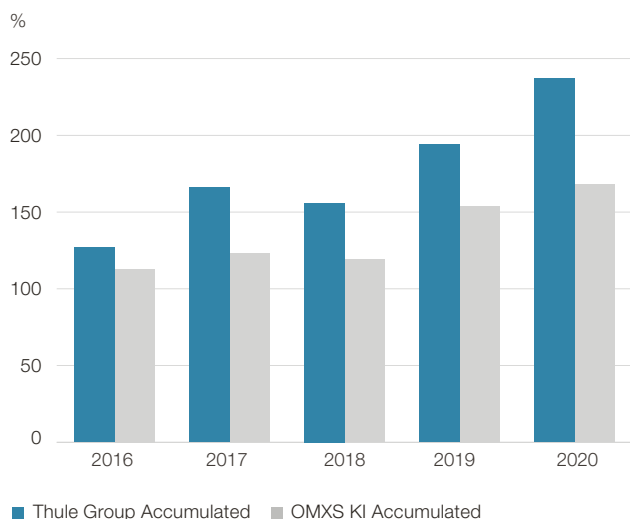
At December 31, 2020, Thule Group's share capital amounted to SEK 1,168,626.50. The number of common shares was 104,562,436. According to the Articles of Association, share capital may not amount to less than SEK 500,000 or more than SEK 2,000,000, divided between a minimum of 44,737,320 and a maximum of 178,949,280 shares.

Thule Group's Articles of Association contain a central securities depository clause and the company's shares are registered with Euroclear Sweden AB, which means that Euroclear Sweden AB administers the company's share register. All shares carry equal rights to the company's profits and shares of surpluses in the event of liquidation.

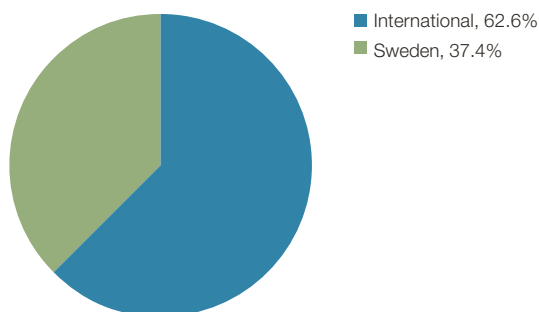
Turnover share and och stock price 2020



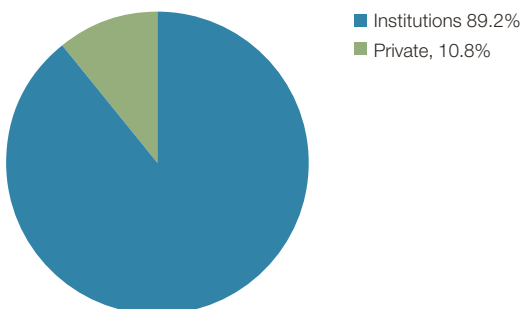
Total return 2016–2020



Share of votes and capital, Swedish and international owners



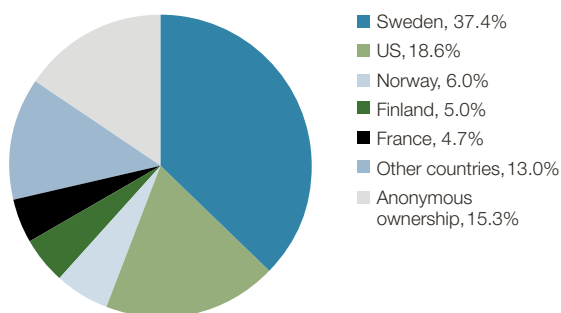
Share of votes and capital, Sweden



Share turnover in the largest market place	No. of shares (million)	%
Nasdaq OMX	72.7	40.8
Cboe APA	35.0	19.7
Cboe BXE	31.6	17.7
Aquis	6.3	3.5
Cboe CXE	5.7	3.2
Other	26.7	15.0
Total	177.9	100.0

10 largest owners	No. of shares	%
AMF Pension & Fonder	8,502,740	8.1
Nordea Fonder	4,543,169	4.3
SEB Fonder	4,456,953	4.3
Didner & Gerge Fonder	4,125,705	3.9
Swedbank Robur Fonder	4,040,916	3.9
T. Rowe Price	3,726,321	3.6
Handelsbanken Fonder	3,520,261	3.4
ODIN Fonder	3,287,024	3.1
Lannebo Fonder	2,951,969	2.8
Vanguard	2,923,650	2.8
Total, ten largest owners	42,078,708	40.2
Total	104,562,436	100.0

Share of votes and capital, five largest countries



Board of Directors' Report

The Board of Directors and President of Thule Group AB (publ), Corp. Reg. No. 556770-6311, hereby submit the Annual Report and the consolidated financial statements for the 2020 fiscal year.

Operations and organization

Thule Group is a global sports and outdoor company that offers 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-centric innovation and long-term sustainability — we develop, manufacture and market products within the product categories Sport&Cargo Carriers (e.g., roof racks, roof boxes and carriers for transporting cycling, water and winter sports equipment, and rooftop tents mounted on a car), Active with Kids (e.g., strollers, bike trailers and child bike seats), RV Products (e.g., awnings, bike carriers and tents for RVs and caravans) and Packs, Bags & Luggage (e.g., hiking backpacks, luggage and camera bags).

Thule Group has about 2,600 employees at nine production facilities and 35 sales offices worldwide. The Group's products are sold in 140 markets and in 2020, sales amounted to SEK 7.8 billion. Thule Group is a public limited liability company listed on the Nasdaq Stockholm Large Cap list.

The head office is located in Malmö, Sweden.

Performance of the Group's operations, earnings and position – Group

Net sales

For the full-year 2020, net sales amounted to SEK 7,828m (7,038), representing an increase of 11.2 percent. Adjusted for exchange rate fluctuations, net sales for the Group rose 13.1 percent. Until mid-March, sales grew compared with the previous year. The outbreak of Coronavirus and the far-reaching quarantine measures introduced in most countries had a strongly negative impact on sales during the second half of March and the months of April and May. The latter half of the second quarter and the second half of the year posted strong growth year-on-year. A large share of the sales lost during the spring season were delayed and extended the season.

The development of our four product categories in 2020 can be summarized as follows:

- Sport&Cargo Carriers – roof racks, roof boxes and carriers for bikes, water and winter sports equipment and rooftop tents – grew 17 percent after currency adjustment.

- RV Products – awnings, bike carriers and tents for RVs and caravans – grew 9 percent after currency adjustment.
- Active with Kids – bike trailers, child bike seats and strollers – grew 37 percent after currency adjustment.
- Packs, Bags & Luggage – luggage, backpacks and laptop bags for everyday use, hiking backpacks, camera bags and cases for consumer electronics – declined 21 percent after currency adjustment.

Operating income

Operating income amounted to SEK 1,591m (1,195), corresponding to an operating margin of 20.3 percent (17.0). Underlying EBIT amounted to SEK 1,593m (1,245), corresponding to an operating margin of 20.3 percent (17.7). Changes in exchange rates had a positive impact of SEK 9m. The strong sales growth that occurred during the second half of the year more than compensated the weak period at the end of the first quarter and beginning of the second quarter.

Development

The main portion of the Group's product development expenses are recognized through profit or loss as an expense as they arise. Expenses mainly comprise development and production of new products. Development expenses comprised 5.1 percent (5.9) of net sales in 2020.

Seasonal variations

Thule Group's sales and operating income are 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 impacted by how early the spring or summer arrives, while sales in individual quarters may be impacted by the quarter in which the spring or summer occurs. 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.

Net financial items

For the full year, net financial items amounted to an expense of SEK 64m (expense: 49), and were negatively impacted by

exchange rate differences of SEK 15m (0) on loans and cash and cash equivalents. The interest expense for borrowings for the full-year was SEK 49m (expense: 49).

Sales trend by region

Region Europe & RoW (Rest of World)

In Region Europe & RoW, we achieved sales of SEK 5,721m (5,057) corresponding to growth of 13.1 percent. After currency adjustment, sales rose 14.2 percent. There were substantial gains in the vast majority of our markets. The performance in Germany, the Netherlands, Belgium, the Nordic countries, South Korea and Eastern Europe (except Russia) was particularly positive. However, in those countries where the most restrictive measures to reduce the spread of the Coronavirus were imposed during the summer, such as France, Italy, Russia and South Africa, we noted decreased sales across the whole year.

Our broad product portfolio with numerous prize-winning products and our strong consumer brand drove growth. But during this exceptional year, it was our flexible and efficient supply chain with high customer service levels that proved absolutely crucial. We succeeded in meeting extreme fluctuations in demand.

Moreover, during the year, sales moved increasingly over to digital channels, both through retail chains offering sales in physical stores and via websites (known as omnichannel) and pure online stores. In July, we started direct online sales to consumers in Germany and in December in the Netherlands. We already offer online sales in Sweden and Denmark and will continue the rollout in more markets in 2021.

Region Americas

Sales totaled SEK 2,107m (1,980), up 6.4 percent and after currency adjustment, turnover increased 10.1 percent for the region. Positives included the favorable trend in the region's three largest markets, namely the US, Canada and Brazil where we sell directly to retailers and consumers. However, in the rest of Latin America, where we operate under a distributor

model, we noted a sales decline. Following a period of reduced demand resulting from the pandemic, our distribution partners chose to utilize their local stocks of Thule products to be able to manage their cash flows. This resulted in them lacking the same favorable preconditions to meet market demand when it picked up in certain categories.

The same pattern emerged in Region Americas with consumers increasingly purchasing our products online and we noted continued rapid gains in our own online sales direct to US consumers.

Sales trend by product category

Sport&Cargo Carriers

The product category posted year-on-year growth of 17 percent after currency adjustment in 2020. The extremely positive trend for the sub-category bike carriers dominated the category during the year. This was in turn driven by increased cycling in conjunction with the pandemic, the last few years' clear sales growth trend for electric bicycles and a mild autumn and winter that prolonged the cycling season in the fourth quarter. The greater weight and higher price of electric bicycles makes Thule's technologically more attractive solutions, which retail at higher levels than the competition's, able to capture market shares in the product category.

Sales of roof racks performed well and posted growth in a year with dramatically reduced sales of new cars. This, once again, confirms our earlier experience that sales in the category are primarily linked to consumer behavior and activity and not to the number of cars sold in the market.

In the third of the larger sub-categories, roof boxes, the picture was more mixed. Sales in North America were favorable, while restrictions and lockdowns of ski resorts in the Alps at the end of the spring season and during the current winter season, resulted in lower sales in Europe.

RV Products

This category has a strong focus on Region Europe & RoW, which accounts for 96 percent of the Group's sales in the

	Sport&Cargo Carriers		RV Products		Active with Kids		Packs, Bags & Luggage	
Share of sales Thule Group 2020 (2019)	64% (63)		15% (15)		13% (10)		8% (12)	
Share of sales by region, 2020 (2019)	Eur & RoW 61% (59)	Americas 73% (71)	Eur & RoW 20% (21)	Americas 3% (1)	Eur & RoW 14% (12)	Americas 9% (7)	Eur & RoW 5% (8)	Americas 15% (21)
Growth, 2020 vs 2019 (after currency adjustment)	+17%		+9%		+37%		-21%	
	+18%	+13%	+7%	+73%	+33%	+57%	-23%	-19%

category. The sector had a challenging spring and summer in the European market, where RV manufacturers had difficulty restarting their complex production chains following pandemic-related closures. At the same time however, sales increased of older vehicles (some of which had already been fitted with our products) that were already at retailers and when new production accelerated in the autumn, the trend was very positive. For the full year, sales for the region increased 7 percent after currency adjustment.

Sales in North America also developed positively in the niche products sold in the region.

Active with Kids

Once again this year, Active with Kids was the most rapidly expanding product category with growth of 37 percent after currency adjustment. Growth was achieved in all sub-categories and bike trailers and child bike seats were positively affected by increased cycling. Strollers also continued to grow rapidly with positive trends for all three models. The very positive trend for North America is worth showcasing, with recaptured market shares with the Thule Urban Glide 2 jogging stroller as a result of its main competitor recovering earlier price points after having been aggressively discounted throughout 2019.

Packs, Bags & Luggage

The pandemic had a very negative impact on the bag category in 2020 and sales declined by 21 percent after currency adjustment across the category. The largest sub-category, smaller backpacks, laptop cases and laptop sleeves for everyday use was negatively affected by reduced sales compared with last year during the back to campus season, when students often return to university and high schools with a new bag for the season. An even more negative development comprised sales of cabin bags and luggage as a consequence of air travel decreasing by about two thirds around the world.

The market for legacy categories (mainly camera bags and tablet cases), which has been declining for several years, resulted in these categories accounting for 28 percent (29) of the total category.

Financial position

At December 31, 2020, the Group's equity amounted to SEK 5,253m (4,330). The equity ratio amounted to 62.2 percent (52.3).

Net debt amounted to SEK 384m (2,119) at December 31, 2020. Total long-term borrowing amounted to SEK1,060m (2,348), and comprised loans from credit institutions of SEK 902m (2,178) gross, long-term lease liabilities of SEK 149m (164), capitalized financing costs of SEK 7m (10) and the

long-term portion of financial derivatives of SEK 16m (15).

Total current financial liabilities amounted to SEK 87m (65) and comprised the short-term portion of financial derivatives and lease liabilities.

Goodwill at December 31, 2020, amounted to SEK 4,256m (4,620). The decrease was attributable entirely to currency effects.

At December 31, 2020, inventories amounted to SEK 1,068m (1,092). Compared with last year, inventory was negatively impacted by currency effects amounting to SEK 85m.

At December 31, 2020, capitalized tax loss carryforwards amounted to SEK 167m (237).

SEKm	Dec 31, 2020	Dec 31, 2019
Long-term loans, gross	1,051	2,342
Financial derivative liability, long-term	16	15
Short-term loans, gross	53	53
Financial derivative liability, short-term	35	12
Overdraft facilities	0	0
Capitalized financing costs	-7	-10
Accrued interest	0	0
Gross debt	1,147	2,413
Financial derivative assets	-57	-26
Cash and cash equivalents	-706	-268
Net debt	384	2,119

Cash flow

Cash flow from operating activities was SEK 1,614m (1,030) for the full year. The sales increase in the year impacted in the form of higher profits and, moreover, Thule Group maintained a stable working capital. Investments in tangible and intangible assets amounted to SEK 173m (161). In conjunction with the conclusion of the 2017/2020 incentive program, a total of SEK 262m was raised through the issue of shares. Utilization of the credit facility declined over the year as SEK 1,222m was repaid.

The Group's cash and cash equivalents at year end totaled SEK 706m (268). Moreover, the Group also has unutilized, binding loan commitments of SEK 2,036m (1,063) to finance the ongoing operations.

For more information regarding the terms of the loans, see Note 24.

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– December 31, 2020. The Parent Company invoices its costs to Group companies. The Parent Company reported net income of SEK 713m (814). Cash and cash equivalents and current investments amounted to SEK 0m (0). Long-term

liabilities to credit institutions totaled SEK 894m (2,168). 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 the Risks and risk management section.

Significant events after the fiscal year

Coronavirus pandemic

In connection with the rapid global development of the pandemic, Thule Group implemented vigorous measures to reduce the risks pertaining to results and cash flow. In addition to the short-term furlough of employees, these measures also comprised reductions in variable expenses and some minor reprioritizations to investments. The Board of Directors decided to withdraw its previously announced dividend proposal for 2019, which was adopted by the Annual General Meeting on April 28, 2020.

When massive lockdowns in our core markets in Europe and North America were implemented from mid-March, we noted a significant fall in demand and needed to act quickly based on a completely different, new reality. Following April, when sales nearly halved year-on-year, a number of countries began to permit active leisure activities during May. This resulted in a delayed season together with increased demand, which entailed a substantial recovery in the second half of the year. The short-term furlough measures were ended in pace with the rise in demand for the Group's products. In total, Thule Group has received SEK 16m in government grants, of which SEK 8m in Sweden. The company intends to repay the support received from the Swedish Agency for Economic and Regional Growth.

Thule Group has intensified its focus on employee health and safety since the outbreak of the Coronavirus. Measures implemented have included travel bans, the possibility to work from home, and new procedures and regulations for hygiene and social distancing at our assembly plants, distribution centers and offices.

From a short-term view, considerable uncertainty remains regarding the scope of any pandemic-related lockdowns in a number of countries. But we are also ensuring we remain in-phase with our long-term strategy and objectives. We remain committed to our clearly communicated strategy of using a strong financial position to drive substantial investments in sustainable product development. We are continuing to build a strong global brand in parallel with streamlining assembly plants and logistics.

Risks and risk management

Like all business operations, Thule Group's operations are associated with risk. Continuously identifying, map and evaluating risks is a natural and integrated part of the operations. The Group's ability to identify, map and prevent risk in turn

reduces the likelihood of negative events having an impact on operations. Thule Group has categorized identified risks according to industry and market-related risks, operations and sustainability-related risks and financial risks.

Industry and market-related risks

Coronavirus pandemic

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.

Business cycle and demand

Thule Group conducts business activities in a large number of markets in the world and similar to other companies is affected by general economic, financial and political conditions at a global level. Demand for Thule Group's products is dependent on macroeconomic conditions. Changes in such conditions may lead to the retail market weakening and changes in consumers' purchasing power, which may have a negative effect on Thule Group's operations, financial position and results. RV Products is the Group's only cyclical product category.

Management

Thule Group sells products in 140 markets, which means the Group is not exposed to the business cycle of any one specific country or region. The sports and outdoor industry is not entering an upturn or downturn of the business cycle, and so there are often excellent opportunities to adapt operations to fluctuations in the business cycle.

Thule Group's operations are closely linked to the market, enabling it to closely follow sales and business cycle trends and support customers in a timely manner by way of market activities, market-driven pricing and adapting the company's organizational and cost structure.

Demand for Thule Group's products is dependent on consumer demand for underlying products

Thule Group's product offering includes products that are supplementary to other products not offered by Thule Group, which may become obsolete due to technological development or changes in consumer behavior. Changes in consumer demand for underlying products may thus have an adverse effect on Thule Group's operations, financial position and results.

Management

Thule Group consistently monitors trends in adjacent industries to

which the Group has a link. Regular contact with manufacturers and developers in these industries gives Thule Group a feel for which trends will have an impact on the Group's products. Thule Group has a habit of quickly adapting the company's products in line with new trends as well as new requirements and challenges.

Competition

Thule Group conducts business activities in a competitive market characterized by price competition and other forms of competition, for example, in terms of product development, design, quality and service offering. Furthermore, business development by Thule Group's competitors may cause customers to prefer, to a greater degree than previously, products that compete with Thule Group's current and future product offering. Increased competition may also negatively impact Thule Group's current margins.

Management

Thule Group gains competitive advantages and satisfies consumers' and customers' needs for premium products by ensuring a very high level of brand awareness, constant product innovation, the highest product quality, comprehensive sustainability efforts and excellent, award-winning design – combined with good service and efficient logistics.

Competition legislation

Thule Group is subject to general competition laws in the jurisdictions in which it operates. Contractual conditions and prices in agreements that are used in Thule Group's operations may be subject to restrictions under such competition laws.

Competition authorities have the power to initiate ex-post regulation procedures and to require a party to cease applying contractual terms and prices that are found to be anti-competitive. Competition authorities also have the power to impose fines and other sanctions as a result of non-compliance with relevant regulatory requirements.

While Thule Group has adopted internal procedures to ensure compliance with competition laws, it is possible that there have been instances of unintentional noncompliance with such legislation. Such noncompliance could also occur in the future.

To the extent Thule Group is unable to ensure compliance with applicable competition laws, Thule Group may be adversely impacted by regulatory sanctions and measures, as well as inability to enforce contractual terms.

Furthermore, Thule Group's strong position in certain product markets may signify that Thule Group is considered to have significant influence on such markets. Significant influence in one or more markets may result in regulatory restrictions on

Thule Group's ability to fully implement its business strategies in these markets and its ability to grow through acquisitions.

Management

Thule Group continuously develops training courses for its employees and monitors compliance with internal regulations and frameworks established by the Group for its operations. Ongoing internal audits of the different parts of the organization and local markets examine the risk of breaching applicable legislation. More extensive legal support is sought when it is deemed that there are unclarified areas or increased risks.

Operational risks

Dependence on reputation

Thule Group is dependent on its reputation, which, in turn, depends on factors such as product design, the distinct character of the products, the materials used to manufacture the products, the products exposure in stores, communication activities, including advertising, public relations and marketing, and general corporate profile.

Problems regarding quality, product liability and safety issues as well as operational or logistical problems may result in Thule Group's reputation being harmed and, as a result, difficulties in retaining existing or attracting new customers. Any harm to Thule Group's reputation may result in Thule Group losing business or growth opportunities, which could adversely affect its operations, financial position and results.

Management

Thule Group undertakes continuous preventive work by providing training in and information about the content of the Group's Code of Conduct. Procedures are in place for every aspect, from how the products are developed and tested, to how the company safeguards compliance of competition law and sustainability initiatives. The Group's quality work is certified in line with ISO and IATF standards, among others. An established and proven product recall policy in place with clear rules and escalation procedures.

Local business risks in countries with operations

Thule Group operates in a global environment and is consequently exposed to various risks, including decisions by the management of its subsidiaries that may not be aligned with Thule Group's broader strategies or that are not beneficial for all companies in Thule Group.

Thule Group's business is subject to the local laws and regulations applicable in each jurisdiction in which Thule Group operates, as well as license and reporting obligations in certain jurisdictions and overarching international rules. Laws, policies,

measures, controls or other actions implemented by the authorities in the countries where Thule Group operates, or in other countries in which Thule Group may operate in the future, may restrict its operations, delay or prevent planned investments, require additional investments and lead to increased costs and other obligations or otherwise harm Thule Group's financial results. In addition, employees of Thule Group's subsidiaries, and other persons affiliated with Thule Group, may take actions which are unethical or criminal or otherwise contravene the Group's existing or future internal guidelines and policies as well as those that the Group intends to implement in relation to compliance with relevant anti-bribery, sanctions and export control laws in a manner which is consistent with international practice.

Management

The Group's comprehensive Code of Conduct contains ethical guidelines and Thule Group undertakes regular preventive work by way of procedures and certified quality work. Thule Group conducts obligatory courses on its Code of Conduct and other policies. Combined with the framework of internal control and monitoring, this provides the foundation for an ethical business approach and correct financial reporting.

Dependence on suppliers

In order to be able to manufacture, sell and deliver products, Thule Group is dependent on external suppliers. Incorrect or late deliveries, or non-deliveries, from suppliers may, in turn, result in Thule Group's deliveries being delayed or suspended, or becoming deficient or incorrect. Thule Group may also be adversely affected by its suppliers facing financial, legal or operational problems. All of these factors may adversely affect Thule Group's operations, financial position and results.

Management

Thule Group conducts regular assessments of its suppliers' ability to fulfill its legal obligations, in order to predict and prepare its operations and products for any potential changes.

Supply chain disruptions

Thule Group works with external suppliers from around the world. Any disruption in the logistics chain for input goods in our own production, finished products produced by sub-suppliers or in deliveries from our own plants to customers could adversely impact the company's deliveries and sales.

Management

Thule Group collaborates closely with suppliers and freight forwarders, which enables the company to be well-prepared and able to manage risk of temporary supply-chain disruptions.

Thule Group's proven flexibility in its supply chain entails a very high degree of adaptability.

Risks relating to local agreements with suppliers and customers

In accordance with business practices in the markets in which Thule Group operates, certain agreements entered into by Thule Group and its customers and suppliers are often informal and generally consist of pricing agreements that are renegotiated between the parties periodically or when making purchase orders. In the case of a disagreement between the parties as to the content of their agreement, this flexibility (which could mean that it is difficult to accurately define the rights and obligations of each party) could lead to challenges, disputes or conflicts that could have an adverse impact on Thule Group's operations, financial position and results.

Management

Thule Group conducts regular assessments of legal issues in order to predict and prepare for any potential changes. Provisions for potential legal disputes are based on an estimation of the costs, with support from legal consultations and available information.

Inability to retain and recruit qualified personnel and executive management

Being able to attract and retain qualified personnel and its executive management is important to Thule Group's future operations and business plan. Thule Group is particularly dependent on its executive management and on certain employees within sourcing and sales functions. If Thule Group cannot attract or retain qualified personnel, it could adversely affect Thule Group's operations, financial position and results.

Management

Thule Group is an attractive employer with a low rate of sick leave and staff turnover. By promoting career development and other development opportunities for individual employees and offering market-oriented and competitive remuneration, we safeguard our ability to attract the right resources and ensure the Group's employees stay with us in the long term, because they are content and able to develop in the environment provided by the Group.

Disruption to critical IT systems, business processes and other digital infrastructure, including inability to restrict access to it-system and data

Disruption and failures in critical IT systems can directly impact production, logistics and own online sales, thereafter leading to

shortcomings relating to the delivery of products or information to customers and other stakeholders. Shortcomings pertaining to data protection can also lead to business-critical data becoming accessible to unauthorized parties. External breaches of the company's IT environment entail increased risk of fraud and other irregularities.

Management

Thule Group has focused and organized group-wide responsibility for IT security to Thule Group's head office. Thule Group continuously endeavors to keep systems well protected and invests in improved recovery plans, data storage functions, IT security expertise and training in information security with the aim of raising awareness. The General Data Protection Regulation (GDPR) has been implemented globally.

Sustainability-related risks

Deficiencies in sustainability efforts

The confidence of society and the market in Thule Group's sustainability efforts is a prerequisite for successful operations.

Management

Thule Group pursues comprehensive quality and sustainability initiatives that impose requirements on both our own operations and those carried out by subcontractors. General sustainability targets relating to the environment, quality and social responsibility are monitored on a quarterly basis.

Environmental impact

Thule Group's product manufacturing is subject to environmental regulation and supervision. Thule Group's failure to comply with environmental regulations and other provisions could result in fines and other sanctions. Thule Group's liability for currently known and unknown clean-up costs and environmental sanctions could have an adverse impact on Thule Group's operations, financial position and results.

Regulatory authorities may also suspend Thule Group's operations, withdraw environmental licenses or reject the renewal of environmental licenses that are required for Thule Group's operations.

Management

Thule Group conducts systematic work to ensure compliance with laws and regulations, and to reduce the company's general environmental footprint. As part of these efforts, Thule Group pursues comprehensive quality and environmental management initiatives that place requirements on both our own production and that carried out by subcontractors.

Energy consumption

Increased production may lead to increased energy consumption. There is a risk that Thule Group could fall short in its use of renewable energy where this is available, and thereby adversely impact the environment.

Management

Thule Group continuously measures the energy consumption at all of its facilities. Energy efficiency is a crucial factor for investments. When procuring energy, where possible, energy from renewable sources should be the first choice.

Increased volume of transportation

Thule Group sells its products in 140 countries, which entails the inevitable transportation of goods and components. The direct and indirect use of transportation services involves the use of fossil fuels.

Management

Thule Group works to optimize logistics flows. When procuring transportation services, emissions requirements constitute a vital parameter.

Deficiencies in gender equality, diversity and discrimination

Deficiencies in the implementation of and compliance with Thule Group's core values could lead to deficiencies in gender equality and diversity.

Management

Thule Group conducts recurring in-depth employee surveys and actively follows up on these results, and we conduct our work with full transparency in relation to policies, employee manuals and the reporting of crimes related to discrimination.

Deficiencies in health and safety

The work environment, health and safety are central to Thule Group. Deficiencies in efforts pertaining to the work environment, health and safety entail a greater risk of ill health and incidents.

Management

Thule Group conducts systematic work to safeguard and improve the work environment. Thule Group continuously monitors a number of parameters related to health and safety. Improvement activities are identified and implemented. Thule Group is a sports and outdoor company, where preventive healthcare activities are inherent to the company's continuous human resource work.

Violation of human rights

Thule Group is a global company and is active in 140 countries. In some countries, insights into human rights may be limited. This entails a risk that the company could unintentionally contribute to human rights violations.

Management

Thule Group is a participant in the UN Global Compact and therefore abides by its Ten Principles. The company's global Code of Conduct applies to all of Thule Group's Board members, senior executives (including Group Management), employees and, to the extent possible, suppliers, business partners, sub-suppliers and customers. Thule Group's supplier strategy includes the company's sustainability aspects.

Corruption

Corruption exists to varying degrees in many countries and in several sectors of society. Thule Group, as many other companies, runs a risk of becoming involved in unethical business transactions in areas encompassing sales and procurement processes.

Management

Thule Group conducts obligatory courses on its Code of Conduct, anti-corruption and other policies. Combined with the framework of internal control and monitoring, this provides the foundation for an ethical business approach and correct financial reporting.

Thule Group applies global and local authorization manuals as well as procurement processes to ensure good business ethics.

Thule Group provides suppliers with training on the company's Code of Conduct, and collaborates with the company, Intertek, to monitor and audit compliance.

Financial risks

Thule Group's management of financial risks is centralized at the Group's finance department, which manages its activities within its established risk mandates and limits. Management is conducted in line with the guidelines in the Group's policies and regulations governing specific areas. All policies and regulations within this area are updated and established annually by the Group's Board of Directors.

The Group's finance operations are coordinated by the subsidiary Thule Holding AB, which conducts all external financial transactions and also acts as an internal bank for the Group's financial transactions in the currency and interest rate markets.

Exchange rate risk – transaction exposure

The greatest exposure to exchange rate risk comes from the Group's sales and purchases in foreign currencies. These

exchange rate risks consist of risk in the value fluctuations of financial instruments, accounts receivable or accounts payable, and the exchange rate risk in expected and contractual payment flows. The Group's total transaction exposure, net, amounted to SEK 2,901m (2,449). The single most important currency relationship is EUR/SEK, in which the Group has a positive net flow.

Management

The central finance department is responsible for all hedging to reduce the effect of exchange-rate fluctuations. Hedge accounting is used for currency forward contracts.

Exchange rate risk – translation exposure

Another influence on exchange-rate fluctuations arises when the income statements of foreign subsidiaries and assets and liabilities are translated to SEK at year end.

Management

The Group's policy is to hedge net investments with loans but otherwise not to hedge this type of translation exposure. Hedge accounting is used for net investment hedging.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments fluctuates due to changes in market interest rates and the risk that changes in the interest rate level will impact the Group's borrowing costs.

Management

This interest rate risk is managed by the Group's central finance department.

A significant factor that affects the interest rate risk is the fixed-rate period. According to the finance policy, the objective of the long-term liability portfolio is for the average fixed-rate period to be, on average, between 6 months and 3 years. The average fixed-rate period was 2 years and 2 months (1 year and 5 months) as per December 31, 2020.

The Group uses hedge accounting to hedge the cash flow risk of interest payments.

Commodity price risk

Commodity price risk refers to continuously fluctuating prices of input goods from our suppliers and its possible impact on earnings. For the Group, it is primarily fluctuations in plastic, aluminum and steel prices that constitute a significant commodity price risk. During the year, 44 percent (47) of total direct materials consisted of plastic, aluminum and steel.

Management

The commodity price risk is managed through supplier contracts and through financial commodity contracts with terms of up to one year.

Refinancing and liquidity risks

Refinancing and liquidity risks are risks that payment commitments cannot be met due to insufficient liquidity or difficulties in obtaining credit from outside sources at the desired occasion.

Management

The central finance department continuously monitors whether Thule Group is fulfilling the binding key figures linked to the company's loan facilities. The Group has a rolling eight-week liquidity plan that includes all units of the Group.

Results are reported regularly on a weekly basis. The plan is updated monthly. The liquidity plan is used to manage liquidity risk and as a tool for following the cash flow from the operational and financial business.

The Group policy is to minimize its borrowing need by centralizing surplus liquidity via the Group's cash pools that have been established by the central finance department.

Tax-related risks

The business – including intra-Group transactions – is conducted in accordance with Thule Group's understanding or interpretation of applicable tax laws, tax treaties and other provisions in the realm of tax law, and the requirements imposed by the relevant tax authorities. There can however be no assurance that Thule Group's understanding or interpretation of the aforementioned laws, treaties and other provisions is accurate in all respects. Furthermore, the tax authorities in the relevant countries may make assessments and take decisions that differ from Thule Group's understanding or interpretation of the aforementioned laws, treaties and other provisions. Thule Group's tax situation in respect of previous years and the current year may thus change as a consequence of decisions by relevant tax authorities or due to amended laws, tax treaties and other provisions. Such decisions or amendments, possibly with retroactive effect, may have a negative impact on Thule Group's revenue and financial position.

Management

Thule Group conducts regular assessments of tax-related and legal issues in order to predict and prepare for any potential changes in good time. Thule Group has a clear tax policy that sets out the company's fundamental approach to and management of considerations in conjunction with tax questions.

Changes in regulations and standards are often communicated in good time and there is often room for good advanced planning. Provisions for legal disputes, tax disputes, are based on the Group's estimation of the costs, with support from available information and legal consultations.

Employees and remuneration**Number of employees**

The average number of employees was 2,669 (2,422).

Guidelines for remuneration of the President and other executive management in 2020

Thule Group applies the following guidelines for remuneration of senior executives, resolved at the Annual General Meeting held on April 28, 2020.

The group of executives covered by the guidelines are the President and other members of Group management. Remuneration of Group Management is to be based on the company's sustainability in terms of its commercial financial development, its organizational structure designed to meet the business needs of the company's strategic objectives and its ability to supply the company with the right skills and resources at any given time. Group management's remuneration is to include market-based fixed salary and variable salary components (with the aim of stimulating reaching the company's business and sustainable development objectives), pension and other competitive benefits. The total remuneration package is to be based on market terms, be competitive and reflect the individual's performance and responsibilities.

For employment subject to other rules than Sweden's, pension benefits and other benefits may be duly adjusted to comply with mandatory rules or established local practices, while concurrently taking into account, as far as possible, the overall aim of these guidelines.

Long-term, share-based incentive programs have been implemented in the company. These were adopted by the 2017 General Meeting and accordingly, are not encompassed by these guidelines. For the same reason, neither is the long-term, share-based incentive program adopted by the 2020 AGM. In all material respects, the program is equivalent to the existing programs. The aims of the share-based incentive programs include stimulating sustainable, positive value growth for Thule Group's share, that will accrue to shareholders. The incentive program is based on the company's strategic plan and sustainable development, moreover, the program also constitutes an incentive to meet the growth objectives stipulated by the company in its strategic three-year plan. The incentive programs have been designed pursuant to similar programs in other listed companies and are aimed at ensuring positive

development for Thule Group, as well as to secure long-term loyalty and commitment from the participants in relation to the company's interests.

Fixed salary is at market rates. Variable salary can comprise annual variable cash bonuses and long-term variable bonuses in the form of cash, shares and/or share-based instruments in Thule Group AB. Total annual variable cash bonuses are measured over a calendar year and are conditional on the fulfillment of predefined and measurable targets, such as sales development, EBIT performance, cash flow and fulfillment of personal targets for each year. The variable remuneration is subject to a ceiling of 75 percent of the fixed annual salary for the President and 60 percent for the other senior executives. The terms and conditions for variable remuneration are designed to enable the Board of Directors, under exceptional economic circumstances, to limit or withhold any payment of variable remuneration if such a measure is considered reasonable.

Pension benefits, including health insurance, for senior executives are to be premium defined. Variable cash remuneration does not count toward pensionable service. Pension premiums for defined-contribution pensions may amount to not more than 35 percent of the annual fixed cash salary.

Other benefits may include, inter alia, life insurance, medical insurance, company car and fuel benefits. Such benefits are limited to a maximum of 10 percent of the annual fixed cash salary.

Severance pay may be provided if employment is terminated by Thule Group. Senior executives are subject to a notice period of not more than 12 months in combination with severance pay corresponding to a maximum of six to 12 months' fixed salary. No severance pay accrues if notice is given by the employee.

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and terms of employment for the company's employees were considered by including information on total remuneration to the employee, the remuneration components as well as the rate of increase and growth in remuneration over time in the decision data provided to the Remuneration Committee and the Board of Directors when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between remuneration to senior executives and remuneration to other employees will be disclosed in the remuneration report in conjunction with the AGM.

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision on the proposed guidelines for remuneration of senior executives. The Board of Directors is to prepare a proposal for new guidelines at least every third year

and submit said proposal to the AGM. The guidelines remain valid until new guidelines are adopted by the general meeting. The Remuneration Committee also monitors and evaluates variable remuneration programs for the company management, the application of the guidelines for remuneration of senior executives as well as the current remuneration structures and compensation levels in the company. The members of the Remuneration Committee are independent of the company and its management. The President and other members of the company management are not present during the Board of Directors' processing of and decisions on remuneration-related matters in so far as they are affected by such matters.

The Board may temporarily resolve to depart from the guidelines adopted by the AGM, if in a specific case there is special cause for the departure and said departure is necessary to serve the company's long-term interests and sustainability, or to ensure the company's financial viability.

Incentive programs

Share-based incentive program 2020/2023

The warrants program resolved on by the Annual General Meeting (AGM) for executive management and key employees of Thule Group was implemented in the second quarter of 2020. The program comprises 2,090,000 warrants issued to Thule AB for onward transfer to participants. The participants acquired the warrants at the fair market value and the program currently includes 31 participants. The subscription price was SEK 216.60, which corresponds to 118 percent of the volume-weighted average price according to Nasdaq Stockholm's official price list for shares in the company during the period April 29, 2020 through May 13, 2020. If on subscribing for the share, the latest price paid for the company's share when the stock exchange closes on the last trading day preceding the subscription date exceeds 162.3 percent of the average share price based upon which the subscription price has been determined, the subscription price shall be increased correspondingly. The warrants may be exercised during the period June 15–December 15, 2023. In total, SEK 24m has been raised in equity through premiums for exercised warrants.

Regarding the earlier incentive program, the 2017/2020 warrants program ended on July 29, 2020. This resulted in the number of shares in the company increasing by 1,353,830 and SEK 262m being raised through a share issue.

The Board's proposal regarding the remuneration of senior executives.

The Board of Directors of Thule Group AB (publ) proposes that the 2021 AGM resolves to adopt the following guidelines for remuneration of senior executives to apply until the 2022 AGM.

The group of executives covered by the guidelines are the President and other members of Group management. The basis for the remuneration to members of the Group Management is that it shall be the sustainability of the company within a commercial financial development, organizational structure to provide for a professionalism that is adapted to the company's strategic objectives and also to provide the company with the adequate competences and resources at any given time. The remuneration to the Group Management shall comprise a fixed salary on market terms and variable remuneration, intended to stimulate the fulfilment of the company's objectives regarding commercial and sustainable development, pension benefits and competitive other benefits. The total remuneration shall be on market terms, be competitive and reflect the individual's performance and responsibilities.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

A long-term share-based incentive scheme has been implemented in the company. Such scheme has been resolved by the AGM 2020 and are therefore excluded from these guidelines. The purpose of the share-based incentive scheme resolved by the AGM 2020 is, among other things, to stimulate a sustainable and favourable value development of Thule Group's share, that will benefit the shareholders. The basis of the incentive scheme is the company's strategic plan and long-term sustainable development and constitute an incentive to fulfil the growth objectives that the company stipulated in its strategic three year plan. The incentive scheme has been designed in accordance with similar schemes in other publicly traded companies and are meant to provide for Thule Group's progress, as well as to ensure long-term loyalty and commitment from the participants in relation to the company's interests. Fixed salary shall be on market terms. The variable remuneration may comprise annual variable cash remuneration and long-term variable cash remuneration, shares and/or share-based instruments in Thule Group AB. Annual variable cash remuneration shall be measured during a calendar year and be conditional upon the fulfilment of predefined and measurable objectives, such as sales development, EBIT results, sustainability development and fulfilment of personal goals for each year. The variable remuneration shall amount to a maximum of 75 percent of the annual fixed salary for the President and 60 percent for the other executives. The terms and conditions for variable remuneration shall be designed so that the Board of Directors may choose, under exceptional economic circumstances, to

limit or refrain from payment of variable remuneration if such a measure is considered reasonable.

For members of the Group Management, pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 35 percent of the annual fixed salary.

Other benefits may include, among other things, life insurance, medical insurance (Sw: sjukvårdsförsäkring), company car and fuel benefit. Such benefits may amount to a maximum of 10 percent of the annual fixed salary.

Severance payments may be made when the employment is terminated by Thule Group. Members of the Group Management shall have a period of notice of not more than 12 months, in combination with severance pay corresponding to a maximum of 12 months fixed salary. No severance payment will be made when the employment is terminated by the employee.

In the preparation of the Board of Directors' proposal for these remuneration guidelines, an evaluation of remuneration and employment conditions for employees of the company have been taken into account, as well as information on the employees' total income, the components of the remuneration and increase and growth rate over time has constituted part of the basis of decision in the Remuneration Committee and the Board of Directors. The development of the gap between the remuneration to executives and remuneration to other employees are disclosed in the current remuneration report.

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every third year and submit it to the AGM. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the Group Management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the Remuneration Committee are independent of the company and its management. The President and other members of the Group Management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

The Board of Directors may temporarily resolve to derogate from the guidelines, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the

company's long-term interests and sustainability, or to ensure the company's financial viability.

For more information about remuneration of employees, refer to Note 11.

Environment

Environmental impact

Thule Group has a long history of environmental focus due to its commitment to develop high-quality products built to last for a long time, encourage employees with deep environmental engagement and manage its own nine production facilities, not only to legal requirements, but to the higher Thule Group standards. The most important sustainability-related issues are integrated into our business and operational plans and reported in the annual Sustainability Report.

The Group is subject to a number of European Union, national, regional and local environmental and occupational health and safety laws, rules and regulations relating to the protection of the environment and natural resources including, among other things, the management of hazardous substances and waste, air emissions, the discharge of water, transportation, remediation of contamination and workplace health and safety.

Thule Group's operations require the Group to maintain certain environmental licenses for the production of its products including metal-based products with surface treatments and plastics. In addition, Thule Group's production units have generally been certified according to the ISO 9001 quality management standards and IATF as well as the ISO 14001 environmental management standards. The plants outside Sweden adapt their operations, apply for the necessary licenses and report to authorities in accordance with local laws.

The Group's Swedish plant, with the production facility in Hillerstorp, conducts operations that require an environmental license in accordance with Swedish environmental legislation. Thule Sweden AB conducts class C operations under a license for class B operations and is classified as mechanical manufacturing in the form of metal working in a workshop area of less than 18,000 square meters and guarantees that its impact in the form of, for example, noise, dust and emissions to air and water, both in the immediate area and in general, from its manufacturing unit in Hillerstorp is minimal. Systems are in place for classifying and sorting waste at source and for handling industrial waste. The unit also certified pursuant to the environmental management standards EN-ISO 14001:2015, EN-ISO 9001:2015 and IATF 16949 (quality management system for automotive industry suppliers).

Sustainability Report

The Group's Sustainability Report can be found on pages 36–60.

Future development

Forecast

Thule Group does not present a financial forecast.

The Thule share, shareholders and proposed appropriation of profits

Number of shares and quotient value

The shares of Thule Group AB are listed on the Nasdaq Stockholm Large Cap list. The Group did not buy back or hold any treasury shares during the fiscal year. The number of shares approved, issued and fully paid as per December 31, 2020 was 104,562,436. The company has only one class of share. At general meetings of shareholders, each share carries one vote and each shareholder is entitled to vote for the full number of shares such a shareholder holds in the company. All shares carry equal rights to the company's assets and profits. The quotient value (nominal value) of the share is SEK 0.01118 per share.

Largest shareholders

At December 31, 2020, Thule Group AB had 16,384 shareholders. At this date, the largest shareholders were AMF Försäkringar & Fonder (8.1 percent of the votes), Nordea Fonder (4.3 percent of the votes), SEB Fonder (4.3 percent of the votes) and Didner & Gerge Fonder (3.9 percent of the votes).

Articles of Association

The Articles of Association contain no separate provisions pertaining to the appointment and dismissal of Board members, nor to amendment of the Articles of Association.

Proposed appropriation of profits

Parent Company

Proposed appropriation of the company's earnings.

At the disposal of the Annual General Meeting:

Share premium reserve, SEK	1,641,855,505
To be carried forward	836,210,327
Net income, SEK	712,954,642
	3,191,020,474

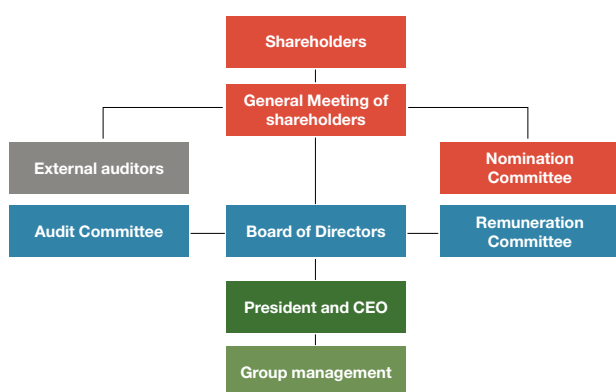
The Board proposes that the profit brought forward be appropriated as follows:

Dividend to shareholders,	
SEK 15.50 x 104,562,436	1,620,717,758
To be carried forward, SEK	1,570,302,716
	3,191,020,474

Corporate Governance Report

Thule Group is a Swedish public limited liability company listed on the Nasdaq Stockholm Large Cap list.

Thule Group's corporate governance structure



Thule Group is a Swedish public limited liability company listed on the Nasdaq Stockholm Large Cap list. Thule Group's corporate governance is mainly regulated by the Swedish Companies Act and other Swedish laws, Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code, "the Code" (available at www.corporategovernanceboard.se). The Code is to be applied to all Swedish companies whose shares are traded on a regulated marketplace in Sweden. Thule Group has applied the Code since November 26, 2014, when Thule Group's share started to be traded on Nasdaq Stockholm. The 2020 Corporate Governance Report describes Thule Group's corporate governance, management and administration as well as the internal control and risk management.

Regulatory compliance

External governance systems

The external governance systems that comprise the framework for corporate governance at Thule Group primarily comprise the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code and other applicable rules and relevant legislation.

Internal governance systems

The Articles of Association adopted by the Annual General Meeting and the documents on the rules of procedure for the Board of Thule Group, instructions for the President and instructions for the Remuneration and Audit Committees, as adopted by the Board of Directors, are the most important internal governance documents. In addition, the Group has a number of policies and instructions containing rules and principles for the Group's operations and employees.

Deviations from the Code

Companies are not obliged to at all times apply every rule in the Code, but are allowed the freedom to choose alternative solutions which they feel are better in their particular circumstances, provided they report every deviation, describe the alternative solution and explain the reasons for the deviation in its annual corporate governance report (the "comply or explain" principle). Thule Group did not deviate from the rules of the Code in 2020 and therefore has no deviations from the Code to report.

General Meeting of shareholders

Pursuant to the Swedish Companies Act (2005:551), the General Meeting is the company's highest decision-making body where shareholders exercise their voting rights. Shareholders who are recorded in the share register on the record date and have notified the company of their intention to participate in the General Meeting not later than the date and time indicated in the notice are entitled to attend the General Meeting in person or by proxy. Resolutions are passed at the General Meeting normally by a simple majority. However, in certain matters, the Swedish Companies Act stipulates that a certain level of attendance is required to form a quorum or a qualified majority of votes. Annual General Meetings must be held within six months from the end of each fiscal year. Thule Group's Annual General Meeting is usually held in April. The Annual General Meeting resolves on such issues as the Articles of Association and is tasked with appointing Board members and the Chairman of the Board, electing auditors and resolving to adopt the income statement, balance sheet,

the appropriation of the company's profits, and the discharge from liability of the Board and the President vis-à-vis the company. In addition, where necessary, the Annual General Meeting also resolves to adopt principles for the appointment and work of the Nomination Committee, and resolves on principles for the terms of remuneration and employment for the President and other executive management.

An Extraordinary General Meeting can be held if specifically required. At the Annual General Meeting, shareholders have the opportunity to ask questions about the company and its results for the year just ended. In addition to Annual General Meetings, Extraordinary General Meetings can be called. The company's Annual General Meetings are held each calendar year in Malmö, Sweden, before the end of June. In accordance with the Articles of Association, notice of a General Meeting is published in Post- och Inrikes Tidningar and on the company's website, www.thulegroup.com. In conjunction with notice being given, an announcement is made of the notification in Dagens Industri. The Articles of Association contain no separate provisions pertaining to the appointment and dismissal of Board members, nor to amendment of the Articles of Association. For the complete Articles of Association, refer to the website www.thulegroup.com.

Shareholders

Thule Group's share has been listed on Nasdaq Stockholm since November 26, 2014 and moved to the Large Cap list on January 1, 2017. At year end, share capital amounted to SEK 1,168,626.50, divided between 104,562,436 shares. All of the shares are of the same class and all of the shares in the company carry equal rights in all respects. At December 31, 2020, Thule Group AB had 16,384 shareholders. At this date, the largest shareholders (reported as the respective shareholders notified their holdings) were AMF Försäkringar & Fonder (8.1 percent of the votes), Nordea Fonder (4.3 percent of the votes), SEB Fonder (4.3 percent of the votes) and Didner & Gerge Fonder (3.9 percent of the votes). Further information about the share and shareholders is available at www.thulegroup.com.

Annual General Meetings

Resolutions at the 2020 Annual General Meeting

The 2020 Annual General Meeting was held on April 28, 2020. The complete minutes for and information about the 2020 Annual General Meeting are available at www.thulegroup.com. The Annual General Meeting resolved to adopt the submitted income statement and balance sheet and the consolidated income statement and consolidated balance sheet. In accordance with the Board's and the President's proposal,

the AGM resolved not to distribute a dividend for the 2019 fiscal year.

The Annual General Meeting also resolved that the company's profit brought forward, together with earnings for 2019, were to be carried forward. The Meeting discharged the Board members and the President from liability and resolved on fees to Board members. The Meeting approved the Board's proposal regarding the remuneration of executive management.

2021 Annual General Meeting

The 2021 Annual General Meeting will be held on Thursday, April 22, 2020 in Malmö. For more information, refer to www.thulegroup.com.

Nomination Committee

The Nomination Committee is, in accordance with the principles decided by the AGM in April 2019, to be composed of five members comprising representatives from each of the four largest shareholders in terms of the number of votes at August 31 every year, and the Chairman of the Board.

The Nomination Committee member representing the largest shareholder in terms of votes is to be appointed as Chairman unless the Nomination Committee unanimously appoints another. If more than three months prior to the Annual General Meeting, one or more of the shareholders who have appointed members to the Nomination Committee should cease to belong to the four largest shareholders in terms of votes, the members appointed by these shareholders are to vacate their membership and the shareholder/ shareholders who has/have instead become among the four largest shareholders in terms of votes is/are to be entitled to appoint his/their representatives. If a member leaves the Nomination Committee before its work is completed and the Nomination Committee finds it desirable to appoint a replacement, the new member should be sourced from the same shareholder or, if this shareholder is no longer one of the largest shareholders in terms of votes, from the next shareholder in line. Changes in the composition of the Nomination Committee must be announced immediately.

The Nomination Committee's duties are to present proposals to the Annual General Meeting regarding the Chairman of the Board and other Board members together with an explanatory statement for the proposal, to propose fees and other remuneration for Board assignments for each of the Board members, including any remuneration for Committee work, to present proposals on auditors and their fees, to present a proposal for the Chairman of the Annual General Meeting and, where appropriate, to propose changes to the appointment of the Nomination Committee. In addition, the

Nomination Committee is to assess the independence of the Board members in relation to the company and the largest shareholders. The composition of the Nomination Committee for the Annual General Meeting is normally announced on the company's website not later than six months before the Meeting.

No remuneration is paid to members of the Nomination Committee.

The company is to pay any necessary expenses that the Nomination Committee may incur in its work. The term of office for the Nomination Committee ends when the composition of the following Nomination Committee has been announced.

Nomination Committee prior to 2021 Annual General Meeting

The composition of the Nomination Committee was published in a press release and on www.thulegroup.com on September 10, 2020. The Nomination Committee prior to the 2021 Annual General Meeting comprises Anders Oscarsson (AMF Försäkring och Fonder), John Hernander (Nordea Fonder), Adam Gerge (Didner & Gerge), Carolin Forsberg (SEB Fonder) and Bengt Baron (Chairman of the Board of Thule Group).

Nomination Committee Name	Appointed by	Percentage of votes, Aug 31, 2020, %
Anders Oscarsson	AMF Försäkring och Fonder	7.8
John Hernander	Nordea Fonder	4.5
Adam Gerge	Didner & Gerge Fonder	4.0
Carolin Forsberg	SEB Fonder	3.8
Bengt Baron	Chairman of the Board of Thule Group	

After the 2020 Annual General Meeting and until the date on which this Annual Report was presented, the Nomination

Committee held five meetings. As a basis for its proposals to the 2021 Annual General Meeting, the Nomination Committee assessed whether the current Board was appropriately composed and meets the requirements imposed on the Board considering the company's operations, financial position and other circumstances. The Nomination Committee interviewed the company's Board members and discussed the main requirements that should be imposed on Board members, including the independence of members given the number of Board assignments that they have in other companies.

Board of Directors

Composition in 2020

The Board's duty is to manage the company's affairs on behalf of the shareholders. Under the Articles of Association, the Board of Thule Group is to comprise no fewer than three and not more than ten members appointed by the Annual General Meeting for a term until the end of the next Annual General Meeting. Five Board members were re-elected at the Annual General Meeting on April 28, 2020: Bengt Baron, Hans Eckerström, Helene Willberg, Heléne Mellquist and Mattias Ankarberg. Therese Reuterswärd was elected to the Board on the same occasion. Moreover, Bengt Baron was elected Chairman of the Board.

No member of Group management is a Board member. However, both the President and the CFO of Thule Group participate at Board meetings and lawyer Peter Linderöth serves as Secretary to the Board.

Other officers of the company participate at Board meetings when presenting separate issues.

In its reasoned statement ahead of the 2020 Annual General Meeting, the Nomination Committee stated that it had applied rule 4.1 of the Swedish Corporate Governance Code on diversity policy. The objective of the policy is to ensure that the Board of Directors will, with consideration for the company's business,

Board composition

Name	Year elected	Total fee, SEK (annual) ¹⁾	Independent	Attendance		Remuneration Committee
				Board meetings	Audit Committee	
Chairman						
Bengt Baron	2011	1,115,000	Yes	13/13		4/4
Board members						
Hans Eckerström	2009	470,000	Yes	13/13		4/4
Heléne Mellquist	2016	455,000	Yes	12/13	4/4	
Mattias Ankarberg	2018	385,000	Yes	13/13		
Helene Willberg	2019	585,000	Yes	13/13	4/4	
Therese Reuterswärd	2020	385,000	Yes	5/6		

1) Fee resolved at the 2020 Annual General Meeting

phase of development and other relevant circumstances, have an appropriate composition of Board members that collectively display diversity and breadth in respect of skills, experience and background, and an equal gender distribution. The 2020 Annual General Meeting resolved to appoint the Board members in accordance with the Nomination Committee's proposal, entailing the election of six members, three of whom were women and three men. The 2020 Annual General Meeting resolved that Board member fees remain unchanged and paid annually, comprising SEK 1,075,000 to the Chairman of the Board and SEK 385,000 to each of the other Board members. The Chairman of the Audit Committee is to receive remuneration of SEK 200,000 for Committee work, while SEK 70,000 is to be paid to each of the other members. The Chairman of the Remuneration Committee is to receive remuneration of SEK 85,000 for Committee work, while SEK 40,000 is to be paid to each of the other members.

Independence of the Board

In accordance with the Code, a majority of the members of the Board elected by the General Meeting are to be independent in relation to the company and its management. The independence of the Board members is presented in the table Board composition below. Each member's assessment of his or her independence in relation to the company, the management and major shareholders is presented in the Facts about the Board and Group management section.

The composition of the Board meets the Code's requirements for independence.

Responsibilities of the Chairman

The Chairman of the Board leads and manages the Board's work and ensures that activities are conducted efficiently. The Chairman ensures that the Swedish Companies Act and other applicable laws and regulations are adhered to and that the Board receives the necessary training and improves its knowledge of the company. The Chairman monitors the operations in close dialog with the President, conveys opinions from shareholders to other Board members and serves as a spokesman for the Board. The Chairman is also responsible for providing the other members of the Board with information and decision data and for implementing Board decisions. In addition, the Chairman is responsible for ensuring that the work of the Board is evaluated every year and presented to the Nomination Committee.

Board responsibilities and work

The duties of the Board of Directors are primarily set out in the Swedish Companies Act and the Code. In addition, the work

of the Board is guided by rules of procedure that the Board adopts every year. The rules of procedure regulate the allocation of work and responsibility between the Board, Chairman of the Board and President, as well as stipulate procedures for financial reporting by the President.

The Board also adopts instructions for the Board's Committees. The Board is tasked with establishing strategies, business plans and budgets as well as submitting interim financial statements, annual accounts, and adopting policies and guidelines.

The Board is also charged with following the financial developments, ensuring the quality of financial reporting and control functions and evaluating the company's operations based on the established goals and guidelines adopted by the Board. Finally, the Board also takes decisions regarding major investments and organizational and operational changes in the company. Working closely with the President, the Chairman of the Board is tasked with monitoring the company's performance and acting as Chairman at Board meetings. The current rules of procedure state that the Board is to meet at least six times a year in addition to the statutory meeting following election.

The Board held 13 meetings during the year, of which one was held per capsulam. All Board meetings follow a predetermined agenda.

Attendance at Board meetings is presented in the table on the composition of the Board below.

In 2020, the Board mainly addressed matters regarding the operations under the extraordinary conditions prevailing in 2020 during the corona pandemic. In addition, matters addressed included acquisitions, financing, strategic direction and other ongoing accounting and company law issues.

Board committees

The Board has two committees, the Remuneration Committee and the Audit Committee. The committees report on the issues addressed either verbally or in writing. The work of the respective committees is carried out pursuant to written instructions and rules of procedure from the Board. Minutes of the committees' meetings are available to all Board members.

Remuneration Committee

The Remuneration Committee is tasked with preparing issues regarding remuneration and other terms of employment for the President and the company's executive management. The work involves the preparation of proposals for guidelines for items, such as: the allocation between fixed and variable remuneration, the relationship between performance and compensation, the main terms of bonus and incentive programs, conditions for other benefits, pensions, termination

and severance pay, and the preparation of proposals for individual remuneration packages for the President and executive management.

Furthermore, the Remuneration Committee also monitors and evaluates the outcome of variable remuneration, and how the company complies with the remuneration guidelines adopted by the general meeting of shareholders.

The Remuneration Committee comprises two members: Hans Eckerström (Chairman) and Bengt Baron. The Remuneration Committee held four meetings in 2020. The members' attendance at meetings of the Remuneration Committee is presented in the table Board composition.

Audit Committee

The main task of the Audit Committee is to ensure that the Board meets the supervision requirements relating to internal control, auditing, financial risk management, accounting and financial reporting, and prepares accounting and auditing matters.

The Audit Committee is also charged with reviewing processes and procedures for accounting and financial control. In addition, the Audit Committee monitors the impartiality and independence of the auditor, evaluates the audit work and discusses coordination between the external audit and the internal work on internal control issues with the auditor. The Audit Committee also assists the company's Nomination Committee when preparing proposals for auditors and recommendations for auditor's fees.

The Audit Committee in Thule Group comprises two members, Helene Willberg (Chairman) and Heléne Mellquist. The Audit Committee held four meetings in 2020. The members' attendance at meetings of the Audit Committee is presented in the table Board composition.

The Audit Committee meets all the requirements vis-à-vis auditing and accounting competence as stipulated in the Swedish Companies Act.

Auditors

The auditor is elected at the Annual General Meeting every year. The auditors review the company's and subsidiaries' financial reports and accounts as well as the administration of the Board and the President. The auditor participates at the Board meeting that addresses the year-end accounts. At this meeting, the auditor presents the financial information and discusses the audit with the Board members without the President and executive management attending. The auditor maintains continuous contact with the Chairman of the Board, Audit Committee and Group management.

Thule Group's auditors are to review the Annual Report and consolidated financial statements for Thule Group AB and the

administration of the Board and the President. The auditors follow an audit plan that is discussed with the Audit Committee.

Reports were presented to the Audit Committee during the course of the audit and finally to the Board as a whole when the year-end report was adopted. The auditor is also to attend the Annual General Meeting and describe the audit activities and observations made in an auditor's report. In conjunction with the 2017 Annual General Meeting, PricewaterhouseCoopers AB was elected with Eric Salander as Auditor in Charge. In conjunction with the 2020 Annual General Meeting, PricewaterhouseCoopers AB was reelected for a term of one year with Eric Salander as Auditor in Charge. During the year, the auditors performed certain audit-related consulting assignments in addition to the audit, mainly pertaining to consulting in issues regarding incentive program.

The appointed auditor is responsible for auditing all of the important subsidiaries in the Group.

	Group		Parent Company	
Audit fees, SEKm	2020	2019	2020	2019
Audit PwC	3.6	3.6	0.7	0.6
Audit in addition to audit assignment PwC	0.1	0.0	–	–
Tax consultancy PwC	–	–	–	–
Other services PwC	0.6	0.2	0.6	0.2
Total	4.3	3.8	1.3	0.8

President and other executive management

The President is subordinate to the Board of Directors and is responsible for the day-to-day management and operations of the company. The division of work between the Board of Directors and the President is set out in the rules of procedure for the Board of Directors and instructions for the President. The President is also responsible for the preparation of reports and compiling information from management for Board meetings and for presenting such material at Board meetings.

According to the instructions for financial reporting, the President is responsible for the financial reporting in Thule Group and consequently must ensure that the Board receives adequate information for the Board to be able to evaluate the company's and the Group's financial position. The President keeps the Board continuously informed of developments in Thule Group's operations, the development of sales, Thule Group's results and financial position, liquidity and credit status, important business events and all other events, circumstances or conditions that can be assumed to be of significance to the company's shareholders.

Information about remuneration, share-based incentive programs and terms of employment for the President and other executive management is available at www.thulegroup.com.

Internal control and risk management

The Board's responsibility for the internal control is governed by the Swedish Companies Act, the Swedish Annual Accounts Act (1995:1554), and the Code. Information regarding the most important aspects of the company's system for internal control and risk management in connection with financial reporting must each year be included in the Company's Corporate Governance Report. The procedures for internal control, risk assessment, control activities, and monitoring with respect to the financial reporting have been designed to ensure reliable overall financial reporting and external financial reporting in accordance with IFRS, applicable laws and regulations as well as other requirements, which apply to companies listed on Nasdaq Stockholm. This work involves the Board, Group management and other personnel.

Control environment

The Board has adopted instructions and governance documents aimed at regulating the roles and allocation of responsibility between the President and the Board. The way in which the Board monitors and ensures quality in the internal control is documented in the Board's rules of procedure and Thule Group's finance policy.

The control environment also includes the Board evaluating the performance and results of the operations through monthly and quarterly report packages that contain outcomes, budget comparisons, forecasts, operational targets, strategic plans, the assessment and evaluation of financial risks, and analysis of important financial and operational key figures. The responsibility for the presentation of the report package to the Board and the responsibility for maintaining an effective control environment, and the day-to-day risk assessment and internal control over the financial reporting are delegated to the President. However, the Board is ultimately responsible. Managers at various levels in Thule Group's business areas are, in turn, responsible for ensuring compliance with established guidelines within their business area.

Risk assessment and control activities

The company conducts continuous risk assessment to identify risks in all areas of operation. These risks, which include the risk of both loss of assets as well as irregularities and fraud, are assessed regularly by the Board. The structure of control activities is of particular importance in the company's work of preventing and discovering deficiencies. The assessment and control of risks also cover the operational management of each reporting unit, where meetings are held at least six times a year in connection with business review meetings.

Thule Group's President and CFO, as well as local and regional management, participate at these meetings.

Information and communication

The company's governance documents for financial reporting primarily comprise guidelines, policies and manuals that are continuously updated and communicated to the appropriate employees via relevant information channels.

A communication policy is in place for external information that provides guidelines on how such information is to be provided. The aim of the policy is to ensure that the company complies with the requirements for disseminating correct and complete information to the market.

Monitoring, assessment and reporting

The Board regularly assesses the information provided by Group management. Between Board meetings, the Board regularly receives updated information regarding Thule Group's performance. Thule Group's financial position, operations, development and capital expenditures are discussed at each Board meeting. The Board is also responsible for monitoring the internal control. This work includes ensuring that measures are taken to address any deficiencies, as well as follow-up of proposals for measures to which attention has been drawn in connection with the external audit.

Each year, the company carries out a self-assessment of the risk management and internal control work. This process includes a review of the manner in which established routines and guidelines are applied.

The Board receives information regarding important conclusions drawn from this annual assessment process, and regarding any measures relating to the company's internal control environment.

Internal audit

Under paragraph 7.3 of the Code, the Board is to annually evaluate the need for a separate audit function, which is to ensure that financial reports are produced in accordance with legislation, applicable accounting standards and other applicable requirements for listed companies.

Considering the internal control activities that have been performed, the Board does not deem there to be any need to establish a separate internal audit function. The matter of an internal audit function will be addressed again in 2021.

Facts about the Board and Group management

Board of Directors	Bengt Baron	Mattias Ankarberg	Hans Eckerström
Assignment and year of election:	Member of the Board since 2011, took office as Chairman of the Board in 2018.	Board member since 2018.	Board member since 2007. (Board member of a former Parent Company of Thule Group 2007–2009).
Born:	1962	1976	1972
Education and professional experience:	<p>Bachelor of Science and an MBA from the University of California at Berkeley, USA.</p> <p>Former CEO of Cloetta AB (publ), CEO of V&S AB and more.</p>	<p>M.Sc. in Business Administration from Stockholm School of Economics.</p> <p>CEO for the Byggmax Group AB (publ).</p> <p>Former leading positions at the H&M Group, Consultant at McKinsey & Company.</p>	<p>M.Sc. Mechanical Engineering, Chalmers University of Technology.</p> <p>M.Sc. Business Administration, University of Gothenburg.</p> <p>Former Management Consultant at Arthur D. Little. Partner, NC Advisory AB and advisor to the Nordic Capital Funds.</p>
Other current Board appointments	Chairman of Enzymatica AB (publ), Ifoodbag AB and 5653 Sweden AB AB and Board member of AAK AB (publ).	–	Chairman of Profoto Invest AB, and Henry Lloyd Group AB, and Board member of Swedbank AB (publ).
Previous Board appointments	Chairman of MIPS AB (publ).	–	Chairman of Nobia AB (publ), Brink International AB and Britax Childcare Limited, and Board member of Nordstjernan AB, Nefab AB (publ), Cloetta AB (publ) and Aditro AB.
Shareholding at March 1, 2021	35,997 shares (own)	1,500 shares (own)	20,000 shares (through Eckis Holding AB)

	Heléne Mellquist	Therese Reuterswård	Helene Willberg
Assignment and year of election:	Board member since 2016.	Board member since 2020.	Board member since 2019.
Born:	1964	1981	1967
Education and professional experience:	<p>B.Sc. in International Business Administration, Gothenburg School of Economics. Executive Program IFL, Stockholm School of Economics.</p> <p>President Volvo Penta.</p> <p>Former Senior Vice President Volvo Trucks Europe and Volvo Trucks International, CEO and CFO at Rederi AB TransAtlantic and CFO at the International Division of Volvo Lastvagnar.</p>	<p>Master's degree in media technology from KTH Royal Institute of Technology in Stockholm.</p> <p>CMO (Chief Marketing Officer) Office Depot Sweden AB.</p> <p>Previously Director of Product at MatHem, Head of Digital at Arla Foods, and several digital roles within, among others, Nespresso, Electrolux and Scandic Hotels.</p>	<p>M.Sc., Stockholm School of Economics.</p> <p>Previously, several leading roles at KPMG, including as CEO of KPMG Sweden and as Head of KPMG's Financial Advisory Services.</p>
Other current Board appointments	Board member of AlfaLaval AB (publ).	Board member of LMK AB (publ) and Deputy Board member of Robam AB.	Chairman of Footway Group AB (publ) and Board member of Profoto Invest AB, Nordic Paper Holding AB (publ), Nettlight Consulting AB Publ., Indecap Holding AB, Zenith Group AB and Infrea AB (publ).
Previous Board appointments	Board member of Cavotec S.A. (publ), Partnertech AB and Opus Group AB (publ).	Board member of Svensk Digital Handel.	Board member of KPMG AB and Alvarez & Marsal Sweden AB.
Shareholding at March 1, 2021	1,250 shares (own)	430 shares (own)	1,800 shares (own)

Facts about the Board and Group management

Group Management	Magnus Welander	Rickard Andersson	Fredrik Erlandsson	Kajsa von Geijer	
Assignment and year of employment:	<p>President and CEO since 2010.</p> <p>Employed at Thule Group since 2006.</p>	<p>Senior Vice President Supply Chain since 2020.</p> <p>Employed at Thule Group since 2008.</p>	<p>Senior Vice President Communications and IR since 2010.</p> <p>Employed at Thule Group since 2010.</p>	<p>Senior Vice President HR and Sustainability since 2006.</p> <p>Employed at Thule Group since 2005.</p>	
Born:	1966	1977	1970	1964	
Education and professional experience:	<p>M.Sc. in Industrial Engineering and Management, Institute of Technology at Linköping University.</p> <p>Former BA President Outdoor&Bags Europe & RoW at Thule Group, President of Envirotainer, various senior positions at Tetra Pak in Italy and Australia.</p>	<p>M.Sc. in Civil Engineering from Royal Institute of Technology (KTH), Stockholm. M.Sc. in Business Administration and Economics from Stockholm University.</p> <p>Former Vice President Supply Chain Region Europe & RoW at Thule Group and positions within Supply Chain at Hexpol (publ) and IKEA.</p>	<p>University studies in political science and economics, Lund University and Copenhagen University.</p> <p>Former Corporate Relations Director at Diageo Plc., GM and procurement holder at Ehrenberg Marketing & Kommunikation Sweden; and chief of staff for the national delegation to the European parliament.</p>	<p>B.Sc. in Human Resource Development and Labour Relations, Lund University.</p> <p>Former HR Director Europe at FMC Food Tech, HR Director Nordic at Levi Strauss, Training & Development Manager at Nestlé Sweden AB, HR Manager at Trellex AB/Svedala Svenska AB and HR Officer at Trelleborg AB.</p>	
Other current Board appointments	Chairman of MIPS AB (publ).	–	Board member of Landskrona Stadshus AB.	Chairman of Elfte Huset AB.	
Previous Board appointments	Board member of Brink International AB and Britax Childcare Limited.	–	Municipal Executive Board City of Landskrona.	Chairman of Lunicore Studentkonsult AB, member of the board of Stiftelsen Lundsbergs skola.	
Shareholding at March 1, 2021	636,990 shares (through Elenima Limited) and 204,498 warrants, 2020/2023 series (own)	750 shares (own) and 72,426 warrants 2020/2023 series (own)	108,138 shares (own) and 72,426 warrants 2020/2023 series (own)	39,508 shares (own) and 74,426 warrants 2020/2023 series (own)	

	Jonas Lindqvist	Karl-Johan Magnusson	Fred Clark	Hilary Hartley
Assignment and year of employment:	CFO Assumed the role in March 2020.	Senior Vice President Product Development since 2020. Employed at Thule Group since 1999.	President Region Americas since 2003. Leaves the company on April 30, 2021. Employed at Thule Group since 1993.	President Region Americas. Will assume the role 22 april 2021.
Born:	1962	1972	1959	1967
Education and professional experience:	M.Sc. in Business and Economics, Lund University, EMBA, Stockholm School of Economics and Advanced Management Program, Harvard Business School. Former CFO Arjo (publ), CFO Beijer Ref (publ), CFO Polyclad Europe/ Cookson Electronics, Finance Director for companies in the Nolato Group and BMH Marine AB.	B.Sc. in Mechanical engineering from Halmstad University, Sweden. Previously, various positions within product development and product management at Thule Group. Engineering & supply at Turnils AB.	BSBA Quantitative Methods, Western New England University MBA Management Science, University of New Haven. Former Operations Manager and Vice President Operations of Thule Group and Vice President Manufacturing at C. Cowles & Co.	BBA Marketing, University of Maine. Former President North America, Victorinox Swiss Army Inc., Vice President North America, Oakley / Luxottica, Managing Director, Oakley – Canada, Sales, Products and Marketing roles, Rossignol Ski Company.
Other current Board appointments	–	Board member of the regional trade business organization Gnosjöandans Näringsliv.	–	–
Previous Board appointments	–	–	Chairman of the Outdoor Foundation and Board member of Westover School and the Outdoor Industry Association.	Board Member German International School Montreal.
Shareholding at March 1, 2021	119,290 warrants 2020/2023 series (own)	1,210 shares (own) and 74,426 warrants 2020/2023 series (own)	365,665 shares (own)	–

Consolidated Income Statement

January 1–December 31, SEKm	Note	2020	2019
Net sales	6, 7	7,828	7,038
Cost of goods sold		-4,599	-4,209
Gross income		3,230	2,829
Selling expenses		-1,300	-1,315
Administrative expenses		-338	-319
Operating income	9, 11, 12, 13	1,591	1,195
Financial revenue	14	11	10
Financial expenses	14	-75	-59
Income before taxes		1,527	1,146
Taxes	15	-361	-263
Net income		1,166	883
Net income pertaining to:			
Shareholders of Parent Company		1,166	883
Net income		1,166	883
Earnings per share, SEK			
	16		
before dilution		11.23	8.56
after dilution		11.21	8.55

Consolidated Statement of Comprehensive Income

January 1–December 31, SEKm	Note	2020	2019
Net income		1,166	883
Other comprehensive income			
Items that have been carried over or can be carried over to net income			
Foreign currency translation		-585	249
Cash flow hedges		13	6
Net investment hedge		57	-34
Tax on components in other comprehensive income	15	-6	-13
Items that cannot be carried over to net income			
Revaluation of defined-benefit pension plans		-9	-28
Tax pertaining to items that cannot be carried over to net income	15	2	6
Other comprehensive income		-527	185
Comprehensive income		639	1,069
Comprehensive income pertaining to:			
Shareholders of Parent Company		639	1,069
Comprehensive income		639	1,069

Consolidated Balance Sheet

Per December 31, SEKm	Note	2020	2019
Assets			
Intangible assets	17	4,296	4,664
Tangible assets	18, 23	1,033	1,023
Long-term receivables		6	5
Deferred tax receivables	15	342	376
Total fixed assets		5,678	6,067
Inventories	19	1,068	1,092
Tax receivables		0	1
Accounts receivable	20	762	704
Prepaid expenses and accrued income		55	62
Other receivables		179	91
Cash and cash equivalents	21	706	268
Total current assets		2,770	2,218
Total assets		8,448	8,285
Equity and liabilities			
Equity			
	22		
Share capital		1	1
Other capital contributed		2,649	2,365
Reserves		-350	171
Profit brought forward including net income		2,953	1,794
Total equity		5,253	4,330
Liabilities			
Long-term interest-bearing liabilities	23, 24	1,060	2,348
Provision for pensions	12	224	205
Deferred income tax liabilities	15	309	259
Total long-term liabilities		1,592	2,812
Short-term interest-bearing liabilities	23, 24	87	65
Accounts payable		660	529
Tax liabilities		145	14
Other liabilities		80	52
Accrued expenses and deferred income	25	564	430
Provisions	26	66	54
Total short-term liabilities		1,603	1,143
Total liabilities		3,195	3,955
Total equity and liabilities		8,448	8,285

Information about the Group's pledged assets and contingent liabilities is provided in notes 30 and 31.

Consolidated Statement of Changes in Equity

SEKm	Equity attributable to shareholders of Parent Company					Total equity
	Share capital	Other capital contributed	Translation reserve	Hedge reserve	Profit brought forward including net income	
Opening balance, January 1, 2019	1	2,368	-34	-3	1,681	4,012
Adjusted equity at January 1*					-26	-26
Comprehensive income						
Net income	-	-	-	-	883	883
Other comprehensive income	-	-	203	5	-22	185
Comprehensive income	0	0	203	5	861	1,069
Transactions with the Group's owners						
Dividend	-	-	-	-	-722	-722
Buy back of warrants	-	-3	-	-	-	-3
Total contribution from owners	0	-3	0	0	-722	-725
Closing balance equity, December 31, 2019	1	2,365	168	2	1,794	4,330
Opening balance, January 1, 2020	1	2,365	168	2	1,794	4,330
Comprehensive income						
Net income	-	-	-	-	1,166	1,166
Other comprehensive income	-	-	-530	10	-7	-527
Comprehensive income	0	0	-530	10	1,159	639
Transactions with the Group's owners						
New issue of shares	0	262	-	-	-	262
Warrants	-	22	-	-	-	22
Total contribution from owners	0	284	0	0	0	284
Closing balance equity, December 31, 2020	1	2,649	-362	13	2,953	5,253

* Pertains to transition effects of IFRS 16.

The translation reserve and hedge reserve are included in the item Reserves under equity in the balance sheet.

Consolidated Statement of Cash Flow

January 1–December 31, SEKm	Note	2020	2019
Operating activities	27		
Income before taxes		1,527	1,146
Adjustments for items not included in cash flow		229	160
Paid income taxes		-183	-298
Cash flow from operating activities prior to changes in working capital		1,573	1,008
Cash flow from changes in working capital			
Increase(-)/Decrease (+) in inventories		-90	19
Increase(-)/Decrease (+) in receivables		-241	-31
Increase(+)/Decrease (-) in liabilities		372	34
Cash flow from operating activities		1,614	1,030
Investing activities			
Business combinations		-	-10
Acquisition of intangible assets		-6	-13
Acquisition of tangible assets		-167	-148
Divestment of tangible assets		3	1
Cash flow from investing activities		-170	-171
Financing activities	27		
Dividend		-	-722
New issue of shares		262	0
Warrants		22	-3
Debt repaid		-1,285	-53
Cash flow from financing activities		-1,001	-779
Net cash flow		443	81
Cash and cash equivalents at beginning of year		268	186
Effect of exchange rates on cash and cash equivalents		-5	1
Cash and cash equivalents at end of year		706	268

Parent Company Income Statement

January 1–December 31, SEKm	Note	2020	2019
Other operating revenue	8	22	19
Administrative expenses		-59	-34
Operating income	9, 11, 12	-37	-15
Profit from financial items:	14		
Profit from participations in Group companies		700	800
Other interest income and similar profit/loss items		24	22
Interest expense and similar profit/loss items		-33	-34
Income after financial items		653	773
Appropriations	28	63	45
Income before taxes		717	818
Taxes	15	-4	-4
Net income		713	814

Parent Company Statement of Comprehensive Income

January 1–December 31, SEKm	Note	2020	2019
Net income		713	814
Other comprehensive income			
Other comprehensive income		-	-
Comprehensive income		713	814

Parent Company Balance Sheet

Per December 31, SEKm	Note	2020	2019
Assets			
Fixed assets			
Financial fixed assets			
Participations in Group companies	29	1,000	1,000
Receivables from Group companies	33	3,196	4,572
Deferred tax receivables		4	3
Other long-term receivables		14	11
Total financial fixed assets		4,214	5,586
Total fixed assets		4,214	5,586
Current assets			
Receivables from Group companies	33	298	46
Other current receivables		2	1
Cash and bank balances	21	0	0
Total current assets		300	47
Total assets		4,514	5,633
Equity and liabilities			
Equity			
Restricted equity			
Share capital		1	1
Non-restricted equity			
Share premium reserve		1,642	1,380
Profit brought forward		836	–
Net income		713	814
Total equity		3,192	2,195
Long-term liabilities			
Provisions for other pensions		18	14
Liabilities to credit institutions	24	894	2,168
Liabilities to Group companies	33	368	368
Total long-term liabilities		1,281	2,551
Short-term liabilities			
Liabilities to credit institutions	24	0	0
Liabilities to Group companies	33	0	871
Other short-term liabilities		5	6
Accrued expenses and deferred income	25	35	10
Provisions	26	0	0
Total short-term liabilities		40	887
Total equity and liabilities		4,514	5,633

Parent Company Statement of Changes in Equity

SEKm	Share capital	Share premium reserve	Profit brought forward	Net income	Total equity
Opening balance, January 1, 2019	1	1,408	0	697	2,106
Comprehensive income					
Net income	-	-	-	814	814
Total comprehensive income	0	0	0	814	814
Appropriation of profits	-	-	697	-697	0
Dividend	-	-25	-697	-	-722
Buy back of warrants	-	-3	-	-	-3
Closing balance equity, December 31, 2019	1	1,380	0	814	2,195
Opening balance, January 1, 2020	1	1,380	0	814	2,195
Comprehensive income					
Net income	-	-	-	713	713
Total comprehensive income	0	0	0	713	713
Appropriation of profits	-	-	814	-814	0
New issue of shares	0	262	-	-	262
Warrants	-	-	22	-	22
Closing balance equity, December 31, 2020	1	1,642	836	713	3,192

Parent Company Cash Flow Statement

January 1–December 31, SEKm	Note	2020	2019
Operating activities	27		
Income before taxes		717	818
Adjustments for items not included in cash flow		-700	-800
Dividend received		800	700
Paid income taxes		-5	0
Cash flow from operating activities prior to changes in working capital		812	718
Cash flow from changes in working capital			
Increase(-)/Decrease (+) in receivables		-21	-35
Increase(+)/Decrease (-) in liabilities		29	4
Cash flow from operating activities		820	687
Investing activities			
		-	-
Financing activities			
Dividend		-	-722
New issue of shares		262	-
Warrants		22	-3
Debt repaid/borrowings		-1,222	-
Debt repaid/borrowings to subsidiaries		118	38
Cash flow from financing activities		-820	-687
Net cash flow		0	0
Cash and cash equivalents at beginning of year		0	0
Cash and cash equivalents at end of year		0	0

Notes for Parent Company and Group

All amounts are in SEKm unless otherwise stated.

Note 1 Significant accounting policies

General information

Thule Group AB (publ), Corp. Reg. No. 556770-6311, is a Swedish registered, limited liability company with its registered office in Malmö, Sweden. The shares of Thule Group are listed on the Nasdaq Stockholm Large Cap list. The consolidated financial statements for the fiscal year January 1 to December 31, 2020 comprise Thule Group AB (Parent Company) and its subsidiaries.

The annual and consolidated accounts were approved for publication by the Board of Directors and President on March 31, 2021. The consolidated income statement, statement of comprehensive income, and the consolidated balance sheet, and the Parent Company income statement and balance sheet are subject to approval by the Annual General Meeting on April 22, 2021.

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups was applied. The Parent Company applies the same accounting policies as the Group except in the cases listed below in the section "Parent Company accounting policies." Refer to Alternative performance measures and other financial definitions on page 160 for alternative performance measures.

Basis of preparation of the consolidated financial statements

The Parent Company's functional currency is SEK, which is also the presentation currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded to the nearest million.

Assets and liabilities are recognized at historical cost, except for certain financial assets and liabilities, and contingent considerations that are measured at fair value. Financial assets and liabilities measured at fair value consist of derivatives. A defined-benefit pension liability/asset is measured at the net of fair value on plan assets and the present value of the defined-benefit liability, adjusted for any asset limitations.

Fixed assets and disposal groups held for sale are recognized, with some exceptions, from when the assets were classified, at the lower of the carrying amount at the time of reclassification and the fair value less deductions for selling expenses.

The preparation of the financial statements in accordance with IFRS requires management to make assessments and estimates, as well as assumptions, that affect the application of the accounting policies and the amounts of assets, liabilities, revenue and expenses recognized. The actual outcome may differ from these estimates and assessments.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period in which the change is made if the change only affects that period, or in the period in which the change is made and future periods if the change affects the period in question and future periods.

Assessments made by management when applying IFRS that have a significant effect on the financial statements and estimates made that may involve material adjustments in the following year's financial statements are described in detail in Note 2. The accounting policies presented below have been consistently applied to all periods presented in the consolidated financial statements, unless otherwise stated below.

Amended accounting policies resulting from amended IFRS

Changes to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures due to interest-rate benchmark reforms. The benchmark rates encompassed by the reforms are not used to any material extent by Thule Group and accordingly, have no material effect on the Group's accounting.

Other amended IFRSs that became effective from January 1, 2020 have had no material impact on the Group's accounting.

Standards, amendments and interpretations not yet applied

Other new and amended IFRSs that will be applied in the future are not expected to have any significant impact on the company's financial statements.

Classification

Fixed assets essentially comprise amounts that are expected to be recovered or paid more than twelve months after the balance-sheet date, while current assets essentially comprise amounts expected to be recovered or paid within twelve months from the balance-sheet date. Long-term liabilities essentially comprise amounts that, at the end of the reporting period, the Group has an unconditional right to choose to pay more than twelve months after the end of the reporting period.

If no such right should exist at the end of the reporting period, or if the liability is held for trading or is expected to be settled within the normal business cycle, the liability is recognized as a current liability.

Operating segment reporting

An operating segment is part of the Group that conducts business operations from which it generates revenue and incurs expenses and for which independent financial information is available. Furthermore, the earnings of an operating segment are followed up by the company's chief operating decision-maker, the President, and the company management for evaluating performance and for allocating resources to the operating segment.

Consolidated financial statements

The consolidated financial statements include the Parent Company and its subsidiaries. Subsidiaries are companies over which Thule Group AB has controlling influence. Controlling influence exists if Thule Group AB has power over the investee, is exposed to or has rights to variable returns from its involvement, and has the ability to use its power over the investee to affect the amount of the returns. Shares that potentially carry voting rights and any de facto control are taken into account in assessing the existence of a controlling influence.

Subsidiaries are recognized in accordance with the purchase method. This method entails that the acquisition of a subsidiary is considered to be a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the fair value of the acquired identifiable assets and assumed liabilities, as well as any non-controlling interests, on the acquisition date. Transaction charges that arise, with the exception of transaction charges attributable to equity instruments on issue or debt instruments, are recognized directly through profit or loss. In the event of a business combination in which the consideration transferred exceeds the fair value of the acquired assets and assumed liabilities that are recognized separately, the difference is recognized as goodwill.

If the difference is negative, known as a bargain purchase, it is recognized directly in profit or loss. Consideration transferred in conjunction with the acquisition does not include payments pertaining to settlement of previous business relationships. This type of settlement is recognized through profit or loss. Contingent considerations are measured at fair value at the acquisition date. If the contingent consideration is classified as an equity instrument, no remeasurement takes place and settlement takes place in equity. All other contingent considerations are remeasured at fair value on each reporting date and the difference is recognized through profit or loss.

Subsidiaries are fully consolidated from the acquisition date until the controlling influence ends. In cases where the subsidiary's accounting policies are not the same as the Group's accounting policies, adjustments were made to the Group's accounting policies. Losses attributable to non-controlling interests are also allocated if the non-controlling interest is negative.

Elimination of intra-Group transactions

Intra-Group receivables and liabilities, revenue or costs and unrealized gains or losses arising from intra-Group transactions are eliminated in their entirety when preparing the consolidated financial statements.

Transactions in foreign currency

Transactions in foreign currency are translated to the functional currency at the exchange rate on the date of the transaction. The functional currency is the currency in the primary financial environments in which the Group companies operate their business. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate that applies on the balance-sheet date. Exchange rate differences arising on translation are recognized through profit or loss. Non-monetary assets and liabilities that are recognized at historic cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities measured at fair value are translated to the functional currency using the exchange rate on the date that fair value was determined. Exchange rate differences on operating receivables and operating liabilities are included in operating income, while exchange rate differences on financial receivables and liabilities are classified as financial items.

Translation of foreign subsidiaries

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated from the foreign operation's functional currency to the Group's presentation currency, SEK, at the existing exchange rate on the balance-sheet date.

Revenue and expenses in foreign operations are translated to SEK using an average exchange rate that is an approximation of the exchange rates prevailing on each individual transaction date.

Translation differences that arise in currency translations of foreign operations are recognized in other comprehensive income and accrued in a separate component in equity, called the translation reserve. When a foreign operation is divested, accumulated translation differences attributable to the business are realized, at which time they are reclassified from the translation reserve in equity to net income.

Net investment in a foreign operation

Monetary long-term receivables from foreign operations for which settlement is not planned or will likely not occur in the foreseeable future, are, in practice, part of the company's net investment in foreign operations. Exchange rate differences arising on the monetary long-term receivable are recognized in other comprehensive income and accrued as a separate component in equity, called a translation reserve. When foreign operations are divested, the accrued exchange rate differences attributable to monetary long-term receivables are included in the accrued translation differences that are reclassified from the translation reserve in equity to net income.

Revenue

Revenue is measured based on the compensation specified in the contract with the customer. The Group recognizes revenue when control of a product or service is transferred to the customer. All revenue recognition takes place at one point in time. The Group's revenue is mainly attributable to goods. Sales of products to retailers and distributors normally have short delivery times. Control of the goods passes to customers when these have been delivered and accepted by the customer. In conjunction with delivery of the products, invoices are normally prepared with customary payment terms depending on the product category and geographic market. Some contracts entitle the customer to discounts and certain contracts allow the customer to return goods under specific circumstances. For contracts that allow customers to return goods, revenue is recognized to the extent that it is highly likely that a substantial reversal of recognized revenue will not arise. Discounts and volume discounts affect the transaction price continuously.

Government grants

Government grants are recognized in the balance sheet as deferred income when there is reasonable certainty that the grant will be received and that the Group will meet the conditions associated with it. Government grants are allocated and recognized through profit or loss in the same way and over the same period as the expenses that they are intended to compensate unless the terms of the received grants are met after the related costs have been recognized. In these cases, the grant is recognized in the period during which the company obtained a receivable from the state. Due to the corona pandemic situation, Thule Group has received a total of SEK 16m in government assistance, of which SEK 8m in Sweden. This is recognized as a cost reduction of the items to which the assistance pertains and is only recognized when it is reasonably certain that the assistance will be received and any conditions for the assistance have been met. The company intends to repay the support received from the Swedish Agency for Economic and Regional Growth, why a provision has been made for this.

Leases

The Group recognizes a right-of-use asset and a lease liability on the commencement date of a lease. The right-of-use asset is initially recognized at cost, which comprises the initial value of the lease liability plus any lease payments paid on or prior to the commencement date and plus any initial direct costs. The right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life and the lease term, which for the Group is normally the end of the lease term. In less usual cases, where the cost of the right-of-use asset reflects the Group's intention to exercise an option to purchase the underlying asset, the asset is depreciated until the end of its useful life. Right-of-use assets are included under the balance-sheet item Tangible assets.

The lease liability – which is allocated to long-term and short-term components – is initially measured at the present value of the remaining lease payments over the estimated lease term. The lease term comprises the non-terminable period with the addition of further periods in the agreement if, on the commencement date, it is deemed reasonably certain that this option will be exercised. Lease liabilities are included in the respective balance-sheet items long-term interest-bearing liabilities and short-term interest-bearing liabilities.

The lease payments are normally discounted at the Group's incremental borrowing rate, which in addition to the Group's credit risk, reflects the respective lease term, currency and quality of the underlying asset as collateral. However, when the implicit interest rate of the lease can easily be established, this is used instead. The lease liability comprises the present value of the following fees over the estimated lease term:

- fixed payments, including essentially fixed fees;
- variable lease payments linked to an index or a price ("rate"), and initially measured using an index or price ("rate") that applied on the commencement date;
- any residual value guarantees that are expected to be paid;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- penalty fees that arise on termination of the lease if the estimated lease term reflects that such a termination will take place.

Lease payments are allocated between repayment of the liability and interest payments. The interest expense is recognized in profit or loss over the lease term so as to produce a fixed rate of interest on the remaining balance of the lease liability for each period.

The lease liability for the Group's premises with index-linked rent are calculated on the rent payable at the end of each reporting period. At this point in time, the liability is adjusted together with a corresponding adjustment to the carrying amount of the right-of-use asset. The liability and the asset value are adjusted in a corresponding manner in conjunction with any reassessment of the lease term.

This is carried when the last date for terminating the lease of the premises in the previously assessed lease term has passed or, alternatively, when significant events occur or circumstances materially change in a manner within the Group's control, and which impact the assessment of the lease term.

Leases with a term of 12 months or less, or with an underlying asset of low value, are not recognized as right-of-use assets and lease liabilities. Lease payments for these leases are recognized as costs in a straight line over the lease term.

Financial revenue and expenses

Financial revenue and expenses comprise interest income on bank deposits and receivables and interest-bearing securities, interest expense on loans, exchange rate differences and the results from derivatives used in the financial operations.

Interest income on receivables and interest expense on liabilities are calculated using the effective interest rate method. The effective interest rate is the interest rate that makes the present value of all estimated future receipts and disbursements during the expected fixed-rate period equal to the carrying amount of the receivables or liabilities. Interest income and interest expense include allocated transaction costs and any discounts, premiums and other differences between the original carrying amount of the receivables and liabilities and the amount that is settled on maturity and the estimated future receipts and disbursements during the contract period.

Taxes

Income tax includes both current tax and deferred tax. Income tax is recognized through profit or loss, except when the underlying transaction is recognized in other comprehensive income or in equity, whereby the associated tax effects are recognized directly in other comprehensive income or equity. Current tax is tax that is to be paid or received in the current year, using tax rates that are decided or decided in practice on the balance-sheet date. Current tax also comprises current tax adjustments for prior periods. Deferred tax is calculated using the balance-sheet method, based on temporary differences between carrying amounts and tax bases of assets and liabilities. Temporary differences are not recognized in consolidated goodwill, nor are differences attributable to participations in subsidiaries that are not expected to be reversed in the foreseeable future. The measurement of deferred tax is based on how underlying assets and liabilities are expected to be recovered or settled.

Deferred tax is calculated using the tax rates and tax rules established or decided in practice on the balance-sheet date.

Deferred tax receivables relating to deductible temporary differences and loss carryforwards are recognized only to the extent that it is probable that they will be utilized. The value of the deferred tax receivables is reduced when it is no longer considered likely that they can be utilized. Any additional income tax relating to the dividend is recognized at the same date as the dividend is recognized as a liability.

Financial instruments

Financial instruments recognized in the balance sheet include assets such as cash and cash equivalents, loans and accounts receivable and derivatives. The liability side includes accounts payable, loans and derivatives. A financial asset or financial liability is recognized in the balance sheet when the company becomes a contracting party in accordance with the instrument's contractual conditions. A receivable is recognized when the company has performed and a contractual obligation exists for the counterparty to pay, even if an invoice has not yet been sent. A liability is recognized when the counterparty has performed and a contractual obligation exists for the company to pay, even if an invoice has not yet been received. A financial asset is derecognized from the balance sheet when the contractual rights are realized, expire or the company loses control of them. The same applies to a portion of a financial asset. A financial liability is derecognized from the balance sheet when the contractual obligation is met or extinguished in another manner. The same applies to portions of a financial liability. A financial asset and a financial liability are offset and recognized at a net amount in the balance sheet only when a legal right exists to offset the amounts and there is an intent to settle the items in a net amount or simultaneously realize the asset and settle the liability.

With the exception of derivatives, the acquisition or disposal of financial assets is recognized when the transaction is completed (cash settlement approach). Derivatives are recognized when an agreement has been entered into (trade date accounting).

Classification and measurement

Financial instruments are initially recognized at cost corresponding to the instrument's fair value plus transaction costs for all financial instruments except those that belong in the measured at FVTPL category, which are measured at fair value excluding transaction costs. The classification determines how the financial instrument is measured after initial recognition as described below. The classification of financial assets that are debt instruments is determined by the business model of the portfolio in which the financial asset is included and the nature of the contractual cash flows. Thule Group's business model for all such financial assets aims to collect the principal amount and any interest accrued on the principal. The contractual cash flows from these assets consist solely of principal amounts and interest, and accordingly are classified as financial assets measured at amortized cost. All financial liabilities are classified under amortized cost except derivatives, which are classified as FVTPL.

Derivatives are initially measured at fair value, meaning that transaction costs are charged to net income for the period. After initial recognition, derivatives are recognized in the manner described below. If the derivative is used for hedge accounting and this is effective, then changes in the value of the derivative are recognized on the same line in the consolidated net income as the hedged item. When the derivative is part of a cash flow hedge and the hedged item has as yet not impacted the result, the value changes are recognized in other comprehensive income and accumulated in the hedge reserve in equity. Even if hedge accounting is not applied, the result from derivatives is recognized as revenue or expense in operating income or in net financial items based on the purpose of the derivative and how its use is related to an operating or a financial item. For hedge accounting, the ineffective portion is recognized in the same manner as changes in

the value of the derivative that is not used for hedge accounting. If hedge accounting is not applied when using interest-rate swaps, then the interest coupon is recognized as interest and other changes in the value of the interest rate swap are recognized as other financial revenue or other financial expense.

Financial assets at fair value through profit or loss

Assets in this category are continually measured at fair value with value changes recognized through profit or loss. This category comprises two sub-categories: obligatory recognition at fair value and other financial assets that the Group has initially decided to place in this category identified as recognized at fair value. Financial instruments in this category are continuously measured at fair value, with changes in value recognized through profit and loss. The first sub-group includes derivatives with a positive fair value, with the exception of derivatives that are an identified and effective hedging instrument. The Group has only used assets in the obligatory recognition at fair value sub-category.

Financial assets at amortized cost

The category includes accounts receivable, short-term receivables and cash and cash equivalents. Cash and cash equivalents comprise cash and immediately available funds at banks and similar institutions, and short-term liquid investments that have a term of less than three months from the date of acquisition and have limited risk for value fluctuations. Accounts receivable are recognized after deduction of expected credit losses. Discounting is not applied because of the short term, which is why the amortized cost corresponds to the nominal value.

Financial assets at fair value through other comprehensive income (FVTOCI)

The category includes financial assets and debt instruments, whose contractual cash flows solely consist of principal amounts and interest, and are held in a business model where financial assets are held to collect the contractual cash flows and cash flow from the sale of financial assets in the portfolio. Equity instruments that the company has chosen at initial recognition to identify as recognized at FVTOCI may also be included in this category. Assets in this category are continuously measured at fair value in the balance sheet. Fair value changes in debt instruments are recognized in other comprehensive income with the exception of those pertaining to effective interest, expected credit losses and possible currency revaluations which are recognized through profit or loss. The allowance for expected credit losses is not recognized as a provision in the balance sheet but in a separate fund in equity. Unrealized results pertaining to debt instruments that have accumulated in equity are reclassified to profit or loss on divestment or maturity. All unrealized and realized results from equity instruments in the category, excluding any dividends, are recognized in other comprehensive income and accumulate in a fair value reserve in equity. On divestment, accumulated changes in value from the fair value reserve are reclassified to retained earnings.

Financial liabilities at fair value through profit or loss (FVTPL)

This category comprises two sub-groups: financial liabilities subject to obligatory recognition at FVTPL and other financial liabilities that the Group has decided to place in this category. The first category includes the Group's derivatives with negative fair value except for derivatives that are an identified and effective hedging instrument. Changes in fair value are recognized through profit or loss. The Group only uses the category for derivatives.

Financial liabilities at amortized cost

Loans and other financial liabilities, for example, accounts payable, are included in this category. The liabilities are initially recognized at fair value and thereafter at amortized cost through application of the effective-interest method.

Derivatives and hedge accounting

The Group's derivatives have been acquired to financially secure risks for interest rate, raw material and exchange-rate exposures that the Group is exposed to. To meet the IFRS 9 requirements for hedge accounting, an economic relationship must exist with the hedged item. Moreover, the hedge is required to effectively offset the value changes or cash flows pertaining to the hedged item, hedging documentation must have been prepared and the credit risk is not permitted to dominate value changes in the hedging instrument. Gains and losses for hedging are recognized through profit or loss at the same time period that gains and losses are recognized for the hedged entries. Hedge accounting is applied for loans used as hedging instruments for currency hedging of the translation risk for net investments in foreign operations, for transaction exposure in foreign currency and to hedge the cash flow risk of interest payments.

Receivables and liabilities in foreign currency

Currency forward contracts are used to hedge receivables or liabilities against exchange rate risk. Hedge accounting is not used to protect against exchange rate risk since a financial hedge is reflected in the accounting in that both the underlying receivable or liability and the hedging instrument are recognized at the exchange rate on the balance-sheet date and exchange rate fluctuations are recognized through profit or loss. Exchange rate fluctuations for receivables and liabilities are recognized in operating income, while exchange rate fluctuations for financial receivables and liabilities are recognized in net financial items.

Hedging of forecast sale/purchases in foreign currency

Currency forward contracts used for hedging a highly probable forecast sale/purchase in foreign currency are measured at fair value in the balance sheet. Changes in value for the period that comprise an effective hedge are recognized in other comprehensive income and the accumulated changes in value in a specific component of equity (hedge reserve) until the hedged flow affects net income, at which point the hedging instrument's accumulated change in value is reclassified to

operating income when the hedged item impacts net income. Ineffectiveness is recognized through profit or loss on an ongoing basis.

Cash flow hedging against interest rate risk

Interest-rate swaps are used for hedging against uncertainty in highly probable forecast interest rate flows for borrowing at variable interest rates, where the company receives a variable interest rate and pays a fixed interest rate. The Group applies hedge accounting. Interest-rate swaps are measured at fair value in the balance sheet. Interest coupons are continuously recognized through profit or loss as part of interest expenses, whereby the cash flows from hedging instruments meet the cash flows from the hedged item. To the extent they comprise an effective hedge, the unrealized changes in the fair value of interest-rate swaps are recognized in other comprehensive income and are included as part of the hedge reserve until the hedged item affects net income and as long as the criteria for hedge accounting are met. Any ineffectiveness is recognized in net financial items on an ongoing basis.

Hedging exchange rate risk in foreign net investments

Investments in foreign subsidiaries (net assets including goodwill) have, to some extent, been hedged by borrowing in foreign currency that was translated at the closing day rate on the balance-sheet date. Translation differences on hedging instruments for the period are recognized in other comprehensive income to the extent that the hedging is effective, and accumulated changes are recognized in a specific component of equity (translation reserve). This neutralizes translation differences that affect other comprehensive income when the Group is consolidated.

Tangible assets

Tangible assets in the Group are recognized at cost less accumulated depreciation and any impairment losses. The cost includes the purchase price and expenses directly attributable to the asset in order to make it operational and ready for use as intended with the acquisition. Borrowing costs that are directly attributable to the purchase, construction or production of assets that take considerable time to complete for intended use or sale are included in the cost. Tangible assets that consist of components with various useful lives are treated as separate components of tangible assets. The carrying amount of tangible assets is removed from the balance sheet when it is scrapped or divested or when there is no future financial benefits expected from the use or scrapping/divestment of the asset. Gains or losses arising on the divestment or scrapping of an asset comprise the difference between the sales price and the carrying amount of the asset, less direct selling expenses. Gains and losses are recognized in operating income.

Additional expenses are added to the cost only if it is likely that future financial benefits associated with the asset will accrue the Group and the cost can be calculated in a reliable manner. All other additional expenses are recognized as costs in the period in which they arise. An additional expense is added to the cost if the expense is for replacement of identifiable components or related parts. Even in situations where a new component is created, the expense is added to the cost. Any carrying amounts of replaced components, or parts of components, that have not been depreciated are scrapped and expensed in conjunction with the replacement. Repairs are regularly expensed.

Intangible assets

Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is distributed to the Group's operating segments which make up the Group as a whole and the need for impairment is tested annually.

Other intangible assets

Other intangible assets acquired by the Group are recognized at cost less accumulated amortization and any impairment losses. Expenses for internally generated goodwill and brands are recognized through profit or loss as a cost when incurred. Payroll expenses that are directly attributable to the purchase, construction or production of assets that take considerable time to complete for intended use or sale are included in the cost. Cost of system development and research and development are only recognized as an asset in the balance sheet if the product or process is technically and commercially usable and the company has sufficient resources to complete development and then use or sell the intangible asset. Other product development expenses are recognized through profit or loss as costs when incurred. The majority of the Group's development expenses are attributable to the maintenance and development of existing products and are recognized through profit or loss when incurred.

Depreciation/amortization

Principles of depreciation for tangible assets

Depreciation takes place on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. Leased assets are also depreciated over the estimated useful life or, if shorter, over the contracted lease period. The Group applies component depreciation, which means that the estimated useful life of the components is the basis for depreciation.

The residual value and useful life of an asset is determined annually.

Useful lives	Group	Parent Company
Buildings and land improvements	35–40 years	–
Plant and machinery	7–15 years	–
Equipment, tools, fixtures and fittings	3–7 years	–

Principles of amortization for intangible assets

Goodwill and other intangible assets with an indeterminate useful life or that are still not ready to be used, are tested for impairment annually or as soon as indications appear indicating that the asset in question has decreased in value. Intangible assets with definite useful lives are amortized from when they are available for use.

Amortization is recognized through profit or loss straight-line over the estimated useful lives of the intangible assets. The residual value and useful life of an asset is determined annually.

Useful lives	Group	Parent Company
Capitalized development expenses	5–10 years	–
IT systems	5–7 years	–
Other intangible assets	5–10 years	–

Inventories

Inventories are measured at the lowest of cost and net realizable value. The cost of inventories is calculated by the first-in, first-out principle (FIFO) and includes expenses from the acquisition of the inventory assets and the transportation of them to their current place and condition. For manufactured goods and work in progress, the cost includes a reasonable share of indirect expenses based on normal capacity. Net realizable value is the estimated sales price in the ordinary course of business, less estimated cost of completion and sale.

Impairment

At each balance-sheet date, the carrying amount of the Group's assets is tested to determine whether there is an indication for a need for impairment. If evidence exists, the asset's recoverable amount is calculated. The recoverable amount of goodwill and other intangible assets with indeterminate useful lives is calculated annually. IAS 36 is used for impairment losses of assets other than financial assets and financial guarantees, which are recognized according to IFRS 9, assets held for sale and disposal groups, which are recognized according to IFRS 5, inventories and deferred tax receivables.

The carrying amount of the excluded assets listed above is calculated according to the respective standard.

An impairment loss is recognized if the recoverable amount is lower than the carrying amount. An impairment loss is charged to profit or loss. The recoverable amount is the higher of fair value less selling expenses and the value-in-use. When determining the value-in-use, future cash flows are discounted using a discount factor that takes into consideration risk-free interest and the risk associated with the specific asset. For an asset that does not generate essential cash flows, irrespective of other assets, the recoverable amount of the cash-generating unit that the asset belongs to is calculated. A cash-generating unit is primarily performed for goodwill and then other assets in the unit are amortized proportionally.

All financial assets, except those in the financial asset category that are measured at fair value through profit or loss, are tested for impairment. For each reporting date, the Group calculates the expected credit losses (ECLs) pertaining to a financial asset or group of financial assets over their remaining lifetime. All financial assets subject to the impairment rules are short-term, and accordingly, the Group has chosen to apply the simplified model in which ECLs are recognized for the remaining lifetime of the assets from the date of initial recognition.

The ECL levels are based on customers' payment history, together with loss data for the same period. Historical losses are then adjusted to take into account current and forward-looking information on macroeconomic factors that may impact customers' ability to pay. Accounts receivable and contract assets are written off when no reasonable expectation exists of reimbursement. Indicators of no reasonable expectation of recouping the claim include, inter alia, that the debtor fails with the repayment plan or that contractual payments are significantly delayed.

Credit losses on accounts receivable and contract assets are recognized as loan losses – net of operating income. Recoveries of amounts previously written off are recognized under the same item in profit or loss. Impairment of assets included in the IAS 36 application sphere is reversed if there is an indication that the need for impairment no longer exists and there has been a change in the assumptions that were the basis of the recoverable amount calculation. Impairment of goodwill is not reversed. A reversal is only performed to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognized, less depreciation when applicable, if no impairment had been applied.

Earnings per share

The earnings per share calculation is based on the consolidated net income attributable to the shareholders of Parent Company and the weighted average number of shares outstanding during the year. When calculating earnings per share after dilution, earnings are adjusted as well as the average number of shares in order to take into consideration the impact from the dilutive potential common shares.

Remuneration of employees

Pensions

The majority of the Group's pension obligations are met through continuous payments to independent insurance companies that administer the plans, known as defined-contribution pension plans. The responsibility for the amount of future pension payments lies with the external insurance companies. The Group has no further responsibility than paying the premium. A pension expense, which corresponds to the contributions paid, is continuously recognized for defined-contribution pension plans. The expense is recognized in the period in which the employee performed the services to which the contribution refers. Some of the Group's subsidiaries in Sweden have defined-benefit plans that are unfunded.

These defined-benefit pension plans include a commitment regarding future pension benefits, the amount of which is determined by such factors as final salary and service period. The employer bears all material risks for meeting this commitment. The Group's net obligation for defined-benefit plans is calculated separately for each plan by estimating the future remuneration that the employees have earned through their employment in both present and earlier periods; this remuneration is discounted to present value.

The discount rate used by the Group to calculate the defined-benefit pension liabilities in Sweden comprises the market interest rate on the balance-sheet date of Swedish mortgage bonds with a term corresponding to the duration of the Swedish pension obligations. The calculation is performed by a qualified actuary using the Projected Unit Credit Method. The special employer's contribution is part of actuarial assumptions and is therefore recognized as a portion of net obligations. The portion of special employer's contribution that is calculated on the basis of the Pension Obligation Vesting Act for legal entities is recognized, for reasons of simplification, as an accrued expense instead of as a part of net obligations. Actuarial gains and losses may arise when determining the present value of the obligation. These will arise when the actual result differs from the previously made assumption or when assumptions are changed. Revaluation effects are recognized in other comprehensive income. Other retirement pensions according to ITP/ITPK in Sweden are guaranteed for the Group through premium payments to Alecta. According to a statement from the Swedish Financial Reporting Board, UFR10, this must be reported as a multi-employer defined-benefit plan.

For the 2020 fiscal year, the Group did not have access to information from Alecta that made it possible to recognize this plan as a defined-benefit plan. Accordingly, the plan has been recognized as a defined-contribution plan.

Bonuses

A provision is recognized for the anticipated cost of profit share and bonus payments when the Group has a contractual or informal duty to make such payments as a result of services received from employees, the conditions for remuneration are deemed to be fulfilled and the obligation can be reliably calculated.

Remuneration if employment is terminated

A cost for remuneration in connection with the termination of employment is recognized earliest when the Group can no longer retract the offer to the employees or when the Group recognizes restructuring costs. Remuneration expected to be settled after twelve months is recognized at present value. Remuneration not expected to be settled completely within twelve months is recognized in accordance with long-term remuneration.

Share-based remuneration

Within the framework of the 2017/2020 and 2020/2023 share-based incentive programs, participants have received/ may receive a retention bonus in the form of a gross salary supplement from the company that in total corresponds to the amount paid by the participant for the warrants. Such payment is conditional upon continued employment in the Group at the time of payment and that the participant has not terminated their employment. The cost for the above, including social security costs, is recognized in profit or loss.

Provisions

A provision differs from other liabilities in that there is uncertainty about the time of payment and the amount of settlement. A provision is recognized in the balance sheet when there is an existing legal or informal obligation resulting from a past event and when it is probable that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are made based on the best estimate of what will be required to settle the existing obligation on the balance-sheet date.

When it is important to know when the payment will occur, provisions are calculated by discounting the expected future cash flow using a pretax interest rate that reflects current market assessments of the time value of money and, if suitable, the risks associated with the liability.

A provision for restructuring is recognized when there is an established, detailed and formal restructuring plan, and the restructuring has either started or been officially announced. Provisions are not made for future operating losses.

Contingent liabilities

A contingent liability is recognized when there is a possible obligation that originates from past events and whose occurrence is only confirmed by one or more uncertain future events or when there is an obligation that is not recognized as a liability or a provision because it is not likely that an outflow of resources will be needed.

Parent Company accounting policies

The Parent Company prepares its Annual Report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 stipulates that the Parent Company, in the annual accounts for the legal entity, is to apply all IFRS and statements adopted by the EU to the extent that this is possible within the framework of the Annual Accounts Act and the Pension Obligations Vesting Act and taking into consideration the connection between accounting and taxation. The recommendation stipulates the permissible exceptions from and additions to IFRS. Based on RFR 2, the Parent Company has decided not to apply IAS 9 to the legal entity.

Amended accounting policies

Unless otherwise stated below, the Parent Company's accounting policies for 2020 changed in accordance with the amendments described above for the Group.

Differences between the Group's and the Parent Company's accounting policies

The differences between the accounting policies of the Group and the Parent Company are stated below. The accounting policies for the Parent Company stated below have been consistently applied in all periods presented in the financial statements of the Parent Company.

Classification and presentation format

The income statement and the balance sheet for the Parent Company are presented following the format of the Annual Accounts Act, while the statement of comprehensive income, statement of changes in equity and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences compared with the consolidated financial statements that apply in the Parent Company's income statement and balance sheets primarily comprise reporting of financial revenue and expenses, fixed assets, equity, as well as the presence of provisions as a separate heading in the balance sheet.

Subsidiaries

Participations in subsidiaries are recognized in the Parent Company according to the cost method. This means that transaction charges are included in the carrying amount for holdings in subsidiaries. In the consolidated financial statements, transaction costs are recognized directly through profit or loss when they arise, while in the Parent Company, financial fixed assets are measured at cost less any impairment.

Net investments

Exchange-rate differences on monetary items that comprise part of the Parent Company's net investment in foreign operations are recognized through profit or loss.

Leased assets

In accordance with the exception under RFR 2, the Parent Company does not apply IFRS 16. As the lessee, lease payments are recognized in a straight line over the lease term and are therefore not recognized as right-of-use assets and lease liabilities in the balance sheet.

Anticipated dividends

Anticipated dividends from subsidiaries are reported in cases where the Parent Company has the exclusive right to determine the size of the dividend and has made a decision on the size of the dividend prior to publication of the Parent Company's financial statements.

Taxes

In contrast to the Group, untaxed reserves in the Parent Company are recognized in the balance sheet without any specification between equity and deferred tax liabilities. Correspondingly, the Parent Company does not specify the portion of appropriations to deferred taxes in the income statement.

Group contributions

Group contributions are recognized as appropriations.

Note 2 Assessments and assumptions

The preparation of the annual accounts and the application of accounting standards are, in some cases, based on assessments, estimates and other assumptions that management considers to be reasonable under the current conditions. For obvious reasons, these assessments and assumptions are based on experiences and expectations of future events. If different assessments and assumptions were made, the results might be different.

Goodwill

An assessment is made every year as to whether goodwill requires impairment or as soon as such indication occur. Impairment testing is performed through estimation of the recoverable amount. Assumptions about future cash flows and estimates of parameters are made as a basis for the calculation.

These are explained in Note 17.

Taxes

Deferred tax is calculated on the temporary differences between the tax and carrying amounts of liabilities and assets and on loss carryforwards. There are two types of assessments and assumptions in these calculations that can affect the deferred tax recognized. The first is the assessments and assumptions made to determine the carrying amount and, the second, the assessments made to determine the possibility of using existing loss carryforwards against future taxable profits. The budget and strategic plan for future years were also taken into consideration in the assessment of loss carryforwards.

For more information, refer to Note 15.

Note 3 Measurement of financial assets and liabilities at fair value

Fair value and carrying amounts in the balance sheet

Group 2020	Carrying amount				Fair value			
	FVTPL	Derivatives used in hedge accounting	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value								
	Obligatory							
Interest rate derivatives	–	12	–	12	–	12	–	12
Currency derivatives	9	36	–	45	–	45	–	45
Total	9	48	0	57	0	57	0	57
Financial assets not measured at fair value								
Accounts receivable	–	–	762	762	–	–	–	762
Cash and cash equivalents	–	–	706	706	–	–	–	706
Total	0	0	1,469	1,469	0	0	0	1,469
Financial liabilities measured at fair value								
Interest rate derivatives	–	18	–	18	–	18	–	18
Currency derivatives	19	13	–	33	–	33	–	33
Total	19	31	0	51	0	51	0	51
Financial liabilities not measured at fair value								
Bank borrowings	–	–	894	894	–	–	–	894
Accounts payable	–	–	660	660	–	–	–	660
Total	0	0	1,554	1,554	0	0	0	1,554

Group 2019	Carrying amount				Fair value			
	FVTPL	Derivatives used in hedge accounting	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value								
	Obligatory							
Interest rate derivatives	–	9	–	9	–	9	–	9
Currency derivatives	3	13	–	17	–	17	–	17
Total	3	23	0	26	0	26	0	26
Financial assets not measured at fair value								
Accounts receivable	–	–	704	704	–	–	–	704
Cash and cash equivalents	–	–	268	268	–	–	–	268
Total	0	0	971	971	0	0	0	971
Financial liabilities measured at fair value								
Interest rate derivatives	–	15	–	15	–	15	–	15
Currency derivatives	7	5	–	12	–	12	–	12
Total	7	19	0	27	0	27	0	27
Financial liabilities not measured at fair value								
Bank borrowings	–	–	2,168	2,168	–	–	–	2,168
Accounts payable	–	–	529	529	–	–	–	529
Total	0	0	2,697	2,697	0	0	0	2,697

The following information pertains to how fair value is determined for financial instruments that are measured at fair value in the balance sheet (see above). The following three-level hierarchy is used to determine fair value:

Level 1: according to prices quoted in an active market for the identical instrument

Level 2: from either direct or indirect observable market information not included in Level 1

Level 3: from inputs unobservable in the market

The following summarizes the methods and assumptions that are primarily used to determine the fair value of the financial instruments presented above.

Derivatives

Currency

The fair value of a forward contract is determined beginning with quoted rates. The market price, calculated by using the current rate adjusted for the interest rate spread between currencies and number of days, is compared with the contract's rate to determine the fair value.

The market value of currency options is calculated using the Black & Scholes model.

Interest rates

The fair value of interest-rate swaps is based on an intermediary institution's measurement, whose fairness is tested by discounting estimated cash flows according to the conditions and maturities of the contract, using the market interest rate for identical instruments on the balance-sheet date.

Accounts receivable and accounts payable

The carrying amount reflects the fair value of accounts receivable and accounts payable with a remaining term of less than 12 months. Accounts receivable and accounts payable with a term exceeding 12 months are discounted when determining fair value.

Leases

The fair value of lease liabilities is based on the present value of future cash flows discounted at the market interest rate for identical lease agreements.

Interest-bearing liabilities

The fair value of financial liabilities that are not derivatives is calculated using future cash flows of principal amounts and interest rates discounted to the current market interest rate on the balance-sheet date. The carrying amount agrees with the fair value of the Group's borrowing when the loans have variable interest rates and the credit spread is not such that carrying amount materially deviates from fair value.

Note 4 Financial risk management

Thule Group is continuously exposed to various financial risks through its international operations. Financial risks refer to fluctuations in the company's earnings and cash flow due to changes in exchange rates, interest rate levels, raw material prices, refinancing and credit risks. The Group's finance policy for managing financial risks is prepared by the Board and creates a framework of guidelines and regulations in the form of risk mandates and limits on the financial operations. The Board decides on a finance policy annually. The Group's finance department centrally manages responsibility for the Group's financial transactions and risks. The overall goal of the finance department is to provide cost efficient financing, to map out financial risks that affect the Group, and to minimize negative impacts on the Group's earnings that stem from market risks. The Board's Audit Committee prepares, on behalf of the Board, the practical application of the policy in consultation with the Group's CFO. The Group's Director of Treasury regularly reports to the Board's Audit Committee.

Organization and activities

The Group's finance operations are coordinated by the subsidiary Thule Holding AB, which acts as an internal bank for the Group's financial transactions in the currency and interest rate markets.

Refinancing and liquidity risks

Refinancing and liquidity risks are risks that payment commitment cannot be met due to insufficient liquidity or difficulties in obtaining credit from outside sources. The Group has a rolling 8-week liquidity plan that includes all divisions of the Group. Results are reported regularly on a weekly basis. The plan is updated monthly. The liquidity plan is used to manage liquidity risk and as a tool for following the cash flow from the operational and financial business. In-depth analyses are made against previous years in order to measure trends and noticeable deviations. The objective is for the Group to be able to manage its financial obligations in upturns and downturns without significant unforeseeable expenses and without risking the Group's reputation.

The Group policy is to minimize its borrowing need by centralizing surplus liquidity via the Group's cash pools that have been established by the central finance department. Liquidity risks are centrally managed for the entire Group by the central finance department. The central finance department manages a Group-wide, monthly netting process to minimize the number of payment transactions and thereby related expenses. In countries with several operational companies, the surpluses and deficits are matched at the country level using cash pools. There were cash pools during the year in Sweden, Germany and the US. The central finance department manages liquidity in, as well as between, these cash pools.

A syndicate with two Scandinavian banks finances the Group. This financing package is contingent on financial and commercial obligations, which are tested regularly. The covenants tested quarterly are the leverage ratio and interest coverage ratio. As a measure, due to the pandemic, a supplementary agreement was signed in the first quarter of 2020 that provided the Group with more flexible covenants. The supplementary agreement applies until the end of the first quarter of 2021.

The Group's fixed-term credit commitments were SEK 3,056m (3,188), which includes a revolving credit facility corresponding to SEK 3,006m and overdraft facilities of SEK 50m.

Credit facilities	Notional value	Notional value, SEKm	Utilized	Available
Syndicated credit commitments, term until 2025	EUR 300m	3,006	1,020	1,986
Bilateral credit commitment, term until 2021	SEK 50m	50	0	50
Total		3,056	1,020	2,036
Available cash and cash equivalents				706
Total				2,743

Unutilized credit commitments totaled SEK 2,036m (1,063).

Including cash flows for future interest payments, the Group's financial liabilities amounted to SEK1,877m (3,013) at year end with a term structure as set out in the following table.

Term structure of financial liabilities – undiscounted cash flows

2020, SEKm	Total	<1 month	1–3 months	3 months–1 year	1–5 years	>5 years
Long-term liabilities to credit institutions including interest payments	920	–	–	–	920	–
Derivatives	51	22	7	13	10	–
Short-term liabilities to credit institutions including interest payments	5	–	1	3	–	–
Overdraft facilities	0	–	–	–	–	–
Accounts payable	660	–	660	–	–	–
Lease liabilities	241	–	2	52	132	55
2019, SEKm	Total	<1 month	1–3 months	3 months–1 year	1–5 years	>5 years
Long-term liabilities to credit institutions including interest payments	2,228	–	–	–	2,228	–
Derivatives	27	8	2	6	11	–
Short-term liabilities to credit institutions including interest payments	12	–	3	9	–	–
Overdraft facilities	0	–	–	–	–	–
Accounts payable	529	–	529	–	–	–
Lease liabilities	218	–	–	52	118	48

Market risk

Market risk is the risk that the fair value of, or future cash flows from, a financial instrument could fluctuate due to changes in market prices. IFRS has divided market risks into three types: exchange rate risk, interest rate risk and other price risks. The market risks that primarily impact the Group consist of interest rate risk, exchange rate risk and commodity price risk. The Group's objective is to manage and control the market risks within established parameters while optimizing earnings through risk-taking within stated limits. The parameters are established with the purpose that the market risks in the short term (up to 12 months) only impact the Group's earning and position marginally. In the long term, however, lasting changes in exchange rates, interest rates and raw material prices have an impact on consolidated earnings.

Where all relevant criteria are met, hedge accounting is applied in the Group to remove the accounting mismatch between the hedging instrument and the hedged item. Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are measured at fair value through profit or loss.

Exchange rate risk

The risk that fair values and cash flows can fluctuate when the value of currencies changes is called exchange rate risk. The Group is exposed to different types of exchange rate risks.

Transaction exposure

The largest exposure comes from the Group's sale and purchase in foreign currencies. These exchange rate risks consist of risk in the value fluctuations of financial instruments, customer liabilities or accounts payable, and the exchange rate risk in expected and contractual payment flows. These risks are called transaction exposure.

The Group's total transaction exposure, net, amounts to about SEK 2,901m (2,449) annually. The single most important currency relationship is EUR/SEK, in which the Group has a positive net inflow. The central finance department is responsible for all hedging to reduce the effect of exchange-rate fluctuations.

The Group's transaction exposure and hedged amounts on the balance-sheet date distributed by currency were as follows:

Transaction exposure and hedged amounts, SEKm

Dec 31, 2020		Hedged amounts		Exposure after hedge	Average hedged rate
Currency	Exposure	– maturity 2021			
EUR/SEK	1,631	857		774	10.40
CNY/SEK	-326	-193		-133	1.28
PLN/SEK	-361	-274		-88	2.25
USD/EUR	-100	-33		-67	0.86
GBP/SEK	203	103		100	11.6
USD/CAD	-106	–		-106	0.00
Other	174	–		174	–
Total	2,901	1,459		1,442	

Dec 31, 2019		Hedged amounts		Exposure after hedge	Average hedged rate
Currency	Exposure	– maturity 2020			
EUR/SEK	1,338	589		749	10.60
CNY/SEK	-301	-59		-242	1.33
PLN/SEK	-200	-101		-99	2.43
USD/EUR	-123	-55		-68	0.88
GBP/SEK	217	115		103	12.05
USD/CAD	-96	-9		-87	1.31
Other	175	67		108	–
Total	2,449	994		1,455	

The Group uses currency forward contracts and currency options to optimize its exchange rate risk management.

The fair value of the Group's currency derivatives outstanding (currency forward contracts and currency options) was SEK 22.2m (8.7) as per December 31, 2020. All currency derivatives outstanding fall due in 2021. Hedge accounting is used for currency forward contracts. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments of the hedged item and the hedging instrument to ensure that the relationship meets the requirements. When the Group hedges sales/purchases in foreign currency, hedge relationships are contracted where the critical terms of the hedging instrument match the terms of the hedged item, and thereby conducting a qualitative assessment of the hedge relationship's effectiveness. The critical terms are the notional value and the currency of the hedging instrument, and the expected cash flows from the hedged item. The hedge ratio is 1:1 since the currency forward and option contracts are denominated in the same currency as the extremely likely projected future transaction flows. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the dollar-offset method to assess effectiveness.

Translation exposure

There are also exchange rate risks in the conversion of assets and liabilities of foreign subsidiaries to the Parent Company's functional currency, called translation exposure. The total translation exposure was SEK 2,893m (3,425). The largest translation exposures were in USD and EUR. The translation exposure in USD was SEK 1,269m (1,560) and in EUR, SEK 975m (1,320).

The Group's policy is to hedge net investments with external loans but otherwise not to hedge translation exposure. The currency effects that the loans give rise to are recognized as a financial currency effect in the income statement. The currency effect in 2020 was SEK 57.4m (negative: 34.0). However, the Group applies hedge accounting and SEK 57.4m (negative: 34.0) of the total of SEK 57.4m (negative: 34.0) was transferred to the translation reserve for net investment hedging.

Net investment – total effect for 2020

Currency	Net investment – hedged item	External loans	Currency effect		Effectiveness equity in SEKm	Ineffectiveness in SEKm	
			of external loans, SEKm	Hedging instruments			
EUR	151.3	(90.0)	57.4	(90.0)	100%	57.4	0.0

The translation impact of the conversion of the liabilities and assets of foreign subsidiaries in 2020 was a negative amount of SEK 530 (positive: 203) after taking into account the effects of hedging.

Sensitivity analysis – exchange rate risk

Compared with the closing exchange rates applied at December 31, 2020, a 10 percent strengthening of the SEK against other currencies would have negatively impacted equity by SEK 289m (negative: 342).

A 10 percent strengthening of the SEK against other currencies, compared with the average exchange rates in 2020 (not taking into consideration any correlation between currencies), would mean a negative change in EBITDA of SEK 205.4m (negative: 150.1) (transaction and translation effects). The following table shows the effect broken down by currency:

Sensitivity analysis for exchange rate risk on EBITDA 2020, SEKm

Currency	Transaction effect	Translation effect	Total effect
EUR	-210.9	4.9	-206.0
CAD	-1.9	-56.5	-58.4
GBP	-19.6	-6.2	-25.8
PLN	109.1	-85.5	23.7
CNY	21.7	4.9	26.5
USD	5.5	42.0	47.5
Other	-20.5	7.6	-12.9
Total	-116.6	-88.9	-205.4

Interest rate risk

Interest rate risk is the risk that the value of financial instruments fluctuates due to changes in market interest rates and the risk that changes in the interest rate level will impact the Group's borrowing costs. Interest rate risk can lead to a change in fair values and changes in cash flows. A significant factor that affects the interest rate risk is the fixed-rate period. This interest rate risk is managed by the Group's central finance department. According to the finance policy, the objective of the long-term liability portfolio is for the average fixed-rate period to be between six months and three years. The average fixed-rate period was 2 years and 2 months (1 year and 5 months) as per December 31, 2020. The maturity structure of the interest rate derivatives outstanding is spread over the period from December 2021 through June 2024. ISDA agreements were signed with all lenders.

The fair value of the Group's interest rate derivatives outstanding (interest-rate swaps and interest rate floors) was a negative SEK 6.0m (negative: 5.5) as per December 31, 2020. Hedge accounting is used for interest rate derivatives. The Group enters into interest-rate swaps that have similar critical terms as the hedged item. The hedging ratio is 1:1. Critical terms can include reference rates, reset dates, payment dates, maturities and notional values. The Group does not hedge 100% of its loans, and therefore only identifies the proportion of the outstanding loans up to the notional values of the swaps. Swaps outstanding covered 78 percent (43) of the variable loan capital outstanding. As all critical terms matched throughout the year, the economic relationship was 100% effective.

Sensitivity analysis – interest rate risk

The impact on the Group's results in the form of interest expense during the coming 12-month period in the event of an interest rate uptick/downtick of 1 percentage point on the balance-sheet date is SEK -9.0/+0.0m (-12.0/+0.8) – given the interest-bearing liabilities that exist on the balance-sheet date.

An interest rate change of +/-1 percentage point on the balance-sheet date would result in a change in the market value of interest rate derivatives of SEK +8.8m (17.4)/-0.5m (-2.6). The change in market value impacts equity if hedge accounting can continue to be applied.

Commodity price risk

Commodity price risk refers to continuously fluctuating prices of input goods from our suppliers and its possible impact on earnings. For the Group, it is primarily fluctuations in aluminum, plastic and steel prices that constitute a significant commodity risk. In 2020, 44 percent (47) of total direct materials consisted of plastic, aluminum and steel. They consist of a number of different subcategories with various degrees of processing that often cannot be tied to a direct market price. Of the three exposures, only aluminum, in principle, is directly associated with a traded market index.

In 2020, the Group purchased raw materials and components for SEK 3,155m (2,847). Total purchases of raw materials amounted to SEK 1,433m (1,308). Direct purchases of raw materials consisted of plastic, aluminum and steel. They consist of a number of different subcategories with various degrees of processing that often cannot be tied to a direct market price. Of the three exposures, only aluminum, in principle, is directly associated with a traded market index. Direct purchases of raw materials (share of value added of the total value of raw materials) amounted to SEK 528m (484). Direct purchases of aluminum amounted to SEK 249m (220) and indirect purchases of aluminum amounted to SEK 249m (220). Direct purchases of plastic amounted to SEK 371m (356) and indirect purchases of plastic amounted to SEK 247m (237). Direct purchases of steel amounted to SEK 285m (248) and indirect purchases of steel amounted to SEK 32m (28).

However, a significant portion of the supplier contracts for these categories are indexed, which means that if the market price for a raw material changes, then the Group's purchase prices will increase or decrease. Direct materials amounted to 76 percent (76) of the Group's cost of goods sold.

Credit risk

The Group's financial operation creates exposure to credit risks. Primarily counterparty risks in connection with receivables from banks arise when purchasing derivatives and deposits to these banks. The exposure can be attributable to surplus values in derivatives. In order to reduce credit risk, the derivatives are spread between different counterparties. The ISDA agreements permit the offset of derivative assets and derivative liabilities per counterparty, which reduces credit risk. ISDA agreements were signed with all counterparties for settlement of mutual obligations to deliver and pay, and thereby reduce credit risk.

Group 2020, SEKm	Financial assets	Financial liabilities
Amount recognized in balance sheet	57.0	50.9
Danske Bank	-9.9	-9.9
DNB	0.0	0.0
Nordea	-14.7	-14.7
Swedbank	13.6	13.6
Amount after netting	46.1	40.0

Group 2019, SEKm	Financial assets	Financial liabilities
Amount recognized in balance sheet	26.0	26.9
Danske Bank	-1.8	-1.8
DNB	0.0	0.0
Nordea	-12.8	-12.8
Swedbank	-9.2	-9.2
Amount after netting	2.3	3.2

The credit risk in derivatives on the balance-sheet date was SEK 57.0m (26.0) and corresponded to the total positive market value of the derivatives. The credit risk in cash and bank balances was SEK 706m and corresponded to the Group's cash and cash equivalents.

Credit risk on accounts receivable

Refer to Note 20 Accounts receivable.

Net debt

At December 31, 2020, net debt amounted to SEK 384m (2,119).

Net debt consists of the Group's interest-bearing liabilities, including accrued interest and financial derivative liabilities less cash and cash equivalents, interest-bearing short-term receivables and financial derivative assets.

Note 5 Business combinations

No acquisitions were made in 2020.

Effects of acquisitions 2019

On December 30, 2019, Thule Group acquired the operations of North America's leading company in roof rack mounted fishing rod vaults in North America, Denver Outfitters. Thule Group is the long-standing global market leader in enabling consumers to bring their outdoor gear to the trailhead, the mountain bike slope or the local lake. With the recent addition at the end of 2018 of North America's leading manufacturer of rooftop tents, Tepui Outdoors Inc., the portfolio of products that help consumers to live an active lifestyle outdoors has been broadened further. With this latest acquisition, roof rack mounted fly fishing rod vaults have been added to the product portfolio, and Thule Group can thus continue to grow the portfolio of solutions to help consumers bring the things they care for – easily, securely and in style.

In 2019, Denver Outfitters had sales of around USD 1m and the purchase consideration amounted to USD 1m together with a potential maximum earn-out payment of USD 0.250m based on revenue performance for 2020. The expected outcome for the contingent earn-out payment, USD 0.125m, has been included in the cost and is included in the item Other liabilities in the balance sheet. The acquisition contributed sales amounting to SEK 0m and operating income of SEK 0m for 2019. Had the acquisition occurred on January 1, 2019 it is estimated that sales would have increased around SEK 9m and operating income approximately SEK 1m. The acquisition was recognized in the Sport&Cargo Carriers product category.

Net assets acquired at the acquisition date

Group, SEKm	2019
Deferred tax receivables	0
Inventories	3
Net identifiable assets and liabilities	3
Goodwill	8
Purchase consideration	11

Of the purchase consideration, SEK 8m has been attributed to goodwill and is expected to be tax deductible. Aquisition-related expenses amounted to SEK 0.2m and refer to fees for legal services.

Note 6 Revenue

The Group generates revenue from the sale of products to external customers. Sales are organized in two regions, Region Europe & RoW and Region Americas, and are divided into four product categories: Sport&Cargo Carriers – this category includes roof racks, roof boxes, bike carriers and racks for water and winter sports transported by car and rooftop tents to be mounted on vehicles. Computer and camera bags, hiking backpacks and luggage are recognized under Packs, Bags & Luggage. Bike trailers, strollers and child bike seats are included under the product category Active with Kids. Awnings, bike carriers and tents for RVs and caravans are recognized under RV Products. For further information, refer to Note 7 Segment accounting.

Other revenue pertains to development work conducted for external customers.

Sales are divided into four product categories:

Group, SEKm	2020	2019
Revenue from contracts with customers		
Product categories		
Sport&Cargo Carriers	5,010	4,360
Packs, Bags & Luggage	638	831
RV Products	1,166	1,081
Active with Kids	988	729
Other	27	36
Total	7,828	7,038

Geographic markets	2020	2019
Sweden	351	313
Other Nordic countries	306	261
Germany	1,981	1,687
Other Europe	2,787	2,492
US	1,659	1,545
Other North America	337	294
Central/South America	111	143
Asia/Pacific Rim	260	260
RoW	36	43
Total	7,828	7,038

All revenue is recognised at one point in time. Information about receivables and contract assets from contracts with customers are set out below:

Contract balances:	2020	2019
Receivables included in accounts receivable	762	704
Contract assets	15	23

Contract assets primarily pertain to the Group's right to compensation for at the balance-sheet date not yet invoiced development performed on behalf of customers. The contract assets are transferred to receivables when the rights become unconditional. This is generally when the Group issues an invoice to the customer. Contract assets are included in the balance sheet item Prepaid expenses and accrued income.

Note 7 Segment accounting

The Group's operations are divided into operating segments based on the parts of the operations that are followed up by the company's President. 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 certain geographic sales data, which is presented at other levels than Group level.

Group, SEKm	2020	2019
Sales to customers	7,828	7,038
Region Europe & RoW	5,721	5,057
Region Americas	2,107	1,980
Underlying EBITDA	1,737	1,383
Operating depreciation/amortization	-144	-138
Underlying EBIT	1,593	1,245
Other depreciation/amortization	-1	-1
Items affecting comparability	-	-49
Operating income	1,591	1,195
Financial revenue	11	10
Financial expenses	-75	-59
Taxes	-361	-263
Net income	1,166	883

Sales are divided into four product categories: Sport&Cargo Carriers – this category includes roof racks, roof boxes, bike carriers and racks for water and winter sports transported by car and rooftop tents to be mounted on vehicles. Computer and camera bags, hiking backpacks and luggage are recognized under Packs, Bags & Luggage. Bike trailers, strollers and child bike seats are included under the product category Active with Kids. Awnings, bike carriers and tents for RVs and caravans are recognized under RV Products. For additional information, refer to Note 6 Revenue.

Geographic markets Group, SEKm	2020	2019
Sweden	351	313
Other Nordic countries	306	261
Germany	1,981	1,687
Other Europe	2,787	2,492
US	1,659	1,545
Other North America	337	294
Central/South America	111	143
Asia/Pacific Rim	260	260
RoW	36	43
Total	7,828	7,038

The information presented for the segments' revenue pertains to the geographic areas based on the location of customers. No single customer exceeds 10 percent of external revenue. Information regarding the assets is based on the geographic areas grouped according to the location of the assets.

Fixed assets Group, SEKm	2020	2019
Sweden	289	207
Other Nordic countries	–	–
Germany	75	79
Other Europe	336	356
US	154	186
Other North America	1	1
Central/South America	1	2
Asia	1	2
Total	858	833

The assets in the above table refer to owned tangible assets.

Note 8 Other operating revenue

SEKm	2020	Group		Parent Company	
		2019	2020	2019	
Re-invoicing of expenses	–	–	22	19	
Total	0	0	22	19	

Note 9 Audit fees

Audit fees, SEKm	2020	Group		Parent Company	
		2019	2020	2019	
Audit PwC	3.6	3.6	0.7	0.6	
Audit in addition to audit assignment PwC	0.1	0.0	–	–	
Tax consultancy PwC	–	–	–	–	
Other services PwC	0.6	0.2	0.6	0.2	
Total	4.3	3.8	1.3	0.8	

Audit assignments pertain to a review of the Annual Report and accounts, and the administration by the Board of Directors and President, other work assigned to the company's auditors, and advice or other assistance required due to observations made during the review or implementation of such other assignments. Everything else is considered other assignments.

Note 10 Average number of employees and gender distribution in company management

Parent Company	2020	Of whom, men	2019	Of whom, men
Sweden	5	4	5	4
Subsidiaries				
Sweden	477	323	454	302
Europe	1,609	817	1,371	721
North America	492	305	499	311
South America	35	29	35	28
Asia	51	26	58	30
Total subsidiaries	2,664	1,500	2,417	1,392
Total	2,669	1,504	2,422	1,396

Gender distribution for Board members and other executive management

Board members, %	2020	Group	Parent Company	
		2019	2020	2019
Women	39	14	50	40
Men	61	86	50	60
President and other executive management, %				
	2020	2019	2020	2019
Women	14	17	17	20
Men	86	83	83	80

Note 11 Remuneration of employees

SEKm	2020	Group	Parent Company	
		2019	2020	2019
Salaries and other remuneration	919	866	41	22
Social security	235	217	14	8
Pension expenses – defined-contribution plans	38	39	5	5
Pension expenses – defined-benefit plans	16	13	–	–
Total	1,208	1,134	61	35

Salaries and other remuneration, pension expenses and pension obligations for the Board and executive management

Remuneration and benefits 2020, SEKt	Basic salary incl. change in vacation pay liability, fees	Variable remuneration incl. stay-on bonus payment	Pension expenses	Other remuneration	Total
Chairman of the Board					
Bengt Baron	1,115	–	–	–	1,115
Board members					
Mattias Ankarberg	385	–	–	–	385
Hans Eckerström	470	–	–	–	470
Heléne Mellquist	455	–	–	–	455
Therese Reuterswärd	289	–	–	–	289
Helene Willberg	585	–	–	–	585
President					
Magnus Welander	8,167	9,181	2,699	619	20,666
Other executive management (8 individuals*)					
	12,872	7,306	2,575	2,698	25,452
Total	24,338	16,488	5,274	3,317	49,416

* The group comprising executive management for 2020 included Lennart Mauritzson for a period of 1.5 months and Nis Gjendal for 9 months. Jonas Lindqvist, Karl-Johan Magnusson and Rickard Andersson are included from the time in which they took up their positions.

Helene Willberg has, as Chairman of the Audit Committee, received remuneration of SEK 200t, which was included in the above fees. Hans Eckerström has, as Chairman of the Remuneration Committee, received remuneration of SEK 85t, which was included in the above fees. The stay-on bonus is included in the above variable remuneration in an amount of SEK 3,938t to the President and SEK 4,022t to the other members of executive management.

Pension obligations for the President amounted to SEK 19,008t (15,989) at December 31. Pension obligations for other executive management amounted to SEK 1,667t (4,850).

Remuneration and benefits 2019, SEKt	Basic salary incl. change in vacation pay liability, fees	Variable remuneration	Pension expenses	Other remuneration	Total
Chairman of the Board					
Bengt Baron	1,118	–	–	–	1,118
Board members					
Mattias Ankarberg	379	–	–	–	379
Hans Eckerström	461	–	–	–	461
Eva Elmstedt	90	–	–	–	90
Liv Forhaug	334	–	–	–	334
Heléne Mellquist	446	–	–	–	446
Helene Willberg	439	–	–	–	439
President					
Magnus Welander	7,156	1,324	2,388	351	11,219
Other executive management (5 individuals)					
	12,157	1,046	2,686	2,079	17,968
Total	22,579	2,370	5,074	2,431	32,454

Helene Willberg has, as Chairman of the Audit Committee, received remuneration of SEK 150t, which was included in the above fees. Hans Eckerström has, as Chairman of the Remuneration Committee, received remuneration of SEK 83t, which was included in the above fees.

Remuneration of the Board

According to a resolution of the General Meeting, fees to the members of the Board, excluding Committee work, are to be paid as follows: SEK 1,075,000 to the Chairman of the Board and SEK 385,000 to each of the Board members elected by the Meeting.

The Chairman of the Audit Committee is to receive remuneration of SEK 200,000 for Committee work, while SEK 70,000 is to be paid to each of the other members. The Chairman of the Remuneration Committee is to receive remuneration of SEK 85,000 for Committee work, while SEK 40,000 is to be paid to each of the other members. Expensed remuneration is presented in the table above.

Guidelines for remuneration of the President and other executive management

Thule Group applies the following guidelines for remuneration of senior executives, resolved at the Annual General Meeting held on April 28, 2020.

The group of executives covered by the guidelines are the President and other members of Group management. Remuneration of Group Management is to be based on the company's sustainability in terms of its commercial financial development, its organizational structure designed to meet the business needs of the company's strategic objectives and its ability to supply the company with the right skills and resources at any given time. Group management's remuneration is to include market-based fixed salary and variable salary components (with the aim of stimulating reaching the company's business and sustainable development objectives), pension and other competitive benefits. The total remuneration package is to be based on market terms, be competitive and reflect the individual's performance and responsibilities. For employment subject to other rules than Sweden's, pension benefits and other benefits may be duly adjusted to comply with mandatory rules or established local practices, while concurrently taking into account, as far as possible, the overall aim of these guidelines.

Long-term, share-based incentive programs have been implemented in the company. These were adopted by the 2017 General Meeting and accordingly, are not encompassed by these guidelines. For the same reason, neither is the long-term, share-based incentive program adopted by the 2020 AGM. In all material respects, the program is equivalent to the existing programs.

The aims of the share-based incentive programs include stimulating sustainable, positive value growth for Thule Group's share, that will accrue to shareholders. The incentive program is based on the company's strategic plan and sustainable development, moreover, the program also constitutes an incentive to meet the growth objectives stipulated by the company in its strategic three-year plan. The incentive programs have been designed pursuant to similar programs in other listed companies and are aimed at ensuring positive development for Thule Group, as well as to secure long-term loyalty and commitment from the participants in relation to the company's interests. Fixed salary is at market rates. Variable salary can comprise annual variable cash bonuses and long-term variable bonuses in the form of cash, shares and/or share-based instruments in Thule Group AB. Total annual variable cash bonuses are measured over a calendar year and are conditional on the fulfillment of predefined and measurable targets, such as sales development, EBIT performance, cash flow and fulfillment of personal targets for the current year. The variable remuneration is subject to a ceiling of 75 percent of the fixed annual salary for the President and 60 percent for the other senior executives. The terms and conditions for variable remuneration are designed to enable the Board of Directors, under exceptional economic circumstances, to limit or withhold any payment of variable remuneration if such a measure is considered reasonable.

Pension benefits, including health insurance, for senior executives are to be premium defined. Variable cash remuneration does not count toward pensionable service. Pension premiums for defined-contribution pensions may amount to not more than 35 percent of the annual fixed cash salary. Other benefits may include, inter alia, life insurance, medical insurance, company car and fuel benefits. Such benefits are limited to a maximum of 10 percent of the annual fixed cash salary. Severance pay may be provided if employment is terminated by Thule Group. Senior executives are subject to a notice period of not more than 12 months in combination with severance pay corresponding to a maximum of six to 12 months' fixed salary. No severance pay accrues if notice is given by the employee. In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and terms of employment for the company's employees were considered by including information on total remuneration to the employee, the remuneration components as well as the rate of increase and growth in remuneration over time in the decision data provided to the Remuneration Committee and the Board of Directors when evaluating whether the guidelines and the limitations set out herein are reasonable.

The development of the gap between remuneration to senior executives and remuneration to other employees will be disclosed in the remuneration report in conjunction with the AGM. The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision on the proposed guidelines for remuneration of senior executives. The Board of Directors is to prepare a proposal for new guidelines at least every third year and submit said proposal to the AGM. The guidelines remain valid until new guidelines are adopted by the general meeting. The Remuneration Committee also monitors and evaluates variable remuneration programs for the company management, the application of the guidelines for remuneration of senior executives as well as the current remuneration structures and compensation levels in the company. The members of the Remuneration Committee are independent of the company and its management. The President and other members of the company management do not participate in the Board of Directors' processing of and decisions on remuneration-related matters in so far as they are affected by such matters. The Board may temporarily resolve to depart from the guidelines adopted by the AGM, if in a specific case there is special cause for the departure and said departure is necessary to serve the company's long-term interests and sustainability, or to ensure the company's financial viability.

Remuneration of the President

Remuneration is paid to the President in the form of basic salary, variable remuneration, pension and other benefits. Basic salary amounts to SEK 7,769t per year. Variable remuneration can amount to a maximum of 75 percent of basic salary. Any bonus payments and the amount of bonus are related to the degree of fulfillment of annual, predefined financial targets. The targets for 2020 are linked to EBIT (40%)* and organic sales growth (30%) for Thule Group, contribution profit for Region Europe & RoW (20%) and cash flow (10%) for Thule Group.

A mutual period of notice of six months applies to the President. Full salary and other employment benefits are paid during the period of notice, regardless of whether or not the President has an obligation to work. Severance pay corresponding to 12 monthly salaries is also paid if employment is terminated by the company.

Pension benefits are paid at 31–35 percent of basic salary depending on age. In 2020, the pension benefit amounted to 34 percent of basic salary.

To the extent that premiums are not fully tax deductible for the company, excess premiums are to be agreed as direct pension, insured through endowment insurance pledged to the President.

Other executive management

Remuneration is paid in the form of basic salary, variable remuneration, pension and other benefits. For other executive management, variable remuneration may amount to between 40–60 percent of basic salary. Any bonus payments and the amount of bonus are determined based on the degree of fulfillment of annual, predefined financial targets and individual targets. These financial targets are linked to organic sales growth, EBIT, cash flow and individual targets based on personal performance.

Other executive management has a mutual period of notice of six months. Full salary and other employment benefits are paid during the period of notice. Severance pay corresponding to between six and 12 monthly salaries is also paid if employment is terminated by the company.

Pension benefits at 27–35 percent of basic salary, depending on age, are paid for executive management employed in Sweden. To the extent that premiums are not fully tax deductible for the company, excess premiums are to be agreed as direct pension, insured through endowment insurance pledged to the senior executive. Pension benefits at 12–15 percent of basic salary are paid for executive management employed in the US.

Remuneration Committee

The Remuneration Committee is to assist the Board by submitting proposals on remuneration issues and continuously monitoring and evaluating remuneration structures and levels for the President and other executive management.

Incentive programs*Share-based incentive program 2020/2023*

The warrants program resolved on by the Annual General Meeting (AGM) for executive management and key employees of Thule Group was implemented in 2020. The program comprises 2,090,000 warrants issued to Thule AB for onward transfer to participants. The participants acquired the warrants at the fair market value and the program currently includes 31 participants. The subscription price is SEK 216.60, which corresponds to 118 percent of the volume-weighted average price according to Nasdaq Stockholm's official price list for shares in the company during the period April 29, 2020 through May 13, 2020. If on subscribing for the share, the latest price paid for the company's share when the stock exchange closes on the last trading day preceding the subscription date exceeds 162.3 percent of the average share price based upon which the subscription price has been determined, the subscription price shall be increased correspondingly. The warrants may be exercised during the period June 15–December 15, 2023. In total, SEK 24m has been raised in equity through premiums for exercised warrants. As part of the incentive program, participants may receive a retention bonus in the form of a gross salary supplement from the company that corresponds in total to the amount paid by the participant for the warrants, conditional upon continued employment at the time of payment and that the participant has not terminated the employment.

Regarding the earlier incentive program, the 2017/2020 warrants program ended during the year. This resulted in the number of shares in the company increasing by 1,353,830 and SEK 262m being raised through a share issue.

*percentage component of the bonus

Executive management's holdings of warrants in Thule Group AB are presented below.

Warrants 2020	Opening balance, warrants outstanding	Warrants acquired during the year 2020/2023	Warrants exercised during the year	Warrants that matured during the year	Closing balance, warrants outstanding
Group management					
President					
Magnus Welander	375,000	204,498	-375,000	–	204,498
Other executive management					
Fred Clark	187,500	–	-187,500	–	0
Jonas Lindqvist	–	119,290	–	–	119,290
Fredrik Erlandsson	125,000	72,426	-125,000	–	72,426
Kajsa von Geijer	125,000	72,426	-125,000	–	72,426
Karl-Johan Magnusson	38,000	30,769	-38,000	–	30,769
Rickard Andersson	95,000	72,426	-95,000	–	72,426
Other participants					
Other participants	395,000	651,876	-395,000	–	651,876
Unsold warrants 2017/2020	250,000	–	–	-250,000	0
Unsold warrants 2020/2023	–	–	–	–	866,289
Total	1,590,500	1,223,711	-1,340,500	-250,000	2,090,000

At December 31, 2020, the number of redeemable warrants was 0. The market value of the warrants was calculated by using an established valuation model (Black-Scholes) with the following preconditions.

Market value per Series:

2017/2020	SEK 10.50
2020/2023	SEK 19.50

Conditions of valuation 2017/2020:

Share price	SEK 182.4 (based on 118 percent of the volume-weighted average price according to Nasdaq Stockholm's official price list for shares in the company during the period April 27, 2017 through May 4, 2017).
Volatility	25 percent (based on statistical data for comparable, listed companies)
Risk-free interest	-0.46 percent (based on Swedish government bonds with matching maturities to the warrants).

Conditions of valuation 2020/2023:

Share price	SEK 216.60 (based on 118 percent of the volume-weighted average price according to Nasdaq Stockholm's official price list for shares in the company during the period April 29, 2020 through May 13, 2020).
Volatility	25 percent (based on statistical data for comparable, listed companies)
Risk-free interest	-0.23 percent (based on Swedish government bonds with matching maturities to the warrants).

No dividend estimate is applied in the valuation, instead the option terms entail conversion of the exercise price and the number of shares to which each option entitles subscription for at each dividend occasion.

Note 12 Provision for pensions**Group**

Post-employment remuneration, such as pensions and other remuneration, is usually paid through regular payments to independent authorities or agencies that thus take over the obligations to the employees, meaning through defined contribution plans.

Other pension plans in the Group comprise defined-benefit plans where the obligation remains with the Group.

Defined-benefit plans primarily exist in Sweden through the ITP plan in accordance with the PRI System (retirement pension).

The ITP plan is encompassed by collective agreement between the Confederation of Swedish Enterprise and PTK.

The defined-benefit ITP plan (ITP2) primarily comprises a retirement pension for life. It is based on final salary on retirement. The benefit amounts to 10 percent of final salary on incomes of up to 7.5 income base amounts, 65 percent of final salary on incomes of between 7.5 and 20 income base amounts and 32.5 percent of final salary on incomes of between 20 and 30 income base amounts. No retirement pension benefit is paid on incomes over 30 income base amounts. Companies in the Group have decided to insure the ITP2 retirement pension by making provisions to an account for pensions in the balance sheet, alongside credit insurance with PRI Pensionsgaranti. In addition to the ITP2 retirement pension, the plan also includes a family pension, disability pension, complementary retirement pension (ITPK) and group life insurance benefits (TGL) for which companies in the Group continuously pay premiums to Alecta/Collectum. According to a statement from the Swedish Financial Reporting Board (UFR 10), the defined-benefit ITP in Alecta is defined as a multi-employer defined-benefit plan. For the 2020 fiscal year, the Group did not have access to information from Alecta that made it possible to recognize these pension obligations as defined-benefit. Accordingly, these obligations are recognized as defined-contribution pension obligations.

A surplus or a deficit with Alecta may entail a refund to the Group or lower or higher future contributions. At the end of the year, Alecta's surplus in the form of the collective consolidation level was 148 percent (148). The collective consolidation level comprises the market value of the manager's assets as a percentage of the insurance commitments calculated according to the manager's actuarial calculation assumptions.

For the portion of the ITP plan in Sweden that the Group recognizes as a liability via credit insurance with PRI, the Group is exposed to interest rate risk and long lifetime risk.

For defined-benefit plans, the Group's expenses and present value of outstanding obligations are calculated on the balance-sheet date using actuarial calculations. The table below provides information about the most significant actuarial assumptions, recognized expenses during the fiscal year and the value of obligations at the end of the period.

Assumptions in actuarial calculations, %	Group	
	2020	2019
Discount rate	0.95	1.55
Expected rate of salary increase, above inflation	1.75	1.75
Rate of inflation	1.45	1.75

The discount rate used by the Group to calculate the defined-benefit pension liabilities in Sweden comprises the market interest rate on the balance-sheet date of Swedish mortgage bonds with a term corresponding to the duration of the Swedish pension obligations.

For Sweden, the updated mortality assumption, DUS 14, is used, which is a more recently updated investigation compared with the assumption in the Swedish Financial Supervisory Authority's safeguarding bases. The average remaining life expectancy for a 65-year-old man today is 20 (20), and the average remaining life expectancy for a 65-year-old woman today is 23 (23).

In addition to the impact from amended actuarial assumptions such as a change in the discount rate, etc., actuarial gains and losses arose due to an adjustment of experience-based effects. Experience-based effects refer to actual salary increases compared with assumed increases, actual personnel turnover rate compared with the assumed personnel turnover rate, etc. The distribution between actuarial gains and losses that are dependent on changes in assumptions and experience-based gains and losses are shown below.

Changes in assumptions, SEKm	Group	
	2020	2019
Gains (-) and losses (+) due to changes in assumptions	12	32
Experienced-based gains (-) and losses (+)	-4	-3
Recognized in other comprehensive income	9	28

	Group	
Carrying amount of defined-benefit pension plans, SEKm	2020	2019
Present value of unfunded obligations	224	205
Provisions for pensions	224	205

	Group	
Changes in present value of obligation for defined-benefit plans, SEKm	2020	2019
Obligation per January 1	205	169
Service cost during current period	13	10
Interest expense	3	4
Pension payments	-5	-5
Actuarial gains (-) and losses (+)	9	28
Obligation per December 31	224	205

In 2021, the costs are expected to amount to SEK 16m. At the end of 2020, the average duration of the Swedish pension obligation was approximately 24 years.

The present value of the Group's pension obligations is sensitive to changes in the discount rate (interest rate risk). A decline in the discount rate will lead to the present value of the obligations increasing and an increase in the discount rate will lead to the present value of the obligation declining. The table below presents the impact on the present value of the obligations in the event of a 0.5-percentage-point increase and decrease in the discount rate.

SEKm	Group
0.5 percent increase in discount rate	-22
0.5 percent decrease in discount rate	29

	Group	
Expenses for defined-benefit plans, SEKm	2020	2019
Service cost during current period	13	10
Interest expense	3	4
Recognized in income statement	16	13

	Group	
Pension expense recognized in the following lines in income statement, SEKm	2020	2019
Selling expenses	13	10
Financial expenses	3	4
Total	16	13

Defined-contribution pension plans

In Sweden, the Group has defined-contribution pension plans for employees that are entirely funded by the companies.

Abroad, there are defined-contribution plans that are partly funded by the subsidiaries and partly covered through contributions paid by employees. Payments to these plans are carried out on a regular basis according to the rules of the respective plan.

	Group		Parent Company	
Defined-contribution pension plans, SEKm	2020	2019	2020	2019
Expenses for defined-contribution plans	38	39	5	5
Total	38	39	5	5

Note 13 Expenses divided by type of cost

SEKm	2020	Group 2019
Changes in inventory of finished products and work in progress	-43	-144
Raw materials and manufacturing supplies	-3,522	-3,052
Expenses for remuneration of employees	-1,315	-1,257
Depreciation/amortization	-145	-139
Other expenses	-1,212	-1,252
Total expenses for goods sold, sales and administration	-6,237	-5,843

Note 14 Net financial items

SEKm	2020	Group 2019	Parent Company 2020	Parent Company 2019
Profit from participations in Group companies	–	–	700	800
Interest income	11	10	24	22
Net exchange rate fluctuations	0	0	0	0
Financial revenue	11	10	724	822
Interest expenses	-52	-51	-26	-25
Other financial expenses	-5	-4	-7	-9
Interest expenses on defined-benefit pension obligations	-3	-4	0	0
Net exchange rate fluctuations	-15	0	0	0
Financial expenses	-75	-59	-33	-34
Net financial items	-64	-49	691	788

Of interest expenses SEK 16m (14) pertained to the category of financial liabilities recognized at amortized cost and SEK 2m (5) pertained to the category of financial liabilities recognized at fair value. Interest coupons for financial derivatives are netted, meaning that both receipts and payments are recognized as interest expense.

Note 15 Taxes

Recognized in income statement, SEKm	2020	Group 2019	Parent Company 2020	Parent Company 2019
Current tax expense/tax revenue				
Tax expense for the year	-317	-232	-4	-5
Deferred tax expense/tax revenue				
Deferred tax pertaining to temporary differences and loss carryforwards	-44	-31	0	1
Total recognized tax expense (-)/tax revenue (+)	-361	-263	-4	-4

Effective tax rate reconciliation, SEKm	2020 (%)	2020	2019 (%)	Group
				2019
Income before taxes		1,527		1,146
Tax according to current tax rates for Parent Company	21.4	327	21.4	245
Impact of other tax rates on foreign subsidiaries	2.0	31	2.1	24
Non-deductible expenses	0.8	13	0.8	10
Non-taxable income	-1.1	-17	-0.5	-5
Increase in loss carryforwards without corresponding capitalization of deferred tax	0.8	12	0.1	1
Tax attributable to previous years	0.3	4	-0.3	-4
Effect of amended tax rates/regulations	-0.4	-6	0.1	1
Other	-0.2	-3	-0.9	-10
Recognized effective tax	23.7	361	22.9	263

The effective tax rate for 2020 amounted to 23.7 percent (22.9).

Effective tax rate reconciliation, SEKm	2020 (%)	2020	2019 (%)	Parent Company
				2019
Income before taxes		717		818
Tax according to current tax rates for Parent Company	21.4	153	21.4	175
Non-taxable income	-20.8	-149	-20.9	-171
Recognized effective tax	0.6	4	0.5	4

Recognized in statement of comprehensive income

Group, SEKm	2020			2019		
	Before tax	Taxes	After tax	Before tax	Taxes	After tax
Foreign currency translation	-585	9	-576	249	-19	229
Hedge reserve	13	-3	10	6	-1	5
Net investment hedge	57	-12	45	-34	7	-27
Actuarial gains and losses	-9	2	-7	-28	6	-22
Other comprehensive income	-523	-4	-527	193	-7	185

Recognized in balance sheet

Deferred tax receivables and liabilities pertain to the following:

Group, SEKm	Deferred tax receivables		Deferred tax liabilities		Net	
	2020	2019	2020	2019	2020	2019
Tangible assets	9	21	-12	-17	-2	4
Intangible assets	38	18	-4	-2	34	16
Inventories	21	16	0	0	21	16
Receivables	11	3	0	0	11	3
Liabilities	80	57	0	0	80	57
Other	16	24	0	0	16	24
Loss carryforwards	167	237			167	237
Tax allocation reserves			-293	-240	-293	-240
Tax receivables/liabilities	342	376	-309	-259	34	117

Changes in deferred tax, net, recognized as follows, SEKm	2020	2019
Deferred tax, net, on January 1	117	120
Effect of new accounting policy	-	8
Recognized in profit or loss:	-44	-31
of which, temporary differences	-2	-29
of which, loss carryforwards	-42	-2
Recognized in statement of comprehensive income	-2	2
Business combinations	-	0
Currency effect	-37	17
On December 31	34	117

Non-recognized deferred tax receivables

Deductible temporary differences and loss carryforwards for which no deferred tax receivables have been recognized in the balance sheet:

Group, SEKm	2020	2019
Tax deficit	677	735

Deferred tax receivables have not been recognized for the above tax deficit, since it is unlikely the Group will utilize them for deductions against future taxable gains. All loss carryforwards are due no earlier than 2024 or are unlimited in time.

Note 16 Earnings per share

	2020	2019
Earnings per share before dilution		
Net income attributable to Parent Company shareholders, SEKm	1,166	883
Average number of shares outstanding, thousand	103,785	103,209
Earnings per share before dilution, SEK	11.23	8.56
Earnings per share after dilution		
Net income attributable to Parent Company shareholders, SEKm	1,166	883
Average number of shares outstanding, thousand	103,987	103,350
Earnings per share after dilution, SEK	11.21	8.55

Earnings per share before dilution

The calculation for earnings per share is based on net income attributable to the Parent Company shareholders and on a weighted average number of shares outstanding.

In thousands of shares	2020	2019
Weighted average number of shares	103,209	103,209
Impact of issues	576	0
	103,785	103,209

Earnings per share after dilution

The calculation for earnings per share after dilution is based on net income attributable to the Parent Company shareholders and on a weighted average number of shares outstanding.

In thousands of shares	2020	2019
Weighted average number of shares	103,785	103,209
Impact of warrants	202	141
	103,987	103,350

Note 17 Intangible assets

Group, SEKm	Goodwill	Intangible assets	Total
Accumulated cost			
Opening balance, January 1, 2019	4,448	260	4,708
Business combinations	8	–	8
Other investments	–	13	13
Other changes/reclassifications	–	7	7
Exchange rate differences for the year	164	6	170
Closing balance, December 31, 2019	4,620	287	4,907
Opening balance, January 1, 2020	4,620	287	4,907
Other investments	–	6	6
Other changes/reclassifications	–	-35	-35
Exchange rate differences for the year	-364	-12	-376
Closing balance, December 31, 2020	4,256	245	4,502
Accumulated amortization and impairment			
Opening balance, January 1, 2019	0	-233	-233
Amortization for the year	–	-5	-5
Exchange rate differences for the year	–	-6	-6
Closing balance, December 31, 2019	0	-244	-244
Opening balance, January 1, 2020	0	-244	-244
Other changes/reclassifications	–	34	34
Amortization for the year	–	-5	-5
Exchange rate differences for the year	–	10	10
Closing balance, December 31, 2020	0	-206	-206
Carrying amounts			
At January 1, 2019	4,448	27	4,476
At December 31, 2019	4,620	44	4,664
At January 1, 2020	4,620	44	4,664
At December 31, 2020	4,256	40	4,296
Amortization and impairment are included in the following rows of the income statement			
SEKm	2020	2019	
Cost of goods sold	0	1	
Selling expenses	2	2	
Administrative expenses	2	2	
Total	5	5	

The Group does not have any internally generated intangible assets. The total development expenses for the year amounted to SEK 398m (413).

Impairment testing of goodwill

Goodwill is tested if there is any need for impairment as soon as such indications occur. Furthermore, an annual test is performed regardless of the occurrence of indications. Impairment testing is performed through estimating the recoverable amount and comparing it with the carrying amount.

Impairment testing 2020

In the impairment test, the cash-generating unit's estimated value-in-use constitutes the recoverable amount. The current weighted average cost of capital (WACC), estimated at 8.0 percent (7.9) after tax and 9.8 percent (9.6) before tax, is used in the present value calculation of values-in-use. The requirement for return on equity is determined according to the Capital Asset Pricing Model and interest for debt/equity ratio reflects a market-based borrowing cost. The optimal leverage ratio has been set at 20 percent. The estimates that form the basis of calculating the value-in-use were based on budgets determined by company management for the coming year and on strategic plans established by the Board for the next three years. The cash flow for the subsequent years has been extrapolated, assuming an annual growth rate of 3 percent (3).

Important variables in forecasting cash flows**Growth rate**

Thule Group's growth rate is based on sales volume growth. These assumptions are based on planned launches of new products, planned price increases, marketing investments for each unit and historical experience. The market growth used is expected to follow the general growth rate of each market.

Level of performance

Raw material costs for the larger categories were reviewed. Forecasted payroll expenses are based on expected inflation, a degree of real income growth, planned efficiency enhancements in the Group's production and impacts of planned recruiting. The forecast is also based on the effective handling of the Group's working capital and necessary replacement investments. The recoverable amount exceeds the carrying amount. On analysis of the impairment need for goodwill, the company performed a sensitivity analysis through a +2 percent adjustment of the discount rate and a -2 percent adjustment of sales growth. The variables were sensitivity tested in combination with each other, and the sensitivity analysis indicated no need for any impairment.

Note 18 Tangible assets

The Group's tangible assets comprise owned and leased assets:

SEKm	Note	Dec 31, 2020	Dec 31, 2019
Owned tangible assets		858	833
Right-of-use assets	23	175	190
		1,033	1,023

Group, SEKm	Buildings and land	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress	Total
Accumulated cost					
Opening balance, January 1, 2019	633	615	243	19	1,511
Reclassification of contracts recognized as finance leases under IAS 17	-18	-	-22	-	-40
Other investments	8	22	13	106	148
Divestments and scrapping	-	-22	-6	-	-28
From in progress	8	48	2	-57	0
Other changes/reclassifications	-	-	-	-7	-7
Exchange rate differences for the year	16	10	6	0	33
Closing balance, December 31, 2019	646	674	236	60	1,617
Opening balance, January 1, 2020	646	674	236	60	1,617
Other investments	2	24	4	138	167
Divestments and scrapping	-2	-17	-23	-	-42
From in progress	42	25	0	-68	0
Other changes/reclassifications	0	0	0	-1	-2
Exchange rate differences for the year	-53	-39	-17	-2	-111
Closing balance, December 31, 2020	635	666	201	127	1,629

Group, SEKm	Buildings and land	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress	Total
Accumulated depreciation and impairment					
Opening balance, January 1, 2019	-220	-350	-164	0	-734
Reclassification of contracts recognized as finance leases under IAS 17	8	–	6	–	14
Divestments and scrapping	–	22	5	–	27
Depreciation for the year	-23	-41	-15	–	-78
Exchange rate differences for the year	-6	-5	-5	–	-16
Closing balance, December 31, 2019	-239	-374	-172	0	-785
Opening balance, January 1, 2020	-239	-374	-172	0	-785
Divestments and scrapping	2	17	23	–	42
Other changes/reclassifications	2	0	0	–	2
Depreciation for the year	-21	-45	-14	–	-80
Exchange rate differences for the year	15	22	12	–	50
Closing balance, December 31, 2020	-241	-379	-150	0	-771
Carrying amounts					
At January 1, 2019	415	266	79	19	778
At December 31, 2019	408	299	65	60	833
At January 1, 2020	408	299	65	60	833
At December 31, 2020	394	286	50	127	858

Note 19 Inventories

Group, SEKm	Dec 31, 2020	Dec 31, 2019
Raw materials and consumables	262	277
Products in progress	116	105
Finished goods and goods for resale	690	710
Total	1,068	1,092
Change in recognized inventory obsolescence		
	2020	2019
On January 1	85	70
Provision for obsolescence	76	49
Impairment of inventories	-12	-25
Reversal of previous years' reserves	-14	-11
Currency effect	-8	2
On December 31	127	85

Note 20 Accounts receivable

Thule Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for accounts receivable. The approach also entails an assessment of expected credit losses (ECLs) as opposed to events incurred. When assessment of a customer on an individual basis is not reasonable, an assessment is made using ECLs based on payment history and age analysis of accounts receivables past due.

Based on the above, the loss allowance for accounts receivable at December 31, 2020 follows in the table below.

Age analysis of provision for doubtful receivables

Group, SEKm	Dec 31, 2020
Not past due	-2
1–30 days past due	-1
31–60 days past due	-1
More than 60 days past due	-56
Total	-60

Group, SEKm	Dec 31, 2020	Dec 31, 2019
Accounts receivable, gross	823	723
Less provision for doubtful receivables	-60	-20
Accounts receivable, net	762	704

There was no significant concentration of credit exposure on the balance-sheet date. The majority of the Group's customers primarily comprise medium-sized customers.

Age analysis of accounts receivable, no provisions	Dec 31, 2020	Dec 31, 2019
Not past due	660	600
1–30 days past due	74	65
31–60 days past due	27	10
More than 60 days past due	63	49
Less provision for doubtful receivables	-60	-20
Total	762	704

Fair value of accounts receivable agrees with the carrying amount. The credit quality of receivables with no provision is considered to be high.

Changes in the provisions for doubtful receivables are as follows:	2020	2019
On January 1	-20	-12
Provision for doubtful receivables	-52	-11
Receivables written off during the year as uncollectible	10	3
Reversal of previous years' reserves	0	1
Currency effect	2	0
On December 31	-60	-20

Note 21 Cash and cash equivalents

SEKm	Group		Parent Company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Cash and bank balances	245	268	–	–
Short-term investments with a term of less than three months from acquisition date	461	–	–	–
Cash and cash equivalents	706	268	0	0

Note 22 Specific disclosures regarding equity

Thousand shares	2020	2019
Issued January 1	103,209	103,209
New issue of shares	1,354	0
Issued December 31 – paid	104,562	103,209

The shares of Thule Group AB are listed on the Nasdaq Stockholm Large Cap list. The Group did not buy back or hold any treasury shares during the fiscal year. The number of shares approved, issued and fully paid as per December 31, 2020 was 104,562,436. The company has only one class of share. At General Meetings of shareholders, each share carries one vote and each shareholder is entitled to vote for the full number of shares such a shareholder holds in the company. All shares carry equal rights to the company's assets and profits. The quotient value (nominal value) of the share is SEK 0.01118 per share.

Capital management

Under the Board's policy, the Group's financial target is to maintain a financial position that is conducive to maintaining investor, creditor and market confidence and to constitute a stable foundation for continued development of business operations.

The Board seeks to maintain a balance between the higher returns, that may be possible with higher levels of borrowings, and the advantages and security offered by a sound capital structure. The key figure that the company's management and external stakeholders mainly assess with respect to capital structure is the net debt to EBITDA ratio. Thule Group aims to maintain an effective long-term capital structure, defined as the net debt to EBITDA ratio (adjusted for items affecting comparability), of 1.5–2.5x. This key metric is monitored on a regular basis via the internal reporting to management and the Board. Net debt in relation to EBITDA totaled 0.2 (1.5) at December 31, 2020.

Group**Translation reserve**

The translation reserve includes all exchange rate differences arising on the translation of the financial statements from foreign operations that have prepared their financial statements in a different currency to the currency in which the consolidated financial statements are presented. The Parent Company and Group present their financial statements in Swedish kronor (SEK). Furthermore, the translation reserve comprises exchange rate differences arising from the revaluation of liabilities that were recognized as hedging instruments of a net investment in a foreign business.

Hedge reserve

The hedge reserve includes the effective portion of the accumulated net change in fair value of a cash flow hedging instrument attributable to hedge transactions that have not yet occurred.

Parent Company**Restricted reserves**

Restricted reserves may not be reduced through dividends. The Parent Company has no restricted reserves.

Non-restricted equity

The following reserves, together with net income, comprise non-restricted equity – the amount that is available for shareholder dividends.

Share premium reserve

When shares are issued at a premium, meaning that a higher amount than the quotient value is paid for the share, an amount corresponding to the surplus of the quotient value of the share is recognized in the share premium reserve.

Profit brought forward

Profit brought forward comprises profit brought forward from the preceding year and earnings after deductions for any dividends paid during the year. No profits were distributed during the year.

Note 23 Leases

The Group's tangible assets comprise owned and leased assets:

SEKm	Note	2020	2019
Owned tangible assets	18	858	833
Right-of-use assets		175	190
		1,033	1,023

Group, SEKm	Properties	Plant and machinery	Equipment, tools, fixtures and fittings	Total
Accumulated right-of-use assets				
Opening balance, finance leases under IAS 17, January 1, 2019				
	18	0	22	40
Additional leases on transition to IFRS 16	131	0	23	154
New right-of-use assets for the year	60	–	17	77
Exchange rate differences for the year	5	0	1	5
Closing balance, December 31, 2019	213	0	63	276
Opening balance, January 1, 2020				
	213	0	63	276
Right-of-use assets acquired/divested for the year	33	0	17	49
Exchange rate differences for the year	-20	0	-4	-24
Closing balance, December 31, 2020	225	0	76	301
Accumulated depreciation and impairment				
Opening balance, finance leases under IAS 17, January 1, 2019				
	-15	0	-6	-21
Additional leases on transition to IFRS 16	-23	–	6	-17
Impairment for the year	-4	–	–	-4
Depreciation for the year	-30	0	-22	-53
Exchange rate differences for the year	6	0	2	8
Closing balance, December 31, 2019	-66	0	-20	-86
Opening balance, January 1, 2020				
	-66	0	-20	-86
Right-of-use assets acquired/divested for the year	2	0	10	12
Depreciation for the year	-34	0	-25	-60
Exchange rate differences for the year	6	0	2	8
Closing balance, December 31, 2020	-92	0	-34	-126
At January 1, 2019	111	0	45	156
At December 31, 2019	147	0	43	190
At January 1, 2020	147	0	43	190
At December 31, 2020	133	0	42	175

The Group leases several types of assets, primarily premises and vehicles, but assets also include machinery and IT equipment to a limited extent. No leases include covenants or other limitations over and above collateral in the leased asset.

Lease liabilities

Group, SEKm	Dec 31, 2020	Dec 31, 2019
Short-term	53	53
Long-term	149	164
Lease liabilities in the balance sheet	202	218

Refer to Note 4 Financial risk management for the maturity analysis of lease liabilities.

Amounts recognized in profit or loss

Group, SEKm	2020	2019
Depreciation and impairment of right-of-use assets	-60	-57
Interest on lease liabilities	-9	-9
Variable lease payments not included in the measurement of the lease liability	-	-
Costs for short-term leases	0	-10
Costs for low-value leases, not low-value short-term leases	-1	-2

The total cash flow for all leases in 2020 was SEK 71m.

Property leases

The Group leases buildings and land for its offices, warehouses and factories. The leases extend for periods of 1–24 years for offices, 3–10 years for warehouses and 3–15 years for factories.

Some leases include lease payments based on changes in a local price index. Accordingly, the Group is to some extent exposed to possible future increases in variable lease payments based on indices or interest that are not included in the lease liability until they enter force. When index- or interest-linked adjustments of lease payments enter force, the lease liability is remeasured and adjusted against the right-of-use asset. Some leases also require the Group to pay fees pertaining to property taxes levied on the lessor. These fees are set each year.

Extension and termination options

Some leases contain extension and termination options that the Group could choose to exercise or allow to expire. When the Group makes an assessment that sufficient financial inducement exists to extend a contract, an assumption is made from the start of the contract that it will be extended if possible. Extension options can only be used by the Group, not by the lessor. It is assumed that the extension option will not be used for contracts where the Group's assessment at the start of the contract was that the extension option held no significant financial incentives. The Group re-examines whether it is reasonably certain that an extension option will be exercised if there is an important event or significant changes in circumstances that are within the Group's control.

The Group's office leases extend for periods of 1–24 years. The majority of these contracts offer extension options, whereby the Group must notify the lessor that the Group intends to exercise an extension option at least 1 year before the contract expires. Other contracts are subject to automatic renewal unless the Group uses a termination option within a stated period prior to the end of the contract. This period varies among the contracts between 3, 6, 9 or 12 months.

The Group's warehouse leases mainly extend for periods of 3–10 years. Following the first period, most contracts can be extended for one or more periods of 1–5 years. Some of the contracts are automatically renewed unless terminated 1–9 months prior to the end date of the contract, while in other contracts the Group must actively notify the lessor of the choice to exercise an extension option no later than 1 year before the end date of the contract.

For offices and warehouses, in the majority of cases, the Group considers that it is not reasonably certain that the contracts will be renewed beyond the first period. In other words, the lease term is usually assessed as one period and is only extended if or when this assessment changes. The recognized lease liability for these contracts amounted to SEK 53m and SEK 66m, respectively.

The Group also has contracts for factory leases. These extend for periods of 3–15 years, with options for the Group to extend for further periods. For the majority of factory leases, the Group's assessment is that it is reasonably certain that further periods will be used. The recognized lease liability for these contracts amounted to SEK 40m.

Over the year, lease liabilities/assets increased SEK 12m as a result of utilizing options that were not previously included in the lease liability. Significant changes could arise in the future if the lease term of the Group's material property leases should be subjected to retesting.

Other leases

The Group also leases plant and machinery as well as other technical installations and equipment, tools, fixtures and fittings. These categories mainly comprise vehicles, machinery and IT equipment with respective lease periods of 1–7, 2–5 and 1–5 years. While residual value guarantees and extension options arise, these are of limited and non-material scope.

Payments for short-term leases of equipment and vehicles, and all low-value leases, are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value leases include IT equipment, small forklifts and other small pieces of equipment.

Note 24 Interest-bearing liabilities

Long-term interest-bearing liabilities, SEKm	Group		Parent Company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Long-term liabilities to credit institutions	894	2,168	894	2,168
Leases	149	164	–	–
Derivative liabilities – long-term	16	15	–	–
Total	1,060	2,348	894	2,168

Short-term interest-bearing liabilities, SEKm

Short-term liabilities to credit institutions	–	–	–	–
Overdraft facilities	–	–	–	–
Leases	53	53	–	–
Derivative liabilities – short-term	35	12	–	–
Total	87	65	0	0

Term structure of liabilities to credit institutions, SEKm

	Group		Parent Company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Overdraft facilities	–	–	–	–
1 year	87	65	–	–
2–3 years	64	88	–	–
4–5 years	963	2,213	894	2,168
More than 5 years	32	48	–	–
Total	1,147	2,413	894	2,168

Note 25 Accrued expenses and deferred income

SEKm	Group		Parent Company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Employee-related expenses	227	167	33	10
Bonuses to customers	182	144	–	–
Other items	155	119	2	1
Total	564	430	35	10

Note 26 Provisions

SEKm	Group		Parent Company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Restructuring expenses	2	18	–	–
Guarantee commitments	57	30	–	–
Other provisions	6	6	–	–
Total	66	54	–	–

SEKm	Restructuring expenses	Other provisions	Guarantee commitments
Carrying amount at beginning of year	18	6	30
New provisions	–	–	47
Amounts utilized during the period	-14	–	-19
Currency effect	-1	0	-1
Carrying amount at end of period	2	6	57

During the year, a provision of SEK 19m was made for a product recall.

Note 27 Cash flow statement

SEKm	Group		Parent Company	
	2020	2019	2020	2019
Interest paid	-42	-40	-9	-12
Adjustments for items not included in cash flow				
Anticipated dividends from subsidiaries	–	–	-700	-800
Depreciation/amortization and impairment of assets	226	147	–	–
Capital gain/loss from divestment of operations/shares/equipment	1	–	–	–
Unrealized and other financial items	2	13	–	–
Total	229	160	-700	-800

Acquisition of subsidiaries and other business units

SEKm	2020	2019
Acquisition of subsidiaries and other business units		
Acquired assets and liabilities		
Intangible assets	–	8
Tangible assets	–	–
Inventories	–	3
Short-term receivables	–	–
Cash and cash equivalents	–	–
Total assets	–	11
Short-term liabilities	–	–
Total liabilities	–	–
Purchase consideration	–	11
of which, liability	–	-1
Less: Cash and cash equivalents	–	–
Impact on cash and cash equivalents	–	10

Reconciliation of liabilities attributable to financing activity

SEKm	Opening balance, January 1, 2020	Cash flows	Concluded agreements entered into, net	Financing costs	Exchange rate differences	Closing balance Dec 31, 2020
Long-term liabilities to credit institutions	2,168	-1,222	–	4	-55	894
Leases	218	-63	65	–	-18	202
Derivative liabilities	27	–	–	–	24	51
Total according to balance sheet	2,413	-1,285	65	4	-50	1,147

Cash and cash equivalents

SEKm	2020	Group 2019	2020	Parent Company 2019
The following sub-components are included in cash and cash equivalents:				
Cash and bank balances	245	268	–	–
Short-term investments, equal to cash and cash equivalents	461	–	–	–
Total according to balance sheet	706	268	0	0

Note 28 Appropriations

Parent Company, SEKm	2020	2019
Group contribution received	63	45
Total	63	45

Note 29 Participations in subsidiaries

Parent Company, SEKm	Dec 31, 2020	Dec 31, 2019
Opening cost	1,000	1,000
Closing accrued cost	1,000	1,000
Closing carrying amount of direct holdings of participations in subsidiaries	1,000	1,000

Name	Corp. Reg. No.	Registered office	Share of equity, %
Thule AB	556770-6329	Malmö	100
Thule Holding AB	556662-7138	Malmö	100
Thule Towing Systems AB	556259-0298	Malmö	100
Thule NV		Menen	100
Thule Organization Solutions Asia Pacific Ltd.		Hong Kong	100
Thule Organization Solutions Holding BV		Utrecht	100
Thule Trading (Beijing) Co. Ltd		Beijing	100
Thule Organization Solutions S.A.		Louvain-La-Neuve	100
Thule Organization Solutions SL		Madrid	100
Thule Organization Solutions S.A.R.L.		Rosny-Sous-Bois	100
Thule Organization Solutions BV		Utrecht	100
Thule Finans AB	556043-6858	Malmö	100
Thule Sp.zo.o.		Huta	100
Thule Japan KK		Tokyo	100
Thule S.r.o		Prague	100
Thule Sweden AB	556076-3970	Gnosjö	100
Thule Brasil Comercial e importadora Ltda.		São Paulo	100
Thule IP AB	556578-1282	Malmö	100
Thule Merchandizing AB	556849-4016	Malmö	100
Thule Brasil Distribuidora Ltda		São Paulo	100
Thule Sport Rack Beheer B.V.		Staphorst	100
Thule Canada Holding LLC		Wilmington, Delaware	100
Thule Canada Inc.		Granby	100
Thule Holding ApS		Copenhagen	100
Brink Nordisk Holdings ApS		Copenhagen	100
Thule Inc.		Seymour	100
Thule Holding Ltd.		Haverhill	100
Thule Outdoor Ltd.		Haverhill	100
Thule Deutschland Holding AB	556662-7419	Malmö	100
Thule GmbH		Neumarkt	100

Note 30 Pledged assets

There are no pledged assets in the Group.

Note 31 Contingent liabilities

Group, SEKm	Dec 31, 2020	Dec 31, 2019
Bank guarantees	20	1
Pension liability, PRI	2	2
Other contingent liabilities	18	21
Total contingent liabilities	40	24

Note 32 Events after the balance-sheet date

No significant events have occurred after the balance-sheet date.

Note 33 Related-party transactions

All of the Group companies presented in Note 29 are considered to be related parties. Transactions take place between Thule Group companies concerning deliveries of goods and services, and the provision of financial and intangible services. Market terms and pricing are applied to all transactions. All intra-Group transactions are eliminated. The Parent Company's transactions with subsidiaries comprise the transactions presented below.

Parent Company	Dec 31, 2020	Dec 31, 2019
Receivables from and liabilities to subsidiaries, SEKm		
Interest-bearing long-term receivables	3,196	4,572
Interest-bearing short-term receivables	298	46
Interest-bearing long-term liabilities	-368	-368
Interest-bearing short-term liabilities	0	-871
Total	3,126	3,379

Thule Group AB issued warrants as part of an incentive program for management. Warrants have been issued to and subscribed for by Thule Group AB's subsidiary, Thule AB.

For information regarding remuneration and benefits paid to executive management and the Board, refer to notes 11 and 12.

Assurance

The income statements and balance sheets will be presented to the Annual General Meeting on April 22, 2021 for adoption.

The Board of Directors and President affirm that this Annual Report was prepared in accordance with generally accepted accounting policies in Sweden and that the consolidated financial statements were prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and the Council issued on July 19, 2002 on the application of international accounting standards. The Annual Report and consolidated financial statements provide a true and fair view of the Parent Company's and the Group's financial position and earnings. The Board of Directors' Report provides a true and fair overview of the Parent Company's and the Group's operations, financial position and earnings, and describes the significant risks and uncertainties to which the Parent Company and the companies included in the Group are exposed.

Malmö, March 31, 2021

Bengt Baron
Chairman of the Board

Mattias Ankarberg
Board member

Hans Eckerström
Board member

Helene Willberg
Board member

Heléne Mellquist
Board member

Therese Reuterswärd
Board member

Magnus Welander
President and CEO

Our auditor's report was submitted on March 31, 2021
PricewaterhouseCoopers AB

Eric Salander
Authorized Public Accountant
Auditor in Charge

Magnus Jönsson
Authorized Public Accountant

Auditor's Report

To the Annual General Meeting of the shareholders in Thule Group AB (publ), Corporate Identity Number 556770-6311

Report on the annual accounts and consolidated financial statements

Opinions

We have audited the annual accounts and consolidated financial statements of Thule Group AB (publ) for financial year 2020 with the exception of the Corporate Governance Report on pages 82–91. The company's annual accounts and consolidated financial statements are included on pages 70–142 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the Corporate Governance Report on pages 82–91. The Board of Directors' Report is consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the shareholders' general meeting adopt the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated financial statements are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibility section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among

other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates. Based on this, we determined which companies within the Group were deemed to be significant and determined audit activities to be performed on these companies. In total, 11 companies have been deemed to be significant. Entities that have not been deemed as significant, have been reviewed by the Group audit team. The majority of the entities not included in the Group audit are subject to statutory audits in their respective countries.

During the year, the Group audit team had digital meetings with some of the significant entities in the Group with the aim of gaining understanding of the operations in these countries, compliance of the Group's internal control framework, including the process for financial reporting. The Group audit team has, in addition and amongst other things, executed an audit of the parent company, the consolidation, the annual financial statements and significant assumptions and estimates. Based on the performed audit activities mentioned above, we deem that we have obtained sufficient audit evidence to provide an opinion on the financial reports as a whole.

Materiality

The scope and focus of our audit were determined by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were most significant in our audit of the annual accounts and consolidated financial statements of the current period. These matters were addressed in our audit of, and in forming our opinion thereon, the annual accounts and consolidated financial statements as a whole, but we do not provide a separate opinion on these matters.

Key audit matter**How our audit addressed the Key audit matter*****Impairment testing of goodwill***

As of 31 December 2020, the Group reported goodwill amounting to SEK 4,256m, which is specified in Note 17 where the allocation of goodwill and other intangible assets is presented. The reported value has been the subject to an impairment test, which contained both complex and major aspects of estimates. The impairment test has been prepared for the Group as the cash-generating unit.

These tests imply that the Group is required to undertake future assessments regarding both the operation's internal and external premises and plans. Examples of such estimations include future cash flows, which amongst other things, requires assumptions on future product launches, price increases and marketing activities.

In Note 1, section Impairments and Note 17, there is a description as to how the Group has made its assessment, and there is also a report on significant assumptions regarding the sustainable growth rate and the cost of capital (WACC), as well as regarding sensitivity analyses.

In executing our audit, we have focused on whether there is a risk for an impairment requirement as regards to goodwill. We have reconciled important assumptions with the company's budget and strategic plan, which includes evaluating management's assumptions and estimates. This has been done through an analysis of how well previous years' assumptions have been proven to be correct, and we have challenged the assumptions associated with those aspects which have the greatest impact on the impairment assessment, such as growth, earnings margins and cost of capital (WACC).

We have also, through our own sensitivity analyses, tested the headroom margins for the cash-generating unit and based on these tests, we have assessed the risk of an impairment requirement. As a part of our audit, we have also assessed the calculation model applied by management. We have also assessed the accuracy of the disclosures included in the annual financial statements.

Valuation of deferred tax assets

As of 31 December 2020, the Group reported deferred tax assets of SEK 342m, of which SEK 167m refers to tax losses carried forward expected to be utilized against future income. The remaining part refers to temporary differences. In Note 15, losses carried forward, which have not been recognized, are disclosed. These refer to cases where there are uncertainties relating to the valuation of the deferred tax asset.

The reporting of deferred tax assets is based on the Group's assessment of the amount and point in time at which future taxable profits will arise. The estimation of future profits requires an assessment of future market conditions. The reported value of deferred tax assets can vary if other assumptions are used in the assessment of future profits and of the possibility of utilizing losses carried forward.

Given that the carrying value of provisions for taxes is based on assessment of tax legislation and future taxable income, there is a risk that the carrying value may be over- or understated and that any adjustment to the value has a direct impact on both the result of the period and effective tax rate.

In our audit, we have tested and assessed the applied principles and reasonability of the Group's model used to forecast future income, compared the key ratio assumptions applied in the calculation against the business plans, and have considered the Group's historical capacity to produce forecasts that are accurate. We have challenged the assessments undertaken and examined the documentation providing the basis for those assessments.

An analysis has been made of the results generated during the year in relation to the future profits required in order to show that the capitalized losses carried forward can be utilized.

We have also tested the calculations of the changes in tax rates in various countries to ensure correct calculation and revaluation of deferred tax assets.

In addition, we have assessed the completeness and accuracy of the disclosures in the annual financial statements.

Other information than the annual accounts and consolidated financial statements

This document also contains information other than the annual accounts and consolidated financial statements and this information is found on pages 1–69 and 147–165. This information, in addition to the sustainability report and our statement regarding this report, do not constitute a part of the annual report. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated financial statements does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated financial statements. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work carried out in respect of this information, conclude that the other information contains a material misstatement, we have a duty to report this. We have nothing to report in that regard.

The Board of Directors' and Chief Executive Officer's responsibilities

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated financial statements and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated financial statements, The Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objective is to obtain reasonable assurance that the annual accounts and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but does not constitute a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Chief Executive Officer.

- Conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's use of the going concern basis of accounting in preparing the annual accounts and consolidated financial statements. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated financial statements, including the disclosures, and whether the annual accounts and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinion.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably impact our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated financial statements, including the most important assessed risks of material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless laws or regulations preclude disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated financial statements, we have also audited the administration of the Board of Directors and the Chief Executive Officer of Thule Group AB (publ) for the financial year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the Board of Directors' Report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Basis for Opinions

We have conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility under these standards is described in the Auditor's responsibility section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer has in any material respect:

- undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with generally

accepted auditing standards in Sweden will always detect actions or neglect that could give rise to a liability to indemnify the company, or that the proposed appropriation of the company's profit or loss is consistent with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 82–91 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated financial statements and are in accordance with the Annual Accounts Act.

PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Thule Group AB (publ) by the annual general meeting of shareholders on 28 April 2020 and has been the company's auditor since 26 April 2017.

Malmö, March 31, 2021
PricewaterhouseCoopers AB

Eric Salander
Authorized Public Accountant
Auditor in Charge

Magnus Jönsson
Authorized Public Accountant

GRI Index

General disclosures

GRI Standard	Disclosure	Title	Page	UN GC Principle	UN Sustainable Development Goal	Comments and omissions
GRI 102-1 to 102-13: Organizational profile	102-1	Name of the organization	6			
	102-2	Activities, brands, products, and services	6-8			
	102-3	Location of headquarters	52			
	102-4	Locations of operations	52			
	102-5	Ownership and legal form	82-87			
	102-6	Markets served	117-119			
	102-7	Scale of the organization	4-8, 22-23, 52, 68-81, 92-100, 116-141			
	102-8	Information on employees and other workers	56-60, 120-124, 152	6	5	FTEs are not broken down by gender. Thule Group has only used the measure headcount divided by working hours. Actual headcount, on the other hand, is reported per gender.
	102-9	Supply chain	53-55, 151, 154			
	102-10	Significant changes to the organization and its supply chain	53-55, 116-117			
	102-11	Precautionary principle or approach	36-60	1-10		
	102-12	External initiatives	37-40, 42			See Thule Group's Community Engagement webpage.
	102-13	Membership of associations	40			
GRI 102-14 to 102-15: Strategy	102-14	Statement from senior decision-maker (CEO)	9-11			
	102-15	Key impacts, risks, and opportunities	35-55, 61-66, 112-116			
GRI 102-16 to 102-17: Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	6-8, 20-21, 36-60	1-10	16	
	102-17	Mechanisms for advice and concerns about ethics	36-42, 53-60		16	
GRI 102-18 to 102-37: Governance	102-18	Governance structure	82-89, 164			
	102-19	Delegating authority	82-87			
	102-20	Executive-level responsibility for economic, environmental, and social topics	36-42			
	102-21	Consulting stakeholders on economic, environmental, and social topics	37-39			
	102-22	Composition of the highest governing body and its committees	82-89, 164			
	102-23	Chair of the highest governing body	88, 164			
	102-24	Nominating and selecting the highest governance body	82-84			
	102-25	Conflicts of interest	41, 65, 77, 82-91	10		
	102-26	Role of the highest governing body in setting purpose, values, and strategy	39-41, 85-87			
	102-27	Collective knowledge of the highest governing body	88-89, 164			

GRI Standard	Disclosure	Title	Page	UN GC Principle	UN Sustainable Development Goal	Comments and omissions
	102-28	Evaluating the highest governance body's performance	82-87			
	102-29	Effectiveness of risk management processes	36-65			
	102-30	Review of economic, environmental, and social topics	86-87			
	102-31	Highest governance body's role in sustainability reporting	36-60, 85-86, 157-159			
	102-32	Communicating critical concerns	39			
	102-33	Nature and total number of critical concerns	37-39, 62-66			
	102-34	Remuneration policies	62-66			
	102-35	Process for determining remuneration	82-87, 107-109, 120-124			
	102-36	Stakeholders' involvement in remuneration	82-85, 122-123			
	102-37	Stakeholders' involvement in compensation	82-85, 122-123			
GRI 102-40 to 102-44: Stakeholder engagement	102-40	List of stakeholder groups	37-39			
	102-41	Collective bargaining agreements	60	3	16	
	102-42	Identifying and selecting stakeholders	37-39			
	102-43	Approach to stakeholder engagement	37-39			
	102-44	Key topics and concerns raised	37-40			
GRI 102-45 to 102-56: Reporting practices	102-45	Entities included in the consolidated financial statements	140			
	102-46	Defining report content and topic boundaries	143-146, 147-159			
	102-47	List of material topics	32-39			
	102-48	Restatements of information	4, 8, 30, 32-35, 42, 50-51, 55, 60			
	102-49	Changes in reporting	No			
	102-50	Reporting period	Calendar year			
	102-51	Date of most recent report	April 2020			See 2019 Thule Group Annual Report
	102-52	Reporting cycle	Annual			
	102-53	Contact point for questions regarding the report	150			
	102-54	Claims of reporting in accordance with the GRI Standards	37, 151		16	
102-55	GRI content index	147-150		16		
102-56	External assurance	142-146, 156-159		16		

Governance

GRI Standard	Disclosure	Title	Page	UN GC Principle	UN Sustainable Development Goal	Comments and omissions
GRI 103-1 to 103-3: Management approach	103-1	Explanation of the material topic and its boundary	36-60			Included in specific disclosures.
	103-2	The management approach and its components	36-60			Included in specific disclosures.
	103-3	Evaluation of the management approach	36-60			Included in specific disclosures.

Economic standards


GRI Standard	Disclosure	Title	Page	UN GC Principle	UN Sustainable Development Goal	Comments and omissions
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	92-100, 117-141		8	
GRI 204: Procurement practices	204-1	Proportion of spend on local suppliers	151		8, 12	
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	37-42	10	8, 16	
	205-3	Confirmed incidents of corruption and actions taken	151	10	16	
GRI 206: Anti-competitive behavior	206-1	Legal actions for anti-competitive behaviour, anti-trust, or monopoly practices	151	10	16	

Environmental standards

GRI Standard	Disclosure	Title	Page	UN GC Principle	UN Sustainable Development Goal	Comments and omissions
GRI 301: Materials	301-1	Materials used by weight or volume	151	7-9	12	
GRI 302: Energy	302-1	Energy consumption within the organization	34, 50	7-9	7, 12-13	
	302-3	Energy intensity	50	7-9	7, 12-13	
	302-4	Reduction of energy consumption	50	7-9	8, 12-13	
GRI 303: Water	303-1	Water consumption	51	7-9	6, 12	
	303-3	Water recycled and reused	51	7-9	6, 12	
GRI 305: Emissions	305-1	Direct (scope 1) GHG emissions	42	7-8	7, 13	
	305-2	Energy indirect (Scope 2) GHG emissions	42	7-8	7, 13	
	305-3	Other indirect (Scope 3) GHG emissions	42	7-8	13	
	305-4	GHG emissions intensity	23, 42	7-8	7, 12-13	
	305-5	Reduction of GHG emissions	34, 38-39, 42, 50, 55	7-8	7, 12-13	
GRI 306: Effluents and waste	306-2	Waste by type and disposal method	51	7-9	12-13	
	306-3	Significant spills	51	7-8	12	
	306-4	Hazardous waste	51	7-8	12	
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	151	8	16	
GRI 308: Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	53-55	7-8	12-13	
	308-2	Negative environmental impacts in the supply chain and actions taken	53-55, 154	7-8	12-13	

Social standards

GRI Standard	Disclosure	Title	Page	UN GC Principle	UN Sustainable Development Goal	Comments and omissions
GRI 401: Employment	401-1	New employee hires and employee turnover	152	6	5, 8, 10	
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	56-60, 153	1	8, 12	
	403-2	Hazard identification, risk assessment, and incident investigation	39-42, 49-50, 58-60		8, 12	
	403-3	Occupational health services	39-42, 49-50, 58-60		8, 12	
	403-4	Employee participation, consultation, and communication on occupational health and safety	39-42, 49-50		8, 12	
	403-5	Employee training on occupational health and safety	39-42, 49-50		8, 12	
	403-6	Promotion of employee health	56-60		8, 12	
	403-7	Prevention and mitigation of occupational health and safety impacts directly related to operations or business relationships	39-42, 49-50, 53-60, 153-154		8, 12	
	403-8	Employees covered by an occupational health and safety management system	153		8, 12	
	403-9	Work-related injuries	153-154		8, 12	
GRI 404: Training and education	404-1	Average hours of education per year per employee	153		5, 8	
	404-3	Percentage of employees receiving regular performance and career development reviews	57, 153		5, 8, 10	
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	58-60, 88-91, 152, 164-165	6	5, 10, 16	
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	151	6	5, 8, 10, 16	
GRI 407: Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	53-55, 154	1-3	8, 16	
GRI 408: Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	53-55, 154	1-2, 5	8, 16	
GRI 409: Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	53-55, 154	1-2, 4	8, 16	
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	53-55	1-6	8, 10, 12	
	414-2	Negative social impacts in the supply chain and actions taken	53-55, 154	1-6	8, 10, 12	
GRI 416: Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products	151		12	
GRI 417: Marketing and labeling	417-2	Incidents of non-compliance concerning product information and labeling	151		12	
GRI 419: Socioeconomic compliance	419-1	Incidents of non-compliance with laws and regulations in the social and economic area	39-42, 151	10	16	

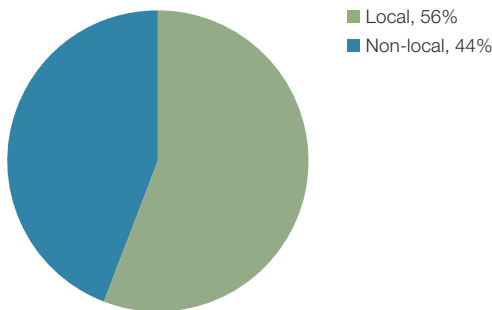
 **Contact:** Jack Fraser, GRI and Sustainability Analyst
jack.fraser@thule.com

GRI Appendix

This report was prepared in accordance with GRI Standards: Core option. The report and GRI Index are supported in this GRI Appendix. To ensure that our compliance with and reporting of GRI standards pursuant to the requirements stipulated under GRI Standards: Core option, we are including data in this appendix that is not reported in the running text of the report. Each graph below has an explanatory text to clarify the graph's significance. The number of employees, promotions and employee turnover are also reported in accordance with the GRI Standards' guidelines.

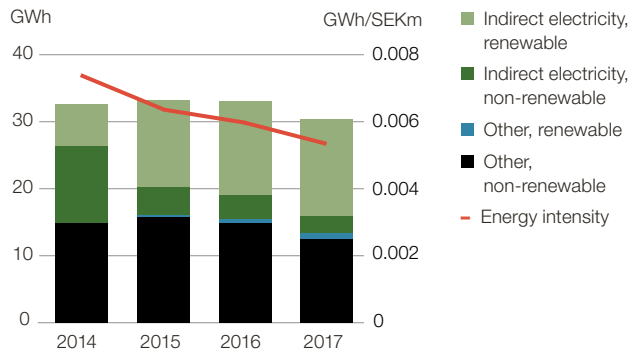
GRI 205-3: Zero incidents of corruption	GRI 206-1: Zero incidents of anti-competitive behavior	GRI 307-1: Zero incidents of fines or sanctions for breaches of environmental laws	GRI 406-1: Zero cases of discrimination	GRI 416-2: Zero consumer health and safety incidents from using our products	GRI 417-2: Zero incidents of non-compliance concerning product information and labeling	GRI 419-1: Zero incidents of fines or sanctions for breaches of social and economic laws
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GRI 204-1 Procurement practices, 2020



"Local" procurement refers to purchasing from suppliers in the countries where we have our own production.

GRI 302-1 Energy consumption and intensity



From 2018, Thule Group reports Energy consumption and intensity (GWh/SEKm) in accordance with the above GRI Standards' guidelines. Since this has been reported somewhat differently in previous years, the data is shown in the above table.

GRI 301-1 Materials used by weight or volume, 2020	tons
Aluminum	11,497
Plastic	10,343
Steel	18,545
Textiles	2,501
Paper packaging	6,112
Plastic packaging	132
Polystyrene packaging	10
Total	49,140

Satisfaction index according to employee survey, %	2012	2015	2018	2020
Workplace climate	67	69	73	73
Work environment	76	78	82	82
Leadership	65	68	76	75
Organization	72	73	76	76
Core values	77	77	80	79
Total	69	71	76	76

The table shows comparable results from surveys implemented in 2012, 2015, 2018 and the most recent survey in 2020.

GRI 401-1

New employee hires by age and region, 2020

	No.	%
Total	711	100
<30 years	434	49
30–50 years	209	42
>50 years	68	9
<hr/>		
Total	711	100
Europe	340	48
Americas	366	51
Asia	5	1

New employees for 2020 includes seasonal employees. The report follows GRI Standards recommended guidelines for grouping of age ranges and regions.

GRI 401-1

Employee turnover by age and region, 2020

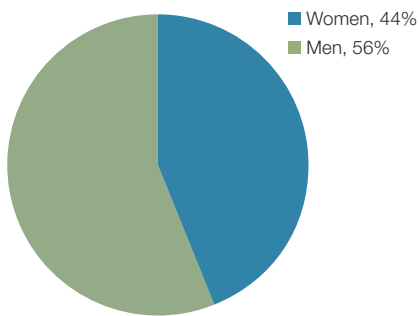
	No.	%
Total	702	100
<30 years	384	49
30–50 years	226	37
>50 years	92	14
<hr/>		
Total	702	100
Europe	387	55
Americas	304	43
Asia	11	2

Employee turnover for 2020 includes seasonal employees. The report follows GRI Standards recommended guidelines for grouping of age ranges and regions.

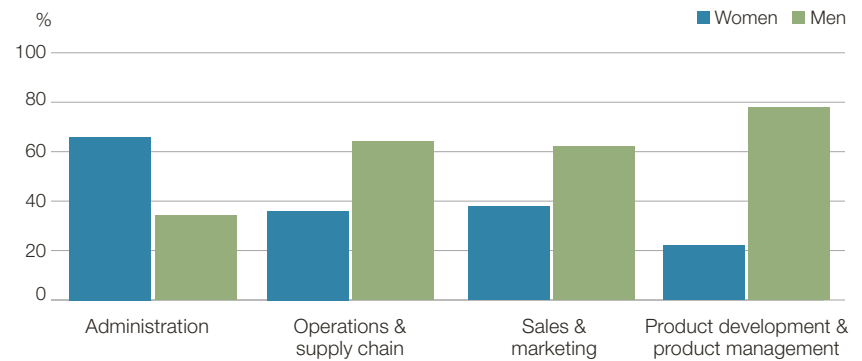
GRI 401-1 New employees, promotions and turnover by gender, 2020



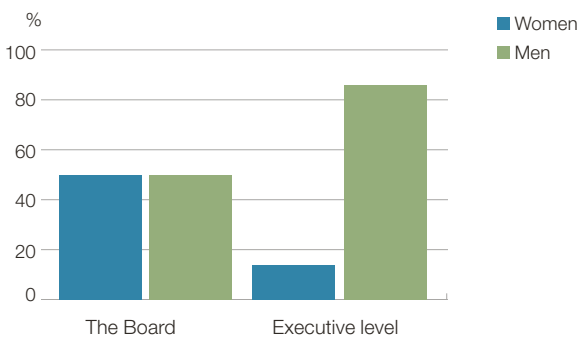
GRI 405-1 Employees by gender, 2020



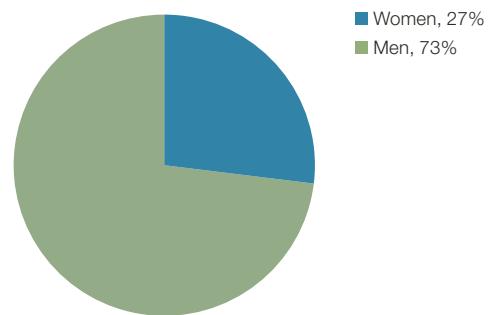
GRI 405-1 Employees by function, 2020



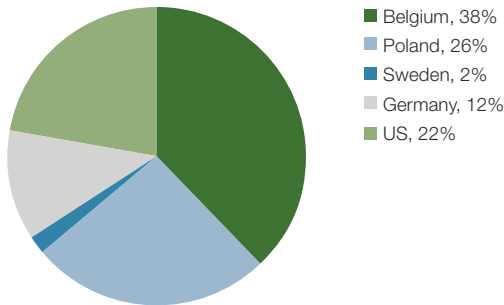
GRI 405-1 The Board and executive level, 2020



GRI 405-1 Percentage of managers by gender, 2020

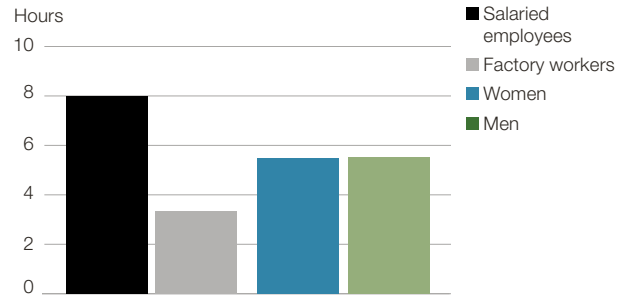


GRI 403-2 Workplace accidents by region, 2020

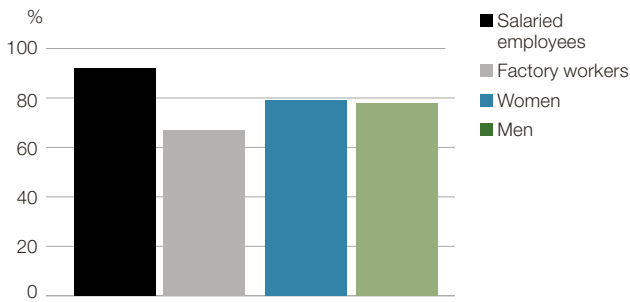


Workplace accidents in 2020 included bruises, cuts, sprains, crush injuries, concussions, fractures, eye injuries and skin irritation. No work-related deaths occurred during 2020.

GRI 404-1 Average hours of education per year per employee, 2020



GRI 404-3 Percentage of employees who received performance and career development reviews, 2020



GRI 403-1 Occupational health and safety management system

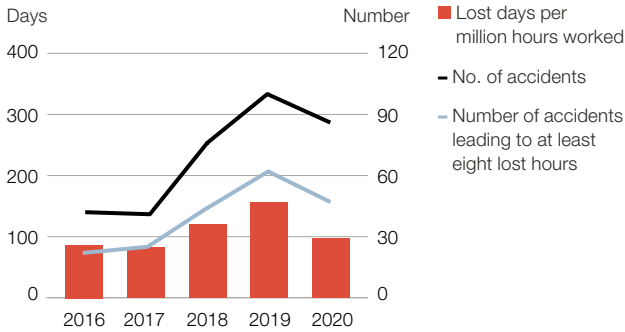
The occupational health and safety management system of Thule Group's production facility in Haverhill, UK is ISO 45001 certified.

All of Thule Group's production facilities also work with occupational health and safety management under the direct guidance of Thule Group's Health and safety Committee.

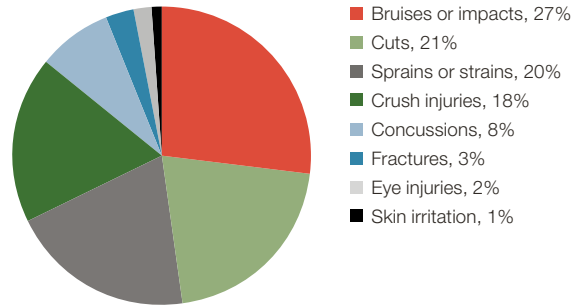
GRI 403-8 Workers covered by an occupational health and safety management system

All of Thule Group's employees are covered by occupational health and safety management systems at our production facilities.

GRI 403-9 Work related accidents, 2020

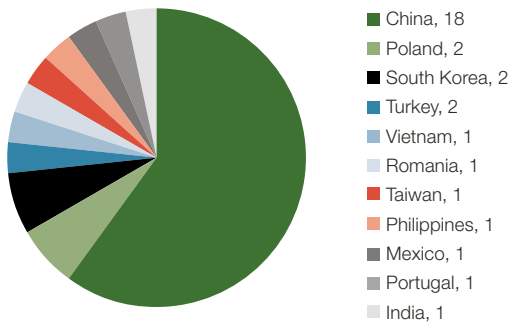


GRI 403-8 Types of work-related injuries, 2020

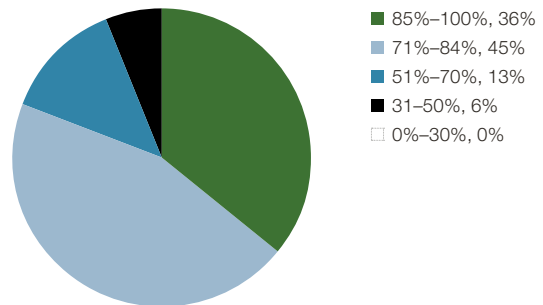


GRI 308-2 and 414-2 Results of CSR audits in the supply chain and actions taken, 2020

Number of CSR audits at our suppliers in 2020



Results of supplier audits in 2020



Thule Group conducts an annual risk assessment to determine which suppliers are relevant for our CSR audit program.

- All suppliers are ranked by spend.
- Suppliers are categorized by country of operation at the levels: high, medium and low risk.
- Suppliers with high-risk processes and suppliers who supply specific product categories are identified. This process enables Thule Group to focus on suppliers in countries with medium to high risk, and with specifically prioritized processes and product categories.

In 2020, 31 suppliers were audited (20 direct suppliers, 10 tier 2 suppliers, and 1 tier 3 supplier).

94 percent of the audited suppliers implemented the corrective measures. 6 percent of the audited suppliers were discontinued due to poor CSR audit results and insufficient corrective measures.

If a supplier scores below 50 percent, we limit further purchases from the supplier and conduct a new audit within the next six months.

External sustainability assessments

The following external institutes and companies evaluate Thule Group each year in terms of sustainability and ESG results.



CDP

CDP (Carbon Disclosure Project) is a non-profit charity that collects and compiles companies' reports on their environmental impact, governance, strategy, risks and possibilities. Thule Group completes the annual climate change questionnaire that CDP later evaluates and scores. A number of other organizations that produce sustainability assessments based on ESG use CDP as an important data source.

Thule Group has raised its score every year since 2018, from D in 2018 to C in 2019 and to B in 2020.



EcoVadis

EcoVadis is a company that provides sustainability assessments of companies that have global supply chains.

In 2020, Thule Group advanced from Gold to EcoVadis' highest rating, Platinum, for our sustainability work.

Thule Group received 75 of a maximum of 100 points and thus belongs to the best 1 percent of all (more than 65,000) companies in 160 countries under review by EcoVadis.



Gaia

Gaia is a branch of the French firm, Ethifinance. Gaia conducts annual assessments and scores the sustainability work of SMEs.

Thule Group scored 74 out of a maximum score of 100.



ISS-oekom

ISS-oekom is a company within the ISS Group that conducts annual sustainability assessments and provides ratings for global companies.

Thule Group received a rating of C+ (Prime) of the maximum A+.



MSCI

MSCI is a global company that provides various stock market indices and assessments. Each year, MSCI ESG Research LLC assesses and evaluates Thule Group's sustainability work.

Thule Group received the highest rating – AAA since 2016.



Nasdaq Listing Center

Nasdaq Listing Center is a subsidiary of Nasdaq Inc., which owns and operates nine global stock exchanges. Each year, Nasdaq Listing Center collects the listed companies' ESG data to ensure stock market transparency.

Thule Group is transparent in terms of sharing ESG data and actively participates in this annual data collection by updating the data already registered and, where appropriate, updating with additional data. The Nasdaq Listing Center does not give the participating companies ratings or points, but rather collects ESG data to help investors make decisions.



Sustainalytics

Sustainalytics is a Dutch company that uses public ESG data to assess and score companies annually on their sustainability work.

Thule Group has raised its rating from 69 (90th percentile) 2019, to 75 (96th percentile) 2020. The maximum score is 100. At the same time, our ESG risk rating decreased to the lowest level, negligible, where Thule Group ranks 22nd place out of a total of 13,000+ ranked companies.

➤ [Read more](#)

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Thule Group AB (publ), corporate identity number 556770-6311

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2020 on pages 36–60 and 147–155 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the

statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Malmö, 31 March 2021
PricewaterhouseCoopers AB

Eric Salander
Authorised Public Accountant
Auditor in charge

Magnus Jönsson
Authorised Public Accountant



This assurance statement is published in its original version provided by South Pole.

Assurance Statement: AA1000

This is a statement from the independent assurance provider South Pole describing Thule Group’s reporting of its 2020 greenhouse gas (GHG) emissions.

The scope and assurance provider South Pole was engaged by Thule to provide independent assurance of Thule Group’s GHG reporting for the financial year 2020. The greenhouse gas emissions inventory report has been developed by Thule based on GRI Standards.

The scope of this assurance covers and is limited to Thule Group’s 2020 reporting of its GHG emissions.

Criteria

The GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition, 2004), and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard, developed by the World Business Council for Sustainable Development and the World Resources Institute, have been used as criteria for reviewing Thule Group’s carbon footprint report. This assurance is based on the AA1000AS v3 with Type 2 moderate-level assurance.

Responsibility

The management of Thule Group is responsible for the preparation, calculation and determination of GHG emissions for its organisational boundary. The information reviewed is the sole responsibility of the management of Thule Group.

South Pole’s sole responsibility is to provide an independent assurance of its completeness and accuracy. Our audit team has extensive knowledge and experience in corporate GHG accounting, the development of carbon management plans, carbon emission reductions and carbon offsetting strategies, as well as good knowledge of relevant standards such as the GHG Protocol, ISO 14064-1, and AA1000.

Intended user

The intended users of this assurance statement are the management and stakeholders of Thule Group.

Methodology

The scope of the assurance is the independent and objective review of the reported GHG emissions. A review of the submitted documentation was undertaken and other available documents were checked by the members of verification team. To further analyse the correctness and accurateness of the

information provided, follow-up interviews were conducted. In addition to reviewing the processes by which Thule Group defines the sustainability issues relevant to and material for its operations and stakeholders, the verification process checked the following for the GHG emissions:

- definition of system boundaries and completeness of climate impact accounting;
- relevance of input data;
- accuracy of emission factors;
- accuracy of climate impact calculations of owned sources, purchased electricity and heat, and other indirect sources; and
- accuracy and reliability of assumptions.

GHG emissions covered by the assurance

Thule Group reports its emissions using the operational control approach. Thule Group accounted for 100% of its direct emissions in 2020, i.e. Scope 1 and Scope 2 indirect emissions, except for small offices (with less than 12 employees) and third-party warehouses. The sites included are found below.

Location	Country	Type of facility
Malmö HQ	Sweden	HQ office, store x2 (including Stockholm store)
Itupeva	Brazil	Roof box manufacturing, offices, warehouse/DC
Calgary	Canada	Warehouse, offices
Granby	Canada	Warehouse
Rosny/Viry	France	Sales office
Neumarkt	Germany	Roof box manufacturing, offices
Forest Park	United States	Roof box manufacturing, offices
Milford	United States	Warehouse
Seymour production site (assembly)	United States	Assembly, offices
Seymour production site (fabrication)	United States	Manufacturing
Soquel	United States	Office
Tokyo	Japan	Office
Menen	Belgium	Manufacturing, offices, warehouse
Hong Kong	Hong Kong	Sourcing office
Longmont	United States	Office, R&D



This assurance statement is published in its original version provided by South Pole.

Location	Country	Type of facility
Lovain-la-Neuve	Belgium	Sales office, PB&L R&D
Veghel	Netherlands	Sales office
Haverhill	United Kingdom	Roof box manufacturing, offices, warehouse
Prague	Czech Republic	Sales office
Piła	Poland	Assembly, offices, warehouse
Huta Szklana	Poland	S&CC Manufacturing/ assembly, offices, warehouse
Hillerstorp	Sweden	S&CC Manufacturing/ assembly, R&D, offices, test centre, warehouse
Beijing	China	Sourcing office
Shanghai	China	Sourcing office
Shenzhen	China	Sourcing office
WDC	USA	Warehouse/DC (3rd party)
Venlo	Netherlands	Warehouse (3rd party)
Rest of World	China	Warehouse (3rd party)

The external indirect emissions, Scope 3, only include business travel and logistics paid for by Thule Group and the upstream emissions from transportation and distribution of energy fuels and use; and partially, purchased goods and services as office material. The reporting period covered 01 January 2020 to 31 December 2020.

Adherence to the principles of the GHG Protocol

Based on the scope and methods of the review, we can conclude that Thule Group calculated its carbon footprint in 2020 in accordance with the principles of the GHG Protocol.

Evaluation of Thule Group's adherence to the AA1000AS v3

Based on the work conducted, nothing has come to our attention demonstrating that Thule Group did not adhere to the Accountability Principles, as discussed below.

- **Inclusivity:** Thule Group's prioritised stakeholder groups include the Board of Directors, management, employees, customers, retailers, consumers, investors, suppliers and business partners. A new stakeholder dialogue survey has been planned for 2021.

- **Materiality:** Thule Group carries out a biennial materiality analysis and prioritises sustainability issues through dialogue with its stakeholders. A stakeholder dialogue and materiality analysis was planned for 2020, however was postponed to 2021 due to Covid-19 and reduced work hours in 2020.

- **Responsiveness:** Thule Group's greatest opportunity for influencing the environmental impact of its products is during the development phase. To enhance knowledge and skills, every year Thule Group organises international workshops for

its team of designers and engineers, enabling to make decisions informed by a sustainability perspective. In the year 2020, seven internal sustainability webinars were performed, focused on: new GHG reduction targets, importance of material selection in product design/development, importance of supplier selection and material sourcing via the purchasing department, and how new internal tools for material selection and product LCA are being developed to support this work. To reduce its climate impact, Thule Group has been investing in ways to reduce its dependence on fossil fuels and improve energy efficiency. The Science Based Target initiative's (SBTi) Target Validation team has approved Thule's Scope 1 and 2 target ambition and have determined that it is in line with a 1.5°C trajectory. The targets set forth by Thule Group are to reduce Scope 1 absolute emissions with 46% by 2030 from a 2019 base year. Furthermore, Thule Group is committed to increasing the active sourcing of renewable electricity from 95% in 2019 to 100% by 2030. Thule Group's target for Scope 3 emissions is a reduction of absolute emissions by 28% by 2030 from a 2019 base year.

- **Impact:** Thule Group performs an internal review on a quarterly basis of its progress in the key focus areas. The most important sustainability-related issues (including GHG emissions) are integrated into the Thule Group's business and operational plans and reported in the annual sustainability report. The Thule Group is approaching its target of using 100% electricity from renewable sources and has surpassed the 2020 GHG target of a 65% reduction in their plants compared to 2014.

Relevance and completeness

Thule Group's carbon footprint reflects the company's GHG emissions well, and all material GHG emission sources are accounted for within the boundary. Exclusions have been disclosed and justified.

Consistency and transparency

Thule Group uses consistent methodologies and has provided transparent documentation on boundaries, data, assumptions and methods used.

Accuracy

The carbon footprint is deemed to have achieved sufficient accuracy. The emission factors have been chosen with a conservative approach.



This assurance statement is published in its original version provided by South Pole.

Conclusions

Based on the boundaries of the review and the methods used, South Pole comes to the following conclusions:

1. Thule Group has calculated and reported its 2020 carbon footprint following the principles covered by the GHG Protocol Corporate Accounting and Reporting Standard.

2. Thule Group has implemented processes and procedures that follow the guidelines of the GHG Protocol and the AA1000 Accountability Principles Standard.

3. Based on the completed review, no issues or circumstances emerged that gave us any reason to deem that Thule Group’s 2020 GHG reporting did not meet the current standard’s requirements and criteria.

All relevant emission sources within the chosen system boundary were accounted for. Where estimates were deemed necessary to measure GHG emissions, Thule Group provided satisfactory comments on the mode of estimation. The emission factors, units and calculation formulas were correct. The information was collected and presented in a consistent manner that enables comparison of GHG emissions over time.

In terms of the reliability of performance data, nothing came to our attention to suggest that these data and claims had not been properly collated from the information reported at an operational level, nor that the assumptions used were inappropriate. Thule Group has a process whereby data is collected from each site, including processed reports provided by the third-party service providers for logistics and consolidated at the Group level. The verification team found that the data used for GHG calculation was consistent with the site reports. The choice of assumptions and emission factors followed a conservative approach. Emission factors were derived from credible sources and were found to be applied correctly. A few corrections in the data and emission factors have been carried out by Thule Group based on findings by the verification team. However, these findings lie within the recommended materiality threshold of 5%.

Emissions data verified (tCO₂e)

Scope 1:	2 591	
	Market-based	Location-based
Scope 2:	66	5 820
Scope 3:	30 247	31 169

Recommendations

Without affecting our assurance opinion, we would also provide the following recommendations:

• Thule Group should, for the sake of increased transparency and completeness, also indicate the quarterly data for all

locations even if for a specific quarter the consumption or related GHG emissions have not occurred.

• Thule Group should update the emission factors annually or as they become available, also ensuring that the Scope 3 factors (well to tank, WTT) too are included. Also, efforts should be made to update the emission factor being considered for the office materials.

• Thule Group has made efforts to establish a more streamlined reporting system and improved structuring of the data. However, the transition from yearly to quarterly reporting needs to be strengthened further to avoid overlap of reported data across quarters and or missing some quarterly reports.

• Thule Group also needs to strengthen the quarterly compilation of its logistics related emissions data and follow a consistent approach towards recording and accounting for its logistics related emissions.

• Thule Group should also make efforts to increase the ambition of its Scope 3 emissions too, especially including the purchased goods and services going beyond the office materials.

Independence of assurance

Thule Group and South Pole do not exchange any type of services that could affect their independence or cause conflict of interest for this work. South Pole was neither engaged in the data collection process of nor the calculations for the GHG emissions.

South Pole has more than 15 years of experience in providing decarbonisation pathways across industries. South Pole has a track record of doing numerous GHG inventories annually for a wide range of industries, sectors and scopes. South Pole has built automated GHG tools for several clients and has experience in establishing both sustainability and mitigation strategies for corporate clients. Furthermore, South Pole has experience in providing advisory on comprehensive monitoring and evaluation for environmental projects. Our team of consultants has the relevant knowledge and technical expertise to conduct an assurance as per AA1000 v3 assurance standard.

South Pole
Stockholm, 13 March 2021

Marie Gustafsson
Principal Consultant

Alternative performance measures and other financial definitions

Facts: Alternative performance measures

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.

Organic growth, currency adjusted

Net sales growth 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. The APM constitutes one of the Group's financial targets.

Net sales growth, currency adjusted

Net sales growth adjusted for currency effects.

Gross margin

Gross income as a percentage of net sales.

Gross income

Net sales less cost of goods sold.

EBIT – Operating income

(Earnings before interest and taxes). Income before net financial items and taxes.

EBIT margin - Operating margin

EBIT as a percentage of net sales. Operating income as a percentage of net sales.

EBITDA – Operating income before depreciation/amortization/impairment

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

Underlying EBIT and underlying EBITDA

Underlying denotes that we have made adjustments for the items: depreciation/amortization of consolidated excess values and items affecting comparability. Items affecting comparability are profit/loss items that are by their very nature unusual and significantly impact profit or loss. These play an important part in understanding the underlying business performance.

Underlying EBIT

EBIT excluding items affecting comparability and depreciation/amortization of consolidated excess values.

The APM constitutes one of the company's financial targets. The APM reflects the company's operational profitability, where adjustments are made for items affecting comparability, to enable comparison over time.

Underlying EBIT margin, currency-adjusted

Underlying EBIT as a percentage of net sales adjusted for currency effects.

Underlying EBITDA

EBITDA excluding items affecting comparability.

Earnings per share

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

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.

Leverage ratio

Net debt divided by underlying EBITDA.

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. This APM is one of the Group's financial targets and is a central component in the bank agreement (covenant).

Equity ratio

Equity as a percentage of total assets.

Alternative performance measures

	2020	2019
Organic growth, currency-adjusted		
Change in net sales, %	11.2	8.5
Exchange rate fluctuations, %	1.8	-4.6
Net sales, currency-adjusted growth, %	13.1	3.9
Structural changes, %	–	1.0
Organic growth, %	13.1	2.9
Underlying EBITDA		
Operating income (EBIT), SEKm	1,591	1,195
Reversal of depreciation/amortization and impairment, SEKm	145	140
Items affecting comparability, SEKm	–	49
Underlying EBITDA, SEKm	1,737	1,383
Underlying EBIT		
Operating income (EBIT), SEKm	1,591	1,195
Items affecting comparability, SEKm	–	49
Reversal of depreciation/amortization of consolidated excess values, SEKm	1	1
Underlying EBIT, SEKm	1,593	1,245
Underlying EBIT margin, currency-adjusted		
Underlying EBIT 2020/2019, SEKm	1,593	1,245
Underlying EBIT margin 2020/2019, %	20.3	17.7
Underlying EBIT 2019/2018, SEKm	1,245	1,164
Underlying EBIT margin 2019/2018, %	17.7	18.0
Underlying EBIT 2019/2018, currency-adjusted, SEKm	1,254	1,247
Underlying EBIT margin 2019/2018, currency-adjusted, %	18.1	18.4
Change in underlying EBIT margin, currency-adjusted, %	2.2	-0.7
Net debt		
Long-term interest-bearing liabilities, gross, SEKm	1,051	2,342
Derivative liabilities, long-term, SEKm	16	15
Short-term interest-bearing liabilities, SEKm	53	53
Derivative liabilities, short-term, SEKm	35	12
Capitalized financing costs, SEKm	-7	-10
Accrued interest, SEKm	0	0
Gross debt, SEKm	1,147	2,413
Derivative assets, SEKm	-57	-26
Cash and cash equivalents, SEKm	-706	-268
Net debt, SEKm	384	2,119
Leverage ratio		
Net debt, SEKm	384	2,119
Underlying EBITDA, SEKm	1,737	1,383
Leverage ratio, X	0.2	1.5
Equity ratio		
Equity, SEKm	5,253	4,330
Total assets, SEKm	8,448	8,285
Equity ratio (%)	62.2	52.3

Five-year overview

	2020	2019	2018	2017 ¹	2016 ¹
Results and key figures					
Net sales, SEKm	7,828	7,038	6,484	5,872	5,304
Net sales growth, %	11.2	8.5	10.4	10.7	5.7
Net sales growth, currency adjusted, %	13.1	3.9	6.0	9.5	5.2
Net sales organic growth, currency adjusted, %	13.1	2.9	6.0	8.8	5.2
Gross income, SEKm	3,230	2,829	2,626	2,416	2,194
Gross profit margin, %	41.3	40.2	40.5	41.2	41.4
Underlying EBIT, SEKm	1,593	1,245	1,164	1,069	935
Underlying EBIT-margin, %	20.3	17.7	18.0	18.2	17.6
Underlying EBITDA, SEKm	1,737	1,383	1,238	1,136	1,000
Operating income, SEKm	1,591	1,195	1,163	1,067	922
Operating margin, %	20.3	17.0	17.9	18.2	17.4
Net income, SEKm	1,166	883	837	690	653
Financial position and key figures					
Total assets, SEKm	8,448	8,285	7,697	7,285	7,883
Total equity, SEKm	5,253	4,330	4,012	3,467	3,826
Net debt, SEKm	384	2,119	1,974	1,719	1,704
Leverage ratio, x	0.2	1.5	1.6	1.5	1.6
Equity ratio, %	62.2	52.3	52.1	47.6	48.5
Cash flow					
Cash flow from operating activities, SEKm	1,614	1,030	606	972	878
Investments excl business acquisitions, SEKm	173	161	179	144	132
Other key ratio					
Average number of shares (millions)	103.8	103.2	103.0	101.9	101.0
Earnings per share, before dilution, SEK	11.23	8.56	8.13	6.77	6.46
Ordinary dividend as a percentage of earnings per share, % ²	71	–	86	87	51
Ordinary dividend as a percentage of net income, % ²	72	–	86	87	51
Extraordinary dividend as a percentage of net income, %	67	–	–	–	113
Average number of employees	2,669	2,422	2,356	2,119	1,991

1) Refers to continuing operations

2) Ordinary dividend according to the Board's proposal as a percentage of earnings per share resp. net income (for continuing and discontinued operations)

► For information on additional years, see www.thulegroup.com

Information to shareholders

The Annual General Meeting (AGM) of Thule Group AB (publ) will be held on Thursday, April 22, 2021.

Due to the ongoing coronavirus pandemic the Board of Directors has, pursuant to temporary statutory provisions, resolved that the AGM shall be held without the physical attendance of shareholders, proxies and external participants and that shareholders shall have the opportunity to exercise their voting rights solely by postal voting prior to the meeting.

The CEO and President, Magnus Welander, inform about the company's activities during it last year in a film that will be published on the company's website, www.thulegroup.com, on April 22, 2021.

The company will also, on the same website, publish answers to the questions received by the company in accordance with the notice to the AGM. The answers will be published no later than five days before the meeting. Information about the resolutions passed by the General Meeting will be published on April 22, 2021, as soon as the outcome of postal votes are fully compiled.

Right to attend the General Meeting

Shareholders who wish to attend the General Meeting must:

- be recorded in the share register maintained by Euroclear Sweden AB (the Swedish Central Securities Depository) on Wednesday, April 14, 2021; and
- submit a notice to attend no later than Wednesday, April 21, 2021, by submitting a postal vote in accordance with the instructions provided under the heading below, Postal voting, so that their postal vote is delivered to Euroclear Sweden AB no later than this date.

To be entitled to participate in the General Meeting, shareholders with nominee-registered shares must – in addition to submitting a notice to attend the General Meeting by submitting their postal vote – reregister their shares under their own name, so that the shareholder is listed in the share register by Wednesday, April 14, 2021. Voting rights registered by nominees no later than Friday, April 16, 2021, will be taken into consideration when producing the share register.

Voting by mail

The Board of Directors has resolved that shareholders must be able to exercise their voting rights solely through postal votes pursuant to Sect. 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. A special form is to be used for postal voting. The postal voting form is valid as a notice to attend and is available on the Group's website: www.thulegroup.com.

Completed and signed postal voting forms can be sent by mail to Thule Group AB (publ), AGM 2021 c/o Euroclear Sweden Box 191 101 23 Stockholm or by e-mail to generalmeetingservices@euroclear.com.

The completed forms must be delivered to Euroclear no later than April 21, 2021. Shareholders who are natural persons can also submit their postal votes electronically by using BankID authentication at Euroclear Sweden AB's website: <https://anmalan.vpc.se/EuroclearProxy/>.

Such electronic votes must be submitted no later than April 21, 2021.

Shareholders may not enclose any special instructions or terms and conditions with their postal votes. The entire postal vote will be rendered invalid should this be the case.

Additional instructions and terms and conditions are provided on the postal voting form and are available at <https://anmalan.vpc.se/EuroclearProxy>.

Power of attorney

In the event that a shareholder is postal voting through a proxy, a written and dated power of attorney signed by the shareholder must be attached to the postal voting form. A Form of Proxy can be provided on request and is also available at the Group's website: www.thulegroup.com. If the shareholder is a legal entity, a registration certificate or other authorization document must be attached to the form.

Entitlement of shareholder to disclosures

The Board of Directors and the President shall, if a shareholder should so request and if the Board of Directors deems that this can be undertaken without causing material damage to the company, disclose information about circumstances that could impact the assessment of an item of business on the agenda, circumstances that could impact the assessment of the financial position of the company or its subsidiary, and the company's relationship to other Group companies.

Requests for such disclosures can be submitted in writing to the company no later than ten days prior to the AGM (April 12, 2021), to the address:

Thule Group AB, AGM 2021
Fosievägen 13, 214 31 Malmö
Sweden

or by e-mail to agm@thule.com,

(using the subject "Annual General Meeting 2021").

Disclosures are provided by making them available at the Group's website, www.thulegroup.com and the company's head office, Fosievägen 13, 214 31 Malmö, Sweden, no later than Friday, April 16, 2021. Disclosures are also sent within the same time frame to shareholders who have requested such disclosures and who have provided their postal or e-mail address.

Board of Directors

Bengt Baron

Member of the Board since 2011, took office as Chairman of the Board in 2018.

Born 1962.

Education: Bachelor of Science and an MBA from the University of California at Berkeley, USA.

Selected current Board assignments: Chairman of Enzymatica AB (publ), Ifoodbag AB, 5653 Sweden AB and Board member of AAK AB (publ).

Selected previous Board assignments: Chairman of MIPS AB (publ).

Mattias Ankarberg

Board member since 2018.

Born 1976.

CEO Byggmax Group.

Education: M.Sc. in Economics and Business Administration, Stockholm School of Economics.

Selected previous assignments: Positions in H&M Group management, consultant at McKinsey & Company.

Hans Eckerström

Board member since 2007.

Born 1972.

Education: M.Sc. Mechanical Engineering, Chalmers University of Technology.

M.Sc. Business Administration, University of Gothenburg.

Selected current Board assignments: Chairman of and Profoto Invest AB and Henry Lloyd Group AB and Board member of Swedbank AB (publ).

Selected previous Board assignments: Chairman of Nobia AB (publ), Brink International AB and Britax Childcare Limited; Board member of Nordstjernen AB, Nefab AB (publ), Cloetta AB (publ) and Aditro AB (publ).

Heléne Mellquist

Board member since 2016.

Born 1964.

CEO Volvo Penta.

Education: B.Sc. in International Business Administration, Gothenburg School of Economics. Executive Program IFL, Stockholm School of Economics.

Current Board assignments: Board member of AlfaLaval (publ).

Selected previous Board assignments: Board member of Cavotec S.A. (publ), i Partnertech AB samt i Opus Group (publ).

Therese Reuterswärd

Board member since 2020.

Born 1981.

CMO (Chief Marketing Officer) Office Depot Sweden AB.

Education: Master's degree in media technology from KTH: Royal Institute of Technology in Stockholm.

Selected current Board assignments: Board member of LMK AB (publ) and Deputy Board member of Robam AB.

Selected previous assignments: Director of Product at MatHem, Head of Digital at Arla Foods, and several digital roles within, among others, Nespresso, Electrolux and Scandic Hotels.

Helene Willberg

Board member since 2019.

Born 1967.

Education: M.Sc. in Economics and Business Administration, Stockholm School of Economics.

Selected current Board assignments: Chairman of Footway Group AB (publ), and Board member of Profoto Invest AB, Nordic Paper Holding AB (publ), Infrea AB (publ), Netlight Consulting AB Publ. and more.

Selected previous assignments: Country manager at Alvarez & Marsal, Sweden, and several leading roles at KPMG, including as CEO of KPMG Sweden.



Bengt Baron



Mattias Ankarberg



Hans Eckerström



Heléne Mellquist



Therese Reuterswärd



Helene Willberg

Group Management

Magnus Welander

CEO and President.
Born 1966.
Education: M.Sc. in Industrial Engineering and Management, Institute of Technology at Linköping University.
Employed at Thule Group since 2006.
Previous positions: President of Envirotainer, various senior positions at Tetra Pak in Italy and Australia.

Rickard Andersson

Senior Vice President Supply Chain
Born 1977
Education: M.Sc. in Civil Engineering from Royal Institute of Technology (KTH), Stockholm. M.Sc in Business Administration and Economics from Stockholm University School of Business, Stockholm.
Employed at Thule Group since 2008
Previous positions: VP Supply Chain Region Europe & RoW at Thule Group and positions within Supply Chain at Hexpol and IKEA.

Fredrik Erlandsson

Senior Vice President Communications and IR.
Born 1970.
Education: University studies, Lund University and Copenhagen University.
Employed at Thule Group since 2010.
Previous positions: Corporate Relations Director Nordics and Eastern Europe at Diageo, GM and pr-consultant at Ehrenberg Kommunikation Sweden and Chief of Staff for one of the national delegations in the European Parliament.

Kajsa von Geijer

Senior Vice President HR and Sustainability.
Born 1964.
Education: BSc. in Human Resource Development and Labor Relations, Lund University.
Employed at Thule Group since 2005.
Previous positions: HR Director at FMC Food Tech AB, HR Director Nordic at Levi Strauss, various HR positions at Nestlé and Trelleborg AB.

Jonas Lindqvist

CFO
Assumed the role in March 2020.
Born 1962.
Education: M.Sc. in Business and Economics, Lund University, EMBA, Stockholm School of Economics and Advanced Management Program, Harvard Business School.
Previous positions: CFO Arjo (publ), CFO Beijer Ref (publ), CFO Polyclad Europe/ Cookson Electronics, Finance Director for companies in the Nolato Group and BMH Marine AB.

Karl-Johan Magnusson

Senior Vice President Product Development
Born 1972.
Education: Bachelor of Science In Mechanical engineering from Halmstad University, Sweden.
Employed at Thule Group since 1999.
Previous positions: Various positions within product development and product management at Thule Group. Engineering & supply at Turnils AB.

Fred Clark

BA President Region Americas.
Leaves the company on June 30, 2021.
Born 1959.
Education: BSBA Quantitative Methods, Western New England University and MBA Management Science.
Employed at Thule Group since 1993.
Previous positions: Various senior positions at Thule Group and various senior positions at C. Cowles & Co.

Hilary Hartley

President Region Americas, will assume the role in April 2021.
Born 1967.
Education: BBA Marketing, University of Maine.
Employed at Thule Group since 2021.
Previous positions: President North America, Victorinox Swiss Army Inc., Vice President North America, Oakley / Luxottica, Managing Director, Oakley – Canada, Sales, Products and Marketing roles, Rossignol Ski Company.



Magnus Welander

Rickard Andersson

Fredrik Erlandsson

Kajsa von Geijer

Jonas Lindqvist

Karl-Johan Magnusson

Fred Clark

Hilary Hartley





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Thule Group»