



INTERIM REPORT JANUARY - JUNE 2018

APR - JUN

- Net sales increased by 52% to SEK 55.6m (36.6).
Adjusted for currency exchange rate effects the increase was 53%
- Operating profit increased to SEK 21.7m (11.0).
Adjusted operating profit* also increased to SEK 21.7m (11.5)
- Operating profit includes litigation costs of SEK 2.9m (1.9) relating to the patent infringement lawsuits** the company has been party to
- Operating margin increased to 39.0% (30.2).
Adjusted operating margin* also increased to 39.0% (31.5)
- Cash flow from operating activities increased to SEK 5.9m (0.0)
- Earnings per share diluted, amounted to SEK 0.67 (0.34)

JAN - JUN

- Net sales increased by 37% to SEK 79.1m (57.7).
Adjusted for currency exchange rate effects the increase was 42%
- Operating profit increased to SEK 23.4m (6.1).
Adjusted operating profit* also increased to SEK 23.4m (13.1)
- Operating profit includes litigation costs of SEK 4.1m (3.0) relating to the patent infringement lawsuits** the company has been party to
- Operating margin increased to 29.6% (10.6).
Adjusted operating margin* also increased to 29.6% (22.7)
- Cash flow from operating activities increased to SEK 14.3m (3.9)
- Earnings per share diluted, amounted to SEK 0.74 (0.19)

THE MIPS GROUP IN BRIEF

	2018	2017	Δ%	2018	2017	Δ%	2017/2018	2017
	Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun		LTM	Jan-Dec
SEKm								
Net sales	55.6	36.6	52	79.1	57.7	37	147.0	125.6
Gross profit	40.9	27.6	48	58.2	42.6	37	108.9	93.3
Gross margin, %	73.6	75.3	-	73.5	73.8	-	74.1	74.3
Operating profit (EBIT)	21.7	11.0	97	23.4	6.1	284	38.2	20.8
Operating margin (EBIT-margin), %	39.0	30.2	-	29.6	10.6	-	26.0	16.6
Adjusted operating profit*	21.7	11.5	88	23.4	13.1	79	38.2	27.8
Adjusted operating margin, %*	39.0	31.5	-	29.6	22.7	-	26.0	22.1
Profit for the period	17.1	8.7	97	18.8	4.6	308	30.0	15.8
Earnings per share basic, SEK	0.68	0.35	96	0.74	0.19	283	1.19	0.64
Earnings per share diluted, SEK	0.67	0.34	95	0.74	0.19	283	1.18	0.64
Cash flow from operating activities	5.9	0.0	N/A	14.3	3.9	266	21.5	11.1

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

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

CEO'S COMMENTS

STRONG DEVELOPMENT IN THE QUARTER

With a growth of over 50% and an almost doubled operating profit during the quarter, I am pleased that MIPS continues to develop in line with its long-term plan. Net sales, adjusted for currency effects, increased during the quarter by 53% to SEK 55.6m. During the first six months, net sales, adjusted for currency effects, increased by 42% to SEK 79.1m.

The sales increase is driven by the fact that more and more helmet models from leading brands are now being marketed with MIPS BPS. After a soft start at the beginning of the year in the snow category, sales for this category increased during the second quarter, while the important bicycle and motorcycle categories continued to grow strongly.

Growth and our scalable business model contributed to improve our adjusted operating profit to SEK 21.7m (11.5) with an adjusted operating margin of 39.0% (31.5) during the second quarter. For the first half of the year, adjusted operating profit improved to SEK 23.4m (13.1) and the adjusted operating margin increased to 29.6% (22.7).

INCREASED PENETRATION WITH OUR KEY CUSTOMERS

Several world leading helmet brands have expanded their range of models with MIPS BPS during the year. Through close development cooperation and sales support training, we have succeeded in ensuring that several brands now offer product lines where MIPS BPS is largely implemented in all models.

MIPS BPS VALIDATED BY EXTERNAL TESTS

In United States, Virginia Tech University has developed a rating method for bicycle helmets that includes testing of rotational motion and its impact. The rating method is based on research and considers the forces that arise in an oblique fall. In the tests carried out, all top-rated helmets (5 stars) were equipped with MIPS BPS. Virginia Tech's rating system is similar to the car industry's Euro NCAP and will help guide consumers at the time of purchase. We have previously seen similar tests and results in Swedish tests conducted by Swedish insurance companies and other test institutes. It is positive

to see that testing helmets for rotational motion is now also conducted internationally and that MIPS' technology has once again been confirmed as having a positive impact.

INCREASED INTEREST IN SEVERAL AREAS

At Eurobike in Germany, the world's largest bicycle fair, MIPS' successful progress continued. More helmets than ever, equipped with MIPS BPS were exhibited and the major helmet manufacturers presented MIPS BPS in their product ranges in a more prominent way than previously.

It is apparent that professional users are also increasingly concerned about their personal safety; half of all the cyclists in the two major bike races "Tour de France" and "Giro d'Italia" were using MIPS BPS helmets. We are proud to help ensure that so many more athletes have improved protection.

LEADING POSITION AND EXCITING FUTURE

During the first half of the year we have successfully protected our intellectual property rights and concluded legal processes. We will defend and strengthen our intellectual property rights. MIPS research is conducted in collaboration with the Royal Institute of Technology and together with our own ongoing product development activities, it gives us a unique position in the industry. We are a team that represents an unbeatable base of knowledge and experience that is highly appreciated by our partners. We are constantly working to provide an even better preventive protection for active people.

I am pleased with the company's and our customers' development. With MIPS ability to translate research results into commercially successful products, we have a strong foundation to achieve our 2020 goals.

Johan Thiel
President and CEO



FINANCIAL PERFORMANCE

APRIL-JUNE

NET SALES

Second-quarter net sales amounted to SEK 55.6m (36.6), up 52%. Adjusted for currency exchange rate effects, the organic growth was 53%. The increase was primarily due to higher demand from existing customers, with growth in the categories Bicycle, Snow and Motorcycle.

GROSS PROFIT

Gross profit increased 48% to SEK 40.9m (27.6). The gross margin decreased by 1.7 percentage points to 73.6% (75.3). The decrease in gross margin was mainly due to different sales mix.

OPERATING PROFIT (EBIT)

Operating profit increased to SEK 21.7m (11.0), corresponding to an operating margin of 39.0% (30.2). No items affecting comparability for the period (SEK 0.5m). Thus, adjusted EBIT was also SEK 21.7m (11.5), corresponding to an adjusted operating margin of 39.0% (31.5). Costs related to the litigation processes* the company has been party in, amounted to SEK 2.9m (1.9) in the quarter.

The increase in adjusted operating profit was mainly due to higher sales partly offset by higher litigation cost, strengthening of the organization and increased initiatives within product development.

Selling expenses was at large unchanged vs. prior year and amounted to SEK 5.8m (5.9). Administrative expenses increased in the quarter to SEK 9.4m (7.3). The increase of administrative expenses is mainly related to the legal processes that was concluded during the quarter and cost relating to being a listed company. Research and development costs increased to SEK 3.7m (2.3), as a result of increased initiatives within product development.

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit before tax amounted to SEK 22.0m (11.3). Tax for the quarter was SEK 4.9m (2.5), corresponding to an effective tax rate of 22% (22). Profit for the period was SEK 17.1m (8.7). Diluted earnings per share amounted to SEK 0.67 (0.34).

CASH FLOW

Cash flow from operating activities increased to SEK 5.9m (0.0). The increase was mainly

attributable to higher operating profit and increased current liabilities partly offset by increase in accounts receivable.

Cash flow from investing activities amounted to SEK -1.1m (-1.3). Cash flow from financing activities was SEK 0.0m (-4.9). Increase vs. previous year was mainly attributable to the payment of transaction costs relating to the company's listing in previous year. Cash flow for the period amounted to SEK 4.8m (-6.2).

JANUARY - JUNE

NET SALES

First six months net sales amounted to SEK 79.1m (57.7), up 37%. Adjusted for currency exchange rate effects, the organic growth was 42%. The increase was primarily due to higher demand from existing customers, with growth in the categories Bicycle, Snow and Motorcycle partly offset by currency impact and different sales mix.

GROSS PROFIT

Gross profit increased 37% to SEK 58.2m (42.6). The gross margin decreased by 0.3 percentage points to 73.5% (73.8). The decrease in gross margin was mainly due to different sales mix.

OPERATING PROFIT (EBIT)

Operating profit increased to SEK 23.4m (6.1), corresponding to an operating margin of 29.6% (10.6). No items affecting comparability for the period (SEK 7.0m). Thus, adjusted EBIT was also SEK 23.4m (13.1), corresponding to an adjusted operating margin of 29.6% (22.7). Costs related to the litigation processes* the company has been party to, amounted to SEK 4.1m (3.0) for the first six months.

The increase in adjusted operating profit was mainly due to higher net sales partly offset by negative impact of currency rates and cost related to being a listed company, cost relating to the litigation processes* the company has been party to, strengthening of the organization and increased initiatives within product development.

Selling expenses amounted to SEK 12.0m (11.4), where the increase mainly relates to additional marketing activities. Administrative expenses decreased in the period to SEK 16.6m (19.5). The decrease of administrative expenses is mainly related to IPO costs during previous year of SEK 7.0m partly offset by being a listed

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

company and cost relating to the patent infringement lawsuits* the company has been party to. Research and development costs increased to SEK 6.3m (4.3), as a result of increased initiatives within product development.

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit before tax amounted to SEK 24.2m (6.0). Tax for the period was SEK 5.4m (1.4), corresponding to an effective tax rate of 22% (23). Profit for the period was SEK 18.8m (4.6). Diluted earnings per share amounted to SEK 0.74 (0.19).

CASH FLOW

Cash flow from operating activities increased to SEK 14.3m (3.9). The increase was mainly attributable to higher operating profit partly offset by increase in accounts receivable.

Cash flow from investing activities amounted to SEK -2.7m (-2.2). Cash flow from financing activities was SEK 0.0m (145.1). Decrease vs. previous year was mainly attributable to the rights issue connected with company's listing previous year of SEK 150m. Cash flow for the period amounted to SEK 11.5m (146.8).

FINANCIAL POSITION

On 30 June 2018, the Group's total assets amounted to SEK 271.8m (229.8). Current investments of SEK 168.3m are invested in their entirety in interest-bearing funds. The equity /assets ratio was 87% (92). Cash and cash equivalents, including current investments, totaled SEK 191.9m (175.2) on 30 June 2018. Deferred tax assets amounted to SEK 4.5m, of which SEK 3.4m was attributable to loss carry forwards and SEK 1.1m to other temporary differences.

The carrying amounts of assets and liabilities are considered to correspond to their fair values in all material respects. To reduce the Group's short-term currency exposure, certain

currency derivative agreements have been entered into with a bank. The derivatives are measured at fair value and amounted to a financial debt of SEK -5.5m (2.3) at 30 June 2018. Hedge accounting is applied, according to which, the unrealized change in fair value for the derivatives is primarily recognized in Other comprehensive income.

INVESTMENTS

Investments in the second quarter amounted to SEK 1.1m (1.3). Investments in intangible assets amounted to SEK 0.8m (1.0), of which the majority referred to patents. Investments in tangible assets were SEK 0.3m (0.3). During the first six months, investments amounted to SEK 2.7m (2.2), of which SEK 2,1m (1.4) in intangible assets and SEK 0.7m (0.9) in tangible assets. As of 30 June 2018, no significant commitments have been made related to investments.

PARENT COMPANY

The majority of sales activities in the first six months refer to the parent company, MIPS AB (publ). Thus, net sales for the parent company, mainly correspond to the Group's net sales and amounted to SEK 62.8m (57.4) for the period. Net profit for the period of the parent company corresponds in all material respects to the Group's, totaling SEK 17.7m (4.4) for the first six months.

EMPLOYEES

The average number of employees were 35 (29) in the second quarter, of whom 9 (5) were employed in the Chinese subsidiary. The number of employees at the end of the period were 36 (31), of whom 10 (7) employed in the Chinese subsidiary.

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

CONDENSED CONSOLIDATED INCOME STATEMENT

SEKt	2018	2017	2018	2017	2017
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net sales	55,557	36,605	79,108	57,711	125,602
Cost of goods sold	-14,643	-9,026	-20,942	-15,130	-32,324
Gross profit	40,914	27,579	58,167	42,581	93,278
Selling expenses	-5,767	-5,889	-11,956	-11,433	-22,019
Administrative expenses	-9,386	-7,287	-16,590	-19,520	-40,861
Research and development expenses	-3,657	-2,317	-6,285	-4,297	-9,657
Other operating income and expenses	-453	-1,043	113	-1,223	84
Operating profit/loss	21,651	11,043	23,448	6,108	20,825
Financial income and expenses	358	225	715	-132	-426
Net financial items	358	225	715	-132	-426
Profit/loss before tax	22,009	11,268	24,163	5,976	20,399
Income taxes	-4,896	-2,520	-5,382	-1,372	-4,584
Profit/loss for the period	17,113	8,748	18,781	4,604	15,815
Earnings per share basic, SEK	0.68	0.35	0.74	0.19	0.64
Earnings per share diluted, SEK	0.67	0.34	0.74	0.19	0.64
Average number of shares for the period, basic (thousand)	25,300	25,300	25,300	23,742	24,521
Average number of shares for the period, diluted (thousand)	25,402	25,360	25,303	23,742	24,559

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKt	2018	2017	2018	2017	2017
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Profit/loss for the period	17,113	8,748	18,781	4,604	15,815
Other comprehensive income for the period	-2,138	1,745	-3,376	1,433	369
Comprehensive income for the period	14,975	10,494	15,405	6,037	16,184

CONDENSED CONSOLIDATED BALANCE SHEET

SEKt	30 Jun 2018	30 Jun 2017	30 Dec 2017
ASSETS			
<i>Non-current assets</i>			
Intangible assets	8,825	4,978	7,036
Property, plant and equipment	2,817	2,912	2,664
Deferred tax asset	4,545	11,472	8,659
Long term receivables	561	574	561
Total non-current assets	16,747	19,936	18,920
<i>Current assets</i>			
Inventories	1,971	1,487	1,000
Accounts receivable	55,777	27,861	37,077
Other current receivables	5,426	5,341	5,402
Current investments	168,307	154,405	162,219
Cash and cash equivalents	23,589	20,761	17,555
Total current assets	255,071	209,855	223,252
TOTAL ASSETS	271,818	229,792	242,173
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	2,530	2,530	2,530
Other paid in capital	243,406	243,250	243,250
Reserves	-3,008	1,433	369
Retained earnings incl profit/loss for the period	-6,794	-36,786	-25,575
Total equity	236,134	210,427	220,574
<i>Current liabilities</i>			
Current interest-bearing liabilities	-	7	-
Accounts payable	16,029	10,135	12,217
Other current liabilities	19,654	9,222	9,382
Total current liabilities	35,684	19,364	21,599
TOTAL EQUITY AND LIABILITIES	271,818	229,792	242,173

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKt	30 Jun 2018	30 Jun 2017	30 Dec 2017
Opening equity for the period	220,574	57,327	57,327
Change accounting policies*	156	-	-
Adjusted opening equity for the period	220,730	57,327	57,327
<i>Comprehensive income for the period</i>			
Profit/loss for the period	18,781	4,604	15,815
Comprehensive income for the period	-3,376	1,433	369
Comprehensive income for the period	15,405	6,037	16,184
<i>Contribution from and value transfers to owners</i>			
New share issue**	-	143,169	143,169
Premium received from issue of warrants	-	3,894	3,894
Total transactions with the Group's owners	-	147,063	147,063
Closing equity for the period	236,134	210,427	220,574

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SEKt	2018	2017	2018	2017	2017
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
<i>Operating activities</i>					
Profit before tax	22,009	11,268	24,163	5,976	20,399
Adjustment for non-cash items	1,110	471	1,091	272	1,108
Income taxes paid	-	-	-	-	-
Cash flow from operating activities before change in working capital	23,119	11,739	25,254	6,248	21,507
<i>Cash flow from changes in working capital</i>					
Increase (-)/decrease (+) of inventories	-17	-479	-938	-813	-325
Increase (-)/decrease (+) of current receivables	-29,231	-8,397	-17,774	-2,880	-13,707
Increase (+)/decrease (-) of current liabilities	12,015	-2,858	7,731	1,381	3,661
Cash flow from operating activities	5,885	5	14,274	3,936	11,137
<i>Investing activities</i>					
Acquisition of intangible assets	-753	-970	-2,080	-1,352	-3,530
Acquisition of property, plant and equipment	-304	-332	-668	-865	-1,131
Disposal of property, plant and equipment	-	-	3	-	23
Acquisition of financial asset	-	-	-	-14	-
Cash flow from investing activities	-1,057	-1,302	-2,745	-2,231	-4,639
<i>Financing activities</i>					
New share issue	-	-	-	150,000	150,000
Paid out transaction expenses	-	-8,758	-	-8,758	-8,758
Premium received from issue of warrants	-	3,894	-	3,894	3,894
Amortization of lease debt	-	-24	-	-47	-55
Cash flow from financing activities	-	-4,888	-	145,089	145,082
Net change in cash & cash equivalents	4,828	-6,184	11,528	146,794	151,580
Cash & cash equivalents at beginning of period	186,748	181,497	179,774	28,507	28,507
Exchange rate difference on bank holdings	320	-148	594	-137	-313
Cash & cash equivalents at end of period	191,896	175,165	191,896	175,165	179,774

CONDENSED PARENT COMPANY INCOME STATEMENT

SEKt	2018	2017	2018	2017	2017
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net sales	43,646	36,247	62,765	57,353	122,242
Cost of goods sold	-4,418	-8,867	-7,215	-14,970	-30,041
Gross profit	39,229	27,381	55,551	42,383	92,201
Selling expenses	-5,442	-5,889	-11,330	-11,433	-21,742
Administrative expenses	-9,386	-7,289	-16,590	-19,524	-40,865
Research and development expenses	-3,273	-2,316	-5,703	-4,296	-9,243
Other operating income and expenses	-459	-1,043	106	-1,223	82
Operating profit/loss	20,669	10,843	22,034	5,906	20,433
Financial income and expenses	356	224	714	-133	-423
Profit after financial items	21,024	11,067	22,748	5,773	20,010
Appropriations	-	-	-	-	-15
Appropriations	-	-	-	-	-15
Profit/loss before tax	21,024	11,067	22,748	5,773	19,995
Income taxes	-4,635	-2,475	-5,029	-1,327	-4,487
Profit/loss for the period	16,389	8,591	17,718	4,446	15,509

CONDENSED PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEKt	2018	2017	2018	2017	2017
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Profit/loss for the period	16,389	8,591	17,718	4,446	15,509
Other comprehensive income for the period	-2,159	1,756	-3,449	1,444	373
Comprehensive income for the period	14,230	10,348	14,270	5,890	15,882

CONDENSED PARENT COMPANY BALANCE SHEET

SEkt	30 Jun 2018	30 Jun 2017	31 Dec 2017
ASSETS			
<i>Non-current assets</i>			
Intangible assets	8,825	4,978	7,036
Property, plant and equipment	2,650	2,850	2,550
Financial assets	5,705	12,677	9,805
Total non-current assets	17,179	20,504	19,392
<i>Current assets</i>			
Inventories	760	1,337	755
Accounts receivable	43,263	27,495	34,789
Other current receivables	5,625	5,564	5,716
Current investments	168,307	154,405	162,219
Cash & cash equivalents	22,922	20,419	16,758
Total current assets	240,877	209,219	220,237
TOTAL ASSETS	258,057	229,724	239,629
EQUITY AND LIABILITIES			
<i>Equity</i>			
Restricted equity	4,219	4,219	4,219
Non restricted equity	230,496	206,079	216,070
Total equity	234,715	210,298	220,289
<i>Current liabilities</i>			
Accounts payable	7,342	9,773	10,071
Other current liabilities	16,000	9,653	9,268
Total current liabilities	23,342	19,426	19,340
TOTAL EQUITY AND LIABILITIES	258,057	229,724	239,629

OTHER INFORMATION

INFORMATION ABOUT THE PARENT COMPANY

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

ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretative statements by the IFRS Interpretations Committee (IFRIC) as adopted by the European Commission for use in the EU that were presented in the Group's 2017 Annual Report. The standards and interpretative statements applied were in effect as of 1 January 2018 and had been adopted by the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups was applied. This interim report for the Group was prepared in accordance with IAS 34 *Interim Financial Reporting* and the applicable provisions of the Annual Accounts Act and the Securities Market Act. The interim report for the parent company was prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Disclosures in accordance with IAS 34.16A are incorporated in the financial statements and its accompanying notes as well as in other parts of this interim report.

CHANGE IN ACCOUNTING STANDARDS FROM FIRST OF JANUARY, 2018

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

IFRS 9 involves changes in how financial assets are classified and valued, an impairment model is implemented based on expected loan losses instead of losses occurred and changes in principles for hedge accounting, including with the aim to simplify and increase coherence with enterprise-based risk management strategies. The standard replaces IAS 39 *Financial Instruments: Accounting and Valuation*. The new impairment model means that provision for loan losses relating primarily to customer and similar receivables are brought forward. All these

receivables are booked for the loan losses that are expected to arise during the remaining maturity and not only for those receivables that have demonstrated objective proof of impairment. The company has had limited credit losses historically, this has resulted in an increased bad debt reserve of SEK 21t on 1 January 2018. The equity has been adjusted with the corresponding amount including tax effect.

IFRS 15 is a comprehensive standard for determining the amount of revenue to be reported and when these revenues are to be reported. It replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts Agreement* and IFRIC 13 *Customer Loyalty Programmes* starting 2018. For the company, IFRS 15 implies a certain change in revenue recognition of implementation services compared to earlier practice. Implementation of the new standard has meant that equity has increased by SEK 0.2m, including tax. Net sales for the first six months 2018 has increased by SEK 0.8m and profit for the period with SEK 0.5m, compared to the previously used accounting principle. For further information, see transitional bridge on page 16.

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

NEW ACCOUNTING STANDARDS FROM 2019

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

IFRS 16 primarily affects leases and the central effect is that all leases that are reported as operating leases today are reported in a manner similar to the current accounting of financial leases. This means that even for operational leases, assets and liabilities need to be reported, including accounting for depreciation and interest expenses, as opposed to today, when no leasing and related liabilities are reported, and leasing fees are recognized on a straight-line basis as leasing costs. The company will as operational lease holder be affected by the introduction of IFRS 16. Estimates of the financial impact of IFRS 16 is being calculated however has not yet been finalized.

VALUATION BASIS APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS

Assets and liabilities are recognized at historical cost, except for currency derivatives and short-term investments which are based on fair value.

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

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

JUDGMENTS AND ESTIMATES IN THE FINANCIAL STATEMENTS

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

ADJUSTMENTS

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

ALTERNATIVE PERFORMANCE MEASURES

The company is following The European Securities and Markets Authority (ESMA) guidelines on alternative performance measures. Alternative performance measures are financial measures that cannot be directly read in or derived from the financial statements. These financial measures are intended to help company management and investors analyze the Group's performance. Investors should not consider these alternative performance measures to be a substitute for the financial statements prepared in accordance with IFRS, but rather a supplement to them. Explanation of alternative performance measures, see page 15. Definition of alternative performance measure is presented in the annual report and on the company website www.mipscorp.com

SEGMENT

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

SEASONAL VARIATIONS

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

RISKS AND UNCERTAINTIES

MIPS is an international company and, as such, its operations can be affected by a number of risk factors in the form of both operating and financial risks. Risks related to the industry and the company include, but are not limited to, market acceptance and knowledge of both the harmful effects of rotational motion of the brain and increased competition. As an ingredient brand, MIPS is also dependent upon its customers' ability to reach end-users and on end-user demand. An economic downturn or change in end-user's preferences, could have a negative impact on the Group's net sales and profitability. The company is dependent on its intellectual property rights and in certain cases the protection may be inadequate or that MIPS may incur significant costs to protect its intellectual property, which could have an adverse impact on the company's operations, earnings and financial position. Additional information is included below under "Disputes", concerning lawsuits the company has filed. The company's executive management actively manages both operating and financial risk. Above statement applies for both the parent company as well as the group.

CURRENCY EXPOSURE

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

ahead. For further information on derivatives and hedge accounting, see next page.

DISTRIBUTION OF REVENUE

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

Income by nature	2018	2017	2018	2017
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun
Sales of goods	53,785	34,068	75,340	54,241
Sales of services	1,772	2,537	3,768	3,470
Total	55,557	36,605	79,108	57,711

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

Income by region	2018	2017	2018	2017
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun
North America	43,082	28,121	59,869	43,852
Europe	9,275	5,942	13,342	9,597
Sweden	1,191	1,832	2,065	2,733
Asia and Australia	2,009	711	3,831	1,528
Total	55,557	36,605	79,108	57,711

DERIVATIVES

The fair value of the derivatives amounted to SEK -5.5m (2.3) as of 30 June 2018, of which SEK -3.6m (1.9) has been reported in Other comprehensive income and SEK -1.9m (0.4) have been recognized in the income statement as other operating income/operating expenses, without consideration of deferred tax effects.

SHARE CAPITAL

As of 30 June 2018, the total number of shares amounted to 25,299,870 (25,299,870) and the share capital was SEK 2,529,987 (2,529,987 on 30 June 2017). All shares are ordinary shares and carry equal voting rights. The shares have a quotient value of SEK 0.10.

SHARE-BASED INCENTIVE PROGRAMMES

The Group has two outstanding warrant programs. One for senior executives and key people and one for certain board members. The programs include 875,000 issued and paid warrants. The warrants can lead to a dilution of a maximum of 3.5 percent. The exercise price has been fixed determined to SEK 59.80 per share. Each warrant entitles the holder to acquire one share. The warrants may be

exercised for subscription of newly issued shares during the period 1 March-31 May 2020.

DIVIDEND

At the AGM 15 May it was decided that no dividend is to be paid out for the year 2017.

DISPUTES

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

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

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

During the quarter, the costs relating to above stated patent dispute patent disputes amounted to SEK 2.9m (1.9), and for the first six months to SEK 4.1m (3.0).

RELATED-PARTY TRANSACTIONS

At the Annual General Meeting (AGM) of May 15, 2018, Greg Shapleigh was elected as board member. Since 2017, the company has engaged Greg Shapleigh as business consultant. The consultancy fee for the elected board member has since the AGM totaled SEK 122t and SEK 49t has been paid in cost compensation. No other significant transactions with related parties have been carried out during the period.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

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

Stockholm, August 16, 2018

Bengt Baron
Chairman of the Board

Pär Arvidsson
Board member

Jonas Rahmn
Board member

Jenny Rosberg
Board member

Greg Shapleigh
Board member

Magnus Welander
Board member

Pernilla Wiberg
Board member

Johan Thiel
President & CEO

AUDITORS REPORT

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

QUARTERLY CONSOLIDATED PERFORMANCE MEASURES

Amounts in SEKt	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16	LTM 17/18
Net sales	55,557	23,551	40,620	27,271	36,605	21,106	31,518	21,199	23,628	10,284	147,000
Net sales growth, %	52	12	29	29	55	105	55	69	70	274	33
Gross profit	40,914	17,253	30,561	20,136	27,579	15,002	23,385	15,221	16,909	6,212	108,864
Gross margin, %	73.6	73.3	75.2	73.8	75.3	71.1	74.2	71.8	71.6	60.4	74.1
Operating profit	21,651	1,797	14,636	81	11,043	-4,935	13,772	2,260	5,611	-3,267	38,165
Operating margin, %	39.0	7.6	36.0	0.3	30.2	-23.4	43.7	10.7	23.7	-31.8	26.0
Adjusted operating profit	21,651	1,797	14,636	81	11,532	1,557	13,701	6,422	7,368	-3,267	38,165
Adjusted operating margin, %	39.0	7.6	36.0	0.3	31.5	7.4	43.5	30.3	31.2	-31.8	26.0
Depreciation/amortization	388	361	337	296	299	213	281	188	182	151	1,382
Basic earnings per share, SEK	0.68	0.07	0.45	-0.01	0.35	-0.19	0.49	0.08	0.20	-0.14	1.19
Diluted earnings per share, SEK	0.67	0.07	0.45	-0.01	0.34	-0.19	0.49	0.08	0.20	-0.14	1.18
Equity ratio, %	87	92	91	90	92	87	76	76	82	74	90
Cash flow from operating activities	5,885	8,388	893	6,307	5	3,931	9,844	11,821	-8,828	3,132	21,473
Average number of employees	35	33	32	32	29	23	20	18	16	15	33

DEFINITIONS AND DESCRIPTIONS OF PERFORMANCE MEASURES AND ALTERNATIVE PERFORMANCE MEASURES

For definitions and description of performance measure and alternative performance measures, please see the company's webpage <http://www.mipscorp/investors/definitions/>

EXPLANATION OF ALTERNATIVE PERFORMANCE MEASURES

ORGANIC GROWTH

Since MIPS primarily invoices its BPS units in USD while the reporting currency is SEK, it is essential to provide an understanding of the company's performance without currency effects when reporting sales. The organic growth is measured in percentage points of the preceding year's net sales. For growth in net sales, and net sales in absolute terms, see the table below.

	2018 Apr-Jun	2018 Jan-Jun
Organic growth		
Net sales growth	52%	37%
Net Sales in USDt	5,062	7,283
Net Sales in SEKt at 2018 average USD exchange rate	44,128	62,152
Net Sales in SEKt at 2017 average USD exchange rate	44,719	64,762
Impact currency in absolute	-591	-2,609
Net Sales 2017 SEKt	36,605	57,711
Currency impact on growth	-2%	-5%
Organic growth	53%	42%

ADJUSTED OPERATING PROFIT (ADJUSTED EBIT)

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

Adjusted Operating profit (Adjusted EBIT)	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	LTM					
				2017 Jan-Jun	2017-2018 Jul-Jun	2017-2018 Apr-Mar	2017 Jan-Dec	2016-2017 Okt-Sep	
SEKt									
Operating profit	21,651	11,043	23,448	6,108	38,165	27,557	20,825	19,961	
Items affecting comparability*	-	489	-	6,981	-	489	6,981	6,910	
Adjusted operating profit	21,651	11,532	23,448	13,089	38,165	28,046	27,806	26,871	

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

NET SALES, LAST 12 MONTHS ROLLING

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

Net sales 12 month rolling

SEKt	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16	Q4 15	Total LTM
Net Sales	55,557	23,551	40,620	27,271	36,605	21,106	31,518	21,199	23,628	10,284	20,378	
Rolling 12 month Q3 16'								21,199	23,628	10,284	20,378	75,489
Rolling 12 month Q4 16'							31,518	21,199	23,628	10,284		86,629
Rolling 12 month Q1 17'						21,106	31,518	21,199	23,628			97,451
Rolling 12 month Q2 17'					36,605	21,106	31,518	21,199				110,428
Rolling 12 month Q3 17'				27,271	36,605	21,106	31,518					116,500
Rolling 12 month Q4 17'			40,620	27,271	36,605	21,106						125,602
Rolling 12 month Q1 18'		23,551	40,620	27,271	36,605							128,047
Rolling 12 month Q2 18'	55,557	23,551	40,620	27,271								147,000

IMPACT IMPLEMENTATION OF IFRS 9 AND IFRS 15

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

BRIDGE ACCOUNTING CHANGE IFRS 9 AND IFRS 15, INCOME STATEMENT APR-JUN

GROUP INCOME STATEMENT	Apr-Jun 2018 as reported in interim report	Adjustment transition to IFRS 9	Adjustment transition to IFRS 15	Apr-Jun 2018 without adjustments
SEKt				
Net sales	55,557	-	-235	55,792
Cost of goods sold	-14,643	-	116	-14,759
Selling expenses	-5,767	-24	-	-5,743
Income taxes	-4,896	5	26	-4,927
Profit/loss for the period	17,113	-19	-92	17,224

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

GROUP INCOME STATEMENT	Jan-Jun 2018 as reported in interim report	Adjustment transition to IFRS 9	Adjustment transition to IFRS 15	Jan-Jun 2018 without adjustments
SEKt				
Net sales	79,108	-	793	78,315
Cost of goods sold	-20,942	-	-192	-20,750
Selling expenses	-11,956	-17	-	-11,939
Income taxes	-5,382	4	-132	-5,253
Profit/loss for the period	18,781	-13	469	18,326

BRIDGE ACCOUNTING CHANGE IFRS 9 AND IFRS 15, BALANCE SHEET

GROUP BALANCE SHEET	30 Jun 2018 as reported in interim report	Adjustment transition to IFRS 9	Adjustment transition to IFRS 15	30 Jun 2018 without adjustments
SEKt				
Deferred tax asset	4,545	8	-181	4,717
Accounts receivable	55,777	-38	-	55,815
Other current receivables	5,426	-	822	4,604
TOTAL ASSETS	271,818	-30	641	271,206
Retained earnings	-25,575	-17	172	-25,731
Profit/loss for the period	18,781	-13	469	18,326
TOTAL EQUITY AND LIABILITIES	271,818	-30	641	271,206

OTHER

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This information is such that MIPS AB (publ) is obliged to disclose in accordance with the EU's Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on 16 August 2018 at 7.30 a.m. CET.

MIPS will present the Interim report at a teleconference on 16 August 2018 at 10.00 a.m. CET. To participate, please register at: <http://emea.directeventreg.com/registration/6066408>

FINANCIAL CALENDAR

Interim report January-September 2018
Year-end report 2018

7 November 2018
14 February 2019

ABOUT MIPS

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


MIPS headquarter with 26 employees engaged in research and development, sales and administration is in Stockholm, where its product and technology test facility is also located. Production and manufacturing operations take place at sub-contractor facilities. During rolling 12 months basis July 2017 / June 2018, MIPS net sales amounted to SEK 147m and adjusted the operating margin to 26.0 percent. MIPS is traded on the Nasdaq Stockholm stock exchange. For more information, visit www.mipscorp.com.

FINANCIAL TARGETS

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

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

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



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