



MIPS' CAPITAL MARKETS DAY 2019

STOCKHOLM 20 SEPTEMBER 2019



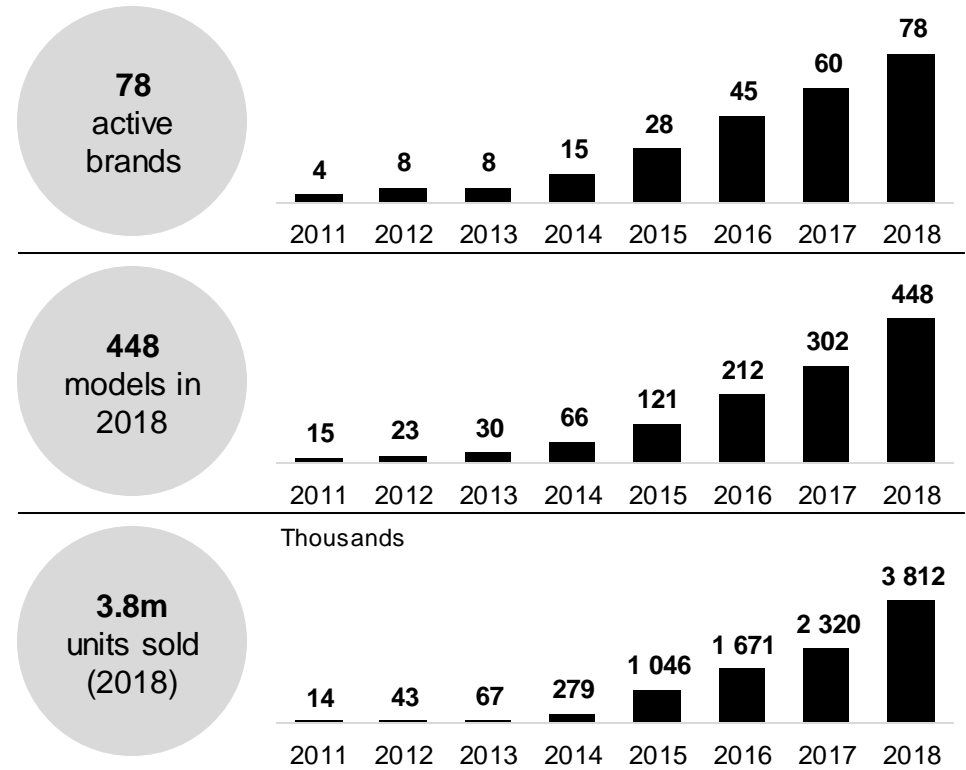
AGENDA – MIPS' CAPITAL MARKETS DAY 2019

- Introduction – Max Strandwitz, CEO
- Our reason to be – Peter Halldin, CSO
- MIPS' long-term plan – Max Strandwitz, CEO
- Sales and category priorities – Johan Sauer, Head of Sales
- Key activities supporting the plan and financials
– Max Strandwitz, CEO
- Q&A



THE MARKET LEADER IN BRAIN PROTECTION SYSTEMS

- >78 helmet brands using the MIPS technology worldwide
- >448 helmet models in the market equipped with MIPS BPS
- >9.2m units delivered
- Established in three main categories:
 - Sports (Bike, Snow, EQ, Hockey and Mountaineering)
 - Moto (Road motorcycle and MX)
 - Safety (Industry and LEAF)
- Eight different MIPS solutions currently being sold



OUR HISTORY – FROM RESEARCH TO COMMERCIAL SUCCESS

1996-1998
Initial testing and seed funding, set up and patent filing costs

2001-2007
In 2001 MIPS AB is founded, followed by a start-up phase including a Swedish launch of a helmet with a MIPS solution

2010
MIPS becomes a true ingredient brand offering a global solution

2015
MIPS achieves profitability

2017
March 23, MIPS IPO on Nasdaq Stockholm

2019
Launches the new 2025 long-term targets

Research

Start-up phase

Growth / ingredient brand strategy

Scaling up / Cont. growth

1995
Swedish neurosurgeon Hans von Holst contacts University to discuss solutions

2000-2001
First scientific publication regarding MIPS

2009
The first third party helmet with the MIPS Brain Protection System (BPS) is launched

2014
Establishment of the BRG and MIPS collaboration

2016
The first street motorcycle helmet model with the MIPS BPS is launched

2018
Major legal disputes settled → proven strong patent portfolio



SCIENTIFICALLY VALIDATED TECHNOLOGY

- The MIPS technology is developed by leading scientists at the Karolinska University Hospital and the Royal Institute of Technology in Stockholm, Sweden
- More than 20 years of academic research at the Karolinska Institute and the Royal Institute of Technology
- Three doctoral thesis published validating the technology

Peter Halldin



- Founder of MIPS
- Assistant Professor, Royal Institute of Technology

Hans von Holst



- Founder of MIPS
- Professor and neurosurgeon, Karolinska University Hospital



**Karolinska
Institutet**



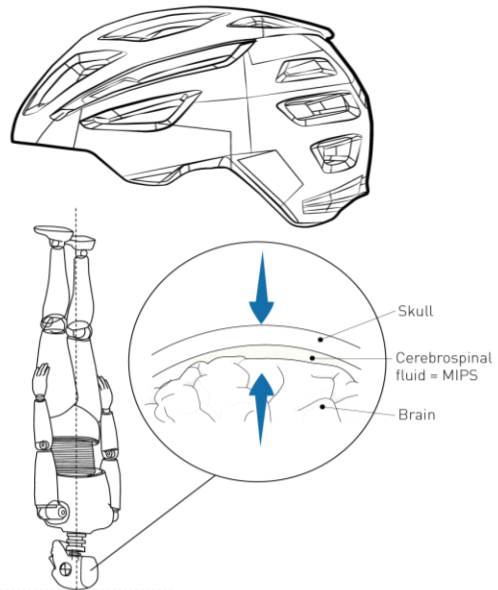
OUR REASON TO BE

PETER HALLDIN, CSO



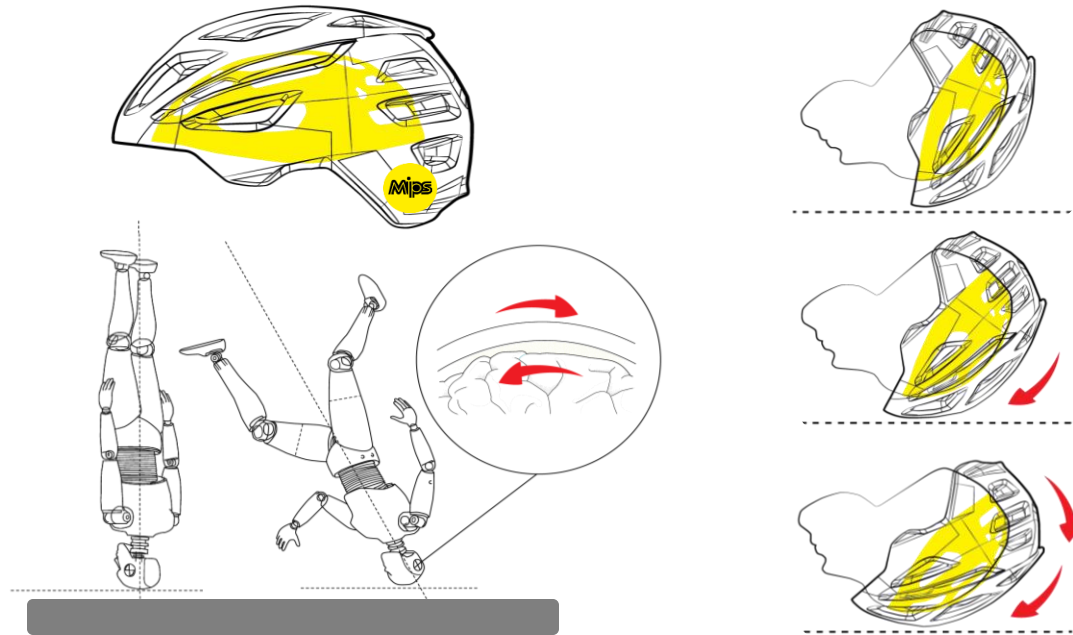
HOW DOES MIPS WORK IN PRACTICE?

Traditional helmet



Designed to protect against
linear motion

Helmet equipped with MIPS BPS



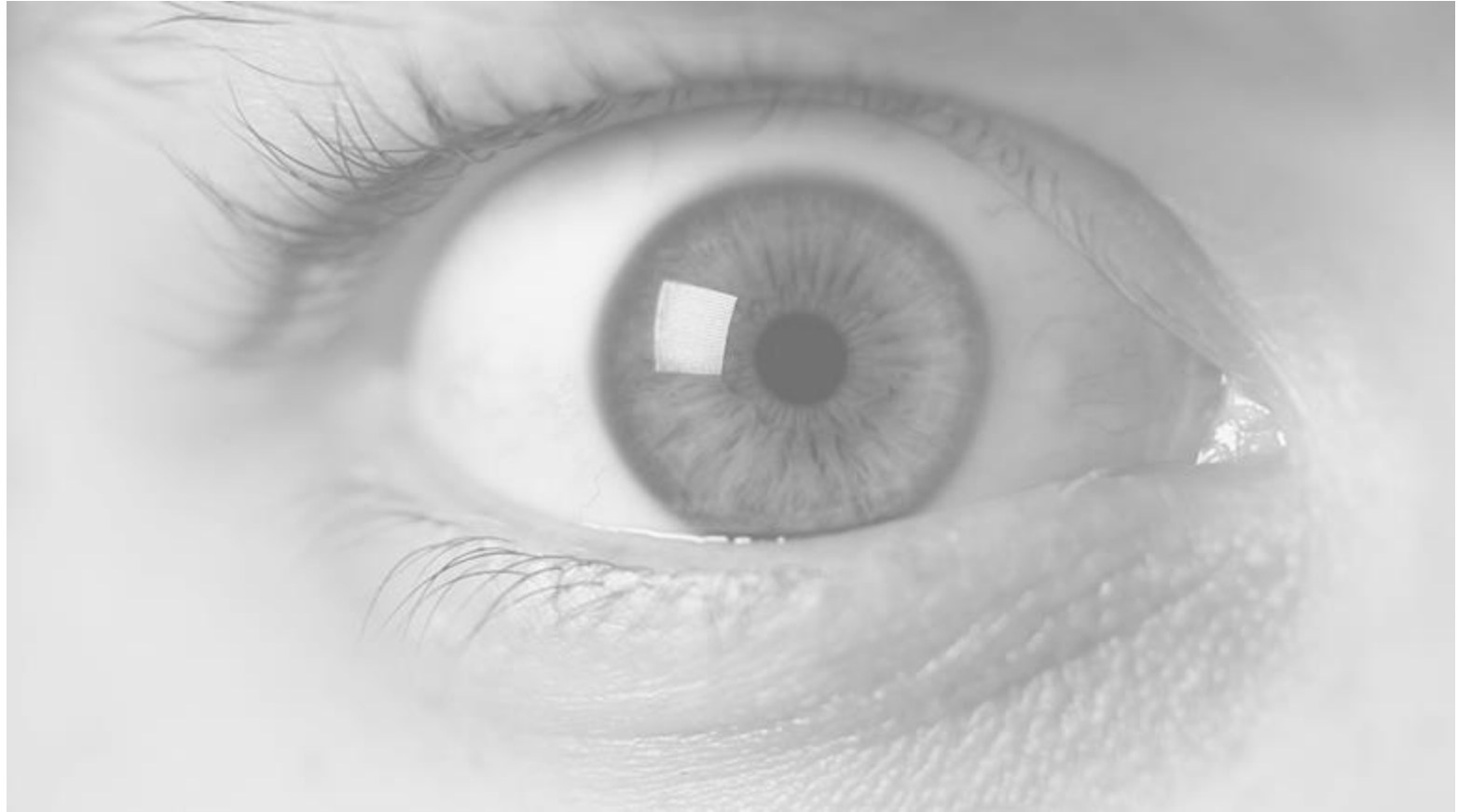
Designed to protect against
linear motion AND rotational motion

Rotational motion can lead to brain injuries

LIMITED TIME TO MAKE A DIFFERENCE

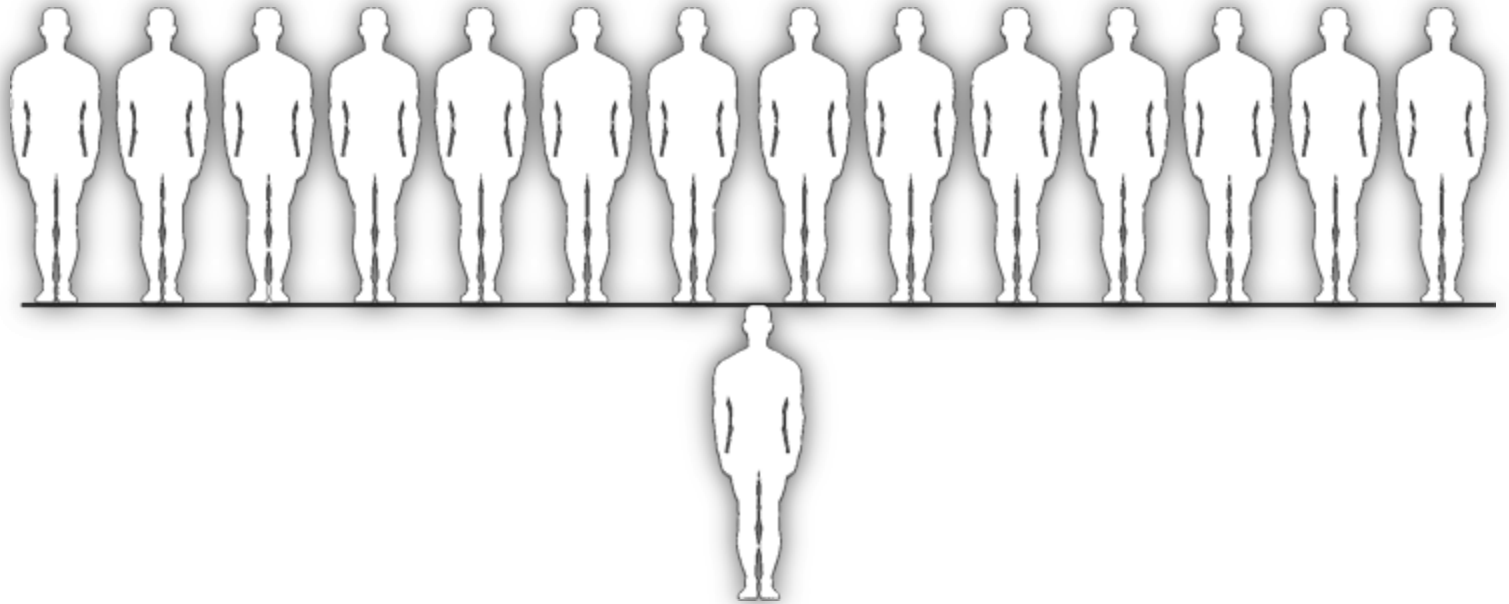
A blink of an eye takes
100 milliseconds

Strain in you brain occurs
during just a few
milliseconds after the
impact



SIGNIFICANT POINT LOADING

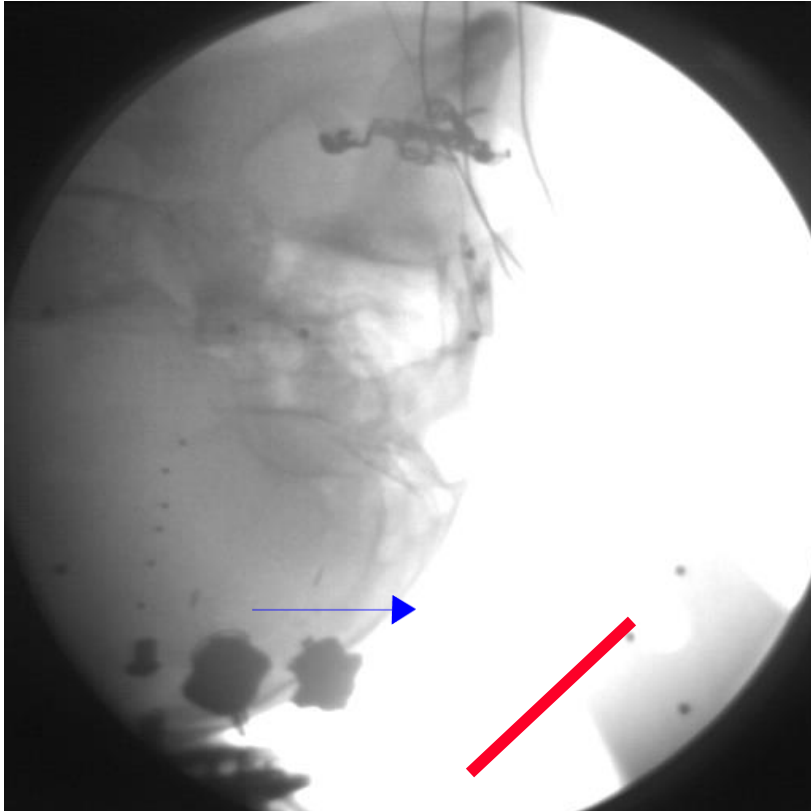
At the moment of impact the point load on the head and the helmet is approximately **750 kg**



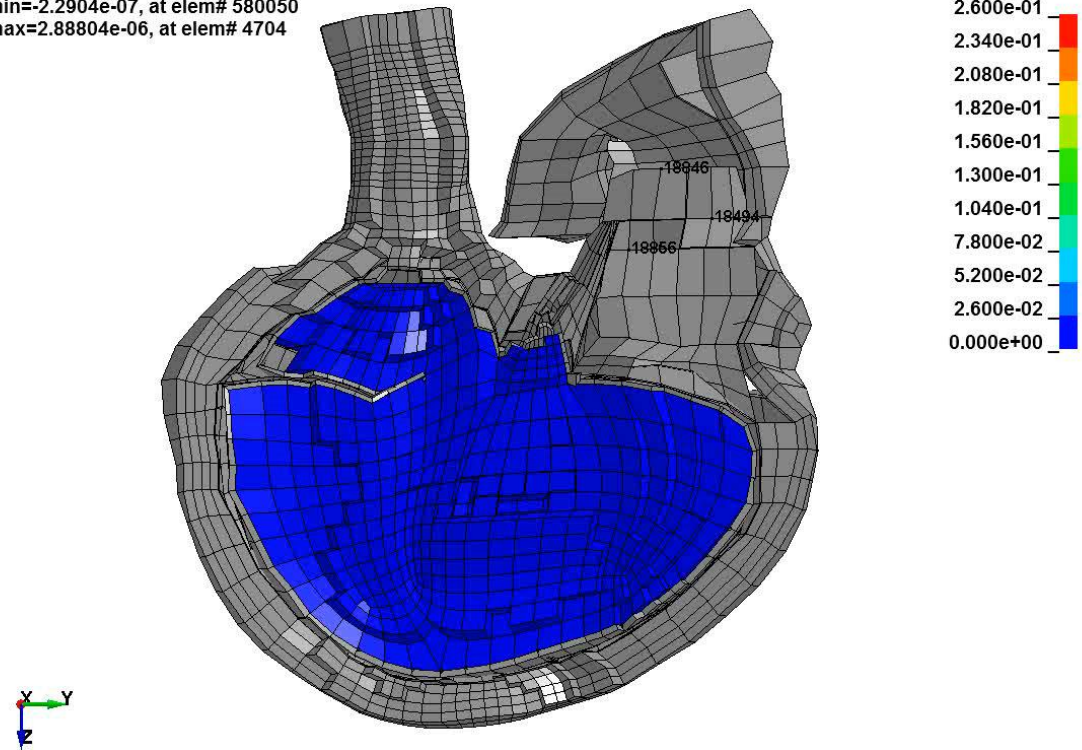
WHY IS THE BRAIN SENSITIVE TO ROTATION?



VALIDATION OF THE KTH FE MODEL



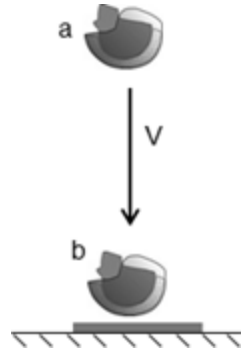
KTH FE Model Version 2006
Contours of 1st Principal Strain-Green St Venant
min=-2.2904e-07, at elem# 580050
max=2.88804e-06, at elem# 4704



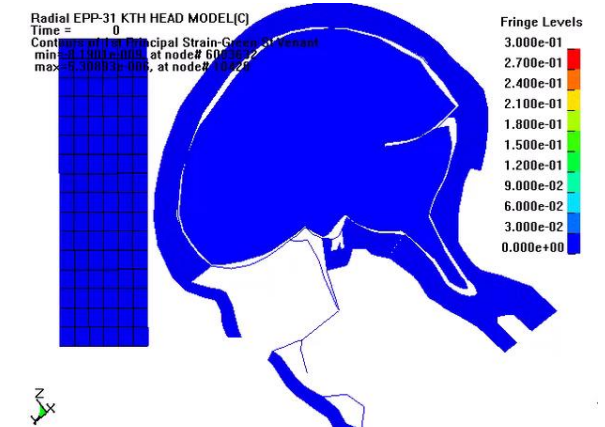
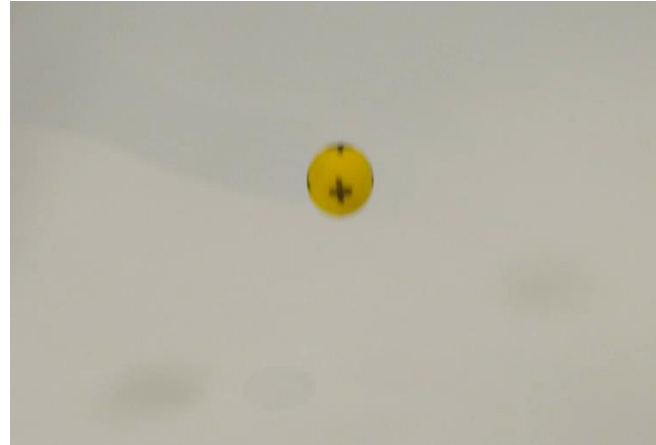
Kleiven and Hardy, Stapp Car Crash Journal 2002

HELMETS HAVE NOT BEEN DESIGNED TO ADDRESS REAL IMPACTS

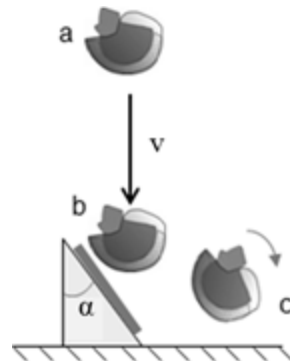
TEST METHODS



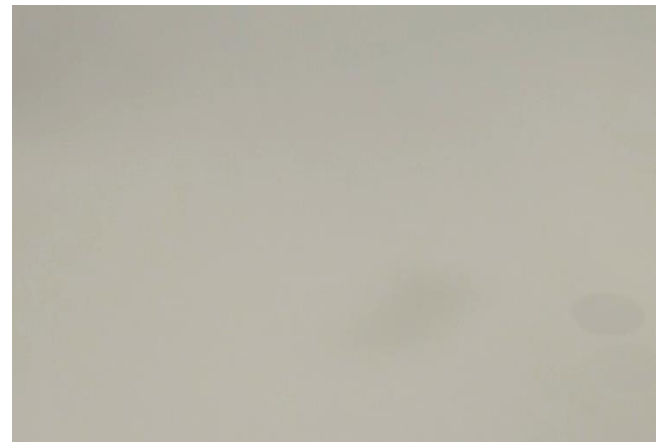
Today's standard test



MOST IMPACTS ARE ANGULAR



How you fall in reality



VALIDATED TECHNOLOGY & WORLD LEADING SCIENCE

Proven technology

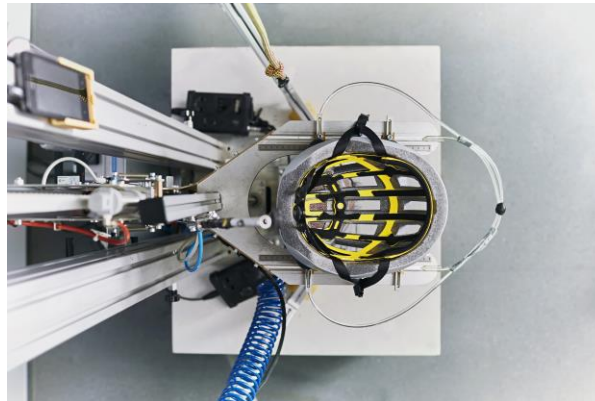
+20
years of
research

+27,000
experimental
tests

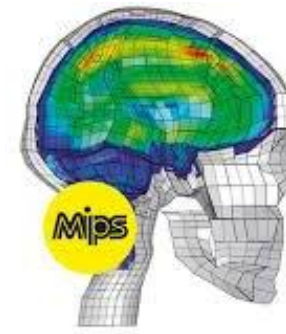
Validated by
third parties

Unique state-of-the-art test center and know-how

World leading testing capabilities



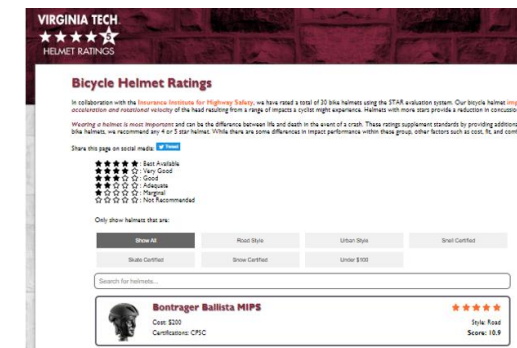
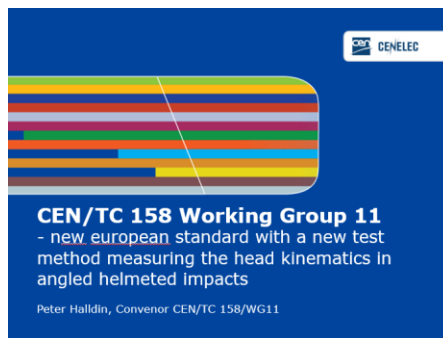
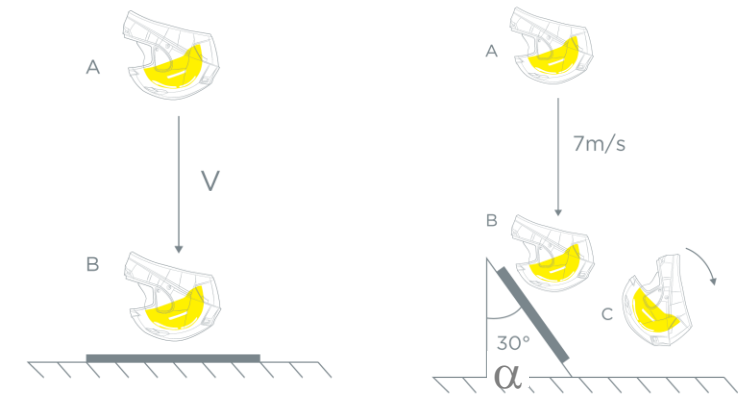
Access to unique validation technology



**Unique capabilities
to validate safety
levels of helmets**

ONGOING WORK TOWARDS A NEW SPORT AND MOTOROCYCLE HELMET TEST METHOD

- Bike, Ski and EQ: **CEN TC158** (EU) New rotational test method
- Motorcycle: **FIM** (Federation Internationale de Motorcyclisme)
- **ECE22.06** (Started the work to ad rotation into the European test standard)
- Bike: **Virginia Tech** (new rating methods including tangential impacts)

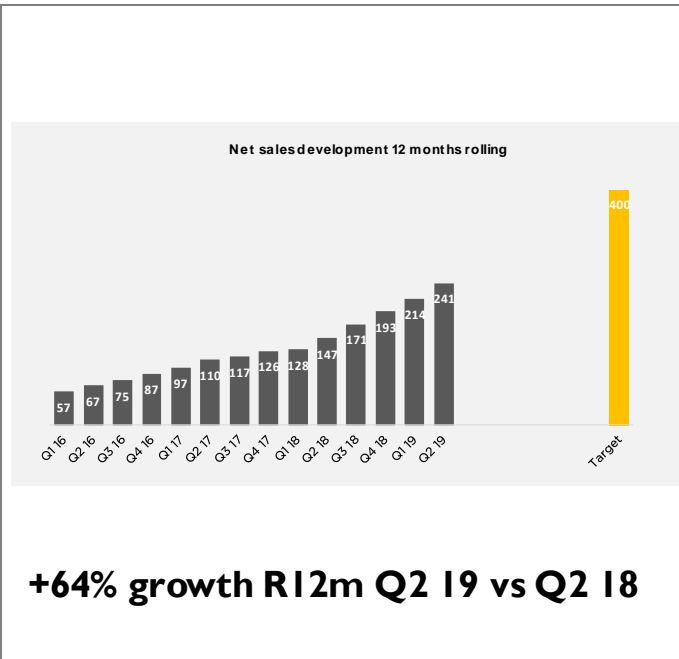


MIPS LONG-TERM PLAN

MAX STRANDWITZ, CEO

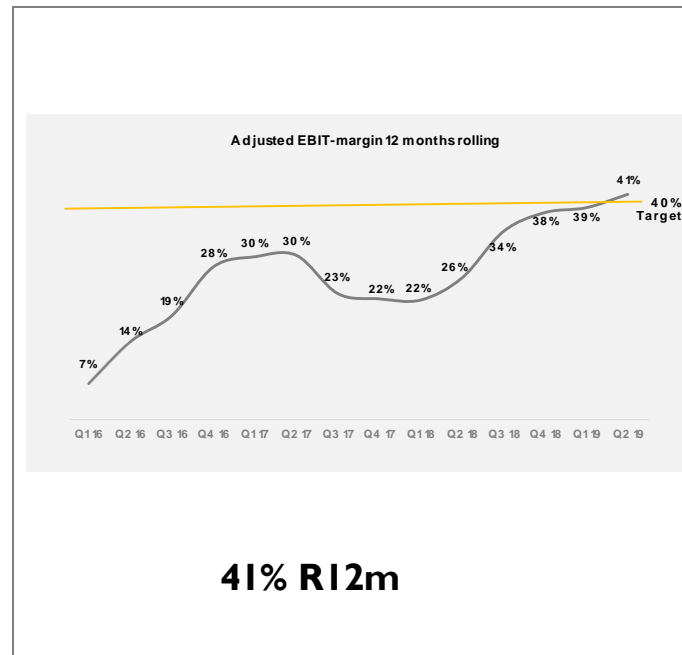


PERFORMANCE TOWARDS 2020 TARGETS



+64% growth R12m Q2 19 vs Q2 18

+SEK 400m net sales



41% R12m

+40% EBIT margin



112% in 2018

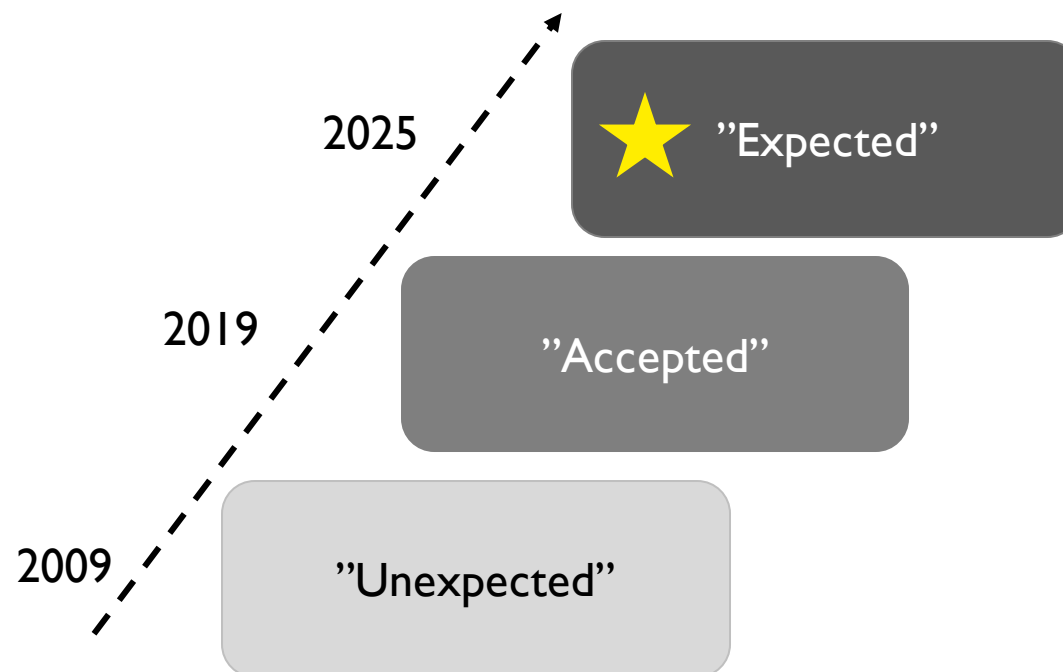
+50% payout ratio

WE INTEND TO BECOME AN EXPECTED HELMET SAFETY FEATURE

Our ambition is to make MIPS BPS an obvious safety feature demanded by consumers and the helmet industry for improved safety



Our evolution phases:




OUR STRATEGIC AMBITION

We want to better protect every single person using a helmet!

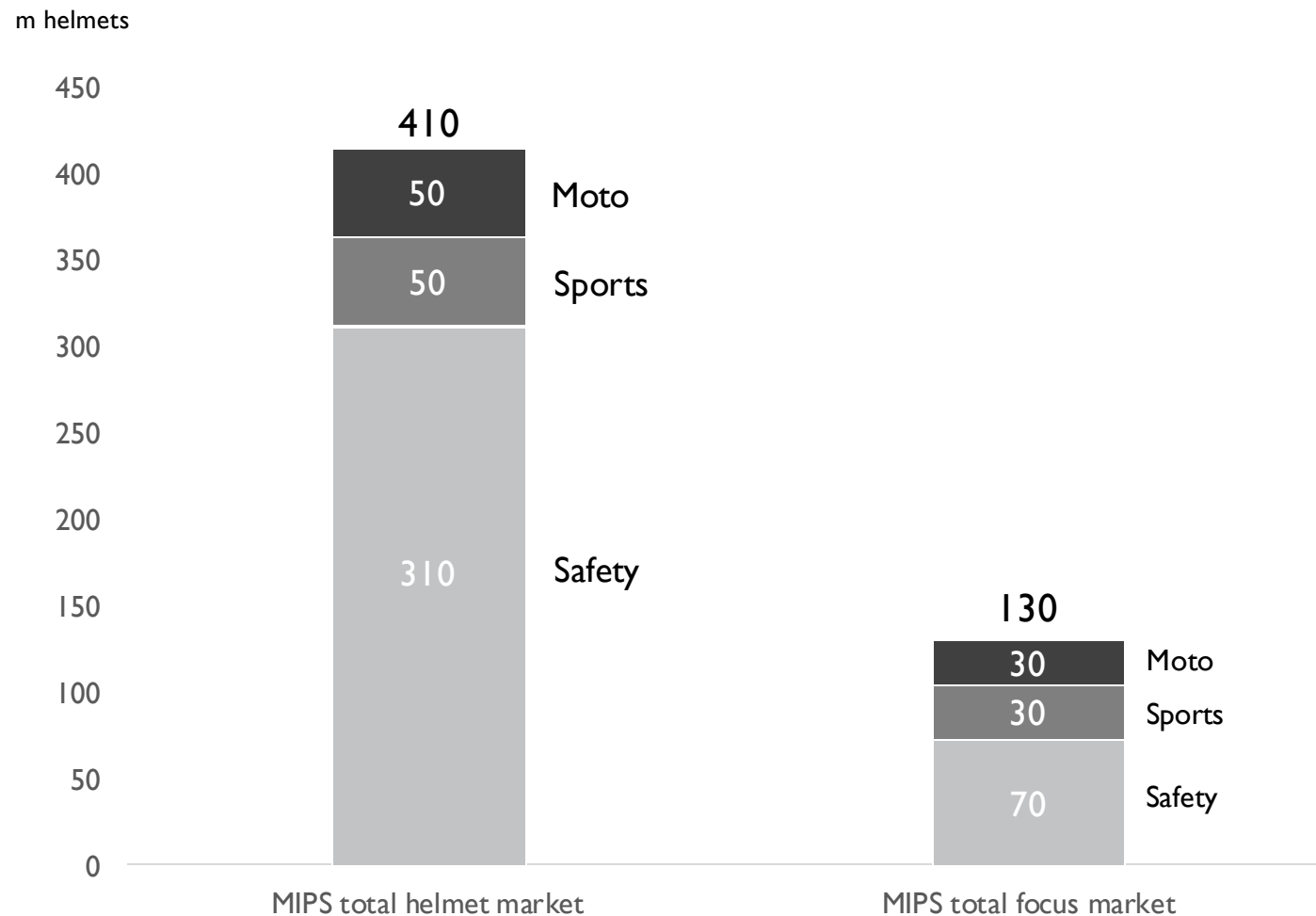
To achieve this, we aim to be the preferred business partner to all helmet brands by:

- Providing the superior and most cost-effective technology based on science
- Developing solutions that facilitate inclusion of MIPS technology in all relevant types of helmets
- Developing our IP portfolio to continue to protect our technology
- Strengthening the brand to ensure that the consumer understands MIPS BPS' functionality and always looks for the yellow logo

GLOBAL MARKET TRENDS FUEL OUR GROWTH

CONSUMER AWARENESS	STANDARDS & THIRD-PARTY TESTS	SAFETY AT WORK
 <p>Consumers understand that it is important to protect the brain and not only the skull</p>	 <p>Standards and 3rd party tests are validating the MIPS technology</p>	 <p>Safety at work is increasing in importance and improved helmets are enabling inclusion of MIPS BPS</p>

MIPS' FOCUS MARKET OF 130 MILLION HELMETS



Focus market logic

Helmets at consumer price points that allow brands to focus on overall safety profitably

Current evaluation shows focus to be at the following consumer prices of helmets:

SPORTS

Bike >30 USD

Snow >50 USD

Other sports >60 USD

MOTO

>100 USD

SAFETY

Industrial >60 USD

LEAF >500 USD

MIPS' FOCUS MARKET HAS INCREASED SIGNIFICANTLY

- We have included 60 million helmets for industrial use in the **Safety** category, which was previously not considered as addressable
- The **Moto** category has grown and we see a potential to address even more helmets
- The **Sports** category has also grown and we consider more helmets to be addressable

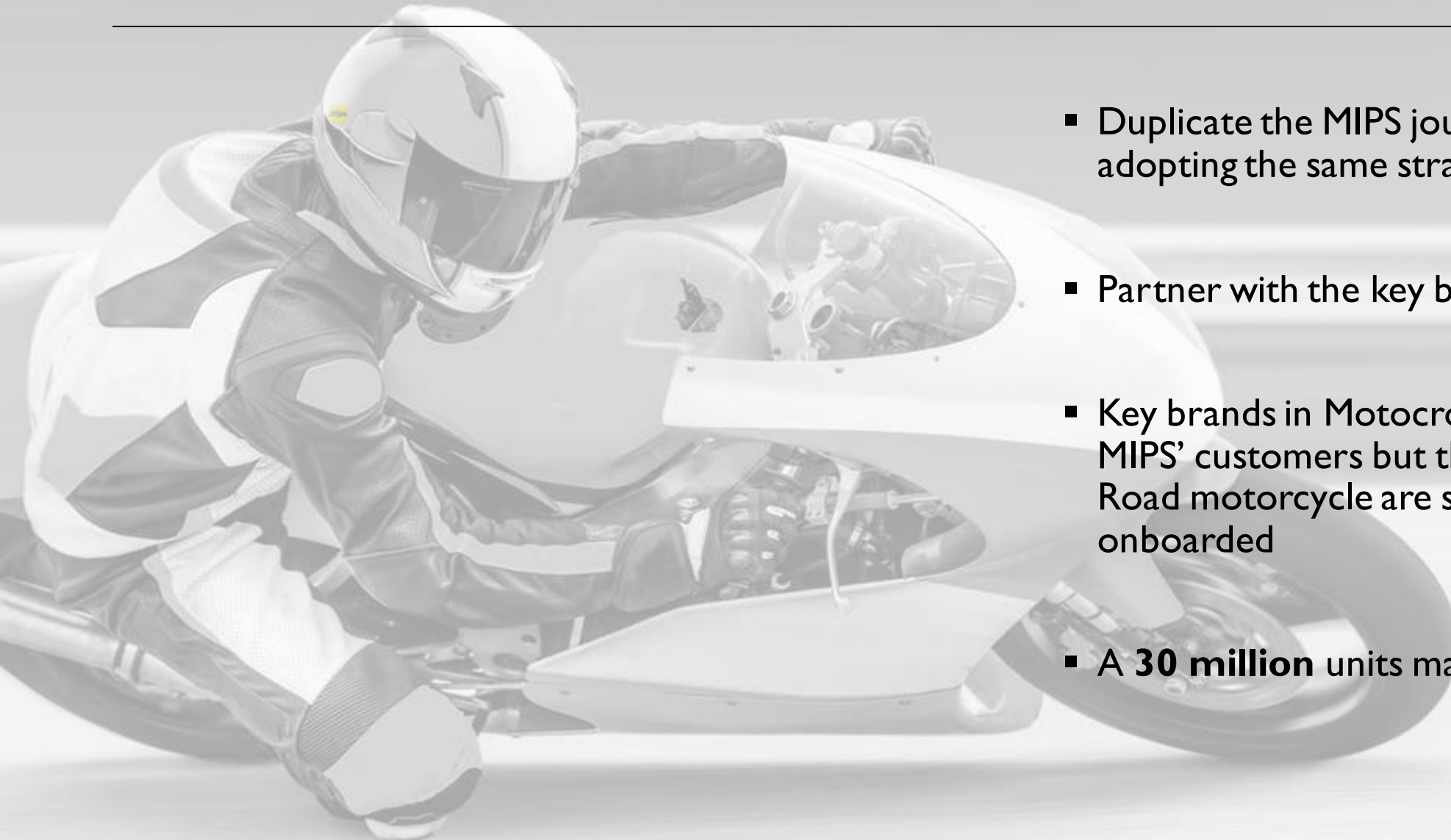
MIPS focus market has increased from 43 to 130 million helmets



KEY STRATEGIC THRUST I - SPORTS

- Strengthen partnership with current leading global customers to broaden range within their portfolios
- Continue to gain trust and credibility in media and among consumers to become the “expected” solution
- A **+30 million** units market opportunity where we already have the largest brands as customers today

KEY STRATEGIC THRUST II - MOTO



- Duplicate the MIPS journey in Moto by adopting the same strategy as in Sports
- Partner with the key brands
- Key brands in Motocross are already MIPS' customers but the major brands in Road motorcycle are still to be onboarded
- A **30 million** units market opportunity

KEY STRATEGIC THRUST III - SAFETY

- Initiate the journey in Safety
- Become the relevant partner also in the Safety category
- Large market which presents a **70 million** helmet opportunity
- MIPS has just launched the first Industry helmet equipped with MIPS BPS

FINANCIAL TARGETS 2025



>SEK 1bn
net sales
2025

>40%
EBIT margin

>50%
dividend of net
earnings

SALES AND CATEGORY PRIORITIES

JOHAN SAUER, HEAD OF SALES



THREE KEY CATEGORIES

SPORTS	MOTO	SAFETY
<ul style="list-style-type: none">▪ Bike helmets▪ Snowsport helmets▪ Equestrian helmets▪ Hockey helmets▪ Mountaineering helmets▪ Other helmets within sports	<ul style="list-style-type: none">▪ Roadbike helmets▪ MX helmets▪ Other moto helmets	<ul style="list-style-type: none">▪ Helmets for industrial use▪ Military helmets▪ Police and fire squad helmets▪ Other helmets within safety

TRENDS IN EACH KEY CATEGORY

SPORTS



Volumes are growing,
customers are pricing up

MOTO





















Volumes are growing,
price stable

SAFETY




Volumes are growing,
sales in relevant markets
accelerating




SIGNIFICANT POTENTIAL IN THE THREE CATEGORIES

		MIPS TOTAL MARKET	MIPS' FOCUS MARKET	
SPORTS	Bike	>35	>20	 
	Snow	>6	>5	 
	Equestrian	>2	>2	 
	Team sports	>2	>2	 
	Other	>4	>2	 
	Total	~50	~30	
MOTO	Moto Road	>47	>28	 
	Moto MX	>3	>2	 
	Total	50	30	
SAFETY	Safety	>300	>60	 
	LEAF	>10	>10	 
	Total	310	70	
TOTAL		>410	>130	

MIPS has only captured 3% of the total focus market as of 2018

 = models to which MIPS BPS has been sold/delivered

OUR KEY THREE STRATEGIC AMBITIONS

SPORTS	MOTO	SAFETY
 <p>Continue to grow with wide customer group to become expected solution</p>	 <p>Partner with existing customers and additional key brands to become accepted solution</p>	 <p>Enter into category with new customer relationships</p>

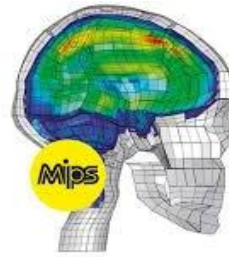
WINNING WITH OUR CUSTOMERS

Broaden the product portfolio



Offering competitive products at as many price points as possible making all-in commitments possible

Share technical insights



Giving our customers a further competitive edge based on MIPS' science and know-how

Support sell-through



Supporting successful sell-through via education and in-store execution

ACTIVITIES SUPPORTING THE PLAN AND FINANCIALS




MAX STRANDWITZ, CEO



CONTINUE TO INVEST IN THE MIPS BRAND – PROMOTE THE YELLOW LOGO

Make people look for the MIPS logo



-  The yellow logo should be expected by the consumer in order to consider a specific helmet
-  The yellow logo indicates that the helmet has added protection and is a safer alternative
-  The yellow logo marking is mandatory for all helmets equipped with MIPS' technology

Spend: 5-7% of net sales

CONTINUE TO INVEST IN THE MIPS BRAND

Focus on earned media and supporting helmet brands to drive consumer awareness

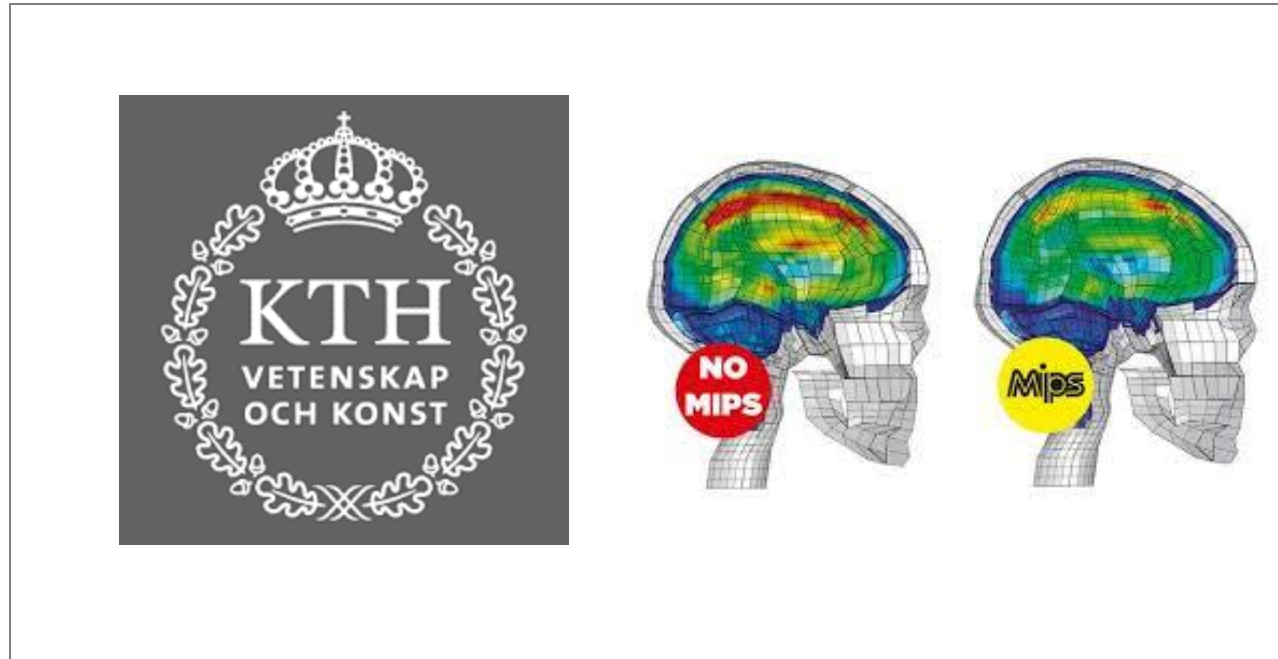


- PR is instrumental to build general brand awareness and educate media
- Continue to educate retail and distributors with live training and online training material
- Continue to invest in in-store execution (online and Brick & Mortar)
- Accelerate social media presence

Spend: 5-7% of net sales

CONTINUE TO INVEST IN RESEARCH

Maintain our position as the global leader in brain protection systems

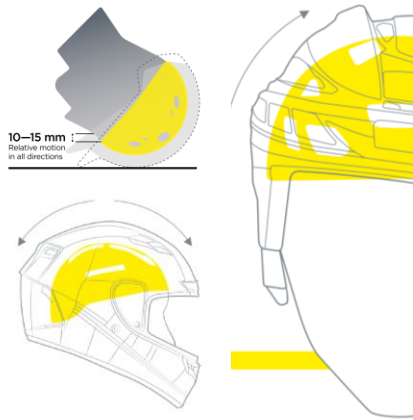


Spend: 5-7% of net sales

- Continue research and collaboration with key Universities that ensure MIPS remains at the forefront of the industry
- Use our competence and unique tools (such as the FE modelling) to ensure a competitive advantage
- Continue to be active in harmonization of standards and development of testing methods

CONTINUE TO INVEST IN PRODUCT DEVELOPMENT

Enable entry into new categories



Offer the right products at the right price

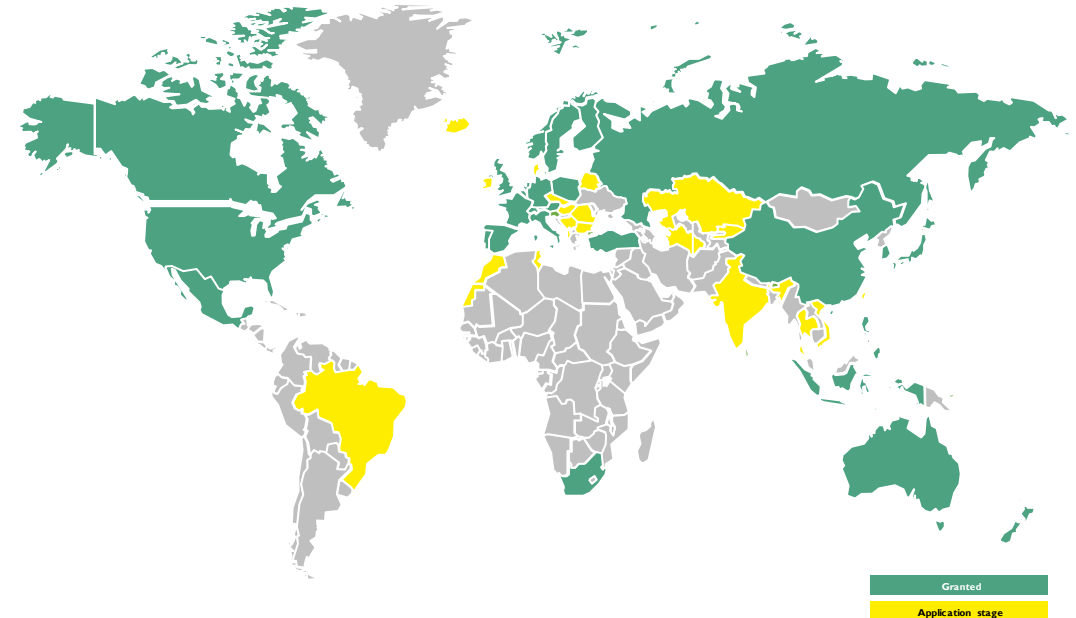
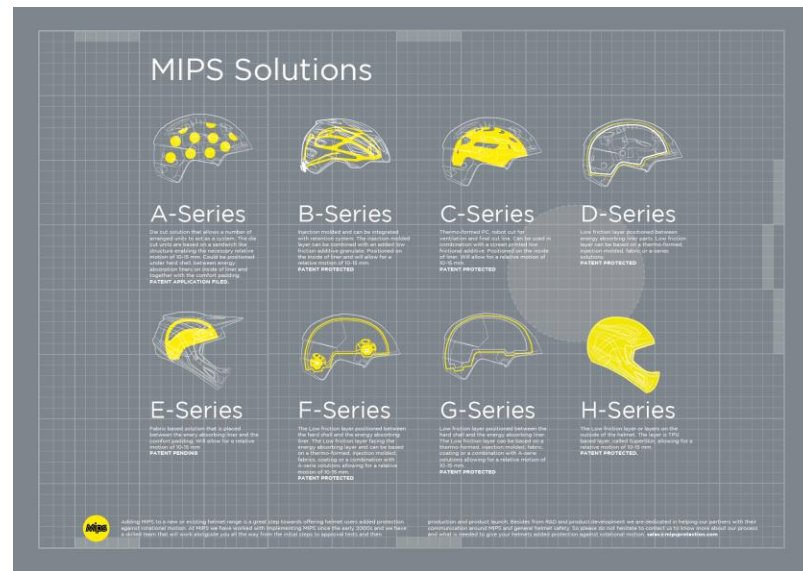


Spend: 5-7% of net sales

- Develop the relevant products for various price points
- Integrate MIPS' acquired technologies into the product portfolio
- Develop scalable solutions

WE WILL CONTINUE TO EXPAND OUR IP

- Continue to invest in our patent portfolio
- Actively filing to broaden our protection
- Tactical IP acquisitions when identified
- Complementary technologies when needed



36 patent families

180 granted patents

93 filed applications

CONTINUE TO LEVERAGE OUR SCALABLE BUSINESS MODEL



- Ingredient brand model that is highly scalable
- Leverage enables a +40% EBIT margin
- Asset light model
- Low working capital requirement

DEVELOPMENT OF MIPS' ORGANIZATION

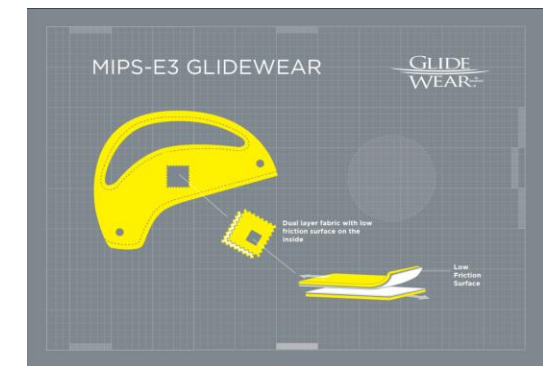
Grow in line with net sales	Grow slower than net sales	Infrastructure in place
<ul style="list-style-type: none">- Research – continue to invest in research to maintain competitive advantage- Invest in product development- Invest in marketing and strengthening of the marketing organization	<ul style="list-style-type: none">- Sales – organization strengthened to also address the key categories Moto and Safety- Continue to recruit engineers to ensure growth- Supply chain organization will grow with volume	<ul style="list-style-type: none">- ERP systems in place to facilitate growth agenda- Limited increase in back-office functions- Legal functions in place to coordinate IP and legal activities

RECENT ACQUISITIONS AND THOUGHTS ON M&A

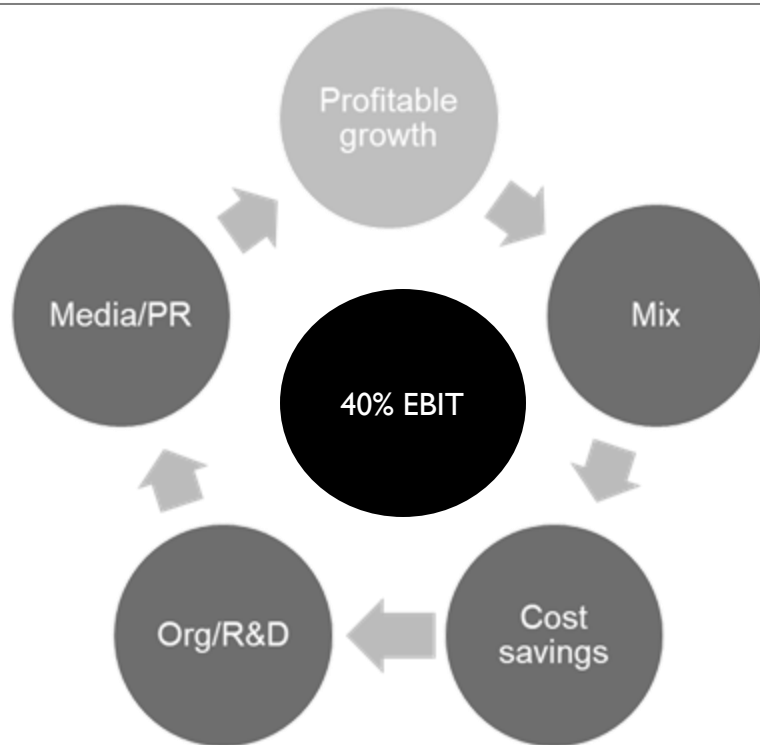
- Two complementary acquisitions completed
 - Will be marketed under the MIPS technology
 - Product development ongoing
- Exploring and scouting for new IP to acquire that would complement our current portfolio within brain protection
- No third-party technology of interest at the moment



GlideWear
INNOVATIVE SKIN PROTECTION



MIPS' FINANCIAL MODEL LONG-TERM

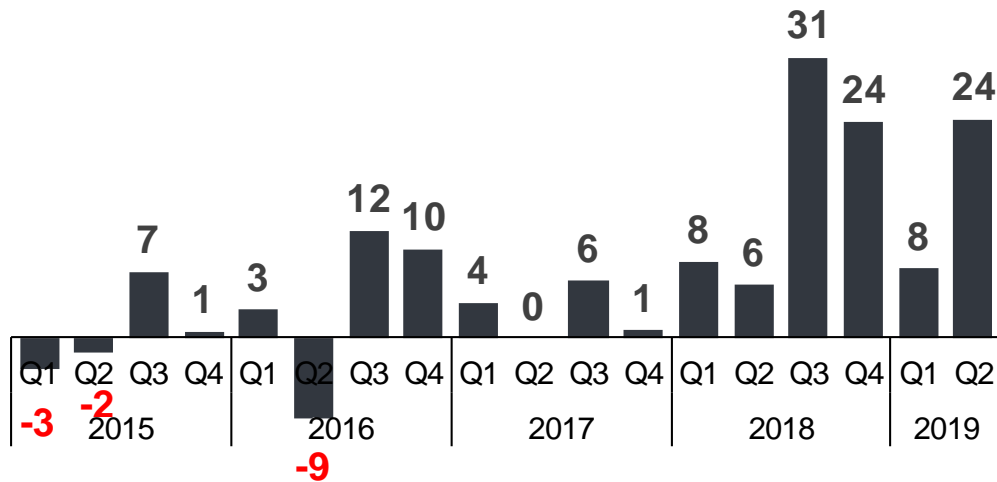


- Continue rapid growth with attractive gross margin
- Continue to invest behind key priorities
 - Spend 5-7% of net sales in the MIPS brand
 - Spend 5-7% of net sales in R&D
 - Invest less than growth in other OPEX such as Selling, Legal and Admin

Enable a +40% EBIT margin

GOOD CASH GENERATION ENABLES +50% DIVIDEND

Cash flow from operating activities (SEKm)



Asset light model

- Invoice at delivery
- Operational model requires low inventory
- Investments in IP and testing facilities, no investments in manufacturing

Enable a +50% dividend payout

FINANCIAL TARGETS 2025



>SEK 1bn
net sales
2025

>40%
EBIT margin

>50%
dividend of net
earnings



GRANULARITY OF REPORTING GOING FORWARD

QUARTERLY

- Net sales per category (Sports, Moto and Safety)
- Number of buying helmet brands per category (Sports, Moto and Safety)

YEARLY

- Volume per category (Sports, Moto and Safety)
- Number of models per category (Sports, Moto and Safety)

This reporting format will be applied from Q1 2020

RELOCATING TO NEW FACILITIES

New office and testing facility from Dec 2019

- Facilities located within same area as the current office
- Will enable MIPS to extend test lab to facilitate increased inhouse capabilities and further category expansion



TARIFFS IMPLEMENTED 1ST OF SEPTEMBER 2019

US-China trade tariffs

- Tariffs of 15% implemented on helmets from 1st of September 2019
- MIPS does not export products to US and is therefore not directly exposed
- MIPS' components will impact total tariff value for helmet brands as part of the cost for helmets imported from China to US
- Short-term volatility expected in coming quarters in our biggest geographical market but should in our opinion not impact long-term demand



Q&A

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