



## Interim report January - March 2017

### First quarter

- Net sales increased by 105% to MSEK 21.1 (10.3)
  - Operating profit declined to MSEK -4.9 (-3.3). Adjusted operating profit\* increased to MSEK 1.6 (-3.3)
  - Operating margin improved to -23.4% (-31.8). Adjusted operating margin\* increased to 7.4% (-31.8)
  - Cash flow from operating activities increased to MSEK 3.9 (3.1)
  - Diluted earnings per share amounted to SEK -0.19 (-0.14)
- MIPS was listed on Nasdaq Stockholm on March 23 and in conjunction with this, a new issue of shares raised MSEK 150.0

### The group in brief

	2017	2016		2016/17	2016
	Jan-Mar	Jan-Mar	Δ%	LTM	Jan-Dec
<b>MSEK</b>					
Net sales	21.1	10.3	105	97.5	86.6
Gross profit	15.0	6.2	142	70.5	61.7
Gross margin, %	71.1	60.4	-	72.4	71.3
Operating profit (EBIT)	-4.9	-3.3	N/A	16.7	18.4
Operating margin (EBIT-margin), %	-23.4	-31.8	-	17.1	21.2
Adjusted operating profit*	1.6	-3.3	N/A	29.0	24.2
Adjusted operating margin, %*	7.4	-31.8	-	29.8	28.0
Profit for the period	-4.1	-2.7	N/A	12.9	14.3
Diluted earnings per share, SEK	-0.19	-0.14	N/A	0.58	0.65
Cash flow from operating activities	3.9	3.1	26	16.8	16.0

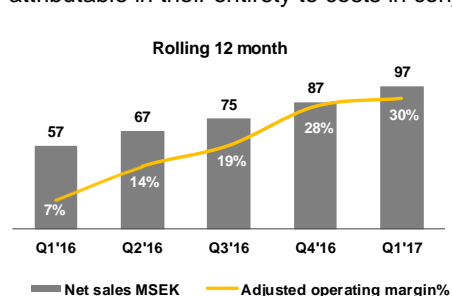
\*Adjusted for items affecting comparability, IPO related costs, see page 14  
For definitions and performance measures, see pages 12-15

## CEO'S COMMENTS

At the end of the quarter, the company's share was listed on Nasdaq Stockholm. MIPS increased its shareholder base with 2,500 new shareholders and an issue of new shares raised MSEK 150.0. The new share issue ensures a strong financial position and increased flexibility. The listing provides a positive increase in our exposure and serves as a seal of quality, which I am convinced will benefit our business.

### Net sales and earnings

Net sales during the quarter increased 105% to MSEK 21.1 (10.3) and sales in the Bike and Snow categories continued to be our largest categories. The operating loss amounted to MSEK -4.9 (-3.3), which included items affecting comparability of MSEK 6.5 (-), attributable in their entirety to costs in conjunction with the listing on Nasdaq Stockholm.



The adjusted operating profit totalled MSEK 1.6 (-3.3). This is the first time we achieved a positive operating profit in the historically least profitable first quarter. On a last 12 months rolling basis, our net sales were MSEK 97 and our adjusted operating margin 30%. This performance is in line with our plan, according to which the ambition is to achieve net sales of more than MSEK 400 and an operating margin of more than 40% by 2020.



**“Net sales doubled in the first quarter”**

### Significant events during the quarter

During the quarter, we participated at ISPO in Munich, one of the world's largest trade fairs for our important Snow category. Key helmet brands like Anon, Bern, Dynafit, Giro, Oakley, Pret, Scott and Smith, launched 28 new models integrating MIPS Brain Protection System (BPS). These model introductions have been positively received and will contribute to increase penetration in the Snow category.

During the quarter, our customer Troy Lee Design, a leading brand among off-road motorbike and bike helmets, announced that as of February all new helmets from the brand will be equipped with MIPS BPS.

### Strengthened organization for further growth

A strengthened organization with added resources in sales as well as research and development will enable MIPS to continue to develop our partnerships with existing and new customers. Major focus areas will include the development of new applications and, together with customers, continue to inform and educate end-users of the damaging effects rotational motion can have on the brain and how MIPS BPS could help reduce these impacts.

Our subsidiary in China, MIPS Dongguan Trading Co. Ltd., has now been established. In the past, personnel were hired through a local staffing agency. These resources will now transition to employment with MIPS Dongguan Trading Co. Ltd., which will have a total of six employees. Our company in China will manage logistics, projects and quality assurance.

Having spent a great deal of time preparing for the listing, the organization is now fully focused on to develop our business and products. Combined with the fact that the start of the year has been promising, I look forward to the remaining of 2017 with anticipation.

Johan Thiel

MIPS AB (publ)  
President and CEO



## FINANCIAL PERFORMANCE

### First quarter

#### Net sales

First-quarter net sales amounted to MSEK 21.1 (10.3), up 105%. Adjusted for currency exchange-rate effects, the increase was 94%. The increase was primarily due to higher demand from existing customers, primarily in the Bike and Snow categories.

#### Gross profit

Gross profit increased to MSEK 15.0 (6.2). The gross margin increased by more than 10 percentage points to 71.1% (60.4). The improved gross margin was mainly due to that a higher share of total sales was attributed to MIPS BPS, lower sourcing costs and the fixed cost share of cost of goods sold decreased as a result of higher net sales

#### Operating profit (EBIT)

The operating profit declined to MSEK -4.9 MSEK (-3.3), corresponding to an operating margin of -23.4% (-31.8). Items affecting comparability for the first quarter amounted to MSEK 6.5 (-) and pertained in their entirety to expenses related to the listing on Nasdaq Stockholm. Adjusted EBIT was MSEK 1.6 (-3.3), corresponding to an adjusted operating margin of 7.4% (-31.8). The improvement of the adjusted operating profit was mainly due to higher net sales and an increased gross margin, which was partially offset by increased operational expenses.

Selling expenses amounted to MSEK 5.5 (3.6). The increase was mainly due to the strengthening of the sales organization. Administrative expenses increased from MSEK 5.3 to MSEK 12.2, mainly due to items affecting comparability of MSEK 6.5 relating to the listing. Research and development cost amounted to MSEK 2.0 (0.5), which in the same way as selling expenses is attributable to a higher number of employees.

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

Loss before tax amounted to MSEK -5.3 (-3.3). Tax for the period was MSEK +1.1 (+0.6), corresponding to an effective tax rate of 22% (24). Net loss for the period was MSEK -4.1 (-2.7). Diluted earnings per share amounted to SEK -0.19 (-0.14).

#### Cash flow

Cash flow from operating activities improved to MSEK 3.9 (3.1). The increase was mainly attributable to improved working capital stemming from the increase of accrued expenses relating to the listing process, which will be paid out during the second quarter.

Cash flow from investing activities amounted to MSEK -0.9 (-1.4). Cash flow from financing activities was MSEK 150.0 (0.3) and the increase is attributable to the MSEK 150.0 share issue in conjunction with the listing on Nasdaq Stockholm. Transaction costs related to the new share issue of MSEK 8.8 are expected to be paid out during the second quarter. Cash flow for the period amounted to MSEK 153.0 (2.0).

#### Financial position

On March 31, 2017, the group's total assets amounted to MSEK 231.0 (53.6). The significant increase was mainly the result of increased liquidity due to the new share issue of MSEK 150.0. The equity ratio thus amounted to 87% (74). Cash and cash equivalents including current investments totalled MSEK 181.5 (17.7) on March 31. The group's current liabilities increased from MSEK 18.0 in the previous quarter to MSEK 31.0, mainly attributable to increased accrued expenses for the listing, which will be disbursed in the second quarter. The deferred tax asset related to tax losses carried forward increased by MSEK 3.2 vs. previous quarter, with MSEK 1.9 relating to transaction expenses for the new share issue in conjunction to the listing and MSEK 1.3 relating to the loss for the period and other comprehensive income for the quarter.

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 derivatives were entered into with a bank, during the quarter. The derivatives are recognized at fair value and amounted to a financial liability of MSEK 0.4 (-) at March 31, 2017. Hedge accounting is applied, and accordingly the change in fair value for the derivatives is primarily recognized in other comprehensive income.

#### Investments

Investments in the quarter amounted to MSEK 0.9 (0.9). Investments in intangible assets amounted to MSEK 0.4 (0.6), of which the majority referred to patents. Investments in tangible assets were MSEK 0.5 (0.3). As of March 31, 2017, there were no significant commitments related to investments.



---

**Parent company**

All sales in the quarter, were performed by the parent company MIPS AB (publ). Net sales for the parent company thus corresponds to the group's net sales and amounted to MSEK 21.1 (10.3). Net loss for the period for the parent company corresponds in all material respects to the group's, totalling MSEK -4.1 for the first quarter (-2.7).

**Employees**

The average number of employees was 23 (15) in the first quarter. The number of employees at the end of the period was 23 (15).



## CONDENSED CONSOLIDATED INCOME STATEMENT

TSEK	2017	2016	2016
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	21,106	10,284	86,629
Cost of goods sold	-6,104	-4,072	-24,902
<b>Gross profit</b>	<b>15,002</b>	<b>6,212</b>	<b>61,727</b>
Selling expenses	-5,543	-3,639	-16,608
Administrative expenses	-12,233	-5,256	-24,118
Research and development expenses	-1,980	-515	-4,607
Other operating income and expenses	-180	-68	1,982
<b>Operating profit/loss</b>	<b>-4,935</b>	<b>-3,267</b>	<b>18,376</b>
Financial income and expenses	-357	-77	410
<b>Net financial items</b>	<b>-357</b>	<b>-77</b>	<b>410</b>
<b>Profit/loss before tax</b>	<b>-5,292</b>	<b>-3,344</b>	<b>18,787</b>
Income taxes	1,148	639	-4,484
<b>Profit/loss for the period</b>	<b>-4,144</b>	<b>-2,705</b>	<b>14,303</b>
Basic earnings per share, SEK	-0.19	-0.14	0.67
Diluted earnings per share, SEK	-0.19	-0.14	0.65
Average number of shares for the period, basic (thousand)*	22,184	19,841	21,479
Average number of shares for the period, diluted (thousand)*	22,184	21,946	22,014

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

## CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

TSEK	2017	2016	2016
	Jan-Mar	Jan-Mar	Jan-Dec
<b>Profit/loss for the period</b>	<b>-4,144</b>	<b>-2,705</b>	<b>14,303</b>
<b>Other comprehensive income for the period</b>	<b>-312</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income for the period</b>	<b>-4,456</b>	<b>-2,705</b>	<b>14,303</b>



## CONDENSED CONSOLIDATED BALANCE SHEET

TSEK	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
<b>ASSETS</b>			
<i>Non-current assets</i>			
Intangible assets	4,058	2,870	3,677
Property, plant and equipment	2,829	1,640	2,509
Deferred tax asset	14,620	16,480	11,412
Long term receivables	577	483	563
<b>Total non-current assets</b>	<b>22,084</b>	<b>21,474</b>	<b>18,160</b>
<i>Current assets</i>			
Inventories	1,008	1,221	675
Accounts receivable	19,143	10,402	21,356
Other current receivables	7,289	2,823	6,700
Current investments	-	-	-
Cash and cash equivalents	181,497	17,675	28,507
<b>Total current assets</b>	<b>208,938</b>	<b>32,121</b>	<b>57,237</b>
<b>TOTAL ASSETS</b>	<b>231,022</b>	<b>53,595</b>	<b>75,397</b>
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
Share capital	2,530	2,195	2,204
Other paid in capital	243,249	96,513	96,513
Reserves	-312	-	-
Retained earnings incl profit/loss for the period	-45,534	-59,059	-41,390
<b>Total equity</b>	<b>199,933</b>	<b>39,649</b>	<b>57,327</b>
<b>Total non-current liabilities</b>	<b>108</b>	<b>64</b>	<b>87</b>
<i>Current liabilities</i>			
Current interest-bearing liabilities	31	93	55
Accounts payable	7,692	4,218	8,857
Other current liabilities	23,257	9,572	9,072
<b>Total current liabilities</b>	<b>30,980</b>	<b>13,883</b>	<b>17,983</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>231,022</b>	<b>53,595</b>	<b>75,397</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TSEK	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
<b>Opening equity for the period</b>	<b>57,327</b>	<b>41,551</b>	<b>41,551</b>
<i>Comprehensive income for the period</i>			
Profit/loss for the period	-4,144	-2,705	14,303
Comprehensive income for the period	-312	-	-
<b>Comprehensive income for the period</b>	<b>-4,456</b>	<b>-2,705</b>	<b>14,303</b>
<i>Contribution from and value transfers to owners</i>			
New share issue*	143,169	283	292
Premium for issuance of warrant	3,894	-	-
Equity settled share based payments	-	519	1,181
<b>Total transactions with the Group's owners</b>	<b>147,063</b>	<b>802</b>	<b>1,473</b>
<b>Closing equity for the period</b>	<b>199,933</b>	<b>39,649</b>	<b>57,327</b>

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

## CONSOLIDATED CASH FLOW STATEMENT

	2017	2016	2016
	Jan-Mar	Jan-Mar	Jan-Dec
<b>TSEK</b>			
<i>Operating activities</i>			
Profit before tax	-5,292	-3,344	18,787
Adjustment for non-cash items	-199	746	-3,681
Income taxes paid	-	-	-
<b>Cash flow from operating activities before change in working capital</b>	<b>-5,491</b>	<b>-2,598</b>	<b>15,105</b>
<i>Cash flow from changes in working capital</i>			
Increase (-)/decrease (+) of inventories	-333	-429	117
Increase (-)/decrease (+) of current receivables	5,517	4,976	-9,855
Increase (-)/decrease (+) of current liabilities	4,239	1,183	10,601
<b>Cash flow from operating activities</b>	<b>3,931</b>	<b>3,132</b>	<b>15,969</b>
<i>Investing activities</i>			
Acquisition of intangible assets	-382	-555	-1,421
Acquisition of property, plant and equipment	-533	-320	-1,801
Acquisition of financial asset	-14	-483	-563
<b>Cash flow from investing activities</b>	<b>-929</b>	<b>-1,358</b>	<b>-3,784</b>
<i>Financing activities</i>			
New share issue	150,000	283	292
Amortization of lease debt	-24	-23	-92
<b>Cash flow from financing activities</b>	<b>149,976</b>	<b>260</b>	<b>200</b>
<b>Net change in cash &amp; cash equivalents</b>	<b>152,979</b>	<b>2,034</b>	<b>12,385</b>
<b>Cash &amp; cash equivalents at beginning of period</b>	<b>28,507</b>	<b>15,717</b>	<b>15,717</b>
<b>Exchange rate difference on bank holdings</b>	<b>11</b>	<b>-76</b>	<b>406</b>
<b>Cash &amp; cash equivalents at end of period</b>	<b>181,497</b>	<b>17,675</b>	<b>28,507</b>



## CONDENSED PARENT COMPANY INCOME STATEMENT

TSEK	2017	2016	2016
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	21,106	10,284	86,629
Cost of goods sold	-6,104	-4,072	-24,902
<b>Gross profit</b>	<b>15,002</b>	<b>6,212</b>	<b>61,727</b>
Selling expenses	-5,543	-3,639	-16,608
Administrative expenses	-12,236	-5,258	-24,126
Research and development expenses	-1,980	-515	-4,607
Other operating income and expenses	-180	-68	1,982
<b>Operating profit/loss</b>	<b>-4,937</b>	<b>-3,269</b>	<b>18,368</b>
Financial income and expenses	-357	-75	416
<b>Net financial items</b>	<b>-357</b>	<b>-75</b>	<b>416</b>
<b>Profit/loss before tax</b>	<b>-5,294</b>	<b>-3,344</b>	<b>18,784</b>
Income taxes	1,148	639	-4,483
<b>Profit/loss for the period</b>	<b>-4,145</b>	<b>-2,705</b>	<b>14,301</b>

## CONDENSED PARENT COMPANY BALANCE SHEET

TSEK	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
<b>ASSETS</b>			
<i>Non-current assets</i>			
Intangible assets	4,058	2,870	3,677
Property, plant and equipment	2,799	1,521	2,457
Participation in Group companies	585	100	100
Deferred tax asset	14,620	16,480	11,412
Other financial assets	577	483	563
<b>Total non-current assets</b>	<b>22,639</b>	<b>21,455</b>	<b>18,208</b>
<i>Current assets</i>			
Inventories	1,008	1,221	675
Accounts receivable	19,143	10,402	21,356
Other current receivables	7,305	2,839	6,716
Current investments	-	7,000	-
Cash and bank balances	180,910	10,573	28,405
<b>Total current assets</b>	<b>208,367</b>	<b>32,035</b>	<b>57,151</b>
<b>TOTAL ASSETS</b>	<b>231,006</b>	<b>53,489</b>	<b>75,359</b>
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
Restricted equity	4,219	3,884	3,893
Non restricted equity	195,731	35,784	53,452
<b>Total equity</b>	<b>199,950</b>	<b>39,668</b>	<b>57,345</b>
<i>Provisions</i>			
Deferred taxes	107	33	86
<b>Total provisions</b>	<b>107</b>	<b>33</b>	<b>86</b>
<i>Current liabilities</i>			
Accounts payable	7,692	4,218	8,857
Other current liabilities	23,257	9,571	9,072
<b>Total current liabilities</b>	<b>30,949</b>	<b>13,789</b>	<b>17,928</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>231,006</b>	<b>53,489</b>	<b>75,359</b>





---

## OTHER INFORMATION

### Information about the parent company

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

### Accounting policies

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

### Valuation basis applied when preparing the financial statements

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

### Functional currency and presentation currency

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

### Judgments and estimates in the financial statements

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

### Adjustments

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

### Alternative performance measures

The European Securities and Markets Authority (ESMA) issued guidelines on alternative performance measures for companies with securities listed on a regulated market in the EU, which came into force on July 3, 2016. Alternative performance measures are financial measures used by company management and investors to analyze trends and the performance of the group's operations that cannot be directly read in or derived from the financial statements. These financial measures are intended to help company management and investors analyze the group's performance. Investors should not consider these alternative performance measures to be a substitute for the financial statements prepared in accordance with IFRS, but rather a supplement to them. Note that the alternative performance measures defined on pages 13-15 may differ from other companies' definitions of the same term.

### Segment

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

### Seasonal variations

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



## Risks and uncertainties

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

## Currency exposure

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

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

## Share capital

During the quarter a 1,000:1 share split was completed and the group conducted a new share issue, covering a total of 3,260,870 shares, totalling MSEK 150. As of March 31, 2017, the total number of shares amounted to 25,299,870 (22,039,000) and the share capital was SEK 2,529,987 (2,203,900). All shares are ordinary shares and carry equal voting rights. The shares have a quotient value of SEK 0.10.

## Share-based incentive programmes

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

## Disputes

MIPS has an ongoing patent dispute in Canada, where MIPS has taken legal action against a helmet manufacturer for patent infringement. Costs for this dispute amounted to MSEK 1.1 for the quarter (0.9), mainly related to costs for legal advice. The corresponding amount for full-year 2016 was MSEK 3.6.

## Related-party transactions

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

## General shareholder meeting

An Extraordinary General Meeting was held in Stockholm on February 1 2017. Resolutions passed at the meeting included the decision to implement a 1,000:1 share split and the above-mentioned incentive programmes. The 2017 Annual General Meeting was held on March 9, 2017. The Meeting resolved that no dividend should be paid to shareholders during the year and approved a new share issue in conjunction to the listing on Nasdaq Stockholm.

## Listing

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

---

## **Other**

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

## **Events after the end of the reporting period**

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

## **Auditor's report**

This interim report has not been reviewed by the company's auditors.

Stockholm, May 11, 2017

**Johan Thiel**  
*President and CEO*



## QUARTERLY CONSOLIDATED PERFORMANCE MEASURES

Amounts in TSEK										LTM
	Q1'17	Q4'16	Q3'16	Q2'16	Q1'16	Q4'15	Q3'15	Q2'15	Q1'15	16/17
Net sales	21,106	31,518	21,199	23,628	10,284	20,378	12,567	13,863	2,751	97,451
Net sales growth*, %	105	55	69	70	274					71
Gross profit	15,002	23,385	15,221	16,909	6,212	15,451	8,877	8,907	1,278	70,517
Gross margin, %	71.1	74.2	71.8	71.6	60.4	75.8	70.6	64.3	46.5	72.4
Operating profit	-4,935	13,772	2,260	5,611	-3,267	3,843	1,599	1,547	-4,114	16,708
Operating margin, %	-23.4	43.7	10.7	23.7	-31.8	18.9	12.7	11.2	-149.6	17.1
Adjusted operating profit	1,557	13,701	6,422	7,368	-3,267	3,843	1,599	1,547	-4,114	29,048
Adjusted operating margin, %	7.4	43.5	30.3	31.2	-31.8	18.9	12.7	11.2	-149.6	29.8
Depreciation/amortization	213	281	188	182	151	120	98	93	83	864
Basic earnings per share, SEK	-0.19	0.49	0.08	0.20	-0.14	1.03	0.09	0.08	-0.21	0.58
Diluted earnings per share, SEK	-0.19	0.49	0.08	0.20	-0.14	0.90	0.08	0.07	-0.21	0.58
Equity ratio, %	87	76	76	82	74	76	72	68	67	83
Cash flow from operating activities	3,931	9,844	11,821	-8,828	3,132	726	7,365	-1,608	-3,418	16,768
Average adjusted working capital	3,604	8,623	11,266	8,299	3,429	4,888	5,690	5,648	3,341	7,948
Average number of employees	23	20	18	16	15	15	13	12	12	19

\*No comparable quarterly figures for 2014

## DEFINITIONS

### N/A

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

### LTM

Last twelve months. Shows a consecutive 12 months period.

### MIPS BPS

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

## Performance measures defined in accordance with IFRS

### Basic earnings per share (SEK)

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

### Diluted earnings per share (SEK)

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

### Average number of shares

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

## Alternative performance measures

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

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



## Organic growth

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

	2017
<b>Organic growth</b>	<b>Jan-Mar</b>
<b>Net sales growth</b>	<b>105%</b>
Net sales TUSD	2,361
Net sales TSEK at 2017 average USD exchange rate	21,106
Net sales TSEK at 2016 average USD exchange rate	19,937
Impact currency in absolute	1,169
Net sales 2016 TSEK	10,284
<b>Currency impact on growth</b>	<b>11%</b>
<b>Organic growth</b>	<b>94%</b>

## Adjusted operating profit

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

Adjusted Operating Profit (Adjusted EBIT)	2017	2016	LTM 12				
			2015-2016	2015-2016	2015-2016	2016	2016-2017
TSEK	Jan-Mar	Jan-Mar	Apr-Mar	Jul-Jun	Okt-Sep	Jan-Dec	Apr-Mar
Operating Profit	-4 935	-3 267	3 723	7 787	8 448	18 376	16 708
Items affecting comparability*	6 492	-	-	1 757	5 919	5 847	12 340
<b>Adjusted Operating profit</b>	<b>1 557</b>	<b>-3 267</b>	<b>3 723</b>	<b>9 544</b>	<b>14 367</b>	<b>24 223</b>	<b>29 048</b>

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



## Working capital

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

### Working capital

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

\*Adjustment relates to current provisions relating to the company's share option program

### Average Working capital

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

## Net sales, last 12 months rolling

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

### Net sales last 12 month rolling

TSEK	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16	Q4 15	Q3 15	Q2 15	Total LTM
<b>Net sales</b>	<b>21,106</b>	<b>31,518</b>	<b>21,199</b>	<b>23,628</b>	<b>10,284</b>	<b>20,378</b>	<b>12,567</b>	<b>13,863</b>	
Last 12 months rolling Q1 '16					10,284	20,378	12,567	13,863	<b>57,092</b>
Last 12 months rolling Q2 '16				23,628	10,284	20,378	12,567		<b>66,857</b>
Last 12 months rolling Q3 '16			21,199	23,628	10,284	20,378			<b>75,489</b>
Last 12 months rolling Q4 '16		31,518	21,199	23,628	10,284				<b>86,629</b>
Last 12 months rolling Q1 '17	21,106	31,518	21,199	23,628					<b>97,451</b>

---

**For further information, please contact:**

**Johan Thiel, President and CEO**

johan.thiel@mipsprotection.com  
tel +46 73 399 65 88

**Max Strandwitz, CFO**

max.strandwitz@mipsprotection.com  
tel +46 70 961 17 54

**Boel Sundvall, IR**

boel.sundvall@mipsprotection.com  
tel + 46 70 560 60 18

*This information is such that MIPS AB (publ) is obliged to disclose in accordance with the EU's Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on May 11, 2017 at 7.30 a.m. CET.*

**MIPS will present the interim report for January-March 2017 at a teleconference on May 11, 2017 at 10.00 a.m. CET. To participate, please register at:**

<http://emea.directeventreg.com/registration/19012028>

**Financial calendar**

Interim report January – June 2017	August 17, 2017
Interim Report January – September 2017	November 9, 2017
Year-end report 2017	February 15, 2018

**About MIPS**

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

The company's headquarter with 23 employees in research and development, sales and administration is located in Stockholm, where its test facility is also located. Production takes place at sub-contractor facilities. In 2016, net sales amounted to MSEK 87 and an adjusted EBIT-margin to 28%. The MIPS share is since March 2017 listed on Nasdaq Stockholm. For more information, visit [www.mipscorp.com](http://www.mipscorp.com)

**Financial targets**

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

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

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

**MIPS AB (publ)**

Källtorpsvägen 2  
SE-183 71 Stockholm  
Sweden  
Corp. Reg. No 556609-0162

[www.mipscorp.com](http://www.mipscorp.com)

