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

<table>
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<th>100%</th>
<th>ABUS</th>
<th>661</th>
<th>anon.</th>
<th>answer</th>
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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 Virgina 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*

*No quarterly growth rates available for 2015
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)

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

<table>
<thead>
<tr>
<th>MIPS Group (SEKm)</th>
<th>FY 18</th>
<th>FY 17</th>
<th>▲, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>192.5</td>
<td>125.6</td>
<td>53</td>
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<tr>
<td>Gross profit</td>
<td>142.2</td>
<td>93.3</td>
<td>52</td>
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<tr>
<td>Gross margin %</td>
<td>73.9</td>
<td>74.3</td>
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<tr>
<td>Adjusted operating profit (EBIT)*</td>
<td>73.0</td>
<td>27.8</td>
<td>162</td>
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<tr>
<td>Adjusted operating margin (EBIT) %*</td>
<td>37.9</td>
<td>22.1</td>
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<tr>
<td>Cash flow from operating activities</td>
<td>69.1</td>
<td>11.1</td>
<td>520</td>
</tr>
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</table>

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

-149.6%  -3.3% -11.2% 12.7% 18.9% 7.4 6.4 1.6 3.1 0.7 8.4 5.9 31.0 23.8 28.7
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

<table>
<thead>
<tr>
<th>MIPS Group (SEKm)</th>
<th>FY 18</th>
<th>FY 17</th>
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</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>319.4</td>
<td>242.2</td>
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<td>Equity</td>
<td>275.6</td>
<td>220.6</td>
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<tr>
<td>Equity ratio %</td>
<td>86</td>
<td>91</td>
</tr>
<tr>
<td>Cash &amp; Equivalents</td>
<td>242.5</td>
<td>179.8</td>
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<tr>
<td>Deferred tax asset</td>
<td>0.7</td>
<td>8.7</td>
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</table>

<table>
<thead>
<tr>
<th>MIPS Group (SEKm)</th>
<th>FY 18</th>
<th>FY 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>69.1</td>
<td>11.1</td>
</tr>
</tbody>
</table>

### Cash flow after operating activities (SEKm)

- Q1: -3.4, Q2: -1.6, Q3: 7.4, Q4: 11.8
- Q1: 3.1, Q2: 9.8, Q3: 3.9, Q4: 6.3
- Q1: 0.0, Q2: 0.9, Q3: 8.4, Q4: 5.9
- Q1: 31.0, Q2: 23.8
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 its 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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