THULE GROUP ANNUAL REPORT

2019

Thule Group

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The Sustainability Report is on pages 32–52 and 138–146.

The Annual Report encompasses pages 60–137 and is published in Swedish and English. The Swedish version is the original and has been audited by Thule Group's auditor.


Bring your life.
THULE
THULE

The year in brief

Our long-term focus on strengthening the Group's core brand, Thule, in all channels, has resulted in the brand now accounting for 83 percent of the Group's sales. The brand is well-known throughout the world and is visible in ever-more product categories for living an active life.

Q1

Thule Landmark was launched, a series of travel backpacks that can be used for long weekends as well as months-long adventures. With detachable daypacks, built-in safety features and a comfortable carry, it soon won favor with consumers all over the world.

We also launched our first hard-sided luggage collection, Thule Revolve. Manufactured in our own plant in Poland with durable construction, four wheels (including extra large rear wheels) and a premium feel, this broadens our luggage offering.

New, ambitious sustainability goals for Thule Group based on the UN's 2030 Agenda for Sustainable Development are presented. To clarify and focus our sustainability efforts after a new shareholder dialogue and the survey we conducted to identify the extent of our impact, the following focus areas were defined: Gender equality (Goal 5), Reduced inequalities (Goal 10), Clean water and sanitation (Goal 6), Affordable and clean energy (Goal 7), Decent work and economic growth (Goal 8), Responsible consumption and production (Goal 12) and Climate action (Goal 13).

Q2

Thule Group was one of 2019's winners of "Sustainable Company of the Year," Carnegie Investment Bank's new sustainability prize. The competition included 173 companies on the Swedish stock market, which were analyzed in terms of environmental impact, social commitment and corporate governance. The goal is to stimulate sustainable investments and a long-term sustainability perspective that creates shareholder value and, by being a good example, inspires others to become more sustainable.

The hydration backpack offering was expanded after demand for Thule Vital, which was launched in 2018. The best-selling Thule Rail for down-hill mountain bikers and Thule Uptake, an affordable series for family adventures (available in youth sizes) all include the popular and patented ReTrakt tube system.

In Seymour in the US, production began in a new components production facility, which is directly connected to the region's largest assembly facility. Automated laser cutting and welding makes more internal production possible, increases efficiency and simplifies material flows while also increasing safety and creating a more comfortable work environment.

Q3

Thule Group's third stroller model was revealed to media and stores at the international leading trade fair Kind+Jugend in Germany. Thule Spring – a light, compact stroller that is easy to maneuver or fold up with one hand and that takes up minimal space and is easy to store. Thule Spring is launched in retail in the first quarter of 2020.

For the fifth year in a row, Thule was named the best brand for awnings and bike racks for RVs in the reader survey conducted by the prestigious European trade journal ReiseMobil.

Thule Group hosts a popular media and consumer event at Suria KLCC, Malaysia's most popular shopping mall, where we showcase new luggage collections together with a local fashion brand and the department store chain Isetan.

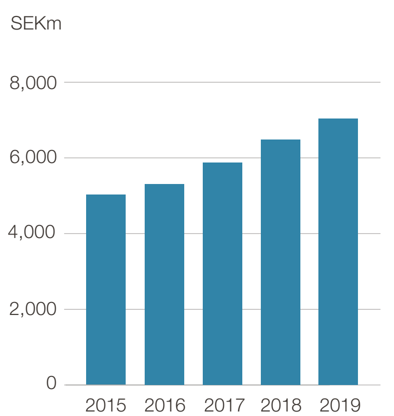
Q4

The new premium rooftop cargo carrier Thule Vector was launched before the winter season. With aerodynamic design, smart solutions like interior lighting and typical Thule user friendliness, the Thule Vector complements the best-selling Thule Motion XT in the mid-price segment and the entry model Thule Force XT.

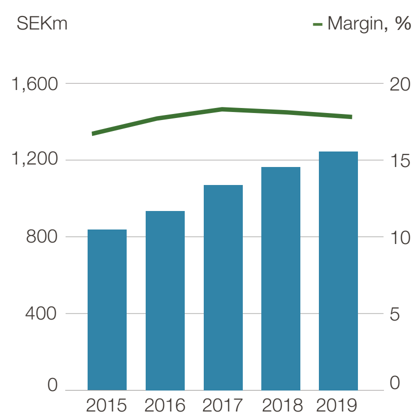
Thule Group supplemented the acquisition of Tepui Outdoors, a leading manufacturer of rooftop tents, with the acquisition of the niche company Denver Outfitters, North America's leading player in roof rack mounted fishing rod vaults. In combination with a broader offering of awnings for SUVs, this has created a growing product portfolio in adventure camping.

Ground broken for a SEK 100m investment in Thule Group's world-leading product development. A new building with a planned opening for spring 2021 will feature an optimized work environment for an expanded work force in design and construction as well as an expansion of our advanced global test center. The expansion includes just over 5,000 square meters of office and manufacturing space for the test center as well as a prototype and tool department and an additional 3,000 square meters for a park-like test track for the Active with Kids product category.

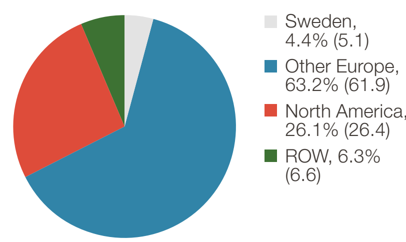
Net sales



Underlying EBIT and margin



Net sales per geographical area



+8.5%

Sales for Thule Group increased 8.5 percent in 2019, corresponding to a currency-adjusted growth of 3.9 percent. Strong growth, primarily in the categories Active with Kids and RV Products in Region Europe & ROW, was the largest driving factor behind the increased sales.

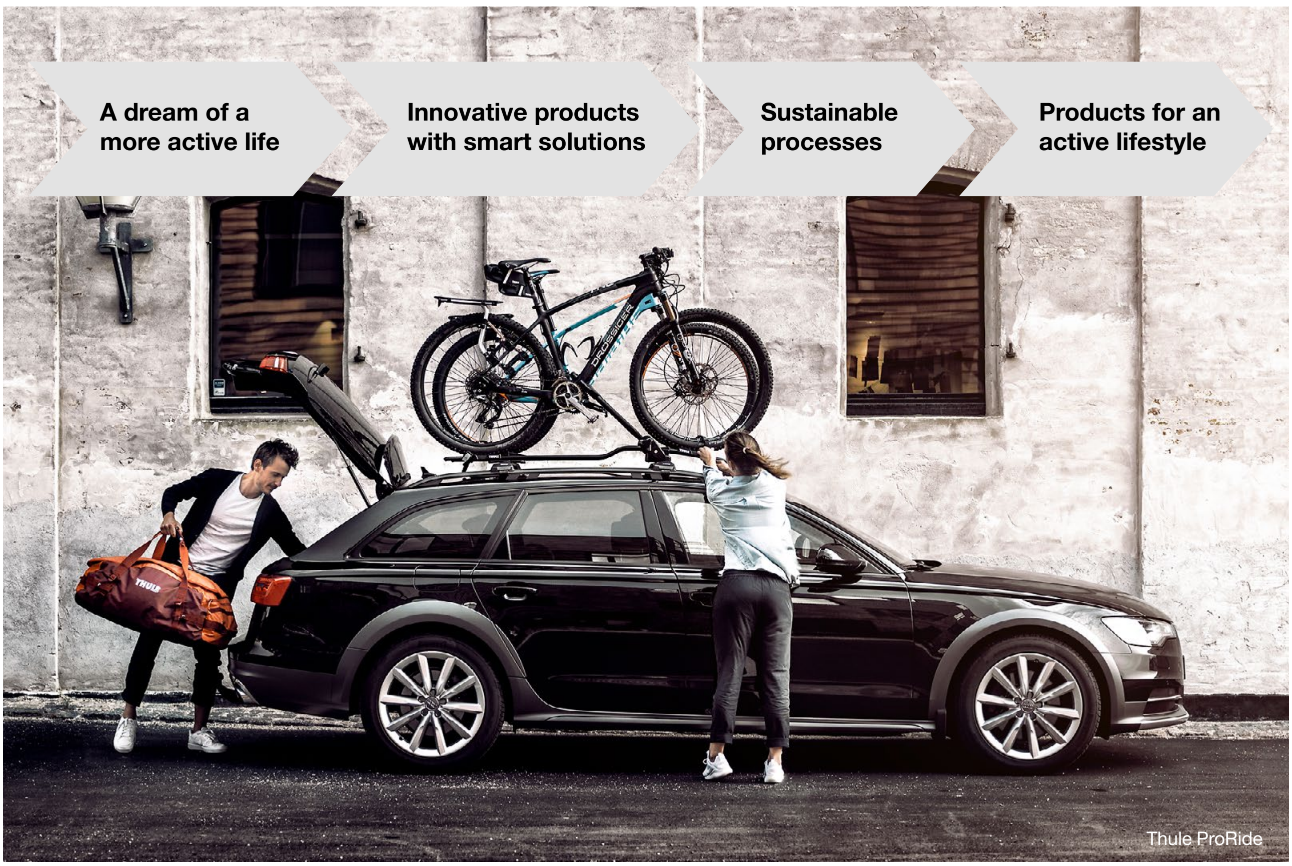
83%

Thule Group's core brand Thule grew more than 6 percent during the year and accounted for 83 percent of sales at year end. We continued to broaden the brand in terms of product offering during the year and also strengthened our brand communication in the internationally recognized lifestyle brand.

Thule Sleek

This is Thule Group

At Thule Group, everything we do is based on customer-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 7,038m in 140 countries. We have had a long-term focus on sustainable growth since we were founded in 1942. 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, rooftop cargo carriers and bike racks for vehicles, as well as in certain child-related products, such as bicycle trailers. We are leaders in the European market for our niche categories for RVs and caravans. In the past few years, we have also grown rapidly in product categories that were new to us, such as technical packs and luggage, as well as strollers.

Products of the moment

Active experiences that are shared with family and friends result in more enduring happiness than anything else. Physical outdoor activities are attracting ever-more people throughout the world, who live in stressful urban environments with sedentary jobs, and more time and money is being spent in pursuit of such experiences. The positive feelings created by such experiences also spill over to the products that are used, which in turn build the brand, brand loyalty and 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 and an older generation who are both interested in and able to dedicate themselves to a more active lifestyle, and customers of every age who will make sustainable choices. Regardless of where in the world our products are found – hydration backpacks on mountain-bike trails outside Cape Town, rooftop cargo carriers at the ski lift in Sälen, bike trailers outside preschools in Cologne or carry-on luggage at Singapore's airport – all of which share our principle of offering solutions that allow you to conveniently bring along everything you care about and need for an active life.

A lifestyle brand built on quality and design

Our business concept is to offer well designed, 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 genuinely passionate about utilizing their competence to develop, manufacture and market sustainable and innovative high-quality products with superior functionality. During the last few years, we have increased investments in product development and in 2019 that investment reflected 6 percent of sales.

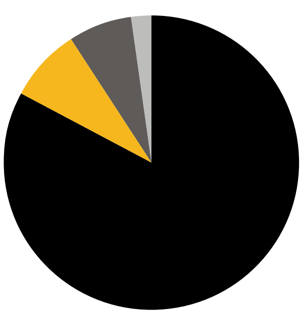
The investment is expanding our product offering, strengthens the relationship with our users and is the key to capturing profitable market shares.

During the last decade we have, in addition to continuously developing several fantastic products, 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 Thule brand through relevant consumer communication in social media and inspiring concepts in both physical and digital environments. The brand's share of the Group's sales is increasing, amounting to 83 percent in 2019.

Focus on continuous improvements

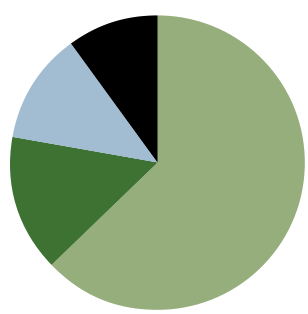
Continuously improving the way we develop, manufacture and distribute our products is not only better business for us and our clients, but results in a more sustainable world, through rigorous ethical standards and responsible business practices, climate-friendly and resource-efficient materials, processes and transportation, and sustainable innovations.

Sales per brand



- Thule, 83% (82)
- Other brands, 8% (8)
- OEM, 7% (7)
- Private label, 2% (3)

Sales per product category



- Sport&Cargo Carriers, 63% (64)
- RV Products, 15% (14)
- Packs, Bags & Luggage, 12% (12)
- Active with Kids, 10% (10)

Five-year overview

SEKm	2019	2018	2017	2016	2015
Net sales	7,038	6,484	5,872	5,304	5,018
Underlying EBIT	1,245	1,164	1,069	935	835
Operating income (EBIT)	1,195	1,163	1,067	922	809
Cash flow, operating activities	1,030	606	972*	878*	662*

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

Sales by region

Europe & ROW
72%
(71)

Americas
28%
(29)

Thule Vector

Investments in sustainable long-term growth and solid 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 directives and principles we follow in our operations.

Together, we are building a sustainable life cycle

Sustainability is a natural part of our business, because we are dependent upon our employees, customers and consumers being able to enjoy an active life in the living outdoors.

In the beginning of the year, we announced our updated long-term sustainability goals in line with the UN's 2030 Agenda for Sustainable Development.

Our focus areas within climate and environment are based on a life-cycle concept: from how we design and manufacture our products to how they reach our consumers, and how the products are used and cared for, so that their components and materials can be 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 everyone is treated equally, and where we all contribute to identifying smarter ways to work.

Thule Group develops and manufactures products that simplify an active life. This can be everything from a full-packed roof-top cargo carrier for a diverting ski trip with your best friends to the practical backpack with room for your work computer as well as your yoga clothes when you travel to the important meeting in the big city.

Thule Subterra

"An OK year – but with several cornerstones in our platform for continued growth."

After the reporting period, the covid-19 pandemic has erupted around the world and much of what we all take for granted have suddenly been challenged. Uncertainty about the coming economic impacts of the spread of the corona virus means that at I, at this point in time, cannot make a more specific assessment of the impact on Thule Group in the short term. But I can assure you that the management has taken a number of actions to protect the company's operations and, of course, follow the local directives that exist in relation to health and safety.

We entered 2019 with several strategic initiatives in the end phase of their implementation. Major layout and efficiency programs were close to completion at six of our nine assembly plants. We also prepared for the launch of several new, exciting products in all four of our product categories.

Our investments to create a broad and stable platform for long-term profitable growth continued during the year. I would like to highlight the 6 percent of sales we invested in product development. Driven and focused product development is core to our company and the foundation for our future competitiveness.

This enables us to increase the lead over our competitors within traditional product categories, while creating opportunities for growth within our newer categories, such as strollers and luggage.

Region Europe & ROW continued to post healthy growth of 6.1 percent, after currency adjustment, while sales declined 1.2 percent in local currency in Region Americas. This was primarily due to the phaseout of low-margin OE contracts, but also to a challenging market for bikes and bike-related accessories, with increased import duties and uncertainties regarding trade agreements between the US and China.

We delivered growth of 8.5 percent, had strong cash flow and continued to maintain very healthy profitability. Operating income increased SEK 81m, to a total of SEK 1,245m. We reached an operating margin of 17.7 percent, compared with 18.0 percent for the preceding year.

The effects of the US–China tariffs and a somewhat lower capacity utilization in our own facilities were the factors that impacted most. Our long-term ambition to achieve an operating margin of at least 20 percent remains.

Stable trend in Sport&Cargo Carriers and RV Products

Our largest product category, Sport&Cargo Carriers, posted stable growth of 1 percent in local currency during the year, despite the decision to phase out a large OE contract for pick-up truck accessories and a challenging bike market in the US. The new sub-category rooftop tents, which was added through the acquisition of Tepui Outdoors in the end of 2018, grew quickly in the North American market and these products will be sold under the Thule brand starting in the first quarter of 2020. In December 2019, we also carried out a minor, supplementary acquisition through the purchase of North America's leading manufacturer of roof mounted fishing rod vaults. The acquisitions expand our growing product portfolio with a focus on an active lifestyle in the outdoors and adventure camping segment.

Even more important for long-term growth were the launches in roof racks and rooftop cargo carriers. Our new generation of roof racks, which is being launched in three phases, from 2018 to 2020, is setting entirely new standards in terms of safety and user-friendliness and has been well received in the market. The same is true for the new premium rooftop cargo carrier Thule Vector, which was launched in stores in the end of 2019.

RV Products delivered another year of very strong growth of 13 percent. We were also helped by the European RV market, which performed better than expected, with market growth of around 8 percent. A strong product portfolio focused on the quickly growing category of smaller RVs for younger users and new products, such as the innovative bike rack Thule VeloSlide, combined with a high level of service to our major customers, contributed to growth that far exceeded the market's.

During the third quarter, we initiated a recall of two models of motorized awnings for RVs. No serious accidents were reported and efforts to upgrade the products in the markets are ongoing. We are confident that the financial provisions made during the year will cover the costs of the recall.

A growing portfolio within children's products and bags

Strong growth, primarily in the Benelux countries, Germany and the Nordic region were behind the positive trend in Active with Kids and we grew 15 percent after currency adjustment in Region Europe & ROW. We look forward to the launch of our third stroller model, the compact and convenient city stroller Thule Spring, which will be launched in stores during the first quarter of 2020.

The weak bike market affected child bike seat and bike trailer sales in Region Americas. In the US, the leading competitor within sport strollers offered major discounts and our decision to not lower our prices meant that our largest product in the region dropped in volume.

In Packs, Bags & Luggage we continued to see major differences between different types of bags. The new product mix, with a larger share of sales in future growth categories meant that after several years of limited sales, growth in the category was 2 percent during the year.

Our decided phaseout of some of the low-margin product categories in the consumer electronics category and certain OEM customers, primarily in the US market, was completed in 2019. At the same time, sales of camera bags, tablet cases and cases for smaller consumer electronics continued to decline at the same rate as the market.

On the other end of the scale, we delivered strong growth in luggage. We launched the hard sided luggage series Thule Revolve during the spring and our new soft luggage collection, Thule Crossover 2, in the autumn. Growth in smaller backpacks and bags for everyday use, as well as sports bags and luggage, also strengthened the category.

Thule is a global lifestyle brand

We have always worked systematically with quality and design, and for several years we have put additional emphasis on establishing stronger emotional ties with our consumers throughout the world using the brand's motto *Bring your life*. Our journey to make the Thule lifestyle brand the natural choice for the outdoor life as well as urban environments continued in 2019.

Seeing a 20-year-old, well-functioning rooftop cargo carrier parked at the ski lift, a stylish backpack in a trendy clothing store in Tokyo, a young couple running with their kid in a sports stroller or two surfers on Instagram living their #vanlife – of course that instills pride and a connection to lifestyle.

This was confirmed when Thule won two Red Dot Awards in November: "Best of the Best for Brands & Communication Design" and "Best Outdoor Brand."

We received the awards for a brand promise that is clear and attractive as well as through consistent and engaging brand and communication efforts.

The Thule brand continues to grow in importance for the Thule Group. Sales grew 6 percent during the year and accounted for 83 percent of the company's sales at year end.

Investments for growth

During the year we continued our investments to create efficiency gains and enhanced automation our assembly plants, including the introduction of phase two of three phases at the roof rack plant in Hillerstorp, Sweden. In addition, we completed lay-out changes of parts of our sites in Connecticut, USA, and Menen, Belgium, as well as relocation of parts of the business to nearby premises.

In November, we broke ground for a major expansion in Hillerstorp, where the company was founded 78 years ago. The SEK 100m investment is focused on product development, with a larger dedicated building that will be completed in spring 2021 and that includes 5,000 square meters of office and manufacturing space, expanded test center, prototype and tool department, as well as another 3,000 square meters for a park-like test track for the product category Active with Kids.

The journey toward our Sustainable Development Goals for 2030 continues

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 outdoors, and which are manufactured responsibly with the least possible impact on the climate and environment. I am very pleased that we took several important steps this year towards the long-term Sustainable Development Goals, based on the UN 2030 Agenda for Sustainable Development, that we presented in 2018.

To satisfy the greater demands placed by stores on short lead times and delivery precision while achieving our sustainability goals is a challenge and we must continuously challenge and optimize our entire supply chain.

Despite rising production volumes, we reduced the volume of greenhouse emissions generated by our own production facilities by 13 percent, compared with the last year. The majority of our greenhouse gas emissions are known as Scope 3 – the effects of the logistics required to bring products to consumers all over the world. To that end, we are continuing to improve how we pack and transport products and to ensure more complete emission data from our partners.

When it comes to work environments, unfortunately, we have to acknowledge that work-related injuries increased for the second consecutive year. We have addressed the problems locally at the sites and during the second half of the year, the trend turned around. We will continue to work for continuous improvements during 2020.

Read more about our focus areas and our sustainability efforts on pages 32–52.

Ready for 2020, but the covid-19 outbreak casts a dark shadow

Several of the investments that began in 2018 and intensified during 2019 have not yet gone into full effect. We continue to build the Thule lifestyle brand and increased investments in our market-leading product development, modernized and streamlined our production facilities and distribution centers as well as broadened our base of retailers. 2019 was an OK year. Now, with several cornerstones in place, I am convinced that we are starting 2020 on a very stable platform for long-term profitable growth.

I would like to thank all of our 2,400 employees in 35 countries for all their hard work and enthusiasm. Your energy and skills are the key to our success.

I would also like to take the opportunity to thank our inspiring ambassadors in Thule Crew, old and new suppliers, all of our retail partners and all the shareholders who continue to place their trust in us.

It is obvious that uncertainty about the future financial impacts of the spread of the covid-19 pandemic means that we will need to implement a lot of measures to continue to successfully run the business in the short and long term. Even though I cannot, at present, make a more specific assessment of what these will be. Our over-arching strategy holds true, we continue our focus on consumer-driven innovation with the launch of many new, exciting products and a focus on long-term sustainable growth. All with the goal of creating added value for all our stakeholders.

Malmö, March 2020

Magnus Welander,
CEO and President, Thule Group

Thule Force XT

Positive macro trends strengthened all categories, but challenges in international retail remain

Strong international macro trends create growth opportunities for Thule Group all over the world when people want to live an active life with their loved ones. High-quality products that are manufactured sustainably and that are used during positive experiences create a strong emotional bond with the brand.

Our products are used in both urban environments and the outdoors by people at different stages of life and with different interests. All of our products are designed and manufactured according to our values and they make it easier to live an active life full of experiences.

Several strong global macro trends are helping Thule Group to grow. 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 growth 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, rooftop cargo carriers and bike racks 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 in general.

Consumers demand more from their favorite brands

People all over the world are exposed to an increasing number of brands and products through digital and physical channels. Even though, or perhaps because, we live in an increasingly stressful urban, 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 their daughter while she sleeps in the 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.

Brands that aim to be more than just a product to consume and that create a strong connection to their consumers – so called lifestyle brands – 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, and to choose the level of service they are prepared to pay for. Brands that represent truly great products that are also perceived as being an important part of the emotion that customers are seeking can fetch higher prices.

Locally tailored global omnichannel strategy

Brands that can effectively meet consumer's needs on the local level are the winners in a more competitive world. If they can also build a strong and sustainable international supply chain, they can achieve scalability and thereby free up resources for further investments.

The global retail industry has been undergoing major changes for several years, with new purchasing patterns seen in both digital and physical channels. In both of these channels, retailers are increasingly expected to create added value. This can be everything from the cheapest price, broadest offering, most knowledgeable employees and the quickest delivery to the most sustainable total experience.

In a quickly changing world, retail chains are demanding shorter lead times, improved delivery precision, efficient marketing support, simplified online sales and smart store concepts.

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 Omnistore 5200

New barriers for international trade

In 2019, the world saw how new barriers for international trade, particularly increased tariffs between China and the US, affect the market. In addition to up to 25 percent higher import tariffs on products and components manufactured in China, the uncertainty over when, how and the extent to which the tariffs would be implemented led to a challenging time in US retail in particular. Unexpected forms of trade barriers were even introduced during the year in other markets, such as Turkey, which create short-term challenges for growth in these markets before they regain equilibrium.

Four product categories and international sales

Thule Group offers a broad range of valued products that make it easier for people across the globe to live an active life. 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.

Sport&Cargo Carriers – stable market development, except in the US

With the best products in the market for bringing the family's sports equipment on a winter vacation by car, or surfboards to the beach on a Saturday morning, Thule Group has achieved market leadership in our largest product category, Sport&Cargo Carriers. Thule Group accounts for about 50 percent of the global market in this category, and we are driving growth through innovative product launches and a clear focus on supporting retailers with store concepts and online tools, and through PR initiatives. 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 the US, bike sales – and thus the market for bike racks – were negatively affected by the tariffs introduced during the year.

In 2019, Sport&Cargo Carriers accounted for 63 percent (64) of the Group's sales and by our assessment, the market is growing 2–4 percent annually.

RV Products – European market remains positive

In RV Products, we are focusing on the European market, which accounts for 95 percent of sales in this category. We are market leaders in terms of awnings and bike racks for motorhomes and caravans in the European market, which again posted very strong growth of 8 percent during the year. The German market in particular was very positive, with growth of more than 10 percent, while the market declined in Sweden and the UK, and was only slightly positive in southern Europe.

The trend with the greatest impact on the industry is the sale of smaller motorhomes. 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+ wish to continue living an active and sporty life. As this sector is also impacted by access to financing for such a large capital purchase as a motorhome or caravan, and our products are essentially mounted in connection with their purchase, RV Products is our most sensitive product category to the economic cycle.

The underlying annual growth in the European market is estimated at 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, which remain the largest sub-category in Active with Kids. We are also one of the three leading players in child bike seats. Increased daily commuting with bikes, primarily in central Europe, the Netherlands and Scandinavia, where our bike products are used to bring kids to and from daycare and preschools, mean that we expect these categories to continue to grow around 5 percent per year.

In the beginning of 2019, we launched our third stroller model, and in this sub-category our primary focus is on growth through increased market share. At the same time, it is encouraging that more and more studies show that the premium segment, which is our focus area, is growing around 5 percent per year, somewhat faster than the market as a whole.

Packs, Bags & Luggage – growth in focus categories

We offer a wide range in the product category Packs, Bags & Luggage. In 2019, we sold everything from relatively simple

Thule Chariot Sport

Thule Crossover 2

cases for small consumer electronics to carry-on luggage for business travelers. At the same time, the bag industry is highly fragmented and includes local players with geographically limited brands as well as strong global players, usually with a product range that encompasses several categories.

In the last few years, Thule Group has focused on backpacks for daily use in urban environments as well as luggage. In 2019, we launched our first hard sided luggage collection, Thule Revolve. Together with Thule Crossover 2, launched in the autumn, this complements the successful Thule Subterra series launched in 2017.

During the last five years we have also expanded our luggage offering to include different forms of sports bags, such as hiking backpacks and bike bags.

Sales in the traditional product categories under the Case Logic brand, such as camera bags and cases for tablets, continue to decrease in a shrinking market, and there is no sign that the negative trend will turn around. The phaseout of several low-margin products on the North American market continued during the year. The historically large exposure to the rapidly declining sub-categories decreased, accounting for 29 percent (34) of sales in the category in 2019.

Our assessment is that the market for our prioritized sub-categories is growing about 3–5 percent annually, driven by increased international travel and a growing interest in an active lifestyle.

Business concept and strategy

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.

An active life. Quite simply.

We offer a range of products; everything from luggage and strollers to rooftop cargo carriers and bike racks 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 customer's 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.

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 more than 78 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 up 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.

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

6%

During the last few years, we have continuously invested heavily in product development and in 2019 that investment corresponded to 5.9% 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 four product categories.

The Thule brand

83%

In 2019, the Thule brand accounted for 83% of the Group's net sales, an increase of 1 percentage point over the previous year. Sales of products under the Thule brand grew 6% after currency adjustment.

Thule Group – own brands

91%

In 2019, the Thule Group own brands accounted for 91% of the Group's net sales, an increase of 1 percentage point over the previous year. The increase was due in large part to the deliberate decision made in 2017 to phase out several OE contracts in the American market from 2018 to 2019.

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 share in newer categories, such as strollers and luggage.

Organic growth (currency-adjusted)

+2.9%

In 2019, we achieved a total growth of 8.5% (3.9% after currency adjustment), corresponding to 2.9% organic growth, after currency adjustment.

Region Europe & ROW, organic growth (currency-adjusted)

+6.1%

In 2019, Region Europe & ROW was once again the fastest growing region, with growth of 6.1 percent after currency adjustment. We grew in all product categories in the region and in nearly all markets.


Thule Revolve

Objective

To be the leading company in selected categories in the sports and outdoor sector, by offering sought-after products that make it easier for people to enjoy an active life while minimizing the waste and CO_2 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 2019, Thule continued to work with modernizing its assembly facilities. The roof rack plant in Hillerstorp, Sweden and the rooftop cargo carrier plants in Neumarkt, Germany and Haverhill, the UK, are examples of facilities that have been modernized by automating difficult and tiring tasks.

Some parts of production at our RV Products plant in Menen, Belgium, and at our bike rack plant in Seymour, in the US, were relocated to new close-by locations, with the aim of enhancing efficiency and improving the working conditions of these plants.

Stable finances

Our strong financial position allows a long-term and flexible approach when pursuing growth. In terms of the leverage ratio, our aim is to be within the range of 1.5 to 2.5 times EBITDA, and we aim to secure a flexible loan structure.

Profitability

+17.7%

The underlying EBIT margin for 2019 was 17.7%.

Leverage ratio

1.5x

In December 2019, the company's leverage ratio was 1.5 times EBITDA*.

* Adjusted for items affecting comparability.

Sustainability

We strive to ensure our entire value chain is characterized by sustainability thinking and good ethics. In 2018, we set new sustainability targets in accordance with the UN's 2030 Agenda for Sustainable Development, which are presented in more detail on pages 33–34.

Emissions and sales, tons of CO_2e per SEKm of sales

3.9 tons

One of our most important environmental goals established in 2018 was to reduce our emissions in relation to our sales. In 2019, CO_2e emissions decreased 0.6 tons per SEKm in sales.

Thule – a lifestyle brand

The Thule brand accounted for 83 percent of the Group's sales in 2019. A long-term and systematic focus on strengthening the brand, in combination with the brand's visibility on new types of products and in new channels, has established it as an international lifestyle brand.

Strong international brands create a good platform for profitable growth. Since 1942, we have built our core brand Thule by developing innovative products that win product tests as well as design prizes and that are appreciated by users all over the world. That work has expanded over the last decade: we support retail chains in their efforts to spread understanding of what the brand represents, and we take in user demands and viewpoints through modern and open communication channels, which strengthens their loyalty and feeling for the brand.

The Thule brand drives our growth

The Thule brand accounted for 83 percent of the Group's sales – an increase of 1 percentage point year-on-year. After currency adjustment, sales of the Thule brand grew 6 percent in 2019.

It all starts with high-quality products that users appreciate and speak highly of. 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.

Given that we currently sell products both for an active daily life in urban environments and for an adventurous outdoor life on weekends and holidays, more users come into contact with our brand. A practical stroller for going out with the kids to the park, hydration backpacks for the weekend's mountain bike ride, smart packing solutions for bringing along sports equipment on the RV, or a stylish carry-on case for a business trip to a big city – these are examples of some of the categories where the brand can be found.

The foundation of our branding activities is always award-winning design and the appreciation from of our users. Furthermore, we invest extensive efforts to support stores all over the world, online as well as physical, with solutions and training in our Thule Retail Partner program. This broadened offering in the bags category and the launch of new juvenile products means several new Thule Shop-in-Shops, with a specific focus on these categories, were established during the year. Not least in countries like Malaysia, Singapore, Thailand, Japan, Italy, the Netherlands, South Africa and Brazil.

We also communicate directly with consumers through our social channels, where we continued to expand on the brand's motto *Bring your life*, reminding our customers that Thule is both an urban and an outdoors brand through inspirational images, both our own and from our passionate customers. In the autumn we accepted two prestigious brand communication awards at the Red Dot gala. The international jury named Thule Group the winner in the Best Outdoor Brand category and awarded us Best of the Best.

reddot award 2019
winner

The Red Dot jury's decision: "The Swedish premium outdoor manufacturer Thule convinces with a brand image that has been implemented in a highly consistent and engaging manner. All categories, from the website to the product design and packaging, as well as the commercials in particular, are infused by the company's clear and appealing brand message. This not only results in a visually distinctive and easy-to-recognize appearance, it also brings the image of this premium yet down-to-earth and thus typically Nordic company to life in a highly credible manner."

Consumers all over the world can find our bike racks in trendy bike shops, roof racks at Thule specialists, stylish strollers in their local stroller store, our bags in luxury department stores and international airports – and the full offering of winter products on the niche online store. We support the stores with concepts and solutions that live up to the brand's premium feel to provide a positive store experience that consumers will connect to the Thule brand.

Thule AllTrail

Category-specific own brands developed differently

We are using the Group's second largest brand, Case Logic, in the Packs, Bags & Luggage product category. Due to historic exposure to declining sub-categories of camera bags, cases for tablets and other small consumer electronics, the brand's share of total sales decreased to 5 percent (6). This was despite good growth in smaller backpacks for daily use.

The acquisition of Tepui Outdoor was completed in December 2018, and we have decided to introduce rooftop tents under the Thule brand for the 2020 season. As a result of the positive sales growth of rooftop tents under the Tepui brand in 2019, the Group's other brands reached a total of 8 percent of sales, same share as in 2018.

Thule Tepui

A different customer base and reduced exposure to OEM and Private Label

OEM sales, where products are sold under the customer's brand, grew more or less in line with other sales and accounted for 7 percent of the Group's sales in 2019.

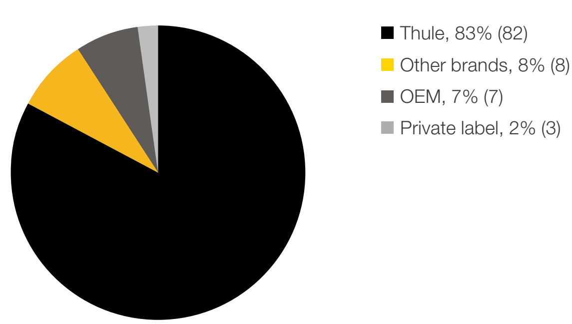
Behind the unchanged total, however, lie divergent trends. During the last two years, we phased out several low-margin categories on the North American market in both Sport&Cargo Carriers and Packs, Bags & Luggage, which entailed SEK 50m drop in sales in 2019.

At the same time, sales increased, primarily of roof racks and certain smaller accessories in RV Products to Europe's leading premium car and RV manufacturer.

Case Logic Era

We also sell a small number of Sport&Cargo Carriers products to a limited number of major retailers who market the products under their own brands, known as "private label." In 2019, sales in this channel decreased, driven by reduced sales to a large American retail chain, and accounted for 2 percent of Thule Group's sales.

Sales per brand



#bringyourlife

Growth in all four product categories

Our sales are managed and continuously followed up in two regions, Region Europe & ROW and Region Americas, which altogether represent 140 markets. Region Europe & ROW grew well during the year, while the American market trend was negative. Sales were also grouped in four product categories, which all grew in 2019.

A challenging market in the US and the phaseout of certain low-margin OE contracts meant that we did not achieve our international growth goal for the year of at least 5 percent organic growth after currency adjustment. Although Thule Group has shared global processes for product development, purchasing, manufacturing, logistics and marketing, sales are managed in two regions: Region Europe & ROW, which rose 6.1 percent, after currency adjustment, and Region Americas, which declined 1.2 percent, after currency adjustment.

Sales for the Group increased SEK 554m to SEK 7,038m, corresponding to an increase of 8.5 percent, 3.9 percent after currency adjustment.

We are active in four product categories:

- Sport&Cargo Carriers – roof racks, rooftop cargo carriers, rooftop carriers for transporting bike, water and winter sports equipment and, since 2019, rooftop tents – grew 1.1 percent after currency adjustment.
- RV Products – awnings, bike racks and tents for RVs and caravans – grew 13.2 percent after currency adjustment.
- Packs, Bags & Luggage – luggage, backpacks and laptop bags for everyday use, hiking backpacks, camera bags, and cases for consumer electronics – grew 2.4 percent after currency adjustment.
- Active with Kids – bike trailers, child bike seats and strollers – grew 11.1 percent after currency adjustment.

Region Europe & ROW continues to deliver growth

In Region Europe & ROW, we achieved 6.1 percent growth after currency adjustment, driven by substantial growth in the vast majority of our markets. The performance in Germany, France, South-East Asia and Eastern Europe (except Russia) was particularly robust. The growth drivers comprised our broad product portfolio with several award-winning products, efficient delivery with high service levels for our customers and our investment in meeting consumers in inspiring manners, both online and in physical stores.

Sport&Cargo Carriers, 59 percent of sales, 2 percent growth

We continued the positive trend during the year, if somewhat weaker than the last few years. Roof racks sales were weaker in the first half of the year, since distributors and retail stores chose to sell older generation models that they had in inventory. The second of three phases in the program introducing an entirely new generation of roof racks was launched during the second half of the year and we anticipate better performance in 2020.

Rooftop cargo carriers also posted weaker sales than the preceding year, as 2018 was boosted by a major one-time transaction for a major international car brand. The year ended a on strong note, driven by the enthusiastic reception of the new premium model Thule Vector, which was launched in the fourth quarter.

Bike racks continued to post stable growth, mainly driven by our very strong portfolio of tow bar mounted bike racks, which are well suited for the quickly growing e-bike category. This sub-category performed especially well during spring 2019.

RV Products, 21 percent of sales, 13 percent growth

RV Products, dominated by awnings and bike racks for motorhomes and caravans, grew 13 percent and we continued to capture market shares in the region. The European motorhome and caravan market grew around 8 percent, with a slight downturn during the summer due to difficulties RV manufacturers in the region had acquiring chassis with environmentally certified engines according to the new Euro 6d regulation.

2019	Sport&Cargo Carriers		RV Products		Packs, Bags & Luggage		Active with Kids	
Share of sales Thule Group	63%		15%		12%		10%	
By region	Europe & ROW	Americas	Europe & ROW	Americas	Europe & ROW	Americas	Europe & ROW	Americas
	59%	71%	21%	1%	8%	21%	12%	7%
Growth after currency adjustment 2019 vs 2018	+1%		+13%		+2%		+11%	
	Europe & ROW	Americas	Europe & ROW	Americas	Europe & ROW	Americas	Europe & ROW	Americas
	+2%	-1%	+13%	+9%	+7%	-2%	+15%	-3%

The underlying consumer market remained very strong during the year in Germany, the largest market in Europe, and several other countries posted modestly positive growth. Some countries, like Sweden and the UK, saw reduced demand for RVs due to new local regulations.

During the summer, we received reports that certain models of awnings, on a limited number of occasions, opened unexpectedly. No serious accidents were reported, but we prioritize safety and ordered a product recall in collaboration with our partners, RV manufacturers and retailers to secure that customers can upgrade the product.

We also continued to capture market shares, thanks to close collaboration with major customers and the market's best product offering within our niche. We expect the market to remain modestly positive in 2020.

Packs, Bags & Luggage, 8 percent of sales, 7 percent growth

Sales in the Packs, Bags & Luggage category increased 7 percent. The products that will account for long-term growth within this product category – smaller bags for everyday use, luggage and sports bags – reached double-digit growth with a broader portfolio and new customers. Sales within categories linked to consumer electronics, such as camera bags, cellphone and tablet cases, continued to decline this year as well.

Active with Kids, 12 percent of sales, 15 percent growth

The largest sub-category of design-winning bike trailers and the fastest-growing stroller category both performed very well. Growth in bike trailers was due to positive market trends in Germany, the Benelux countries and the Nordic region, where more parents are biking with their kids to preschool, as well as to the continued capture of market shares thanks to our award-winning products.

The expanded offering, including the launch of our third stroller model, Thule Spring, in the first quarter 2020 created good growth opportunities in strollers.

In child bike seats, we saw reduced sales in the important Benelux countries during the year, since a major competitor chose to price its products very aggressively.

Region Americas impacted by category phaseouts and uncertainty over tariffs

In 2019, sales in Region Americas declined 1.2 percent after currency adjustments. Excluding the planned phaseout of two low-margin categories in the US, sales in the region increased 1.4 percent.

Uncertainty regarding new trade barriers and tariffs for imports from China caused substantial concern among retailers. We continued to note rapid gains in our own internet sales directly to consumers in the US.

The region was also impacted by the weak economies and sweeping currency depreciations in countries such as Argentina, Colombia and Mexico. The other two major markets in the region, Canada and Brazil, continued to trend favorably.

Sport&Cargo Carriers, 71 percent of sales, 1 percent decrease in sales

The product category was negatively affected by the phaseout of low-margin OE contracts for pick-up truck accessories. Excluding these products, sales in the category increased 2.3 percent. Growth was primarily driven by a positive trend in the rooftop tent category acquired in 2018 and the ongoing successful rollout of our updated rooftop cargo carriers. Bike-related sales were negatively impacted in the US due to the large tariffs introduced in the peak season, which also impacted sales of bike racks.

Uncertainty led to retail chains in the US, which have been under pressure over the last few years, focusing on things other than more consumer-focused sales.

RV Products, 1 percent of sales, 9 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 sold specifically to small vehicles purchased by the typical active Thule consumer.

Packs, Bags & Luggage, 21 percent of sales, 2 percent decrease in sales

The sub-categories where we are making strategic investments in the forthcoming years – that is luggage, backpacks, bags for everyday use and sport-specific bags – grew 8 percent during the year, after currency adjustment. Growth was driven by successful launches of new luggage and sports bags.

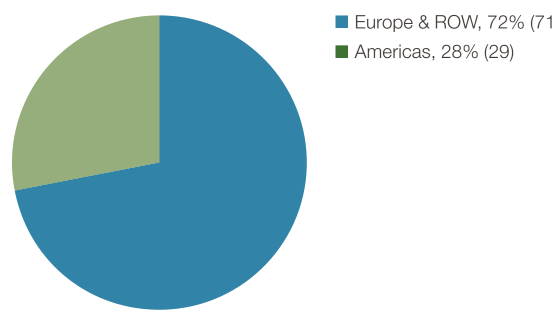
The general market decline in the previously large legacy categories (primarily camera bags and tablet cases), together with the phaseout of certain low-margin OE contracts for simpler cases, brought sales down by SEK 29m, mostly in the US. In 2019, these declining sub-categories accounted for 38 percent (44) of the product category in the region.

Active with Kids, 7 percent of sales, 3 percent decrease in sales

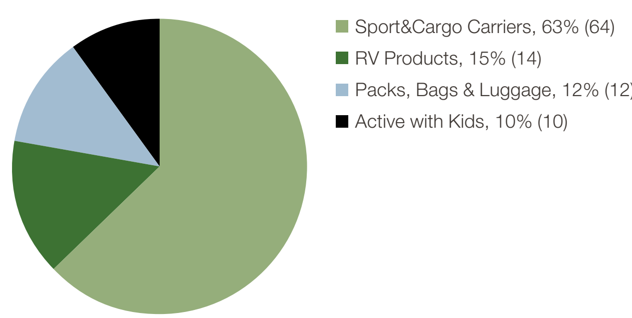
Stroller sales were a disappointment in the region during the year. After strong growth and capturing market shares for several years, sales of our award-winning Thule Urban Glide 2 sport stroller decreased after the largest competitor offered very aggressive discounts for the entire season. Nor did sales of the Thule Sleek stroller meet our expectations and we therefore chose to make a number of major changes in our sales force before the launch of the new Thule Spring stroller in the first quarter of 2020.

Sales of bike trailers and child bike seats were adversely affected by the tough market conditions for bikes.

Sales by region



Sales by product category



			Change, %	
Sales by region	**2019**	**2018**	**Reported**	**Adjusted***
Thule Group net sales, SEKm	7,038	6,484	8.5%	3.9%
– Region Europe & ROW	5,057	4,632	9.2%	6.1%
– Region Americas	1,980	1,852	6.9%	-1.2%

* Adjusted for changes in exchange rates

Product categories – development and long-term aims

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

Sport&Cargo Carriers

63 percent of the Group's sales in 2019.

Long-term ambition
Sustained stable growth by way of a strengthened market-leading position.

Performance in 2019
Stable growth of 1 percent in constant currency, from an already strong position as the market leader (2 percent excluding the planned phaseout of pick-up truck accessories reported under this category since the divestment of the Specialty segment in 2017).

Highlights in 2019

Bike racks
Continued to perform well in Europe with market-leading tow bar mounted racks. Growth in the premium segment of hitch-mounted racks in the US, despite a tough bike market.

Rooftop cargo carriers
The in-store launch of the new premium rooftop cargo carrier Thule Vector in the fourth quarter of 2019 and continued stable growth of other models.

Roof racks
The positive reception of our new innovative generation of roof racks is setting a whole new standard within the industry. Two of the three phases in the launch are complete and the final phase is planned for winter 2020/2021.

Rooftop tents:
Good growth in the acquired Tepui. In 2020, the products will be offered under the Thule brand.

RV Products

15 percent of the Group's sales in 2019.

Long-term ambition
To perform better than the overall market. This is the Group's only product category that is clearly related to economic fluctuations (see also Risk section, pages 53–57). We have consistently reported stronger performance than the market for a number of years, driven by new products and a close collaboration with major RV manufacturers.

Performance in 2019
Growth of 13 percent, clearly above the trend of the European motorhome and caravan market, which grew 8 percent by our assessment.

Highlights in 2019

Our relationships with major European manufacturers and distributors continued to strengthen, thanks to successful product launches and close collaboration on logistics and planning.

Growth in our niche premium products in an overall weak market in the US.

Packs, Bags & Luggage

12 percent of the Group's sales in 2019.

Long-term ambition
Stable growth by establishing the Thule brand within the luggage category and growth in terms of smaller backpacks and sports bags.

Performance in 2019
Sales increased 2 percent in local currency. Growth (+10 percent) in focus categories was, for the first time, larger than the decreased sales in the traditional categories (-12 percent).

Highlights in 2019

Luggage
Continued positive development for the Thule Subterra collection and positive reception of our first hard sided luggage collection, Thule Revolve, and our second soft luggage collection, Thule Crossover 2.

Smaller bags for everyday use
Increased sales, primarily in South-East Asia, for Thule backpacks for work and school.

Sports bags
Growth in the Thule AllTrail series of hiking backpacks and an expanded offering of bike bags.

Active with Kids

10 percent of the Group's sales in 2019.

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

Performance in 2019
Rapid growth of 11 percent in local currency.

Highlights in 2019

The continued positive growth in Europe, with several new retail customers in the category.

Bike trailers
Continued healthy growth with a market-leading portfolio in the major bike commuting countries in Europe.

Strollers
Healthy growth in Europe, because we now offer three different models and more retailers.

Targets and achievement

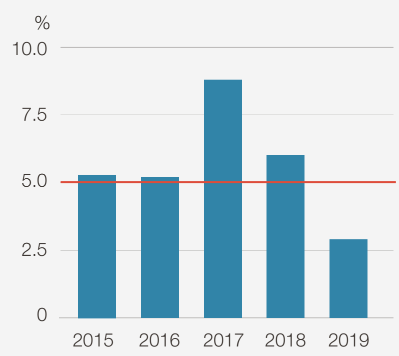
Financial targets

Organic growth

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

Long-term target

+5% Annual organic growth after currency adjustment.



Result for 2019

+2.9% Annual organic growth after currency adjustment.

Future focus

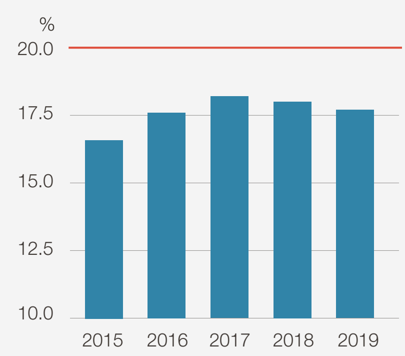
- Sport&Cargo Carriers (63% of sales in 2019): With our market-leading position and strong product focus on several major launches and proactive support for retailers, we target to generate continued growth exceeding 5%.
- RV Products (15% of sales in 2019): Strengthen our leading position in European 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.
- Packs, Bags & Luggage (12% of sales in 2019): Continue to drive growth within the growth categories (luggage, smaller backpacks and sports bags) that accounted for 71% of the category's sales in 2019.
- Active with Kids (10% of sales in 2019): Continued rapid growth through an expanded offering of products. Growth primarily driven by successful investments in the stroller category and a strenghtened retailer segment.

EBIT margin

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

Long-term target

>20% Underlying EBIT margin.



Result for 2019

17.7%

Future focus

- Sustained focus on utilizing economies of scale in a supply chain backed by strong investments, when the new categories targeted for rapid growth, primarily luggage and strollers, achieve greater sales volumes.
- Continuous focus on profitability enhancing initiatives.
- A focus on growth in categories with high margins.

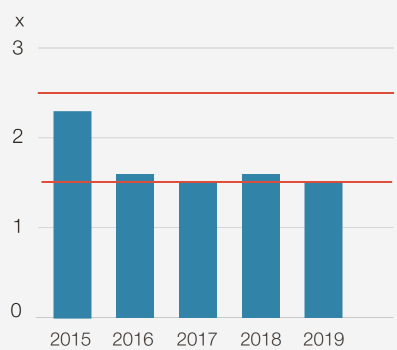
We create the prerequisites for continuous improvement by methodically following up and evaluating our operations against the business targets and our strategy. At the overall Thule Group level, we evaluate the achievement of targets in three areas: financial, environmental and social responsibility. In 2019, we established new long-term targets for the environment and social responsibility, which are described in detail on pages 30–31.

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 2019

1.5x

Future focus

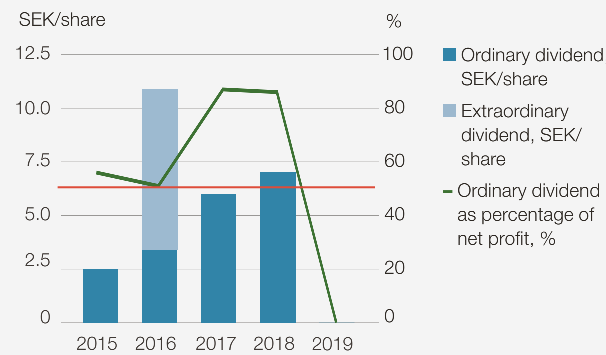
- An efficient, flexible long-term capital structure that creates opportunities for acquisitions and investments.

Dividends

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 2019

0%

Uncertainty about the future economic impact of the spread of the covid-19 (the corona-virus) means that management at the present time cannot make a more specific assessment of the impact on the company in the short and long term. The Board therefore decided on March 22, 2020, to withdraw the previously communicated proposal for a dividend of SEK 7.50 per share, totaling approximately SEK 774 million.

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 goals

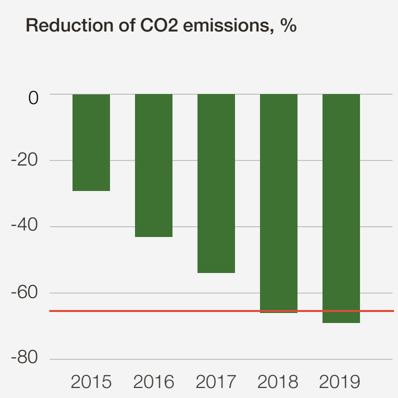
Greenhouse-gas emissions

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 65% in relative produced quantities at our production facilities by the end of 2020, compared to the base year of 2014.



Result for 2019

-68%

Compared to the base year 2014.

Future focus and new long-term targets

- To ensure improved monitoring of greenhouse-gas emissions throughout our value chain, we aim to have our long-term climate targets approved by no later than 2020 by the Science Based Targets initiative, a scientific method of ensuring that our targets are in line with the global Paris Agreements on the climate.

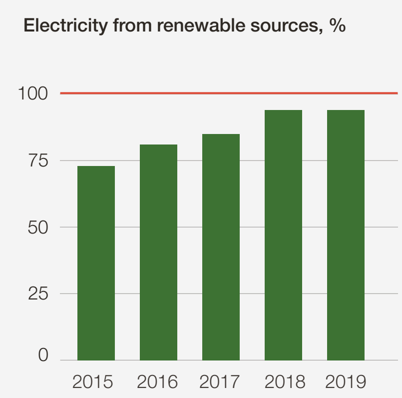
Energy

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 2019

94%

Future focus

- Reduce energy consumption in our plants.
- Increase the proportion of energy derived from renewable sources.

New long-term targets

- Our target is for more than 75% of all the energy (previously only electricity, see above) used at our facilities to originate from renewable sources by no later than 2025 (currently at 65%).

Societal goals

Recycling

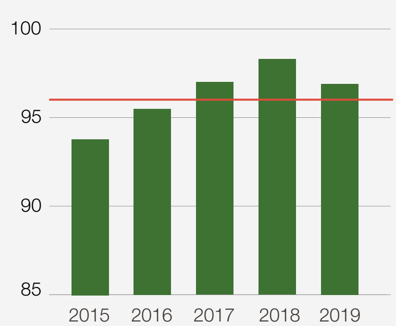
We aim to reduce our waste and to increase the recycling rate by identifying efficient and practical solutions for sorting waste.

2020 target

>96%

Achieve >96% recycling rate by 2020.

Recycling rate, %



Result for 2019

96.9%

Future focus

• We strive to reduce our waste and ensure increased recycling in our manufacturing processes.

New long-term targets

• Maintain a recycling rate of more than 98%.
• 0% of our waste going to landfills by 2030.

Health and safety

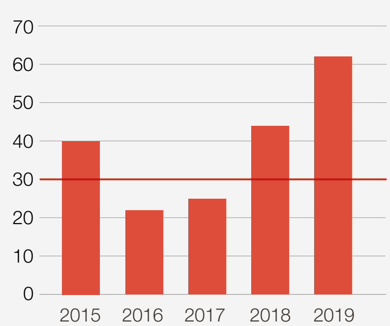
Our goal is to reduce the number of accidents at our facilities.

2020 target

<30

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

Number of accidents leading to at least eight lost hours



Result for 2019

62

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

Future focus

• 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 2019.

New long-term targets

• No workplace accidents resulting in more than 8 hours of absence by no later than 2030.

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

In 2018, the Board of Directors established new sustainability goals for Thule Group. We are participating in the 2030 Agenda for Sustainable Development and have identified seven SDGs to guide our sustainability efforts. Read more on pages 33–34.

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, and which 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.

We work strategically and with a long-term approach in accordance with the UN's 2030 Agenda for Sustainable Development. Our sustainability initiatives encompass the entire value chain and are governed by our Code of Conduct and policies. The Code 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 must be able to conduct their work in a healthy and safe workplace, and the same applies for suppliers and sub-suppliers. Our owners should feel that their investment is sustainable in the long-term.

Our sustainability efforts conform to the Global Reporting Initiative's (GRI) principles and guidelines. In 2018 we reported according to GRI Standards. This year we took an additional step by reporting several new parameters and indices so we are in line with GRI Standards: Core option.

Thule Group has been a member of the UN Global Compact since 2017, and our policies are deeply rooted in the ten principles on human rights, labor, the environment and anti-corruption. In 2019 we reviewed our Code of Conduct, refined our Anti-Slavery Statement, updated our anti-corruption policy and resolved on a new anti-discrimination and harassment policy. We also implemented a new web-based training module for all policy documents. We follow up to ensure that all employees have read and understood guidelines and Thule Group's core values, and the Code of Conduct in particular. Progress in the UN Global Compact initiative is reported in our annual *Communication on Progress*.

A continuing, deeper dialogue

In 2018, we conducted a trend and business environment analysis together with our most important stakeholders. The dialogue has continued through 2019 in order to better understand the expectations and requirements our stakeholders have for us as a company, as an employer and as a brand.

We participate in ESG surveys, which evaluate our sustainability agenda compared to what other companies do and provide insight and knowledge about how and what we can do better in our sustainability efforts. This year we also allowed South Pole, a well-established player in evaluating greenhouse gas emissions, to conduct an independent review of all of our sustainability data.

We have also introduced a new digital reporting tool, the Worldfavor platform, which has further strengthened the quality of our analyses.

Our dialogues with investors, experts, consultants and consumers in 2019 focused on how we approach sustainability. Questions that were discussed in 2019 primarily concerned the environment, but labor conditions at our suppliers and anti-corruption issues were also addressed.

Our sustainability efforts received extra attention when Carnegie Investment Bank named Thule Group Sustainable Company of the Year in its category for 2019. We shared second place in the consumer goods category when business daily Dagens Industri and sustainability news Aktuell Hållbarhet, together with the School of Economics and Management at Lund University, declared the Swedish stock exchange's most sustainable companies.

Sustainability targets for 2030

We have continued our efforts to lead the world towards peaceful and sustainable development through the UN's 2030 Agenda and the Sustainable Development Goals (SDGs).

In our GRI reporting, which we have expanded with several indices this year, we also follow up on our contributions to the areas of greatest importance to our operations and where we have the greatest potential impact.

The target and outcome for each area are presented in more detail on pages 28–31.

Focus areas for our long-term sustainability efforts

Proceeding from our stakeholder dialogues and the identification of our impact potential within the UN's 2030 SDGs, Thule Group has decided on the following focus areas:

Goal 5: Gender equality and Goal 10: Reduced inequalities
Goal 6: Clean water and sanitation
Goal 7: Affordable and clean energy
Goal 8: Decent work and economic growth
Goal 12: Responsible consumption and production
Goal 13: Climate action

These focus areas have been defined to create a structure for our long-term sustainability efforts. The target and outcome for each area are presented in more detail on pages 28–31.

Our contributions to the 2030 Agenda for Sustainable Development

Thule Group is one of many companies contributing to the 2030 Agenda. Our sustainability efforts primarily contribute to the following goals:

Environmental responsibility

Goal 6: Clean water and sanitation
- 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 water systems in manufacturing, in order to minimize the discharge of hazardous chemicals and substances.

Goal 7: Affordable and clean energy
- Our target is for 100% of the electricity used at our plants to originate from renewable sources by no later than 2020.
- 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.

Goal 12: Responsible consumption and production
- 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 0% 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.

Goal 13: Climate action
- We strive to reduce our climate impact by reducing emissions of greenhouse gases.
- Our goal is to reduce greenhouse gas emissions at our plants by 65% (compared with the base year of 2014), by no later than 2020.
- To ensure improved monitoring of greenhouse gas emissions throughout our value chain, we aim to have our long-term climate targets approved by no later than 2020 by the Science Based Targets initiative, a scientific method of ensuring that our targets are in line with the global Paris Agreement on the climate.

Social responsibility

Goal 5: Gender equality and Goal 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.

Goal 8: Decent work and economic growth
- Thule Group strives to protect workers' rights and to counteract modern slavery, human trafficking and child labor by conducting CSR audits of suppliers, providing courses on human rights to employees and by continuously evaluating the equitability of pay structures.

Continuous employee dialogues

At Thule Group, it is important to maintain a continuous dialogue with employees, to ensure that we are in accord 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 to work for us.

No employee survey was conducted in 2019 and a new one is planned for early 2020.

Responsibilities and governance

The Board of Directors 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 Group 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 Thule Group CEO. This ensures there is a link to Thule Group's overall business goals and integrates the responsibility into the commercial managers' tasks.

The commercial and functional managers' responsibilities, besides monitoring Group targets, also include legislation, rules and regulations in areas such as the work environment, environmental protection, environmental licenses, the use of natural resources, 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 dialogues, 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 goals, and how key figures have trended over the year (see also Corporate Governance Report).

The Group's sustainability director is responsible for coordinating and monitoring tangible issues, while the Group's Compliance Committee ensures compliance with monitoring issues. For further information about the sustainability risks and risk management, refer to pages 56–57.

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 our website.

This way we can ensure that our requirements for undesirable materials and substances are always updated and available for employees and suppliers as well as externally, to 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 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. Our goal is for all of our production sites to become certified in accordance with ISO 14001 by the end of 2020. Currently, eight of our nine production units are ISO 14001 certified.

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.

Memberships and collaborations

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

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, bluesign® also offers training for 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 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 sport 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.

Participant in the UN Global Compact

The UN Global Compact is an initiative which companies are invited to support and respect ten principles in the realm of human rights, labor standards, the environment and anti-corruption. As a member, we commit to publishing a report on how we have contributed to and how we are developing in relation to the ten principles.

Thule Chariot Cross

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 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 Board members, employees, suppliers, business partners and sub-contractors.

Thule Group Corporate Compliance Program

The 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 documents to which the Group adheres.

In 2019, we replaced the Thule Group Compliance Tracking System, which gives all employees access to current policy documents, with a new web-based solution, the Thule Group Online Academy.

The platform is an interactive system for tools like training, review and documentation. The system also hosts obligatory training courses, including the Code of Conduct and an entirely new interactive training in anti-corruption, that all employees and Board members must undergo. As of December 2019, 90 percent of our permanent employees had undergone relevant training. The whistle-blowing function was also updated in 2019.

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 irregularities were reported through the whistle-blowing function in 2019, but two breaches of the Code of Conduct were reported through other channels. One case led to termination of employment.

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 the local units' self-assessment of how they 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. A new procedure for self-assessment of compliance with TCGM was conducted in September 2019. Internal TCGM audits were conducted in our facilities in Neumarkt, Germany and Menen, Belgium. External safety and environmental audits were conducted by Willis Towers Watson at our production sites in Forest Park and Seymour in the US.

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. We are approaching the target of using 100 percent electricity from renewable sources and are also focused on reducing energy consumption related to heating. 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 which we control – principally from burning fossil fuels in our factories, refrigerants, and our vehicles' fuel consumption.

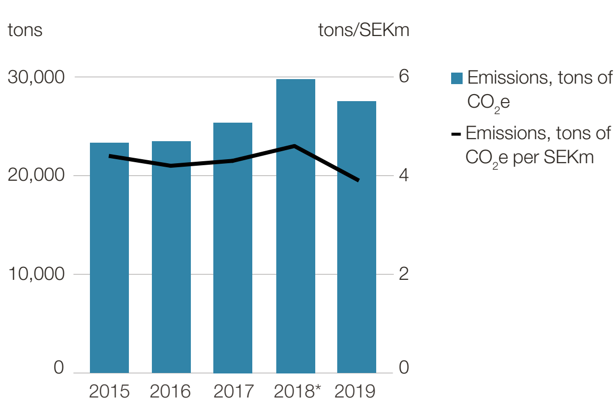
Scope 2 represents indirect emissions from our own operations – primarily from purchased electricity and energy for heating our premises. Today, we mainly obtain our electricity from solar, wind or hydropower sources.

In terms of *Scope 3*, we report emissions from logistics and business travel, which are indirect emissions from sources not controlled by Thule Group.

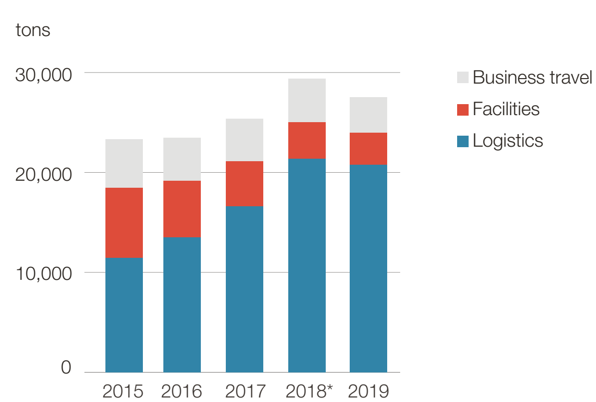
More details about how various factors have developed in relation to our climate impact can be found on pages 44–45.

In 2019 we conducted a pre-study in Science Based Targets: how it would affect us as a company and which goals we would need to reach to meet the requirements that commitment would entail. The pre-study demonstrated that we primarily need to work more closely with our supplier base, specifically with transportation, to reduce our Scope 3 CO_2 emissions. We are planning to move forward with this work in 2020.

Emissions and sales, tons of CO_2e per SEKm



Climate impact, tons of CO_2e



Emissions, tons of CO_2e	2015	2016	2017	2018*	2019
Direct emissions (Scope 1)	5,077	4,463	3,324	3,394	3,112
Indirect emissions, facilities (Scope 2)	2,806	1,436	1,169	292	278
Total Scope 1 & 2	**7,883**	**5,899**	**4,493**	**3,686**	**3,390**
Indirect emissions, external (Scope 3)	15,429	17,572	20,881	25,712	24,137
Total	**23,312**	**23,471**	**25,374**	**29,399**	**27,527**

* Thule Group's total emissions from 2018 were recalculated based on improved input data, in accordance with recommendations from the external sustainability consultant South Pole. This recalculation resulted in an increase of total emissions for 2018, primarily related to Scope 3 logistics emissions.

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 entire 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 Global Test Center

Thule Crossover 2

During the year we continued our investment in developing new smart products in all four of our product categories. In all, we invested SEK 413m (382), or 6 percent (6) of the Group's sales, in product development. We conducted several important projects in newer categories, Active with Kids and Packs, Bags & Luggage. This included launching the new luggage collections Thule Revolve, which was launched in retail in spring 2019, and Thule Crossover 2, which was in stores last autumn, as well as launching the new city stroller Thule Spring in February 2020. At the same time, we continued to deliberately strengthen our world-leading position in more traditional categories, with important launches like our new generation of roof racks, the new premium rooftop cargo carrier Thule Vector and new awning models for RVs.

To further strengthen our long-term investment in product development, during the fourth quarter we began construction of a new building dedicated to product development and testing in Hillerstorp, Sweden, with opening planned for spring 2021. This investment of approximately SEK 100m in Thule Group's world-leading product development creates an optimal work environment for an expanded work force in design and construction as well as an expansion of our advanced global test center. The new building includes 5,000 square meters of office and manufacturing space, with an expanded test center, prototype and tool department, as well as another 3,000 square meters for a park-like test track for the product category Active with Kids.

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

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

Reduced environmental impact in connection with use
by reducing air drag on vehicle-related products to reduce energy consumption and facilitating attachment and removal to avoid products remaining on the vehicle when not in use.

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.

Products that can be used for several years

A well thought-out product design with a focus on quality that can hold up to several years of tough daily use is the basis of our sustainability agenda. We also aim for our designs to be timelessly modern. We are aware that the consumers who choose to purchase and use our products place great value in their responsible production and long lifespan.

Our greatest opportunity to influence the products' long-term sustainability is during the development phase. By analyzing the materials used, production methods, usage and recycling potential, we strive for our products to have as limited impact on the climate and environment as possible during their lifecycle, without compromising on safety, quality, function or lifespan. Thule Group has a robust skills platform in eco-design and lifecycle analyses are an integral part of all product development projects and encompass the entire chain, from choice of materials and functionality to repairs and recycling.

Our lifecycle analyses show that our environmental impact can be principally linked to inherent raw materials, particularly aluminum, steel and plastic, and we strive consistently to use as little materials as is technologically possible. We also focus a great deal on the user phase. When developing roof racks, for example, we include analyses of how the vehicle's energy is impacted when the roof rack is attached, but also how easy the rack is to mount and unmount, so that the conscious user can easily limit their impact on the climate and the environment.

Understanding how our products are used

How people use our products in their daily lives provide the most important insights for successful development. Our product managers, designers and technical developers spend a lot of time studying how the products are actually used. Combined with simulations and internal testing, this provides detailed and immediate feedback during ongoing development projects. Many of us who work at Thule Group have a great interest in being outdoors and exercising, and also enjoy participating in our internal pilot programs during product development. We use the deep user insights of our sponsored Thule Crew members within the realm of their sports activities and are always present at major sporting events in order to study how people use both our and our competitors' products. All of these insights have a considerable impact on the design of the final products.

Our products are sold in 140 markets worldwide and we collaborate with a large number of different retailers, which enables us to spot 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. Our close collaboration with leading manufacturers of cars and RVs, as well as sports and outdoor products, such as bikes, kayaks and skis, provides valuable input for our work creating the next major product successes.

Smart 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 use various simulation tools and methods in this work, it is our employees' extensive experience and solid expertise with respect to how quality products should be built, that ensures that we convert our insights into smart and sustainable product solutions.

Over the years, we have proven that we are good at identifying smart technical solutions that make life easier for our users. A few examples from this year:

- The easy one-hand fast fold on our Thule Spring stroller, which makes the stroller self-standing and compact to store.
- The safe, intuitive way that the support legs for our new awning for smaller vans can be adjusted in uneven territory.
- The many small, innovative solutions in the new carry-on backpack Thule Landmark, with smart mounting for the removable daypack on the larger bag's comfortable shoulder straps, several built-in security features and protection for the back panel if you decide to check your bag for the flight, which makes it possible for the adventurous explorer to travel both securely and comfortably.

Tough tests inspire confidence

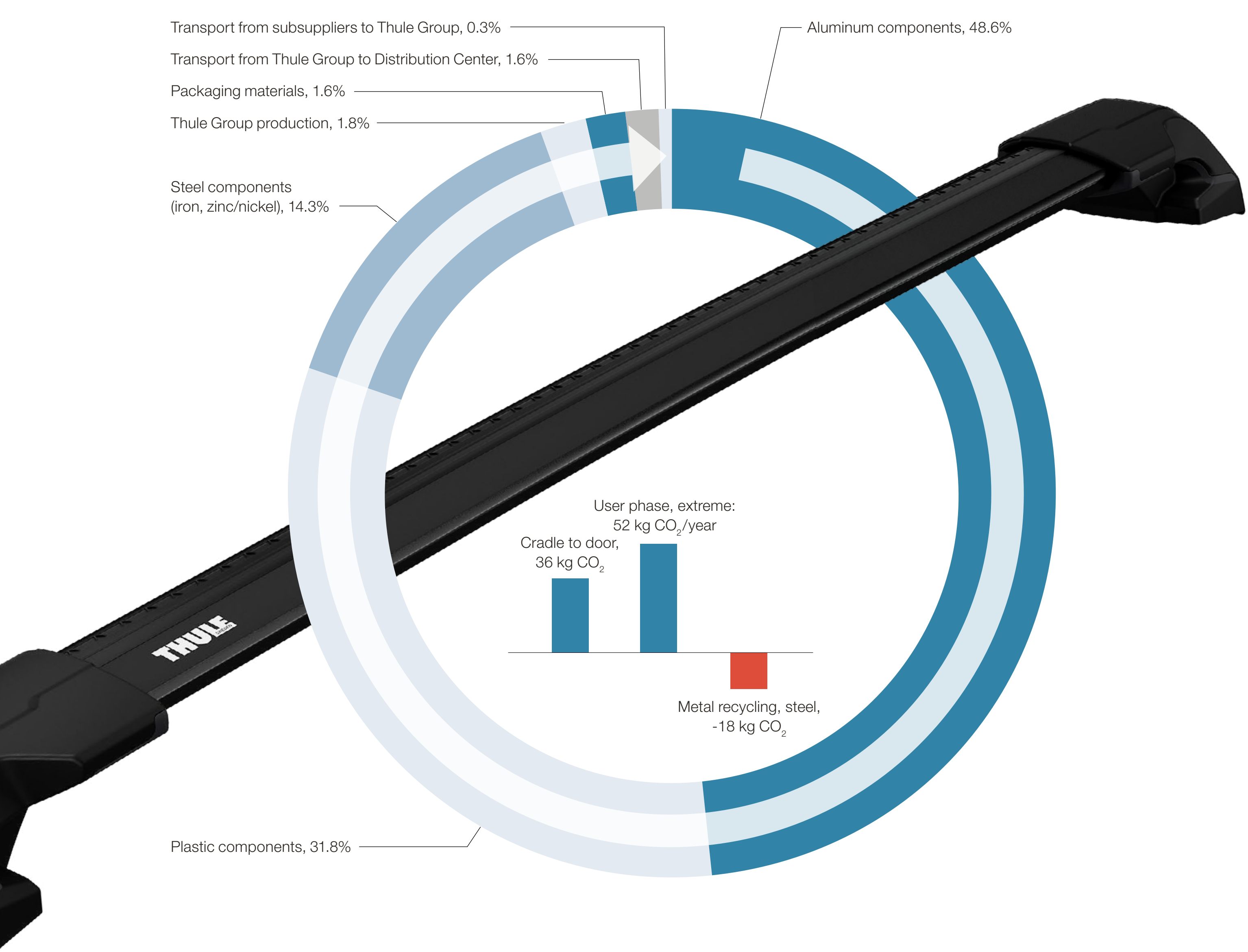
Valuable insights from our internal pilot programs are combined with more formal and structured tests in accordance with our Thule Test Program™, which comprises more than 25 Thule Group standards, to ensure that our products meet our stringent requirements on function, quality and safety. The tests,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

Lifecycle analysis (cradle to door) of Thule Edge Flush Rail roof rack

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. This shows an LCA for a Thule Edge Flush Rail roof rack, all the way from the extraction of raw materials to usage and recycling.

We based our analyses of the user phase on several scenarios. In this example with the new roof rack model, we present the scenario that the analysis showed had the most negative impact on the climate. Not only does the user drive great distances with a larger, gasoline-powered car during the year, but they keep the roof rack mounted even when there is no need for extra storage, even if the new roof rack is easy to mount and unmount.

Since this product was manufactured at our plant in Hillerstorp, which only uses renewable energy and is located close to subcontractors, the final assembly and transportation from the subcontractors to the assembly site have very little impact on the climate. 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.



Investments 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 also to feel confident that they are working in a physically and mentally positive and safe work environment.

In 2019 we continued to make major investments and changes to the Group's manufacturing sites. Increased sales and expansion in our new product categories entailed investments to ensure affordable, efficient, sustainable and safe manufacturing.

At our rooftop cargo carrier manufacturing site in Neumarkt, Germany, the entire production flow has been reorganized. We opened up the production floor, invested in better and more environmentally friendly lighting, lighter colored walls, automated difficult and dangerous tasks and installed a sprinkler system.

In Seymour in the US, we have reorganized our production and opened a new, smaller, adjoining production facility for processing components. In this ultra-modern facility we have also invested in robotics technology, improved work methods and created an open, bright work environment in tandem with improving safety and providing a good overview. The new production site has also helped improve the flow in the old production facility, which led to a better and more comfortable work environment. The improvements also increased efficiency.

At our facility in Menen, Belgium, we have also invested in new premises for production and storage, meaning more space in the large production facility and therefore a safer work environment, improved processes and increased efficiency.

In our production site in Hillerstorp, Sweden, the second of three phases was completed concerning energy-efficient production lines for the new generation of roof racks.

In November, a decision was made to invest SEK 100m in an expansion of our global development center in Hillerstorp, with just over 5,000 square meters of office and manufacturing space and a large test track for products in the Active with Kids product category. This investment will also mean a better work environment for our employees.

Overall, we not only continued to take major strides toward sustainable future operations from a purely commercial perspective, but also created the prerequisites for reducing our climate and environmental footprint and improving our work environment.

The negative workplace accident trend reversed during the second half of the year

Thule Group offers comfortable, safe work environments, and we aim for employees to form a strong team focused on high quality and a comprehensive approach to sustainability, where we all contribute to identifying smarter ways to work.

The total number of workplace accidents for the Group rose, however, from 76 to 100 and the number of accidents that resulted in eight or more hours of absence increased from 44 to 62. The number of lost working days per million hours worked rose from 121 to 157. The production site in Menen, Belgium, accounted for most of the increase.

We have continued to intensify efforts to meet the challenges within the framework of our safety program, Safety First. Safety First provides the basis for structural investments and thorough day-to-day work. Together, we are creating a work environment that not only promotes safety, but positive collaboration, job satisfaction and a balance between work and leisure, as well as a genuine understanding of the company's vision and long-term goals.

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 & Safety committees. We also developed an anti-discrimination and harassment policy that all employees need to be familiar with and sign. In 2019 we had two cases of harassment. One resulted in termination of employment and the other in a written warning.

In terms of the physical work environment, we had more incidents than normal during the first and second quarters, primarily at our production site in Menen, Belgium.

During the third quarter, the trend turned around and the decline continued throughout the fourth quarter. The decision to move parts of production and storage to a new building, a complete review of the workplace risks pertaining to all workstations and operations, and a more detailed action plan to highlight safety issues at the workplace were positive factors. An improved training program focused on health and safety was also rolled out and employees are regularly trained in these issues.

Reduced climate impact

For several years now, we have invested heavily in improving our energy efficiency and reducing our dependence on fossil fuels, in order to achieve our targets for 2020:

- 100 percent of our electricity is to come from renewable sources,
- CO_2 emissions from our facilities are to have decreased by 65 percent, compared with 2014.

All production facilities in Europe have received their electricity from renewable sources since 2017. Our assembly and development facility in Hillerstorp uses biogas for heating, and thereby renewable energy for both heating and electricity. Solar panels on the roofs of the manufacturing and office buildings in Connecticut, in the US, provide around 25 percent of their electricity needs.

In total, 94 percent of all our electricity came from renewable sources in 2019, the same as last year. Greenhouse gas emissions from our facilities have decreased by 68 percent so far (compared with 2014).

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 more efficiently identify opportunities for further energy savings.

Continuous monitoring of electricity consumption, the share of renewable electricity and the climate impact of electricity consumption and heating forms part of the quarterly reporting to the Group Management of Thule Group.

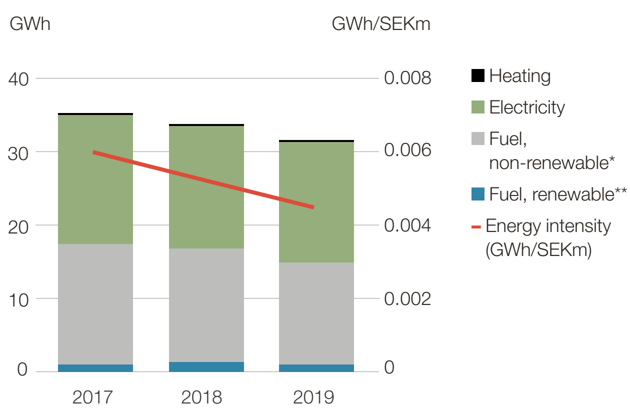
During the year we also further developed our climate impact index (CII) calculation model as the basis for the design, development and manufacturing of our products. This calculation model is used when the components include plastic, aluminum and steel. Over time, we will expand the model with additional parameters. The purchasing function will also use the model to help develop our supplier base.

As we develop new products, we also develop new and more efficient ways to package and ship our goods. It is also important that the customer receive the products easily and without unnecessary bulk. Our new generation of roof racks has more efficient packaging to reduce waste. Our new stroller Thule Spring can easily and effectively fold up to save as much space as possible, both during transportation and in use.

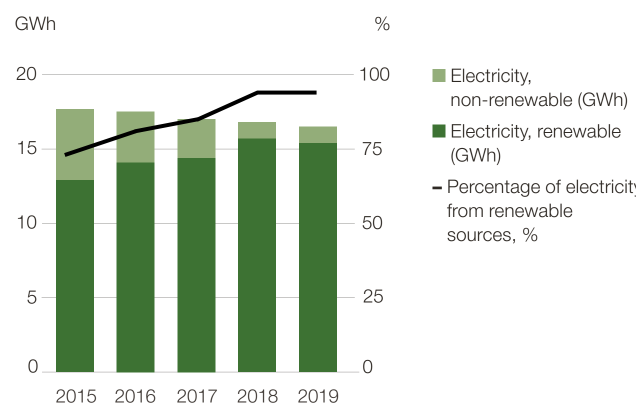
Reduced water consumption

Water is one of the most important natural resources that we need to preserve, and Thule Group's objective is to reduce

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

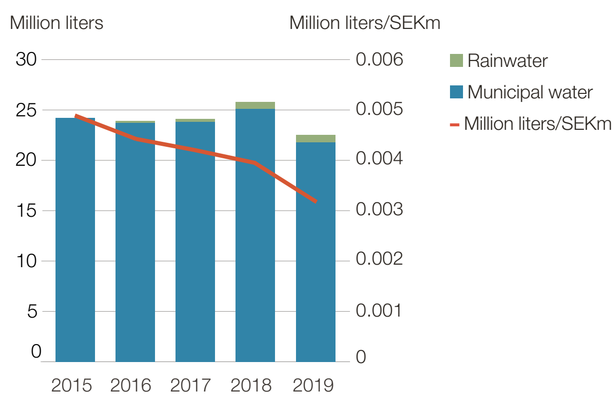


Electricity (GWh) and proportion from renewable sources, %

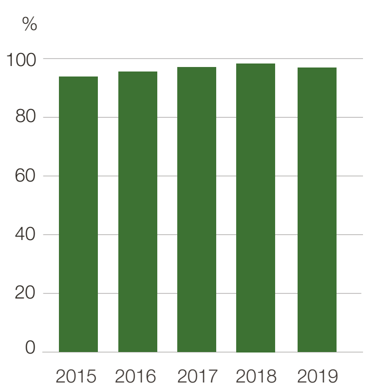


* Non-renewable fuel includes diesel, gasoline, heating oil, LDP and natural gas.
** Renewable fuel includes biogas and ethanol.

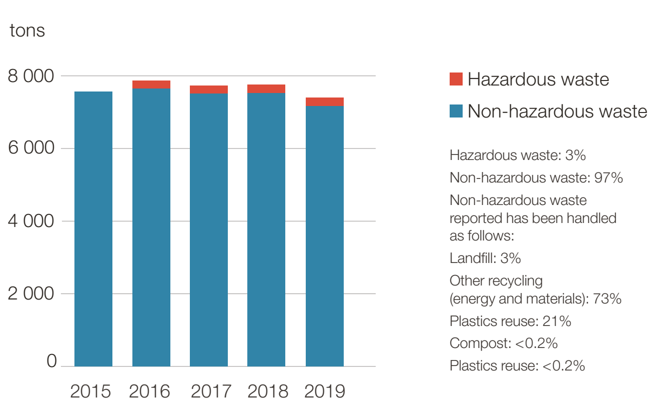
Water consumption, millions of liters



Recycling rate, %



Waste, metric tons



water consumption at all 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.

We strive to collect rainwater and to use it in our toilets whenever possible. Rainwater accounted for around 3 percent of our water consumption during the year, though at the facility in Itupeva, Brazil, it accounted for an entire 68 percent of water consumption.

Water consumption 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. In 2019, Thule Group's total water consumption was 22.5 million liters.

Waste and recycling

We constantly strive to reduce waste and our long-term target is to achieve a recycling rate of 96 percent by the end of 2020. Our recycling rate for 2019 was 97 percent (98). 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 the Group-wide network by voluntary environmental ambassadors.

We collaborate with our subcontractors 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.

All of our facilities have detailed procedures for management of hazardous waste. By altering processes and working methods, our plant in Forest Park in the US can now recycle and reuse all materials and waste, thereby certifying them as Zero Waste to Landfill*.

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.

* Non-recyclable waste is used for energy recycling instead of being sent to a landfill.

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
Packs, Bags & Luggage	Mainly sourcing of finished goods with limited in-house assembly
Active with Kids	Combination of in-house assembly and sourcing of finished goods

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.

Every 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 & safety, human rights and climate and environmental aspects. This is followed by our annual follow-up on a selection of 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 dying fabric, handling PVC and surface treatments as well as high-risk countries.

In 2019 we updated our sustainability policy to expand the focus on effective review of our suppliers and their subcontractors. Based on our revised policy, we identified 119 suppliers to prioritize in CSR audits in the next few years. In 2019, 55 suppliers were audited in terms of sustainability initiatives, of which seven were second-tier suppliers. Of the audits, 45 were conducted by our own internal auditors and 10 by third parties.

Although most of the social audits have historically been conducted in Asia, in 2019 we decided to increase the number of social audits in Europe to encompass suppliers in the most important subcontracting countries: Poland, Germany and Sweden. The audits have been positive overall and no deviations have been severe enough to warrant breaking off partnerships with any suppliers. The most serious social deficiencies pertained to:

- Social: No day of rest following six days of work
- Social: Lack of documentation for salaries and overtime pay
- Social: Lack of a management system to review and control labor issues like health and safety.

These audits contribute to both our own and our suppliers' improvements and ensure a better and safer work environment for their employees.

Constant focus on logistics

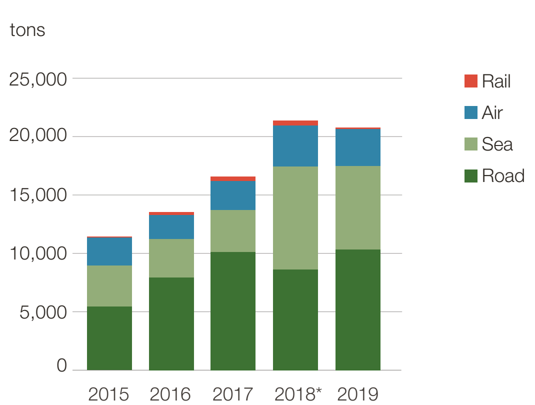
With increased sales in 140 countries, larger production volumes and deliveries from suppliers in 32 different countries, product launches with new retailers in new categories and the growth of e-commerce, logistics still account for most of the Group's emissions of greenhouse gases. This, in combination with fewer distributors and reduced inventory sizes at the retail level, results in more direct deliveries to stores and customers. We have our work cut out for us when it comes reducing CO_2 emissions from shipping.

In 2019 we focused on impacting what we have the most control over: reducing the number of shipments between our production facilities and our warehouses. For transportation from our largest assembly plant in Huta, Poland, to our large third-party warehouse in Venlo, the Netherlands, we have applied the "Top-up" concept, where lightweight products like child bike seats are put on top of heavier products and loaded up to the roof of a trailer. This method reduced the number of truck shipments in 2019, resulting in a 47 ton reduction in CO_2 emissions.

In 2019, logistics accounted for 75 percent (73) of the Group's total CO_2 emissions. Our methods of analysis and the reporting from our suppliers remain incomplete, as is the case for most global companies. Prior to 2019, we invested in a new reporting tool, the Worldfavor platform, that can help us to gather more accurate data.

Our general objective is to reduce the proportion of air freight and replace bulk road freight with rail shipments wherever possible. Air freight accounted for 15 percent (17) of total emissions from logistics in 2019. Air freight from Asia to Europe has reduced, but air freight from Asia to North America is at the same level as last year. The implementation of our global ERP-system in Region Americas, which will be completed in early 2020, will help us plan more sustainable transportation and reduce our reliance on air freight.

Logistics – emissions, tons of CO_2e



* Thule Group's total greenhouse gas emissions for 2018 based on Logistics were recalculated after improvements and corrections to data collection in line with recommendations from the external audit performed by the sustainability consultant South Pole to verify emissions for 2018.

Modern meeting culture reduces travel

In global operations like ours, business travel is part of daily life. Face-to-face meetings with suppliers, customers and colleagues are crucial, but should be well-planned and productive. With modern technology, such as video conferences and Skype meetings, we have created a meeting culture that functions well. Today, a large number of internal meetings with employees in different countries are held this way, which reduces our requirements for business travel, even though we are a growing company with several contact points.

When we do travel internationally, it still mainly involves long-distance flights. Business travel accounted for 13 percent (15) of our climate impact in 2019. We reduced the number of flights we took in Europe and, to a lesser extent, in North America as well. The climate impact from business related car travel is being continuously reduced, through more employees choosing to drive hybrids or fully electric vehicles.

As of this year, we have started climate compensating the effect of our business trips through a partnership with Gold Standard*. At the same time, we are continuing to increase the use of digital meetings to further reduce our travel. This is essential, since Thule Group is becoming an increasingly international organization.

* Gold Standard is an international non-profit foundation that was started in 2003 by several environmental groups, including WWF International, and sets a seal of approval on climate compensation projects.

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 core 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.

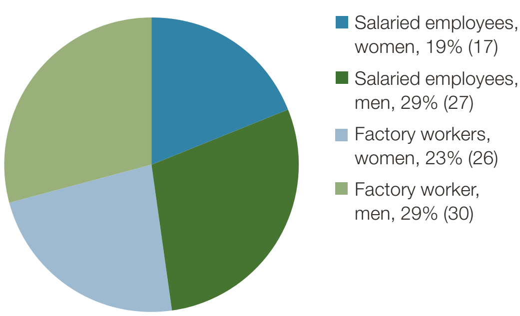
Thule Group conducts extensive international operations and has an extensive network of partners, which is why it is important for us to clearly communicate our values and guidelines, and what our company stands for. In 2018, we began an all-encompassing update of the Group's website and intranet to more effectively share our values and policy documents. Improvements to the intranet continued during 2019, including the launch of Thule Group Online Academy, where employees can receive interactive training in our values and policies. Now all employees have easy access to updated information about what we represent and how we are to treat each other. A very important aspect of sustainability at Thule Group is for all of our employees to understand our culture, value our brand and

Our core values mean that in daily operations, employees:

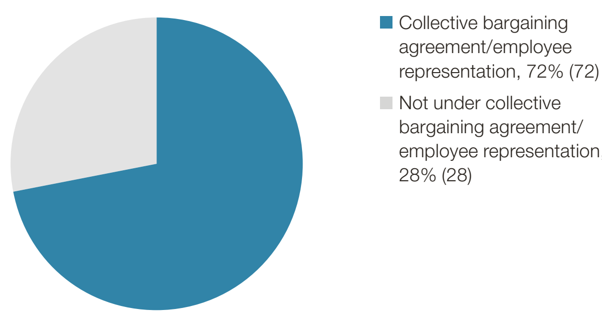
- understand consumers' needs
- develop smart products that make it easy for people to live an active life
- continuously challenge development and production processes in order to deliver innovative products in a cost-efficient manner
- ensure that all products are of the highest quality
- ensure that our products are available in the right channels with the right products 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.

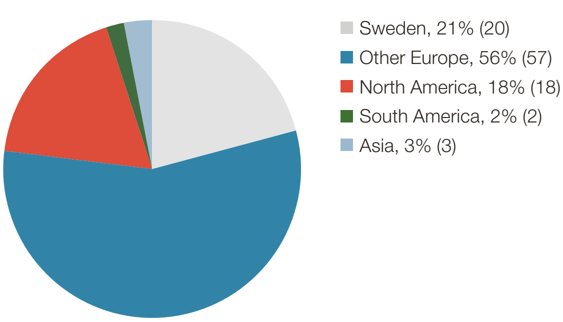
Percentage of employees by gender, and salaried employee or factory worker*



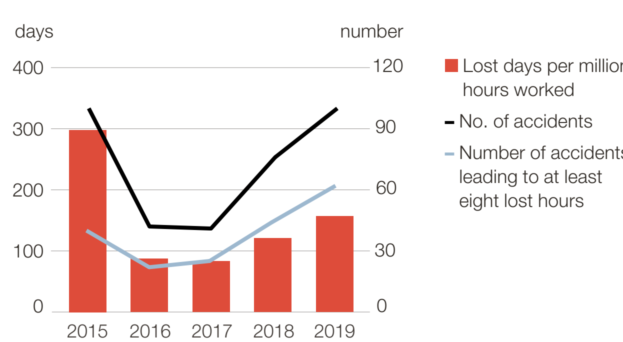
Percentage of employees with collective bargaining agreement/employee representation*



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.

work based on what these represent. This becomes even more important as we grow, become even more global 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 numbers of employees in 2019 was 2,422 (2,356). 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.

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 market position. In 2019, 96 percent of salaried employees and 77 percent of factory workers underwent an individual appraisal with their immediate manager under the Group's Performance Management Process (PMP) framework.

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 training and support, to ensure employees are able to face new challenges and develop as individuals.

In 2019, we remained steadfast in our efforts with project management training, with training at several locations. The investment has been ongoing since autumn 2017 and more than 240 participants have completed the program to date. In addition, we conducted courses on Corporate Social Responsibility (CSR) for our new employees.

Our first 18-month trainee program with newly employed engineers from Sweden, Germany, the UK, the Netherlands and China continued as planned and concluded in December 2019. We currently have no plans for another new trainee program in 2020.

We believe in 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. 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. By being an active user of our products, our employees can better understand our customers and their needs.

Through local initiatives like arranging races with strollers (like the Göteborgsvarvet Half Marathon in Sweden), we can have a close and honest interaction with users of our prod-ucts, while many of our own employees have the opportunity

In autumn 2019, our product manager for Technical Backpacks, Graham Jackson, participated in a three-week hike in Nepal together with Apa Sherpa, a legendary mountain guide and a long-time member of Thule Crew. The trip was organized by the Apa Sherpa Foundation, a charity organization sponsored by Thule Group that ensures access to schools near Mount Everest. Hiking at high altitudes in difficult terrain provided many valuable experiences that will be very useful in our ongoing product development, and a good insight into how our support creates opportunities for children in the region to get an education.

to run the race while pushing their own kid in a stroller. Our employees all over the world are active users of our products and testify about the value of an active lifestyle. Many share their experiences with friends and acquaintances as well as on social media, like Facebook, Instagram and Snapchat. Ideas for product improvements or new products are also 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' opportunities, regardless of gender, age and background. In 2019, women comprised 43 percent of the company's work force. The management circle comprises 25 percent women and during 2018, new long-term targets for 2030 were also set in this area, to further improve the balance and achieve an equal distribution of women and men in our workforce; read more on page 50.

We created a plan for increasing 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 2019, eight percent of the sales force and 22 percent of the engineers were women. However, Thule Group is currently equally appealing to women and men. This is a positive development that has improved over the last two years.

Diversity in our global operations is invaluable. The collective strength of our skills and experiences are the basis for 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. During the year, there were two cases of harassment, which were followed up by local management and the Group's HR function, and one of these cases resulted in termination. Our new anti-discrimination and harassment policy clearly specifies how we manage these issues. All reported cases are handled by the local Health & Safety committee.

A global company with local engagement

Read more

There is a deep local commitment among our over 2,400 employees in nine production facilities and over 35 sales locations. The company and local employees participate in local environmental projects and support initiatives for children, young people and other vulnerable groups in the regions where we operate. Below are some of the many activities that our employees participated in during 2019.

In Hillerstorp, Sweden – where Thule was founded in 1942 – the company sponsors the local sports' club youth activities, including organizing the Hillerstorp Adventure Race, which many employees also participate in.

Employees at the company's facility in Neumarkt, Germany organized an activity day for 45 local young people with disabilities at the German Alpine Association's local indoor climbing facility. Thule Group's employees with climbing experience made sure that everyone had a fun – and safe – time, and after a long day each participant received their own Thule backpack.

Forty employees at the company's facilities in Menen, Belgium participated in the "Warmathon"in the nearby town of Kortrijk. Warmathons are an exercise event during a week in December that is connected to charity. Each Thule Group employee that participated could decide which charity the company would sponsor.

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 analyze and prevent risk in turn reduces the risk of unforeseen events having a negative impact on 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. Mapping, planning and management of 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 Board members.

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.

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 54–57 briefly describes the most significant risks, along with their counter-acting factors and management, to limit their potential impact on operations. 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 103–107. Work environment risks are described in more detail in the chapter on Sustainability efforts within manufacturing on pages 42–46. 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 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 units. Operational risks refer to risks relating to the brand, relocation of sourcing and 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 units, 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 a 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 Group's Board of Directors. Read more about the accounting policies, risk management and risk exposure in notes 1 and 4 on pages 91 and 103–107 respectively.

The table on pages 54–57 briefly describes the most significant risks, along with their counteracting factors and management, to limit their potential impact on operations. 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.

Industry and market-related risks

Risk area	Description	Counteracting factors and management
Business cycle and demand	• Changes in the business cycle that lead to reduced spending power may have a negative effect on Thule Group's earnings. • RV Products is the only cyclical product category.	• Thule Group has a low exposure to individual markets. • The sports and outdoor industry's historically relatively limited exposure to rapid fluctuations during the business cycle allows time for adaptation.
Demand for underlying products	• Thule Group's range is, in some cases, dependent on demand for other products. If such demand should change, it could entail an adverse impact on Thule Group's earnings.	• 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.
Competition	• 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.	• Activities such as product development, quality work and prize-winning designs, are focused on strengthening the company's competitiveness.
Competition legislation	• 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.	• Continuous education of employees. • Continuous internal audits. • In-depth legal support in cases of uncertainty.
Taxes	• 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.	• 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.

Operational risks

Risk area	Description	Counteracting factors and management
Reputation	• Thule Group's sales and results are dependent on the company's reputation remaining positive.	• 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 product recall policy in place with clear rules and escalation procedures.
Local business risks in countries with operations	• 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.	• 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	• 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.	• 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.
Agreements with local suppliers and customers	• 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.	• 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.
Inability to retain and recruit qualified personnel and executive management	• Being able to attract and retain qualified personnel and its executive management is vital to Thule Group's future operations.	• 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.

Sustainability-related risks

Risk area	Description	Counteracting factors and management
Deficiencies in sustainability efforts	• The confidence of society and the market in Thule Group's sustainability efforts is a prerequisite for successful operations.	• 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	• Regulatory compliance in relation to relevant environmental law and other provisions on the environment are requisite to avoiding administrative 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.	• 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 subcontractors. • 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	• 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.	• 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	• 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 most frequently involves the use of fossil fuels.	• 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.	• 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	• The work environment, health and safety are central to Thule Group. Deficiencies in safety and the work environment entail a greater risk of ill health and incidents for the company's employees.	• 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. 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	• 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.	• Thule Group is a participating member of 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, subsuppliers and customers. • Thule Group's supplier strategy includes the company's sustainability aspects.

Sustainability-related risks

Risk area	Description	Counteracting factors and management
Corruption	• Corruption may exist to various extents in some countries and in different 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.	• 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 inhouse and in partnership with the company Intertek, to monitor and audit compliance with Code of Conduct.

Financial risks

Risk area	Description	Counteracting factors and management
Exchange rate risk	• 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.	• 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	• 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.	• 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	• For the Group, it is primarily fluctuations in plastic, aluminum and steel prices that constitute a significant commodity price risk.	• The commodity price risk is managed through supplier contracts and through financial contract hedges with terms of up to one year.
Refinancing and liquidity risk	• 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.	• 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	• Credit risk is the risk that Thule Group's counterparties are unable to pay their liabilities and thereby cause losses for Thule Group.	• Customers undergo credit checks in accordance with the Group's credit policy and outstanding balances are monitored continuously.

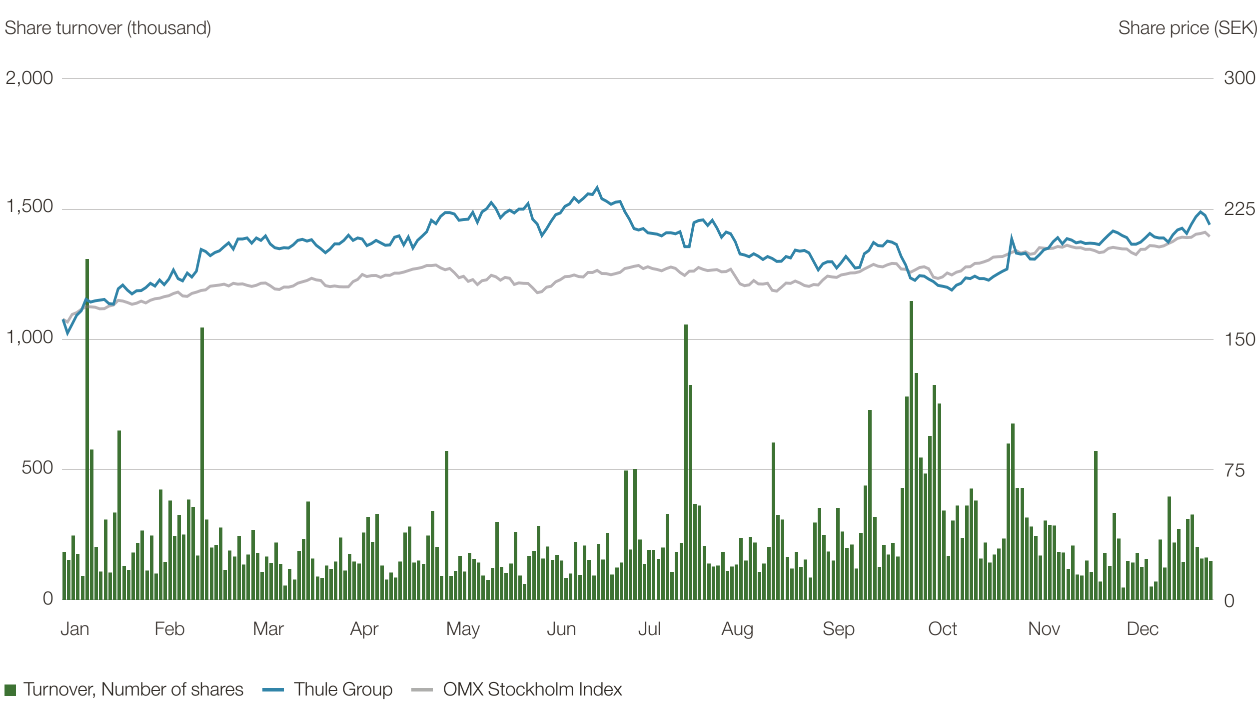
The Thule Group share and shareholders

Thule Group's share has been listed on Nasdaq Stockholm since November 26, 2014. At December 31, 2019, Thule Group had 14,120 shareholders, of whom 190 (82.9 percent of shares) were financial and institutional investors, 13,433 (2.9 percent of shares) were private Swedish individuals and 494 shareholders (3.3 percent of shares) were legal entities. The remaining shareholders (11.0 percent of shares) cannot be classified. Foreign owners accounted for 58.3 percent of the votes and capital.

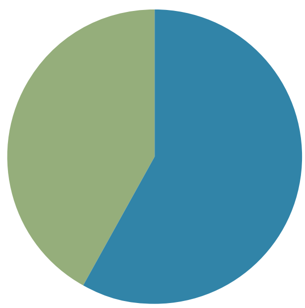
The ten largest owners represented 43.0 percent of the votes and capital. The highest price paid during the period between January 1 and December 31, 2019 was SEK 238.80 and the lowest price paid was SEK 153.00. During the period January 1 to December 31, 2019, Thule Group's share price rose 33 percent.

At December 31, 2019, Thule Group's share capital amounted to SEK 1,153,495.63. The number of common shares was 103,208,606. 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.

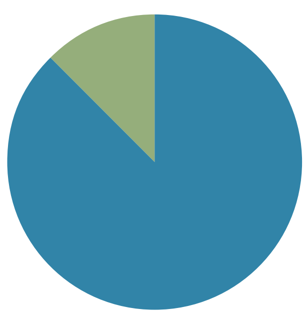
Thule Group's Articles of Association contain a central securities depository clause and the company's shares are registered with Euroclear Sweden AB, which means that Euroclear Sweden AB administers the company's share register. All shares carry equal rights to the company's profits and shares of surpluses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



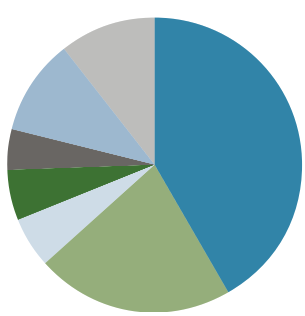
Share of votes and capital, Swedish and international owners



Share of votes and capital, Sweden



Share of votes and capital, five largest countries



10 largest owners	No. of shares	%
AMF Försäkring & Fonder	11,484,992	11.1
Nordea Fonder	4,918,882	4.8
Handelsbanken Fonder	4,039,074	3.9
Didner & Gerge Fonder	3,878,647	3.8
Lannebo Fonder	3,842,419	3.7
T. Rowe Price	3,835,396	3.7
SEB Fonder	3,570,179	3.5
ODIN Fonder	3,215,108	3.1
Vanguard	2,917,831	2.8
BlackRock	2,706,175	2.6
Total, ten largest owners	**44,408,703**	**43.0**
Total	**103,208,606**	

Share turnover in the largest market places	No. of shares (million)	%
Nasdaq OMX	60.7	45.7
Cboe BXE	24.0	18.1
Cboe APA	18.8	14.2
Cboe CXE	5.0	3.7
Aquis	4.6	3.4
Other	19.9	14.9
Total	**133**	**100**

Information to shareholders

Annual General Meeting

The Annual General Meeting (AGM) of Thule Group AB (publ) will be held on Tuesday, April 28, 2020 at 11:00 a.m. at Quality Hotel View, Hyllie Stationstorg 29, Malmö, Sweden.

Right to attend

Shareholders who wish to attend the General Meeting must:

- be recorded in the share register kept by Euroclear Sweden AB (the Swedish Central Securities Depository) on Monday, April 20, 2020, and
- notify the company of their intention to attend the General Meeting by the same day – Monday, April 20, 2020 – preferably before 4:00 p.m.

To participate in the AGM, shareholders with nominee-registered shares should request their nominee to have the shares temporarily owner-registered with Euroclear Sweden AB. This registration must be in effect by Thursday, April 18, 2020. Shareholders are therefore requested to notify their nominees in due time before the said date.

Notice of attendance

Notice of attendance should be provided in writing to Thule Group AB, "Annual General Meeting", c/o Euroclear Sweden AB, Box 191, 101 23 Stockholm, Sweden, by telephone to +46 8-402 93 95, or on the company's website, www.thulegroup.com.

The notice of attendance must state the name, personal identity number or Corp. Reg. No., shareholding, telephone number and name of any advisor. Shareholders represented by proxy should submit a power of attorney to the company prior to the AGM. A proxy form is available at the company and on the company's website. Representatives of a legal entity shall present a copy of the certificate of registration or similar document of authorization.

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 2019 fiscal year.

Operations and organization

Thule Group is a world leader in products that make it easy to bring the things you need, and care about — easily, securely and in style — when living an active life. Under the motto *Active Life, Simplified.* — the company offers products within these product categories: Sport&Cargo Carriers (e.g. roof racks, roof boxes, bikes carriers, water and winter sports equipment, and rooftop tents mounted on a car); Active with Kids (e.g. bike trailers, strollers and child bike seats); RV Products (e.g. awnings, bike racks and tents for RVs and caravans); and Packs, Bags & Luggage (e.g. hiking backpacks, suitcases and camera bags).

Thule Group has about 2,400 employees at nine production sites and 35 sales offices worldwide. The Group's products are sold in 140 markets and in 2019, sales amounted to SEK 7 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.

Significant events after the fiscal year

Acquisitions

On December 30, Thule Group acquired the operations of North America's leading player in roof rack mounted fishing rod vaults, 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 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, the company had sales of around USD 1m and the purchase consideration amounted to USD 1m together with a potential maximum earn-out payment of USD 0.25m based on revenue performance for 2020. The acquisition is not expected to have any material impact on Thule Group's total sales and earnings. Moving forward, the acquisition will be reported in the Sport&Cargo Carriers product category.

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

Net sales

Net sales for the full-year 2019 amounted to SEK 7,038m (6,484), corresponding to an increase of 8.5 percent. Adjusted for exchange rate fluctuations, net sales for the Group rose 3.9 percent.

A challenging market in the US and the phaseout of certain low-margin OE contracts in that market resulted in us not meeting our global growth target of at least 5 percent for currency-adjusted organic growth.

The development of our four product categories in 2019 can be summarized as follows:

- Sport&Cargo Carriers – Growth of 1 percent from an already strong position as the global market leader (2 percent excluding the planned phaseout of pick-up truck accessories reported under this category since the divestment of the Specialty segment in 2017).
- Packs, Bags & Luggage – Growth of 2 percent – growth in our focus categories was higher than the sales declines within traditional categories.
- RV Products – Growth of 13 percent, which was above the trend of the European motorhome and caravan market, which grew 8 percent by our assessment.
- Active with Kids – The very positive trend in Europe continued, resulting in growth of 11 percent.

Operating income

Operating income totaled SEK 1,195m (1,163). Over the year, operating income was impacted by a cost for a reorganization, primarily in North America, amounting to SEK 24m and by an estimated cost of SEK 25m pertaining to a product recall. Underlying EBIT amounted to SEK 1,245m (1,164), corresponding to an operating margin of 17.7 percent (18.0). Changes in exchange rates had an overall positive impact of

SEK 83m on underlying EBIT, compared with the full-year 2018. After currency adjustment, we recorded a margin decline during the year of 0.7 percentage points compared with the preceding year.

The product recall is ongoing and the final cost has not yet been established. In the second half of the year, we initiated a recall within the RV products category of two models of motorized awnings. During the summer we received reports that the awnings, on a limited number of occasions, opened unexpectedly. No accidents have been reported, but since we always prioritize safety we decided to order a product recall in collaboration with our partners, RV manufacturers and retailers to ensure that customers can upgrade the product.

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 5.9 percent (5.9) of net sales in 2019.

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 49m (expense: 48), and were impacted by exchange rate differences of SEK 0m (neg: 5) on loans and cash and cash equivalents. The interest expense for borrowings for the full-year was SEK 45m (expense: 37).

Sales trend by region

Region Europe & ROW

In Region Europe & ROW, we achieved sales of SEK 5,057m (4,632) corresponding to growth of 9.2 percent. After currency adjustment, sales rose 6.1 percent. There were substantial gains in the vast majority of our markets. The performance in Germany, France, South-East Asia and Eastern Europe (except Russia) was particularly robust. The growth drivers comprised our broad product portfolio, an efficient delivery with high service levels for our customers and our investment in meeting consumers in inspiring manners, both online and in physical stores.

In Sport&Cargo Carriers, which accounts for 59 percent of sales in this region, growth was positive albeit slightly weaker than the trend over the past few years.

RV Products, dominated by awnings and bike racks for RVs and caravans, grew 13 percent and we continued to capture market shares in the region.

The Active with Kids category performed well in the region and posted growth of 15 percent, where both bike trailers and strollers grew quickly. On the other hand, sales of child bike seats declined somewhat due to aggressive pricing by a major competitor in the Benelux region.

Sales in the Packs, Bags & Luggage category increased a total of 7 percent. This category accounts for 8 percent of the region's sales. The categories that will account for long-term growth within this product category – smaller bags for everyday use, suitcases and sports bags – posted very good growth. However, sales within categories linked to consumer electronics, such as camera bags and cellphone and tablet cases, recorded a downturn in sales.

Region Americas

Sales totaled SEK 1,980m (1,852). An increase of 6.9 percent but after currency adjustment, growth decreased to 1.2 percent for the region. Excluding the planned phaseout of two low-margin categories in the US, the region's sales increased 1.4 percent. Uncertainty regarding new trade barriers and tariffs for imports from China caused substantial concern among retailers. The region was also impacted by the weak economies and sweeping currency depreciations in countries such as Argentina, Colombia and Mexico. Our other major markets in the region, Canada and Brazil, trended favorably.

Sport&Cargo Carriers was negatively impacted by the planned phaseout of accessories for pick-up trucks, low-margin products that we sell directly to an auto manufacturer. Excluding these products, sales in the category rose 2.3 percent. Growth was mainly driven by a positive trend for the rooftop tent category, acquired at the end of 2018, and the continued successful rollout of our updated roof box. Bike-related sales were negatively impacted in the US due to the extra import tariffs introduced in the peak season, which also impacted sales of bike racks.

Stroller sales in the region in Active with Kids proved disappointing. Sales of bike trailers and child bike seats were also adversely affected by the tough market conditions for bikes.

Sales in the Packs, Bags & Luggage category fell 2 percent for the region. The sub-categories where we are making strategic investments in the forthcoming years – luggage, backpacks, bags for everyday use and sport-specific bags – grew 8 percent after currency adjustment. The general market decline in the previously large Legacy categories (camera bags and tablet cases), together with the phaseout of certain low-margin OE contracts, brought sales down by SEK 29m, mostly in the US.

Sales trend by product category

Sport&Cargo Carriers

Compared with the preceding year, growth in 2019 was dominated by a few key factors.

In part by the phaseout of low-margin OE contract in the US market for more basic pick-up truck accessories. The reduction in sales of SEK 44m had a negative impact of 1 percent on sales for the category.

But also due to lower sales of roof racks, mainly in the first half of the year, due to customers reducing inventories of the previous generation roof racks. Phase 2 (of the three planned phases) is currently being launched in the market and we expect the phaseout of older products to be completed in 2020.

The announced major one-time contract in the Nordic market for roof boxes as part of a campaign for Volkswagen, which resulted in the comparative figures for the first half of 2018 being exceptionally high in that region.

Extremely challenging conditions in the US market, primarily for the bike category, influenced consumers' cautious purchasing behavior in conjunction with the introduction of import tariffs.

RV Products

Sales in this category were completely dominated by Region Europe & ROW and therefore by a European RV market that was unexpectedly strong throughout the year (the market is estimated to have grown 8 percent). We continued to capture market shares and grew 13 percent, driven mainly by accessories for smaller RVs where we have an extremely strong product offering.

The market was hot at the start of the year; following a slight slowdown at the end of the second quarter, the market recovered, primarily the large German market at the end of the year.

Packs, Bags & Luggage

The general market decline in the previously large, so called, Legacy categories (primarily camera bags and tablet cases), together with the phaseout of certain low-margin OE contracts for simpler cases, brought sales down by SEK 35m, mostly in the US. In 2019, these shrinking sub-categories accounted for 29 percent (34) of the category.

The sub-categories where we are making strategic investments in the forthcoming years – that is luggage, backpacks, bags for everyday use and sport-specific bags – grew SEK 54m (up 10 percent after currency adjustment).

Active with Kids

2019 was another successful year in the Region Europe & ROW category, where strollers and bike trailers posted rapid growth. On the other hand, sales of child bike seats declined somewhat due to aggressive pricing by Central European competitors.

The performance in North America was a disappointment, partly due to the largest competitor to our highly appreciated jogging buggy, Thule Urban Glide 2, deciding to offer large discounts throughout the year – a pricing model we decided not to emulate – as well as failed efforts to break into the children's store sector in the same way as in Europe with our new stroller, Thule Sleek. Over the year, we have bolstered the sales force with new personnel from the industry, and this together with the new stroller Thule Spring, which we are convinced better matches the way North American parents use strollers, means we look forward for the performance.

	Sport&Cargo Carriers		RV Products		Packs, Bags & Luggage		Active with Kids	
Share of sales Thule Group 2019 (2018))	63% (64)		15% (14)		12% (12)		10% (10)	
Share of sales by region, 2019 (2018)	Eur & ROW 59% (62)	Americas 71% (71)	Eur & ROW 21% (19)	Americas 1% (1)	Eur & ROW 8% (8)	Americas 21% (21)	Eur & ROW 12% (11)	Americas 7% (7)
Growth, 2019 vs 2018 (after currency adjustment	+1.1%		+13.2%		+2.4%		+11.1%	
	+2%	-1%	+13%	+9%	+7%	-2%	+15%	-3%

Financial position

At December 31, 2019, the Group's equity amounted to SEK 4,330m (4,012). The equity ratio amounted to 52.3 percent (52.1).

Net debt amounted to SEK 2,119m (1,974) at December 31, 2019. Total long-term borrowing amounted to SEK 2,348m (2,147), and comprised loans from credit institutions of SEK 2,178m (2,144) gross, long-term finance lease liabilities of SEK 164m (9), capitalized financing costs of SEK 10m (11) and the long-term portion of financial derivatives of SEK 15m (5). Total current financial liabilities amounted to SEK 65m (28) and comprised the short-term portion of financial derivatives and finance lease liabilities.

SEKm	Dec 31, 2019	Dec 31, 2018
Long-term loans, gross	2,342	2,153
Financial derivatives, long-term	15	5
Short-term loans, gross	53	9
Financial derivatives, short-term	12	19
Overdraft facilities	0	0
Capitalized financing costs	-10	-11
Accrued interest	0	0
Gross debt	**2,413**	**2,175**
Financial derivative assets	-26	-16
Cash and cash equivalents	-268	-186
Net debt	**2,119**	**1,974**

Goodwill at December 31, 2019, amounted to SEK 4,620m (4,448). Of the increase, SEK 8m pertained to the acquisition of the assets of Denver Outfitters. At December 31, 2019, inventories amounted to SEK 1,092m (1,078). The entire increase, vs last year, was attributable to currency effects of SEK 30m.

Cash flow

Cash flow from operating activities was SEK 1,030m (606) for the full year. The increase was mainly attributable to the improvement in working capital, which was primarily driven by a lower build-up of inventory. Investments in tangible and intangible assets amounted to SEK 161m (179). During the year, a dividend of SEK 722m was distributed to the company's shareholders. The Group's cash and cash equivalents at year end totaled SEK 268m (186).

The Group also has unutilized, binding loan commitments of SEK 1,063m (970) 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 Parent Company invoices its costs to Group companies. The Parent Company reported net income of SEK 814m (697). The Parent Company received a dividend of SEK 800m (700) from subsidiaries. Cash and cash equivalents and current investments amounted to SEK 0m (0). Long-term liabilities to credit institutions totaled SEK 2,168m (2,133).

At year end, 36 (29) people were employed at the head office working in Group management and in Group-wide functions such as business development, technology, marketing, HR, accounting, finance and information. Group management is employed in Thule Group AB, while other functions are employed in either Thule AB or Thule Holding AB.

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.

Risks and risk management

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

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 product category that is subject to economic fluctuations.

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 a material 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 competitions, for example, 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 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, there can be no assurance that instances of non-compliance have not occurred in the past nor that instances of non-compliance will not 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 that are found to be anti-competitive. 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 there are deemed to be unclarified areas or increased risks.

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 significant negative impact on Thule Group's earnings 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.

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, inter alia, are based on the Group's estimation of the costs, with support from legal consultations and available information.

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 image of Thule Group's 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 competition law and sustainability initiatives. The Group's quality work is certified in line with ISO and IATF.

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. Provisions for the nonfulfillment of obligations, legal disputes, tax disputes, and other items, are based on an estimation of the costs, with support from legal consultations and available information.

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 means 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.

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
The manufacturing at these sites 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 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 a 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 their results. 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 contribute to human rights violations.

Management
Thule Group is a participating member of 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, subsuppliers 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 performs 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 2,449m (2,386). The single most important currency relationship is EUR/SEK, in which the Group has a positive net inflow.

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 1 year and 5 months (1 year and 3 months) as per December 31, 2019.

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, 47 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.

Employees and remuneration

Number of employees
The average number of employees was 2,422 (2,356).

Guidelines for remuneration of the President and other executive management in 2019
Thule Group applies the following guidelines for remuneration of senior executives, resolved at the Annual General Meeting held on April 26, 2019.

Remuneration of Group management is to comprise fixed salary, any variable salary, pension and other benefits. The total remuneration package is to be based on market terms, be competitive and reflect the individual's performance and responsibilities as well as, with respect to share-based incentive programs, the value growth of Thule Group's share benefiting the shareholders.

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. Variable cash salary requires that defined and measurable targets have been achieved and may not exceed 75 percent of the fixed annual salary for the President and may not exceed 60 percent for other members of executive management. Terms for variable salary should be designed so that the Board, under exceptional economic conditions, is able to limit or waive the payment of variable salary if such action is deemed reasonable.

Pension benefits must be defined-contribution based.

Severance pay is normally given if employment is terminated by Thule Group. The standard notice period for members of Group management is a maximum of 12 months in combination with severance pay of six to 12 months' fixed salary. No severance pay accrues if notice is given by the employee.

On an individual basis, if justified for particular reasons, the Board has the right to depart from the guidelines adopted by the AGM.

The group of executives covered by the guidelines are the President and other members of Group management.

Incentive programs
Share-based incentive program 2017/2020
The warrants program resolved on by the Annual General Meeting for senior executives and key employees of the Group was implemented in July 2017. The program comprises 1,950,645 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 11 participants. The subscription price was SEK 182.40, 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. 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 May 15 to December 15, 2020. 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.

The dilution effect of the program is approximately 2 percent.

Guidelines for remuneration of the President and other executive management to apply after the Annual General Meeting after December 31, 2019

The Board of Directors of Thule Group AB (publ) proposes that the Annual General Meeting ("AGM") 2020 resolves to adopt the following guidelines for executive remuneration to apply until the AGM 2021.

The executives covered by the guidelines are the President and the other members of the Group Management. The basis for the remuneration to members of the Group Management 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 competence and resources at any given time. The remuneration to the Group Management shall comprise a fixed salary on market terms, 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.

Long-term share-based incentive schemes have been implemented in the Company. Such schemes have been resolved by the AGM 2017 and are therefore excluded from these guidelines. The long-term share-based incentive scheme proposed by the Board of Directors and submitted to the AGM 2020 for approval is excluded for the same reason. The proposed scheme is in principle equivalent to the current scheme. The purpose of the share-based incentive scheme 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 sustainable development. The scheme also constitute an incentive to fulfil the growth objectives that the Company stipulated in its strategic three year plan. The incentive schemes have 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 compromise 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, cash flow 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 6–12 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, remuneration and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to executives and remuneration to other employees will be disclosed in the 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 on employee benefits, see 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 our own production facilities in Europe and the US 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 and IATF, as well as quality management standards and 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 is also certified under the environmental management standards EN-ISO 14 001:2015, EN-ISO 9001: 2015 and IATF 16949 (quality management system for suppliers to the automotive industry).

Sustainability Report

The Group's Sustainability Report can be found on pages 32 to 52.

Future development

Significant events after the fiscal year

The outbreak of the global covid-19 (corona virus) pandemic in the first quarter of 2020 will have a significant impact on the prevailing conditions in the global market. Uncertainty about the future economic effects due to the spread of the virus means that the management at present cannot make a more specific assessment of the impact on the company in the short and long term. The Board of Directors of Thule Group AB (publ) therefore decided on March 22, 2020 to withdraw previously communicated proposal for a dividend of SEK 7.50 per share, totaling approximately SEK 774m.

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, 2019 was 103,208,606.

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, 2019, Thule Group AB had 14,120 shareholders. At this date, the largest shareholders were AMF Försäkringar & Fonder (11.1 percent of the votes), Nordea Fonder (4.8 percent of the votes), Handelsbanken Fonder (3.9 percent of the votes) and Didner & Gerge Fonder (3.8 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	1,379,718,515
Net income, SEK	814,371,957
	2,194,090,472

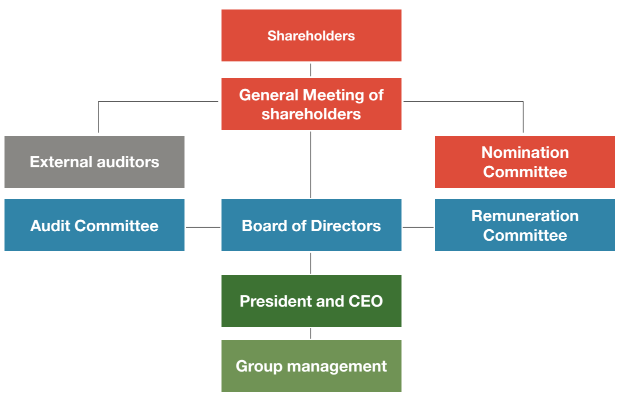
The Board proposes that the profit brought forward be appropriated as follows:

To be carried forward, SEK	2,194,090,472
	2,194,090,472

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 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 2019 Corporate Governance Report describes Thule Group's corporate governance, management and administration, and the internal control and risk management in connection with the financial reporting.

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 systems. 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 2019 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 made 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 and 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 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 1,153,495.63, divided between 103,208,606 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, 2019, Thule Group AB had 14,120 shareholders. At this date, the largest shareholders (reported as each owner flags its holdings) were AMF Försäkring och Fonder (11.1 percent of the votes), Nordea Fonder (4.8 percent of the votes), Handelsbanken Fonder (3.9 percent of the votes) and Didner & Gerge Fonder (3.8 percent of the votes). Further information about the share and shareholders is available at www.thulegroup.com.

Annual General Meetings

Resolutions at the 2019 Annual General Meeting

The 2019 Annual General Meeting was held on April 26, 2019. The complete minutes for and information about the 2019 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 to distribute a dividend of SEK 7.00 per share for 2018. The dividend was paid in two installments for a better adaptation to the Group's cash flow profile. The Annual General Meeting also resolved that the company's profit brought forward, together with earnings for 2018, 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.

2020 Annual General Meeting

The 2020 Annual General Meeting will be held on Tuesday, April 28, 2020 at 11:00 a.m. in Malmö. For more information, refer to www.thulegroup.com.

Nomination Committee

The Nomination Committee is 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 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 2020 Annual General Meeting

The composition of the Nomination Committee was published in a press release and on www.thulegroup.com on September 11, 2019. The Nomination Committee prior to the 2020 Annual General Meeting comprises Anders Oscarsson (AMF Försäkring och Fonder), John Hernander (Nordea Fonder), Charlotta Faxén (Lannebo Fonder), Helen Fasth Gillstedt (Handelsbanken Fonder) and Bengt Baron (Chairman of the Board of Thule Group).

Nomination Committee Name	Appointed by	Percentage of votes, Aug 31, 2019, %
Anders Oscarsson	AMF Försäkring och Fonder	12.1
John Hernander	Nordea Fonder	4.7
Charlotta Faxén	Lannebo Fonder	4.7
Helen Fasth Gillstedt	Handelsbanken Fonder	4.4
Bengt Baron	Chairman of the Board of Thule Group	

After the 2019 Annual General Meeting and until the date on which this Annual Report was presented, the Nomination Committee has held four meetings. As a basis for its proposals to the 2020 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 2019

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 reelected at the Annual General Meeting on April 26, 2019: Bengt Baron, Hans Eckerström, Liv Forhaug, Heléne Mellquist and Mattias Ankarberg while Eva Elmstedt declined reelection. Heléne Willberg was elected to the Board on the same occasion. Moreover, Bengt Baron was elected Chairman of the Board. On November 11, 2019, Liv Forhaug chose, at her own request to, step down from 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 Linderoth 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 2019 Annual General Meeting, the Nomination Committee stated that it had applied rule 4.1 of the Swedish Corporate Governance Code as diversity policy. The objective of the policy is to ensure that the Board of Directors will, with consideration for the company's business, 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 2019 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 2019 Annual General Meeting resolved that Board member fees, paid annually, comprise 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. The Board's assessment of the members' independence in relation to the company, its management and major shareholders is presented in the Facts about the Board and Group management section.

The composition of the Board meets the Swedish Code of Corporate Governance 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.

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 Chairman is also responsible for the Board's annual evaluation of its work and for the Board receiving adequate information enabling it to perform its work in an efficient manner. This evaluation is presented every year to the Nomination Committee.

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 nine 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 2019, the Board mainly addressed matters regarding the operations, acquisitions, financing, strategic direction and other ongoing accounting and company law issues. During the year, one of the Board meetings was held at one of the company's facilities in Belgium.

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

Board composition

				Attendance		
Name	Year elected	Total fee, SEK (annual)[1]	Independent	Board meetings	Audit Committee	Remuneration Committee
Chairman						
Bengt Baron	2011	1,115,000	Yes	9/9	2/2	2/2
Board members						
Mattias Ankarberg	2018	385,000	Yes	9/9		
Hans Eckerström	2009	470,000	Yes	9/9		3/3
Eva Elmstedt[2]	2017		Yes	2/3		
Liv Forhaug[3]	2014	385,000	Yes	7/8		1/1
Heléne Mellquist	2016	455,000	Yes	8/9	3/4	
Helene Willberg[4]	2019	585,000	No	6/6	2/2	

1) Fee resolved at the 2019 Annual General Meeting.
2) Eva Elmstedt declined reelection at the Annual General Meeting.
3) On November 11, 2019, Liv Forhaug chose to step down from the Board at her own request.
4) In her role at KPMG, Helene Willberg was the auditor in charge of Thule Group for the period until the 2017 Annual General Meeting. Therefore, in accordance with section 3, paragraph 4.4 of the Code of Corporate Governance she was, until the fiscal year 2019, considered to be dependent in relation to the company and its management.

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. Liv Forhaug was a member until the 2019 Annual General Meeting and Bengt Baron was elected as member in conjunction with the 2019 Annual General Meeting. The Remuneration Committee held three meetings in 2019. 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, 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 and preparing the Board's report on internal 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. Bengt Baron was a member until the 2019 Annual General Meeting and Helene Willberg was elected as member/Chairman in conjunction with the 2019 Annual General Meeting. The Audit Committee held four meetings in 2019. 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 2019 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 accounting issues. The appointed auditor is responsible for auditing all of the important subsidiaries in the Group.

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' 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, 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, and minutes are kept.

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, strategies 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 2020.

Audit fees		**Group**	**Parent Company**	
SEKm	2019	2018	2019	2018
Audit PwC	3.6	3.4	0.6	0.6
Audit in addition to audit assignment PwC	0.0	0.0	–	–
Tax consultancy PwC	–	–	–	–
Other services PwC	0.2	0.1	0.2	0.0
Total	**3.8**	**3.6**	**0.8**	**0.6**

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:	Bachelor of Science and an MBA from the University of California at Berkeley, USA. Former CEO of Cloetta AB and CEO of V&S AB.	M.Sc. in Business Administration from Stockholm School of Economics. CEO for the Byggmax Group AB since 2016. Formerly leading positions at the H&M Group, most recently as global head of sales and marketing, member of Group management. Consultant and partner at McKinsey & Company in Sweden and the US.	M.Sc. Mechanical Engineering, Chalmers University of Technology. M.Sc. Business Administration, University of Gothenburg. Former Management Consultant at Arthur D. Little. Partner, NC Advisory AB and advisor to the Nordic Capital Funds.
Other current Board appointments	Chairman of Enzymatica AB (publ) and 5653 Sweden AB. Board member of AAK AB (publ).	–	Chairman of Nobia AB (publ), Profoto Invest AB, Profoto Holding AB and Henry Lloyd Group AB. Board member of Nordstjernan AB.
Previous Board appointments	Chairman of MIPS AB (publ).	–	Chairman of Brink International AB and Britax Childcare Limited and Board member of Nefab AB (publ), Cloetta AB (publ) and Aditro AB (publ).
Shareholding at March 26, 2020	35,997 shares	1,500 shares	20,000 shares (through Eckis Holding AB)

	Liv Forhaug	Heléne Mellquist	Helene Willberg
Assignment and year of election	Board member since 2014. Stepped down as Board member on November 11, 2019.	Board member since 2016.	Board member since 2019.
Born:	1970	1964	1967
Education and professional experience:	M.Sc., Stockholm School of Economics. CEO of Martin & Servera AB. Former CSO (Chief Strategy Officer) at ICA Gruppen AB and consultant and partner at McKinsey & Company.	B.Sc. in International Business Administration, Gothenburg School of Economics. Executive Program IFL, Stockholm School of Economics. Senior Vice President Volvo Trucks Europe. Former Senior Vice President Volvo Trucks International, CEO and CFO at Rederi AB TransAtlantic and CFO at the International Division of Volvo Lastvagnar.	M.Sc., Stockholm School of Economics. Country manager at Alvarez & Marsal, Sweden. Previously, several leading roles at KPMG, including as CEO of KPMG Sweden and as Head of KPMG's Financial Advisory Services.
Other current Board appointments	Board member of Hufvudstaden AB (publ).	Board member of Alfa Laval AB (publ).	Board member of Profoto Invest AB, Profoto Holding AB, Nordic Paper AB and Footway Group AB (publ).
Previous Board appointments	Board member of Min Doktor International AB and the ICA Group subsidiary ICA Sverige AB (publ), ICA Fastigheter AB, Hemtex AB and Apoteket Hjärtat AB and HUI Research AB.	Board member of Cavotec S.A. (publ), Partnertech AB and Opus Group AB (publ).	–
Shareholding at March 26, 2020	1,100 shares on stepping down	1,250 shares	1,800 shares

Facts about the Board and Group management

Group management	Magnus Welander	Fred Clark	Fredrik Erlandsson
Assignment and year of election	President and CEO since 2010.	President Region Americas since 2003.	Senior Vice President Communications and IR since 2010.
Born:	1966	1959	1970
Education and professional experience:	M.Sc. in Industrial Engineering and Management, Institute of Technology at Linköping University. Former BA President Outdoor&Bags Europe & ROW at Thule Group, President of Envirotainer, various senior positions at Tetra Pak in Italy and Australia.	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.	University studies in political science and economics, Lund University and Copenhagen University. Former Corporate Relations Manager and Corporate Relations Director at Diageo Plc., GM and procuration holder at Ehrenberg Marketing & Kommunikation; and chief of staff for the national delegation to the European parliament.
Other current Board appointments	Chairman of MIPS AB (publ).	–	Board member of Landskrona Stadshus AB.
Previous Board appointments	Board member of Brink International AB and Britax Childcare Limited.	Chairman of the Outdoor Foundation and Board member of Westover School and the Outdoor Industry Association.	Municipal Executive Board City of Landskrona.
Shareholding at March 26, 2020	636,990 shares (through Elenima Limited) and 375,000 warrants.	365,665 shares and 187,500 warrants.	108,138 shares and 125,000 warrants.

	Kajsa von Geijer	Nis Gjendal	Lennart Mauritzson	Jonas Lindqvist
Assignment and year of election	SVP HR and Sustainability since 2005.	Vice President Global Purchasing since January 2019.	CFO since 2011. Left the company February 14, 2020.	CFO Assumed the role in March 2020.
Born:	1964	1981	1967	1962
Education and professional experience	B.Sc. in Human Resource Development and Labour Relations, Lund University. 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.	M.Sc. in Production & Management from DTU. Various positions within supply and operations at Nilfisk AS with a focus on strategic purchasing.	B.Sc. in Finance and Business Administration, Halmstad University. Law studies, Lund University. Former Vice President Finance at Thule Group, CFO Beijer Electronics Aktiebolag and Vice President Finance of Cardo AB.	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.
Other current Board appointments	Chairman of Elfte Huset AB.	–	Board member of Rögle Marknads AB.	–
Previous Board appointments	Chairman of Lunicore Studentkonsult AB, member of the board of Stiftelsen Lundsbergs skola.	–	–	–
Shareholding at March 26, 2020	39,508 shares and 125,000 warrants.	250 shares	124,471 shares by the time he left the company.	–

Consolidated Income Statement

January 1–December 31, SEKm	Note	2019	2018
Net sales	6, 7	7,038	6,484
Cost of goods sold		-4,209	-3,858
Gross income		**2,829**	**2,626**
Other operating revenue	8	0	0
Selling expenses		-1,315	-1,156
Administrative expenses		-319	-307
Operating income	9, 11, 12, 13	**1,195**	**1,163**
Financial revenue	14	10	16
Financial expenses	14	-59	-64
Income before taxes		**1,146**	**1,114**
Taxes	15	-263	-277
Net income		**883**	**837**
Net income pertaining to:			
Shareholders of Parent Company		883	837
Net income		**883**	**837**
Earnings per share, SEK	16		
before dilution		8.56	8.13
after dilution		8.55	8.12

Consolidated Statement of Comprehensive Income

January 1–December 31, SEKm	Note	2019	2018
Net income		**883**	**837**
Other comprehensive income			
Items that have been carried over or can be carried over to consolidated net income			
Foreign currency translation		249	318
Cash flow hedges		6	13
Net investment hedge		-34	-118
Tax on components in other comprehensive income	15	-13	0
Items that cannot be carried over to net income			
Revaluation of defined-benefit pension plans		-28	-13
Tax pertaining to items that cannot be carried over to net income	15	6	4
Other comprehensive income		**185**	**203**
Total comprehensive income		**1,069**	**1,040**
Total comprehensive income pertaining to:			
Shareholders of Parent Company		1,069	1,040
Total comprehensive income		**1,069**	**1,040**

Consolidated Balance Sheet

Per December 31, SEKm	Note	2019	2018
Assets			
Intangible assets	17	4,664	4,476
Tangible assets	18, 23	1,023	778
Long-term receivables		5	13
Deferred tax receivables	15	376	341
Total fixed assets		**6,067**	**5,609**
Inventories	19	1,092	1,078
Tax receivables		1	16
Accounts receivable	20	704	655
Prepaid expenses and accrued income		62	69
Other receivables		91	85
Cash and cash equivalents	21	268	186
Total current assets		**2,218**	**2,089**
Total assets		**8,285**	**7,697**
Equity and liabilities			
Equity	22		
Share capital		1	1
Other capital contributed		2,365	2,368
Reserves		171	-37
Profit brought forward including net income		1,794	1,681
Total equity		**4,330**	**4,012**
Liabilities			
Long-term interest-bearing liabilities	23, 24	2,348	2,147
Provision for pensions	12	205	169
Deferred income tax liabilities	15	259	221
Total long-term liabilities		**2,812**	**2,537**
Short-term interest-bearing liabilities	23, 24	65	28
Accounts payable		529	564
Tax liabilities		14	78
Other liabilities		52	47
Accrued expenses and deferred income	25	430	406
Provisions	26	54	25
Total short-term liabilities		**1,143**	**1,148**
Total liabilities		**3,955**	**3,685**
Total equity and liabilities		**8,285**	**7,697**

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

Consolidated Statement of Changes in Equity

SEKm	Share capital	Other capital contributed	Translation reserve	Hedge reserve	Profit brought forward including net income	Total equity
	Equity attributable to shareholders of Parent Company					
Opening balance, January 1, 2018	1	2,242	-237	-13	1,475	3,467
Adjusted equity at January 1					-2	-2
Comprehensive income						
Net income	–	–	–	–	837	837
Other comprehensive income	–	–	203	10	-10	203
Total comprehensive income	**0**	**0**	**203**	**10**	**827**	**1,040**
Transactions with the Group's owners						
Dividend	–	–	–	–	-619	-619
New issue of shares	0	138	–	–	–	138
Buy back of warrants	–	-12	–	–	–	-12
Total contribution from owners	**0**	**126**	**0**	**0**	**-619**	**-494**
Closing balance equity, December 31, 2018	**1**	**2,368**	**-34**	**-3**	**1,681**	**4,012**
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
Total 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**

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	2019	2018
Operating activities	27		
Income before taxes		1,146	1,114
Adjustments for items not included in cash flow		160	118
Paid income taxes		-298	-369
Cash flow from operating activities prior to changes in working capital		**1,008**	**863**
Cash flow from changes in working capital			
Increase(-)/Decrease (+) in inventories		19	-222
Increase(-)/Decrease (+) in receivables		-31	-79
Increase(+)/Decrease (-) in liabilities		34	44
Cash flow from operating activities		**1,030**	**606**
Investing activities			
Business combinations		-10	-75
Acquisition of intangible assets		-13	0
Acquisition of tangible assets		-148	-179
Divestment of tangible assets		1	1
Cash flow from investing activities		**-171**	**-253**
Financing activities			
Dividend		-722	-619
New issue of shares		0	138
Buy back of warrants		-3	-12
Debt repaid		-53	-256
Cash flow from financing activities		**-779**	**-749**
Net cash flow		81	-396
Cash and cash equivalents at beginning of year		186	581
Effect of exchange rates on cash and cash equivalents		1	2
Cash and cash equivalents at end of year		**268**	**186**

Parent Company Income Statement

January 1–December 31, SEKm	Note	2019	2018
Other operating revenue	8	19	20
Administrative expenses		-34	-32
Operating income	9, 11, 12	**-15**	**-12**
Profit from financial items:	14		
Profit from participations in Group companies		800	700
Other interest income and similar profit/loss items		22	39
Interest expense and similar profit/loss items		-34	-42
Income after financial items		**773**	**685**
Appropriations	28	45	12
Income before taxes		**818**	**697**
Taxes	15	-4	1
Net income		**814**	**697**

Parent Company Statement of Comprehensive Income

January 1–December 31, SEKm	Note	2019	2018
Net income		814	697
Other comprehensive income			
Other comprehensive income		–	–
Total comprehensive income		**814**	**697**

Parent Company Balance Sheet

Per December 31, SEKm	Note	2019	2018
Assets			
Fixed assets			
Financial fixed assets			
Participations in Group companies	29	1,000	1,000
Receivables from Group companies	33	4,572	4,438
Deferred tax receivables		3	2
Other long-term receivables		11	8
Total financial fixed assets		**5,586**	**5,449**
Total fixed assets		**5,586**	**5,449**
Current assets			
Receivables from Group companies	33	46	13
Other current receivables		1	2
Cash and cash equivalents	21	0	0
Total current assets		**47**	**15**
Total assets		**5,633**	**5,464**
Equity and liabilities			
Equity	22		
Restricted equity			
Share capital		1	1
Non-restricted equity			
Share premium reserve		1,380	1,408
Profit brought forward		–	–
Net income		814	697
Total equity		**2,195**	**2,106**
Long-term liabilities			
Provisions for other pensions		14	11
Liabilities to credit institutions	24	2,168	2,133
Liabilities to Group companies	33	368	368
Total long-term liabilities		**2,551**	**2,512**
Short-term liabilities			
Liabilities to credit institutions	24	0	0
Liabilities to Group companies	33	871	834
Other short-term liabilities		6	1
Accrued expenses and deferred income	25	10	10
Provisions	26	0	0
Total short-term liabilities		**887**	**846**
Total equity and liabilities		**5,633**	**5,464**

Parent Company Statement of Changes in Equity

SEKm	Share capital	Share premium reserve	Profit brought forward	Net income	Total equity
Opening balance, January 1, 2018	1	1,304	0	597	1,903
Comprehensive income					
Net income	–	–	–	697	697
Total comprehensive income	**0**	**0**	**0**	**697**	**697**
Appropriation of profits	–	–	597	-597	0
Dividend	–	-22	-597	–	-619
New issue of shares	0	138	–	–	138
Buy back of warrants	–	-12	–	–	-12
Closing balance equity, December 31, 2018	**1**	**1,408**	**0**	**697**	**2,106**
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**

Parent Company Cash Flow Statement

January 1–December 31, SEKm	Note	2019	2018
Operating activities	27		
Income before taxes		818	697
Adjustments for items not included in cash flow		-800	-700
Dividend received		700	600
Paid income taxes		0	0
Cash flow from operating activities prior to changes in working capital		**718**	**597**
Cash flow from changes in working capital			
Increase(-)/Decrease (+) in receivables		-35	-12
Increase(+)/Decrease (-) in liabilities		4	6
Cash flow from operating activities		**687**	**591**
Investing activities		–	–
Financing activities			
Dividend		-722	-619
New issue of shares		–	138
Buy back of warrants		-3	-12
Debt repaid/borrowings		–	-250
Debt repaid/borrowings to subsidiaries		38	152
Cash flow from financing activities		**-687**	**-591**
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, 2019 comprise Thule Group AB (Parent Company) and its subsidiaries.

The consolidated financial statements were approved for publication by the Board of Directors and President on March 26, 2020. 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 28, 2020.

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 cases listed below in the section "Parent Company accounting policies." Refer to Definitions on page 147 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

The Group has applied IFRS 16 Leases from January 1, 2019. As a result, the Group has changed its accounting policies for leases as follows. The Group has chosen to apply the modified retrospective approach, which means that the comparative year has not been restated pursuant to IFRS 16. Right-of-use assets that apply to the leasing of premises in Sweden and the US are measured on the first day of application as if the standard had always been applied. Other right-of-use assets are measured at amounts corresponding to the lease liability. The impact on the balance sheet entailed that the Group's assets increased approximately SEK 137m relating to right-of-use assets, interest-bearing lease liabilities increased SEK 171m and equity decreased by SEK 26m on the transition date.

Previously, the Group classified leases as operating or finance leases based on whether the lease agreement transferred the material risks and rewards that ownership of the underlying asset entailed. Operating leases were not recognized as assets and liabilities in the balance sheet, and a lease expense was recognized in a straight line over the term of the lease. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases, even leases that were previously classified as operating, and depreciation and interest expenses are recognized in profit or loss. An exception has been made for leases with remaining terms of less than 12 months and for leases where the underlying asset is of low value.

When measuring a lease liability, the lease payments are discounted at the incremental borrowing rate as per January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 1.5%.

Group, SEKm	
Operating lease commitments disclosed as at December 31, 2018	216
Finance lease commitments disclosed as at December 31, 2018	19
Total lease commitments at December 31, 2018	**234**
Discounted using the Group's borrowing rate	-22
Less short-term leases recognized on a straight-line basis	-10
Less low-value leases recognized on a straight-line basis	-2
Adjustment due to other treatment of indexed fees	-11
Lease liability recognized as at January 1, 2019	**190**

The following extracts from the financial statements have been recalculated as if IAS 17 had been applied in 2019. Operating income, shown in the table below, the net impact of reversed operating lease payments and depreciation for right-of-use assets is shown.

Extract from income statement

	IFRS 16	IAS 17	
Group, SEKm	**2019**	**2019**	**2018**
Underlying EBITDA*	1,383	1,322	1,238
Underlying EBIT*	1,245	1,236	1,164
Operating income	1,195	1,186	1,163
Net financial expense/income	-49	-40	-48
Income before taxes	1,146	1,146	1,114
Net income	883	883	837

* Pertains to alternative performance measure as defined on page 147.

Extract from balance sheet

	IFRS 16	IAS 17	
Group, SEKm	**Dec 31, 2019**	**Dec 31, 2019**	**Dec 31, 2018**
Assets			
Tangible assets	1,023	858	778
Deferred tax receivables	376	368	341
Equity	4,330	4,356	4,012
Liabilities			
Long-term interest-bearing liabilities	2,348	2,199	2,147
Short-term interest-bearing liabilities	65	14	28

Standards, amendments and interpretations not yet applied
Other new and amended IFRSs that will be applied in 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. 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. The Group now allocates part of the compensation received to contractual liabilities based on historical data and forecasts.

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.

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.

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.

Policies applied prior to January 1, 2019
In periods prior to 2019, the Group classified leases – agreements that conferred the right to use an asset over an agreed period in exchange for a payment or series of payments – as operating or finance leases based on whether the contract transferred the material risks and rewards associated with ownership of the asset. As the lessee, costs for operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Benefits received when a lease was signed were recognized in profit or loss as a decrease in lease payments in a straight line over the term of the lease. Variable fees were expensed in the period in which they arose.

Finance leases where the Group comprised the lessee were essentially recognized in a manner corresponding to the recognition of leases above, from January 1, 2019.

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 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 fair value through profit and loss 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 of two sub-groups: financial liabilities subject to obligatory recognition at fair value in profit or loss 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 net 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 through profit or loss 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 befits 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 cash-generating units and is tested for impairment 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 2019 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

The expense for share-based remuneration is recognized over the period in which the services are rendered by the employees. As part of the share-based incentive program 2017/2020, within the framework of the 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. The cost for the above, including social security costs, are allocated evenly over the period until the time when the warrants can be exercised.

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 2019 changed in accordance with the amendments described above for the Group.

The new policies for leases, in accordance with IFRS 16, that the Group has started to apply are not applied by the Parent Company. The Parent Company applies an exception under RFR 2 to the effect that the Parent Company recognizes leases in the same manner as for previous years.

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.

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. 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. 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

	Carrying amount				Fair value			
Group 2019	Fair value through profit or loss		Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value	Obligatory	Derivatives used in hedge accounting						
Interest-rate swaps	–	9	–	**9**	–	9	–	**9**
Currency forward contracts	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 swaps	–	15	–	**15**	–	15	–	**15**
Currency forward contracts	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**
Finance lease liabilities	–	–	218	**218**	–	–	–	**218**
Accounts payable	–	–	529	**529**	–	–	–	**529**
Total	**0**	**0**	**2,915**	**2,915**	**0**	**0**	**0**	**2,915**

Group 2018	Carrying amount: Fair value through profit or loss – Obligatory	Carrying amount: Fair value through profit or loss – Derivatives used in hedge accounting	Carrying amount: Amortized cost	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
Financial assets at fair value								
Interest-rate swaps	–	6	–	**6**	–	6	–	**6**
Currency forward contracts	2	8	–	**10**	–	10	–	**10**
Total	**2**	**15**	**0**	**16**	**0**	**16**	**0**	**16**
Financial assets not measured at fair value								
Accounts receivable	–	–	655	**655**	–	–	–	**655**
Cash and cash equivalents	–	–	186	**186**	–	–	–	**186**
Total	**0**	**0**	**841**	**841**	**0**	**0**	**0**	**841**
Financial liabilities measured at fair value								
Interest-rate swaps	–	12	–	**12**	–	12	–	**12**
Currency forward contracts	6	6	–	**12**	–	12	–	**12**
Total	**6**	**18**	**0**	**24**	**0**	**24**	**0**	**24**
Financial liabilities not measured at fair value								
Bank borrowings	–	–	2,133	**2,133**	–	–	–	**2,133**
Finance lease liabilities	–	–	19	**19**	–	–	–	**19**
Accounts payable	–	–	564	**564**	–	–	–	**564**
Total	**0**	**0**	**2,715**	**2,715**	**0**	**0**	**0**	**2,715**

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.

Group 2019, SEKm	Level 1	Level 2	Level 3	Total
Derivative assets	–	26	–	**26**
Derivative liabilities	–	27	–	**27**

Group 2018, SEKm	Level 1	Level 2	Level 3	Total
Derivative assets	–	16	–	**16**
Derivative liabilities	–	24	–	**24**

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 due dates 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 finance 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 and Finance Committee.

Organization and activities

Thule 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 eight-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.

The Group's fixed-term credit commitments were SEK 3,188m (3,128), which includes a revolving credit facility corresponding to SEK 3,138m and overdraft facilities of SEK 50m.

Credit facilities	Notional value	Notional value, SEKm	Utilized	Available
Syndicated credit commitments, term until 2024	EUR 300m	3,138	2,124	1,013
Bilateral credit commitment, term until 2020	SEK 50m	50	0	50
Total		**3,188**	**2,124**	**1,063**
Available cash and cash equivalents				268
Total				**1,331**

Unutilized credit commitments totaled SEK 1,063m (970).

Including cash flows for future interest payments, the Group's financial liabilities amounted to SEK 3,013m (2,846) at year end with a term structure as set out in the following table.

Term structure of financial liabilities – undiscounted cash flows

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	–	–	–
Finance lease liabilities	**218**	–	–	52	118	48

2018, 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	**2,227**	–	–	–	2,227	–
Derivatives	**24**	6	4	9	4	–
Short-term liabilities to credit institutions including interest payments	**13**	–	3	10	–	–
Overdraft facilities	**0**	–	–	–	–	–
Accounts payable	**564**	–	564	–	–	–
Finance lease liabilities	**19**	–	–	9	9	–

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- 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 2,449m (2,386) 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, 2019 Currency	Exposure	Hedged amounts – maturity 2020	Exposure after hedge	Average hedged rate
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**	

Dec 31, 2018 Currency	Exposure	Hedged amounts – maturity 2019	Exposure after hedge	Average hedged rate
EUR/SEK	1,287	821	467	10.17
CNY/SEK	-244	-121	-123	1.31
PLN/SEK	-161	-76	-85	2.39
USD/EUR	-117	-31	-86	0.85
GBP/SEK	114	55	59	11.24
USD/CAD	-108	-24	-84	1.32
Other	354	73	281	–
Total	**2,386**	**1,202**	**1,184**	

The Group uses currency forward contracts and currency options to optimize its exchange rate risk management.

The fair value of the Group's outstanding currency derivatives (currency forward contracts and currency options) was a SEK 8.7m (2.1) as per December 31, 2019. 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. 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 3,425m (3,169). The largest translation exposures were in USD and EUR. The translation exposure in USD was SEK 1,560m (1,540) and in EUR, SEK 1,320m (1,141).

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 2019 was negative SEK 34.0m (neg: 119.2). However, the Group applies hedge accounting and a negative SEK 34.0m (neg: 118.0) of the total of negative SEK 34.0m (neg: 119.2) was transferred to the translation reserve for net investment hedging.

Net investment – total effect for 2019

Currency	Net investment – hedged item	External loans	Currency effect of external loans, SEKm	Hedging instruments	Hedging instruments	Effectiveness equity in SEKm	Ineffectiveness in SEKm
EUR	181.3	(170.0)	(34.0)	(170.0)	100%	(34.0)	0.0

The translation impact of the conversion of the liabilities and assets of foreign subsidiaries in 2019 was SEK 203m (203) after taking into account the effects of hedging.

Sensitivity analysis – exchange rate risk
Compared with the closing exchange rates applied at December 31, 2019, a 10 percent strengthening of the SEK against other currencies would have negatively impacted equity by SEK 342m (neg: 317).

A 10 percent strengthening of the SEK against other currencies, compared with the average exchange rates in 2019 (not taking into consideration any correlation between currencies), would mean a negative change in EBITDA of SEK 150.1m (neg: 116.3) (transaction and translation effects). The following table shows the effect broken down by currency:

Sensitivity analysis for exchange rate risk on EBITDA 2019, SEKm

Currency	Transaction effect	Translation effect	Total effect
EUR	-147.9	-8.2	-156.1
GBP	-14.1	-6.4	-20.5
CAD	-1.6	-17.2	-18.8
Other	-19.3	10.1	-9.2
PLN	92.6	-66.1	26.5
CNY	20.1	8.0	28.1
Total	**-70.3**	**-79.8**	**-150.1**

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, on average, between 6 months and 3 years. The average fixed-rate period was 1 year and 5 months (1 year and 3 months) as per December 31, 2019.
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 5.5m (neg: 5.4) as per December 31, 2019. Hedge accounting is used for interest rate derivatives. The Group enters into interest-rate swaps that have similar critical terms as the hedged item, such as reference rate, 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 43 percent (53) 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 interest expense during the coming 12-month period in the event of an interest rate upturn/downturn of 1 percentage point on the balance-sheet date is SEK -12.0/+0.8m (-9.3/+0.0) – 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 +17.4m (16.4) / SEK -2.6m (-5.7).

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 2019, 47 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 2019, the Group purchased raw materials and components for SEK 2,847m (2,814). Total purchases of raw materials amounted to SEK 1,308m (1,331). Direct purchases of raw materials amounted to SEK 823m (838) and indirect purchases of raw materials (share of value added of the total value of raw materials) amounted to SEK 484m (493). Direct purchases of aluminum amounted to SEK 220m (220) and indirect purchases of aluminum amounted to SEK 220m (220). Direct purchases of plastic amounted to SEK 356m (367) and indirect purchases of plastic amounted to SEK 237m (245). Direct purchases of steel amounted to SEK 248m (250) and indirect purchases of steel amounted to SEK 28m (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 (75) 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 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**

Group 2018, SEKm	Financial assets	Financial liabilities
Amount recognized in balance sheet	16.0	23.5
Danske Bank	-5.6	-5.6
DNB	-0.4	-0.4
Nordea	-8.2	-8.2
Swedbank	-1.8	7.5
Amount after netting	**0.0**	**7.5**

The credit risk in derivatives on the balance-sheet date was SEK 26.0m (16.0) and corresponded to the total positive market value of the derivatives. The credit risk in cash and bank balances was SEK 268m 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, 2019, net debt amounted to SEK 2,119m (1,974).

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

Effects of acquisitions 2019

On December 30, 2019, Thule Group acquired the operations of North America's leading player 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. Moving forward, the acquisition will be reported 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. Acquisition-related expenses amounted to SEK 0.2m and refer to fees for legal services.

Effects of acquisitions 2018

On December 18, 2018, Thule Group acquired Tepui Outdoors Inc., a leading North American manufacturer of rooftop tents. In recent years, sales of this type of product have steadily increased and the acquisition brings the addition of a large range of high-class rooftop tents and accessories to an already broad range offered by Thule Group for consumers who live an active life. The synergies between the Thule brand's market leading expertise for solutions for bringing equipment on the car and Tepui's rooftop tent are evident from both a marketing and a manufacturing perspective. The company was consolidated in the Group as of December 2018. The total purchase consideration was USD 9.5m, on a debt-free/cash-free basis, with a potential earn-out payment of USD 1.75m, which is based on revenue performance during the period 2019–2020. The earn-out payment 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 2018. Had the acquisition occurred on January 1, 2018 it is estimated that sales would have increased about SEK 50m and operating income approximately SEK 0m. Moving forward, the new category, rooftop tents, will be reported in the Sport&Cargo Carriers product category.

The acquired subsidiary's net assets at the time of acquisition:

Group, SEKm	2018
Intangible assets	0
Tangible assets	1
Deferred tax receivables	0
Inventories	8
Accounts receivable and other receivables	3
Cash and cash equivalents	3
Accounts payable and other operating liabilities	-1
Other liabilities	-9
Net identifiable assets and liabilities	4
Goodwill	89
Purchase consideration	**94**

Of the purchase consideration, SEK 89m has been attributed to goodwill. Synergies for more efficient production and distribution processes are included in the goodwill value. No part of the goodwill is expected to be tax deductible. Acquisition-related expenses amounted to SEK 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 racks and racks for water and winter sports transported by car and rooftop tents to be mounted on vehicles. Packs, Bags & Luggage – computer and camera bags, hiking backpacks and luggage; Active with Kids – bicycle trailers, strollers and child bike seats; and RV Products – awnings, bike racks and tents for RVs and caravans. 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	2019	2018
Revenue from contracts with customers		
Product categories		
Sport&Cargo Carriers	4,360	4,130
Packs, Bags & Luggage	831	760
RV Products	1,081	926
Active with Kids	729	633
Other	36	35
Total	**7,038**	**6,484**

Geographic markets	2019	2018
Sweden	313	333
Other Nordic countries	261	259
Germany	1,687	1,465
Other Europe	2,492	2,287
US	1,545	1,455
Other North America	294	260
Central/South America	143	137
Asia/Pacific Rim	260	246
ROW	43	43
Total	**7,038**	**6,484**

All revenue is recognised at one point in time. Information about receivables, contract assets and liabilities from contracts with customers are set out below:

Contract balances:	2019	2018
Receivables included in accounts receivable	704	655
Contract assets	23	26
Contract liabilities	157	144

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. Contract liabilities mainly pertain to volume-weighted discounts that have yet to be settled. Of the amount of SEK 144m recognized at the start of the period, SEK 112m has been settled during the year. Contract liabilities are included in the balance sheet item Accrued expenses and deferred 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	2019	2018
Sales to customers	**7,038**	**6,484**
Region Europe & ROW	5,057	4,632
Region Americas	1,980	1,852
Underlying EBITDA	**1,383**	**1,238**
Operating depreciation/amortization	-138	-74
Underlying EBIT	**1,245**	**1,164**
Other depreciation/amortization	-1	-1
Items affecting comparability	-49	0
Operating income	**1,195**	**1,163**
Financial revenue	10	16
Financial expenses	-59	-64
Taxes	-263	-277
Net income	**883**	**837**

Sales are divided into four product categories: Sport&Cargo Carriers – this category includes roof racks, roof boxes, bike racks and racks for water and winter sports transported by car and rooftop tents to be mounted on vehicles. Packs, Bags & Luggage – computer and camera bags, hiking backpacks and luggage; Active with Kids – bicycle trailers, strollers and child bike seats; and RV Products – awnings, bike racks and tents for RVs and caravans. For additional information, refer to Note 6 Revenue.

Geographic markets Group, SEKm	2019	2018
Sweden	313	333
Other Nordic countries	261	259
Germany	1,687	1,465
Other Europe	2,492	2,287
US	1,545	1,455
Other North America	294	260
Central/South America	143	137
Asia/Pacific Rim	260	246
ROW	43	43
Total	**7,038**	**6,484**

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	2019	2018
Sweden	207	182
Other Nordic countries	–	–
Germany	79	73
Other Europe	356	323
US	186	173
Other North America	1	4
Central/South America	2	2
Asia	2	2
Total	**833**	**760**

The assets in table above refer to owned tangible assets.

Note 8 Other operating revenue

	Group		Parent Company	
SEKm	2019	2018	2019	2018
Re-invoicing of expenses	–	–	19	20
Total	**0**	**0**	**19**	**20**

Note 9 Audit fees

	Group		Parent Company	
Audit fees, SEKm	2019	2018	2019	2018
Audit PwC	3.6	3.4	0.6	0.6
Audit in addition to audit assignment PwC	0.0	0.0	–	–
Tax consultancy PwC	–	–	–	–
Other services PwC	0.2	0.1	0.2	0.0
Total	**3.8**	**3.6**	**0.8**	**0.6**

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	2019	Of whom, men	2018	Of whom, men
Sweden	5	4	4	3

Subsidiaries	2019	Of whom, men	2018	Of whom, men
Sweden	454	302	415	280
Europe	1,371	721	1,322	739
North America	499	311	517	325
South America	35	28	36	28
Asia	58	30	62	31
Total subsidiaries	**2,417**	**1,392**	**2,352**	**1,403**
Total	**2,422**	**1,396**	**2,356**	**1,406**

Gender distribution for Board members and other executive management

	Group		Parent Company	
Board members, %	**2019**	**2018**	**2019**	**2018**
Women	14	14	40	50
Men	86	86	60	50

President and other executive management, %	**2019**	**2018**	**2019**	**2018**
Women	17	20	20	25
Men	83	80	80	75

Note 11 Remuneration of employees

	Group		Parent Company	
SEKm	**2019**	**2018**	**2019**	**2018**
Salaries and other remuneration	866	775	22	20
Social security	217	203	8	7
Pension expenses – defined-contribution plans	39	33	5	4
Pension expenses – defined-benefit plans	13	12	–	–
Total	**1,134**	**1,023**	**35**	**31**

Salaries and other remuneration, pension expenses and pension obligations for the Board and executive management

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.

Pension obligations for the President amounted to SEK 15,989t (13,383) at December 31. Pension obligations for other executive management amounted to SEK 4,850t (3,206).

Remuneration and benefits 2018, SEKt	Basic salary incl. change in vacation pay liability, fees	Variable remuneration	Pension expenses	Other remuneration	Total
Chairman of the Board					
Bengt Baron	969	–	–	–	969
Board members					
Mattias Ankarberg	270	–	–	–	270
Hans Eckerström	426	–	–	–	426
Eva Elmstedt	351	–	–	–	351
Liv Forhaug	378	–	–	–	378
Stefan Jacobsson (previously Chairman)	221	–	–	–	221
Heléne Mellquist	411	–	–	–	411
President					
Magnus Welander	7,138	1,039	2,268	840	11,284
Other executive management (4 individuals)	9,874	1,641	2,147	1,821	15,483
Total	**20,038**	**2,679**	**4,415**	**2,661**	**29,793**

Bengt Baron has, as Chairman of the Audit Committee, received remuneration of SEK 194t, which was included in the above fees. Hans Eckerström has, as Chairman of the Remuneration Committee, received remuneration of SEK 75t, 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 executive management, resolved at the Annual General Meeting held on April 26, 2019. Remuneration of Group management is to comprise fixed salary, any variable salary, pension and other benefits. The total remuneration package is to be based on market terms, be competitive and reflect the individual's performance and responsibilities as well as, with respect to share-based incentive programs, the value growth of Thule Group share benefiting the shareholders. 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. Variable cash salary requires that defined and measurable targets have been achieved and may not exceed 75 percent of the fixed annual salary for the President and may not exceed 60 percent for other members of executive management. Terms for variable salary should be designed so that the Board, under exceptional economic conditions, is able to limit or waive the payment of variable salary if such action is deemed reasonable.

Pension benefits must be defined-contribution based.

Severance pay is normally given if employment is terminated by Thule Group. The standard notice period for members of Group management is a maximum of 12 months in combination with severance pay of six to 12 months' fixed salary. No severance pay accrues if notice is given by the employee.

On an individual basis, if justified for particular reasons, the Board has the right to depart from the guidelines adopted by the AGM.

The group of executives covered by the guidelines are the President and other members of Group management.

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 7,062t 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. These targets are linked to sales, EBITDA and cash flow.

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. In 2019, the pension benefit amounted to 33 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 sales, EBITDA and cash flow, while the individual targets are 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 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 2017/2020

The April 2017 AGM resolved on a warrants program for the executive management and key employees of the Group, which was implemented in 2017. The program comprises 1,950,645 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 11 participants. The subscription price was SEK 182.40, 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 27, 2017 through May 4, 2017. 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 subscription price was recalculated based on the dividend paid in 2019 and now amounts to SEK 180.30.

The warrants may be exercised from May 15 to December 15, 2020. 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. The cost for the above, including social security costs, are allocated evenly over the period until the time when the warrants can be exercised and are included in the balance sheet item Accrued expenses. The dilution effect of the program is approximately 2 percent.

Board members' and executive management's holdings of warrants in Thule Group AB are presented below.

Warrants 2019	Opening balance, warrants outstanding	Warrants acquired during the year	Warrants exercised during the year	Warrants that matured during the year	Closing balance, warrants outstanding
Group management					
President					
Magnus Welander	375,000	–	–	–	375,000
Other executive management					
Fred Clark	187,500	–	–	–	187,500
Fredrik Erlandsson	125,000	–	–	–	125,000
Kajsa von Geijer	125,000	–	–	–	125,000
Lennart Mauritzson	187,500	-187,500	–	–	0
Other participants					
Other participants	700,645	-172,645	–	–	528,000
Unsold warrants	250,000	–	–	–	250,000
Total	**1,950,645**	**-360,145**	**0**	**0**	**1,590,500**

At December 31, 2019, the number of redeemable warrants was 0 and no warrants were issued over the year. 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	10.50 kr

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).

Assumed dividends:	
2018	4.00 kr
2019	4.20 kr
2020	4.60 kr

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 2019 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 (142). 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.

		Group
Assumptions in actuarial calculations, %	**2019**	**2018**
Discount rate	1.55	2.35
Expected rate of salary increase, above inflation	1.75	1.75
Rate of inflation	1.75	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.

		Group
Changes in assumptions, SEKm	**2019**	**2018**
Gains (-) and losses (+) due to changes in assumptions	32	13
Experienced-based gains (-) and losses (+)	-3	0
Recognized in other comprehensive income	**28**	**13**

		Group
Carrying amount of defined-benefit pension plans, SEKm	**2019**	**2018**
Present value of unfunded obligations	205	169
Provisions for pensions	**205**	**169**

		Group
Changes in present value of obligation for defined-benefit plans, SEKm	**2019**	**2018**
Obligation per January 1	169	148
Service cost during current period	10	8
Interest expense	4	4
Pension payments	-5	-6
Actuarial gains (-) and losses (+)	28	13
Obligation per December 31	**205**	**169**

In 2020, the costs are expected to amount to SEK 16m. At the end of 2019, 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	-19
0.5 percent decrease in discount rate	26

		Group
Expenses for defined-benefit plans, SEKm	**2019**	**2018**
Service cost during current period	10	8
Interest expense	4	4
Recognized in income statement	**13**	**12**

Pension expense recognized in the following lines in income statement, SEKm	Group 2019	2018
Selling expenses	10	8
Financial expenses	4	4
Total	**13**	**12**

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	2019	2018	2019	2018
Expenses for defined-contribution plans	39	33	5	4
Total	**39**	**33**	**5**	**4**

Note 13 Expenses divided by type of cost

SEKm	Group 2019	2018
Changes in inventory of finished products and work in progress	-144	74
Raw materials and manufacturing supplies	-3,052	-2,947
Expenses for remuneration of employees	-1,257	-1,133
Depreciation/amortization	-139	-76
Other expenses	-1,252	-1,239
Total expenses for goods sold, sales and administration	**-5,843**	**-5,321**

Note 14 Net financial items

	Group		Parent Company	
SEKm	2019	2018	2019	2018
Profit from participations in Group companies	–	–	800	700
Interest income	10	16	22	39
Net exchange rate fluctuations	0	0	0	0
Financial revenue	**10**	**16**	**822**	**739**
Interest expenses	-51	-49	-25	-28
Other financial expenses	-4	-7	-9	-14
Interest expenses on defined-benefit pension obligations	-4	-4	0	0
Net exchange rate fluctuations	0	-5	0	0
Financial expenses	**-59**	**-64**	**-34**	**-42**
Net financial items	**-49**	**-48**	**788**	**697**

Of interest expenses SEK 14m (23) pertained to the category of financial liabilities recognized at amortized cost and SEK 5m (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	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Current tax expense/tax revenue				
Tax expense for the year	-232	-234	-5	0
Deferred tax expense/tax revenue				
Deferred tax pertaining to temporary differences	-31	-43	1	1
Total recognized tax expense (-)/tax revenue (+)	**-263**	**-277**	**-4**	**1**

				Group
Effective tax rate reconciliation, SEKm	**2019 (%)**	**2019**	**2018 (%)**	**2018**
Income before taxes		1,146		1,114
Tax according to current tax rates for Parent Company	21.4	245	22.0	245
Impact of other tax rates on foreign subsidiaries	2.1	24	1.2	14
Non-deductible expenses	0.8	10	0.9	10
Non-taxable income	-0.5	-5	-0.3	-4
Increase in loss carryforwards without corresponding capitalization of deferred tax	0.1	1	0.5	5
Tax attributable to previous years	-0.3	-4	0.9	10
Effect of amended tax rates/regulations	0.1	1	0.0	0
Other	-0.9	-10	-0.3	-4
Recognized effective tax	**22.9**	**263**	**24.9**	**277**

The effective tax rate for 2019 amounted to 22.9 percent. During the year, we recognized a tax reduction attributable to our operations in Poland of SEK 11m as income. For 2018, the effective tax rate amounted to 24.9 percent.

				Parent Company
Effective tax rate reconciliation, SEKm	**2019 (%)**	**2019**	**2018 (%)**	**2018**
Income before taxes		818		697
Tax according to current tax rates for Parent Company	21.4	175	22.0	153
Non-taxable income	-20.9	-171	-22.0	-154
Recognized effective tax	**0.5**	**4**	**0.0**	**-1**

Recognized in statement of comprehensive income

			2019			2018
Group, SEKm	**Before tax**	**Taxes**	**After tax**	**Before tax**	**Taxes**	**After tax**
Foreign currency translation	249	-19	229	318	-23	295
Hedge reserve	6	-1	5	13	-3	10
Net investment hedge	-34	7	-27	-118	26	-92
Actuarial gains and losses	-28	6	-22	-13	4	-10
Other comprehensive income	**193**	**-7**	**185**	**200**	**4**	**203**

Recognized in balance sheet

Deferred tax receivables and liabilities pertain to the following:

	Deferred tax receivables		Deferred tax liabilities		Net	
Group, SEKm	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Tangible assets	21	13	-17	-23	4	-10
Intangible assets	18	22	-2	0	16	22
Inventories	16	14	0	0	16	14
Receivables	3	1	0	0	3	1
Liabilities	57	55	0	0	57	55
Other	24	5	0	0	24	5
Loss carryforwards	237	230			237	230
Tax allocation reserves			-240	-197	-240	-197
Tax receivables/liabilities	**376**	**341**	**-259**	**-221**	**117**	**120**

Changes in deferred tax, net, recognized as follows, SEKm	**2019**	**2018**
Deferred tax, net, on January 1	120	139
Effect of new accounting policy	8	0
Recognized in profit or loss:	-31	-43
of which, temporary differences	-29	-55
of which, loss carryforwards	-2	12
Recognized in statement of comprehensive income	2	4
Business combinations	0	0
Currency effect	17	20
On December 31	**117**	**120**

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	**2019**	**2018**
Tax deficit	735	738

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

	2019	2018
Earnings per share before dilution		
Net income attributable to Parent Company shareholders, SEKm	883	837
Average number of shares outstanding, thousands	103,209	103,009
Earnings per share before dilution, SEK	**8.56**	**8.13**
Earnings per share after dilution		
Net income attributable to Parent Company shareholders, SEKm	883	837
Average number of shares outstanding, thousands	103,350	103,119
Earnings per share after dilution, SEK	**8.55**	**8.12**

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	2019	2018
Weighted average number of shares	103,209	101,945
Impact of issues	0	1,064
	103,209	**103,009**

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	2019	2018
Weighted average number of shares	103,209	103,009
Impact of warrants	141	110
	103,350	**103,119**

Note 17 Intangible assets

Group, SEKm	Goodwill	Intangible assets	Total
Accumulated cost			
Opening balance, January 1, 2018	**4,145**	**260**	**4,405**
Business combinations	89	–	89
Other changes/reclassifications	–	-4	-4
Exchange rate differences for the year	214	4	218
Closing balance, December 31, 2018	**4,448**	**260**	**4,708**
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**

Group, SEKm	Goodwill	Intangible assets	Total
Accumulated amortization and impairment			
Opening balance, January 1, 2018	0	-228	-228
Amortization for the year	–	-6	-6
Other changes/reclassifications	–	4	4
Exchange rate differences for the year	–	-3	-3
Closing balance, December 31, 2018	**0**	**-233**	**-233**
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**
Carrying amounts			
At January 1, 2018	4,145	32	4,177
At December 31, 2018	**4,448**	**27**	**4,476**
At January 1, 2019	4,448	27	4,476
At December 31, 2019	**4,620**	**44**	**4,664**

Amortization and impairment are included in the following rows of the income statement

SEKm	2019	2018
Cost of goods sold	1	1
Selling expenses	2	1
Administrative expenses	2	3
Total	**5**	**6**

The Group does not have any internally generated intangible assets. The total development expenses for the year amounted to SEK 413m (382).

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 2019

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 7.9 percent (7.6) after tax and 9.6 percent (9.2) 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 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, 2019	Dec 31, 2018
Owned tangible assets		833	760
Right-of-use assets	23	190	19
		1,023	**778**

The previous year's right-of-use assets represent the Group's finance leases. In previous years, these leases have been recognized in the note for tangible assets; from this year, these assets are recognized in the note pertaining to leases.

Group, SEKm	Buildings and land improvements	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress	Total
Accumulated cost					
Opening balance, January 1, 2018	**582**	**526**	**193**	**35**	**1,336**
Business combinations	–	–	1	–	1
Other investments	6	57	32	93	188
Divestments and scrapping	-16	-21	-22	–	-59
From in progress	41	61	7	-110	0
Other changes/reclassifications	–	-23	23	–	0
Exchange rate differences for the year	20	15	9	1	45
Closing balance, December 31, 2018	**633**	**615**	**243**	**19**	**1,511**
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**
Accumulated depreciation and impairment					
Opening balance, January 1, 2018	**-208**	**-339**	**-144**	**0**	**-691**
Divestments and scrapping	15	19	18	–	52
Other changes/reclassifications	–	13	-13	–	0
Depreciation for the year	-19	-33	-18	–	-70
Exchange rate differences for the year	-8	-10	-7	–	-25
Closing balance, December 31, 2018	**-220**	**-350**	**-164**	**0**	**-734**

Group, SEKm	Buildings and land improvements	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress	Total
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**
Carrying amounts					
At January 1, 2018	374	188	49	34	645
At December 31, 2018	**415**	**266**	**79**	**19**	**778**
At January 1, 2019	415	266	79	19	778
At December 31, 2019	**408**	**299**	**65**	**60**	**833**

Note 19 Inventories

Group, SEKm	Dec 31, 2019	Dec 31, 2018
Raw materials and consumables	277	264
Products in progress	105	96
Finished goods and goods for resale	710	718
Total	**1,092**	**1,078**

Change in recognized inventory obsolescence	2019	2018
On January 1	70	76
Provision for obsolescence	49	21
Impairment of inventories	-25	-18
Reversal of previous years' reserves	-11	-14
Currency effect	2	4
On December 31	**85**	**70**

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. Given that historic credit losses to customers have not been material, an assessment has been made that no significant changes have been made to the current method for risk assessment of credit losses.

Based on the above, the loss allowance for accounts receivable at December 31, 2019 follows in the table below.

Age analysis of provision for doubtful receivables

Group, SEKm	Dec 31, 2019
Not due	0
Due between 1–30 days	-1
Due between 31–60 days	-1
Due more than 60 days	-17
Total	**-20**

Group, SEKm	Dec 31, 2019	Dec 31, 2018
Accounts receivable, gross	723	667
Less provision for doubtful receivables	-20	-12
Accounts receivable, net	**704**	**655**

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, 2019	Dec 31, 2018
Not due	600	565
Due between 1–30 days	65	58
Due between 31–60 days	10	14
Due more than 60 days	49	29
Less provision for doubtful receivables	-20	-12
Total	**704**	**655**

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:	2019	2018
On January 1	-12	-14
Adjustment for IFRS 9	0	-1
Provision for doubtful receivables	-11	-4
Receivables written off during the year as uncollectible	3	3
Reversal of previous years' reserves	1	3
Currency effect	0	1
On December 31	**-20**	**-12**

Note 21 Cash and cash equivalents

	Group		Parent Company	
SEKm	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Cash and bank balances	268	186	–	–
Short-term investments with a term of less than three months from acquisition date	–	–	–	–
Cash and cash equivalents	**268**	**186**	**0**	**0**

Note 22 Specific disclosures regarding equity

Thousand shares	2019	2018
Issued January 1	103,209	102,073
New issue of shares	0	1,136
Issued December 31 – paid	**103,209**	**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, 2019 was 103,208,606. 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 metric 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 1.5 (1.6) at December 31, 2019.

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. During the year, SEK 722m was paid in dividends.

Note 23 Leases

The effect of the transition to IFRS 16 on the Group's leases is described in Note 1 Significant accounting policies. The transition approaches that the Group has chosen to apply for the transition to IFRS 16 entail that the comparative information has not been restated to reflect the requirements of the new standards.

The Group's tangible assets comprise owned and leased assets:

SEKm	Note	Dec 31, 2019	Dec 31, 2018
Owned tangible assets	18	833	760
Right-of-use assets		190	19
		1,023	**778**

The previous year's right-of-use assets represent the Group's finance leases. In previous years, these leases have been recognized in the note for tangible assets.

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**
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**
At January 1, 2019	111	0	45	156
At December 31, 2019	**147**	**0**	**43**	**190**

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, 2019	Dec 31, 2018
Short-term	53	9
Long-term	164	9
Lease liabilities in the balance sheet	**218**	**19**

Refer to Note 4 Financial risk management for the maturity analysis of lease liabilities.

Amounts recognized in profit or loss

Group, SEKm	2019	2018
Depreciation and impairment of right-of-use assets	-57	-5
Interest on lease liabilities	-9	0
Variable lease payments not included in the measurement of the lease liability	0	–
Costs for short-term leases	-10	–
Costs for low-value leases, not low-value short-term leases	-2	–

Over the year, the composition has changed of short-term and low-value leases. Remaining non-cancellable lease payments for these contracts amount to SEK 5m. The total cash flow for all leases in 2019 was SEK 70m.

IAS 17 Non-cancellable lease payments amount to:

	Group	Parent Company	
SEKm	**2018**	**2019**	**2018**
Less than 1 year	58	0	1
Between 2–5 years	142	0	0
More than 5 years	33	–	–
Total	**234**	**1**	**1**

These future payment commitments consist primarily of lease agreements pertaining to buildings.

IAS 17 Expensed fees for operating leases	Group	Parent Company	
SEKm	**2018**	**2019**	**2018**
Expensed fees amounted to:	53	–	–
Total lease expenses	**53**	–	–

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 54m and SEK 75m, 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 46m.

Over the year, lease liabilities/assets increased SEK 6m 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 Liabilities to credit institutions

		Group		Parent Company
Long-term interest-bearing liabilities, SEKm	**Dec 31, 2019**	**Dec 31, 2018**	**Dec 31, 2019**	**Dec 31, 2018**
Long-term liabilities to credit institutions	2,168	2,133	2,168	2,133
Leases	164	9	–	–
Derivative liabilities – long-term	15	5	–	–
Total	**2,348**	**2,147**	**2,168**	**2,133**
Short-term interest-bearing liabilities, SEKm				
Short-term liabilities to credit institutions	–	–	–	–
Overdraft facilities	–	–	–	–
Leases	53	9	–	–
Derivative liabilities – short-term	12	19	–	–
Total	**65**	**28**	**0**	**0**

		Group		Parent Company
Term structure of liabilities to credit institutions, SEKm	**Dec 31, 2019**	**Dec 31, 2018**	**Dec 31, 2019**	**Dec 31, 2018**
Overdraft facilities	–	–	–	–
1 year	65	28	–	–
2–3 years	88	13	–	–
4–5 years	2,213	2,134	2,168	2,133
More than 5 years	48	–	–	–
Total	**2,413**	**2,175**	**2,168**	**2,133**

Note 25 Accrued expenses and deferred income

		Group		Parent Company
SEKm	**Dec 31, 2019**	**Dec 31, 2018**	**Dec 31, 2019**	**Dec 31, 2018**
Employee-related expenses	167	182	10	9
Bonuses to customers	144	134	–	–
Other items	119	89	1	1
Total	**430**	**406**	**10**	**10**

Contract liabilities of SEK 157m are included under this item.

Note 26 Provisions

SEKm	Group Dec 31, 2019	Group Dec 31, 2018	Parent Company Dec 31, 2019	Parent Company Dec 31, 2018
Restructuring expenses	18	1	–	–
Guarantee commitments	30	15	–	–
Other provisions	6	9	–	–
Total	**54**	**25**	–	–

SEKm	Restructuring expenses	Other provisions	Guarantee commitments
Carrying amount at beginning of year	1	9	15
New provisions	24	0	25
Amounts utilized during the period	-7	0	-10
Reversed provisions	0	-3	0
Currency effect	0	0	0
Carrying amount at end of period	**18**	**6**	**30**

During the year, a provision of SEK 25m was made for a product recall and a provision of SEK 24m pertaining to a restructuring primarily in North America.

Note 27 Cash flow statement

SEKm	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Interest paid	-40	-42	-12	-3
Adjustments for items not included in cash flow				
Anticipated dividends from subsidiaries	–	–	-800	-700
Depreciation/amortization and impairment of assets	147	85	–	–
Capital gain/loss from divestment of operations/shares/equipment	–	5	–	–
Unrealized and other financial items	13	27	–	–
Total	**160**	**118**	**-800**	**-700**

Acquisition of subsidiaries and other business units

SEKm	2019	2018
Acquisition of subsidiaries and other business units		
Acquired assets and liabilities		
Intangible assets	8	89
Tangible assets	–	1
Inventories	3	8
Short-term receivables	–	3
Cash and cash equivalents	–	3
Total assets	**11**	**104**
Short-term liabilities	–	-10
Total liabilities	–	**-10**
Purchase consideration	11	94
of which, liability	-1	-16
Less: Cash and cash equivalents	–	-3
Impact on cash and cash equivalents	**10**	**75**

Reconciliation of liabilities attributable to financing activity

SEKm	Opening balance, January 1, 2019	Adjusted OB leases	Cash flows	Concluded agreements entered into, net	Financing costs	Exchange rate differences	Closing Balance Dec 31, 2019
Long-term liabilities to credit institutions	2,133	–	–	–	1	34	2,168
Leases	19	171	-53	77	–	5	218
Derivative liabilities	24	–	–	–	–	3	27
Total according to balance sheet	**2,175**	**171**	**-53**	**77**	**1**	**42**	**2,413**

Cash and cash equivalents

	Group		Parent Company	
SEKm	2019	2018	2019	2018
The following sub-components are included in cash and cash equivalents:				
Cash and bank balances	268	186	0	0
Short-term investments, equal to cash and cash equivalents	0	0	0	0
Total according to balance sheet	**268**	**186**	**0**	**0**

Note 28 Appropriations

Parent Company, SEKm	2019	2018
Group contribution received	45	12
Total	**45**	**12**

Note 29 Participations in subsidiaries

Parent Company, SEKm	Dec 31, 2019	Dec 31, 2018
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 B.V.		Utrecht	100
Thule Organization Solutions S.A.		Louvain-La-Neuve	100
Thule Organization Solutions S.L.		Madrid	100
Thule Organization Solutions S.A.R.L		Rosny-Sous-Bois	100
Thule Organization Solutions B.V.		Utrecht	100
Thule Trading (Beijing) Co. Ltd		Beijing	100
Thule Finans AB	556043-6858	Malmö	100
Thule Sp.zo.o.		Huta	100
Thule Japan KK		Tokyo	100
Thule S.r.o		Prag	100
Thule Sweden AB	556076-3970	Gnosjö	100
Thule Brazil Comercial e importadora Ltda.		Sao Paulo	100
Thule IP AB	556578-1282	Malmö	100
Thule Merchandizing AB	556849-4016	Malmö	100
Thule Brasil Distribuidora Ltda.		Sao 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, 2019	Dec 31, 2018
Bank guarantees	1	3
Pension liability, PRI	2	2
Other contingent liabilities	21	18
Total contingent liabilities	**24**	**22**

Note 32 Events after the balance-sheet date

The outbreak of the global covid-19 (corona virus) pandemic in the first quarter of 2020 will have a significant impact on the prevailing conditions in the global market. Uncertainty about the future economic effects due to the spread of the virus means that the management at present cannot make a more specific assessment of the impact on the company in the short and long term. The Board of Directors of Thule Group AB (publ) therefore decided on March 22, 2020 to withdraw previously communicated proposal for a dividend of SEK 7.50 per share, totaling approximately SEK 774m.

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

Receivables from and liabilities to subsidiaries, SEKm	Dec 31, 2019	Dec 31, 2018
Interest-bearing long-term receivables	4,572	4,438
Interest-bearing short-term receivables	46	13
Interest-bearing long-term liabilities	-368	-368
Interest-bearing short-term liabilities	-871	-834
Total	**3,379**	**3,249**

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 28, 2020 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 26, 2020

Bengt Baron
Chairman of the Board

Mattias Ankarberg
Board member

Hans Eckerström
Board member

Helene Willberg
Board member

Heléne Mellquist
Board member

Magnus Welander
President and CEO

Our auditor's report was submitted on March 26, 2020.
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 2019 with the exception of the Corporate Governance Report on pages 72-81. The company's annual accounts and consolidated financial statements are included on pages 60-133 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 2019 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 2019 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 72-81. 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 visited 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 was 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 2019, the Group reported goodwill amounting to SEK 4,620m, 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 2019, the Group reported deferred tax assets of SEK 376m, of which SEK 237m 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 1–59 and 138–149. 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 2019 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' 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 scepticism 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 72-81 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 26 April 2019 and has been the company's auditor since 26 April 2017.

Malmö, 26 March 2020
PricewaterhouseCoopers AB

Eric Salander
Authorised Public Accountant
Auditor in Charge

Magnus Jönsson
Authorised 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	46			
	102-4	Locations of operations	46			
	102-5	Ownership and legal form	72–77			
	102-6	Markets served	108–110			
	102-7	Scale of the organization	4–7, 18-19, 46, 82–90, 108–110			
	102-8	Information on employees and other workers	49–52, 111	6	5	FTEs are not broken down by gender. Thule Group has only used the metric, head-count in relation to work time. However, the actual headcount is broken down by gender.
	102-9	Supply chain	47–48, 144			
	102-10	Significant changes to the organization and its supply chain	3, 107–109			
	102-11	Precautionary Principle or approach	32–40	1–10		
	102-12	External initiatives	16, 35, 40, 51			See Thule Group's Community Engagement website.
	102-13	Membership of associations	35			
GRI 102-14 to 102-15: Strategy	102-14	Statement from senior decision-maker	9–11			
	102-15	Key impacts, risks, and opportunities	47–52, 103–107			
GRI 102-16 to 102-17: Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	32–45, 47, 52	1–10		
	102-17	Mechanisms for advice and concerns about ethics	7–8, 33–36, 47–48, 50–52			
GRI 102-18 to 102-37: Governance	102-18	Governance structure	72–79			
	102-19	Delegating authority	74–77			
	102-20	Executive-level responsibility for economic, environmental, and social topics	33–36			
	102-21	Consulting stakeholders on economic, environmental, and social topics	33–34			
	102-22	Composition of the highest governance body and its committees	74–79			
	102-23	Chair of the highest governance body	78, 148			
	102-24	Nominating and selecting the highest governance body	72–74			
	102-25	Conflicts of interest	57, 72–74, 78–81			
	102-26	Role of highest governance body in setting purpose, values, and strategy	34, 75–77			
	102-27	Collective knowledge of highest governance body	33–34, 74, 78–81			
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GRI Standard	Disclosure	Title	Page	UN GC Principle	UN Sustainable Development Goal	Comments and omissions
	102-29	Identifying and managing economic, environmental, and social impacts	33–36, 53–54			
	102-30	Effectiveness of risk management processes	76–77			
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	102-33	Communicating critical concerns	34, 76			
	102-34	Nature and total number of critical concerns	53–57			
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	102-36	Process for determining remuneration	72–73, 75			
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GRI 102-40 to 102-44: Stakeholder engagement	102-40	List of stakeholder groups	33–34			
	102-41	Collective bargaining agreements	50	3		
	102-42	Identifying and selecting stakeholders	33			
	102-43	Approach to stakeholder engagement	33			
	102-44	Key topics and concerns raised	33–34			
GRI 102-45 to 102-56: Reporting Practice	102-45	Entities included in the consolidated financial statements	131			
	102-46	Defining report content and topic Boundaries	33, 142			
	102-47	List of material topics	33–34			
	102-48	Restatements of information	37			
	102-49	Changes in reporting	NO			
	102-50	Reporting period	Calendar			
	102-51	Date of most recent report	April 2019			See Annual and Sustainability Report 2018.
	102-52	Reporting cycle	Annual			
	102-53	Contact point for questions regarding the report	141			
	102-54	Claims of reporting in accordance with the GRI Standards	142			
	102-55	GRI content index	138–141			
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Governance

GRI Standard	Disclosure	Title	Page	UN GC Principle	UN Sustainable Development Goal	Comments and omissions
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	32–52			Included in specific disclosures
	103-2	The management approach and its components	32–52			Included in specific disclosures
	103-3	Evaluation of the management approach	32–52			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	82–90, 108–132		8	
GRI 204: Procurement practices	204-1	Proportion of spend on local suppliers	142		8, 12	
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	33–36	10	8	
	205-3	Confirmed incidents of corruption and actions taken	142	10		
GRI 206: Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	142	10		

Environment

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	142	7–9	12	
GRI 302: Energy	302-1	Energy consumption within the organization	44	7–9	7, 12–13	
	302-3	Energy intensity	44	7–9	7, 12–13	
	302-4	Reduction of energy consumption	44	7–9	8, 12–13	
GRI 303: Water	303-1	Water withdraw	44–45	7–9	6, 12	
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GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	37	7–8	7, 13	
	305-2	Energy indirect (Scope 2) GHG emissions	37	7–8	7, 13	
	305-3	Other indirect (Scope 3) GHG emissions	37	7–8	13	
	305-4	GHG emissions intensity	37	7–8	7, 12–13	
	305-5	Reduction of GHG emissions	30, 37	7–8	7, 12–13	
GRI 306: Effluents and Waste	306-2	Waste by type and disposal method	45	7–9	12–13	
	306-4	Transport of hazardous waste	45	7–8	12	
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	35	8		
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	47	7–8	12–13	
	308-2	Negative environmental impacts in the supply chain and actions taken	144	7–8	12–13	

Social standards

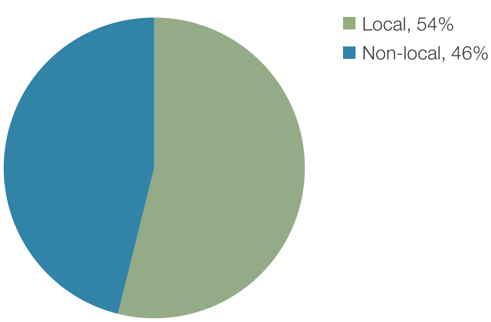
GRI Standard	Disclosure	Title	Page	UN GC Principle	UN Sustainable Development Goal	Comments and omissions
GRI 401: Employment	401-1	New employee hires and employee turnover	143	6	5, 8, 10	
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	43, 143–144	1	8, 12	From 2019, Thule Group will report pursuant to GRI 403: Occupational Health and Safety 2018
	403-2	Hazard identification, risk assessment, and incident investigation	35–36, 43		8, 12	
	403-3	Occupational health services	43		8, 12	
	403-4	Worker participation, consultation, and communication on occupational health and safety	35–36, 43		8, 12	
	403-5	Worker training on occupational health and safety	35–36, 43		8, 12	
	403-6	Promotion of worker health	51–52		8, 12	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	36, 43, 143–144		8, 12	
	403-8	Workers covered by an occupational health and safety management system	144		8, 12	
	403-9	Work-related injuries	144		8, 12	
GRI 404: Training and Education	404-1	Average hours of training per year per employee	143		5, 8	
	404-3	Percentage of employees receiving regular performance and career development reviews	51, 143		5, 8, 10	
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	50, 148–149	6	5, 10	
GRI 406: Non-discrimi-nation	406-1	Incidents of discrimination and corrective actions taken	142	6	5, 8, 10	
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	34, 47–48	1–3	8	
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	34, 47–48	1–2, 5	8	
GRI 409: Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	34, 47–48	1–2, 4	8	
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	47	1–6	8, 10, 12	
	414-2	Negative social impacts in the supply chain and actions taken	47–48, 144	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 and services	142		12	
GRI 417: Marketing and labeling	417-2	Incidents of non-compliance concerning product information and labeling	142		12	
GRI 419: Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	35, 142	10		

Contact: Jack Fraser, GRI and Sustainability Analyst
jack.fraser@thule.com

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.

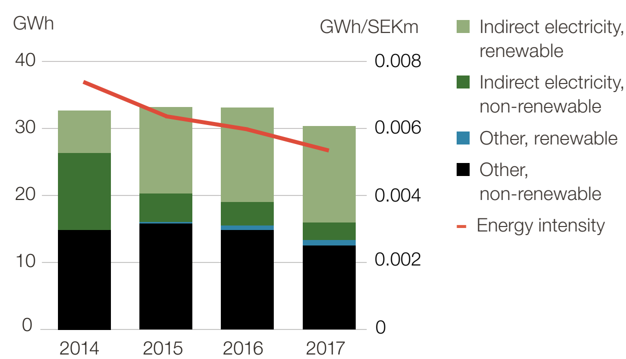
GRI 205-3:	GRI 206-1:	GRI 307-1:	GRI 406-1:	GRI 416-2:	GRI 417-2:	GRI 419-1:
Zero incidents of corruption	Zero incidents of anti-competitive behavior	Zero incidents of fines or sanctions for breaches of environmental laws	Zero cases of discrimination	Zero consumer health and safety incidents from using our products	Zero incidents of non-compliance concerning product information and labeling	Zero incidents of fines or sanctions for breaches of social and economic laws

GRI 204-1 Procurement practices, 2019



"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, 2019	tons
Aluminum	11,167
Plastic	12,549
Steel	16,629
Textiles	2,464
Paper packaging	7,878
Plastic packaging	212
Polystyrene packaging	64
Total	**50,962**

Satisfaction index according to employee survey, %	2012	2015	2018
Workplace climate	67	69	73
Work environment	76	78	82
Leadership	65	68	76
Organization	72	73	76
Core values	77	77	80
Total	**69**	**71**	**76**

The table shows comparable results from surveys implemented in 2012, 2015 and the most recent survey in 2018. Thule Group will conduct a new employee survey in 2020.

GRI 401-1 New employee hires by age and region, 2019	Number	%
Total	**571**	**100**
<30 years	278	49
30–50 years	243	42
>50 years	50	9
Total	**571**	**100**
Europe	391	68
Americas	175	31
Asia	5	1

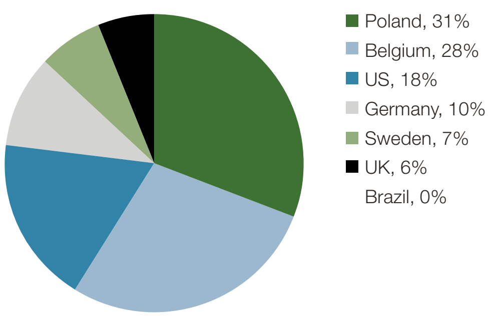
New employee for 2019 includes seasonal employees and complies with the GRI standards' proposed guidelines on grouping by age and regions.

GRI 401-1 Employee turnover by age and region, 2019	Number	%
Total	**411**	**100**
<30 years	200	49
30–50 years	151	37
>50 years	60	14
Total	**411**	**100**
Europe	195	47
Americas	212	52
Asia	4	1

Employee turnover includes seasonal employees and complies with the GRI standards' proposed guidelines on grouping by age and regions.

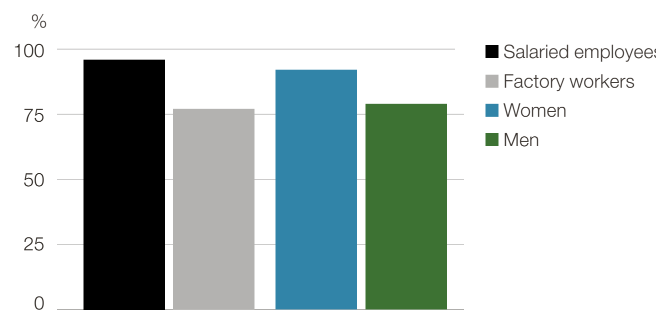
GRI 401-1 New employees, promotions and turnover by gender, 2019

GRI 403-2 Workplace accidents by region, 2019

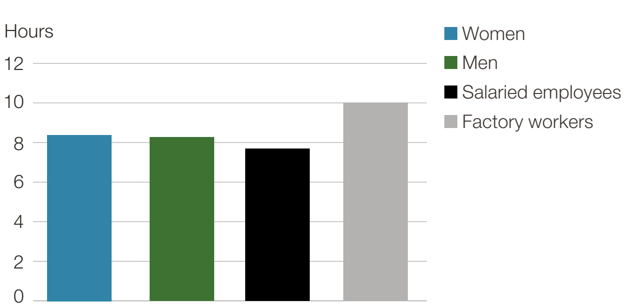


Workplace accidents in 2019 include fractures, joints of fingers and toes, crush injuries to fingers and toes, and minor injuries. No work-related fatalities occurred during the year.

GRI 404-3 Percentage of employees who received performance and career development reviews, 2019



GRI 404-1 Average hours of training per year per employee, 2019



GRI 403-1 Occupational health and safety management system

The occupational health and safety management system of Thule Group's production facility at Haverhill in the 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.

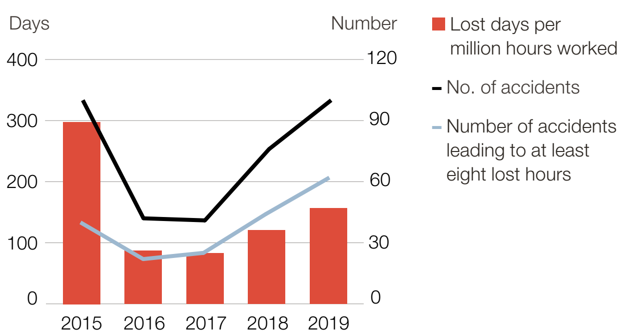
Health and safety management was also introduced for Thule Group's offices in 2019.

GRI 403-8 Workers covered by an occupational health and safety management system

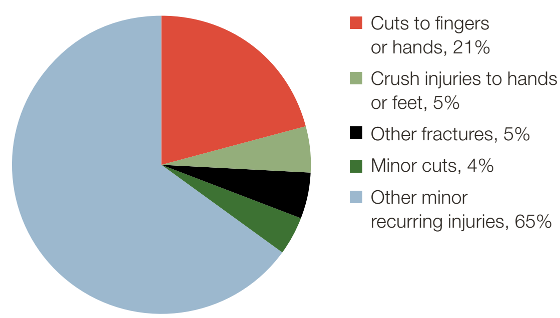
All of Thule Group's employees are covered by occupational health and safety management systems at our production facilities.

Health and safety requirements apply for all employees of Thule Group, agency workers, protected labor, temporary employees, contractors and visitors.

GRI 403-9 Work related accidents, 2019

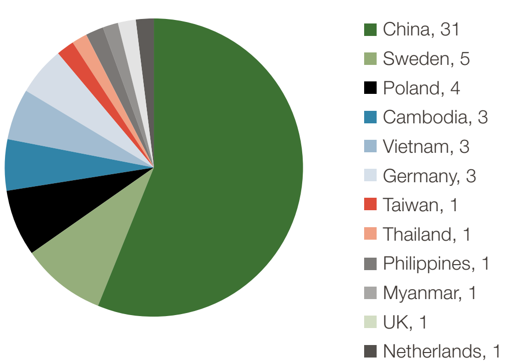


GRI 403-8 Types of work-related injuries, 2019

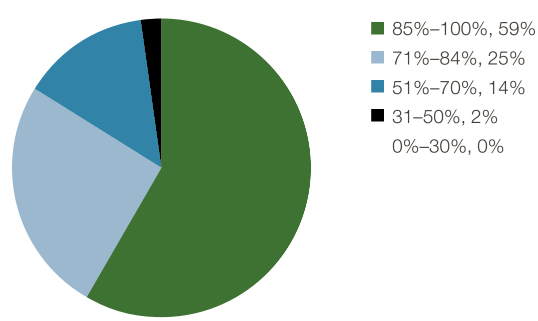


GRI 308-2 and 414-2 Negative environmental and social impacts in the supply chain and actions taken, 2019

Number of CSR audits at our suppliers in 2019



Results of supplier audits



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 have been identified. This process enables Thule Group to focus on suppliers in countries with medium to high risk and with high priority, specific processes and product categories.

In 2019, 55 suppliers were audited (48 direct suppliers and seven sub-suppliers). Thule Group's CSR audits cover the following areas: the environment, business methods, ethics, and health and safety.

All of the audited suppliers implemented the corrective measures and none of the audited suppliers were discontinued due to an inadequate CSR audit.

If a supplier scores less than 50 percent, we limit further purchases from the supplier and conduct a new audit within 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 over the last year, from D in 2018 to C in 2019.

Ecovadis
Ecovadis is a company that supplies sustainability ratings for companies with global supply chains. In 2019, Thule Group was awarded the Ecovadis Gold CSR rating for advanced CSR performance.

Thule Group scored 68 (gold) out of a maximum score of 100.

Gaia
Gaia is a branch of the French firm, EthiFinance. Gaia conducts annual assessments and scores the sustainability work of SMEs.

Thule Group scored 69 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.

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.

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 2019 on pages 32–52 and 138–145 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, 26 March 2020
PricewaterhouseCoopers AB

Eric Salander
Authorised Public Accountant
Auditor in charge

Magnus Jönsson
Authorised Public Accountant

Definitions

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

EBIT
(Earnings before interest and taxes) Income before net financial items and taxes.

EBIT margin
EBIT as a percentage of net sales.

EBITDA
(Earnings before interest, taxes, depreciation and amortization) Income before net financial items, taxes and depreciation/amortization and impairment of tangible and intangible assets.

EBITDA margin
EBITDA as a percentage of net sales.

Equity per share
Equity divided by the number of shares at the end of the period.

Equity ratio
Equity as a percentage of total assets.

Gross debt
Total long and short-term borrowing including overdraft facilities, financial derivatives, capitalized transaction costs and accrued interest.

Gross income
Net sales less cost of goods sold.

Gross margin
Gross income as a percentage of net sales.

Items affecting comparability
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.

Leverage ratio
Net debt divided by the underlying LTM EBITDA.

LTM
Rolling 12-month.

Net debt
Gross debt less cash and cash equivalents.

Net investments
Investments in tangible and intangible assets adjusted for disposals.

Operational depreciation/amortization
The Group's total depreciation/amortization excluding depreciation/amortization of consolidated excess values. Other depreciation/amortization comprises depreciation/amortization of consolidated excess values.

Underlying EBIT
EBIT excluding items affecting comparability and depreciation/amortization of consolidated excess values.

Underlying EBITDA
EBITDA excluding items affecting comparability.

Working capital
Comprises inventories, tax receivables, accounts receivable, prepaid expenses and accrued income, other receivables, cash and cash equivalents less accounts payable, income tax liabilities, other liabilities, accrued expenses and deferred income and provisions. Working capital in the cash flow excludes cash and cash equivalents.

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 to measure the company's financial performance. The alternative performance measures used are net debt (see table on page 63), underlying EBIT and underlying EBITDA. Underlying denotes that we have made adjustments for specific items, see Note 7, Segment accounting. These performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement.

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) and Board member of AAK 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: Leading positions at H&M, consultant and junior partner at McKinsey & Company.

Hans Eckerström

Board member since 2007.

Born 1972.

Education: M.Sc. Mechanical Engineer ing, Chalmers University of Technology. M.Sc. Business Administration, University of Gothenburg.

Selected current Board assignments: Chairman of Nobia AB and Profoto AB, Board member of Nordstjernan AB.

Selected previous Board assignments: Chairman of Brink International AB and Britax Childcare Limited; Board member of Nefab AB (publ), Cloetta AB (publ) and Aditro AB (publ).

Liv Forhaug

Board member since 2014. Stepped down as Board member on November 11, 2019.

Born 1970.

CEO of Martin & Servera.

Education: M.Sc., Stockholm School of Economics.

Selected current Board assignments: Board member of Hufvudstaden AB (publ).

Selected previous Board assignments: Board member of HUI Research AB, Min Doktor International AB and Apoteket Hjärtat.

Heléne Mellquist

Board member since 2016.

Born 1964.

Senior Vice President Volvo Trucks Europe.

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 Opus Group (publ), Partnertech AB and Cavotec S.A. (publ).

Helene Willberg

Board member since 2019.

Born 1967.

Country manager at Alvarez & Marsal, Sweden.

Education: M.Sc. in Economics and Business Administration, Stockholm School of Economics.

Selected current Board assignments: Board member of Profoto AB, Nordic Paper AB and Footway Group AB (publ).

Selected previous assignments: Several leading roles at KPMG, including as CEO of KPMG Sweden and as Head of KPMG's Financial Advisory Services.

Bengt Baron Mattias Ankarberg Hans Eckerström Liv Forhaug Heléne Mellquist 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.

Fred Clark

BA President
Region Americas.

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.

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 procuration holder of Ehrenberg Kommunikation Sweden and Chief of Staff for one of the national delegations in the European Parliament.

Kajsa von Geijer

SVP 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.

Nis Gjendal

Vice President Global Purchasing.

Born 1981.

Education: M.Sc. in Production & Management from DTU (Technical University of Denmark).

Employed at Thule Group since January 2019.

Previous positions:
Various leading positions within supply and operations at Nilfisk AS with a focus on strategic purchasing. Latest locations in Denmark and Hungary.

Lennart Mauritzson

CFO.
Left the position
February 14, 2020.

Born 1967.

Education: BSc in Finance and Business Administration, Halmstad University. Law studies, Lund University.

Employed at Thule Group since 2011.

Previous positions:
CFO Beijer Electronics, Vice President Finance of Cardo AB, and senior positions in finance at Acadia Pharmaceuticals and Pharmacia Pfizer.

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.

Magnus Welander | Fred Clark | Fredrik Erlandsson | Kajsa von Geijer | Nis Gjendal | Lennart Mauritzson | Jonas Lindqvist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