



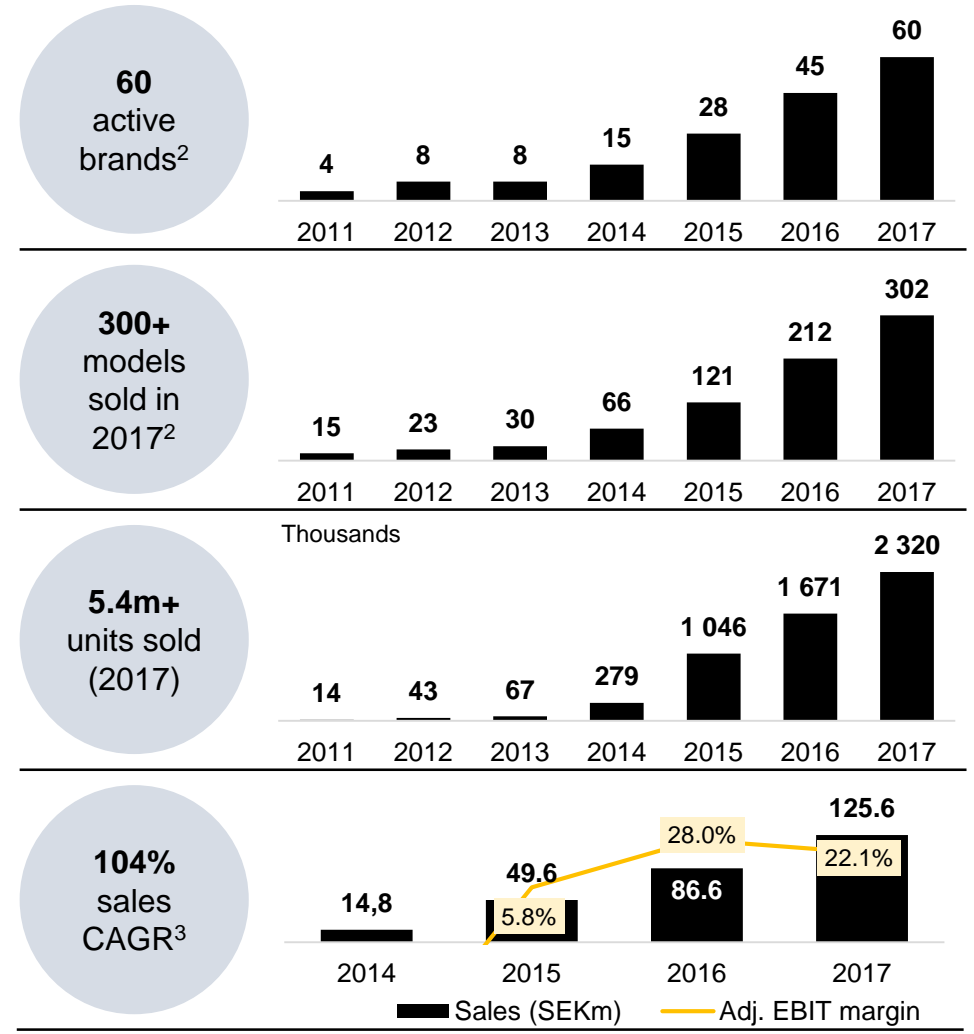
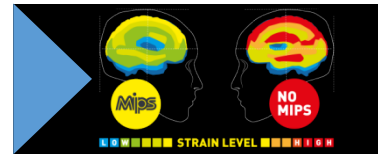
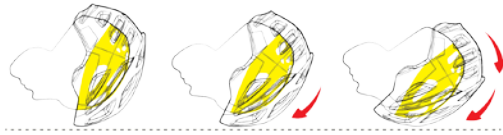
# MIPS Q2 2018

16 August, 2018



# MIPS in brief

- MIPS is a market leader in helmet solutions protecting the brain against rotational motion
- Patented technology based on over 20 years of research and testing, partnered with some of the world's leading researchers from KTH and Karolinska Institute
- MIPS operates as an ingredient brand, with leading helmet brands as customers including Bell, Fox Head, Giro, Scott, Smith and Trek
- MIPS BPS<sup>1</sup> is an easily implemented safety feature, which offers helmet brands incremental safety performance and allows higher price points



Note: 1. Brain Protection System.  
 2. Based on sold MIPS BPS units during the period.  
 3. CAGR for the period 2014 to 2017. EBIT margin 2014 was -89.7%.



# MIPS financial targets

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

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

# Q2 Highlights

- Net sales growth at +52% in the quarter, +53% organic growth adjusted for currency effects
- Good growth momentum in all three key categories
- Continued high inflow of projects and discussions with brands on how to penetrate their range further
- Virginia Tech University in the United States, validating the MIPS technology
- Adjusted EBIT 39.0%, legal cost of SEK 2.9m included
- Good progress towards 2020 target

# Update on litigation situation

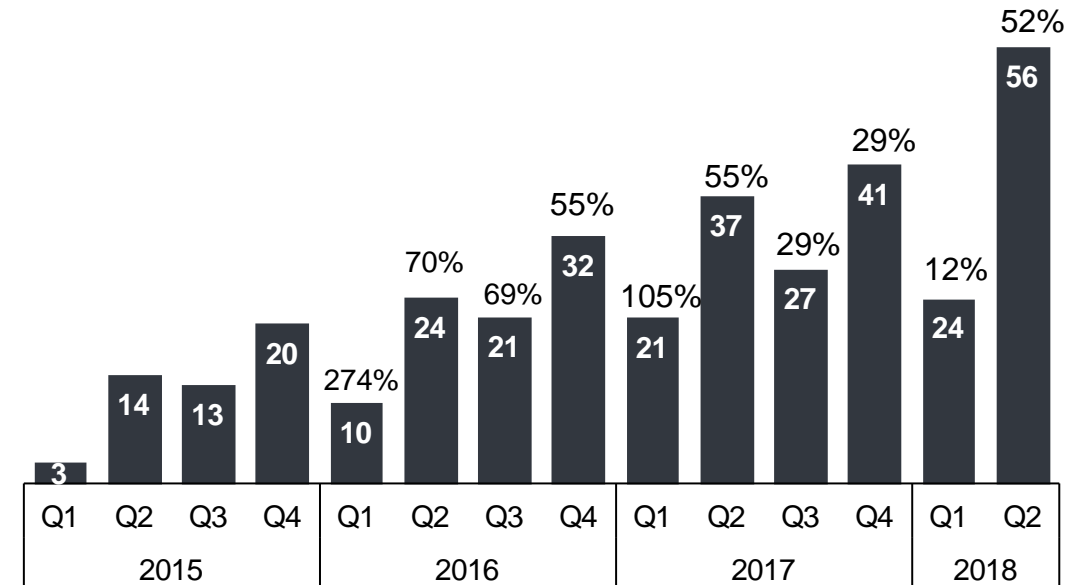
- As announced in previous Q1 report, MIPS received a judgment from the Canadian court on 8 May concerning the patent dispute with Bauer regarding MIPS patented helmet technology.
- MIPS and Bauer in agreement and all legal matters relating to the dispute now concluded
- MIPS agreed to a conciliation agreement with POC Sweden regarding the patent dispute on 19 April as communicated earlier
- MIPS is currently not party in any other patent disputes



# Q2 Net Sales development

- Strong growth in the quarter +52%, organic growth +53%
- Good performance across all three key categories Bike, Snow and Motorcycle

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



\*No quarterly growth rates available for 2015'

# Q2 in figures

- Net Sales increased +52%, currency adjusted +53%
- Gross profit up 48%, gross margin down with -1.7 p/p

- Higher Opex
  - legal costs of SEK 2.9 m included
  - strengthening of organization
  - continued investment in product development

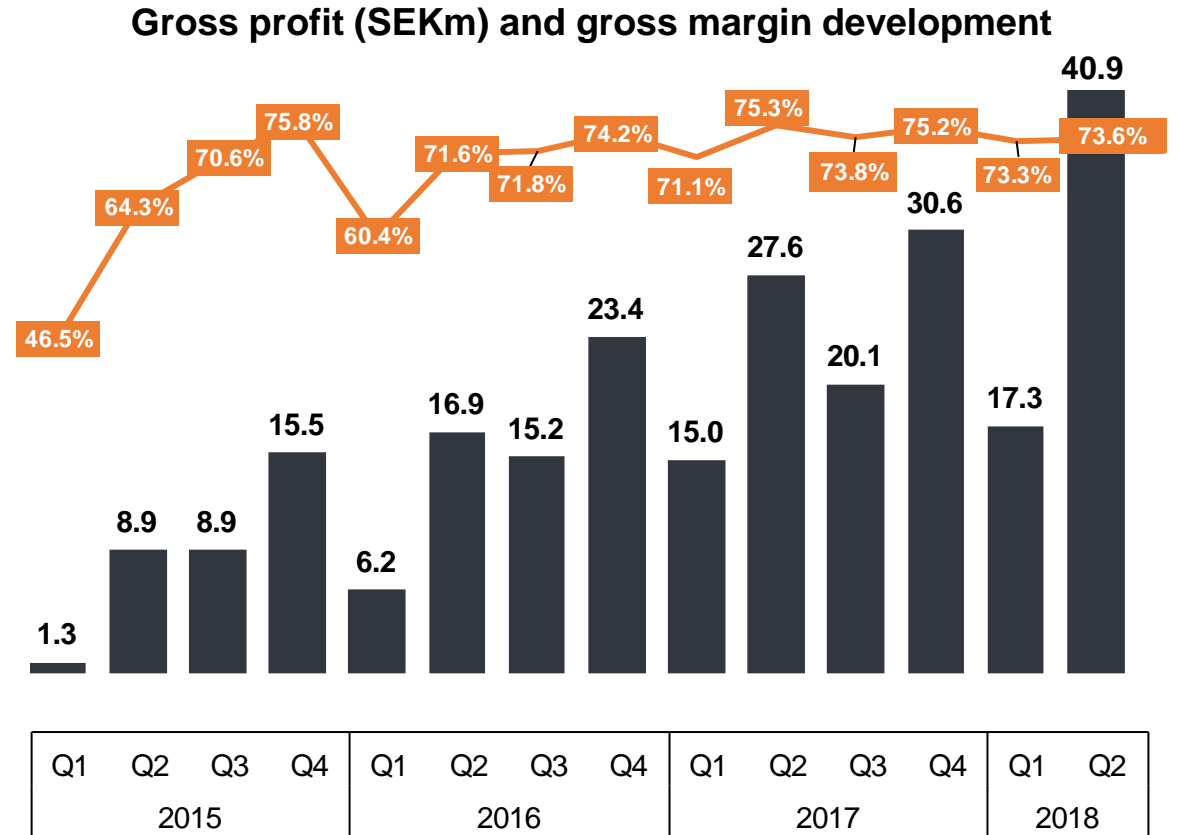
MIPS Group (SEKm)	Q2 18	Q2 17	▲ %	YTD 18	YTD 17	▲ %	FY2017
Net sales	55,6	36,6	52	79,1	57,7	37	125,6
Gross profit	40,9	27,6	48	58,2	42,6	37	93,3
Gross margin % *	73,6	75,3	-	73,5	73,8	-	74,3
Adjusted operating profit (EBIT)	21,7	11,5	88	23,4	13,1	79	27,8
Adjusted operating margin (EBIT) %	39	31,5	-	29,6	22,7	-	22,1
Cash flow from operating activities	5,9	0,0	N/A	14,3	3,9	266	11,1

\* Adjusted for items affecting comparability (IPO costs) Q218 SEK 0.0m (0.5), YTD18 SEK 0.0m (7.0), FY 2017 SEK -7.0m

- Adjusted EBIT SEK +21.7m, 39.0% adjusted EBIT margin
- Cash – Good improvement in operating cash flow

# Q2 Gross profit and margin development

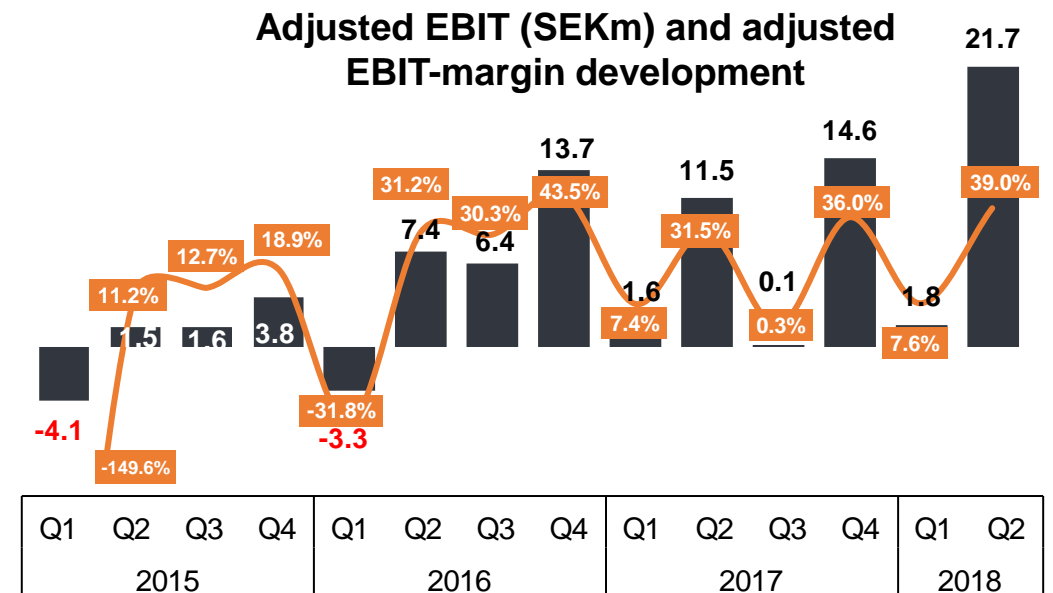
- Gross profit up 48% to SEK 40.9m
- Gross margin down -1.7 p/p vs. Q2 2017 to 73.6%
- Different sales mix key reason for the lower gross margin





# Q2 Adjusted EBIT margin development

- EBIT increased with SEK 10.7m to SEK 21.7m (SEK 11.0m)
- EBIT increased with 97%. EBIT margin 39.0%
- Adjusted EBIT improved with SEK +10.2m to SEK 21.7m (SEK 11.5m)
- Increase in adjusted EBIT mainly explained by:
  - litigation cost
  - strengthening of organization
  - initiatives within product development



# Q2 Balance sheet and cash flow

- Deferred tax asset SEK 4.5m at the end of the quarter, down SEK 7.0m vs. same period last year
- Strong improvement in operating cash flow mainly from higher EBIT
- Cash and Cash Equivalents at SEK 191.9m, Equity ratio 87%

## Key balance sheet items and cash flow

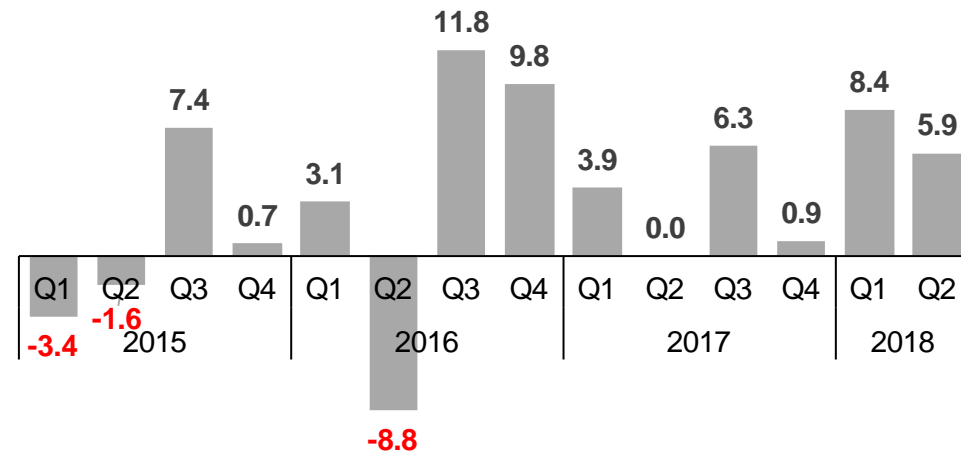
### MIPS Group (SEKm) YTD 18 YTD 17 FY2017

MIPS Group (SEKm)	YTD 18	YTD 17	FY2017
Total Assets	271.8	229.8	242.2
Equity	236.1	210.4	220.6
Equity ratio %	87	92	91
Cash & Equivalents	191.9	175.2	179.8
Deferred tax asset	4.5	11.5	8.7

### MIPS Group (SEKm) YTD 18 YTD 17 FY2017

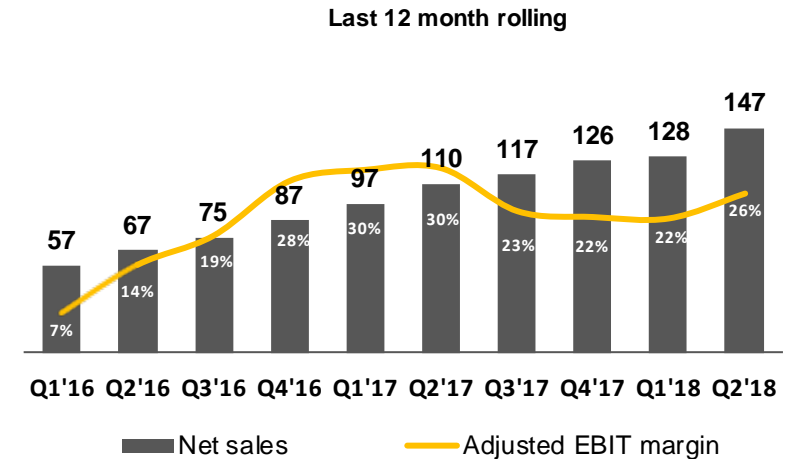
MIPS Group (SEKm)	YTD 18	YTD 17	FY2017
Cash flow from operating activities	14.3	3.9	11.1

## Cash flow after operating activities (SEK m)



# Summary

- Strong sales growth with +52%, +53% organic for the quarter
- Continued focus on increasing penetration with Customers in their range, good inflow of projects
- MIPS functionality validated by external institutes
- Awareness and interest for MIPS increasing
- Good progress vs. our 2020 plan



\*Q218 LTM Adjusted EBIT includes SEK 17.7m legal costs relating to company's litigation processes.



# Disclaimer

## **Important message from MIPS AB**

- This presentation has been prepared by MIPS AB (publ) (the “Company”) solely for use at this presentation and is furnished to you solely for your information and may not be reproduced or redistributed, in whole or in part, to any other person. The presentation does not constitute an invitation or offer to acquire, purchase or subscribe for securities. By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations.
- Statements in this presentation, which are not historical facts, such as expectations, anticipations, beliefs and estimates, are forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties which may cause actual results to materially differ from those expressed in such forward-looking statements.
- This presentation may contain various forward-looking statements that reflect management’s current views with respect to future events and financial and operational performance. The words “believe,” “expect,” “anticipate,” “intend,” “may,” “plan,” “estimate,” “should,” “could,” “aim,” “target,” “might,” or, in each case, their negative, or similar expressions identify certain of these forward-looking statements. Others can be identified from the context in which the statements are made. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Company’s control and may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. These risks include but are not limited to the Company’s ability to operate profitably, maintain its competitive position, to promote and improve its reputation and the awareness of the brand, to successfully operate its growth strategy and the impact of changes in pricing policies, political and regulatory developments in the markets in which the Company operates, and other risks.
- The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.
- No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein. Accordingly, none of the Company, or any of its principal shareholders or subsidiary undertakings or any of such person’s officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.