



MIPS Q4 2018

14 February, 2019

Q4 Highlights

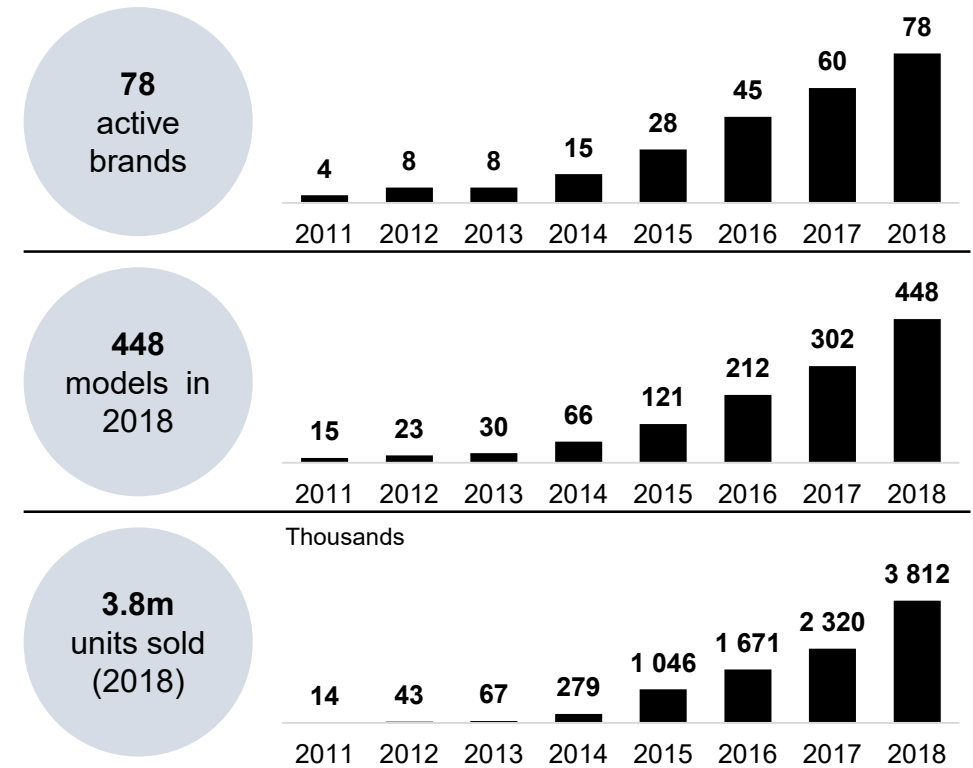
- Net sales growth at +53% in the quarter, +44% organic growth adjusted for currency effects
- The good momentum continues especially in Bike and Moto, mainly with existing customers
- EBIT margin 46.1%
- Specialized announced in November 2018 that they will offer MIPS in all their different models
- MIPS in all top 13 helmets in Virginia Tech's updated report on safest bicycle helmets
- MIPS advanced to Nasdaq Mid cap segment 2nd of January 2019
- Good progress towards 2020 financial goals



Continue to expand model and customer base



- Delivered to 78 Brands all over the world
- We delivered to 448 different helmet models equipped with MIPS BPS
- During 2018 we delivered 3.8m units, 9.2m since 2011
- We continue to have a high inflow of projects and do see interest from Brands to expand MIPS in their range



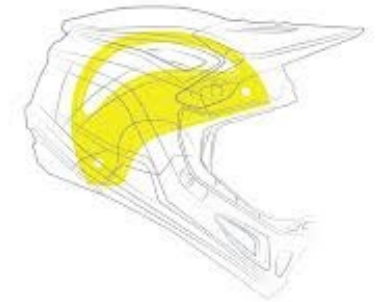
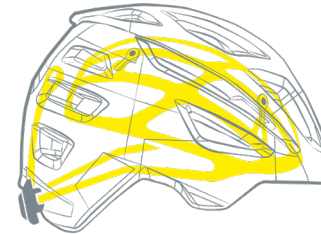
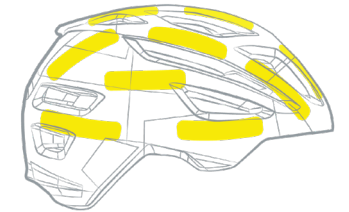
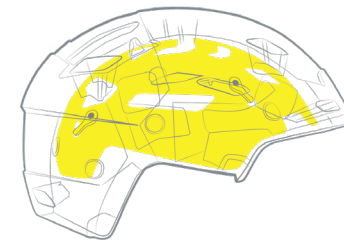
78 brands in 2018



Specialized launches MIPS in all their models



- In November, Specialized announced that they are introducing MIPS in all their models
- Specialized is an existing Customer
- They are offering four different MIPS solutions to enable products at different price points
- Good example of how the penetration with a larger brand can work



Virginia Tech extends test report to 50 helmets



- In December, Virginia Tech released an updated test report now covering 50 helmets vs. previous 20
- University of Virginia Tech have introduced tangential forces in their test methods
- The first 13 places in the ranking are held by MIPS equipped helmets
- All 5 star helmets are MIPS equipped



Bike helmet rating report :

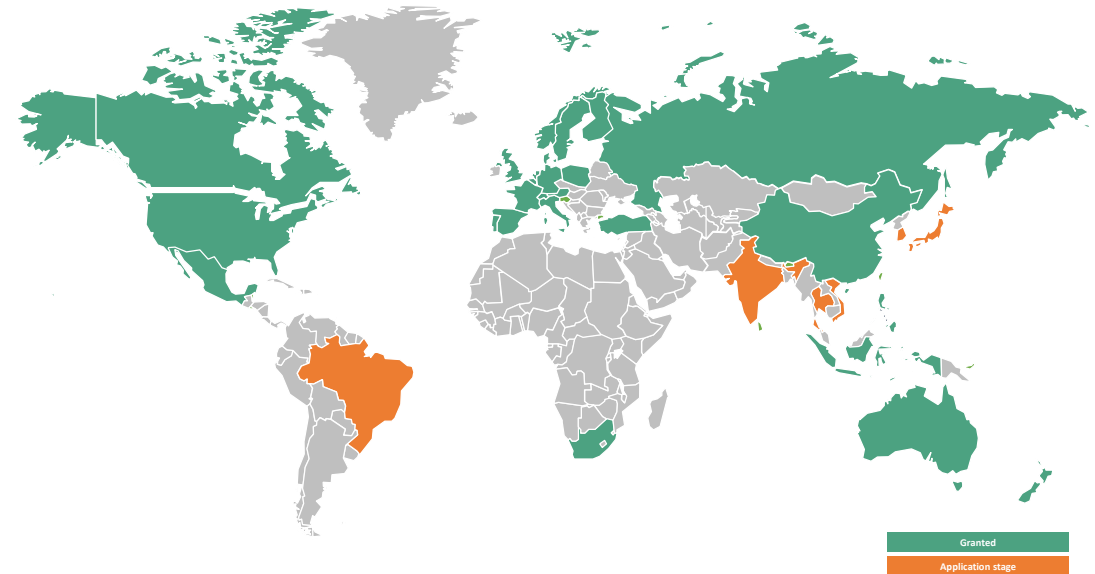
<https://www.helmet.beam.vt.edu/bicycle-helmet-ratings.html>

Continued investment in patent portfolio



We have continued to invest in R&D activities and our patent portfolio has expanded to:

- 29 patent families (18)
- 139 granted/allowed patents (72)
- 76 pending applications (71)
- We are not party in any legal disputes at the moment



MIPS financial targets

>SEK 400m
net sales
2020

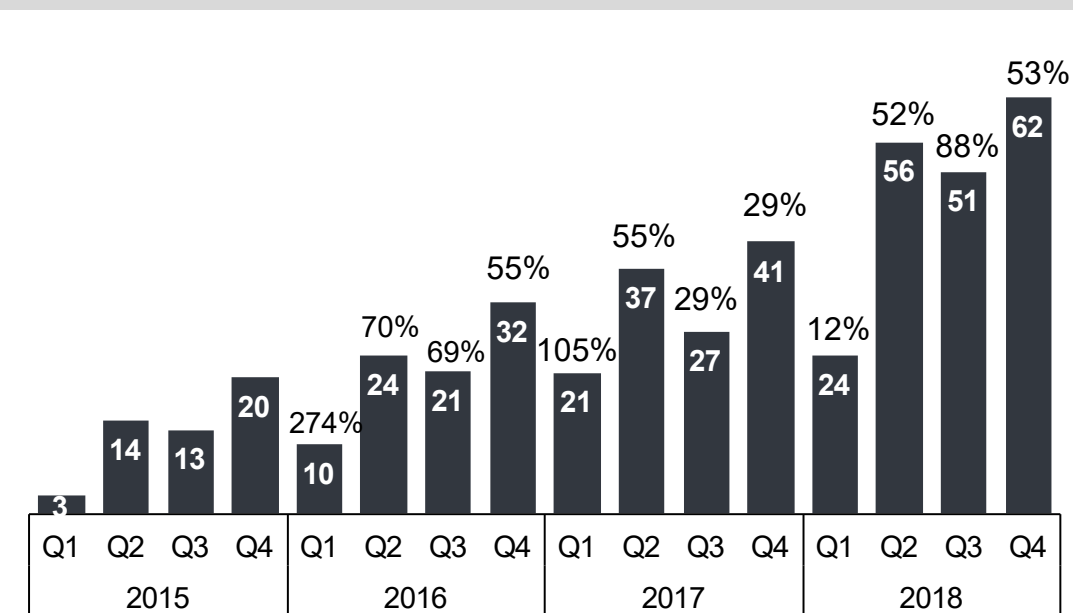
>40%
EBIT margin
2020



Q4 Net Sales development

- Strong growth in the quarter +53%, organic growth +44%
- Good performance mainly in the Bike and Moto category.
- Growth primarily through existing customers

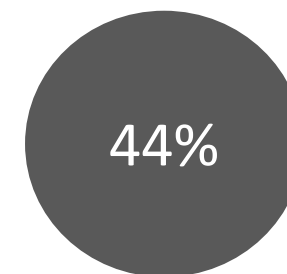
Net Sales development (SEKm) and quarterly growth rates*



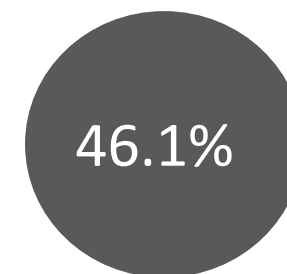
Q4 development

- **Net Sales** increased +53%, currency adjusted +44%
- **Gross profit** up 53%, gross margin down with -0.3 p/p
- **Lower OPEX**, mainly from litigation costs in prior year
- **EBIT** SEK +28.7m, 46.1% EBIT margin
- **Cash** – strong operating cash flow of SEK 23.8m (0.9)

MIPS Group (SEKm)	Q4 18	Q4 17	▲ %
Net sales	62.2	40.6	53
Gross profit	46.6	30.6	53
Gross margin %	74.9	75.2	-
Operating profit (EBIT)	28.7	14.6	96
Operating margin (EBIT) %	46.1	36.0	-
Cash flow from operating activities	23.8	0.9	N/A



Organic growth



EBIT margin



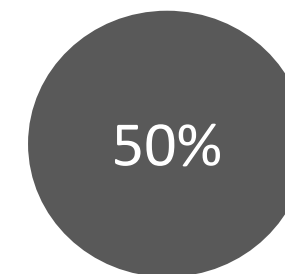
Operating Cash flow
(SEKm)

Full year development

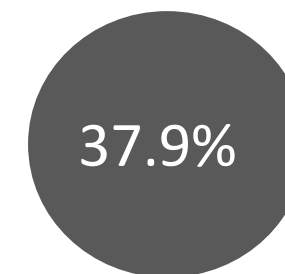
- **Net Sales** increased +53%, currency adjusted +50%
- **Gross profit** up 52%, gross margin down with -0.4 p/p
- **Adjusted EBIT** SEK +73.0m, 37.9% adjusted EBIT margin.
No adjustment of EBIT in 2018
- **Cash** – Strong operating cash flow of SEK 69.1m (11.1)
- Good progress against 2020 ambition

MIPS Group (SEKm)	FY 18	FY 17	▲ %
Net sales	192.5	125.6	53
Gross profit	142.2	93.3	52
Gross margin %	73.9	74.3	-
Adjusted operating profit (EBIT) *	73.0	27.8	162
Adjusted operating margin (EBIT) %*	37.9	22.1	-
Cash flow from operating activities	69.1	11.1	520

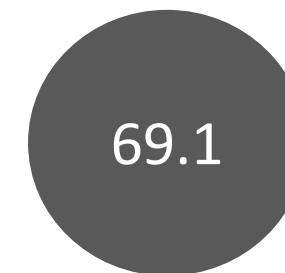
*Adjusted for items affecting comparability (IPO costs). Full year 2018 SEK 0.0m (-7.0)



Organic growth



EBIT margin

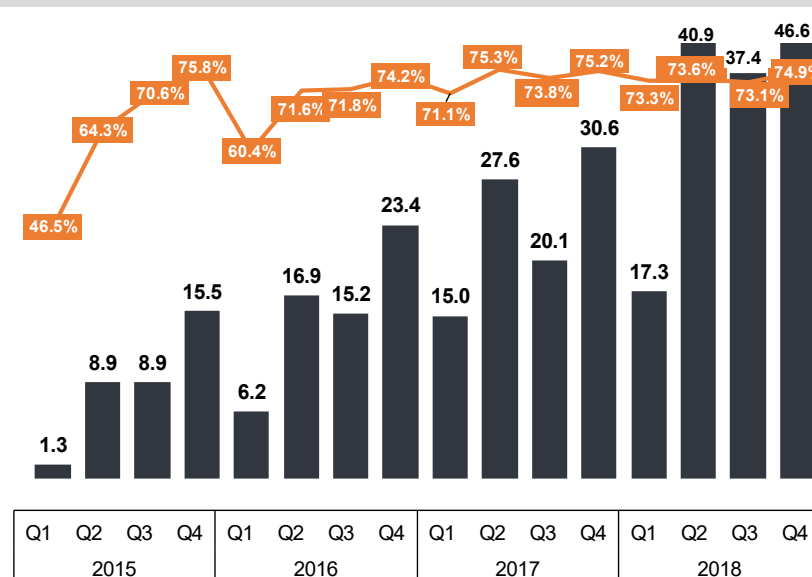


Operating Cash flow
(SEKm)

Q4 Gross profit and margin development

- Gross profit up 53% to SEK 46.6m
- Gross margin down -0.3 p/p vs. Q4 2017 to 74.9%
- Different sales mix key reason for the lower gross margin

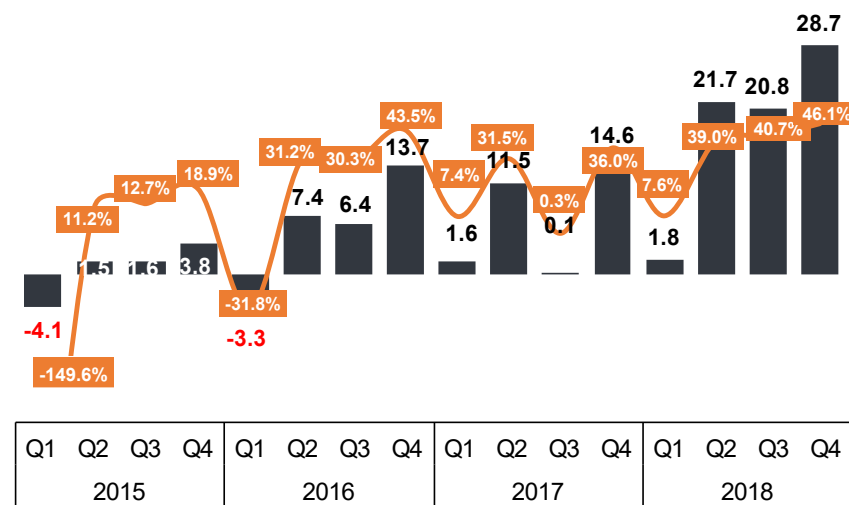
Gross profit (SEKm) and gross margin development



Q4 EBIT development

- EBIT increased with SEK 14.1m to SEK 28.7m (14.6)
- EBIT margin 46.1%
- Increase is mainly explained by higher sales, litigation costs in prior year comparator and positive effects from currency partly offset by:
 - Strengthening of organization
 - Negative impact from currency derivatives
 - R&D investments
 - Marketing activities

Adjusted EBIT (SEKm) and adjusted EBIT-margin development



Balance sheet and cash flow

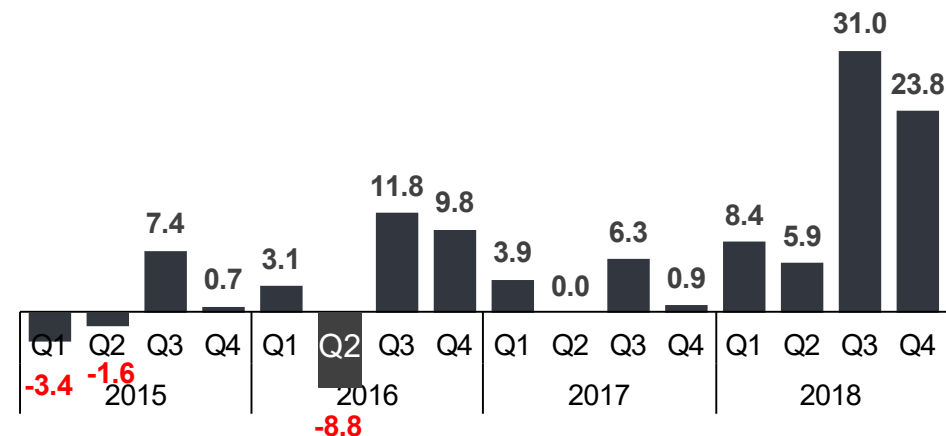
- Tax losses carried forward now fully consumed
- Strong improvement in operating cash flow mainly from improvement in EBIT
- Cash and Cash Equivalents at SEK 242.5m, Equity ratio 86%

Key balance sheet items and cash flow

MIPS Group (SEKm)	FY 18	FY 17
Total Assets	319.4	242.2
Equity	275.6	220.6
Equity ratio %	86	91
Cash & Equivalents	242.5	179.8
Deferred tax asset	0.7	8.7

MIPS Group (SEKm)	FY 18	FY 17
Cash flow from operating activities	69.1	11.1

Cash flow after operating activities (SEKm)



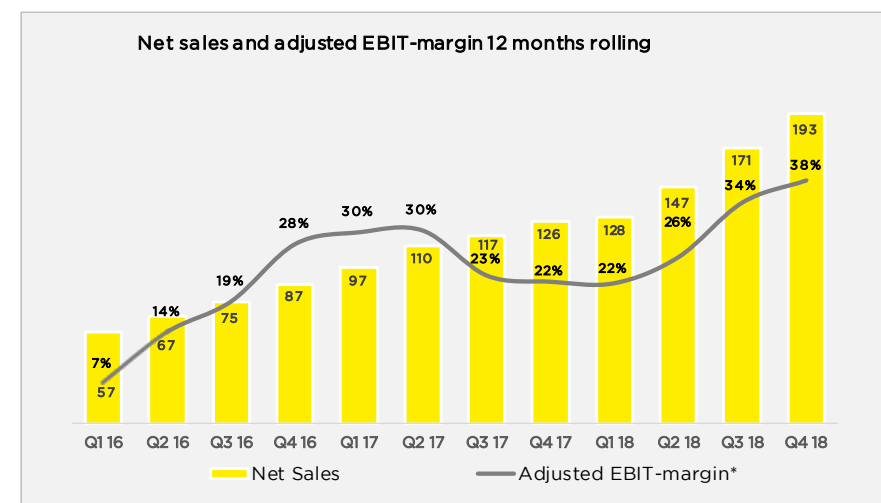
Dividend proposal

- The positive development during the year enables the Board of Directors for the first time in MIPS history to propose a dividend to it's shareholders
- Proposed dividend is 2.50 SEK per share
- Total dividend amount is SEK 63.2m
- Proposal equals 112% of earnings per share in 2018



Summary

- Organic growth at +44% with an EBIT margin of 46.1% for the quarter
- Full year organic growth of 50% with an EBIT margin of 37.9%
- Proposed dividend is 2.50 SEK per share
- Continued focus on growing existing customers
- Good publicity during the quarter from both Specialized announcement and Virginia Tech updated test report
- Supported by a strong 2018, we are looking forward to continue to deliver according to our 2020 plan



*Adjusted EBIT margin includes SEK 4.8m (16.5) legal costs relating to company's litigation processes during 2018.

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