Annual and Sustainability Report

2018

Thule Group

"An exciting year with major investments for the future."

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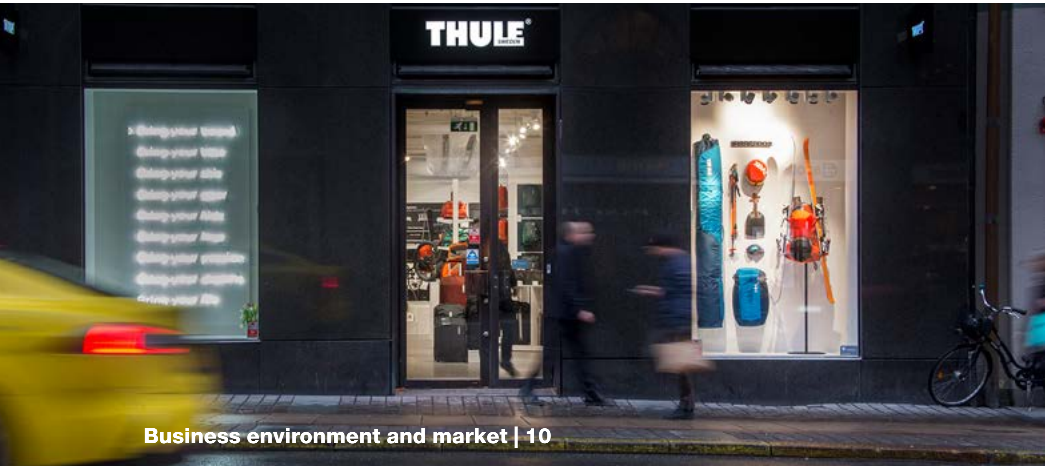

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The Annual Report encompasses pages 53–106 and is published in Swedish and English. The Swedish version is the original and has been audited by Thule Group's auditor.

The year in brief

Thule Group had a positive and successful year in 2018. Sales grew 6.0 percent after currency adjustment, and we achieved an underlying EBIT margin of 18.0 percent. The strategy to drive organic growth through an expanded product offering has yielded results. During the year, we invested 6 percent of sales in the development of new products that will provide us with a solid platform for future growth.

Q1

The popular and award-winning stroller, Thule Urban Glide, was updated to Generation 2 and was well-received in juvenile stores. With its modern design and light weight, the stroller is perfect for active families that prefer an easy-to-handle and agile stroller that is suited to both urban environments and jogging runs in tougher terrain.

The roof-mounted bike rack, Thule UpRide, was launched. Thule UpRide is designed to easily mount bicycles using a secure grip of the front wheel, while a strap locks the back wheel to the bike rack. The construction is therefore perfect for bicycles with fragile carbon-fiber frames or mountain bikes with frames that are difficult to grip.

The Thule Lithos series, a modern backpack for commuting to university or downtown trips, expanded our offering of practical and stylish everyday backpacks.

Q2

Thule VeloSpace XT, a new versatile premium bike rack for mounting on tow bars, was launched. The rack is suitable for all types of bikes – from e-bikes and fatbikes to childrens' bikes. By mounting the Thule BackSpace XT cargo box on the bike rack, a full 300 liters of easy-access cargo space can be added behind the vehicle, for holding items such as strollers or golf bags.

We launched Thule Vital, our first series of hydration backpacks for cyclists. This light and versatile back-pack is designed for the greatest comfort during the most demanding mountain-bike sessions. The patented magnetic ReTrakt system, which allows for the handsfree re-attachment of the hydration hose to the bag when you have finished drinking, received widespread attention and praise.

Thule AllTrail, a series of all-round backpacks for outdoor enthusiasts who enjoy a varied range of activities was launched. It expands the large portfolio of hiking backpacks and was very well received in the market.

Q3

Thule Sleek, the Group's first ever four-wheel stroller was broadly launched in leading juvenile stores around the world, gaining positive attention and high visibility in the media. The stroller can be adapted to a family's needs as the children grow and the Thule Sleek is easy to maneuver in single, double or twin mode, thanks to its compact size, easy-to-turn front wheels and its light construction.

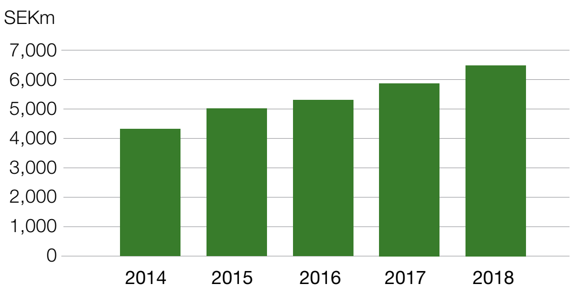
At the automotive service industry's largest trade fair, Automechanika, in Germany, a new generation of roof rack systems comprising of two product lines was introduced. The new roof racksfeature a new level of convenience, safety and load capacity. Thule Edge has a low profile and integrated design, while the Thule Evo has a larger loading surface with the possibility to mount even more equipment. The system is being launched in three stages, from 2018 to 2020, for various vehicle models. Thule is world-leading in this sector and we are now setting a new standard for what modern roof rack systems should be capable of.

Q4

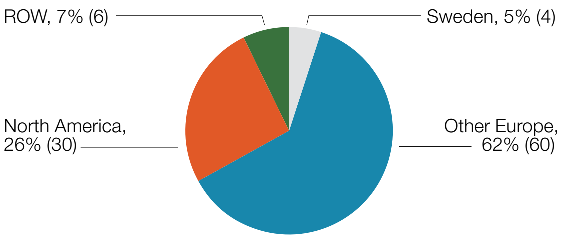
Significant changes to the layout of production flows in the Group's largest rooftop box plant in Neumarkt, Germany were implemented during the quarter. The new production flow facilitates more efficient production of the new rooftop box model, Thule Force XT, which was launched during the quarter, and the new premium model Thule Vector, which will be launched in 2019.

In December, we acquired Tepui Outdoors Inc., with its base in Santa Cruz, California. Tepui Outdoors is one of North America's leading players in rooftop tents – a simple and practical way to use the vehicle for overnight stops in remote locations, where the main point is the journey itself. Sales of such products have risen steadily in the past few years. The acquisition has strong synergies, in terms of both marketing and production. Net sales in 2018 totaled USD 6.1m. Rooftop tents will be reported under the product category, Sport&Cargo Carriers, as of 2019.

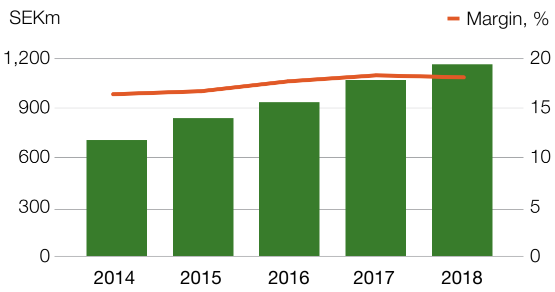
Net sales



Net sales per geographical area



Underlying EBIT and margin



This is Thule Group

For us at Thule Group, everything we do is about developing and manufacturing products with a sustainability perspective, that make it easier for people across the globe to live an active life.

A dream of a more active life

Innovative products with smart solutions

Sustainable processes

Products for an active lifestyle

Thule Group is an international Group with sales of SEK 6,484m in 140 markets. With more than 75 years of operations behind us, we are building our company with long-term sustainability in mind, with a focus on financial performance as well as societal and environmental goals.

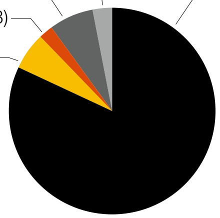
We are a global market leader in several product categories, such as roof racks, rooftop boxes and bike racks for vehicles, as well as in child-related products, such as bicycle trailers. In the past few years, we have also grown rapidly in product categories that were new to us, such as technical packs and luggage, as well as strollers.

Great products and strong brands

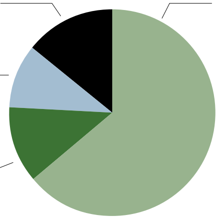
Our business concept is to offer high-quality products with smart features and a sustainable design that make it easy for people across the globe to live an active life.

Our employees are genuinely passionate about utilizing their competence to develop, manufacture and market sustainable and innovative high-quality products with superior functionality. We have intensified the focus in this area for the past few years and in 2018, we invested 6 percent of our sales revenue in product development. The investments strengthen the relationship with our users and help us to capture market shares profitably.

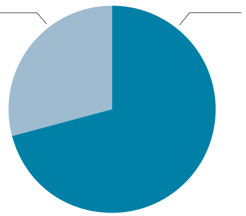
Sales per brand



Sales per product category



Sales by region




KaDeWe department store, Berlin, Germany.

Five-year overview, SEKm	2018	2017	2016	2015	2014
Net sales	6,484	5,872	5,304	5,018	4,316
Underlying EBIT	1,164	1,069	935	835	703
Operating income (EBIT)	1,163	1,067	922	809	629
Cash flow, operating activities[1]	606	972	878	662	355

1) Based on total operations, meaning both continuing and discontinued operations.

For the past few years, we have continued to strengthen our largest core brand, Thule, which accounted for 82 percent of sales in 2018. To maximize the shopping experience, both online and in physical stores, we rolled out some new and exciting store concepts. We are also working proactively with PR and social media to boost the emotional link to the brand and its motto, *Bring your life*.

An active life. Quite simply.

More and more people are feeling the need to exercise to counterbalance their sedentary jobs in urban environments.

Our market is 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.

Regardless of where in the world our products are found – avalanche backpacks on the powder ski slopes of Hakuba, bike racks on the mountain-bike trails of the Moab desert, strollers in the small cafés of Copenhagen or carry-on luggage at Amsterdam's Schiphol Airport – they share our principle of offering solutions that allow you to conveniently bring along everything you care about and need for an active life.

Continuous improvements generate profits

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. 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.


Thule Upslope snowsport backpack with airbag.

Thule Crossover 2 backpack and laptop case.

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

In 2018, we conducted comprehensive efforts to identify our most significant impacts and most important sustainability goals. Through stakeholder engagement and internal discussions, we defined eight focus areas – five pertaining to the environment and three to social responsibility.

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 manner.

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.

“An exciting year with major investments for the future.”

2018 was a positive and exciting year for Thule Group. We continued to deliver cash flow and robust organic growth with excellent profitability, and we also implemented a number of key product launches that provide us with a great platform for future successes.

As planned, we increased our investments in product development to 6 percent of our sales during the year. This is enabling us to increase the lead on our competitors within our traditional product categories such as roof racks and rooftop boxes, while allowing us to launch competitive products within our newer categories, such as strollers and luggage.

The Group’s sales rose 6.0 percent after currency adjustment and once again, we exceeded our target of a minimum of 5 percent organic growth in constant currency. Region Europe & ROW continued to be the stronger region, with solid growth of 10.3 percent after currency adjustment. The decision to phase out certain low-margin products and a challenging retail market caused sales to decline after currency adjustment with 3.3 percent in sales in Region Americas.

Operating income increased with SEK 95m, to a total of SEK 1,164m. This corresponds to an operating margin of 18.0 percent and was in line with our plans to achieve a long-term target margin of at least 20 percent. I am also very satisfied that, by the close of the second quarter, we secured a flexible and cost-efficient financing for the future through the signing of a new loan agreement that spans a minimum of five years. The agreement ensures lower capital costs and also provides flexibility for possible acquisitions.

In December, we acquired Tepui Outdoors Inc., a leading North American manufacturer of rooftop tents, which had sales of USD 6.1m in 2018. In recent years, sales of this type of products have steadily increased and the acquisition adds a wide selection of high-class rooftop tents to our existing broad range of products offered to consumers who live an active life.

New ambitious 2030 targets for sustainability

During the year, we continued to take major steps toward achieving the targets for 2020 that we set up five years ago. Energy from renewable sources now accounts for 94 percent of all the electricity in our facilities, compared with 85 percent in the preceding year, and we are well on the way to achieve our target of 100 percent. We also reduced the amount of greenhouse gases generated by our own production facilities by 17 percent, compared with the preceding year, despite rising production volumes. At the same time, we are disappointed by the increase in workplace injuries, after several years of significant improvements. In the second half of the year, we invested a considerable amount of effort to address the challenges at the production facilities with the biggest issues and we expect to reverse the trend in 2019.

Sustainable societal development requires long-term investments by states, government agencies, organizations and – not least – companies. During the year, we collaborated with our different stakeholders to decide on new focus areas and targets in line with the UN’s 2030 Agenda for Sustainable Development. For Thule Group – which lives to make an active outdoor lifestyle accessible for so many more people – environmental issues have always been of particular importance and we are continuing with our ambitious goals, to pursue improvements within eight focus areas. We aim to contribute to a sustainable world in every possible way. Read more about our focus areas and our sustainability efforts on pages 30–46.

Strong positions in classic product categories

Our global market-leading position in our largest product category, Sport&Cargo Carriers, was strengthened during the year. Our growth was stable, at 5 percent in constant currency, but more importantly, we successfully launched key new roof rack and rooftop box products in the final quarter of 2018. Our new generation of roof racks, which is being launched in three stages, from 2018 to 2020, is setting entirely new standards in

“Our new generation of roof racks, which is being launched in three stages, from 2018 to 2020, is setting entirely new standards in terms of safety and user-friendliness.”

terms of safety and user-friendliness. The world's most sold rooftop box, Thule Motion XT, is being complemented by the new entry level model Thule Force XT, which has been available in stores since October, and the new premium box, Thule Vector, which will be in stores in the autumn of 2019.

The RV Products category grew 14 percent. Sales were boosted by the European recreational vehicle market, which continued to perform well, growing by approximately 9 percent. In addition, we continued to grow faster than the market, thanks to our new products and strong cooperation with major manufacturers and retailers.

Positive performance for new exciting categories

The Active with Kids product category continues to perform excellently, posting growth of 22 percent. The robust growth of the past few years in the niche categories of bicycle trailers, child bike seats and jogging strollers continued in 2018. Our first four-wheel stroller, Thule Sleek, was well received by retailers, the media and consumers, when it was launched in the third quarter. Thule Sleek will be key to our position and future growth within this category.

The picture was more inconsistent for Packs, Bags & Luggage. At our 2017 Capital Markets Day, we announced the decision to phase out some of the product categories that were being sold with low margins to certain OEM customers, primarily in the US market. The phase out will be completed in mid-2019. The positive growth in smaller backpacks and bags for everyday use, as well as technical packs and sports bags and travel luggage, were unable to compensate for declines in the OE business and in sales of camera bags, tablet cases and cases for smaller consumer electronics products.

Sales therefore declined by a total of 7 percent. Bearing in mind that several new luggage collections will be launched in 2019, the continued successful rollout of our Thule Subterra luggage collection to additional retailers around the world is crucial for the future.

The Thule brand is becoming broader and stronger

The Thule brand's DNA is well-designed, easy-to-use and high-quality products that make it easier to live an active life together with family and friends. We are continuing to build for future growth, with investments in innovative and sustainable product development within all of our four product categories.

We are also working systematically to establish stronger emotional ties with our consumers throughout the world. In this work, we focus on our brand motto, *Bring your life*. We achieve this by communicating with consumers via social media and our website, through socially focused sponsorship projects with our Thule Crew members, active PR initiatives and inspiring interaction, both online and in physical stores at our customers.

More efficient production and distribution

As a company, we always strive to meet increased incoming costs with efficiency enhancements and price increases. However, raw material costs increased somewhat more than anticipated in 2018, due to the market being hit with higher costs for aluminum in the spring, when the US imposed sanctions on one of the major Russian producers. This was taken into consideration when communicating our price increases to the market ahead of 2019.

To satisfy the greater demands placed by stores on lead times and delivery precision in a cost-efficient manner, we must continuously challenge and optimize our supply chain. In the autumn, we expanded our East European distribution center to cope with our strong growth in Eastern Europe in an environmentally sustainable and cost-efficient manner. We have also continued to modernize our assembly plants by increasing the automated assembly at our roof rack plant in Sweden, and by implementing a new layout at our plants in Germany, the UK and in Connecticut, USA.

Increased production volumes at our newest plant in Pila, Poland, which was inaugurated in late 2017, is expected to yield efficiency enhancements in 2019 according to plan.

Passionate employees are the key to continued success

Thule Group is entering 2019 as a lifestyle company, with excellent finances, a strong global brand, market-leading expertise in product development, modern production facilities and distribution centers, as well as a broad base of retailers. We are adhering to our commitment to consumer insight driven innovation with the launch of many new and exciting products and a focus on long-term sustainable growth. This will enable us to continue to generate added value for all of our stakeholders.

The competence, energy and commitment of all our employees is critical to our success in this area. Our growth as a company is thanks to our more than 2,300 employees in more than 20 countries, in a range of different roles. Our goal is to continue creating an environment where all of our employees can contribute and develop their skills. I wish to thank all of our employees for their invaluable efforts in 2018.

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

And to all of you who choose our products in order to bring what you care about most with you to live an active life with your nearest and dearest, may I, as usual, promise lots of exciting product news in the next few years!

Malmö, March 2019

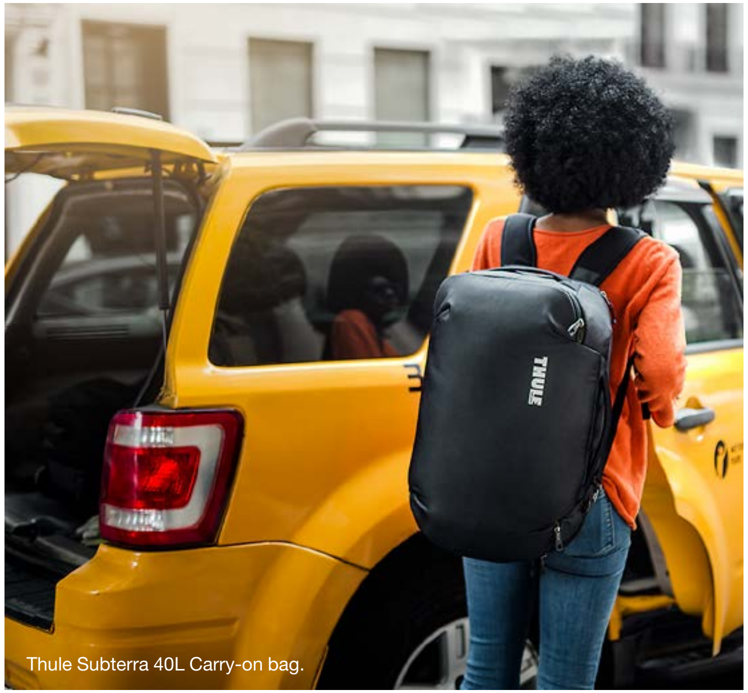
Magnus Welander,
CEO and President of Thule Group

With a rising global population living in stressful urban environments, physical outdoor activities are attracting ever-more people, and more time and money is being spent in pursuit of such experiences.

Thule Store, Stockholm.

We are growing in line with strong trends and positive experiences

Strong global macro trends are helping Thule Group to grow and across the globe, more time and money is being spent than ever before on an active outdoor life and new experiences. Products that are used in connection with these experiences together with family and friends build brand loyalty and strong emotional bonds.



Thule Subterra 40L Carry-on bag.

Our traditional product categories, roof racks, rooftop boxes and bike racks for vehicles, provide continued favorable opportunities for growth. This is also true for our entry into new major product categories such as luggage and strollers. Thule Group benefits from strong global macro trends: improved health at older ages, 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.

In emerging markets throughout the world, the combination of a rapidly growing middle class and influences from more developed markets are resulting in an increasing number of people spending an ever-greater proportion of their rising income on travel, experiences and sports and outdoor activities.

Our products are used in many different contexts and by people at different stages of life – but who all have one thing in common: they make it easier to live an active life filled with experiences; and positive experiences are strongly associated with happiness and satisfaction.

Positive experiences strengthen the brands

Numerous studies show that 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, and more time and money is being spent in pursuit of such experiences. These are not exclusive to extreme experiences such as a week-long trek in the Andes with everything packed into a backpack, but includes short excursions with the stroller to a new playground in the neighborhood. The positive feelings created by such experiences also spill over to the products that are used, which in turn build up the brand, brand loyalty and sales growth.

Increased transparency requires more – and gives more

In a world with ever-more competition and greater transparency, it is the consumers who have the power to decide who will be the market winner.

Thule Stir and Thule AllTrail backpacks.

EXPERIENCES THAT ARE SHARED WITH FAMILY AND FRIENDS CREATE HAPPINESS

For many years, numerous studies have indicated in various ways that experiences result in far more enduring happiness than that offered by the purchase of material objects for use in daily life. This relationship has been presented in a study by the prestigious Cornell University, where Professor of Psychology, Dr. Thomas Gilovich and his colleagues, conducted research on the “Easterlin paradox”, which proves that money brings happiness up to a certain point. Sub studies in this research work were conducted through surveys, through which people reported their sense of happiness in connection with material purchases and experiences. Initially, both would generate a sense of happiness, but over time, while the happiness gained from experiences increased, happiness from material purchases decreased.

The conclusions that can be drawn from this and other similar studies, is that experiences become a part of your identity and thus foster stronger emotional links. Consequently, brands that deliver products that are used for experiences in the company of our nearest and dearest have a greater potential to create strong positive connections with their users.

This phenomenon is also discernible in the modern use of social media, where people willingly share their experiences. If a company’s product is seen in such an Instagram post, it creates a stronger emotional connection to friends and acquaintances than an image comprising the product alone.

Thanks to online product comparison sites and information shared on social media, brands that represent truly great products that are also perceived as being part of the feeling that customers are seeking can fetch higher prices. However, strong brands are also required to live up to customer 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.

An omni channel strategy is a must

The global retail industry has been undergoing major changes for some years, with new purchasing patterns seen in both digital and physical channels. Consumers can evaluate different sales channels in an instant, for example, by using their phone to compare prices at online stores while standing in the physical store. Retailers must stand for providing added value.

Retail chains that embrace distinct omni channel strategies have better opportunities to face the challenges. Retail chains are also choosing to ever-greater extents to offer either a high level of service with very strong brands and a strong in-store experience, or to exclusively sell cheaper, simpler products under their own brands in a more low-budget environment.

Brand owners that can effectively meet the increasing demands of retail chains for shorter lead times, improved delivery precision, efficient marketing support, simplified online sales and smart store concepts, are becoming the winners and achieving economies of scale.

Several categories of sales throughout the world

Thule Group offers many different products that make it easy for people to live an active life. Our market is 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

With the market's best products for bringing the family's sports equipment on a winter vacation by car, or bikes to a local mountain-bike competition, we have achieved market leadership in our largest category, Sport&Cargo Carriers, and made the Thule brand known across the globe.

Thule Group accounts for about 50 percent of the global market in this category, and we are driving growth by way of innovative product launches and a sharp focus on supporting retailers with store concepts, online tools and thorough 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 are traveling, such as heavier bikes that require new, smart solutions.

In 2018, Sport& Cargo Carriers accounted for 64 percent (65) of the Group's sales and by our assessment, the market is growing by 2–4 percent annually.

Packs, Bags & Luggage – growth in focus categories

The bag industry is highly fragmented. Not only are there many different types of bags, but also many different players: local players with geographically limited brands and strong global players, usually with a product range that encompasses several categories.

In the past few years, Thule Group has focused on backpacks and laptop cases for work and outdoor, as well as different forms of sports bags, everything from snowsport backpacks to bike pannier bags.

In 2017, we launched our first broad collection of luggage, Thule Subterra, and we will launch other collections in early 2019 as part of our aim to be a major long-term player in the premium luggage category.

For the past decade, our sales of traditional product categories, such as camera bags and cases for mobile phones and tablets, mainly sold under the brand Case Logic, have entailed major exposure to a rapidly decreasing market. Although we are expecting a continued decline in this category, our exposure to this segment has also been reduced. In 2018, these products accounted for about one-third of the sales in the Packs, Bags & Luggage product category.

Our assessment is that the market for our prioritized categories is growing by about 4–5 percent annually, driven by increased international travel and a growing interest in an active lifestyle.

Thule ProRide 598 bike rack.

Active with Kids – growing rapidly

We are a global market leader in bicycle trailers and one of the leading players in child bike seats. The launch of our first stroller in the niche category of jogging strollers in 2014 created a foundation for our portfolio. Through the launch of the Thule Sleek stroller in summer 2018, we have begun the journey to establish ourselves as a player, to include more traditional strollers.

Thanks to increased urban commuting by bike, primarily in Central Europe, the Netherlands and Scandinavia, where our bike-related products are used to bring your kids on the way to and from preschool, we expect that Child Bike Seat and Bike Trailer markets will continue to grow by about 5 percent annually.

The trend from the past few years, with the premium stroller segment growing somewhat faster than the stroller market, leads us to believe that this market will also grow by about 5 percent annually.

RV Products – European market remains positive

We are market leaders in terms of awnings and bike racks for motorhomes and caravans in the European market. The market segment has performed very strongly, with a growth of 11–13 percent during the years 2015–2017. Market performance remained strong in 2018, with estimated growth of 9 percent.

The main trends affecting this industry are that a new generation of young consumers appreciates the sense of freedom that a holiday in an RV can offer, and the growing demographic of people aged 50+ who wish to continue living an active and sporty life.

As this sector is also impacted by access to finance for such a large capital purchase as a motorhome or caravan, and our products are essentially mounted in connection with their purchase, this is our only economically cyclical product category.

Our assessment is that although current high inventory levels of RVs in the market will impact sales in 2019, to some degree underlying growth will entail an average market growth of about 5 percent in the next year.

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 boxes and bike racks on cars, all of which make it easy to bring everything you need to lead 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 take 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 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 Chariot Sport multisport trailer with ski kit.

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 75 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 key pillars. To use deep consumer behavior insights as a base for the development of innovative and well-designed products that enable an active life. To produce those products in a sustainable way in mostly own plants and then distribute efficiently all over the world. To drive sales via focused brand buildning efforts for our major brand, Thule, and a close partnership with retailers with a omni-channel apporach.

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.

Thule HullaPort XT kayak carrier.

Innovation

Our highest priority is to develop sustainable and innovative products that make it easier for users to lead an active life. We are convinced that this is the basis for the success of Thule Group.

To ensure we are consumers' preferred option, we consistently build upon our extensive insight into why, when and how people use our products. We ensure that our product portfolio continuously meets new requirements and expectations.

Proportion of new products

52%

In 2018, products launched over the past three years accounted for 52% of the Group's net sales.

Product development

6%

During the year we continuously increased our investment in product development, which accounted for 6% of sales in 2018.

Brands

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

The Thule brand

82%

In 2018, the Thule brand accounted for 82% of the Group's net sales.

Visitors to thule.com

22.5 million

By building on the Thule brand's motto *Bring your life* in all our marketing communication to the 140 markets in which the products are sold, we are further strengthening our brand recognition. With our strong brand and attractive products as our foundation, we have been able to create an attractive offering for retailers by using effective self-operating tools, such as our thule.com website and store displays.

In 2018, we had 22.5 million unique visitors to thule.com.

Growth

A focus on growth drives an organization to perform better and creates a winning culture. At Thule Group, our target is to grow organically by more than 5% annually in constant currency. 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)

+6.0%

In 2018, we achieved a total growth of 10.4%, corresponding to 6.0% organic growth, after currency adjustment.

Active with Kids, growth

+22%

The Group's fastest growing product category was the same as the preceding year – Active with Kids, with 22% growth after currency adjustment. Successful launches of an updated Thule Urban Glide 2 jogging stroller and the launch of the Group's first four-wheel city stroller, Thule Sleek, were strong contributing factors. Growth was also driven by the award-winning Thule Chariot multisport trailers and an updated portfolio of child bike seats.

Efficiency

We focus on giving customers and consumers added value and continuously strive to enhance process efficiency through continuous improvements. Over the past few years, we have completely overhauled how we distribute our products to customers with increased demands for short lead times and high delivery precision. In 2018, we expanded our distribution center for East Europe by 6,000 m^2.

2018 was also the year of heavy investments in our most important assembly plants, when major changes were implemented in terms of layout and production processes at our roof rack plant in Hillerstorp, Sweden, and our rooftop box plants in Neumarkt, Germany and Haverhill, England. In addition, work commenced to relocate some aspects of production at our RV Products plant in Menen, Belgium, and at our bike rack plant in Seymour, in the US, to new close-by locations, with the aim of enhancing efficiency and improving the working conditions of these plants. The changes are scheduled to be completed in the second quarter of 2019.

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

+18.0%

The underlying EBIT margin for 2018 was 18.0%.

Leverage ratio

1.6x

In December 2018, the company's debt was 1.6 times EBITDA, which was in line with our financial target to be within the range of 1.5–2.5 times EBITDA.

During the year, Thule Group secured a new flexible long-term loan structure, with a revolving credit facility of EUR 300m and a maturity of five years.

Sustainability

We aim to be part of a sustainable, well-functioning society and we strive to ensure our entire value chain is characterized by sustainability initiatives 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 28–34.

Electricity from renewable sources

94%

One of our most important environmental targets set in 2015 was for 100% of the electricity we use to originate from renewable sources by 2020. In 2018, we achieved a level of 94%.

Bring your life – a motto that reflects the Thule brand

La Rinascente department store, Milan, Italy.

Our long-term focus on strengthening the Group's core brand, Thule, in all channels, has resulted in Thule now accounting for 82 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.

Strong brands create customer loyalty and provide a stable platform for profitable growth. For more than 75 years, we have built our core brand, Thule, by developing innovative products that win both product tests and design prizes, and which are valued by users across the globe.

Share of own brands higher than ever

The Group's own brands increased their share of sales to 90 percent (89). The Thule brand accounted for 82 percent of the Group's sales – up 3 percentage-points year-on-year. The Group also utilizes a number of category-specific brands, of which the largest, Case Logic, accounted for 6 percent (7) of sales, and holds a strong position within camera bags and smaller cases for daily use especially in the US, Benelux region and southern Europe. The market for product categories where the Case Logic brand has historically performed strongly – camera bags, DVD cases and tablet cases – continues to decline. Investments in the growth of Case Logic are therefore directed at smaller backpacks and laptop bags for everyday use, in the mid-price segment of these markets, as well as in South America and Asia.

OEM sales within the Group, where the products are sold under the customer's brand, accounted for 7 percent (8) of sales. The sales primarily comprised of roof racks for leading manufacturers of premium cars, some smaller accessories within RV Products aimed at Europe's leading RV manufacturers, and bags for medical equipment. Our strategy of focusing on the Group's own brands and products with clear development and manufacturing synergies and strong gross margins has led to lower sales of certain simpler products for pick-up trucks during the year, as well as some simpler bags for medical equipment that were sold locally in the US.

To a limited extent, we also sell a small number of Sport&Cargo Carrier products to a limited number of major retailers who market the products under their own brands, known as "private label," which accounted for 3 percent (3) of sales in 2018.

Products from Thule are now available in many different stores. Consumers can find our strollers in their local juvenile stores, our luggage in luxury department stores, bike racks in specialized Thule Stores or roof racks at our website. We support the stores with concepts and solutions that live up to the brand's premium feel, so that consumers will make a positive connection to the Thule brand as a part of their store experience.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@romanshotthis


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The Thule brand is strengthened by focused efforts

Using deep insights into how consumers 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, we are increasing the number of occasions people come into contact with our brand. A practical stroller for going out with the children to the park, cycling 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 presently be found.

The foundation of our branding activities is always the award-winning design of our products and the positive feeling that users experience from their daily use. Furthermore, we continued to roll out our updated Thule Retail Partner program during the year, with new tools in a uniform design for both physical and online stores. During the year, 9 additional dedicated Thule Stores were opened throughout the world, of which all but two are managed by franchise partners. The Group's second store under our own management opened in February, in central Stockholm. The expanded product offering within strollers and luggage also enabled us to open more than 30 shop-in-shop solutions with focus on these two categories, and the launch of Thule Shop-in-Shop solutions on six of the world's continents.

Social media – a channel of increasing importance

With the aim of building a global lifestyle brand sustainably, we continued our work to strategically embody the Thule brand's motto, *Bring your life*, in all contexts where we interact with our users. Social media is becoming increasingly important and we are continuing to strengthen our presence in order to share all of the inspiring material we receive from our users. With more than 106,000 followers on our Instagram account and 25 local Facebook feeds with 186,000 followers, we are building valuable relationships with users around the world.

Performance by product category and long-term ambition

	Sport&Cargo Carriers		Packs, Bags & Luggage		Active with Kids		RV Products	
Share of sales Thule Group, 2018	64%		12%		10%		14%	
	Europe & ROW	Americas	Europe & ROW	Americas	Europe & ROW	Americas	Europe & ROW	Americas
	62%	71%	8%	21%	11%	7%	19%	1%
Growth after currency adjustment	+5.2%		-7.4%		+21.7%		+13.6%	
	Europe & ROW	Americas	Europe & ROW	Americas	Europe & ROW	Americas	Europe & ROW	Americas
	+9%	-2%	-3%	-11%	+24%	+13%	+14%	+2%

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

Sport&Cargo Carriers

64 percent of the Group's sales in 2018.

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

Performance in 2018: Stable growth of 5 percent in constant currency, from an already strong position as the market leader (6 percent excluding the planned phase-out of pick-up truck accessories reported under this category since the divestment of the Specialty segment in 2017).

Highlights in 2018:

Bike racks: Continued to perform well with market-leading towbar and hitch-mounted models as the greatest sales drivers.

Rooftop boxes: Retail launch of Thule Force XT in October and presentation of Thule Vector to retailers. Thule Vector is coming to stores in autumn 2019 and, together with the Thule Motion XT launched in 2017, makes our portfolio complete.

Roof racks: The launch of a new innovative generation of roof racks is setting a whole new standard within the industry. The launch will be implemented in three stages, up to spring 2020, with the first stage completed in Europe during the fourth quarter.

Packs, Bags & Luggage

12 percent of the Group's sales in 2018.

Long-term ambition: Stable growth by establishing the Thule brand within the luggage category and growth in terms of backpacks and sports bags, to counteract lower sales in traditional categories.

Performance in 2018: Sales declined 7 percent in constant currency. Growth in the focus categories did not succeed in compensating for sales declines in traditional categories.

Highlights in 2018:

Sports bags: Launch of Thule Vital cycling hydration packs.

Luggage: Continued positive development for the Thule Subterra collection, which can now be purchased in more than 80 international airports in more than 75 countries.

Smaller bags for everyday use: Increased store penetration in Asia for Thule backpacks for work and school.

Active with Kids

10 percent of Group sales in 2018.

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

Performance in 2018: Rapid growth of 22 percent in constant currency.

Highlights in 2018:

Strollers: The updated Thule Urban Glide 2 was launched in the first quarter and the Thule Sleek model in the third quarter, which creates a platform of many new juvenile stores for future growth within this category.

Bicycle trailers and child bike seats: Continued to perform well with market-leading portfolio.

RV Products

14 percent of Group sales in 2018.

Long-term ambition: To exceed the market trend.

This is the Group's only product category that is clearly related to economic fluctuations (see also Risk section, pages 47–51). We have consistently reported stronger performance than the market for a number of years now, driven by new products and a close collaboration with major RV manufacturers. Our goal is to continue to do so in the future.

Performance in 2018: Growth of 14 percent, clearly above the trend of the European motorhome and caravan market, which grew 9 percent by our assessment.

Highlights in 2018:

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

Expanded product portfolio driving growth

Our products are sold in 140 markets, divided into two regions: Region Europe & ROW and Region Americas. Sales rose during the year, after currency adjustment, by a total of 6 percent, driven by successful product launches in all our four product categories.

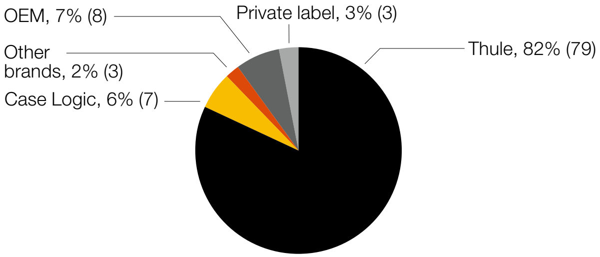
Several significant product launches during the year enabled us to achieve a growth of 6.0 percent after currency adjustment, well above our target of at least 5 percent in organic growth in constant currency. Although Thule Group has shared global processes for product development, purchasing, manufacturing, logistics and marketing, sales are managed in two regions: Europe & ROW, which rose by 10.3 percent, after currency adjustment, and Region Americas, which declined by 3.3 percent.

We are active in four product categories:

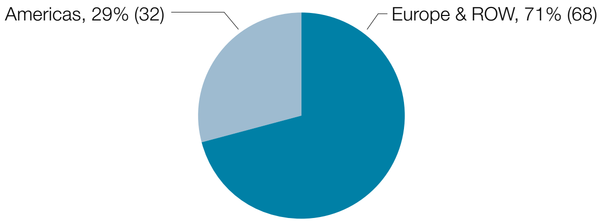
- Sport&Cargo Carriers (roof racks, rooftop boxes and carriers for transporting bikes, water and winter sports equipment by car) grew 5.2 percent after currency adjustment.
- Packs, Bags & Luggage (hiking backpacks, luggage, bags for everyday use, camera bags, cases for consumer electronics) declined 7.4 percent after currency adjustment.
- Active with Kids (bike trailer, child bike seats and strollers) grew 21.7 percent after currency adjustment.
- RV Products (awnings, bike racks and tents for motorhomes and caravans) – grew 13.6 percent after currency adjustment.

Thule Evo WingBar roof rack with Thule DockGrip water sports carrier.

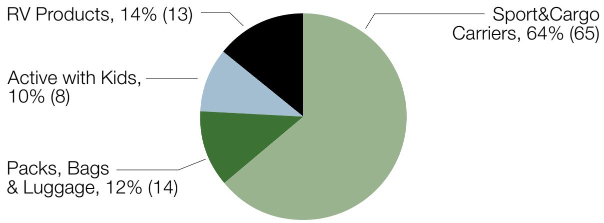
Sales by brand



Sales by region



Sales by product category



YET ANOTHER STRONG YEAR FOR REGION EUROPE & ROW

In the Europe & ROW region, we achieved 10.3 percent growth after currency adjustment, driven by substantial gains in the vast majority of our markets. The performance in Eastern Europe, the Nordic region, the Benelux region and France was particularly robust. The driving forces behind this were that an increasing number of consumers choose our well-designed products, our strong customer relationships and our investment in flexible solutions for our retailers' store concepts in both online and in physical stores, combined with a series of highly successful product launches.

Sport&Cargo Carriers:
62 percent of sales, 9 percent growth
We had excellent growth for rooftop boxes, driven by strong sales of the Thule Motion XT model launched in 2017, and of the new model, Thule Force XT, which was launched in the fourth quarter of 2018. Bike racks continued to post stable growth, mainly driven by our very strong portfolio of towbar mounted bike racks. Roof racks also noted solid growth, despite an expected decline in sales during the third quarter, when we informed the market that an entirely new generation of roof racks would be launched in October.


Thule Yepp Nexxt child bike seats.

Packs, Bags & Luggage:
8 percent of sales, 3 percent decline in sales
Sales in the Packs, Bags & Luggage category fell a total of 3 percent. The rapid sales decline within traditional categories linked to consumer electronics, such as camera bags and cellphone and tablet cases, was disappointing. With the tough price competition prevalent within consumer electronics, we had chosen not to pursue volume sales at the expense of profitability margins, but the performance within these categories was nevertheless far more negative than we had anticipated.

The products that will account for long-term growth within this category – smaller backpacks and bags for everyday use, luggage and sports bags – grew in the period. In 2019 we expect, with a broader portfolio of products in our growth categories, that this also should ensure total growth within the category.

Active with Kids:
11 percent of sales, 24 percent growth
Major investments in Active with Kids have resulted in a growth of 24 percent. Our design-winning multisport trailers and child bike seats continued to perform well.

Rapidly rising sales of our updated three-wheeled Thule Urban Glide 2 and the excellent reception of our


Thule Sleek stroller.

four-wheel stroller, Thule Sleek, were particularly positive for the future. With the positive reviews and retail listings in the most important stroller stores in Europe, we now have a foundation for continued success, for these models and those that will be launched in the next few years.

RV Products:
19 percent of sales, 14 percent growth

RV Products, awnings and bike racks for motorhomes and caravans, grew by 14 percent and we increased our market share through close cooperation with major customers. The European motorhome and caravan market grew by about 9 percent, with some deceleration by year-end, after showing several years of two-digit growth. The underlying consumer market remained strong at year-end, while several manufacturers in the region reduced their production volumes, due to a certain amount of inventory accumulation over the past two years.

We also succeeded in capturing 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 2019, with a somewhat weaker start of the year, due to some expected inventory adjustments.

			Change, %	
Sales by region	**2018**	**2017**	**Reported**	**Adjusted***
Thule Group net sales, SEKm	6,484	5,872	10.4	6.0
– Region Europe & ROW	4,632	3,983	16.3	10.3
– Region Americas	1,852	1,889	-1.9	-3.3

* Adjusted for changes in exchange rates

REGION AMERICAS IMPACTED BY DELIBERATE CATEGORY PHASEOUTS

After having grown 3.4 percent in 2017, sales in the Region Americas declined 3.3 percent during the year, after currency adjustment. Excluding the planned phaseout of two low-margin categories in the US, the region's performance was -0.2 percent. In addition to a challenging market marked by several retail chain bankruptcies in the US, the region was impacted by the weak economies and sweeping currency depreciations in countries such as Argentina, Colombia and Mexico. Brazil and Canada continued to perform well.

Sport&Cargo Carriers:
71 percent of sales, 2 percent decline in sales
Our largest product category was adversely impacted by the planned phaseout of accessories for pick-up trucks. This category, which was reported as a part of Sport&Cargo Carriers following the divestment of the Specialty segment in the second quarter of 2017, will be discontinued in its entirety during 2019. Excluding these products, our sales were in line with the preceding year, with the successful launch of Thule Motion XT rooftop boxes, and solid sales of hitch-mounted bike racks and roof racks contributing the most positive factors. In the US, several retail chains remained under pressure, while we simultaneously noted rapid gains in our own direct internet sales to consumers.


Thule Canyon roof basket and Thule T1 bike rack.

Packs, Bags & Luggage:
21 percent of sales, 11 percent decline in sales
Sales in the Packs, Bags & Luggage category fell by a total of 11 percent. A phaseout has commenced within this category, pertaining to some simpler low-margin products sold under the brand names of other companies. The phaseout is expected to be completed in mid-2019. Excluding these products, the sales performance was -5 percent. The rapid sales decline within traditional categories linked to consumer electronics, such as camera bags and cellphone and tablet cases, was greater than anticipated. Growth was reported in our newer categories: smaller backpacks and bags for everyday use; luggage saw continued success with the Thule Subterra series; sports bags thanks to successful launches of biking and hiking backpacks. However, this was insufficient to compensate for sales declines within traditional categories.

Active with Kids:
7 percent of sales, 13 percent growth
Strollers now comprise the region's largest product group under the category, Active with Kids. Multisport trailers and child bike seats continued to perform well, although consumers in the region do not commute by bike to and from preschool in the same manner as consumers in Europe. Both the updated Thule Urban Glide 2 stroller and the new Thule Sleek stroller were also well received by US market.

RV Products:
1 percent of sales, 2 percent increase in sales
Our sales of RV Products are considerably more limited in the region, because American RV manufacturers and consumers have historically been unwilling to pay for more technically advanced quality products that have proved successful for us in the European market. In 2017, we launched a number of niche products that we still believe will generate growth. But in 2018, we saw orders being postponed due to a generally unstable RV market toward the end of the year.

Targets and their achievement

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

In 2018, we established new long-term targets for the environment and social responsibility, which are described in detail on pages 30–46.

Tepui rooftop tent at Thule WingBar roof racks.

Financial targets

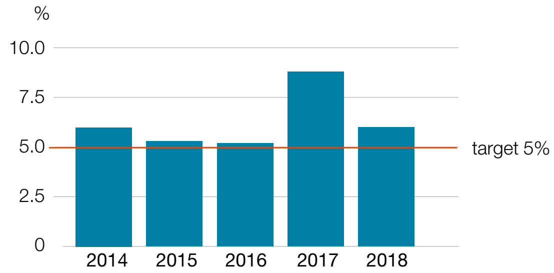
Organic growth

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

Long-term target

+5%

Annual organic growth, after currency adjustment.



Result for 2018

+6,0%

Annual organic growth, after currency adjustment.

Future focus

- Sport&Cargo Carriers (64% of sales in 2018): With our market-leading position and sharp product focus on several major launches and proactive support for retailers, we will generate continued growth exceeding 5%.
- RV Products (14% of sales in 2018): 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 2018): Turn this category's trend of multi-year negative performance into growth, through successful launches within the growth categories (luggage, smaller backpacks and sports bags) that accounted for two-thirds of the category's sales in 2018.
- Active with Kids (10% of sales in 2018): Continued rapid growth through an expanded offering of products. Growth primarily driven by successful investments in the stroller category and a reinforced retailer segment.

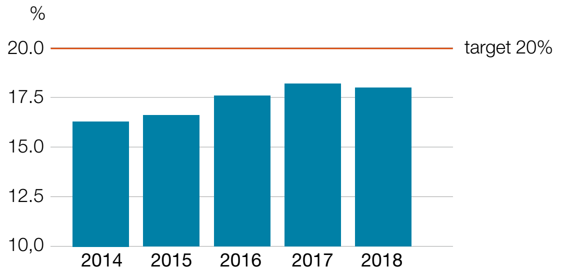
EBIT margin

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

Long-term target

>20%

Underlying EBIT margin.



Result for 2018

18.0%

Future focus

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

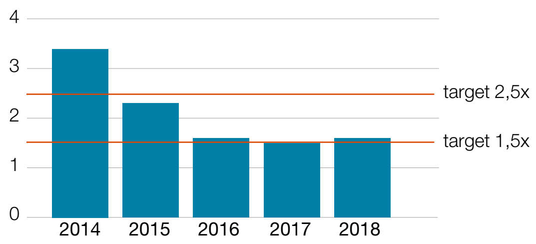
Capital structure

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

Long-term target

1.5–2.5x

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



Result for 2018

1.6x

Future focus

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

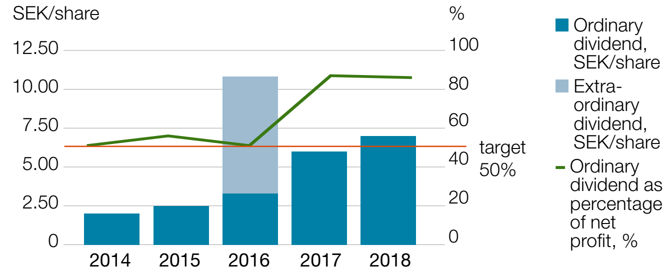
Dividends

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 2018

86%

The Board of Directors proposes an ordinary dividend of SEK 7.00/share (86% of net income).

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.

Thule Shield Pannier bike bags.

Environmental goals

Greenhouse gases

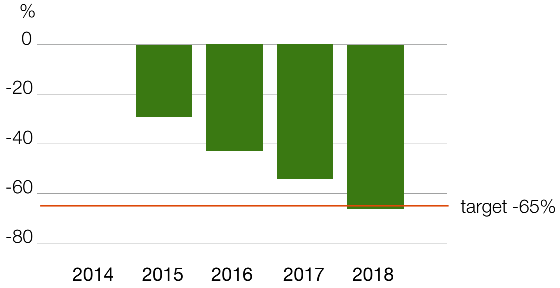
We aim to reduce our environmental impact by reducing our energy consumption and increasing the proportion of renewable energy.

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.

Reduction of CO_2 emissions



Result for 2018

-66%

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

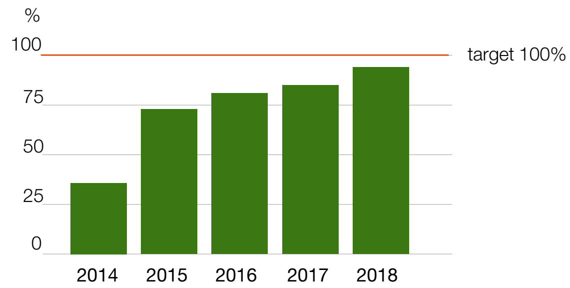
We aim to reduce our environmental impact by reducing our energy consumption and increasing the proportion of renewable energy.

2020 target

100%

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

Electricity from renewable sources, %



Result for 2018

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 (vs. electricity above) used at our facilities to originate from renewable sources by no later than 2025 (currently at 59%).

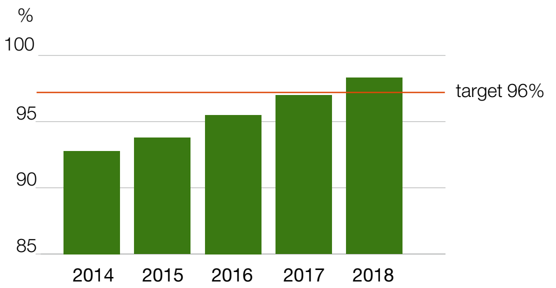
Recycling

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

2020 target

>96%

Achieve >96% recycling rate by 2020.



Result for 2018

98.3%

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.

Societal goals

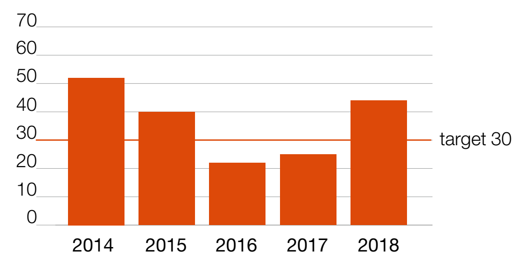
Health and safety

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.



Result for 2018

44

No. 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 2018.

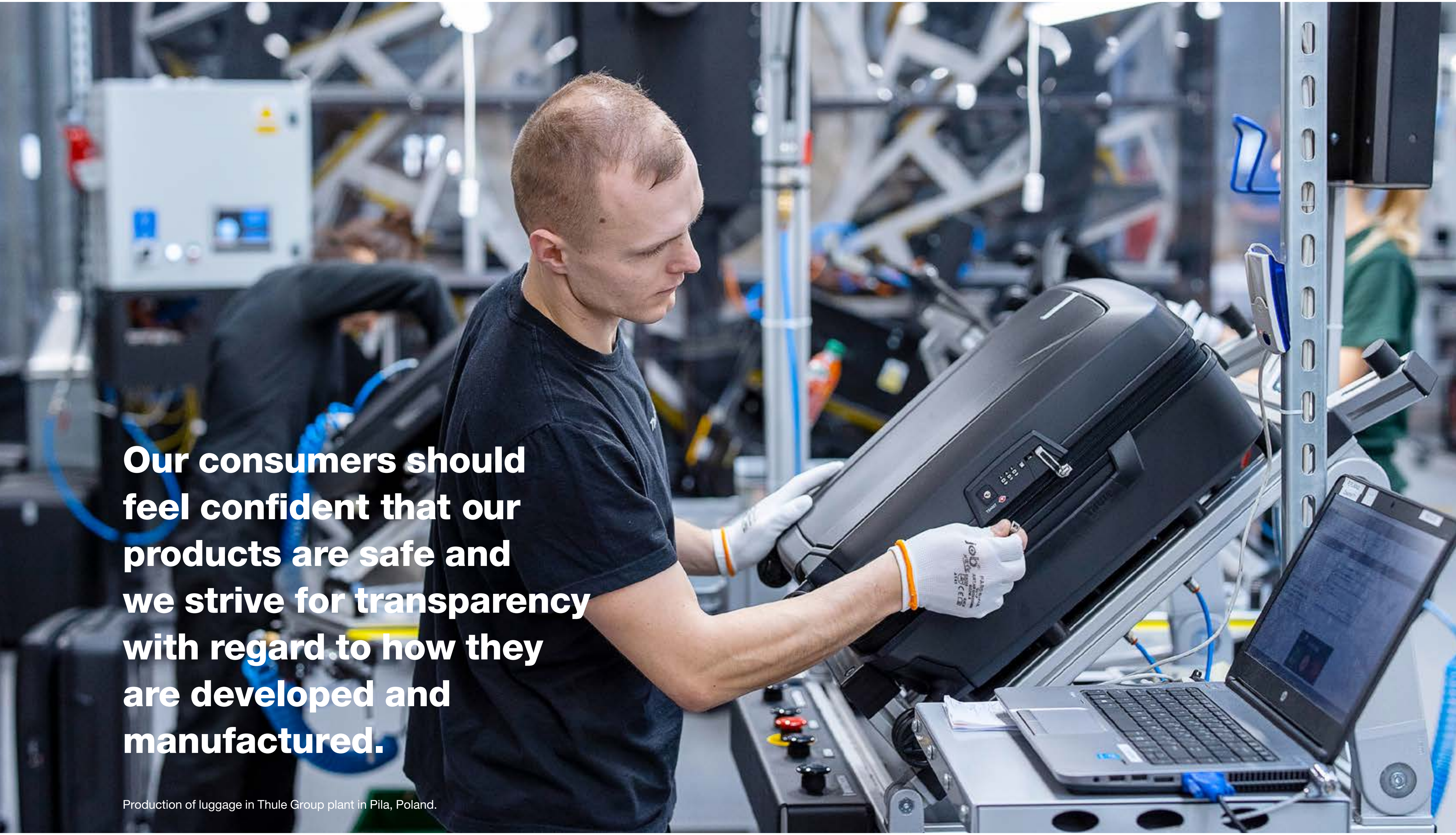
New long-term targets

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

Other long-term targets

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 31–33.



Our consumers should feel confident that our products are safe and we strive for transparency with regard to how they are developed and manufactured.

Production of luggage in Thule Group plant in Pila, Poland.

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 we can contribute to a 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 described in our Code of Conduct and policies. The Code is integrated into both our strategic and day-to-day work, and permeates our operations. Continuous improvements provide the basis for our sustainability efforts. 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 shall apply to suppliers and subsuppliers. Our investors should feel that their investment is sustainable in the long-term.

For many years, our sustainability efforts have conformed to the Global Reporting Initiative's (GRI) principles and models for identifying our most important stakeholder groups and principal sustainability issues. We are this year also reporting in accordance with GRI Standards for the first time; refer to the GRI-index on pages 107–108. In autumn 2017, Thule Group became a member of the UN Global Compact. During 2018, we incorporated the ten principles on human rights, labor standards, the environment and anti-corruption into our policies, updated our Code of Conduct and clarified our Anti-Slavery Statement. We have also submitted our first Communication on Progress to report on our performance in relation to the principles of the Global Compact, whose goals and principles we have adhered to for several years.

A deeper dialogue

In 2018, we conducted a new and more comprehensive trend and business-environment analysis to identify the benchmarks we should aim for within our sustainability initiatives. Our most important stakeholder group, those who are most dependent on or impact our operations, comprise the Board of Directors, management and employees, as well as customers, retailers, consumers, investors, suppliers and other business partners. In the stakeholder dialogues that were conducted in autumn 2018, we asked for feedback on what they consider to be Thule Group priorities with regard to sustainability issues, and how they think we are doing in relation to our competitors and other companies. The new stakeholder survey clearly indicated that sustainable products, environmental and financial results, as well as rigorous ethical standards on human rights, were crucial sustainability issues for most stakeholders. This corresponds closely to the feedback we received from the dialogues we conducted during the year with investors, sustainability consultancies, customers and organizations.These activities have collectively formed the basis for the Board of Directors' resolutions on new targets and directions, as well as a long-term plan that provides the framework for the steps we are to take within Thule Group sustainability agenda for 2030.

Sustainability targets for 2030

In 2018, we also identified ways in which Thule Group can support the UN's vision of creating a world with peaceful and sustainable development. Countries, companies and organizations must all contribute to the Sustainable Development Goals (SDGs), which are part of the 2030 Agenda for Sustainable Development. In parallel to GRI reporting, we will also be following up on our contributions to the SDGs that our analysis has identified as the areas of greatest importance to our operations and where we have the greatest potential impact.

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 targets, Thule Group has decided on the following focus areas that will create a structure for our long-term sustainability efforts. The target for each area is presented in more detail on pages 32–46.

Continuous employee dialogues

At Thule Group, it is important to maintain a continuous dialogue with employees, to ensure that we are in accord with regard to our core values.

Our work in this area clearly indicates that there is a strong commitment to and interest in sustainability issues within the Group, not only with respect to environmental issues, but to how we, as a company, conduct ourselves in relation to human rights, health and safety, as well as our Code of Conduct.

Responsibilities and governance

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

The commercial and functional managers' responsibilities also include legislation, rules and regulations in areas such as the working 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.

OUR CONTRIBUTIONS TO THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

The UN's 2030 Agenda for Sustainable Development is a plan for creating long-term, sustainable economic, social and environmental development for everyone, and it comprises 17 goals. Thule Group is one of many companies contributing to the 2030 Agenda and 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 Production and Consumption

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

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 concrete issues, while the Group's Complience Committee ensures compliance with monitoring issues. For further information about the sustainability risks we recognize, refer to pages 48–51.

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.

Thule Group Prohibited & Restricted (P&R) Substances List is updated continuously and contains both legal requirements and the Group's own requirements in terms of materials that may be used in our products, since we strive to go beyond what the law requires. In 2018, our P&R list was thoroughly updated and it is now published on our website. This facilitates the communication of our P&R requirements to suppliers and employees, as well as consumers. 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 Brand 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 continuously implement improvements relating to the environment and adhere to applicable legislation. Our goal is for all of our production units to become certified in accordance with ISO 14001 by the end of 2020. At the end of 2018, eight of our nine production units were 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.

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 contains targets concerning the environment and use of resources, as well as different types of investment.

Thule Group Code of Conduct

Our Code of Conduct was updated in 2018 and it is now published on our website. 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 subcontractors.

Thule Group Corporate Compliance Program

Thule Group Corporate Compliance Program describes the overall structure of the Group's legal and ethical obligations in terms of issues such as anticorruption, competition, the GDPR and trade sanctions. Furthermore, the Compliance

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, and the organization 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 receive 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.

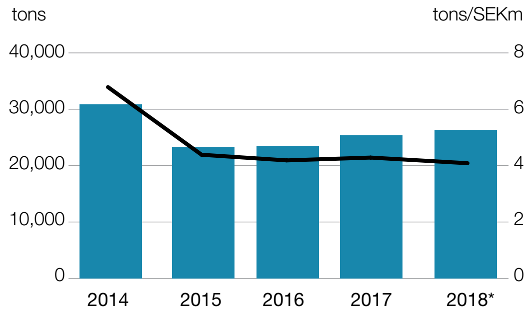
The Outdoor Foundation, established by the Outdoor Industry Association (OIA) in North America, encourages young people to get involved in outdoor activities and aims to inspire and raise the interest of young people in outdoor pursuits.

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.

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 anticorruption. 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.

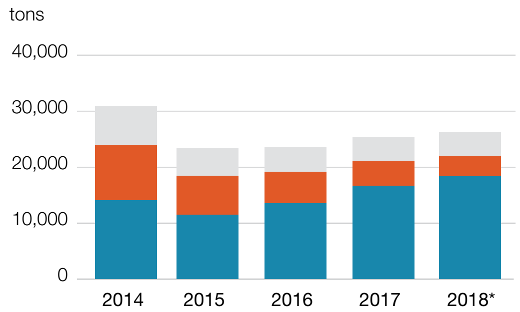
Emissions and sales, tons of CO_2e per SEKm



We use emissions factors (that indicate the amount of emissions per amount of fuel used) from official and publicly available sources such as the Swedish Environmental Protection Agency, the International Energy Agency, the Network for Transport Measures (NTM) and suppliers.

* Overall emissions increased somewhat due to increased sales requiring increased transportation, and due to our continuously improving the reporting from suppliers and transporters. Emissions in relation to sales declined, thanks to a higher proportion of renewable energy and enhanced efficiency in manufacturing.

Climate impact, tons of CO_2e



* The total figure for climate impact was increased within logistics, due to our having a more reliable system of environmental reporting from suppliers and transporters than previously.
The total climate impact from our proprietary production facilities has been reduced thanks to an increased usage of renewable energy.

Program clarifies the distribution of responsibility within the organization and refers to the more detailed policy document to which the Group adheres.

Thule Group Compliance Tracking System gives all employees access to current policy documents. The system also hosts obligatory training courses, including a web-based course about our Code of Conduct that all employees and Board members must undergo. As of December 2018, 95 percent of our permanent employees had undergone relevant training. The program also contains internal audits of compliance in the local organization.

A whistle-blowing function is also included in Thule Group Compliance Program. Employees and other external stakeholders are encouraged to report any suspicions of improprieties, breaches of the Code of Conduct or other policies, and any other irregularities. No improprieties or breaches were reported through the whistle-blowing function in 2018.

Thule Group Corporate Governance Manual (TCGM)
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 common 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 common 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.

Continued focus on emissions that impact the climate and environment

In 2018, we maintained work to reduce our climate impact by optimizing the efficiency of our energy consumption for lighting, heating, machinery and equipment. We are approaching the target of using 100 percent electricity from renewable sources. We are also working in a purposeful manner to reduce our energy consumption for 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. Increasing numbers of our vehicles are either hybrids or fully electric, and we have installed charging stations for electric cars at most of our workplaces.

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 have chosen to report emissions from logistics and business travel, which are indirect emissions from sources not controlled by Thule Group.

In this year's report, we have also updated historical data wherever the review of data could have been improved during the year. More details about how various factors have developed in relation to our climate impact can be found on pages 28–29.

Emissions, tons of CO_2e	2018	2017	2016	2015	2014
Direct emissions (Scope 1)	3,412	3,324	4,463	5,077	5,299
Indirect emissions, facilities (Scope 2)	309	1,169	1,436	2,806	5,831
Total Scope 1 & 2	**3,721**	**4,493**	**5,899**	**7,883**	**11,130**
Indirect emissions, external (Scope 3)	22,624	20,881	17,572	15,429	19,771
Total	**26,345**	**25,374**	**23,471**	**23,312**	**30,901**

We make it easier to pursue an active life

For many years, we have built the company's success on our ability to develop high-quality and 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 VeloSlide bike rack for RVs.

During the year, we strengthened our product development efforts and invested more resources than ever before in product development aimed at future growth. A total of 6 percent of Group sales were invested in various product development initiatives. The increase was strategically driven by an investment in newer categories, primarily strollers and luggage, while we concurrently pursued more and larger projects than ever before within traditional categories, such as roof racks and rooftop boxes. The number of employees working with product development rose to 240 (200), with a focus on increasing resources at our largest development center in Hillerstorp, Sweden.

Practical uses and new trends

We make it easier to lead an active life by facilitating people in bringing along everything they need to enjoy an active life. Many of us who work at Thule Group have a great interest in being outdoors and exercising, and are happy to test new products. An essential component of our development work comprises in-depth studies of how people act in the daily use of our own products, and the studies provide our designers and technical developers with detailed and rapid feedback for ongoing development projects. 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 our competitors' products. All of these insights have a considerable impact on the design of the final products.

We also attach great importance to interpreting and evaluating the trends that could potentially impact how our products are used in the long run. One vital aspect of these efforts is our close collaboration with leading manufacturers of sports and outdoor products, such as bikes, kayaks and skis, to gain input on the next major product successes.

The fact that our products are sold in 140 markets worldwide and that we collaborate with a large number of different retailers, enables us to notice new trends at an early stage, both in terms of specific sports and changing behaviors.

Sustainable product design

Strong technical solutions and thoughtful product design form the basis of our sustainability initiatives. Our products are manufactured with a superior quality and can be used for a long time, and we strive to create timeless modern designs, to encourage their use for many years to come. By analyzing the materials used, production methods, usage and recycling potential, we strive for our products to have as limited an impact on the climate and environment as possible during their lifecycle, without our needing to compromise on safety, quality, function or lifespan. We are also aware that the consumers who choose to purchase and use our products place value in their climate friendly production and long lifespan.

Our greatest opportunity to influence the products' long-term sustainability is during the development phase, and Thule Group has a robust skills platform within eco-design.

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. To enhance knowledge and skills, international workshops are organized each year for our team of designers and engineers. The aim is to create sustainable products and to make informed decisions based on a holistic approach, whereby sustainability, technology and financial aspects are integrated into the project. Both product managers and project members assess and evaluate new products based on a sustainability perspective.

Lifecycle analyses of our products show that their environmental impact can be principally linked to the inherent raw materials, particularly aluminum, steel and plastic. We strive consistently to use as little materials as is technologically possible without compromising safety.

We attach considerable importance to ensuring that products used on vehicles, such as rooftop boxes, are easy to mount and dismount, so as to have the smallest possible environmental footprint.

Smart solutions for manufacturing and users

We use structured development processes to ensure that manufacturing is efficient and sustainable, and most of all, to ensure that we achieve our ambitious targets on 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.

We have a fast-growing team that works on design and product development, and over the years, we have proven that we are good at identifying smart technical solutions that make life easier for our users. During the year, we launched:

- The smart, patented solutions of our new generation of roof racks that make it easier than ever to attach a roof rack to the car, and makes users feel confident that it is properly fastened.
- Our Thule Vital hydration backpack's innovative, patented ReTrakt hose system, that automatically retracts the hose to the shoulder strap, so that you do not need to take your hands off the handlebars when you've finished drinking.
- The award-winning Thule VeloSlide bike rack for motor-homes that makes it easier than ever to load bikes and then push the entire bike carrier into the cargo space at the back of the RV.

@hildehoffnordstar

When manufacturing the type of products that we offer, there is never a shortage of internal test pilots who are ready to subject new products to extreme user testing.

Extremely tough tests

When manufacturing the type of products that we offer, there is never a shortage of internal test pilots who are ready to subject new products to extreme user testing. This yields some valuable insights that we combine 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 and quality. The tests, which include shock, collision, fatigue and environmental tests are carried out at the Group's advanced and certified Thule Test Center in Hillerstorp, Sweden. We also engage external testing institutes such as the SP Technical Research Institute of Sweden in Borås, Sweden for collision tests.

Lifecycle analysis (cradle to grave) of Thule Motion XT rooftop box size XL

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 an XL-sized Thule Motion XT rooftop box, all the way from the extraction of raw materials to usage and recycling. Since a rooftop box is used on a car and thereby has an impact on its fuel consumption, assumptions about how the product is used play a significant role. Consequently, we work with multiple scenarios, everything from extreme to very limited usage. The recycling of metals and plastic have a positive effect and therefore, the product has been designed to allow for the separation of material types, and so that some extent of recycled plastic can be used in manufacturing.

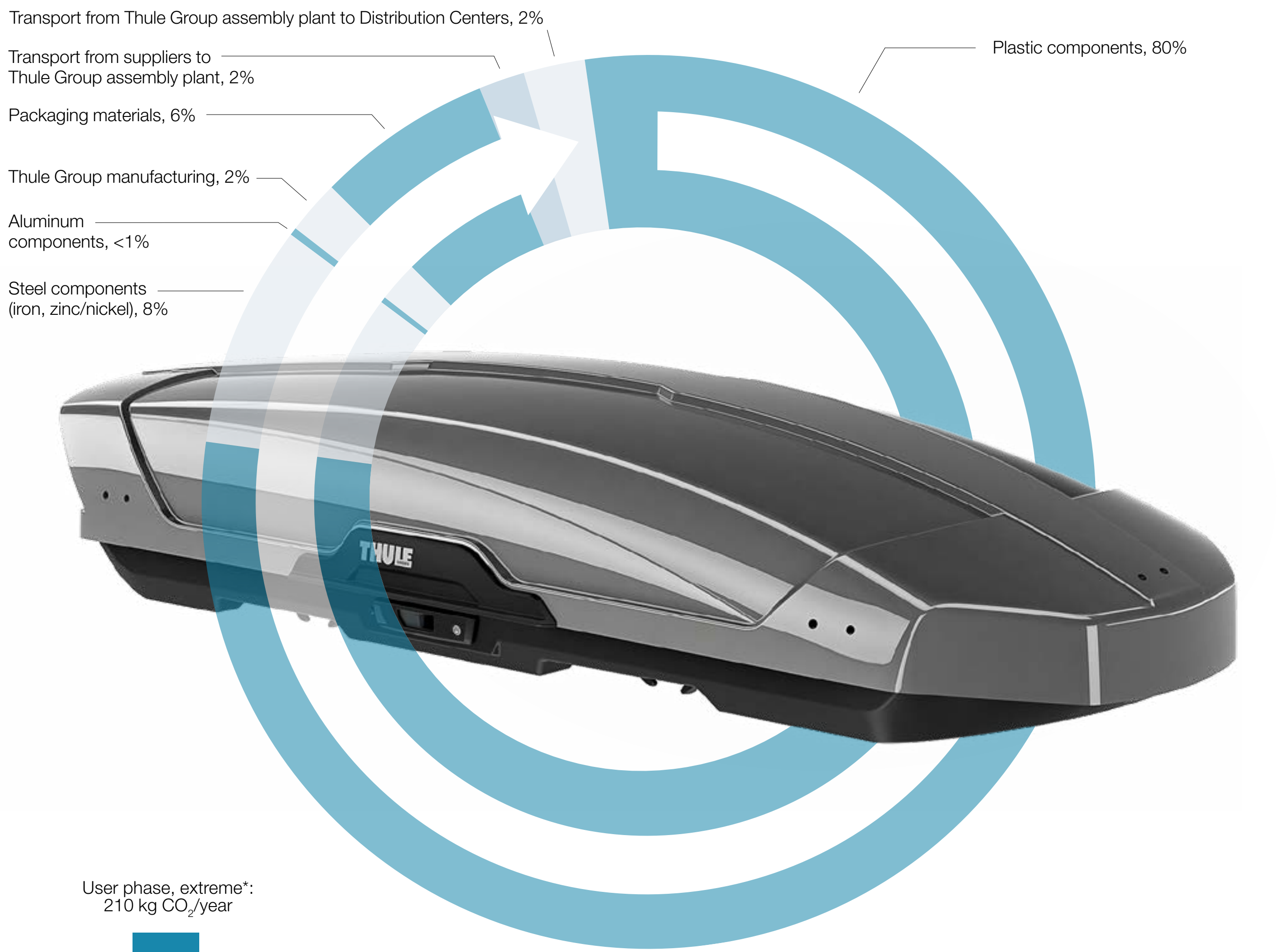
The overall sustainability focus within product development is placed on climate and environmental impact, and can be divided up into four parts:

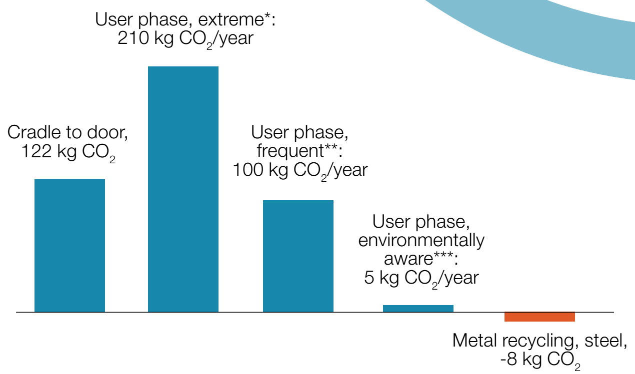
Reduced climate impact of manufacturing and logistics through, for example, a conscious choice of materials, energy-efficient manufacturing methods, optimized packaging solutions and increased usage of recycled materials.

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.





* **Extreme user:**
For example, a passionate skier who leaves the rooftop box on a car year-round, with a car which has relatively high petrol consumption and drives about 20,000 km/year.

** **Frequent user:**
For example, a family with two older teenage children, that attaches the rooftop box to their ordinary diesel station wagon for four extended vacation trips every year (two skiing and two summer vacations) and drives about 6,000 km/year with the rooftop box attached.

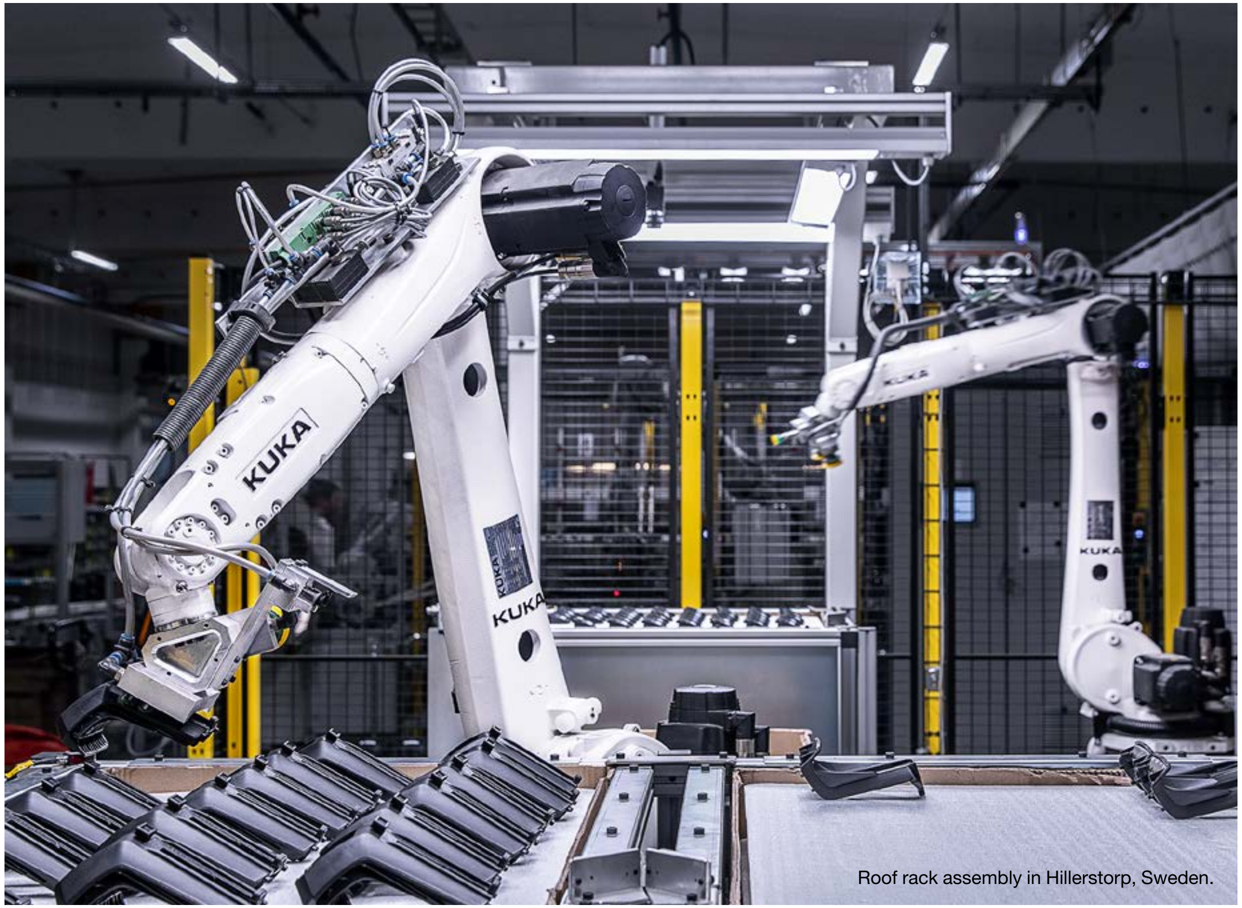
*** **Environmentally conscious user:**
For example, a young family that attaches the rooftop box only when they need it, in order to make room for everything else in the boot of their Toyota Prius, and which drives shorter distances on some weekends and one longer vacation trip per year, of about in total 1,600 km with the rooftop box attached.

Investments based on more sustainable operations

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.

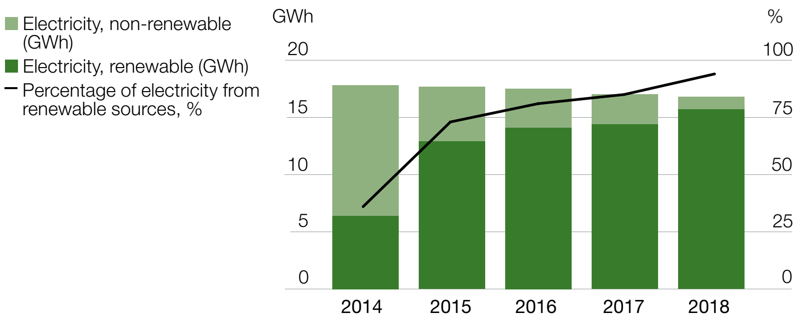
2018 was characterized by major investments and changes to the Group's facilities. In pace with our sales increase and expansion into new product categories, we invested extensively toward financial, sustainable and safe manufacturing. At our rooftop box manufacturing facilities in Neumarkt, Germany, and Haverhill in the UK, the entire production flows have been reorganized. The changes will contribute to enhanced efficiency, and improved ergonomics and safety for our employees.

In Seymour in the US, construction has commenced on a smaller plant for the manufacture of components, adjacent to the larger assembly plant. Investments in modern machinery and increased automation will contribute to reduced energy consumption, greater efficiency and improved safety, when the new plant becomes operational in the second quarter of 2019. Freeing up the floor spaces at the current assembly plant has enabled our assembly groups to be restructured in a manner that makes work faster, safer and smoother.

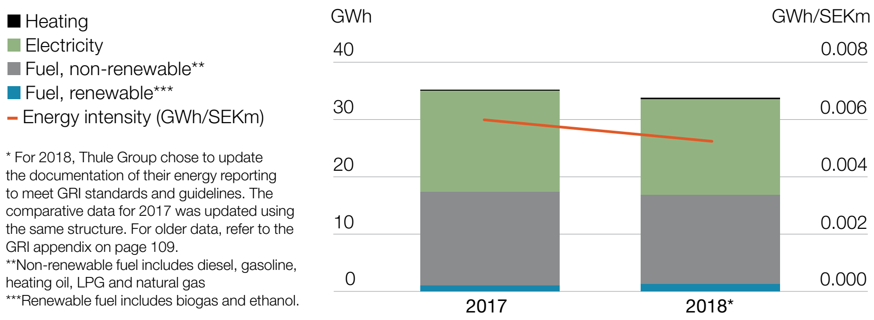


Roof rack assembly in Hillerstorp, Sweden.

Electricity (GWh) and proportion from renewable sources, %



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



At Hillerstorp in Sweden, we commenced the manufacture of our new generation of roof racks in an entirely new, less energy-intensive production line during the summer. The conversion of the roof rack manufacturing process will be completed during 2019.

In autumn, the new section of the expanded distribution center in Huta, Poland, was inaugurated. The facility is a good example of how we work unwaveringly to create improved conditions conducive, not only to shorter and quicker deliveries, but also to safer and more sustainable operations. With more space for packaging and a system of movement detectors, as well as speed limits for trucks in place, the risk of workplace accidents is reduced.

At our newest production unit in Pila, Poland, which was commissioned in autumn 2017, we made additional investments during the year, toward the safe and efficent manufacture of our new Thule Revolve luggage series and Thule Sleek strollers.

Overall, 2018 has been a year in which we not only took major strides toward sustainable future operations from a purely commercial perspective, but also created the prerequisites for reducing our environmental footprint and improving our work environment.

Fewer workplace accidents require additional investments

We aim to offer a safe and stimulating work environment characterized by a focus on high quality and a comprehensive approach to sustainability, where we all contribute to identifying smarter ways to work. Our safety program, 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. To highlight the social and mental health aspects, we have included questions that touch on these issues in all of our local Health & Safety committees.

In 2018, all employees at our plant in Hillerstorp attended a two-day course aimed at preventing discrimination and harassment. In the US, a training course on the same subject was held for all managers.

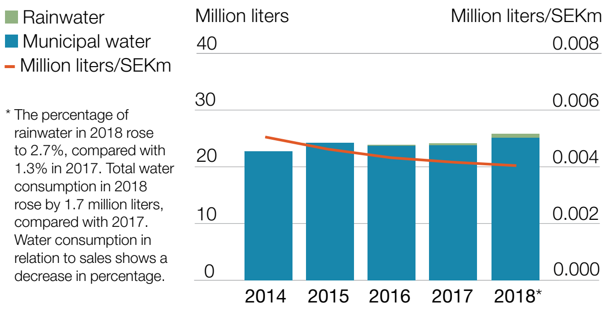
In terms of the physical work environment, we faced a multitude of challenges during the year, primarily in our production unit in Menen, Belgium. The strong increase in sales of awnings and tents within RV Products resulted in major production increases of physically large components and products. Combined with an increased number of new employees, this contributed to an unacceptable increase in the number of workplace accidents. We have conducted a complete review of the workplace risks pertaining to all workstations and operations, and created an action plan to highlight safety issues at the workplace. Parts of the production will be relocated to nearby premises during the first quarter of 2019. An improved training program with a specific focus on health and safety has also been created for new employees.

Following several years of uninterrupted improvements, the total number of workplace accidents for the Group rose from 41 to 76 and the number of accidents that resulted in eight or more hours of absence increased from 25 to 44. The number of lost working days per million hours worked rose from 83 to 121. The production unit in Menen accounted for most of the increase. We have begun intensified efforts to meet the challenges within the framework of Safety First.

Reduced climate impact

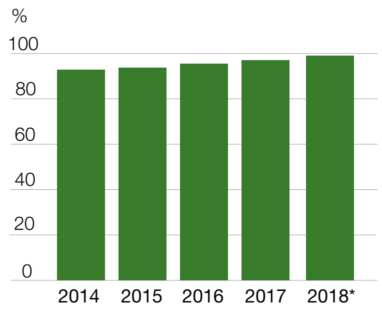
For several years now, we have invested heavily in improving

Water consumption, millions of liters



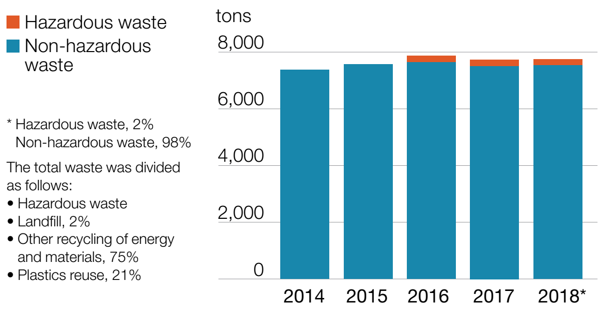
* The percentage of rainwater in 2018 rose to 2.7%, compared with 1.3% in 2017. Total water consumption in 2018 rose by 1.7 million liters, compared with 2017. Water consumption in relation to sales shows a decrease in percentage.

Recycling rate, %



* In 2018, our recycling rate was 98.3%, which was an increase of 1.3% compared with 2017.

Waste, metric tons



* Hazardous waste, 2%
Non-hazardous waste, 98%

The total waste was divided as follows:
- Hazardous waste
- Landfill, 2%
- Other recycling of energy and materials, 75%
- Plastics reuse, 21%

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 units in Europe receive their electricity from renewable sources, and our assembly and development unit in Hillerstorp uses biogas for heating, and thereby renewable energy for both heating and electricity consumption. Solar panels on the roofs of our manufacturing and office buildings in Connecticut, USA, provide around 25 percent of their electricity needs.

In total, 94 percent of all our electricity came from renewable sources in 2018, compared with 85 percent the previous year. Consequently, greenhouse gas emissions have fallen by 67 percent in terms of energy consumption at our facilities.

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 Thule Group Group management.

Reduced water consumption

Clean water is an important natural resource that we want to preserve, and the Group's objective is to reduce consumption of water 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 also strive to replace the use of water fit for drinking with rainwater wherever possible. Two facilities had previously installed systems for utilizing rainwater to flush toilets, and in 2018 our production facility in Itupeva, Brazil, installed a similar system. This was particularly important, since Itupeva is located within an area where water restrictions may be imposed due to drought, although that was not the case in 2018.

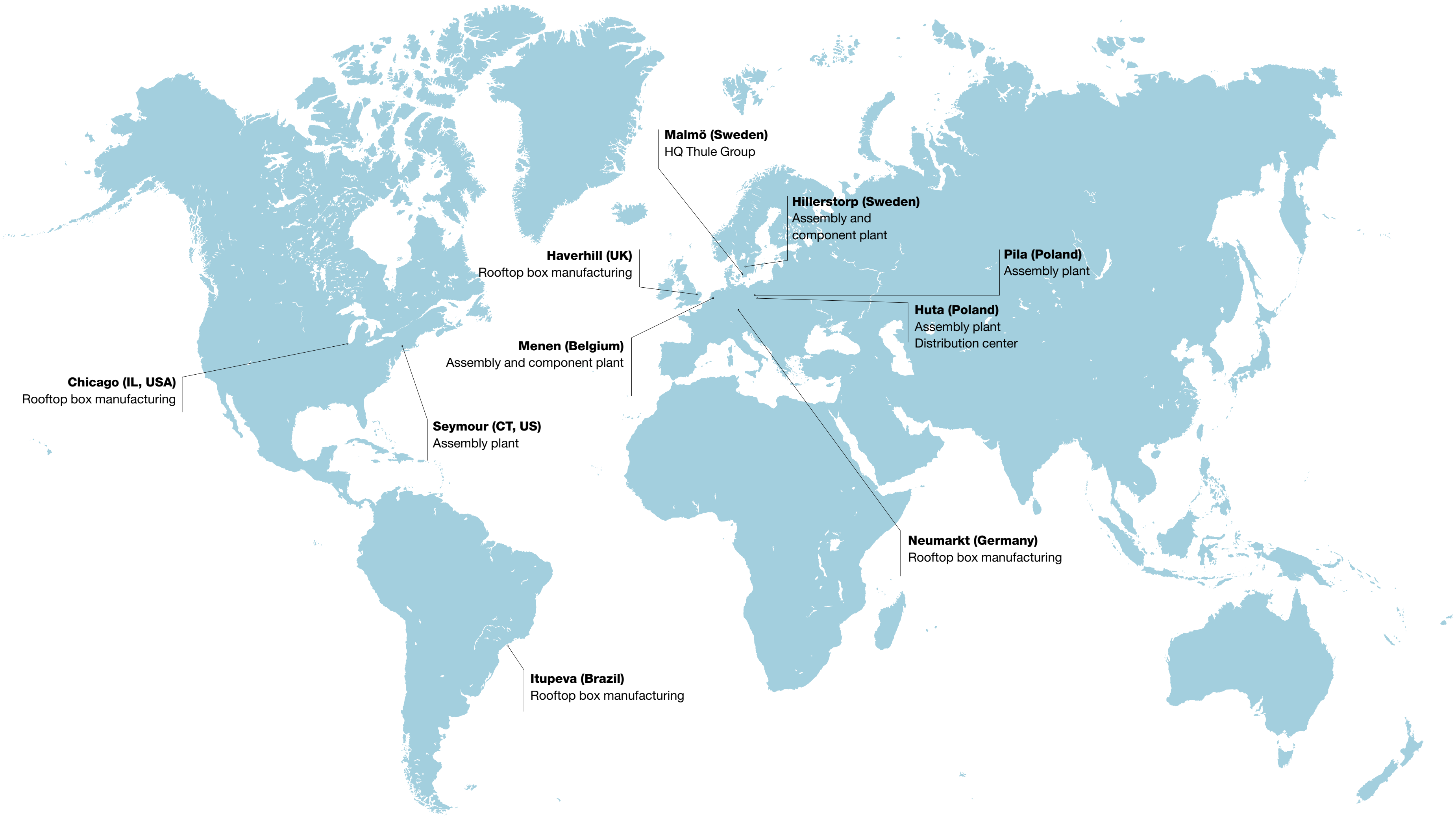
Water consumption at our own plants and distribution centers is monitored by water meters or information from water suppliers, and forms part of the quarterly reporting to Thule Group corporate management. In 2018, the Thule Group total water consumption was 25.8 million liters.

Waste and recycling

We constantly strive to reduce our waste and our long-term target is to achieve a recycling rate of 96 percent by the end of 2020. 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. The recycling rate rose to 98.3 percent for 2018, which is higher than our target for 2020.

All of our facilities have detailed procedures for management of hazardous waste. The amount and type 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 Thule Group, Group management.



Production strategy per product category

Category	Production strategy
Sport&Cargo Carriers	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
RV Products	Mainly in-house assembly with limited 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 up on our agenda.

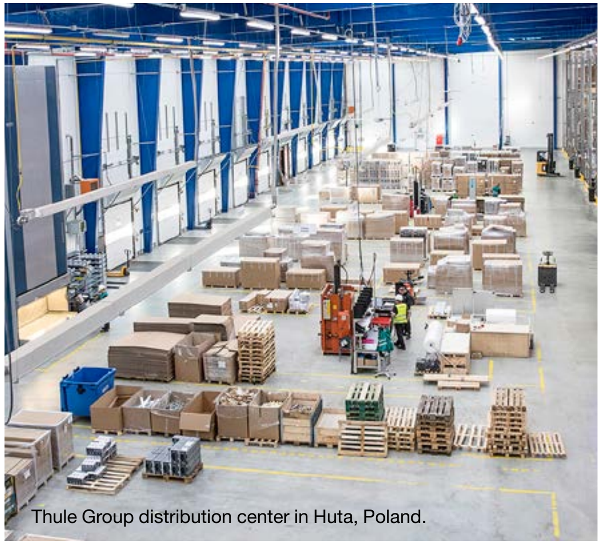
Responsible sourcing

Every new supplier is scrutinized and undergoes a self-assessment based on Thule Group's Code of Conduct, national laws and regulations with respect to labor law, health & safety, human rights and environmental aspects. This is followed by our annual follow-up on a selection of a number of suppliers, using either third-party or our own internal auditors, to ensure that our requirements are complied with and to identify opportunities for improvement.

In 2018, Thule Group had a total of 562 direct material suppliers, of which the majority were located in Europe. Of these, 188 suppliers have been identified as particularly important from a sustainability perspective and are subject to a more thorough audit based on geographical area, environmental impact, materials, increased risks in the work environment depending on the type of production, product category and expected business volume. A total of 126 are located in Europe, most of whom are within component manufacturing, 44 in Asia, primarily comprising third-party suppliers of finished products, and 18 in the US, all of whom are component manufacturers. In 2018, we reinforced our assessment process of the supply chain, using what are known as social audits. In conjunction with this, our entire purchasing organization received training on the topic.

During the year, 30 suppliers were audited in terms of sustainability initiatives, of which 14 were revisit audits. Of the audits, 17 were conducted by our own internal auditors and 13 by third parties. Although most of the social audits have historically been conducted in Asia, in 2018, the number of social audits increased in Europe, to encompass suppliers in Slovakia, Poland, Germany and Sweden. The audits have not resulted in our breaking off partnerships with any suppliers. The most serious complaint, which was immediately rectified by the supplier, concerned a dormitory in the plant. The most serious deficiencies otherwise pertained to:

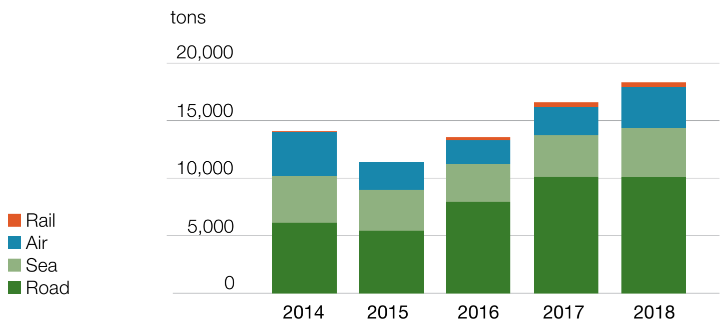
- No day of rest following six days of work and correct overtime pay,
- Blocked emergency exits and lack of the requisite fire-alarm systems,
- Lack of detailed instructions for the handling of hazardous substances.



Thule Group distribution center in Huta, Poland.

Logistics still accounts for most of the Group's carbon emissions.

Logistics – emissions, tons of CO_2e



These audits contribute to both our own and our suppliers' improvements and ensure a better and safer work environment for their employees. In 2018, we let a third-party auditor, Intertek, audit two of our own manufacturing units in Hillerstorp, Sweden, and Huta, Poland. Our plant in Hillerstorp achieved an index of 87, while the plant in Huta achieved an index of 100, where an index of 85 and above is considered to be excellent. At the Hillerstorp plant, it was discovered that two of our employees, who were employed in the 1980s, lacked relevant permanent employment contracts, and that the nightshift had not held a fire drill during 2018. This has now been rectified.

Logistics is a challenge

With sustained sales increases in 140 markets, new product launches, larger production volumes, deliveries from suppliers in 32 different countries, new retailers in new categories and the growth of e-commerce, logistics still accounts for most of the Group's emissions of greenhouse gases. This, and the combination of increased direct deliveries to retailers, the smaller stock buffers maintained by retailers and our customers reducing their inventory sizes, is posing considerable challenges to our efforts to reduce carbon emissions from transportation.

In 2018, logistics accounted for 70 percent (65) 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 tool that can help us to gather more detailed data, both internally and from our transporters.

In our endeavor to reduce the dependency on Chinese suppliers for products that are assembled and sold in the US, we are searching for opportunities to increase the number of North American suppliers.

In 2018, this resulted in decisions to switch to new suppliers in Canada for certain plastic components.

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 19 percent (15) of total emissions from logistics. Air transportation was increased to be able to satisfy customer orders in connection with certain product launches and volumes. We are striving to reduce these requirements through improved scheduling and forward planning.

Our investments in new distribution centers in the US for the past two years has continued to result in shorter shipment times to customers, while enabling 60 percent of the bulk transportation between our two US distribution centers to utilize rail instead of road.

We are also evaluating how we can meet consumer expectations on package deliveries in an ecofriendly manner, in pace with our expanding e-commerce. By giving consumers the opportunity to choose a longer delivery time, we can coordinate several shipments and thereby reduce the adverse impact on the environment and climate.

Modern meeting culture reduces travel

In global operations like ours, business travel is a 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 within various functions are held this way, and reduces our requirements for business travel.

When we do travel internationally, it still mainly involves long-distance flights. Business travel accounted for 17 percent of our climate impact in 2018.

The climate impact from business-related car travel is being continuously reduced, through ever-increasing choices to drive hybrids or fully electric vehicles.

A strong team

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.

In the Thule Group Code of Conduct, which was revised in 2018 with more thorough descriptions of issues such as gender equality and labor law, we specify what is important to us and how we want our employees to act and behave toward each other, and toward our stakeholders. Our core values: *Shared Passions for Smart Solutions that Enable an Active Life*, and our actions are critical to Thule Group long-term development.

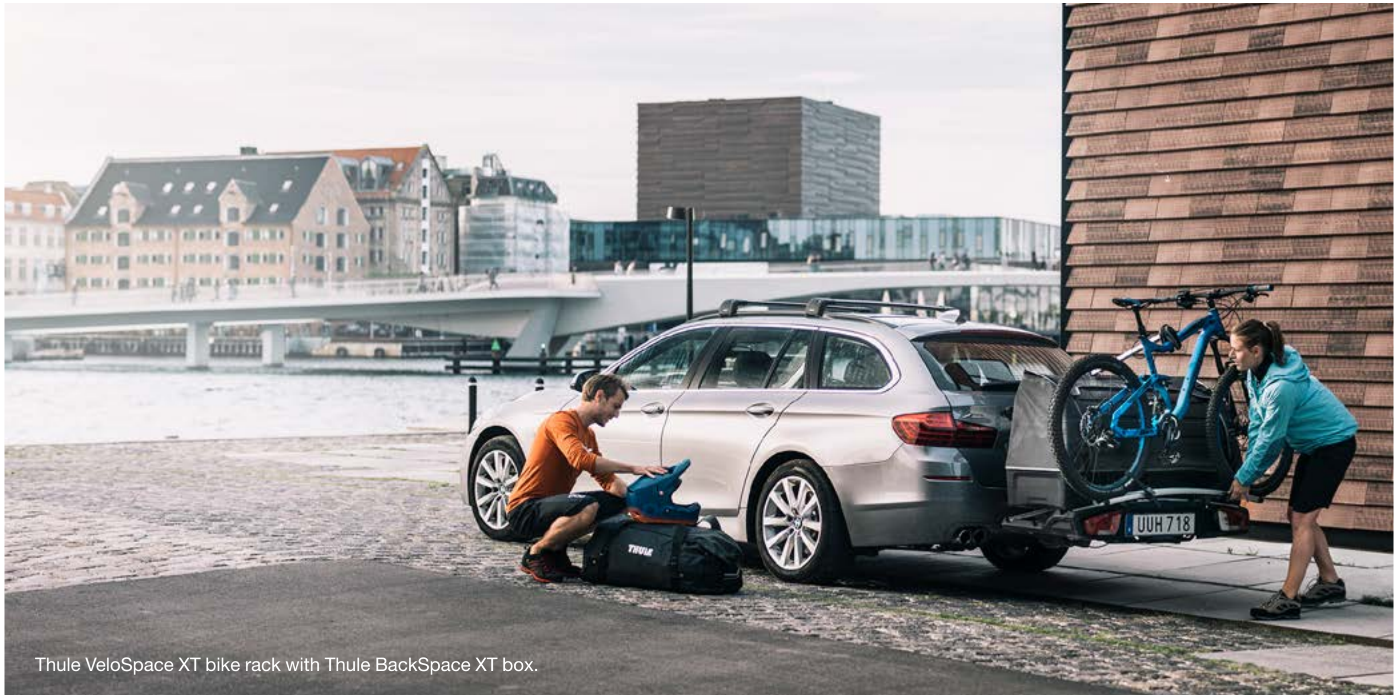
Thule Group conducts extensive international operations and has an extensive network of partners, which is why it is important for us to clearly communicate our values and guidelines, and what our company stands for. Consequently, we updated our website in 2018 with information about our values and our most important policy documents.

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 culture. By way of the company's global Compliance Tracking System, we are able to ensure that employees have received, read and undergone training in terms of our Code of Conduct and other policies and governance documents. In 2018, 95 percent of our total work force had taken our Code of Conduct online course.

The average numbers of employees in 2018 was 2,356 (2,119). 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 position in the market. Each manager carries out an evaluation process for each individual employee every year, known as the Performance Management Process (PMP). In 2018, 98 percent



Thule VeloSpace XT bike rack with Thule BackSpace XT box.

OUR CORE VALUES IN DAY-TO-DAY WORK

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.

of salaried employees and 81 percent of factory workers underwent an individual appraisal.

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. As a company, we focus intensively on offering training and support, to ensure employees are able to face new challenges and develop as individuals.

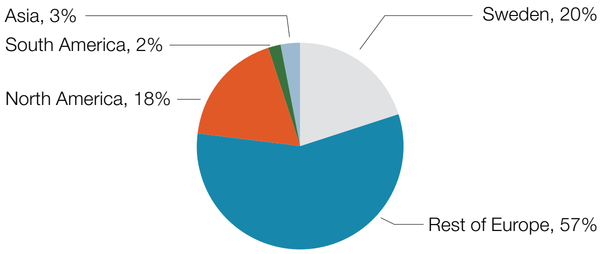
In 2018, we remained steadfast in our efforts with project management training, with four skill levels. In addition, we conducted courses on Corporate Social Responsibility (CSR) Awareness for the global purchasing function, and a course on CSR auditing for our auditors in Europe, the US and China. We also launched a trainee program with 15 newly employed engineers from four countries, who are undergoing an 18-month training program that ends in December 2019.

A healthy lifestyle

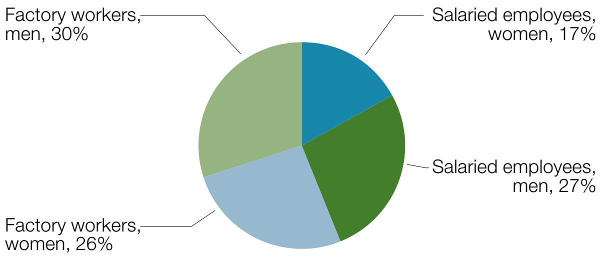
We seek to promote an active lifestyle among our employees, and many participate in joint training sessions, such as lunch-hour cycling at the plant in Seymour, USA, or spinning sessions at the head office in Malmö, Sweden. Many participate in various sports events such as the Vasaloppet ski race and the Cykelvasan bike race, and we arrange test days for our products in local environments. It is our conviction that we all feel and perform better when we have a healthy lifestyle.

Our employees are also important ambassadors for our products and values in the course of their daily lives.

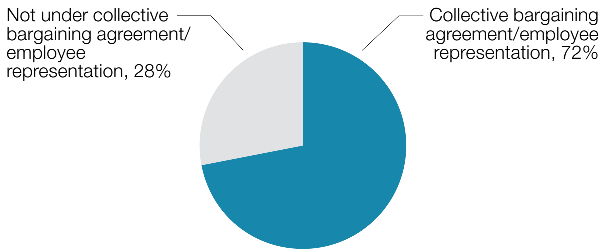
Percentage of employees by region*



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



Percentage of employees with collective bargaining agreement/employee representation*



An equal and safe workplace

We aim to offer everyone the opportunity to develop at the company and incorporate a focus on equality in relation to salary, career development and recruitment into our work. Skills, ambition and potential are to govern our employees' opportunities, regardless of gender, age and background. In total, 43* percent of the company's work force is made up of women. The management comprises 28* percent women and during the year, new long-term targets for 2030 were set, to further improve the balance and achieve an equal distribution of women and men in our workforce; read more on page 32. This entails taking such measures as creating 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.

Diversity in our global operations is invaluable. The collective strength of our skills and experiences are the basis for our success. We have a zero-tolerance policy toward all forms of harassment and discrimination. During the year, there were three cases of harassment, which were followed up in each case by local management and the Group's HR function, and one case that resulted in termination. The identification of harassment is included as part of the recurring employee survey.

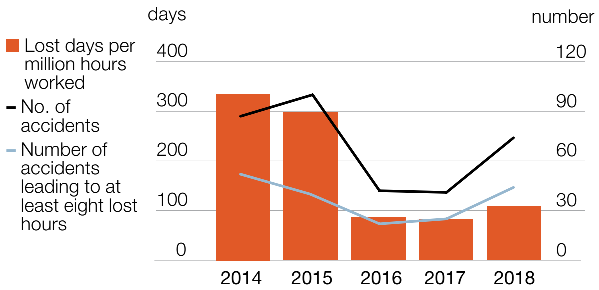
Continuous employee dialogues

In 2018, an in-depth employee survey was conducted to measure the ESI (Employee Satisfaction Index)**. The survey's results indicate a high ESI index of 76, compared with 72, from the previous survey conducted in 2015. Results of above 70 are considered to be excellent and employees at Thule Group are primarily very proud of the company, and have a solid understanding of the vision we pursue, and feel that they are contributing to Thule Group's development. Despite indications that the pace of work is perceived as intensive, employees feel that there is a healthy balance between work and private life. However, we realize that we need to allow employees more time to rest up between various projects.

* 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 an average number of employees in accordance with the Swedish Annual Accounts Act. No major differences arose between the reporting methods.

** The ESI survey is based on theories developed by Rensis Likert, Aaron Antonovsky and Frederick Herzberg at the University of Michigan. Questions are asked within five areas: Organization, Climate, Leadership, the Physical work environment and Goals & visions. Within these areas, there are what is termed index questions, for comparability with other organizations.

Workplace accidents



Risks and risk management

Like all business operations, Thule Group 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 Thule Group 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 Thule 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. Thule Group 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 risk management process. The table on pages 48–51 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, on pages 81–84. Work environment risks are described in more detail in the chapter on Sustainability efforts within manufacturing on pages 38–41. Thule Group has categorized identified risks according to industry and market-related risks, operational-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 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 being a participating member of 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 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 72–78 and 81–84 respectively.

The table on pages 48–51 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 the risks can be found on pages 55–58 and in note 4 (financial risks).

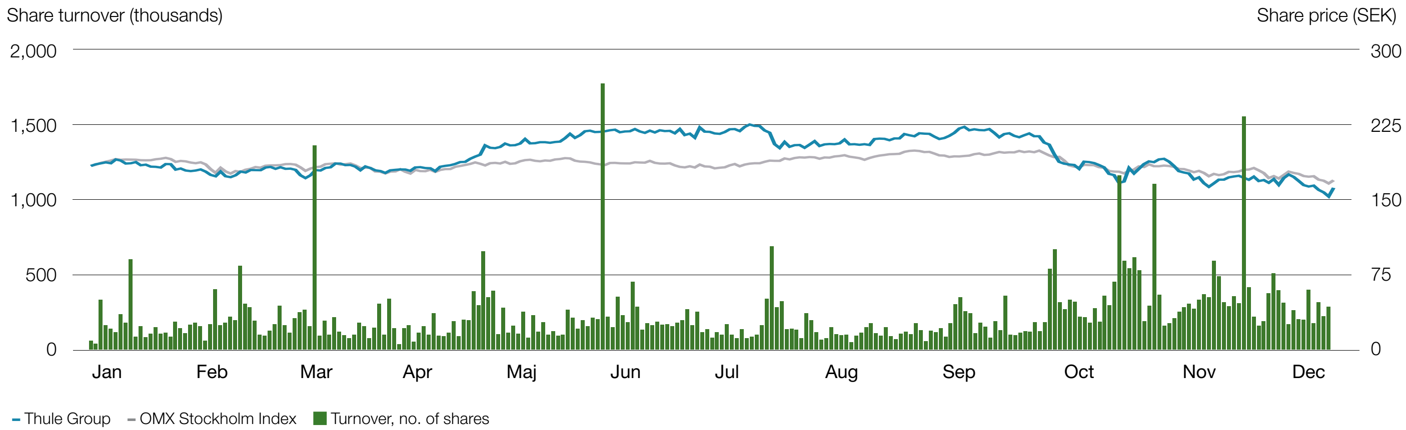
Risk area	Description	Counteracting factors and management
INDUSTRY AND MARKET-RELATED RISKS		
Business cycle and demand	• Changes in the business cycle that lead to reduced spending power may have a negative effect on Thule Group earnings. • RV Products is the only cyclical product category.	• Thule Group has a low exposure to individual markets. • The sport 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, e.g. bike racks. If such demand should change, it could entail an adverse impact on Thule Group 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 operations are exposed to competition and if this competition should increase, it could have an adverse impact on Thule Group earnings.	• Activities such as product development, quality work and prize-winning designs, are focused on strengthening the company's competitiveness.
Competition legislation	• Thule Group 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 interpretation of applicable laws and tax regulations. If these interpretations should prove to be incorrect, they could have a material adverse impact Thule Group 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.

Risk area	Description	Counteracting factors and management
OPERATIONAL-RELATED RISKS		
Reputation	• Thule Group 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 Thule Group 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.
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 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 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.

Risk area	Description	Counteracting factors and management
SUSTAINABILITY-RELATED RISKS		
Deficiencies in sustainability efforts	• The confidence of society and the market in Thule Group 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 adversely impact Thule Group 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 markets, 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 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 violations 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 area of 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 Board members, executive management (including Group management), employees and, to the extent possible, suppliers, business partners, subsuppliers and customers. • Thule Group supplier strategy includes the company's sustainability aspects.
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 of 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.

Risk area	Description	Counteracting factors and management
FINANCIAL-RELATED RISKS		
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 allowed duration and the tool mainly consists of interest-rate swaps.
Commodity price risk	• For the Thule 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 fulfil 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 share



Thule Group share has been listed on Nasdaq Stockholm since November 26, 2014. At December 31, 2018, Thule Group had 14,167 shareholders, of whom 178 (78.3 percent of shares) were financial and institutional investors, 13,435 (3.4 percent of shares) were private Swedish individuals and 554 shareholders (4.2 percent of shares) were legal entities. The remaining shareholders (14.1 percent of shares) cannot be classified.

Foreign owners accounted for 51.6 percent of the votes and capital. The ten largest owners represented 46.6 percent of the votes and capital. The highest price paid during the period between January 1 and December 31, 2018 was SEK 237 and the lowest price paid was SEK 139.8. During the period January 1 to December 31, 2018, Thule Group share price decreased 11.95 percent.

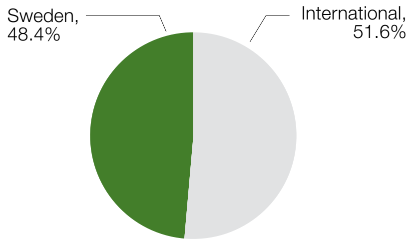
At December 31, 2018, Thule Group share capital amounted to SEK 1,153,495.63. The number of common shares was 103,208,606. According to the Articles of Association, share capital may not amount to less than SEK 500,000 or more than SEK 2,000,000, divided between a minimum of 44,737,320 and a maximum of 178,949,280 shares.

Thule Group 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.

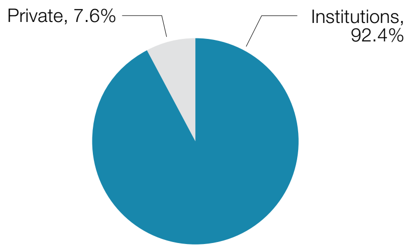
10 largest owners	No. of shares	%
AMF Försäkring & Fonder	13,660,444	13.2
Lannebo Fonder	5,655,757	5.5
Nordea Fonder	5,419,353	5.3
Handelsbanken Fonder	4,444,574	4.3
BlackRock	3,592,241	3.5
Swedbank Robur fonder	3,493,486	3.4
Franklin Templeton	3,241,961	3.1
ODIN Fonder	3,170,108	3.1
Vanguard	2,808,584	2.7
Norges Bank	2,531,498	2.5

Share turnover in the largest market places	No. of shares (millions)	%
Nasdaq OMX	57.4	45.3
Cboe APA	25.7	20.2
Cboe BXE	20.9	16.5
LSE MTF	4.8	3.8
Cboe CXE	4.5	3.6
Turquoise	3.1	2.4
Other	10.5	8.3
Total	**126.9**	**100.0**

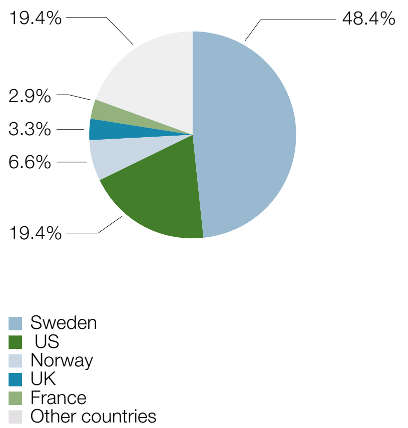
Share of votes and capital, Swedish and international owners



Share of votes and capital, Sweden



Share of votes and capital, five largest countries



Board of Directors' Report

The Board of Directors and President of Thule Group AB (publ), Corp. Reg. No. 556770-6311, hereby submit the Annual Report and the consolidated financial statements for the 2018 fiscal year.

OPERATIONS AND ORGANIZATION

Thule Group is a world leader in products that make it easy to bring the things you care for – 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, rooftop boxes, bikes carriers, water and winter sports equipment being transported by car); Active with Kids (e.g. bike trailers, strollers, child bike seats); RV Products (e.g. awnings, bike racks and tents for motorhomes and caravans); Packs, Bags & Luggage (e.g. hiking backpacks, suitcases and camera bags).

Thule Group has about 2,300 employees at nine production facilities and 35 sales offices worldwide.

The products are sold in 140 markets and in 2018, sales amounted to SEK 6.5 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 DURING THE FISCAL YEAR

New financing

Thule Group has entered into a new loan agreement that replaces the agreement contracted in conjunction with the IPO in November 2014. The new loan agreement, which entered force on June 29, 2018, is a revolving credit facility of EUR 300m with a maturity of five years and an option for extension of up to two years.

The new loan agreement aims to secure the long-term financing of the company through a more flexible and more cost-efficient agreement. The new loan agreement also includes a functionality for a possible future issuance of a commercial paper program of SEK 2,000m. In conjunction with the new agreement entering force, the existing loans under the old loan agreement were repaid, which was partially financed by borrowings under the new financing agreement, and partly from Thule Group cash balances. The refinancing means that a nonrecurring cost of SEK 4m attributable to impairment of previously capitalized financing costs was charged to Thule Group earnings in the second quarter of 2018.

The preconditions provided by the new loan agreement mean that Thule Group annual financing costs are expected to decrease by SEK 12–15m over time. Commitments under the loan agreement are distributed equally between Nordea Bank AB (publ) and Swedbank AB (publ). Nordea Bank AB (publ) is acting as agent and coordinator of the transaction in their role as documentation agent.

Acquisitions

On December 18, 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 taking equipment on the car and Tepui's rooftop tent are evident from both a marketing and a manufacturing perspective.

Tepui Outdoors Inc. was founded in 2010 by Evan and Gabriela Currid. The company is based in Santa Cruz, California, and is headed by Evan Currid. He will continue to manage the product category in Thule Group. The total purchase consideration for Tepui Outdoors Inc. was USD 9.5m, on a debt- and cash-free basis, with a potential maximum earn-out payment of USD 1.75m, which is based on revenue performance during the period 2019–2020.

Tepui Outdoors Inc. has approximately 20 employees and net sales for 2018 is approximately USD 6.1m.

The acquisition is not expected to have any material impact on Thule Group total sales and earnings. Moving forward, the new category, rooftop tents, 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 2018 amounted to SEK 6,484m (5,872), corresponding to an increase of 10.4 percent. Adjusted for exchange rate fluctuations, net sales for the Group rose 6.0 percent.

The strong performance of Region Europe & ROW was the driving factor behind increased sales. Sales increased with 10.3 percent, after currency adjustment. Region Americas declined 3.3 percent after currency adjustment.

The development of our four product categories in 2018 can be summarized as follows:

- Sport&Cargo Carriers – Our largest category, with a stable growth of 5 percent from an already strong position as the market leader;
- Packs, Bags & Luggage – Despite the growth within our new focus categories; luggage, backpacks and sports bags, we were unable to fully offset the greater-than-expected sales decline in the older categories that we term Legacy (camera bags, tablet cases) and the scheduled phaseouts of less profitable OE contracts, and sales thus fell 7 percent;
- RV Products – Increased market shares in a robust mobile homes market drove very strong growth of 14 percent;
- Active with Kids – Highly successful launches and successful categories increased our growth by 22 percent.

Operating income
Operating income totaled SEK 1,163m (1,067). Underlying EBIT amounted to SEK 1,164m (1,069), corresponding to a margin of 18.0 percent (18.2). Changes in exchange rates had an overall positive impact of SEK 48m on underlying EBIT, compared with the full-year 2017. After currency adjustment, we achieved a marginal decline during the year of 0.3 percentage points, compared with the preceding year.

Research and 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 of new products. Research and development expenses comprised 5.9 percent (5.6) of net sales in 2018.

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 (rooftop boxes, ski-racks, etc.) are affected by winter conditions. The second and third quarters are impacted by how early the spring or summer arrives, where 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 (rooftop 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 48m (expense: 52), and were negatively impacted by exchange rate differences of SEK 5m (neg: 6) on loans and cash and cash equivalents. The refinancing of Thule Group, which was completed in the second quarter, resulted in a SEK 4m expense in net financial items and was attributable to the impairment of previously capitalized financing costs. The interest expense for borrowings for the full-year was SEK 36m (expense: 43).

SALES TREND BY REGION

Region Europe & ROW
In Region Europe & ROW, the positive trend continued and we achieved sales of SEK 4,632m (3,983) corresponding to a growth of 16.3 percent. After currency adjustment, sales rose 10.3 percent. There were substantial gains in the vast majority of our markets. The development in Eastern Europe, the Nordic region, Benelux region and France was particularly positive. The driving forces behind these successes comprised strong customer relationships and our investment in flexible solutions for our retailers' store concepts in both online and in physical stores, combined with a series of highly successful product launches.

In Sport&Cargo Carriers, which accounts for 62 percent of sales in this region, growth was strong in all the subcategories. RV Products continued to develop well in a somewhat more cautious market. The Active with Kids category performed well and for the year as a whole this category accounted for the largest growth in the Europe & ROW region, at 24 percent.

Lower sales in traditional categories linked to consumer electronics, such as camera bags and cellphone- and tablet cases, led to sales in the Packs, Bags & Luggage category fell 3 percent. However, we noted positive signals during the year in the shape of an increasing share of sales among luggage and sports bags, which will provide long-term growth in the product category.

Region Americas
After having grown 3.4 percent in 2017, sales in Region Americas declined 3.3 percent during the year, after currency adjustment. Sales totaled SEK 1,852m (1,889). Excluding the planned phaseout of two low-margin categories in the US, the region's sales declined 0.2 percent. In addition to a challenging market, marked by several store bankruptcies in the US, the region was also impacted by the weak economies and sweeping currency depreciations of countries such as Argentina, Colombia and Mexico. Brazil and Canada continued to perform well.

Sport&Cargo Carriers was negatively impacted by the planned phaseout of accessories for pick-up trucks, low-margin products that we sell directly to auto manufacturers, which were integrated as a result of the divestment of the main category in the Specialty segment during 2017. Growth was positive in the other subcategories, primarily through the successful rollout of Thule Motion XT rooftop boxes and solid sales of hitch-mounted bike racks and roof racks. In the US, several retail chains continued to be under pressure, while we simultaneously noted rapid gains in our own internet sales directly to consumers.

Active with Kids continued to perform very well, with 13 percent growth in the region. Strollers, as well as multisport trailers and child bike seats continued to perform well, although consumers in the region do not commute by bicycle to and from preschool in the same manner as consumers in Europe. Both the updated Thule Urban Glide 2 stroller and the new Thule Sleek stroller were also well received by US market. Sales in the Packs, Bags & Luggage category fell by a total of 11 percent for the region. A phaseout has commenced within this category, pertaining to some simpler low-margin products sold under the brand names of other companies. The phaseout is expected to be completed in mid-2019. The rapid sales decline within traditional categories linked to consumer electronics, such as camera bags and cellphone and tablet cases, was greater than anticipated. Growth was reported in our newer categories: smaller bags for everyday use; suitcases with continued success in the Thule Subterra bag collection; sports bags due to factors such as highly successful launches of backpacks for bikers. However, this was insufficient to compensate for sales declines within traditional categories.

SALES TREND BY PRODUCT CATEGORY

Sport&Cargo Carriers
2018 was a key year in this category that is so important to Thule Group and we again achieved growth that exceeded the Group's overall target of annual organic growth of at least 5 percent (after currency adjustment), with growth of 5.2 percent. Region Europe & ROW performed very well with growth of 9 percent, while sales in Region Americas declined 2 percent. The sales decrease in Region Americas comprised the planned phaseout of OE contracts for pick-up truck accessories, while other operations remained at the same level as in prior years.

As we look ahead, a positive aspect is that the portfolio was further strengthened during the year. We launched an entirely new generation of roof racks, raising the bar in the market in terms of safety and user-friendliness. This launch will be conducted in three phases until 2020 and the first phase commenced in Europe during the fourth quarter. In rooftop boxes, the major seller, Thule Motion XT, was joined by a slightly simpler version, Thule Force XT (launched in stores in the fourth quarter) and the new Thule Vector premium box (which will be in stores from the autumn of 2019).

Packs, Bags & Luggage
This category was a disappointment during the year. We were fully aware that the strategic decision to phase out certain low-margin OE contracts would reduce sales and also that we would be impacted by a generally declining market for the formerly large Legacy categories (mainly camera bags and tablet cases). The decline of SEK 30m in OE sales in the US was thus expected, but the negative trend for Legacy products was clearly poorer than anticipated and sales were reduced by a full SEK 52m.

This development entailed that, at year-end 2018, our Legacy and OE business accounted for 34 percent (42) of this category. In these categories, we see that our sales will continue to decline, but we are entering 2019 with a significantly stronger portfolio in the growth categories, which now account for 66 percent of the category and grew in 2018. In

	Sport&Cargo Carriers		Packs, Bags & Luggage		Active with Kids		RV Products	
Share of sales Thule Group 2018 (2017)	64% (65)		12% (14)		10% (8)		14% (13)	
Share of sales by region, 2018 (2017)	Eur & ROW 62% (62)	Americas 71% (70)	Eur & ROW 8% (9)	Americas 21% (23)	Eur & ROW 11% (10)	Americas 7% (6)	Eur & ROW 19% (19)	Americas 1% (1)
Growth, 2018 vs 2017 (after currency adjustment)	+5.2%		-7.4%		+21.7%		+13.6%	
	+9%	-2%	-3%	-11%	+24%	+13%	+14%	+2%

2019, three new suitcase collections will be launched, including the hard shell collection, Thule Revolve, which will arrive in the first quarter. The offering of small bags for everyday use is being expanded by new Back-to-Campus collections and we are launching new hydration backpacks for mountain biking in sports bags, among other products.

Active with Kids
2018 was another year of success in this category, with growth of 22 percent. Region Europe & ROW grew most rapidly because the successful bike trailer and child bike seat categories are significantly larger in this region.

In the autumn, the launch of the four-wheel Thule Sleek stroller drove considerable growth, but sales of the updated Thule Urban Glide 2 sport stroller also increased during the year. With a broader offering to stroller stores, we are looking forward to the development in 2019.

RV Products
Sales in this category are completely dominated by Region Europe & ROW and in an RV market that was strong throughout the year, which we estimate grew 9 percent, we continued to capture market shares and grew 14 percent.

As expected, the market was somewhat less active at the end of the year, but continued to grow and our expectations going forward are that the market will continue to show stable growth during 2019, with a somewhat weaker start that will strengthen later during the high season. We aim to continue capturing market shares in a more stable market with somewhat lower growth than in the past three to four years.

FINANCIAL POSITION

At December 31, 2018, the Group's equity amounted to SEK 4,012m (3,467). The equity ratio amounted to 52.1 percent (47.6).

Net debt amounted to SEK 1,974m (1,719) at December 31, 2018. Total long-term borrowing amounted to SEK 2,147m (2,283), and comprised loans from credit institutions of SEK 2,153m (2,275), gross, and capitalized financing costs of SEK 11m (5) and the long-term portion of financial derivatives of SEK 5m (13). Total current financial liabilities amounted to SEK 28m (29) and comprised the short-term portion of financial derivatives and finance lease liabilities.

SEKm	Dec 31, 2018	Dec 31, 2017
Long-term loans, gross	2,153	2,275
Financial derivatives, long-term	5	13
Short-term loans, gross	9	7
Financial derivatives, short-term	19	21
Overdraft facilities	0	0
Capitalized financing costs	-11	-5
Accrued interest	0	0
Gross debt	**2,175**	**2,312**
Financial derivative assets	-16	-12
Cash and cash equivalents	-186	-581
Net debt	**1,974**	**1,719**

Pledged assets for Thule Group amounted to SEK 0m (22).

Goodwill at December 31, 2018, amounted to SEK 4,448m (4,145). Of the increase, SEK 89m pertained to the acquisition of Tepui Outdoors Inc. At December 31, 2018, inventories amounted to SEK 1,078m (819). SEK 31m of the increase was attributable to currency effects and SEK 8m was attributable to acquired inventory. The increase otherwise pertains to a deliberate build-up of inventory levels, driven by product launches and the accumulation of components with long lead times for high-volume products. This is to ensure that our suppliers and our internal final assembly will be able to cost-efficiently meet the expected increase in sales during the next peak season.

Cash flow
Cash flow from operating activities was SEK 606m (972) for the full year. The decline was primarily attributable to increased working capital, mainly driven by higher inventories, but also higher income tax payments compared with the preceding year, which were partly attributable to the repayments made by the German tax agency in 2017. Investments in tangible and intangible assets amounted to SEK 179m (144) and divestments amounted to SEK 1m (16). During the year, a share issue valued at SEK 138m was carried out as a result of the exercise of warrants and a dividend amounting to SEK 619m was distributed to the company's shareholders.

During the year, Thule Group entered into a new financing agreement. In conjunction with the new agreement entering force, the existing loans under the old loan agreement were repaid. This was partially financed by borrowings under the new financing agreement, and partly from Thule Group cash balances, SEK 256m.

The Group's cash and cash equivalents at year-end totaled SEK 186m (581). The Group also has unutilized, binding loan commitments of SEK 970m (586) to finance the ongoing operations. For more information regarding the terms of the loans, see note 25.

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 697m (597). The Parent Company received a dividend of SEK 700m (600) from subsidiaries. Cash and cash equivalents and current investments amounted to SEK 0m (0). Long-term liabilities to credit institutions totaled SEK 2,133m (2,261).

At year end, 29 (28) 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 section Risks and risk management.

RISKS AND RISK MANAGEMENT

Like all business operations, Thule Group 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, operational risks, 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 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 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. 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 products is dependent on consumer demand for underlying products

Thule Group 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 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 on 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 competitors may cause customers to prefer, to a greater degree than previously, products that compete with Thule Group current and future product offering. Increased competition may also negatively impact Thule Group 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 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 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 area 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 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 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 etc. are based on the Group 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 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 9001.

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 subsidiaries, and other persons affiliated with Thule Group, can 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 and customers
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 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 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, etc., 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 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 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 while 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
Our manufacturing is subject to environmental regulation and supervision. Non-compliance with environmental laws and other regulations 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 operations, financial position and results.

Regulatory authorities may also suspend Thule Group operations, withdraw environmental licenses or reject the renewal of environmental licenses that are required for Thule Group 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 products in i 140 markets, 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 and diversity, and nondiscrimination
Deficiencies in the implementation of and compliance with Thule Group 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 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 markets. 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 Board members, senior executives (including Group Management), employees and, to the extent possible, suppliers, business partners, sub suppliers and customers. Thule Group 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 and procurement processes that ensure sound 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 management of financial risks is centralized at the Group 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, account receivables or accounts payable, and the exchange rate risk in expected and contractual payment flows. The Group's total transaction exposure, net, amounts to SEK 2,386m (1,973). 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 between six months and three years. The average fixed-rate period was 1 year and 3 months (1 year and 3 months) as per December 31, 2018. 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 (48) 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 2,356 (2,119).

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 25, 2018.

Remuneration of Group management is to comprise fixed salary, any variable salary, pension and other benefits. 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 6 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 executive management 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 13 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– 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.

Share-based incentive program 2014/2018

Thule Group 2014/2018 warrants program ended on March 5, 2018 and this meant that the number of shares in the company increased by 1,135,696. Accordingly, the total number of shares in the company amounts to 103,208,606.

For more information about remuneration of employees, refer to notes 11 and 14.

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 Americas 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 operations require the Group to maintain certain environmental licenses for the production of its products including metal-based products with surface treatment and plastics. In addition, Thule Group production units have generally been certified according to the ISO 9001 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 30 to 46.

FUTURE DEVELOPMENT

Future outlook

On the condition that no significant changes take place in the business environment in 2019, demand for the Group's products is expected to remain favorable.

Significant events after the fiscal year

No significant events took place after the end of the fiscal year.

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, 2018 was 103,208,606. The 2014/18 warrants program ended during the year, resulting in the number of shares increasing by 1,135,696.

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 the full number of shares such 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, 2018, Thule Group AB had 14,167 shareholders. At this date, the largest shareholders were AMF Försäkringar & Fonder (13.2 percent of the votes), Lannebo Fonder (5.5 percent of the votes), Nordea Fonder (5.3 percent of the votes), Handelsbanken Fonder (4.3 percent of the votes) and BlackRock (3.5 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.

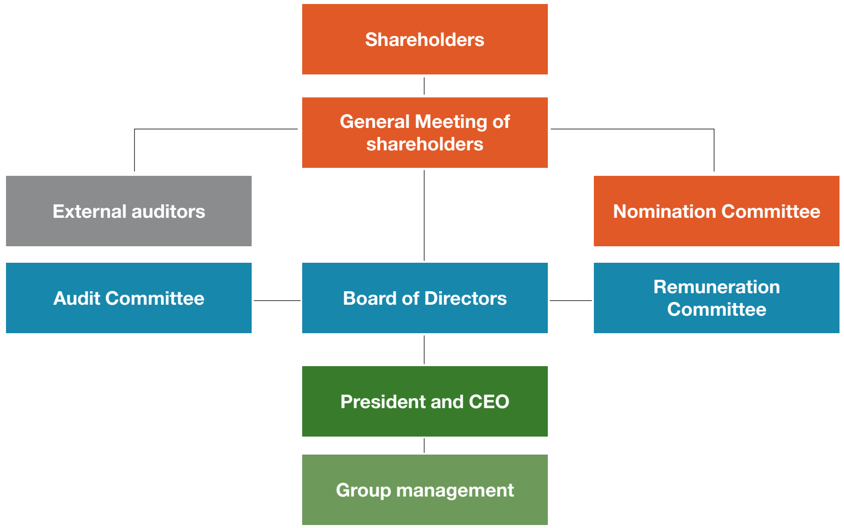
At the disposal of the Annual General Meeting:	
Share premium reserve, SEK	1,407,798,763
Net income, SEK	697,293,744
	2,105,092,507

The Board proposes that the profit brought forward be appropriated as follows:	
Dividend to shareholders, SEK 7.00 x 103,208,606	722,460,242
To be carried forward, SEK	1,382,632,265
	2,105,092,507

Corporate Governance Report

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

Thule Group corporate governance structure



Thule Group is a Swedish public limited liability company listed on the Nasdaq Stockholm Large Cap list. Thule Group's corporate governance is mainly regulated by the Swedish Companies Act and other Swedish laws, Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code, "the Code" (available at www.corporategovernanceboard.se). The Code is to be applied to all Swedish companies whose shares are traded on a regulated marketplace in Sweden. Thule Group has applied the Code since November 26, 2014, when Thule Group's share started to be traded on Nasdaq Stockholm. The 2018 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 more appropriate to their particular circumstances, provided they report every deviation, describe the alternative solution and explain the reasons for the deviation in the annual corporate governance report (the "comply or explain" principle). Thule Group did not deviate from the rules of the Code in 2018 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. In conjunction with notice being given, an announcement is made of the notification in Dagens Industri. The Articles of Association contain no separate provisions pertaining to the appointment and dismissal of Board members, nor to amendment of the Articles of Association. For the complete Articles of Association, refer to the website 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, 2018, Thule Group AB had 14,167 shareholders. At this date, the largest shareholders (reported as each owner flags its holdings) were AMF Försäkring och Fonder (13.2 percent of the votes), Lannebo Fonder (5.5 percent of the votes), Nordea Fonder (5.3 percent of the votes), Handelsbanken Fonder (4.3 percent of the votes) and BlackRock (3.5 percent of the votes). Further information about the share and shareholders is available on the company's website, thulegroup.com

Annual General Meetings
Resolutions at the 2018 Annual General Meeting
The 2018 Annual General Meeting was held on April 25, 2018. The complete minutes for and information about the 2018 Annual General Meeting are available at the company's website, 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 pay a dividend of SEK 6.00 per share for 2017. 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 2017, 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.

2019 Annual General Meeting
The 2019 Annual General Meeting will be held on Friday, April 26, 2019 at 11:00 a.m. in Malmö. For more information, refer to Thule Group's website, thulegroup.com.

Nomination Committee
The Nomination Committee is to be composed of five members comprising representatives from each of the four largest share-holders in terms of the number of votes at September 30 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 share-holders 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 indepen-dence 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 2019 Annual General Meeting
The composition of the Nomination Committee was published in a press release and on Thule Group's website thulegroup.com on October 11, 2018. The Nomination Committee prior to the 2019 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, Sep 30, 2018, %
Anders Oscarsson	AMF Försäkring och Fonder	10.6
John Hernander	Nordea Fonder	5.4
Charlotta Faxén	Lannebo Fonder	5.2
Helen Fasth Gillstedt	Handelsbanken Fonder	5.0
Bengt Baron	Chairman of the Board of Thule Group	

After the 2018 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 2019 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 2018
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 25, 2018: Bengt Baron, Hans Eckerström, Liv Forhaug, Heléne Mellquist and Eva Elmstedt, while Stefan Jacobsson declined reelection. Mattias Ankarberg was elected to the Board on the same occasion. Moreover, Bengt Baron was elected Chairman of the Board. No member of Group management is a Board member. However, both the President and the CFO of Thule Group participate at Board meetings and lawyer Peter Linderoth serves as Secretary to the Board. Other officers of the com-pany participate at Board meetings when presenting separate issues.

In its reasoned statement ahead of the 2018 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 2018 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 2018 Annual General Meeting resolved that Board member fees, paid annually, comprise SEK 925,000 to the Chairman of the Board and SEK 360,000 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 60,000 is to be paid to each of the other members. The Chairman of the Remuneration Committee is to receive remuneration of SEK 75,000 for Committee work, while SEK 35,000 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 are presented in the Facts about the Board and Group management section. All Board members are independent in relation to the company's major shareholders, the company and its management. Accordingly, the company fulfills the Code's independence requirement.

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.

Board composition

Name	Year elected	Total fee, SEK (annual)[1]	Independent	Attendance: Board meetings	Attendance: Audit Committee	Attendance: Remuneration Committee
Chairman						
Stefan Jacobsson[2]	2011	–	Yes	4/4		1/1
Bengt Baron[3]	2011	1,125,000	Yes	10/10	4/4	
Board members						
Hans Eckerström	2009	435,000	Yes	10/10		3/3
Eva Elmstedt	2017	360,000	Yes	10/10		
Liv Forhaug	2014	395,000	Yes	9/10		2/2
Heléne Mellquist	2016	420,000	Yes	9/10	4/4	
Mattias Ankarberg[4]	2018	360,000	Yes	6/6		

1) Fee resolved at the 2018 Annual General Meeting
2) Stefan Jacobsson declined reelection at the 2018 Annual General Meeting.
3) Bengt Baron was elected as Chairman at the 2018 Annual General Meeting
4) Mattias Ankarberg was elected at the 2018 Annual General Meeting

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 ten meetings during the year, of which two were held per capsulam. All Board meetings follow a predetermined agenda. Attendance at Board meetings is presented in the table Board composition.

In 2018, the Board mainly addressed matters regarding the operations, acquisitions, financing, strategic direction and other ongoing accounting and company law issues.

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

Remuneration Committee
The Remuneration Committee is tasked with preparing issues regarding remuneration and other terms of employment for the President and the company's executive management. The work involves the preparation of proposals for guidelines for items, such as, the allocation between fixed and variable remuneration, the relationship between performance and compensation, the main terms of bonus and incentive programs, conditions for other benefits, pensions, termination and severance pay, and the preparation of proposals for individual remuneration packages for the President and executive management. Furthermore, the Remuneration Committee also monitors and evaluates the outcome of variable remuneration, and how the company complies with the remuneration guidelines adopted by the General Meeting of shareholders.

The Remuneration Committee comprises two members, Hans Eckerström (Chairman) and Liv Forhaug. Stefan Jacobsson was a member until the 2018 Annual General Meeting and Liv Forhaug was elected as member in conjunction with the 2018 Annual General Meeting. The Remuneration Committee held three meetings in 2018. 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, internal audit, 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, Bengt Baron (Chairman) and Heléne Mellquist. The Audit Committee held four meetings in 2018. 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 auditors present the financial information and discuss 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 2018 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 on the company's website.

Internal control and risk management

The Board's responsibility for 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 2019.

Audit fees		**Group**	**Parent Company**	
SEKm	2018	2017	2018	2017
Audit PwC	3.4	3.1	0.6	0.5
Audit in addition to audit assignment PwC	0.0	0.1	0.0	0.0
Tax consultancy PwC	0.0	0.0	0.0	0.0
Other services PwC	0.1	0.1	0.0	0.1
Total	**3.6**	**3.2**	**0.6**	**0.6**

FACTS ABOUT THE BOARD AND GROUP MANAGEMENT

Board of Directors	Bengt Baron	Mattias Ankarberg	Hans Eckerström	Eva Elmstedt	Liv Forhaug	Heléne Mellquist
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 2009. (Board member of a former Parent Company of Thule Group 2007–2009).	Board member since 2017.	Board member since 2014.	Board member since 2016.
Born	1962	1976	1972	1960	1970	1964
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 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 junior partner at McKinsey & Company in Sweden and the US.	MSc Mechanical Engineering, Chalmers University of Technology. MSc Business Administration, University of Gothenburg. Former Management Consultant at Arthur D. Little. Partner, NC Advisory AB and advisor to the Nordic Capital Funds.	BSc in Economics and Computer Science, Indiana University of Pennsylvania, USA and Stockholm School of Economics. Former EVP of Nokia Networks, VP Ericsson, CIO at 3 (HI3G), and CEO of Semcon.	MSc, Stockholm School of Economics CSO (Chief Strategy Officer) at ICA Gruppen AB. Former consultant and partner at McKinsey & Company.	BSc 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 Divison of Volvo Lastvagnar.
Other current appointments	Chairman of Enzymatica AB (publ), MIPS AB (publ) and 5653 Sweden AB. Board member of AAK AB (publ).	—	Chairman of Nobia AB (publ), Profoto Invest AB, and Henry Lloyd Group AB. Board member of Nordstjernan AB.	Chairman of Proact AB (publ) and board member of Addtech AB (publ), Gunnebo Group AB (publ), Arjo AB (publ) and Axiell Group AB.	Board member of Hufvudstaden AB (publ), Skutvik Invest AB, Min Doktor International AB and the ICA Group subsidiary ICA Sverige AB (publ), ICA Fastigheter AB, Hemtex AB and Apoteket Hjärtat AB.	Board Member of Cavotec S.A. (publ).
Selected previous Board appointments	—	—	Chairman of Brink International AB and Britax Childcare Limited and Board member of Nefab AB (publ), Cloetta AB (publ) and Aditro AB.	Board member of Mandator AB and Novare AB.	Board member of HUI Research AB.	Board member of Partnertech AB and Opus Group AB (publ).
Shareholding at March 27, 2019	35,997 shares.	1,500 shares	20,000 shares (through Eckis Holding AB).	5,000 shares.	1,100 shares.	1,250 shares.

Group management	Magnus Welander	Fred Clark	Fredrik Erlandsson	Kajsa Von Geijer	Nis Gjendal	Lennart Mauritzson
Assignment	President and CEO since 2010.	President Region Americas since 2003.	Senior Vice President Communications and IR since 2010.	SVP HR and Sustainability since 2005.	Vice President Global Purchasing since January 2019.	CFO since 2011.
Born	1966	1959	1970	1964	1981	1967
Education and professional experience	MSc 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, GM and procuration holder at Ehrenberg Marketing & Kommunikation, and chief of staff for national delegation to the European parliament.	BSc in Human Resource Development and Labour Relations, Lund University. Former HR Director Europe at FMC Food Tech AB, self-employed HR consultant at Elfte Huset AB, HR Director Nordic at Levi Strauss Nordic, Training & Development Manager at Nestlé Sweden AB, HR Manager at Trellex AB/ Svedala Svenska AB and HR Officer at Trelleborg AB.	MSc in Production & Management from DTU (Technical University of Denmark). Various positions within supply and operations at Nilfisk AS with a focus on strategic purchasing. Latest locations in Denmark and Hungary.	BSc 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.
Other current appointments	Board member of MIPS AB.	Board member of Westover School.	Board member of Landskrona Stadshus AB.	Chairman of Elfte Huset AB.	—	Board member of Rögle Marknads AB.
Selected previous appointments	Board member of Brink International AB and Britax Childcare Limited.	Chairman of Outdoor Foundation, and board member of Outdoor Industry Association.	Municipal Executive Board City of Landskrona.	Chairman of Lunicore Studentkonsult AB, and board member of Stiftelsen Lundsbergs skola.	—	—
Shareholding at March 27, 2019	636,990 shares (through Elenima Limited) and 375,000 warrants.	365,665 shares and 187,500 warrants.	108,138 shares and 125,000 warrants.	69,508 shares and 125,000 warrants.	—	124,471 shares and 187,500 warrants.

Consolidated income statement

January 1–December 31, SEKm	Note	2018	2017
Continuing operations			
Net sales	7, 8	6,484	5,872
Cost of goods sold		-3,858	-3,455
Gross income		**2,626**	**2,416**
Other operating revenue	9	0	4
Selling expenses		-1,156	-1,053
Administrative expenses		-307	-300
Operating income	10, 11, 12, 14, 15	**1,163**	**1,067**
Financial revenue	16	16	11
Financial expenses	16	-64	-63
Income before taxes		**1,114**	**1,015**
Taxes	17	-277	-325
Net income from continuing operations		**837**	**690**
Discontinued operations			
Net income from discontinued operations	5	0	17
Net income		**837**	**707**
Net income pertaining to:			
Shareholders of Parent Company		837	707
of which, pertaining to continuing operations		837	690
of which, pertaining to discontinued operations		0	17
Net income		**837**	**707**
Earnings per share, SEK	18		
before dilution		8.13	6.93
after dilution		8.12	6.89
Earnings per share from continuing operations, SEK			
before dilution		8.13	6.77
after dilution		8.12	6.72

Consolidated statement of comprehensive income

January 1–December 31, SEKm	Note	2018	2017
Net income		**837**	**707**
Other comprehensive income			
Items that have been carried over or can be carried over to net income			
Foreign currency translation		318	-111
Cash flow hedges		13	-1
Net investment hedge		-118	0
Change in fair value of available-for-sale financial assets		0	24
Tax on components in other comprehensive income	17	0	26
Items that cannot be carried over to net income			
Revaluation of defined-benefit pension plans		-13	-14
Tax pertaining to items that cannot be carried over to net income	17	4	4
Other comprehensive income		**203**	**-72**
Total comprehensive income		**1,040**	**634**
Total comprehensive income pertaining to:			
Shareholders of Parent Company		1,040	634
Total comprehensive income		**1,040**	**634**

Consolidated balance sheet

Per December 31, SEKm	Note	2018	2017
Assets			
Intangible assets	19	4,476	4,177
Tangible assets	20	778	645
Long-term receivables		13	9
Deferred tax receivables	17	341	324
Total fixed assets		**5,609**	**5,155**
Inventories	21	1,078	819
Tax receivables		16	26
Accounts receivable	22	655	580
Prepaid expenses and accrued income		69	49
Other receivables		85	76
Cash and cash equivalents	23	186	581
Total current assets		**2,089**	**2,129**
Total assets		**7,697**	**7,285**
Equity and liabilities			
Equity	24		
Share capital		1	1
Other capital contributed		2,368	2,242
Reserves		-37	-250
Profit brought forward including net income		1,681	1,475
Total equity		**4,012**	**3,467**

Per December 31, SEKm	Note	2018	2017
Liabilities			
Long-term interest-bearing liabilities	25	2,147	2,283
Provision for pensions	14	169	148
Deferred income tax liabilities	17	221	185
Total long-term liabilities		**2,537**	**2,617**
Short-term interest-bearing liabilities	25	28	29
Accounts payable		564	519
Tax liabilities		78	217
Other liabilities		47	29
Accrued expenses and deferred income	26	406	382
Provisions	27	25	25
Total short-term liabilities		**1,148**	**1,201**
Total liabilities		**3,685**	**3,817**
Total equity and liabilities		**7,697**	**7,285**

Information about the Group's pledged assets and contingent liabilities is provided in notes 31 and 32.

Consolidated statement of changes in equity

SEKm	Share capital	Other capital contributed	Translation reserve	Hedge reserve	Profit brought forward including net income	Total equity
Opening balance, January 1, 2017	**1**	**2,123**	**-152**	**-12**	**1,867**	**3,826**
Comprehensive income						
Net income	–	–	–	–	707	707
Other comprehensive income	–	–	-85	-1	13	-72
Total comprehensive income	**0**	**0**	**-85**	**-1**	**720**	**634**
Transactions with the Group's owners						
Dividend	–	–	–	–	-1,113	-1,113
New issue of shares	0	110	–	–	–	110
Premiums paid in on the issue of stock options	–	18	–	–	–	18
Buy back of warrants	–	-8	–	–	–	-8
Total contribution from owners	**0**	**119**	**0**	**0**	**-1,113**	**-993**
Closing balance, December 31, 2017	**1**	**2,242**	**-237**	**-13**	**1,475**	**3,467**
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, December 31, 2018	**1**	**2,368**	**-34**	**-3**	**1,681**	**4,012**

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	2018	2017
Operating activities	28		
Income before taxes		1,114	1,015
Income from discontinued operations before taxes		0	38
Adjustments for items not included in cash flow		118	74
Paid income taxes		-369	-138
Cash flow from operating activities prior to changes in working capital		**863**	**990**
Cash flow from changes in working capital			
Increase(-)/Decrease (+) in inventories		-222	-14
Increase(-)/Decrease (+) in receivables		-79	-6
Increase(+)/Decrease (-) in liabilities		44	3
Cash flow from operating activities		**606**	**972**
Investing activities			
Acquisition of subsidiaries		-75	0
Divestment of business		0	145
Acquisition of intangible assets		0	-2
Acquisition of tangible assets		-179	-142
Divestment of tangible assets		1	16
Cash flow from investing activities		**-253**	**17**
Financing activities			
Dividend		-619	-1,113
New issue of shares		138	-128
Buy back of warrants		-12	-8
Debt repaid		-256	-176
Cash flow from financing activities		**-749**	**-1,169**
Net cash flow		-396	-181
Cash and cash equivalents at beginning of year		581	763
Effect of exchange rates on cash and cash equivalents		2	-2
Cash and cash equivalents at end of year		**186**	**581**

Cash flow for the comparative year pertains to total operations, meaning both continuing and discontinued operations.

Parent Company income statement

January 1–December 31, SEKm	Note	2018	2017
Other operating revenue	9	20	18
Administrative expenses		-32	-40
Operating income	10, 11, 12, 14	**-12**	**-22**
Profit from financial items	16		
Profit from participations in Group companies		700	600
Other interest income and similar profit/loss items		39	46
Interest expense and similar profit/loss items		-42	-43
Income after financial items		**685**	**581**
Appropriations	29	12	15
Income before taxes		**697**	**596**
Taxes	17	1	1
Net income		**697**	**597**

Parent Company statement of comprehensive income

January 1–December 31, SEKm	Note	2018	2017
Net income		**697**	**597**
Other comprehensive income			
Other comprehensive income		–	–
Total comprehensive income		**697**	**597**

Parent Company balance sheet

Per December 31, SEKm	Note	2018	2017
Assets			
Fixed assets			
Financial fixed assets			
Participations in subsidiaries	30	1,000	1,000
Receivables from Group companies	34	4,438	4,460
Deferred tax receivables		2	2
Other long-term receivables		8	6
Total financial fixed assets		**5,449**	**5,468**
Total fixed assets		**5,449**	**5,468**
Current assets			
Receivables from Group companies	34	13	17
Other current receivables		2	1
Cash and cash equivalents	23	0	0
Total current assets		**15**	**18**
Total assets		**5,464**	**5,486**
Equity and liabilities			
Equity	24		
Restricted equity			
Share capital		1	1
Non-restricted equity			
Share premium reserve		1,408	1,304
Profit brought forward		–	–
Net income		697	597
Total equity		**2,106**	**1,903**

Per December 31, SEKm	Note	2018	2017
Long-term liabilities			
Provisions for other pensions		11	7
Liabilities to credit institutions	25	2,133	2,261
Liabilities to Group companies	34	368	368
Total long-term liabilities		**2,512**	**2,636**
Short-term liabilities			
Liabilities to credit institutions	25	0	0
Liabilities to Group companies	34	834	927
Other short-term liabilities		1	3
Accrued expenses and deferred income	26	10	18
Provisions	27	0	0
Total short-term liabilities		**846**	**947**
Total equity and liabilities		**5,464**	**5,486**

Parent Company statement of changes in equity

SEKm	Share capital	Share premium reserve	Profit brought forward	Net income	Total equity
Opening balance, January 1, 2017	**1**	**1,299**	**0**	**998**	**2,298**
Comprehensive income					
Net income	–	–	–	597	597
Total comprehensive income	**0**	**0**	**0**	**597**	**597**
Appropriation of profits	–	–	998	-998	0
Dividend	–	-115	-998	–	-1,113
New issue of shares	0	110	–	–	110
Premiums paid in on the issue of stock options	–	18	–	–	18
Buy back of warrants	–	-8	–	–	-8
Closing balance, December 31, 2017	**1**	**1,304**	**0**	**597**	**1,903**
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, December 31, 2018	**1**	**1,408**	**0**	**697**	**2,106**

Parent Company cash flow statement

January 1–December 31, SEKm	Note	2018	2017
Operating activities	28		
Income before taxes		697	596
Adjustments for items not included in cash flow		-700	-600
Dividend received		600	1,000
Paid income taxes		0	0
Cash flow from operating activities prior to changes in working capital		**597**	**996**
Cash flow from changes in working capital			
Increase/decrease in receivables		-12	-6
Increase/decrease in liabilities		6	5
Cash flow from operating activities		**591**	**995**
Investing activities		–	–
Financing activities			
Dividend		-619	-1,113
New issue of shares		138	-128
Buy back of warrants		-12	-8
Debt repaid/borrowings		-250	-176
Debt repaid/borrowings to subsidiaries		152	175
Cash flow from financing activities		**-591**	**-995**
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**

Consolidated balance sheet

Per December 31, SEKm	Note	2018	2017
Assets			
Intangible assets	19	4,476	4,177
Tangible assets	20	778	645
Long-term receivables		13	9
Deferred tax receivables	17	341	324
Total fixed assets		**5,609**	**5,155**
Inventories	21	1,078	819
Tax receivables		16	26
Accounts receivable	22	655	580
Prepaid expenses and accrued income		69	49
Other receivables		85	76
Cash and cash equivalents	23	186	581
Total current assets		**2,089**	**2,129**
Total assets		**7,697**	**7,285**
Equity and liabilities			
Equity	24		
Share capital		1	1
Other capital contributed		2,368	2,242
Reserves		-37	-250
Profit brought forward including net income		1,681	1,475
Total equity		**4,012**	**3,467**

Per December 31, SEKm	Note	2018	2017
Liabilities			
Long-term interest-bearing liabilities	25	2,147	2,283
Provision for pensions	14	169	148
Deferred income tax liabilities	17	221	185
Total long-term liabilities		**2,537**	**2,617**
Short-term interest-bearing liabilities	25	28	29
Accounts payable		564	519
Tax liabilities		78	217
Other liabilities		47	29
Accrued expenses and deferred income	26	406	382
Provisions	27	25	25
Total short-term liabilities		**1,148**	**1,201**
Total liabilities		**3,685**	**3,817**
Total equity and liabilities		**7,697**	**7,285**

Information about the Group's pledged assets and contingent liabilities is provided in notes 31 and 32.

Consolidated statement of changes in equity

SEKm	Share capital	Other capital contributed	Translation reserve	Hedge reserve	Profit brought forward including net income	Total equity
Opening balance, January 1, 2017	**1**	**2,123**	**-152**	**-12**	**1,867**	**3,826**
Comprehensive income						
Net income	–	–	–	–	707	707
Other comprehensive income	–	–	-85	-1	13	-72
Total comprehensive income	**0**	**0**	**-85**	**-1**	**720**	**634**
Transactions with the Group's owners						
Dividend	–	–	–	–	-1,113	-1,113
New issue of shares	0	110	–	–	–	110
Premiums paid in on the issue of stock options	–	18	–	–	–	18
Buy back of warrants	–	-8	–	–	–	-8
Total contribution from owners	**0**	**119**	**0**	**0**	**-1,113**	**-993**
Closing balance, December 31, 2017	**1**	**2,242**	**-237**	**-13**	**1,475**	**3,467**
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, December 31, 2018	**1**	**2,368**	**-34**	**-3**	**1,681**	**4,012**

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	2018	2017
Operating activities	28		
Income before taxes		1,114	1,015
Income from discontinued operations before taxes		0	38
Adjustments for items not included in cash flow		118	74
Paid income taxes		-369	-138
Cash flow from operating activities prior to changes in working capital		**863**	**990**
Cash flow from changes in working capital			
Increase(-)/Decrease (+) in inventories		-222	-14
Increase(-)/Decrease (+) in receivables		-79	-6
Increase(+)/Decrease (-) in liabilities		44	3
Cash flow from operating activities		**606**	**972**
Investing activities			
Acquisition of subsidiaries		-75	0
Divestment of business		0	145
Acquisition of intangible assets		0	-2
Acquisition of tangible assets		-179	-142
Divestment of tangible assets		1	16
Cash flow from investing activities		**-253**	**17**
Financing activities			
Dividend		-619	-1,113
New issue of shares		138	-128
Buy back of warrants		-12	-8
Debt repaid		-256	-176
Cash flow from financing activities		**-749**	**-1,169**
Net cash flow		-396	-181
Cash and cash equivalents at beginning of year		581	763
Effect of exchange rates on cash and cash equivalents		2	-2
Cash and cash equivalents at end of year		**186**	**581**

Cash flow for the comparative year pertains to total operations, meaning both continuing and discontinued operations.

Parent Company income statement

January 1–December 31, SEKm	Note	2018	2017
Other operating revenue	9	20	18
Administrative expenses		-32	-40
Operating income	10, 11, 12, 14	**-12**	**-22**
Profit from financial items	16		
Profit from participations in Group companies		700	600
Other interest income and similar profit/loss items		39	46
Interest expense and similar profit/loss items		-42	-43
Income after financial items		**685**	**581**
Appropriations	29	12	15
Income before taxes		**697**	**596**
Taxes	17	1	1
Net income		**697**	**597**

Parent Company statement of comprehensive income

January 1–December 31, SEKm	Note	2018	2017
Net income		**697**	**597**
Other comprehensive income			
Other comprehensive income		–	–
Total comprehensive income		**697**	**597**

Parent Company balance sheet

Per December 31, SEKm	Note	2018	2017
Assets			
Fixed assets			
Financial fixed assets			
Participations in subsidiaries	30	1,000	1,000
Receivables from Group companies	34	4,438	4,460
Deferred tax receivables		2	2
Other long-term receivables		8	6
Total financial fixed assets		**5,449**	**5,468**
Total fixed assets		**5,449**	**5,468**
Current assets			
Receivables from Group companies	34	13	17
Other current receivables		2	1
Cash and cash equivalents	23	0	0
Total current assets		**15**	**18**
Total assets		**5,464**	**5,486**
Equity and liabilities			
Equity	24		
Restricted equity			
Share capital		1	1
Non-restricted equity			
Share premium reserve		1,408	1,304
Profit brought forward		–	–
Net income		697	597
Total equity		**2,106**	**1,903**

Per December 31, SEKm	Note	2018	2017
Long-term liabilities			
Provisions for other pensions		11	7
Liabilities to credit institutions	25	2,133	2,261
Liabilities to Group companies	34	368	368
Total long-term liabilities		**2,512**	**2,636**
Short-term liabilities			
Liabilities to credit institutions	25	0	0
Liabilities to Group companies	34	834	927
Other short-term liabilities		1	3
Accrued expenses and deferred income	26	10	18
Provisions	27	0	0
Total short-term liabilities		**846**	**947**
Total equity and liabilities		**5,464**	**5,486**

Parent Company statement of changes in equity

SEKm	Share capital	Share premium reserve	Profit brought forward	Net income	Total equity
Opening balance, January 1, 2017	**1**	**1,299**	**0**	**998**	**2,298**
Comprehensive income					
Net income	–	–	–	597	597
Total comprehensive income	**0**	**0**	**0**	**597**	**597**
Appropriation of profits	–	–	998	-998	0
Dividend	–	-115	-998	–	-1,113
New issue of shares	0	110	–	–	110
Premiums paid in on the issue of stock options	–	18	–	–	18
Buy back of warrants	–	-8	–	–	-8
Closing balance, December 31, 2017	**1**	**1,304**	**0**	**597**	**1,903**
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, December 31, 2018	**1**	**1,408**	**0**	**697**	**2,106**

Parent Company cash flow statement

January 1–December 31, SEKm	Note	2018	2017
Operating activities	28		
Income before taxes		697	596
Adjustments for items not included in cash flow		-700	-600
Dividend received		600	1,000
Paid income taxes		0	0
Cash flow from operating activities prior to changes in working capital		**597**	**996**
Cash flow from changes in working capital			
Increase/decrease in receivables		-12	-6
Increase/decrease in liabilities		6	5
Cash flow from operating activities		**591**	**995**
Investing activities		–	–
Financing activities			
Dividend		-619	-1,113
New issue of shares		138	-128
Buy back of warrants		-12	-8
Debt repaid/borrowings		-250	-176
Debt repaid/borrowings to subsidiaries		152	175
Cash flow from financing activities		**-591**	**-995**
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, 2018 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 27, 2019. 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 26, 2019.

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 114 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 15 and IFRS 9 for the first time from January 1, 2018. Other revised IFRSs that became effective from January 1, 2018 have had no material impact on the Group's accounting.

The transition approaches that the Group has chosen to apply for the transition to IFRS 15 and 9 entail that the comparative information in the financial statements has not been restated to reflect the requirements of the new standards and the accumulated effect of the transition has been recognized in profit brought forward as of January 1, 2018.

The accounting policies applied in the comparative figures are based on IAS 18 Revenue and IAS 39 Financial Instruments: Recognition and Measurement. These are found in the Annual and Sustainability Report 2017 under note 1 Significant accounting policies on pages 68–69.

IFRS 9 Financial instruments
IFRS 9 Financial Instrument addresses the classification, measurement and accounting of financial assets and liabilities. The full version of IFRS 9 was published in July 2014. It replaces those parts of IAS 39 that address the classification and measurement of financial instruments. The standard applies for fiscal years starting January 1, 2018. The Group has applied the standard from January 1, 2018 and has not restated the comparative figures.

IFRS 9 retains a mixed measurement approach, which entails three measurement categories for financial assets: amortized cost; fair value through other comprehensive income (FVTOCI); and fair value through profit or loss (FVTPL). How a debt instrument is classified depends on the entity's business model and the nature of the cash flows attributable to the instrument. The classification and measurement rules have not impacted the company's financial position at the transition date, since the regulations do not entail any change in the measurement of the financial instruments included in the company's balance sheet at that date. This means that the other liabilities and loan receivables and accounts receivable categories under IAS 39 are classified as amortized cost under IFRS 9. Held for trading under IAS 39 is classified as fair value through profit or loss (obligatory) and Available-for-sale financial assets under IAS 39 are classified as fair value through other comprehensive income.

IFRS 9 has also introduced a new model for calculating credit loss allowances for expected credit losses. The Group has been impacted by the new impairment model with regard to the calculation of the credit loss allowance for accounts receivable which resulted in an estimated loss for all accounts receivable, including those that have yet to fall due. The company applies the simplified approach, namely, the allowance will correspond to the expected loss over the lifetime of the receivable.

On the transition, the allowance in the balance sheet increased around SEK 1m, which was recognized in equity.

IFRS 9, reduces hedge accounting requirements through the replacement of the 80–125% effectiveness rule with requirements for an economic relationship between hedging instruments and hedged items, and that the hedge ratio is the same as that used in the risk management. The Group's hedging relationships under IAS 39 qualify for hedge accounting under IFRS 9 and have not had any impact at the transition based on the active hedging relationships at this time.

As the criteria for applying hedge accounting has changed, the hedging documentation has also been updated.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 is the new revenue recognition standard that replaced the previous revenue recognition standard (IAS 18). The Group has chosen to apply the standard prospectively, which means the accumulated impact of the transition was recognized in retained earnings as of January 1, 2018 and the comparative figures will not be restated. The principles on which IFRS 15 is based aim to provide users of financial statements with more useful information about the company's revenue. The expanded disclosure requirement entails that information must be provided regarding the nature, timing and uncertainty linked to revenue recognition and to cash flows arising from the company's contracts with customers. Under IFRS 15, revenue is recognized when a customer obtains control over the sold goods or service, and is able to use and obtain the benefits from the goods or service. The total effect (after tax) on consolidated and Parent Company equity as of January 1, 2018 is summarized below:

On the transition, volume discounts had an effect through the deferment of revenue recognition, since the timing of revenue recognition under IFRS 15 is later. In conjunction with the transition, the provision for volume discounts to customers in the balance sheet increased around SEK 1m, which was recognized in equity.

IFRS 15 requires that contractual assets and liabilities are presented in the notes or separately in the balance sheet. Thule has chosen to present this information in the notes, see note 7 Revenue.

Standards, amendments and interpretations not yet applied
IFRS 16 is the new standard for lease reporting that will replace IAS 17. IFRS 16 applies for fiscal years starting January 1, 2019 and was adopted by the EU in October 2017. The Implementation of the standard will result in almost all leases being recognized in the balance sheet, since a difference is no longer made between operating and finance leases. Under the new standard, an asset (the right to use a leased asset) and a financial liability comprising the obligation to make lease payments must be recognized. Leases previously classified as operating leases under IAS 17 will be recognized at the present value of the remaining lease payments discounted by the marginal borrowing rate as of January 1, 2019. Accounting for the cost of these contracts, which were previously recognized under IAS 17 in a straight line over the lease period, will also change when the Group recognizes depreciation for right-of-use assets and interest expenses for lease liabilities. Short-term leases and leases for which the underlying asset is of low value are excluded. The Group's lease portfolio mainly comprises operating leases for offices, warehousing, some equipment and company cars. Thule Group will apply the modified retrospective approach, which entails that the comparative figures will not be restated. Right-of-use assets that apply to the leasing of buildings 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 entails that the Group's assets will increase SEK 137m relating to right-of-use assets, interest-bearing lease liabilities will increase SEK 171m and there will be an equity effect of about SEK 26m on the transition date.

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

Classification
Fixed assets essentially comprise amounts that are expected to be recovered or paid more than twelve months after the balance-sheet date, while current assets essentially comprise amounts expected to be recovered or paid within twelve months from the balance-sheet date. Long-term liabilities essentially comprise amounts that, at the end of the reporting period, the Group has an unconditional right to choose to pay more than twelve months after the end of the reporting period. If no such right should exist at the end of the reporting period, or if the liability is held for trading or is expected to be settled within the normal business cycle, the liability is recognized as a current liability.

Operating segment reporting
An operating segment is a 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

NOTE 1 cont.

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
Leases are classified as either finance or operating leases. Finance leases exist when the financial risks and benefits associated with ownership are essentially transferred to the lessee. If this is not the case, then this is a matter of an operating lease.

Operating leases
Costs under operating leases are recognized through profit or loss on a straight-line basis over the term of the lease. Discounts received when a lease is signed are recognized through profit or loss as a decrease in leasing fees on a straight line over the term of the lease. Variable fees are expensed in the period in which they were incurred.

Finance leases
The minimum lease payments are allocated between interest expense and amortization of the outstanding debt. Interest expense is distributed over the term of the lease so that each accounting period is charged with an amount corresponding to a fixed interest rate for that respective period of reported liability. Variable fees are expensed in the period in which they were incurred. Assets that are leased under finance lease agreements are recognized as fixed assets in the balance sheet and are initially measured at an amount equal to the lower of the leasing object's fair value and the present value of the minimum lease payments at the start of the agreement. The obligation to pay future leasing fees is recognized as either long-term or short-term liabilities. The leased assets are depreciated over the respective asset's useful life while the lease payments are recognized as interest and amortization of debt.

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 the intention is present to settle the items in a net amount or simultaneously realize the asset and settle the liability. The acquisition or disposal of financial assets is recognized when the transaction is completed (cash settlement approach), while 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'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 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 to identify as recognized at FVTOCI at initial recognition 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 changes 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 comprise 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 are no future financial benefits expected from the use or scrapping/divestment of the asset. Gains or losses arising on the divestment or scrapping of an asset comprise the difference between the sales price and the carrying amount of the asset, less direct selling expenses. Gains and losses are recognized as 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 on a straight-line basis over the estimated useful life of the intangible asset. 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. An impairment in 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 recouping the claim. 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 credit 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 2018 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.

Assets held for sale and discontinued operations

The significance of an asset (or a disposal group) being classified as held for sale is that its carrying amount will be recovered primarily through the sale and not through use.

Immediately before being classified as held for sale, the carrying amount of the assets (and all assets and liabilities in a disposal group) is determined in accordance with applicable standards. When first classified as held for sale, the assets and disposal groups are recognized at the lower of the carrying amount and fair value less selling expenses.

The following assets, individually or as part of a disposal group, are exempted from the above described valuation rules, namely deferred tax receivables, assets attributable to remuneration to employees and financial assets.

A gain is recognized for each increase in the fair value less selling expenses. This gain is limited to an amount corresponding to all previous impairment.

Losses resulting from a decline in value when first classified as held for sale are recognized through profit or loss. Even subsequent changes in value, both gains and losses, are recognized through profit or loss.

Discontinued operations are part of a company's operations that represent an independent business segment or a significant operation in a geographic area or is a subsidiary that has been acquired with the sole purpose of being sold. Classification as a discontinued operation takes place on divestment or at an earlier point in time when the operation meets the criteria for being classified as held for sale. Net income from discontinued operations is recognized separately in the income statement. When an operation is classified as discontinued, the format of the comparative year's income statement is changed so that it is presented as if the discontinued operations had been discontinued at the start of the comparative year. The format of the balance sheet for current and previous years is not changed in a similar way.

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 IFRS 9 to the legal entity.

NOTE 1 cont.

Amended accounting policies
Unless otherwise stated below, the Parent Company's accounting policies for 2018 changed in accordance with the amendments described above for the Group.

Differences between the Group's and the Parent Company's accounting policies
The differences between the accounting policies of the Group and the Parent Company are stated below. The accounting policies for the Parent Company stated below have been consistently applied in all periods presented in the financial statements of the Parent Company.

Classification and presentation format
The income statement and the balance sheet for the Parent Company are presented following the format of the Annual Accounts Act, while the statement of comprehensive income, statement of changes in equity and cash-flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences compared with the consolidated financial statements that apply in the Parent Company's income statement and balance sheets primarily comprise reporting of financial revenue and expenses, fixed assets, equity, as well as the presence of provisions as a separate heading in the balance sheet.

Subsidiaries
Participations in subsidiaries are recognized in the Parent Company according to the cost method. This means that transaction charges are included in the carrying amount for holdings in subsidiaries. In the consolidated financial statements, transaction costs are recognized directly through profit or loss when they arise, while in the Parent Company, financial fixed assets are measured at cost less any impairment.

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 19.

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 17.

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 2018	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	–	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**

Group 2017, SEKm	Financial assets at fair value through profit or loss	Available for sale financial assets	Derivatives used in hedge accounting	Loans and accounts receivable	Financial liabilities at fair value through profit or loss	Derivatives used in hedge accounting	Other liabilities	Total carrying amount	Fair value
	Held for trading				Held for trading				
Accounts receivable	–	–	–	580	–	–	–	580	580
Short-term receivables	–	–	–	6	–	–	–	6	6
Financial derivatives	1	–	12	–	–	–	–	12	12
Cash and cash equivalents	–	–	–	581	–	–	–	581	581
Total	**1**	**0**	**12**	**1,166**	**0**	**0**	**0**	**1,178**	**1,178**

Financial derivatives are included in other receivables in the balance sheet.

Long-term interest-bearing liabilities	–	–	–	–	–	–	2,270	2,270	2,270
Short-term interest-bearing liabilities	–	–	–	–	–	–	7	7	7
Accounts payable	–	–	–	–	–	–	519	519	519
Accrued expenses	–	–	–	–	–	–	0	0	0
Financial derivatives	–	–	–	–	6	28	–	35	35
Total	**0**	**0**	**0**	**0**	**6**	**28**	**2,797**	**2,831**	**2,831**

Short-term financial derivatives, SEK 21m, are included in short-term interest-bearing liabilities in the balance sheet.
Long-term financial derivatives, SEK 13m, are included in long-term interest-bearing liabilities in the balance sheet.

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

Group 2017, SEKm	Level 1	Level 2	Level 3	**Total**
Derivative assets	–	12	–	**12**
Derivative liabilities	–	-35	–	**-35**

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 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 financial 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 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 the finance policy annually. The Group's finance department centrally manages the responsibility for the Group's financial transactions and risks. The overall goal of the finance department is to provide cost efficient financing, to map out financial risks that affect the Group, and to minimize negative impacts on the Group's earnings that stem from market risks. The Board's Audit Committee prepares, on behalf of the Board, the practical application of the policy in consultation with the Group's CFO. The Group's Director of Treasury regularly reports to the Board's Audit Committee.

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

Refinancing and liquidity risks
Refinancing and liquidity risks are risks that payment commitment cannot be met due to insufficient liquidity or difficulties in obtaining credit from outside sources. The Group has a rolling 8-week liquidity plan that includes all divisions of the Group. Results are reported regularly on a weekly basis. The plan is updated monthly. The liquidity plan is used to manage liquidity risk and as a tool for following the cash flow from the operational and financial business. In-depth analyses are made against previous years in order to measure trends and noticeable deviations. The objective is for the Group to be able to manage its financial obligations in upturns and downturns without significant unforeseeable expenses and without risking the Group's reputation.

The Group policy is to minimize its borrowing need by centralizing surplus liquidity via the Group's cash pools that have been established by the central finance department. Liquidity risks are centrally managed for the entire Group by the central finance department. The central finance department manages a Group-wide, monthly netting process to minimize the number of payment transactions and thereby related expenses. In countries with several operational companies, the surpluses and deficits are matched at 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, both of which were met in 2018.

The Group's fixed-term credit commitments were SEK 3,128m (2,861), which includes a revolving credit facility corresponding to SEK 3,078m and overdraft facilities of SEK 50m.

Credit facilities	Notional value	Notional value, SEKm	Utilized	Available
Syndicated credit commitments, term until 2023	EUR 300m	3,078	2,158	920
Bilateral credit commitment, term until 2019	SEK 50m	50	0	50
Total		3,128	2,158	970
Available cash and cash equivalents				186
Total				**1,155**

Unutilized credit commitments totaled SEK 970m (586).

Including cash flows for future interest payments, the Group's financial liabilities amounted to SEK 2,846m (2,897) at year end with a term structure as set out in the following table.

Term structure of financial liabilities – undiscounted cash flows

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	–

2017, SEKm	Total	<1 month	1–3 months	3 months –1 year	2–5 years	>5 years
Long-term liabilities to credit institutions including interest payments	2,295	–	–	–	2,295	–
Derivatives	35	1	5	24	5	–
Short-term liabilities to credit institutions including interest payments	32	–	8	24	–	–
Overdraft facilities	0	–	–	–	–	–
Accounts payable	519	–	519	–	–	–
Finance lease liabilities	17	–	0	7	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.

When all the hedge accounting criteria have been met, the Group applies hedge accounting to eliminate the effect of accounting differences between hedge instruments and the hedged item. Derivatives are only held for hedging financial risk and not for speculative purposes. Where derivatives do not meet the hedge accounting criteria, they are measured at fair value in 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, accounts receivables 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 SEK 2,386m (1,973). 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, 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**	

Dec 31, 2017 Currency	Exposure	Hedged amounts – maturity 2018	Exposure after hedge	Average hedged rate
EUR/SEK	1,039	789	250	9.72
CNY/SEK	-185	-90	-95	1.23
PLN/SEK	-146	-53	-93	2.33
USD/EUR	-116	-54	-62	0.85
GBP/SEK	114	60	54	11.07
USD/CAD	-85	-33	-52	1.28
Other	288	33	255	–
Total	**1,973**	**1,111**	**862**	

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 2.1m (neg: 8.4) as per December 31, 2018. Of this amount of SEK 2.1m, an expense of SEK 0.3m (pos: 0.2) was charged to net income (cost of goods sold). 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 3,169m (2,675). The largest translation exposures were in USD and EUR. The translation exposure in USD was SEK 1,540m (1,205) and in EUR, SEK 1,141m (1,043).

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 2018 was negative SEK 119.2m (neg: 0.1). However, the Group applies hedge accounting and a negative SEK 118.0m (neg: 0.3) of the total of negative SEK 119.2m was transferred to the translation reserve for net investment hedging. Of the negative SEK 118.0m moved to the translation reserve, negative currency effects of SEK 146.7m pertain to hedge relationships where hedge accounting is no longer applied, in this case due to external loans in EUR, USD and GBP that were repaid in 2018.

Net investment – total effect for 2018

Currency	Net investment – hedged item	External loans	Currency effect of external loans, SEKm	Hedging instruments	Hedging instruments	Effective-ness equity in SEKm	Ineffective-ness in SEKm
EUR	173.7	(170.0)	(66.5)	(170.0)	100%	(66.5)	0.0
USD	143.0	(54.9)	(39.6)	(54.9)	100%	(39.6)	0.0
GBP	17.9	(19.7)	(13.0)	(17.9)	91%	(11.8)	(1.2)

The translation impact of the conversion of the liabilities and assets of foreign subsidiaries in 2018 was SEK 203m (neg: 85) after taking into account the effects of hedging.

Sensitivity analysis – exchange rate risk

Compared with the closing exchange rates applied at December 31, 2018, a 10 percent strengthening of SEK against other currencies would have negatively impacted equity by SEK 317m (neg: 268).

A 10 percent strengthening of the SEK against other currencies, compared with the average exchange rates in 2018 (not taking into consideration any correlation between currencies), would mean a negative change in EBITDA of SEK 116.3m (neg: 138.1) (transaction and translation effects). The following table shows the effect broken down by currency.

Sensitivity analysis for exchange rate risk on EBITDA 2018, SEKm

Currency	Transaction effect	Translation effect	Total effect
EUR	-100.7	-3.5	-104.2
GBP	-12.9	-5.9	-18.8
CAD	-0.2	-14.4	-14.6
Other	-23.6	1.2	-22.4
PLN	74.0	-55.6	18.4
CNY	16.8	8.5	25.3
Total	**-46.5**	**-69.8**	**-116.3**

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 interest duration 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 interest duration period to be, on average, between 6 months and 3 years. The average interest duration period was 1 year and 3 months (1 year and 3 months) as per December 31, 2018. ISDA agreements were signed with all lenders.

The fair value of the Group's currency derivatives outstanding (interest rate swaps and interest rate floors) was a negative SEK 5.4m (neg: 8.0) as per December 31, 2018. 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 53 percent (62) 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 -9.3/+0.0m (-12.2/+2.7) – 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 +16.4m (15.2)/SEK -5.7m (-3.2).

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 price risk. In 2018, 47 percent (48) 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 2018, the Group purchased raw materials and components for SEK 2,814m (2,427). Total purchases of raw materials amounted to SEK 1,331m (1,165). Direct purchases of raw materials amounted to SEK 838m (735) and indirect purchases of raw materials (share of value added of the total value of raw materials) amounted to SEK 493m (430). Direct purchases of aluminum amounted to SEK 220m (188) and indirect purchases of aluminum amounted to SEK 220m (188). Direct purchases of plastic amounted to SEK 367m (326) and indirect purchases of plastic amounted to SEK 245m (217). Direct purchases of steel amounted to SEK 250m (221) and indirect purchases of steel amounted to SEK 28m (25).

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 75 percent (77) of the Group's cost of goods sold.

Credit risk

The Group's financial operations create 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 attributed to surplus values in derivatives. 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.

Note 4 cont.

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**

Group 2017, SEKm	Financial assets	Financial liabilities
Amount recognized in balance sheet	12.2	34.5
Nordea	-7.3	-7.3
Danske Bank	-1.7	-1.7
DNB	-2.3	-2.3
Swedbank	-0.9	-0.9
Amount after netting	**0.0**	**22.4**

The credit risk in derivatives on the balance-sheet date was SEK 16.0m (12.2) and corresponds to the total positive market value of the derivatives. The credit risk in cash and bank balances was SEK 186m and corresponds to the Group's cash and cash equivalents.

Credit risk on accounts receivable
Refer to note 22 Accounts receivable.

Net debt
At December 31, 2018, net debt amounted to SEK 1,974m (1,719).

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 Discontinued operations

No operations were divested in 2018.

Effects of divestments in 2017
The company's strategic focus on brand-driven consumer products resulted in the Board's decision in 2016 to divest the remainder of the Specialty operating segment. Discontinued operations comprised the US toolboxes for pick-up trucks operations, including these operations' dedicated factory in Perry, Florida in the US. The operations were geographically limited to North America and mainly focused on building professionals. The operation was divested and deconsolidated in June 2017. The selling price comprised two components, an initial payment of USD 18m and a maximum earn-out payment of USD 3.5m, which did not occur. The capital gain amounted to SEK 70m, including transaction costs.

The capital gain in the following table also includes an earn-out payment that was recognized in conjunction with the divestment of the Snow Chain division in 2015. Since the criteria for disbursement were not met, the amount, EUR 5m, was recognized in discontinued operations.

Group, SEKm	2018	2017
Revenue	–	127
Expenses	–	-110
Income before taxes	**–**	**17**
Capital gain/loss from divestment of discontinued operations	–	21
Taxes	–	-21
Net income from discontinued operations	**–**	**17**
Earnings per share, discontinued operations (SEK)	–	0.17
Cash flow from discontinued operations		
Cash flow from operating activities	–	29
Cash flow from investing activities	–	0
Net cash flow from discontinued operations before financing activities	–	29

Note 6 Business combinations

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 transporting 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- and 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 around 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 payables	-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.
Acquisition-related expenses amounted to SEK 2m and refer to fees for legal services.

Note 7 Revenue

The effect of the transition to IFRS 15 on Group revenue from contracts with customers is described in note 1 Significant accounting policies. The transition approaches that the Group has chosen to apply for the transition to IFRS 15 entail that the comparative information has not been restated to reflect the requirements of the new standard. 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, rooftop boxes, bike racks and racks for water and winter sports transported by car; Packs, Bags & Luggage – computer and camera bags, hiking backpacks and luggage; Active with Kids – bike trailers, strollers and child bike seats; and RV Products – awnings, bike racks and tents for RVs and caravans. For further information, refer to note 8 Segment accounting.

Other revenue pertains to development work conducted for external customers.

Sales are divided into four product categories:

Group, SEKm	2018	2017
Revenue from Contracts with Customers		
Product categories		
Sport&Cargo Carriers	4,130	3,810
Packs, Bags & Luggage	760	798
RV Products	926	767
Active with Kids	633	497
Other	35	0
Total	**6,484**	**5,872**
Geographic markets:		
Sweden	333	220
Other Nordic countries	259	211
Germany	1,465	1,263
Other Europe	2,287	2,003
US	1,455	1,509
Other North America	260	232
Central/South America	137	148
Asia/Pacific Rim	246	243
Remaining countries	43	43
Total	**6,484**	**5,872**

All revenue recognition takes place at a point in time.

Information about receivables, contract assets and liabilities from contracts with customers are set out below:

Contract balances:	
Receivables included in accounts receivable	655
Contract assets	26
Contract liabilities	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 discounts that have yet to be settled. Of the amount of SEK 120m recognized at the start of the period, SEK 107m has been settled during the year. Contract liabilities are included in the balance sheet item Accrued expenses and deferred income.

Note 8 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. The remaining part of the Specialty operating segment, toolboxes for pick-up trucks, was divested in 2017 and is reported as a discontinued operation. Refer to note 5 Discontinued operations. As a result of the divestment of the Specialty operating segment, the Group comprises one segment. Although Thule Group has shared global processes for product development, purchasing, manufacturing, logistics and marketing, its sales are managed in two regions, Region Europe & ROW and Region Americas. Internal monthly follow-up focuses on the Group as a whole, in addition to the geographic sales data, which is presented at other levels than Group.

Group, SEKm	2018	2017
Sales to customers	**6,484**	**5,872**
– Region Europe & ROW	4,632	3,983
– Region Americas	1,852	1,889
Underlying EBITDA	**1,238**	**1,136**
Operating depreciation/amortization	-74	-67
Underlying EBIT	**1,164**	**1,069**
Other depreciation/amortization	-1	-1
Items affecting comparability	0	0
Operating income	**1,163**	**1,067**
Financial revenue	16	11
Financial expenses	-64	-63
Taxes	-277	-325
Net income from discontinued operations	0	17
Net income	**837**	**707**

Sales are divided into four product categories: Sport&Cargo Carriers – this category includes roof racks, rooftop boxes, bike racks and racks for water and winter sports transported by car; Packs, Bags & Luggage – computer and camera bags, hiking backpacks and luggage; Active with Kids – bike trailers, strollers and child bike seats; and RV Products – awnings, bike racks and tents for RVs and caravans. For additional information, refer to note 7 Revenue.

Geographic markets

Group, SEKm	2018	2017
Sales to customers		
Sweden	333	220
Other Nordic countries	259	211
Germany	1,465	1,263
Other Europe	2,287	2,003
US	1,455	1,509
Other North America	260	232
Central/South America	137	148
Asia/Pacific Rim	246	243
Remaining countries	43	43
Total	**6,484**	**5,872**

The information presented regarding 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	2018	2017
Sweden	198	162
Other Nordic countries	–	–
Germany	73	55
Other Europe	326	277
US	173	143
Other North America	4	4
Central/South America	2	2
Asia	2	2
Total	**778**	**645**

Note 9 Other operating revenue

	Group		Parent Company	
SEKm	2018	2017	2018	2017
Re-invoicing of expenses	–	–	20	18
Recovered receivables	–	4	–	–
Total	**0**	**4**	**20**	**18**

Note 10 Audit fees

	Group		Parent Company	
PwC AB, SEKm	2018	2017	2018	2017
Audit PwC	3.4	3.1	0.6	0.5
Audit in addition to audit assignment PwC	0.0	0.1	0.0	0.0
Tax consultancy PwC	0.0	0.0	0.0	0.0
Other services PwC	0.1	0.1	0.0	0.1
Total	**3.6**	**3.2**	**0.6**	**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 11 Remuneration of employees

	Group		Parent Company	
SEKm	2018	2017	2018	2017
Salaries and other remuneration	775	710	20	26
Social security	203	178	7	9
Pension expenses – defined-contribution plans	33	30	4	4
Pension expenses – defined-benefit plans	12	8	–	–
Total	**1,023**	**928**	**31**	**39**

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

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					
Stefan Jacobsson (previously Chairman)	221	–	–	–	221
Hans Eckerström	426	–	–	–	426
Liv Forhaug	378	–	–	–	378
Eva Elmstedt	351	–	–	–	351
Heléne Mellquist	411	–	–	–	411
Mattias Ankarberg	270	–	–	–	270
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.

Pension obligations for the President amounted to SEK 13,383t (11,314) at December 31. Pension obligations for other executive management amounted to SEK 3,206t (2,834).

Note 11 cont.

Remuneration and benefits 2017, SEKt	Basic salary incl. change in vacation pay liability, fees	Variable remuneration	Pension expenses	Other remuneration	Total
Chairman of the Board					
Stefan Jacobsson	883	–	–	–	883
Board members					
Bengt Baron	469	–	–	–	469
Hans Eckerström	394	–	–	–	394
Liv Forhaug	325	–	–	–	325
Lilian Fossum Biner	119	–	–	–	119
David Samuelson	94	–	–	–	94
Eva Elmstedt	244	–	–	–	244
Heléne Mellquist	370	–	–	–	370
President					
Magnus Welander	7,120	5,040	2,132	901	15,194
Other executive management (4 individuals)	9,638	3,610	2,077	1,991	17,317
Total	**19,655**	**8,650**	**4,209**	**2,892**	**35,406**

Bengt Baron has, as Chairman of the Audit Committee, received remuneration of SEK 175t, 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 925,000 to the Chairman of the Board and SEK 360,000 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 60,000 is to be paid to each of the other members. The Chairman of the Remuneration Committee is to receive remuneration of SEK 75,000 for Committee work, while SEK 35,000 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 25, 2018.

Remuneration of Group management is to comprise fixed salary, any variable salary, pension and other benefits. 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 6 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 Annual General Meeting.

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 6,924t 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 2018, the pension benefit amounted to 32 percent of basic salary for 2018. 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 and 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 6 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 Annual General Meeting 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 13 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, at the time of subscription, the share price most recently paid for a share in the company at the closing of the stock exchange on the business day immediately preceding the subscription 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 2018 and now amounts to SEK 181.80. 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 and deferred income. 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 2018	Opening balance, warrants outstanding	Warrants acquired during the year 2017/2020	Warrants exercised during the year	Warrants that matured during the year	Closing balance, warrants outstanding
Group management					
President					
Magnus Welander	739,583	–	364,583	–	375,000
Other executive management					
Fred Clark	395,833	–	208,333	–	187,500
Lennart Mauritzson	395,833	–	208,333	–	187,500
Fredrik Erlandsson	229,166	–	104,166	–	125,000
Kajsa von Geijer	229,166	–	104,166	–	125,000
Other participants					
Other participants[1]	1,013,953	–	313,308	–	700,645
Unsold warrants	250,000	–		–	250,000
Total	**3,253,534**	**0**	**1,302,889**	**0**	**1,950,645**

1) Includes the former Chairman Stefan Jacobsson for the 2014/2018 series

The 2014/2018 share-based incentive program was concluded during the year, whereupon the number of shares in the company increased by 1,135,696. At December 31, 2018, 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	SEK 10.50

Conditions of valuation 2017/2020:

Share price	SEK 182.4 (based on 118 percent of the volume-weighted average price according to Nasdaq Stockholm's official price list for shares in the company during the period April 27, 2017 through May 4, 2017).
Volatility	25 percent (based on statistical data for comparable, listed companies)
Risk-free interest	-0.46 percent (based on Swedish government bonds with matching maturities to the warrants).

Assumed dividends:

2018	SEK 4.00
2019	SEK 4.20
2020	SEK 4.60

Note 12 Lease agreements

Operating leases

Lease expenses

Future payment commitments in the Group on December 31, 2018 for non-terminable operating leases are specified as follows:

	Group		Parent Company	
Fees fall due, SEKm	2018	2017	2018	2017
Less than 1 year	49	39	–	–
Between 2–5 years	133	108	–	–
More than 5 years	33	31	–	–
Total	**216**	**178**	**0**	**0**

These future payment commitments consist primarily of lease agreements pertaining to buildings. Expensed leasing fees for the year amounted to SEK 53m (41).

Note 12 cont.

Finance leases

Lease expenses

Future payment commitments in the Group on December 31, 2018 for non-terminable finance lease agreements are specified as follows:

	Group		Parent Company	
Fees fall due, SEKm	2018	2017	2018	2017
Nominal values				
Less than 1 year	9	7	1	1
Between 2–5 years	9	9	0	1
More than 5 years	–	–	–	–
Total	**19**	**17**	**1**	**2**
Present values				
Less than 1 year	8	7	1	1
Between 2–5 years	9	8	0	1
More than 5 years	–	–	–	–
Total	**17**	**14**	**1**	**1**

Future payment commitments include finance lease agreements for real estates in Belgium as well as finance lease agreements for company cars in Sweden. The lease agreement in Belgium expires on December 19, 2019. There is a possibility of purchasing the property at the end of the contract period. The lease agreement in Sweden for company cars is to the most part for three years per vehicle.

Note 13 Average number of employees and gender distribution in company management

Parent Company	2018	Of whom, men	2017	Of whom, men
Sweden	4	3	4	3

Subsidiaries	2018	Of whom, men	2017	Of whom, men
Sweden	415	280	369	246
Europe	1,322	739	1,127	582
North America	517	325	525	330
South America	36	28	32	27
Asia	62	31	62	33
Total subsidiaries	**2,352**	**1,403**	**2,115**	**1,218**
Total	**2,356**	**1,406**	**2,119**	**1,221**

Gender distribution in the Group for Board members and other executive management

	Group		Parent Company	
Board members, %	2018	2017	2018	2017
Women	14	15	50	57
Men	86	85	50	43

	Group		Parent Company	
President and other executive management, %	2018	2017	2018	2017
Women	20	20	25	25
Men	80	80	75	75

Note 14 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 2018 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 142 percent (154). 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.

Note 14 cont.

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, %	2018	2017
Discount rate	2.35	2.70
Expected rate of salary increase, above inflation	1.75	1.75
Rate of inflation	1.75	1.70

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 years (20), and the average remaining life expectancy for a 65-year-old woman today is 23 years (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	2018	2017
Gains (-) and losses (+) due to changes in assumptions	13	11
Experienced-based gains (-) and losses (+)	0	3
Recognized in other comprehensive income	**13**	**14**

		Group
Carrying amount of defined-benefit pension plans, SEKm	2018	2017
Present value of unfunded obligations	169	148
Provision for pensions	**169**	**148**

		Group
Changes in present value of obligation for defined-benefit plans, SEKm	2018	2017
Obligation per January 1	148	131
Service cost during current period	8	5
Interest expense	4	4
Pension payments	-6	-5
Actuarial gains (-) and losses (+)	13	14
Obligation per December 31	**169**	**148**

In 2019, the costs are expected to amount to SEK 13m.

At the end of 2018, the average duration of the Swedish pension obligation was approximately 23 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	-15
0.5 percent decrease in discount rate	20

		Group
Expenses for defined-benefit plans, SEKm	2018	2017
Service cost during current period	8	5
Interest expense	4	4
Recognized in income statement	**12**	**8**

		Group
Pension expense recognized in the following lines in income statement, SEKm	2018	2017
Selling expenses	8	5
Financial expenses	4	4
Total	**12**	**8**

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	2018	2017	2018	2017
Expenses for defined-contribution plans	33	30	4	4
Total	**33**	**30**	**4**	**4**

Note 15 Expenses divided by type of cost

SEKm	Group 2018	Group 2017
Changes in inventory of finished products and work in progress	74	1
Raw materials and manufacturing supplies	-2,947	-2,778
Expenses for remuneration of employees	-1,133	-1,007
Depreciation/amortization	-76	-68
Other expenses	-1,239	-955
Total expenses for goods sold, sales and administration	**-5,321**	**-4,808**

Note 16 Net financial items

	Group		Parent Company	
SEKm	2018	2017	2018	2017
Profit from participations in Group companies	–	–	700	600
Interest income	16	11	39	46
Net exchange rate fluctuations	0	0	0	–
Financial revenue	**16**	**11**	**739**	**646**
Interest expenses	-49	-50	-28	-32
Other financial expenses	-7	-3	-14	-11
Interest expenses on defined-benefit pension obligations	-4	-4	–	–
Net exchange rate fluctuations	-5	-6	0	–
Financial expenses	**-64**	**-63**	**-42**	**-43**
Net financial items	**-48**	**-52**	**697**	**603**

Of interest expenses SEK 23m (31) pertained to the category of financial liabilities recognized at amortized cost and SEK 5m (6) 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 17 Taxes

	Group		Parent Company	
Recognized in income statement, SEKm	2018	2017	2018	2017
Current tax expense/tax revenue				
Tax expense for the year	-234	-176	0	0
Deferred tax expense/tax revenue				
Deferred tax pertaining to temporary differences	-43	-171	1	1
Total recognized tax expense (-)/tax revenue (+)	**-277**	**-347**	**1**	**1**

SEK 0m (neg: 21) of the recognized tax expense above is attributable to discontinued operations.

				Group
Effective tax rate reconciliation, SEKm	2018 (%)	2018	2017 (%)	2017
Income before taxes from continuing operations		1,114		1,015
Income before taxes from discontinued operations		0		38
Tax according to current tax rates for Parent Company	22.0	245	22.0	232
Impact of other tax rates on foreign subsidiaries	1.2	14	2.1	22
Non-deductible expenses	0.9	10	1.9	20
Non-taxable income	-0.3	-4	-0.6	-6
Increase in loss carryforwards without corresponding capitalization of deferred tax	0.5	5	0.6	6
Tax attributable to previous years	0.9	10	-3.7	-39
Effect of amended tax rates/regulations	0.0	0	10.7	113
Other	-0.3	-4	-0.1	-1
Recognized effective tax	**24.9**	**277**	**32.9**	**347**

The effective tax rate for 2018 amounted to 24.9 percent. For 2017, the effective tax rate for continuing operations amounted to 32.0 percent. Adjusted for the impairment of deferred tax receivables in the US due to the tax reform applicable from January 1, 2018, and for the dissolution of the provision for the German tax audit, the effective tax rate was 24.4 percent for 2017.

Note 17 cont.

Effective tax rate reconciliation, SEKm	2018 (%)	2018	2017 (%)	2017
			Parent Company	
Income before taxes		697		596
Tax according to current tax rates for Parent Company	22.0	153	22.0	131
Non-taxable income	-22.0	-154	-22.0	-132
Recognized effective tax	**0.0**	**-1**	**0.0**	**-1**

Recognized in statement of other comprehensive income

	2018			2017		
Group, SEKm	Before tax	Taxes	After tax	Before tax	Taxes	After tax
Foreign currency translation	318	-23	295	-111	26	-85
Hedge reserve	13	-3	10	-1	0	-1
Net investment hedge	-118	26	-92	0	0	0
Fair value of available-for-sale financial assets	–	–	–	24	–	24
Actuarial gains and losses	-13	4	-10	-14	4	-10
Other comprehensive income	**200**	**4**	**203**	**-103**	**30**	**-72**

Recognized in balance sheet
Deferred tax receivables and liabilities pertain to the following:

	Deferred tax receivables		Deferred tax liabilities		Net	
Group, SEKm	2018	2017	2018	2017	2018	2017
Tangible assets	13	19	-23	-31	-10	-11
Intangible assets	22	28	0	0	22	28
Inventories	14	18	0	0	14	18
Receivables	1	2	0	0	1	2
Liabilities	55	48	0	0	55	48
Other	5	9	0	0	5	9
Loss carryforwards	230	201			230	201
Tax allocation reserves			-197	-155	-197	-155
Tax receivables/liabilities	**341**	**324**	**-221**	**-185**	**120**	**139**

Changes in deferred tax, net, recognized as follows, SEKm	2018	2017
Deferred tax, net, on January 1	139	338
Recognized through profit or loss:	-43	-171
of which, temporary differences	-55	-48
of which, loss carryforwards	12	-123
Recognized in statement of comprehensive income	4	1
Business combinations	0	–
Currency effect	20	-29
On December 31	**120**	**139**

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	2018	2017
Tax deficit	738	682
	738	**682**

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 2022 or are unlimited in time.

Note 18 Earnings per share

2018	Continuing operations	Discontinued operations	Total
Earnings per share before dilution			
Net income attributable to Parent Company shareholders, SEKm	837	–	837
Average number of shares outstanding, thousands	103,009	–	103,009
Earnings per share before dilution, SEK	**8.13**	**–**	**8.13**
Earnings per share after dilution			
Net income attributable to Parent Company shareholders, SEKm	837	–	837
Average number of shares outstanding, thousands	103,119	–	103,119
Earnings per share after dilution, SEK	**8.12**	**–**	**8.12**

2017	Continuing operations	Discontinued operations	Total
Earnings per share before dilution			
Net income attributable to Parent Company shareholders, SEKm	690	17	707
Average number of shares outstanding, thousands	101,945	101,945	101,945
Earnings per share before dilution, SEK	**6.77**	**0.17**	**6.93**
Earnings per share after dilution			
Net income attributable to Parent Company shareholders, SEKm	690	17	707
Average number of shares outstanding, thousands	102,564	102,564	102,564
Earnings per share after dilution, SEK	**6.72**	**0.17**	**6.89**

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	2018	2017
Total number of shares issued on January 1	102,073	101,036
Impact of issues	936	909
	103,009	**101,945**

Earnings per share after 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	2018	2017
Weighted average number of shares	103,009	101,945
Impact of warrants	110	619
	103,119	**102,564**

Note 19 Intangible assets

Group, SEKm	Goodwill	Intangible assets	Total
Accumulated cost			
Opening balance, January 1, 2017	**4,208**	**243**	**4,451**
Other investments	–	2	2
Other changes/reclassifications	–	18	18
Exchange rate differences for the year	-63	-3	-66
Closing balance, December 31, 2017	**4,145**	**260**	**4,405**
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**
Accumulated amortization and impairment			
Opening balance, January 1, 2017	**0**	**-210**	**-210**
Amortization for the year	–	-6	-6
Other changes/reclassifications	–	-15	-15
Exchange rate differences for the year	–	3	3
Closing balance, December 31, 2017	**0**	**-228**	**-228**
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**

Note 19 cont.

Carrying amounts	Goodwill	Intangible assets	Total
At January 1, 2017	4,208	32	4,240
At December 31, 2017	**4,145**	**32**	**4,177**
At January 1, 2018	4,145	32	4,177
At December 31, 2018	**4,448**	**27**	**4,476**

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

SEKm	2018	2017
Cost of goods sold	1	1
Selling expenses	1	1
Administrative expenses	3	3
Total continuing operations	**6**	**6**

The Group does not have any internally generated intangible assets. The total research and development expenses for the year amounted to SEK 382m (330).

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 2018
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 7.6 percent (7.5) after tax and 9.2 percent (9.1) before tax, is used in the present value calculation of the value-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'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 20 Tangible assets

Group, SEKm	Buildings and land improvements	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress	Total
Accumulated cost					
Opening balance, January 1, 2017	**531**	**512**	**197**	**42**	**1,282**
Other investments	4	5	12	128	149
Divestments and scrapping	-30	-37	-22	–	-89
From in progress	74	51	10	-135	0
Other changes/reclassifications	2	0	2	–	4
Exchange rate differences for the year	1	-5	-6	–	-10
Closing balance, December 31, 2017	**582**	**526**	**193**	**35**	**1,336**
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**

Note 20 cont.

Group, SEKm	Buildings and land improve-ments	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress	Total
Accumulated depreciation and impairment					
Opening balance, January 1, 2017	**-207**	**-351**	**-145**	**0**	**-703**
Divestments and scrapping	15	37	20	–	72
Other changes/ reclassifications	0	0	-7	–	-7
Depreciation for the year	-17	-29	-17	–	-63
Exchange rate differences for the year	1	4	5	–	10
Closing balance, December 31, 2017	**-208**	**-339**	**-144**	**0**	**-691**
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**
Carrying amounts					
At January 1, 2017	324	161	51	42	579
At December 31, 2017	**374**	**188**	**49**	**34**	**645**
At January 1, 2018	374	188	49	34	645
At December 31, 2018	**415**	**266**	**79**	**19**	**778**

Of the carrying amount on the balance-sheet date, SEK 3m (4) pertains to finance lease agreements for buildings and SEK 16m (12) for finance lease agreements for company cars.

Note 21 Inventories

Group, SEKm	Dec 31, 2018	Dec 31, 2017
Raw materials and consumables	264	201
Products in progress	96	73
Finished goods and goods for resale	718	545
Total	**1,078**	**819**

Change in recognized inventory obsolescence	2018	2017
On January 1	76	86
Provision for obsolescence	21	22
Impairment of inventories	-18	-13
Reversal of previous years' reserves	-14	-14
Currency effect	4	-4
On December 31	**70**	**76**

Note 22 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 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, 2018 follows in the table below.

Age analysis of provision for doubtful receivables

Group, SEKm	Dec 31, 2018
Not due	0
Due between 1–30 days	-2
Due between 31–60 days	-1
Due more than 60 days	-9
Total	**-12**

Note 22 cont.

Group, SEKm	Dec 31, 2018	Dec 31, 2017
Accounts receivable, gross	667	594
Less provision for doubtful receivables	-12	-14
Accounts receivable, net	**655**	**580**

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

Group, SEKm	Dec 31, 2018	Dec 31, 2017
Not due	565	527
Due between 1–30 days	58	40
Due between 31–60 days	14	8
Due more than 60 days	29	19
Less provision for doubtful receivables	-12	-14
Total	**655**	**580**

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

Group, SEKm	2018	2017
On January 1	-14	-11
Adjustment for IFRS 9	-1	–
Provision for doubtful receivables	-4	-10
Receivables written off during the year as uncollectible	3	3
Reversal of previous years' reserves	3	3
Currency effect	1	0
On December 31	**-12**	**-14**

Note 23 Cash and cash equivalents

	Group		Parent Company	
SEKm	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Cash and bank balances	186	581	–	–
Short-term investments with a term of less than three months from acquisition date	–	–	–	–
Cash and cash equivalents	**186**	**581**	**0**	**0**

Note 24 Specific disclosures regarding equity

	Common shares	
In thousands	2018	2017
Issued January 1	102,073	101,036
New issue of shares	1,136	1,036
Issued December 31 – paid	**103,209**	**102,073**

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, 2018 was 103,208,606. The company has only one class of share. In connection with listing of Thule Group AB's shares on Nasdaq Stockholm in November 2014, all preference shares were converted into common shares. 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.

Dividend

The Board proposes a dividend of SEK 7.00 per share, totaling SEK 722m, divided between two installment dates, SEK 3.50 in May and SEK 3.50 in October 2019. The dividend will be proposed for adoption at the Annual General Meeting held on April 26.

Capital management

Under the Board's policy, the Group's financial target is to maintain a financial position that is conducive to maintaining investor, creditor and market confidence and to constitute a stable foundation for continued development of business operations.

The Board seeks to maintain a balance between the higher returns, that may be possible with higher levels of borrowings, and the advantages and security offered by a sound capital structure. The key figure that the company's management and external stakeholders mainly assess with respect to capital structure is the net debt to EBITDA ratio. Thule Group aims to maintain an effective long-term capital structure, defined as the net debt to EBITDA ratio (adjusted for items affecting comparability), of 1.5–2.5x. This key measure is monitored on a regular basis via the internal reporting to management and the Board. Net debt in relation to EBITDA totaled 1.6 (1.5) at December 31, 2018.

Note 24 cont.

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 619m was paid in dividends.

Note 25 Liabilities to credit institutions

Long-term interest-bearing liabilities	Group		Parent Company	
SEKm	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Long-term liabilities to credit institutions	2,133	2,261	2,133	2,261
Leases	9	9	–	–
Derivative liabilities – long-term	5	13	–	–
Total	**2,147**	**2,283**	**2,133**	**2,261**

Short-term interest-bearing liabilities				
SEKm				
Short-term liabilities to credit institutions	–	–	–	–
Overdraft facilities	–	–	–	–
Leases	9	7	–	–
Derivative liabilities – short-term	19	21	–	–
Total	**28**	**29**	**0**	**0**

Term structure of liabilities to credit institutions	Group		Parent Company	
SEKm	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Overdraft facilities	–	–	–	–
1 year	28	29	–	–
2–3 years	13	2,283	–	2,261
4–5 years	2,134	–	2,133	–
More than 5 years	–	–	–	–
Total	**2,175**	**2,311**	**2,133**	**2,261**

Note 26 Accrued expenses and deferred income

	Group		Parent Company	
SEKm	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Employee-related expenses	182	177	9	17
Bonuses to customers	134	115	–	–
Other items	89	90	1	1
Total	**406**	**382**	**10**	**18**

Contract liabilities of SEK 144m are included under this item.

Note 27 Provisions

SEKm	Group Dec 31, 2018	Group Dec 31, 2017	Parent Company Dec 31, 2018	Parent Company Dec 31, 2017
Restructuring expenses	1	1	–	–
Guarantee commitments	15	15	–	–
Other provisions	9	9	–	–
Total	**25**	**25**	**0**	**0**

	Restructuring expenses	Other provisions	Guarantee commitments
Carrying amount at beginning of year	1	9	15
New provisions	0	0	0
Amounts utilized during the period	0	0	0
Reversed provisions	0	0	0
Currency effect	0	0	0
Carrying amount at end of period	**1**	**9**	**15**

Note 28 Cash flow statement

SEKm	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Interest paid	-42	-46	-3	3
Adjustments for items not included in cash flow				
Anticipated dividends from subsidiaries	–	–	-700	-600
Depreciation/amortization and impairment of assets	85	71	–	–
Capital gain/loss from divestment of operations/shares/equipment	5	-19	–	–
Unrealized and other financial items	27	22	–	–
Total	**118**	**74**	**-700**	**-600**

Acquisition of subsidiaries and other business units

SEKm	2018	2017
Acquisition of subsidiaries and other business units		
Acquired assets and liabilities		
Intangible assets	89	–
Tangible assets	1	–
Inventories	8	–
Short-term receivables	3	–
Cash and cash equivalents	3	–
Total assets	**104**	**–**
Short-term liabilities	-10	–
Total liabilities	**-10**	**–**
Purchase consideration	94	–
of which, liability	-16	–
Less: Cash and cash equivalents	-3	–
Impact on cash and cash equivalents	**75**	**–**

Divestment of subsidiaries and other business units

SEKm	2018	2017
Divested assets and liabilities		
Intangible assets	–	16
Tangible assets	–	21
Inventories	–	21
Short-term receivables	–	46
Total assets	**–**	**104**
Short-term liabilities	–	-29
Total liabilities	**–**	**-29**
Purchase consideration received/impact on cash and cash equivalents	**–**	**145**

Note 28 cont.

Reconciliation of liabilities attributable to financing activity

SEKm	Opening balance, January 1, 2018	Cash flows	Acquisi-tions	Concluded agreements entered into, net	Financing costs	Exchange rate differences	Closing balance, December 31, 2018
Liabilities to credit institutions	2,261	-255	6	–	7	114	2,133
Leases	16	-1	–	3	–	0	18
Derivative liabilities	35	–	–	–	–	-11	24
Total according to balance sheet	**2,311**	**-256**	**6**	**3**	**7**	**103**	**2,175**

Cash and cash equivalents		Group		Parent Company
SEKm	2018	2017	2018	2017
The following sub-components are included in cash and cash equivalents				
Cash and bank balances	186	581	–	–
Short-term investments, equal to cash and cash equivalents	–	–	–	–
Total according to balance sheet	**186**	**581**	**0**	**0**

Note 29 Appropriations

Parent Company, SEKm	2018	2017
Group contribution received	12	15
Total	**12**	**15**

Note 30 Participations in subsidiaries

Parent Company, SEKm	Dec 31, 2018	Dec 31, 2017
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 Finans AB	556043-6858	Malmö	100
Thule Sp.zo.o.		Huta	100
Thule Japan KK		Tokyo	100
Thule S.r.o		Prague	100
Thule Sweden AB	556076-3970	Gnosjö	100
Thule Brasil Comercial e importadora Ltda.		São Paulo	100
Thule Trading (Beijing) Co. Ltd.		Beijing	100
Thule IP AB	556578-1282	Malmö	100
Thule Merchandizing AB	556849-4016	Malmö	100
Thule Brasil Distribuidora Ltda.		São Paulo	100
Thule Sport Rack Beheer B.V.		Staphorst	100
Thule Canada Holding LLC		Wilmington, Delaware	100
Thule Canada Inc.		Granby	100
Thule Holding ApS		Copenhagen	100
Brink Nordisk Holdings ApS		Copenhagen	100
Thule Inc.		Seymour	100
Thule Holding Ltd.		Haverhill	100
Thule Outdoor Ltd.		Haverhill	100
Thule Deutschland Holding AB	556662-7419	Malmö	100
Thule GmbH		Neumarkt	100
Tepui Outdoors Inc.		Santa Cruz, California	100
GMG Holding B.V.		Zwanenburg	100

Note 31 Pledged assets

Group, SEKm	Dec 31, 2018	Dec 31,2017
Other assets	0	22
Total pledged assets	**0**	**22**

Note 32 Contingent liabilities

Group, SEKm	Dec 31, 2018	Dec 31, 2017
Bank guarantees	3	1
Pension liability, PRI	2	2
Other contingent liabilities	18	16
Total contingent liabilities	**22**	**19**

Other contingent liabilities primarily refer to guarantees in the form of documentary credit for local occupational injury insurance in the US.

Note 33 Events after the balance-sheet date

No significant events that could impact operations occurred after the end of the reporting period.

Note 34 Related-party transactions

All of the Group companies presented in note 30 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, 2018	Dec 31, 2017
Interest-bearing long-term receivables	4,438	4,460
Interest-bearing short-term receivables	13	17
Interest-bearing long-term liabilities	-368	-368
Interest-bearing short-term liabilities	-834	-927
Total	**3,249**	**3,181**

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 14.

Assurance

The income statements and balance sheets will be presented to the Annual General Meeting on April 26, 2019 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 27, 2019

Bengt Baron
Chairman of the Board

Mattias Ankarberg
Board member

Hans Eckerström
Board member

Eva Elmstedt
Board member

Liv Forhaug
Board member

Heléne Mellquist
Board member

Magnus Welander
President and CEO

Our audit report was submitted on March 27, 2019
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 2018 with the exception of the Corporate Governance Report on pages 60–65. The company's annual accounts and consolidated financial statements are included on pages 53–106 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 2018 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 2018 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 60–65. 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.

Impairment testing of goodwill

Key audit matter	How our audit addressed the Key audit matter
As of 31 December 2018, the Group reported goodwill amounting to SEK 4,448m, which is specified in note 19 where the allocation of goodwill and other intangible assets is presented. This 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 19, 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. The Group has not identified any impairment requirements for 2018.	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 correctness of the disclosures included in the annual financial statements. Based on our audit, we have not noted any significant deviations from the Group's conclusions as regards to the assessment of an impairment requirement.

Valuation of deferred tax assets

Key audit matter	How our audit addressed the Key audit matter
As of 31 December 2018, the Group reported deferred tax assets of SEK 341m, of which SEK 230m refers to tax losses carried forward expected to be utilized against future income. The remaining part refers to temporary differences. In note 17, 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. Based on the executed audit, we have not noted any significant deviations from the Group's regarding the valuation of the deferred tax assets.

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 1–52 and 107–114. 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 2018 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 skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 60–65 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 25 April 2018 and has been the company's auditor since 26 April 2017.

Malmö, 27 March 2019
PricewaterhouseCoopers AB

Eric Salander Authorised Public Accountant Auditor in Charge	Magnus Jönsson Authorised Public Accountant

GRI Index

General disclosures						
GRI Standards	Disclosure	Title	Page	UN Global Compact Principle	UN Sustainable Development Goal	Comments and omissions
GRI 102-1 to 102-13: Organizational profile	102-1	Name of organization	4			
	102-2	Important activities, brands, products, and services	4-5			
	102-3	Location of headquarters	41			
	102-4	Locations of operations	41			
	102-5	Ownership and legal form	60-63			
	102-6	Markets served	85-86			
	102-7	Scale of the organization	3-5, 16-17, 41, 46, 66-71, 85-86, 90			
	102-8	Information on employees	44-46, 90	6	5	FTEs are not broken down by gender. Thule Group has only used the metric, headcount in relation to work time. However, the actual headcount is broken down by gender.
	102-9	Supply chain	42-43			
	102-10	Significant changes to the organization and its supply chain	3, 84-85			
	102-11	Precautionary Principle or approach	30-36	1-10		
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GRI 102-45 to 102-56: Reporting Practice	102-45	Entities included in the consolidated financial statements	100			
	102-46	Defining report content and topic boundaries	31, 38-41			
	102-47	List of material topics	31-32			
	102-48	Restatements of information	No			
	102-49	Changes in reporting	31-32, 39			
	102-50	Reporting period	Calendar year			
	102-51	Date of most recent report	April 2017			See Thule Group Annual and Sustanability Report 2017.
	102-52	Reporting cycle	Annual			
	102-53	Contact point for questions regarding the report	109			
	102-54	Claims of reporting in accordance with the GRI Standards	109			
	102-55	GRI index	107-108			
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GRI Standard	Disclosure	Title	Page	UN Global Compact Principle	UN Sustainable Development Goal	Comments and omissions
Management approach						
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	103-2	The management approach and its components	31-46			Included in specific disclosures.
	103-3	Evaluation of the management approach	31-46			Included in specific disclosures.
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GRI 201: Economic performance	201-1	Direct economic value generated and distributed	66-71, 85-87, 92-93		8	
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GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	33-34	10	8	
	205-3	Confirmed incidents of corruption and actions taken	109	10		
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Environmental standards						
GRI 301: Materials	301-1	Materials used by weight or volume	109	7-9	12	
GRI 302: Energy	302-1	Energy consumption within the organization	39	7-9	7, 12-13	
	302-4	Reductions in energy consumption	38-40	7-9	8, 12-13	
GRI 303: Water	303-1	Total water usage	40	7-9	6, 12	
GRI 305: Emissions	305-1	Direct GHG emissions (Scope 1)	34	7-8	7, 13	
	305-2	Energy indirect GHG emissions (Scope 2)	34	7-8	7, 13	
	305-3	Other indirect GHG emissions (Scope 3)	34	7-8	13	
GRI 306: Effluents and Waste	306-2	Waste types and disposal method	40	7-8	12-13	
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GRI 308: Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	42	7-8	12-13	
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GRI 401: Employment	401-1	New employee hires and employee turnover	109	6	5, 8, 10	
GRI 403: Occupational Health and Safety	403-2	Work related accidents and injuries	38-39, 46, 109	1	12	
GRI 404: Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	109		5, 8, 10	
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	46, 111-112	6	5, 10	
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	109	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	42-43	1-3	8	
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	42-43	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	31, 42-43	1-2, 4	8	
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	42	1-6	8, 10	
GRI 416: Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	109		12	
GRI 417: Marketing and labeling	417-2	Incidents of non-compliance concerning product information and labeling	109		12	
GRI 419: Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	109	10		

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, appointments and employee turnover are also reported in accordance with the GRI Standards' guidelines.

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

GRI 401-1 New employee hires by age and region, 2018

	Number	%
Total	**472**	**100**
<30 years	234	49
30–50 years	197	42
>50 years	41	9
Total	**472**	**100**
Europe	406	86
Americas	58	12
Asia	8	2

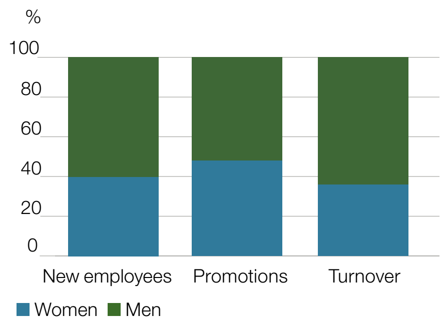
New employee hires for 2018 includes seasonal employees and complies with the GRI standards' proposed guidelines on grouping according by age and regions.

GRI 401-1 Employee turnover by age and region, 2018

	Number	%
Total	**186**	**100**
<30 years	66	36
30–50 years	97	52
>50 years	23	12
Total	**186**	**100**
Europe	122	65
Americas	57	31
Asia	7	4

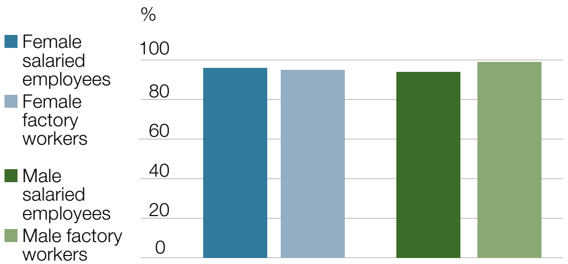
Employee turnover data includes seasonal employees and complies with the GRI standards' proposed guidelines on grouping by age and region.

GRI 401-1 New employees, promotions and turnover by gender, 2018

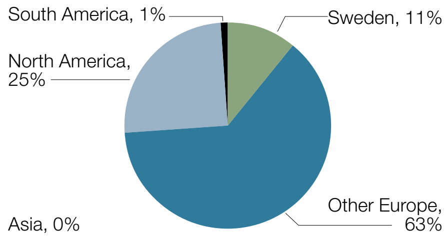


GRI 205-3: Zero incidents of corruption
GRI 206-1: Zero incidents of anti-competitive behavior
GRI 307-1: Zero incidents of fines or sanctions for breaches of environmental laws
GRI 406-1: Zero cases of discrimination
GRI 416-2: Zero consumer health and safety incidents from using our products
GRI 417-2: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

GRI 404-3 Percentage of employees who received performance and career development reviews, 2018

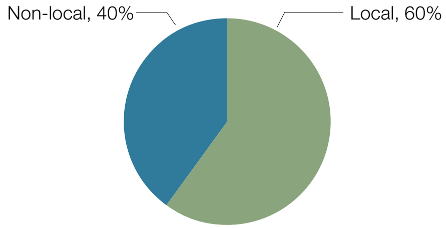


GRI 403-2 Workplace accidents per region, 2018



In 2018, workplace accidents encompassed fractures, injured joints on fingers and toes, crush injuries to fingers and toes, and minor injuries. There were no work-related fatalities.

GRI 204-1 Procurement, 2018



"Local" procurement refers to purchasing from suppliers in the countries where we have our own production.

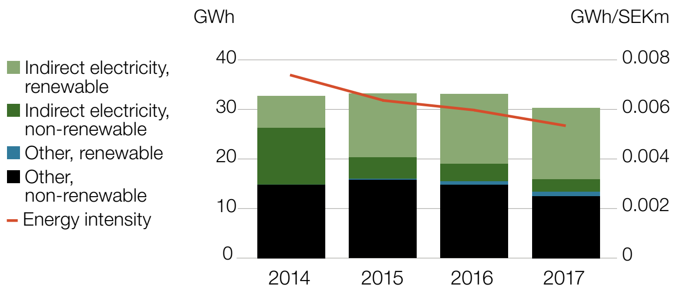
GRI 301-1 Materials used, 2018

	tons
Aluminum	10,596
Plastic	12,275
Steel	16,275
Textiles	3,250
Total	**42,396**

Materials used in tons excluding packaging materials. Packaging materials will be reported commencing from the 2019 Annual and Sustainability Report.

GRI 302-1 Energy consumption and intensity

As of 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 table to the right.



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 average index	**69**	**71**	**76**

Employee survey's satisfaction index within areas measured by Thule Group. The table shows comparable results from surveys implemented in 2012, 2015 and the most recent survey in 2018.

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 2018, on pages 30–46 and 107–109, 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, 27 March 2019
PricewaterhouseCoopers AB

Eric Salander
Authorized Public Accountant
Auditor in charge

Magnus Jönsson
Authorized Public Accountant

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 appointments: Chairman of Enzymatica AB (publ) and MIPS AB (publ), and Board member of AAK AB (publ).

Mattias Ankarberg

Board member since 2018.

Born 1976.

CEO Byggmax Group.

Education: MSc in Business Administration, Stockholm School of Economics.

Selected previous appointments: Leading positions at H&M, consultant and partner at McKinsey & Company.

Hans Eckerström

Board member since 2007.

Born 1972.

Education: MSc Mechanical Engineering, Chalmers University of Engineering. MSc Business Administration, University of Gothenburg.

Selected current appointments: Chairman of Profoto AB, Board member of Nordstjernan AB.

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

Eva Elmstedt

Board member since 2017.

Born 1960.

Education: B.Sc. in Economics and Computer Science from the United States and Stockholm School of Economics.

Selected current Board appointments: Chairman of Proact AB (publ) and board member of Addtech AB (publ) and Arjo AB (publ).

Selected previous Board appointments: Board member of Mandator AB and Novare AB.

Liv Forhaug

Board member since 2014.

Born 1970.

CSO (Chief Strategy Officer) at ICA Gruppen.

Education: MSc in Business Administration, Stockholm School of Economics.

Selected current Board appointments: Board member of Hufvudstaden AB (publ) and of Min Doktor International AB.

Selected previous Board appointments: Board member of HUI Research AB.

Heléne Mellquist

Board member since 2016.

Born 1964.

Senior Vice President Volvo Trucks Europe.

Education: Bachelor in International Business Administration, Gothenburg School of Business. Executive Program IFL, Stockholm School of Economics.

Selected current Board appointments: Member of the Board of Directors of Cavotec S.A.

Selected previous Board appointments: Board member of Opus Group (publ), and Partnertech AB.

Group management

Magnus Welander

CEO and President

Born 1966.

Education: MSc 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 of Ehrenberg Kommunikation Scandinavia, chief of staff for the national delegation 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: MSc in Production & Management from DTU (Technical University of Denmark).

Employed at Thule Group since January 2019.

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

Lennart Mauritzson

CFO.

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.

Information to shareholders

Annual General Meeting

The Annual General Meeting (AGM) of Thule Group AB (publ) will be held on Friday, April 26, 2019 at 11:00 a.m. at Quality Hotel View, Hyllie Stationstorg 29, Malmö, Sweden.

Right to attend

Shareholders who wish to attend the AGM must:

- be recorded in the share register kept by Euroclear Sweden AB (the Swedish Central Securities Depository) on Thursday, April 18, 2019, and
- notify the company of their intention to attend the AGM by the same day – Thursday, April 18, 2019 – 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, 2019. 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, 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 should present a copy of the certificate of registration or similar document of authorization.

Definitions

Facts:
Alternative performance measures
Alternative performance measures are used to describe the underlying development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by Group management to measure the company's financial performance. The alternative performance measures used are net debt (see table on page 55), underlying EBIT and underlying EBITDA. Underlying denotes that we have made adjustments for specific items, see note 8, 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.

Discontinued operations
Comprises toolboxes for pick-up trucks, the remainder of the Specialty segment.

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 ratio
Equity as a percentage of total assets.

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

Gross margin
Gross income as a percentage of net sales.

Gross income
Net sales less cost of goods sold.

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

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 investments
Investments in tangible and intangible assets adjusted for disposals.

Net debt
Gross debt less cash and cash equivalents.

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.

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