

26 October 2023



**Mips**



Mips' Q3 2023 Interim Report presentation



## Key highlights

- Soft quarter with a decline of 32% in net sales, adjusting for currency effects organic growth was down 33%. Soft performance in bike and Moto.
- Good start of the fourth quarter in terms of orders received and the indication from our customers is that the markets will recover in 2024. Still short-term uncertainty in the retail environment.
- Announcement of two strong partnerships in Safety with MSA and LIFT Safety. Important building blocks for the success on the US markets.
- We do see good improvement in penetration and awareness in end market, despite a challenging and uncertain retail environment
- We remain confident in delivering on our long-term strategy and our financial targets

## Sport – still impacted by inventory adjustments

- Challenging quarter in Sport with a decrease in net sales of 29%, mainly explained by soft sales development in the beginning of the quarter
- Erratic sales development in the US end consumer market created uncertainty of short-term outlook in bike, customers still plan for recovery in 2024
- Despite the soft sales performance we see positive development of both global awareness and market share gains at most key sales channels
- Long-term positive outlook for bike remains



# Disappointing performance in Moto, mainly driven by slower markets

- Soft development in the quarter in Moto with a decrease in net sales of 68%
- We do see a much more cautious retail environment especially for the Mips important US market. Softer performance to remain near term.
- We have launched several initiatives to improve sell through and awareness of Mips in the category
- No change in long-term outlook, strong interest for Mips in the category, supported by new partnerships and models being launched during coming quarters

## Continued strong development in line with our ambitious plan

- Good performance in Safety and we are following our plan
- We continue to see good interest in both the US and the European market
- Two new partnership launched in the category in connection with two fairs, the global brand MSA and LIFT Safety with a strong position on the US market
- Strong customer platform now established in Safety to be able to deliver on our long-term plan



## Exciting investment in sensor technology

- A first strategic investment towards exploring the opportunities of sensor technology
- We consider the Quin technology to be leading in the sensor technology market
- The technology will enable us to gather additional data regarding incidents and consumer behavior - all important steps in delivering Mips' vision, ambition and strategy

CATEGORIES

# Development of net sales in our categories



	Sport		Motorcycle		Safety	
	Q3	YTD	Q3	YTD	Q3	YTD
Revenue SEKm	69 (98)	239 (417)	5 (15)	19 (37)	3 (0)	9 (2)
Growth %	-29	-43	-68	-49	482	373



# Development in the third quarter

SEKm	Q3 23	Q3 22	▲
Net sales	77	113	-32%
Gross profit	56	78	-28%
Gross margin %	73.1	69.0	4.1pp
Operating profit (EBIT)	15	37	-60%
Operating margin (EBIT) %	19.5	32.8	-13.3pp
Cash flow from operating activities	12	97	-87%

- Soft development in the third quarter with a decrease in net sales by 32%, adjusting for FX, net sales decreased 33% organically
- Gross profit decreased with 28%. Gross margin of 73.1% (69.0), increase due to product and volume mix.
- OPEX - continued to invest in strategic priorities
- EBIT down 60% to SEK 15m (37), EBIT margin 19.5% (32.8)
- Operating cash flow of SEK 12m (97)

**-33%**

Organic growth

**19%**

EBIT margin

**12m**

Operating Cash flow



# Development first nine months

SEKm	YTD 23	YTD 22	▲
Net sales	266	456	-42%
Gross profit	190	328	-42%
Gross margin %	71.1	72.0	-0.9pp
Operating profit (EBIT)	53	205	-74%
Operating margin (EBIT) %	20.0	45.1	-25.1pp
Cash flow from operating activities	-21	189	-

- Net sales during the first nine months decreased with 42%, adjusting for FX sales decreased 44% organically
- OPEX - continued to invest in strategic priorities
- EBIT down 74% to SEK 53m (205), EBIT margin 20.0% (45.1)
- Negative operating cash flow of SEK 21m due to tax payments relating to 2021 profit

## -44%

Organic growth

## 20%

EBIT margin

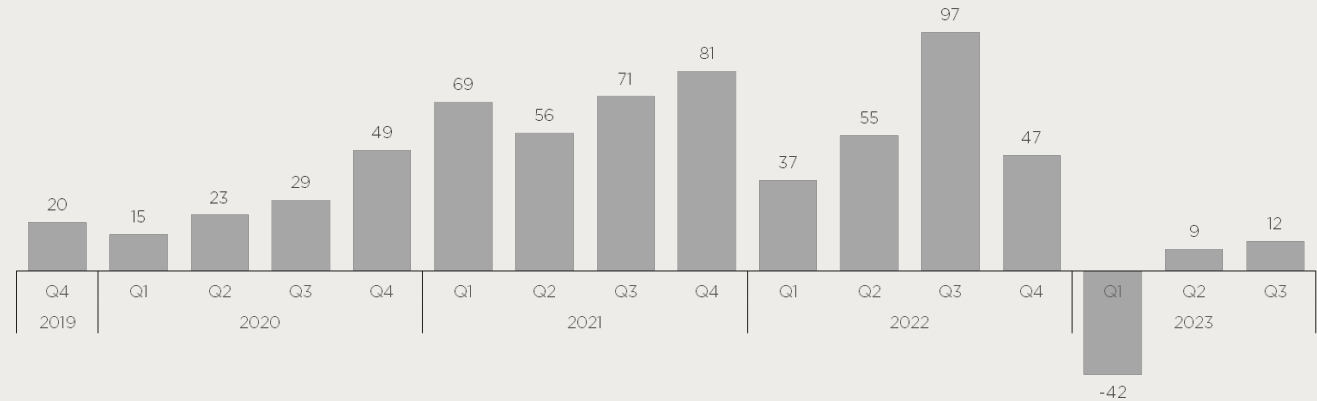
## -21m

Operating Cash flow

# Balance sheet and cash flow

- Cash and Cash Equivalents at SEK 371m (493). Mips does not hold any loans.
- Operating cash flow in the quarter amounted to SEK 12m (97)
- Investment in Quin of SEK -80m
- Dividend of SEK -144m paid out in May. Exercising of warrants of SEK 94m during Q2 and Q3.
- Equity ratio 89%

Cash flow from operating activities (SEKm)



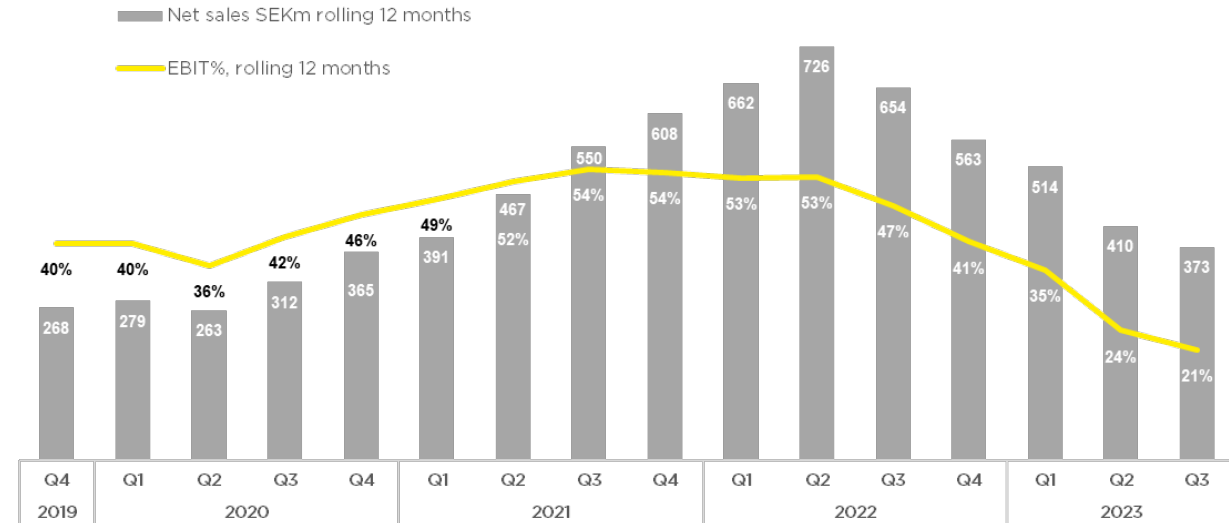
Mips group (SEKm)	Q3 23	Q3 22	FY 22
Total assets	703	782	767
Equity	624	591	626
Equity ratio %	89	76	82
Cash & Equivalents	371	493	532
Cash flow from operating activities	12	97	236

# Summary

- Soft quarter, driven by weak markets still influenced by inventory reductions and softer consumer sentiment
- Good development in Safety, with strong partnerships announced in October
- Strong trends in awareness and market share development despite challenging market conditions
- Continued investments behind our strategic priorities to deliver on our long-term strategic plan
- 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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