



MIPS' presentation of the Q2 interim report 2020

23 JULY 2020

Key highlights

- Soft performance in the quarter with -20% net sales growth (-19% organic), fully explained by impacts from covid-19
 - Snow helmets key driver of the soft performance in the quarter, partial recovery expected
 - Moto soft performance in the quarter, recovering quickly
 - Bike, good growth despite lockdown situation
- High customer implementation activity despite challenging situation with customers having reduced working time etc.
- Finalized work with sharpening our brand platform
- We do see a strong consumer demand. Strong growth recovery expected in coming quarters
- Long-term financial target remains intact



Snow – Weak sales in the quarter

- Major uncertainty regarding impacts of covid-19 pandemic
 - will consumers be restricted from traveling next winter season?
 - will consumers prioritize winter sports next winter?
- Late ordering pattern – we are still receiving orders for next season which is normally not the case
- Even though we expect to see some recovery of volumes in Q3 vs. PY, we anticipate a soft winter season 2020/2021



Bike – Strong demand for MIPS



- Very high demand for MIPS' solutions in bike helmets
- Expected strong recovery in volumes coming quarters
- Increase both in bike helmets for commuting and recreational use partly supported by governmental investments in infrastructure
- Key demand increase in US and Europe
- MIPS generates net sales when helmets are produced, not when they are sold in retail. Main part of bike helmets is produced in Q3 and Q4



Moto – Soft sales but recovering

- Customers acted very cautiously due to uncertain market
- One new brand (ICON) in the quarter launched helmets equipped with MIPS and we do have high customer interest in category
- Even though there was very soft sales of Motorcycles in the beginning of the pandemic, the market has recovered
- Our view of the underlying demand for Moto helmets has not changed, recovery of volumes is expected coming quarters



Safety – Good development

Mips

- We have delivered our first MIPS solutions to helmets for Search and Rescue (SAR) and Law Enforcement and Armed Forces (LEAF)
- The LEAF order is a test order but strategically important to get momentum also within LEAF helmets
- Getting recognition within SAR is valuable to build credibility and brand-equity within the Safety category
- Despite a challenging quarter we have had good dialogues with both key construction companies and key brands within the industry



Sharpening the brand platform

- One key strategic initiative is to strengthen MIPS as a brand
- MIPS should be the obvious choice when buying a helmet
- A revision of our brand platform started in Q4 2019 – work accelerated during Q1-Q2 2020
- We have refreshed our brand platform
 - Updated logo
 - Sharper brand tagline – Makes helmets safer
 - More consumer engaging graphic expression
- The new platform will be fully rolled out during the autumn



MIPS - Makes helmets safer

Development in our different categories



SPORTS



MOTO



SAFETY



Second quarter/YTD 2020

Revenue, SEKm	64 / 114
Growth, %	-18% / -4%
No. of brands	98

Second quarter/YTD 2020

Revenue, SEKm	2 / 8
Growth, %	-55% / -9%
No. of brands	21 (+1)

Second quarter/YTD 2020

Revenue, SEKm	0 / 0
Growth, %	- / -
No. of brands	2 (+1)

MIPS has in total 107 buying customers (a customer can be active in several categories but only counted once in the "total customer" number)

Development in the second quarter

- Net Sales decreased by 20%, organic growth was -19%
- Gross profit down 20%, gross margin down 40 bps to 74.2%. Adjusting for acquisitions, gross margin up 70 bps to 75.3%
- OPEX – continue to invest in strategic priorities
- Adjusted EBIT was SEK 20m, adjusted EBIT margin 30.8%
- Cash flow – stable operating cash flow at SEK 23m

MIPS Group (SEKm)	Q2 20	Q2 19	▲%
Net sales	66	83	-20
Gross profit	49	62	-20
Gross margin %	74.2	74.6	-
Operating profit (EBIT)	20	37	-47
Operating margin (EBIT) %	29.7	44.5	-
Adjusted Operating profit (EBIT)	20	38	-47
Adjusted Operating margin (EBIT) %	30.8	46.0	-
Cash flow from operating activities	23	24	-5



Organic growth
-19%

Adjusted EBIT margin
30.8%

Operating cash flow
23
SEKm

Development first six months

- Net Sales decreased by 5%, organic growth was -7%
- Gross profit down 6%, gross margin down 130 bps to 72.7%.
Adjusting for acquisitions, gross margin down 30 bps to 73.7%
- OPEX – continue to invest in strategic priorities
- Adjusted EBIT was SEK 37m, adjusted EBIT margin 30.5%
- Cash flow – increase in operating cash flow, SEK 38m

MIPS Group (SEKm)	YTD 20	YTD 19	▲ %
Net sales	122	128	-5
Gross profit	89	94	-6
Gross margin %	72,7	74,0	-
Operating profit (EBIT)	36	49	-27
Operating margin (EBIT) %	29,4	38,1	-
Adjusted Operating profit (EBIT)	37	50	-26
Adjusted Operating margin (EBIT) %	30,5	39,1	-
Cash flow from operating activities	38	32	18

Organic
growth

-7%

Adjusted
EBIT margin

30.5%

Operating
cash flow

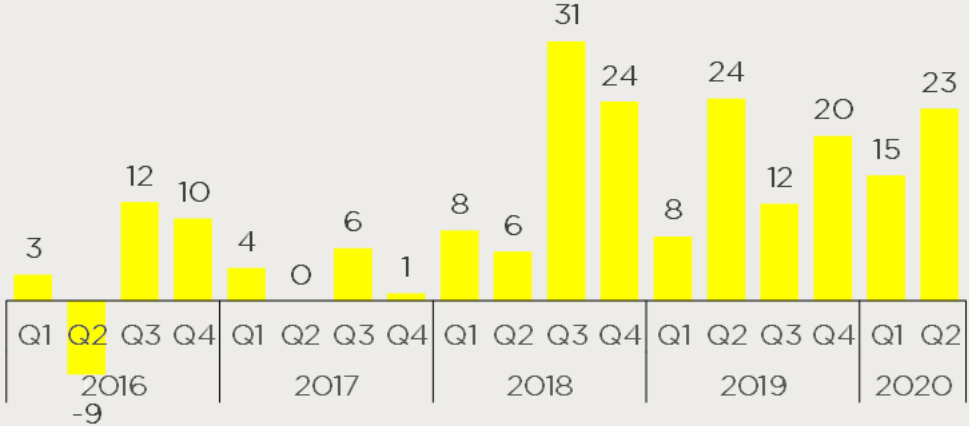
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SEKm

Balance sheet and cash flow

- Cash flow from operating activities stable at SEK 23m (24) in the quarter
- Dividend paid in May was SEK -79m (-63) and SEK 18m received from payment under newly launched warrant program
- Cash and Cash Equivalents at SEK 212m (167)
- Equity ratio 85% (79)

CASH FLOW FROM OPERATING ACTIVITIES (SEKm)



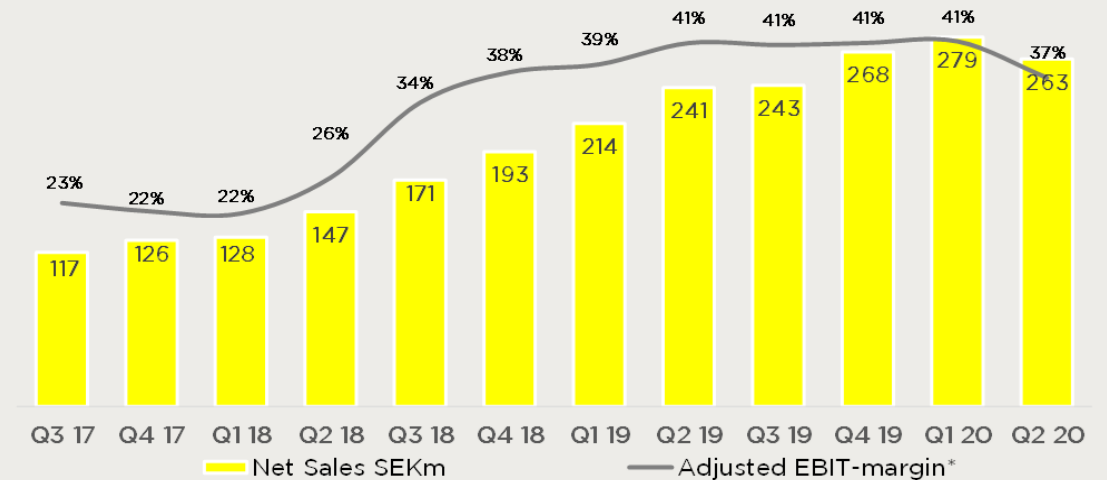
KEY BALANCE SHEET ITEMS AND CASH FLOW

MIPS Group (SEKm)	Q2 20	Q2 19
Total Assets	377	317
Equity	320	250
Equity ratio %	85	79
Cash & Equivalents	212	167
MIPS Group (SEKm)	Q2 20	Q2 19
Cash flow from operating activities	23	24

Summary

- Soft quarter driven by weak sales in snow helmets and in Moto
- We expect a strong recovery during the autumn with high demand in bike helmets and in Moto
- Good momentum despite a challenging quarter. High project activity, more brands coming onboard
- Launch of new brand platform
- Good position to deliver according to the 2025 plan

Net sales and adjusted EBIT-margin 12 months rolling



*Adjusted for costs in connection with the company's IPO during 2016 and 2017 and costs relating to acquisitions during 2019 and 2020. Adjusted EBIT margin includes legal costs relating to the company's previous litigation processes



Q&A

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