

20 July 2023

Mips

Mips' Q2 2023 Interim Report presentation



Key highlights

- The soft demand in bike impacted sales and profit in the second quarter as expected. Net sales was down 51%, adjusting for currency effects organic development was down 53%.
- We expect to see a gradual increase in demand and we assess that the Q3 will continue to be challenging but with a stronger Q4
- Strong development in Safety. Moto challenging start, however full year expectation of good growth remains.
- Strong development in market shares in all our key markets
- Continuous investments behind our strategic initiatives positions us well to deliver future growth
- We remain confident in delivering on our long-term strategy and financial targets

Gradual recovery of the bicycle market

- Challenging quarter in Sports with a decrease in net sales of 53%
- The soft start of the season in bike, slowed down inventory improvement. Sales in retail in many geographies still above pre-pandemic numbers.
- Softer performance in snow vs. prior year in the quarter. Our customers cash flow optimization led to more volumes in H2 vs. previous years.
- Retail inventory levels in helmets are normalizing, our customers inventory levels still high, expected to be back to normal before end of year
- Long-term positive outlook for bike remains

Challenging quarter again in Moto, full year ambition of good growth remains

- Soft development in the quarter in Moto with a decrease in net sales of 42%
- Moto market are slower in general but not to the extent seen in bike
- Major impact from implementation of new ECE 22.06 standard and changed buying patterns impacted sales negatively
- No change in outlook, strong interest in the category with new partnerships and models being launched during the autumn





Continued strong development in line with our ambitious plans

- Good performance in Safety and we are following our plan
- Strong development in the US market and several new listings with major distributors in Europe
- Ambitious autumn with the two largest fairs of the year taking place in October (NSC in the US and A+A in Germany)

CATEGORIES

Development of net sales in our categories



	Sport		Motorcycle		Safety	
	Q2	YTD	Q2	YTD	Q2	YTD
Revenue SEKm	91 (194)	169 (319)	7 (11)	14 (23)	4 (1)	6 (1)
Growth %	-53	-47	-42	-37	439	363



Development in the second quarter

SEKm	Q2 23	Q2 22	▲
Net sales	102	206	-51%
Gross profit	71	151	-53%
Gross margin %	70.0	73.4	-3.5pp
Operating profit (EBIT)	23	107	-78%
Operating margin (EBIT) %	22.6	51.7	-29.1pp
Cash flow from operating activities	9	55	-84%

- Soft development in the second quarter with a decrease in net sales by 51%, adjusting for FX, sales decreased 53% organically
- Gross profit decreased with 53%. Gross margin of 70.0% (73.4), decrease due to higher share of fixed cogs.
- OPEX - continue to invest in strategic priorities. Negative impact of SEK 2m from FX under other operating cost.
- EBIT down 78% to SEK 23m (107), EBIT margin 22.6% (51.7)

-53%

Organic growth

23%

EBIT margin

9

Operating Cash flow (SEKm)

Development first six months

	YTD 23	YTD 22	▲
Net sales	190	343	-45%
Gross profit	134	250	-47%
Gross margin %	70.4	73.0	-2.7pp
Operating profit (EBIT)	38	168	-77%
Operating margin (EBIT) %	20.2	49.1	-28.9pp
Cash flow from operating activities	-33	92	-

- Net sales during the first six months decreased with 45%, adjusting for FX sales decreased 48% organically
- OPEX - continue to invest in strategic priorities
- EBIT down 77% to SEK 38m (168), EBIT margin 20.2% (49.1)
- Negative operating cash flow due to tax payments relating to 2021 profit

-48%

Organic growth

20%

EBIT margin

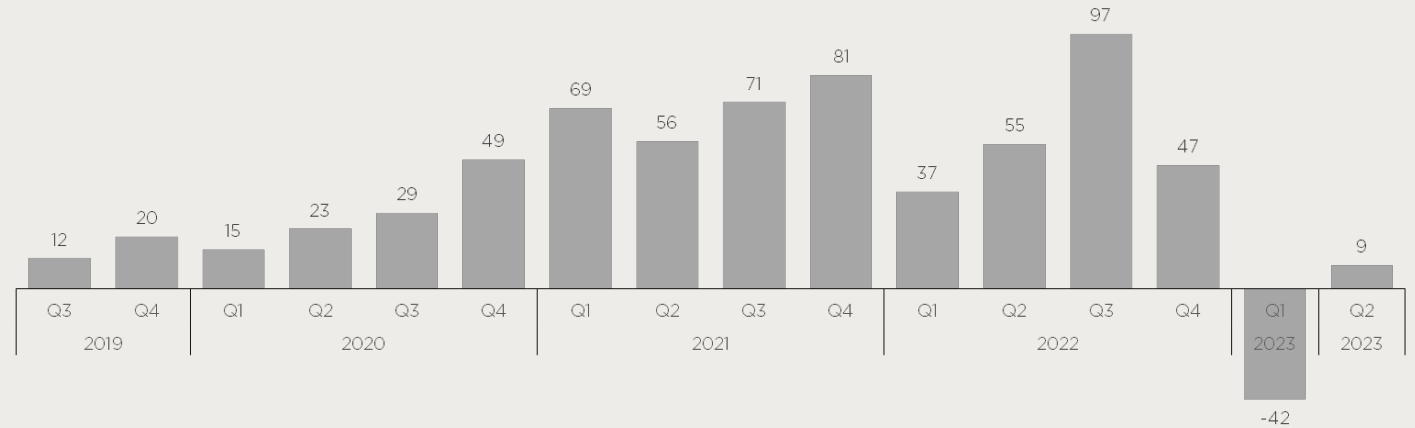
-33

Operating Cash flow (SEKm)

Balance sheet and cash flow

- Cash and Cash Equivalents at SEK 356m (398). Dividend of SEK 144m paid out in May (5.50 per share). Mips does not hold any loans.
- Operating cash flow in the quarter amounted to SEK 9m (55)

Cash flow from operating activities (SEKm)



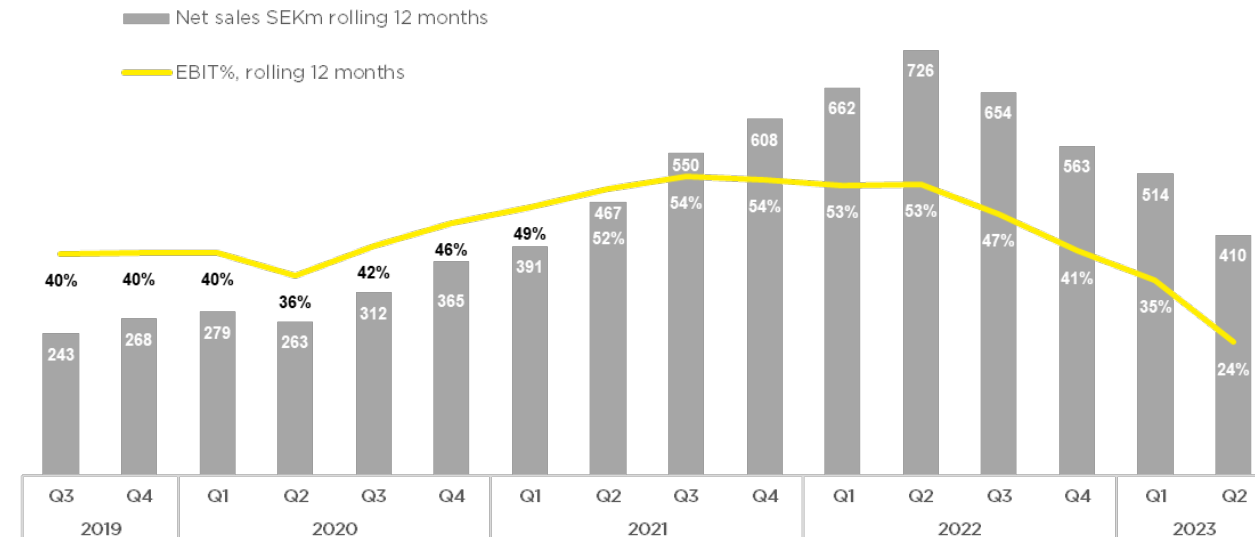
Mips group (SEKm)	Q2 23	Q2 22	FY 22
Total assets	617	770	767
Equity	525	568	626
Equity ratio %	85	74	82
Cash & Equivalents	356	398	532
Cash flow from operating activities	9	55	236

Summary

- Challenging times but our outlook remains unchanged. What we are experiencing is not due to lack of demand, but effects of a covid-unwind.
- Gradual recovery of the bike market, retail inventory normalized, our customers inventory still high after the slow start of the year
- High customer interaction. Significant number of new helmet models to be released, when inventory return to historic levels.
- Continued investments in our strategic priorities to deliver on our long-term strategic plan
- We expect Q3 to remain challenging but a stronger Q4. We expect to gradually return to growth in the last six months of 2023.
- Confident to deliver on our long-term financial targets



SEKm



*Adjusted for costs relating to acquisitions during 2019 and first and second quarter 2020.



Q&A



Safety for helmets

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