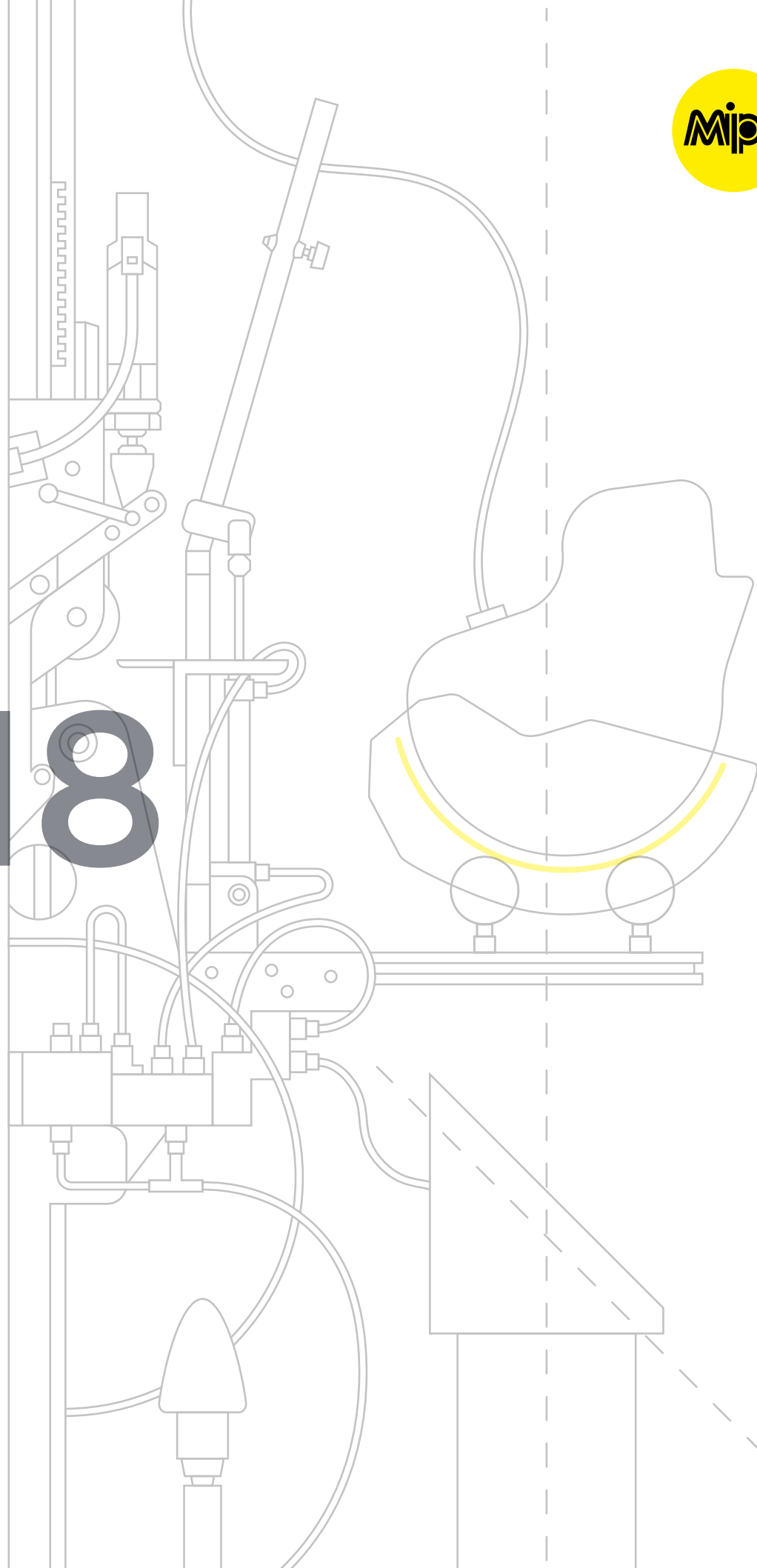


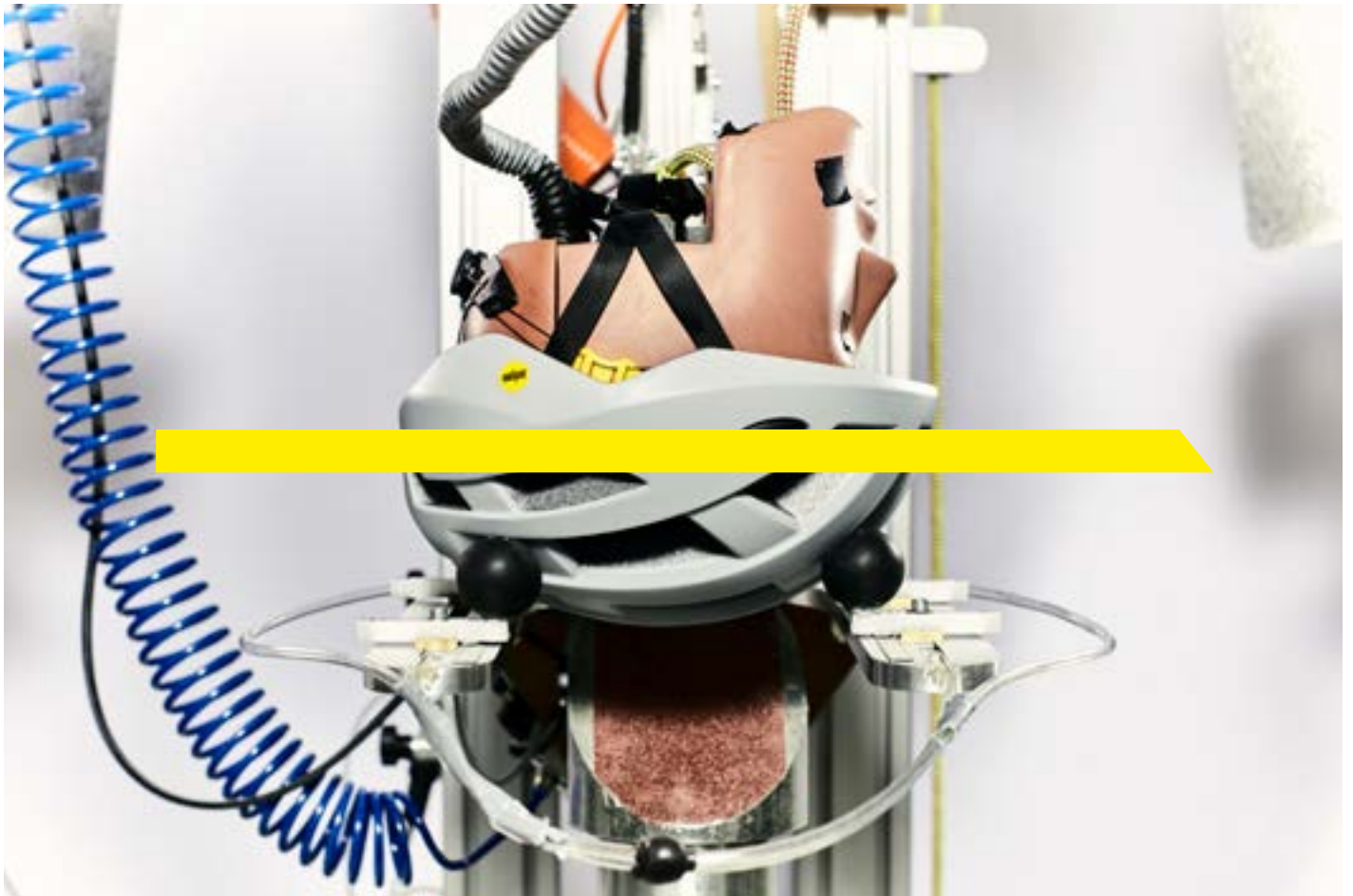


2018

ANNUAL REPORT



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MIPS is the market leader in helmet solutions designed to protect against damaging rotational motion transferred to the brain from angled impact. MIPS sells its *Brain Protection System (BPS)* to the global helmet industry using an ingredient brand model. The system, which is patented in all relevant markets, is based on more than 20 years of research and development together with the Royal Institute of Technology (KTH) and Karolinska Institutet in Stockholm.

MIPS IN BRIEF

MIPS currently sells its patented solutions through an ingredient brand model to world-leading brands and up until 2018, MIPS sold more than 9.2 million MIPS BPS units in the Snow, Bike, Equestrian, Motorcycle and Mountaineering helmet categories.

MIPS is the market leader in rotational motion protection solutions and work with many of the leading global helmet brands. The company offers patented helmet safety solutions based on more than 20 years of research.

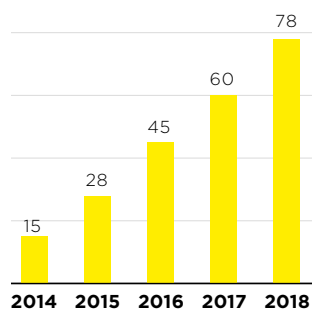
Rotational motion is a combination of rotational energy and rotational force. This rotational motion results in shearing and/or stretching of brain tissue, which increases the risk of brain injury in the event of impact.

The principal component in MIPS BPS is the MIPS Low Friction Layer, which mimics the brain's own protective system and allows relative movement between the head and

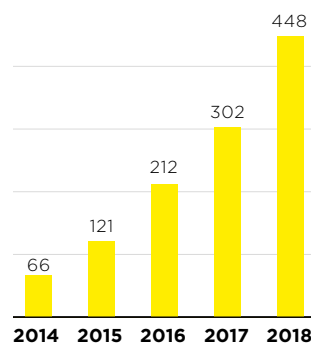
the helmet. MIPS BPS is designed to function on impact from any angle – which is the origin of the name MIPS, an abbreviation for “Multidirectional Impact Protection System.”

MIPS BPS is easy to integrate in both new and existing helmet models. MIPS customers can be found in the global helmet industry, where manufacturers integrate MIPS BPS into their helmets. By selling helmets with potential protection against rotational motion, helmet manufacturers can differentiate their brands and generate added value. The helmet industry actively markets the benefits of the solution, as well as the MIPS brand, to end users.

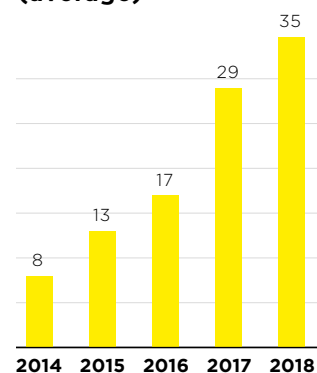
Number of brands to which the company delivered MIPS BPS



Number of models on the market equipped with MIPS

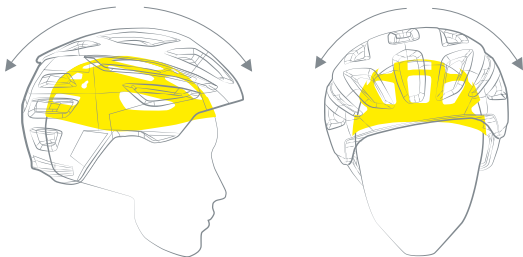


Number of employees (average)

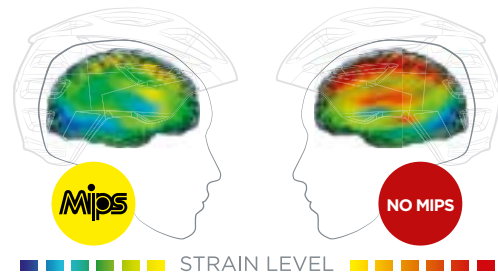




MIPS BPS enables a relative motion in all directions



MIPS BPS can reduce rotational motion on the brain



2018 IN BRIEF



Specialized launched MIPS solutions in all helmet models

During 2018 the market leading brand Specialized announced that it would offer MIPS solutions in all models.

For more information: mipsprotection.com/news/

Net sales increased by 53% to

SEK **192.5m** (125.6)

Adjusted operating profit* increased to

SEK **73.0m** (27.8)

Adjusted operating margin* was

37.9 percent (22.1)

The number of MIPS BPS units sold increased to

3.8 million (2.3)

MIPS models delivered to various brands

448 (302)

Successful penetration of Bike category

Over the course of the year MIPS continued to successfully increase penetration in the Bike category and was a contributing factor to achieved total organic growth of 50%.

For more information: mipsprotection.com



*Operating profit 2017 is adjusted for costs relating to the company listing at Nasdaq, Stockholm, with SEK 7.0m.



Patent disputes resolved

MIPS has during the year ended all ongoing patent disputes, two with Bauer Hockey Corp and one with the helmet brand POC. The company's patents continues to be intact after the resolved proceedings and the company has no ongoing disputes.



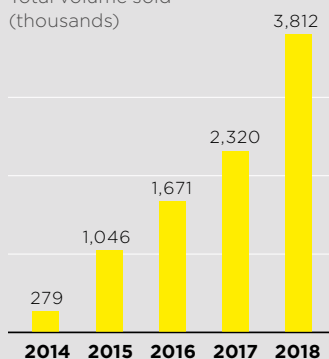
Expansion to new categories

MIPS continued to expand the number of categories over the course of the year and the MIPS BPS is now also available in Mountaineering helmets. The company also continued to increase the number of helmets in categories with low penetration, such as Motorcycle and Equestrian.

For more information: mipsprotection.com

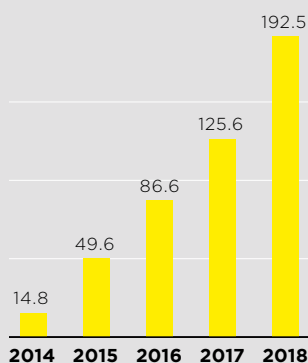
Development of total sales of MIPS BPS units

Total volume sold (thousands)



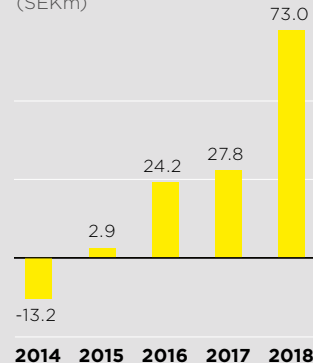
Net sales

(SEKm)



Adjusted operating profit*

(SEKm)



* Operating profits in 2016 and 2017 are adjusted for costs related to the listing of the company at Nasdaq, Stockholm with SEK 5.8m and SEK 7.0m respectively. Adjusted operating profit 2018 includes litigation costs of SEK 4.8m (16.5) relating to patent disputes.

AN EVENTFUL AND VERY SUCCESSFUL YEAR

We leave a successful year behind us

After many years as a research company, MIPS is in an exciting phase as the global market leader in helmet-based safety. With an organic growth of 50 %, driven by strong growth with our 15 largest customers, in all categories and in all regions, along with increased interest in how our solutions reduce the risk of brain injury, we leave a successful 2018 behind us. We are continuously working to educate our customers so that they in turn can communicate the message through their sales channels and reach the end consumers: users all over the world who wear helmets when participating in sports or on the job. All of which benefits our continued growth.

Scalable business model which delivers

MIPS operates through a scaleable business-model that enables strong growth without having to adjust the structure or adding more fixed cost. Growing without needing to adjust the structure for the business, and instead being able to focus on strong customer relationships, is the foundation of our strong market-leading position. Our EBIT margin of 37.9 percent for the year is clear evidence of this. I see strong interest in the company, our unique technical competence and our business model. MIPS, with foundation in our ingredient-brandmodel has a focused R&D organization, no manufacturing of it's own, limited inventory and our customers manage sales to end consumers. This is how we add maximum value, through an effective model to our stakeholders.

Continued growth of both customers and number of models in the market

Over the course of the year our customers launched an additional 146 helmet models equipped with MIPS BPS. We now deliver in the Bike, Snow, Moto, Equestrian and Mountaineering categories. Bike and Snow are still the largest categories, however we see

a rising interest from numerous new sports, as well as from brands that deliver to the professional category, where we initially launched with a brand that is represented in the military category. The share of brands that have launched solutions with MIPS BPS has increased by 18 and is now integrated in a total of 448 models with 78 brands in five helmet categories.

MIPS is important for each brands positioning and one of our customers, the US bike manufacturer Specialized, has chosen to integrate MIPS in its entire line of helmets. We do collaborate with several other major brands with the ambition to increase penetration of MIPS in their range of products.

Increased interest in safety

After years of dedicated efforts in communicating the benefits of rotational protection for increased safety and how our patented technical solutions work in reality, we now experience a significantly higher interest and increased understanding from media. Many of our customers and leading journalists have visited us to, learn about the background of MIPS and how, after many years of research and experimental trials, helmet brands can now add rotational motion protection that radically reduces the risk of brain injury.

The simple message is that traditional helmets protect the skull, while MIPS equipped helmets protect the brain. Naturally our visitors who learn about our research see the benefits of MIPS. We have received many positive mentions in articles over the course of the year, and we see that our customers are now taking the initiative to spread the message in their channels.

Important research collaborations and certifications

MIPS is completely based on scientific grounds and our product development relies

A man with grey hair, wearing a white button-down shirt and dark jeans, is leaning against a vertical wooden plank wall. He is smiling slightly and looking towards the camera. His right arm is extended, resting on the wall, and his left hand is on his hip. A watch is visible on his left wrist. In the background, a white lamp is partially visible on the right side.

“Strong growth in all of our 15 largest customers through successful expansion within their helmet lines”.

on solid research, which creates a robust foundation in a product category for health and safety. Research and development continue to be a top priority and over the course of the year we invested just over 6 percent of net sales in this area. We share parts of this work in various forums, to contribute to the development of better helmets globally. We also promote new and better testing methods and standards for helmet certification.

More and more universities are dedicating considerable resources to understanding brain injuries: how they occur and how they can be prevented. One example is Virginia Tech in the US, which has developed its own evaluation system to rate the ability of the helmet to provide protection based on all aspects, where rotational energy and force are important components. In the most recent report from Virginia Tech, which included 50 helmets, the top 13 rated were all equipped with MIPS.

We protect our intellectual property rights

MIPS has a strong patent portfolio and 67 additional approved patents were granted during the year. The portfolio now consists of 139 approved patents, with an additional 76 patent applications being filed. During the year the number of patent families increased from 18 to 29. Our work to strengthen and secure our IP position is extremely important and we invest to continue to develop our portfolio with new patents. We are the world leader in helmet-based safety and will continue to be pioneers in this field.

During the spring we were able to announce that three legal disputes had been resolved and that the MIPS patents remain intact which demonstrates the strength of our patents and our technical competence. Currently we are not involved in any legal disputes, but we constantly monitor the development to ensure that our intellectual property rights are respected.

Strengthening of the organization


Naturally, strong growth requires organizational development. We have further strengthened our team, especially in the marketing and sales organization, which contributed to this year's excellent performance and strengthened the foundation for continued growth. We also focus on skills development, sharing experience and seeking active feedback from our customers. Clear targets and a common set of values are a strength, especially when new employees join us. From our headquarters in Sweden, we control product development, marketing and customer relationships. Since 2017, we have a talented team in China that focuses on delivery and quality assurance, often on site in the factories to assist customers in the production process. Through our employees in China, we optimize and seek new production methods and materials, while monitoring developments in the factories with which we collaborate with.

Our target

In conclusion, 2018 was an excellent year in all areas: our volume of MIPS BPS units sold increased by over 64 percent, we successfully launched new solutions and we carried out more customer projects than ever. In addition, we resolved legal situations with favorable outcomes. We are well on the way to achieve our target for 2020. After less than two years since the IPO on Nasdaq Stockholm we have advanced to the Mid Cap list, with more than 4,000 shareholders and 40 percent foreign ownership.

Our solutions make a difference. I would like to thank the entire MIPS team for all their hard work, our customers and shareholders for their confidence and of course, all the millions of consumers who have chosen a safer solution by buying helmets equipped with MIPS.

Johan Thiel, President and CEO

A wide-angle landscape photograph showing a dirt trail winding through a mountainous area. Two cyclists are riding away from the viewer on the trail. The foreground is filled with dry grass and large rocks. In the background, there are layers of mountains, some with patches of snow or light-colored rock, under a hazy sky. A yellow rectangular box is overlaid on the right side of the image, containing text.

As a result of our active development initiatives we launched several new solutions and during the year we expanded the number of patent families from 18 to 29.

MARKET OVERVIEW

Why is it important to have a protection against rotational motion?

Historically, helmets have been designed to protect against forces stemming from radial impact, with the primary objective of preventing skull fractures. This approach is reflected in current regulatory certification standards, which do not consider rotational motion. However, the human brain is more vulnerable to rotational motion than to radial motion, and empirical data from cycling, motorcycling and equestrian accidents in Belgium, Canada, Finland and Germany indicate that most accidents involve angled impact.

Rotational motion is caused by angled impact and comprises a combination of rotational energy (angular velocity) and rotational force (from angular acceleration). This rotational motion can result in movement, stretching and abrasion to the tissue in the brain, which in turn can increase the risk of both minor and major brain injuries. Research has demonstrated that the most common types of brain injury, such as Diffuse Axonal Injury (DAI) and Subdural Hematoma (SDH) are more readily caused when the head is subjected to rotational motion. Similar research has shown that rotational motion carries a greater likelihood of concussion or mild Traumatic Brain Injuries (TBI) than purely radial impacts. Concussion is the most common type of brain injury and accounts for approximately 75 percent of traumatic brain injuries in the United States each year. Moreover, figures show that the incidence of concussion in the United States has increased by 160 percent in the period 2007-2014*. The United States Center for Disease Control and Prevention calculates that the total cost of emergency room visits, hospitalizations and deaths related to TBIs exceeds USD 82 billion annually.

The MIPS patented Brain Protection System (BPS) can be integrated into most helmets

available on the market, thereby equipping helmets with protection against damaging rotational motion. MIPS operates based on an ingredient brand model and its customers include many global players. The company is the market leader in protection against rotational motion and along with its customers, has helped to significantly increase awareness of the benefits of equipping helmets with protection against rotational motion.

The market for helmets

The global helmet market is large and includes many different categories. Helmets are worn in several activities, with the common goal of protecting the head against different forms of trauma. There is limited official statistics available regarding the size of the total global market for helmets, but MIPS estimates that it currently offers solutions for 70 million helmets per year. According to MIPS, solutions designed to reduce the damaging effects of rotational motion can offer relevant protection to most helmet categories.

Although the Company is the market leader in protection against rotational motion, MIPS has only penetrated a fraction of the focus market, for which reason the company sees an opportunity for future growth. Market penetration is expected from both current and new customers.

The company has initially focused on the consumer helmet market at a retail price point of more than USD 40. The company estimates this market to be 33 million helmets a year. In addition, the company has chosen to focus on solutions in certain categories for professional use, such as military, law enforcement and rescue services; the company estimates this focus market to be an additional 10 million helmets annually.

* Report to Congress on Mild Traumatic Brain Injury in the United States.



2008 MIPS delivered the first BPS unit in the Equestrian category but has just recently seen an increased demand in this category.



The market is currently divided into two main areas: helmets for consumers and helmets for professional use.

The consumer market

MIPS estimates the market for helmets intended for consumer use to be almost 60 million units sold per year. While the company's initial focus was on the medium and premium segments (at a price point per helmet of about USD 40 and up), the development of new solutions and because the market demanding MIPS solutions in lower price segments. The company estimates that they today can address 33 million units within the consumer market. MIPS estimates the replacement cycle for a helmet to be about 5-8 years, though this might be shorter due to increased interest in safety and technology.

The most important helmet categories for MIPS in the consumer helmet market are (based on annual volumes estimated by MIPS):

Bike

Bike helmets currently comprise MIPS' biggest category by far. Bike helmets can be divided into two subcategories: commuting (children/city use) and competition (racing/

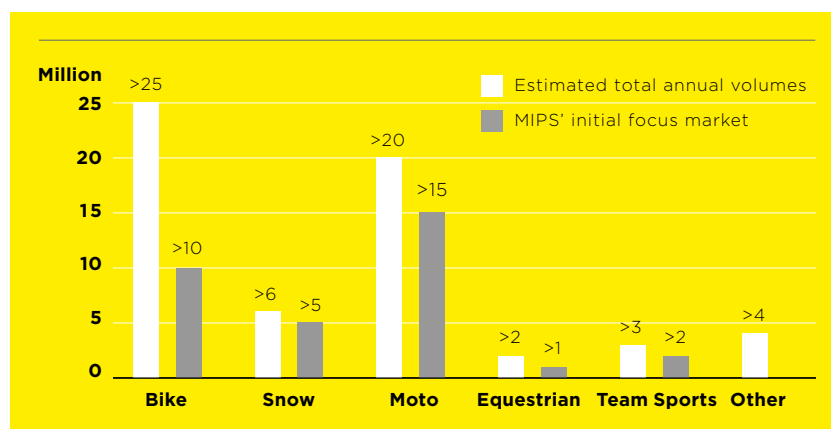
sports enthusiasts, including helmets for road bikes and mountain bikes). Helmets have also been developed for the rapidly growing e-bike category, but this market is still relatively small. MIPS has been supplying BPS units to the Bike helmet category since 2010. Awareness of MIPS BPS solutions in this category is high and deviations are more geographically determined.

Snow

The Snow category comprises both alpine skiing and snowboarding helmets and is divided into two subcategories: recreational use (children/family/novice and intermediate levels) and advanced use (park/backcountry and freestyle, as well as alpine competitions). MIPS has been supplying BPS units since 2010. Awareness of MIPS BPS solutions in this category is high and deviations are more geographically determined.

Moto

The Moto market has the greatest potential in terms of the addressable market due large volume at higher price points than other consumer market categories. The category can be divided into two subcategories: motorcycle (commuting/recreational helmets



The most important helmet categories for MIPS in the consumer helmet market are Bike, Snow, Moto, Equestrian and Team Sports.

and competition helmets) and motocross. MIPS delivered its first BPS unit in 2013. Acceptance of MIPS solutions is high in the motocross category, while awareness of MIPS BPS solutions is still low in the motorcycle category.

Equestrian

The first BPS unit was delivered in this category in 2008. Interest in MIPS BPS is growing and it is now also available for polo. MIPS has a low awareness in this category.

Team Sports

The Team Sports category primarily includes football, hockey and lacrosse. MIPS has solutions for helmets in the Team Sports category, but has not yet delivered any solutions for this category. As yet, MIPS BPS solutions have no acceptance in this category.

Other

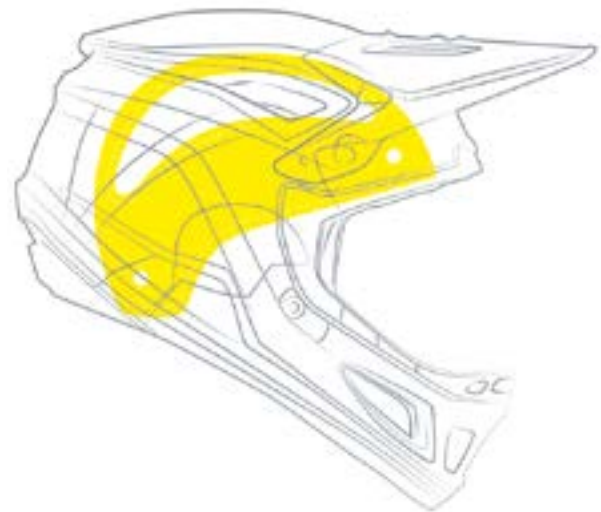
The other category comprises helmets for motor sports, baseball, mountaineering, snowmobiles, rafting, etc. In 2018, MIPS delivered solutions for mountaineering helmets. Awareness for MIPS BPS solutions is low in this category.

Professional use

MIPS estimates the market for helmets intended for professional use (LEAF – Law Enforcement Armed Forces), which MIPS initially intends to focus on, to have an annual volume of more than 10 million helmets. In 2018, MIPS did not deliver any MIPS BPS units in this category. However, MIPS presented a helmet designed for military use in partnership with the Swedish brand SAFE4U. The most important helmet categories for MIPS on this market are:

Military

Helmets for military use consists of two subcategories: helmets for ground forces and



All helmets that contain a MIPS BPS are tested in the MIPS global test lab before they enter production. Following approval, the brand is given a license to label the helmet with the MIPS brand, which must be positioned on the outside of the helmet.

for the air force. Helmets for ground forces are used by both regular special forces and troops. MIPS is initially concentrating on helmets for special units, but the long-term ambition is also to provide MIPS solutions for helmets used by regular troops and the air force. One distinctive feature of military helmets is that the liner is usually replaced once or twice a year, which represents an interesting aftermarket for MIPS.

Law enforcement

The market for law enforcement helmets comprises helmets for riot police and ballistic helmets. Helmets for ballistic protection are often used by military special forces, and can therefore be an interesting aftermarket with replacement of the helmet liner once or twice a year.

Rescue services

Helmets for the rescue services includes firefighters', helmets used by smoke jumpers, and helmets used in other rescue situations including traffic accidents, forest fires, ambulance emergency response operations, and search and rescue missions at high heights and on the water.

Trends and dynamics in end-user markets

The MIPS business model is based on an ingredient brand model and while the company does not engage in sales to end users, it is highly dependent on developments in the end-user market. Many trends currently drive demand for MIPS solutions in the market.

Increased market understanding of the dangers of rotational motion

MIPS notes continued growing awareness of the importance of protection against rotational motion.

In 2018, 78 helmet brands around the world used MIPS BPS for their products. The greatest acceptance of MIPS solutions has mainly

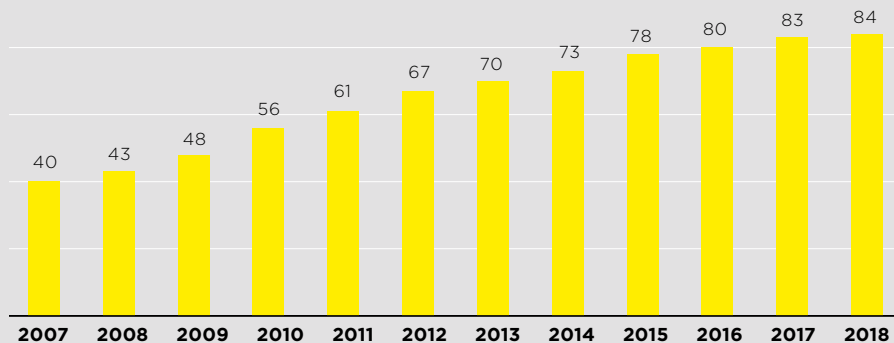
been in the Bike category, and the company is beginning to see growing interest from a variety of categories in which rotational motion is common.

This increased awareness also involves greater focus from the organizations' and regulatory authorities' work groups regarding helmet standards. Examples of work groups are:

- CEN TC158 - WG11, European body appointed by the EU to formulate testing standards for helmets.
- ASTM International - F08.53 subcommittee responsible for 16 test standards within helmet sports in USA.
- FIM Helmet Certification Program (FHCP), body responsible for setting test standards for helmets in MOTO GP helmets.

Another evidence of increased awareness of protection against rotational motion is the fact that consumer tests have started to include protection against angled impact in their methods for comparing different helmets. The Virginia Tech Helmet Lab in the U.S. has added rotational motion to its

Share of skiers wearing helmets, per season (US)* %



* National Ski Areas Association.

test protocol for bike helmets. The Swedish insurance companies Folksam and Länsförsäkringar, which both carry out an annual test of bike and snow helmets, began including protection against angled impact in their assessments in 2012. In addition, Consumer Reports – a U.S.-based non-profit organization that carries out consumer tests – started including angled impact in its bike helmet tests in 2016, and thus focusing on informing cyclists about the dangers of rotational motion and which helmets in their test offer the best protection.

Awareness of the dangers of rotational motion varies greatly on different geographic markets; the US market in particular has a good understanding of why rotational motion is dangerous for users, while in other parts of the world is still focussed solely on helmet impact protection.

Regulations

In many countries, motorcyclists have been required by law to wear helmets for many years. A variety of legal regulations concerning the obligation to wear a helmet while riding a bike have been introduced in recent decades in several countries. Requirements to wear helmets when playing sports have also been introduced, powered by professional organizations in some sports.

Competitors

MIPS is the leading player in the market for helmet-based products for protection against rotational motion. Current competitors are mainly companies that offer helmet safety technology for a limited number of helmet categories. The increase in awareness of the relationship between rotational motion and the risk of brain injuries do increase demand for relevant products, and is likely that competition will increase.

Among the products currently marketed as improving rotational motion protection, there is a distinction between companies operating as ingredient brands, such as MIPS, and helmet brands that do not offer proprietary helmet safety technology to other brands. Competition from other ingredient brands that offer products for rotational motion protection is currently limited, because there are few companies operating through that specific business model as far as MIPS is aware. MIPS also has an extensive patent protection portfolio, which makes it harder for competing products to penetrate the market.

Increased interest in sports and outdoor activities

Increased interest in sports and outdoor activities, along with a healthier lifestyle, is a global trend. In the United States, the market for outdoor leisure activities grew by around 5 percent annually between 2005 and 2011, while many other industries experienced a decline. Decisionmakers are also devoting more attention to promoting activities of this kind, as they bring with them financial, social and health-related benefits for society. The appearance of new sports and a rise in popularity of a number of existing sports and outdoor activities have also contributed to a general increase in interest. MIPS believes that greater interest in activities of this kind is likely to contribute to increased demand for sports equipment. As the demand increases, it is also likely that the supply of specialist equipment and more advanced protection will expand. Athletes are becoming more dedicated, which could increase demand for medium and premium-priced outdoor products and help to shorten replacement cycles.

MIPS estimates that an increasingly active lifestyle will likely lead to increased spending on health and sports products. For example, the estimated sales value for bike helmets in

the United States rose by 24 percent from 2010 to 2015, while the estimated number of bike helmet units sold in the United States increased by 17 percent. This trend indicates a rise in the average price of bike helmets during the period.

As participants in sporting activities have become even more dedicated, MIPS has also identified a trend in end users increasingly seeking reliable brands they can relate to. These brands offer products and solutions with elevated performance and improved safety features. At the same time, MIPS has noted that many of the most dedicated participants also tend to upgrade their products more frequently to keep up with the rapid development. The bike is becoming a more common means of transportation. Urbanization and urban infrastructure improvements – such as investments in modern, clearly separated bike paths – have increased the attractiveness of bike as a mean of transportation. The key reasons that people prefer to take their bike rather than other means of transportation include shorter commutes, greater convenience, lower costs, health and environmental benefits.

Changes that increase helmet usage

Increased safety awareness and greater cultural acceptance of helmet usage

This cultural change is particularly noticeable in the context of skiing helmets, where the use at United States resorts rose for twelve consecutive years, from 38 percent in 2005/2006 to 84 percent in 2017/2018*. MIPS is of the opinion that helmets are no longer viewed simply as safety equipment, but also as a way to demonstrate awareness, dedication and professionalism. Helmet producers have adapted to this trend by designing helmets intended to reflect the active lifestyle of the end users.

In line with the rise in cultural acceptance of helmet use and increased safety awareness, MIPS expects end users to gradually be willing to pay more for their helmets – particularly for helmets with improved safety features and design. Moreover, injuries in popular sports such as hockey and football have attracted considerable attention following a series of incidents in which leading sports profiles have suffered concussions. This attention has led to a rise in awareness among the general public of the risks and consequences of brain injuries.

Increased safety awareness among professionals

Occupational health and safety standards are under constant development, often accompanied by growing demand for safety equipment for people exposed to hazardous environments. The professional market has also been influenced by the trend toward increased knowledge and awareness of the incidence and consequences of brain injuries.

American statistics** show that between 2000 and 2017, 379,500 US soldiers in service suffered from consisting means of traumatic brain injuries of which 83.3% of the brain injuries originate from concussions. MIPS has launched one solution for Military with the Swedish company SAFE4U, but has not yet delivered any products in the category of military helmets.

* National Ski Areas Association.

** Defence and veterans brain injury center.



Helmet use at U.S. ski resorts rose for ten consecutive years, from 38 percent in 2005/2006 to 84 percent in 2017/2018.

BUSINESS MODEL, STRATEGY AND FINANCIAL TARGETS

Ingredient brand

MIPS operates as an ingredient brand. Consequently, MIPS does not sell its products directly to end users. Instead, MIPS sells its solutions to helmet manufacturers, where the solution is included as part of the helmet that is subsequently marketed to the end user. MIPS BPS can also be included in the initial design of new helmet models, and thus become an integrated part of the model range. Helmets with MIPS BPS are usually somewhat more expensive, with the premium historically around USD 20 and up.

MIPS marketing and communication is therefore aimed at using limited expenditure to achieve a high level of exposure to end users by leveraging the broad global marketing resources of the helmet brands (customers).

MIPS enjoys close collaboration with customers aimed at ensuring a uniform and controlled message to end users and the media. Therefore MIPS also provides the necessary expertise, resources and marketing material to the customers' sales staff and distributors through initiatives such as participation at sales and distribution meetings.

MIPS also actively works with strategic and cost-efficient marketing campaigns targeting distributors, retailers and media. These campaigns include collaboration with the helmet brands to educate media and train retailers' staff about MIPS BPS through initiatives such as sales programs and subsequent training materials.

Mission

Based on scientific research and creative collaboration, MIPS develops technologies and products that offer improved preventive protection, thereby reducing the risk of injury.

Vision

The MIPS vision is to use technology solutions that reduce the risk of injury to ensure that helmets in all categories protect users significantly better than current test standards dictate. Protection equivalent to the MIPS offering should be a minimum requirement in all helmet standards worldwide, regardless of type of helmet or price point. MIPS will continue to be a pioneer in this field of research in order to offer the safest and most innovative solutions.

Financial targets

The company's long-term financial targets represent the ambitions which the Board of Directors and senior management consider to be reasonable long-term expectations for MIPS.

Growth: The target is to organically grow net sales to more than SEK 400m by 2020.

Profitability: The target is to achieve an EBIT margin of more than 40 percent by 2020.

Dividend policy

The target is to distribute approximately 50 percent of the MIPS' annual net profit as dividends when the company has achieved the desired financial stability, taking into account future profits, investment needs, liquidity and development opportunities, as well as general financial business conditions.

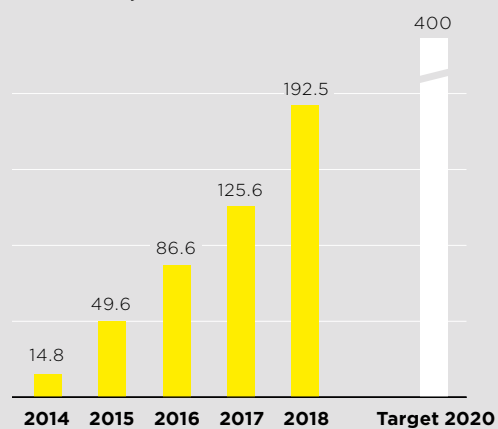
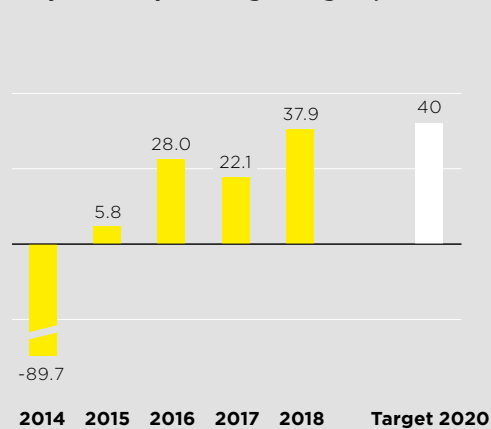
Strategy

In order to achieve its financial targets, MIPS has formulated a strategy, the key aspects of which are presented below:

1. Defend MIPS' position as the preferred partner for helmet brands globally across different helmet categories

MIPS intends to grow and expand its position as the leading supplier of technology designed

Development towards our financial targets

Net sales, SEKm

Adjusted operating margin*, %


* The EBIT margin 2016 and 2017 is adjusted for costs attributable to the listing of the company with Nasdaq, Stockholm of SEK 5,8m and SEK 7,0m respectively.

to provide protection against rotational motion in helmets by applying its technology, expertise in the field of rotational motion and its relationships within the helmet industry.

- *Reinforce its position with the current customer base*

MIPS has built up strong relationships with brands in five helmet categories. The number of helmet brands that have purchased MIPS BPS has increased from four in 2011 to 78 in 2018.

MIPS' customer relationships provide excellent opportunities to further increase penetration in current helmet brands. In 2018, MIPS supplied 3.8 million MIPS BPS units to 448 helmet models, compared with 15 models in 2011. This illustrates MIPS' excellent capacity to expand the use of MIPS solutions in customers' helmet ranges, and highlights the potential for future growth.

- *Expand the customer base in current categories of consumer helmets and take the step into new ones*

The strongest footholds today are in the Bike and Snow helmet categories. Increased awareness in general of the risk of brain injuries related to rotational motion – and MIPS solutions in particular – serve as driving forces for the continued integration of MIPS BPS among the helmet brands. The flexible solution and the simplicity of implementing MIPS BPS is expected to contribute positively to accelerating the pace of penetration in, for example, Moto and Equestrian helmets, as well as for developing solutions for new consumer helmet categories.

- *Establish MIPS in the category of helmets for professional use*

MIPS estimates that the market for helmets intended for professional use, on which MIPS initially intends to focus, entails an annual volume of more than 10 million units.

The most important category for MIPS in this market is helmets for military use.

The market for military helmets can be divided into two subcategories: helmets for ground forces and for the air force. Helmets for ground forces are used by both special forces and regular troops. MIPS is initially concentrating on helmets for special units, with the long-term ambition of also providing MIPS solutions for helmets used by regular troops and the air force.

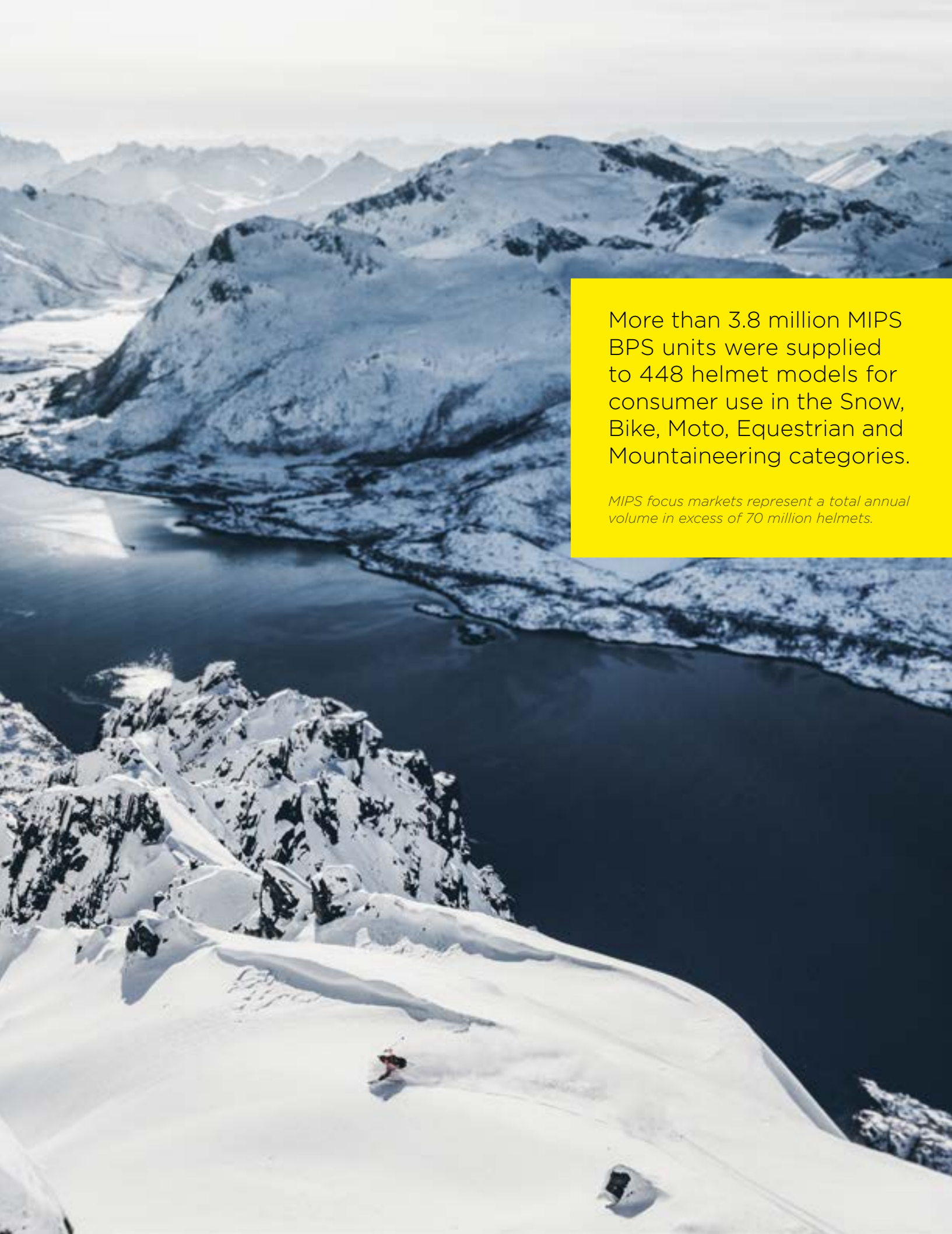
One distinctive feature of ballistic helmets, which accounts for the majority of military helmets, is that the inner liner is replaced regularly. This feature should lead to increased demand for MIPS BPS as an aftermarket product in this category.

2. Continued use of current business model and corporate structure

MIPS will retain its position in the value chain as a supplier to helmet brands combined with outsourced production, which allows a scalable cost base and use of the distribution and marketing capacity of its customers.

3. Secure long-term competitive advantages through continuous development and reinforcement of the portfolio of intellectual property rights and solutions

Since its inception, MIPS has developed leading edge expertise in solutions for protection against rotational motion, and has protected key knowledge through its intellectual property rights strategy. As a result of this strategy, MIPS has a highly comprehensive global portfolio of patents that reflect the innovation and major initiatives and investments that MIPS has made over the years. This patent portfolio is a cornerstone of MIPS research and development, as well as its strategy.



More than 3.8 million MIPS
BPS units were supplied
to 448 helmet models for
consumer use in the Snow,
Bike, Moto, Equestrian and
Mountaineering categories.

*MIPS focus markets represent a total annual
volume in excess of 70 million helmets.*

STRENGTHS, COMPETITIVE ADVANTAGES AND PRODUCTS

Net sales increased in 2018 by 53 percent to SEK 192.5m (125.6), with and an organic growth of 50%. Operating profit totaling SEK 73.0m (20.8). A total of 3.8 million MIPS BPS (Brain Protection System) units were sold during the year and the company continued to deliver according to our strategic priorities: grow with current customers, continue developing our business in the Moto category and prepare to enter new categories.

Customers and helmet brands

The MIPS customer base consists of many global helmet manufacturers. Thanks to the flexibility of the product, MIPS BPS can be integrated in a variety of types of helmets – for both consumer helmets and the market for helmets for professional use. The consumer helmet market consists of a number of helmet categories, such as Bike, Snow, Moto, Equestrian and Team Sports helmets. The different helmet categories for professional use include helmets for the military, law enforcement and rescue services. In 2018, MIPS supplied BPS units to 78 (60) helmet brands in the field of consumer helmets. The five biggest helmet brands accounted for about 62 percent (66) of delivered MIPS BPS units.

The table on the following page presents a selection of helmet brands to which MIPS supplied MIPS BPS units in 2018.

More than 3.8 million MIPS BPS units were supplied in 2018 to 448 helmet models for consumer use in the Bike, Snow, Moto, Equestrian and Mountaineering categories.

Operations overview

The MIPS sales process can be divided into sales to new and current brands. MIPS operates a standardized process for development and integration of MIPS BPS in helmet models. Most of the work is carried out at the MIPS Global Test Center in Stockholm, Sweden,

which serves as an important development and testing tool in the integration of MIPS technology in specific helmet models. Most MIPS employees are based in Stockholm, while the rest of the staff are employed by the MIPS subsidiary in China.

The MIPS production model is scalable in terms of growth within brand, model and volume. Production of the components for MIPS BPS is outsourced to a variety of manufacturers in China, either within the same facilities as – or in plants in the immediate vicinity of – the helmet brands' own facilities. This strategy simplifies the logistics chain, since the helmet brands' manufacturers take care of assembly of MIPS BPS in the helmets. The low friction layer is produced on receipt of a purchase order, and MIPS therefore maintains only a limited stock consisting of other components. The helmet brands then ship the manufactured helmets to their distributors, after which they are shipped to retailers.














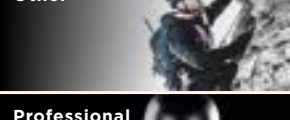

The helmet brands and retailers actively market MIPS to end users via both digital marketing campaigns and hard copy marketing material for in-store use, clearly highlighting the benefits of MIPS BPS in accordance with MIPS communication and marketing guidelines.

Strengths and competitive advantages

MIPS features several competitive advantages that have contributed to our positive development, including:

MIPS uses validated technology based on research that the company considers to be world leading and that is protected by a global portfolio of intellectual property rights.

The company's technological platform is based on more than 20 years of research and development in partnership with the Royal Institute of Technology (KTH) and the Karo-

Helmet categories	Number of helmet models*	Active helmet brands*
 Bike	292 	48 
 Snow	113 	21 
 Moto	36 	17 
 Equestrian	6 	3 
 Team Sports	MIPS is currently developing products intended for Team sports helmets.	
 Other	One brand and one model.	
 Professional use	MIPS is currently developing products for helmets for professional use.	

*Helmet brands to which MIPS BPS has been delivered during the period.

Selection of active helmet brands 2018

Abus	Giant	Rossignol
Alpinestars	Giro	Rudy Project
Back on Track	Head	Salomon
Bell	Lazer	Scott
Bern	Limar	Smith
Bliz	Mavic	Specialized
Bolie	MET	Stiga
Bontrager	Oakley	Sweet Protection
Cannondale	OKG Kabuto	Thor
Everest	Orbea	TLD
Fox	Pret	TSG

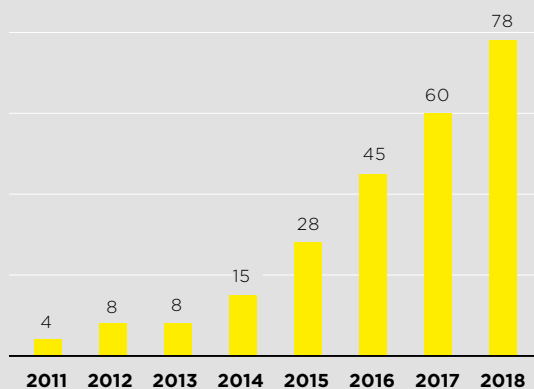
Key figures

	2018	2017	Change,%
Net sales, SEKm	192.5	125.6	53
Operating profit, SEKm	73.0	20.8	250
Operating margin (EBIT), %	37.9	16.6	-
Adjusted operating profit**, SEKm	73.0	27.8	162
Adjusted operating margin (EBIT)**,%	37.9	22.1	-

**Operating profit is adjusted for costs related to the listing of the company in 2017 with Nasdaq, Stockholm. Adjusted operating profit includes litigation costs of SEK 4.8m (16.5) relating to patent disputes.

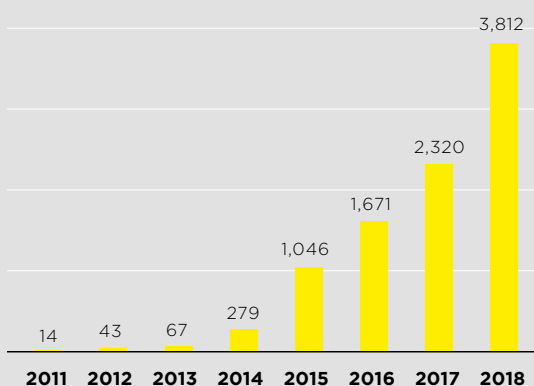
Historic development of active customers

Number of helmet brands to which MIPS BPS has been delivered



Development of total sales of MIPS BPS units

Total volume sold (thousands)



linska Institute in Stockholm. At least three scientific papers have been published about rotational motion that validates MIPS technology, and over 22,000 tests have been carried out. Reduction of rotational motion following an angled impact as a result of integration of MIPS BPS in a helmet, as well as the estimated correlated reduction in risk of brain injury, has been further validated by independent parties on several testing occasions. Over the course of its 20-year history, MIPS has built up a knowledge base and an understanding of the dynamics of relevant parameters used to measure the risk of brain injury from angled impact. By being a strong ingredient brand with high penetration, we help generate additional value for our customers and their helmets.

MIPS' patent portfolio in the field of helmet-related innovations contributes to the strong technological position and supports continued expansion. As of December 31, 2018, MIPS had been granted 139 patents and had 76 ongoing applications in 29 patent families with a focus on MIPS' primary market. The MIPS strategy is to expand its patent portfolio and protect new innovations.

MIPS benefits from safety trends

MIPS is a leading supplier of technology designed to add protection against rotational motion in helmets. This makes MIPS a valuable independent partner for helmet brands as helmet use and safety awareness continue to rise.

Proven ingredient brand concept that has been adopted by leading helmet brands

MIPS provides a solution that adds value to helmet brands. MIPS supplies its customers with a technology designed to improve protection against rotational motion in helmets, as well as comprehensive expertise in both R&D and integration. Many helmet brands have begun to use MIPS BPS, including leading brands such as Bell, Fox Head, Giro, Scott, Smith, Specialized and Trek. Through its customers,

MIPS has access to several helmet categories and thus enjoys exposure to a broad base of end users. MIPS has undergone strong growth in recent years in the number of helmet brands to which MIPS has supplied MIPS BPS units, from four active helmet brands in 2011 to 78 active helmet brands in 2018. MIPS' global customer relationships make it possible for MIPS BPS to reach many end markets and geographical areas, further reinforcing MIPS as an ingredient brand.

A Business model that leads to operational leverage effects and efficiency

MIPS has developed a highly scalable production model through outsourced production, resulting in simplified logistics. MIPS benefits from the customers' distribution network, while providing the helmet brands with support in the form of technological expertise and experience. MIPS also offers customers advisory services related to marketing of MIPS BPS to ensure a uniform message. MIPS' indirect marketing to end users and its technology-driven sales force working with the helmet brands are therefore highly scalable and benefit from the direct marketing campaigns and capacity of their well-respected customers.

An Attractive financial profile

MIPS has achieved a solid growth rate over the past few years and in 2018 the company achieved sales growth of 53% (45). The MIPS business model has made it possible to achieve a strong improvement in margin, from a negative adjusted operating margin (EBIT) in 2014 to 37.9 percent in 2018. MIPS' position in the value chain as a supplier to helmet brands, in combination with outsourced production, allows for a scalable cost base, at the same time that the company benefits from the distribution and marketing capacity of its customers. MIPS' scalable business model generally requires only limited investments in non-current assets. The

company is expected to achieve an attractive operating capital dynamic over time as it grows, in pace with its growth. MIPS believes that this scalability will pave the way to improved net sales with high cash generation.

Technology and product offering

The product offering primarily consists of three elements:

1. MIPS BPS, which is the tangible product integrated in helmets;
2. Development and integration of MIPS BPS in new and current helmet models;
3. Licenses to manufacture, market and sell helmets containing MIPS BPS.

For each new helmet model that requires a new low friction layer, MIPS generally charge the customer a fixed development and integration fee. As part of this process, MIPS handles production of the tools necessary for commercial production of the specific low friction layer. MIPS then invoices a fee attributable to the manufacturing of the production tools.

MIPS Brain Protection System

MIPS BPS is designed to allow the addition of protection against rotational motion to helmets. Rotational motion is a combination of rotational energy (angular velocity) and rotational forces (from angular acceleration), which both affects the brain and increase the risk of both mild and severe brain injuries. MIPS BPS has been shown to reduce rotational motion when integrated in helmets by absorbing and redirecting part of the rotational energy and forces that risk being transferred to the brain.

The development of MIPS BPS is founded on years of studies of the biomechanical functions of the human brain. The brain is surrounded by cerebrospinal fluid which



The Snow helmets category comprises both alpine and snowboarding helmets for recreational and advanced use. MIPS has good market penetration in the category and has been supplying BPS units since 2010.

protects it by allowing the brain to move slightly when it is subjected to an angled impact. MIPS BPS mimics this cerebrospinal fluid through the integrated low friction layer, which allows a relative movement between the head and the helmet.

The main component of the MIPS BPS is the low friction layer, which is inserted into the helmet to allow relative movement between the head and the helmet. It has been designed to provide additional protection against rotational motion in the event of angled impact.

A MIPS BPS unit designed for a specific helmet model for a given helmet manufacturer generally includes a low friction layer, a helmet-customized fastening mechanism for the low friction layer, snap baskets and sliding enablers, as well as MIPS information material plus the well-established yellow logo that clearly shows that the helmet is fitted with MIPS BPS.

MIPS BPS function

MIPS BPS, when integrated in helmets, has been shown to reduce rotational motion for certain types of impact. Through a small movement in the low friction layer in relation to the helmet (10–15 mm) during the short duration of an angled impact (5–10 milliseconds), MIPS BPS allows the head to continue in the direction it was following instead of remaining fixed to the impact surface. The intention is to redirect and absorb some of the rotational energy and force that might otherwise be transferred to the brain. Absorption is achieved through energy transfer to frictional heat, and because MIPS BPS spreads the impact load to a larger area of the helmet liner. MIPS BPS is designed to function regardless of the direction from which the impact is received.

Research and development

Research and development at MIPS are founded on science and proven experimental

methods, with a clear focus on injury criteria, combined with an active strategy for intellectual property rights.

R&D is divided into four separate categories:

1. Innovation – founded on science and research with a focus on new advances in the field and concepts for impact risk management and thereby enable access to new categories.
2. Product development – short-term perspective of 12 months into the future, with a view to improving current solutions and previously established concepts.
3. Development of new models – based on the customers' development, where MIPS provides the customer with support regarding design and technology for new models.
4. Integration of MIPS BPS in current helmet models – this category has focused on assisting helmet brands with integration of MIPS BPS in existing helmet models since 2010.

Intellectual property rights

Intellectual property rights play a key role in the MIPS strategy, since they help MIPS to maintain its competitive advantage, protect R&D investments and promote credibility in relation to the company's customers. The intellectual property rights strategy focuses on the development of new intellectual property rights and protecting the current intellectual property portfolio. MIPS considers monitoring the protection provided by MIPS' intellectual property rights to be crucial. Any infringements are addressed based on a formulated IP strategy with the assistance of legal expertise.

MIPS NOW AVAILABLE IN ALL SPECIALIZED BICYCLE HELMETS

MIPS announced in late November an expanded partnership with bicycle brand Specialized, which will now include MIPS in all of its helmets. While previously only available in three Specialized helmet models starting in 2016, MIPS will now be found in 15 Specialized helmet models across all disciplines and categories, including youth helmets. Specialized was first to market with the new MIPS SL solution. The solution is a step forward in ventilation, weight reduction and comfort in the MIPS platform.

Although Specialized is not a new partner to MIPS, it is the first major helmet manufacturer to integrate the MIPS system across its entire product line, from entry-level helmets up to the same models used by professional cyclists. This choice not only sends a signal to the industry that safety is something for everyone who rides a bike, but also reflects the growing consumer demand for safer helmets.

"Our main objective at MIPS is to work with the helmet brands, not to compete with them. As a partner, as an integral part of products that others sell, we can protect far more people," says Johan Thiel, CEO of MIPS. "With this partnership with Specialized we see the true value of working as an ingredient brand, since we make the MIPS solution available to more helmets and bike riders than ever

before. We are also pleased with the way that Specialized has used several different solutions at different price points in order to differentiate its offering."

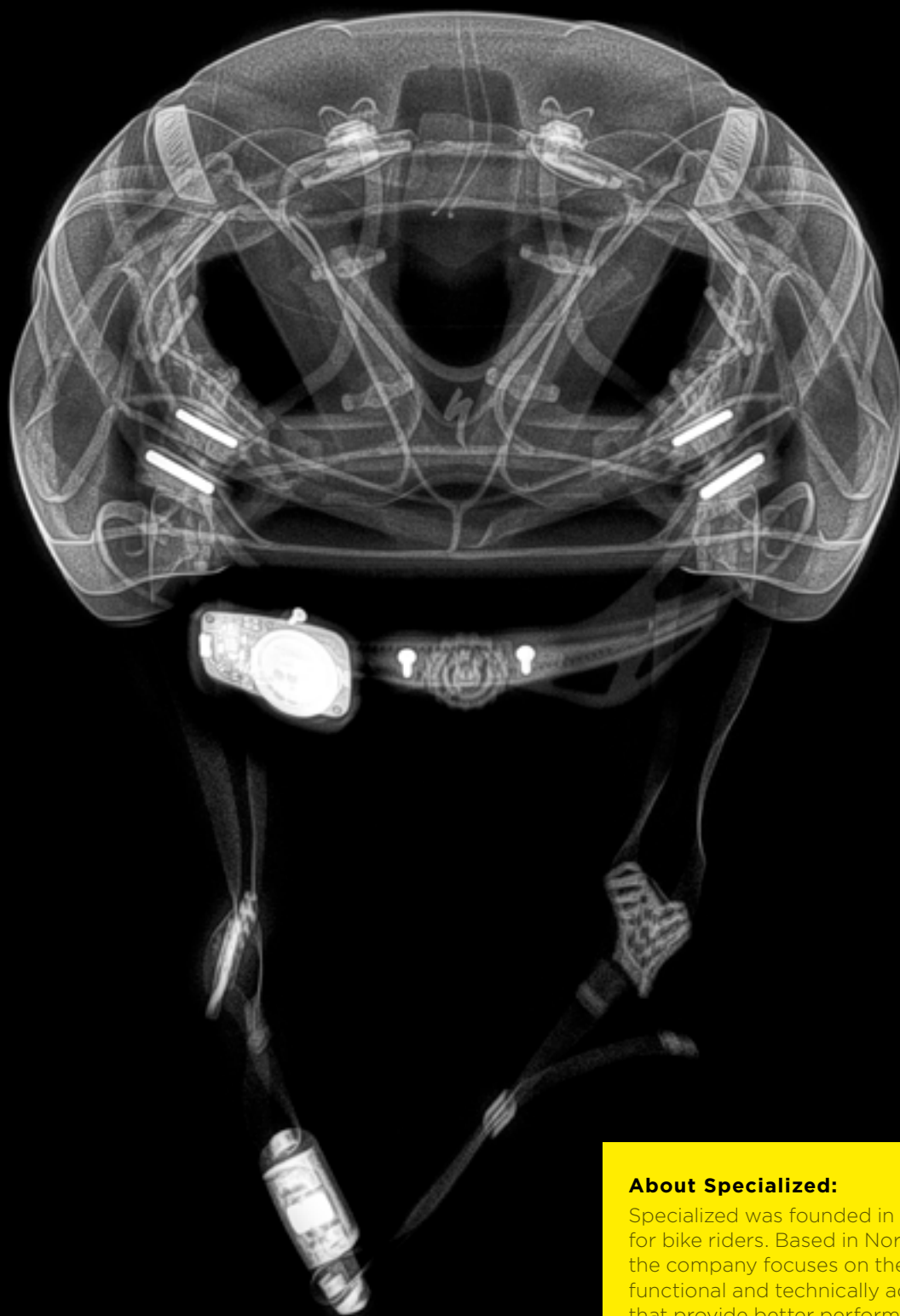
"At Specialized, we are committed to innovation at all levels of cycling," says Specialized founder and CEO Mike Sinyard. "By partnering with MIPS, our Specialized helmets will now offer greater protection for riders."

Numbers related to the launch:

MIPS and Specialized announced their expanded partnership at the end of November, drawing a great response from media:

- The new items appeared in over 40 media channels, including three video clips on YouTube describing the latest helmet technology
- The total reach was over 158 million views
- The bicycle market was accessed through the leading channels, while media such as Forbes, Adventure Journal and Popular Science also published articles

MIPS-equipped special helmets will be available for purchase in early 2019 at Specialized retailers all over the world.

**About Specialized:**

Specialized was founded in 1974 by bike riders for bike riders. Based in Northern California, the company focuses on the rider's need for functional and technically advanced products that provide better performance.

specialized.com

RISKS AND RISK MANAGEMENT

Like any business, MIPS' business is associated with various types of risks. Risk identification and risk assessment are a natural part of operations at MIPS to ensure that we manage and prioritize the measures to satisfactorily mitigate or eliminate risks.

The ability of the Group to analyze and prevent risk is crucial to be able to both minimize the risk that unforeseeable events could have a negative impact on the business and to create a sustainable business model. While MIPS does not necessarily intend to completely eliminate risk, its risk management initiatives are aimed at elucidating and prioritizing risks in a way that limits their negative impact, while also creating sustainable long-term value for the company when in relation to both operational and strategic decisions. Risk management is conducted within all functions at the company and is also aimed at increasing risk awareness throughout the organization, for operational decision-makers as well as for board members.

Risk management organization

MIPS' Board of Directors has the ultimate responsibility for the risk management at the

company. The operational management of the company reviews its risk management initiatives annually, with proposals for prioritization and management of the main risks ultimately addressed by the Board of Directors.

Group management manages risks related to business development and long-term strategic planning, as well as the Group's sustainability and environmental initiatives and related risks, and the Group management prepares a proposal for prioritization that is ultimately prioritized by the Board of Directors. Group management regularly reports on risks concerning matters such as the Group's financial status and compliance with the Group's finance policy to the Board of Directors. The Group's Treasury Department is responsible for prioritizing and managing financial risks, including exposure to exchange rate fluctuations. The CFO of MIPS is responsible for and ensures that the Group has adequate insurance coverage for insurable risks. Such coverage is in line with the prioritization proposed by Group Management, as approved by the Board of Directors. The Group's Code of Conduct and several more specific policies serve as the foundation for day-to-day operational risk management, which is managed on all levels of the organization.

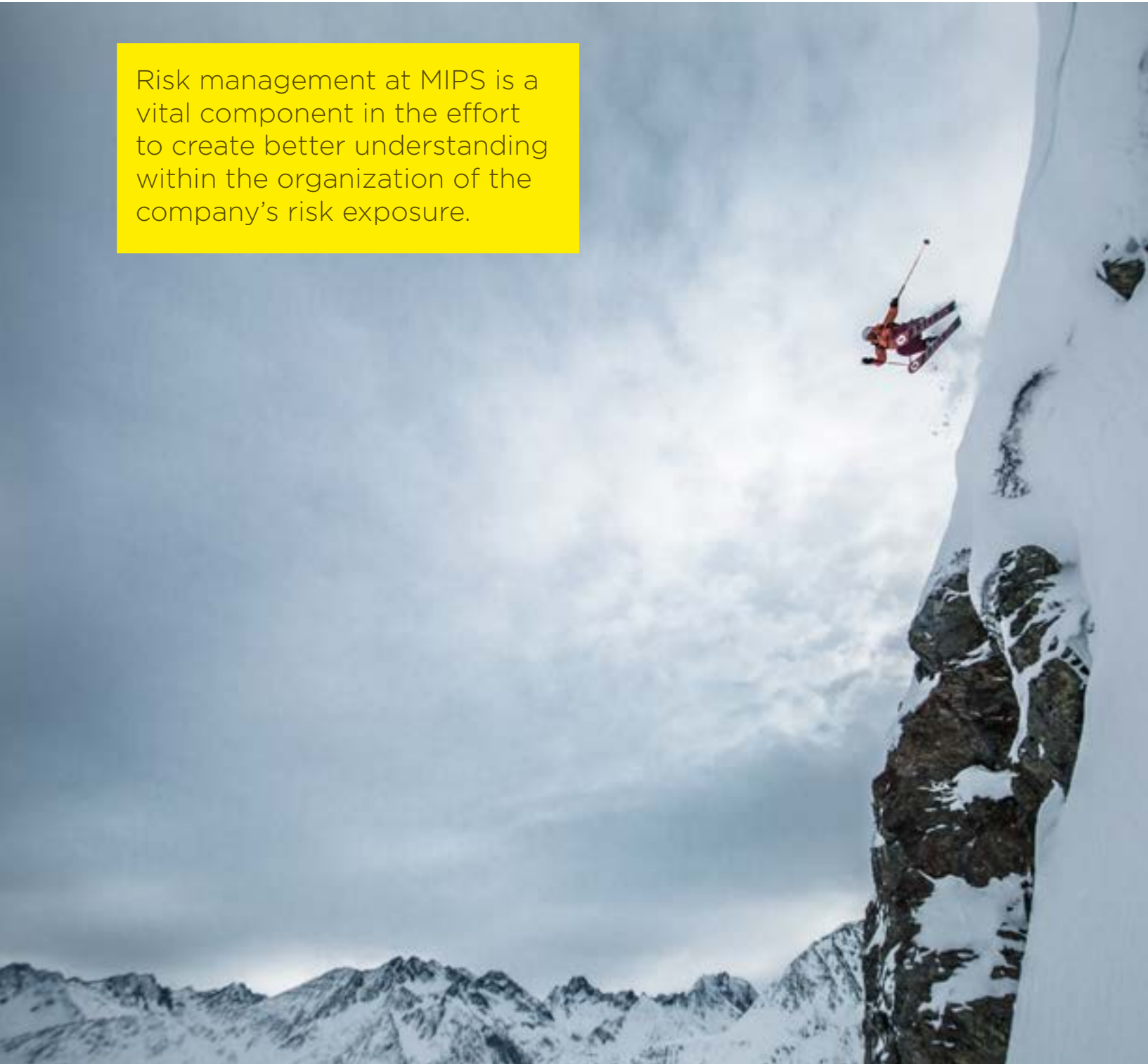
Risk overview

A number of risk areas have been identified by MIPS' risk management process and materiality analysis. The tables on pages 35–37 briefly describe the most critical risks, as well as their management and measures to limit any effects on the operation. A more detailed presentation of the financial risks can be found in Note 19. MIPS has divided the identified risks into customer and market-related risks, legal, operational and sustainability-related risks, and financial risks.



Risk identification and risk assessment are a natural part of operations at MIPS.

Risk management at MIPS is a vital component in the effort to create better understanding within the organization of the company's risk exposure.



**Customer and market-related risks**

The summary of customer and market-related risks includes how external risks are managed, both strategically through business and product development, and operationally through daily sales and marketing activities.

Legal risks and risks related to product liability

Legal risks are primarily related to legal proceedings involving the company's intellectual property rights, primarily patent infringement, but also other types of legal disputes. Risks related to product liability are mainly attributable to various types of damages related to the company's products. Such risks are limited to the greatest extent possible through insurance.

Operational and environmental risks

Operational risks are usually based on the company's own operations, for which reason the company has greater influence over such







risks. Operational risks are part of our daily work and are usually managed by the operational units. Examples of operational risks include risks related to production, insurable risks and various types of sustainability-related risks, primarily related to the environment and safety. Operational and environmental risks can often be limited by instructions, guidelines and policies.

Financial risk

Financial risk management at MIPS is centralized to the Group's Treasury Department, which conducts operations within established risk mandates and limits. Risk management follows guidelines in the Group's policies and regulations within the specific areas. All policies and regulations in this field are updated and adopted annually by the Board of Directors of the company. Read more about the accounting policies, as well as risk management and risk exposure in Notes 1 and 19.

RISKS



Customer and market-related risks

	Risk	Management
Demand for the company's products	 <p>Sales of products aimed at mitigating the impact of rotational motion is a relatively new occurrence and many external factors such as test standards could affect demand for the company's products. Historically, both the market for helmets and demand for products for rotational motion has grown. A reduction of this growth would have a material impact on the company.</p>	 <p>A decline in demand for the company's products would affect the company's profitability, as well as MIPS' ability to achieve its long-term goals. MIPS works proactively to ensure integration of the right test standards for helmet testing, while engaging in active dialog with universities to ensure the company's leading-edge position in the dialog on test standards at all times. The company also invests 5-7% of its net sales in marketing to ensure that the company's message is correctly communicated and to provide its customers with materials so that they can market their product which includes MIPS as correctly as possible.</p>
Dependence on a few larger customers	 <p>The helmet industry currently has a few players who account for the majority of total sales on the market and this is also reflected in MIPS customer concentration, where a few customers account for the majority of total sales. MIPS delivered products to 78 customers, of which the five largest accounted for 62% of total sales. For more information, see Note 2.</p>	 <p>Loss of one of the large customers would have a major impact on the company's sales and profitability, as well as its ability to achieve its long-term goals. MIPS has no individual measures to manage this type of risk, but as the company expands into other categories, its dependence on individual customers will decrease.</p>
That the company misses important steps in the biomechanical development in helmet safety	 <p>Developments in rotational motion have substantially changed in recent years and several bodies are working on updating their standards in helmet testing in order to include rotational motion in their helmet certification process. The consequences of a standard that differs from what MIPS represents could have an impact on MIPS sales within the categories to which the new standard applies.</p>	 <p>Incorrect integration, or adoption of a standard where inclusion of MIPS solutions does not demonstrate any improvement could affect demand for the company's products. The company exchanges information with universities and actively engages in dialog with various test bodies around the world to ensure that this dialog is conducted as accurately as possible.</p>



Operational and environmental risks

	Risk	Management
Impact of changes in environmental requirements in China	 <p>The majority of the company's products are manufactured in China. In 2017 and 2018 China substantially changed the environmental requirements placed on production. While the requirements are not considered to have much impact on production of the company's products, they have a substantial impact on the factories that manufacture helmets, since various steps in the production process had to be changed and improved. This may sometimes require investments and lead times to ensure more environmentally efficient production.</p>	 <p>The company reviews and actively works to ensure that the company's own suppliers meet requirements and manage risks in a satisfactory manner. However, the company cannot always check and make demands on all of the manufacturers to which the helmet brands have outsourced production. Consequently, temporary or long-term production disruptions might occur, which could have a significant impact on the company's sales.</p>
Management of business secrets and intellectual property rights	 <p>The company has a large patent portfolio and strives to develop new solutions. Loss or dissemination of solutions for which patent applications have not yet been submitted could have a negative impact on the company's future operations.</p>	 <p>Improper handling or dissemination of confidential information related to product development could have a significant impact on the company's operations. The company actively works to ensure proper management of confidential information and has a policy under which information is not shared before a patent application has been submitted.</p>
The company's ability to attract and retain the right skills	 <p>MIPS is a company that is dependent on the right skills to be able to continue to grow and develop new products. MIPS is active in an area with limited knowledge and it is extremely important that the company can bring the right skills on board to be able to continue developing in line with the company's strategy.</p>	 <p>The company actively works with its employees to ensure that there is a development and skill enhancement plan together with the employees, and along with market-based compensation, this strategy will ensure that the company can retain and attract the right skills. The company also works with process control of key processes to limit the influence of specific individuals.</p>

Legal risks and risks related to product liability

	Risk	Management
Ability to defend the company's patents	 <p>The company's products are based on patented solutions in helmet safety. The company has been involved in various patent-related disputes. The success of the company is largely dependent on its ability to defend patents.</p>	 <p>If the company should not have the ability or capacity to defend its patents it could have a substantial impact on the company's operations. The company uses several different legal advisors to ensure that the right expertise is available at all times and actively reviews the patent portfolio to ensure that it has the best possible patent protection.</p>

Financial risk

	Risk	Management
Dependence on foreign currency developments	 <p>Currency fluctuations affect MIPS' earnings in part because all sales of the company's products are denominated in foreign currency, primarily the USD and CNY (transaction exposure), and in part through translation of the balance sheets and income statements of foreign subsidiaries to SEK (translation exposure). MIPS' accounting currency is SEK, while the subsidiary in China has the CNY as its functional currency, for which reason there is significant translation exposure. In addition to the SEK, USD, and CNY, MIPS also has some exposure to the EUR, GBP and CAD.</p>	 <p>To limit the short-term impact of currency fluctuations, the company hedges 50% of its forecasted sales in USD. The company sells and buys the company's components mainly using the CNY, which largely limits exposure to the CNY. The company's customer contracts denominated in CNY are tied to the USD, for which reason exposure to the USD remains. Fluctuations in currencies in which the company has its sales can have a substantial impact. For a more detailed description of the impact of foreign currencies, see Note 19.</p>

MIPS SUSTAINABILITY WORK

To MIPS, sustainable business is a prerequisite to grow profitable over time and thereby create value for consumers, customers, employees, owners and society. The primary basis for MIPS sustainability work is to minimize all negative impact on society, employees and environment as well as benefitting from a solid sustainability program signifies.

We collaborate with suppliers and partners to ensure that the impact on climate and environment is reduced as much as possible, sharing common values throughout MIPS value chain, taking social responsibility for all employees and that human rights are respected.

MIPS does not have a legal obligation to establish a formal sustainability report according to the Swedish Annual Accounts Act (ÅRL), but we intend create a full report for the financial year 2019. We believe that a sustainability report is a good instrument as a mean of control and description of the company's sustainability work and that it at the same time contributes to a stronger risk analysis.

Organization and responsibility

Our goal is to integrate sustainability into our operations, in our business management and in our strategic and operational work.

MIPS Board of Directors has the overall responsibility to ensure that the company runs a sustainable business program. The CEO is responsible for that the board's decisions and strategies are implemented and that the work is reported back to the board. MIPS management team supports CEO and is responsible for ensuring that employees know MIPS values, goals and ambitions as well as that internal regulations, laws and guidelines are followed in the daily work. Our managers have a specific responsibility as role models, and all employees are responsible for ensuring that

the business is conducted in a sustainable way. More information of the board's responsibilities during the year is in the corporate governance report on pages 94-103.

Dialogue with stakeholders

We collaborate closely with our important stakeholders, such as customers, suppliers and various research institutes. A continuous and open dialogue through different channels provides information about requirements and expectations; what is essential and what we know and should contribute to. Managers and employees have an open and informal dialogue. We also perform annually employee satisfaction surveys which express a good working environment, where you feel comfortable and involved. Development areas are mainly a continued focus on the employees' personal development.

During the year we started a more structured program and during 2019 we will conduct a formal stakeholder dialogue and materiality analysis in order to find out the priorities of key stakeholders and to get a foundation for focus areas and goals for the sustainability work.

Laws and regulations

Responsibility and a long-term perspective will characterize our business. That is how we build trust with customers, employees, suppliers and important partners. It is important for us that our business is conducted correctly, we have zero tolerance for corruption and bribery, and we keep our promises. We strive for fair competition and the attractiveness of our offer substantiate our growth..

Our values and our Code of Conduct is our moral compass and gives us clear guidance in our daily work. The Code of Conduct applies to the entire value chain and is based on international conventions such as UN Global Compact Principles, International



Our main policies for a sustainable business

- Code of Conduct
- Supplier Code of Conduct
- Finance policy
- Communication policy
- Insider policy

Labor Organization and OECD's guidelines for multinational companies. The Code of Conduct and the staff manual are included in our introduction for new employees. Our own employees regularly revise suppliers' factories to ensure compliance with the requirements.

For us, it is a matter of course to respect the laws and regulations that apply in those countries where we operate and we have legal advisors for the larger markets to ensure understanding of local legislation.

MIPS adopted a GDPR Privacy Policy during the year to ensure that we handle personal data in accordance with the EU data protection regulation. All employees have taken part of the new policy and proper management of personal data has been ensured.

Suspicious of irregularities should be reported to the immediate manager, CFO or to the CEO. No maladministration or irregularities have been reported during the year. In 2019 we will establish an external whistleblower function.

Risk analysis and risk management

The risk analysis is basis for the priorities and key areas we focused on in our sustainability program. The risk analysis is updated

annually as part of the company's internal control program and new priorities are made from potential impact on the business. Risk management is driven by all functions at the company and is also aimed to increase risk awareness of throughout the whole organization.

The Group's program related to sustainability, environmental issues and associated risks are managed and prepared by Group management and are finally prioritized by the Board of Directors. All risks are ranked based on the probability and impact on the business. Read more about risks and risk management in the risk section on pages 32-37.

Four main areas

From our risk analysis and dialogue with our stakeholders, we have chosen to focus our sustainability program around four main areas:

- Our employees
- Products that protect users
- Sustainability in the supply chain
- Our impact on the environment

Our employees

Part of MIPS vision is to use technology which reduces the risk of injury to ensure that helmets in all categories protect users signifi-



cantly better than today's test standards advocates.

We are pioneers in this important area, which places high demands on attracting and retaining employees with the right skills and passion for constantly making safer and better products. Although we are world leading at what we do, we are humble and constantly curious to learn more. We constantly challenge ourselves and encourage our employees to be their best self every day.

We believe that a strong corporate culture, with a coaching leadership, good cooperation and participant employees, is an important prerequisite for being able to be a leader in our area and a basis for our continued growth journey. During the year, we, together with an external partner, invested in a program to further strengthen our culture

Attract, develop, retain

We value and reward our talented employees. In order to be a leader within our industry, it is of the utmost importance that we continue to be an exciting employer, that can attract,

develop and retain committed and competent employees. MIPS has a close cooperation with Swedish and foreign universities partly to have an active dialogue, but also to secure our long-term competence supply. We encourage students to write their papers at MIPS and many times it results in future employment.

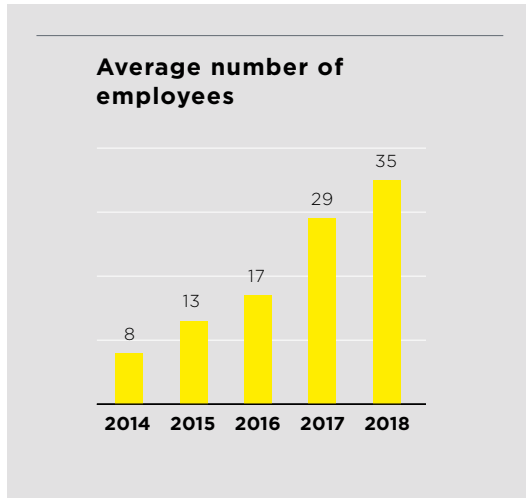
We also use external expertise for to ensure that we have the right skills within some specialist areas. All employees have annual development talks with their line manager, where individual goals and development plans are produced and followed up. Throughout the year, "Lunch and Learn" sessions are arranged, where we jointly see inspirational films (Tedtalks) about a topic with a following group discussion.

The same terms of employment apply in all essentials in Sweden and in China, even if local labor legislation causes some differences.

Diversity

For MIPS, diversity is an important part of our success. Different skills and experiences

MIPS Sustainability work



mean that we are constantly developing as a company. We have employees from three countries and our group language is English. The helmet industry has traditionally been male-dominated and we are working hard to reverse that trend and actively open up for more women in the business. The average number of employees in 2018 were 35 (29), of whom 9 (9) are women. Group Management consists of 7 persons (8), of which 2 are women (3). The board consists of 7 persons (7) of which 2 are women (1).

Health and wellbeing

Having employees who thrive and feel good is of utmost importance for MIPS success. Our managers are responsible, through an active dialogue, for ensuring well-being and a good balance between work and leisure. We try to prevent ill-health at the earliest possible stage, whether it is wear and tear or the need for conversation therapy.

All employees in Sweden are offered a wellness grant, regular massage and yoga at the workplace. MIPS has also invested in a gym that is available to all employees. During the year, our subsidiary in China started a health program, which will be further developed in the first half of 2019.

We have zero tolerance of all forms of discrimination. Rules, routines and processes are described in our Code of Conduct and in the personnel manual which all employees have

Membership and cooperations

MIPS is a member of a number of organizations that primarily work to standardize and certify test standards in the helmet industry. The main reason for membership is to ensure that the right test standards are implemented for certification.

The memberships that MIPS has today are

- **SIS TK525** – The Swedish Institute for Standardisation – Helmets.
- **CEN TC158** – European Committee for Standardization – Head protection.
- **ASTM International** – Subcommittee F08.53 on Headgear and Helmets.
- **ISO – ISO/TC 83/SC 5/WG 3** – Protective equipment for use in ice hockey.

access to. All form of deviation shall be reported to the nearest manager, CFO or CEO. No deviation has been reported in 2018.

Employee surveys

Every year, employee surveys are conducted, both in Sweden and China, where employees evaluate their managers, the function where they work and their own well-being and overall satisfaction. The result is then used as a basis for improvements. We conduct a survey at mid-year and a more comprehensive employee survey at the end of the year. In 2018, the employee survey showed a strong improvement, with an index of 80 compared to 73 the previous year. Benchmark for companies which are using the same measurement system is 71.

Products protecting the users

MIPS most important contribution to sustainable social development is our techniques and products, which means a radical improvement of the helmet protection for both sports practitioners and for professional use. This is how we contribute to increased security and safety and reduce the risk of long sick leaves and disabling injuries. MIPS is the global market leader in rotational protection and partners with leading helmet brands. Our patented solutions are based on more than 20 years of research in collaboration with KTH and Karolinska Institute in Stockholm. Traditionally, helmets have been designed to protect against bumps and skull fractures.

MIPS low friction layer mimicking the brain's own protection system and is designed to protect the brain from rotational motion, which traditional helmets do not protect against. Together with our customers we work to raise awareness of the benefits of helmets equipped with protection against rotational motion. We see how an increased safety awareness and an increased awareness of risks and consequences of brain damage are driving demand for our products and solutions. We also work in international universities research environments where we elevate the issue to have rotational motion included in tests and certification of helmets. MIPS is a member of a majority of test organs around the world and also have an active dialogue with several universities to ensure research-based development of tests and standards.

In 2018 we delivered a total of MIPS BPS units to 3.8 million helmets within 448 models in five categories.

Sustainability in the supply chain

For MIPS, the biggest risk of corruption and human rights violations is linked to the supply chain. Our Code of Conduct for Suppliers is to ensure that all companies in the supply chain takes on an environmental responsibility and that human rights, workers' rights, working conditions, health and safety are respected. All suppliers must live up to our Code of Conduct.

In 2018, the majority of MIPS products were manufactured in China where we work with fourteen subcontractors. By the end of 2018, all of the company's subcontractors in China had signed our Code of Conduct. All new suppliers must be approved by Head of Operation and CFO, to limit the risk of undue influence when choosing suppliers. MIPS' ambition is to revise suppliers annually to

ensure compliance to the Code of Conduct. The monitoring is performed by our own employees in China. If deviations are discovered, we develop an action plan together with the supplier. During the year there were no crimes against human rights or corruption crimes reported.

Our impact on the climate and the environment

We work to limit our operations' impact on the environment and climate, but it is an area where we still have limited knowledge about the supply chain and the products' actual impact. We will begin a survey of our impact on the environment in 2019 with focus on our manufacturing process.

The lifetime of the products should be at least as long as or longer than the helmet where the product is mounted in. All our products are manufactured of plastic that is reusable and we use materials that have as little impact on the environment and climate as possible. Manufacturing of our products should be as close as possible to the helmet manufacturer's factory and often they are manufactured in the same factory. All transportation to the market is managed by the customer.

MIPS has operations in many countries and for many of our employees, travel is a large part of the work. We use modern video conferencing facilities and Skype to limit travel as much as possible and thereby reducing the negative impact on the environment and climate from aviation.

We are looking into production possibilities closer to the consumer. Entry into new categories will most likely involve production in both Europe and the US, which will reduce customer transport needs and reduce the impact of transport on the environment and the climate.



MIPS technology is based on world-leading research and is protected by a global portfolio of intellectual property rights.

DIRECTORS' REPORT

The Board of Directors and the Chief Executive Officer of MIPS AB, Company reg. no. 556609-0162, hereby issue the annual report for the Group and the parent company for 2018.

General information

MIPS is the market leader in helmet solutions designed to protect against damaging rotational motion transferred to the brain from angled impacts to the head. The patented MIPS Brain Protection System (BPS) can be integrated in a variety of different types of helmets for both consumers (e.g. bicycle, skiing, motorcycle, equestrian and team sports) and professional users (e.g. military, police, search and rescue). Sales of MIPS BPS to the professional segment were not significant relative to the company's total revenue.

MIPS employs an "ingredient brand" business model, which means that the company sells its products and licenses its technology to other companies that manufacture, market and sell helmets to end-users. As an ingredient brand, MIPS does not sell or market its own helmets and therefore does not sell its products to end consumers. Several world-leading helmet brands have launched helmets with MIPS BPS and market them to end-customers on a global basis.

The company's technology and patents are based on more than 20 years of research and development at the Royal Institute of Technology and the Karolinska Institute in Sweden, as well as on its own research and development. Several scientific articles validating the company's technology have been published and more than 22,000 helmet tests have been carried out. A number of third-party tests have also been conducted that have confirmed the efficacy of MIPS BPS.

Key events during the fiscal year

The company continued to expand its operations by increasing penetration of helmet models among existing customers, as well as by adding new customers that have launched helmets with MIPS BPS during the year.

During the year MIPS was involved in disputes that were settled during the period:

On 23 April 2018, it was announced that MIPS received a positive outcome in a European patent case, in which MIPS previously filed a claim against Bauer Hockey Corp with the European Patent Office. 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. The Federal Court of Canada delivered a judgment confirming the validity of MIPS' patent rights. 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 action 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 entail any obligation for either of the parties to compensate the other party's costs relating to the process.

See Note 25 for additional information regarding disputes.

The company continued to develop new solutions during the year that will allow its products to work at different price points. The company also continued to strengthen the organization, primarily in R&D and sales.

Financial performance: Group operations, earnings and financial position*

Net sales and profit/loss

Net sales for full-year 2018 amounted to SEK 192.5m (125.6), up 53 percent. Adjusted for currency effects, the increase was 50 percent. The increase was primarily due to higher demand from current customers, with growth mainly in the Bicycle, Snow and Motorcycle categories. Gross profit rose 52 percent to SEK 142.2m (93.3). Gross margin declined by -0.4 percentage points to 73.9 percent (74.3). The change in gross margin can mainly be attributed to the sales mix.

**For definitions and alternative performance measures, see pages 92-93.*

Operating profit (EBIT) rose to SEK 73.0m (20.8), corresponding to an operating margin of 37.9 percent (16.6). No items affecting comparability had any impact on profit during the period (SEK 7.0m). Adjusted operating profit was therefore SEK 73.0m (27.8) and adjusted operating margin 37.9 percent (22.1). The improvement in adjusted operating profit is mainly attributable to higher sales, legal expenses in last year's comparative figures and positive currency effects, offset in part by expenses to strengthen the organization, the negative impact of currency derivatives, and increased product development and marketing initiatives.

Selling expenses amounted to SEK 26.1m (22.0), where the increase mainly relates to strengthening of organization and additional marketing activities. Administrative expenses decreased in the period to SEK 27.6m (40.9). The decrease of administrative expenses is mainly related to litigation costs in prior year relating 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. Research and development expenses increased to SEK 12.1m (9.7), as a result of increased initiatives within product development. Profit before tax amounted to SEK 72.8m (20.4).

Tax for the period was SEK -16.4m (-4.6), corresponding to an effective tax rate of 23% (22).

Liquidity and financial position

On 31 December 2018, the Group's total assets amounted to SEK 319.4m (242.2). Current investments of SEK 205.7m (162.2) are invested in their entirety in interest-bearing funds. The equity ratio was 86 percent (91). Cash and cash equivalents, including current investments, totaled SEK 242.5m (179.8) on 31 December 2018. During the year the company saw an increase in accounts receivable to SEK 54.4m (37.1), related to the increase in net sales. Net deferred tax assets totaled SEK 0.7m and are attributable in their entirety to temporary differences, mainly related to derivatives. The company's deficit, which was SEK 41.4m at the beginning of the year, was fully absorbed 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 were valued at fair value and amounted to a financial liability of SEK -3.2m (1.4) as of 31 December 2018. Hedge accounting is applied, according to which the unrealized change in fair value for the derivatives is primarily recognized in Other comprehensive income.

Cash flow and investments

Cash flow from operating activities amounted to SEK 69.1m (11.1). The increase was mainly attributable to higher operating profit and the increase of other current liabilities, partly offset by higher accounts receivables relating to increased sales.

Cash flow from investing activities amounted to SEK -6.6m (-4.6). Cash flow from financing activities was SEK 0.0m (145.1). The decline compared with the previous year can be attributed to the SEK 150.0m raised by the new issue the previous year in conjunction with the listing of the company. Cash flow for the period amounted to SEK 62.4m (151.6).

Shares and share capital

The share capital of MIPS AB amounts to SEK 2,529,987. The number of shares outstanding amounted to 25,299,870 as of 31 December 2018. All shares are ordinary shares and carry equal voting rights.

Research and development

Research and development is one of the cornerstones of the company's commercial success. MIPS believes the company has market-leading expertise in development and processes within its technology and product area. The company aims to create an innovative company culture that promotes knowledge growth within the organization to inspire employees to develop new solutions and/or concepts, based on an established and structured development method. Current and planned R&D at the company include innovation projects for products, such as development of better materials and components, as well as for processes,

**More information regarding the company's patent disputes and legal costs see Note 25.*

such as current development of more efficient testing and production processes. The company has increased product development initiatives and strengthened the organization. A total of two new product solutions were launched. Research and development expenses in 2018 were SEK 12.1m (9.7). The company did not capitalize development costs in 2018. The company expects to increase its investments in research and development in the coming year.

Information about risks and uncertainties

As a company, MIPS is exposed to both operational and financial risks.

The main operational risks for the Group and the company are:

- The risk that awareness of the effects of rotational motion will not increase, that end-users will not appreciate the benefits of MIPS' solutions or will prefer to use other technologies or products that they consider to be more suitable and that MIPS, as a result, will not be able to implement its strategy of continued expansion and increased volumes, which may adversely affect the company's business, earnings and/or financial position.
- The risk that end-users become less likely, or unable, to engage in outdoor activities and/or spend money on such activities, which may adversely affect the end market for MIPS solutions, which could adversely affect the company's business, earnings and/or financial position.
- The risk that MIPS, because of its strategy of acting as an ingredient brand, does not reach end-users because of, for example, less fruitful or impaired relationships with its customers, which could adversely affect MIPS' business, earnings and/or financial position.
- The risk that the measures taken by MIPS to protect the company's intellectual property are inadequate, or that the company's measures to protect business secrets and confidential information are insufficient to prevent others from obtaining such information, which could adversely affect the company's business, earnings and/or financial position.
- The risk of the loss of one or several key customers, or that a key customer significantly reduces business with MIPS, could result in a substantial reduction of the company's sales and earnings, which could adversely affect the company's business, earnings and/or financial position.
- The risk that operations conducted by MIPS and its customers in China could be adversely affected by local conditions such as legal and regulatory changes, compliance with local legal requirements and standards, difficulties in claiming and defending intellectual property rights, know-how and business secrets, shutdowns and strikes, political unrest and economic instability, etc., which could make MIPS' business in China undesirable or impossible to carry out, and/or adversely affect MIPS and the company's brand recognition, which could adversely affect the company's business, earnings and/or financial position.
- The risk that MIPS' solutions could be subject to public criticism, or to tests that apparently void them, or that MIPS' reputation or general corporate profile could be harmed, and that this could cause the company to lose business and growth opportunities, which could adversely affect the company's business, earnings and/or financial position.

The company's primary financial risks are:

- The risk that MIPS' counterparties are unable to fulfill their financial obligations to the company, or fulfill them with significant delay, which would mean that MIPS would not receive payment or that payment would be delayed for products that the company delivered to its customers, which could adversely affect the company's business, earnings and/or financial position.
- The risk that currency fluctuations in the company's reporting currency, which is SEK, and in foreign currencies used in transactions with suppliers and customers outside Sweden (primarily USD), could adversely affect the company's income statement, balance sheet and cash flow, as well as the company's competitiveness or customer demand, which could result in a reduction of MIPS' market share and adversely affect the company's business, earnings and/or financial position.

- The risk that MIPS is unable to fulfill its financial commitments to suppliers or partners because of short-term or long-term lack of liquidity. This could interfere with any deliveries and adversely affect the company's business, earnings and/or financial position.

For information about risks and uncertainties at MIPS, see pages 32–37. For more information about the company's financial risks see Note 19.

Information on non-financial performance indicators

At year-end, the Group had 36 (32) employees. The average number of employees during the year was 35 (29), of which 26 percent were women (31 percent). The organization continued to be strengthened primarily in development and sales to cope with the increase in sales and to develop new products and solutions. The organization also expanded in production monitoring and two people were hired in China.

The company has a Code of Conduct and actively follows an ethically, socially and environmentally responsible business strategy, working to ensure that its products are innovative while providing a safe and healthy work environment.

The company does not engage in any operations that require a permit or notification under the Swedish Environmental Code.

Remuneration guidelines for senior management

The remuneration guidelines for senior management that the Board of Directors will propose to the 2019 Annual General Meeting are the same as below. A fee is paid to the members of the Board of Directors according to a decision reached at the Annual General Meeting. The AGM adopted the following guidelines for remuneration to senior executives: senior executives refer to the Chief Executive Officer and other senior executives. For information about the composition of Executive Management, see pages 102–103. Remuneration to Executive Management consists of fixed salary, variable remuneration, pension, the opportunity to

participate in incentive programs and other customary benefits. The fixed salary is determined on an individual basis according to the role, performance, results and responsibility of each individual. The salary level must be competitive in the relevant market.

Variable salary in cash is conditional upon the fulfillment of defined and measurable goals which should be based on results. The variable salary in cash should, according to previous resolutions from General Meetings, as a maximum amount to 50 per cent of the annual fixed salary for the respective senior executive. The remuneration committee has evaluated the goals set for the variable salary in cash and the outcome for 2018. In light of the described outcome, the committee's assessment is that the guidelines for remuneration to senior executives well fulfill their purpose and have worked as intended. However, the Remuneration Committee has decided to propose that the variable salary in cash should as a maximum amount to 75 per cent (previously, as above, 50 percent) of the annual fixed salary for the CEO and CFO and as a maximum amount to 50 per cent of the annual fixed salary for the other respective senior executives. Executive management's pension terms must be market-based and should be based on defined contribution pension solutions or comply with general pension plans.

To encourage long-term alignment with the company's shareholders, in addition to salary, pensions and other benefits, incentives may also be offered in the form of share-based instruments.

Primarily, the Chief Executive Officer shall have a mutual notice period of 6 months. Other senior executives shall primarily have a notice period of 3–6 months. Upon termination by the company, the CEO and other senior executives shall be entitled to severance pay up to a maximum of 6 months fixed salary. No severance pay shall be payable upon termination by the employee. With reference to section 2 a, Chapter 6 of the Swedish Annual Accounts Act, there are no other disclosures than those stated above. The Board of Directors has the right to deviate from the above remuneration guidelines if the Board finds reason to do so in individual cases.

Corporate Governance Report

For the Corporate Governance Report, see page 94 and the company's website: mipscorp.com.

Parent company

MIPS AB is the parent company of the Group. The accounts of the parent company are essentially consistent with the accounts of the Group, for which reason the comments for the Group largely also apply to the parent company. Net sales for the parent company totaled SEK 149.0m (122.2), and net profit was SEK 52.0m (15.5). The parent company had cash and cash equivalents, including current investments, totaling SEK 240.4m (179.0) on 31 December 2018.

Outlook

The company has established itself as a leader in helmet solutions for protection against damaging rotational motion that can be transmitted to the brain from angled impact to the head. Provided that external factors do not significantly change in coming years demand for the company's products is expected to be robust.

Proposed appropriation of profit

Available for disposal at the Annual General Meeting: (SEK thousand)

Share premium reserve	235,612
Fair value reserve	-1,119
Retained earnings	-19,758
Profit for the year	52,010
Total	266,745

The Board of Directors proposes that the available funds of SEK 266,745t be disposed that SEK 2.50 per share, corresponding to SEK 63,250t will be distributed to shareholders and remaining amount of SEK 203,495t be carried forward including SEK 204,614t to the share premium reserve and SEK -1,119t to the fair value reserve.

Regarding the financial performance and position in general of the Group and the parent company, please refer to the following financial statements with accompanying notes to the accounts.

CONSOLIDATED INCOME STATEMENT

SEK 000s	Note	2018	2017
Net sales	2	192,534	125,602
Cost of goods sold		-50,346	-32,324
Gross profit		142,188	93,278
Selling expenses		-26,099	-22,019
Administrative expenses		-27,595	-40,861
Research and development expenses		-12,145	-9,657
Other operating income	3	15	164
Other operating expenses	3	-3,402	-80
Operating profit/loss	4, 5, 6, 7, 21	72,962	20,825
Financial income		287	2
Financial expenses		-411	-428
Net financial items	8	-124	-426
Profit/loss before tax		72,838	20,399
Tax	9	-16,440	-4,584
Profit for the year		56,398	15,815
Earnings per share basic, (SEK)	10	2.23	0.64
Earnings per share diluted, (SEK)	10	2.21	0.64

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK 000s	2018	2017
Profit for the year	56,398	15,815
Other comprehensive income		
Items that may subsequently be transferred to profit or loss		
Foreign currency translation	2	-5
Cash flow hedges	-4,554	1,361
Changes in the fair value of cash flow hedges transferred to profit for the year	2,640	-883
Tax on components in other comprehensive income	421	-105
Items that cannot be transferred to profit or loss	-	-
Other comprehensive income for the year	-1,491	369
Comprehensive income for the year	54,907	16,184

CONSOLIDATED BALANCE SHEET

SEK 000s	Note	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets			
Intangible assets	11	11,059	7,036
Property, plant and equipment	12	3,728	2,664
Deferred tax assets	9	720	8,659
Financial assets	13	483	561
Total non-current assets		15,990	18,920
Current assets			
Inventories		1,845	1,000
Accounts receivable	14,19	54,411	37,077
Prepaid expenses and accrued income	15	2,790	2,150
Other current receivables		1,847	3,251
Current investments	16,19	205,692	162,219
Cash and cash equivalents	16,19	36,817	17,555
Total current assets		303,403	223,252
TOTAL ASSETS	20	319,393	242,173
EQUITY AND LIABILITIES			
Equity			
Share capital	17	2,530	2,530
Other paid in capital		243,250	243,250
Reserves		-1,122	369
Retained earnings including profit and loss for the period		30,980	-25,575
Total equity attributable to Parent Company shareholders		275,637	220,574
Current liabilities			
Accounts payable		20,111	12,217
Tax liabilities		8,216	-
Other liabilities		5,799	1,300
Accrued expenses and deferred income	18	9,630	8,083
Total current liabilities	20	43,756	21,599
TOTAL EQUITY AND LIABILITIES		319,393	242,173

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2018	Equity attributable to Parent Company shareholders					
	Share capital	Other paid in capital	Reserves		Profit brought forward incl. Net profit/loss	Total equity
			Trans-lation reserve	Hedging reserve		
SEK 000s						
Opening equity, 1 January 2018	2,530	243,250	-5	374	-25,575	220,574
Amended accounting policy*					156	156
Adjusted equity, 1 January 2018	2,530	243,250	-5	374	-25,419	220,730
Comprehensive income for the year						
Profit for the year	-	-	-	-	56,398	56,398
Other comprehensive income for the year	-	-	2	-1,493	-	-1,491
Comprehensive income for the year	-	-	2	-1,493	56,398	54,907
Closing equity, 31 December 2018	2,530	243,250	-3	-1,119	30,980	275,637

*Amended accounting policy according to IFRS 9 and IFRS 15, see Note 1.

2017	Equity attributable to Parent Company shareholders					
	Share capital	Other paid in capital	Reserves		Profit brought forward incl. Net profit/loss	Total equity
			Trans-lation reserve	Hedging reserve		
SEK 000s						
Opening equity, 1 January 2017	2,204	96,513	-	-	-41,390	57,327
Comprehensive income for the year						
Profit for the year	-	-	-	-	15,815	15,815
Other comprehensive income for the year	-	-	-5	374	-	369
Comprehensive income for the year	-	-	-5	374	15,815	16,184
Transactions with Group shareholders						
New share issue	326	149,674	-	-	-	150,000
Transaction cost for new share issue	-	-8,758	-	-	-	-8,758
Tax on transaction cost	-	1,927	-	-	-	1,927
Premium on issue of warrants	-	3,894	-	-	-	3,894
Total transactions with Group shareholders	326	146,737	-	-	-	147,063
Closing equity, 31 December 2017	2,530	243,250	-5	374	-25,575	220,574

CONSOLIDATED CASH FLOW STATEMENT

SEK 000s	Note	2018	2017
Operating activities			
Profit/loss before tax		72,838	20,399
Adjustment for non-cash items	24	3,891	1,108
Cash flow from operating activities before changes in working capital		76,729	21,507
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventory		-843	-325
Increase (-)/decrease (+) in operating receivables		-17,625	-13,707
Increase (+)/decrease (-) in operating liabilities		10,821	3,661
Cash flow from operating activities		69,083	11,137
Investing activities			
Acquisition of intangible assets		-4,507	-3,530
Acquisition of property, plant and equipment		-2,216	-1,131
Disposal of property, plant and equipment		3	23
Sale of financial assets		78	-
Cash flow from investing activities		-6,643	-4,639
Financing activities			
New share issue		-	150,000
Paid out transaction expenses		-	-8,758
Premium received from issue of warrants		-	3,894
Amortization of lease liabilities		-	-55
Cash flow from financing activities		-	145,081
Cash flow for the year		62,440	151,580
Cash and cash equivalents at the beginning of the year	16	179,774	28,507
Exchange-rate difference, cash and cash equivalents		296	-313
Cash and cash equivalents at year-end	16	242,510	179,774

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All figures are in SEK thousand unless stated otherwise.

NOTE 1 Accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) as endorsed by the EU. In addition, the recommendation RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, has been applied.

The annual report and consolidated financial statements were approved for issuance by the Board of Directors and the Chief Executive Officer on 28 March, 2019.

Valuation methods used in preparing the financial statements

Assets and liabilities are stated on a historical cost basis except for derivatives and current investments, which are stated at their fair value.

Functional currency and presentation currency

The parent company's functional currency is SEK, which is also the reporting currency of the Group. Accordingly, the financial statements are presented in SEK. All amounts are rounded to the nearest thousand, unless otherwise stated.

Judgments and estimates in the financial statements

Preparing financial reports according to IFRS requires that management makes judgements and estimates as well as assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual outcomes may differ from these judgements and estimates.

Estimates and assumptions are reviewed periodically. 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.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are further discussed in Note 26.

Significant accounting policies

Other than the exceptions explained in detail, the accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

Amended accounting policies from 1 January 2018

The Group applies IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers as of 1 January 2018.

IFRS 9 addresses the classification, measurement and de-recognition of financial assets, a new impairment model for financial assets based on expected credit losses instead of incurred losses, and new hedge accounting rules, in part to simplify reporting and to increase consistency with the company's risk management strategies. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement. Under the new impairment model, provisions for credit losses relating primarily to customer and similar receivables are recognized earlier. Provisions are made for all of these receivables corresponding to the credit losses that are expected to arise during the remaining term, rather than only for receivables that have shown objective evidence of impairment. Since the company has had limited credit losses historically, the provision for credit losses for the Group has increased by SEK 21t as of 1 January 2018. Equity has been adjusted by 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 in 2018. According to IFRS 15, the revenue is recognized when the customer gets the control of goods or services. It demands assumptions to determine when the transfer has been done e.g. at a certain time or over time. The Group applies IFRS 15 retroactively (without practical solution) giving the total effect accounted in Equity as of 1 January 2018, the so-called "cumulative method". Accordingly, the information for the financial year 2017 has not been re-calculated regarding IFRS 15 e.g. the financial statements are presented according to IAS 18, IAS 11 and related interpretations. The disclosure requirements in IFRS 15 has also not been applied to comparative information. For the company, IFRS 15 entails a certain change in revenue recognition

of implementation services compared with earlier practice. As a result of implementation of the new standard, equity has increased by SEK 0.2m, including tax. Revenue for full-year 2018 increased by SEK 1.3m and profit by SEK 0.7m, compared with the earlier accounting policy. The impact of implementation of the new standards is the same for both the Group and the parent company.

Other published standards from 2018 have not affected the Group's accounts.

New accounting policies from 2019

As of 2019, IFRS 16 Leases replaces existing IFRS related to the recognition of lease agreements, such as IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease. The company applies IFRS 16 beginning on 1 January 2019.

IFRS 16 primarily impacts lessees and the core impact is that all leases that are currently recognized as operating leases will be recognized in a manner similar to finance leases today. It means that assets and liabilities need to be recognized for operating leases as well, with associated recognition of costs for depreciation and interest, in contrast to today when there is no recognition of a leased asset and its related liability, and when the lease payments are recognized as an expense on a straight-line basis over the term of the lease. As an operating lessee, MIPS will be affected by the adoption of IFRS 16. Calculations of the effect of IFRS 16 have been concluded and as of 1 January 2019 assets and liabilities will increase by SEK 10m related to leases for contract for rental premises. The Group has chosen the simplified transition method to determine the opening balance on the value of the assets through the alternative to put the asset's value equal to the debt plus any pre payments. Operating profit for 2019 will be somewhat higher than if previous accounting principles had been used, since part of the leasing costs will be reported as interest expense. The effect on profit after tax is not expected to be material.

Classification, etc.

Non-current assets primarily comprise amounts that are expected to be recovered or settled more than 12 months from the reporting date while current assets primarily comprise amounts that are expected to be recovered or settled within 12 months of the reporting date. Non-current liabilities consist primarily of amounts that the company, as of the reporting period, has an unconditional right to choose to pay more than 12 months after the reporting period. If the Group does not have such a right at the end of the reporting period – or if the liability is held for trading or the liability is expected to be settled within the normal operating cycle – the liability is reported as a current liability.

Operating segment reporting

An operating segment is defined as a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the entity's main operating deci-

sion maker to make decisions about resources to be allocated and assess its performance, and for which discrete financial information is available.

MIPS develops and sells the MIPS BPS comprising a low friction layer with different components that are specially designed for each unique helmet model that the company's customers decide to manufacture using a MIPS solution. The helmets are used by consumers, mainly for use in Bike and Snow. Products were launched in the professional sector, such as military, firefighters, police, etc., but no major sales have been started in this field. The helmet kit is sold to customers across the world and these customers largely comprise major global helmet manufacturers. The Group's operations are integrated and comprise one operating segment. This is also the basis of the Group's management structure and the internal reporting that is controlled by the Group's CEO, who has been identified as the main operating decision maker.

The Group has determined that there is only one operating segment, based on the following assumptions:

- The chief executive decision-maker makes decisions based on the financial results for the Group as a whole.
- The current operations solely comprise sales of the component kit included in consumer products and more detailed specification of the operations would not increase transparency or improve governance.

Consolidation policies and business combinations

Subsidiaries are companies that over which MIPS AB has a controlling influence. A controlling influence exists when MIPS has power over the investee, is exposed to or has rights to variable returns from its involvement and has the ability to use its power over the investee to affect the amount of the investor's returns. Shares that potentially carry voting rights and any de facto control are taken into account in assessing the existence of a controlling influence.

Subsidiaries are consolidated in accordance with the purchase method. This method entails that the acquisition of a subsidiary is considered to be a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the fair value of the acquired identifiable assets and assumed liabilities, as well as any non-controlling interests, on the acquisition date. Transaction costs that arise, except for transaction costs attributable to the issue of equity instruments or debt instruments, are recognized directly in profit or loss.

For business combinations in which the consideration transferred, any non-controlling interests and the fair value of previously held equity interests (for step acquisitions) exceed the fair value of separately recognized acquired assets and assumed liabilities, the difference is recognized as goodwill. When the difference is negative, known as a bargain acquisition, this is recognized directly in profit or loss.

Consideration transferred in conjunction with the acquisition does not include payments pertaining to settlement of previous business relationships. This type of settlement is usually recognized in profit or loss. Contingent consideration is measured at fair value on the acquisition date. If the contingent consideration is classified as an equity instrument, no revaluation or settlement is made in equity. Other contingent consideration is remeasured at each reporting date and the change recognized in profit or loss.

Transactions eliminated on consolidation

Intra-Group receivables and liabilities, income or expenses, and unrealized gains or losses arising from intra-Group transactions between Group companies are eliminated in their entirety when the consolidated financial statements are prepared.

Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that no impairment requirement exists.

Foreign subsidiaries' financial statements

Assets and liabilities in foreign operations are translated from the functional currency of the foreign operation to the Group's reporting currency, SEK, using the exchange rate prevailing on the balance-sheet date. Revenues and expenses of foreign operations are translated to SEK at average rates that approximate the foreign exchange rates prevailing at each of the transaction dates. Translation differences arising from the translation of foreign operations are recognized in Other comprehensive income and are accumulated in a separate component of equity, a translation reserve.

Revenue

According to IAS 18, the revenue for goods and services are recognized when the delivery to the buyer has been done, which was the time when the buyer accepted his goods or services and when the significant risks and benefits were transferred to the buyer. The revenue was recognized at that time, given that revenues and costs could be counted as reliable, that it is likely that the economical benefits attached to the transaction were passed on to the buyer and that no commitment in the day-to-day management that are usually associated to the ownership of such goods are kept.

According to IFRS 15, the revenue is recognized when the customer has got control over the goods. For implementation services, the customer gets control already in connection with the execution of the service. Revenues from such agreements are recognized as the services are provided over time. The company has previously recognized the revenue only when the implementation is completed and approved by the customer. These revenues are now recognized over time, compared with earlier completion of the implementation, which means a certain advance of the revenue recognition compared with previous years. Since these services are only performed by the parent company, the effect on the

financial statements in the Group and the parent company is the same.

Revenue is not recognized if it is likely that the economic benefits will not flow to the Group. If there is significant uncertainty concerning payment, associated costs or risk of returns and if the seller retains a commitment in the ongoing management usually associated with the ownership, no revenue is recognized. Revenue is recognized at the fair value of the consideration received, or the consideration which is expected to be received, less discounts. The Group's revenues primarily consist of sales related to components implemented in helmets including a license fee (component kit) and, to a smaller part, sales of services in connection with the production of the components (implementation), see Note 2.

Operating expenses

Operating expenses are recognized in their respective functions as below.

Cost of goods sold

Cost of goods sold corresponds to direct and indirect costs related to sold units, and the directly attributable costs for production of the input product, including goods for resale, consumables and subcontracted work. Cost of goods sold also includes costs related to personnel and contracted consultants, premises and depreciation of non-current assets in the production process.

Selling expenses

Selling expenses comprise expenses incurred in sales and marketing activities including customer-specific product development. Selling expenses also include costs for employees and contracted consultants who work with sales and marketing, depreciation, travel, and marketing and PR related activities.

Administrative expenses

Administrative expenses comprise expenses that are not directly assignable to sales, production or sourcing. These costs include the CEO, finance function, IT, premises, legal affairs, and depreciations of assets that are not attributable to sales, production or sourcing.

Research and development expenses

Research and development expenses include costs for research and development of products that are not capitalizable. Costs mainly relate to personnel, but also depreciation of test equipment, consultants and consumables.

Leasing

Operating leases

Expenses attributable to operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Benefits received when a lease is signed are recognized in profit or loss as a decrease in lease payments on a straight-line basis over the term of the lease. Variable fees are expensed in the periods during which they arise.

Financial leases

Minimum lease charges are divided between interest expenses and amortization of the outstanding debt. Interest expenses are distributed over the term of the lease so that each reporting period is charged with an amount corresponding to a fixed interest rate for the debt recognized in the particular period. Variable fees are expensed in the periods during which they arise.

Financial income and expenses

Financial income comprises interest income and gains on short-term investments.

Financial expenses comprise interest expense on interest-bearing liabilities and impairment on short-term investments. Borrowing costs are recognized in profit or loss by applying the effective interest method.

Exchange gains and losses are recognized net.

The effective interest rate is the rate that discounts estimated future payments and receipts throughout the expected life of the financial instrument to the net carrying amount of the financial asset or liability. The calculation includes transaction costs as part of the effective interest rate.

Taxes

Income tax comprises current tax and deferred tax. Income tax is recognized in profit or loss, except when the underlying transaction is recognized in other comprehensive income or in equity in which case the associated tax effect is recognized directly in Other comprehensive income or equity.

Current tax is tax that will be paid or received for the current year, applying the tax rates enacted or substantially enacted on the balance sheet date. Current tax also includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated using the balance sheet method, based on temporary differences between recognized and tax-based values of assets and liabilities. The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated by applying the tax rates and tax rules enacted or decided in practice on the balance-sheet date.

Deferred tax assets related to deductible temporary differences and tax loss carryforwards are only recognized to the extent it is likely they will be able to be utilized. The value of deferred tax assets is reduced when it is no longer probable that they can be utilized.

Earnings per share

Calculation of earnings per share is based on consolidated profit for the year attributable to parent company shareholders and on the weighted average number of shares outstanding during the year. In calculating diluted earnings per

share, diluted earnings and the average number of shares are adjusted to take into account the effects of potentially dilutive ordinary shares, which during the reported periods derive from options issued to employees. Dilution from these options is based on a calculation of the number of shares that hypothetically could have been purchased during the period at the exercise price and value of the remaining services in accordance with IFRS 2 *Share-based Payment*. The shares that could not have been purchased lead to dilution. Consideration is also given to the number of options that could have been vested as per the end of the period if the vesting conditions at the end of the vesting period had been met to the same extent as at the end of the period in question. In addition, options are only deemed to be dilutive during periods when they lead to lower profit or greater loss per share. In other words, they are not included in periods in which negative earnings are generated.

Financial instruments

Financial instruments recognized in the statement of financial position primarily include, on the assets side, accounts receivable, other receivable (Derivatives), current investments and cash and cash equivalents, and on the liabilities side, accounts payable, other liabilities (Derivatives), interest-bearing liabilities and accrued expenses.

Recognition and derecognition from the statement of financial position

A financial asset or financial liability is recognized in the statement of financial position when the company becomes party to this in accordance with the instrument's contractual conditions. A receivable is recognized when the company has performed and there is a contractual obligation for the other contracting party to pay, even if an invoice has not yet been issued. Accounts receivable are recognized in the statement of financial position when an invoice has been sent. A liability is recognized when the counterparty has performed and a contractual obligation for the company to pay exists, even if an invoice has not yet been received. Accounts payable are recognized when an invoice has been received.

A financial asset is derecognized from the statement of financial position when the rights in the contract are realized, expire or the company loses control of them. A financial liability is derecognized from the statement of financial position when the obligation in the contract is met or extinguished in another manner.

A financial asset and a financial liability are offset and recognized at a net amount in the statement of financial position only when a legal right exists to offset the amounts and the intention is present to settle the item in a net amount or simultaneously realize the asset and settle the liability.

Acquisitions and divestments of financial assets are recognized on the date of transaction. The date of transaction is the date on which the company undertakes to acquire or divest the asset.

A financial asset or financial liability are initially recognized at fair value plus, when it comes to financial instruments that are not valued according to fair value via the profit and loss statement, transaction costs directly attributable to the acquisition or the issue. A receivable without a substantial financial component is valued to transaction cost

Classification and following valuation

Policy applicable as from 1 January 2018

On initial recognition, a financial asset valued is classified: to amortized cost; fair value via comprehensive income – debt instruments; fair value via comprehensive income – equity investment; or fair value via profit and loss.

Debt instruments are valued to amortized cost if they are classified according to the business model to receive interest and capital as expected, rather than realization through a sale, and if cashflows are only payments of interest and capital. This is the case for the Groups receivables, other assets (inclusive long-term depositions) and cash.

Debt instruments that are to receive interest and capital and for those where the business model is mixed e.g. cashflow are received both as interest and capital and through realization, are valued to fair value via comprehensive income. For equity instruments, an initially choice can be chosen to recognize these instruments as fair value via other comprehensive income, if they are not held for trading. The Group has currently no holdings in these categories.

All financial assets hold for trading or are not valued to amortized cost or are not valued to fair value via other comprehensive income are valued to fair value via profit and loss, which includes holdings in debt instruments evaluated according to fair value basis. To this category includes, the Group current investments of cash surplus placed in fixed income instruments. If hedge accounting will not to be used for derivatives, the derivatives should be valued to fair value via profit and loss. The Group's holdings in derivatives are all classified as instruments for hedge accounting, see principles below.

Financial assets valued at fair value via profit and loss: The subsequent valuation for these assets are performed at fair value. Net gains- / losses, including all interest or dividend, are reported in profit and loss (net Financial items). Please see Note 19 for derivatives identified as hedge instruments.

Financial assets valued to amortized cost: The subsequent valuation for these assets are performed to amortized cost with effective rate method. The amortized value is deducted by depreciations. Interest incomes, currency gains and losses and depreciations are recognized in profit and loss. Gains or losses from write-offs are recognized in profit and loss.

Classification and following valuation

Policy applicable prior to 1 January 2018

Non-derivative financial instruments are initially recognized at cost, corresponding to the fair value of the instrument

plus transaction costs. On initial recognition, a financial instrument is classified on the basis of the purpose for which the instrument was acquired. The classification of a financial instrument determines how it is measured after initial recognition as described below.

Derivative instruments are initially reported at fair value, meaning that transaction costs are charged to profit or loss for the period. After initial recognition, derivative instruments are recognized as described below. If derivative instruments are effectively used for hedge accounting, the changes in the value of the derivative instrument are listed on the same row in the annual report as the hedged item. Increases and decreases in the value of the derivative are recognized as income and expense, respectively, in operating profit or loss or in net financial items, based on the intended use of the derivative and whether or not its use is related to an operating item or a financial item.

Cash and cash equivalents comprise cash funds and immediately available balances at banks and equivalent institutions, as well as current liquid investments with a maturity of less than three months from the acquisition date and that are exposed to only a minor risk of value fluctuations.

Loan receivables and accounts receivable

Loan receivables and accounts receivable are financial assets that are not derivatives, that have fixed or fixable payments and that are not traded on any active market. These assets are measured at amortized cost. Amortized cost is determined based on the effective interest rate calculated on the acquisition date. Accounts receivable are recognized at the amounts expected to be received, that is, after deductions for doubtful receivables.

Financial assets measured at fair value through profit or loss

This category consists of other financial assets that the company initially chose to place in this category. Financial instruments are measured on a current basis at fair value, with changes in value recognized in profit or loss. The financial instruments in this category comprise current investments in shares in fixed income funds that are measured based on fair value in accordance with the Group's financial policy (to avoid negative interest rates on bank accounts).

Other financial liabilities

Loans and other financial liabilities, such as accounts payable, are included in this category. Liabilities are measured at amortized cost.

Derivatives and hedge accounting

Derivatives are initially recognized at fair value, meaning that transaction costs are charged to profit or loss for the period. After initial recognition, derivatives are measured at fair value and changes in value are recognized as described below. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item hedged.

Changes in fair value for derivatives that do not fulfill the criteria for hedge accounting are recognized as operating or financial items, based on the purpose of the use of the derivative. In order to qualify for hedge accounting the hedging relationship must be:

formally identified, expected to effectively protect the hedged item, and documented. The company assesses, evaluates, and documents the effectiveness of the hedge. Cash flow hedges: Changes in the fair value of the hedging instrument related to the effective portion of the hedge are recognized in Other comprehensive income and accumulated in equity. Gains or losses relating to the ineffective part of the hedge are recognized immediately in profit or loss. The amount recognized in equity through Other comprehensive income is reversed to profit or loss in the same period in which the hedged item affects profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the amount previously recognized in Other comprehensive income and accumulated in equity is transferred from equity and included in the initial measurement of the cost of the non-financial asset or liability. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss. The Group uses foreign currency forwards to hedge part of the future cash flows from forecasted transactions in foreign currencies.

Transactions denominated in foreign currencies

Transactions in foreign currency are translated to the functional currency at the exchange rate on the transaction date. Functional currency is the currency of the primary economic environment in which the entity operates. Monetary assets and liabilities in foreign currency are translated into the functional currency using the exchange rate prevailing on the balance sheet date. Exchange rate differences arising on translation are recognized in profit or loss.

Exchange rate fluctuations regarding operating receivables and liabilities are recognized in operating profit, while exchange rate fluctuations regarding financial assets and liabilities are recognized in net financial items.

Intangible assets

Expenditure for research aimed at obtaining new scientific or technological know-how is recognized as a cost when it arises.

Expenditure for development, for which research results or other expertise is applied to achieve new or improved products or processes, is recognized as an asset in the statement of financial position, if the product is technically and commercially usable and the company has sufficient resources to complete development and thereafter use or sell the intangible asset. The carrying amount includes all directly attributable expenditure, such as registration of legal rights and amortization of patents and licenses. Other expenditure for development is recognized as an expense when it arises.

Expenditure for development is recognized in the statement of financial position at cost, less accumulated amortization and any impairment.

Accrued expenses for internally generated goodwill and internally generated brands are recognized in profit or loss when the cost arises.

Amortization is recognized on a straight-line basis in profit or loss over the estimated useful life of the intangible asset, unless the useful life is indefinite. Useful lives are reviewed at least once a year. Intangible assets that are not yet ready for use are tested for impairment annually and also as soon as there is an indication that the asset in question has declined in value. Intangible assets with determinable useful lives are amortized as from the date the asset is available for use. The estimated useful lives are as follows:

- Patents and brand protection 10–20 years

Property, plant and equipment

Property, plant, and equipment are recognized in the Group at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price as well as expenses directly attributable to put the asset in place and in condition to be utilized in accordance with the purpose of the acquisition. Borrowing costs that are directly attributable to the acquisition, construction or production of assets that take a substantial period of time to complete for their intended use or sale are included in the cost. Accounting policies relating to impairment are explained below.

Assets are depreciated on a straight-line basis over the estimated useful life of the asset. Leased assets are also depreciated over their estimated useful lives or, if this is shorter, over the agreed lease term. The Group applies component depreciation, whereby the estimate useful lives of the components form the basis of depreciation.

Estimated useful lives:

- Computers and software 3 years
- Plant and machinery 5 years
- Equipment, tools, fixtures, and fittings 5 years

Impairment

The Group's recognized assets are assessed on every balance sheet date to determine whether any impairment is required.

If there is an indication of impairment, the recoverable amount of the asset is calculated (see below). The recoverable amount of intangible assets that are not yet finished for use are also calculated annually. If it is not possible to determine essentially independent cash flows for an individual asset and its fair value less selling expenses cannot be used, for impairment testing the assets are to be grouped at the lowest level at which it is possible to identify essentially independent cash flows – this is referred to as a cash-generating unit.

Impairment is recognized when the carrying amount of an asset or cash-generating unit (group of units) exceeds the recoverable amount. Impairment is recognized as an expense in profit or loss.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In the calculation of the value in use, the future cash flows are discounted with a discount factor that takes into consideration risk-free interest and the risk associated with the specific asset.

Impairment on assets included in the scope of IAS 36 are reversed if there is an indication that the impairment requirement no longer exists and a change has been made to the assumption that formed the basis of the calculation of the recoverable amount. A reversal is only performed to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognized, less any depreciation if applicable, if no impairment had been carried out.

Impairment of loan receivables and accounts receivable recognized at amortized cost is reversed if the previous reasons for impairment no longer exist or full payment is expected to be received from the customer.

Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is calculated by applying the “first-in, first-out” (FIFO) method and includes expenditures arising during the acquisition of the inventory assets and transportation thereof to their current location and state.

Employee remuneration

Current remuneration

Current remuneration of employees is calculated without discount and recognized as an expense when the related services are received.

A provision is recognized for the anticipated cost of bonus payments and when the Group has a valid legal or informal duty to make such payments as a result of services received from employees and the obligation can be reliably calculated.

Defined-contribution pension plans

Pension plans in which the company's commitments are limited to the contributions that the company has undertaken to pay are classified as defined-contribution pension plans. In such cases, the amount of the employee's pension depends on the contributions that the company pays to the plan or to an insurance company and the return generated by the contribution. Consequently, it is the employee who bears the actuarial risk (that remuneration can be lower than expected) and the investment risk (that the invested assets will be insufficient for the expected remuneration). The company's obligations regarding contributions to defined-contribution plans are recognized as an expense in profit or loss

at the rate at which they are earned by employees performing services for the company during a period.

Defined-benefit pension plans

Defined-benefit plans are post-employment remuneration plans other than defined-contribution plans. The Group has no defined-benefit plans.

Remuneration for termination of employment

A cost for remuneration in connection with termination of employment of personnel is recognized at the earliest point in time at which the company can no longer withdraw the offer to the employees or when the company recognizes expenses for restructuring. Remuneration expected to be paid after 12 months is recognized at its present value. Remuneration not expected to be fully paid within 12 months is recognized in accordance with long-term remuneration.

Provisions

A provision differs from other liabilities since there is uncertainty regarding the date of payment and the amount for settling the provision. A provision is recognized in the statement of financial position when there is an existing legal or informal obligation as a result of an event that has occurred and it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are established at the amount corresponding to the best estimate of the amount required to settle the existing obligation on the balance sheet date. Where the effect of when a payment is made is significant, provisions are calculated by discounting the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks related to the liability.

Contingent liabilities

Disclosures regarding contingent liabilities are recognized when there is a possible commitment originating from events that have occurred and whose occurrence is confirmed only by one or more uncertain future events outside the Group's control or when there is a commitment that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required or cannot be reliably calculated.

NOTE 2 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.

Revenue by nature	2018	2017
Sales of goods (component kits)	184,417	119,012
Sales of services (implementation)	8,117	6,127
Other income	-	463
Total	192,534	125,602

Sales of goods correspond to revenue reported at time of delivery, sales of services correspond to revenue reported over time. However, 2017 is not adjusted for effects of implementation of IFRS 15.

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

Revenue by region	2018	2017
North America	149,625	95,963
Europe	27,707	20,831
Sweden	7,379	5,499
Asia and Australia	7,822	3,309
Total	192,534	125,602

Revenue by customer in the table below is based on customers and sales over 10% of the company's net sales for each year. The largest customer accounted for 28% (29) of sales in 2018 and sales are primarily divided into two different brands. The five largest customers in 2018 accounted for 62% (66) of net sales.

Revenue by customer	2018	2017
Customer 1	53,023	36,163
Customer 2	23,864	16,001
Customer 3	*	15,729
Other customers	115,647	57,709
Total	192,534	125,602

* Less than 10% of total sales 2018.

Contract balances

Revenue recognized during the period ending 31 December 2018 from performance obligations that were satisfied (or partially satisfied) in prior periods amounts to SEK 1,269t. The revenue is expected to fall due within 90 days. There are no contract liabilities.

NOTE 3 Other operating income and other operating expenses

Other operating income	2018	2017
Profit on disposal of fixed assets	-	3
Other remuneration	15	160
Total	15	164

Other operating expenses	2018	2017
Loss on disposal of fixed assets	-1	-
Exchange-rate loss on operations	-3,401	-80
Total	-3,402	-80

NOTE 4 Employees, personnel expenses and remuneration of senior executives

Costs for employee remuneration	2018	2017
Salaries and remuneration	23,345	19,667
- of which the parent company	21,526	18,900
Pension costs, defined-contribution plans	3,134	2,415
- of which the parent company	3,134	2,415
Social security contributions	7,067	5,894
- of which the parent company	6,447	5,598
Total	33,546	27,976
- of which the parent company	31,107	26,912

Average number of employees	2018	men, %	2017	men, %
Parent company				
Sweden	26	75	24	68
Total parent company	26	75	24	68
Subsidiaries				
Sweden	-	-	-	-
China	9	71	5	72
Total subsidiaries	9	71	5	72
Group, total	35	74	29	69

Gender distribution in executive management (% men)	31 Dec 2018	31 Dec 2017
Board of Directors	80	86
Other senior executives	69	63

	2018		2017	
Salaries and other remuneration distributed among senior executives and other employees	Salaries and remuneration	Social security contributions	Salaries and remuneration	Social security contributions
Senior executives	9,905	5,275	8,656	4,270
- of which variable remuneration	1,306	410	745	234
- of which pension costs	-	2,163	-	1,550
Other employees	13,440	4,926	11,011	4,324
- of which variable remuneration	993	291	390	122
- of which pension costs	-	971	-	865
Total	23,345	10,201	19,667	8,594

Benefits to senior executives

Principles for remuneration

Board fees are resolved by the Annual General Meeting. The Chairman is tasked by the Board to reach an agreement with the Chief Executive Officer on salary and other benefits. Remuneration to senior executives who report directly to the CEO is decided by the CEO after salary consultation with the remuneration committee and the Board. The main principle is to offer senior executives market-based remuneration and employment agreement. Actual remuneration levels are based on such factors as skills, experience and performance. Remuneration of senior executives comprises basic salary, variable salary, in certain cases pension benefits in the form of payment of defined-contribution pension premiums, other benefits and a long-term incentive program in the form of a share option program.

Remuneration and benefits

For the parent company, board fees totaled the amounts presented in the table on the following page. Costs were distributed over the mandate period. No other remuneration, apart from out-of-pocket expenses, was paid to the Board. Some directors invoiced fees to the company via their own company. These amounts also include social security contributions accruing on board fees. Apart from the exceptions stated above, these amounts relate to the fee decided by the AGM excluding social security contributions.

Remuneration to CEO, Johan Thiel is shown in the table on the next page. Variable remuneration is linked to performance during the year and may not exceed 50 percent of base salary. Variable salary for 2018 was primarily based on the Group's sales and operating profit, cost targets and individual targets. The period of notice for the CEO is six months and 3 months severance pay by the employer and six months notice period by the employee.

Other senior executives (Executive Management) are remunerated in accordance with the table. Variable salary for other senior executives was primarily based on the Group's sales and operating profit, cost targets and individual targets. Variable salary is awarded on an individual basis and for 2018 could not exceed 50 percent of base salary. The period of notice for other senior executives varies, but may not exceed six months. Senior executives are not entitled to severance pay. At the end of the fiscal year Executive Management had 7 members (8). Senior executives at year-end comprised the CEO, Chief Financial Officer, Chief Technology Officer, Head of Sales, Head of Operations, Chief Science Officer and Head of Marketing.

The company's outstanding pension obligations to the Board of Directors and CEO total 0 (0).

Share-based remuneration

For information regarding share-based remuneration, see Note 5.

Salaries and other remuneration of the Board and senior executives	Basic salary Board fee	Variable remuneration	Share-based remuneration	Pension obligation	Other*** remuneration	2018 Total
Bengt Baron (Chairman)	373	–	–	–	–	373
Pär Arvidsson	227	–	–	–	–	227
Jenny Rosberg**	130	–	–	–	–	130
Greg Shapleigh**	117	–	–	–	1,009	1,126
Jonas Rahmn	178	–	–	–	–	178
Magnus Welander	197	–	–	–	–	197
Pernilla Wiberg	167	–	–	–	–	167
Departing Board members*	73	–	–	–	–	73
Total, Board	1,462	–	–	–	1,009	2,471
Johan Thiel (CEO)	2,042	519	–	476	–	3,037
Group management (six individuals)	6,557	787	–	1,687	288	9,319
Total senior executives	8,599	1,306	–	2,163	288	12,356
Total	10,061	1,306	–	2,163	1,297	14,826

Salaries and other remuneration of the Board and senior executives	Basic salary Board fee	Variable remuneration	Share-based remuneration	Pension obligation	Other*** remuneration	2017 Total
Bengt Baron (Chairman)	340	–	–	–	–	340
Pär Arvidsson	190	–	–	–	–	190
Jacob Gunterberg	220	–	–	–	–	220
Terrence Lee****	-100	–	–	–	–	-100
Jonas Rahmn	185	–	–	–	–	185
Magnus Welander	170	–	–	–	–	170
Pernilla Wiberg	150	–	–	–	–	150
Total, Board	1,155	–	–	–	–	1,155
Johan Thiel (CEO)	1,872	315	–	461	–	2,648
Group management (seven individuals)	6,039	430	–	1,089	1,245	8,803
Total senior executives	7,911	745	–	1,550	1,245	11,451
Total	9,066	745	–	1,550	1,245	12,606

* Declined reelection at the 2018 AGM.

** Elected at the 2018 AGM.

*** Also engaged as a consultant by the company, see under note 23.

**** Reversed provision because no fee was paid.

NOTE 5 Share-based remuneration

The Extraordinary General Meeting held on 1 February, 2017, resolved to issue a maximum of 1,250,000 warrants as part of two incentive programs, one of which is directed to management and certain key personnel and the other to Board members who are independent of the major shareholders of the company. The warrants will result in a dilutive effect of maximum 5 percent. To date, 875,000 warrants in total have been issued and MIPS has received payments totaling SEK 3.9m from the issuance of the warrants. The warrant price has been determined by an independent third-party valu-

ation. 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 time period 1 March – 31 May, 2020. Upon termination of employment (other than retirement), the company has the option to buy back the warrants at market price.

The cost of share-based remuneration for the year amounted to SEK 0.0m (0.0).

	Outstanding warrants at the start of the year	Warrants Issued during the year	Warrants issued but not sold during the year	Forfeited warrants during the year	Matured warrants during the year	Number of outstanding warrants at year-end
Warrants 2018						
Board of Directors (TO Series 2)						
Bengt Baron (Chairman)	100,000	-	-	-	-	100,000
Pär Arvidsson	50,000	-	-	-	-	50,000
Jonas Rahmn	50,000	-	-	-	-	50,000
Magnus Welander	50,000	-	-	-	-	50,000
Pernilla Wiberg	50,000	-	-	-	-	50,000
Total	300,000	-	-	-	-	300,000
CEO, senior executives and other employees (TO series 1)						
Johan Thiel (CEO)	200,000	-	-	-	-	200,000
Other senior executives and key personnel (seven individuals)	375,000	-	-	-	-	375,000
Total	575,000	-	-	-	-	575,000
Total	875,000	-	-	-	-	875,000

	Outstanding warrants at the start of the year	Warrants Issued during the year	Warrants issued but not sold during the year	Forfeited warrants during the year	Matured warrants during the year	Number of outstanding warrants at year-end
Warrants 2017						
Board of Directors (TO Series 2)						
Bengt Baron (Chairman)	-	100,000	-	-	-	100,000
Pär Arvidsson	-	50,000	-	-	-	50,000
Jonas Rahmn	-	50,000	-	-	-	50,000
Magnus Welanders	-	50,000	-	-	-	50,000
Pernilla Wiberg	-	50,000	-	-	-	50,000
Unsold warrants	-	75,000	-75,000	-	-	-
Total	-	375,000	-75,000	-	-	300,000
CEO, senior executives and other employees (TO series 1)						
Johan Thiel (CEO)	-	200,000	-	-	-	200,000
Other senior executives and key personnel (seven individuals)	-	375,000	-	-	-	375,000
Unsold warrants	-	300,000	-300,000	-	-	-
Total	-	875,000	-300,000	-	-	575,000
Total	-	1,250,000	-375,000	-	-	875,000
Fair value per series at issue						
Warrants series 1						4.45
Warrants series 2						4.45
Conditions of valuation						
Share price (130% of IPO price)						59.80
Volatility, %						27
Risk-free interest, %						-0.30
Maturity, years						3

NOTE 6 Fees and remuneration of auditors

	2018	2017
KPMG AB		
Audit assignment	450	406
Tax consultancy services	28	20
Other assignments	23	616
Other auditors		
Audit assignment	24	28
Total	525	1,070

NOTE 7 Operating expenses by type of cost

	2018	2017
Goods for resale and consumables	45,343	29,209
Personnel costs	35,692	29,145
Other external costs	28,754	28,813
Legal advice costs	4,758	16,549
Depreciation/amortization and impairment	1,637	1,145
Other operating expenses	3,402	80
Total	119,587	104,941

For more information regarding other operating expenses see Note 3.

NOTE 8 Net financial items

	2018	2017
Financial income		
Interest income		
– bank balances	–	1
Other financial income	68	–
Exchange gains, cash and cash equivalents	219	–
Total	287	1
Financial expenses		
Interest expenses		
– financial liabilities measured at amortized cost	-7	-36
– change in fair value of financial investments	-404	-107
Exchange loss, cash and cash equivalents	–	-284
Total	-411	-428

NOTE 9 Taxes

	2018	2017
Current tax		
Tax expenses for the period	-8,124	-96
Deferred tax		
Deferred tax in capitalised loss carryforwards	-9,098	-4,240
Deferred tax pertaining to temporary differences	782	-247
Total	-16,440	-4,584
	%	%
Reconciliation of effective tax		
Profit/loss before tax	72,838	20,399
Tax in accordance with applicable tax rate for parent company	22.0 -16,024	22.0 -4,488
Non-deductible expenses	-87	-88
Standard income, shares in investment funds	-143	–
Impact of changed tax rate	-23	–
Impact of other tax rates on foreign subsidiaries	-163	-12
Capitalization of previously non-capitalized loss carryforwards	–	3
Total	22.6 -16,440	22.5 -4,584

When preparing the financial statements, an assessment is made of deferred tax assets/liabilities attributable to temporary differences and loss carryforwards. Deferred tax assets are recognized if the tax assets are expected to be utilized through the settlement of future taxable profits. As of 31 December 2018 the Group had no unused tax loss carryforwards since the loss carried forward has been consumed in its entirety.

Deferred tax assets and liabilities				Deferred tax assets and liabilities			
31 Dec 2018	Deferred tax asset	Deferred tax liability	Net	31 Dec 2017	Deferred tax asset	Deferred tax liability	Net
Intangible assets	-	-3	-3	Intangible assets	-	-138	-138
Property, plant and equipment	-	-86	-86	Property, plant and equipment	-	-1	-1
Accounts receivable	126	-	126	Other liabilities (Derivatives)	-	-300	-300
Other liabilities (Derivatives)	683	-	683	Loss carryforwards	9,098	-	9,098
Loss carryforwards	-	-	-	Total deferred tax assets/liabilities	9,098	-439	8,659
Total deferred tax assets/liabilities	809	-89	720	Offsetting	-439	439	-
Offsetting	-89	89	-	Total deferred tax assets/liabilities, net	8,659	-	8,659
Total deferred tax assets/liabilities, net	720	-	720				

Change in deferred tax in temporary differences and loss carryforwards	31 Dec 2017	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity*	31 Dec 2018
Intangible assets	-138	135	-	-	-3
Property, plant and equipment	-1	-85	-	-	-86
Accounts receivable	-	121	-	5	126
Prepaid costs	-	49	-	-49	-
Other receivables (Derivatives)	-300	300	-	-	-
Other liabilities (Derivatives)	-	262	421	-	683
Loss carryforwards	9,098	-9,098	-	-	-
Total	8,659	-8,317	421	-44	720

* Amount in the column recognized in equity relates to amended accounting policies IFRS 9 and IFRS 15, see Note 1.

Change in deferred tax in temporary differences and loss carryforwards	31 Dec 2016	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	31 Dec 2017
Intangible assets	-86	-51	-	-	-138
Property, plant and equipment	-11	10	-	-	-1
Other receivables (Derivatives)	-	-194	-105	-	-300
Interest-bearing liabilities	12	-12	-	-	0
Loss carryforwards	11,412	-4,240	-	1,927	9,098
Total	11,326	-4,487	-105	1,927	8,659

NOTE 10 Earnings per share

SEK	2018	2017
Earnings per share basic	2.23	0.64
Earnings per share diluted	2.21	0.64
	2018	2017
Profit for the year attributable to parent company shareholders	56,398	15,815
Average number of shares outstanding, basic	25,299,870	24,520,884
Impact of share warrant program	245,065	38,362
Average number of shares, diluted	25,544,935	24,559,246

When calculating diluted earnings per share, the weighted average number of shares outstanding is adjusted for the dilutive effect of the potential ordinary shares outstanding.

At an Extraordinary General Meeting held on 1 February, 2017 it was resolved to convert outstanding preference shares to ordinary shares as well as a 1,000:1 share split, whereby the company's shares were divided into 1,000 new shares; for more information, see Note 17. In the table above, each of the new number of shares was used in computation of earnings per share for all historical periods.

Instruments with dilutive effect

The company has two outstanding warrant programs; for more information see Note 5.

- Program 1, aimed at Board members, comprises 375,000 warrants, of which 300,000 have been allocated to date
- Program 2, aimed at CEO, senior executives and certain key personnel, comprises 875,000 warrants, of which 575,000 have been allocated to date

All warrants in the two programs carry the right to one ordinary share and have an exercise price of SEK 59.80. Maximum dilution on full exercise of the programs is 5 percent.

The average share price of the company's ordinary shares during the year exceeded the exercise price of the warrants expiring 1 March to 31 May, 2020. Consequently, a dilutive effect has been taken into account when calculating the number of average outstanding shares as stated above.

NOTE 11 Intangible assets

	31 Dec 2018	31 Dec 2017
Accumulated cost		
Opening balance, 1 Jan	7,564	4,023
Acquisitions	4,507	3,541
At year-end, 31 Dec	12,071	7,564
Accumulated depreciation		
Opening balance, 1 Jan	-528	-346
Amortization	-484	-182
At year-end, 31 Dec	-1,012	-528
Total	11,059	7,036

Intangible assets primarily pertain to expenses for patents and brand protection, which are acquired externally. Remaining economic lives at 31 December 2018 amount to 1–14 years. Impairment testing is performed annually for all cash-generating units. A cash-generating unit consists of an operating segment. Since the Group is considered as a unit, impairment testing is performed only at Group level.

	2018	2017
Depreciation, by function		
Cost of goods sold	-248	-112
Selling expenses	-236	-71
Total	-484	-182

NOTE 12 Property, plant and equipment

	31 Dec 2018	31 Dec 2017
Accumulated cost		
Opening balance, 1 Jan	4,518	3,680
Acquisitions	2,221	1,138
Divestments and disposals	-8	-300
At year-end, 31 Dec	6,731	4,518
Accumulated depreciation		
Opening balance, 1 Jan	-1,854	-1,171
Amortization	-1,153	-963
Divestments and disposals	4	280
At year-end, 31 Dec	3,003	-1,854
Total	3,728	2,664

Property, plant and equipment mainly comprise office equipment, computer equipment and equipment for testing helmets. Essentially all non-current assets in the Group are in Sweden.

	31 Dec 2018	31 Dec 2017
Of which assets under financial leases	-	-

	2018	2017
Depreciation, by function		
Cost of goods sold	-37	-10
Selling expenses	-307	-297
Administrative expenses	-533	-412
R&D expenses	-276	-244
Total	-1,153	-963

NOTE 13 Financial assets

	31 Dec 2018	31 Dec 2017
Accumulated cost		
Opening balance, 1 Jan	561	563
Acquisitions	-	14
Divestments and disposals	-78	-14
Exchange rate differences for the year	-	-3
At year-end, 31 Dec	483	561

Mainly relates to deposits for lease contracts.

NOTE 14 Accounts receivable

	31 Dec 2018	31 Dec 2017
Invoiced receivables	55,150	37,714
Currency adjustments	-150	-377
Provision for doubtful receivables	-588	-261
Total	54,411	37,077
Invoiced receivables due as follows:		
Not yet due	31,015	23,504
Overdue by 1-30 days	10,653	8,152
Overdue by 31-60 days	6,506	1,737
Overdue by 61-90 days	4,259	1,900
Overdue by 91- days	2,717	2,421
Total	55,150	37,714
Change in provision for doubtful receivables		
Opening balance, 1 Jan	-261	-263
During the year		
- repaid	-	48
- provisions established	-328	-46
At year-end, 31 Dec	-588	-261

See Note 19 for a description of the company's credit risks.

NOTE 15 Prepaid expenses and accrued income

	31 Dec 2018	31 Dec 2017
Prepaid rental costs	521	510
Prepaid trade fair costs	113	456
Prepaid insurance	56	55
Accrued revenue	846	-
Prepaid pension premiums	267	178
Prepaid system costs	514	494
Other	474	458
Total	2,790	2,150

NOTE 16 Cash and cash equivalents and current investments

	31 Dec 2018	31 Dec 2017
Cash and bank balances	36,817	17,555
Total according to statement of financial position	36,817	17,555
Current investments equivalent to cash and cash equivalents	205,692	162,219
Total according to statement cash flows	242,510	179,774

Cash and bank balances refer to balances of bank accounts in SEK, USD, CNY and EUR. Current investments relate to surplus liquidity invested in units of fixed income funds at highly reputable credit institution. The company also has the option of utilizing a temporary credit facility of SEK 5m, which can be provided on short notice.

NOTE 17 Equity

	Ordinary shares	Preference shares	Total no. Of shares
Opening balance, 1 Jan 2018	25,299,870	-	25,299,870
At year-end, 31 Dec 2018	25,299,870	-	25,299,870

	Ordinary shares	Preference shares	Total no. Of shares
Opening balance, 1 Jan 2017	17,065	4,974	22,039
Conversion of preference shares	4,974	-4,974	-
Split 1,000:1	22,016,961		22,016,961
New share issue	3,260,870	-	3,260,870
At year-end, 31 Dec 2017	25,299,870	-	25,299,870

Share capital

In 2017, the company converted preference shares to ordinary shares with forfeited right to the cumulative preferential right to dividend and completed a split of 1,000:1, a new issue of a total of 3,260,870 shares, corresponding to SEK 150.0m before issuance costs. As of 31 December 2018, the total number of shares was then 25,299,870 (25,299,870) and share capital was SEK 2,529,987 (2,529,987). All shares are ordinary shares and carry equal voting rights. The shares

have a quotient value of SEK 0.10. According to the Articles of Association, share capital shall amount to not less than SEK 2,000,000 and not more than SEK 8,000,000.

Equity instruments with dilutive effect

The company has issued warrants, which may increase the number of shares. For more information, see Note 5 Share based remuneration and Note 10 Earnings per share.

Other paid in capital

Refers to equity paid by owners and includes the premium paid in conjunction with issuances.

Reserves**Translation reserve**

The translation reserve includes exchange rate differences that arise when consolidating the financial statements when foreign subsidiaries report in currencies other than SEK. The parent company and the Group present their financial report in Swedish kronor (SEK).

Hedging reserve

The hedging reserve includes the effective portion of the accumulated net change in fair value for a cash flow hedging instrument attributable to hedge transactions that have not yet occurred.

Retained earnings including profit for the year

Retained earnings including profit for the year include earnings in the parent company and its subsidiaries.

NOTE 18 Accrued expenses and deferred income

	31 Dec 2018	31 Dec 2017
Vacation pay liability	1,197	1,145
Accrued salaries and remuneration	2,824	1,569
Accrued social security contributions	1,263	853
Estimated payroll tax on pensions	1,346	913
Prepaid Implementation	650	347
Other accrued expenses	2,350	3,257
Total	9,630	8,083

NOTE 19 Financial risks and risk management

Through its operations, the Group is exposed to various types of financial risks: credit risk, liquidity risk and currency risk. Since the Group has no non-current loans or other financial derivatives, the Group's risk activities are directed to the risks arising in the business operations.

The Group's financial transactions and risks are managed centrally by the CFO and CEO and the primary target is to achieve effective liquidity management and ensure that all payment obligations are made in the correct time. The Group's principles for fundamental financial risk management are regulated in the Group's Finance Policy adopted by the Board.

Credit risk

Credit risk is the risk that the Group's counterparty in a financial instrument is unable to fulfill its obligations and this causes a financial loss for the Group. The company's standard term of payment is 30–60 days. The age analysis below shows invoices that have fallen due for payment. The provision for bad debt losses shows the provision for doubtful receivables for each year. Past bad debt losses have not totaled significant amounts. The company has a number of global helmet manufacturers as its customers and their solvency is deemed to be high. The remaining customer base is divided among a large number of customers, which is why the solvency of an individual company has no significant detrimental impact on the company. The company continuously analyses accounts receivable and takes measures to limit the credit risk. The company can terminate further deliveries in the event of non-payment. All customer agreements are approved and signed by both the CEO and CFO.

	31 Dec 2018	31 Dec 2017
Invoiced receivables	55,150	37,714
Currency adjustments	-150	-377
Provision for doubtful receivables	-588	-261
Total	54,411	37,077
Invoiced receivables are due as follows:		
Not yet due	31,015	23,504
Overdue by 1–30 days	10,653	8,152
Overdue by 31–60 days	6,506	1,737
Overdue by 61–90 days	4,259	1,900
Overdue by 91– days	2,717	2,421
Total	55,150	37,714
Change in provision for doubtful receivables		
Opening balance, 1 Jan	-261	-263
During the year		
– repaid	–	48
– provisions established	-328	-46
At year-end, 31 Dec	-588	-261

Provisions for doubtful receivables are essentially attributable to receivables that mature after more than 90 days.

Liquidity risk and interest-rate risk

Liquidity risk is the risk that the company will encounter difficulties in fulfilling its obligations. To minimize liquidity risk, the liquidity situation is continuously analyzed and forecasted to ensure that the company has sufficient cash and cash equivalents to cover operational requirements. Liquidity risk is deemed to be limited since the company does not have any loans and has a positive cash flow from operations. The Group's financial liabilities essentially mature within 3 months or a maximum of one year. The company has the option of utilizing a credit facility of SEK 5m on short notice to cover any temporary shortages in liquidity. The company has bank accounts only with highly reputable credit institutions.

The Group's interest-rate risk stems from the company's cash and cash equivalents. The company's financial policy stipulates that investments in assets with a negative interest rate may only be made in order to match incoming and outgoing payments. The company's surplus liquidity is invested in current investments in units of fixed income funds at highly reputable credit institutions in order to avoid negative interest rates. The company's current investments can be sold within two days.

Currency risk

Currency risk refers to the risk that an exchange-rate fluctuation adversely impacts the consolidated income statement, balance sheet or cash flow. The Group's reporting currency is SEK.

The main exposure derives from the Group's sales in USD and purchases of goods in USD. This risk is known as transaction exposure.

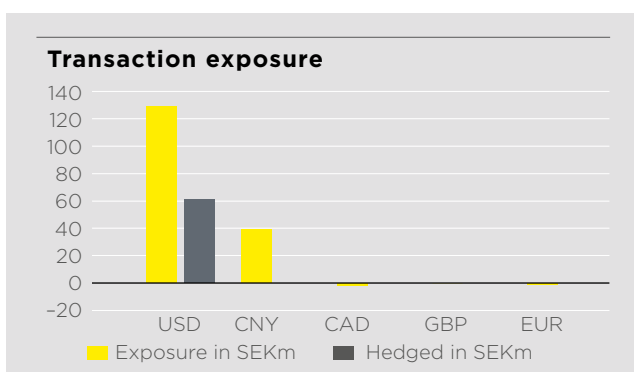
Transaction exposure, currency (%)	2018		2017	
	Rev- enue	Operating expenses	Rev- enue	Operating expenses
USD	77	16	97	28
CNY	23	32	3	6
SEK	0	48	0	48
CAD	-	1	-	15
GBP	-	1	-	1
EUR	-	-	-	1
Other	-	-	-	-
Total	100	100	100	100

As seen in the table above, the company's main transaction exposure is to USD. A 10 percent change in the USD against the SEK would impact the 2018 operating profit by approximately SEK 13m (10). Other currencies would have a limited impact on the 2018 operating profit in the event of a 10 percent change.

Translation exposure primarily arises as a result of accounts receivable and accounts payable in currencies other than SEK. Translation exposure is essentially the same as the specification in the table above. 2017, the company established a subsidiary in China and translation exposure occurs also at Group level. In 2018 the impact has been limited. The company does not have external borrowings and is financed only by equity in SEK. The company's cash and cash equivalents are primarily in SEK but according to the company's Finance Policy, cash and cash equivalents may be in foreign currencies in order to match inward and outward payments.

During the year the Board updated the Financial Policy, which now states that the company intends to hedge 50 percent of the forecasted sales in USD for rolling twelve-month periods. This is done with currency futures.

The table below shows the breakdown of MIPS AB's net inflows in various currencies and the proportion hedged in 2018. The company currently only hedges in USD. The nominal amount hedged amounted to USD 11m, corresponding to SEK 93m as of 31 December 2018.



During 2017 and 2018 some of the sales have gradually been transferred to a subsidiary in China. In 2018, the sale of MIPS BPS components was transferred from the parent company to the Chinese subsidiary, with the consequence that some of the Group's income and expenses are paid in CNY. To counteract exposure to CNY in the invoicing, a currency adjustment clause against USD has been introduced in sales agreements. This means that the company's USD exposure largely remains.

NOTE 20 Fair value measurement of financial assets and liabilities and category groupings

Capital management

The company aims to maintain an effective capital structure by taking into account operational and financial risk, thus ensuring the long-term development of the company, as well as satisfactory returns for shareholders. Capital is defined as total equity, which essentially corresponds to the company's external financing. No plans are in place to raise loans in the immediate future. The amount of equity is affected by the extent of decisions made to pay dividends, as well as the level of future profits. The aspiration is to distribute approximately 50 percent of the company's annual net profit over time.

Fair value of financial instruments

The carrying amount of assets and liabilities in the statement of financial position may differ from their fair value due to such reasons as changes in market interest rates. However, MIPS does not have any deposits or loans other than its bank balances. The table below presents the Group's financial instruments and the company believes that the carrying amount is an approximation of the fair value, given, for example, the limited maturities of the items.

In order to reduce the Group's short-term currency exposure and in line with the Group's Financial Policy, certain derivatives contracts with banks have been entered into covering forecasted sales/accounts receivables in USD. Derivatives are valued at fair value on the balance sheet. Hedge accounting is applied. The Group currently only has derivative 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, as price quotes, or indirectly: derived from price quotes.
- **Level 3:** Data for the asset or liability in question, which is not based on observable market data: unobservable input data.

In addition to the instruments listed above, there are short term investments classified under level one in the valuation hierarchy.

31 Dec 2018	Note	Financial assets measured at fair value In profit or loss	Hedging instrument	Financial assets measured at amortized cost	Financial liabilities measured at fair value in profit loss,	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial assets (Deposits)	13	-	-	483	-	-	483	483
Accounts receivable	14	-	-	54,411	-	-	54,411	54,411
Other current receivables		-	-	224	-	-	224	224
Current investments	16	205,692	-	-	-	-	205,692	205,692
Cash and cash equivalents	16	-	-	36,817	-	-	36,817	36,817
Accounts payable		-	-	-	-	-20,111	-20,111	-20,111
Other liabilities (Derivatives)		-	-3,192	-	-	-	-3,192	-3,192
Accrued expenses	18	-	-	-	-	-6,371	-6,371	-6,371
Total financial assets and liabilities by category		205,692	-3,192	91,934	-	-26,482	267,953	267,953

31 Dec 2017	Note	Financial assets measured at fair value In profit or loss	Hedging instrument	Loan receivables and accounts receivable measured at amortized cost	Financial liabilities measured at fair value in profit loss,	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial assets (Deposits)	13	-	-	561	-	-	561	561
Accounts receivable	14	-	-	37,077	-	-	37,077	37,077
Other current receivables		-	-	723	-	-	723	723
Other receivables (Derivatives)		-	1,361	-	-	-	1,361	1,361
Current investments	16	162,219	-	-	-	-	162,219	162,219
Cash and cash equivalents	16	-	-	17,555	-	-	17,555	17,555
Accounts payable		-	-	-	-	-12,217	-12,217	-12,217
Accrued expenses	18	-	-	-	-	-5,971	-5,971	-5,971
Total financial assets and liabilities by category		162,219	1,361	55,916	-	-18,188	201,309	201,309

NOTE 21 Operating leases

Leasing costs for operating leases primarily comprise rent for office premises. The lease for the head office in Sweden extends until January 2020. The company has also leased office space in Dongguan, China since May 2017. The lease runs until 13 Feb. 2022. The lease can be terminated with three months' notice.

Future minimum lease charges	2018	2017
Within 1 year	2,166	1,752
Between 1-5 years	929	1,967
More than 5 years	-	-
Total	3,095	3,720
Leasing costs for the year pertaining to operational leasing fee totaled:	2,162	2,030

NOTE 22 Investment commitments

The company has no significant investment commitments as of 31 December 2018 or 2017.

NOTE 23 Related parties

On 15 May, 2018, the Annual General Meeting elected Greg Shapleigh to serve on the Board of Directors. The company has engaged the services of Greg Shapleigh as a business consultant since 2017. The newly elected Board member has received a fee of SEK 1.0m for consultancy services related to business development, as well as SEK 0.1m to reimburse expenses. During 2018, the company terminated a consultant agreement with Head of Investor Relations, where services rendered amounted to SEK 0.3m (1.2). No other material related party transactions were carried out during the period.

NOTE 24 Specification of statement of cash flows

Adjustment for non-cash items	2018	2017
Depreciation/amortization of non-current assets	1,638	1,126
Unrealised exchange-rate differences	-388	868
Change in value of financial instruments	2,640	-883
Other items not affecting liquidity	1	-3
Total	3,891	1,108
Interest income and expense	2018	2017
Interest income	2	1
Interest expense	-7	-5

NOTE 25 Pledged assets and contingent liabilities

	31 Dec 2018	31 Dec 2017
Pledged assets	None	None
Contingent liabilities	None	None

On 23 April, 2018, it was announced that MIPS received a positive outcome in a European patent case, in which MIPS previously filed a claim against Bauer Hockey Corp with the European Patent Office. 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. The Federal Court of Canada delivered a judgment confirming the validity of MIPS' patent rights. 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 action 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 entail any obligation for either of the Parties to compensate the other Party's litigation-related expenses.

The cost of the patent dispute during the year totaled SEK 4.8m (16.5). MIPS does not expect to be able to recover any of the expenses for the above legal proceedings.

NOTE 26 Significant estimates and judgments

Estimates and judgments that affect the parent company's and the Group's reporting have been made on the basis of what is known when the financial statements were issued. The estimates and judgments may, at a later date, be changed because of, for example, changes in factors in the business environment. The judgments that are most critical to MIPS are reported below. An Audit Committee was established in 2016 from within the Board's ranks to discuss matters relating to the Group's significant accounting policies and estimates, and the application of these policies and estimates.

Impairment testing of intangible assets

The Group's intangible assets are related to patents and brand protection. Several assumptions and estimates are made concerning future conditions, which are taken into account when calculating the carrying amount and whether impairment testing is required.

Claims for damages and patent infringement

MIPS operates in an industry that, particularly in the North American market, involves lawsuits in the event of accidents and similar incidents. Instances of patent infringement also occur. Accordingly, there is a need to monitor market developments related to this, and it is difficult to estimate the effects of such developments. MIPS engages experts in the field as required and has close contact with its customers and suppliers at an early stage in order to identify potential disputes and take appropriate action. The company has and regularly reviews its product liability insurance.

NOTE 27 Events after balance-sheet date

MIPS AB (publ), was reclassified from Small Cap to Mid Cap at the Nasdaq Stockholm stock exchange on 2 January 2019.

NOTE 28 Information about the parent company

MIPS AB is a public limited liability company registered in Sweden (Corp. Reg. No. 556609-0162), with its registered office in Stockholm, Sweden. The address of the head office is Källtorpsvägen 2, SE-183 71 Täby, Sweden.

PARENT COMPANY INCOME STATEMENT

SEK 000s	Note*	2018	2017
Net sales	A2	148,976	122,242
Cost of goods sold		-14,630	-30,041
Gross profit		134,345	92,201
Selling expenses		-24,883	-21,742
Administrative expenses		-27,595	-40,865
Research and development expenses		-10,974	-9,243
Other operating income	A3	15	164
Other operating expenses	A3	-3,379	-82
Operating profit/loss	A4, A18, 4, 5, 6	67,530	20,433
Financial income		282	0
Financial expenses		-411	-423
Net financial items		67,401	20,010
Appropriations		-398	-15
Appropriations	A5	-398	-15
Profit/loss before tax		67,003	19,995
Tax	A6	-14,993	-4,487
Profit for the year		52,010	15,509

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK 000s	2018	2017
Profit for the year	52,010	15,509
Other comprehensive income		
Items that may subsequently be transferred to profit or loss		
Cash flow hedges	-4,554	1,361
Changes in the fair value of cash flow hedges transferred to profit for the year	2,640	-883
Tax on components in other comprehensive income	421	-105
Items that cannot be transferred to profit or loss	-	-
Other comprehensive income for the year	-1,493	373
Comprehensive income for the year	50,518	15,882

*Since the amounts for the Group and parent company are often the same, in some cases reference is made to the consolidated financial statements (Notes 1-28) and, in some cases, to the parent company's financial statements (Notes A1-A26).

PARENT COMPANY BALANCE SHEET

SEK 000s	Note*	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets			
Intangible assets	A7	11,059	7,036
Property, plant and equipment	A8	3,619	2,550
Participation in Group companies	A9	585	585
Deferred tax assets	A6	809	8,660
Long term receivables	A10	483	561
Total non-current assets		16,555	19,392
Current assets			
Inventories		568	755
Accounts receivable	A11	36,755	34,789
Receivables from Group companies	A12	376	364
Prepaid expenses and accrued income	A13	2,772	2,132
Other current receivables		1,847	3,220
Current investments	A14	205,692	162,219
Cash and cash equivalents	A14	34,699	16,758
Total current assets		282,710	220,237
TOTAL ASSETS	A17	299,265	239,629
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		2,530	2,530
Other paid in capital		1,689	1,689
Non restricted equity			
Share premium reserve		235,612	235,612
Fair value reserve		-1,119	373
Retained earnings		-19,758	-35,423
Profit for the year		52,010	15,509
Total equity	A15	270,963	220,289
Untaxed reserves		398	-
Untaxed reserves	A5	398	-
Current liabilities			
Accounts payable		7,771	10,071
Liabilities to Group companies	A12	64	395
Tax liabilities		6,764	-
Other liabilities		4,450	1,109
Accrued expenses and deferred income	A16	8,853	7,765
Total current liabilities	A17	27,903	19,340
TOTAL EQUITY AND LIABILITIES		299,265	239,629

*Since the amounts for the Group and parent company are often the same, in some cases reference is made to the consolidated financial statements (Notes 1-28) and, in some cases, to the parent company's financial statements (Notes A1-A26).

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

2018 SEK 000s	Restricted equity		Non restricted equity				Total
	Share capital	Statutory reserve	Share premium reserve	Fair value fund Hedging reserve	Earnings brought forward	Profit for the year	
Opening equity, 2018-01-01	2,530	1,689	235,612	373	-35,423	15,509	220,289
Amended accounting policy*					156		156
Adjusted equity, 2018-01-01	2,530	1,689	235,612	373	-35,267	15,509	220,446
Transfer of preceding year's profit/loss	-	-	-	-	15,509	-15,509	-
Profit for the year	-	-	-	-	-	52,010	52,010
Other comprehensive income for the year	-	-	-	-1,493	-	-	-1,493
Comprehensive income for the year	-	-	-	-1,493	-	52,010	50,518
Transactions with shareholders							
New share issue	-	-	-	-	-	-	-
Paid out transaction expenses	-	-	-	-	-	-	-
Tax on transaction cost	-	-	-	-	-	-	-
Premium on issue of stock options	-	-	-	-	-	-	-
Total transactions with shareholders	-	-	-	-	-	-	-
Closing equity, 2018-12-31	2,530	1,689	235,612	-1,119	-19,758	52,010	270,963

*Amended accounting policy according to IFRS 9 and IFRS 15, see Note 1.

2017 SEK 000s	Restricted equity		Non restricted equity				Total
	Share capital	Statutory reserve	Share premium reserve	Fair value fund Hedging reserve	Earnings brought forward	Profit for the year	
Opening equity, 2017-01-01	2,204	1,689	88,875	-	-49,724	14,301	57,345
Transfer of preceding year's profit/loss	-	-	-	-	14,301	-14,301	-
Profit for the year	-	-	-	-	-	15,509	15,509
Other comprehensive income for the year	-	-	-	373	-	-	373
Comprehensive income for the year	-	-	-	373	-	15,509	15,882
Transactions with shareholders							
New share issue	326	-	149,674	-	-	-	150,000
Paid out transaction expenses	-	-	-8,758	-	-	-	-8,758
Tax on transaction cost	-	-	1,927	-	-	-	1,927
Premium on issue of stock options	-	-	3,894	-	-	-	3,894
Total transactions with shareholders	326	-	146,737	-	-	-	147,063
Closing equity, 2017-12-31	2,530	1,689	235,612	373	-35,423	15,509	220,289

PARENT COMPANY CASH FLOW STATEMENT

SEK 000s	Note	2018	2017
Operating activities			
Net financial items		67,401	20,010
Adjustment for non-cash items	A21	3,848	1,056
Cash flow from operating activities before changes in working capital		71,250	21,065
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventory		187	-81
Increase (-)/decrease (+) in operating receivables		-2,283	-11,731
Increase (+)/decrease (-) in operating liabilities		-1,405	1,501
Cash flow from operating activities		67,748	10,754
Cash flow from investing activities			
Establishment of subsidiaries		-	-485
Acquisition of intangible assets		-4,507	-3,530
Acquisition of tangible assets		-2,189	-1,015
Disposal of property, plant and equipment		3	23
Sale of financial assets		78	-
Cash flow from investing activities		-6,616	-5,007
Financing activities			
New share issue		-	150,000
Paid out transaction expenses		-	-8,758
Premium received from issue of warrants		-	3,894
Cash flow from financing activities		-	145,136
Cash flow for the year		61,133	150,883
Cash and cash equivalents at the beginning of the year	A14	178,977	28,405
Exchange-rate difference, cash and cash equivalents		282	-311
Cash and cash equivalents at year-end	A14	240,392	178,977

NOTES TO THE FINANCIAL STATEMENTS – PARENT COMPANY

All figures are in SEK thousand unless stated otherwise.

NOTE A1 Accounting policies

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's RFR 2 *Accounting for Legal Entities*. Statements published by the Swedish Financial Reporting Board applicable for listed companies are also observed. RFR 2 recommends that the parent company in its annual accounts for legal entities must apply all EU approved IFRS and statements to the greatest extent possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act and with regard to the link between accounts and taxation. The recommendation states which exceptions from and additions to IFRS should be made.

Notes from the parent company's income statement and balance sheets refer in some cases to the Group's notes and, in other cases, to the parent company's notes.

Differences between Group and parent company accounting policies

The differences in accounting policies for the Group and parent company are shown below. The accounting policies of the parent company described below have been applied consistently in all periods presented in the parent company's financial statements.

Change in accounting policies

Unless stated otherwise below the parent company's accounting policies has changed in accordance to what is stated above for the Group during 2018.

Classification and presentation

The income statement and balance sheet of the parent company are prepared in accordance with the Annual Accounts Act's scheme, while the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement are based on IAS 1, *Presentation of Financial Statement* and IAS 7, *Statement of Cash Flows*. The differences between the Group's statements that arise in the parent company's income statement and balance sheet primarily consist of the statement of equity.

Subsidiaries

Participations in subsidiaries are recognized in the parent company using the cost method, which means that transaction costs are included in the carrying amount for holdings in subsidiaries. In the consolidated accounts, transaction costs related to subsidiaries are recognized directly in profit or loss when they arise.

Leased assets

In the parent company, all leases are recognized in accordance with the rules for operating leases.

NOTE A2 Distribution of revenue

Revenue by nature	2018	2017
Sales of goods (component kits)	140,859	115,652
Sales of services (implementation)	8,117	6,127
Other income	-	463
Total	148,976	122,242

NOTE A3 Other operating income and other operating expenses

Other operating income	2018	2017
Profit on disposal of fixed assets	-	3
Other remuneration	15	160
Total	15	164

Other operating expenses	2018	2017
Loss on disposal of non-current assets	-1	-
Exchange rate loss on operations	-3,378	-82
Total	-3,379	-82

NOTE A4 Operating expenses by type of cost

	2018	2017
Goods for resale and consumables	11,598	26,279
Personnel costs	33,320	28,086
Other external costs	26,806	29,894
Legal advice costs	4,758	16,549
Depreciation/amortization and impairment	1,601	1,082
Other operating expenses	3,379	82
Total	81,461	101,971

NOTE A5 Appropriations

	2018	2017
Additional depreciation	-398	-
Group contributions submitted	-	-15
Total	-398	-15

NOTE A6 Taxes

When preparing the financial statements, an assessment is made of deferred tax assets/liabilities attributable to temporary differences and loss carryforwards. Deferred tax assets are recognized to the extent that the tax assets are expected to be utilized through the settlement of future taxable profits.

	2018	2017
Current tax		
Tax expenses for the period	-6,764	-
Deferred tax		
Deferred tax in capitalised loss carryforwards	-9,098	-4,240
Deferred tax pertaining to temporary differences	870	-247
Total	-14,933	-4,487

	%	2018	%	2017
Reconciliation of effective tax				
Profit/loss before tax		67,003		19,995
Tax in accordance with applicable tax rate for Parent Company	22.0	-14,741	22.0	-4,399
Non-deductible expenses		-87		-88
Standard income, shares in investment funds		-143		-
Impact of changed tax rate		-23		-
Total	22.4	-14,993	22.4	-4,487

Deferred tax assets and liabilities	Deferred tax assets	Deferred tax liability	Net
31 Dec 2018			
Accounts receivable	126	-	126
Other liabilities (Derivatives)	683	-	683
Loss carryforwards	-	-	-
Total deferred tax assets/liabilities	809	-	809
Offsetting	-	-	-
Total deferred tax assets/liabilities, net	809	-	809

Deferred tax assets and liabilities	Deferred tax assets	Deferred liabilities	Net
31 Dec 2017			
Intangible assets	-	-138	-138
Other receivables (Derivatives)	-	-300	-300
Loss carryforwards	9,098	-	9,098
Total deferred tax assets/liabilities	9,098	-438	8,660
Offsetting	-438	438	-
Total deferred tax assets/liabilities, net	8,660	-	8,660

	31 Dec 2017	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity*	31 Dec 2018
Intangible assets	-138	138	-	-	-
Accounts receivable	-	121	-	5	126
Prepaid costs	-	49	-	-49	-
Other receivables (Derivatives)	-300	300	-	-	-
Other liabilities (Derivatives)	-	262	421	-	683
Loss carryforwards	9,098	-9,098	-	-	-
Total	8,660	-8,228	421	-44	809

*Amount in the column recognized in equity relates to amended accounting policies IFRS 9 and IFRS 15, see note 1.

	31 Dec 2016	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	31 Dec 2017
Intangible assets	-86	-52	-	-	-138
Other receivables (Derivatives)	-	-194	-105	-	-300
Loss carryforwards	11,412	-4,240	-	1,927	9,098
Total	11,326	-4,487	-105	1,927	8,660

NOTE A7 Intangible assets

	31 Dec 2018	31 Dec 2017
Accumulated cost		
Opening balance, 1 Jan	7,564	4,023
Acquisitions	4,507	3,541
At year-end, 31 Dec	12,071	7,564
Accumulated depreciation		
Opening balance, 1 Jan	-528	-346
Amortization	-484	-182
At year-end, 31 Dec	-1,012	-528
Total	11,059	7,036

Intangible assets primarily pertain to expenses for patents and brand protection, which are acquired externally. Remaining economic lives at 31 December 2018 amount to 1–14 years.

	2018	2017
Depreciation, by function		
Cost of goods sold	-248	-112
Selling expenses	-236	-71
Total	-484	-182

NOT A8 Property, plant and equipment

	31 Dec 2018	31 Dec 2017
Accumulated cost		
Opening balance, 1 Jan	4,394	3,405
Acquisitions	2,189	1,014
Divestments and disposals	-8	-25
At year-end, 31 Dec	6,575	4,394
Accumulated depreciation		
Opening balance, 1 Jan	-1,844	-948
Amortization	-1,116	-901
Divestments and disposals	4	5
At year-end, 31 Dec	-2,956	-1,844
Total	3,619	2,550

Property, plant and equipment mainly comprise office equipment, computer equipment and equipment for testing helmets.

	2018	2017
Depreciation, by function		
Selling expenses	-307	-297
Administrative expenses	-533	-360
R&D expenses	-276	-244
Total	-1,116	-901

NOTE A9 Participation in Group companies

	31 Dec 2018	31 Dec 2017
Accumulated cost		
Opening balance, 1 Jan	585	100
Acquisitions	-	485
At year-end, 31 Dec	585	585
Total	585	585

Subsidiaries	Corporate identity number	Registered office	No. of shares	Holding %	31 Dec. 2018 Carrying amount
M-PS Helmet AB	556763-8449	Stockholm, SE	1,000	100	100
MIPS AB (Dongguan) Trading Co., Ltd	91441900MA4W2Y7T9L	Dongguan, CN	1	100	485
Total					585

Subsidiaries	Corporate identity number	Registered office	No. of shares	Holding %	31 Dec. 2017 Carrying amount
M-PS Helmet AB	556763-8449	Stockholm, SE	1,000	100	100
MIPS AB (Dongguan) Trading Co., Ltd	91441900MA4W2Y7T9L	Dongguan, CN	1	100	485
Total					585

M-PS Helmet AB did not conduct any business in 2018 and 2017.

NOTE A10 Other financial assets

	31 Dec 2018	31 Dec 2017
Accumulated cost		
Opening balance, 1 Jan	561	563
Acquisitions	-	14
Divestments and disposals	-78	-14
Exchange rate differences for the year	-	-3
At year-end, 31 Dec	483	561

Costs mainly relates to deposits for lease contracts.

NOTE A11 Accounts receivable

	31 Dec 2018	31 Dec 2017
Invoiced receivables	37,494	35,426
Currency adjustments	-150	-377
Provision for doubtful receivables	-588	-261
Total	36,755	34,789
Invoiced receivables are due as follows:		
Not yet due	22,731	21,753
Overdue by 1–30 days	7,078	7,672
Overdue by 31–60 days	3,558	1,723
Overdue by 61–90 days	1,958	1,858
Overdue by 91+ days	2,169	2,421
Total	37,494	35,426
Change in provision for doubtful receivables		
Opening balance, 1 Jan	-261	-263
During the year		
– repaid	–	48
– provisions established	-328	-46
At year-end, 31 Dec	-588	-261

NOTE A12 Group transactions

	31 Dec 2018	31 Dec 2017
Receivables and liabilities to subsidiaries		
Receivables	376	364
Liabilities	-64	-395
Net	312	-31
Revenues and costs from subsidiaries		
Revenue	–	–
Costs	-444	-1,539
Net	-444	-1,539

NOTE A13 Prepaid expenses and accrued income

	31 Dec 2018	31 Dec 2017
Prepaid rental costs	521	510
Prepaid trade fair costs	113	456
Prepaid insurance	38	37
Accrued revenue	846	–
Prepaid pension premiums	267	178
Prepaid system costs	514	494
Other	474	458
Total	2,772	2,132

NOTE A14 Cash and cash equivalents

	31 Dec 2018	31 Dec 2017
Cash and bank balances	34,699	16,758
Total according to statement of financial position	34,699	16,758
Current investments equivalent to cash and cash equivalents	205,692	162,219
Total according to statement cash flows	240,392	178,977

Cash and bank balances refer to balances of bank accounts in SEK, USD and EUR. Current investments relate to the company's surplus liquidity that is invested in fixed income funds at highly reputable credit institute in order to avoid negative interest rates. The company's current investments can be sold within two days.

NOTE A15 Equity**Restricted reserves**

Restricted reserves may not be reduced through profit distribution.

Statutory reserve

The purpose of the statutory reserve has been to tie up part of the net profits that is not needed to cover an accumulated deficit. Amounts that were included in the share premium reserve before 1 January 2006 have been transferred to and are included in the statutory reserve.

Non restricted equity

The following funds together with the annual profit/loss constitute unrestricted equity, that is to say the amount that is available for dividends to shareholders.

Share premium reserve

When shares are issued at a premium, i.e. a higher sum is to be paid for the shares than the quotient value, a sum corresponding to the amount above the quotient value is transferred to the share premium reserve. Amounts transferred to the share premium reserve commencing on 1 January 2006 are included in unrestricted equity.

Fair value reserve

The company uses the Annual Accounts Act rules for measurement of financial instruments at fair value according to chapter 4 section 14, paragraphs a-e. A change in value is recognized in the fair value reserve when it relates to a hedging instrument and the hedge accounting policies allow part or all of the change in value to be recognized in equity.

Retained earnings

Retained earnings comprise profit brought forward from the preceding year less any dividend paid during the year.

At the disposal of the Annual General Meeting (SEK thousand):

Share premium reserve	235,612
Fair value reserve	-1,119
Retained earnings	-19,758
Profit for the year	52,010
Total	266,745

The Board of Directors proposes that the available funds of SEK 266,745t, be disposed that SEK 2.50 per share, corresponding to SEK 63,250t will be distributed to shareholders and remaining amount of SEK 203,495t be carried forward including SEK 204,614t to the share premium reserve and SEK -1,119t to the fair value reserve.

For information about the number of shares, see Note 17 to the consolidated financial statements.

NOTE A16 Accrued expenses and deferred income

	31 Dec 2018	31 Dec 2017
Holiday pay liability	1,197	1,145
Accrued salaries and remuneration	2,824	1,569
Accrued social security contributions	1,263	853
Estimated payroll tax on pensions	1,346	913
Prepaid implementation	650	347
Other accrued expenses	1,573	2,940
Total	8,853	7,765

NOTE A17 Financial instruments

31 Dec 2018	Note	Financial assets measured at fair value In profit or loss	Hedging instrument	Financial assets measured at amortized cost	Financial liabilities measured at fair value in profit loss	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Other financial assets (Depositions)	A10	-	-	483	-	-	483	483
Accounts receivable	A11	-	-	36,755	-	-	36,755	36,755
Receivables from Group companies	A12	-	-	376	-	-	376	376
Other current receivables		-	-	224	-	-	224	224
Current investments	A14	205,692	-	-	-	-	205,692	205,692
Cash and cash equivalents	A14	-	-	34,699	-	-	34,699	34,699
Accounts payable		-	-	-	-	-7,771	-7,771	-7,771
Other liabilities (Derivatives)		-	-3,192	-	-	-	-3,192	-3,192
Liabilities to Group companies	A12	-	-	-	-	-64	-64	-64
Accrued expenses	A16	-	-	-	-	-5,594	-5,594	-5,594
Total financial assets and liabilities by category		205,692	-3,192	72,537	-	-13,429	261,608	261,608

31 Dec 2017	Note	Financial assets measured at fair value In profit or loss	Hedging instrument	Loan receivables and accounts receivable measured at amortized cost	Financial liabilities measured at fair value in profit loss	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Other financial assets (Depositions)	A10	-	-	561	-	-	561	561
Accounts receivable	A11	-	-	34,789	-	-	34,789	34,789
Receivables from Group companies	A12	-	-	364	-	-	364	364
Other current receivables		-	-	723	-	-	723	723
Other receivables (Derivatives)		-	1,361	-	-	-	1,361	1,361
Current investments	A14	162,219	-	-	-	-	162,219	162,219
Cash and cash equivalents	A14	-	-	16,758	-	-	16,758	16,758
Accounts payable		-	-	-	-	-10,071	-10,071	-10,071
Liabilities to Group companies	A12	-	-	-	-	-395	-395	-395
Accrued expenses	A16	-	-	-	-	-5,653	-5,653	-5,653
Total financial assets and liabilities by category		162,219	1,361	53,194	-	-16,119	200,656	200,656

NOTE A18 Operating leases

Leasing costs for operating leases primarily comprise rent for office premises. The lease for the head office in Sweden runs until January 2020.

Future minimum lease charges	2018	2017
Within 1 year	1,828	1,727
Between 1–5 years	135	1,871
More than 5 years	–	–
Total	1,963	3,597
Leasing costs for the year pertaining to operational leasing fee totaled:	1,835	1,817

NOTE A19 Investment commitments

The company has no significant investment commitments as of 31 December 2018 or 2017.

NOTE A20 Related parties

Refer to Note 23 in the consolidated financial statements.

NOTE A21 Specification of statement of cash flows

	2018	2017
Amortization of non-current assets	1,601	1,072
Unrealized exchange-rate differences	-393	870
Change in value of financial instruments	2,640	-883
Other items not affecting liquidity	1	-3
Total	3,848	1,056

Interest income and expense	2018	2017
Interest income	–	–
Interest expense	-7	-5

NOTE A22 Pledged assets and contingent liabilities

	31 Dec 2018	31 Dec 2017
Pledged asset	None	None
Contingent liabilities	None	None

NOTE A23 Related party transactions

Market-based terms and pricing apply for all transactions. Transactions involving goods and services occur between companies in the Group. All intra-Group transactions are eliminated. Regarding the parent company's dealings with subsidiaries, see note A12.

NOTE A24 Significant estimates and judgments

Refer to Note 26 in the consolidated financial statements.

NOTE A25 Events after balance-sheet date

Refer to Note 27 in the consolidated financial statements.

Note A26 Information about the parent company

MIPS AB is a public limited liability company registered in Sweden (Corp. Reg. No. 556609-0162), with its registered office in Stockholm, Sweden. The address of the head office is Källtorpsvägen 2, SE-183 71 Täby, Sweden.

BOARD OF DIRECTORS ASSURANCE

The Board of Directors and the Chief Executive Officer hereby certify that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden, and that the consolidated financial statements have been prepared in accordance with the international financial reporting standards referred to in the regulation (EU) no. 1606/2002 of the European Parliament and Council dated 19 July, 2002, pertaining to the application of international financial reporting standards. The Annual Report and the

consolidated financial statements give a fair view of the parent company's and the Group's financial position and results. The administration report pertaining to the parent company and the Group gives a fair overview of the development of the parent company's and the Group's operations, financial position and results, and describes the significant risks and uncertainties facing the parent company and the companies included in the Group.

Stockholm on 28 March 2019

Bengt Baron
CHAIR OF THE BOARD

Pär Arvidsson

Jenny Rosberg

Jonas Rahmn

Greg Shapleigh

Magnus Welanders

Pernilla Wiberg

Johan Thiel
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Our Auditor's Report was submitted on
28 March 2019

KPMG AB

Tomas Gerhardsson
AUTHORIZED PUBLIC ACCOUNTANT

AUDITOR'S REPORT

To the general meeting of the shareholders of MIPS AB, corp. id 556609-0162

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of MIPS AB for the year 2018. The annual accounts and consolidated accounts of the company are included on pages 44–87 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of December 31, 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and

belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

We have determined that there are no, for the audit, key audit matters to communicate in the auditor's report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–43, 92–93 and 105–106. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and that they

give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, inten-

tional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Chief Executive Officer.
- Conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters

that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of MIPS AB for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and

relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned

statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of MIPS AB by the general meeting of the shareholders on May 11, 2016. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2014.

Stockholm on 28 March 2019

KPMG AB

Tomas Gerhardsson
AUTHORIZED PUBLIC ACCOUNTANT

FINANCIAL AND ALTERNATIVE PERFORMANCE MEASURES BY YEAR

All amounts are in SEKm unless stated otherwise.

The Group	2018	2017	2016	2015
NET SALES AND PROFIT/LOSS				
Net sales	192.5	125.6	86.6	49.6
Net sales growth, %	53	45	75	236
Gross profit	142.2	93.3	61.7	34.5
Gross margin, %	73.9	74.3	71.3	69.6
Operating profit/loss	73.0	20.8	18.4	2.9
Operating margin, %	37.9	16.6	21.2	5.8
Adjusted operating profit (Adjusted EBIT)	73.0	27.8	24.2	2.9
Adjusted operating margin (Adjusted EBIT), %	37.9	22.1	28.0	5.8
Profit for the year	56.4	15.8	14.3	18.8
Depreciation/amortization	1.6	1.1	0.8	0.4
GROUP STATEMENT OF CASH FLOWS				
Cash flow from operating activities	69.1	11.1	16.0	3.1
Cash flow from investing activities	-6.6	-4.6	-3.8	-1.9
Cash flow from financing activities	-	145.1	0.2	-0.5
FINANCIAL STANDINGS				
Total assets	319.4	242.2	75.4	54.3
Total equity	275.6	220.6	57.3	41.6
Equity ratio,%	86	91	76	76
KEY FIGURES PER SHARE				
Earnings per share basic, SEK	2.23	0.64	0.67	0.98
Earnings per share diluted, SEK	2.21	0.64	0.65	0.89
Average number of shares for the period – basic	25,229,870	24,520,884	21,478,586	19,119,000
Average number of shares for the period – diluted	25,544,935	24,559,246	22,013,833	21,091,797
EMPLOYEES				
Average number of employees	35	29	17	13

ALTERNATIVE PERFORMANCE MEASURES

Non-IFRS performance measures	Definition	Reason for use of measure
Gross profit	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.
Gross margin, (%)	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 value creation over time.
Operating profit (EBIT)	Profit before financial items and taxes.	The measure is used to measure the profit generated by the operating activities.
Operating margin (EBIT margin) (%)	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 value creation over time.
Adjusted operating profit	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.
Adjusted operating margin (%)	Adjusted operating profit as a percentage of net sales during the period.	See explanation under the description for "Adjusted operating profit."
Equity ratio (%)	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.
Cash flow from operating activities	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.
Last 12 months rolling comparison (LTM)	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.
Average number of employees	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.

MIPS uses certain performance measures that are not defined in the IFRS rules for financial reporting which MIPS applies. The alternative performance measures presented are a complement to the IFRS-defined measures and are used by MIPS' management to monitor and guide operations. Accordingly, these alternative performance measures,

as they are defined, are not fully comparable with other companies' performance measures with the same name. For more information regarding purpose of each alternative performance measurement and financial derivation, please visit mipscorp.com/investors/?lang=en

CORPORATE GOVERNANCE REPORT

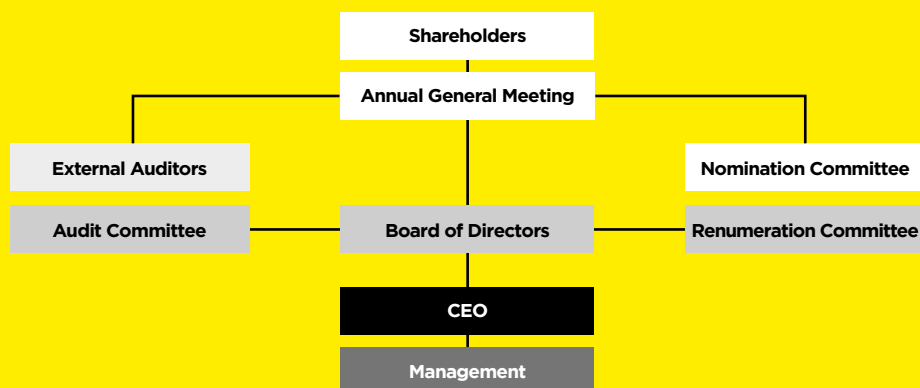
MIPS AB (publ) is a Swedish public limited liability company. The company's shares have been listed on Nasdaq Stockholm since 2017. Beginning at the time of listing, MIPS also complies with Nasdaq Stockholm's Rule Book for Issuers and applies the Swedish Corporate Governance Code (the "Code"). The Code applies to all Swedish companies whose shares are admitted to trading on a regulated market in Sweden. The Code is based on the "comply or explain" principle. No deviation from the Code occurred in 2018. The corporate governance report for 2018 describes MIPS' corporate governance, management and administration, as well as its internal control and risk management in connection with financial reporting.

The company's highest decision-making body is the general meeting of shareholders, which is usually held once a year as an Annual General Meeting. It can also be held as an extraordinary general meeting under certain conditions. The 2019 Annual General Meeting will be held at 3 p.m. on Tuesday, 9 May at Grev Turegatan

30, Stockholm. The company prepares the agenda for the Annual General Meeting, but shareholders have the right to influence and propose matters for consideration at the Annual General Meeting.

Shareholders

MIPS' shares have been listed on Nasdaq Stockholm since 2017. At the end of 2018, share capital was SEK 2,529,987 divided among 25,299,870 shares, each with a quotient value of SEK 0.10. All shares are of the same kind and all shares in the company carry equal rights in all regards. On 31 December 2018 MIPS had about 4,000 shareholders. Of the total number of shares, approximately 42 percent were held by foreign shareholders. Swedbank Robur Funds is the single largest owner, with a holding of approximately 8.1 percent of share capital and votes as of 31 December 2018. Third National Swedish Pension Fund is the next largest owner, with a holding of approximately 7.2 percent of share capital and votes as of 31 December 2018. Additional information about the share and shareholders can be found on page 105, as well as on the company's website.



Annual General Meeting

According to the Swedish Companies Act (2005:551), the general meeting of shareholders is the highest decision-making body and the forum in which shareholders can exercise their voting rights. Shareholders who are registered in the share register on the record date and have duly notified their intent to attend within the period specified in the notice are entitled to take part in the general meeting, either in person or by proxy. Resolutions at the General Meeting are normally passed by simple majority. In some cases, however, the Companies Act stipulates a certain level of attendance to achieve a quorum or a qualified majority of votes. The Annual General Meeting shall be held within six months of the end of the company's fiscal year. In addition to the Annual General Meeting, an extraordinary general meeting may be convened as necessary. MIPS' holds its AGM in Stockholm or in Täby before the end of June each calendar year. According to the company's Articles of Association, notice to attend the Annual General Meeting must be made by advertising in Post och Inrikes Tidningar and on the company's website. An announcement to this effect shall be made in the newspaper Svenska Dagbladet.

2019 Annual General Meeting

MIPS' Annual General Meeting will be held at 3 p.m. on Tuesday, 9 May 2019 in Stockholm. For more information, visit mipscorp.com.

Nomination Committee

The Nomination Committee shall consist of four members who, in addition to the Chairman of the Board, shall consist of representatives of the three largest shareholders entered in the Euroclear register as of 31 August each year. If any of the three largest shareholders in terms of votes, who are registered in the share register, does not exercise the right to appoint a member, the right to appoint a member shall pass to the next shareholder in line that does not already have the right to appoint a member of the Nomination Committee. The Chairman of the nomination committee shall be the member who represents the largest shareholder in terms of votes, unless the members agree otherwise.

According to the instructions, the duties of the Nomination Committee include submitting proposals to the Annual General Meeting on:

- Chairman of the AGM;
- Number of members elected by the AGM;
- Candidates for the Board of Directors;
- Chair of the Board;
- Fees for the Board, including the Chair, and for Board members' work on Board committees;

- Election of external auditors;
- Fee to external auditors; and
- Proposals for any new instructions for instructions for appointment of the Nomination Committee and the Nomination Committee's assignment.

The formation of the Nomination Committee was published on 2 November 2018. The members of the Nomination Committee and corresponding appointing shareholders for the 2019 AGM are:

Committee member	Nominating shareholders
Johan Winnerblad	Bell Technology Acquisition LLC (BTA)
Annika Andersson	Swedbank Robur funds
Peter Lundqvist	Third National Swedish Pension Fund
Bengt Baron*	

**Chairman of the Board at MIPS AB*

The Nomination Committee has held 5 meetings prior to the date on which this Annual Report was presented. As noted above, one of the chief duties of the Nomination Committee is to make recommendations regarding the size and composition of the Board. Normally, the starting point for such recommendations is a survey conducted each year (see below) by the Chair of the Board to assess the Board's work, composition, qualifications, experience and efficiency, the results of which are shared and discussed with the Nomination Committee. Based on survey results and subsequent discussions and interviews, the Nomination Committee determines whether the existing Board should be strengthened with additional expertise or if there are any other reasons to make changes to the composition of the Board. In making such determinations and (if applicable) evaluating potential new candidates for the Board, the Nomination Committee takes into consideration the goal to achieve a more even gender balance in the Board. The Nomination Committee has applied rule 4.1 of the Swedish Code as its diversity policy applicable to the company's Board. In addition, the Nomination Committee also takes into consideration the need to ensure that the independence requirements of the Swedish Code are met.

For the 2019 AGM, the Nomination Committee announced its proposals along with the notice of the AGM, which will be published on the company's website on 3 April 2019. The Nomination Committee will then present and explain its work and proposals at the AGM.

Composition of the Board of Directors

	Elected year	Total fee SEK	Independent of the company and its management	Independent in relation to major shareholders	Board meetings	Audit Committee	Remuneration Committee
Chairman							
Bengt Baron	2011	373,000	Yes	Yes	11/11	5/5	
Board members							
Pär Arvidsson	2016	227,000	Yes	Yes	11/11	5/5	
Jonas Rahm	2012	178,000	Yes	Yes	11/11		2/3
Magnus Welander	2016	197,000	Yes	Yes	11/11		3/3
Pernilla Wiberg	2016	167,000	Yes	Yes	11/11		
Jacob Gunterberg*	2008	73,000	Yes	No	5/11	2/5	
Terrance Lee*	2016	-	Yes	No	3/11		
Jenny Rosberg**	2018	130,000	Yes	Yes	6/11		1/3
Greg Shapleigh **/**	2018	117,000	No	Yes	5/11		

* Declined reelection at the 2018 AGM.

** Elected at the 2018 AGM.

*** Also engaged as a consultant by the company, see Note 23.

Board of Directors

The Board is regulated by the Swedish Companies Act, the company's Articles of Association and the Swedish Code of Corporate Governance. In addition, the Board of Directors' work is regulated by rules of procedure established annually by the Board. The rules of procedure govern such matters as the allocation of work and responsibilities between the members of the Board, the Chairman and the Chief Executive Officer, and contain procedures regarding financial reporting and other instructions for the CEO. The Board of Directors also establishes instructions for the Board's committees. The work of the Board of Directors follows a yearly plan which, in addition to adoption of interim reports and annual accounts, also includes strategy and business plan, budget and proposals for resolution at the Annual General Meeting (including appropriation of profit). Following the Annual General Meeting each year, Board policy documents and guidelines are adopted. The Board of Directors also monitors financial developments, ensuring the quality of financial reporting and the internal control and evaluates the operations based on the established objectives and guidelines adopted by the Board of Directors. Moreover, at least once a year the Board of Directors evaluates the performance of the company's CEO. The Board of Directors also decides on major investments and changes in the Group's organi-

zation and operations. The Chairman of the Board is to monitor MIPS' performance, in close collaboration with the CEO, and convene Board meetings. The Chairman of the Board is also responsible for ensuring that the directors annually evaluate their work and that they continuously receive the information necessary to perform their work effectively.

According to the Articles of Association, MIPS' Board of Directors is to comprise three to eight directors. The directors are to be elected annually at the company's Annual General Meeting for the period until the end of the next AGM.

The Board currently consists of seven directors, all elected at the AGM on 15 May 2018.

Evaluation of the Board of Directors

The Board's work for the year was evaluated with the aim of further improving the Board's working methods and efficiency. The Chairman of the Board has been responsible for distributing and following up a written questionnaire to include the opinions of all directors and to receive suggestions for improvement. The survey results were compiled, presented and discussed in the Board. The Chairman also presented the results to the Nomination Committee so that the Committee can use the results as a working instrument in its work.

Remuneration to Board members

Fees to Board members, including remuneration for committee work, are determined by the shareholders at the Annual General Meeting. The AGM held on 15 May 2018, resolved that a fee of SEK 350,000 shall be paid to the Chairman of the Board and SEK 175,000 to each of the other directors. Each director serving on the Audit Committee is paid SEK 40,000 in remuneration for their work on the Committee. Each director serving on the Remuneration Committee is paid SEK 20,000 for their work on the Committee. The Chairman of the Audit Committee receives SEK 70,000 and the Chairman of the Remuneration Committee receives SEK 35,000.

Board meetings

During the year the Board held 11 meetings, including 5 by phone and 6 physical meetings. All physical meetings took place in Stockholm.

MIPS' Chief Executive Officer and CFO participate at Board meetings. The CFO acts as the secretary of the Board and records the minutes at Board meetings. Other members of management may also be asked to attend to report on important issues.

When relevant and at least quarterly, Group Management presents forecasts and key performance indicators, providing the Board with an overview of the financial development and expectations of the company. The company's budget is reviewed and approved once a year. The Board also reviews and monitors the company's disputes. The company's external auditors meet with the Board once a year, without participation of the members of Group Management.

Independence of the Board of Directors

In accordance with the Code, a majority of Board members elected by the AGM shall be independent in relation to the company and its management and major shareholders. The Board's assessment of this is presented in the section Facts about the Board and Group Management on page 96.

Board Committees

The Board has two committees: the Audit Committee and the Remuneration Committee. The committees report on the issues addressed either verbally or in writing. The work of the respective committees is carried out pursuant to written instructions and rules of procedure from the Board. Minutes of the committees' meetings are circulated to all Board members.

Audit Committee

MIPS has an Audit Committee consisting of two members, Pär Arvidsson (Chairman) and Bengt Baron. The

Committee's duties include monitoring the company's financial reporting and the efficiency of the company's internal control and risk management activities. The Audit Committee shall also keep itself informed of the audit of the annual accounts and the consolidated financial statements, as well as review and monitor the auditor's independence and objectivity, paying particular attention to whether the auditors provide services to the company in addition to the audit. The Audit Committee held five meetings in 2018. The Audit Committee meets all requirements for auditing and accounting expertise as stipulated in the Swedish Companies Act.

Remuneration Committee

MIPS has a Remuneration Committee consisting of two members, Magnus Welander (Chairman) and Jenny Rosberg. The duties of the Remuneration Committee are set out in instructions adopted annually by the Board of Directors and include preparing matters regarding remuneration and other terms of employment for the CEO and other senior executives. This work also includes preparing the Board's proposals on guidelines for remuneration to senior management, including the relationship between fixed and any variable remuneration, as well as the connection between performance and remuneration, the principal terms of any bonus and incentive programs and the principal terms of non-monetary benefits, pensions, termination and severance pay. However, share-based incentive programs for Group Management are adopted by the AGM. The Remuneration Committee's duties also include monitoring and evaluating the outcomes of variable remuneration programs, and MIPS' compliance with the remuneration guidelines adopted by the general meeting. The Remuneration Committee held three meetings in 2018.

Auditors

The 2016 Annual General Meeting elected KPMG AB as auditors of the company from the 2016 AGM until the end of the 2020 AGM. Tomas Gerhardsson was appointed auditor in charge.

In accordance with a resolution adopted at the 2018 AGM, the auditor's fee until the 2019 AGM shall be paid on the basis of approved invoices. In addition to audit assignments, KPMG AB SEK 51t primarily related to tax advice. Such services were always, and solely, provided to the extent consistent with the regulations in the Swedish Auditors Act (2001:883) and FAR's rules of professional conduct pertaining to the objectivity and independence of auditors. For more information, see Note 6.

CEO and Group Management

The CEO is appointed by the Board of Directors and is responsible for the daily management of the company and the Group's activities in accordance with the Board instructions and regulations. The distribution of responsibilities between the CEO and the Board of Directors is defined in the Board's rules of procedure and the instructions for the CEO, prepared by the Board of Directors. The CEO serves as the head of the senior executives and makes decisions in consultation with other members of the Executive Management team. The CEO is also responsible for preparation of reports and compiling information for Board meetings, as well as for presenting relevant material at Board meetings.

Guidelines for remuneration, share-based incentive programs and terms of employment for the CEO and senior executives can be found in Note 4-5 as well as on the company's website.

Internal control and risk management

The Board of Directors' responsibility for internal control is governed by the Swedish Companies Act, the Swedish Annual Accounts Act (1995:1554), and the Code. The responsibilities and liability of the Board of Directors cannot be assigned to a third party. The duties of the Board include ensuring that there is an effective follow-up and control system for the company's operations. The Board shall also stay informed about the company's internal control procedures and ensure that internal control is evaluated.

MIPS' CEO is responsible for ensuring that internal control is implemented as necessary to manage significant risks in the day-to-day activities of the company. The company's CEO has overall responsibility for maintaining sound internal control over the financial reporting environment.

To develop a structured approach to working with internal control, MIPS uses the COSO framework (published by the Committee of Sponsoring Organizations of the Treadway Commission). MIPS' process for internal control has been designed to ensure appropriate risk management, including reliable and accurate financial reporting in accordance with IFRS, applicable laws and regulations, as well as other requirements applicable to companies listed on Nasdaq Stockholm.

Control Environment

The control environment is the foundation for all other components of the internal control, and includes factors such as organizational culture, integrity, ethical

values, expertise, management philosophy, organizational structure, responsibilities and authorities, as well as policies and procedures.

The Board of Directors has adopted a number of governing documents and instructions to communicate a clearly defined internal control environment, also aimed at defining roles and allocation of responsibilities between the CEO and the Board of Directors. These governing documents and instructions include the Board Of Directors' rules of procedure, instructions for the CEO and financial reporting, authorization framework and instructions for the Board committees. The control environment within MIPS thus comprises both individual responsibilities and governing documents, together with applicable laws and regulations.

Risk assessment

A risk assessment includes the identification and assessment of risks that may prevent the company from achieving its objectives. MIPS has an annual risk process in place where risks are identified from a Group perspective to give an overall view of the key risks to which MIPS is exposed. Each identified key risk is assigned to a member of the senior executives and documented with a potential action plan to mitigate the risk to the greatest extent possible. The senior executives should review and update the risk matrix at least quarterly.

In addition, the Audit Committee shall annually discuss significant financial risk exposures and measures taken, or intended to be taken, by the senior executives to mitigate, limit or control the exposures with the external auditors and the senior executives. The risk assessment, including documentation, should be presented to the Board of Directors annually, usually in conjunction with the budget presentation at the end of the year.

Control activities

The design of control activities is of particular importance in the company's work to manage risks and safeguard the internal control. In order to prevent, detect and correct errors and deviations, control activities are established in relation to control targets, which help to ensure that necessary actions are taken to address risks that could prevent the company from achieving its objectives. Such control activities include MIPS' governance structure with a number of forums and activities constantly monitoring the operations, such as the Board of Directors' review and reconciliation of decisions taken. Well-defined business processes, segregation of duties and appropriate delegation of

authority are also activities that support good corporate governance and internal control within the company. MIPS' internal control program focuses on four key processes:

- Order to Cash
- Procure to Pay
- Record to Report
- Salary Process

These four processes are analyzed in detail, and the steps of the processes are defined, in internal documents to ensure that there is a sufficient segregation of duties and that the right control mechanisms are in place. The strength of these implemented control mechanisms shall be evaluated annually to ensure compliance with the established processes and that the safety measures remain in place. All test records should be kept and documented. If any of the processes should change during the year, an immediate review of the process will be carried out to ensure that no new risks arise.

Information and communication

MIPS' communication channels and the limited size of the company enable written information relating to internal control to be quickly and easily communicated to relevant employees. In addition to written information, news, risk management and control results are communicated and discussed at physical meetings. All relevant internal policies and instructions are available to all concerned employees on the designated server location. Regarding external communication, guidelines have been developed to ensure that the company meets applicable information requirements, as well as to guarantee correctness and good quality of the communicated information.

Monitoring

The internal control systems need to be monitored and any deficiencies should be reported upstream, with serious matters reported to MIPS' Executive Management and the Board of Directors. The internal control systems also need to be evaluated annually. MIPS' CFO is responsible for ensuring that the appropriate processes for monitoring are in place and that a specific process for monitoring and assessing reported deficiencies is implemented. The results of the annual evaluation shall be reported to the Audit Committee for detailed review, after which a summary including identified suggestions for improvements shall be presented to the Board of Directors. The Board of Directors continually assesses the information and reports provided by Executive Management, and ensures that identified risks are adequately handled.

Internal audit

In accordance with Section 7.3 of the Swedish Corporate Governance Code, the Board shall evaluate the need for a special audit function during the year to ensure compliance with established principles, standards and other applicable laws relating to financial reporting. Given the internal control initiatives that are in place, the Board has assessed that there is no need to introduce a special audit function (internal audit function).

The matter of an internal audit function will be reassessed in 2019.

BOARD OF DIRECTORS



BENGT BARON

Chairman of the Board since 2011. Member of the Audit Committee. Born 1962. MA and MBA from University of California, Berkeley.

CURRENT ASSIGNMENTS:

Chairman of the Board for Thule Group AB (publ.). Board member for AAK AB. Chairman of the Board of Enzymatica AB. Chairman of the Board of 5653 Sweden AB.

SELECTED PAST ASSIGNMENTS

CEO of Cloetta, CEO of V&S Vin & Sprit AB, consultant for McKinsey & Co. Director of Nordnet.

HOLDINGS IN THE COMPANY

316,000 shares
100,000 warrants relate to holdings 31 December 2018.

Independent in relation to the company and its management, independent in relation to the company's major shareholders.



PÄR ARVIDSSON

Director since 2016. Chairman of the Audit Committee. Born 1960. MA from University of California, Berkeley. MBA from Harvard Business School.

CURRENT ASSIGNMENTS:

Chairman of the Board and CEO of Wcities International, Inc. MD of Snowshoe Capital LLC. Board member Perfect Search cooperation.

SELECTED PAST ASSIGNMENTS

Partner in Strategic Decisions Group, consultant at McKinsey & Co. Founder and Managing Partner of Gamechange Ventures.

HOLDINGS IN THE COMPANY

189,000 shares through company
50,000 warrants relate to holdings 31 December 2018.

Independent in relation to the company and its management, independent in relation to the company's major shareholders.



JENNY ROSBERG

Director since 2018. Member of the Remuneration Committee. Born 1966, MBA from Stockholm School of Economics.

CURRENT ASSIGNMENTS:

CEO of ROPA Management AB. Board member for NetEnt AB (publ), AB Persson Invest and Peps Group AB (publ).

SELECTED PAST ASSIGNMENTS

Board member Nordax Group AB (publ) and Nordax Bank AB (publ), Senior Vice President at Nasdaq OMX Group Inc. Board member Eastnine AB (publ), Claremont AB and Hanza Holding AB (publ).

HOLDINGS IN THE COMPANY

None

Independent in relation to the company and its management, independent in relation to the company's major shareholders.



GREG SHAPLEIGH

Director since 2018. Born 1968, B.A. Liberal Arts, De Pauw University.

CURRENT ASSIGNMENTS:

Management consultant in cycling, snow sports and outdoor industries. Greg Shapleigh serves as a consultant for MIPS AB.

SELECTED PAST ASSIGNMENTS

Vice President and General Manager Sport Protection Business Unit at Vista Outdoor. Executive Vice President and General Manager Giro Sport Design, BRG Sports. Senior Vice President Product and Brand Marketing Giro Sport Design and Easton Cycling, Easton Bell Sports.

HOLDINGS IN THE COMPANY

None

Not independent in relation to the company and its management, independent in relation to the company's major shareholders.


JONAS RAHMN

Director since 2010.
 Born 1967. MSc in Civil Engineering,
 Chalmers University of Technology.

CURRENT ASSIGNMENTS:
 CEO and owner Rafn Advice AB.
 Director of Apica AB.
 Director of Norröna Sport AS.

SELECTED PAST ASSIGNMENTS
 Partner KTH Chalmers Capital.

HOLDINGS IN THE COMPANY
 50,000 warrants
 relate to holdings 31 December
 2018.

*Independent in relation to the com-
 pany and its management, indepen-
 dent in relation to the company's
 major shareholders.*


MAGNUS WELANDER

Director since 2016.
 Chairman of the Remuneration
 Committee.
 Born 1966. MSc in Civil Engineering,
 Institute of Technology at Linköping
 University.

CURRENT ASSIGNMENTS:
 CEO of Thule Group.

SELECTED PAST ASSIGNMENTS
 CEO of Envirotainer, various man-
 agement positions within Tetra Pak
 in Italy and Australia.

HOLDINGS IN THE COMPANY
 50,000 warrants relate to holdings
 31 December 2018

*Independent in relation to the com-
 pany and its management, indepen-
 dent in relation to the company's
 major shareholders.*


PERNILLA WIBERG

Director since 2016.
 Born 1970. Social science secondary
 education (three years). Studies in
 economics, Högskolan in Borlänge.

CURRENT ASSIGNMENTS:
 Owner of Pernilla Wiberg Sport Pro-
 motion. Minority ownership in Hotell
 Idre Sweden. Director of World
 Olympians Association (WOA).
 Chairman of a working group of the
 International Ski Federation.

SELECTED PAST ASSIGNMENTS
 Winner of two Olympic gold med-
 als, four world championship gold
 medals and 24 world cup competi-
 tions in alpine skiing.

HOLDINGS IN THE COMPANY
 50,000 warrants relate to holdings
 31 December 2018.

*Independent in relation to the com-
 pany and its management, indepen-
 dent in relation to the company's
 major shareholders.*

MANAGEMENT



JOHAN THIEL

Born 1964 and Chief Executive Officer since 2013.

EDUCATION AND PROFESSIONAL EXPERIENCE

Economics secondary education (three years). Business and Product Development Manager at Miscea B.V. Business & Client Development and partner/co-owner of CoreComp AB.

CURRENT ASSIGNMENTS:

Director of Double T Capital AB.

SELECTED PAST ASSIGNMENTS

None

HOLDINGS IN THE COMPANY

297,000 shares
200,000 warrants relate to holdings 31 December 2018.



PETER HALLDIN

Born 1968 and Chief Science Officer since 2008.

EDUCATION AND PROFESSIONAL EXPERIENCE

PhD, Royal Institute of Technology, Stockholm, and co-founder of MIPS.

CURRENT ASSIGNMENTS:

Part time post-doc at the Royal Institute of Technology, Stockholm.

SELECTED PAST ASSIGNMENTS

Director of MIPS AB.

HOLDINGS IN THE COMPANY

378,665 shares
relate to holdings 31 December 2018



SHUYI ISAKSSON

Born 1978 and Head of Operations since 2016.

EDUCATION AND PROFESSIONAL EXPERIENCE

BA English Education, Guangzhou College of Education, China. Entrepreneurship and business development, Stockholm International School of Trading. Previously Account Manager at OSM Group AB.

CURRENT ASSIGNMENTS:

Director of MI Engineering AB.

SELECTED PAST ASSIGNMENTS

None

HOLDINGS IN THE COMPANY

16,505 shares
50,000 warrants relate to holdings 31 December 2018.



JOSEFIN L. YTTERBORN

Born 1983 Head of Marketing since 2017.

EDUCATION AND PROFESSIONAL EXPERIENCE

Studied Business, technology and design program at Södertörn, Konstfack (School of Arts, Crafts and Design) and the Royal Institute of Technology (KTH). Previously Branding and retail director at POC.

CURRENT ASSIGNMENTS:

None

SELECTED PAST ASSIGNMENTS

None

HOLDINGS IN THE COMPANY

None


CHRISTOPHER PI-ETRZAK

Born 1974 and Chief Technology Officer since 2017.

EDUCATION AND
PROFESSIONAL EXPERIENCE

Criminal Justice – Delta College, Michigan, USA Director of R&D: Bell Powersports at Vista Outdoor Director: Advanced Concepts Group (ACG) Easton Bell Sports/BRG (Bell, Giro, Riddell, Easton) Product Manager Easton Mountain Products: Easton Technical Products.

CURRENT ASSIGNMENTS:

None

SELECTED PAST ASSIGNMENTS

None

HOLDINGS IN THE COMPANY

None


MAX STRANDWITZ

Born 1975 and Chief Financial Officer since 2016.

EDUCATION AND
PROFESSIONAL EXPERIENCE

Education in Economics, Borås University College. Previously CFO Operations at Cloetta AB and Finance Director at Unilever Supply Chain Company and Unilever Nordic.

CURRENT ASSIGNMENTS:

None

SELECTED PAST ASSIGNMENTS

None

HOLDINGS IN THE COMPANY

70,000 shares

150,000 warrants relate to holdings 31 December 2018.


JOHAN SAUER

Born 1978 and Head of Sales since 2018.

EDUCATION AND
PROFESSIONAL EXPERIENCE

MsC, Stockholm School of Economics, MS Accounting and Managerial Finance. University of New Mexico, Anderson School of Management. Previously Executive Vice President at RECCO AB.

CURRENT ASSIGNMENTS:

Owner of and Director for Fall Line AB.

SELECTED PAST ASSIGNMENTS

Senior Associate, Arkwright AB.

HOLDINGS IN THE COMPANY

None

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders of MIPS AB, corp. id 556609-0162

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2018 on pages 94-103 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance

with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm on 28 March 2019

KPMG AB

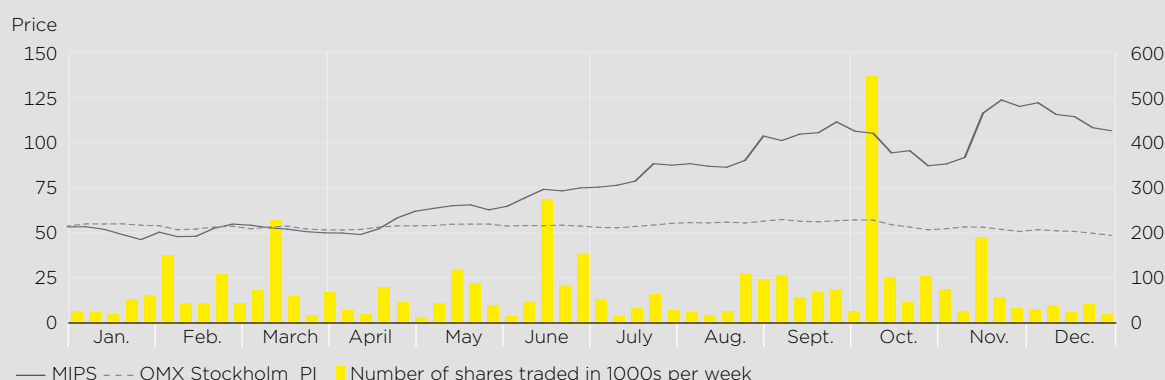
Tomas Gerhardsson

AUTHORIZED PUBLIC ACCOUNTANT

SHARE INFORMATION

OMX Stockholm

Index, turnover number of shares from 1 January 2018 to 31 December 2018



In 2018 the MIPS share was listed on Nasdaq Stockholm, Small Cap. On 31 December 2018 MIPS had 3,974 shareholders. The company moved on 2 January 2019 to Mid Cap list.

Foreign owners accounted for 42 percent of the votes and capital. The ten largest shareholders accounted for 46.7 percent of the votes and the capital. The highest price paid in 2018 was SEK 137.6 and the lowest price paid was SEK 45.40.

The share capital of MIPS was SEK 2,529,987 on 31 December 2018. The number of shares is 25,299,870 ordinary shares. According to the company's Articles of Association, the share capital shall amount to not less than SEK 2,000,000 and not more than SEK 8,000,000, divided among no less than 20,000,000 and not more than 80,000,000 shares. MIPS' Articles of Association contain a central securities depository clause and the company's shares are registered with Euroclear Sweden AB, which means that Euroclear Sweden AB administers the company's share register and registers the shares for individuals. All shares carry equal rights to the company's profits and shares of surpluses in the event of liquidation.

10 largest owners	Share of capital and votes, %
Swedbank Robur Fonder	8.1
Third National Swedish Pension Fund	7.2
HealthCap VL P.	7.2
Bell Technology Acquisition	7.1
Capital Group	5.5
C Worldwide Asset Management AB	4.3
AMF Försäkring & Fonder	2.7
Consensus Asset Management AB	2.5
Kuwait Investment Authority	2.2
Länsförsäkringar Fonder	1.9
Total 10 largest shareholders	46.7
Other	53.3

SHARE INFORMATION

Annual General Meeting

The Annual General Meeting of MIPS AB (publ) will be held at 3 p.m. on Tuesday, 9 May 2019 at Grev Turegatan 30, Stockholm.

Right to attend

Shareholders who wish to attend the AGM must:

- Be recorded in the share register kept by Euroclear Sweden AB (the Swedish Central Securities Depository) on Tuesday 2 May 2019.
- Notify the company of their intention to attend the AGM by Tuesday, 2 May 2019. Shareholders who have trustee-registered their shares must temporarily reregister the shares in their own name at Euroclear Sweden AB to be entitled to participate in the Meeting. Such registration must be completed by Tuesday, 2 May 2019. Accordingly, shareholders must inform the trustee of this request in ample time prior to this date.

Notice of attendance

Notice to attend the meeting shall be made either in writing to MIPS AB, c/o Euroclear AB, Box 191, SE-101 23, Stockholm, Sweden or, by phone +46(0)8-4029058 or on the company's website, mipscorp.com. The notice of attendance shall state the name, personal or corporate identity number, shareholding, telephone number and name of advisor, if any. Shareholders represented by proxy should submit a power of attorney to the company prior to the AGM. A proxy form is available at the company and on the company's website. Representatives of a legal entity shall present a copy of the certificate of registration or similar document of authorization.

Financial calendar

Interim report January–March 2019	3 May
2019 Annual General Meeting	9 May
Interim report January–June 2019	23 July
Interim report January–September 2019	8 November
Year-end report 2019	February 2020



MIPS AB
KÄLLTORPSVÄGEN 2, SE-183 71 TÄBY, SWEDEN
[MIPSPROTECTION.COM](https://mipsprotection.com)