

28 OCTOBER 2021

Mips

MIPS' presentation of the Q3 interim report



Key highlights

- Very strong development in the quarter with 82% organic growth
- Growth mainly attributed to a strong demand in bicycle market
- Continued strong improvement in EBIT and Operating Cash Flow
- Challenges in supply chain have been well-managed
- High customer activity, more customers launching with MIPS
- Strong progress towards our long-term ambitions



Sports: bicycle

- extreme bicycle market remains

- Strong sales growth continues in bicycle helmets
- Extreme demand worldwide and across most types of helmets
- Remaining challenges for factories producing bicycle helmets to meet demand
- Current assumption is that low inventory levels will remain into next year



Sports: snow – demand stronger than expected

- We continued to see strong growth in snow helmets in the quarter and will see good growth for the year
- We are outperforming the market as the winter sport market is quite soft in general
- North America and Nordics are key drivers of the strong performance, but we also see European brands expanding MIPS technology in their portfolio



Moto – good momentum continue

- Strong growth in the third quarter with 117% growth
- Motocross remains key driver, but good traction also in Street Motorcycle
- We are launching a significant number of activities to deliver on our ambition to increase awareness in Moto
- Good consumer demand expected coming quarters



Safety – delivering on the ambition

- Several new partnerships launched with MIPS during the quarter. We now have announced partnerships with 9 helmet brands in total
- Key focus is to support sell-through with customers and increase awareness of MIPS in the safety market
- No change to previous communication: 2021 is about establishing a customer base, 2022 is about growing the volume with those customers

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Challenges in supply chain remain

- Supply chain continued to challenge us during the year and the quarter but so far, we have managed the situation very well
- We see issues in logistics, shortage of raw materials, inflationary environment and power restrictions in China as for many other companies
- We expect the challenging situation in supply chain to remain unpredictable also coming quarters



Development in our different categories



SPORTS



MOTO



SAFETY



Third quarter/YTD

Revenue, SEKm	172 (96)/381 (210)
Growth, %	78/81
No. of brands	123 (102)

Third quarter/YTD

Revenue, SEKm	13 (6)/27 (14)
Growth, %	117/93
No. of brands	29 (22)

Third quarter/YTD

Revenue, SEKm	1 (0)/2 (0)
Growth, %	406/474
No. of brands	5 (2)

MIPS has in total 133 customers (a customer can be active in several categories but only counted once in the “total customer” number)

Development in the third quarter

- Net Sales increased by 81%, organic growth was 82%
- Gross profit up 83% and a gross margin of 73.3% (+110 bps)
- OPEX – continue to invest in strategic priorities
- EBIT up 101% to SEK 110m (55), EBIT margin 59.6% (53.6)
- Cash flow – strong increase of operating cash flow to SEK 71m (29)

MIPS Group (SEKm)	Q3 21	Q3 20	▲
Net sales	185	102	81%
Gross profit	136	74	83%
Gross margin %	73.3	72.2	1.1 pp
Operating profit (EBIT)	110	55	101%
Operating margin (EBIT) %	59.6	53.6	6.0 pp
Cash flow from operating activities	71	29	146%



Organic growth
82%

EBIT margin
60%

Operating cash flow
71
SEKm

Development first nine month

- Net Sales increased by 82%, organic growth was 95%
- Gross profit up 85% and a gross margin of 73.3% (+90 bps)
- OPEX – continue to invest in strategic priorities
- EBIT up 144% to SEK 221m (91), EBIT margin 54.1% (40.5)
- Cash flow – strong increase of operating cash flow to SEK 196m (66)

MIPS Group (SEKm)	YTD 21	YTD 20	▲
Net sales	410	225	82%
Gross profit	300	163	85%
Gross margin %	73.3	72.5	0.9 pp
Operating profit (EBIT)	221	91	144%
Operating margin (EBIT) %	54.1	40.5	13.6 pp
Cash flow from operating activities	196	66	195%



Organic growth
95%

EBIT margin
54%

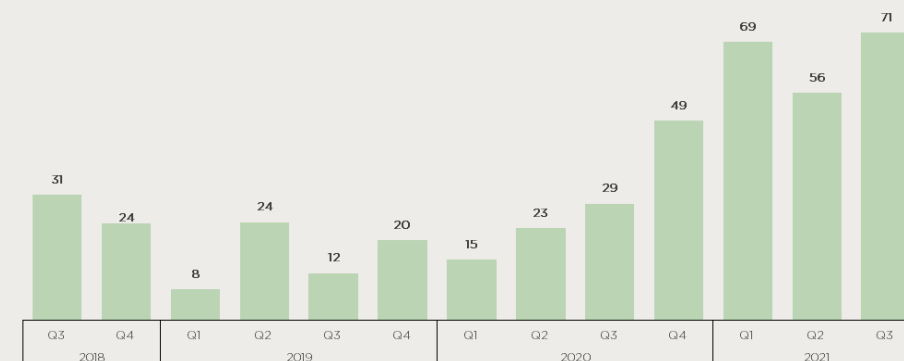
Operating cash flow
196
SEKm

Balance sheet and cash flow

- Cash and Cash Equivalents at SEK 371m (233)
- Equity ratio 78% (84)



CASH FLOW FROM OPERATING ACTIVITIES (SEKm)



KEY BALANCE SHEET ITEMS AND CASH FLOW

MIPS Group (SEKm)	Q3 21	Q3 20	FY20
Total Assets	639	432	517
Equity	498	364	426
Equity ratio %	78	84	82
Cash & Equivalents	371	233	272

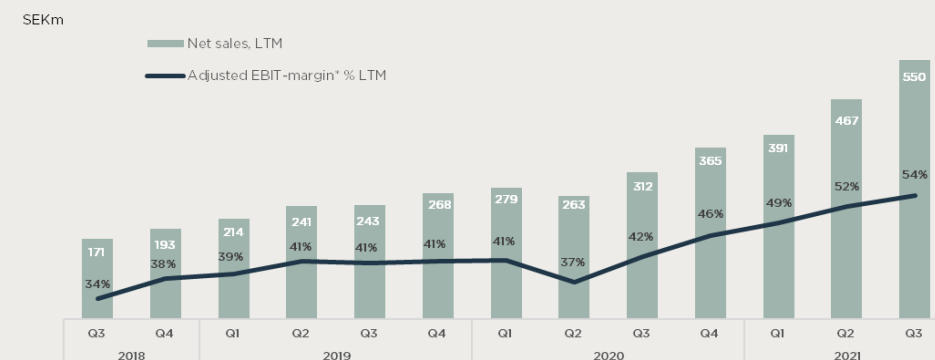
MIPS Group (SEKm)	Q3 21	Q3 20	FY20
Cash flow from operating activities	71	29	116

Summary

- Very strong quarter, again driven by high demand in bicycle market
- Good development also in Moto and Safety categories
- Strong improvement in EBIT and operating cash flow
- The good consumer demand is expected to continue, assuming no dramatic change to current situation
- We do expect challenges in Supply chain to remain also coming quarters
- Great progress on our journey towards our long-term targets



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 first and second quarter 2020. Adjusted EBIT margin includes legal costs relating to the company's previous litigation processes



Q&A

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