



INTERIM REPORT JANUARY - JUNE 2019

APR - JUN

- Net sales increased by 49% to SEK 82.6m (55.6).
During the quarter, the organic growth was 38%
- Operating profit increased to SEK 36.8m (21.7).
The adjusted operating profit* increased to SEK 38.0m (21.7)
- Operating margin increased to 44.5% (39.0).
The adjusted operating margin* increased to 46.0% (39.0)
- Cash flow from operating activities increased to SEK 24.2m (5.9)
- Earnings per share diluted, amounted to SEK 1.12 (0.67)
- Two acquisitions were completed during the quarter whereby patents and certain other intellectual property rights related to the Fluid technology and GlideWear technology were acquired

JAN - JUN

- Net sales increased by 61% to SEK 127.5m (79.1).
During the first six months of the year, the organic growth was 48%
- Operating profit increased to SEK 48.6m (23.4).
The adjusted operating profit* increased to SEK 49.8m (23.4)
- Operating margin increased to 38.1% (29.6).
The adjusted operating margin* increased to 39.1% (29.6)
- Cash flow from operating activities increased to SEK 31.9m (14.3)
- Earnings per share diluted, amounted to SEK 1.50 (0.74)

THE MIPS GROUP IN BRIEF**

	2019	2018	Δ%	2019	2018	Δ%	2018/2019	2018
	Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun		LTM	Jan-Dec
SEKm								
Net sales	82.6	55.6	49	127.5	79.1	61	240.9	192.5
Gross profit	61.6	40.9	51	94.3	58.2	62	178.3	142.2
Gross margin, %	74.6	73.6	-	74.0	73.5	-	74.0	73.9
Operating profit (EBIT)	36.8	21.7	70	48.6	23.4	107	98.1	73.0
Operating margin (EBIT-margin), %	44.5	39.0	-	38.1	29.6	-	40.7	37.9
Adjusted operating profit*	38.0	21.7	76	49.8	23.4	113	99.3	73.0
Adjusted operating margin, %*	46.0	39.0	-	39.1	29.6	-	41.2	37.9
Profit for the period	29.0	17.1	70	38.8	18.8	106	76.4	56.4
Earnings per share basic, SEK	1.15	0.68	70	1.53	0.74	107	3.02	2.23
Earnings per share diluted, SEK	1.12	0.67	68	1.50	0.74	103	2.97	2.21
Cash flow from operating activities	24.2	5.9	312	31.9	14.3	123	86.7	69.1

For definitions and description of performance measures and alternative performance measures, please visit www.mipscorp.com

* For information and derivation of adjusted items, please see pages 15-16

** In accordance with IFRS 16 Leases, prior comparators have not been adjusted

CEO'S COMMENTS

GOOD PROGRESS IN THE SECOND QUARTER

During the second quarter, the company's growth continued with a strong increase in both sales and profitability. Net sales increased by 49% to SEK 82.6m (55.6). Adjusted for currency effects and acquisitions we grew organically with 38% in the quarter. I am particularly pleased with the continued positive development in the Snow category where we see that more and more customers choose to include MIPS in their full line of product offerings. As in previous quarters, the increase in revenue is primarily related to our growing sales with existing customers.

The operating profit (EBIT) for the quarter amounted to SEK 36.8m (21.7) and we achieved an operating margin of 44.5%. The adjusted operating profit increased to SEK 38.0m with an adjusted operating margin of 46.0%.

During the first six months of the year, the net sales increased with SEK 48.4m to SEK 127.5m (79.1) which corresponds to an increase of 61% and an organic growth of 48%. The operating profit for the first six months of the year increased to SEK 48.6m (23.4) meaning that we for the first time have reached an adjusted EBIT margin of over 40% during a rolling 12-month period, in line with our 2020 financial targets.

EXCITING LAUNCHES IN CATEGORIES NEW TO MIPS

During the quarter, two customers introduced products with the MIPS' technology in the Hockey and Construction categories which are categories that are new to MIPS. For a long time, our ambition has been to launch products in the Hockey category based on our belief that the MIPS' technology can make a great difference for the players' safety. A new type of helmet has been launched in the Industry category during recent years in addition to the traditional plastic (hard hat) helmet. These new helmets are made of a more durable material that enables an implementation of the MIPS' technology. Before we started to develop MIPS' offering to these two categories we, as with previous launches in new helmet categories, evaluated the relevant injury criteria and verified that MIPS' patented technology actually provides an increased protection.

COMPLEMENTARY STRATEGIC ACQUISITIONS

During the quarter, we completed our first two acquisitions comprising of patent portfolios and certain other intellectual property rights related to the technologies Fluid and GlideWear. These technologies have historically been licensed to a limited extent, however we do see good opportunities to develop the technologies further and becoming complementary to our already market leading portfolio of MIPS solutions.

POSITIVE MOMENTUM TOWARDS OUR TARGETS

With this first quarter behind me, being the company's CEO, I couldn't wish for a better start. We have had good progress in sales, launched MIPS' solutions in two new helmet categories and, in addition, completed two strategically important acquisitions that further strengthen our patent portfolio and future product offering.

We are getting closer to our 2020 targets, especially since we now have reached an adjusted EBIT margin during a rolling 12-month period that exceeds our target of an EBIT margin above 40%. As we have already taken major steps towards reaching our 2020 financial targets, we have commenced the work of defining new ambitions beyond 2020. We will present these ambitions in detail at our Capital Markets Day in Stockholm on 20 September 2019.

MAX STRANDWITZ
President and CEO



FINANCIAL PERFORMANCE

APRIL - JUNE

NET SALES

Net sales for the second quarter amounted to SEK 82.6m (55.6), an increase of 49%. Adjusted for exchange rate effects and acquisitions, organic growth was 38%. The increase in net sales continues to come from increased demand from existing customers with strong development particularly in the Snow category.

Changes in net sales %	Apr-Jun	Jan-Jun
Organic growth	38%	48%
Changes in exchange rates	10%	13%
Structural changes	0%	0%
Total	49%	61%

GROSS PROFIT

Gross profit increased by 51% to SEK 61.6m (40.9). The gross margin was improved by 1.0 percentage point to 74.6% (73.6). The increase in gross margin is mainly due to changes in the sales mix.

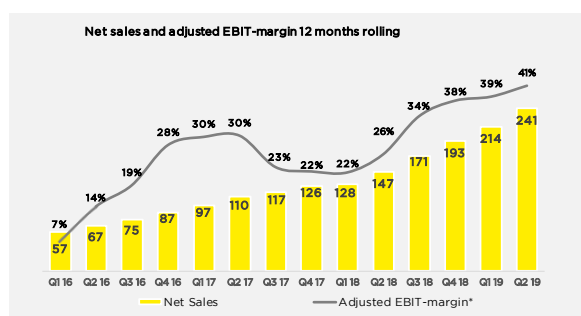
OPERATING PROFIT (EBIT)

Operating profit increased to SEK 36.8m (21.7), corresponding to an operating margin of 44.5% (39.0). The adjusted operating profit amounted to SEK 38.0m (21.7) with an adjusted operating margin of 46.0% (39.0). The improvement in operating profit is mainly due to higher sales, positive impact of currency, legal costs in the previous year's comparative figures partly offset by higher costs for strengthening of the organization, increased initiatives in marketing and negative impact from currency derivatives.

Selling expenses increased to SEK 8.5m (5.8), mainly from increased initiatives in marketing and investment in the organization. Administrative expenses during the quarter amounted to SEK 8.3m (9.4). The decrease in administrative expenses is mainly due to legal costs in the previous year's comparative figures partly offset by costs related to strengthening of the organization. Legal expenses during the quarter amounted to SEK 0.0m (2.9). Research and development costs increased to SEK 4.7m (3.7), mainly through increased investments in product development.

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit before tax amounted to SEK 37.3m (22.0). Reported tax for the quarter amounted to SEK -8.3m (-4.9), corresponding to an effective tax of



* For information and derivation of adjusted items, see pages 15-16

22% (22). Profit for the period was SEK 29.0m (17.1). Earnings per share diluted amounted to 1.12 (SEK 0.67).

CASH FLOW

Cash flow from operating activities increased to SEK 24.2m (5.9). The increase is mainly due to an improved operating profit partly offset by increased accounts receivable related to the higher sales and paid income tax.

Cash flow from investing activities was SEK -42.6m (-1.1) mainly attributable to the two acquisitions amounting to SEK 41.2m (0.0). Cash flow from financing activities was SEK -63.7m (0.0) mainly attributable to paid dividends of SEK -63.2m (0.0). Cash flow for the period amounted to SEK -82.1m (4.8).

JANUARY - JUNE

NET SALES

Net sales for the first half year amounted to SEK 127.5m (79.1), an increase of 61%. Adjusted for exchange rate effects and acquisitions, organic growth was 48%. The increase in net sales is mainly due to increased demand from existing customers with growth in all main categories.

GROSS PROFIT

Gross profit increased by 62% to SEK 94.3m (58.2). The gross margin was improved by 0.5 percentage point to 74.0% (73.5). The increase in the gross margin is mainly due to changes in the sales mix.

OPERATING PROFIT (EBIT)

Operating profit increased to SEK 48.6m (23.4), corresponding to an operating margin of 38.1% (29.6). The adjusted operating profit amounted to SEK 49.8m (23.4) with an adjusted operating margin of 39.1% (29.6).

The improvement of the adjusted operating profit is mainly due to higher sales, positive impact of currency, legal costs in the previous year's comparative figures partly offset by higher costs for strengthening of the organization and increased initiatives within marketing.

Selling expenses amounted to SEK 17.8m (12.0), mainly due to increased initiatives in marketing and investments in the organization. Administrative expenses during the period decreased to SEK 15.6m (16.6) mainly due to legal costs in the previous year's comparative figures. Legal expenses during the period amounted to SEK 0.2m (4.1). Research and development costs increased to SEK 8.3m (6.3), as a result of investments in product development.

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit before tax amounted to SEK 49.8m (24.2). Reported tax for the period amounted to SEK -11.1m (-5.4), corresponding to an effective tax of 22% (22). Profit for the period was SEK 38.8m

(18.8). Earnings per share diluted amounted to SEK 1.50 (0.74).

CASH FLOW

Cash flow from operating activities increased to SEK 31.9m (14.3). The increase is mainly due to an improved operating profit partly offset by increased accounts receivable related to higher sales and paid income tax.

Cash flow from investing activities was SEK -44.2m (-2.7) mainly attributable to the two acquisitions amounting to SEK 41.2m (0.0). Cash flow from financing activities was SEK -64.1m (0.0) mainly attributable to paid dividends of SEK -63.2m (0.0). Cash flow for the period amounted to SEK -76.5m (11.5).

FINANCIAL POSITION

The Group's total assets as of 30 June 2019 amounted to SEK 316.9m (271.8). Short-term investments of SEK 132.2m (168.3) are in their entirety invested in interest-bearing funds. The equity / assets ratio was 79% (87). Cash and cash equivalents including short-term investments as of 30 June 2019 amounted to SEK 166.6m (191.9). As a result of the implementation of IFRS 16, the company's fixed assets have as of 30 June 2019 increased by SEK 8.9m. For further information, see page 10.

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 30 June 2019 amounted to a financial liability of SEK -4.1m (-5.5). Hedge accounting is applied, whereby the unrealized change in the fair value of the derivatives is primarily reported against Other comprehensive income.

INVESTMENTS

Cash flow related investments during the second quarter amounted to SEK 42.6m (1.1). Investments in intangible fixed assets amounted to SEK 42.2m (0.8) and were mainly attributable to the two acquisitions amounting to SEK 41.2m. Investments in tangible fixed assets were SEK 0.3m (0.3). Investments during the first half year amounted to SEK 44.2m (2.7) of which investments in intangible fixed assets amounted to SEK 43.6m (2.1) and investments in tangible fixed assets were SEK 0.5m (0.7).

As of 30 June 2019, the Group had no significant commitments related to investments.

PARENT COMPANY

Net sales for the parent company during the first half year amounted to SEK 95.5m (62.8). Profit for the same period was SEK 35.5m (17.7).

EMPLOYEES

The average number of employees in the second quarter was 41 (35), of whom 11 (9) were employed in the Chinese subsidiary. The number of employees at the end of the period was 41 (36), of whom 11 (10) were employed in the Chinese subsidiary.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEKT	2019	2018	2019	2018	2018
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net sales	82,559	55,557	127,500	79,108	192,534
Cost of goods sold	-20,960	-14,643	-33,196	-20,942	-50,346
Gross profit	61,599	40,914	94,304	58,167	142,188
Selling expenses	-8,548	-5,767	-17,760	-11,956	-26,099
Administrative expenses	-8,312	-9,386	-15,606	-16,590	-27,595
Research and development expenses	-4,651	-3,657	-8,291	-6,285	-12,145
Other operating income and expenses	-3,325	-453	-4,071	113	-3,387
Operating profit/loss	36,763	21,651	48,576	23,448	72,962
Financial income and expenses	540	358	1,230	715	-124
Net financial items	540	358	1,230	715	-124
Profit/loss before tax	37,304	22,009	49,805	24,163	72,838
Income taxes	-8,262	-4,896	-11,055	-5,382	-16,440
Profit/loss for the period	29,041	17,113	38,751	18,781	56,398
Earnings per share basic, SEK	1.15	0.68	1.53	0.74	2.23
Earnings per share diluted, SEK	1.12	0.67	1.50	0.74	2.21
Average number of shares for the period, basic (thousand)	25,300	25,300	25,300	25,300	25,300
Average number of shares for the period, diluted (thousand)	25,864	25,300	25,814	25,303	25,545

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKT	2019	2018	2019	2018	2018
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Profit/loss for the period	29,041	17,113	38,751	18,781	56,398
Other comprehensive income					
Items that may subsequently be transferred to profit or loss					
Foreign currency translation	-197	21	94	72	2
Changes in the fair value of cash flow hedges	1,130	-2,767	-1,239	-4,422	-1,914
Tax on components in other comprehensive income	-242	609	265	973	421
Items that cannot be transferred to profit or loss	-	-	-	-	-
Other comprehensive income for the period	692	-2,138	-880	-3,376	-1,491
Comprehensive income for the period	29,733	14,975	37,871	15,405	54,907

CONDENSED CONSOLIDATED BALANCE SHEET

SEkt	30 Jun 2019	30 Jun 2018	31 Dec 2018
ASSETS			
<i>Non-current assets</i>			
Intangible assets	63,203	8,825	11,059
Property, plant and equipment	3,486	2,817	3,728
Right-of-use assets	8,852	-	-
Deferred tax asset	864	4,545	720
Long term receivables	593	561	482
Total non-current assets	76,998	16,747	15,990
<i>Current assets</i>			
Inventories	3,501	1,971	1,845
Accounts receivable	64,388	55,777	54,411
Other current receivables	5,398	5,426	4,638
Current investments	132,196	168,307	205,692
Cash and cash equivalents	34,449	23,589	36,817
Total current assets	239,933	255,071	303,403
TOTAL ASSETS	316,931	271,818	319,393
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	2,530	2,530	2,530
Other paid in capital	212,095	243,406	243,250
Reserves	-2,003	-3,008	-1,122
Retained earnings incl profit/loss for the period	37,635	-6,794	30,980
Total equity	250,258	236,134	275,637
<i>Non-current liabilities</i>			
Lease liability	6,977	-	-
Other non-current liabilities	9,271	-	-
Total non-current liabilities	16,248	-	-
<i>Current liabilities</i>			
Lease liability	1,853	-	-
Accounts payable	25,136	16,029	20,111
Other current liabilities	23,436	19,654	23,645
Total current liabilities	50,425	35,684	43,756
TOTAL EQUITY AND LIABILITIES	316,931	271,818	319,393

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEkt	2019 Jan-Jun	2018 Jan-Jun	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	38,751	18,781	56,398
Other comprehensive income for the period	-880	-3,376	-1,491
Comprehensive income for the period	37,871	15,405	54,907
<i>Transactions with the Group's owners</i>			
Dividend	-63,250	-	-
Total transactions with the Group's owners	-63,250	-	-
Closing equity for the period	250,258	236,134	275,637

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SEKt	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
<i>Operating activities</i>					
Profit before tax	37,304	22,009	49,805	24,163	72,838
Adjustment for non-cash items	3,369	1,110	2,558	1,091	3,891
Income taxes paid	-6,096	-	-12,701	-	-
Cash flow from operating activities before change in working capital	34,577	23,119	39,662	25,254	76,729
<i>Cash flow from changes in working capital</i>					
Increase (-)/decrease (+) of inventories	-623	-17	-1,643	-938	-843
Increase (-)/decrease (+) of current receivables	-16,857	-29,231	-11,308	-17,774	-17,625
Increase (+)/decrease (-) of current liabilities	7,126	12,015	5,163	7,731	10,821
Cash flow from operating activities	24,223	5,885	31,874	14,274	69,083
<i>Investing activities</i>					
Acquisition of intangible assets	-42,183	-753	-43,560	-2,080	-4,507
Acquisition of property, plant and equipment	-305	-304	-545	-668	-2,216
Disposal of property, plant and equipment	2	-	2	3	3
Acquisition of financial assets	-110	-	-110	-	-
Disposal of financial asset	-	-	-	-	78
Cash flow from investing activities	-42,596	-1,057	-44,213	-2,745	-6,643
<i>Financing activities</i>					
Dividend	-63,250	-	-63,250	-	-
Amortization of lease debt	-441	-	-873	-	-
Cash flow from financing activities	-63,691	-	-64,123	-	-
Net change in cash & cash equivalents	-82,064	4,828	-76,462	11,528	62,440
Cash & cash equivalents at beginning of period	248,709	186,748	242,510	179,774	179,774
Exchange rate difference on bank holdings	0	320	598	594	296
Cash & cash equivalents at end of period	166,646	191,896	166,646	191,896	242,510

CONDENSED PARENT COMPANY INCOME STATEMENT

SEkt	2019	2018	2019	2018	2018
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net sales	62,284	43,646	95,502	62,765	148,976
Cost of goods sold	-4,273	-4,418	-6,911	-7,215	-14,630
Gross profit	58,011	39,229	88,590	55,551	134,345
Selling expenses	-8,211	-5,442	-17,090	-11,330	-24,883
Administrative expenses	-8,378	-9,386	-15,738	-16,590	-27,595
Research and development expenses	-4,431	-3,273	-7,805	-5,703	-10,974
Other operating income and expenses	-3,324	-459	-4,070	106	-3,363
Operating profit/loss	33,667	20,669	43,886	22,034	67,530
Financial income and expenses	696	356	1,553	714	-129
Profit after financial items	34,364	21,024	45,439	22,748	67,401
Appropriations	-	-	-	-	-398
Appropriations	-	-	-	-	-398
Profit/loss before tax	34,364	21,024	45,439	22,748	67,003
Income taxes	-7,525	-4,635	-9,959	-5,029	-14,993
Profit/loss for the period	26,839	16,389	35,481	17,718	52,010

CONDENSED PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEkt	2019	2018	2019	2018	2018
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Profit/loss for the period	26,839	16,389	35,481	17,718	52,010
Other comprehensive income					
Items that may subsequently be transferred to profit or loss					
Changes in the fair value of cash flow hedges	1,130	-4,617	-1,239	-4,422	-1,914
Tax on components in other comprehensive income	-242	2,459	265	973	421
Items that cannot be transferred to profit or loss	-	-	-	-	-
Other comprehensive income for the period	888	-2,159	-974	-3,449	-1,493
Comprehensive income for the period	27,727	14,230	34,507	14,270	50,518

CONDENSED PARENT COMPANY BALANCE SHEET

SEkt	30 Jun 2019	30 Jun 2018	31 Dec 2018
ASSETS			
<i>Non-current assets</i>			
Intangible assets	63,203	8,825	11,059
Property, plant and equipment	3,395	2,650	3,619
Other financial assets	1,980	5,705	1,876
Total non-current assets	68,579	17,179	16,555
<i>Current assets</i>			
Inventories	724	760	568
Accounts receivable	44,163	43,263	36,755
Other current receivables	6,042	5,625	4,995
Current investments	132,196	168,307	205,692
Cash & cash equivalents	27,086	22,922	34,699
Total current assets	210,212	240,877	282,710
TOTAL ASSETS	278,790	258,057	299,265
EQUITY AND LIABILITIES			
<i>Equity</i>			
Restricted equity	4,219	4,219	4,219
Non restricted equity	238,001	230,496	266,744
Total equity	242,220	234,715	270,963
Untaxed reserves	398	-	398
Total untaxed reserves	398	-	398
<i>Non-current liabilities</i>			
Other non-current liabilities	9,271	-	-
Total non-current liabilities	9,271	-	-
<i>Current liabilities</i>			
Accounts payable	8,579	7,342	7,771
Other current liabilities	18,322	16,000	20,132
Total current liabilities	26,901	23,342	27,903
TOTAL EQUITY AND LIABILITIES	278,790	258,057	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 has been 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 has been 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 their accompanying notes as well as in other parts of this interim report.

NEW ACCOUNTING STANDARDS FROM 1 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 entailed a transfer of the significant risks and benefits that ownership of the underlying asset would bring to the Group. According to IFRS 16, the Group recognizes right-of-use assets and leasing liabilities for most leasing agreements, i.e. the leasing agreements are included in the balance sheet and pertain to leased premises in Sweden and in China for the Group as a whole. 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 the 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 had therefore 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 16.

MIPS AB has entered into a new lease agreement to access larger and more efficient office premises as of December 2019, which will change the current calculation of the right-of-use assets and leasing debt.

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 reporting currency for the Group. This means that the financial statements are presented in SEK. All amounts are, unless otherwise stated, 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 makes judgments and estimates as well as 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's (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 14-16. 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 to 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 MIPS may incur significant costs to protect its intellectual property rights 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 risks. The above statement applies for both the parent company and the Group.

ACQUISITIONS

MIPS completed two acquisitions during the quarter. On 21 May 2019, MIPS acquired the patent rights, certain customer agreements and other intellectual property rights related to the Fluid technology from Oblique Technology L.P. and the University of Ottawa in Canada. The purchase price amounted to approximately USD 3.3m which was paid in cash. An additional amount of up to USD 2m may become payable by MIPS based on future net earnings from the acquired assets. On 25 June 2019, MIPS acquired the patent rights and certain other intellectual property rights related to the GlideWear technology from Tamarack Habilitation Technologies, Inc. The purchase price amounted to approximately USD 1m which was paid in cash.

The acquisitions are not expected to have any material impact on the net sales or EBIT for MIPS during 2019.

DISTRIBUTION OF REVENUE

The company's revenue primarily comprises sales of component kits (license and components) to

helmet manufacturers. Sales of services is attributable to the development of customized MIPS' solutions for a specific customer and helmet model.

SEKt	2019	2018	2019	2018
Income by nature	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun
<i>Revenue recognized at the time of delivery</i>				
Sales of goods	79,936	53,785	123,568	75,340
<i>Revenues reported over time</i>				
Sales of services	2,623	1,772	3,932	3,768
Total	82,559	55,557	127,500	79,108

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	2019	2018
Income by region	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun
North America	57,109	43,082	90,527	59,869
Europe	16,737	9,275	24,110	13,342
Sweden	2,892	1,191	4,386	2,065
Asia and Australia	5,821	2,009	8,477	3,831
Total	82,559	55,557	127,500	79,108

CURRENCY EXPOSURE

MIPS invoices 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 impact EBIT with 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. Most of the company's sales of components are 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 30 June 2019 amounted to SEK -4.1m (-5.5) as a financial debt. Hedge accounting has been applied whereby the unrealized change in the fair value of the outstanding derivatives is primarily reported against Other comprehensive income.

SHARE CAPITAL

As of 30 June 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 nominal value of SEK 0.10.

DIVIDEND

The Annual General Meeting held on 9 May 2019 approved the board of director's proposal on a dividend of SEK 2.50 per share. The dividend was paid on 16 May 2019, amounting to SEK 63.2m in total.

SHARE-BASED INCENTIVE PROGRAMS

The Group has two outstanding warrant programs namely one for senior executives and key employees and one for certain board members. The programs include 875,000 issued and paid warrants in total. The warrants can lead to a dilution of a maximum of 3.5 percent. The exercise price, after recalculation for paid dividends, has been determined to SEK 58.97 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 fees including expenses amounts to SEK 0.4m (0.2) for the period. 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, July 23, 2019

Magnus Welanders
Chairman of the Board

Pär Arvidsson
Board member

Jonas Rahmn
Board member

Jenny Rosberg
Board member

Greg Shapleigh
Board member

Pernilla Wiberg
Board member

Max Strandwitz
President & CEO

Auditors report

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

QUARTERLY CONSOLIDATED PERFORMANCE MEASURES

SEKm	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	LTM 18/19
Net sales	82.6	44.9	62.2	51.2	55.6	23.6	40.6	27.3	36.6	241
<i>Net sales growth, %</i>	49	91	53	88	52	12	29	29	55	64
Gross profit	61.6	32.7	46.6	37.4	40.9	17.3	30.6	20.1	27.6	178
<i>Gross margin, %</i>	74.6	72.8	74.9	73.1	73.6	73.3	75.2	73.8	75.3	74.0
Operating profit	36.8	11.8	28.7	20.8	21.7	1.8	14.6	0.1	11.0	98
<i>Operating margin, %</i>	44.5	26.3	46.1	40.7	39.0	7.6	36.0	0.3	30.2	40.7
Adjusted operating profit	38.0	11.8	28.7	20.8	21.7	1.8	14.6	0.1	11.5	99.3
<i>Adjusted operating margin, %</i>	46.0	26.3	46.1	40.7	39.0	7.6	36.0	0.3	31.5	41.2
Depreciation	1.5	1.0	0.5	0.4	0.4	0.4	0.3	0.3	0.3	3.4
Earnings per share basic, SEK	1.15	0.38	0.87	0.62	0.68	0.07	0.45	-0.01	0.35	3.02
Earnings per share diluted, SEK	1.12	0.38	0.85	0.61	0.67	0.07	0.45	-0.01	0.34	2.97
<i>Equity ratio, %</i>	79.0	85.1	86.3	87.6	86.9	92.2	91.0	90.0	91.5	84.5
Cash flow from operating activities	24.2	7.7	23.8	31.0	5.9	8.4	0.9	6.3	0.0	86.7
Average number of employees	41	39	36	36	35	33	32	32	29	38

In accordance with IFRS 16 Leases prior comparators have 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 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 recalculating sales. This key figure is expressed in percentage points of the previous year's net sales. For net sales growth, impact of foreign currencies and acquisition related effects on net sales, see below.

	2019 Apr-Jun	2019 Jan-Jun
Organic growth		
Net sales growth	49%	61%
Net Sales in USDt	5,429	10,192
Net Sales in SEKt at 2019 average USD exchange rate	62,448	95,859
Net Sales in SEKt at 2018 average USD exchange rate	57,140	86,974
Impact currency in absolute	5,309	8,885
Net Sales 2018 SEKt	55,557	79,108
USD impact on growth	10%	11%
Net Sales in CNYt	14,733	23,371
Net Sales in SEKt at 2019 average CNY exchange rate	20,392	32,069
Net Sales in SEKt at 2018 average CNY exchange rate	20,016	30,779
Impact currency in absolute	376	1,290
Net Sales 2018 SEKt	55,557	79,108
CNY impact on growth	1%	2%
Impact relating to acquisitions in absolute	169	169
Impact relating to acquisitions	0%	0%
Organic growth	38%	48%

NET SALES, LAST 12 MONTHS ROLLING

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

Net sales 12 month rolling

SEKt	Q2 19	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	82,559	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
Rolling 12 month Q2 19'	82,559	44,941	62,234	51,192										240,926

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. During 2019 adjustments have been made with respect to effects (revenue and costs) related to acquisitions. 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	2018	2019	2018	2018-2019	2018-2019	2018	2017-2018	2017-2018	2017-2018	2017	
SEkt	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jul-Jun	Apr-Mar	Jan-Dec	Okt-Sep	Jul-Jun	Apr-Mar	Jan-Dec	
Operating profit	36,763	21,651	48,576	23,448	98,090	82,977	72,962	58,906	38,165	27,557	20,825	
Items affecting comparability	1,249	-	1,249	-	-	-	-	-	-	489	6,981	
Adjusted Operating profit	38,012	21,651	49,824	23,448	98,090	82,977	72,962	58,906	38,165	28,046	27,806	

IMPACT IMPLEMENTATION OF IFRS 16

The Group applies IFRS 16 *Leases* as of 1 January 2019, as previously described on page 10. The effects of the transition and reported amounts on the second quarter and during the first half year of 2019 are explained below and relate in their entirety to leases for premises.

Group income statement

SEkt	Apr - Jun 2019 as reported in interim report	Adjustment transition to IFRS 16	Apr - Jun 2019 without adjustments
Cost of goods sold	-20,960	9	-20,969
Administrative expenses	-8,312	66	-8,378
Financial income and expenses	540	-160	700
Income taxes	-8,262	18	-8,281
Profit/loss for the period	29,041	-66	29,107

	Jan-Jun 2019 as reported in interim report	Adjustment transition to IFRS 16	Jan-Jun 2019 without adjustments
Cost of goods sold	-33,196	18	-33,214
Administrative expenses	-15,606	132	-15,738
Financial income and expenses	1,230	-327	1,557
Income taxes	-11,055	38	-11,094
Profit/loss for the period	38,751	-139	38,889

Group balance sheet

SEkt	30 Jun 2019 as reported in interim report	Adjustment transition to IFRS 16	30 Jun 2019 without adjustments
Right-to-use assets	8,852	8,852	-
Deferred tax asset	864	38	825
Other current receivables	5,398	-200	5,598
TOTAL ASSETS	316,931	8,691	308,240
Profit/loss for the period	29,041	-139	29,180
Lease liability non-current	6,977	6,977	-
Lease liability current	1,853	1,853	-
TOTAL EQUITY AND LIABILITIES	316,931	8,691	308,240

Group Cash flow

SEkt	Apr - Jun 2019 as reported in interim report	Adjustment transition to IFRS 16	Apr - Jun 2019 without adjustments
Cash flow from operating activities	24,223	441	23,782
Cash flow from investing activities	-42,596	-	-42,596
Cash flow from financing activities	-63,691	-441	-63,250
Net change in cash & cash equivalents	-82,064	-	-82,064

	Jan - Jun 2019 as reported in interim report	Adjustment transition to IFRS 16	Jan - Jun 2019 without adjustments
Cash flow from operating activities	31,874	873	31,001
Cash flow from investing activities	-44,213	-	-44,213
Cash flow from financing activities	-64,123	-873	-63,250
Net change in cash & cash equivalents	-76,462	-	-76,462

OTHER

FOR FURTHER INFORMATION, PLEASE CONTACT:

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This information is such that MIPS AB (publ) is obliged to disclose in accordance with the EU's Market Abuse Regulation and the Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, on 23 July 2019 at 7.30 a.m. CET.

MIPS will present the interim report at an audiocast via teleconference on 23 July 2019 at 10.00 a.m. CET. To participate, please register at: <https://financialhearings.com/event/11902>

FINANCIAL CALENDAR

Capital Markets Day	20 September 2019
Interim report July-September 2019	8 November 2019
Year end report 2019	13 February 2020

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.

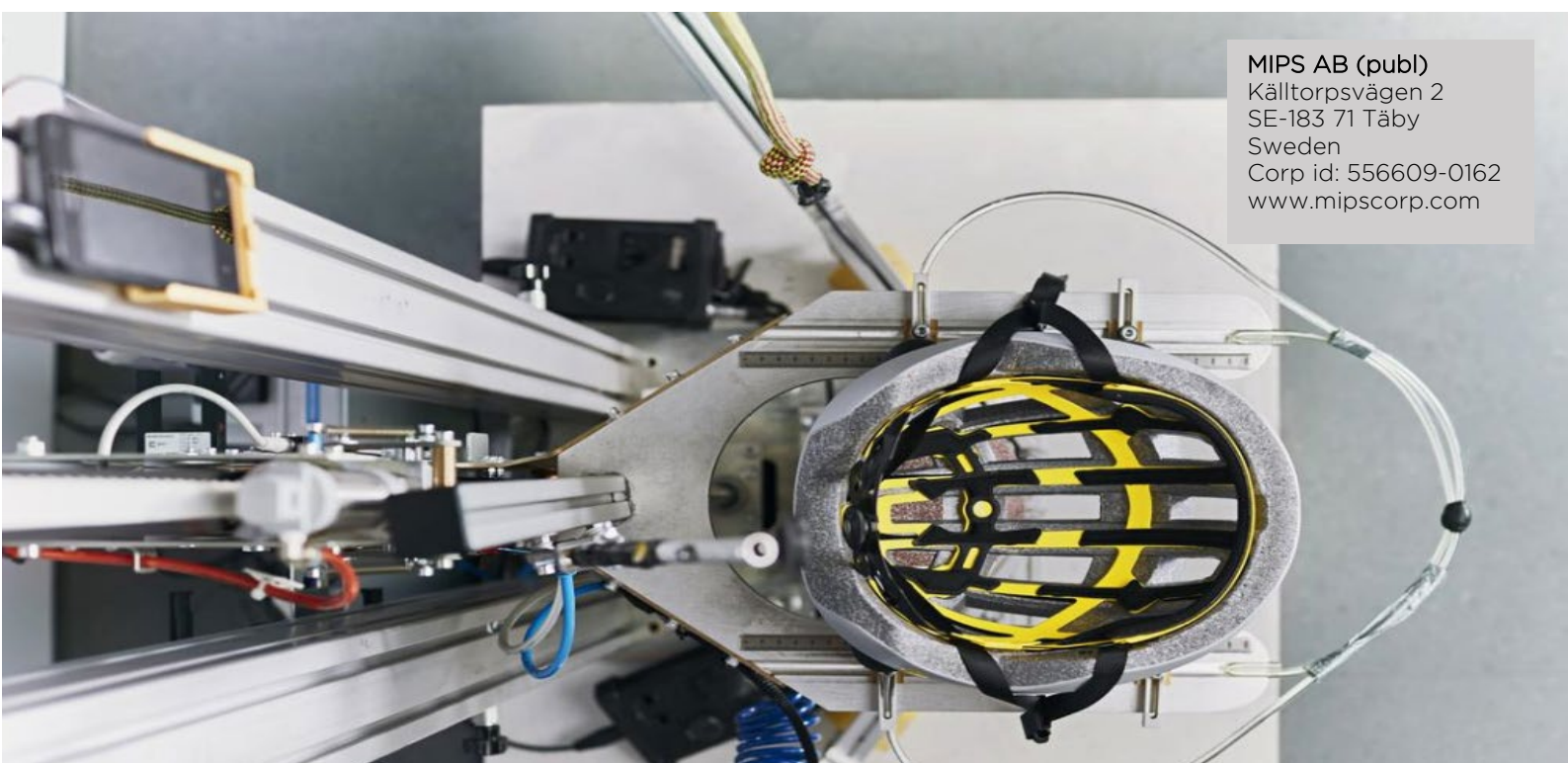
MIPS' headquarter with 30 employees engaged in research and development, sales and administration is in Stockholm, where its product and technology test facility is also located. Production and manufacturing operations take place at sub-contractor facilities. During 2018, MIPS' net sales amounted to 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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