



# MIPS Q219 results presentation

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# Q2 Highlights

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- Continued good performance with a net sales increase of 49% and an organic growth of 38%
- Strong increase in adjusted EBIT margin to 46.0% (39.0%). Rolling 12m adjusted EBIT for the first time above the long-term target of +40%
- Exciting entries into two new categories
- Important complementary acquisitions
- Good progress towards 2020 financial goals

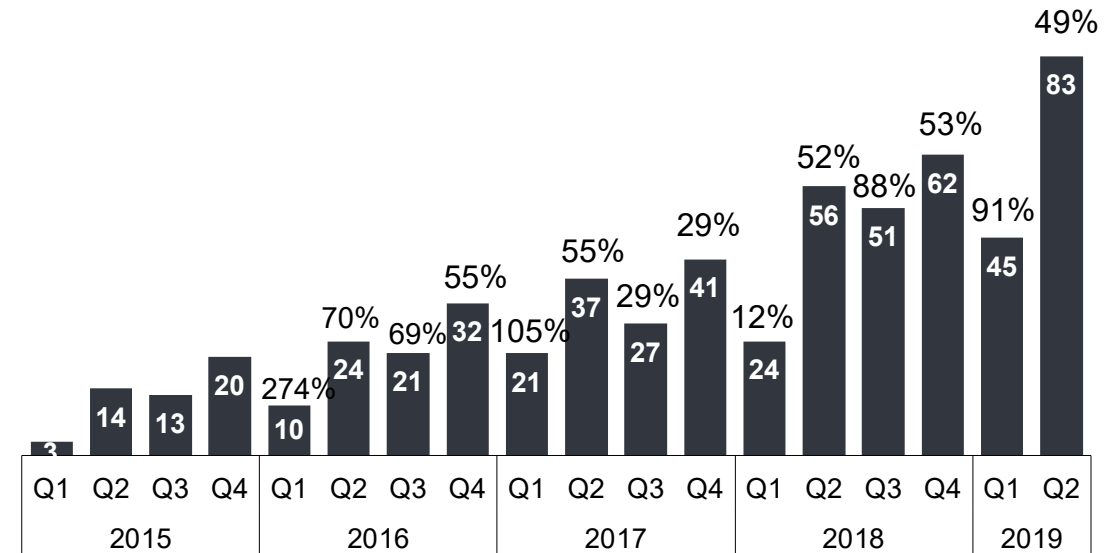


# Q2 Net sales development

- Good growth in the quarter with +49%, organic growth +38%
- Largest quarter so far in history
- Good performance mainly in Snow category, growing with existing customers

Changes in net sales %	2019 Apr-Jun	2019 Jan-Jun
Organic growth	38%	48%
Changes in exchange rates	10%	13%
Structural changes	0%	0%
<b>Total</b>	<b>49%</b>	<b>61%</b>

Net Sales development (SEKm) and quarterly growth rates\*



\*No underlying growth rates available for 2015

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# Launch of the first Industry safety helmet equipped with MIPS BPS

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- In May MIPS announced the launch of the first Industry safety helmet equipped with MIPS Brain Protection system
- The helmet was launched together with a Swedish start-up company named Guardio Safety that manufactures and markets safety helmets
- Good publicity and interest of the launch, both domestically and internationally
- Interesting launch in a large category, the addressable market with that category will be presented during the MIPS Capital Markets Day on 20 September 2019



# Launch of the first hockey helmet equipped with MIPS BPS

- In May MIPS announced the launch of the first MIPS equipped hockey helmet
- MIPS partnered with the brand True, which has previously been focused on Sticks and Skates within the Hockey category
- The brand is originating from True Temper Sports, which is a world leading Brand in golf shafts
- The helmet will be available instore in November 2019
- Limited impact for 2019 but interesting category for MIPS



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# Acquisition of the Fluid technology

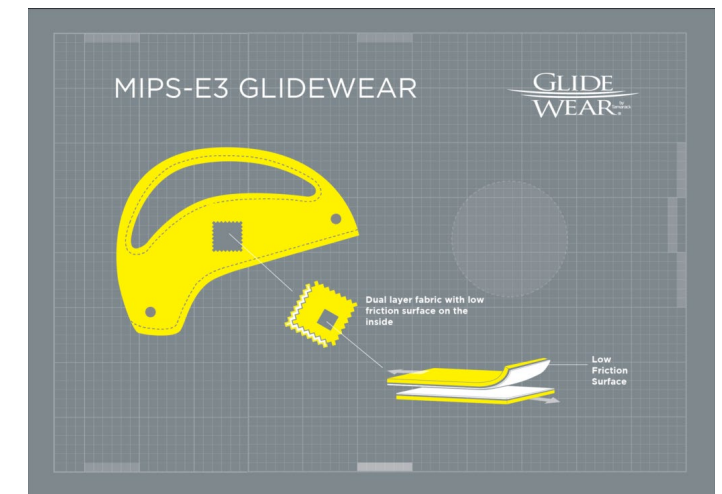
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- In May, MIPS announced that we acquired the patent rights, certain customer agreements and other intellectual property rights related to the Fluid technology
- Sellers were Oblique Technology L.P. and University of Ottawa
- Purchase price amounted to approx. USD 3.3m with a potential earn out element of up to USD 2.0m based on future sales
- Key reason for the acquisition was to acquire the patent rights, strengthening the relationship with the University of Ottawa and to increase our knowledge in Teamsport
- Complementary to the MIPS technology, will be marketed under the MIPS brand
- Limited impact on 2019 EBIT



# Acquisition of the GlideWear technology

- In June, MIPS announced the acquisition the of patent rights and other intellectual property rights related to the GlideWear technology
- Seller was Tamarack Habilitation Technologies, Inc.
- Purchase price amounted to USD 1.0m
- Technology has mainly been used in skin protection solutions and the seller has been granted an 8-year royalty free license for use of the technology within certain medical areas
- MIPS has previously used the technology for its products within LEAF category but wanted to explore opportunities with low-friction fabric within brain protection systems, both from a performance and cost point of view
- Technology will be marketed under the MIPS brand
- Limited impact on 2019 EBIT



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# MIPS Capital Markets Day on 20 September 2019

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- As we are closing in on our 2020 ambitions, we have started to look at the longer-term strategy. We will present our revised long-term strategy and launch new long-term financial ambitions in September
- The Capital Markets Day is targeting investors, financial analysts and media
- Presentation material will be made available on our website the same day



**MIPS Capital Markets Day  
20 September 2019**



# MIPS' financial targets

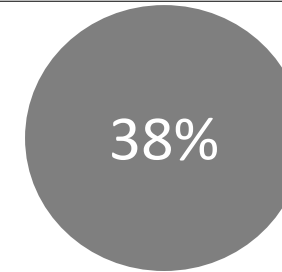
**>SEK 400m**  
net sales  
**2020**

**>40%**  
EBIT margin  
**2020**

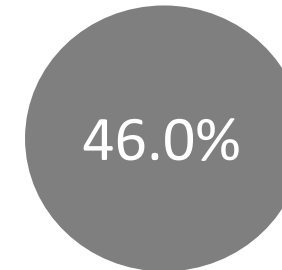
MIPS

# Q2 Development

- **Net Sales** increased +49%, organic growth +38%
- **Gross profit** up 51%, gross margin up with +1.0 p/p
- **OPEX** – continue to invest for growth
- **Adjusted EBIT** SEK 38.0m (21.7), 46.0% adjusted EBIT margin (39.0)
- **Cash flow** – good operating cash flow of SEK 24.2m (5.9)



Organic growth



Adjusted EBIT margin



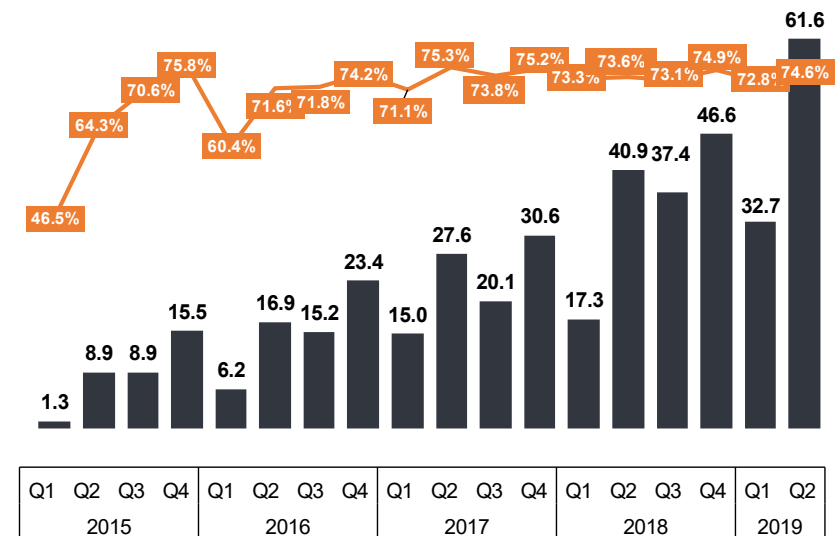
Operating cash flow  
(SEKm)

MIPS Group (SEKm)	Q2 19	Q2 18	▲ %	YTD 19	YTD 18	▲ %	FY2018
Net sales	82.6	55.6	49	127.5	79.1	61	192.5
Gross profit	61.6	40.9	51	94.3	58.2	62	142.2
Gross margin %	74.6	73.6	-	74.0	73.5	-	73.9
Operating profit (EBIT)	36.8	21.7	70	48.6	23.4	107	73.0
Operating margin (EBIT) %	44.5	39.0	-	38.1	29.6	-	37.9
Adjusted Operating profit (EBIT)	38.0	21.7	76	49.8	23.4	113	73.0
Adjusted Operating margin (EBIT) %	46.0	39.0	-	39.1	29.6	-	37.9
Cash flow from operating activities	24.2	5.9	312	31.9	14.3	123	69.1

# Q2 Gross profit and Gross margin development

- Gross profit up 51% to SEK 61.6m
- Gross margin up +1.0 p/p vs. Q2 2018 to 74.6%
- Different sales mix, key reason for the higher gross margin

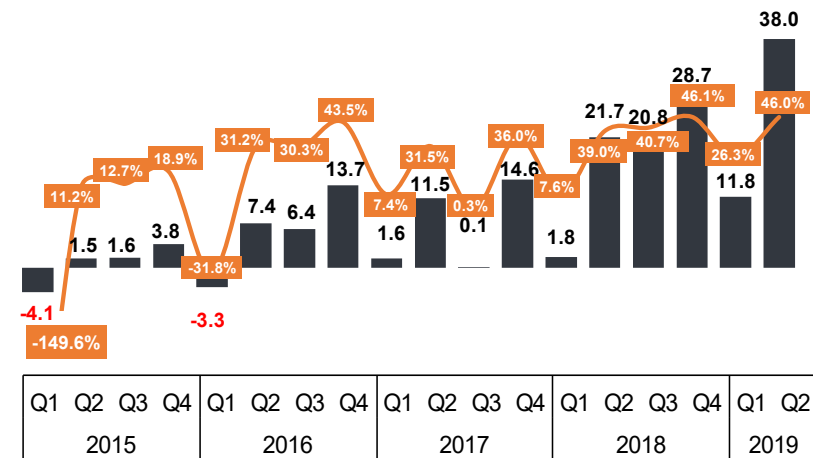
Gross profit (SEKm) and Gross margin development



# Q2 Adjusted EBIT and adjusted EBIT margin development

- EBIT increased by SEK 15.1m to SEK 36.8m (21.7m)
- Adjusted EBIT increased with SEK 16.3m to SEK 38.0m (SEK 21.7m)
- Adjusted EBIT margin 46.0% (39.0)
- Increase is mainly explained by higher sales, positive effects from currency and litigation costs in prior year comparators, partly offset by:
  - Strengthening of organization
  - Continued investment in Marketing and R&D
  - Negative impact from currency derivatives

Adjusted EBIT (SEKm) and adjusted EBIT margin development



# Balance sheet and Cash flow

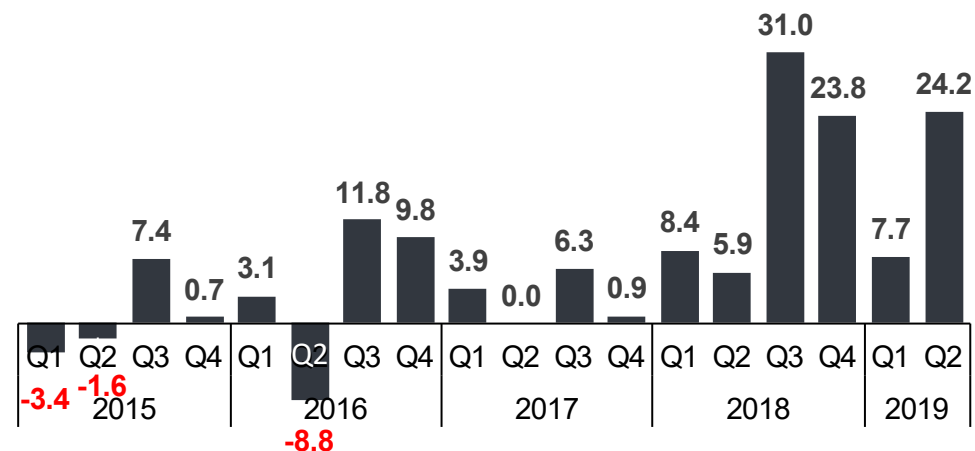
- Good cash flow from operating activities with SEK 24.2m (5.9)
- Cash and Cash Equivalents at SEK 166.6m (191.9)
- Equity ratio 79% (87)

## Key balance sheet items and cash flow

MIPS Group (SEKm)	Q2 19	Q2 18	FY 18
Total Assets	316.9	271.8	319.4
Equity	250.3	236.1	275.6
Equity ratio %	79	87	86
Cash & Equivalents	166.6	191.9	242.5
Deferred tax asset	0.9	4.5	0.7

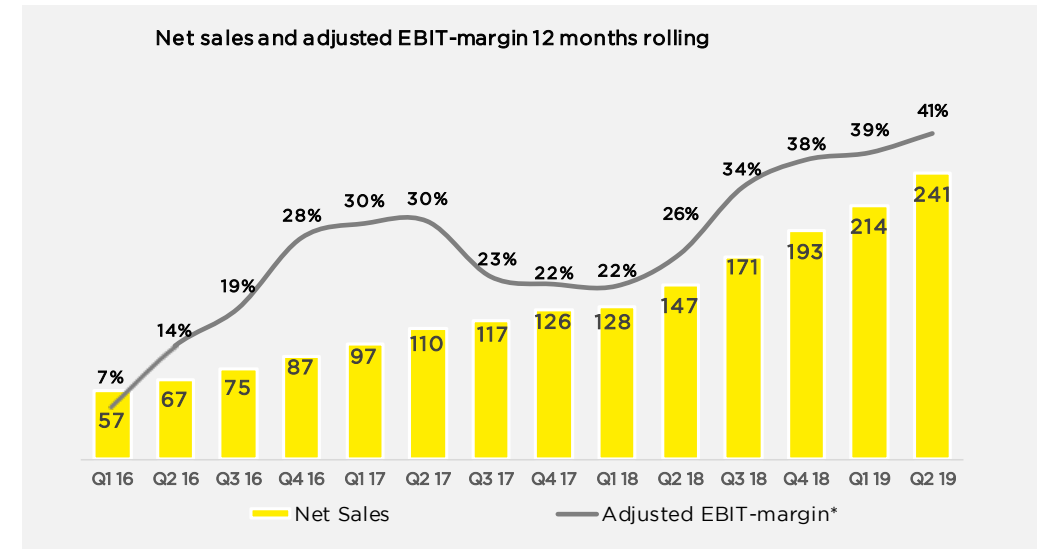
MIPS Group (SEKm)	Q2 19	Q2 18	FY 18
Cash flow from operating activities	24.2	5.9	69.1

Cash flow from operating activities (SEKm)



# Summary

- Organic growth at +38%, adjusted EBIT-margin of 46.0% for the quarter
- First time above our long-term EBIT target in a Rolling 12m period
- Continued focus on growing with existing customers but also expansion into new categories
- Investing for future growth in organization, product development, behind the MIPS brand and through complementary acquisitions
- Good progress towards our 2020 plan



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

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