



# MIPS Q1 2017

May 11, 2017

# MIPS' financial targets

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

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

# Q1 Highlights

- Q1 in line with 2020 ambition
  - Doubled net sales vs Q1 2016
  - Adjusted operating profit – positive for the first time in Q1 2017
- Listing at Nasdaq Stockholm
  - 2,500 new shareholders
  - 150 MSEK raised through new share issue
- Troy Lee Design announced intention to integrate MIPS BPS in all new helmets
- ISPO Munich, 28 new helmets launched with MIPS BPS (snow)
- Chinese subsidiary established

# Q1 in figures

- Net sales increase 105%, currency adjusted 94%
- Gross margin expansion, 10 p/p to >70%
- Higher opex
  - MSEK 6.5 spend on IPO preparation\*
  - continued investment in organization
- Adjusted EBIT MSEK +1.6 (first positive Q1)
- Currency – hedging
  - USD exposure
  - CNY exposure
- Cash – improvement in operating cash flow,
  - distorted by accrued IPO costs, will be paid out in Q2

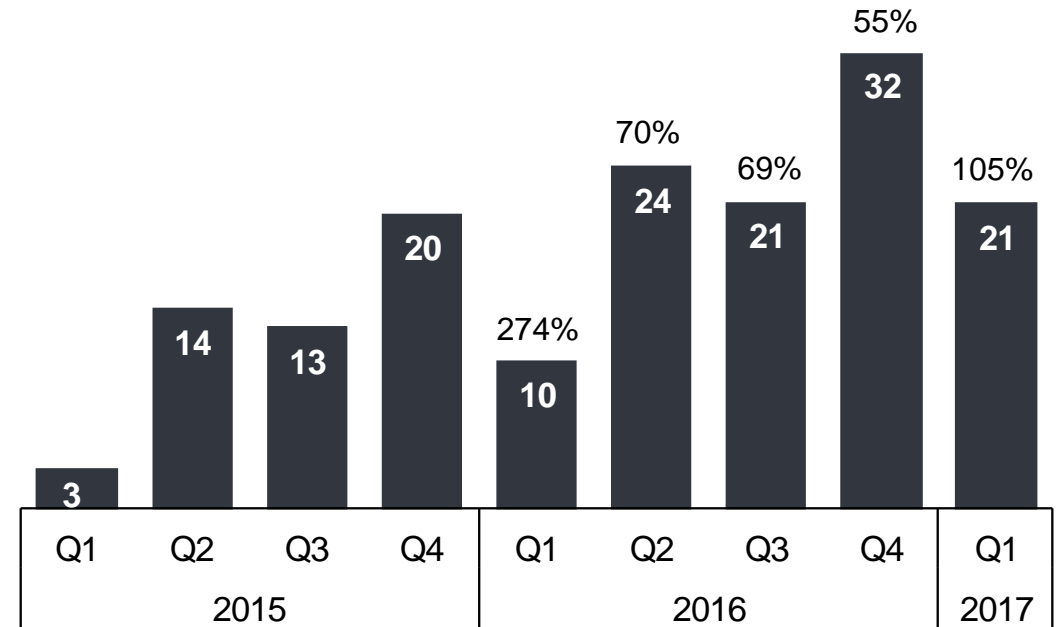
MSEK	2017 Q1	2016 Q1	Change %	2016/17 LTM	2016 FY
Net sales	21.1	10.3	105	97.5	86.6
Gross profit	15.0	6.2	142	70.5	61.7
Gross margin %	71.1	60.4	-	72.4	71.3
Adjusted operating profit/loss	1.6*	-3.3	N/A	29.0*	24.2*
Adjusted operating margin %	7.4	-31.8	-	29.8	28.0
Cash flow after operating activities	3.9	3.1	26	16.8	16.0

\*Adjusted for items affecting comparability (IPO costs)  
 Q1 2017 6.5 MSEK, LTM 12.3 MSEK, 2016 5.8 MSEK

# Q1 Net sales development

- Bike and Snow remain as key categories
- Growth mainly from existing customers

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

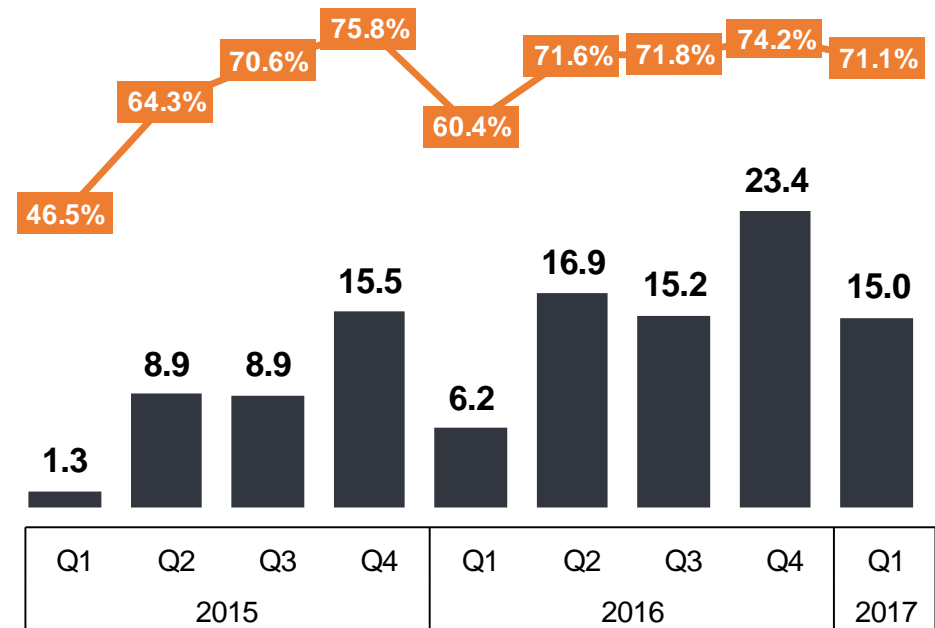


\*No quarterly growth rates available for 15'

# Q1 Gross profit and margin development

- Gross margin up 10 p/p vs Q1 2016
- Margin improved from
  - Larger portion of MIPS BPS sales
  - Lower sourcing costs
  - Absorption of fixed cost due to higher net sales
- Q1 now in line with other quarters

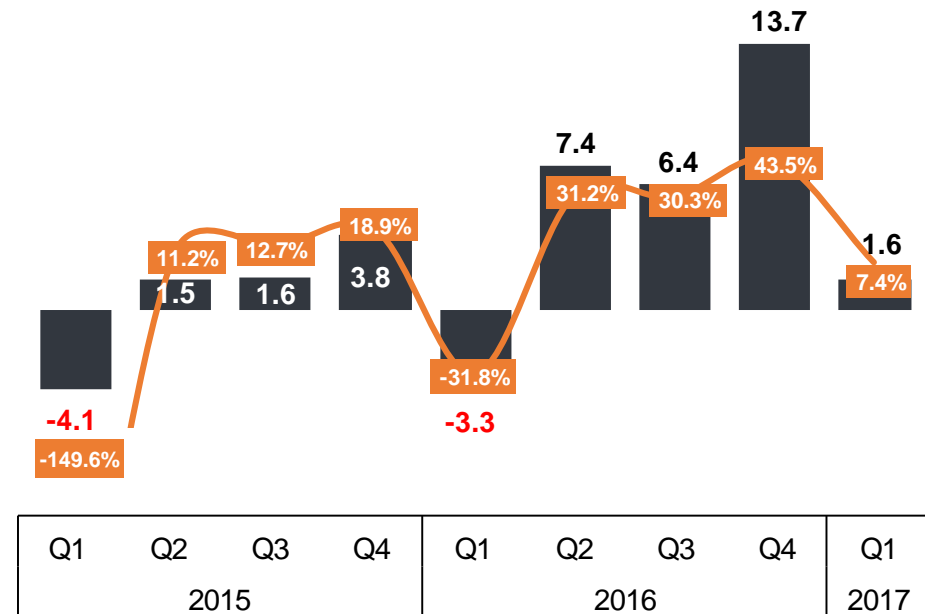
Gross profit (MSEK) and gross margin development



# Q1 Adjusted EBIT margin development

- Adjusted EBIT Q1 positive for the first time
- Higher net sales and improved gross margin, key driver of increased EBIT
- Strengthened organization for further growth key reason for higher OPEX spend

Adjusted EBIT (MSEK) and adjusted EBIT-margin



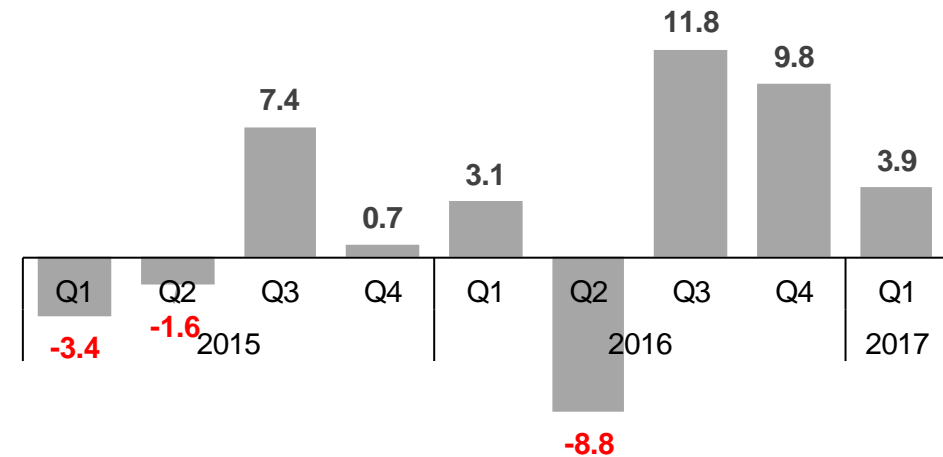
# Q1 Balance sheet and cash flow

- Strong cash position after new share issue
- Increase in deferred tax assets
- Focus on improving operating cash flow

## Key balance sheet items and cash flow

MIPS Group (MSEK)	Q12017	Q12016	FY2016
Total Assets	231.0	53.6	75.4
Equity	199.9	39.6	57.3
Equity ratio %	87	74	76
Cash & equivalents	181.5	17.7	28.5
Deferred tax asset	14.6	16.5	11.4
Cash flow from operating activities	3.9	3.1	16.0

## Cash flow after operating activities (MSEK)





# WFOE in China and currency

- Estimated to be operational before end of Q2
- Main activities: logistic services, quality control and customer projects
- MIPS low friction layers and components, invoiced in China in CNY
- Ambition to have currency clause tied to USD in all customer contracts
- USD hedging policy in place

## MIPS Dongguan Trading Co, Ltd



# Summary

- Q1 in line with 2020 ambition
- Continue to increase penetration with customers and signing new clients
- Explore opportunities within professional
- Focus on building MIPS brand and drive R&D activities

