

INTERIM REPORT JANUARY - MARCH 2020

JAN - MAR

- Net sales increased by 25% to SEK 56m (45). Adjusted for exchange rate and acquisitions, the increase was 16%
- Operating profit increased by 38% to SEK 16m (12). Adjusted operating profit* increased by 43% to SEK 17m (12)
- Operating margin increased to 29.1% (26.3). Adjusted operating margin* increased to 30.1% (26.3)
- Cash flow from operating activities increased by 95% to SEK 15m (8)
- Earnings per share, diluted, amounted to SEK 0.47 (0.38)

THE MIPS GROUP IN BRIEF

	2020 Jan-Mar	2019 Jan-Mar	Δ%	2019 Jan-Dec
SEKm				
Net sales	56	45	25	268
Gross profit	40	33	22	198
<i>Gross margin, %</i>	<i>70.8</i>	<i>72.8</i>	-	<i>74.1</i>
Operating profit (EBIT)	16	12	38	108
<i>Operating margin (EBIT-margin), %</i>	<i>29.1</i>	<i>26.3</i>	-	<i>40.3</i>
Adjusted operating profit*	17	12	43	110
<i>Adjusted operating margin, %*</i>	<i>30.1</i>	<i>26.3</i>	-	<i>41.2</i>
Profit for the period	12	10	25	85
Earnings per share basic, SEK	0.48	0.38	25	3.35
Earnings per share diluted, SEK	0.47	0.38	24	3.28
Cash flow from operating activities	15	8	95	63
Dividend per share, SEK	-	-	-	3.0

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 13-14

CEO'S COMMENTS

STRONG PERFORMANCE IN A CHALLENGING QUARTER

Despite the fact that we have a challenging quarter behind us we managed to deliver a growth of 25% and net sales increased to SEK 56m (45). Adjusted for currency exchange effects and acquisitions, our organic growth in the quarter was 16%. Our existing customers were the main contributor to the growth during the quarter, but we did also see exciting launches from new customers such as Dainese and K2 within the Sports category. We have also seen a continued great interest from new customers in all our categories at the same time as our existing customers continue to broaden their assortment with MIPS' solutions.

During the quarter, the adjusted operating profit increased by 43% and amounted to SEK 17m (12). The adjusted operating margin increased to 30.1% (26.3). Cash flow from operating activities increased by 95% to SEK 15m (8).

THE COVID-19 PANDEMIC LEAD TO SOME PRODUCTION CHALLENGES IN CHINESE HELMET FACTORIES

At the start of the year, few could imagine the world would face one of its greatest challenges of modern times. Initially, we noticed an impact on our supply chain as a large part of the world's helmets is produced in China. The Chinese subcontractors and helmet manufacturers with which we cooperate resumed production later than planned after the Chinese New Year and have gradually returned to normal production capacity during February and March. I am glad to say we have successfully navigated us through the production challenges and at the same time been able to deliver growth despite the prevailing circumstances during the first quarter.

THE MARKET WILL BE SHAKY THE COMING QUARTERS

MIPS has a broad customer base with a large number of helmet models and we are continuously winning new customers in both traditional categories but also in new categories. The short-term challenges we are facing are therefore entirely related to the lock down measures implemented by different countries around the world.

When stores are closed and consumers are not allowed to move around freely outside their homes in major markets such as the U.S., France, England and Italy, it will obviously affect helmet brands' sales and in turn also have an impact on our sales.

The uncertainty about when and how the next phase in the resumption of a more normal life will develop in different markets makes it difficult to predict the development for the rest of the year. I am, however, convinced that we have a great

number of positive factors that will strengthen us over time – a strong financial position, a greatly flexible supply chain, a broad customer base that continuously keeps broadening and expansion opportunities into newer categories.

As far as the helmet market is concerned, some signals can be discerned regarding underlying consumer trends. The outdoor industry and media talk among other things about that it may be a cycling boom in the wake of the covid-19 pandemic. It is difficult to consider the possibility of such a boom at this stage, but we have noticed that bicycle commuting seems to have increased significantly in different parts of the world. It is however too early to say how this in turn will affect the long-term demand for helmets.

Many seem to be worried about that the winter season ended abruptly and that it could have an impact on the demand for winter sport helmets ahead of the next season. Based on the information I have today I cannot see that this would impact our volumes to any great extent. However, I believe that if the purchasing power of consumers weakens as a result of a deep recession, together with less traveling, then the need for new helmets will decrease and there will be a subsequent risk that it will affect us.

A CHALLENGING SITUATION IN THE WORLD BUT OUR LONG-TERM TARGETS REMAIN INTACT

MIPS is a growth company and for me it is important that we continue to focus on things we can actually influence – things that from a long-term perspective lead to a continued demand for MIPS' solutions in helmets purchased by consumers and users. We have a strong balance sheet which gives us long-term staying power and an opportunity to continue to focus on our strategic priorities at the same pace as before. This makes us well-equipped to continue our growth journey, both during the prevailing circumstances but also when the new normal has been established in the world surrounding us.

I am convinced that the long-term demand for our solutions will continue to be good and I am confidently looking forward to the continued journey towards our 2025 financial targets.

MAX STRANDWITZ
President and CEO



FINANCIAL PERFORMANCE

JANUARY - MARCH

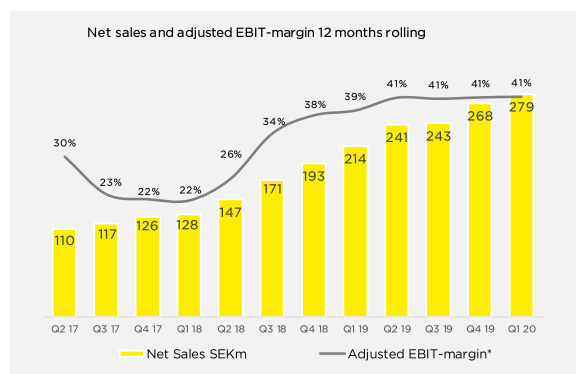
NET SALES

Net sales for the first quarter amounted to SEK 56m (45), an increase by 25% (91). Adjusted for exchange rate effects and acquisitions, the organic growth was 16% (71). The increase in net sales is mainly explained by a continued increased demand from existing customers. The growth was primarily driven by the Sports and Moto categories.

Change in net sales, %	Jan-Mar
Organic growth	16.0
Change in exchange rates	7.9
Structural changes	1.0
Total	24.9

GROSS PROFIT

Gross profit increased by 22% (90) to SEK 40m (33). The gross margin decreased by 2.0 percentage points to 70.8% (72.8). Adjusted for impacts from acquisitions, the gross margin was decreased by 0.9 percentage points to 71.9%. The decrease in the gross margin is mainly due to changes in the sales mix.



* For information and derivation of adjusted items, see pages 13-14

OPERATING PROFIT (EBIT)

Operating profit increased by 38% to SEK 16m (12), corresponding to an operating margin of 29.1% (26.3). The adjusted operating profit increased by 43% to SEK 17m (12). The improved operating margin is mainly explained by higher sales and a positive effect from currency, partly offset by higher costs related to strengthening of the organization.

Selling expenses increased to SEK 11m (9) mainly due to strengthening of the organization and increased initiatives within marketing. During the quarter, administrative expenses amounted to SEK 9m (7). The increase in administrative expenses is mainly explained by costs related to strengthening of the organization and costs related to the new office premises and test laboratories. Research and development costs amounted to SEK 4m (4).

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit before tax amounted to SEK 16m (13). Tax expenses for the quarter amounted to SEK -4m

(-3), corresponding to an effective tax of 23.3% (22.3). Profit for the period was SEK 12m (10).

Diluted earnings per share amounted to SEK 0.47 (0.38).

CASH FLOW

Cash flow from operating activities increased by 95% to SEK 15m (8). The increase is mainly explained by an improved operating profit and higher current liabilities.

Cash flow from investing activities was SEK -5m (-2). Cash flow from financing activities was SEK 52m (0) attributable to the new issue of shares following the exercising of warrants under the warrant-based incentive programs. Cash flow for the period was SEK 62m (6).

FINANCIAL POSITION

The group's total assets as of 31 March 2020 amounted to SEK 421m (333). Short-term investments of SEK 173m (219) are in their entirety invested in interest-bearing funds. The equity/assets ratio was 85% (85). Cash and cash equivalents including short-term investments as of 31 March 2020 amounted to SEK 255m (249). During March 2020, 825,000 shares have been issued and on 8 April 2020 an additional 58,750 shares were issued as a result of excising warrants under the two outstanding warrant-based incentive programs in the company. Subsequently, a total subscription payment amounting to SEK 52m was received during March.

Reported values for assets and liabilities are in all material aspects consistent with fair market 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 market value and are treated as a financial liability amounting to SEK -11m (-5) as of 31 March 2020. Hedge accounting is applied, whereby the unrealized change in the fair value of the derivatives is primarily reported against *Other comprehensive income*.

INVESTMENTS

During the first quarter, investments amounted to SEK 5m (2). Investments in intangible fixed assets amounted to SEK 2m (1) and were mainly attributable to patents. Investments in tangible fixed assets were SEK 3m (0). Investments in long term receivables were SEK 0m (0). As of 31 March 2020, the Group had no significant commitments related to investments.

PARENT COMPANY

Net sales for the parent company during the quarter amounted to SEK 44m (33). Profit for the same period was SEK 12m (9).

EMPLOYEES

The average number of employees during the first quarter was 52 (39), of whom 14 (10) were employed in the Chinese subsidiary. The number of employees at the end of the period was 53 (39), of whom 14 (10) were employed in the Chinese subsidiary.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEKm	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Net sales	56	45	268
Cost of goods sold	-16	-12	-69
Gross profit	40	33	198
Selling expenses	-11	-9	-35
Administrative expenses	-9	-7	-31
Research and development expenses	-4	-4	-15
Other operating income and expenses	0	-1	-10
Operating profit/loss	16	12	108
Financial income and expenses	0	1	0
Net financial items	0	1	0
Profit/loss before tax	16	13	108
Income taxes	-4	-3	-24
Profit/loss for the period	12	10	85
Earnings per share basic, SEK	0.48	0.38	3.35
Earnings per share diluted, SEK	0.47	0.38	3.28
Average number of shares for the period, basic (thousand)	25,436	25,300	25,300
Average number of shares for the period, diluted (thousand)	25,977	25,778	25,837

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Profit/loss for the period	12	10	85
Other comprehensive income			
Items that may subsequently be transferred to profit or loss			
Foreign currency translation	1	0	0
Changes in the fair value of cash flow hedges	-9	-2	1
Tax on components in other comprehensive income	2	1	0
Items that cannot be transferred to profit or loss	-	-	-
Other comprehensive income for the period	-6	-2	1
Comprehensive income for the period	6	8	86

CONDENSED CONSOLIDATED BALANCE SHEET

SEKm	31 Mar 2020	31 Mar 2019	31 Dec 2019
ASSETS			
<i>Non-current assets</i>			
Intangible assets	56	12	56
Property, plant and equipment	5	4	3
Right-of-use assets	14	9	0
Deferred tax asset	0	1	-
Long term receivables	1	0	1
Total non-current assets	76	27	60
<i>Current assets</i>			
Inventories	3	3	2
Accounts receivable	74	50	82
Other current receivables	13	5	7
Current investments	173	219	146
Cash and cash equivalents	83	30	46
Total current assets	345	307	282
TOTAL ASSETS	421	333	343
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	3	3	3
Other paid in capital	264	243	212
Reserves	-7	-3	0
Retained earnings incl profit/loss for the period	96	41	84
Total equity	356	284	298
<i>Non-current liabilities</i>			
Lease liability	11	7	-
Deferred tax liability	-	-	2
Total non-current liabilities	11	7	2
<i>Current liabilities</i>			
Lease liability	3	2	0
Accounts payable	18	17	26
Other current liabilities	33	23	17
Total current liabilities	54	42	43
TOTAL EQUITY AND LIABILITIES	421	333	343

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Opening equity for the period	298	276	276
<i>Comprehensive income for the period</i>			
Profit/loss for the period	12	10	85
Other comprehensive income for the period	-6	-2	1
Comprehensive income for the period	6	8	86
<i>Transactions with owners</i>			
New share issues	52	-	-
Dividend	-	-	-63
Total transactions with the owners	52	-	-63
Closing equity for the period	356	284	298

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
<i>Operating activities</i>			
Profit before tax	16	13	108
Adjustment for non-cash items	-1	-1	9
Income taxes paid	-6	-7	-27
Cash flow from operating activities before change in working capital	9	5	91
<i>Cash flow from changes in working capital</i>			
Increase (-)/decrease (+) of inventories	-1	-1	0
Increase (-)/decrease (+) of current receivables	6	6	-32
Increase (+)/decrease (-) of current liabilities	0	-2	4
Cash flow from operating activities	15	8	63
<i>Investing activities</i>			
Acquisition of intangible assets	-2	-1	-48
Acquisition of property, plant and equipment	-3	0	-1
Disposal of property, plant and equipment	-	-	0
Acquisition of financial assets	0	-	0
Cash flow from investing activities	-5	-2	-49
<i>Financing activities</i>			
Premium received from exercising of warrants	52	-	-
Paid dividend	-	-	-63
Amortization of lease debt	0	0	-2
Cash flow from financing activities	52	0	-65
Net change in cash & cash equivalents	62	6	-51
Cash & cash equivalents at beginning of period	192	243	243
Exchange rate difference on bank holdings	2	1	0
Cash & cash equivalents at end of period	255	249	192

CONDENSED PARENT COMPANY INCOME STATEMENT

SEKm	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-dec
Net sales	44	33	204
Cost of goods sold	-6	-3	-16
Gross profit	38	31	187
Selling expenses	-10	-9	-34
Administrative expenses	-9	-7	-31
Research and development expenses	-3	-3	-14
Other operating income and expenses	0	-1	-10
Operating profit/loss	16	10	99
Financial income and expenses	0	1	1
Profit after financial items	16	11	100
Appropriations	-	-	-10
Appropriations	-	-	-10
Profit/loss before tax	16	11	90
Income taxes	-4	-2	-19
Profit/loss for the period	12	9	70

CONDENSED PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEKm	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-dec
Profit/loss for the period	12	9	70
Other comprehensive income			
Items that may subsequently be transferred to profit or loss			
Changes in the fair value of cash flow hedges	-9	-2	1
Tax on components in other comprehensive income	2	1	0
Items that cannot be transferred to profit or loss	-	-	-
Other comprehensive income for the period	-7	-2	1
Comprehensive income for the period	5	7	71

CONDENSED PARENT COMPANY BALANCE SHEET

SEKm	31 Mar 2020	31 Mar 2019	31 Dec 2019
ASSETS			
<i>Non-current assets</i>			
Intangible assets	56	12	56
Property, plant and equipment	4	3	3
Other financial assets	3	2	2
Total non-current assets	64	18	61
<i>Current assets</i>			
Inventories	1	1	0
Accounts receivable	54	32	61
Other current receivables	13	6	7
Current investments	173	219	146
Cash & cash equivalents	74	29	35
Total current assets	315	286	249
TOTAL ASSETS	379	304	310
EQUITY AND LIABILITIES			
<i>Equity</i>			
Restricted equity	4	4	4
Non restricted equity	332	274	275
Total equity	336	278	279
Untaxed reserves	10	0	10
Total untaxed reserves	10	0	10
<i>Current liabilities</i>			
Accounts payable	7	7	9
Other current liabilities	26	18	12
Total current liabilities	33	26	21
TOTAL EQUITY AND LIABILITIES	379	304	310

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 2019 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 as of 1 January 2020 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 2020

The new or amended IFRS effective as of 2020 have not had any significant impact on the group's financial statements.

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 SEKm.

JUDGMENTS AND ESTIMATES IN THE FINANCIAL STATEMENTS

The preparation of the financial statements in accordance with IFRS requires that company management makes judgments and estimates as well as assumptions that affect the application of accounting policies and 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 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

Certain 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 13-14. Definitions of alternative performance measures are 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. Furthermore, the company is exposed to risks related to legal processes regarding product liability issues and other types of legal issues. Even though these risks are mitigated by insurance coverage, to the extent possible, they could result in significant costs for the company.

MIPS is further exposed to external factors which the company cannot control. The recent rapid spread of covid-19 globally has created major uncertainties around the world. It is difficult to assess future impacts of the spread of covid-19. However, the company continues to believe that the long-term demand for MIPS' products is good. As the global trade has been affected by shutdowns and quarantines the recent months, the risk of insolvency has increased in the markets where the company's products are sold. If MIPS' customers become insolvent, this could have a negative impact on the group. MIPS has continuously an active dialogue with its customers to be able to identify and react on any eventual insolvency situations at an early stage. The company is following the development and relevant authorities' recommendations closely and are taking the measures deemed necessary to minimize the short-term and long-term impacts of covid-19 on MIPS.

The company's executive management actively manages both operating and financial risks. The above statement applies for both the parent company and the group.

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 MIPS' technology for a specific customer and helmet model.

SEKm	2020	2019	2019
Income by nature	Jan-Mar	Jan-Mar	Jan-Dec
<i>Revenue recognized at the time of delivery</i>			
Sales of goods	51	44	257
<i>Revenues reported over time</i>			
Sales of services	5	1	11
Total	56	45	268

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

SEKm	2020	2019	2019
Income by region	Jan-Mar	Jan-Mar	Jan-Dec
North America	41	33	185
Europe	9	7	58
Sweden	2	1	12
Asia and Australia	4	3	13
Total	56	45	268

In connection with the launch of MIPS' 2025 long-term plan, the company decided to split its operation into three key helmet categories. Consequently, the company's revenue is divided according to these helmet categories. Per 31 March 2020, the company had a total of 105 purchasing brands (customers). Even though certain brands are represented in more than one category they are only accounted for as one brand in the total number of brands. Within the Sports category (including the sub-categories

bike, snow, equestrian, team sports and other) there are 98 brands, within the Moto category (including the sub-categories road bike and motocross) there are 20 brands and within the Safety category (including the sub-categories industrial use and LEAF) there is one brand that have launched helmets equipped with MIPS BPS.

SEKm	2020	2019	2019
Income per helmet category	Jan-Mar	Jan-Mar	Jan-Dec
Sport	50	41	251
Moto	6	4	17
Safety	0	0	0
Total	56	45	268

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 in this exchange rate have a significant impact on MIPS' net sales and profitability. A 10 percent change in the USD exchange rate would impact EBIT with approximately +/- SEK 19m on the full-year figures for 2019. In accordance with the company's financial policy, MIPS aims to hedge 50% of the forecasted USD exposure on a forward 12 month rolling basis. Most of the company's sales of components are in China and are invoiced in CNY. However, since the company has both revenues and costs related to components in CNY, the exposure to the CNY exchange rate is relatively limited. For further information, see the company's annual report for 2019.

DERIVATIVES

The fair market value of the derivatives as of 31 March 2020 amounted to SEK -11m (-5) recorded 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 31 March 2020, the total number of shares amounted to 26,124,870 (25,299,870) and the share capital amounted to SEK 2,612,487 (2,529,987). All shares are ordinary shares and carry equal voting rights. The shares have a nominal value of SEK 0.10.

During March 2020, all outstanding warrants that have been subscribed under LTIP 2017 have been exercised for shares entailing that a total of 883,750 new shares have been issued of which 58,750 shares were registered with the Swedish Companies Registration Office in the beginning of April. The total subscription payment amounted to SEK 52m and was paid in March 2020.

	Ordinary shares	Total no. of shares
Opening balance, 1 Jan 2020	25,299,870	25,299,870
New share issue during March	825,000	825,000
At quarter end, 31 Mar 2020	26,124,870	26,124,870
New share issue during April	58,750	58,750
Outstanding shares 8 Apr 2020	26,183,620	26,183,620

New share issue related to delivery in accordance with the terms of the outstanding warrant-issued incentive program.

PROPOSED DIVIDEND

Prior to the Annual General Meeting on 7 May 2020, the Board of Directors has proposed a dividend of SEK 3.00 (2.50) per share for 2019, which corresponds to SEK 78m and 92% of earnings per share during the year, based on the number of shares in the company per 31 March 2020.

SHARE-BASED INCENTIVE PROGRAMS

During the quarter, the warrants issued under the company's two outstanding warrant-based incentive programs have been exercised for shares. The Board has proposed that the 2020 Annual General Meeting resolves to adopt one new warrant-based incentive program and one share performance incentive program. For more information about these incentive programs, please refer to the notice to the Annual General Meeting.

DISPUTES

The company is not part of any significant legal dispute.

RELATED-PARTY TRANSACTIONS

No material related-party transactions have been conducted during the period other than exercising of warrants for shares according to the terms of the outstanding warrant-based incentive programs.

ANNUAL GENERAL MEETING

The 2020 Annual General Meeting will be held in Stockholm on 7 May 2020.

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 the company's auditor.

Stockholm 29 April 2020

MAX STRANDWITZ

President and CEO

QUARTERLY CONSOLIDATED PERFORMANCE MEASURES

SEKm	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	LTM 19/20
Net sales	56.2	87.5	52.9	82.6	44.9	62.2	51.2	55.6	23.6	40.6	27.3	36.6	279.1
Net sales growth, %	25	41	3	49	91	53	88	52	12	29	29	55	30
Gross profit	39.8	65.5	38.6	61.6	32.7	46.6	37.4	40.9	17.3	30.6	20.1	27.6	205.5
Gross margin, %	70.8	74.9	73.0	74.6	72.8	74.9	73.1	73.6	73.3	75.2	73.8	75.3	73.6
Operating profit	16.3	39.0	20.5	36.8	11.8	28.7	20.8	21.7	1.8	14.6	0.1	11.0	112.5
Operating margin, %	29.1	44.6	38.6	44.5	26.3	46.1	40.7	39.0	7.6	36.0	0.3	30.2	40.3
Adjusted operating profit	16.9	39.7	20.9	38.0	11.8	28.7	20.8	21.7	1.8	14.6	0.1	11.5	115.5
Adjusted operating margin, %	30.1	45.4	39.5	46.0	26.3	46.1	40.7	39.0	7.6	36.0	0.3	31.5	41.4
EBITDA	18.7	40.8	23.1	37.8	12.9	29.2	21.2	22.0	2.2	15.0	0.4	11.3	120.5
EBITDA-margin	33.4	46.6	43.7	45.8	28.6	46.9	41.5	39.7	9.2	36.9	1.4	31.0	43.2
Depreciation	2.4	1.8	2.7	1.1	1.0	0.5	0.4	0.4	0.4	0.3	0.3	0.3	8.0
Earnings per share basic, SEK	0.48	1.19	0.63	1.15	0.38	0.87	0.62	0.68	0.07	0.45	-0.01	0.35	3.45
Earnings per share diluted, SEK	0.47	1.16	0.62	1.12	0.38	0.85	0.61	0.67	0.07	0.45	-0.01	0.34	3.37
Equity ratio, %	84.6	87.0	85.6	79.0	85.1	86.3	87.6	86.9	92.2	91.0	90.0	91.5	83.6
Cash flow from operating activities	14.9	19.7	11.6	24.2	7.7	23.8	31.0	5.9	8.4	0.9	6.3	0.0	70.5
Average number of employees	52	47	45	41	39	36	36	35	33	32	32	29	44

In accordance with *IFRS 16 Leases* prior comparators for 2017 and 2018 have not been recalculated.

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 performs excluding currency exchange 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.

	2020 Jan-Mar
Organic growth	
Net sales growth	25%
Net Sales in USDm	4
Net Sales in SEKm at 2020 average USD exchange rate	44
Net Sales in SEKm at 2019 average USD exchange rate	41
Impact currency in absolute	3
Net Sales 2019 SEKm	45
USD impact on growth	6%
Net Sales in CNYm	9
Net Sales in SEKm at 2020 average CNY exchange rate	12
Net Sales in SEKm at 2019 average CNY exchange rate	11
Impact currency in absolute	1
Net Sales 2019 SEKm	45
CNY impact on growth	2%
Impact relating to acquisitions in absolute	1
Impact relating to acquisitions	1%
Organic growth	16%

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

SEKm	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Total LTM
Net Sales	56	88	53	83	45	62	51	56	24	41	27	37	
Rolling 12 month Q2 17'												37	110
Rolling 12 month Q3 17'											27	37	117
Rolling 12 month Q4 17'										41	27	37	126
Rolling 12 month Q1 18'									24	41	27	37	128
Rolling 12 month Q2 18'								56	24	41	27		147
Rolling 12 month Q3 18'							51	56	24	41			171
Rolling 12 month Q4 18'						62	51	56	24				193
Rolling 12 month Q1 19'					45	62	51	56					214
Rolling 12 month Q2 19'				83	45	62	51						241
Rolling 12 month Q3 19'			53	83	45	62							243
Rolling 12 month Q4 19'		88	53	83	45								268
Rolling 12 month Q1 20'	56	88	53	83									279

ADJUSTED OPERATING PROFIT (ADJUSTED EBIT)

During 2020 and 2019, adjustments have been made with respect to effects (revenue and costs) related to acquisitions, which have been deemed to affect comparability. There were no items affecting comparability during 2018. In 2017, MIPS had costs for preparations for the listing on Nasdaq Stockholm, deemed to affect comparability.

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										
	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec	2018-2019 Oct-Sep	2018-2019 Jul-Jun	2018-2019 Apr-Mar	2018 Jan-Dec	2017-2018 Okt-Sep	2017-2018 Jul-Jun	2017-2018 Apr-Mar	2017 Jan-Dec
Operating profit	16	12	108	98	98	83	73	59	38	28	21
Items affecting comparability	1	-	2	2	-	-	-	-	-	0	7
Adjusted Operating profit	17	12	110	99	98	83	73	59	38	28	28

OTHER

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MIPS will present the interim report at an audiocast via teleconference on 29 April 2020 at 10.00 a.m. CET. To participate, please register at <https://financialhearings.com/event/12323>

FINANCIAL CALENDAR

Annual General Meeting	7 May 2020
Interim report January-June 2020	23 July 2020
Interim report January-September 2020	6 November 2020
Year-end report 2020	February 2021

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 1 billion by 2025.

Profitability: The goal is to maintain an EBIT margin of more than 40 percent.

ABOUT MIPS

MIPS specializes in helmet-based safety and protection of the brain and is the world-leader in this area. Based on an ingredient brand business model, MIPS Brain Protection System is sold to the global helmet industry. The solution is based on over 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 39 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. MIPS' net sales during 2019 amounted to SEK 268m and the operating margin was 40.3%. The MIPS share is traded on the Nasdaq Stockholm stock exchange. For more information, visit www.mipscorp.com.

This information is of such nature that MIPS AB (publ) is obliged to disclose it 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 29 April 2020 at 7.30 a.m. CET.

This interim report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish interim report and the English translation, the former shall take precedence.

