



## Interim report January - June 2017

### April - June

- Net sales increased by 55% to MSEK 36.6 (23.6)
- Operating profit rose to MSEK 11.0 (5.6). Adjusted operating profit\* increased to MSEK 11.5 (7.4)
- Operating margin improved to 30.2% (23.7) Adjusted operating margin\* increased to 31.5% (31.2)
- Cash flow from operating activities increased to MSEK 0.0 (-8.8)
- Earnings per share after dilution amounted to SEK 0.34 (0.20)

### January - June

- Net sales increased by 70% to MSEK 57.7 (33.9)
- Operating profit increased to MSEK 6.1 (2.3). Adjusted operating profit\* rose to MSEK 13.1 (4.1)
- Operating margin improved to 10.6% (6.9). Adjusted operating margin\* increased to 22.7% (12.1)
- Cash flow from operating activities increased to MSEK 3.9 (-5.7)
- Earnings per share after dilution amounted to SEK 0.19 (0.08)
- MIPS was listed on Nasdaq Stockholm on 23 March and in conjunction with this, a new issue of shares raised MSEK 150.0

### The group in brief

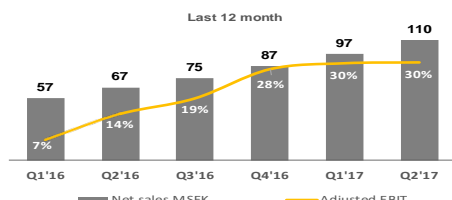
	2017	2016		2017	2016		2016/17	2016
	Apr-Jun	Apr-Jun	Δ%	Jan-Jun	Jan-Jun	Δ%	LTM	Jan-Dec
<b>MSEK</b>								
Net sales	36.6	23.6	55	57.7	33.9	70	110.4	86.6
Gross profit	27.6	16.9	63	42.6	23.1	84	81.2	61.7
Gross margin, %	75.3	71.6	-	73.8	68.2	-	73.5	71.3
Operating profit (EBIT)	11.0	5.6	97	6.1	2.3	160	22.1	18.4
Operating margin (EBIT-margin), %	30.2	23.7	-	10.6	6.9	-	20.0	21.2
Adjusted operating profit*	11.5	7.4	57	13.1	4.1	219	33.2	24.2
Adjusted operating margin*, %	31.5	31.2	-	22.7	12.1	-	30.1	28.0
Profit for the period	8.7	4.4	98	4.6	1.7	170	17.2	14.3
Earnings per share basic, SEK	0.35	0.20	72	0.19	0.08	138	0.75	0.67
Earnings per share diluted, SEK	0.34	0.20	72	0.19	0.08	150	0.75	0.65
Cash flow from operating activities	0.0	-8.8	N/A	3.9	-5.7	N/A	25.6	16.0

\*Adjusted for items affecting comparability, see page 17  
For definitions and performance measures, see pages 15 - 18

## CEO'S COMMENTS

### Net sales and earnings

Net sales for the second quarter increased by 55% to MSEK 36.6 (23.6). The increase was primarily due to higher demand among existing customers, primarily in the snow category, but also promising growth in the motorbike category. The adjusted operating margin was 31.5% (31.2). On a rolling 12-month basis, net sales increased to MSEK 110.4 with an adjusted operating margin of 30.1%. The increase in sales was primarily attributable to existing customers.



### New solutions of MIPS BPS

At the world's largest cycling trade show, Eurobike, in Friedrichshafen, Germany, in the beginning of September, MIPS will present two new solutions of MIPS Brain Protection System (MIPS BPS). The development of the new solutions was conducted in close cooperation with helmet manufacturers and enables adaptation to several helmet types and models. Both versions are based on the same research and studies as MIPS' existing patented BPS. Helmets with the new solutions are planned to be in the stores during 2018.

### More than 40 new helmet models at Eurobike

At Eurobike, MIPS' existing and new customers will present more than 40 new helmet models with MIPS BPS, which will be available in stores in 2018. The models are designed for users in road cycling, MTB (mountain bike), city cycling and downhill cycling.

### Strengthening the organisation for further growth

During the second quarter, we have strengthened the organisation with competence within strategy and marketing. I am strongly convinced that these people, together with all other employees, will make a positive contribution to further strengthening MIPS' position.

### Continued focus on driving knowledge related to rotational motion impact

We are continuing to place major focus on developing new applications, strengthening our market communications and, in collaboration with our customers, continuing to inform and educate the end-users about the damaging effects that rotational motion can have on the brain and how MIPS BPS can help reduce these effects.

Johan Thiel  
President and CEO



## FINANCIAL PERFORMANCE

### April - June

#### Net sales

Second-quarter net sales amounted to MSEK 36.6 (23.6), up 55%. Adjusted for currency exchange rate effects, the increase was 43%. The increase was primarily due to higher demand from existing customers, mainly in the Snow category.

#### Gross profit

Gross profit increased to MSEK 27.6 (16.9). The gross margin increased by 3.8 percentage points to 75.3% (71.6). The improved gross margin was mainly due to lower sourcing costs and a favourable sales mix.

#### Operating profit (EBIT)

Operating profit improved to MSEK 11.0 (5.6), corresponding to an operating margin of 30.2% (23.7). Items affecting comparability for the second quarter amounted to MSEK 0.5 (1.8) and pertained in their entirety to expenses related to the listing on Nasdaq Stockholm. Adjusted EBIT was MSEK 11.5 (7.4), corresponding to an adjusted operating margin of 31.5% (31.2). The improvement in adjusted operating profit was mainly due to higher net sales and an increased gross margin, which was partially offset by increased operational expenses related to the strengthening of the organisation, costs related to being a listed company and legal costs.

Selling expenses amounted to MSEK 5.9 (3.8). The increase was mainly due to the strengthening of the sales organisation. Administrative expenses were comparatively unchanged and amounted to MSEK 7.3 (7.2). During the second quarter, these expenses increased due to being a listed company and legal costs. In the corresponding quarter of 2016, there were costs related to preparing for an IPO and costs related to the stock option program which was terminated in the second quarter of 2016. Research and development costs amounted to MSEK 2.3 (1.0), due to initiatives within product development.

#### Profit for the period and earnings per share

Profit before tax amounted to MSEK 11.3 (5.9). Tax for the period was MSEK 2.5 (1.4), corresponding to an effective tax of 22% (25). Profit for the period was MSEK 8.7 (4.4). Diluted earnings per share amounted to SEK 0.34 (0.20).

#### Cash flow

Cash flow from operating activities improved to MSEK 0.0 (-8.8). The increase was mainly attributable to improved operating profit and to the payment of social security costs related to the stock option program terminated in the second quarter of 2016.

Cash flow from investing activities amounted to MSEK -1.3 (-0.9). Cash flow from financing activities was MSEK -4.9 (0.0) and was mainly attributable to the payment of transaction costs of MSEK 8.8 related to the new share issue conducted in conjunction with the listing on Nasdaq Stockholm. This was partly offset by payments received from issued warrants, totalling MSEK 3.9. Cash flow for the period amounted to MSEK -6.2 (-9.7).

### January - June

#### Net sales

Net sales for the first six months amounted to MSEK 57.7 (33.9), up 70%. Adjusted for exchange rate effects, the increase was 59%. The increase was primarily due to higher demand from existing customers.

#### Gross profit

Gross profit rose to MSEK 42.6 (23.1). The gross margin increased 5.6 percentage points to 73.8% (68.2). The improvement in the gross margin was mainly attributable to lower sourcing costs and a favourable sales mix.

#### Operating profit (EBIT)

EBIT rose to MSEK 6.1 (2.3), corresponding to an operating margin of 10.6% (6.9). Items affecting comparability for the period amounted to MSEK 7.0 (1.8) and pertained in their entirety to listing expenses. Adjusted EBIT increased to MSEK 13.1 (4.1), corresponding to an adjusted operating margin of 22.7% (12.1). The increase in adjusted EBIT is mainly attributable to increased sales and an improved gross margin, partly offset by higher costs related to the strengthening of the organisation, higher costs associated with being a listed company and legal costs.

Selling expenses amounted to MSEK 11.4 (7.5), with the increase mainly due to the strengthening of the sales organisation. Administrative expenses rose to MSEK 19.5 (12.5), primarily as a result of expenses related to the company's listing on Nasdaq Stockholm, higher expenses related to being a listed company, and to legal costs. Research and development costs amounted to MSEK 4.3 (1.5), as a result of product development projects.

### Profit for the period and earnings per share

Profit before tax amounted to MSEK 6.0 (2.5). Tax recognised for the period was MSEK 1.4 (0.8), corresponding to an effective tax of 23% (32). Net profit for the period was MSEK 4.6 (1.7). Diluted earnings per share were SEK 0.19 (0.08).

### Cash flow

Cash flow from operating activities rose to MSEK 3.9 (-5.7). The increase was mainly attributable to higher operating profit and to the payment related to social security contributions for the terminated option programme, which was made in the second quarter of 2016.

Cash flow from investing activities amounted to MSEK -2.2 (-2.2). Cash flow from financing activities was MSEK 145.1 (0.2) and the increase is attributable to the new share issue in conjunction with the listing of MSEK 141.2, net after deductions for transaction costs, and payments of MSEK 3.9 received for warrants issued. Cash flow for the period amounted to MSEK 146.8 (-7.7).

### Financial position

On 30 June 2017, the Group's total assets amounted to MSEK 229.8 (54.7). The significant increase was mainly the result of higher liquidity due to the new share issue of MSEK 141.2 (-) net. Current investments of MSEK 154.4 are invested in their entirety in interest-bearing funds. The equity/assets ratio thus amounted to 92% (82). Cash and cash equivalents including current investments totalled MSEK 175.2 (8.2) on 30 June. The Group's current liabilities decreased from MSEK 31.0 in the preceding quarter to MSEK 19.4 in the second quarter, mainly attributable to the payment of expenses for the listing. Deferred tax assets amounted to MSEK 11.5, of which MSEK 12.1 was attributable to loss carry forwards and MSEK -0.6 to other temporary differences.

The carrying amounts of assets and liabilities are considered to correspond to their fair values in all material respects. To reduce the Group's short-term currency exposure, certain currency derivative agreements with banks were entered into during the first half of the year. The derivatives were measured at fair value and amounted to a financial asset of MSEK 2.3 (-) at 30 June 2017. Hedge accounting is applied, according to which the unrealised change in fair value for the derivatives is primarily recognised in other comprehensive income.

### Investments

Investments in the second quarter amounted to MSEK 1.3 (0.9). Investments in intangible assets amounted to MSEK 1.0 (0.1), of which the majority referred to patents. Investments in tangible assets were MSEK 0.3 (0.8). During the first half of the year, investments amounted to MSEK 2.2 (1.7), of which investments in intangible assets of MSEK 1.4 (0.6) and tangible assets of MSEK 0.9 (1.1). As of 30 June 2017, no significant commitments were related to investments.

### Parent Company

The majority of sales activities during the quarter took place in the Parent Company MIPS AB (publ). Net sales for the Parent Company thus mainly correspond to the Group's net sales and amounted to MSEK 57.4 (33.9) for the first half of the year. Net profit for the period for the Parent Company corresponds in all material respects to the Group's, totalling MSEK 4.4 (1.7) for the first six months.

### Employees

The average number of employees was 29 (16) for the second quarter, of whom 5 (-) in the subsidiary in China. The number of employees at the end of the period was 31 (16), of whom 7 (-) in the subsidiary in China.

## CONDENSED CONSOLIDATED INCOME STATEMENT

	2017	2016	2017	2016	2016
TSEK	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net sales	36,605	23,628	57,711	33,912	86,629
Cost of goods sold	-9,026	-6,719	-15,130	-10,791	-24,902
<b>Gross profit</b>	<b>27,579</b>	<b>16,909</b>	<b>42,581</b>	<b>23,121</b>	<b>61,727</b>
Selling expenses	-5,889	-3,818	-11,433	-7,458	-16,608
Administrative expenses	-7,287	-7,221	-19,520	-12,477	-24,118
Research and development expenses	-2,317	-1,025	-4,297	-1,540	-4,607
Other operating income and expenses	-1,043	767	-1,223	699	1,982
<b>Operating profit/loss</b>	<b>11,043</b>	<b>5,611</b>	<b>6,108</b>	<b>2,345</b>	<b>18,376</b>
Financial income and expenses	225	243	-132	166	410
<b>Net financial items</b>	<b>225</b>	<b>243</b>	<b>-132</b>	<b>166</b>	<b>410</b>
<b>Profit/loss before tax</b>	<b>11,268</b>	<b>5,854</b>	<b>5,976</b>	<b>2,511</b>	<b>18,787</b>
Income taxes	-2,520	-1,443	-1,372	-804	-4,484
<b>Profit/loss for the period</b>	<b>8,748</b>	<b>4,411</b>	<b>4,604</b>	<b>1,706</b>	<b>14,303</b>
Earnings per share basic, SEK	0.35	0.20	0.19	0.08	0.67
Earnings per share diluted, SEK	0.34	0.20	0.19	0.08	0.65
Average number of shares for the period, basic (thousand)*	25,300	21,995	23,742	20,918	21,479
Average number of shares for the period, diluted (thousand)*	25,360	22,031	23,742	21,989	22,014

\*At an Extraordinary General Meeting on 1 February 2017, it was resolved to conduct a 1,000:1 share split according to which each share was split into 1,000 new shares. The new number of shares was taken into consideration when calculating earnings per share for all historical periods. In conjunction with the listing on Nasdaq Stockholm on 23 March, 3,260,870 new shares were issued. The average number of shares represents a weighted average for the period.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2017	2016	2017	2016	2016
TSEK	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
<b>Profit/loss for the period</b>	<b>8,748</b>	<b>4,411</b>	<b>4,604</b>	<b>1,706</b>	<b>14,303</b>
<b>Other comprehensive income for the period</b>	<b>1,745</b>	<b>-</b>	<b>1,433</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income for the period</b>	<b>10,494</b>	<b>4,411</b>	<b>6,037</b>	<b>1,706</b>	<b>14,303</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
<b>ASSETS</b>			
<i>Non-current assets</i>			
Intangible assets	4,978	2,908	3,677
Property, plant and equipment	2,912	2,313	2,509
Deferred tax asset	11,472	14,979	11,412
Long term receivables	574	483	563
<b>Total non-current assets</b>	<b>19,936</b>	<b>20,682</b>	<b>18,160</b>
<i>Current assets</i>			
Inventories	1,487	1,030	675
Accounts receivable	27,861	22,637	21,356
Other current receivables	5,341	2,110	6,700
Current investments	154,405	-	-
Cash and cash equivalents	20,761	8,196	28,507
<b>Total current assets</b>	<b>209,855</b>	<b>33,974</b>	<b>57,237</b>
<b>TOTAL ASSETS</b>	<b>229,792</b>	<b>54,656</b>	<b>75,397</b>
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
Share capital	2,530	2,195	2,204
Other paid in capital	243,250	96,520	96,513
Reserves	1,433	-	-
Retained earnings incl profit/loss for the period	-36,786	-53,829	-41,390
<b>Total equity</b>	<b>210,427</b>	<b>44,886</b>	<b>57,327</b>
<b>Total non-current liabilities</b>	<b>-</b>	<b>26</b>	<b>87</b>
<i>Current liabilities</i>			
Current interest-bearing liabilities	7	95	55
Accounts payable	10,135	3,846	8,857
Other current liabilities	9,222	5,803	9,072
<b>Total current liabilities</b>	<b>19,364</b>	<b>9,743</b>	<b>17,983</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>229,792</b>	<b>54,656</b>	<b>75,397</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<b>TSEK</b>	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
<b>Opening equity for the period</b>	<b>57,327</b>	<b>41,551</b>	<b>41,551</b>
<i>Comprehensive income for the period</i>			
Profit/loss for the period	4,604	1,706	14,303
Comprehensive income for the period	1,433	-	-
<b>Comprehensive income for the period</b>	<b>6,037</b>	<b>1,706</b>	<b>14,303</b>
<i>Contribution from and value transfers to owners</i>			
New share issue*	143,169	292	292
Premium received from issue of warrants	3,894	-	-
Equity settled share based payments	-	1,337	1,181
<b>Total transactions with the Group's owners</b>	<b>147,063</b>	<b>1,629</b>	<b>1,473</b>
<b>Closing equity for the period</b>	<b>210,427</b>	<b>44,886</b>	<b>57,327</b>

\*Amount relating to new share issue is reported net after deduction for transactional expenses of TSEK -8,758 and tax TSEK +1,927

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<b>TSEK</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>Apr-Jun</b>	<b>Apr-Jun</b>	<b>Jan-Jun</b>	<b>Jan-Jun</b>	<b>Jan-Dec</b>
<i>Operating activities</i>					
Profit before tax	11,268	5,854	5,976	2,511	18,787
Adjustment for non-cash items	471	-4,666	272	-3,920	-3,681
Income taxes paid	-	-	-	-	-
<b>Cash flow from operating activities before change in working capital</b>	<b>11,739</b>	<b>1,188</b>	<b>6,248</b>	<b>-1,409</b>	<b>15,105</b>
<i>Cash flow from changes in working capital</i>					
Increase (-)/decrease (+) of inventories	-479	191	-813	-238	117
Increase (-)/decrease (+) of current receivables	-8,397	-11,522	-2,880	-6,546	-9,855
Increase (+)/decrease (-) of current liabilities	-2,858	1,315	1,381	2,497	10,601
<b>Cash flow from operating activities</b>	<b>5</b>	<b>-8,828</b>	<b>3,936</b>	<b>-5,697</b>	<b>15,969</b>
<i>Investing activities</i>					
Acquisition of intangible assets	-970	-76	-1,352	-631	-1,421
Acquisition of property, plant and equipment	-332	-794	-865	-1,114	-1,801
Acquisition of financial asset	-	-	-14	-483	-563
<b>Cash flow from investing activities</b>	<b>-1,302</b>	<b>-870</b>	<b>-2,231</b>	<b>-2,228</b>	<b>-3,784</b>
<i>Financing activities</i>					
New share issue	-	9	150,000	292	292
Paid out transaction expenses	-8,758	-	-8,758	-	-
Premium received from issue of warrants	3,894	-	3,894	-	-
Amortization of lease debt	-24	-23	-47	-46	-92
<b>Cash flow from financing activities</b>	<b>-4,888</b>	<b>-14</b>	<b>145,089</b>	<b>246</b>	<b>200</b>
<b>Net change in cash &amp; cash equivalents</b>	<b>-6,184</b>	<b>-9,712</b>	<b>146,794</b>	<b>-7,678</b>	<b>12,385</b>
<b>Cash &amp; cash equivalents at beginning of period</b>	<b>181,497</b>	<b>17,675</b>	<b>28,507</b>	<b>15,717</b>	<b>15,717</b>
<b>Exchange rate difference on bank holdings</b>	<b>-148</b>	<b>231</b>	<b>-137</b>	<b>155</b>	<b>406</b>
<b>Cash &amp; cash equivalents at end of period</b>	<b>175,165</b>	<b>8,196</b>	<b>175,165</b>	<b>8,196</b>	<b>28,507</b>

## CONDENSED PARENT COMPANY INCOME STATEMENT

	2017	2016	2017	2016	2016
TSEK	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net sales	36,247	23,628	57,353	33,912	86,629
Cost of goods sold	-8,867	-6,719	-14,970	-10,791	-24,902
<b>Gross profit</b>	<b>27,381</b>	<b>16,909</b>	<b>42,383</b>	<b>23,121</b>	<b>61,727</b>
Selling expenses	-5,889	-3,818	-11,433	-7,458	-16,608
Administrative expenses	-7,289	-7,223	-19,524	-12,481	-24,126
Research and development expenses	-2,316	-1,025	-4,296	-1,540	-4,607
Other operating income and expenses	-1,043	767	-1,223	699	1,982
<b>Operating profit/loss</b>	<b>10,843</b>	<b>5,609</b>	<b>5,906</b>	<b>2,341</b>	<b>18,368</b>
Financial income and expenses	224	244	-133	169	416
<b>Net financial items</b>	<b>224</b>	<b>244</b>	<b>-133</b>	<b>169</b>	<b>416</b>
<b>Profit/loss before tax</b>	<b>11,067</b>	<b>5,854</b>	<b>5,773</b>	<b>2,510</b>	<b>18,784</b>
Income taxes	-2,475	-1,443	-1,327	-804	-4,483
<b>Profit/loss for the period</b>	<b>8,591</b>	<b>4,411</b>	<b>4,446</b>	<b>1,706</b>	<b>14,301</b>

## CONDENSED PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

	2017	2016	2017	2016	2016
TSEK	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
<b>Profit/loss for the period</b>	<b>8,591</b>	<b>4,411</b>	<b>4,446</b>	<b>1,706</b>	<b>14,301</b>
<b>Other comprehensive income for the period</b>	<b>1,756</b>	<b>-</b>	<b>1,444</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income for the period</b>	<b>10,348</b>	<b>4,411</b>	<b>5,890</b>	<b>1,706</b>	<b>14,301</b>



## CONDENSED PARENT COMPANY BALANCE SHEET

TSEK	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
<b>ASSETS</b>			
<i>Non-current assets</i>			
Intangible assets	4,978	2,908	3,677
Property, plant and equipment	2,850	2,216	2,457
Participation in Group companies	585	100	100
Deferred tax asset	11,518	14,979	11,412
Other financial assets	574	483	563
<b>Total non-current assets</b>	<b>20,504</b>	<b>20,685</b>	<b>18,208</b>
<i>Current assets</i>			
Inventories	1,337	1,030	675
Accounts receivable	27,495	22,637	21,356
Other current receivables	5,564	2,126	6,716
Current investments	154,405	-	-
Cash & Cash equivalents	20,419	8,094	28,405
<b>Total current assets</b>	<b>209,219</b>	<b>33,888</b>	<b>57,151</b>
<b>TOTAL ASSETS</b>	<b>229,724</b>	<b>54,573</b>	<b>75,359</b>
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
Restricted equity	4,219	3,893	3,893
Non restricted equity	206,079	41,012	53,452
<b>Total equity</b>	<b>210,298</b>	<b>44,905</b>	<b>57,345</b>
<i>Provisions</i>			
Deferred taxes	-	19	86
<b>Total provisions</b>	<b>-</b>	<b>19</b>	<b>86</b>
<i>Current liabilities</i>			
Accounts payable	9,773	3,846	8,857
Other current liabilities	9,653	5,803	9,072
<b>Total current liabilities</b>	<b>19,426</b>	<b>9,649</b>	<b>17,928</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>229,724</b>	<b>54,573</b>	<b>75,359</b>

## OTHER INFORMATION

### Information about the parent company

MIPS AB (publ), Corp. Reg. No. 556609-0162 is a Swedish public company with its registered office in Stockholm, Sweden. The company's shares have been listed on Nasdaq Stockholm since 23 March 2017 under the "ticker" MIPS.

### Accounting policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretative statements by the IFRS Interpretations Committee (IFRIC) as adopted by the EU for use in the EU that were presented in the group's 2016 Annual Report. The standards and interpretative statements applied were in effect as of 1 January 2017 and had been adopted by the EU. The new or revised IFRS that had come into effect on 1 January 2017 did not have any material impact on the group's financial statements. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for groups was applied. This interim report for the group was prepared in accordance with IAS 34 Interim Financial Reporting and the applicable provisions of the Annual Accounts Act and the Securities Market Act. The interim report for the parent company was prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Disclosures in accordance with IAS 34.16A are incorporated in the financial statements and its accompanying notes or in other parts of this interim report.

#### Valuation basis applied when preparing the financial statements

Assets and liabilities are recognised at historical cost, except for liabilities for social security contributions on share options programmes and currency derivatives, the value of which are based on fair value.

#### Functional currency and presentation currency

The parent company's functional currency is Swedish kronor (SEK), which is also the presentation currency of the group. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded to the nearest thousand.

#### Judgments and estimates in the financial statements

The preparation of the financial statements in accordance with IFRS requires that company management make judgments and estimates, and make assumptions that affect the application of the accounting policies and the amounts of assets, liabilities, income and expenses recognised. The actual outcome may deviate from these judgments and estimates. Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which the change is made if the change only affects that period, or in the period in which the change is made and future periods if the change affects the period in question and future periods.

#### Adjustments

Some amounts in the financial information presented in this report have been rounded, and thus the tables do not necessarily tally.

### Alternative performance measures

The European Securities and Markets Authority (ESMA) issued guidelines on alternative performance measures for companies with securities listed on a regulated market in the EU, which came into force on 3 July 2016. Alternative performance measures are financial measures used by company management and investors to analyse trends and the performance of the group's operations that cannot be directly read in or derived from the financial statements. These financial measures are intended to help company management and investors analyse the group's performance. Investors should not consider these alternative performance measures to be a substitute for the financial statements prepared in accordance with IFRS, but rather a supplement to them. Note that the alternative performance measures defined on pages 16-18 may differ from other companies' definitions of the same term.

### Segment

MIPS's operations are managed as one segment since this reflects the group's operations, financial monitoring and management structure.

### Seasonal variations

MIPS's sales are partly subject to seasonal variations. The company's net sales and EBIT have historically been weakest during the first quarter and strongest during the fourth quarter.

## Risks and uncertainties

MIPS is an international company and, as such, its operations can be affected by a number of risk factors in the form of both operating and financial risks. Risks related to the industry and the company include, but are not limited to, market acceptance and knowledge of both the effects of rotational motion and increased competition. As an ingredient brand, MIPS is also dependent upon its customers' ability to reach end-users and on their demand. An economic downturn or change in end-users' preferences in the US and Europe could have a negative impact on the group's net sales and profitability. The company's executive management handles both operating and financial risk.

## Currency exposure

MIPS sells its products and pays its subcontractors in USD, which is also the currency that is mainly used by MIPS customers in the helmet industry. Fluctuations in the USD exchange rate against the SEK may thus have a significant impact on MIPS's net sales and profitability. A 10% change in the USD rate on the full-year 2016 figures would have impacted EBIT by an estimated MSEK +/- 6. In January 2017, the Board of Directors resolved that MIPS's objective should be to hedge 50% of the projected USD exposure on a 12-months rolling basis going forward.

In the second quarter of 2017, certain invoicing has been gradually moved from the parent company to the Chinese subsidiary, entailing that some of the group's income will be invoiced in CNY in the future. To counteract exposure to CNY in invoicing, a currency adjustment clause against USD has been introduced in MIPS' sales agreements.

## Derivatives and hedge accounting

In order to reduce the Group's short-term currency exposure and in line with the Group's finance policy since first quarter 2017, derivatives have been contracted with banks covering forecasted sales in USD. Derivatives are valued at fair value in the balance sheet. Hedge accounting is applied and change in value is recognized in Other comprehensive income and the accumulated changes in value are recognized in a separate component of equity (hedging reserve) until the hedged flow affects the profit for the year, whereby the hedging instrument's accumulated changes in value are reclassified to the profit for the period (other operating income / expenses) whereas the hedged item (accounts receivable) affects the profit for the period. The group currently has only instruments classified under level two in the valuation hierarchy:

- Level 1: Listed unadjusted prices on official marketplaces for identical assets or liabilities
- Level 2: Other observable data for assets or liabilities not included in Level 1 either directly, i.e. as price quotes or indirectly, i.e. derived from price quotes.
- Level 3: Data for the asset or liability in question, which is not based on observable market data, i.e. unobservable input data.

The fair value of the derivatives amounts to MSEK 2.3 (-) as of 30 June, 2017, of which MSEK 1.9 (-) has been reported in Other comprehensive income and MSEK 0.4 (-) has been recognized in the income statement as other operating income/operating expenses taking deferred tax into account.

## Share capital

In the first quarter of 2017, a 1,000:1 share split was completed and a new share issue, covering a total of 3,260,870 shares, totalling MSEK 150.0, was performed. As of 30 June 2017, the total number of shares amounted to 25,299,870 (22,039,000) and the share capital was SEK 2,529,987 (2,203,900 on 31 Dec 2016). All shares are ordinary shares and carry equal voting rights. The shares have a quotient value of SEK 0.10.

## Share-based incentive programmes

The Extraordinary General Meeting on 1 February 2017 resolved to issue maximum 1,250,000 warrants as part of two incentive programmes, one of which is directed at management and certain key individuals and the other at Board members who are independent of the major shareholders of the company. The warrants will result in a dilutive effect of maximum 5%. To date, in total 875,000 warrants have been issued and MIPS has received payments totalling MSEK 3.9 from issuance of the warrants. The warrant price has been determined by an independent third-party valuation. The exercise price is SEK 59.80 per share. Each warrant entitles the right to acquire one share. The warrants can be exercised for subscription of new shares during the period 1 March-31 May 2020.

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## Disputes

MIPS has an ongoing patent dispute in Canada, where MIPS has taken legal action against a helmet manufacturer for patent infringement. Costs for this dispute amounted to MSEK 1.9 (1.2) for the quarter and during first 6 months to MSEK 3.0 (2.1), mainly related to costs for legal advice. The corresponding amount for the full-year 2016 was MSEK 3.6. Court date is set to 5 September 2017.

## Related-party transactions

Members of management and the Board acquired warrants on market-based terms, see above. No other significant related-party transactions took place during the period.

## Listing

The MIPS share was listed on Nasdaq Stockholm on 23 March 2017. The listing is considered to be an important step in creating a long-term basis for MIPS to continue its development and growth. The listing has broadened the ownership base in MIPS and provides access to the Swedish and international capital markets.

## Organisation

Josefin Löwgren started in May as marketing manager and is a member of the executive management team. For the past 12 years, Josefin has worked for the Swedish helmet and protection company, POC.

## Other

The formation of the new wholly owned subsidiary in China, MIPS AB Dongguan Trading Co. Ltd., was completed in the first quarter of 2017. In the second quarter, seven people who previously worked as consultants for MIPS in China were employed in the Chinese subsidiary mainly to handle purchase orders, local inventories, product development, project management and to be responsible for certain aspects of quality assurance.

## Events after the end of the reporting period

No significant events have occurred after the end of the reporting period.

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The Board of Directors and the President and CEO affirm that this interim provides a true and fair view of the Parent Company's and the Group's position and earnings, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, August 16, 2017

Bengt Baron  
*Chairman of the Board*

Pär Arvidsson  
*Board member*

Jacob Gunterberg  
*Board member*

Terrance G. Lee  
*Board member*

Jonas Rahmn  
*Board member*

Magnus Welanders  
*Board member*

Pernilla Wiberg  
*Board member*

Johan Thiel  
*President & CEO*

## Review report

MIPS AB

Corp. id. 556609-0162

### Introduction

We have reviewed the summary interim financial information (interim report) of MIPS AB as of 30 June, 2017 and the six-month period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, August 16, 2017

KPMG AB

Tomas Gerhardsson  
Authorized Public Accountant

## QUARTERLY CONSOLIDATED PERFORMANCE MEASURES

Amounts in TSEK	Q2'17	Q1'17	Q4'16	Q3'16	Q2'16	Q1'16	Q4'15	Q3'15	Q2'15	Q1'15	LTM 16/17
Net sales	36,605	21,106	31,518	21,199	23,628	10,284	20,378	12,567	13,863	2,751	110,428
Net sales growth*, %	55	105	55	69	70	274					65
Gross profit	27,579	15,002	23,385	15,221	16,909	6,212	15,451	8,877	8,907	1,278	81,187
Gross margin, %	75.3	71.1	74.2	71.8	71.6	60.4	75.8	70.6	64.3	46.5	73.5
Operating profit	11,043	-4,935	13,772	2,260	5,611	-3,267	3,843	1,599	1,547	-4,114	22,140
Operating margin, %	30.2	-23.4	43.7	10.7	23.7	-31.8	18.9	12.7	11.2	-149.6	20.0
Adjusted operating profit	11,532	1,557	13,701	6,422	7,368	-3,267	3,843	1,599	1,547	-4,114	33,212
Adjusted operating margin, %	31.5	7.4	43.5	30.3	31.2	-31.8	18.9	12.7	11.2	-149.6	30.1
Depreciation/amortization	299	213	281	188	182	151	120	98	93	83	981
Basic earnings per share, SEK	0.35	-0.19	0.49	0.08	0.20	-0.14	1.03	0.09	0.08	-0.21	0.75
Diluted earnings per share, SEK	0.34	-0.19	0.49	0.08	0.20	-0.14	0.90	0.08	0.07	-0.21	0.75
Equity ratio, %	92	87	76	76	82	74	76	72	68	67	83
Cashflow from operating activities	5	3,931	9,844	11,821	-8,828	3,132	726	7,365	-1,608	-3,418	25,601
Average adjusted working capital	5,893	3,604	8,623	11,266	8,299	3,429	4,888	5,690	5,648	3,341	7,346
Average number of employees	29	23	20	18	16	15	15	13	12	12	22

\*No comparable quarterly figures for 2014

## DEFINITIONS

### N/A

Not applicable. The calculation of a change or similar does not increase understanding.

### LTM

Last twelve months. Shows a consecutive 12-month rolling period.

### MIPS BPS

MIPS Brain Protection System.

MIPS patented system consisting of license fee, components and, when applicable, a low friction layer.

## Performance measures defined in accordance with IFRS

### Basic earnings per share (SEK)

Profit for the period divided by the average number of shares during the period.

### Diluted earnings per share (SEK)

Profit for the period divided by the diluted average number of shares during the period.

### Average number of shares

Calculated as a weighted average number of shares for the period.

## Alternative performance measures

MIPS uses certain performance measures not defined in the rules for financial reporting that MIPS applies; IFRS. The alternative performance measures presented, complements the IFRS-defined measures and are used by MIPS' management to monitor and manage the operation. Accordingly, these alternative performance measures, as they are defined, are not fully comparable with other companies' performance measures with the same name.

Non-IFRS performance measures	Definition	Reason for use of measure
<b>Gross profit</b>	Net sales less cost of goods sold.	Gross profit is the profit measure used by senior management to monitor the profitability directly related to net sales.
<b>Gross margin (%)</b>	Gross profit as a percentage of net sales during the period.	The measure is a material complement to the gross profit, which only states the change in absolute figures, and provides an understanding of the value creation over time.
<b>Operating profit (EBIT)</b>	Profit before financial items and taxes.	The measure is used to measure the profit generated by the operating activities
<b>Operating margin (EBIT margin) (%)</b>	Operating profit as a percentage of net sales during the period.	The measure is used to assess profitability generated by the operating activities and provides an understanding of the value creation over time.
<b>Adjusted operating profit</b>	Operating profit excluding items affecting comparability.	Adjusted operating profit is a measure used by MIPS to maintain comparability between periods and to be able to report a result for operating activities.
<b>Adjusted operating margin (%)</b>	Adjusted operating profit as a percentage of net sales during the period.	See explanation under the description for "Adjusted operating profit".
<b>Average working capital</b>	Corresponds to inventories, current tax assets, accounts receivable, prepaid expenses and accrued income and other receivables less account payables, current tax liabilities current interest-bearing lease liabilities, accrued expenses and deferred income.	The measure is used to describe the amount of capital employed in the operating activities. The calculation is made by dividing the opening balance with closing balance for the period by two.
<b>Average adjusted working capital</b>	Corresponds to inventories, current tax assets, accounts receivable, prepaid expenses and accrued income and other receivables less account payables, current tax liabilities, other current interest-bearing operating liabilities, current interest-bearing lease liabilities, accrued expenses and deferred income, and current provisions (related to social security contributions for the share option programme).	The reason for the use of this measure is the same as for average working capital. However, this measure includes the impact of current provisions related to social security contributions for the share option programme.
<b>Equity ratio (%)</b>	Equity in relation to total assets.	The measure states the proportion of total assets composed by equity and contributes to a greater understanding of the company's capital structure.
<b>Cash flow from operating activities</b>	Cash flow from the primary income-generating operating activities.	The cash-flow measure is used by senior management to monitor the cash flow generated by the operating activities.
<b>Last 12 months rolling comparison (LTM)</b>	Indicates net sales and adjusted operating profit as a 12-month period from the most recent quarter.	The key performance measure provides senior management with an indication of performance over time without having to wait to compare with the next calendar year to do so.
<b>Average number of employees</b>	The average number of employees converted to full-time positions.	Converting the number of employees to full-time positions makes the measure comparable over periods and in the event of differences in working hours.



## Organic growth

Since MIPS sells its BPS units in USD while the reporting currency is SEK, it is essential to provide an understanding of the company's performance without currency effects when translating sales. This performance measure is expressed in percentage points of the preceding year's net sales. For growth in net sales, and net sales in absolute terms, see below.

Organic growth	2017 Apr-Jun	2017 Jan-Jun
<b>Net sales growth</b>	<b>55%</b>	<b>70%</b>
Net Sales TUSD	4,145	6,494
Net Sales TSEK at 2017 average USD exchange rate	36,605	57,712
Net Sales TSEK at 2016 average USD exchange rate	33,840	53,778
Impact currency in absolute	2,765	3,935
Net Sales 2016 TSEK	23,628	33,912
<b>Currency impact on growth</b>	<b>12%</b>	<b>12%</b>
<b>Organic growth</b>	<b>43%</b>	<b>59%</b>

## Adjusted operating profit

During the year, MIPS has incurred costs relating to the preparation for listing on Nasdaq Stockholm. These costs are considered to constitute items affecting comparability. It is thus important to understand operating profit excluding items affecting comparability in order to assess the operating profit generated by MIPS's operating activities.

Adjusted Operating Profit (Adjusted EBIT)	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	LTM					
				2016 Jan-Jun	2015-2016 Jul-Jun	2015-2016 Okt-Sep	2016 Jan-Dec	2016-2017 Apr-Mar	2016-2017 Jul-Jun
TSEK									
Operating Profit	11,043	5,611	6,108	2,345	7,787	8,448	18,376	16,708	22,140
Items affecting comparability*	489	1,757	6,981	1,757	1,757	5,919	5,847	12,340	11,072
<b>Adjusted Operating profit</b>	<b>11,532</b>	<b>7,368</b>	<b>13,089</b>	<b>4,102</b>	<b>9,544</b>	<b>14,367</b>	<b>24,223</b>	<b>29,048</b>	<b>33,212</b>

\*Cost related to preparation for company's listing at Nasdaq Stockholm

## Working capital

Since MIPS does not have any in house manufacturing, working capital represents a large portion of the total balance sheet. To optimise the company's cash flow generation, the management focuses on the development of working capital as it is defined below.

### Working capital

	2017	2017	2016	2016	2016	2016	2015	2015	2015	2015	2014
TSEK	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
Inventories	1,487	1,008	675	784	1,030	1,221	792	638	540	585	575
Accounts receivable	27,861	19,143	21,356	16,567	22,637	10,402	15,876	6,421	11,852	6,596	7,690
Other current receivables	5,341	7,289	6,700	3,477	2,110	2,823	2,325	1,493	1,449	1,576	879
Accounts payable	-10,135	-7,692	-8,857	-5,762	-3,846	-4,218	-3,086	-1,952	-2,537	-1,901	-1,791
Other current liabilities	-9,229	-23,289	-9,127	-8,567	-5,897	-4,223	-4,335	-3,118	-3,406	-3,458	-4,068
<b>Total working capital</b>	<b>15,325</b>	<b>-3,540</b>	<b>10,747</b>	<b>6,498</b>	<b>16,034</b>	<b>6,006</b>	<b>11,572</b>	<b>3,482</b>	<b>7,897</b>	<b>3,398</b>	<b>3,285</b>
Adjustment*	-	-	-	-	-	-5,442	-5,278	-	-	-	-
<b>Adjusted working capital</b>	<b>15,325</b>	<b>-3,540</b>	<b>10,747</b>	<b>6,498</b>	<b>16,034</b>	<b>564</b>	<b>6,294</b>	<b>3,482</b>	<b>7,897</b>	<b>3,398</b>	<b>3,285</b>

\*Adjustment relates to current provisions relating to companies Share option program

### Average Working capital

	2017	2017	2016	2016	2016	2016	2016	2015	2015	2015	2015	2015
TSEK	Apr-Jun	Jan-Mar	Okt-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Jan-Dec	Okt-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Jan-Dec
Average inventory	1,248	841	729	907	1,126	1,007	733	715	589	562	580	683
Average accounts receivable	23,502	20,249	18,961	19,602	16,519	13,139	18,616	11,149	9,137	9,224	7,143	11,783
Average other current receivable	6,315	6,994	5,088	2,794	2,467	2,574	4,512	1,909	1,471	1,513	1,228	1,602
Average accounts payable	-8,913	-8,274	-7,310	-4,804	-4,032	-3,652	-5,971	-2,519	-2,244	-2,219	-1,846	-2,439
Average other current liabilities	-16,259	-16,208	-8,847	-7,232	-5,060	-4,279	-6,731	-3,727	-3,262	-3,432	-3,763	-4,202
<b>Average Working capital</b>	<b>5,893</b>	<b>3,604</b>	<b>8,623</b>	<b>11,266</b>	<b>11,020</b>	<b>8,789</b>	<b>11,159</b>	<b>7,527</b>	<b>5,690</b>	<b>5,648</b>	<b>3,341</b>	<b>7,428</b>
Average adjustments	-	-	-	-	-2,721	-5,360	-2,639	-2,639	-	-	-	-2,639
<b>Average adjusted working capital</b>	<b>5,893</b>	<b>3,604</b>	<b>8,623</b>	<b>11,266</b>	<b>8,299</b>	<b>3,429</b>	<b>8,520</b>	<b>4,888</b>	<b>5,690</b>	<b>5,648</b>	<b>3,341</b>	<b>4,789</b>

## Net sales, last 12 months rolling

Given the company's history of strong growth momentum, it is important to view performance in a long-term perspective and not focus solely on individual quarters.

### Net sales 12 month rolling

TSEK	Q2'17	Q1'17	Q4'16	Q3'16	Q2'16	Q1'16	Q4'15	Q3'15	Total LTM
<b>Net Sales</b>	<b>36,605</b>	<b>21,106</b>	<b>31,518</b>	<b>21,199</b>	<b>23,628</b>	<b>10,284</b>	<b>20,378</b>	<b>12,567</b>	
Rolling 12 month Q2 16'					23,628	10,284	20,378	12,567	<b>66,857</b>
Rolling 12 month Q3 16'				21,199	23,628	10,284	20,378		<b>75,489</b>
Rolling 12 month Q4 16'		21,106	31,518	21,199	23,628	10,284			<b>86,629</b>
Rolling 12 month Q1 17'		21,106	31,518	21,199	23,628				<b>97,451</b>
Rolling 12 month Q2 17'	36,605	21,106	31,518	21,199					<b>110,428</b>

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*This information is such that MIPS AB (publ) is obliged to disclose in accordance with the EU's Market Abuse Regulation and the Securities Market Acts. The information was submitted for publication, through the agency of the contact persons set out above, on 17 August 2017 at 7.30 a.m. CET.*

**MIPS will present the interim report for January - June 2017 at a teleconference on 17 August 2017 at 10.00 a.m. CET. To participate, please register at:**  
**<http://emea.directeventreg.com/registration/50693432>**

**Financial calendar**

Interim Report January – September 2017	9 November 2017
Year-end report 2017	15 February 2018

**About MIPS**

MIPS is specialised in helmet-based security and protection of the brain and is the world leader in this field. Based on an ingredient brand model, MIPS Brain Protection System (BPS) is sold to the global helmet industry. The solution, which is patented in all relevant markets, is based on some 20 years of research and development together with the Royal Institute of Technology and Karolinska Institutet in Stockholm, Sweden.

MIPS's headquarter with 24 employees in research and development, sales and administration is in Stockholm, where its test facility is also located. Production takes place at sub-contractor facilities. On a rolling 12-month basis, July 2016-June 2017, MIPS' net sales amounted to MSEK 110 and an adjusted EBIT-margin to 30%. The MIPS share is since March 2017 listed on Nasdaq Stockholm. For more information, visit [www.mipscorp.com](http://www.mipscorp.com)

**Financial targets**

MIPS' long-term financial targets should not be viewed as a forecast but rather as an ambition which the Board of Directors and senior executives believe is a reasonable long-term expectation for the company.

**Growth:** The goal is to grow organically to achieve net sales in excess of MSEK 400 by 2020.

**Profitability:** The goal is to achieve an EBIT margin in excess of 40% by 2020.

**MIPS AB (publ)**

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