

2017

Annual and Sustainability Report



Thule Group»

“Successful launches were the driving force behind a fantastic year”

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The Annual Report appears on pages 49–95 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

Q1

The global launch of the new generation of Thule Chariot multisport trailers becomes a major success.

Thule Subterra, a complete collection of attractive and practical luggage containing everything from suitcases and carry-ons to laptop cases for the modern business traveler, goes on sale in stores across the globe.

Thule wins the iF Gold Award – one of the world's most prestigious design prizes and a clear stamp of quality in terms of cutting-edge design – for both the Thule Chariot Sport multisport trailer and the Thule Yepp Nexxt Maxi child bike seat.

A new Distributions Center is opened for the eastern US region. Thanks to its layout and processes that enable more efficient processing of smaller and more mixed orders from stores, we are able to offer better service in a more cost-effective way.

Q2

The multiple prize-winning Thule Yepp Nexxt child bike seat is launched in two versions that allows it to be fitted on both the back and front of the bike.

Thule AllTrail, sturdy and versatile all-round backpacks that extend our offering in the growing backpack category, are presented at the Outdoor fair in Friedrichshafen, Germany.

We release major new items for the Thule Retail Partner program in line with the launch of our new, flexible store concept for physical stores, while also launching a new, updated website that offers improved purchasing help and better product overviews.

Q3

A new generation of the major-selling Thule Urban Glide 2 sport stroller and our first four-wheel stroller, Thule Sleek, receive a lot of positive attention when displayed at Kind&Jugend, the most important fair for children's products in the world, ahead of their retail launch in 2018.

Thule Van Concept, a series of smart products for active RV owners, is presented at Europe's largest trade fair with help from Thule Crew member and free-ride world champion Aline Bock, who traveled around Europe in her RV filled with surfboards, snowboards and bikes.

Thule UpRide, an innovative roof-mounted rack for transporting bikes with carbon-fiber or other fragile frames, is displayed at the largest bike fairs of the year together with our first series of hydration packs for cyclists, Thule Vital. Both receive very positive PR in the media.

Q4

The design prize-winning Thule SnowPack Extender – a new extendible ski and snowboard carrier – is launched. The carrier can be easily extended toward you so you don't need to stretch over the roof of the car to load up your skis.

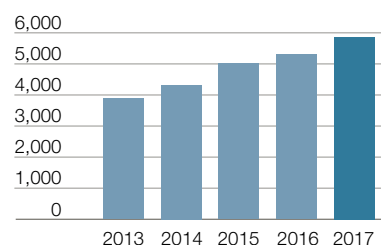
New ski and snowboard carriers and boot bags are launched within the Thule RoundTrip collection. Thanks to reinforcements to the top and bottom of our rolling cases and smart, padded side pockets, winter sports equipment can now be protected during travel.

Our website, thule.com, obtains 100 million viewings in a single year for the first time.

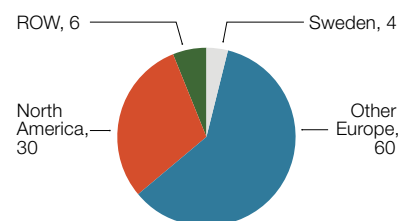
We open the Group's second assembly plant in Poland, in the city of Pila. We will assemble both traditional products here, such as bike carriers, and newer products, such as strollers and child bike seats.

Thule Group had a very successful year in 2017. Sales grew 9.5 percent, after currency adjustment, and we achieved an underlying EBIT margin of 18.2 percent. The categories Active with Kids and RV Products grew particularly strongly at 40 percent and 28 percent respectively.

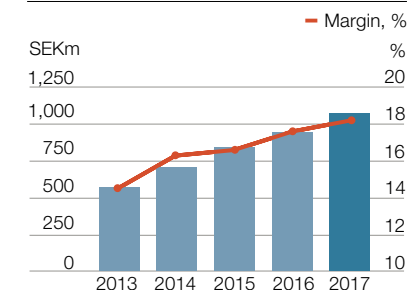
Net sales, SEKm



Net sales per geographical area, %



Underlying EBIT and margin



This is Thule Group

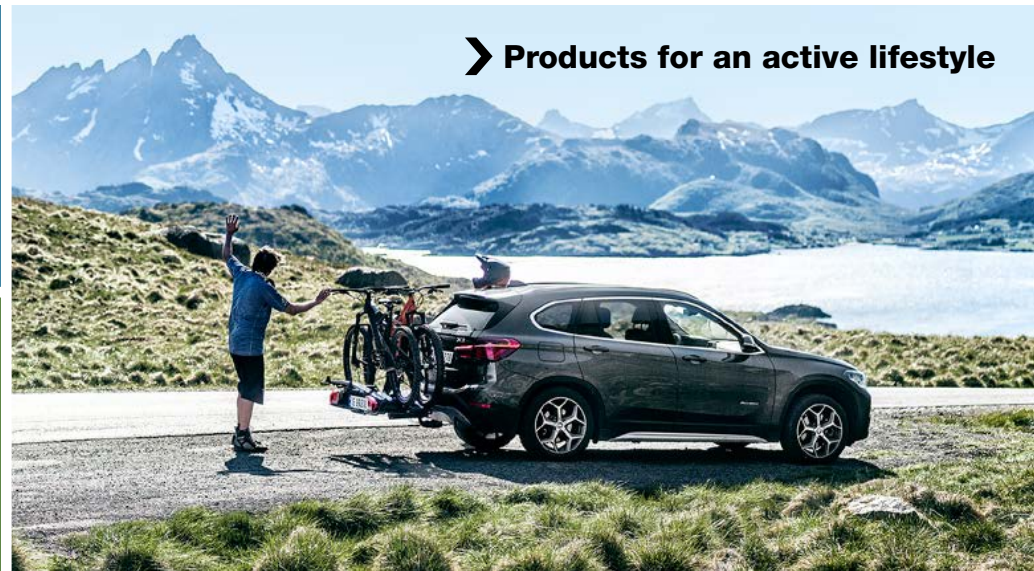
For us at Thule Group, everything we do is about making it easier to live an active life. Our slogan, *Active Life, Simplified.* permeates our work and our relationship to our stakeholders.



➤ **A dream of a more active life**

➤ **Innovative products with smart solutions**

➤ **Sustainable processes**



➤ **Products for an active lifestyle**

You can find them across the globe – our products that make an active life so much easier – the roof box that has space for bags, skis and poles, the child bike seat that makes taking your youngest to daycare easy and safe, the carry-on case that rolls smoothly through the airport or along your driveway at home or the backpack that enables you to enjoy your mountain hikes.

With sales in 140 countries, Thule Group is a global leader in the growing sports and outdoor industry. We are an international Group with 2,200 committed employees who focus on sustainable development and manufacturing safe, smart and attractive solutions for active families and outdoor enthusiasts.

Active life – a driving force in modern society

More and more people are feeling a need to take exercise to counterbalance their sedentary jobs in urban environments. This could mean anything from going for a jog with the kids in the park to paddling alone in the archipelago.

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 life.

Five-year overview, SEKm	2017	2016	2015	2014	2013
Net sales	5,872	5,304	5,018	4,316	3,892
Underlying EBIT	1,069	935	835	703	563
Operating income (EBIT)	1,067	922	809	629	494
Cash flow, operating activities ¹	972	878	662	355	390

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

Smart and sustainable products

Throughout the years, many of our products have received awards for their sustainability and good design. Our passion is for transforming user insight into smart technical solutions with a sustainable design approach. When combined with extensive technical skill, this gives us the ability to develop and manufacture innovative, high-quality products with superior function.

Our largest design and development center is located in Hillerstorp, Sweden, which is where the company was founded 75 years ago. The Thule Test Center is also located here, which is used to expose all of our products to extreme tests in a controlled environment. The most important factor of all, however, is the feedback we get from tough tests conducted in the real world, from our own employees, our Thule Crew members and all of our passionate users.

Sustainability creates value

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

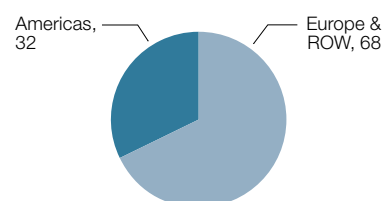
We aim to promote sustainable development and we aim to go further than what is required by the law and regulations, in line with the UN's 2030 Agenda. Thule Group also aims to be an active, committed partner in long-term business relationships where we place stringent requirements on ethics and anti corruption, as well as to offer a safe and stimulating working environment where everyone contributes to finding smarter ways of working.

Continuous improvements lead to a more sustainable world and better business for us and our customers through efficient processes, shorter lead times and more successful innovations. This generates value

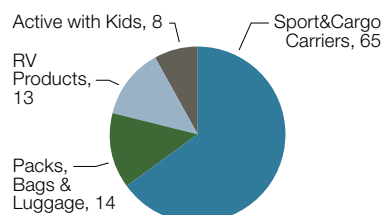
+10.7%

During the year, net sales increased SEK 568m, which corresponds to 10.7%.

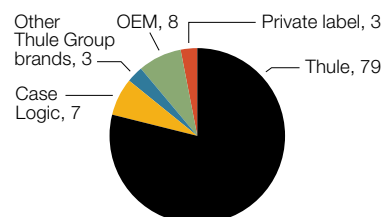
Sales by region, %



Sales by product category, %



Sales per brand, %



for our shareholders by enabling investments in long-term, sustainable growth with healthy profitability.

The brand that reflects a lifestyle

Thule is the Group's biggest brand and accounts for 79 percent of the Group's sales. With the *Bring your life* slogan at the core of its branding efforts, Thule has now become a global lifestyle brand with more than 35,000 retailers in various sales channels. Thule is synonymous with quality and thoughtful design and is well known all over the world. The brand has been expanded in recent years to include products in many different categories, such as strollers, luggage and hiking backpacks. Their common characteristic is that they enable users to carry everything they need when pursuing an active life.

“Successful launches the driving force behind a fantastic year”

I am very pleased about our fantastic 2017 – a year in which we delivered very strong financial results, while successfully broadening our product offering. We enter 2018 with a solid platform in terms of product categories and retailers, as well as an excellent financial position that is paving the way for long-term growth.

Thule Group has a long tradition of launching a range of new and exciting products each year that make it easier for people across the globe to live an active life. We took this one step further in 2017. Successful launches of several new bike carriers, roof boxes, backpacks, suitcases, bike trailers and child bike seats were the driving force behind the increase in our net sales of 9.5 percent after currency adjustment. In line with the last few years, Region Europe & ROW was the major driver with growth of 12.7 percent, although we also grew in Region Americas where net sales increased 3.4 percent.

Operating income increased SEK 145m to SEK 1,067m, which means we obtained an operating margin of 18.2 percent. As we achieved improved profitability that exceeded the previously established target of 17 percent, we chose to present a more ambitious long-term profitability target of more than 20 percent at this autumn's capital market day.

Passion for developing good products

Many of our launches during the year were received very positively by the market. From a design perspective, the two prestigious iF Product Design Gold Awards we won for our new Thule Chariot multisport trailer and our new

Thule Yepp Nexxt child bike seat were particularly satisfying. Both products have since also become major commercial successes, which demonstrates our ability to develop winning products within new product categories.

We expanded our investment in product development and invested 5.6 percent of our sales into innovative and sustainable product development. We will expand our investments even further in 2018, as we are pursuing a number of major parallel projects linked to future growth in both new and old product categories.

Clear focus on the Thule brand

The foundation of our internationally powerful Thule brand is our continuous development of great new products that make it easier to live an active life together with friends and family. However, this requires more than just good products, of course. During the year, we also enhanced our communication with consumers via our website, highlighted sponsorship projects, active PR and social media initiatives and inspiring interaction, both online and in physical stores.

During the autumn we launched an upgrade of our website, with inspiring presentations of the different product categories and improved purchasing help. We also began rolling out a new store concept for our retailers' physical stores, with new store openings in every part of the world. The successful investment in products that many people use each and every day, such as backpacks and strollers, is also important in terms of building an even stronger emotional

connection to Thule's slogan *Bring your life* among consumers across the globe.

Investments within four product categories

We strengthened our global and market leading position within our largest product category, Sport&Cargo Carriers, during the year. Successful launches contributed strongly to growth of 6 percent in local currency, with the foldable tow bar-mounted Thule EasyFold XT bike carrier and the new Thule Motion XT roof box representing two of many successful new products.

We grew 40 percent within the Active with Kids category, with growth in the smaller niche categories of bicycle trailers and child bike seats, where Thule Group is already one of the major global players. From a more long-term perspective, our continued growth within strollers was very promising, with our Thule Urban Glide all-terrain stroller continuing to produce strong sales. We also enjoyed a very positive reception from both retailers and the media when we presented our first four-wheel stroller, Thule Sleek, which will be in stores in the second half of 2018.

In a hot European RV market with market growth of around 15 percent, we were able to strengthen our leading position within RV Products, particularly in terms of bike carriers and awnings. We grew 28 percent, thanks to new products and a very strong delivery capacity.

In the category of Packs, Bags & Luggage, we continued to experience challenges in some of the traditional product categories sold to the consumer electronics sector, particularly

in the US market. We expect to continue seeing a fall in sales in these categories as we have chosen to focus on improved margins rather than growth. At the same time, we can see major opportunities within sports bags and luggage following the successful launch of attractive and robust suitcases in the Thule Subterra collection. However, growth in these new categories was not able to compensate for lower sales of camera bags and tablet cases, for example, and in total sales fell 3 percent.

Production and distribution that meet customers' needs effectively

In order to satisfy the greater demands placed by retail on short lead times and a high level of delivery precision in a cost-effective way, we must constantly challenge and optimize our supply chain. The efforts we launched in 2015 to bring about comprehensive efficiency enhancements of our global distribution structure took another step forward when we opened our distribution center in the western US in the first quarter of 2017.

In the fourth quarter we opened a new plant in Pila, Poland, near to the Group's largest assembly plant and our Eastern European warehouse. This new plant will become the basis for assembly lines for new product categories, such as our new strollers, but will also guarantee that we can cost-effectively manage growth within Sport&Cargo Carriers.

The assembly plant in Pila will initially employ around one hundred people, but there is space for major expansion in the future. Concern for the environment and safe and secure working conditions have strongly influenced the design of the new facility.

Sustainability is always in focus

Adopting a sustainable approach is nothing new for Thule Group, but, like most companies, we have also intensified our focus over the past few years on significant sustainability issues to promote sustainable societal development in line with the UN's 2030 Agenda. This naturally



“We presented a more ambitious long-term profitability target of more than 20 percent at this autumn's capital market day.”

concerns every aspect, but for our company – which lives to make an active, outdoor lifestyle accessible for so many more people – environmental issues are of particular significance. I am particularly pleased that we were able to increase our share of electricity from renewable sources to 85 percent during the year – a 4 percentage-point improvement compared with the previous year. Our product managers and product developers also put extensive efforts into reducing our products' impact on the environment and climate during their entire life cycle. We set out our focus areas and sustainability initiatives on pages 12–27.

Many exciting initiatives in 2018

Thule Group enters 2018 as a lifestyle-oriented company, with a focus on profitable and long-term growth. Building on a very strong position in our traditional categories, we continue our commitment to consumer-driven innovation with many new and exciting products to be launched. The new categories represent both challenges and opportunities, and we will focus on helping consumers to find, select and purchase our products in the best way in close cooperation with our new retail partners. I am convinced that this will take Thule Group to new heights and create added value for all concerned.

To conclude – a big thank you to all of our suppliers, employees, Thule Crew ambassadors, retail partners and all of our shareholders who continue to put their trust in us. And to all those out there who purchase and use our products to enjoy an active life, I promise that we will bring you lots of exciting new products in the years to come!

Malmö, March 2018

Magnus Welander,
CEO and President of Thule Group

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.

The customer's first choice.

By this we mean that consumers who look for products they care most about in 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 products and understand the local market. Customers and consumers can trust us.

An active life. Quite simply.

We offer a range of products; everything from suitcases and strollers to bike carriers for cars, all of which make it easier to bring everything you need for an active life. Our product developers are building upon the experiences of our various users, extreme athletes and families. 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 life together.

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 take our production and sales processes one step further.

Thule ProRide 598 bike carrier on the Thule WingBar Edge roof rack.



Thule Group is an innovative company that sustainably develops, produces and sells high-quality, practical products in 140 countries for people who want to live an active life. With more than 75 years of experience in developing smart, well designed technical 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.

Over the past five years, we have undergone a strategic realignment to become a focused consumer 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. When combined, these factors allow us to be very effective in supporting our retailers in their efforts to help consumers choose the right products.

By way of sales growth and sustainable, cost-effective 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.

Thule Urban Glide 2,
in the black-on-black version.



► Strategy

Thanks to a well-communicated strategy that our employees are passionate about achieving, we will continue to build upon our strong position as a leading global sports and outdoor company.

► Innovation

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

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. In 2017, products launched over the past three years accounted for 55% of the Group's net sales.

Proportion of new products

55%

We have more than 200 employees working on product development, with the largest development center being located in Hillerstorp, Sweden and other specialized development centers in Belgium, the US and Canada.

Product development

5.6%

During the year we increased our investment in product development, which accounted for 5.6% of sales in 2017.

► Brands

Our brand strategy is primarily focused on the growth and diversification of our biggest and best known brand – our core brand Thule – which accounted for 79% of Group net sales in 2017.

The Thule brand

79%

By building on the Thule brand's slogan *Bring your life* in all our marketing communication to the 140 markets in which the products are sold, we have been able to strengthen our brand recognition even further.

With our strong brand and attractive products as our foundation, we have been able to create an attractive retail program by using effective self-operating tools such as our thule.com website and store displays. The Thule Retail Partner program currently has more than 3,500 retailers.

Thule Retail Partners

3 500

► Growth

We have an organic growth target of >5% in local currency. We achieved 10.7 percent growth in 2017, which is equivalent to 9.5% after currency adjustment. Organic growth for the year amounted to 8.8% after currency adjustment.

Organic growth (after currency adjustment)

+8.8%

The Dutch child bike seat company GMG B.V. was acquired in 2016, while 2017 was the first full calendar year in which these operations were integrated, contributing 0.7% acquired growth for the year.

Active with Kids, Growth

+40%

The Group's fastest growing product category was Active with Kids, with 40% growth after currency adjustment. Highly successful launches of the Thule Chariot multisport trailers and the Thule Yepp Next bike seats, as well as the continued success of the Thule Urban Glide sport strollers, drove strong growth in all markets.

Sport&Cargo Carriers, in which Thule Group is a global market leader, grew 6% after currency adjustment and was driven by successful launches of bike carriers and roof boxes.

RV Products grew 28% in a highly positive general market that we assess to have grown by around 15%.

► Efficiency

We focus on giving customers and consumers added value and continuously strive for enhanced process efficiency through continuous improvements.

We have completely overhauled how we distribute our products to customers over the past three years, where there are increased demands for short lead times and high delivery precision. Our new distribution center in the western US became operational in 2017.

We continued to improve our digital solutions during the year, with more user-friendly purchasing help on the website for consumers, simplified ordering processes for our retailers and easier access to our marketing materials for both customers and the media.

During the fourth quarter, we opened the Group's ninth assembly plant in Pila, Poland, which will become an important part of the efficient assembly of new product categories in the coming years.

► Stable finances

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

We achieved major profitability improvements during the year, driven by very strong sales growth, a positive product mix and an efficient cost structure. The underlying EBIT margin was 18.2%, which exceeded the target of >17%. A new long-term profitability target was set at >20% in connection with the capital markets day held in the autumn.

Profitability

+18.2%

In December 2017, the company's debt was 1.5 times EBITDA, which was in line with the financial target of being within the range of 1.5 – 2.5 times EBITDA as introduced at the capital markets day in the autumn.

Leverage ratio

1.5 X

► 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.

One of our most important environmental targets for 2020 is for 100% of the electricity we use to come from renewable sources. In 2017, we reached 85 percent.

Electricity from renewable sources

85%

► Aim

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 Group's sustainability initiatives

➤ Products that inspire an active lifestyle



➤ Sustainable and reliable manufacturing

➤ Shared core values



➤ Sourcing and logistics

Thule Group aims to contribute to a more sustainable world by offering innovative, high-quality products that are manufactured responsibly and inspire people to live an active life outdoors for many years. That is our definition of sustainability.

Acting in an ethical way with the climate and environment in mind is self-evident for us; it is integrated into both our long-term strategies and day-to-day work and permeates our operations.

Our sustainability initiatives encompass the entire value chain and are described in our Code of Conduct and policies. We undertake strategic, long-term initiatives in line with the United Nations' 2030 Agenda for sustainable development, which was adopted by the UN's general assembly in 2015 and which all member countries signed up to. Our view is that all companies have an obvious and important role to play in this initiative.

We conduct our business with the aim of steadily reducing our impact on the environment and the climate, because

we know that our entire operations are dependent on our employees, customers and consumers being able to enjoy an active life in appealing and sustainable environments in the great outdoors.

Definition of significant sustainability issues

Thule Group has worked on environmental issues for a long time, and over the past few years a broader definition of sustainability has been developed in order to develop sustainability initiatives and reporting further. This work follows the principles and model of the Global Reporting Initiative (GRI), with its steps of identification, prioritization, validation and review.

Identify:

Thule Group's prioritized stakeholder groups include the Board of Directors, management and employees as well as its customers, retailers, consumers, investors and business partners. In order to create an inventory of sustainability issues that could be potentially relevant to the company, we carried out a trend and business environment analysis and benchmark in 2015, identifying the benchmarks we should aim for within our sustainability initiatives. Their direction was then clarified and relevant issues identified and compiled for a more extensive stakeholder dialogue.

Prioritize:

We asked customers, owners, the Board of Directors and employees to prioritize sustainability issues in Thule Group's future work. The results of the surveys and interviews were compiled and discussed at a workshop with Group management, who prioritized issues based on how significant they were deemed to be in terms of Thule Group's positive and negative impact on sustainable development.

Validate:

To verify these significant sustainability issues, we matched them to GRI indicators. We also ensured that the data for the indicators and metrics we identified can be collected in a structured way, thus enabling proper analysis of the results of our sustainability initiatives.

Review:

Evaluation of the materiality analysis and prioritized sustainability issues is carried out on an ongoing basis through dialogue with investors, authorities, business partners and employees, and is supplemented by internal follow-up of results and our efforts to implement improvement measures. This then forms the basis of our assessment of which sustainability issues are relevant and to be prioritized.

The major stakeholder survey clearly showed that sustainable products, environmental and financial results and a sustainable supply chain are the most significant sustainability issues for most of our stakeholders.

Continuous dialogue

Understanding our different stakeholders' expectations and how we can create value for them is a prerequisite of our success in both the short and long term. We pursue a continuous dialogue with different stakeholders to ensure that we can maintain the high level of cohesiveness seen in the priorities highlighted by the 2015 survey.

Management and the Board of Directors continually highlight the importance of sustainable products, that is, products that are manufactured sustainably and can be used for a long time sustainably before being disposed of sustainably when they have reached their full lifespan. It also involves the Group's environmental and financial results and a sustainable supply chain.

Customers also emphasize the importance of sustainable products and the environmental impact of production, and these areas are of increasing importance each year for this group.

Investors focus on product quality and safety, a sustainable supply chain, long-term environmental and financial targets and production-related safety and emissions. Focus was placed on a sustainable supply chain on a number of occasions by this stakeholder group during the year.

Our employees continue to have high expectations in terms of our sustainable products, health and safety in production, governance and communication.

Examples of the stakeholder dialogue during 2017

- 26 January: Thule Group Supplier Day 2017. Presentations and discussions with subcontractors to Thule Group with regard to Thule Group's sustainability initiatives, environmental targets, Thule Group Code of Conduct and our supplier partnerships.
- 9 February: Discussions about sustainability and a workshop with the Board of Directors of Thule Group, Group management and sustainability managers.
- 15 February: Discussions about sustainability with institutional investors in connection with Nordea's visit to the plant in Hillerstorp, Sweden.

Four focus areas**Products and consumers**

– We aim to offer products that inspire a healthy and active lifestyle, that are safe and easy to use and have minimal environmental impact throughout their life cycles.

Efficient and reliable manufacturing

– We aim to ensure climate-smart and efficient manufacturing, in a safe and secure working environment.

Sourcing and logistics

– When choosing suppliers, we take into account environmental factors, human rights and good working conditions. We also strive to purchase materials and components from manufacturers who share our view of sustainable production. In terms of logistics, we focus on climate-smart and efficient solutions.

Responsible business practices

– We maintain rigorous ethical standards in our business relationships, have transparent and inclusive workplaces that foster individuals' capabilities, and we engage with our stakeholders and the community around us.

The most important sustainability-related issues are integrated into our business and operational plans and reported in the annual Sustainability Report.



Thule Sapling
Elite child carrier
backpack.

- 19–20 June: European Outdoor Group industry collaboration. Discussions about cross-category sustainability initiatives, research in the area and development of industry-wide standards for the Outdoor industry.
- 27 September and 3 October: Environmental and lifecycle analysis training for some of the Group's product development team, 40 designers and engineers.
- 26 October: Meeting with leading European car manufacturers and subcontractors to provide information, share knowledge and increase awareness about the risks and opportunities linked to the supply chain in the area of sustainability.
- 26–27 October: bluesign® Brand Forum 2017 Meeting at which bluesign® Brand System Partners were given an overview of the bluesign® system and its tools as well as an industry-wide training day.

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 sustainability targets is delegated in some respects to the Audit Committee and Remuneration Committee (who report directly to the Board) as well as to the President, who ensures there is a link to Thule Group's overall business goals and integrates this 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.

Membership in stakeholder associations and industry organizations

Thule Group collaborates with several organizations that make varied efforts to increase sustainability and ensure positive developments in the sport and outdoor industry.

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

The **European Outdoor Conservation Association** (EOCA) is the European equivalent of the North American Conservation Alliance. We collaborate with several players involved in the sport and outdoor industry via EOCA to preserve sensitive natural areas.

Leave No Trace is an international non-profit organization that informs and educates people about how they can spend time in nature in a responsible manner. The organization relays findings from research to millions of Americans.

The **Outdoor Foundation**, established by the Outdoor Industry Association (OIA), encourages young people to get involved in outdoor activities and aims to inspire and raise young people's in outdoor pursuits.



Group management regularly checks on the progress of sustainability efforts. Plans, activities and the achievement of objectives are monitored through consistent dialogues, annual follow-up reviews and internal and external audits.

Various steering groups conduct in-depth analyses of compliance with legislation and regulatory frameworks, policies and other governance documents, the achievement of Group goals, and how key figures have trended over the year (see also Corporate Governance Report). The Group's sustainability manager is responsible for coordinating and monitoring concrete issues, while the Group's Monitoring Committee ensures compliance with monitoring issues. Sustainability risks are reported in more detail on page 46, under section Risks.

Legislation and regulations

Our operations are subject to environmental legislation, regulations and provisions governing areas such as the handling of hazardous or undesirable substances in our products. The Thule Group Prohibited & Restricted (P&R) Substances List is updated continuously and contains both legal requirements and Thule Group's own requirements, since we strive to go beyond what the law requires. We communicate P&R requirements to suppliers and drive forward proactive efforts to phase out undesirable substances.

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.

Since 2015, Thule Group has been a Brand System Partner to bluesign®, an international standard for environmentally certified textile production, and we have continuously expanded our use of bluesign®-certified materials and suppliers. 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 system is based on five

principles: resource productivity, consumer safety, occupational health and safety, water emissions and air emissions. 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 2017, seven of our nine production units were certified.

In conjunction with sales and purchases of buildings, environmental reviews are carried out to identify and manage any soil contamination.

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

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 plans 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 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 our stakeholders and describes the directives and principles we follow as part of our operations.

The Code assumes compliance with legislation and regulations and is based on international standards such as the UN's Declaration of Human Rights, the principles of the UN Global Compact and the guidelines of the ILO (International Labour Organization) and OECD.

Thule Group is proactive in its efforts to reduce its negative impact on the environment and risks to people's health and safety. We adhere to the precautionary principle in our work, which means that precautions are taken as soon as there are grounds for suspecting that an activity could harm the environment or people's health.

The Code applies to Thule Group's Board members, employees, suppliers, business partners and subcontractors and is divided up into four parts: Business ethics, Working conditions and human rights, Intellectual Property rights and Environment.

Thule Group Corporate Compliance Program

Thule Group Corporate Compliance Program describes the overall structure of the Group's legal and ethical obligations in terms of issues such as anti corruption, competition, the Personal Data Act and trade sanctions. Furthermore, the Compliance Program clarifies the distribution of responsibility within the organization and refers to the more detailed policy document to which the Group adheres.

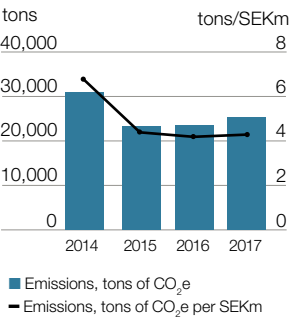
A whistleblowing function is also included in the Thule Group Compliance Program. Both internal and external stakeholders can report any negative conditions, breaches of the Code of Conduct or other policies and any other irregularities.

The 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 2017, 1,779 people out of 1,865 permanent employees had undergone relevant training. The program also contains internal audits of compliance in the local organization. We encourage employees, suppliers and other external partners to report any suspicions of negative conditions, breaches of the Code of Conduct or other policies and any other irregularities via our whistleblowing function.

Thule Group Corporate Governance Manual (TCGM)

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

Emissions and sales, tons of CO₂e 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.

Climate impact, tons of CO₂e



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.

Climate and Energy important focus areas

How we impact on the climate and environment as a company is an important consideration for us, and we place major focus on climate-efficient energy consumption and considered logistics. We evaluate our climate impact in line with the guidelines of the Greenhouse Gas Protocol on three levels ("Scope").

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

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

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 17–27.

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

In CDP's Climate Change Report 2017, Thule Group reached stage C Awareness, which reflects our understanding and how we measure the climate impact of our operations. To achieve better results in the CDP Climate Change Report, we as a company need to demonstrate environment-promoting measures externally and apply a more thorough impact strategy. We work on this continuously and aim to improve communication in relation to these factors in future reporting.



Products and consumers

We have a passion: Developing smart and innovative 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 good 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.

Many of us who work at Thule Group have a great interest in being outdoors and exercising, both when at home or on holiday, alone or together with family and good friends. We bike, ski or hike in nature. Daily use of our own products provides designers and technical developers with detailed and fast feedback during ongoing development projects; feedback that strongly influences how the products are ultimately designed.

We are always present at major sporting events in order to study how people use both our products and those of our competitors. In addition, our dialogue on social media enables us to obtain suggestions about product improvements, ideas for new products and other comments from enthusiastic users. Members of Thule Crew – athletes who place extremely strict demands on function and safety – also provide us with highly valuable feedback.

The fact that our products are sold in 140 markets worldwide also enables us to notice new trends at an early stage, long before they achieve a global breakthrough. Our close collaboration with other leading manufacturers of sports and outdoor products, such as bikes, kayaks and skis, also offers us early and clear indications about the next major product successes.



The Thule Motion XT Alpine roof box was launched successfully in autumn 2017.

Lifecycle analysis (cradle to grave) of Thule Yepp Nexxt Maxi

We regularly conduct life cycle analyses (LCAs) on our products to calculate their climate impact. This shows an LCA for a Thule Yepp Nexxt Maxi, all the way from the extraction of raw materials through its use and recycling. As Thule Yepp Nexxt Maxi is primarily used on normal bikes, there is no climate impact in the usage phase and the recycling of steel provides a positive effect.

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

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

Extended lifespan – through improved corrosion resistance, greater opportunities for repairing products by making it easy to replace or repair key components, increased usage of recycled materials and materials that can be recycled more easily.

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.



Sustainable product design

Strong technical solutions and thoughtful product design form the basis of our sustainability initiatives.

Our objective is for our products to have as limited an impact on the climate and environment as possible during their lifecycle, without us needing to compromise on safety, quality, function or lifespan. Products that are manufactured in a climate-efficient way and last longer are appreciated by the consumers who choose to purchase and use our products, and are also better for the environment than products with a shorter lifespan.

Lifecycle analyses of our products show that their environmental impact can be principally linked to the inherent raw materials, particularly aluminum, steel and plastic.

Our greatest opportunity to influence the environmental impact of the products comes 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 cover the whole 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 reduce our products' environmental impact and to take informed decisions based on a comprehensive perspective 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.

Smart solutions that are easy to use

We utilize structured development processes and efficient



Fatigue testing of the Thule Chariot Sport multisport trailer.

Our greatest opportunity to influence the environmental impact of the products comes during the development phase, and we have a robust skills platform within eco-design.

tools for our product development. However, it is the experience and solid competence of our employees in terms of constructing our products that ensures we convert our insights into smart and sustainable product solutions in practice. We have a strong team of more than 200 people who work on design and product development, and during the years we have shown that we are good at finding smart technical solutions that make life easier for users. Some examples of smart solutions for products launched during the year include:

- the torque wrench on the Thule ProRide 598 bike carrier, which ensures that the bike is fastened securely without damaging the frames,
- the new, simpler opening device on the Thule Motion XT roof box,
- the easily accessible and roomy pockets on our Thule Upslope snow sport backpack, which enables people to easily access their water bottle or ski skins without having to remove the backpack.

Extremely tough tests

To ensure our products fulfill the strict requirements we place on function and quality, we test them in line with our Thule Test Program™ that contains more than 25 Thule Group standards, with tougher requirements than legal standards. The tests, which involve shock, collision, fatigue and environmental tests are carried out at the Group's global Thule Test Center in Sweden opened in autumn 2015. We also engage external testing institutes such as the SP Technical Research Institute of Sweden in Borås, Sweden for collision tests.

Efficient and reliable manufacturing

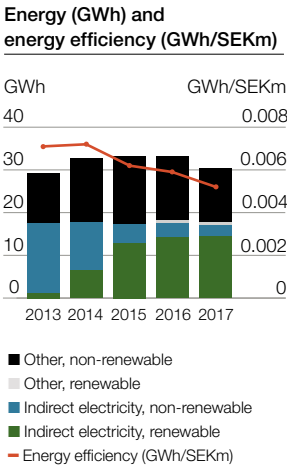
Thule Group has nine proprietary production facilities in Europe, the US and Brazil. We strive to ensure our manufacturing is climate-smart and efficient and that our employees feel confident that they are working in a positive and safe work environment.

We want to offer a safe and stimulating working environment characterized by a focus on high quality and a comprehensive sustainability approach whereby we all contribute to identifying smarter ways to work. Skilled employees who enjoy their work and can develop to their full potential create the conditions that enable us as a company to retain and further reinforce our market position.

A safe and secure workplace

We are convinced that a safe and inspiring working environment contributes to the health and well-being of our employees as well as to a more efficient company. Our preventative work on occupational health and safety is targeted and systematic. We identify risks, take decisions on measures and implement training courses and technical improvements.

During the year, we also continued our Safety First initiative, which encourages the assembly staff in all of our production facilities to work with management and safety experts to identify risks and find methods and actions to minimize them. Despite major improvements, we are still not satisfied with the results and the Safety First initiative will continue in 2018 to drive us



towards our long-term target of fully eliminating workplace accidents. The total number of accidents fell from 42 to 41, which can also be compared to 2015 when the total number of accidents totaled 100. The number of lost working days per million hours worked fell from 87 to 83. In contrast, the number of accidents that led to at least eight hours of absence increased from 22 to 25.

Reduced climate impact

We have been investing in ways to reduce our dependence on fossil fuels for several years now, and already in 2015, we set up ambitious targets for the next five years:

- 100 percent of our electricity is to come from renewable sources by 2020.
- CO₂ emissions from our facilities are to have decreased by 65 percent by 2020 compared to 2014.

All production units in Europe now receive their electricity from renewable sources, and our assembly and development unit in Hillerstorp uses biogas for heating, and thus 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, 85 percent of all our electricity came from renewable sources in 2017, compared with 81 percent in the previous year.

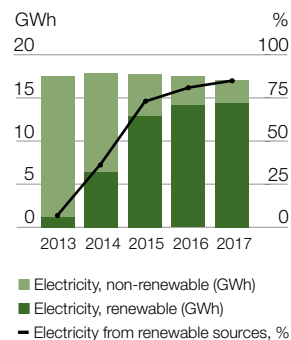
CO₂ emissions have therefore fallen by 22 percent in terms of energy consumption at our facilities.*

Our operations are subject to the law on energy mapping in large companies, which is based in turn 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 information about electricity consumption in real time to more effectively identify opportunities for further energy savings.

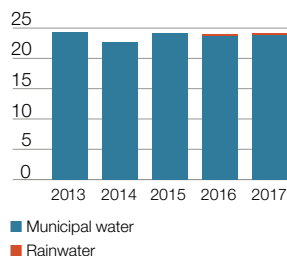
Our new production facility in Pila, Poland, is now another facility that exclusively uses modern LED lighting with light and motion sensors to avoid using more energy for lighting than is necessary.



Electricity (GWh) and proportion from renewable sources, %



Water consumption, millions of liters



The proportion of rain water amounted to 1.3% in 2017, compared to 0.7% in 2016. Excluding the facility in Perry, Florida, which was divested in 2017, water consumption increased by 2.4 million liters compared to 2016.

* Excluding the facility in Perry, Florida, which was divested in 2017, CO₂ emissions decreased in terms of energy consumption at our facilities by 10 percent compared to the previous year.



We are investing in ways to reduce our dependence on fossil fuels. In total, 85 percent of all our electricity came from renewable sources in 2017, compared to 81 percent in the previous year. Our goal is to achieve 100 percent by 2020.

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's Group management.

Reduced water consumption

Clean water is an important natural resource that we want to preserve, and Thule Group's objective is to reduce its consumption of water at all production facilities. We install closed systems, which also reduces the amount of chemicals, 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 drinking water with rain water wherever possible. In 2016, our production facility in Menen, Belgium, installed a system for collecting rain water to use for flushing toilets, and in October 2017 our new assembly plant in Pila, Poland, installed a similar system. Consumption of valuable drinking water has fallen by 11 and 8 percent respectively at these two facilities.

Consumption of water at our own plants and distribution centers is monitored by water meters or information from water suppliers, and forms part of the quarterly reporting to Thule Group's Group management.

Since 2012, our water consumption has fallen by 20 percent and in 2017, Thule Group's total water consumption was 24.1 million liters. The majority of our facilities are located in areas where there is no general shortage of water, although one exception is the assembly plant in Itupeva, Brazil, where certain dry years (though not 2017) could lead to water restrictions.

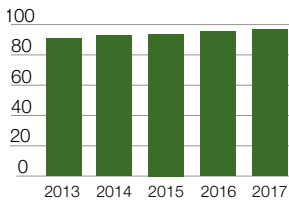
Waste and recycling

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.

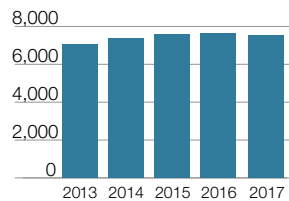
We collaborate with our subcontractors to reduce the amount of waste from packaging materials used for incoming materials and components, for example. Working together with local recycling companies enables efficient and profitable waste management, which also leads to a larger proportion of materials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

Recycling rate, %



Excluding the facility in Perry, Florida, which was divested in 2017, the recycling rate was 97.1%, compared to 95.5% in 2016.

Waste, tons



Total waste comprised the following fractions in 2017: plastic reused for roof boxes 21%, other recycling 76% (of which materials were 71% and energy was 5%) and landfill 3%.

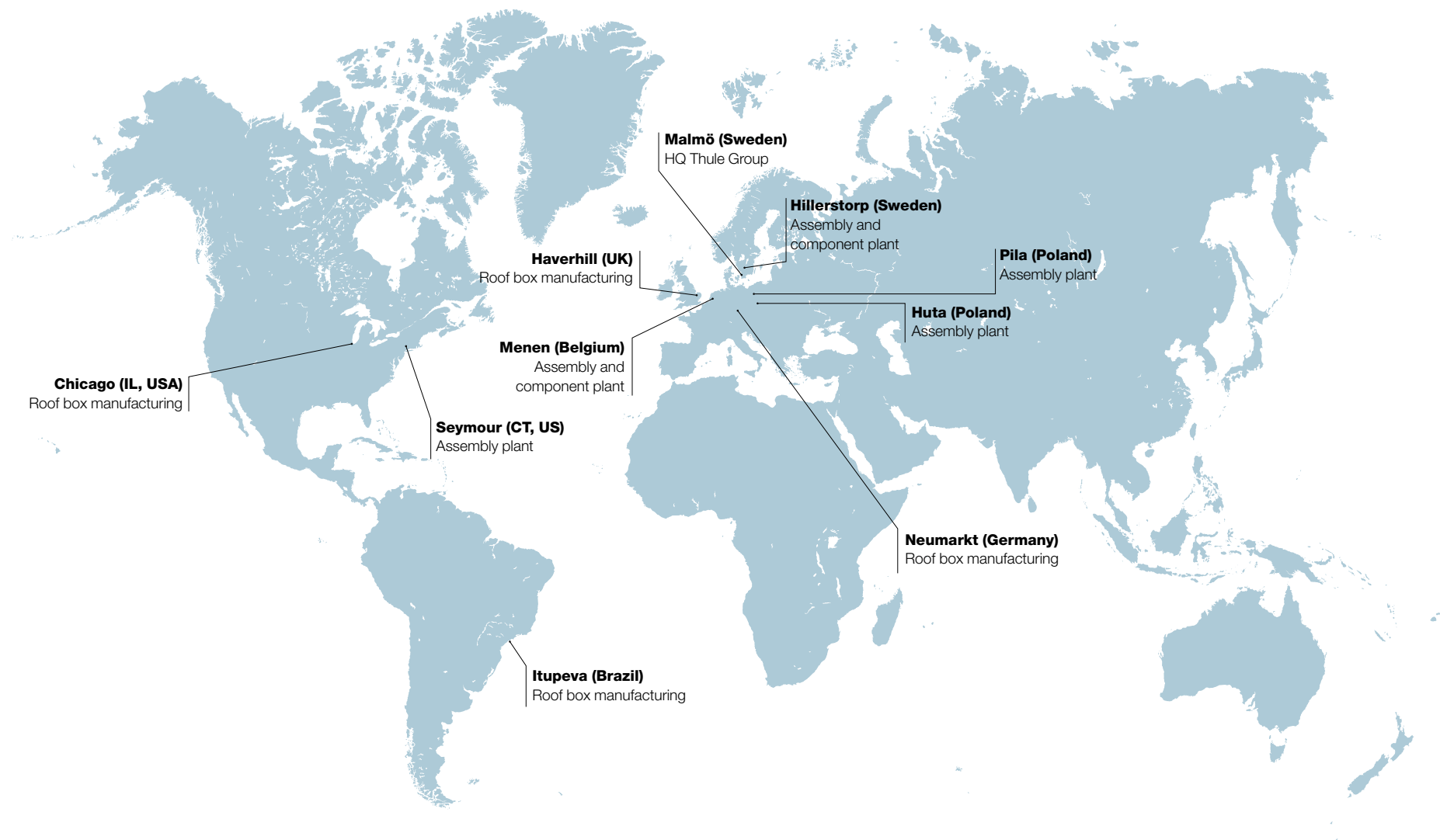


In 2017, a total of 1,577 tons of plastic material – waste from the production of our roof boxes – was sent back to the material suppliers to be reused in their production of new raw materials for our roof boxes.

Increased production volumes led to increased amounts of waste at several facilities during the year, while the divestment of the facility in Perry, Florida, contributed to a reduction in the total amount of waste. The recycling rate increased to 97.1 percent in 2017, which is in line with our long-term target.

We have previously divided up reporting into recycled and non-recycled waste. As part of our efforts to reduce the total amount and to improve management, we began reporting more detailed waste fractions in 2016. In 2017, we further improved our reporting by way of more detailed weight reporting. A total overview of waste fractions is not yet possible for every facility, however. We work continuously to improve our waste management, which will provide a basis for better reporting of waste in future years. All of our facilities have detailed procedures for management hazardous waste.

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



Production strategy per product category

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

Sourcing and logistics

With 562 material suppliers – particularly in Europe but also in the US and Asia – as well as manufacturing in seven countries and sales to more than 35,000 stores in 140 countries, a sustainable supply chain and cost-effective, climate-smart distribution are high up on our agenda.

Responsible sourcing

Thule Group's Code of Conduct describes the requirements we place on our suppliers in terms of human rights, labor law, health and safety and the environment. We follow the principles of the UN Global Compact and the guidelines of the ILO and OECD.

Third-party audits and internal audits are conducted before we enter into a collaboration with a new supplier and then again to monitor compliance with our requirements and to identify opportunities for improvement.

Since 2015, we have been 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 system is based on five principles: resource productivity, consumer safety, occupational health and safety, water emissions and air emissions.

Thule Group has 562 direct material suppliers, of which the majority are 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.

During the year, 27 suppliers were audited in terms of sustainability initiatives,



With sourcing in 32 countries, manufacturing in seven countries and sales in 140 countries, logistics flows account for the majority of our climate impact.



Thule Group distribution center in Huta, Poland.

of which seven were revisit audits. One of these was conducted as a third-party audit. Health and safety, management procedures and systems along with working hours were the most commonly occurring areas for improvement based on these supplier assessments. Our follow-up work has shown that all of the serious shortcomings that were highlighted have been remedied.

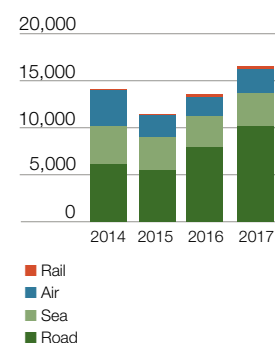
Logistics

With sourcing in 32 countries, manufacturing in seven countries and sales in 140 countries, it is unsurprising that logistics flows account for the majority of our climate impact. In 2017, logistics accounted for 65 percent (58) of the Group's total CO₂ emissions. This increased figure is primarily due to increased sales, but also to the fact that the number of smaller deliveries from our distribution centers direct to stores increased and that we have further improved our monitoring of the climate impact in the area of logistics.

The majority of the logistics flows that we are able to influence are included in the climate calculations, but a total overview is not possible. Included freight of components by road is the main incomplete area, and the transporters all have different methods for reporting transport data and their climate impact. We work continuously together with our transporters to improve reporting, and in 2017 we were able to provide a considerably more thorough analysis of more logistics flows than before.

The focus in terms of logistics is on improving efficiency and reducing our

Logistics – emissions,
tons of CO₂e



climate impact by selecting modes of transport that have a lower climate impact, reducing transportation distances of major volumes of goods and bulky products, optimizing packaging and maximizing capacity. Our general objective is to reduce the proportion of air freight and to strive to replace road freight with rail shipments wherever possible. Consequently, air freight accounted for 15 percent of total emissions from logistics in 2017, which is the same level as 2016. Our new distribution structure in the US has led to shorter transportation times while enabling 60 percent of transportation between our two distribution centers in the US to be conducted by train instead of by road. Rail shipments from Asia to Europe increased in 2017, providing a time-efficient alternative to shipping that is also less harmful to the environment than air freight.

Business travel

Our global presence means that business travel – in particular by air – accounts for 17 percent of our climate impact. As part of our efforts to reduce the need for physical transportation, we have invested in advanced video-conferencing systems at several of our facilities. In 2017, we increased the number of such systems to 20. To reduce the climate impact of business-related car travel, we promote the use of fuel-efficient cars. You can also charge electric and electric hybrid cars at a number of our facilities.

Shared core values

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

Our core values *Shared Passion for Smart Solutions that Enable an Active Life* are to permeate everything we do. Together with our Code of Conduct, we create the shared core values that are vital for Thule Group's long-term development.

We conduct extensive international operations and have a major network of partners, which is why it is important for us to clearly communicate our values and guidelines: all employees must understand our shared core values and what we stand for.

The guidelines in our Code of Conduct apply to 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 2017, 94 percent of our total work force had taken our Code of Conduct certification course.

The average numbers of employees in 2017 was 2,119 (2,180). This reduction was due to the divestment during the year of the toolboxes for pick-up trucks operations and the accompanying production facility in the US. Staff levels increased at our other operations, driven by major investments in product development, increased sales and consequently increased manufacturing volumes at most of our assembly plants.

Motivated and skilled employees the key to success

Skilled and motivated employees who are content and feel good, who are stimulated in their daily work and feel as if 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 2017, 98.6 percent of salaried employees and 89.9 percent of blue-collar employees 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

Our core values mean that in daily operations, employees:

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



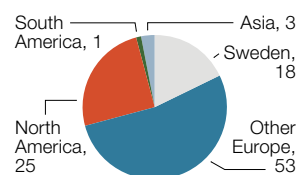
teams with a major focus on change and short decision-making pathways. As a company, we focus greatly on offering training and support to ensure employees are able to face new challenges and develop as individuals. Our largest training activity in 2017 was a project management training course containing four skill levels and which involved more than 120 participants from across the globe.

We seek to promote an active lifestyle among our employees, and many participate in joint training sessions, different sporting events and test days for our new products. It is our conviction that we all feel and perform better when we have a healthy lifestyle. Our employees are also important ambassadors of our products and values in their day-to-day work, and these are summed up by our brand slogan, *Active Life, Simplified*.

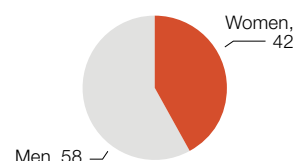
An equal and safe workplace

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 their background. In total,

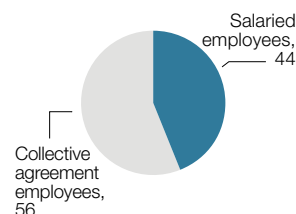
Employees per region, %



Employees by gender, %



Salaried employees/collective agreement employees, %



Workplace accidents



42 percent of the company's work force is made up of women. In terms of managers, one third are female.

A safe and inspiring work environment contributes to health and well-being as well as to a more efficient company. Our efforts to ensure we offer a safe workplace for all are linked to fundamental work environment initiatives, and we have a zero-tolerance policy regarding harassment. These initiatives are based on targeted and systematic preventive work whereby we identify risks, take decisions on measures and implement training courses and technical improvements.

During the year, three cases of harassment were reported to the company, all of which were followed up together with the parties involved and local management. One of these cases led to termination.

The total number of workplace accidents fell from 42 to 41. In contrast, the number of accidents that led to at least eight hours of lost working time increased from 22 to 25. In total, the number of lost working days per million hours worked fell from 87 to 83. Despite several improvements being implemented through our Safety First initiative, which involves assembly staff at all production facilities and was launched in 2015, we are not yet satisfied with the trend. For this reason, we have intensified our efforts in this initiative so that employees and management can work together with safety experts to identify risks and pinpoint methods and measures to minimize them. Our long-term goal is still to completely eliminate workplace accidents.



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 2017, on pages 12–27, 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, 28 March 2018
PricewaterhouseCoopers AB

Eric Salander
Authorized Public Accountant
Auditor in charge

Magnus Jönsson
Authorized Public Accountant



Thule AllTrail
hiking backpack.

FINANCIAL TARGETS

Targets and their achievement

By methodically prioritizing our focus areas: Products and Consumers, Efficient and reliable manufacturing, Responsible sourcing and logistics and Responsible business practices, we are able to create the financial return that enables a business model that is sustainable in the long term.

Our financial targets are to be achieved by managing all aspects of operations in accordance with the principles contained in our Code of Conduct, to ensure that, in addition to our financial targets, social and environmental aspects are also taken into consideration.

Organic growth

Sustainable, long-term growth is at the root of the company's value creation.

Long-term target

+5%

Annual organic growth (after currency adjustment).

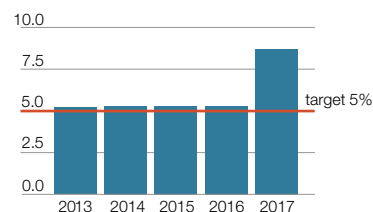
Result in 2017:

+8.8%

Future focus area:

- Continued, stable growth in our largest product category, Sport&Cargo Carriers, in which we are clear global market leaders.
- Continued strong growth in the Active with Kids category, with a wider product offering.
- Continued strong growth in RV Products by capturing market shares in Europe and selectively opening markets outside Europe.
- Growth within Packs, Bags & Luggage driven by sports bags and suitcases.

Organic growth (after currency adjustment), %



EBIT margin

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

Long-term target

>20%

Underlying EBIT margin.

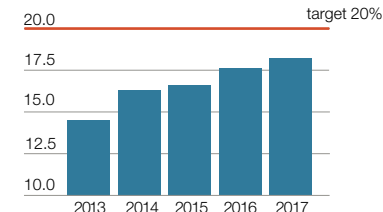
Result in 2017:

18.2%

Future focus area:

- Sustained focus on exploiting economies of scale in a supply chain backed by strong investment.
- Continuous focus on innovation-driven improvements to profitability.
- A focus on growth in categories with high margins.

Underlying EBIT margin, %



Capital structure

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

Long-term target

1.5 – 2.5 X

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

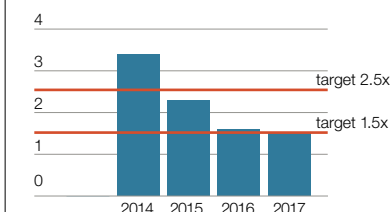
Result in 2017:

1.5 X

Future focus area:

- An efficient long-term capital structure that considers potential acquisitions and investment requirements.

Net debt to EBITDA ratio, x



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 in 2017:

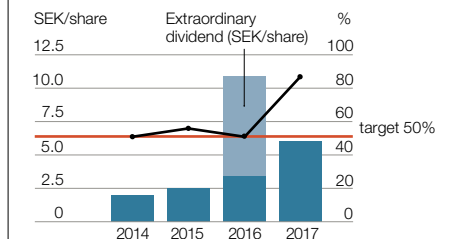
87%

The Board of Directors proposes an ordinary dividend of SEK 6.00/share (87% of net income).

Future focus area:

- 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.

■ Ordinary dividend (SEK/share),
— Ordinary dividend as % of net profit



OPERATIONAL TARGETS

Environment – CO₂ emissions

To reduce our climate impact by reducing our energy consumption and increasing the proportion of renewable energy.

Long-term target

-65%

Direct and indirect CO₂ emissions are to decline by 65% in relative produced quantities at our production facilities by the end of 2020, compared to the base year of 2014.

Result in 2017:

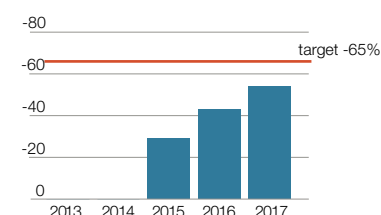
-55%

Compared to base year 2014.

Future focus area:

- Sustained focus on energy efficiency and increased use of renewable energy for both electricity and heating.

Reduction compared to base year, %



Environment – electricity

Our goal is to fully convert to electricity from renewable sources at our facilities.

Long-term target

100%

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

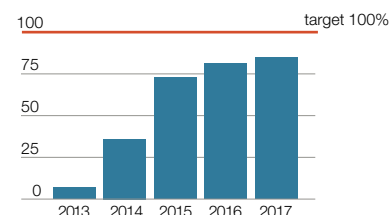
Result in 2017:

-85%

Future focus area:

- Sustained focus on pursuing the use of electricity from renewable sources at all of our facilities by 2020.

Electricity from renewable sources, %



Environment – recycling

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

Long-term target

>96%

Achievement of a 96-percent recycling rate by 2020.

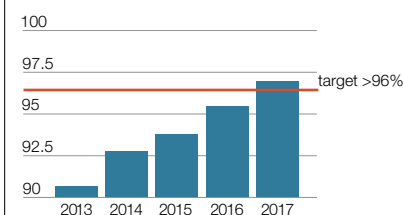
Result in 2017:

97%

Future focus area:

- Our aim is to reduce our waste and increase the rate of recycling.
- We will introduce clearer reporting and sorting of recyclable and non-recyclable waste.

Recycling rate, %



Health and safety

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

Long-term target

<30

We have set a target for the number of workplace accidents to fall to below 30 by 2020 at the latest. Our long-term vision is to entirely eliminate workplace accidents.

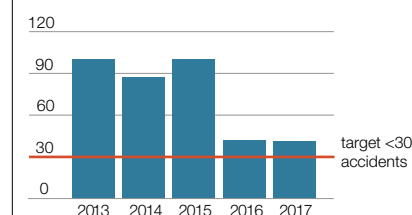
Result in 2017:

41

Future focus area:

- Sustained focus on pursuing our Safety First initiative at all units.

No. of workplace accidents



An active life is attracting more and more people



Experiences out in nature help us to feel better

In recent years, a range of research has clearly shown that travel and experiences out in nature with our nearest and dearest have an effect on our well-being and health. In addition to positive physiological effects from the amount of oxygen we breathe in, the shot of vitamin D and endorphin boost, an active outdoor life also helps us mentally. With more than 50 percent of the world's population residing in ever-larger and more hectic urban environments, more and more people are attaching importance to the mental relaxation and physical exertion offered by an active outdoor lifestyle.

Strong global macro trends are helping Thule Group to grow. Many people are influenced today by the desire to have a healthy life and greater levels of well-being, as well as the dream of a more active lifestyle. Across the globe, more time and money is being spent than ever before on travel and experiences linked to an active outdoor life.

Our products are used in many different contexts and by people at different stages of life – but they all have one thing in common: they make it easier to live an active life. Several strong global macro trends are creating positive conditions for growth, even if the conditions vary in different markets in terms of living standards, urbanization, competition, market channels and maturity, for example.

A more active outdoor life leads to well-being

Across the globe, more and more people are being attracted to try physical outdoor activities, often as a counterbalance to an urban life and sedentary jobs indoors. Greater insights into the positive health effects are a contributing factor, but

we believe that the feeling of well-being and the opportunity to experience new things and get out into nature together with friends and family is even more important.

In more mature markets, this trend is driven by young parents who want to maintain their active life after having their first child, but also by people of more advanced years. Thanks to a strong financial position, better health and more free time, these consumers are spending more time and money than ever before on sports and outdoor activities.

A growing middle class in emerging markets across the globe is following the trend and spending an increasingly large proportion of their rising incomes on sports and outdoor activities.



Thule RoundTrip ski bag.

Thule Group offers many different products that make it easy for people to live an active life. We assess that the market will grow by 2 to 5 percent annually, depending on the product category.

More options for consumers means clear winners

In today's society, consumers expect to be able to shop whenever and wherever they want and to choose the level of service they are prepared to pay extra for. The retail industry is therefore undergoing major changes, with new purchasing patterns seen in both digital and physical channels. As part of this new reality, strong collaboration between all sales channels offers the customer a greater overview, freedom of choice and accessibility. Many retail chains are choosing to offer either a high level of service with very strong brands or to sell cheaper, simpler products under their own brands.

#vanlife – an example of a trending hashtag

For Thule Crew member and world snowboard freeriding champion Aline Bock, the passion for travel started while still in the cradle. Her whole family loved to be out in nature practicing various extreme sports together. Aline therefore shares the dream that many nature-lovers and adventurers have: to travel round in a small RV with all of her sporting equipment and enjoy the opportunities afforded by nature, meet new people and see new places. In the summer of 2017, Aline set out on a year-long trip; a trip that she shared on social media under the hashtag #alinevanlifeaction. She lives in her RV with various Thule products so she is able to bring everything she needs to live out her adventure.

It is possible to see a strong trend for similar initiatives on numerous social media channels, where the young generation of RV owners who want to live an active life share their experiences and photos. The hashtag #vanlife gathers over 2.6 million posts from enthusiasts across the globe.

Brands such as Thule, which are linked to clear values, are developing more strongly in today's competitive world. Thanks to product comparison sites and information shared via social media, the market is being clearly driven in a direction where brands that stand for truly great products and create the feeling customers are looking for are growing.

Greater demands from the retail segment are driving consolidation

To increase profitability and reduce risks, retail chains are placing ever-greater demands on short lead times, improved delivery precision, efficient marketing support, simplified online sales and smart store concepts.

Brand owners who are able to efficiently meet these greater demands are the winners, becoming key partners in a closer collaboration and greater market shares that enable economies of scale.

The global sports and outdoor market remains fragmented, despite the consolidation that has taken place over the past decade. The major players, retail chains and brand owners are driving consolidation in their hunt for growth via new markets, new market shares and improved profitability by way of economies of scale in terms of manufacturing, marketing and distribution.

Sport&Cargo Carriers – stable market development

Sport&Cargo Carriers is our largest product category and has led to the Thule brand becoming recognizable across the globe, with products that make it easy to bring the family's sports equipment with the car to the summer house, on the biking holiday or to the beach. In 2017, Sport&Cargo Carriers accounted for 65 percent (67) of the Group's total sales. The market is growing 2 to 4 percent annually.

Thule Group is a market leader with around 50 percent of the global market, and we are driving growth by way of innovative product launches. The market is influenced by the general sport and outdoor trend, but also by the need to bring new products along when people are traveling, for

example bikes with carbon frames or wider skis that require new, smart solutions.

Active with Kids – the premium segment growing most rapidly

We are global market leaders in bike trailers and, thanks to the acquisition of the Dutch brand Yepp made in 2016, we are now of the leading companies for child bike seats. Since the launch of our first sport strollers in 2014, we have established ourselves as a rapidly growing niche player in the strollers category. In autumn 2017, we presented our plans to grow within the considerably larger category of more traditional strollers.

In recent years, the premium segment for strollers has grown more rapidly and taken market shares from simpler products. Overall, our assessment is that this product category will continue to grow by around 5 percent per year.

RV Products – hot European market

The RV and caravan market has been enjoying a strong trend for a number of years now. We focus on the European market in which we are market leaders in terms of awnings and bike carriers. In 2017, sales of RVs and caravans in Europe increased by some 15 percent. The global trends mainly affecting this industry are that people in the growing 50+ age category want to keep living an active and sporty life and that a new generation of young consumers appreciates the sense of freedom a holiday in an RV can offer.

As this sector is also impacted by access to finance for such a large capital purchase as an RV or caravan, this is



Thule Chariot Sport multisport trailer.

Our assessment is that the premium segment for strollers will continue to grow by around 5 percent per year.

our most economically sensitive product category. The European market is expected to grow more than 5 percent per year on average over the next five years.

Packs, Bags & Luggage – different market conditions

Over the last decade, our sales of DVD cases and camera bags under the Case Logic brand have entailed major exposure to a rapidly decreasing market. Much lower sales for Thule Group within this contracting segment and growth in other categories of bags means this exposure is now less severe, but is the reason why we have consciously focused on backpacks and laptop cases for work or leisure time over the past few years.

We have also launched many well-received products in the sports bags category; everything from ski and boot bags to hiking backpacks.

In 2017, we took a major step into the very large luggage category with the launch of the Thule Subterra collection. We plan to launch other collections over the next few years as part of our aim to be a major long-term player in the premium category of luggage.

The bag industry is highly fragmented with many geographically limited brands, but here too, there are strong, global players in various categories.

Our assessment is that the market will grow by 4–5 percent per year in mature markets and even more in developing countries. Growth is driven by global macro trends such as interest in an active lifestyle, but also by an increase in international travel.

Performance by product category

	Sport&Cargo Carriers		Packs, Bags & Luggage		RV Products		Active with Kids	
Share of sales Thule Group, 2017	65%		14%		13%		8%	
Share of sales per region, 2017	Europe & ROW 62%	Americas 70%	Europe & ROW 9%	Americas 23%	Europe & ROW 19%	Americas 1%	Europe & ROW 10%	Americas 5%
Growth after currency adjustment	+6%		-3%		+28%		+40%	
	Europe & ROW +8%	Americas +4%	Europe & ROW -2%	Americas -4%	Europe & ROW +27%	Americas +70%	Europe & ROW +45%	Americas +26%





1

1 million visitors to the 14 global
and large number of local fairs we participated in during 2017.

70,000

followers on Thule Instagram in 2017.

20,000,000

unique visitors to thule.com.



Thule DockGlide kayak rack.

Strong new products drive growth and profitability

During the year, we drove rapid growth in new product categories such as strollers and luggage together with continued success in traditional categories such as bike carriers for RVs and roof boxes for the car. Thule Group is now a successful lifestyle company with a broad range of valued products that make it easier for people across the globe to live an active life.

At Thule Group, we have common processes for product development, sourcing, production, logistics and marketing. Sales are managed in two regions, Europe & ROW, which grew 12.7 percent, and Region Americas, which increased 3.4 percent after currency adjustment.

In connection with the capital markets day held in the autumn, we presented the developments and aims for the four product categories in which we operate:

- Sport&Cargo Carriers (roof racks, roof boxes, bike carriers and racks for water and winter sports transported by car)
- Active with Kids (bike trailers, strollers, child bike seats)
- RV Products (awnings, bike racks and tents for RVs and caravans)
- Packs, Bags & Luggage (hiking backpacks, suitcases and camera bags, consumer electronics cases).

Region Europe & ROW shows strong growth

The positive trend we have seen in Region Europe & ROW in recent years continued. We achieved growth of 12.7 percent after currency adjustment as a result of healthy growth in the vast majority of our markets, with particularly positive trends in Eastern Europe, the UK and Germany.



Thule EnRoute backpack.

Our long-term aim is to establish the Thule brand within the luggage category and to grow in backpacks and sport bags.

Product categories – development and aims

Sport&Cargo Carriers

65% of the Group's sales in 2017

- Trend in 2017: Stable growth of 6 percent in local currency from an already strong position as market leader.
- Long-term aim: Sustained stable growth by way of a strengthened market leading position.

Active with Kids

8% of the Group's sales in 2017

- Trend in 2017: Highly successful launches and an expanded retailer network were the drivers behind very strong growth of 40 percent.
- Long-term aim: Rapid growth driven by an expanded range, with the aim of becoming a major player in terms of premium strollers within the next few years.

RV Products

13% of the Group's sales in 2017

- Trend in 2017: Increased market shares in a booming European RV market, estimated to have grown by around 15 percent, drove very strong growth of 28 percent.
- Long-term aim: To exceed the market trend. This is the Group's only product category that is subject to economic fluctuations (see also Risk section, pages 44–47). We have consistently reported stronger developments than the market for a number of years now, regardless of the trend, which has been driven by new products and a close collaboration with major RV manufacturers. Our goal is to continue in this way in the future.

Packs, Bags & Luggage

14% of the Group's sales in 2017

- Trend in 2017: Successful luggage launches and growth within sports bags could not fully compensate for lower sales in traditional categories such as camera bags and cellphone and tablet cases, which led to a fall in sales of 3 percent.
- Long-term aim: 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.



Thule Chariot Cross multisport strollers.

Growth amounted to 8 percent in Sport&Cargo Carriers, which accounts for 62 percent of the company's sales in Region Europe & ROW. Stable growth in roof racks and successful launches of bike carriers, such as the Thule EasyFold XT tow bar mounted bike carrier, were the two strongest contributing factors to the strong trend.

The exciting new Active with Kids category continued to develop very well and this category had the percentage-wide largest growth in the region, at 45 percent. Successful launches of Thule Chariot multisport trailers and Thule Yepp Nexxt bike seats for children and an increasingly expanded retailer network were behind this growth.

RV Products, which is largely driven by developments in a small number of Central European countries, continued to grow rapidly in a booming European RV and caravan market, with a continued high level of production and increased orders for essentially all manufacturers in the region. Our assessment is that growth in the market amounted to around 15 percent in 2017. Thanks to successful launches of new

products and a close collaboration with major customers, we succeeded in taking market shares too. RV Products grew 27 percent and thus accounted for 19 percent of the region's sales during the year.

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 falling by 2 percent. However, we saw positive signals during the year due to the increasing share of sales among newer suitcases and sports bags, which will provide long-term growth in the product category.

Growth returns to Region Americas

After three years of lower sales, Region Americas reversed the trend during the year by reporting sales growth of 3.4 percent after currency adjustment. Every quarter reported growth and all of our markets expanded, although Thule Group's largest market, the US, reported the lowest growth.

Sport&Cargo Carriers, which accounts for 70 percent of



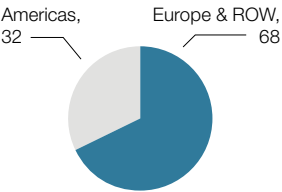
Thule Omnistore 6200 awning.

sales in this region, grew by 4 percent, particularly thanks to the successful launch of the Thule Motion XT family of roof boxes and strong sales of roof racks. However, sales were negatively affected by the accessories for pick-up trucks category, which is a part of Sport&Cargo Carriers following the divestment of the Specialty segment in the second quarter of 2017. We have chosen not to strive to grow in terms of these types of simpler, low-margin products that we sold directly to car manufacturers, placing the focus instead on improvements to profitability. This strategic decision is expected to continue impacting sales negatively in 2018, but our margins will improve.

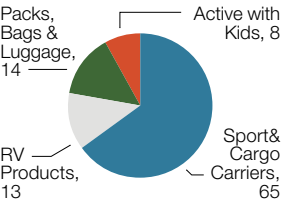
Active with Kids continued to perform very well and grew 26 percent, driven by a strong demand for strollers and bike seats for children. Over a three-year period, the Thule Urban Glide stroller has become a major success among active consumers and placed the Thule brand on the map in the general stroller category – something we hope to take advantage of in connection with the launch of the Thule Sleek strollers in the second half of 2018.

We have very limited RV Products sales in the region, with this category accounting for a mere 1 percent of the region’s sales. The background to this is the fact that American RV manufacturers and consumers have

Sales by region, %



Sales per product category, %



historically been unwilling to pay for more technically advanced quality products, instead choosing simpler technical solutions than those that have proved successful for us in the European market.

Sales within Packs, Bags & Luggage fell by 4 percent despite increased sales of the new Thule Subterra luggage collection and sports-related bags. We have historically sold a number of simpler bags and cases in this region to companies with medical equipment, and given our focus on profitability we have consciously chosen not to pursue sales volumes with a low level of profitability.

Continued global optimization of manufacturing and distribution

The extensive review of our global distribution structure, initiated in 2015, concluded during the year with the opening of our distribution center for the eastern US. The new structure creates a stable basis for future volume growth whereby we are able to cost-efficiently provide retailers with better service and shorter lead times, while we are also better able to counteract increased distribution challenges and our impact on the environment and climate.

We opened our second assembly plant in Poland in November, at which we will mainly assemble products for new product categories such as bike seats and strollers, but also bike carriers and other products within Sport&Cargo Carriers. We plan for around 100 people to be employed at the new plant in 2018.

The Thule Retail Partner program, or the Group’s authorized retailer network, continued to expand during the year with 500 new partner stores, of which a large proportion were related to our rapidly growing children’s products and luggage categories. Updated online solutions and a new physical store concept presented during the year were received very positively by our partners.

Sales by region	2017	2016	Change, %	
			Reported	Adjusted ¹
Net sales, SEKm	5,872	5,304	10.7	9.5
– Region Europe & ROW	3,983	3,482	14.4	12.7
– Region Americas	1,889	1,822	3.7	3.4

1) Adjusted for changes in exchange rates

The Thule Brand becoming ever stronger

Our core Thule brand is a renowned and leading brand across the globe in an increasing number of product groups linked to an active life. A conscious focus on strengthening the brand in all channels means that Thule now accounts for 79 percent of the Group's sales.

With the *Bring your life* slogan at our core, we have worked structurally to strengthen the Group's largest brand, Thule, for a long time now. Thanks to innovative products that win both product tests and design prizes and are valued by users across the globe, we have created a global premium brand. We are convinced that strong brands provide a stable platform for profitable growth.

Today, Thule is a lifestyle brand with products in many different categories, both for an active daily life in urban environments and an active outdoor life at the weekends. Bike carriers for the car that have space for all of the bikes needed for Sunday's mountain bike tour, adaptable strollers for active parents, smart packaging solutions for the RV and attractive suitcases for a long weekend in the big city are just a few examples of the categories in which the brand can be found nowadays.

We have strengthened our presence on social media in order to share all of the inspiring material we receive from our users. With more than 70,000 followers on our Instagram account and over 166,000 followers on Facebook, we are building valuable relationships with users around the world.

Share of sales from own brands steadily increasing

Sales of the Group's own brands increased during the year to 89 percent (87). In 2017, Thule accounted for 79 percent of the Group's sales, a 4 percentage-point improvement compared with the previous year.



Thule Store in Stockholm.



Thule Urban Glide 2 stroller in the black-on-black version.



Thule Subterra carry-on and Thule Vectro's MacBook™ case.

The brand Yepp, acquired in 2016 and used for child bike seats, has been gradually phased out to become Thule, and in 2018 the local American brand TracRac, the rack for pick-up trucks in the US, will also be phased out and replaced by Thule.

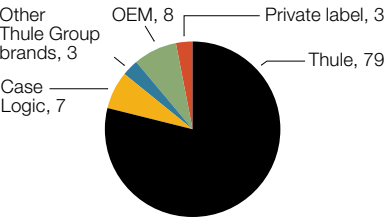
A number of brands are limited either geographically or to certain product categories, such as Case Logic for bags and TracRac for accessories to pick-up trucks. Case Logic, which accounted for 7 percent (9) of sales, principally holds a strong position within camera bags and smaller laptop cases for daily use in the US, Benelux region and southern Europe, and our investments in growth for this brand are focused on smaller bags for daily use in the mid-price class in these regions, along with South America and Asia.

We are continuing to build upon our close collaboration

with leading manufacturers of premium cars, and OEM sales, where the products are sold under the customer's brand, accounted for 8 percent (9) of sales. Our strategy of focusing on the Group's own brands and products with clear development and manufacturing synergies and strong gross margins for OEM customers has led to lower sales of certain simpler products for pick-up trucks, as well as some simpler bags for medical equipment that were sold locally in the US – a development that will continue in 2018.

To a limited extent, we also sell products to major retailers who market the products under their own brands, known as "private label". In line with the divestment of the Specialty segment, sales in this area fell to 3 percent of total sales during the year.

Sales per brand, %



In 2017, the Group's own brands accounted for 89 percent of total sales, with lifestyle brand Thule the fastest-growing example.



We at Thule Group aim to contribute to a better world. With regard to our social commitment, we have chosen to focus on making it easier for children to lead active lives. Through close collaboration with committed Thule Crew members and volunteers, Thule Group employees want to combine their passion for an active life with locally based initiatives.

One example of this is the initiative run by Thule Crew member and legendary mountain climber Apa Sherpa in his old hometown in Nepal via his Apa Sherpa Foundation.

Apa, who has reached the summit of Mount Everest 21 times, dreamt of becoming a doctor and his association strives to provide children with better opportunities to attend school in the mountainous areas of Nepal. Thule Group supports these efforts by paying for hot lunches for children at school, among other contributions.



Risks and risk management

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

The Group's ability to analyze and prevent risk in turn reduces the risk of unforeseen events having a negative impact on operations. The goal of risk management is not necessarily to eliminate risk, but to safeguard our business goals by way of a balanced risk portfolio. Mapping, planning and management of identifiable risks all support management when taking strategic decisions. The risk assessment also aims to increase risk awareness across the entire organization, for both operational decision-makers and Board members.

Organization

The Board of Directors of Thule Group bears ultimate responsibility for the company's risk management. Risks relating to business development and long-term strategic planning as well as the Group's work on sustainability and environmental initiatives and their related risks are managed and prepared by way of a prioritization proposal produced by Group management and prioritized ultimately by the Board. Group management reports ongoing risk issues such as the Group's financial status and compliance with the Group's finance policy to the Board.

The Group's central finance department is responsible for the prioritization and management of financial risks, including exposure to exchange rate fluctuations. Thule Group has a central function responsible for ensuring that the Group is appropriately protected by

insurance for insurable risks, in line with the prioritization proposed by Group management and resolved by the Board. The Group's Code of Conduct and a number of more specific policies form the basis of ongoing operational risk management undertaken at every level of the organization.

Risk overview

A number of risk areas have been identified in Thule Group's risk management process. The table on pages 45–47 briefly describes the most significant areas, along with their management and measures to limit potential effects on operations. A more detailed compilation of financial risks can be found in Note 4 on pages 74–77. Work environment risks are described in more detail in the Employees chapter on pages 26–27 as well as the Efficient and reliable manufacturing chapter on pages 20–23. Thule Group has categorized identified risks according to industry and market-related risks, operational and sustainability related risks and financial risks.

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

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 and environment-related 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, insurable risks and other types of sustainability risks – mainly environmental, health and safety-related risks.

Financial risks

Thule Group's management of financial risks is centralized at the Group's finance department, which manages its activities within its established risk mandates and limits. Management is conducted in line with the guidelines in the Group's policies and regulations governing specific areas. All policies and regulations within this area are updated and established annually by the Group's Board of Directors. Read more about the accounting policies, risk management and risk exposure in Notes 1 and 4 on pages 66–71 and 74–77 respectively.

Industry and market-related risks

Business cycle	Competition	Competition legislation	Demand	Legislation and taxes
Demand for Thule Group's products is dependent on macroeconomic conditions. Changes in the business cycle that lead to the weakening of the retail market and reduced purchasing power may have a negative effect on Thule Group's operations, results and financial position. RV Products is the Group's only product category that is subject to economic fluctuations.	Thule Group pursues business operations in a competitive market. This entails a constant risk that customers or consumers may prefer the products of competitors over Thule Group's current and future product offering. Increased competition may also negatively impact Thule Group's margins.	While Thule Group has adopted internal procedures to ensure compliance with competition laws, there can be no assurance that instances of non-compliance may not occur. Furthermore, Thule Group's strong position in certain product markets may signify that Thule Group is considered to have significant market power that could lead to restrictions in terms of business strategies or opportunities to grow through acquisitions.	Thule Group's range contains products used to supplement products not found in Thule Group's own range (bike racks for cars, camera cases, etc.). Demand for these products may change in line with technological developments or changes in consumer needs and preferences. This could entail a significant negative impact on Thule Group's operations, results and financial position.	The business is conducted in accordance with Thule Group's interpretation of applicable tax laws, tax treaties or other provisions in the tax law area, and the requirements imposed by the relevant tax authorities. There can, however, be no assurance that Thule Group's interpretation is accurate in all respects. Such shortcomings and potentially retroactive decisions may have a significant negative impact on Thule Group's operations, results and financial position.
Management	Management	Management	Management	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.	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.	Thule Group continuously develops training courses for its employees and checks 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 heightened risks.	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.	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 governing tests 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's estimation of the costs, with support from legal consultations and available information.

Operational and environment-related risks

Reputation	Local business risks in countries with operations	Agreements with suppliers and customers	Environmental risks	Sustainability risks	Ability to retain and recruit qualified staff
Thule Group is dependent on a good reputation, which, in turn, depends on factors such as good design, the distinct character of the products, the choice of materials, the image of Thule Group in the retail industry and among consumers, communication activities, including advertising, public relations and marketing, the company's sustainability initiatives and the Group's brand. Any harm to Thule Group's reputation may result in Thule Group losing business or growth opportunities, which could adversely affect its operations, results and financial position.	Thule Group's business is subject to international and local laws and regulations applicable in each country in which Thule Group operates. Non-compliance with laws and policies may occur unintentionally. Furthermore, authorities in countries in which the company operates or plans to operate may take measures that limit, delay or obstruct the Group's efforts and led to increased costs and greater commitments or in some other way negatively impact Thule Group's results.	In accordance with prevailing business practices in the markets in which the Group operates, certain agreements with customers and suppliers are informal. These consist mainly of price agreements of purchase orders. If there is disagreement as to the content of these agreements, it can be difficult to establish exactly which rights and obligations each party has. This could lead to challenges, disputes or conflicts that could have a material adverse effect on Thule Group's operations, results and financial position.	Non-compliance with environmental regulations and other provisions linked to the environment could result in fines and other sanctions. Thule Group's liability for currently known and unknown clean-up costs and environmental sanctions could have a material adverse effect on Thule Group's operations, results and financial position.	If Thule Group fails to obtain society's confidence in its sustainability initiatives, for example as a result of shortcomings linked to management of the Group's products, an inability to handle issues linked to user safety, questionable working conditions among suppliers or an inability to avoid using substances that are hazardous to health, it could have a material adverse effect on Thule Group's operations, results and financial position.	Being able to attract and retain qualified personnel and its executive management is vital to Thule Group's future operations. Thule Group is particularly dependent on executive management and on certain employees within development, sourcing and sales functions. If Thule Group cannot attract or retain qualified personnel, it could adversely affect Thule Group's operations, financial position and results.
Management	Management	Management	Management	Management	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 we safeguard competition law and sustainability initiatives. The Group's quality work is certified in line with ISO 9001.	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 regular assessments of legal issues in order to predict and prepare for any potential changes. Provisions for potential legal disputes, tax disputes, etc., are based on an estimation of the costs, with support from legal consultations and available information.	Thule Group pursues comprehensive quality and environmental management initiatives that place requirements on both our own production and that carried out by subcontractors. The impact of operations on the environment are monitored regularly and Thule Group carries out systemic work to reduce its climate impact.	Thule Group pursues comprehensive quality and sustainability initiatives that place requirements on both our own production and that carried out by subcontractors. General sustainability targets relating to the environment, quality and social responsibility are monitored on a quarterly basis. A significant proportion of these sustainability initiatives involves evaluating product development, sourcing and logistical processes against relevant standards for sustainability, quality and the environment.	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-rate and competitive remuneration, we safeguard our ability to attract the right resources and ensure the Group's employees stay with us long-term because they are content and able to develop in the environment provided by the Group.

Financial risks

Exchange rate risk

Fluctuations in exchange rates lead to the risk of a negative impact on the company's financial position, profitability and cash flow. Thule Group is affected by fluctuations in exchange rates by way of transaction exposure and translation exposure.

Transaction exposure occurs when sales and sourcing take place in several different currencies that differ from that used by the company in question. Translation exposure arises when the income statements of foreign subsidiaries and assets and liabilities are translated to SEK at year-end.

Management

The central finance department is responsible for all hedging with a term of 1–12 months to reduce the effect of exchange-rate fluctuations on the outstanding net exposure.

In terms of translation exposure, the Group's policy is to hedge net investments with loans for each currency with loans in the same currency as far as possible, but otherwise not to hedge this type of exposure.

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, and this is mainly achieved by entering into interest-rate swaps.

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 risk. They consist of several subcategories with various degrees of processing that in numerous cases cannot be tied to a direct market price.

Management

The commodity price risk is managed by indexing supplier contracts for products with a high proportion of commodities and establishing defined times for updates. The commodity price can also be hedged using financial contracts with a term of 1–12 months.

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 such refinancing can only be obtained under much less favorable conditions.

Liquidity risk refers to the risk that Thule Group is unable to fulfill its payment commitments due to a lack of liquidity.

Management

The central finance department continuously monitors whether Thule Group is fulfilling the binding key figures linked to the company's loan facilities. Thule Group strives to work with a number of banks and financial institutions in order to reduce dependence upon individual players.

The Group has a rolling eight-week liquidity plan that includes all divisions of the Group. The plan is updated monthly.

The Group's policy is to minimize its borrowing need by centralizing surplus liquidity via the Group's cash pools.

Credit risk

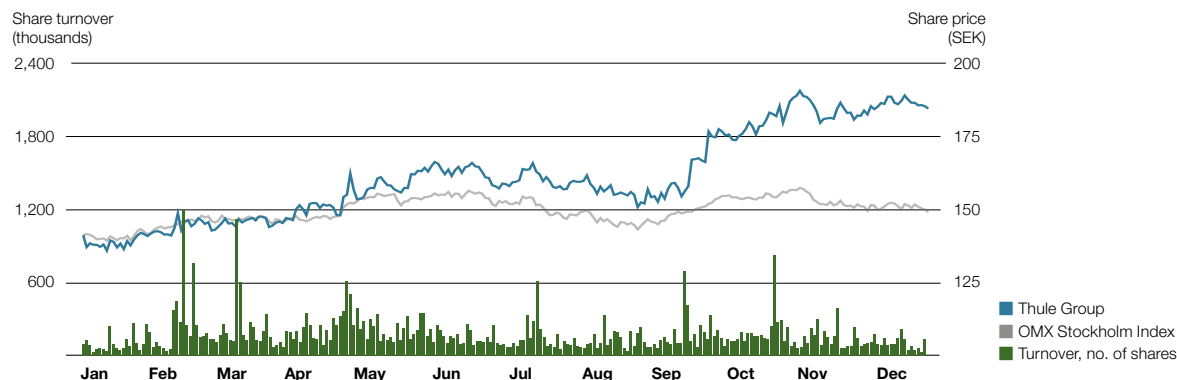
Credit risk is the risk that Thule Group's counterparties are unable to pay their liabilities and thus cause losses for Thule Group. This risk is present in commercial transactions as well as financial transactions.

Management

Credit risk linked to accounts receivable is limited as Thule Group's customers primarily comprise medium-sized customers, which leads to a good distribution of risk. Customers undergo credit checks in accordance with the Group's credit policy and outstanding balances are monitored continuously.

Financial credit risk primarily entails counterparty risks in the form of receivables from banks attributable to surplus values in derivatives and liquidity deposits to banks. In order to reduce this risk, the derivatives are spread between different counterparties. The ISDA agreements that have been signed with all counterparties permit the offset of derivative assets and derivative liabilities per counterparty, which reduces credit risk.

The Thule share and shareholders



Thule Group's share has been listed on Nasdaq Stockholm since November 26, 2014. At December 31, 2017, Thule Group had 12,901 shareholders, of whom 167 (80.6 percent of shares) were financial and institutional investors, 12,143 (3.2 percent of shares) were private Swedish individuals and 591 shareholders (4.0 percent of shares) were legal persons. The remaining shareholders (12.1 percent of shares) cannot be classified.

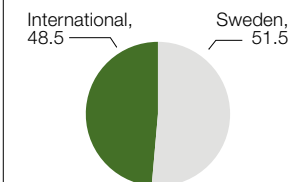
Foreign owners accounted for 48.5 percent of the votes and capital. The ten largest owners represented 49.2 percent of the votes and capital. The highest price paid during the period between January 1 and December 31, 2017 was SEK 193.2 and the lowest price paid was SEK 135.8. During the period January 1 to December 31, 2017, Thule Group's share price rose 29 percent.

At December 31, 2017, Thule Group's share capital amounted to SEK 1,140,802.69. The number of common shares was 102,072,910. According to the Articles of Association, share capital may not amount to less than SEK 500,000 or more than

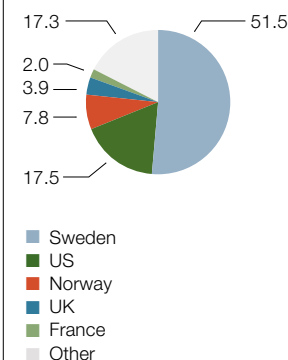
SEK 2,000,000, divided between a minimum of 44,737,320 and a maximum of 178,949,280 shares. Thule Group's Articles of Association contain a central securities depository clause and the company's shares are registered with Euroclear Sweden AB, which means that Euroclear Sweden AB administers the company's share register and registers the shares by person. 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	13,752,983	13.5
Lannebo Fonder	6,047,325	5.9
Nordea Fonder	5,332,390	5.2
Handelsbanken Fonder	4,989,207	4.9
Swedbank Robur fonder	4,552,396	4.5
Odin Fonder	3,755,273	3.7
SEB Fonder incl. Lux	3,478,765	3.4
Franklin Tempelton	3,001,831	2.9
Norges Bank	2,830,222	2.8
JP Morgan	2,448,117	2.4

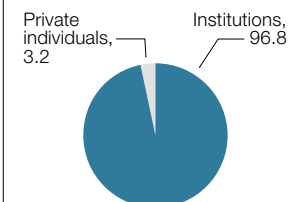
Share of votes and capital, Swedish and international owners, %



Share of votes and capital, five largest countries, %



Share of votes and capital, Sweden, %



Information to shareholders

Annual General Meeting

The Annual General Meeting (AGM) of Thule Group AB (publ) will be held on Wednesday, April 25, 2018 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 19, 2018, and
- notify the company of their intention to attend the AGM by the same day – Thursday, April 19, 2018 – preferably before 4:00 p.m. CET.

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 Friday, April 20, 2018. 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 92 95, or on the company's website, www.thulegroup.com.

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

Board of Directors' Report

The Board of Directors and President of Thule Group AB (publ), Corp. Reg. No. 556770-6311, hereby submit the Annual Report and the consolidated financial statements for the 2017 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, roof boxes, holders for bikes, 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 carriers and tents for motor homes and caravans) and Packs, Bags & Luggage (e.g. hiking backpacks, suitcases and camera bags).

Thule Group has about 2,200 employees at nine production facilities and 35 sales offices worldwide.

The products are sold in 140 markets and in 2017, sales amounted to SEK 5.9 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

Specialty segment – the toolboxes for pick-up trucks operations were divested

In line with the strategic direction of focusing Thule Group's operations on sports and outdoor products for active consumers, the remaining part of the Specialty operating segment, toolboxes for pick-up trucks, was divested on June 16. This divestment gives Thule Group's management the opportunity to focus further on driving growth in core operations. The selling price comprises two components, an initial payment of USD 18m and a maximum additional purchase consideration of USD 3.5m (based on sales to certain specific new customers during the 2018 calendar year). In full-year 2016, the divested operation in the Specialty segment had sales of SEK 307m with an operating margin of 11.2 percent. The capital gain is expected to amount to SEK 70m, including divestment costs. The transaction entailed a positive cash flow effect of SEK 145m.

New long-term targets and new categories

Our first capital markets day since listing in autumn 2014 was held on September 20 in Stockholm. In conjunction with the above, updated long-term targets were presented, where above all, the raised target

for the underlying EBIT margin (from ≥ 17 percent to ≥ 20 percent) demonstrates our belief in our plans to continue to drive a positive trend in profitability. We will continue to report sales in the two sales regions (Americas and Europe & ROW) on an ongoing basis. On a full-year basis, we will also present the trends in four product categories:

- Sport&Cargo Carriers
- Packs, Bags & Luggage
- Active with Kids
- RV Products

The previous product categories, Bags for Electronic Devices and Other Outdoor&Bags, have been divided into three clearer product categories: Packs, Bags & Luggage; Active with Kids; and RV Products.

Tax audits in Germany

An agreement was reached during the year with the German tax agency regarding the tax audits for the periods 2005–2008 and 2009–2012. The agreement entails that the demand has been reduced from EUR 27.6m to EUR 3.0m.

New plant inaugurated in Poland

During the fourth quarter, production began in our second assembly plant in Poland. Construction work on the plant began in October 2016 and it is located in the city of Pila, western Poland, about one hour from the Group's largest plant in Huta. The new plant will increase production capacity, and enable the company to carry out its own production of recently launched product categories. Accordingly, we will be able to effectively use part of the support functions that are already established in Poland. The focus will be on bike carriers and Active with Kids, including assembly of the new Thule Sleek stroller, which will be brought to market in the autumn of 2018. During the year, about a hundred people will be employed at the plant.

PERFORMANCE OF THE GROUP'S OPERATIONS, EARNINGS AND POSITION – GROUP

Net sales

Net sales for the full-year 2017 amounted to SEK 5,872m (5,304), corresponding to an increase of 10.7 percent. Adjusted for exchange rate fluctuations, net sales for the Group rose 9.5 percent.

In Region Europe & ROW, sales increased 12.7 percent after currency adjustment, while Region Americas' sales grew 3.4 percent after currency adjustments.

The development of our four product categories in 2017 can be summarized as follows:

- Sport&Cargo Carriers – Stable growth of 6.4 percent from an already strong position as market leader.
- Packs, Bags & Luggage – Despite the successful launch of luggage, we were unable to compensate for reduced sales in traditional categories, which led to a decline in sales of 3.3 percent.
- RV Products – Increased market shares in a booming mobile homes market drove very strong growth of 27.9 percent.
- Active with Kids – Highly successful launches and an expanded retailer network were the drivers behind very strong growth of 40.4 percent.

Operating income

Operating income totaled SEK 1,067m (922). Underlying EBIT amounted to SEK 1,069m (935), corresponding to an operating margin of 18.2 percent (17.6). Changes in exchange rates had an overall positive impact of SEK 8m on underlying EBIT, compared with the full-year 2016. After currency adjustment, we achieved a year-on-year margin improvement of 0.6 percentage points in the period. The improvement was achieved through volume growth as well as the efficiency initiatives implemented in inventory and logistics.

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 and production of new products. Research and development expenses comprised 5.6 percent (4.6) of net sales in 2017.

Seasonal variations

Thule Group's sales and operating income are partially affected by seasonal variations. During the first quarter, sales are affected in the Sport&Cargo Carriers category (roof boxes, ski-racks, etc.) by winter conditions. The second and third quarters are impacted by how early the spring and summer arrives, while sales in individual

quarters may be impacted by the respective quarter in which the spring and summer occurs. In the fourth quarter, seasonal variations are primarily attributable to sales of winter-related products (roof boxes, ski-racks, snow sport backpacks, etc.) and sales of products in the bag category prior to major holidays.

Net financial items

For the full year, net financial items amounted to an expense of SEK 52m (expense: 36), and were negatively impacted by exchange rate differences of SEK 6m (pos; 8) on loans and cash and cash equivalents. For the full year, the interest expense for borrowings was SEK 43m (expense: 40).

Taxes

Tax for the full year amounted to an expense of SEK 325m (expense: 234), corresponding to a tax rate of 32.0 percent (26.3). The effects of the tax reform recently passed in the US included the Federal tax rate being reduced from 35 percent to 21 percent as of January 1, 2018. Accordingly, an impairment of USD 13.4m was made on the deferred tax receivables that the Group has in the US.

The company has had continuing tax disputes in Germany, which have now been concluded. The German tax authorities had issued a judgment on an increase in the tax base for the years 2005–2008, which would have added approximately EUR 17.6m in further taxes and accrued interest, and an increase in the tax base for the years 2009–2012, which would have added approximately EUR 10.0m in further taxes and accrued interest for the company. A settlement has now been reached with the German tax authorities. The agreement means an increase in tax and interest totaling EUR 3.0m and the potential increase in tax based on the German tax authorities' decision was lowered by EUR 24.6m.

The company had already made a provision of EUR 7.0m for taxes/interest for the tax audits. The agreement entails that Thule Group recognized tax revenue amounting to EUR 4.0m in the fourth quarter. The decision also generated positive cash flow as a result of the repayment of most of the tax paid earlier to the German tax authorities.

Adjusted for the impairment of deferred tax receivables and for the dissolution of the provision for the German tax audit, the effective tax rate was 24.4 percent. No other significant events affecting the Group's effective tax rate occurred during the year.

SALES TREND BY REGION

Region Europe & ROW

In Region Europe & ROW, the very positive trend continued and we achieved sales of SEK 3,983m (3,482) corresponding to a growth of 14.4 percent. After currency adjustment, sales rose 12.7 percent. In Sport&Cargo Carriers, which accounts for 62 percent of sales in this region, growth was stable in all three of the large subcategories of bike carriers, roof racks and roof boxes.

RV Products, which is largely driven by the development in a small

number of Central European countries, continued to grow rapidly in a booming motor home and caravan market, with a continued high level of production and increased orders for essentially all manufacturers in the region.

The Active with Kids category continued to develop well and for the full year, this category has the percentage-wise largest growth in Region Europe & ROW, at 45 percent.

Lower sales in traditional categories with a link to consumer electronics, such as camera bags and mobile phone and tablet cases, resulted in a sales decline of 2 percent in Packs, Bags & Luggage. However, we noted positive signals during the year in the shape of an increasing share of sales among the newer luggage and sports bags, which will provide the long-term growth in the product category.

Region Americas

Growth in Region Americas was 3.4 percent for the full year after currency adjustment and it is encouraging to note that all markets in the region displayed growth and that we grew in the region during all four quarters of the year.

Sport&Cargo Carriers was negatively impacted by the smaller subcategory of accessories for pick-up trucks, which, as a result of the divestment of the main category, was integrated as a consequence of the sale of the main category in the Specialty segment during the second quarter. As announced earlier, we have chosen not to strive to grow in the low-margin product groups where we sell accessories for pick-up trucks directly to car manufacturers, and to instead focus on improving profitability in the category, which will also impact sales negatively in 2018. Growth was nonetheless favorable, mainly driven by the successful launch of the Thule Motion XT family of roof boxes and strong sales for roof racks.

Active with Kids continued to perform very well, driven by a strong demand for strollers. Packs, Bags & Luggage also developed in line with our expectations, although increased sales of the new Thule Subterra bag collection could not fully offset the decline in sales of simpler bags and cases.

SALES TREND BY PRODUCT CATEGORY

Sport&Cargo Carriers

During the year, we strengthened our global market-leading position with the very successful launches of new models, particularly in bike carriers and roof boxes. In addition, we continued our structured effort to support our retailers through diverse marketing measures and during the year, for example, we launched an improved website and a new physical store concept.

Product launches that were particularly important during the year included the tow bar mounted bike carrier Thule EasyFold XT and the Thule Motion XT roof box series.

Packs, Bags & Luggage

As presented at the capital markets day in the autumn, this category

comprises in practice four parts with large differences in terms of development trend and level of ambition going forward. The category also represents a considerably larger share of the sales for Region Americas.

Sales in the constantly shrinking subcategory of Legacy/OE products (for example CD cases, camera bags and cases for medical equipment) continued to decline rapidly and accounted for 42 percent of the Packs, Bags & Luggage category. During the year, despite the successful launch of the Thule Subterra collection and with favorable growth in sports bags, we did not manage to offset the negative trend in the older subcategories.

RV Products

Our focus in this category is on the premium segment in Europe and we continued to capture market shares in a strong market for sales of mobile homes and caravans in the region, which we estimate grew approximately 15 percent.

Our very strong brand, successful launches in, above all, bike carriers and awnings for mobile homes, combined with excellent delivery capacity in a rapidly expanding market, were the main reasons behind the 28-percent growth that we achieved.

Active with Kids

Highly successful launches of multifunctional bike trailers with our Thule design-winning Chariot series and child bike seats with the innovative Thule Yepp Nexxt, as well as the continued fast-growing sales of our Thule Urban Glide jogging stroller were the driving forces behind our 40-percent increase in growth. An updated generation of Thule Urban Glide 2, which begins to be sold in stores during the first quarter of 2018 and the new four-wheel stroller, Thule Sleek, which will be brought to market in the autumn of 2018, will be important additions to this category in 2018.

FINANCIAL POSITION

At December 31, 2017, the Group's equity amounted to SEK 3,467m (3,826). The equity ratio amounted to 47.6 percent (48.5).

At December 31, 2017, net debt amounted to SEK 1,719m (1,704). Total long-term borrowing amounted to SEK 2,283m (2,467) and comprised loans from credit institutions of SEK 2,275m (2,453), gross, capitalized financing costs of SEK 5m (8) and the long-term portion of financial derivatives of SEK 13m (22). Total current financial liabilities amounted to SEK 29m (34) and mainly comprised the short-term portion of financial derivatives.

Pledged assets for Thule Group amounted to SEK 22m (21).

Goodwill at December 31, 2017, amounted to SEK 4,145m. Goodwill pertaining to continuing operations totaled SEK 4,208 at December 31, 2016. The change was fully attributable to currency effects.

At December 31, 2017, inventories amounted to SEK 819m. At December 31, 2016, inventories pertaining to continuing operations amounted to SEK 825m.

SEKm	Dec 31, 2017	Dec 31, 2016
Long-term loans, gross	2,275	2,453
Financial derivatives, long-term	13	22
Short-term loans, gross	7	6
Financial derivatives, short-term	21	28
Overdraft facilities	0	0
Capitalized financing costs	-5	-8
Accrued interest	0	0
Gross debt	2,312	2,501
Financial derivative assets	-12	-34
Cash and cash equivalents	-581	-763
Net debt	1,719	1,704

Cash flow

Cash flow from operating activities was SEK 972m (878) for the full year. During the year, cash flow was positively impacted by the divestment of the Specialty segment. Investments in tangible and intangible assets amounted to SEK 144m (132) and divestments amounted to SEK 16m (2). During the year, a share issue valued at SEK 110m was carried out as a result of the exercise of warrants and a dividend amounting to SEK 1,113m was paid to the company's shareholders.

The Group's cash and cash equivalents at year-end totaled SEK 581m (763). The Group also has unutilized, binding loan commitments of SEK 586m (584) to finance the ongoing operations. For more information regarding the terms of the loans, see Note 25.

PARENT COMPANY

Thule Group AB's (publ) 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 597m (998). The Parent Company received a dividend from subsidiaries of SEK 600m (1,000). Cash and cash equivalents and current investments amounted to SEK 0m (0). Long-term liabilities to credit institutions totaled SEK 2,261m (2,433). At year-end, 28 (27) people were employed at the head office working in Group management and in Group-wide functions such as business development, technology, marketing, HR, finance and information. Group management is employed in Thule Group AB, while other functions are employed in either Thule AB or Thule Holding AB.

The Parent Company's financial position is dependent on the financial position and development of its subsidiaries. The Parent Company is therefore indirectly impacted by the risks described in the Risks and risk management section.

RISKS AND RISK MANAGEMENT

Like all business operations, Thule Group's operations are associated with risk. Continuously identifying and evaluating risks is a natural and integrated part of the operations. The Group's ability to analyze and prevent risk in turn reduces the risk of unforeseen events from having a negative impact on the operations. Thule Group has categorized identified risks according to industry and market-related risks, operations and sustainability-related risks and financial risks.

Industry and market-related risks

Business cycle and demand

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

Competition

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

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

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

Risks regarding competition law

Thule Group is subject to general competition laws in the jurisdictions in which it operates. Contractual conditions and prices in agreements that are used in Thule Group's operations may be subject to restrictions under such competition laws. Competition authorities have the power to initiate ex-post regulation procedures and to require a party to cease applying contractual terms and prices that are found to be anti-competitive. Competition authorities also have the power to impose fines and other sanctions as a result of non-compliance with relevant regulatory requirements. While Thule Group has adopted internal procedures to ensure compliance with competition laws, there can be no assurance that instances of

non-compliance have not occurred in the past nor that instances of non-compliance will not occur.

To the extent Thule Group is unable to ensure compliance with applicable competition laws, Thule Group may be adversely effected by regulatory sanctions and remedies as well as inability to enforce contractual terms that are found to be anti-competitive.

Furthermore, Thule Group's strong position in certain product markets may signify that Thule Group is considered to have significant market power in such markets. Significant market power in one or more markets may result in regulatory restrictions on Thule Group's ability to implement fully its business strategies in these markets and its ability to grow through acquisitions.

Exposure to 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 or other provisions in the tax law area, 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 which differ from Thule Group's understanding or interpretation of the aforementioned laws, treaties and other provisions.

Thule Group's tax situation in respect of previous years and the current year may thus change as a consequence of decisions by relevant tax authorities or due to amended laws, tax treaties and other provisions. Such decisions or amendments, possibly with retroactive effect, may have a material negative impact on Thule Group's earnings and financial position.

Operations and sustainability-related risks

Dependence on reputation

Thule Group is dependent on its reputation, which, in turn, depends on factors such as product design, the distinct character of the products, the materials used to manufacture the products, the image of Thule Group's stores, communication activities, including advertising, public relations and marketing, and general corporate profile. Problems regarding quality, product liability and safety issues as well as operational or logistical problems may result in Thule Group's reputation being harmed and, as a result, difficulties in retaining existing or attracting new customers. Any harm to Thule Group's reputation may result in Thule Group losing business or growth opportunities, which could adversely affect its operations, financial position and results.

Dependence on suppliers

In order to be able to manufacture, sell and deliver products, Thule Group is dependent on external suppliers. Incorrect or late deliveries, or non-deliveries, from suppliers may, in turn, result in

Thule Group's deliveries being delayed or suspended, or becoming deficient or incorrect. Thule Group may also be adversely affected by its suppliers facing financial, legal or operational problems. All of these factors may adversely affect Thule Group's operations, financial position and results.

Inability to retain and recruit qualified personnel and executive management

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

Impact of local business risks, legislation and regulations in countries in which Thule Group operates

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 members of Thule Group. Thule Group's business is subject to the local laws and regulations applicable in each jurisdiction in which Thule Group operates, as well as license and reporting obligations in certain jurisdictions and overarching international rules. Laws, policies, measures, controls or other actions implemented by the authorities in the countries where Thule Group operates, or in other countries in which Thule Group may operate in the future, may restrict its operations, delay or prevent planned investments, require additional investments and lead to increased costs and other obligations or otherwise harm Thule Group's financial results.

In addition, employees of Thule Group's subsidiaries, and other persons affiliated with Thule Group, may take actions which are unethical or criminal or otherwise contravene the Group's existing or future internal guidelines and policies as well as those that the Group intends to implement in relation to compliance with relevant anti-bribery, sanctions and export control laws in a manner which is consistent with international practice.

Exposure to environmental risks

Thule Group has three main manufacturing sites located in Sweden, Poland and the US. The manufacturing at these sites is subject to environmental regulation and supervision. Non-compliance with environmental 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 a material adverse effect on Thule Group's operations, financial position and results. Regulatory authorities may also suspend Thule Group's operations, withdraw environmental licenses as well as reject the renewal of environmental licenses that are required for Thule Group's operations.

Exposure to risks relating to its agreements with suppliers and customers

In accordance with commercial practices in effect on 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 periodically renegotiated between the parties, or purchase orders. In the case of a disagreement between the parties as to the content of their agreement, this flexibility (which could mean that it is difficult to accurately define the rights and obligations of each party) could lead to challenges, disputes or conflicts that could have a material adverse effect on Thule Group's operations, financial position and results.

Financial risks

The Group's financial operations are centralized to capitalize on economies of scale and synergies and to minimize handling risks. 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. The Board of Directors decides on a finance policy for managing these risks annually. The finance policy comprises a framework for managing both financial risks and financial activities in general. The Board's Audit Committee prepares, on behalf of the Board, the practical application of the policy in consultation with the Group's CFO.

Exchange rate risk – transaction exposure

The Group's total transaction exposure, net, amounts to approximately SEK 1,637m (1,778). 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.

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. The Group's policy is to hedge net investments with loans but otherwise not to hedge this type of translation exposure.

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. A significant factor that affects the interest rate risk is the fixed-rate period. This interest rate risk is managed by the Group's central finance department. According to the finance policy, the objective of the long-term liability portfolio is for the average fixed-rate period to be between six months and three years. The 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, 48 percent (45) of total direct materials consisted of plastic, aluminum and steel.

Refinancing and liquidity risks

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. Thule Group's exposure to financial risks and management of financial risks are described in more detail in Note 4.

EMPLOYEES AND REMUNERATION

Number of employees

The average number of employees was 2,119 (1,991).

Guidelines for remuneration of the President and other executive management

The Annual General Meeting held on April 26, 2017, resolved on guidelines for remuneration which are to apply in relation to remuneration of the President and other executive management.

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.

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 Thule 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 is SEK 182.40, which corresponds to 118 percent of the volume-weighted average price according to Nasdaq Stockholm's official price list for one share 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. During the year, the SEK 18m increase in equity pertained to premiums paid for warrants.

Share-based incentive program 2014/2018

The incentive program approved in 2014 includes executive management, key employees and the Chairman of the Board, currently nine individuals. Warrants have been issued to and subscribed for by Thule Group's subsidiary Thule AB, and the participants acquired warrants from this subsidiary at market value, corresponding to a total of approximately SEK 13.25m. The total program encompasses 4,999,998 warrants. On full utilization, the option program corresponds to 5 percent of Thule Group's share capital. The warrants have been issued in three separate series, with the same number of warrants in each series.

- Series 2014/2016 has been exercised.
- Series 2014/2017 has been exercised.
- Series 2014/2018 comprises 1,302,889 warrants.

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 in accordance with legal requirements, but to the higher Thule Group standards. Thule Group has defined four core focus areas for environmental sustainability.

The Group is subject to a number of European Union, national, regional and local environmental and occupational health and safety laws, rules and regulations relating to the protection of the environment and natural resources including, among other things, the management of hazardous substances and waste, air emissions, the discharge of water, transportation, remediation of contamination and workplace health and safety. Thule Group's operations require the Group to maintain certain environmental licenses for the production of its products including metal-based products with surface treatment and plastics.

In addition, Thule Group's 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 also holds ISO 14001:2004 environmental management standards certification and ISO/TS 16949 (quality management system for suppliers).

Sustainability Report

The Group's Sustainability Report can be found on page 12 and onward.

FUTURE DEVELOPMENT

Future outlook

On the condition that no significant changes take place in the business environment in 2018, 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, 2017 was 102,072,910. During the year, the 2014/2017 warrants program was concluded. This meant that the number of shares in the company increased by 1,036,455. The 2014/2018 warrant series concluded on March 5, 2018, at which point the number of shares had increased by 1,135,696. Accordingly, the total number of shares amounted to 103,208,606 at March 5, 2018.

The company has only one class of share. At General Meetings of shareholders, each share carries one vote and each shareholder is entitled to vote for the full number of shares such a shareholder holds in the company.

All shares carry equal rights to the company's assets and profits. The quotient value (nominal value) of the share is SEK 0.01118 per share.

Largest shareholders

At December 31, 2017, Thule Group AB had 12,901 shareholders. At this date, the largest shareholders were AMF Försäkring & Fonder (13.5 percent of the votes), Lannebo Fonder (5.9 percent of the votes), Nordea Fonder (5.2 percent of the votes) and Handelsbanken Fonder (4.9 percent of the votes).

Articles of Association

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

Proposed appropriation of profits

Parent Company

Proposed appropriation of the company's earnings.

Available for disposal at the Annual General Meeting:

Share premium reserve, SEK	1,303,911,162
Net income, SEK	597,476,446
	1,901,387,608

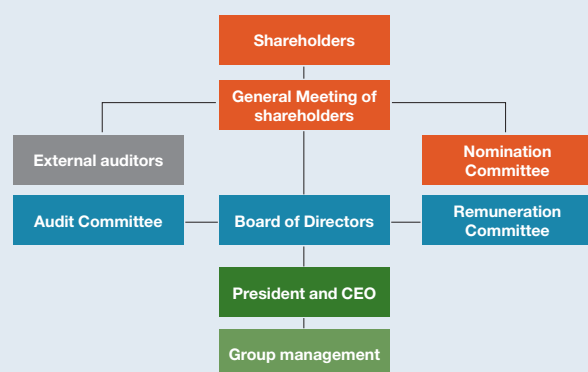
The Board proposes that the profit brought forward be appropriated as follows:

Dividend to shareholders, SEK 6.00 x 102,072,910	612,437,460
To be carried forward, SEK	1,288,950,148
	1,901,387,608

Corporate Governance Report

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

Thule Group's corporate governance structure



Thule Group AB (the company) 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 2017 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 (the "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 apply every rule in the Code at all times, but are allowed the freedom to choose alternative solutions that 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 2017 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 no 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 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 was moved up to the Large Cap list on January 1, 2017. At year-end, share capital amounted to SEK 1,140,802.69, divided between 102,072,910 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, 2017, Thule Group AB had 12,901 shareholders. At this date, the largest shareholders (reported as each owner flags its holdings) were AMF Försäkring och Fonder (13.5 percent of the votes), Lannebo Fonder (5.9 percent of the votes) and Nordea Fonder (5.2 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 2017 Annual General Meeting

The 2017 Annual General Meeting was held on April 26, 2017. The complete minutes for and information about the 2017 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 Annual General Meeting resolved to pay a dividend of SEK 10.90 per share for 2016, of which SEK 3.40 per shares was an ordinary dividend and SEK 7.50 per share was an extraordinary dividend. The ordinary 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 2016, 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. The Meeting resolved in line with the Board's proposal to introduce a new incentive program for executive management and key employees of the Group (series 2017/2020). The Meeting elected the Board of Directors of auditors in line with the proposals of the Nomination Committee.

2018 Annual General Meeting

The 2018 Annual General Meeting will be held on Wednesday, April 25, 2018 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 shareholders 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/her representatives. If a member leaves the Nomination Committee before its work is completed and the Nomination Committee finds it desirable to appoint a replacement, the new member should be sourced from the same shareholder or, if this shareholder is no longer one of the largest shareholders in terms of votes, from the next shareholder in line. Changes in the composition of the Nomination Committee must be announced immediately.

The Nomination Committee's duties are to present proposals to the Annual General Meeting regarding the Chairman of the Board and other Board members together with an explanatory statement for the proposal, to propose fees and other remuneration for

Board assignments for each of the Board members, including any remuneration for Committee work, to present proposals on auditors and their fees, to present a proposal for the Chairman of the Annual General Meeting and, where appropriate, to propose changes to the appointment of the Nomination Committee. In addition, the Nomination Committee is to assess the independence of the Board members in relation to the company and the largest shareholders.

The composition of the Nomination Committee for the Annual General Meeting is normally announced on the company's website six months before the Meeting. No remuneration is paid to members of the Nomination Committee.

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

Nomination Committee prior to 2018 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 3, 2017.

The Nomination Committee prior to the 2018 Annual General Meeting comprises Anders Oscarsson (AMF Försäkring och Fonder), Charlotta Faxén (Lannebo Fonder), John Hernander (Nordea Fonder), Helen Fasth Gillstedt (Handelsbanken Fonder) and Stefan Jacobsson (Chairman of the Board of Thule Group).

After the 2017 Annual General Meeting and until the date on which this Annual Report was presented, the Nomination Committee held five meetings. As a basis for its proposals to the 2018 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.

Nomination Committee Name	Appointed by	Percentage of votes, Sep 30, 2017
Anders Oscarsson	AMF Försäkring och Fonder	12.5
Charlotta Faxén	Lannebo Fonder	6.0
John Hernander	Nordea Fonder	5.2
Helen Fasth Gillstedt	Handelsbanken Fonder	5.1
Stefan Jacobsson	Chairman of the Board of the Thule Group	

Board of Directors

Composition in 2017

The Board's duty is to manage the company's affairs on behalf of the shareholders. Under the Articles of Association, the Board of Thule Group is to comprise no fewer than three and not more than ten members appointed by the Annual General Meeting for a term until the end of the next Annual General Meeting. Five Board members were reelected at the Annual General Meeting on April 26, 2017: Stefan Jacobsson, Bengt Baron, Hans Eckerström, Liv Forhaug and Heléne Mellquist, while Lilian Fossum Biner and David Samuelson declined reelection. Eva Elmstedt was elected to the Board on the same occasion. No member of Group management is a Board member. However, both the President and the CFO of Thule Group participate at Board meetings and lawyer Peter Linderöth serves as Secretary to the Board. Other officers of the company participate at Board meetings when presenting separate issues. On October 9, 2017, Chairman of the Board Stefan Jacobsson informed the Nomination Committee that he would not be standing for reelection at the 2018 Annual General Meeting. In conjunction with this, the Nomination Committee has announced its intention to propose Bengt Baron as new Chairman of Thule Group in conjunction with the Annual General Meeting in April 2018. In its reasoned statement ahead of the 2017 Annual General Meeting, the Nomination Committee stated that it had applied rule 4.1 of the Swedish Code of Corporate Governance concerning 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 2017 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 2017 Annual General Meeting resolved that Board member fees, paid annually, comprise SEK 850,000 to the Chairman of the Board and SEK 325,000 to each of the other Board members.

The Chairman of the Audit Committee is to receive remuneration of SEK 175,000 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 below.

The Board's assessment of the members' independence in relation to the company, its management and major shareholders is presented in the Facts about the Board and Group management section.

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. Working closely with the President, the Chairman of the Board is tasked with monitoring the company's performance and serving 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 13 meetings during the year, of which four were held per capsulam. All Board meetings follow a predetermined agenda. Attendance at Board meetings is presented in the table Board composition.

In 2017, the Board mainly addressed matters regarding the operations, divestments and acquisitions, financing and other ongoing accounting and company law issues.

Board composition

Name	Year elected	Total fee ¹ , SEK	Independent	Board meetings	Audit Committee	Remuneration Committee
Chairman						
Stefan Jacobsson	2011	885,000	Yes	13/13		3/3
Board members						
Bengt Baron	2011	500,000	Yes	12/13	4/4	
Hans Eckerström	2009	400,000	Yes	13/13		3/3
Liv Forhaug	2014	325,000	Yes	13/13		
Heléne Mellquist	2016	385,000	Yes	12/13	2/2	
Lilian Fossum Biner ^{1, 2}	2011	475,000	Yes	4/4	2/2	
David Samuelson ^{1, 2}	2012	375,000	Yes	4/4	2/2	
Eva Elmstedt ³	2017	325,000	Yes	9/9		

1) Fee resolved at the 2017 Annual General Meeting (except for Lilian Fossum Biner and David Samuelsson)

2) Lilian Fossum Biner and David Samuelsson declined re-election at the 2017 Annual General Meeting

3) Eva Elmstedt was elected at the 2017 Annual General Meeting

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 Stefan Jacobsson. The Remuneration Committee held three meetings in 2017. 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. Bengt Baron was a member until the 2017 Annual General Meeting and Heléne Mellquist was elected as member in conjunction with the 2017 Annual General Meeting at the following statutory Board meeting. Lilian Fossum Biner was Chairman of the Audit Committee and David Samuelson was member until the 2017 Annual General Meeting, when both declined re-election as Board members of Thule Group. The Audit Committee held four meetings in 2017. 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 auditor reviews 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.

Audit fees 2017, SEKm

PwC AB

Audit	-3
Audit in addition to audit assignment	0
Tax consultancy	-
Other services	0
Total	-3

KPMG AB

Audit	0
Audit in addition to audit assignment	-
Tax consultancy	-2
Other services	-1
Total	-4

At this meeting, the auditor presents the financial information and discusses the audit with the Board members without the President and executive management attending.

The auditor maintains continuous contact with the Chairman of the Board, Audit Committee and Group management. Thule Group's auditor is to review the Annual Report and consolidated financial statements for Thule Group AB and the administration of the Board and the President. The auditor follows 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 audit report. In conjunction with the 2017 Annual General Meeting, a new auditor for the company was elected. PricewaterhouseCoopers AB was elected for a term of one year with Eric Salander as Auditor in charge. The former auditor was KPMG AB, who has been the company's auditor since 2010 and have during the year, performed certain audit-related consulting assignments in addition to the audit, mainly pertaining to tax consultancy and consulting in accounting issues. The appointed auditor is responsible for auditing all of the significant 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 company's financial reporting 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 regularly keeps the Board informed of the development in the company's operations, the development of sales, the company'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 be included in the Company's Corporate Governance Report each year.

The procedures for internal control, risk assessment, control activities and monitoring with respect to the financial reporting have been designed to ensure reliable overall financial reporting and external financial reporting in accordance with IFRS, applicable laws and regulations as well as other requirements, which apply to companies listed on Nasdaq Stockholm. This work involves the Board, Group management and other personnel.

Control environment

The Board has adopted instructions and governance documents aimed at regulating the roles and allocation of responsibility between the President and the Board. The way in which the Board monitors and ensures quality in the internal control is documented in the Board's rules of procedure and Thule Group's finance policy. The control environment also includes the Board evaluating the performance and results of the operations through monthly and quarterly report packages that contain outcomes, budget comparisons, forecasts, operational targets, strategic plans, 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 regions and functions are, in turn, responsible for ensuring compliance with established guidelines.

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 2018.

FACTS ABOUT THE BOARD AND GROUP MANAGEMENT

Board of Directors	Stefan Jacobsson	Bengt Baron	Hans Eckerström	Eva Elmstedt	Liv Forhaug	Heléne Mellquist
Assignment and year of election	Chairman since 2011.	Board member since 2011.	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	1952	1962	1972	1960	1970	1964
Education and professional experience	Former CEO of PUMA AG Rudolf Dassler Sport, Tretorn AB, Abu Garcia AB and Nybron Flooring International Corporation.	BSc and MBA in Business Administration University of California at Berkeley.	MSc in Mechanical Engineering, Chalmers University of Technology. MSc in Business and Economics, Gothenburg School of Business. 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 and Stockholm School of Economics. EVP Nokia Networks, VP Ericsson, CIO at 3 (Hi3G), CEO within Semcon.	MSc in Economics and Business Administration, 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 International. Former CEO of TransAtlantic AB, CFO of Rederi AB, TransAtlantic and Volvo Trucks International division.
Other current appointments	Chairman of Greenfood AB and HAFA AB. Board member of Etac AB, Nobia AB and Stefan Jacobsson Consulting AB.	Chairman of Enzymatica AB, MIPS AB and 5653 Sweden AB. Board member of AAK AB.	Chairman of Profoto AB. Board member of Nordstjernan AB.	Board member of Addtech AB, Proact Group AB, KnowIT AB, Gunnebo Group AB, Arjo AB and Axiell Group AB.	Board member of Hufvudstaden AB, Skutvik Invest AB, HUI Research AB, ICA Gruppen's subsidiary ICA Sverige AB, Hemtex AB and Apoteket Hjärtat AB.	Board member of Cavotec S.A.
Previous appointments	Chairman of Woody Bygghandel AB, Nybron Flooring International Corporation, Bauwerk AG, Teak Luxembourg S.A., Cherry Luxembourg S.A. and Intersport AB.	President of Cloetta AB and CEO of V&S AB.	Chairman of Brink International AB and Britax Childcare Limited and Board member of Nefab AB, Cloetta AB and Aditro AB.	Board member of Mandator AB and Novare AB.	Partner at McKinsey & Company. Board member of i ICA Fastigheter AB.	Board member of Partnertech AB and Opus Group AB.
Holding at March 28, 2018	143,989 shares	35,997 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	Lennart Mauritzson
Assignment	President and CEO since 2010.	President Region Americas since 2003.	Senior Vice President Communications and IR since 2010.	Senior Vice President, Human Resources and Sustainability since 2005.	CFO since 2011.
Born	1966	1959	1970	1964	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. Previously 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 Director at Diageo, GM and procurator holder at Ehrenberg Marketing & Kommunikation and chief of staff for one of the national delegations in the European parliament.	BSc in Human Resource Development and Labour Relations, Lund University. Previously 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 Trellex AB/Svedala Svenska AB and HR Officer at Trelleborg AB.	BSc in Finance and Business Administration, Halmstad University. Law studies, Lund University. Former Vice President Finance 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 Lunicore Student-konsult AB. Board member and President of Elfte Huset AB.	Board member of Rögle Marknads AB.
Previous appointments	Board member of Brink International AB and Britax Childcare Limited.	Chairman of Outdoor Foundation. Board member of Outdoor Industry Association.	Municipal Executive Board City of Landskrona.	Board member of Lundsbergs School Foundation.	—
Holding at March 28, 2018	636,990 shares (through Elenima Limited) and 375,000 warrants.	365,665 shares and 187,500 warrants.	108,138 shares and 125,000 warrants.	89,508 shares and 125,000 warrants.	124,471 shares and 187,500 warrants.

Consolidated income statement

January 1–December 31, SEKm	Note	2017	2016
Continuing operations			
Net sales	7	5,872	5,304
Cost of goods sold		-3,455	-3,110
Gross income		2,416	2,194
Other operating revenue	8	4	0
Selling expenses		-1,053	-970
Administrative expenses		-300	-299
Other operating expenses	9	0	-3
Operating income	10, 11, 12, 13, 14, 15	1,067	922
Financial revenue	16	11	15
Financial expenses	16	-63	-51
Income before taxes		1,015	887
Income taxes	17	-325	-234
Net income from continuing operations		690	653
Discontinued operations			
Net income from discontinued operations	5	17	23
Net income		707	676
Consolidated net income pertaining to:			
Shareholders of Parent Company		707	676
of which, pertaining to continuing operations		690	653
of which, pertaining to discontinued operations		17	23
Net income		707	676
Earnings per share, SEK			
18			
before dilution		6.93	6.69
after dilution		6.89	6.64
Earnings per share from continuing operations, SEK			
before dilution		6.77	6.46
after dilution		6.72	6.41

Consolidated statement of comprehensive income

January 1– December 31, SEKm	Note	2017	2016
Net income		707	676
Other comprehensive income			
Items that have been carried over or can be carried over to net income			
Foreign currency translation		-111	241
Cash flow hedges		-1	-24
Net investment hedge		0	-90
Change in fair value of available-for-sale financial assets		24	-24
Tax on components in other comprehensive income	17	26	-5
Items that cannot be carried over to net income			
Revaluation of defined-benefit pension plans	14	-14	-10
Tax pertaining to items that cannot be carried over to net income	17	4	3
Other comprehensive income		-72	92
Total comprehensive income		634	767
Total comprehensive income pertaining to:			
Shareholders of Parent Company		634	767
Total comprehensive income		634	767

Consolidated balance sheet

Per December 31, SEKm	Note	2017	2016
Assets			
Intangible assets	19	4,177	4,240
Tangible assets	20	645	579
Long-term receivables		9	8
Deferred tax receivables	17	324	495
Total fixed assets		5,155	5,323
Inventories	21	819	825
Tax receivables		26	7
Accounts receivable	22	580	584
Prepaid expenses and accrued income		49	44
Other receivables		76	215
Cash and cash equivalents	23	581	763
Assets held for sale	5	0	124
Total current assets		2,129	2,561
Total assets		7,285	7,883
Equity and liabilities			
Equity	24		
Share capital		1	1
Other capital contributed		2,242	2,123
Reserves		-250	-164
Profit brought forward including net income		1,475	1,867
Total equity		3,467	3,826

Per December 31, SEKm	Note	2017	2016
Liabilities			
Long-term interest-bearing liabilities	25	2,283	2,467
Provision for pensions	14	148	131
Deferred income tax liabilities	17	185	157
Total long-term liabilities		2,617	2,755
Short-term interest-bearing liabilities	25	29	34
Accounts payable		519	522
Tax liabilities		217	271
Other liabilities		29	31
Accrued expenses and deferred income	26	382	379
Provisions	27	25	32
Liabilities attributable to assets held for sale	5	0	34
Total short-term liabilities		1,201	1,302
Total liabilities		3,817	4,057
Total equity and liabilities		7,285	7,883

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, 2016	1	2,038	-294	7	1,475	3,228
Comprehensive income						
Net income	–	–	–	–	676	676
Other comprehensive income	–	–	142	-20	-31	92
Total comprehensive income	0	0	142	-20	645	767
Transactions with the Group's owners						
Dividend	–	–	–	–	-253	-253
New issue of shares	0	88	–	–	–	88
Premiums paid in on the issue of stock options	–	1	–	–	–	1
Buy back of warrants	–	-4	–	–	–	-4
Total contribution from owners	0	84	0	0	-253	-168
Closing balance, December 31, 2016	1	2,123	-152	-12	1,867	3,826
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

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	2017	2016
Operating activities	28		
Income before taxes		1,015	887
Income from discontinued operations before taxes		38	34
Adjustments for items not included in cash flow		74	91
Paid income taxes		-138	-176
Cash flow from operating activities prior to changes in working capital		990	836
Cash flow from changes in working capital			
Increase(-)/Decrease (+) in inventories		-14	-72
Increase(-)/Decrease (+) in receivables		-6	11
Increase(+)/Decrease (-) in liabilities		3	103
Cash flow from operating activities		972	878
Investing activities			
Acquisition of subsidiaries		0	-92
Divestment of business		145	0
Acquisition of intangible assets		-2	0
Acquisition of tangible assets		-142	-132
Divestment of tangible assets		16	2
Cash flow from investing activities		17	-222
Financing activities			
Dividend		-1,113	-253
New issue of shares		110	88
Other		10	-4
Debt repaid		-176	0
Cash flow from financing activities		-1,169	-169
Net cash flow		-181	487
Cash and cash equivalents at beginning of year		763	274
Effect of exchange rates on cash and cash equivalents		-2	2
Cash and cash equivalents at end of year		581	763

Cash flow pertains to total operations, meaning both continuing and discontinued operations.

Parent Company income statement

January 1 – December 31, SEKm	Note	2017	2016
Other operating revenue	8	18	18
Other operating expenses	9	0	0
Administrative expenses		-40	-37
Operating income	10, 11, 12, 13, 14	-22	-19
Profit from financial items	16		
Profit from participations in Group companies		600	1,000
Other interest income and similar profit/loss items		46	45
Interest expense and similar profit/loss items		-43	-41
Income after financial items		581	985
Appropriations	29	15	12
Income before taxes		596	997
Taxes	17	1	1
Net income		597	998

Parent Company statement of comprehensive income

January 1 – December 31, SEKm	Note	2017	2016
Net income		597	998
Other comprehensive income			
Other comprehensive income		–	–
Total comprehensive income		597	998

Parent Company balance sheet

Per December 31, SEKm	Note	2017	2016
Assets			
Fixed assets			
Financial fixed assets			
Participations in subsidiaries	30	1,000	1,000
Receivables from Group companies	34	4,460	5,036
Deferred tax receivables		2	1
Other long-term receivables		6	4
Total financial fixed assets		5,468	6,041
Total fixed assets		5,468	6,041
Current assets			
Receivables from Group companies	34	17	13
Other current receivables		1	1
Cash and cash equivalents	23	0	0
Total current assets		18	14
Total assets		5,486	6,055
Equity and liabilities			
Equity	24		
Restricted equity			
Share capital		1	1
Non-restricted equity			
Share premium reserve		1,304	1,299
Profit brought forward		–	–
Net income		597	998
Total equity		1,903	2,298
Long-term liabilities			
Provisions for other pensions		7	5
Liabilities to credit institutions	25	2,261	2,433
Liabilities to Group companies	34	368	368
Total long-term liabilities		2,636	2,806

Per December 31, SEKm	Note	2017	2016
Short-term liabilities			
Liabilities to credit institutions	25	0	0
Liabilities to Group companies	34	927	931
Other short-term liabilities		3	3
Accrued expenses and deferred income	26	18	17
Provisions	27	0	0
Total short-term liabilities		947	951
Total equity and liabilities		5,486	6,055

Parent Company statement of changes in equity

SEKm	Share capital	Share premium reserve	Profit brought forward	Net income	Total equity
Opening balance, January 1, 2016	1	1,469	0	-2	1,469
Comprehensive income					
Net income	–	–	–	998	998
Total comprehensive income	0	0	0	998	998
Appropriation of profits	–	-2	–	2	0
Dividend	–	-253	–	–	-253
New issue of shares	0	88	–	–	88
Premiums paid in on the issue of stock options	–	1	–	–	1
Buy back of warrants	–	-4	–	–	-4
Closing balance, December 31, 2016	1	1,299	0	998	2,298
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	–	-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
Closing balance, December 31, 2017	1	1,304	0	597	1,903

Parent Company cash flow statement

January 1 – December 31, SEKm	Note	2017	2016
Operating activities	28		
Income before taxes		596	997
Adjustments for items not included in cash flow		-600	-998
Dividend received		1,000	0
Paid income taxes		0	0
Cash flow from operating activities prior to changes in working capital		996	-1
Cash flow from changes in working capital			
Increase/decrease in receivables		-6	-11
Increase/decrease in liabilities		5	3
Cash flow from operating activities		995	-9
Investing activities		–	–
Financing activities			
Dividend		-1,113	-253
New issue of shares		110	88
Other		10	-4
Debt repaid/borrowings		-176	0
Debt repaid/borrowings to subsidiaries		175	178
Cash flow from financing activities		-995	9
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, 2017 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 28, 2018. 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 25, 2018.

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 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 102 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 as such, 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 International Accounting Standards Board (IASB) issued a number of new and amended standards that entered force in 2017. These had no material impact on the consolidated financial statements for the fiscal year. The amendments to IAS 7 require the disclosure of changes in liabilities from financing activities, see Note 28. The Group's accounting policies are essentially unchanged compared with the 2016 Annual Report.

Standards, amendments and interpretations not yet applied

The International Accounting Standards Board (IASB) issued a number of new and amended standards that have not yet come into effect. None of these were or are planned to be applied in advance.

IFRS 9 Financial Instruments 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 financial years starting January 1, 2018.

The Group intends to apply the standard prospectively, which means the accumulated impact of the transition will be recognized in retained earnings as of January 1, 2018 and the comparative figures will not be restated.

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 completed analyses show that the new classification and measurement rules will not impact 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.

IFRS 9 also introduces a new model for calculating credit loss allowances for expected credit losses. The Group is impacted by the new impairment model with regard to the calculation of the credit loss allowance for accounts receivable which results 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 will increase by around SEK 1m, which is recognized in equity.

IFRS 9 reduces hedge accounting requirements through the replacement of the 80–125 percent 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 are assessed as qualifying for hedge accounting under IFRS 9 and will not have any impact over the transition period based on the active hedging relationships at this time. As the criteria for applying hedge accounting is changing, the hedging documentation will also need to be updated. The new standard also introduces expanded disclosure requirements and presentation changes.

IFRS 15 is the new revenue recognition standard that will replace

the current revenue recognition standards. IFRS 15 applies for fiscal years starting January 1, 2018. The Group intends to apply the standard prospectively, which means the accumulated impact of the transition will be 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 Group has evaluated its contracts and the effects of introducing IFRS 15 will not have any material impact on the timing of the Group's revenue recognition. The following areas have been identified:

On the transition, volume discounts will have 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 will increase by around SEK 1m, which is recognized in equity. This effect will probably be higher between the quarters.

IFRS 15 requires that contractual assets and liabilities are presented separately in the balance sheet. This will lead to certain reclassifications as per January 1, 2018. Analysis is ongoing of any additional information that could be required to meet the disclosure requirements in IFRS 15.

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 company has started to evaluate the effects of IFRS 16. Given the current level of leases in the Group and their classification under IAS 17, it has been noted that the Group's assets and liabilities can be expected to increase since leases that are currently classified as operational will be capitalized. These could comprise not inconsiderable amounts, but in relation to the level of assets, liabilities and equity, the Group does not believe these should be considered to comprise a material impact on the financial statements, given the assumption that the level leasing activity will not significantly change.

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

Classification

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

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

Operating segment reporting

An operating segment is part of the Group that conducts business operations from which it generates revenue and incurs expenses and for which independent financial information is available. Furthermore, the earnings of an operating segment are followed up by 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 investor's 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 through profit or loss. Consideration transferred in conjunction with the acquisition does not include payments pertaining to settlement of previous business relationships. This type of settlement is recognized through profit or loss.

Contingent considerations are measured at fair value at the acquisition date. If the contingent consideration is classified as an equity instrument, no remeasurement takes place and settlement takes place in equity. All other contingent considerations are remeasured at fair value on each reporting date and the difference is recognized through profit or loss.

Subsidiaries are fully consolidated from the acquisition date

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

Elimination of intra-Group transactions

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

Transactions in foreign currency

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

Translation of foreign subsidiaries

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated from the foreign operation's functional currency to the Group's presentation currency, SEK, at the existing exchange rate on the balance-sheet date. Revenue and expenses in foreign operations are translated to SEK using an average exchange rate that is an approximation of the exchange rates prevailing on each individual transaction date. Translation differences that arise in currency translations of foreign operations are recognized in other comprehensive income and accrued in a separate component in equity, called the translation reserve. When foreign operations are 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 foreign operations

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 for sales of goods is recognized through profit or loss when the significant risks and benefits associated with the ownership of the goods have been transferred to the buyer. Revenue is not recognized if it is unlikely there will be financial benefits for the Group. If there is clear uncertainty regarding payment, associated costs or risk for returns and if the seller continues to be involved in operating activities that are usually associated with the ownership, no revenue is recognized. Revenue is measured at the fair value of the amount that is received or is expected to be received, less discounts granted.

Leasing

Lease agreements 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 lease agreements 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 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 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 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, 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. Accounts receivable are recognized in the balance sheet when an invoice has 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. Accounts payable are recognized when an invoice has 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, except for derivatives, 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 financial asset category, which are measured at fair value through profit or loss, which, in turn, are measured at fair value excluding transaction costs. A financial instrument is classified on initial recognition based on the purpose of the acquisition of the instrument. The classification determines how the financial instrument is measured after initial recognition as described below.

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. Even if hedge accounting is not applied, appreciation and depreciation of 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.

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.

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-groups: financial assets held for trading and other financial assets that the Group has initially decided to place in this category. Financial instruments in this category are continuously measured at fair value, with changes in value recognized through profit or 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 held-for-trading sub-category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category are measured at amortized cost.

Accounts receivable are reported at the estimated amount to be paid, i.e., after deductions for doubtful receivables. Discounting is not applied because of the short term, which is why the amortized cost corresponds to the nominal amount.

Available-for-sale financial assets

The category of available-for-sale financial assets is included in financial assets that are not classified in another category or financial assets that have been initially classified in this category. Assets in this category are continuously measured at fair value with the changes in value for the period recognized in other comprehensive income and the accumulated changes in value in a separate component of equity, although not such changes in value that are due to impairment, interest on financial instrument receivables and dividend income or exchange rate differences on monetary items recognized through profit or loss. When the asset is divested, the accumulated gain/loss previously recognized in other comprehensive income and is now recognized through profit or loss.

Financial liabilities at fair value through profit or loss

This category comprise two sub-groups: financial liabilities held for trading 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.

Other financial liabilities

Loans and other financial liabilities, for example, accounts payable, are included in this category. Liabilities are measured at amortized cost.

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. Derivatives are measured in the balance sheet at fair value, meaning that transaction costs and changes in value are charged to net income for the period. Following initial recognition, the derivative is measured at fair value and the changes in value are recognized as described below.

In order to meet the IAS 39 requirements for hedge accounting, an unequivocal connection to the hedged item must exist.

In addition, it is required that hedging effectively protects the hedged item, that hedging documentation has been prepared and that the effectiveness can be measured.

Gains and losses for hedging are recognized through profit or loss at the same period that gains and losses are recognized for the hedged entries. Hedge accounting is applied for loans used for currency hedging of 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 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.

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. 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. The Group applies hedge accounting. Unrealized changes in fair value of interest rate swaps recognized in other comprehensive income and included as part of hedge accounting until the hedged item affects net income and as long as the criteria for hedge accounting and effectiveness are met.

Hedging exchange rate risk in foreign net investments

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

Tangible assets

Tangible assets in the Group are recognized at cost less accumulated depreciation and any impairment losses. The cost includes the purchase price and expenses directly attributable to the asset in order to make it operational and ready for use as intended with the acquisition. Borrowing costs that are directly attributable to the purchase, construction or production of assets that take considerable time to complete for intended use or sale are included in the cost.

Tangible assets that consist of components with various useful lives are treated as separate components of tangible assets. The carrying amount of tangible assets is removed from the balance sheet when it is scrapped or divested or when there is no future financial benefits expected from the use or scrapping/divestment of the asset. Gains or losses arising on the divestment or scrapping of an asset comprise the difference between the sales price and the carrying amount of the asset, less direct selling expenses. Gains and losses are recognized as other operating revenue/expenses.

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 statement of financial position 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 is distributed on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. Leased assets are also depreciated over the estimated useful life or, if shorter, over the contracted lease period. The Group applies component depreciation, which means that the estimated useful life of the components is the basis for depreciation. The residual value and useful life of an asset is determined annually.

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

Principles of amortization for intangible assets

Goodwill and other intangible assets with an indeterminate useful life or that are still not ready to be used, are tested for impairment annually or as soon as indications appear indicating that the asset in question has decreased in value. Intangible assets with definite useful lives are amortized from when they are available for use. Amortization is recognized through profit or loss straight-line over the estimated useful lives of the intangible assets. The residual value and useful life of an asset is determined annually.

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

Inventories

Inventories are measured at the lowest of cost and net realizable value. The cost of inventories is calculated by the first-in, first-out principle (FIFO) and includes expenses from the acquisition of the

inventory assets and the transportation of them to their current place and condition. For manufactured goods and work in progress, the cost includes a reasonable share of indirect expenses based on normal capacity.

Net realizable value is the estimated sales price in the ordinary course of business, less estimated cost of completion and sale.

Impairment

On 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, which are recognized according to IAS 39, 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. Impairment of a cash-generating unit is primarily performed for goodwill and then other assets in the unit are amortized proportionally.

All financial assets, except those in the financial asset category that are measured at fair value through profit or loss, are tested for impairment. Each reporting period, the Group determines whether there is objective evidence indicating that a financial asset or group of assets requires impairment. Objective evidence consists of observable circumstances that have occurred and which have a negative impact on the recovery of the cost.

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. Impairment losses on loans and accounts receivable that are recognized at amortized cost are reversed if the previous reasons for impairment no longer exist and full payment from the customer is expected.

Earnings per share

The earnings per share calculation is based on the consolidated net income attributable to the shareholders of the 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 2017 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 statement of financial position 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:

- deferred tax receivables;
- assets attributable to employee benefits; and
- financial assets subject to IAS 39 Financial Instruments:

Recognition and measurement.

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 IAS 39 to the legal entity.

Amended accounting policies

Unless otherwise stated below, the Parent Company's accounting policies for 2017 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.

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

taxable 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

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.

NOTE 3 cont.

Group 2016, 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	–	–	–	584	–	–	–	584	584
Short-term receivables	–	24	–	–	–	–	–	24	24
Financial derivatives	15	–	20	–	–	–	–	34	34
Cash and cash equivalents	–	–	–	763	–	–	–	763	763
Total	15	24	20	1,347	–	–	–	1,405	1,405

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

Long-term interest-bearing liabilities	–	–	–	–	–	–	2,445	2,445	2,445
Short-term interest-bearing liabilities	–	–	–	–	–	–	6	6	6
Accounts payable	–	–	–	–	–	–	522	522	522
Accrued expenses	–	–	–	–	–	–	0	0	0
Financial derivatives	–	–	–	–	15	35	–	50	50
Total	–	–	–	–	15	35	2,973	3,023	3,023

Short-term financial derivatives, SEK 28m, are included in short-term interest-bearing liabilities in the balance sheet.
Long-term financial derivatives, SEK 22m, are included in long-term interest-bearing liabilities in the balance sheet.

The tables below provide information about how fair value is determined for financial instruments that are measured at fair value on 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 2017, SEKm	Level 1	Level 2	Level 3	Total
Derivative asset	–	12	–	12
Derivative liability	–	-35	–	-35

Group 2016, SEKm	Level 1	Level 2	Level 3	Total
Short-term receivables regarding additional purchase consideration	–	–	24	24
Derivative asset	–	34	–	34
Derivative liability	–	-50	–	-50

The table below presents a reconciliation between the opening and closing balances for the holdings included in Level 3.

Group, SEKm	2017	2016
Opening balance	24	46
Recognized in other comprehensive income	-24	-22
Closing balance	0	24

The following summarizes the methods and assumptions that are primarily used to determine the fair value of the financial instruments presented in the table above.

Note 3 cont.

Derivatives

Currency

The fair value of a forward contract is determined beginning with quoted rates. The market price, calculated by using the current rate adjusted for the interest rate spread between currencies and number of days, is compared with the contract's rate to determine the fair value.

The market value of currency options is calculated using the Black & Scholes model.

Interest rates

The fair value of interest rate swaps is based on an intermediary institution's measurement, whose fairness is tested by discounting estimated cash flows according to the conditions and due dates of the contract, using the market interest rate for identical instruments on the balance-sheet date.

Accounts receivable and accounts payable

The carrying amount reflects the fair value of accounts receivable and accounts payable with a remaining term of less than 12 months.

Leasing

The fair value of financial lease liabilities is based on the present value of future cash flows discounted at the market interest rate for similar 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 a finance policy annually. The Group's finance department centrally manages responsibility for the Group's financial transactions and risks. The overall goal of the finance department is to provide cost efficient financing, to map out financial risks that affect the Group and to minimize negative impacts on the Group's earnings that stem from market risks. The Board's Audit Committee prepares, on behalf of the Board, the practical application of the policy in consultation with the Group's CFO. The Group's Director of Treasury regularly reports to the Board's Audit Committee and Finance Committee.

Organization and activities

Thule Group's finance operations are coordinated by the subsidiary Thule Holding AB, which 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.

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. 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.

Exchange rate risk

The risk that fair values and cash flows can fluctuate when the value of currencies changes is called exchange rate risk. The Group is exposed to different types of exchange rate risks.

Transaction exposure

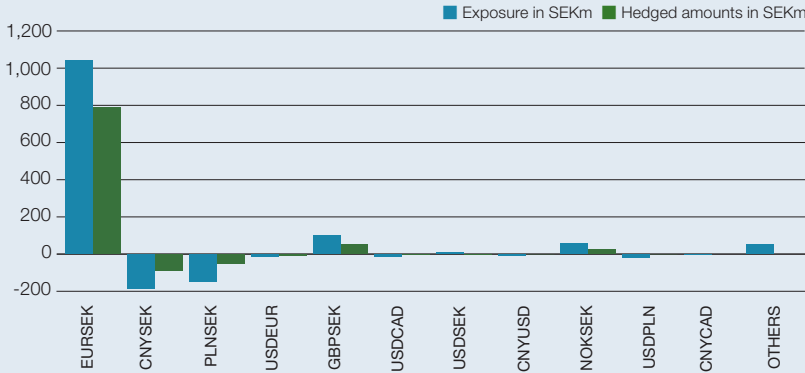
The largest exposure comes from the Group's sale and purchase in foreign currencies. These exchange rate risks consist of risk in the value fluctuations of financial instruments, customer liabilities or accounts payable and the exchange rate risk in expected and contractual payment flows. These risks are called transaction exposure.

The Group's total transaction exposure, net, amounts to approximately SEK 1,637m (1,778). 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.

According to the finance policy, 50–100 percent of the net exposure outstanding per currency is hedged.

The Group's transaction exposure and hedged amounts on the balance-sheet date distributed by currency were as follows:

Transaction exposure and hedged amounts for 2017, SEKm



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

The fair value of the Group's currency derivatives outstanding (currency forward contracts and currency options) was a negative SEK 8.4m (neg: 1.2) as per December 31, 2017. Of this,

Note 4 cont.

negative SEK 8.4m, SEK 0.2m was charged to net income (cost of goods sold). The remaining expense of SEK 8.6m was recognized in the hedge reserve. Hedge accounting was used for currency forward contracts.

Translation exposure

There are also exchange rate risks in the conversion of assets and liabilities of foreign subsidiary companies to the Parent Company's functional currency, called translation exposure.

The Group's policy is to hedge net investments with loans but otherwise not to hedge translation exposure. The total translation exposure was SEK 2,675m (3,894). The largest translation exposures were in EUR and USD. The translation exposure in USD was SEK 1,205m (2,781) and in EUR, SEK 1,043m (737).

The translation impact of the conversion of the liabilities and assets of foreign subsidiaries in 2017 was a negative SEK 85m (142) after taking into account the effects of hedging.

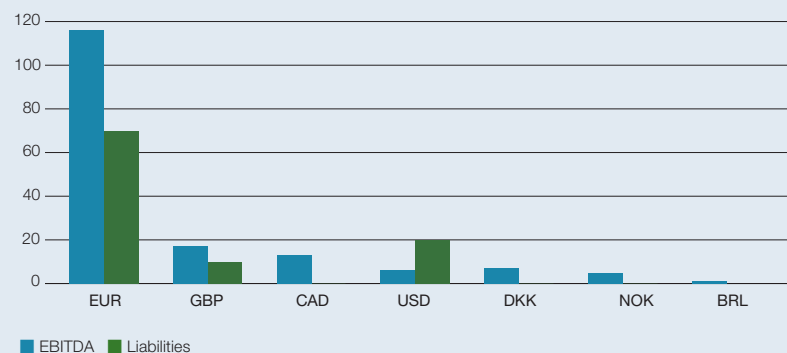
Compared with the closing exchange rates applied at December 31, 2017, a 10 percent strengthening of the Swedish krona against other currencies would have negatively impacted exposure by SEK 268m.

Financial exposure

The Group is also exposed to exchange rate risks with regard to payment flows for loans in foreign currency, called financial exposure.

The Group's liabilities have been divided by currency for those currencies where there is an underlying positive cash flow in order to hedge the value for the Group. The carrying amount of the loans is matched against positive cash flows from the operations. When the SEK strengthens, the Group's EBITDA expressed in SEK declines, as the value of the external loans, expressed in SEK, declines. The beta value between EBITDA and external loans is approximately 1.26 – a strengthening of SEK of 10 percent compared with other currencies (not taking into consideration any correlation between currency pairs) means an impact on external loans of 10 percent, while EBITDA is affected by approximately 26 percent.

Positive EBITDA and long-term senior liability for 2017



A five-year syndicated financing agreement was signed with Danske Bank A/S, DNB Bank ASA and Nordea Bank AB (publ) in connection with the stock exchange listing of Thule Group in November 2014. The senior liability raised is distributed by currency as follows to achieve a favorable match between positive EBITDA and senior liability: 70 percent in EUR, 20 percent

in USD and 10 percent in GBP. The table above shows the distribution between positive EBITDA, stated as a percentage of total EBITDA, specified by currency and long-term senior liability. The currency effects that the loans give rise to are recognized as a financial currency effect in the income statement. The currency effect in 2017 was negative SEK 0.1m (neg: 92). However, the Group applies hedge accounting and a negative SEK 0.3m of the total of negative SEK 0.1m was transferred to the translation reserve (net investment hedging).

Sensitivity analysis – exchange rate risk

A 10 percent strengthening of the SEK against other currencies, compared with the average exchange rates in 2017 (not taking into consideration any correlation between currencies), would mean a change in EBITDA of a negative SEK 138.1m (neg: 135.4) (transaction and translation effects).

The following table shows the effect broken down by currency:

Sensitivity analysis for exchange rate risk on EBITDA 2017, SEKm

Currency	Transaction effect	Translation effect	Total effect
EUR	-112.2	-12.7	-124.9
GBP	-15.7	-4.7	-20.4
CAD	0.2	-14.7	-14.4
Other	-16.6	2.6	-14.0
PLN	52.3	-41.3	11.0
CNY	17.0	7.6	24.6
Total	-74.9	-63.2	-138.1

Interest rate risk

Interest rate risk is the risk that the value of financial instruments fluctuates due to changes in market interest rates and the risk that changes in the interest rate level will impact the Group's borrowing costs. Interest rate risk can lead to a change in fair values and changes in cash flows. A significant factor that affects the interest rate risk is the fixed-rate period. This interest rate risk is managed by the Group's central finance department. According to the finance policy, the objective of the long-term liability portfolio is for the average fixed-rate period to be, on average, between 6 months and 3 years. The average fixed-rate period was 1 year and 3 months (1 year and 7 months) as per December 31, 2017. ISDA agreements were signed with all lenders.

The Group separates the financing of working capital from long-term financing. Overdraft facilities are available for financing working capital.

Sensitivity analysis – interest rate risk

The impact on the Group's interest expense during the coming 12-month period in the event of an interest rate upturn/downturn of 1 percentage point on the balance-sheet date is SEK -12.2/+2.7m (-13.8/+3.2) 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 +15.2m (24.2) / SEK -3.2m (-8.8).

Refinancing and liquidity risk

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 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. 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.

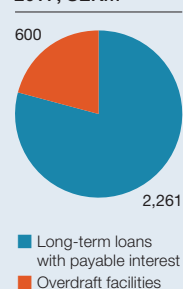
The Group policy is to minimize its borrowing need by centralizing surplus liquidity via the Group's cash pools that have been established by the central finance department. Liquidity risks are centrally managed for the entire Group by the central finance department.

The Group has a central vision for managing the Group's financing, whereby the fundamental rule is that the internal bank is responsible for all external financing. A syndicate with three Scandinavian banks finances the Group. This financing package is contingent on financial and commercial obligations, which are tested regularly. The covenants tested quarterly are the leverage ratio and interest coverage ratio. The Group's fixed-term credit commitments were SEK 2,861m (3,033), which includes long-term loans with payable interest corresponding to SEK 2,261m and overdraft facilities of SEK 600m.

Unutilized credit commitments totaled SEK 586m (584).

The Group's long-term liabilities with payable interest and the overdraft facilities do not have an amortization schedule but rather the entire facility is due in November 2019.

Group's fixed-term credit commitments on December 31, 2017, SEKm



Term structure of financial liabilities – undiscounted cash flows

2017, SEKm	Total	<1 mo	1–3 mo	3 mo–1 yr	2–5 yr	>5 yr
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	–
2016, SEKm	Total	<1 mo	1–3 mo	3 mo–1 yr	2–5 yr	>5 yr
Long-term liabilities to credit institutions including interest payments	2,507	–	–	–	2,507	–
Derivatives	50	5	5	25	15	–
Short-term liabilities to credit institutions including interest payments	30	–	7	23	–	–
Overdraft facilities	0	–	–	–	–	–
Accounts payable	522	–	522	–	–	–
Finance lease liabilities	16	0	0	5	11	–

Commodity price risk

Commodity price risk refers to continuously fluctuating prices of input goods from our suppliers and its possible impact on earnings. For the Group, it is primarily fluctuations in aluminum, plastic and steel prices that constitute a significant commodity risk. In 2017, 48 percent (45) 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 2017, the Group purchased raw materials and components for SEK 2,427m (2,412). Total purchases of raw materials amounted to SEK 1,165m (1,103). Direct purchases of raw materials amounted to SEK 735m (694) and indirect purchases of raw materials (share of value added of the total value of raw materials) amounted to SEK 430m (409). Direct purchases of aluminum amounted to SEK 188m (193) and indirect purchases of aluminum amounted to SEK 188m (193). Direct purchases of plastic amounted to SEK 326m (288) and indirect purchases of plastic amounted to SEK 217m (192). Direct purchases of steel amounted to SEK 221m (213) and indirect purchases of steel amounted to SEK 25m (24).

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 77 percent (76) of the Group's cost of goods sold.

Credit risk in financial operations

The Group's financial operation creates exposure to credit risks. Primarily counterparty risks in connection with receivables from banks arise when purchasing derivatives and deposits to these banks. The exposure can be attributable to surplus values in derivatives. In order to reduce credit risk, the derivatives are spread between different counterparties. The ISDA agreements permit the offset of derivative assets and derivative liabilities per counterparty, which reduces credit risk. ISDA agreements were signed with all counterparties for settlement of mutual obligations to deliver and pay and thereby reduce credit risk.

Group 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

Group 2016, SEKm	Financial assets	Financial liabilities
Amount recognized in balance sheet	34.1	50.0
Nordea	-10.6	-10.6
Danske Bank	-18.4	-18.4
DNB	-5.0	-5.0
Amount after netting	0.0	15.9

The credit risk in derivatives on the balance-sheet date was SEK 12.2m (34.1) and corresponds to the total positive market value of the derivatives. The credit risk in cash and bank balances was SEK 580.8m 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, 2017, net debt amounted to SEK 1,719m (1,704). 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.

Cash management

Cash management in subsidiaries focuses on minimizing operational working capital. The internal bank manages Group-wide netting to minimize the number of payment transactions and thereby related expenses. In countries with several operational companies, the surpluses and deficits are matched at the country level using cash pools.

There were cash pools during the year in Sweden, Germany, the UK, Denmark, Norway, Poland and the US. The internal bank manages liquidity in, as well as between, these cash pools.

Note 5 Discontinued operations

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 comprises the US toolboxes for pick-up trucks operations, including these operations' dedicated factory in Perry, Florida in the US. Geographically, the operations are limited to North America and are mainly focused on building professionals under the Group's UWS brand (which is included in the operations being divested) and of private label deliveries to Home Depot. The operation was divested and deconsolidated in June 2017. The selling price comprised two components, an initial payment of USD 18m and a maximum additional purchase consideration of USD 3.5m (based on sales to certain specific new customers during the 2018 calendar year). The capital gain is expected to amount to SEK 70m, including transaction costs.

The following capital gain also includes an additional purchase consideration that was recognized in conjunction with the divestment of the Snow Chain division in 2015. Since the criteria for disbursement were not met, the additional purchase consideration was not paid and the recognized amount, EUR 5m, was charged to discontinued operations. The selling price comprised two components, an initial payment of EUR 10m and a maximum additional purchase consideration of a further EUR 10m (based on snow chain sales over the next two winter seasons). Half of the possible additional purchase consideration was recognized as a receivable and was included in the capital loss recognized for 2015.

Group, SEKm	2017	2016
Revenue	127	307
Expenses	-110	-272
Income before taxes	17	34
Capital gain/loss from divestment of discontinued operations	21	-
Taxes	-21	-12
Net income from discontinued operations	17	23
Earnings per share, discontinued operations (SEK)	0.17	0.22

Cash flow from discontinued operations

Cash flow from operating activities	29	27
Cash flow from investing activities	0	-6
Net cash flow from discontinued operations before financing activities	29	21

Assets and liabilities attributable to the discontinued operations were classified as assets held for sale. The value of the assets and liabilities as per December 31, 2016 follows:

Assets classified as held for sale

Group, SEKm	2017	2016
Intangible assets	-	17
Tangible assets	-	24
Inventories	-	22
Accounts receivable and other receivables	-	60
	-	124

Liabilities classified as held for sale

Group, SEKm	2017	2016
Accounts payable and other liabilities	-	34
	-	34

Note 6 Business combinations

No acquisitions were made in 2017.

Effects of acquisitions 2016

On July 4, 2016, Thule Group acquired the Dutch company GMG B.V., the leading manufacturer of child bike seats in the Benelux markets. In 2015, GMG B.V. reported sales of EUR 6m, specializing in child bike seats under the Yepp brand. The products are a complement

Note 6 cont.

to the Group's existing range of Thule RideAlong child bike seats and will be sold under the Thule Yepp brand. The acquisition suits the strategy to grow in this key category and will be reported in the Active with Kids product category. The company was consolidated in the Group as of July 2016. The total purchase consideration was EUR 10.0m on a debt-free basis. The acquisition contributed with sales amounting to SEK 18m and an operating loss of SEK 6m for 2016. Had the acquisition occurred on January 1, 2016 it is estimated that sales would have increased SEK 33m and operating income approximately SEK 5m.

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

Group, SEKm	2016
Intangible assets	21
Tangible assets	1
Inventories	11
Accounts receivable and other receivables	8
Cash and cash equivalents	7
Accounts payable and other liabilities	-13
Deferred tax liabilities	-4
Net identifiable assets and liabilities	32
Goodwill	67
Consideration transferred	99

Of the purchase consideration, SEK 67m has been attributed to goodwill. Synergies for more efficient production and distribution processes are included in the goodwill value. No part of the goodwill is expected to be tax deductible. Acquisition-related expenses amounted to SEK 1m and refer to fees for legal services.

Note 7 Segment accounting

The Group's operations are divided into operating segments based on the parts of the operations that are followed up by the company's chief operating decision-maker. The remaining part of the Specialty operating segment, toolboxes for pick-up trucks, was divested in June 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 now comprises one segment.

The two smaller product groups that were historically reported under the Specialty segment (racks and smaller accessories for pick-up trucks) and which will not be divested, will in the future, be reported in the Sport&Cargo Carrier product category in Region Americas. Sales for these product groups totaled SEK 161m (158) in 2017. Comparative figures have been recalculated retroactively.

Group, SEKm	2017	2016
Sales to customers	5,872	5,304
Region Europe & ROW	3,983	3,482
Region Americas	1,889	1,822
Underlying EBITDA	1,136	1,000
Operating depreciation/amortization	-67	-64
Underlying EBIT	1,069	935
Other depreciation/amortization	-1	-13
Items affecting comparability	0	0
Operating income	1,067	922
Financial revenue	11	15
Financial expenses	-63	-51
Taxes	-325	-234
Net income from discontinued operations	17	23
Net income	707	676

Sales are divided into four product categories: Sport&Cargo Carriers – roof racks, roof boxes, bike carriers 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.

Product categories – Group, SEKm	2017	2016
Sales to customers		
Sport&Cargo Carriers	3,810	3,545
Packs, Bags & Luggage	798	822
RV Products	767	587
Active with Kids	497	348
Other	–	2
Total	5,872	5,304

Note 7 cont.

Geographic markets – Group, SEKm	2017	2016
Sales to customers		
Sweden	220	205
Other Nordic countries	211	199
Europe, excluding Nordic countries	3,266	2,808
North America	1,741	1,709
Central/South America	148	113
Asia/Pacific Rim	243	229
Remaining countries	43	41
Total	5,872	5,304

The information presented for 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	2017	2016
Sweden	162	144
Other Nordic countries	–	–
Europe, excluding Nordic countries	332	238
North America	147	192
Central/South America	2	2
Asia	2	4
Total	645	579

Note 8 Other operating revenue

	Group		Parent Company	
SEKm	2017	2016	2017	2016
Re-invoicing of expenses	–	–	18	18
Recovered receivables	4	–	–	–
Total	4	–	18	18

Note 9 Other operating expenses

	Group		Parent Company	
SEKm	2017	2016	2017	2016
Other operating expenses	–	-3	–	–
Total	–	-3	–	–

Note 10 Audit fees

	Group		Parent Company	
PwC AB, SEKm	2017	2016	2017	2016
Audit	-3	–	-1	–
Audit in addition to audit assignment	0	–	–	–
Tax consultancy	–	–	–	–
Other services	0	–	0	–
Total	-3	0	-1	0

	Group		Parent Company	
KPMG AB, SEKm	2017	2016	2017	2016
Audit	0	-4	–	-1
Audit in addition to audit assignment	–	0	–	–
Tax consultancy	-2	-4	0	0
Other services	-1	0	0	0
Total	-4	-8	0	-1

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	2017	2016	2017	2016
Salaries and other remuneration	710	657	26	23
Social security	178	171	9	8
Pension expenses – defined-contribution plans	30	18	4	4
Pension expenses – defined-benefit plans	8	8	–	–
Total	928	855	39	35

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

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 is included in the above fees.

Hans Eckerström has, as Chairman of the Remuneration Committee, received remuneration of SEK 75t, which is included in the above fees.

Pension obligations for the President amounted to SEK 11,314t (9,026) at December 31.

Pension obligations for other executive management amounted to SEK 2,834t (2,004).

Remuneration and benefits 2016, SEKt	Basic salary incl. change in vacation pay liability, fees	Variable remuneration	Pension expenses	Other remuneration	Total
Chairman of the Board					
Stefan Jacobsson	856	–	–	–	856
Board members					
Bengt Baron	356	–	–	–	356
Hans Eckerström	356	–	–	–	356
Liv Forhaug	319	–	–	–	319
Lilian Fossum Biner	456	–	–	–	456
David Samuelson	356	–	–	–	356
Åke Skeppner	75	–	–	–	75
Heléne Mellquist	244	–	–	–	244
President					
Magnus Welander	5,885	3,780	1,771	1,012	12,448
Other executive management (4 individuals)					
	9,300	2,504	1,912	2,220	15,936
Total	18,204	6,284	3,683	3,232	31,403

Lilian Fossum Biner has, as Chairman of the Audit Committee, received remuneration of SEK 150t, which was included in the above fees.

Hans Eckerström has, as Chairman of the Remuneration Committee, received remuneration of SEK 50t, which was included in the above fees.

Remuneration of the Board

According to a resolution of the General Meeting, directors' fees, excluding Committee work, are to be paid as follows: SEK 850,000 to the Chairman of the Board and SEK 325,000 to each of the Board members elected by the Meeting. The Chairman of the Audit Committee is to receive remuneration of SEK 175,000 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 26, 2017.

Remuneration of Group management is to comprise fixed salary, any variable salary, pension and other benefits. The total remuneration package is to be based on market terms, be competitive and reflect the individual's performance and responsibilities as well as, with respect to share based incentive programs, the value growth of Thule Group's share benefiting the shareholders. Variable salary can comprise annual variable cash bonuses and long-term variable bonuses in the form of cash, shares and/or share-based instruments in

Note 11 cont.

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.

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 6,720,000 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 2017, the pension benefit amounted to 31 percent of basic salary for 2017. 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 6–12 monthly salaries is also paid if employment is terminated by the company.

Pension benefits at 27–35 percent of basic salary are paid for executive management employed in Sweden. To the extent that premiums are not fully tax deductible for the company, excess premiums are to be agreed as direct pension, insured through endowment insurance pledged to the senior executive. Pension benefits at 12–15 percent of basic salary are paid for executive management employed in the US.

Remuneration Committee

The Remuneration Committee is to assist the Board by submitting proposals on remuneration issues and continuously monitoring and evaluating remuneration structures and levels for the President and other executive management.

Incentive programs

Share-based incentive program 2017/2020

The April 2017 AGM resolved on a warrants program for the executive management and key employees of the Group, was implemented in the second quarter of 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 is SEK 182.40, which corresponds to 118 percent of the volume-weighted average price according to Nasdaq Stockholm's official price list for shares in the company during the period April 27, 2017 through May 4, 2017. If on subscribing for the share, the last 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 from 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

The incentive program approved in 2014 includes executive management, key employees and the Chairman of the Board, currently nine individuals. Warrants have been issued to and subscribed for by Thule Group's subsidiary Thule AB and the participants acquired warrants from this subsidiary at market value, corresponding to a total of approximately SEK 13.25m. The total program encompasses a maximum of 4,999,998 warrants. On full utilization, the option program corresponds to 5 percent of Thule Group's share capital. The warrants have been issued in three separate series, with the same number of warrants in each series.

- Series 2014/2016 has been exercised.
- Series 2014/2017 has been exercised.
- Series 2014/2018 comprises 1,302,889 warrants.

Series 2014/2018 comprises 1,666,666 warrants, of which the participants have acquired 1,302,889 warrants that can be exercised between January 1 and December 31, 2018. Under the terms and conditions of the warrants, recalculations have been carried out due to dividends paid and currently, each warrant entitles the holder to subscribe for 1.05 shares. The exercise price has been recalculated at SEK 83.70 and will be increased by the amount the market price for the share exceeds SEK 137.30. Series 2014/2018 concluded on March 5, 2018, at which point the number of shares had increased by 1,135,696. The subscription price of the shares was SEK 121.10. The conditions for determining the exercise price of the warrants meant that the ceiling for the highest sales value was achieved with a share price of SEK 137.30.

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

	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
Warrants 2017					
Chairman of the Board					
Stefan Jacobsson	364,582	–	182,291		182,291
Group management					
President					
Magnus Welander	729,166	375,000	364,583		739,583
Other executive management					
Fred Clark	416,666	187,500	208,333		395,833
Lennart Mauritzson	416,666	187,500	208,333		395,833
Fredrik Erlandsson	208,332	125,000	104,166		229,166
Kajsa von Geijer	208,332	125,000	104,166		229,166
Other participants	216,873	700,645	85,856		831,662
Unsold warrants	772,715	250,000		772,715	250,000
Total	3,333,332	1,950,645	1,257,728	772,715	3,253,534

At December 31, 2017, the number of redeemable warrants was 0. The market value of the warrants was calculated by using an established valuation model (Black-Scholes).

Market value per Series:	2017
2014/2016	SEK 3.10
2014/2017	SEK 3.30
2014/2018	SEK 3.20
2017/2020	SEK 10.50

Conditions of valuation 2014/2018:

Share price	SEK 70 (IPO price)
Volatility	23 percent (based on statistical data for comparable listed companies)
Risk-free interest	0.2 percent (based on an interpolation of government bonds outstanding 1051 and 1052).

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:

2015	SEK 2.50
2016	SEK 3.07
2017	SEK 3.29
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, 2017 for non-terminable operating leases are specified as follows:

		Group	Parent Company
Fees fall due, SEKm	2017	2016	2017
Less than 1 year	39	40	–
Between 2–5 years	108	107	–
More than 5 years	31	43	–
Total	178	190	–

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

Finance leases

Lease expenses

Future payment commitments in the Group on December 31, 2017 for non-terminable finance lease agreements are specified as follows:

		Group	Parent Company
Fees fall due, SEKm	2017	2016	2017
Nominal values			
Less than 1 year	7	6	1
Between 2–5 years	9	11	1
More than 5 years	–	–	–
Total	17	17	2

Note 12 cont.

		Group	Parent Company	
	2017	2016	2017	2016
Present values				
Less than 1 year	7	5	1	1
Between 2–5 years	8	9	1	1
More than 5 years	–	–	–	–
Total	14	14	1	1

Future payment commitments include finance lease agreements for real estate in Belgium as well as finance lease agreements for company cars in Sweden. The lease agreement in Belgium has a term of 15 years and expires on December 19, 2019. The contract may not be canceled but it is possible to purchase the real estate at the end of the contract period. The lease agreement in Sweden for company cars is for three years per vehicle.

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

Number of employees

Average number of employees calculated based on the total number of hours worked divided by 1,750 hours.

Parent Company	2017	Of whom, men	2016	Of whom, men
Sweden	4	3	4	3
Subsidiaries	2017	Of whom, men	2016	Of whom, men
Sweden	369	246	342	224
Europe	1,127	582	1,035	508
North America	525	330	519	329
South America	32	27	31	26
Asia	62	33	60	33
Total subsidiaries	2,115	1,218	1,987	1,120
Total	2,119	1,221	1,991	1,123

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

		Group	Parent Company	
	2017	2016	2017	2016
Board members, %				
Women	15	15	57	43
Men	85	85	43	57

		Group	Parent Company	
	2017	2016	2017	2016
President and other executive management, %				
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 agreements 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 Alecia/Collectum. According to a statement from the Swedish Financial Reporting Board (UFR 10), the defined-benefit ITP in Alecia is defined as a multi-employer defined-benefit plan. For the 2017 fiscal year, the Group did not have access to information from Alecia 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 Alecia may entail a refund to the Group or lower or higher future contributions. At the end of the year, Alecia's surplus in the form of the collective consolidation level was 154 percent (149). The collective consolidation level comprises the market value of the manager's assets as a percentage of the insurance commitments calculated according to the manager's actuarial calculation assumptions.

For the portion of the ITP plan in Sweden that the Group recognizes as a liability via credit insurance with PRI, the Group is exposed to interest rate risk and long lifetime risk.

For defined-benefit plans, the Group's expenses and present value of outstanding obligations are calculated on the balance sheet date using actuarial calculations. The table below provides information about the most significant actuarial assumptions, recognized expenses during the fiscal year and the value of obligations at the end of the period.

	Group	
	2017	2016
Assumptions in actuarial calculations, %		
Discount rate	2.70	2.75
Expected rate of salary increase, above inflation	1.75	1.25
Rate of inflation	1.70	1.50

The discount rate used by the Group to calculate the defined-benefit pension liabilities in Sweden comprises the market interest rate on the balance sheet date of Swedish mortgage bonds with a term corresponding to the duration of the Swedish pension obligations.

For Sweden, the updated mortality assumption, DUS 14, is used, which is a more recently updated investigation compared with the assumption in the Swedish Financial Supervisory Authority's safeguarding bases. The average remaining life expectancy for a 65-year-old man today is 20 (20) and the average remaining life expectancy for a 65-year-old woman today is 23 (23).

In addition to the impact from amended actuarial assumptions such as a change in the discount rate, etc., actuarial gains and losses arose due to an adjustment of experience-based effects. Experience-based effects refer to actual salary increases compared with assumed increases, actual personnel turnover rate compared with the assumed personnel turnover rate, etc. The distribution between actuarial gains and losses that are dependent on changes in assumptions and experience-based gains and losses are shown below.

	Group	
	2017	2016
Changes in assumptions, SEKm		
Gains (-) and losses (+) due to changes in assumptions	11	10
Experienced-based gains (-) and losses (+)	3	0
Recognized in other comprehensive income	14	10

	Group	
	2017	2016
Carrying amount of defined-benefit pension plans, SEKm		
Present value of unfunded obligations	148	131
Provisions for pensions	148	131

	Group	
	2017	2016
Changes in present value of obligation for defined-benefit plans, SEKm		
Obligation per January 1	131	120
Expenses for service during current period	5	5
Interest expense	4	4
Pension payments	-5	-6
Actuarial gains (-) and losses (+)	14	10
Obligation per December 31	148	131

In 2018, the costs are expected to amount to SEK 12m.

At the end of 2017, 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	-13
0.5 percent decrease in discount rate	17

	Group	
	2017	2016
Expenses for defined-benefit plans, SEKm		
Service cost during current period	5	5
Interest expense	4	4
Recognized in income statement	8	8

	Group	
	2017	2016
Pension expense recognized in the following lines in income statement, SEKm		
Selling expenses	5	5
Financial expenses	4	4
Total	8	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	
	2017	2016	2017	2016
Defined-contribution pension plans, SEKm				
Expenses for defined-contribution plans	30	18	4	4
Total	30	18	4	4

Note 15 Expenses divided by type of cost

SEKm	2017	Group 2016
Changes in inventory of finished products and work in progress	1	-54
Raw materials and manufacturing supplies	-2,778	-2,324
Expenses for remuneration of employees	-1,007	-907
Depreciation/amortization	-68	-77
Other expenses	-955	-1,017
Total expenses for goods sold, sales and administration	-4,808	-4,379

Note 16 Net financial items

SEKm	2017	Group 2016	Parent Company 2017	Parent Company 2016
Profit from participations in Group companies	–	–	600	1,000
Interest income	11	7	46	45
Net exchange rate fluctuations	0	8	–	–
Financial revenue	11	15	646	1,045
Interest expenses	-50	-44	-32	-38
Other financial expenses	-3	-3	-11	-3
Interest expenses on defined-benefit pension obligations	-4	-4	–	–
Net exchange rate fluctuations	-6	–	–	–
Financial expenses	-63	-51	-43	-41
Net financial items	-52	-36	603	1,004

Of interest expenses SEK 31m (29) pertained to the category of financial liabilities recognized at amortized cost and SEK 6m (5) pertained to the category of financial liabilities measured at fair value. Interest coupons for financial derivatives are netted, meaning that both receipts and payments are recognized as interest expense.

Note 17 Taxes

	2017	Group 2016	Parent Company 2017	Parent Company 2016
Recognized in income statement, SEKm				
Current tax expense/tax revenue				
Tax expense for the year	-176	-229	0	0
Deferred tax expense/tax revenue				
Deferred tax pertaining to temporary differences	-171	-16	1	1
Total recognized tax expense (-)/ tax revenue (+)	-347	-245	1	1

SEK negative 21m (neg: 12) of the recognized tax expense above is attributable to discontinued operations.

	2017 (%)	Group 2017	Group 2016 (%)	Group 2016
Effective tax rate reconciliation, SEKm				
Income before taxes from continuing operations		1,015		887
Income before taxes from discontinued operations		38		34
Tax according to current tax rates for Parent Company	22.0	232	22.0	203
Impact of other tax rates on foreign subsidiaries	2.1	22	1.5	13
Non-deductible expenses	1.9	20	1.2	11
Non-taxable income	-0.6	-6	-0.2	-1
Increase in loss carryforwards without corresponding capitalization of deferred tax	0.6	6	0.7	6
Utilization of previously non-capitalized loss carryforwards	0.0	0	0.0	0
Tax attributable to previous years	-3.7	-39	1.8	16
Effect of amended tax rates/regulations	10.7	113	0.0	0
Other	-0.1	-1	-0.3	-3
Recognized effective tax	32.9	347	26.6	245

The effective tax rate for 2017 for continuing operations was 32.0 percent compared with 26.3 percent for same period in 2016. Adjusted for the impairment of deferred tax receivables (see below) and for the dissolution of the provision for the German tax audit, the effective tax rate was 24.4 percent.

		Parent Company		
Effective tax rate reconciliation, SEKm	2017 (%)	2017	2016 (%)	2016
Income before taxes		596		997
Tax according to current tax rates for Parent Company	22.0	131	22.0	219
Non-taxable income	-22.0	-132	-22.0	-220
Recognized effective tax	0.0	-1	0.0	-1

The company has had continuing tax disputes in Germany, which have now been concluded. The German tax authorities had issued a judgment on an increase in the tax base for the years 2005–2008, which would have added approximately EUR 17.6m in further taxes and accrued interest and an increase in the tax base for the years 2009–2012, which would have added approximately EUR 10m in further taxes and accrued interest for the company. A settlement has now been reached with the German tax authorities. The agreement means an increase in tax and interest totaling EUR 3.0m and the potential increase in tax based on the German tax authorities' decision was lowered by EUR 24.6m.

The company had already made a provision of EUR 7.0m for taxes/interest for the tax audits. The agreement entails that Thule Group recognized tax revenue amounting to EUR 4.0m. The decision also generated positive cash flow as a result of the repayment of most of the tax paid earlier to the German tax authorities.

The effects of the tax reform recently passed in the US included the Federal tax rate being reduced from 35 percent to 21 percent as of January 1, 2018. Accordingly, an impairment of USD 13.4m was made on the deferred tax receivables that the Group has in the US.

Recognized in statement of other comprehensive income

Group, SEKm	2017			2016		
	Before tax	Taxes	After tax	Before tax	Taxes	After tax
Foreign currency translation	-111	26	-85	241	-29	212
Hedge reserve	-1	0	-1	-24	4	-20
Net investment hedge	0	0	0	-90	20	-70
Fair value of available-for-sale financial assets	24	–	24	-24	–	-24
Actuarial gains and losses	-14	4	-10	-10	3	-7
Other comprehensive income	-103	30	-72	94	-2	92

Recognized in balance sheet

Deferred tax receivables and liabilities pertain to the following:

Group, SEKm	Deferred tax receivables		Deferred tax liabilities		Net	
	2017	2016	2017	2016	2017	2016
Tangible assets	19	18	-31	-37	-11	-19
Intangible assets	28	35	0	0	28	35
Inventories	18	30	0	0	18	30
Receivables	2	1	0	0	2	1
Liabilities	48	61	0	0	48	61
Other	9	1	0	0	9	1
Loss carryforwards	201	349			201	349
Tax allocation reserves			-155	-120	-155	-120
Tax receivables/liabilities	324	495	-185	-157	139	338

Changes in deferred tax, net, recognized as follows, SEKm	2017	2016
Deferred tax, net, on January 1	338	325
Recognized through profit or loss:	-171	-16
of which, temporary differences	-48	58
of which, loss carryforwards	-123	-74
Recognized in statement of comprehensive income	1	-2
Business combinations	–	-4
Divested tax receivables/liabilities	0	0
Currency effect	-29	35
On December 31	139	338

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	2017	2016
Tax deficit	682	708
	682	708

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 2021 or are unlimited in time.

Note 18 Earnings per share

	Continuing operations	Discontinued operations	Total
2017			
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
2016			
Earnings per share before dilution			
Net income attributable to Parent Company shareholders, SEKm	653	23	676
Average number of shares outstanding, thousands	101,002	101,002	101,002
Earnings per share before dilution, SEK	6.46	0.22	6.69
Earnings per share after dilution			
Net income attributable to Parent Company shareholders, SEKm	653	23	676
Average number of shares outstanding, thousands	101,806	101,806	101,806
Earnings per share after dilution, SEK	6.41	0.22	6.64
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		2017	2016
Total number of shares issued on January 1		101,002	100,000
Impact of issues		943	1,002
		101,945	101,002

Earnings per share after dilution

The calculation for earnings per share after dilution is based on net income attributable to the Parent Company shareholders and on a weighted average number of shares outstanding.

In thousands of shares	2017	2016
Weighted average number of shares	101,945	101,002
Impact of warrants	619	804
	102,564	101,806

Note 19 Intangible assets

Group, SEKm	Goodwill	Intangible assets	Total
Accumulated cost			
Opening balance, January 1, 2016	4,032	222	4,254
Business combinations	67	23	90
Other changes/reclassifications	-17	-11	-28
Exchange rate differences for the year	126	9	135
Closing balance, December 31, 2016	4,208	243	4,451
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

Accumulated amortization and impairment

Opening balance, January 1, 2016	0	-192	-192
Business combinations	–	-2	-2
Amortization for the year	–	-19	-19
Other changes/reclassifications	–	11	11
Exchange rate differences for the year	–	-8	-8
Closing balance, December 31, 2016	0	-210	-210

Note 19 cont.

Group, SEKm	Goodwill	Intangible assets	Total
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
Carrying amounts	Goodwill	Intangible assets	Total
At January 1, 2016	4,032	29	4,061
At December 31, 2016	4,208	32	4,240
At January 1, 2017	4,208	32	4,240
At December 31, 2017	4,145	32	4,177

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

SEKm	2017	2016
Cost of goods sold	1	1
Selling expenses	1	14
Administrative expenses	3	4
Total continuing operations	6	19

The Group does not have any internally generated intangible assets. The total research and development expenses for the year amounted to SEK 330m (256).

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 2017

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 7.5 percent (7.3) after tax and 9.1 percent (8.9) 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. More efficient sourcing, achieved by planned and implemented structural changes, was taken into consideration.

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. For impairment testing of 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 that there was no impairment requirement.

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, 2016	445	509	193	31	1,178
Business combinations	–	–	1	–	1
Other investments	59	33	16	52	160
Divestments and scrapping	-1	-9	-22	–	-32
From in progress	18	23	0	-41	0
Other changes/reclassifications	-10	-63	0	–	-73
Exchange rate differences for the year	20	19	9	–	48
Closing balance, December 31, 2016	531	512	197	42	1,282

Note 20 cont.

Group, SEKm	Buildings and land improvements	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress	Total
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
Accumulated depreciation and impairment					
Opening balance, January 1, 2016	-188	-360	-145	0	-693
Business combinations	–	–	-1	–	-1
Divestments and scrapping	1	9	21	–	31
Other changes/reclassifications	2	43	0	–	45
Depreciation for the year	-15	-30	-13	–	-58
Exchange rate differences for the year	-7	-13	-7	–	-27
Closing balance, December 31, 2016	-207	-351	-145	0	-703
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

Group, SEKm	Buildings and land improvements	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress	Total
Carrying amounts					
At January 1, 2016	257	149	48	31	485
At December 31, 2016	324	161	51	42	579
At January 1, 2017	324	161	51	42	579
At December 31, 2017	374	188	49	34	645

Of the carrying amount on the balance sheet date, SEK 4m (5) pertains to finance lease agreements for buildings and SEK 12m (12) for finance lease agreements for company cars.

Note 21 Inventories

Group, SEKm	Dec. 31, 2017	Dec. 31, 2016
Raw materials and consumables	201	202
Products in progress	73	53
Finished goods and goods for resale	545	569
Total	819	825
Change in recognized inventory obsolescence	2017	2016
On January 1	86	107
Provision for obsolescence	22	30
Impairment of inventories	-13	-40
Reversal of previous years' reserves	-14	-18
Currency effect	-4	8
On December 31	76	86

Note 22 Accounts receivable

Group, SEKm	Dec. 31, 2017	Dec. 31, 2016
Accounts receivable, gross	594	595
Less reserve for doubtful receivables	-14	-11
Accounts receivable, net	580	584

There was no significant concentration of credit exposure on the balance sheet date. The majority of the Group's customers primarily comprise medium-sized customers.

Age analysis of accounts receivable, no provisions	Dec. 31, 2017	Dec. 31, 2016
Not due	527	506
Due between 1–30 days	40	54
Due between 31–60 days	8	11
Due more than 60 days	19	25
Less reserve for doubtful receivables	-14	-11
Total	580	584

Fair value of accounts receivable agrees with the carrying amount. The credit quality of receivables with no provision is considered to be high.

Changes in the provisions for doubtful receivables are as follows:	2017	2016
On January 1	-11	-13
Provision for doubtful receivables	-10	-10
Receivables written off during the year as uncollectible	3	10
Reversal of previous years' reserves	3	3
Currency effect	0	0
On December 31	-14	-11

Note 23 Cash and cash equivalents

	Group		Parent Company	
SEKm	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Cash and bank balances	581	763	–	–
Short-term investments with a term of less than three months from acquisition date	–	–	–	–
Cash and cash equivalents	581	763	–	–

Note 24 Specific disclosures regarding equity

	Common shares	
In thousands	2017	2016
Issued January 1	101,036	100,000
New issue of shares	1,036	1,036
Issued December 31 – paid	102,073	101,036

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, 2017 was 102,072,910. 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.

Dividends

The Board proposes a dividend of SEK 6 per share, totaling SEK 612m, divided between two installment dates: SEK 3.0 in May 2018 and SEK 3.0 in October 2018. The dividend will be adopted at the Annual General Meeting held on April 25.

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, which 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 figure is monitored on a regular basis via the internal reporting to management and the Board. Net debt in relation to EBITDA totaled 1.5 (1.6) at December 31, 2017.

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.

Note 24 cont.

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 1,113m was paid in dividends.

Note 25 Liabilities to credit institutions

	Group		Parent Company	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Long-term interest-bearing liabilities, SEKm				
Long-term liabilities to credit institutions	2,261	2,433	2,261	2,433
Leasing	9	11	–	–
Derivative liabilities – long-term	13	22	–	–
Total	2,283	2,467	2,261	2,433
Short-term interest-bearing liabilities, SEKm				
Short-term liabilities to credit institutions	–	–	–	–
Overdraft facilities	–	–	–	–
Leasing	7	6	–	–
Derivative liabilities – short-term	21	28	–	–
Total	29	34	–	–

	Group		Parent Company	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Term structure of liabilities to credit institutions, SEKm				
Overdraft facilities	–	–	–	–
1 year	29	34	–	–
2–3 years	2,283	2,467	2,261	2,433
4–5 years	–	–	–	–
More than 5 years	–	–	–	–
Total	2,311	2,500	2,261	2,433

Note 26 Accrued expenses and deferred income

	Group		Parent Company	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
SEKm				
Employee-related expenses	177	155	17	16
Bonuses to customers	115	132	–	–
Prepaid rental income	–	0	–	–
Other items	90	92	1	1
Total	382	379	18	17

Note 27 Provisions

	Group		Parent Company	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
SEKm				
Restructuring expenses	1	2	–	–
Guarantee commitments	15	20	–	–
Other provisions	9	10	–	–
Total	25	32	–	–

Note 27 cont.

	Restructuring expenses	Other provisions	Guarantee commitments
Carrying amount at beginning of year	2	10	20
New provisions	0	0	15
Amounts utilized during the period	-1	-1	-20
Currency effect	0	0	0
Carrying amount at end of period	1	9	15

Note 28 Cash flow statement

		Group	Parent Company	
SEKm	2017	2016	2017	2016
Interest paid	-46	-43	3	4
Adjustments for items not included in cash flow				
Anticipated dividends from subsidiaries	–	–	-600	-1,000
Depreciation/amortization and impairment of assets	71	82	–	–
Provisions	–	–	–	2
Capital gain/loss from divestment of operations/shares/equipment	-19	3	–	–
Unrealized financial items	22	6	–	–
Total	74	91	-600	-998

Acquisition of subsidiaries and other business units

SEKm	2017	2016
Acquired assets and liabilities:		
Intangible assets	–	88
Tangible assets	–	1
Inventories	–	11
Short-term receivables	–	8
Cash and cash equivalents	–	7
Total assets	–	115

Short-term liabilities	–	-16
Total liabilities	–	-16

Purchase consideration	–	99
Less: Cash and cash equivalents	–	-7
Impact on cash and cash equivalents	–	92

Divestment of subsidiaries and other business units

SEKm	2017	2016
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	145	–
Impact on cash and cash equivalents	145	–

Note 28 cont.

Reconciliation of liabilities attributable to financing activity

	Opening balance, January 1, 2017	Cash flows	Concluded agreements entered into, net	Financing costs	Exchange rate differences	Closing balance, December 31, 2017
SEKm						
Long-term liabilities to credit institutions	2,433	-176	–	3	0	2,261
Leasing	17	0	-1	–	0	16
Derivative liabilities	50		–	–	-15	35
Total according to balance sheet	2,500	-176	-1	3	-15	2,311

Cash and cash equivalents

	Group		Parent Company	
SEKm	2017	2016	2017	2016
The following sub-components are included in cash and cash equivalents:				
Cash and bank balances	581	763	–	–
Short-term investments, equal to cash and cash equivalents	–	–	–	–
Total according to balance sheet	581	763	–	–

Note 29 Appropriations

Parent Company, SEKm	2017	2016
Group contribution received	15	12
Total	15	12

Note 30 Participations in subsidiaries

Parent Company, SEKm	Dec. 31, 2017	Dec. 31, 2016
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 Shenzhen Co Ltd.		Shenzhen	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 Comércio de Acessórios Automotivos 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 Towing Systems LLC		Detroit	100
Thule Holding Ltd.		Haverhill	100
Thule Outdoor Ltd.		Haverhill	100
Thule Deutschland Holding AB	556662-7419	Malmö	100
Thule GmbH		Neumarkt	100
GMG Holding B.V.		Zwanenburg	100
GMG B.V.		Zwanenburg	100

Note 31 Pledged assets

	Dec. 31, 2017	Dec. 31, 2016
Group, SEKm		
Other assets	22	21
Total pledged assets	22	21

Note 32 Contingent liabilities

	Dec. 31, 2017	Dec. 31, 2016
Group, SEKm		
Bank guarantees	1	1
Pension liability, PRI	2	2
Other contingent liabilities	16	18
Total contingent liabilities	19	21

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, 2017	Dec. 31, 2016
Interest-bearing long-term receivables	4,460	5,036
Interest-bearing short-term receivables	17	13
Interest-bearing long-term liabilities	-368	-368
Interest-bearing short-term liabilities	-927	-931
Total	3,181	3,749

Thule Group AB issued warrants as part of an incentive program for management and the Chairman of the Board. 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 25, 2018 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 28, 2018

Stefan Jacobsson
Chairman of the Board

Bengt Baron
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 28, 2018.
PricewaterhouseCoopers AB

Eric Salander
Authorized Public Accountant
Auditor in charge

Magnus Jönsson
Authorized Public Accountant

Auditor's Report

To the general meeting of 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 2017 with the exception of the Corporate Governance Report on pages 54–59. The company's annual accounts and consolidated financial statements are included on pages 49–95 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company's financial position at 31 December 2017 and of its financial results and cash flows for the year in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and give an essentially true and fair view of the group's financial position at 31 December 2017 and of its financial results and cash flows for the year in accordance with the 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 54–59. The 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 parent company and consolidated income statements and balance sheets.

Our opinion in this report on the annual accounts and consolidated financial statements is consistent with the supplementary report submitted to the Audit Committee of the parent company and group in accordance with Article 11 of the Audit Regulation (537/2014).

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden (Swedish GAAS). Our responsibilities under those standards are further described in the section The Auditor's Responsibilities. 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, based on our best knowledge and conviction, the provision of no prohibited services as stipulated in the Auditors Ordinance (537/2014) Article 5.1 to the audited company or, as applicable, to the parent company or its controlled companies located within the EU. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other information

The audit of the annual accounts and consolidated accounts for financial year 2016 was performed by another auditor who presented an Auditor's Report dated 30 March 2017 with an unmodified opinion in the Report on the annual accounts and consolidated financial statements.

Our audit activities

The focus and scope of the audit

We designed our audit by determining the level of materiality and assessing the risk of material misstatement in the financial statements. We paid particular attention to those areas where the Chief Executive Officer and Board of Directors have made subjective judgements, for example, in respect of critical accounting estimates that are based on assumptions and forecasts about future events, which are inherently uncertain. As in all our audits, we also addressed the risk that the Board of Directors and Chief Executive Officer will override internal controls, and considered whether there is any evidence of bias that has created 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 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 which 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 the significant entities in the Group with the aim of creating an 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 accounts of the current period. These matters were addressed in our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Impairment testing of goodwill

Key audit matter

As of 31 December 2017, the Group reported goodwill in the amount of SEK 4,145m, which is seen in Note 19 where the allocation of goodwill and other intangible assets is presented. This reported value has been the subject of an impairment test which contained both complex and major aspects of estimation. The impairment tests have 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 important 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 2017.

How our audit addressed the Key audit matter

In executing our audit, we have focused on whether there is a risk for an impairment requirement as regards goodwill. We have reconciled important assumptions with the company's budget and strategic plan, which also includes taking a position as regards management's assumptions and assessments. This has been done via an analysis of how well previous years' assumptions have proven to be correct and we have challenged the assumptions associated with those aspects having 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 security 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 noted no significant deviations from the Group's conclusions as regards the assessment of an impairment requirement.

Valuation of deferred tax assets

Key audit matter

As of 31 December 2017, the Group reported deferred tax assets of SEK 324m, of which SEK 201m 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 of the value has a direct impact on both the result of the period and effective tax rate.

How our audit addressed the Key audit matter

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 noted no significant deviations from the Group's regarding the valuation of the deferred tax assets.

Tax provisions in Germany

Key audit matter

As of 31 December 2016, the Group reported provisions for tax claims and disputes in Germany, SEK 66m. Payments of a total of SEK 139m have been made regarding the claims presented by the German tax authorities. The net amount, SEK 73m, is reported under other current receivables as of 31 December 2016.

As described in Note 17, during 2017, the Group entered into an agreement with the tax authorities in Germany, which resulted in a reversal in the income statement of previously reported provisions amounting to SEK 37m.

How our audit addressed the Key audit matter

We have engaged tax specialists in our work in evaluating the Group's assessments and estimates as regards the agreement with the German tax authorities and have studied the statements from external experts contracted by the Group.

We have also evaluated the reasonability of the underlying facts and circumstances presented in the disclosures in the annual financial statements and we have assessed whether this information is sufficient to understand the Group's reporting in this context. Based on our audit, we deem that the reported outcome of the agreement with the tax authorities in Germany properly reflects such agreement.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains information other than the annual accounts and consolidated financial statements and this information is found on pages 1–48 and 100–102. This information, in addition to the sustainability report and our statement regarding this report, do not constitute a part of the annual report. Responsibility for this other information rests with the Board of Directors and Chief Executive Officer.

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 accounts. 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, based on the work carried out in respect of this information, we 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

Responsibility for ensuring that the annual accounts and consolidated financial statements are prepared and give a true and fair view pursuant to the Annual Accounts Act and, as regards the consolidated financial statements, pursuant to the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act rests with the Board of Directors and Chief Executive Officer. The Board and CEO are also responsible for such internal control as they deem necessary for the purpose of preparing 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 and CEO are responsible for assessing the company's and group's ability to continue as a going concern. Where applicable, it is also required to disclose circumstances which could affect the company's ability to continue as a going concern and use the going concern assumption. The going concern assumption applies unless the Board and CEO intend to liquidate the company or cease to operate, or have no realistic alternative to doing so.

The Audit Committee of the Board of Directors is tasked with monitoring, without prejudice to the other responsibilities and duties of the Board, the financial reporting of the company.

The auditor's responsibilities

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 submit an auditor's report containing our opinion. Reasonable assurance is a high degree of assurance, but does not constitute a guarantee that an audit conducted in accordance with ISA and Swedish GAAS will always detect a material misstatement if it exists. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, can reasonably be expected to affect financial decisions made by users on the basis of the annual accounts and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 CEO'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 gives a true and fair view.

- 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 be thought to bear on 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 accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Managing Director of Thule Group AB (publ) for the financial year 2017 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 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 (Swedish GAAS). Our responsibilities under these standards are described in the section The auditor's responsibilities. We are independent of the parent company and the group in accordance with Swedish GAAS and have otherwise fulfilled our ethical responsibilities under these standards.

We believe that the audit evidence we have obtained is sufficient and adequate as a basis for our opinion.

The Board of Directors' and Chief Executive Officer's responsibilities

Responsibility for the proposed appropriation of the company's profit or loss rests with the Board of Directors. The preparation of a dividend proposal involves assessing whether the dividend is justifiable with regard to the equity, consolidation, liquidity and financial position requirements of the parent company and group arising from the nature, scope and risks of the operations of the parent company and group.

The Board of Directors is responsible for the company's organization and the management of its affairs. This involves continuously assessing the company's and the group's financial situation, and ensuring that the company's organization is structured so as to ensure satisfactory control of its accounting, management of funds and financial affairs. The Chief Executive Officer is responsible for day-to-day management in accordance with the guidelines and instructions issued by the Board, and is required to take such actions as may be necessary to ensure compliance with the company's statutory accounting obligations and satisfactory management of funds.

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 degree of assurance but does not guarantee that an audit conducted in accordance with Swedish GAAS 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 our audit in accordance with Swedish GAAS, we exercise professional judgment and maintain professional skepticism throughout our audit. Our examination of the management and the proposed appropriation of the company's profit or loss is based primarily on our audit of the financial statements. We exercise professional judgment to decide which additional audit procedures to carry out based on risk and materiality. This means that we focus our examination on such procedures, areas and circumstances that are material to the business and where deviations and violations would be particularly significant for the company's situation. We review and test the decisions that have been made, the bases for these decisions, the measures taken and other circumstances that are relevant to our opinion on release from liability. As a basis for our opinion on the Board of Directors' proposed appropriation of the company's profit or loss, we have examined whether the proposal is consistent with the Companies Act.

The auditor's review of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 54–59 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. Our review of the corporate governance report has a different focus and a significantly narrower scope than a full audit conducted in accordance with the International Standards on Auditing and Swedish GAAS. We believe this review gives us a sufficient basis for our opinion.

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 elected auditor of Thule Group AB (publ) by the annual general meeting of shareholders on 26 April 2017 and has been the company's auditor since then.

Malmö, 28 March 2018
PricewaterhouseCoopers AB

Eric Salander
Authorized Public Accountant
Auditor in charge

Magnus Jönsson
Authorized Public Accountant

Board of Directors

Stefan Jacobsson

Chairman of the Board since 2011.
Born 1952.

Selected current Board assignments: Chairman of the Board at Greenfood AB and HAFAB AB; Board member of Etac AB and Nobia AB.

Selected previous appointments: Chairman and President of Puma AG; President of Tretorn AB/Etonic Inc. and ABU/Garcia AB; Chairman of Nybron Flooring Int. Corp.

Bengt Baron

Board member since 2011.
Born 1962.

Selected current Board assignments: Board member of AAK AB.

Education: BSc and MBA in Business Administration, University of California at Berkeley.

Selected previous appointments: President of Cloetta; President of V&S AB.

Hans Eckerström

Board member since 2007.
Born 1972.

Education: MSc in Mechanical Engineering, Chalmers University of Technology. MSc in Business and Economics, Gothenburg School of Business.

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

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

Eva Elmstedt

Board member since 2017.
Born 1960.

Education: BSc in Economics and Computer Science, Indiana University of Pennsylvania and Stockholm School of Economics.

Other current appointments: Boardmember of Addtech AB, Proact Group AB, KnowIT AB, Gunnebo Group AB, Arjo AB samt Axiell Group AB.

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

Liv Forhaug

Board member since 2014.
Born 1970.

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

Selected current Board assignments: Board member of Hufvudstaden AB and of HUI Research AB.

Selected previous appointments: CSO (Chief Strategy Officer) at ICA Gruppen. Partner and Head of Scandinavian Consumer Practice at McKinsey & Company.

Heléne Mellquist

Board member since 2016.
Born 1964.

Senior Vice President Volvo Trucks International.

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

Selected current Board assignments: Board member of Cavotec SA.

Selected previous appointments: Board member of Opus Group, CEO of TransAtlantic AB, CFO of Rederi AB TransAtlantic and Board member of Partnertech AB.



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

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, CEO of Ehrenberg Kommunikation Scandinavia, chief of staff for the national delegation in the European Parliament.

Kajsa von Geijer

Senior Vice President,
Human Resources and Sustainability
Born 1964.

Education: BSc in Human Resource Development and Labour Relations, Lund University.

Employed at Thule Group since 2005.

Previous positions: HR Director Europe at FMC Food Tech, HR Director Nordic at Levi Strauss, various HR positions at Nestlé and Trelleborg AB.

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.



Definitions

Discontinued operations

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

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.

Earnings per share

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

EBIT

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

EBIT margin

EBIT as a percentage of net sales.

EBITDA

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

EBITDA margin

EBITDA as a percentage of net sales.

Equity per share

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

Equity ratio

Equity as a percentage of total assets.

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 rolling 12-month EBITDA.

LTM

Rolling 12-month.

Net debt

Gross debt less cash and cash equivalents.

Net investments

Investments in tangible and intangible assets adjusted for disposals.

Operational depreciation/amortization

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

Underlying EBIT

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

Underlying EBITDA

EBITDA excluding items affecting comparability.

Working capital

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

Facts: Alternative performance measures

Alternative performance measures are used to describe the underlying development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by Group management to measure the company's financial performance. The alternative performance measures used are net debt (see table on page 51), underlying EBIT and underlying EBITDA. Underlying denotes that we have made adjustments for specific items, see Note 7, Segment accounting. For further information, see above. These performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement.



Thule Chasm duffel bag.

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