



MIPS' presentation of the year-end report for 2019

13 February 2020



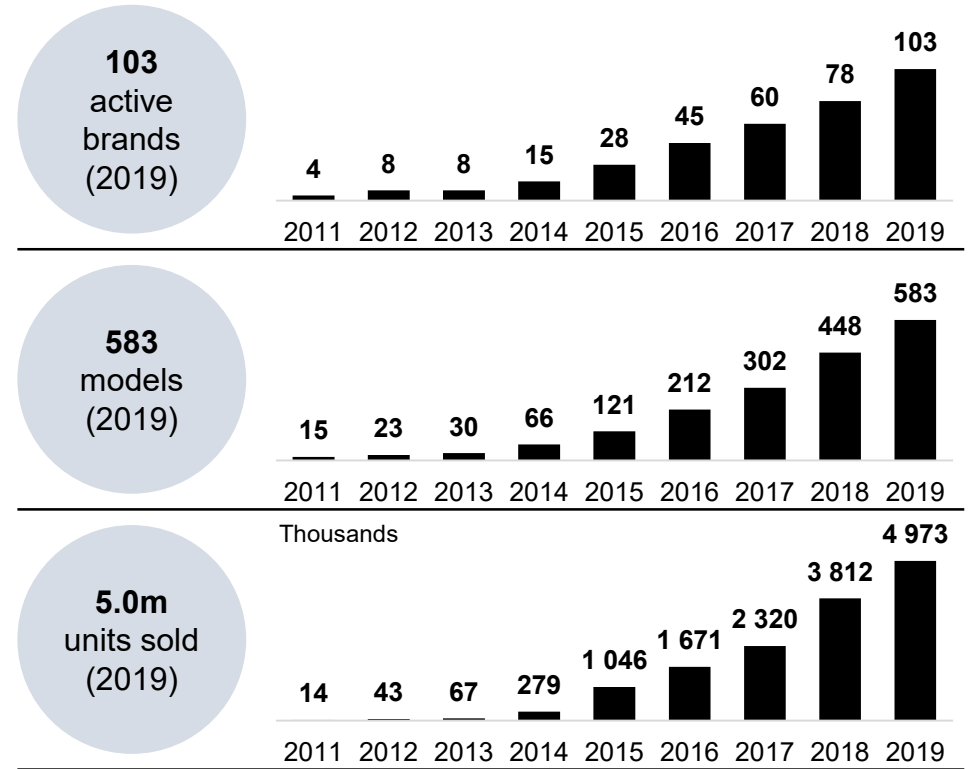
KEY HIGHLIGHTS

- Good growth in the fourth quarter with +41% increase of net sales. Organic growth was +33%
- Production volumes are getting back to “normal” after trade tariff slowdown in the third quarter
- Strong expansion in terms of models and brands during the year
- Higher trust in the MIPS brand leading to more all-in MIPS commitments from brands
- Key recruitments now completed within Marketing and Sales
- Adjusted EBIT margin 41.2% for the year of 2019, above our long-term ambition
- Proposed dividend of SEK 3.00 per share, 89% of net earnings, well above ambition of 50%
- Good momentum in the quarter and strong platform for continued growth



MIPS CONTINUES TO EXPAND ITS CUSTOMER BASE

- In 2019, we have delivered MIPS BPS to 103 brands all over the world, and all our top 10 customers grew with MIPS in 2019
- We grew in all categories and all geographies
- In 2019, we have delivered MIPS BPS to 583 different helmet models
- During 2019, we delivered 5.0m MIPS BPS units and 14.2m since inception
- We continue to have a high inflow of new projects and a strong pipeline of new helmet models equipped with MIPS BPS



THE TRUST IN THE MIPS BRAND HAS INCREASED

- The multisport brand Bollé and the lifestyle brand Nutcase have communicated that they will offer MIPS BPS in all their helmet models
- Both brands will convert their whole range, conversion projects already started
- Bollé is the first brand to offer MIPS BPS in all helmets both within snow and bike
- Nutcase is the first lifestyle brand committing to have MIPS BPS in all their helmets



UPDATE REGARDING THE CORONA VIRUS

- Both the main part of MIPS' production and the helmet manufacturers are located in China
- The helmet manufacturing sites are mainly located in the Guandong area (outside Hongkong), over 1,000km from the Hubei area (Wuhan)
- Factories have resumed production after the Chinese holiday but still with low capacity. Will ramp up during the coming weeks provided no virus on site
- As factories are just starting up the production, it is currently difficult to foresee all effects from the virus outbreak
- We are following the outbreak closely on a day-to-day basis

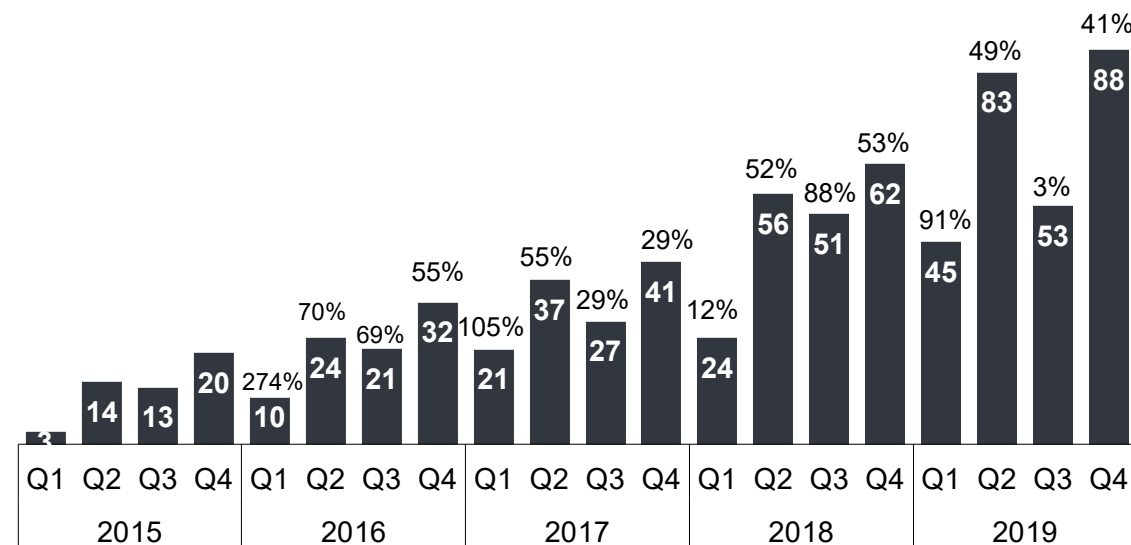


NET SALES DEVELOPMENT IN FOURTH QUARTER

- Good performance with 41% growth in the quarter, an organic growth of 33%
- Growth mainly driven by existing customer base expanding their assortment with MIPS
- Growth in all our categories
- Net sales growth of 39% year to date, organic growth of 29%

Changes in net sales %	2019 Oct-Dec	2019 Jan-Dec
Organic growth	33%	29%
Changes in exchange rates	8%	9%
Structural changes	0%	1%
Total	41%	39%

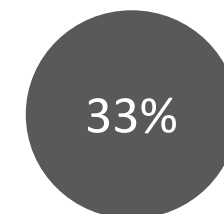
Net Sales development (SEKm) and quarterly growth rates*



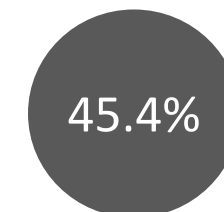
*No underlying growth rates available for 2015

DEVELOPMENT IN FOURTH QUARTER

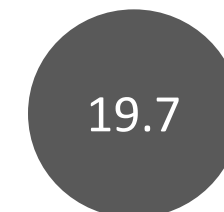
- **Net Sales** increased 41%, organic growth was 33%
- **Gross profit** up 41%, gross margin flat, adjusting for acquisitions gross margin up 90 bps to 75.8%
- **OPEX** – continue to invest in strategic priorities
- Negative impact under other operating income and expenses mainly from **currency derivatives** and **weakening of the USD** with SEK 4.3m (1.8)
- **Adjusted EBIT** was SEK 39.7m (28.7), adjusted EBIT margin 45.4% (46.1)
- **Cash flow** – operating cash flow of SEK 19.7m (23.8)



Organic growth



Adjusted EBIT margin



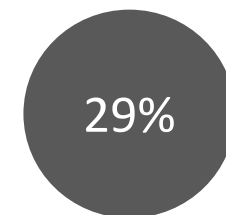
Operating cash flow
(SEKm)

MIPS Group (SEKm)	Q4 19	Q4 18	Δ %
Net sales	87.5	62.2	41
Gross profit	65.5	46.6	41
Gross margin %	74.9	74.9	-
Operating profit (EBIT)	39.0	28.7	36
Operating margin (EBIT) %	44.6	46.1	-
Adjusted Operating profit (EBIT)	39.7	28.7	38
Adjusted Operating margin (EBIT) %	45.4	46.1	-
Cash flow from operating activities	19.7	23.8	-17

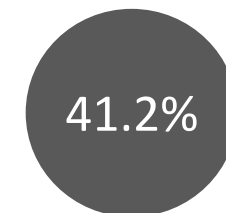
FULL YEAR 2019

- **Net Sales** increased 39%, organic growth was 29%
- **Gross profit** up 40%, gross margin +20 bps, adjusting for acquisitions gross margin up 140 bps to 75.3%
- **OPEX** – continue to invest behind strategic priorities
- Negative impact under other operating income and expenses mainly from **currency derivatives** of SEK 9.8m (3.4)
- **Adjusted EBIT** was SEK 110.5m (73.0), adjusted EBIT margin 41.2% (37.9)
- **Cash flow** – operating cash flow of SEK 63.2m (69.1)

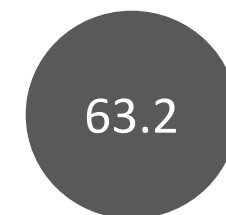
MIPS Group (SEKm)	YTD 19	YTD 18	▲ %
Net sales	267.9	192.5	39
Gross profit	198.4	142.2	40
Gross margin %	74.1	73.9	-
Operating profit (EBIT)	108.0	73.0	48
Operating margin (EBIT) %	40.3	37.9	-
Adjusted Operating profit (EBIT)	110.5	73.0	51
Adjusted Operating margin (EBIT) %	41.2	37.9	-
Cash flow from operating activities	63.2	69.1	-8



Organic growth



Adjusted EBIT margin

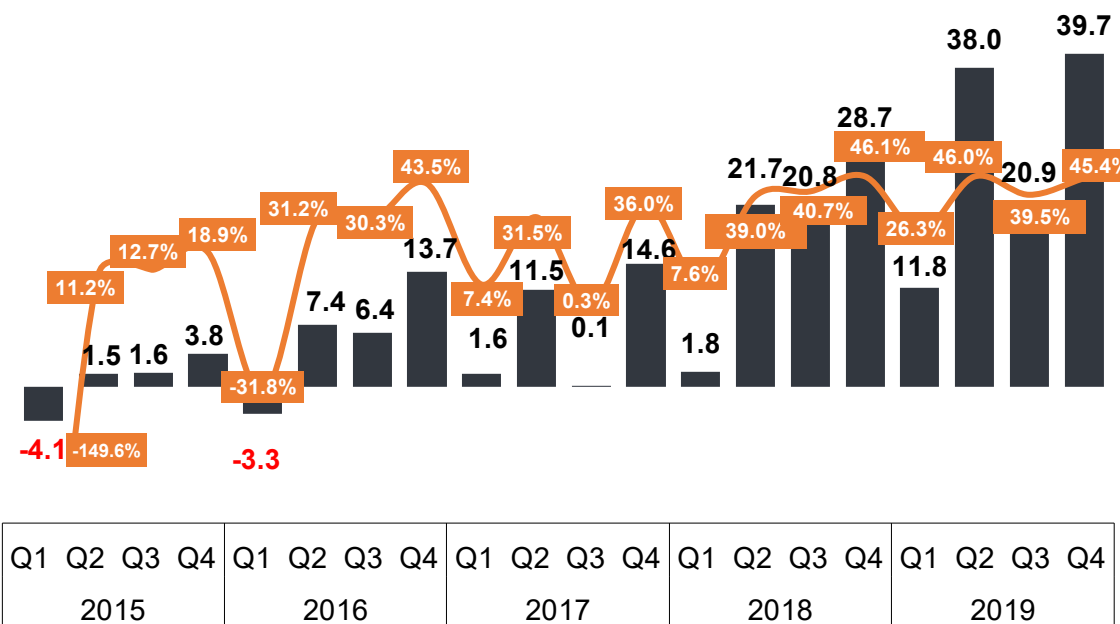


Operating cash flow
(SEKm)

ADJUSTED EBIT AND ADJUSTED EBIT MARGIN DEVELOPMENT IN FOURTH QUARTER AND FULL YEAR

- EBIT increased with SEK 10.3m to SEK 39.0m (28.7)
- Adjusted EBIT increased with SEK 11.0m to SEK 39.7m (28.7). Adjusted EBIT margin was 45.4% (46.1)
- Increase in Adjusted EBIT mainly explained by higher sales partly offset by investments in organization, negative effect from currency derivatives/fx and increase spend in marketing
- Adjusted EBIT for the year increased by SEK 37.5m to SEK 110.5m (73.0) from higher sales partly offset by investments in organization and negative effect from currency derivatives
- Adjusted EBIT margin 41.2% (37.9)

Adjusted EBIT (SEKm) and adjusted EBIT margin development



BALANCE SHEET AND CASH FLOW

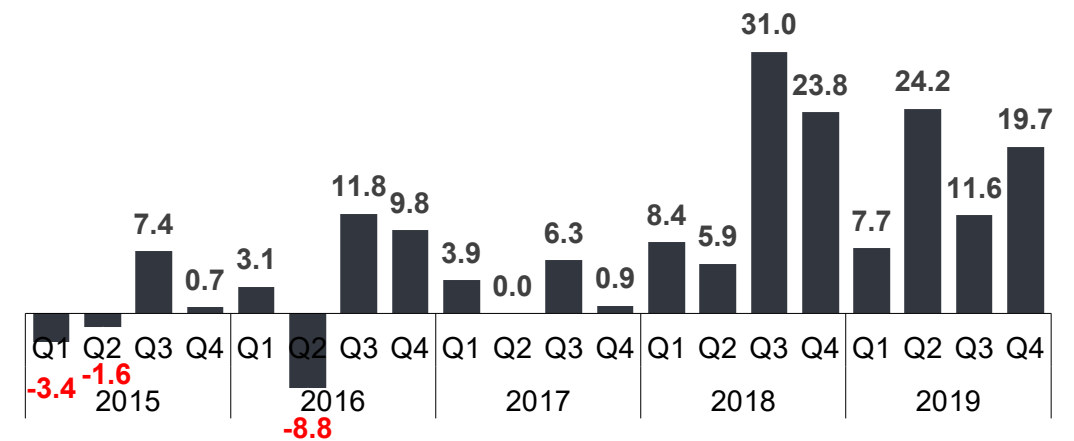
- Cash flow from operating activities in the quarter SEK 19.7m (23.8), full year SEK 63.2m (69.1)
- Cash and Cash Equivalents at SEK 191.6m (242.5)
- Dividend of 3.00 SEK (2.50) being proposed
- Equity ratio 87% (86)

Key balance sheet items and cash flow

MIPS Group (SEKm)	FY 19	FY 18
Total Assets	342.6	319.4
Equity	297.9	275.6
Equity ratio %	87	86
Cash & Equivalents	191.6	242.5

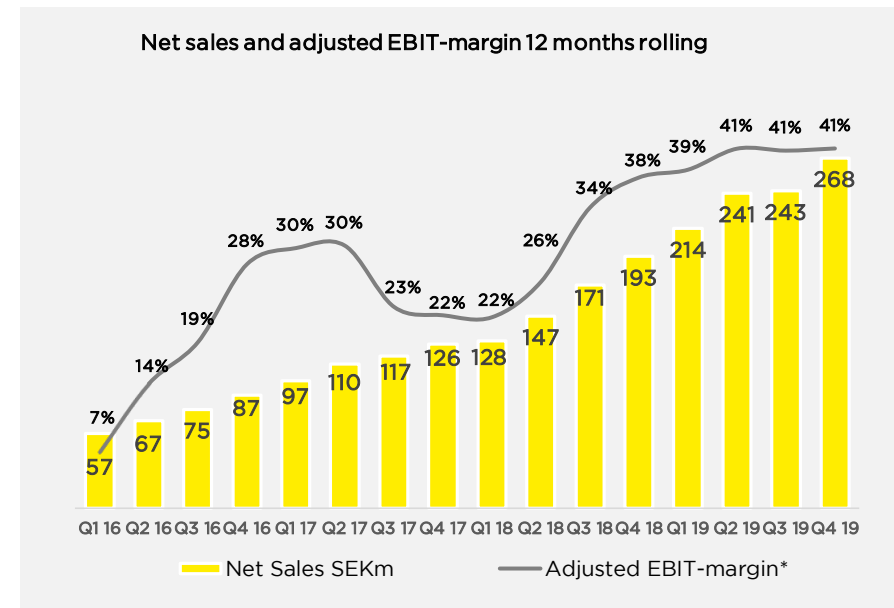
MIPS Group (SEKm)	FY 19	FY 18
Cash flow from operating activities	63.2	69.1

Cash flow from operating activities (SEKm)



SUMMARY

- Good performance in the fourth quarter ends a very successful year
- Significant increase in models and brands
- More trust in MIPS brand and more 100% commitments
- No major impact from Corona virus yet, will have phasing effects, however difficult to predict full outcome
- Organization in place to deliver on strategic initiatives
- Good position to deliver according to the 2025 plan



*Adjusted for costs in connection with the company's IPO during 2016 and 2017 and costs relating to acquisitions during 2019. Adjusted EBIT margin includes legal costs relating to company's litigation processes.





Q&A

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