

17 October 2022

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Mips' presentation of the
Q3 2022 interim report





Key highlights

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- Net sales in third quarter down 39%, adjusting for currency effects organic growth was down 50%. YTD sales increase 11%. Decline fully explained by soft bike end market
- Maintained assumption on short-term challenging bike end market, long-term outlook remains positive
- Good outlook for the Moto and Safety categories
- Continued investments in our strategic priorities to deliver on long-term strategic plan
- No disruption in supply chain during the quarter
- We remain confident that we will deliver on our long-term strategy and financial targets

Challenging bike end market, negative impact on net sales

- Challenging quarter in Sport with a decrease in net sales of 43%, YTD sales growth at 9%
- Bike is the main contributor with a decrease in sales by 47% during the quarter
- Retail inventory of bike helmets still unbalanced with high inventory levels
- Still good customer momentum with high amount of new implementation projects
- Short-term uncertainty in bike expected, our positive view of longer-term market outlook remains unchanged

Good development in Moto

- Growth of 16% in the quarter despite a strong prior year comparator (117%). YTD growth 38%
- Positive momentum in both on- and off-road helmets
- Good increase of new helmet brands and models in the year, outlook for the category remains strong



Modest sales, pipeline filling up and volume will increase going forward

- In total ten different brands that have launched helmets with Mips' solutions so far
- Additional models launched during the quarter which will generate more volumes
- Organization established to drive awareness and sell through in Safety
- Heavy activity plans with fairs and other events to increase awareness in the category
- Focus unchanged - drive sell-through to generate volumes



Our most active quarter

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- We participated in three different fairs during the quarter
- Important to establish our position as leader in helmet safety and continue to increase awareness
- Two important fairs in Q4; Motorcycle fair EICMA in Milan, Italy, and the winter sport fair ISPO in Munich, Germany
- Continued high inflow of new helmet projects from our customers in all three categories
- We are continuing to invest in our strategic priorities



Supply chain

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- No financial impact in the quarter from disruptions in supply chain
- Supply chain expected to remain unpredictable coming quarters

CATEGORIES

Development in our categories

SPORT



Sport	Q3	YTD
Revenue SEKm	98 (172)	417 (381)
Growth %	-43	9

MOTO



Moto	Q3	YTD
Revenue SEKm	15 (13)	37 (27)
Growth %	16	38

SAFETY



Safety	Q3	YTD
Revenue SEKm	1 (1)	2 (1)
Growth %	-	-

Development in the third quarter

	Q3 22	Q3 21	▲
Net sales	113	185	-39%
Gross profit	78	136	-42%
Gross margin %	69.0	73.3	-4.3pp
Operating profit (EBIT)	37	110	-66%
Operating margin (EBIT) %	32.8	59.6	-26.8pp
Cash flow from operating activities	97	71	37%

- Soft development in the third quarter with a decrease in net sales by 39%, adjusting for FX, sales decreased 50% organically
- OPEX – continue to invest in strategic priorities
- EBIT down 66% to SEK 37m (110), EBIT margin 32.8% (59.6)

-50%

Organic growth

33%

EBIT margin

97

Operating Cash flow (SEKm)



Development first nine month

	YTD 22	YTD 21	▲
Net sales	456	410	11%
Gross profit	328	300	9%
Gross margin %	72.0	73.3	-1.3pp
Operating profit (EBIT)	205	221	-7%
Operating margin (EBIT) %	45.1	54.1	-9.0pp
Cash flow from operating activities	189	196	-3%

- Net sales the first nine months increased with 11%, adjusting for FX sales decreased 4% organically
- OPEX – continue to invest in strategic priorities
- EBIT down 7% to SEK 205m (221), EBIT margin 45.1% (54.1)

-4%

Organic growth

45%

EBIT margin

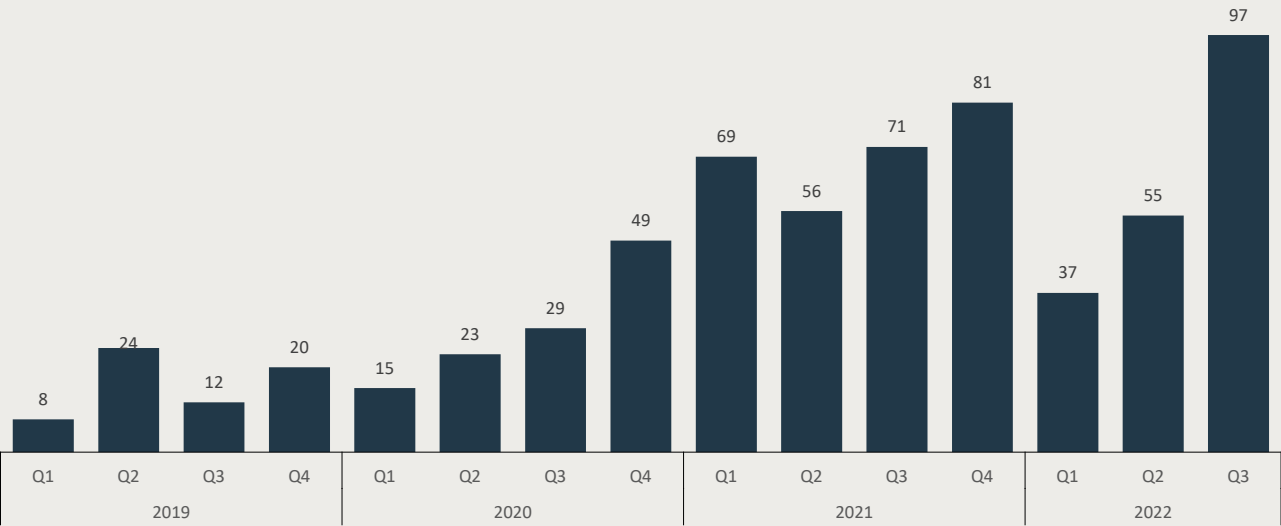
189

Operating Cash flow (SEKm)

Balance sheet and cash flow

- Cash and Cash Equivalents at SEK 493m (371)
- Strong cash flow in the quarter, improved with SEK 26m to SEK 97m (71)

Cash flow from operating activities (SEKm)



Mips group (SEKm)	Q3 22	Q3 21	FY 21
Total assets	782	639	756
Equity	591	498	577
Equity ratio %	76	78	76
Cash & Equivalents	493	371	450
Cash flow from operating activities	97	71	277

Summary

- Soft quarter fully explained by a challenging bike end market
- Soft expectation for coming quarter, fully driven by soft bike end market
- Continued investments in our strategic priorities to deliver on long-term strategic plan
- Continued high number of new helmet implementation projects, good momentum in all three categories
- Confident we will deliver on our long-term financial targets

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SEKm



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

Q&A



Safety for helmets

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