



INTERIM REPORT JAN - MAR 2019

JAN - MAR

- Net sales increased by 91% to SEK 44.9m (23.6).
Adjusted for currency exchange rate effects, the increase was 71%
- Operating profit increased to SEK 11.8m (1.8)
- Operating margin increased to 26.3% (7.6)
- Cash flow from operating activities decreased to SEK 7.7m (8.4)
- Earnings per share diluted, amounted to SEK 0.38 (0.07)

THE MIPS GROUP IN BRIEF*

| | 2019 | 2018 | | 2018/2019 | 2018 |
|-------------------------------------|---------|---------|-----|-----------|---------|
| | Jan-Mar | Jan-Mar | Δ% | LTM | Jan-Dec |
| SEKm | | | | | |
| Net sales | 44.9 | 23.6 | 91 | 213.9 | 192.5 |
| Gross profit | 32.7 | 17.3 | 90 | 157.6 | 142.2 |
| Gross margin, % | 72.8 | 73.3 | - | 73.7 | 73.9 |
| Operating profit (EBIT) | 11.8 | 1.8 | 557 | 83.0 | 73.0 |
| Operating margin (EBIT-margin), % | 26.3 | 7.6 | - | 38.8 | 37.9 |
| Profit for the period | 9.7 | 1.7 | 482 | 64.4 | 56.4 |
| Earnings per share basic, SEK | 0.38 | 0.07 | 482 | 2.55 | 2.23 |
| Earnings per share diluted, SEK | 0.38 | 0.07 | 471 | 2.52 | 2.21 |
| Cash flow from operating activities | 7.7 | 8.4 | -9 | 68.3 | 69.1 |

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

* In accordance with IFRS 16 Leases prior comparator has not been adjusted

CEO'S COMMENTS

THE YEAR STARTED OFF STRONG

The year started off strong, with a first quarter that showed substantial improvements in both sales and profitability. Net sales increased by 91% to SEK 44.9m (23.6). Adjusted for currency effects, we grew organically by 71% in the quarter. All helmet categories showed a positive development led by the Snow category. Comparative figures appear more positive since last year's first quarter was a somewhat weaker quarter than the other quarters. Most of the growth came from our existing customers, but we also saw exciting launches from new customers during the quarter. We continue to see great interest in all our categories from new customers, while existing customers continue to broaden their product offering with MIPS solutions.

EBIT for the quarter amounted to SEK 11.8m (1.8) and we achieved an operating margin of 26.3%. I am very pleased to see that the first quarter, which has historically been our financially weakest, now shows good profitability driven by increased sales. Again, this confirms the scalability of our business model.

CONTINUING TO BE THE LEADING TECHNOLOGY

There was a lot of turbulence in the market as our customer Bontrager launched a "new" technology under the name "WaveCel" with bold claimed test results. MIPS has carried out rigorous tests of the technology but has not been able to validate the claimed results.

We are convinced that MIPS BPS is the leading technology for protection against rotational movements in the brain. MIPS is unique as an ingredient brand with our ability to work with all brands and implement our technology in most types of helmets in a cost effective way.

It is positive that more and more helmet brands confirm the importance of reducing the effects of harmful rotational movements, but unfortunately there is still a lack of an industry-wide standard by an independent testing body, making it more difficult for both the industry and consumers to compare different technologies.

EXCITING LAUNCHES AT TRADE SHOWS

At the world's largest winter trade show, ISPO in Munich, five customers; Head, Vola, Cebe, Protec and Flaxta launched their first snow helmets with MIPS BPS. In total, 14 new helmet models equipped with MIPS solutions were launched at the trade show.

We also saw interesting launches in the Equestrian category at a trade show in Birmingham where two customers showed their new helmets with MIPS: Champion and Charles Owen. Together with Charles Owen, MIPS received the award as the best safety product.

FIRST QUARTER A BIG LEAP TOWARDS 2020

With this strong quarter behind us and an active project portfolio, together with new and existing customers, I look forward with confidence to the coming quarters and the continued journey towards our 2020 financial targets.

JOHAN THIEL
President and CEO



FINANCIAL PERFORMANCE

JAN - MAR

NET SALES

Net sales for the first quarter amounted to SEK 44.9m (23.6), an increase of 91%. Adjusted for exchange rate effects, organic growth was 71%. The increase in net sales remains mainly due to increased demand from existing customers. The growth rate was somewhat affected by a soft prior year comparator. Growth came mainly from the categories Bike, Snow and Motorcycle.

GROSS PROFIT

Gross profit increased by 90% to SEK 32.7m (17.3). The gross margin decreased by 0.5 percentage points to 72.8% (73.3). The decrease in the gross margin is mainly due to a change in the sales mix.

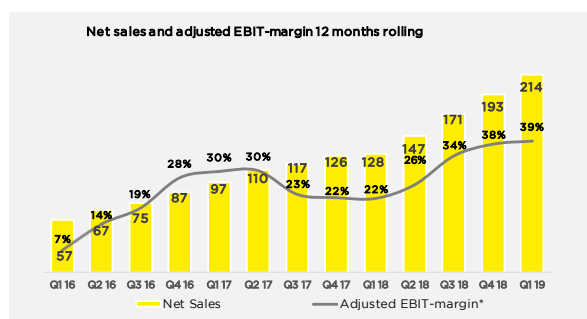
OPERATING PROFIT (EBIT)

Operating profit increased to SEK 11.8m (1.8), corresponding to an operating margin of 26.3% (7.6). The improvement in operating profit is mainly due to higher sales, positive impact of exchange rates, legal costs in the previous year's comparative figures partly offset by higher costs for strengthening the organization, and negative impact from currency derivatives.

Selling expenses increased to SEK 9.2m (6.2), mainly through investment in the organization and increased initiatives in marketing. Administrative expenses during the quarter amounted to SEK 7.3m (7.2). The increase in administrative expenses is mainly due to costs related to strengthening the organization partly offset by legal costs in the previous year's comparative figures. Legal expenses during the quarter amounted to SEK 0.1m (1.2). Research and development costs increased to SEK 3.6m (2.6), mainly through increased investments in product development.

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit before tax amounted to SEK 12.5m (2.2). Reported tax for the quarter amounted to SEK -2.8m (-0.5), corresponding to an effective tax of 22.3% (22.6). Profit for the period was SEK 9.7m (1.7). Earnings per share diluted, amounted to 0.38 (SEK 0.07).



* Adjusted for costs in connection with the company's IPO, see pages 12-13 for more information.

CASH FLOW

Cash flow from operating activities decreased to SEK 7.7m (8.4) despite the significant earnings improvement. The decrease is mainly due to paid income tax of SEK 6.6m related to the previous year.

Cash flow from investing activities was SEK -1.6m (-1.7). Cash flow from financing activities was SEK -0.4m (0.0). Cash flow for the period amounted to SEK 5.6m (6.7).

FINANCIAL POSITION

The Group's total assets as of 31 March, 2019 amounted to SEK 333.4m (239.8). Short-term investments of SEK 218.5m are in their entirety invested in interest-bearing funds. The equity / assets ratio was 85% (92). Cash and cash equivalents including short-term investments as of 31 March, 2019 amounted to SEK 248.7m (186.7). As a result of the introduction of IFRS 16, the company's fixed assets have increased by SEK 9.4m. For further information, see page 9. Deferred tax receivables amounted to SEK 1.0m net and are explained in their entirety by temporary differences mainly relating to derivatives.

Reported values for assets and liabilities are in all material respects consistent with fair value. In order to reduce the Group's short-term currency exposure, certain currency derivatives have been entered into with a bank. The derivatives are valued at fair value and as of 31 March, 2019 amounted to a financial liability of SEK -4.8m (-0.9). Hedge accounting is applied, whereby the unrealized change in the fair value of the derivatives is primarily reported against Other comprehensive income.

INVESTMENTS

Investments during the first quarter amounted to SEK 1.6m (1.7). Investments in intangible fixed assets amounted to SEK 1.4m (1.3) and were mainly attributable to patents. Investments in tangible fixed assets were SEK 0.2m (0.4). As of March 31, 2019, the Group had no significant commitments related to investments.

PARENT COMPANY

Net sales for the parent company during the quarter amounted to SEK 33.2m (19.1). Profit for the period was SEK 8.6m (1.3) during the quarter.

EMPLOYEES

The average number of employees were 39 (33) in the first quarter, of whom 10 (8) were employed in the Chinese subsidiary. The number of employees at the end of the period were 39 (32), of whom 10 (8) employed in the Chinese subsidiary.

CONDENSED CONSOLIDATED INCOME STATEMENT

| SEKt | 2019 | 2018 | 2018 |
|---|---------------|---------------|----------------|
| | Jan-Mar | Jan-Mar | Jan-Dec |
| Net sales | 44,941 | 23,551 | 192,534 |
| Cost of goods sold | -12,237 | -6,299 | -50,346 |
| Gross profit | 32,704 | 17,253 | 142,188 |
| Selling expenses | -9,212 | -6,190 | -26,099 |
| Administrative expenses | -7,294 | -7,204 | -27,595 |
| Research and development expenses | -3,640 | -2,628 | -12,145 |
| Other operating income and expenses | -746 | 566 | -3,387 |
| Operating profit/loss | 11,812 | 1,797 | 72,962 |
| Financial income and expenses | 689 | 357 | -124 |
| Net financial items | 689 | 357 | -124 |
| Profit/loss before tax | 12,501 | 2,154 | 72,838 |
| Income taxes | -2,792 | -486 | -16,440 |
| Profit/loss for the period | 9,709 | 1,668 | 56,398 |
| Earnings per share basic, SEK | 0.38 | 0.07 | 2.23 |
| Earnings per share diluted, SEK | 0.38 | 0.07 | 2.21 |
| Average number of shares for the period, basic (thousand) | 25,300 | 25,300 | 25,300 |
| Average number of shares for the period, diluted (thousand) | 25,778 | 25,300 | 25,545 |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| SEKt | 2019 | 2018 | 2018 |
|---|---------------|---------------|---------------|
| | Jan-Mar | Jan-Mar | Jan-Dec |
| Profit/loss for the period | 9,709 | 1,668 | 56,398 |
| Other comprehensive income | | | |
| Items that may subsequently be transferred to profit or loss | | | |
| Foreign currency translation | 291 | 51 | 2 |
| Changes in the fair value of cash flow hedges | -2,369 | -1,654 | -1,914 |
| Tax on components in other comprehensive income | 507 | 364 | 421 |
| Items that cannot be transferred to profit or loss | - | - | - |
| Other comprehensive income for the period | -1,572 | -1,239 | -1,491 |
| Comprehensive income for the period | 8,138 | 429 | 54,907 |

CONDENSED CONSOLIDATED BALANCE SHEET

| SEkt | 31 Mar 2019 | 31 Mar 2018 | 31 Dec 2018 |
|---|----------------|----------------|----------------|
| ASSETS | | | |
| <i>Non-current assets</i> | | | |
| Intangible assets | 12,307 | 8,251 | 11,059 |
| Property, plant and equipment | 3,584 | 2,781 | 3,728 |
| Right-of-use assets | 9,397 | - | - |
| Deferred tax asset | 1,083 | 8,585 | 720 |
| Long term receivables | 482 | 561 | 482 |
| Total non-current assets | 26,854 | 20,177 | 15,990 |
| <i>Current assets</i> | | | |
| Inventories | 2,947 | 1,977 | 1,845 |
| Accounts receivable | 49,517 | 25,260 | 54,411 |
| Other current receivables | 5,406 | 5,651 | 4,638 |
| Current investments | 218,531 | 163,921 | 205,692 |
| Cash and cash equivalents | 30,179 | 22,827 | 36,817 |
| Total current assets | 306,580 | 219,635 | 303,403 |
| TOTAL ASSETS | 333,434 | 239,812 | 319,393 |
| EQUITY AND LIABILITIES | | | |
| <i>Equity</i> | | | |
| Share capital | 2,530 | 2,530 | 2,530 |
| Other paid in capital | 243,250 | 243,406 | 243,250 |
| Reserves | -2,694 | -870 | -1,122 |
| Retained earnings incl profit/loss for the period | 40,689 | -23,907 | 30,980 |
| Total equity | 283,775 | 221,159 | 275,637 |
| <i>Non-current liabilities</i> | | | |
| Lease liability | 7,469 | - | - |
| Total non-current liabilities | 7,469 | - | - |
| <i>Current liabilities</i> | | | |
| Lease liability | 1,820 | - | - |
| Accounts payable | 16,933 | 6,700 | 20,111 |
| Other current liabilities | 23,437 | 11,954 | 23,645 |
| Total current liabilities | 42,190 | 18,654 | 43,756 |
| TOTAL EQUITY AND LIABILITIES | 333,434 | 239,812 | 319,393 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| SEkt | 2019 Jan-Mar | 2018 Jan-Mar | 2018 Jan-Dec |
|---|-----------------|-----------------|-----------------|
| Opening equity for the period | 275,637 | 220,574 | 220,574 |
| Change accounting policies* | - | 156 | 156 |
| Adjusted opening equity for the period | 275,637 | 220,730 | 220,730 |
| <i>Comprehensive income for the period</i> | | | |
| Profit/loss for the period | 9,709 | 1,668 | 56,398 |
| Other comprehensive income for the period | -1,572 | -1,239 | -1,491 |
| Comprehensive income for the period | 8,138 | 429 | 54,907 |
| Closing equity for the period | 283,775 | 221,159 | 275,637 |

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| SEKt | 2019 Jan-Mar | 2018 Jan-Mar | 2018 Jan-Dec |
|---|-----------------|-----------------|-----------------|
| <i>Operating activities</i> | | | |
| Profit before tax | 12,501 | 2,154 | 72,838 |
| Adjustment for non-cash items | -811 | -19 | 3,891 |
| Income taxes paid | -6,605 | - | - |
| Cash flow from operating activities before change in working capital | 5,085 | 2,135 | 76,729 |
| <i>Cash flow from changes in working capital</i> | | | |
| Increase (-)/decrease (+) of inventories | -1,020 | -921 | -843 |
| Increase (-)/decrease (+) of current receivables | 5,549 | 11,458 | -17,625 |
| Increase (+)/decrease (-) of current liabilities | -1,963 | -4,283 | 10,821 |
| Cash flow from operating activities | 7,651 | 8,389 | 69,083 |
| <i>Investing activities</i> | | | |
| Acquisition of intangible assets | -1,377 | -1,327 | -4,507 |
| Acquisition of property, plant and equipment | -240 | -364 | -2,216 |
| Disposal of property, plant and equipment | - | 3 | 3 |
| Disposal of financial asset | - | - | 78 |
| Cash flow from investing activities | -1,617 | -1,688 | -6,643 |
| <i>Financing activities</i> | | | |
| Amortization of lease debt | -432 | - | - |
| Cash flow from financing activities | -432 | - | - |
| Net change in cash & cash equivalents | 5,602 | 6,701 | 62,440 |
| Cash & cash equivalents at beginning of period | 242,510 | 179,774 | 179,774 |
| Exchange rate difference on bank holdings | 598 | 273 | 296 |
| Cash & cash equivalents at end of period | 248,709 | 186,748 | 242,510 |

CONDENSED PARENT COMPANY INCOME STATEMENT

| SEKt | 2019 | 2018 | 2018 |
|-------------------------------------|---------------|---------------|----------------|
| | Jan-Mar | Jan-Mar | Jan-Dec |
| Net sales | 33,217 | 19,119 | 148,976 |
| Cost of goods sold | -2,638 | -2,797 | -14,630 |
| Gross profit | 30,579 | 16,322 | 134,345 |
| Selling expenses | -8,880 | -5,888 | -24,883 |
| Administrative expenses | -7,360 | -7,204 | -27,595 |
| Research and development expenses | -3,375 | -2,430 | -10,974 |
| Other operating income and expenses | -746 | 566 | -3,363 |
| Operating profit/loss | 10,219 | 1,366 | 67,530 |
| Financial income and expenses | 857 | 358 | -129 |
| Profit after financial items | 11,076 | 1,723 | 67,401 |
| Appropriations | - | - | -398 |
| Appropriations | - | - | -398 |
| Profit/loss before tax | 11,076 | 1,723 | 67,003 |
| Income taxes | -2,434 | -394 | -14,993 |
| Profit/loss for the period | 8,642 | 1,329 | 52,010 |

CONDENSED PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

| SEKt | 2019 | 2018 | 2018 |
|---|---------------|---------------|---------------|
| | Jan-Mar | Jan-Mar | Jan-Dec |
| Profit/loss for the period | 8,642 | 1,329 | 52,010 |
| Other comprehensive income | | | |
| Items that may subsequently be transferred to profit or loss | | | |
| Changes in the fair value of cash flow hedges | -2,369 | -1,654 | -1,914 |
| Tax on components in other comprehensive income | 507 | 364 | 421 |
| Items that cannot be transferred to profit or loss | - | - | - |
| Other comprehensive income for the period | -1,862 | -1,290 | -1,493 |
| Comprehensive income for the period | 6,779 | 39 | 50,518 |

CONDENSED PARENT COMPANY BALANCE SHEET

| SEkt | 31 Mar 2019 | 31 Mar 2018 | 31 Dec 2018 |
|-------------------------------------|----------------|----------------|----------------|
| ASSETS | | | |
| <i>Non-current assets</i> | | | |
| Intangible assets | 12,307 | 8,251 | 11,059 |
| Property, plant and equipment | 3,481 | 2,669 | 3,619 |
| Other financial assets | 2,218 | 9,731 | 1,876 |
| Total non-current assets | 18,006 | 20,651 | 16,555 |
| <i>Current assets</i> | | | |
| Inventories | 757 | 655 | 568 |
| Accounts receivable | 31,644 | 20,560 | 36,755 |
| Other current receivables | 5,882 | 5,941 | 4,995 |
| Current investments | 218,531 | 163,921 | 205,692 |
| Cash & cash equivalents | 28,997 | 22,235 | 34,699 |
| Total current assets | 285,811 | 213,313 | 282,710 |
| TOTAL ASSETS | 303,816 | 233,964 | 299,265 |
| EQUITY AND LIABILITIES | | | |
| <i>Equity</i> | | | |
| Restricted equity | 4,219 | 4,219 | 4,219 |
| Non restricted equity | 273,524 | 216,266 | 266,744 |
| Total equity | 277,743 | 220,485 | 270,963 |
| Untaxed reserves | 398 | - | 398 |
| Total untaxed reserves | 398 | - | 398 |
| <i>Current liabilities</i> | | | |
| Accounts payable | 7,411 | 4,470 | 7,771 |
| Other current liabilities | 18,264 | 9,010 | 20,132 |
| Total current liabilities | 25,675 | 13,479 | 27,903 |
| TOTAL EQUITY AND LIABILITIES | 303,816 | 233,964 | 299,265 |

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 Mid 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 2018 Annual Report. The standards and interpretative statements applied were in effect as of 1 January 2019 and had been adopted by the EU. Changed accounting policies at 1 January 2019 is described below. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups was applied. This interim report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting and the applicable provisions of the Annual Accounts Act and the Securities Market Act. The interim report for the parent company was prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Disclosures in accordance with IAS 34.16A are incorporated in the financial statements and its accompanying notes as well as in other parts of this interim report.

NEW ACCOUNTING STANDARDS FROM FIRST OF JANUARY, 2019

The Group applies IFRS 16 Leases from 1 January, 2019. The parent company does not apply IFRS 16 in accordance with the exception contained in RFR2. At the transition to IFRS 16, the Group has chosen to apply the modified retroactive approach. Its meaning and effects on the Group are described below. Previously, the Group classified leasing agreements as operating or financial leases based on whether the leasing agreement transferred the significant risks and benefits that ownership of the underlying asset brings to the Group. According to IFRS 16, the Group recognizes use rights assets and leasing liabilities for most leasing agreements, ie the leasing agreements are included in the balance sheet and pertain to the Group as a whole leased premises in Sweden and in China. The Group applies the provisions on relief rules for short-term leases and leased assets with low value. At the transition on 1 January, 2019, the lease liabilities have been valued at the present value of the remaining leasing fees, discounted by the Group's marginal borrowing rate on the first day of application. The right of use was valued at an amount equivalent leasing debt, adjusted for prepaid leasing fees. The changeover on 1 January, 2019 resulted in the reporting of right of use assets of SEK 9.9m and lease liabilities of SEK 9.7m, where the difference of SEK 0.2m relates to adjustment for prepaid leasing fees. The transition therefore had no initial effect on equity and in accordance with IFRS 16 no

recalculation of the comparative year took place. For effects on the subsequent quarters in the income statement, balance sheet and cash flow, see page 13.

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 SEK.

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 12-13. Definition of alternative performance measure is presented in the annual report and on www.mipscorp.com

SEGMENT

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

SEASONAL VARIATIONS

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

RISKS AND UNCERTAINTIES

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

DISTRIBUTION OF REVENUE

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

| SEKt | 2019 | 2018 | 2018 |
|---|---------------|---------------|----------------|
| Income by nature | Jan-Mar | Jan-Mar | Jan-Dec |
| <i>Revenue recognized at the time of delivery</i> | | | |
| Sales of goods | 43,632 | 21,556 | 184,417 |
| <i>Revenues reported over time</i> | | | |
| Sales of services | 1,309 | 1,996 | 8,117 |
| Total | 44,941 | 23,551 | 192,534 |

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

| SEKt | 2019 | 2018 | 2018 |
|--------------------|---------------|---------------|----------------|
| Income by region | Jan-Mar | Jan-Mar | Jan-Dec |
| North America | 33,453 | 16,824 | 149,625 |
| Europe | 7,338 | 4,049 | 27,707 |
| Sweden | 1,495 | 868 | 7,379 |
| Asia and Australia | 2,656 | 1,810 | 7,822 |
| Total | 44,941 | 23,551 | 192,534 |

CURRENCY EXPOSURE

MIPS invoice its customers in two foreign currencies, USD and CNY. The company's license fee, which represents the majority of the company's revenues, is invoiced in USD and fluctuations of this have a significant impact on MIPS net sales and profitability. A 10 percent change in the USD rate would have had an impact on EBIT of approximately +/- SEK 13m on the full-year figures for 2018. In accordance with the

company's finance policy, the company aims to hedge 50% of the forecasted USD exposure rolling 12 months ahead. The company's sales of components are mostly in China and invoiced in CNY. However, since the company has both revenues and costs related to components in CNY, the exposure to CNY is relatively limited. For further information, see the company's annual report 2018.

DERIVATIVES

The fair value of the derivatives as of 31 March, 2019 amounted to SEK -4.8m (-0.9), of which SEK -3.8m (-1.2) has been reported in Other comprehensive income and SEK -1.0m (0.3) has been recognized in the income statement as other operating income / operating expenses, without taking into account the effects on deferred tax.

SHARE CAPITAL

As of 31 March 2019, the total number of shares amounted to 25,299,870 (25,299,870) and the share capital amounted to 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.

DIVIDEND PROPOSAL

In preparation for the AGM the Board of Directors are proposing a dividend of SEK 2.50 per share for 2018.

SHARE-BASED INCENTIVE PROGRAMMES

The Group has two outstanding warrant programs. One for senior executives and key people and one for certain board members. The programs include 875,000 issued and paid warrants. The warrants can lead to a dilution of a maximum of 3.5 percent. The exercise price has been determined to SEK 59.80 per share. Each warrant entitles the holder to acquire one share. The warrants may be exercised for subscription of newly issued shares during the period 1 March - 31 May 2020.

DISPUTES

The company is not part of any legal dispute.

RELATED-PARTY TRANSACTIONS

The company has contracted the Board member Greg Shapleigh as a business development consultant. Consultancy fee including expenses amounts to SEK 0.2m for the period. No other significant transactions with related parties have been carried out during the period.

ANNUAL GENERAL MEETING

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

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

AUDITORS REPORT

This report has not been subject for a review engagement by company's auditor.

Stockholm 3 May 2019

JOHAN THIEL

President and CEO

QUARTERLY CONSOLIDATED PERFORMANCE MEASURES

| SEKT | Q1 19 | Q4 18 | Q3 18 | Q2 18 | Q1 18 | Q4 17 | Q3 17 | Q2 17 | Q1 17 | LTM 18/19 |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------------|
| Net sales | 44,941 | 62,234 | 51,192 | 55,557 | 23,551 | 40,620 | 27,271 | 36,605 | 21,106 | 213,923 |
| Net sales growth, % | 91 | 53 | 88 | 52 | 12 | 29 | 29 | 55 | 105 | 67 |
| Gross profit | 32,704 | 46,611 | 37,410 | 40,914 | 17,253 | 30,561 | 20,136 | 27,579 | 15,002 | 157,639 |
| Gross margin, % | 72.8 | 74.9 | 73.1 | 73.6 | 73.3 | 75.2 | 73.8 | 75.3 | 71.1 | 73.7 |
| Operating profit | 11,812 | 28,693 | 20,822 | 21,651 | 1,797 | 14,636 | 81 | 11,043 | -4,935 | 82,977 |
| Operating margin, % | 26.3 | 46.1 | 40.7 | 39.0 | 7.6 | 36.0 | 0.3 | 30.2 | -23.4 | 38.8 |
| Adjusted operating profit | 11,812 | 28,693 | 20,822 | 21,651 | 1,797 | 14,636 | 81 | 11,532 | 1,557 | 82,977 |
| Adjusted operating margin, % | 26.3 | 46.1 | 40.7 | 39.0 | 7.6 | 36.0 | 0.3 | 31.5 | 7.4 | 38.8 |
| Depreciation | 1,043 | 475 | 413 | 388 | 361 | 337 | 296 | 299 | 213 | 2,320 |
| Basic earnings per share, SEK | 0.38 | 0.87 | 0.62 | 0.68 | 0.07 | 0.45 | -0.01 | 0.35 | -0.19 | 2.55 |
| Diluted earnings per share, SEK | 0.38 | 0.85 | 0.61 | 0.67 | 0.07 | 0.45 | -0.01 | 0.34 | -0.19 | 2.52 |
| Equity ratio, % | 85 | 86 | 88 | 87 | 92 | 91 | 90 | 92 | 87 | 86 |
| Cash flow from operating activities | 7,651 | 23,839 | 30,970 | 5,885 | 8,388 | 893 | 6,307 | 5 | 3,931 | 68,345 |
| Average number of employees | 39 | 36 | 36 | 35 | 33 | 32 | 32 | 29 | 23 | 37 |

In accordance with IFRS 16 Leases prior comparator has not been adjusted

DEFINITIONS AND DESCRIPTIONS OF PERFORMANCE MEASURES AND ALTERNATIVE PERFORMANCE MEASURES

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

EXPLANATION OF ALTERNATIVE PERFORMANCE MEASURES

ORGANIC GROWTH

Since MIPS invoices its BPS units and sales of services in USD and CNY at the same time as the accounting currency is SEK, it is essential to create an understanding of how the company develops excluding currency effects when translating sales. This key figure is expressed in percentage points of the previous year's net sales. For net sales growth and the impact of foreign currencies on net sales, see below.

| | 2019 |
|---|----------------|
| Organic growth | Jan-Mar |
| Net sales growth | 91% |
| Net Sales in USDt | 3,637 |
| Net Sales in SEKt at 2019 average USD exchange rate | 33,360 |
| Net Sales in SEKt at 2018 average USD exchange rate | 29,516 |
| Impact currency in absolute | 3,844 |
| Net Sales 2018 SEKt | 23,551 |
| USD impact on growth | 16% |
| Net Sales in CNYt | 8,566 |
| Net Sales in SEKt at 2019 average CNY exchange rate | 11,645 |
| Net Sales in SEKt at 2018 average CNY exchange rate | 10,921 |
| Impact currency in absolute | 724 |
| Net Sales 2018 SEKt | 23,551 |
| CNY impact on growth | 3% |
| Organic growth | 71% |

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 | Q1 19 | Q4 18 | Q3 18 | Q2 18 | Q1 18 | Q4 17 | Q3 17 | Q2 17 | Q1 17 | Q4 16 | Q3 16 | Q2 16 | Total LTM |
|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Net Sales | 44,941 | 62,234 | 51,192 | 55,557 | 23,551 | 40,620 | 27,271 | 36,605 | 21,106 | 31,518 | 21,199 | 23,628 | |
| Rolling 12 month Q1 17' | | | | | | | | | 21,106 | 31,518 | 21,199 | 23,628 | 97,451 |
| Rolling 12 month Q2 17' | | | | | | | | 36,605 | 21,106 | 31,518 | 21,199 | | 110,428 |
| Rolling 12 month Q3 17' | | | | | | | 27,271 | 36,605 | 21,106 | 31,518 | | | 116,500 |
| Rolling 12 month Q4 17' | | | | | | 40,620 | 27,271 | 36,605 | 21,106 | | | | 125,602 |
| Rolling 12 month Q1 18' | | | | | 23,551 | 40,620 | 27,271 | 36,605 | | | | | 128,047 |
| Rolling 12 month Q2 18' | | | | 55,557 | 23,551 | 40,620 | 27,271 | | | | | | 147,000 |
| Rolling 12 month Q3 18' | | | 51,192 | 55,557 | 23,551 | 40,620 | | | | | | | 170,921 |
| Rolling 12 month Q4 18' | | 62,234 | 51,192 | 55,557 | 23,551 | | | | | | | | 192,534 |
| Rolling 12 month Q1 19' | 44,941 | 62,234 | 51,192 | 55,557 | | | | | | | | | 213,923 |

ADJUSTED OPERATING PROFIT (ADJUSTED EBIT)

In 2016 and 2017, MIPS had costs for preparations for the listing on Nasdaq, Stockholm. These costs have been deemed to affect comparability. There were no items affecting comparability during 2018 and 2019. To create a good understanding of MIPS' ongoing operations and how the operating profit had been without these items, the company has chosen to show an adjusted operating profit which excludes the items affecting comparability.

| Adjusted Operating profit (Adjusted EBIT) | LTM | | | | | | | | | |
|---|-----------------|-----------------|----------------------|-----------------|----------------------|----------------------|----------------------|-----------------|----------------------|----------------------|
| | 2019 Jan-Mar | 2018 Jan-Mar | 2018-2019 Apr-Mar | 2018 Jan-Dec | 2017-2018 Okt-Sep | 2017-2018 Jul-Jun | 2017-2018 Apr-Mar | 2017 Jan-Dec | 2016-2017 Okt-Sep | 2016-2017 Jul-Jun |
| Operating profit | 11,812 | 1,797 | 82,977 | 72,962 | 58,906 | 38,165 | 27,557 | 20,825 | 19,961 | 22,140 |
| Items affecting comparability* | - | - | - | - | - | - | 489 | 6,981 | 6,910 | 11,072 |
| Adjusted Operating profit | 11,812 | 1,797 | 82,977 | 72,962 | 58,906 | 38,165 | 28,046 | 27,806 | 26,871 | 33,212 |

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

IMPACT IMPLEMENTATION OF IFRS 16

The Group applies IFRS 16 Leases as of 1 January, 2019, as previously described on page 9. The effects of the transition and reported amounts on the first quarter of 2019 are explained below and relate in their entirety to leases for premises.

| Group income statement | Jan-Mar 2019 as reported in interim report | Adjustment transition to IFRS 16 | Jan-Mar 2019 without adjustments |
|------------------------------------|--|--|--|
| SEKt | | | |
| Cost of goods sold | -12,237 | 9 | -12,245 |
| Administrationskostnader | -7,294 | 66 | -7,360 |
| Finansiella intäkter och kostnader | 689 | -168 | 857 |
| Income taxes | -2,792 | 20 | -2,813 |
| Profit/loss for the period | 9,709 | -72 | 9,781 |

| Group balance sheet | 31 Mar 2019 as reported in interim report | Adjustment transition to IFRS 16 | 31 Mar 2019 without adjustments |
|-------------------------------------|---|--|---------------------------------------|
| SEKt | | | |
| Right-to-use assets | 9,397 | 9,397 | - |
| Deferred tax asset | 1,083 | 20 | 1,063 |
| Other current receivables | 5,406 | -200 | 5,607 |
| TOTAL ASSETS | 333,434 | 9,217 | 324,217 |
| Profit/loss for the period | 9,709 | -72 | 9,781 |
| Lease liability non-current | 7,469 | 7,469 | - |
| Lease liability current | 1,820 | 1,820 | - |
| TOTAL EQUITY AND LIABILITIES | 333,434 | 9,217 | 324,217 |

| Group Cash flow | Jan-Mar 2019 as reported in interim report | Adjustment transition to IFRS 16 | Jan-Mar 2019 without adjustments |
|--|--|--|--|
| SEKt | | | |
| Cash flow from operating activities | 7,651 | 432 | 7,219 |
| Cash flow from investing activities | -1,617 | - | -1,617 |
| Cash flow from financing activities | -432 | -432 | - |
| Net change in cash & cash equivalents | 5,602 | - | 5,602 |

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 3 May 2019 at 7.30 a.m. CET.

MIPS will present the Interim report at a audiocast with teleconference on 3 May 2019 at 10.00 a.m. CET. To participate, please register at: <https://financialhearings.com/event/11900>

FINANCIAL CALENDAR

| | |
|------------------------------------|-----------------|
| Annual General Meeting | 9 May 2019 |
| Interim report April-June 2019 | 23 July 2019 |
| Interim report July-September 2019 | 8 November 2019 |

ABOUT MIPS

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

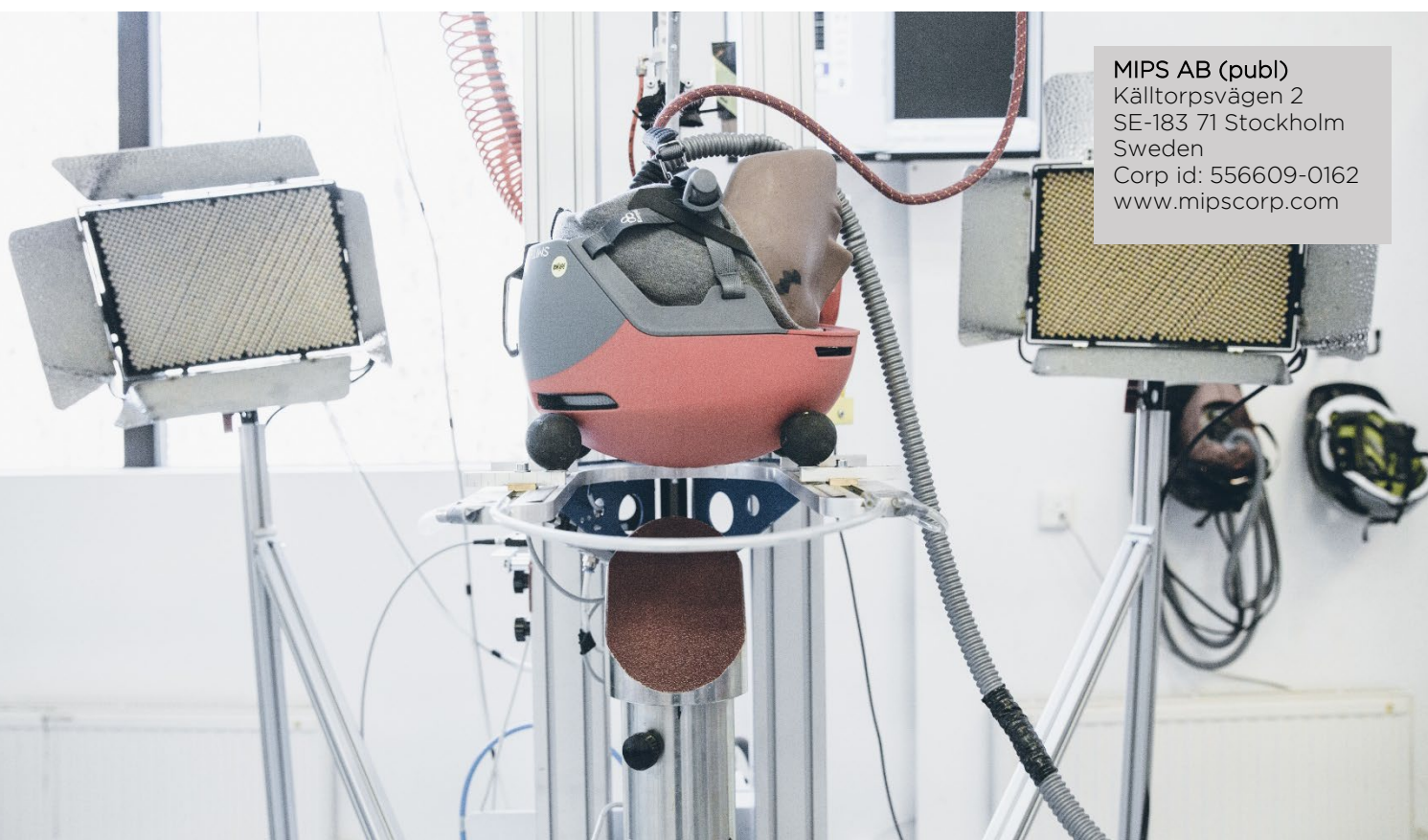
MIPS headquarter with 29 employees engaged in research and development, sales and administration is in Stockholm, where its product and technology test facility is also located. Production and manufacturing operations take place at sub-contractor facilities. During 2018 MIPS net sales amounted to SEK 192.5m and the operating margin to 37.9 percent. MIPS is traded on the Nasdaq Stockholm stock exchange. For more information, visit www.mipscorp.com.

FINANCIAL TARGETS

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

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

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



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