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\(^1\) is an easily implemented safety feature, which offers helmet brands incremental safety performance and allows higher price points

MIPS adds protection

MIPS IS A BRAIN PROTECTION SYSTEM

1. When you hit your head in a fall, it often creates a rotational motion in your brain
2. The rotational movement can cause brain injuries
3. MIPS low friction layer allows the head to move 10-15 mm, in all directions, inside the helmet which reduces the rotational motion to the brain

MIPS – IN FOUR SENTENCES:
- MIPS is a brain protection system
- Rotational motion can cause brain injuries
- The low friction layer allows a sliding motion of 10-15 mm, in all directions, reducing the rotational motion transmitted to the brain during impact

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
Q3 Highlights

- Net sales growth at +88% in the quarter, +77% organic growth adjusted for currency effects
- The good momentum in all three key categories continues, mainly with existing customers
- Adjusted EBIT 40.7%, legal cost of SEK 0.6m (9.5) included
- No US tariffs for helmets imported to China expected for this round
- Strong progress towards 2020 financial goals
Update on litigation situation

- MIPS and Bauer in agreement and all legal matters relating to the dispute now concluded
- MIPS is currently not party in any other patent disputes at the moment
Q3 Net Sales development

- Strong growth in the quarter +88%, organic growth +77%
- Good performance across all three key categories Bicycle, Snow and Motorcycle
- Soft prior year comparator

Net Sales development (SEKm) and quarterly growth rates*

*No quarterly growth rates available for 2015
Q3 in figures

- **Net Sales** increased +88%, currency adjusted +77%
- **Gross profit** up 86%, gross margin down with -0.8 p/p
- **Lower OPEX**, mainly from litigation costs in prior year
- **Adjusted EBIT** SEK +20.8m, 40.7% adjusted EBIT margin, no adjustment of EBIT in 2018
- **Cash** – strong operating cash flow of SEK 31.0m (6.3)

<table>
<thead>
<tr>
<th>MIPS Group (SEKm)</th>
<th>Q3 18</th>
<th>Q3 17 △ %</th>
<th>YTD 18</th>
<th>YTD 17 △ %</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>51.2</td>
<td>27.3 88</td>
<td>130.3</td>
<td>85.0 53</td>
<td>125.6</td>
</tr>
<tr>
<td>Gross profit</td>
<td>37.4</td>
<td>20.1 86</td>
<td>95.6</td>
<td>62.7 52</td>
<td>93.3</td>
</tr>
<tr>
<td>Gross margin %</td>
<td>73.1</td>
<td>73.8 -</td>
<td>73.4</td>
<td>73.8 -</td>
<td>74.3</td>
</tr>
<tr>
<td>Adjusted operating profit (EBIT)*</td>
<td>20.8</td>
<td>0.1 N/A</td>
<td>44.3</td>
<td>13.2 235</td>
<td>27.8</td>
</tr>
<tr>
<td>Adjusted operating margin (EBIT) %*</td>
<td>40.7</td>
<td>0.3 -</td>
<td>34.0</td>
<td>15.5 -</td>
<td>22.1</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>31.0</td>
<td>6.3 391</td>
<td>45.2</td>
<td>10.2 342</td>
<td>11.1</td>
</tr>
</tbody>
</table>

* Adjusted for items affecting comparability (IPO costs) Q318 SEK 0.0m (0.0), YTD18 SEK 0.0m (-7.0), FY 2017 SEK -7.0m
Q3 Gross profit and margin development

- Gross profit up 86% to SEK 37.4m
- Gross margin down -0.8 p/p vs. Q3 2017 to 73.1%
- Different sales mix key reason for the lower gross margin
Q3 Adjusted EBIT margin development

- Adjusted EBIT increased with SEK 20.7m to SEK 20.8m (SEK 0.1m)
- Adjusted EBIT margin 40.7%
- No adjustment in EBIT in current year. Adjustment in previous years relates to IPO costs
- Increase in adjusted EBIT mainly explained by higher sales and litigation costs in prior year comparator partly offset by:
  - Strengthening of organization
  - Negative impact from currency derivatives
Q3 Balance sheet and cash flow

- Tax losses carried forward now fully consumed
- Strong improvement in operating cash flow from higher EBIT, but also from Accounts receivables
- Cash and Cash Equivalents at SEK 220.8m, Equity ratio 88%

### Key balance sheet items and cash flow

<table>
<thead>
<tr>
<th>MIPS Group (SEKm)</th>
<th>YTD 18</th>
<th>YTD 17</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>288.5</td>
<td>233.4</td>
<td>242.2</td>
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<tr>
<td>Equity</td>
<td>252.9</td>
<td>210.2</td>
<td>220.6</td>
</tr>
<tr>
<td>Equity ratio %</td>
<td>88</td>
<td>90</td>
<td>91</td>
</tr>
<tr>
<td>Cash &amp; Equivalents</td>
<td>220.8</td>
<td>180.5</td>
<td>179.8</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>0.6</td>
<td>11.5</td>
<td>8.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MIPS Group (SEKm)</th>
<th>YTD 18</th>
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</tr>
</tbody>
</table>

### Cash flow after operating activities (SEK m)

- Q1 2015: -3.4
- Q2 2016: -1.6
- Q3 2017: 0.7
- Q4 2018: 3.1
- Q1 2019: 11.8
- Q2 2019: 9.8
- Q3 2019: 3.9
- Q4 2019: 6.3
- Q1 2020: 0.9
- Q2 2020: 8.4
- Q3 2020: 5.9
- Q4 2020: 31.0
Summary

• Strong sales growth with +88%, +77% organic growth for the quarter
• Continued focus on growing existing customers
• Increased awareness of MIPS drives strong market momentum
• Strong EBIT and operating cash flow development
• Strong progress towards 2020 financial goals

*Q318 LTM Adjusted EBIT includes SEK 8.7m (13.4) legal costs relating to company’s litigation processes.
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