



INTERIM REPORT JANUARY - SEPTEMBER 2018

JUL - SEP

- Net sales increased by 88% to SEK 51.2m (27.3).
Adjusted for currency exchange rate effects, the increase was 77%
- Operating profit increased to SEK 20.8m (0.1).
- Operating profit includes litigation costs of SEK 0.6m (9.5) relating to the company's patents**
- Operating margin increased to 40.7% (0.3)
- Cash flow from operating activities increased to SEK 31.0m (6.3)
- Earnings per share diluted, amounted to SEK 0.61 (-0.01)

JAN - SEP

- Net sales increased by 53% to SEK 130.3m (85.0).
Adjusted for currency exchange rate effects, the increase was 53%
- Operating profit increased to SEK 44.3m (6.2).
Adjusted operating profit* also increased to SEK 44.3m (13.2)
- Operating profit includes litigation costs of SEK 4.7m (12.5) relating to the company's patents**
- Operating margin increased to 34.0% (7.3).
Adjusted operating margin* also increased to 34.0% (15.5)
- Cash flow from operating activities increased to SEK 45.2m (10.2)
- Earnings per share diluted, amounted to SEK 1.36 (0.18)

THE MIPS GROUP IN BRIEF

SEKm	2018	2017	Δ%	2018	2017	Δ%	2017/2018	2017
	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep		LTM	Jan-Dec
Net sales	51.2	27.3	88	130.3	85.0	53	170.9	125.6
Gross profit	37.4	20.1	86	95.6	62.7	52	126.1	93.3
Gross margin, %	73.1	73.8	-	73.4	73.8	-	73.8	74.3
Operating profit (EBIT)	20.8	0.1	N/A	44.3	6.2	615	58.9	20.8
Operating margin (EBIT-margin), %	40.7	0.3	-	34.0	7.3	-	34.5	16.6
Adjusted operating profit*	20.8	0.1	N/A	44.3	13.2	235	58.9	27.8
Adjusted operating margin, %*	40.7	0.3	-	34.0	15.5	-	34.5	22.1
Profit for the period	15.7	-0.2	N/A	34.5	4.4	683	45.9	15.8
Earnings per share basic, SEK	0.62	-0.01	N/A	1.36	0.18	657	1.81	0.64
Earnings per share diluted, SEK	0.61	-0.01	N/A	1.36	0.18	653	1.80	0.64
Cash flow from operating activities	31.0	6.3	391	45.2	10.2	342	46.1	11.1

* No items affecting comparability during 2018. For items affecting comparability in previous year, see page 15

** More detailed information regarding the company's patent disputes and litigation cost, see page 12

For definitions and description of performance measure and alternative performance measures, please visit <http://www.mipscorp/investors/definitions/>

CEO'S COMMENTS

SUBSTANTIAL INCREASE IN SALES WITH 77% ORGANIC GROWTH, GENERATES STRONG PROFITABILITY

I am extremely pleased that MIPS continues to grow rapidly, profitably and in line with our 2020 plan. Net sales increased organically during the quarter by 77% to SEK 51.2m and the growth was driven by increased penetration with our major customers in all product categories but also somewhat impacted by a soft prior year comparator.

Volume growth, our strong gross margins, the scalability of our business model and higher legal costs during the previous year were all factors contributing to the significant improvement in operating profit for the quarter. This led to an EBIT margin of more than 40% in the quarter. In addition, we generated a strong operational cash flow of SEK 31.0m (6.3).

This means that during the first nine months we increased our net sales organically by 53% to SEK 130.3m. Profitability also improved significantly with an adjusted operating profit of SEK 44.3m (13.2) and with an EBIT margin of 34%, we have taken further steps towards our 2020 goal of an annual EBIT margin above 40%.

POSITIVE DEVELOPMENT IN ALL CATEGORIES

We have developed more in-depth partnerships with our customers, broadened our customer base and increased our sales volume in all product categories. Our expanded portfolio of safety solutions enables us to more easily assist our customers to integrate MIPS BPS in more types of helmets as well as to offer products across additional market price points. Furthermore, our customers are getting positive feedback from retail outlets that consumer demand for MIPS solutions in helmets is increasing.

AWARD FOR ONE OF OUR INNOVATIVE SOLUTIONS

At a textile fair in Dallas, MIPS won the award for the best use of innovative textile technology with one of our textile-based solutions. The solution is primarily designed to be implemented in protective helmets for relevant professional use but can also be used in other helmet applications. The award is a

testimony of our innovation capability and it is inspiring to get recognition outside our traditional categories.

TOUR RIDERS WEAR MIPS

In all the major Grand Tour bicycle races conducted this summer, television viewers worldwide have been able to see MIPS BPS-equipped helmets used by more than half of the participating teams. MIPS BPS-equipped helmets are commonly seen on the podiums and shows that safety is a high priority also at these venues, generating positive PR for MIPS.

NO TARIFFS FOR HELMETS EXPECTED

In recent months there has been some concern over the introduction of tariffs on goods imported from China into the US market. Tariffs would likely lead to increased consumer prices for helmets. The leading helmet manufacturers expressed their concern to the authorities about serious consequences if American consumers would decrease their usage of such important protective equipment as helmets due to increase in consumer prices. In mid-September, US authorities chose not to impose tariffs on helmets in the initial implementation of trade restrictions.

STRONG MOMENTUM ON THE MARKET

We have a closer working relationship with our customers than ever before, we are attracting new customers and generating positive PR. Furthermore, there is an increased global awareness and understanding of the benefits of MIPS BPS solutions among helmet users. This is resulting in increased market penetration and due to our scalable business model, we are continuously making progress towards our 2020 financial goals. Even more important is that the success is creating a strong foundation for our long-term strategic growth ambitions.

JOHAN THIEL
President and CEO



FINANCIAL PERFORMANCE

JULY - SEPTEMBER

NET SALES

Third-quarter net sales amounted to SEK 51.2m (27.3), up 88%. Adjusted for currency exchange rate effects, the organic growth was 77%. The increase was primarily due to higher demand from existing customers, with growth in the categories Bicycle, Snow and Motorcycle.

GROSS PROFIT

Gross profit increased 86% to SEK 37.4m (20.1). The gross margin decreased by 0.8 percentage points to 73.1% (73.8). The decrease in gross margin was mainly due to different sales mix.

OPERATING PROFIT (EBIT)

Operating profit increased to SEK 20.8m (0.1), corresponding to an operating margin of 40.7% (0.3). Litigation costs related to company patents*, amounted to SEK 0.6m (9.5) in the quarter.

The improvement in adjusted operating profit was mainly due to higher sales, litigation costs in prior year comparator and positive impact from currency partly offset by negative impact from currency derivatives and higher costs relating to strengthening of the organization.

Selling expenses increased to SEK 6.7m (4.9), primarily from investments in organization. Administrative expenses decreased during the quarter to SEK 5.8m (12.8). The decrease in administrative expenses is mainly explained by litigation costs in prior year relating to the patent disputes* which the company has been party in. Research and development expenses was relatively unchanged with SEK 2.4m (2.6).

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit before tax amounted to SEK 20.2m (-0.2). Tax for the quarter was SEK -4.5m (0,0), corresponding to an effective tax rate of 22% (22). Profit for the period was SEK 15.7m (-0.2). Diluted earnings per share amounted to SEK 0.61 (-0.01).

CASH FLOW

Cash flow from operating activities increased to SEK 31.0m (6.3). The increase was mainly attributable to higher operating profit and decrease in accounts receivable.

Cash flow from investing activities amounted to SEK -1.7m (-0.6). Cash flow from financing activities was SEK 0.0m (-0.0). Cash flow for the period amounted to SEK 29.3m (5.7).

JANUARY - SEPTEMBER

NET SALES

First nine months net sales amounted to SEK 130.3m (85.0), up 53%. Adjusted for currency exchange rate effects, the organic growth was still 53%. The increase was primarily due to higher demand from existing customers, with growth in the categories Bicycle, Snow and Motorcycle.

GROSS PROFIT

Gross profit increased 52% to SEK 95.6m (62.7). The gross margin decreased by -0.4 percentage points to 73.4% (73.8). The decrease in gross margin was mainly due to different sales mix.

OPERATING PROFIT (EBIT)

Operating profit increased to SEK 44.3m (6.2), corresponding to an operating margin of 34.0% (7.3). No items affecting comparability for the period (SEK 7.0m). Thus, adjusted EBIT was also SEK 44.3m (13.2), corresponding to an adjusted operating margin of 34.0% (15.5). Legal costs related to company's patents* amounted to SEK 4.7m (12.5) during the period.

The improvement in adjusted operating profit was mainly due to higher net sales, litigation costs in prior year comparator partly offset by strengthening of the organization, negative impact from currency derivatives and increased initiatives within product development.

Selling expenses amounted to SEK 18.7m (16.4), where the increase mainly relates to strengthening of organization and additional marketing activities. Administrative expenses decreased in the period to SEK 22.4m (32.3). The decrease of administrative expenses is mainly related to litigation costs in prior year relating the to patent* lawsuits that the company has been party to and IPO costs relating to the company's listing in March 2017 of SEK 7.0m partly offset by being a listed company. Research and development expenses increased to SEK 8.7 (6.9), as a result of increased initiatives within product development.

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit before tax amounted to SEK 44.4m (5.7). Tax for the period was SEK -9.9m (-1.3), corresponding to an effective tax rate of 22% (23). Profit for the period was SEK 34.5m (4.4). Diluted earnings per share amounted to SEK 1.36 (0.18).

* More detailed information regarding the company's lawsuit and litigation cost see page 12

CASH FLOW

Cash flow from operating activities increased to SEK 45.2m (10.2). The increase was mainly attributable to higher operating profit.

Cash flow from investing activities amounted to SEK -4.5m (-2.8). Cash flow from financing activities was SEK 0.0m (145.1). The decrease vs. previous year was mainly attributable to the rights issue connected with the company's listing previous year of SEK 150,0m. Cash flow for the period amounted to SEK 40.8m (152.5).

FINANCIAL POSITION

On 30 September 2018, the Group's total assets amounted to SEK 288.5m (233.4). Current investments of SEK 186.0m are invested in their entirety in interest-bearing funds. The equity/assets ratio was 88% (90). Cash and cash equivalents, including current investments, totaled SEK 220.8m (180.5) on 30 September 2018. The company has seen an increase in accounts receivables to SEK 45.7m (23.6) relating to the increase in net sales. Deferred tax assets amounted to net SEK 0.6m and is fully explained by other temporary differences. Tax losses carried forwards that at the start of the year amounted to SEK 41.4m, has been fully consumed during the year.

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 have been entered into with a bank. The derivatives are measured at fair

value and amounted to a financial debt of SEK -3.2m (2.7) at 30 September 2018. Hedge accounting is applied, according to which, the unrealized change in fair value for the derivatives is primarily recognized in Other comprehensive income.

INVESTMENTS

Investments in the third quarter amounted to SEK 1.7m (0.6). Investments in intangible assets amounted to SEK 1.1m (0.5), of which the majority referred to patents. Investments in tangible assets were SEK 0.6m (0.1). During the first nine months, investments amounted to SEK 4.5m (2.8), of which SEK 3.2m (1.8) in intangible assets and SEK 1.3m (1.0) in tangible assets. As of 30 September 2018, no significant commitments have been made related to investments.

PARENT COMPANY

Net sales for the parent company, mainly correspond to the Group's net sales and amounted to SEK 101.7m (84.1) for the period. Net profit for the period of the parent company corresponds in all material respects to the Group's, totaling SEK 32.2m (4.2) for the first nine months.

EMPLOYEES

The average number of employees were 36 (32) in the third quarter, of whom 10 (7) were employed in the Chinese subsidiary. The number of employees at the end of the period were 36 (33), of whom 10 (8) employed in the Chinese subsidiary.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEKt	2018	2017	2018	2017	2017
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net sales	51,192	27,271	130,300	84,982	125,602
Cost of goods sold	-13,781	-7,135	-34,723	-22,265	-32,324
Gross profit	37,410	20,136	95,577	62,717	93,278
Selling expenses	-6,725	-4,924	-18,681	-16,356	-22,019
Administrative expenses	-5,759	-12,826	-22,350	-32,346	-40,861
Research and development expenses	-2,431	-2,645	-8,716	-6,942	-9,657
Other operating income and expenses	-1,673	339	-1,561	-884	84
Operating profit/loss	20,822	81	44,269	6,189	20,825
Financial income and expenses	-580	-328	135	-460	-426
Net financial items	-580	-328	135	-460	-426
Profit/loss before tax	20,241	-248	44,404	5,728	20,399
Income taxes	-4,527	47	-9,909	-1,325	-4,584
Profit/loss for the period	15,714	-201	34,495	4,403	15,815
Earnings per share basic, SEK	0.62	-0.01	1.36	0.18	0.64
Earnings per share diluted, SEK	0.61	-0.01	1.36	0.18	0.64
Average number of shares for the period, basic (thousand)	25,300	25,300	25,300	24,261	24,521
Average number of shares for the period, diluted (thousand)	25,648	25,382	25,443	24,277	24,559

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKt	2018	2017	2018	2017	2017
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Profit/loss for the period	15,714	-201	34,495	4,403	15,815
Other comprehensive income					
Items that may subsequently be transferred to profit or loss					
Foreign currency translation	-115	-38	-43	-49	-5
Changes in the fair value of cash flow hedges	1,473	-37	-2,949	1,815	479
Tax on components in other comprehensive income	-324	8	649	-399	-105
Items that cannot be transferred to profit or loss	-	-	-	-	-
Other comprehensive income for the period	1,034	-66	-2,343	1,367	369
Comprehensive income for the period	16,747	-267	32,152	5,770	16,184

CONDENSED CONSOLIDATED BALANCE SHEET

SEKt	30 Sep 2018	30 Sep 2017	31 Dec 2017
ASSETS			
<i>Non-current assets</i>			
Intangible assets	9,871	5,415	7,036
Property, plant and equipment	3,128	2,788	2,664
Deferred tax asset	566	11,527	8,659
Long term receivables	561	561	561
Total non-current assets	14,125	20,290	18,920
<i>Current assets</i>			
Inventories	2,645	1,417	1,000
Accounts receivable	45,660	23,625	37,077
Other current receivables	5,346	7,533	5,402
Current investments	185,994	155,075	162,219
Cash and cash equivalents	34,776	25,431	17,555
Total current assets	274,421	213,081	223,252
TOTAL ASSETS	288,547	233,371	242,173
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	2,530	2,530	2,530
Other paid in capital	243,250	243,250	243,250
Reserves	-1,974	1,367	369
Retained earnings incl profit/loss for the period	9,076	-36,987	-25,575
Total equity	252,882	210,160	220,574
<i>Current liabilities</i>			
Accounts payable	16,001	10,352	12,217
Other current liabilities	19,664	12,859	9,382
Total current liabilities	35,665	23,211	21,599
TOTAL EQUITY AND LIABILITIES	288,547	233,371	242,173

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKt	30 Sep 2018	30 Sep 2017	31 Dec 2017
Opening equity for the period	220,574	57,327	57,327
Change accounting policies*	156	-	-
Adjusted opening equity for the period	220,730	57,327	57,327
<i>Comprehensive income for the period</i>			
Profit/loss for the period	34,495	4,403	15,815
Other comprehensive income for the period	-2,343	1,367	369
Comprehensive income for the period	32,152	5,770	16,184
<i>Contribution from and value transfers to owners</i>			
New share issue**	-	143,169	143,169
Premium received from issue of warrants	-	3,894	3,894
Total transactions with the Group's owners	-	147,063	147,063
Closing equity for the period	252,882	210,160	220,574

* Relates to change of accounting standard for IFRS 9 and IFRS 15

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SEKt	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
<i>Operating activities</i>					
Profit before tax	20,241	-248	44,404	5,728	20,399
Adjustment for non-cash items	1,173	1,053	2,264	1,325	1,108
Cash flow from operating activities before change in working capital	21,414	805	46,668	7,054	21,507
<i>Cash flow from changes in working capital</i>					
Increase (-)/decrease (+) of inventories	-745	63	-1,684	-750	-325
Increase (-)/decrease (+) of current receivables	8,039	1,491	-9,735	-1,389	-13,707
Increase (+)/decrease (-) of current liabilities	2,263	3,947	9,994	5,329	3,661
Cash flow from operating activities	30,970	6,307	45,244	10,243	11,137
<i>Investing activities</i>					
Acquisition of intangible assets	-1,109	-492	-3,189	-1,843	-3,530
Acquisition of property, plant and equipment	-605	-119	-1,273	-984	-1,131
Disposal of property, plant and equipment	-	-	3	-	23
Disposal of financial asset	-	14	-	-	-
Cash flow from investing activities	-1,714	-597	-4,460	-2,828	-4,639
<i>Financing activities</i>					
New share issue	-	-	-	150,000	150,000
Expenses relating to new share issue	-	-	-	-8,758	-8,758
Premium received from issue of warrants	-	-	-	3,894	3,894
Amortization of lease debt	-	-8	-	-55	-55
Cash flow from financing activities	-	-8	-	145,081	145,082
Net change in cash & cash equivalents	29,256	5,702	40,784	152,496	151,580
Cash & cash equivalents at beginning of period	191,896	175,165	179,774	28,507	28,507
Exchange rate difference on bank holdings	-382	-361	212	-498	-313
Cash & cash equivalents at end of period	220,770	180,506	220,770	180,506	179,774

CONDENSED PARENT COMPANY INCOME STATEMENT

SEkt	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Net sales	38,980	26,753	101,745	84,106	122,242
Cost of goods sold	-3,732	-6,649	-10,947	-21,619	-30,041
Gross profit	35,247	20,104	90,798	62,487	92,201
Selling expenses	-6,430	-4,924	-17,759	-16,356	-21,742
Administrative expenses	-5,759	-12,826	-22,350	-32,350	-40,865
Research and development expenses	-2,174	-2,631	-7,877	-6,927	-9,243
Other operating income and expenses	-1,668	339	-1,561	-884	82
Operating profit/loss	19,217	63	41,251	5,969	20,433
Financial income and expenses	-583	-325	131	-458	-423
Profit after financial items	18,634	-262	41,382	5,511	20,010
Appropriations	-	-	-	-	-15
Appropriations	-	-	-	-	-15
Profit/loss before tax	18,634	-262	41,382	5,511	19,995
Income taxes	-4,128	56	-9,157	-1,271	-4,487
Profit/loss for the period	14,506	-206	32,225	4,240	15,509

CONDENSED PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEkt	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Profit/loss for the period	14,506	-206	32,225	4,240	15,509
Other comprehensive income					
Items that may subsequently be transferred to profit or loss					
Changes in the fair value of cash flow hedges	1,473	-37	-2,949	1,815	479
Tax on components in other comprehensive income	-324	8	649	-399	-105
Items that cannot be transferred to profit or loss	-	-	-	-	-
Other comprehensive income for the period	1,149	-29	-2,300	1,416	373
Comprehensive income for the period	15,655	-235	29,925	5,656	15,882

CONDENSED PARENT COMPANY BALANCE SHEET

SEkt	30 Sep 2018	30 Sep 2017	31 Dec 2017
ASSETS			
<i>Non-current assets</i>			
Intangible assets	9,871	5,415	7,036
Property, plant and equipment	2,883	2,719	2,550
Financial assets	1,740	12,728	9,805
Total non-current assets	14,495	20,862	19,392
<i>Current assets</i>			
Inventories	820	1,096	755
Accounts receivable	31,354	23,173	34,789
Other current receivables	5,623	7,890	5,716
Current investments	185,994	155,075	162,219
Cash & cash equivalents	32,929	24,778	16,758
Total current assets	256,719	212,012	220,237
TOTAL ASSETS	271,214	232,874	239,629
EQUITY AND LIABILITIES			
<i>Equity</i>			
Restricted equity	4,219	4,219	4,219
Non restricted equity	246,151	205,844	216,070
Total equity	250,370	210,063	220,289
<i>Current liabilities</i>			
Accounts payable	5,722	10,060	10,071
Other current liabilities	15,122	12,750	9,268
Total current liabilities	20,844	22,811	19,340
TOTAL EQUITY AND LIABILITIES	271,214	232,874	239,629

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 are listed on Nasdaq Stockholm Small Cap 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 European Commission for use in the EU that were presented in the Group's 2017 Annual Report. The standards and interpretative statements applied were in effect as of 1 January 2018 and had been adopted by the EU. Changed accounting policies at January 1 is described below. 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 as well as in other parts of this interim report.

CHANGE IN ACCOUNTING STANDARDS FROM FIRST OF JANUARY, 2018

The Group applies IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from contracts with customers* as of 1 January, 2018. The effects of the transition to IFRS 9 and IFRS 15 are explained in detail on page 16.

IFRS 9 involves changes in how financial assets are classified and valued, an impairment model is implemented based on expected loan losses instead of losses occurred and changes in principles for hedge accounting, including with the aim to simplify and increase coherence with enterprise-based risk management strategies. The standard replaces IAS 39 *Financial Instruments: Accounting and Valuation*. The new impairment model means that provision for loan losses relating primarily to customer and similar receivables are brought forward. All these receivables are booked for the loan losses that are expected to arise during the remaining maturity and not only for those receivables that have demonstrated objective proof of impairment. The company has had limited credit losses historically, this has resulted in an increased bad debt reserve of SEK 21t on 1 January 2018. The equity has been adjusted with the corresponding amount including tax effect.

IFRS 15 is a comprehensive standard for determining the amount of revenue to be reported and when these revenues are to be reported. It replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts Agreement* and IFRIC 13 *Customer Loyalty Programmes* starting 2018. For the company, IFRS 15 implies a certain change in revenue recognition of implementation services compared to earlier practice. Implementation of the new standard has meant that equity has increased by SEK 0.2m, including tax. Net sales for the first nine months 2018 has increased by SEK 0.9m and profit for the period with SEK 0.5m, compared to the previously used accounting principle. For further information, see transitional bridge on page 16.

For the Group and for the parent Company, the impact from the implementation of the new standards is the same.

NEW ACCOUNTING STANDARDS FROM 2019

IFRS 16 *Leases* replace, as from 2019, existing IFRS related to the recognition of leases, such as IAS 17 *Leases* and IFRIC 4 *Determining whether an agreement contains a lease*. The company is planning to apply IFRS 16 from 1 January 2019.

IFRS 16 primarily affects lessees and the central effect is that all leases that are reported as operating leases today are reported in a manner similar to the current accounting of financial leases. This means that even for operational leases, assets and liabilities need to be reported, including accounting for depreciation and interest expenses, as opposed to today, when no leasing and related liabilities are reported, and leasing fees are recognized on a straight-line basis as leasing costs. The company will as operational lease holder be affected by the introduction of IFRS 16. Estimates of the financial impact of IFRS 16 has been concluded and at the 1 January 2019 it is estimated that assets and liabilities will increase with approximately SEK 9m relating to rental agreements for rented premises.

VALUATION BASIS APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS

Assets and liabilities are recognized at historical cost, except for currency derivatives and short-term investments 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 SEKT.

JUDGMENTS AND ESTIMATES IN THE FINANCIAL STATEMENTS

The preparation of the financial statements in accordance with IFRS requires that the 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 recognized. The actual outcome may deviate from these judgments and estimates. Estimates and assumptions are reviewed regularly. Changes in estimates are recognized 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 company is following The European Securities and Markets Authority (ESMA) guidelines on alternative performance measures. Alternative performance measures are financial measures that cannot be directly read in or derived from the financial statements. These financial measures are intended to help company management and investors analyze 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. Explanation of alternative performance measures, see page 15. Definition of alternative performance measure is presented in the annual report and on www.mipscorp.com

SEGMENT

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

SEASONAL VARIATIONS

MIPS 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 harmful effects of rotational motion of the brain and increased competition. As an ingredient brand, MIPS is also dependent upon its customers' ability to reach end-users and on end-user demand. An economic downturn or change in end-user's preferences, could have a negative impact on the Group's net sales and profitability. The company is dependent on its intellectual property rights and in certain cases the protection may be inadequate or that MIPS may incur significant costs to protect its intellectual property, which could have an

adverse impact on the company's operations, earnings and financial position. Additional information is included below under Disputes, concerning lawsuits the company has been party to. The company's executive management actively manages both operating and financial risk. Above statement applies for both the parent company as well as the group.

CURRENCY EXPOSURE

MIPS has previously only invoiced its customers in USD. Since the establishment of the Chinese subsidiary in early 2017, some invoicing has been gradually transferred from the parent company to the Chinese subsidiary, which means that part of the Group's revenues and costs are regulated in CNY. In order to counteract exposure to CNY in the invoicing, a currency adjustment clause against USD in the sales agreements has been introduced. This means that the company's USD exposure to a large extent remains. Fluctuations in the USD exchange rate against the Swedish krona thus have a significant impact on MIPS net sales and profitability. A 10 percent change in the USD rate would affect EBIT by an estimated SEK +/- 9m for the full year 2017. In accordance with the company's financial policy, the company has the ambition to hedge 50% of the forecasted USD exposure rolling 12 months ahead. For further information on derivatives and hedge accounting, see next page.

DISTRIBUTION OF REVENUE

The company's revenue primarily comprises sales of kit components for helmet manufacturers. Implementation is attributable to the development of customized MIPS BPS solutions for a specific customer and model.

SEKT	2018	2017	2018	2017
Income by nature	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep
<i>Revenue recognized at the time of delivery</i>				
Sales of goods	49,287	25,455	124,627	79,696
<i>Revenues* reported over time</i>				
Sales of services	1,905	1,817	5,673	5,287
Total	51,192	27,271	130,300	84,982

* 2017 not adjusted for the effect of IFRS 15 implementation

The company's revenue is concentrated to customers in North America and Europe. The substantial increase of sales in North America is due to the large number of helmet manufacturers in this geographical region. Specification by region is based on customers' domicile and not distribution.

SEKT	2018	2017	2018	2017
Income by region	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep
North America	42,364	21,378	102,332	65,383
Europe	5,113	4,539	18,411	14,131
Sweden	2,646	499	4,693	3,193
Asia and Australia	1,069	855	4,865	2,276
Total	51,192	27,271	130,300	84,982

DERIVATIVES

The fair value of the derivatives amounted to SEK -3.2m (2.7) as of 30 September 2018, of which SEK -1.9m (2.0) has been reported in Other comprehensive income and SEK -1.2m (0.7) have been recognized in the income statement as other operating income/operating expenses, without consideration of deferred tax effects.

SHARE CAPITAL

As of 30 September 2018, the total number of shares amounted to 25,299,870 (25,299,870) and the share capital was SEK 2,529,987 (2,529,987 on 30 September 2017). 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 Group has two outstanding warrant programs. One for senior executives and key people and one for certain board members. The programs include 875,000 issued and paid warrants. The warrants can lead to a dilution of a maximum of 3.5 percent. The exercise price has been determined to SEK 59.80 per share. Each warrant entitles the holder to acquire one share. The warrants may be exercised for subscription of newly issued shares during the period 1 March - 31 May 2020.

DISPUTES

On 23 April 2018, it was announced that MIPS received a positive outcome in a European patent case, in which MIPS previously opposed to the European Patent Office against Bauer Hockey Corp. European Patent No. 2 550 886.

On 8 May 2018, MIPS received a judgment in Canada concerning a patent dispute with Bauer regarding MIPS patented helmet technology. Following the recent judgment of the Federal Court of Canada, MIPS AB has entered into an agreement with Bauer. Pursuant to the agreement, the parties have resolved all outstanding matters related to the judgment, the proceeding has now concluded and no party shall take any further legal actions in the case. The agreement is the final step for MIPS to bring its dealings with Bauer to an end in relation to this patent dispute.

On 19 April 2018, POC and MIPS agreed to a conciliation agreement regarding the company's patent dispute. The conciliation does not imply any obligation for any of the Parties to compensate the other Party's costs relating to the process.

During the quarter, the costs relating to above stated patent disputes amounted to SEK 0.6m (9.5), and for the first nine months to SEK

4.7m (12.5). MIPS's does not expect to recover any costs from above stated disputes.

RELATED-PARTY TRANSACTIONS

At the Annual General Meeting of 15 May 2018, Greg Shapleigh was elected as Board member. Since 2017, the company has engaged Greg Shapleigh as business consultant. The consultancy fee for the elected Board member has since the Annual General Meeting totaled SEK 759t and SEK 85t has been paid in cost reimbursement. No other significant transactions with related parties have been carried out during the period.

ANNUAL GENERAL MEETING

Annual General Meeting 2019 will be held in Stockholm 9 May 2019.

NOMINATION COMMITTEE

In accordance with the resolution by the Annual General Meeting, the members of the Nomination Committee for the Annual General Meeting shall consist of representatives of the three largest shareholders of the company per 31 August 2018 and by MIPS Chairman. Thus, the Nomination Committee has been appointed by Bell Technology Acquisition LLC (BTA), Robur fonder and Tredje AP Fonden, each appointing their representative who together with the Chairman shall constitute the company's Nomination Committee. The members of the Nomination Committee are Johan Winnerblad (BTA), Annika Andersson (Robur fonder), Peter Lundqvist (Tredje AP Fonden) and MIPS Chairman of the Board, Bengt Baron. The Nomination Committee will prepare a proposal to the 2019 Annual General Meeting, including, not limited to, the recommended Chairman of the Annual General Meeting, company Board members, Chairman of the Board, remuneration of the Board and any changes to the Nomination Committee. Shareholders who wish to submit proposals to the Nomination Committee can do so by email to: Valberedning@mipsprotection.com

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

AUDITORS REPORT

This report has been subject for a review engagement by company's auditors.

Stockholm 7 November 2018

JOHAN THIEL

President and 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 September 30, 2018 and the nine-month period ending at this date. 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, 7 November 2018

KPMG AB

TOMAS GERHARDSSON

Authorized Public Accountant

QUARTERLY CONSOLIDATED PERFORMANCE MEASURES

Amounts in SEKt	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16	LTM 17/18
Net sales	51,192	55,557	23,551	40,620	27,271	36,605	21,106	31,518	21,199	23,628	10,284	170,920
Net sales growth, %	88	52	12	29	29	55	105	55	69	70	274	47
Gross profit	37,410	40,914	17,253	30,561	20,136	27,579	15,002	23,385	15,221	16,909	6,212	126,138
Gross margin, %	73.1	73.6	73.3	75.2	73.8	75.3	71.1	74.2	71.8	71.6	60.4	73.8
Operating profit	20,822	21,651	1,797	14,636	81	11,043	-4,935	13,772	2,260	5,611	-3,267	58,906
Operating margin, %	40.7	39.0	7.6	36.0	0.3	30.2	-23.4	43.7	10.7	23.7	-31.8	34.5
Adjusted operating profit	20,822	21,651	1,797	14,636	81	11,532	1,557	13,701	6,422	7,368	-3,267	58,906
Adjusted operating margin, %	40.7	39.0	7.6	36.0	0.3	31.5	7.4	43.5	30.3	31.2	-31.8	34.5
Depreciation	413	388	361	337	296	299	213	281	188	182	151	1,499
Basic earnings per share, SEK	0.62	0.68	0.07	0.45	-0.01	0.35	-0.19	0.49	0.08	0.20	-0.14	1.81
Diluted earnings per share, SEK	0.61	0.67	0.07	0.45	-0.01	0.34	-0.19	0.49	0.08	0.20	-0.14	1.80
Equity ratio, %	88	87	92	91	90	92	87	76	76	82	74	89
Cash flow from operating activities	30,970	5,885	8,388	893	6,307	5	3,931	9,844	11,821	-8,828	3,132	46,136
Average number of employees	36	35	33	32	32	29	23	20	18	16	15	34

DEFINITIONS AND DESCRIPTIONS OF PERFORMANCE MEASURES AND ALTERNATIVE PERFORMANCE MEASURES

For definitions and description of performance measure and alternative performance measures, please visit <http://www.mipscorp/investors/definitions/>

EXPLANATION OF ALTERNATIVE PERFORMANCE MEASURES

ORGANIC GROWTH

Since MIPS primarily invoices 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 reporting sales. The organic growth is measured in percentage points of the preceding year's net sales. For growth in net sales, and impact from USD effect on net sales in absolute terms, see the table below.

	2018 Jul-Sep	2018 Jan-Sep
Organic growth		
Net sales growth	88%	53%
Net Sales in USDt	4,286	11,569
Net Sales in SEKt at 2018 average USD exchange rate	38,342	100,498
Net Sales in SEKt at 2017 average USD exchange rate	35,516	100,509
Impact currency in absolute	2,826	-10
Net Sales 2017 SEKt	27,271	84,982
Currency impact on growth	10%	0%
Organic growth	77%	53%

ADJUSTED OPERATING PROFIT (ADJUSTED EBIT)

Previous year, MIPS incurred costs relating to the preparation for its IPO on Nasdaq Stockholm. These costs are considered to constitute items affecting period-to-period comparability. Thus, it is important to understand operating profit excluding items affecting comparability in order to assess the operating profit generated by MIPS operating activities

Adjusted Operating profit (Adjusted EBIT)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	LTM				
				2017 Jan-Sep	2017-2018 Okt-Sept	2017-2018 Jul-Jun	2017-2018 Apr-Mar	2017 Jan-Dec
SEKt								
Operating profit	20,822	81	44,269	6,189	58,906	38,165	27,557	20,825
Items affecting comparability*	-	-	-	6,981	-	-	489	6,981
Adjusted Operating profit	20,822	81	44,269	13,170	58,906	38,165	28,046	27,806

* Cost related to preparations to company's listing at Nasdaq Stockholm.

NET SALES, LAST 12 MONTHS ROLLING

Given the company's historical growth momentum, it is important to continuously follow corporate performance in a long-term perspective and not focus solely on specific quarterly results.

Net sales 12 month rolling

SEKt	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16	Total LTM
Net Sales	51,192	55,557	23,551	40,620	27,271	36,605	21,106	31,518	21,199	23,628	10,284	
Rolling 12 month Q4 16'								31,518	21,199	23,628	10,284	86,629
Rolling 12 month Q1 17'							21,106	31,518	21,199	23,628		97,451
Rolling 12 month Q2 17'						36,605	21,106	31,518	21,199			110,428
Rolling 12 month Q3 17'					27,271	36,605	21,106	31,518				116,500
Rolling 12 month Q4 17'				40,620	27,271	36,605	21,106					125,602
Rolling 12 month Q1 18'			23,551	40,620	27,271	36,605						128,047
Rolling 12 month Q2 18'		55,557	23,551	40,620	27,271							147,000
Rolling 12 month Q3 18'	51,192	55,557	23,551	40,620								170,920

IMPACT IMPLEMENTATION OF IFRS 9 AND IFRS 15

The Group applies IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from contracts with customers* as of 1 January 2018. The effects of the implementation of IFRS 9 and IFRS 15 are explained below. The adjustment for IFRS 15, as described below, refers to changes in accounting of the company's implementation services. Previously, the company has reported revenue only when the implementation is completed and approved by the customer. These revenues are now recognized over time, versus earlier upon completion of implementation, which means that certain revenue is recognized earlier compared with previous years. As these services are only performed by the Parent Company, the impact on the income statement and balance sheet in the Group and Parent Company is the same.

BRIDGE ACCOUNTING CHANGE IFRS 9 AND IFRS 15, INCOME STATEMENT JUL - SEP

GROUP INCOME STATEMENT	Jul-Sep 2018 as reported in interim report	Adjustment transition to IFRS 9	Adjustment transition to IFRS 15	Jul-Sep 2018 without adjustments
SEKt				
Net sales	51,192	-	100	51,092
Cost of goods sold	-13,781	-	-42	-13,739
Selling expenses	-6,725	9	-	-6,734
Income taxes	-4,527	-2	-13	-4,513
Profit/loss for the period	15,714	7	45	15,661

BRIDGE ACCOUNTING CHANGE IFRS 9 AND IFRS 15, INCOME STATEMENT JAN - SEP

GROUP INCOME STATEMENT	Jan-Sep 2018 as reported in interim report	Adjustment transition to IFRS 9	Adjustment transition to IFRS 15	Jan-Sep 2018 without adjustments
SEKt				
Net sales	130,300	-	893	129,407
Cost of goods sold	-34,723	-	-234	-34,489
Selling expenses	-18,681	-8	-	-18,673
Income taxes	-9,909	2	-145	-9,766
Profit/loss for the period	34,495	-6	514	33,987

BRIDGE ACCOUNTING CHANGE IFRS 9 AND IFRS 15, BALANCE SHEET

GROUP BALANCE SHEET	30 Sep 2018 as reported in interim report	Adjustment transition to IFRS 9	Adjustment transition to IFRS 15	30 Sep 2018 without adjustments
SEKt				
Accounts receivable	45,660	-29	-	45,689
Other current receivables	5,346	-	880	4,466
TOTAL ASSETS	288,547	-29	880	287,696
Retained earnings	-25,419	-17	172	-25,575
Profit/loss for the period	34,495	-6	514	33,987
Other shortterm liabilities	19,664	-6	194	19,477
TOTAL EQUITY AND LIABILITIES	288,547	-29	880	287,696

OTHER

FOR FURTHER INFORMATION, PLEASE CONTACT:

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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. The information was submitted for publication, through the agency of the contact persons set out above, on 7 November 2018 at 7.30 a.m. CET.

MIPS will present the Interim report at a teleconference on 7 November 2018 at 10.00 a.m. CET.

To participate, please register at: <http://emea.directeventreg.com/registration/9683588>

FINANCIAL CALENDAR

Year end report 2018	14 February 2019
Annual report	Week 13 2019
Interim report January-March 2019	3 May 2019
Annual General Meeting	9 May 2019
Interim report April-June 2019	23 July 2019
Interim report July-September 2019	8 November 2019

ABOUT MIPS

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

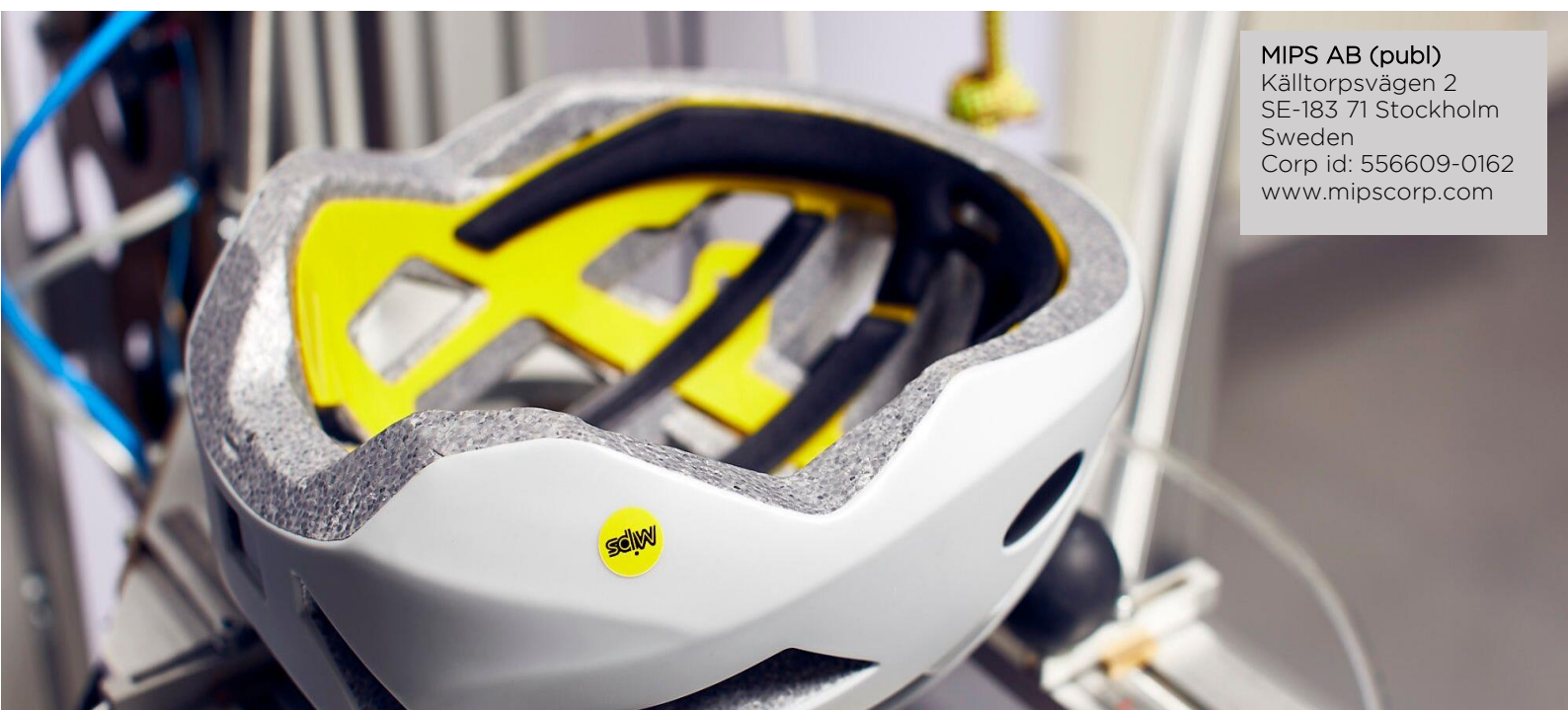
MIPS headquarter with 26 employees engaged in research and development, sales and administration is in Stockholm, where its product and technology test facility is also located. Production and manufacturing operations take place at sub-contractor facilities. During rolling 12 months basis October 2017 / September 2018, MIPS net sales amounted to SEK 171m and adjusted the operating margin to 34.5 percent. MIPS is traded on the Nasdaq Stockholm stock exchange. For more information, visit www.mipscorp.com.

FINANCIAL TARGETS

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

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

Profitability: The goal is to achieve an EBIT-margin in excess of 40 percent by 2020



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