



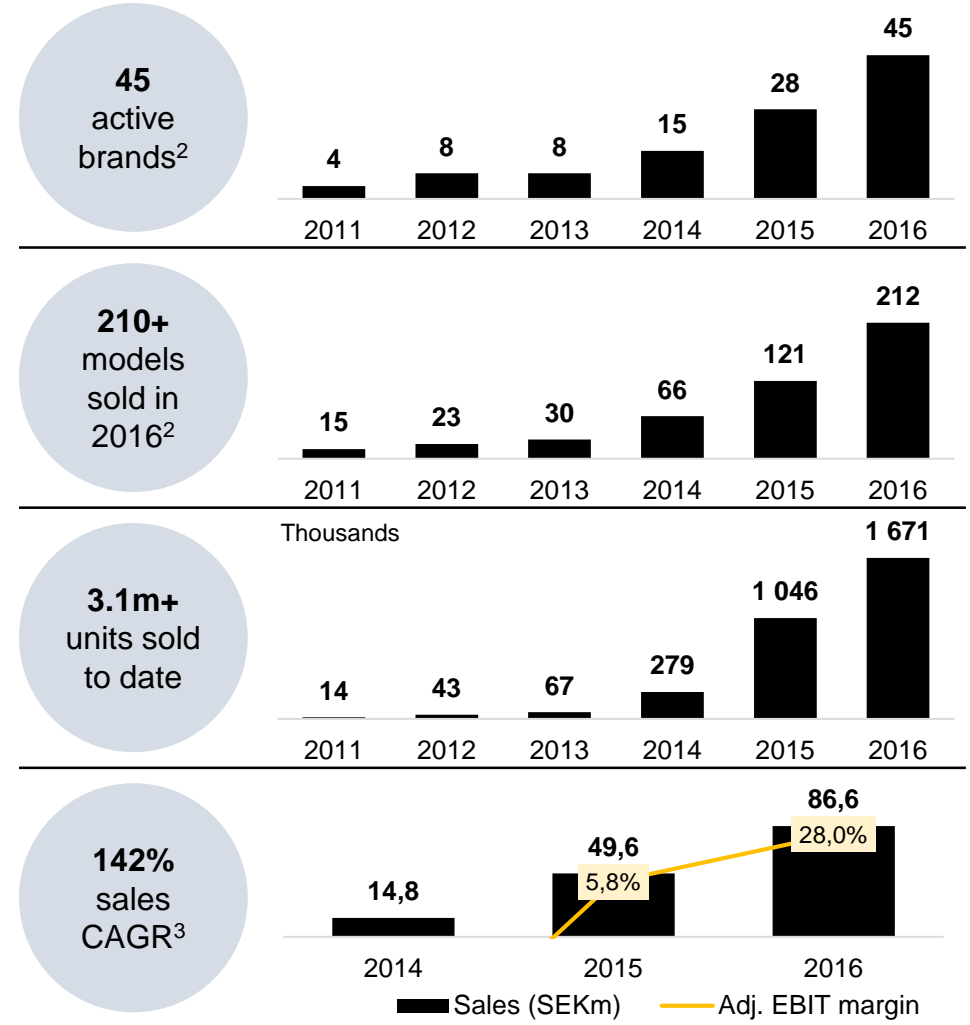
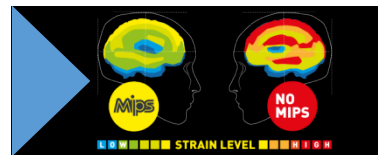
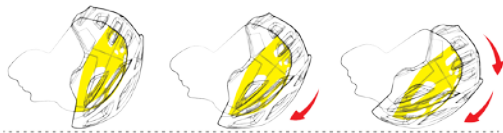
# MIPS Q3 2017

9 November, 2017



# 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, that 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 2016. EBIT margin 2014 was -89.7%.

# MIPS financial targets

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

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

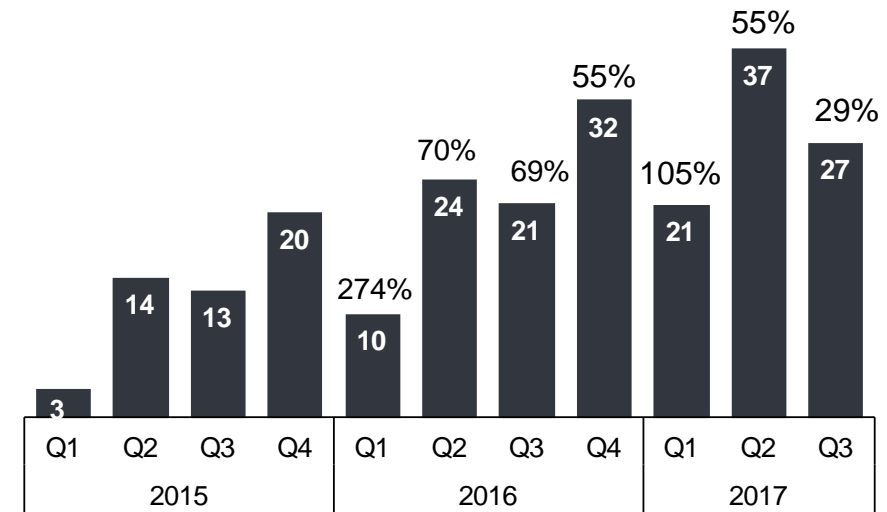
# Q3 Highlights

- Progress towards 2020 target
  - Growth +29%
  - Adjusted EBIT 0.3%, legal cost of 9.2 MSEK included
- Patent dispute ended 19 October, judgement expected within 6 months
- More than 40 new helmets with MIPS BPS presented at Eurobike, worlds largest bicycle fair and two new MIPS BPS solutions presented

# Q3 Net sales development

- Bicycle key category, but promising growth also in Motorbike category
- Growth mainly from existing customers expanding their range and penetration of MIPS

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



\*No quarterly growth rates available for 15'

# Q3 in figures

- Net sales increase 29%, currency adjusted 33%
- Gross margin improvement, +2.0 p/p to 73.8%
- Higher Opex
  - legal costs of 9.2 MSEK included
  - cost from strengthening of organization
  - cost relating to being a listed company
- Adjusted EBIT 0.1 MSEK, 0.3% EBIT margin
- Cash – decrease in operating cash flow
  - decrease in profit due to litigation cost
  - increase in A/R from higher sales

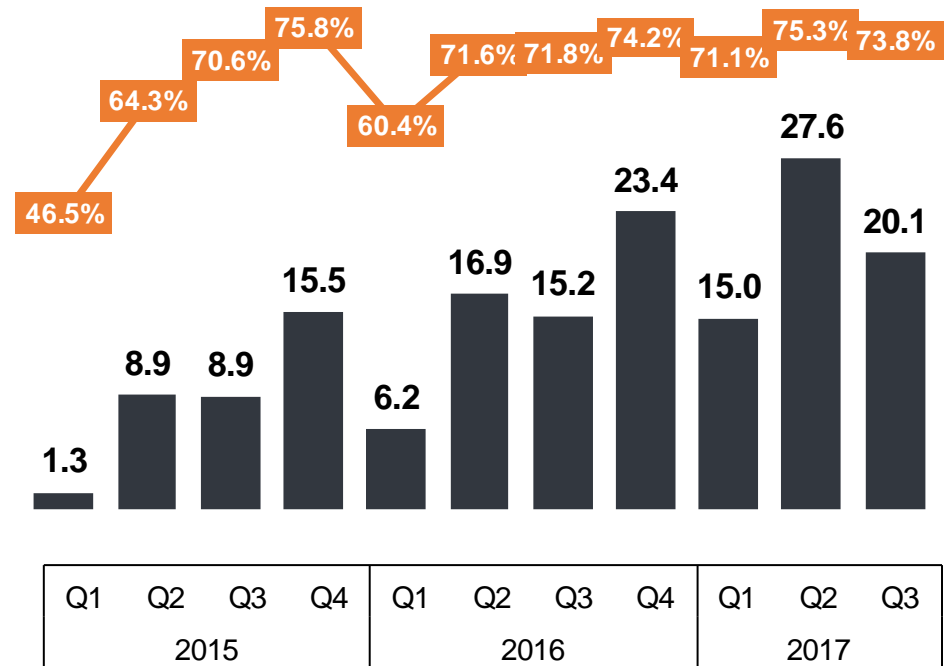
MSEK	2017 Q3	2016 Q3	Change %	2016/17 LTM	2016 FY
Net sales	27.3	21.2	29	116.5	86.6
Gross profit	20.1	15.2	32	86.1	61.7
Gross margin %	73.8	71.8	-	73.9	71.3
Adjusted operating profit/loss	0.1*	6.4*	-99	26.9*	24.2*
Adjusted operating margin %	0.3	30.3	-	23.1	28.0
Cash flow after operating activities	6.3	11.8	-47	20.1	16.0

\*Adjusted for items affecting comparability (IPO costs)  
 Q3 2017 -, Q3 2016 4.2 MSEK, LTM 6.9 MSEK, 2016 5.8 MSEK

# Q3 Gross profit and margin development

- Gross margin up +2.0 p/p vs. Q3 2016 to 73.8%
- Margin improved from:
  - Lower sourcing costs

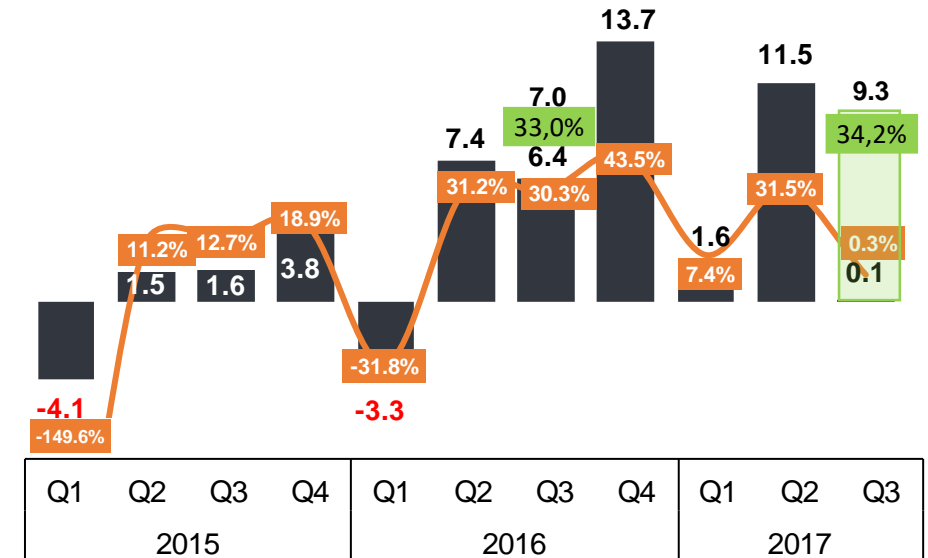
Gross profit (MSEK) and gross margin development



# Q3 Adjusted EBIT margin development

- EBIT decreased with -6.3 MSEK to 0.1 MSEK.
- Decrease in EBIT mainly explained by higher legal cost in the quarter and cost related to being a listed company
- Increase in sales and higher gross margin partly mitigated the increase

**Adjusted EBIT (MSEK) and adjusted EBIT-margin development**



Adjusted EBIT/EBIT margin excluding litigation costs: 9.2 MSEK in Q3 2017 and 0.6 MSEK in Q3 2016



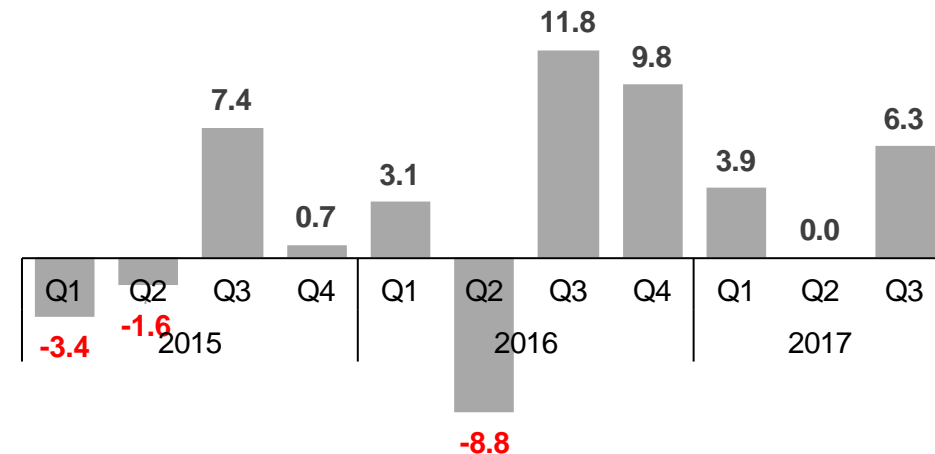
# Q3 Balance sheet and cash flow

- Deferred tax asset unchanged vs. previous quarter 17'
- Cash flow decreased for the quarter, explained by lower profitability and increase in accounts receivable due higher sales

## Key balance sheet items and cash flow

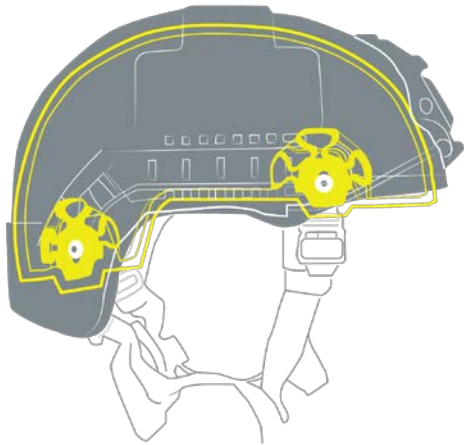
MIPS Group (MSEK)	Q32017	Q32016	FY2016
Total Assets	233.4	60.8	75.4
Equity	210.1	46.4	57.3
Equity ratio %	90	76	76
Cash & Equivalents	180.5	19.4	28.5
Tax losses carried forward	11.5	14.5	11.4
Cash flow from operating activities	6.3	11.8	16.0

## Cash flow after operating activities (MSEK)

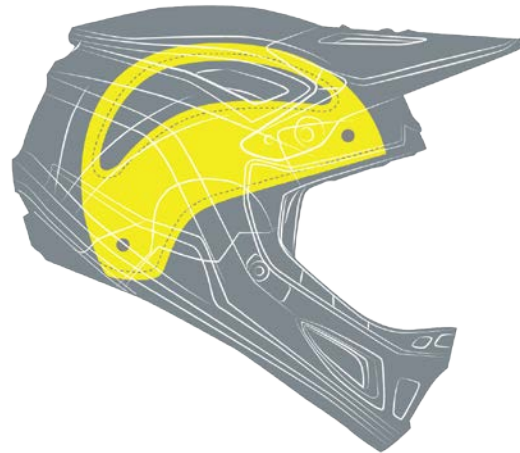


# Two additional MIPS BPS solution launched

- Two new solutions developed based on MIPS patented technology



**MIPS:F2** Focusing on more complex helmet applications. Focused on LEAF sector. Using special developed fixation means to support the construction and allowing for 10-15 mm relative movement. **Patents pending for a number of different solutions and parts.**



**MIPS:E3** A cap-shaped fabric with a solution base on GlideWare material which is place on the inside of the liner and can be combined with padding. Focus categories: Motorcycle, SNOW and TEAM SPORT. **Patent pending.**



# Update litigation situation

- Patent dispute ended 19 October
- Main part of litigation cost recognized
- The dispute has been concluded through a hearing before a judge of the Federal Court in Montreal, Canada with live witnesses. The Court reserved the right of formal judgement within 3 to 6 months.
- An appeal can be made if errors in judgment are found, if so the case will be reviewed of a three judge panel with a corrected formal judgement.

# Summary

- Progress against 2020 plan
- Quarter charged with litigation cost of 9.2 MSEK, excluding litigation profitability increasing
- Continue to increase penetration with customers and signing new clients
- Continue to explore opportunities within LEAF (Professional)
- We are launching two additional new MIPS solutions and customers are introducing 6 new Motorcycle helmet models at EICMA trade show

