

## Thule Groups' (publ) CEO and President, Magnus Welander, comments on the first quarter, 2023

### **Sales in the quarter were lower year-on-year, but at an expected level and with healthy profitability**

Compared with an exceptionally strong first quarter in the previous year, sales in the first quarter were 31 percent lower after currency adjustment.

The main reason for lower sales in the first quarter was the decline in sales of bike-related products to retailers, who continued to lower their inventory levels. This can be compared with the year-earlier period when the same retailers were in the middle of an aggressive phase of inventory build-up.

The Group's inventory decreased in the quarter by SEK 158 million, which was in line with our plans. Inventory levels typically increase significantly in the first quarter ahead of the high season. In 2022, inventory increased SEK 469 million in the first quarter. The significantly lower production level impacted the utilization rates of the Group's production units. At the end of the quarter, some 900 fewer people were active in manufacturing compared with same time prior year. Our tried and tested model to ensure flexibility and adaptation to different production volumes is functioning well.

Despite a disadvantageous product mix, an underutilized production capacity, continued generally high material costs and ambitious investments for future growth, we achieved an EBIT margin of 17.2 percent for the quarter. This was achieved thanks to price increases implemented in summer 2022, reduced freight costs and reduced selling expenses.

### **Late start for spring sales in Europe**

During the quarter, sales in the region declined year-on-year by 25.6 percent after currency adjustment. The lower sales mainly resulted from lower sales of bike-related products, where the year-earlier quarter posted exceptionally strong sales ahead of the high season. We also experienced a cautious retail chain for the Group's other sports and outdoor products, with an unusually late start for many spring activities.

The markets that distinguished themselves positively were South-East Asia, Japan and China, where sales of bags in particular increased compared with a weak 2022. Purchases from customers in countries in close proximity to Ukraine also grew, when comparing with a weak prior year, when sales came to a standstill in March 2022 after Russia's invasion of Ukraine that year.

From a product perspective, the RV Products and Packs, Bags & Luggage categories grew.

### **Weak quarter for Region Americas compared with an exceptionally strong start last year**

Year-on-year, sales in the region declined 45.2 percent after currency adjustment during the quarter. Also in this region, we noted a substantial decline in sales of bike-related products compared with the year-earlier quarter.

As with Region Europe & RoW, we increased sales in the Packs, Bags & Luggage category, driven by successful launches and increased commuting as well as travel for pleasure. We saw similar patterns geographically, with stronger sales in the southern hemisphere, with a majority of our Latin American markets reporting growth.

## **Major update of thule.com: the Group's most important global contact medium with consumers**

In March, an updated thule.com website was launched. The update supports the brand's lifestyle positioning and improvements have been made from a user perspective. Examples of improvements include more logical and easy to use purchasing assistance for more complex categories, improved accessory functions to create added sales and our broad product offering presented with a focus on activities instead of individual products.

The website will drive sales in all channels, and it is particularly important in the continued ambition to increase the share of sales direct to consumers.

## **Short-term challenges during the spring, but strong faith in our strategy and upcoming product launches**

The bike sector began lowering high inventory levels the last few months, but in April as we still see inventory levels of many retailers higher than they wish. Combined with a challenging market with uncertainty in consumer demand in a turbulent world, we expect a weak start to the second quarter.

However, we maintain an unwavering faith in our growth strategy and are convinced that the trend of living active lives will remain strong in the long term. In line with our aggressive growth strategy, we are launching a number of new products in the spring. In the summer, we will also be showcasing several new products for our retailers that will be available in stores next spring.

As announced during the quarter, I will be stepping down as CEO and handing over the reins to our current Board member Mattias Ankarberg in August. Our shared efforts, together with other members of executive management, to enable a smooth transition are making good progress.

Magnus Welander,  
CEO and President

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## About Thule Group

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

Thule Group has about 2,600 employees at nine production facilities and 35 sales offices worldwide. The Group's products are sold in 138 markets and in 2022, sales amounted to SEK 10.1 billion. [www.thulegroup.com](http://www.thulegroup.com)

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## Image Attachments

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## Attachments

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