

# Interim report January-March 2022

## January-March 2022

- Net sales increased by 65% to SEK 137m (83), organic growth amounted to 48% during the quarter
- Operating profit amounted to SEK 62m (39)
- Operating margin was 45.3% (47.4)
- Cash flow from operating activities amounted to SEK 37m (69)
- Earnings per share, diluted, amounted to SEK 1.81 (1.21)

## The MIPS Group in brief

SEKm	Jan-Mar 2022	Jan-Mar 2021	Δ%	Full year 2021
Net sales	137	83	65	608
Gross profit	99	60	65	445
Gross margin, %	72.5	72.5	-	73.2
Operating profit (EBIT)	62	39	57	326
Operating margin (EBIT-margin), %	45.3	47.4	-	53.6
Profit for the period	48	32	49	255
Earnings per share basic, SEK	1.83	1.23	49	9.75
Earnings per share diluted, SEK	1.81	1.21	49	9.64
Cash flow from operating activities	37	69	-46	277
Dividend per share, SEK	-	-	-	5.00

For definitions and description of performance measures and alternative performance measures, please visit [www.mipscorp.com](http://www.mipscorp.com)

# CEO's comments

## **Good growth in the first quarter of the year**

The situation in the world has been cataclysmic during the first quarter 2022 with Russia's invasion of Ukraine and continued challenges in the global supply chain. I am therefore very pleased that we still continue to increase sales with a continuously high profitability.

The positive trend continued in the first quarter with a 48% organic sales growth. This growth is mainly driven by the Sports category, but we also saw good growth in sales in the Motorcycle category.

Operating profit grew by 57% to SEK 62m (39) during the quarter. The operating margin amounted to 45% (47) in the quarter, a reduction that is fully attributable to the foreign exchange effect.

## **Higher ambitions for our sustainability work**

During the quarter we published our 2021 annual report and sustainability report in which we announced our ambition to define sustainability targets that align with the Science Based Targets initiative (SBTi), which we have now done. This means that we have committed to run our business in accordance with the Paris Agreement's goal of keeping global warming to well under two degrees Celsius and aiming to limit it to one and a half degrees. Our sustainability results will therefore be measured in relation to these goals enabling us to be clearer about the progress that we are making within our sustainability work.

## **Strong demand for our products but unease and unpredictability persist in the external environment**

Whilst we have experienced supply chain challenges during the quarter, we have managed to deal with them adequately. We have worked proactively with risk management and risk mitigation in recent years which has put us in good stead for handling the challenges of the last quarter. In the initial stages of the Corona virus pandemic we had 40 different manufacturing partners, that number is now 83 which has enabled us to manage supply chain disruptions well. In spite of the uneasy and unpredictable external environment we have not once been late with delivering orders, while we also have delivered strong growth.

Helmet stock levels have generally improved worldwide this quarter and our assumption remains that helmet stock levels will normalize towards the end of the second quarter.

It is difficult to get a full view of the external environment, but we're convinced that we will need to manage continued constraints within our supply chain. Nonetheless, our flexible business model equips us well for the next quarter and we continue

to see strong demand for our products going forward.

## **Helmet category Sport – fantastic start within snow helmets ahead of coming season**

The good progress made in the Sports category continued throughout the first quarter. The majority of growth this quarter came from the snow sub-category, but we also saw growth in the bike sub-category in the quarter. Growth is still being driven by our existing customers continuing to increase the share of helmets in their ranges that are equipped with the MIPS safety system.

Our view is that consumer demand is still solid, above all within outdoor products. In the bike sub-category we see a positive trend going forward, and even though the stock level situation will normalize over time, in particular for lower-priced bike helmets, we believe that the healthy demand for bike helmets will remain. Within the snow sub-category the year started very well. Sales growth in the different geographic markets has been very good, in spite of the fact that weather conditions have not been optimal in the 2021/2022 winter season. This indicates that consumers have had a pent-up need to get out into nature and be active outdoors even during the winter season. Our assessment is that stock levels for snow helmets will be low ahead of the coming season and that we will continue to see positive developments in this sub-category again next season.

## **Helmet category Motorcycle – healthy growth in the quarter**

We saw strong growth in the Motorcycle category in the quarter with a sales increase of 150%. We have seen a positive trend in the Motorcycle category for a long time now, and we believe that this will continue throughout 2022. Growth is mainly due to good progress with our existing customers, and from new customers launching helmet models equipped with the MIPS safety system.

## **Helmet category Safety – partnership launched with our first major customer**

At the end of April we launched our partnership with uvex, one of the first major global helmet manufacturer in the Safety category. uvex is one of the world's largest suppliers of construction helmets and we are convinced that uvex will become a strong partner with whom we can work to raise the awareness of the benefits of MIPS' technology also in the Safety category.

Our previously communicated focus area for the Safety category in 2022 remains the same, to drive sales through our existing customers but naturally also to establish partnerships with new customers.

**Capital Markets Day June 9, 2022**

As a result of our positive financial progress during the last few years, along with good growth in all our helmet categories and the fact that our addressable market has expanded, we are carrying out a review of our long-term financial targets. We intend to present the updated financial targets, as well as the strategy for achieving them, during a Capital Markets Day on June 9, 2022.

**A good start to the year**

I am very pleased with how the new year has started for us. Shut-downs in China as a result of the spread of Covid-19 have been challenging both for us and several of our partners during the quarter. Despite this we have successfully navigated through the challenges without experiencing any substantial impact on our sales or financial results.

We are still seeing healthy demand for our products in all categories where we are active, and I look forward to continuing to raise the awareness of MIPS and our technology all over the world.

Stockholm, April 2022

Max Strandwitz  
President and CEO



“Good growth in the first quarter of the year”

# Financial performance

## January - March

### Net sales

Net sales for the first quarter amounted to SEK 137m (83), an increase by 65%. Adjusted for exchange rate effects, the organic growth was 48%. The increase in net sales is mainly explained by an increased demand from existing customers.

### Changes in net sales

%	Jan-Mar 2022
Organic growth	48
Change in exchange rates	17
<b>Total</b>	<b>65</b>

### Gross profit

Gross profit increased by 65% to SEK 99m (60). The gross margin amounted to 72.5% (72.5).

### Operating profit (EBIT)

Operating profit increased to SEK 62m (39), corresponding to an operating margin of 45.3% (47.4). The increase in operating profit is mainly explained by increased sales during the quarter partly mitigated by higher costs related to initiatives within marketing, strengthening of the organization and FX effect. The decrease of the operating margin is related to FX effects.

Selling expenses increased to SEK 16m (13). The increase in selling expenses is mainly explained by costs related to initiatives within marketing and strengthening of the organization. Administrative expenses amounted to SEK 14m (10) during the quarter. The increase in administrative expenses is mainly explained by costs related to strengthening of the organization. Research and development costs amounted to SEK 5m (5).

### Profit for the period and earnings per share

Profit before tax amounted to SEK 61m (41). Tax expenses for the quarter amounted to SEK

SEKm

-13m (-9), corresponding to an effective tax rate of 21.2% (21.3). Profit for the period was SEK 48m (32). Diluted earnings per share amounted to SEK 1.81 (1.21).

### Cash flow

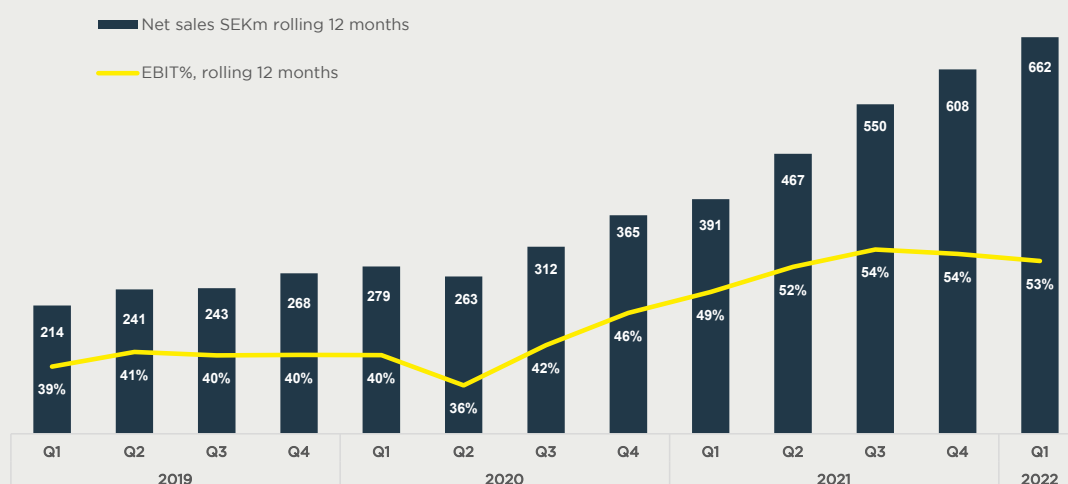
Cash flow from operating activities increased and amounted to SEK 37m (69). The decrease is mainly explained by paid tax due to increased earnings.

Cash flow from investing activities was SEK -12m (-2), mainly driven by the acquisition of patent rights and some other intangible assets. Cash flow from financing activities was SEK -1m (-1). Cash flow for the first quarter amounted to SEK 24m (66).

### Financial position

The group's total assets as of 31 March 2022 amounted to SEK 786m (535). Non-current assets increased to SEK 103m (76) mainly explained by the acquisition of patent rights and some other intangible assets as well as increased right-of-use assets as a result of us signing additional lease contract to enable our continued growth. Short-term investments of SEK 380m (244) are in their entirety invested in interest-bearing funds. The equity/assets ratio was 80% (84). Cash and cash equivalents, including short-term investments, as of 31 March 2022 amounted to SEK 478m (341).

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, amounting to a financial liability of SEK 9m as of 31 March 2022, compared to a financial asset of SEK 3m previous year. Hedge accounting is applied, whereby the unrealized change in the fair value of the derivatives is primarily reported in Other comprehensive income.



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

### Investments

During the first quarter, investments having an impact on the cash flow amounted to SEK 12m (2). Investments in intangible fixed assets, mainly related to acquisition of patent rights and certain other intellectual property rights amounted to SEK 10m (1). Investments in tangible fixed assets amounted to SEK 2m (1).

The Group had no significant commitments as of 31 March 2022 related to investments.

### Parent company

Net sales during the year for the parent company amounted to SEK 96m (61). Profit for the same period was SEK 43m (30).

### Employees

The average number of employees during the first quarter was 80 (62), of whom 22 (17) were employed in the Chinese subsidiary. The number of employees at the end of the period was 86 (64), of whom 22 (18) were employed in the Chinese subsidiary. The number of men employed was 46 and number of women employed was 40 at the end of the period.



# Condensed consolidated income statement

SEKm	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Net sales	137	83	608
Cost of goods sold	-38	-23	-163
<b>Gross profit</b>	<b>99</b>	<b>60</b>	<b>445</b>
Selling expenses	-16	-13	-57
Administrative expenses	-14	-10	-48
Research and development expenses	-5	-5	-24
Other operating income and expenses	-2	8	9
<b>Operating profit/loss</b>	<b>62</b>	<b>39</b>	<b>326</b>
Financial income and expenses	-1	1	2
<b>Net financial items</b>	<b>-1</b>	<b>1</b>	<b>2</b>
<b>Profit/loss before tax</b>	<b>61</b>	<b>41</b>	<b>328</b>
Income taxes	-13	-9	-73
<b>Profit/loss for the period</b>	<b>48</b>	<b>32</b>	<b>255</b>
Earnings per share basic, SEK	1.83	1.23	9.75
Earnings per share diluted, SEK	1.81	1.21	9.64
Average number of shares for the period, basic (thousand)	26 184	26 184	26 184
Average number of shares for the period, diluted (thousand)	26 508	26 416	26 496

# Condensed consolidated statement of comprehensive income

SEKm	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
<b>Profit/loss for the period</b>	<b>48</b>	<b>32</b>	<b>255</b>
<b>Other comprehensive income</b>			
<b>Items that may subsequently be transferred to profit or loss</b>			
Foreign currency translation	1	1	4
Changes in the fair value of cash flow hedges	2	-13	-21
Tax on components in other comprehensive income	0	3	4
<b>Items that cannot be transferred to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the period</b>	<b>3</b>	<b>-9</b>	<b>-13</b>
<b>Comprehensive income for the period</b>	<b>50</b>	<b>23</b>	<b>242</b>

# Condensed consolidated balance sheet

SEKm	31 Mar 2022	31 Mar 2021	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	73	55	56
Property, plant and equipment	12	11	11
Right-of-use assets	17	10	8
Long term receivables	0	0	0
<b>Total non-current assets</b>	<b>103</b>	<b>76</b>	<b>76</b>
<b>Current assets</b>			
Inventories	13	7	10
Accounts receivable	170	94	200
Other current receivables	22	16	20
Current investments	380	244	361
Cash and cash equivalents	98	97	89
<b>Total current assets</b>	<b>683</b>	<b>459</b>	<b>680</b>
<b>TOTAL ASSETS</b>	<b>786</b>	<b>535</b>	<b>756</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	3	3	3
Other paid in capital	274	274	274
Reserves	0	1	-3
Retained earnings incl profit/loss for the period	351	171	303
<b>Total equity</b>	<b>627</b>	<b>449</b>	<b>577</b>
<b>Non-current liabilities</b>			
Lease liability	13	7	4
Other non-current liabilities	8	-	-
Deferred tax liability	1	3	1
<b>Total non-current liabilities</b>	<b>22</b>	<b>10</b>	<b>5</b>
<b>Current liabilities</b>			
Lease liability	4	3	3
Accounts payable	49	33	70
Other current liabilities	84	40	101
<b>Total current liabilities</b>	<b>137</b>	<b>76</b>	<b>174</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>786</b>	<b>535</b>	<b>756</b>

# Condensed consolidated statement of changes in equity

SEKm	31 Mar 2022	31 Mar 2021	31 Dec 2021
<b>Opening equity for the period</b>	<b>577</b>	<b>426</b>	<b>426</b>
<i>Comprehensive income for the period</i>			
Profit/loss for the period	48	32	255
Other comprehensive income for the period	3	-9	-13
<b>Comprehensive income for the period</b>	<b>50</b>	<b>23</b>	<b>242</b>
<i>Transactions with owners</i>			
Equity settled share based payments	0	0	0
Dividend	-	-	-92
<b>Total transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>-91</b>
<b>Closing equity for the period</b>	<b>627</b>	<b>449</b>	<b>577</b>



# Consolidated statement of cash flows

SEKm	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
<b>Operating activities</b>			
Profit before tax	61	41	328
Adjustment for non-cash items	2	-3	8
Income taxes paid	-24	-6	-42
<b>Cash flow from operating activities before change in working capital</b>	<b>38</b>	<b>31</b>	<b>294</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/decrease (+) of inventories	-2	-4	-6
Increase (-)/decrease (+) of current receivables	29	48	-58
Increase (+)/decrease (-) of current liabilities	-28	-7	47
<b>Cash flow from operating activities</b>	<b>37</b>	<b>69</b>	<b>277</b>
<b>Investing activities</b>			
Acquisition of intangible assets	-10	-1	-6
Acquisition of property, plant and equipment	-2	-1	-4
Acquisition of financial assets	-	-	-
<b>Cash flow from investing activities</b>	<b>-12</b>	<b>-2</b>	<b>-11</b>
<b>Financing activities</b>			
Paid dividend	-	-	-92
Amortization of lease debt	-1	-1	-3
<b>Cash flow from financing activities</b>	<b>-1</b>	<b>-1</b>	<b>-95</b>
<b>Net change in cash &amp; cash equivalents</b>	<b>24</b>	<b>66</b>	<b>171</b>
<b>Cash &amp; cash equivalents at beginning of period</b>	<b>450</b>	<b>272</b>	<b>272</b>
Exchange-rate difference, cash and cash equivalents	4	3	6
<b>Cash &amp; cash equivalents at end of period</b>	<b>478</b>	<b>341</b>	<b>450</b>

# Condensed parent company income statement

SEKm	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Net sales	96	61	435
Cost of goods sold	-4	-5	-26
<b>Gross profit</b>	<b>92</b>	<b>56</b>	<b>409</b>
Selling expenses	-15	-12	-55
Administrative expenses	-13	-10	-45
Research and development expenses	-5	-5	-22
Other operating income and expenses	-2	8	12
<b>Operating profit/loss</b>	<b>55</b>	<b>36</b>	<b>298</b>
Financial income and expenses	-1	2	3
<b>Profit after financial items</b>	<b>55</b>	<b>38</b>	<b>301</b>
Appropriations	-	-	-2
<b>Appropriations</b>	<b>-</b>	<b>-</b>	<b>-2</b>
<b>Profit/loss before tax</b>	<b>55</b>	<b>38</b>	<b>299</b>
Income taxes	-11	-8	-62
<b>Profit/loss for the period</b>	<b>43</b>	<b>30</b>	<b>237</b>

# Condensed parent company statement of comprehensive income

SEKm	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
<b>Profit/loss for the period</b>	<b>43</b>	<b>30</b>	<b>237</b>
<b>Other comprehensive income</b>			
<b>Items that may subsequently be transferred to profit or loss</b>			
Changes in the fair value of cash flow hedges	2	-13	-21
Tax on components in other comprehensive income	0	3	4
<b>Items that cannot be transferred to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the period</b>	<b>1</b>	<b>-10</b>	<b>-17</b>
<b>Comprehensive income for the period</b>	<b>45</b>	<b>20</b>	<b>220</b>

# Condensed parent company balance sheet

SEKm	31 Mar 2022	31 Mar 2021	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	73	55	56
Property, plant and equipment	12	11	11
Participation in Group companies	1	1	2
Other financial assets	2	0	2
<b>Total non-current assets</b>	<b>89</b>	<b>67</b>	<b>71</b>
<b>Current assets</b>			
Inventories	0	0	0
Accounts receivable	123	59	131
Other current receivables	12	16	9
Current investments	380	244	361
Cash & cash equivalents	65	79	69
<b>Total current assets</b>	<b>580</b>	<b>398</b>	<b>571</b>
<b>TOTAL ASSETS</b>	<b>669</b>	<b>464</b>	<b>642</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity	4	4	4
Non restricted equity	562	409	518
<b>Total equity</b>	<b>567</b>	<b>413</b>	<b>522</b>
Untaxed reserves	17	15	17
<b>Total untaxed reserves</b>	<b>17</b>	<b>15</b>	<b>17</b>
<i>Non-current liabilities</i>			
Deferred tax liability	-	1	-
Other non-current liabilities	8	-	-
<b>Total non-current liabilities</b>	<b>8</b>	<b>1</b>	<b>-</b>
<b>Current liabilities</b>			
Accounts payable	8	6	18
Other current liabilities	68	29	85
<b>Total current liabilities</b>	<b>77</b>	<b>36</b>	<b>103</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>669</b>	<b>464</b>	<b>642</b>

# Other information

## Information about the parent company

MIPS AB (publ), corp. reg. no. 556609-0162, is a Swedish public company with its registered office in Stockholm, Sweden. The company's shares are listed on Nasdaq Stockholm Large 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 2021 Annual Report. The standards and interpretative statements applied were in effect as of 1 January 2022 and had been adopted by the EU. Changed accounting policies as of 1 January 2022 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 2022

The new or amended IFRS effective as of 2022 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.

## Judgements 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 15-16. Definitions of alternative performance measures are presented in the annual report and on [www.mipscorp.com](http://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 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. Russia's invasion into Ukraine has affected the geopolitical situation around the world and has heightened uncertainty about future market developments. However, the company continues to believe that the long-term demand for MIPS' products is good. We see continued risks in the supply chain that could lead to insolvency among our customers. 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 has not noticed any issues with payments during the year at any of its customers. 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 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.

### Income by nature

SEKm	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
<i>Revenue recognized at the time of delivery</i>			
Sales of goods	132	80	593
<i>Revenues reported over time</i>			
Sales of services	5	3	15
<b>Total</b>	<b>137</b>	<b>83</b>	<b>608</b>

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.

### Income by region

SEKm	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
North America	87	61	409
Europe	31	14	120
Sweden	14	3	47
Asia and Australia	4	4	32
<b>Total</b>	<b>137</b>	<b>83</b>	<b>608</b>

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. As of 31 March 2022, the company had a total of 147 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 133 (109) brands, within the Moto category (including the sub-categories road bike and moto-cross) there are 30 (27) brands and within the Safety category (including the sub-categories industrial use and LEAF) there are 8 (3) brands that have launched helmets equipped with MIPS safety system.

### Income per helmet category

SEKm	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Sport	125	78	570
Moto	11	4	35
Safety	1	1	3
<b>Total</b>	<b>137</b>	<b>83</b>	<b>608</b>

### 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 the 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 42m (26) on the full-year figures for 2021. 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 2021 page 101.

### Derivatives and short-term investments

The fair value of the derivatives as of 31 March 2022 amounted to a financial liability of SEK 9m compared to a financial asset of SEK 3m previous year. Hedge accounting has been applied whereby the unrealized change in fair value of the outstanding derivatives is primarily recognized in Other comprehensive income. Financial instruments (derivatives) are valued at fair value on the balance sheet and belongs to level 2 and short-term investments belongs to level 1 according to IFRS 13. The fair value of short-term investments as of 31 March 2022, amounts to SEK 380m (244). As of March 31, 2022, MIPS had a non-current liabilities amounting to SEK 8m (0) regarding contingent additional purchase consideration upon acquisition of patent rights and some other intangible assets valued at accrued acquisition value.

### Share capital and number of shares

As of 31 March 2022, the total number registered of shares amounted to 26,183,620 (26,183,620) and the share capital amounted to SEK 2,618,362 (2,618,362).

All shares are ordinary shares and carry equal voting rights. The shares have a nominal value of SEK 0.10.

As of 31 March 2022, the company's holdings of own shares amounted to 5,749 shares, which corresponds to less than 0.1 percent of the total number of registered shares. The number of outstanding shares as of 31 March 2022 was 26,177,871.

#### **Dividend**

Prior to the Annual General Meeting in May, the Board of Directors has proposed a dividend of SEK 5.00 per share (3.50) for 2021, which corresponds to SEK 131m, based on the number of outstanding shares as per 31 January 2022. The proposed dividend corresponds to 51% of net earnings during the year.

#### **Share-based incentive programs**

The Group has one outstanding warrant-based incentive program for senior executives and certain key employees. The program comprises 550,000 issued and paid warrants and an additional 25,000 issued but not allocated warrants. The warrants can lead to a dilution of the share capital and votes in the company of a maximum of 2.2 percent. The exercise price is SEK 339.30 per share (before recalculation). Each warrant entitles to subscription of one new share. As in previous warrant programs, the exercise price and number of shares shall be recalculated based on paid dividend in accordance with the terms and conditions for the warrants. The exercise price after paid dividend is SEK 337.41.

The Group has also launched a long-term share performance program for all employees who are not participating in the warrant-based incentive program. The share performance program includes in total 34 participants in Sweden and China. For the persons who are employed by MIPS' subsidiary in

China, certain other conditions apply entailing that these employees have received synthetic shares, free of charge, instead of performance share rights and that no personal investment is required. The share performance program comprises a total of 3,980 shares and 1,164 synthetic shares.

#### **Disputes**

The company is not part of any significant legal dispute.

#### **Related-party transactions**

No material related-party transactions have been conducted during 2022 except payment of dividend.

#### **Annual General Meeting**

The 2022 Annual General Meeting will be held on 5 May 2022. The Board of Directors has decided that the meeting will be conducted only through postal voting pursuant to temporary legislation. It will not be possible to attend the meeting in person or by proxy.

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

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

#### **Auditors report**

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

Stockholm 28 April 2022

Max Strandwitz  
CEO and President



## Quarterly consolidated performance measures

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	LTM
Net sales	137	198	185	142	83	140	102	66	56	87	53	83	45	662
Net sales growth, %	65	41	81	115	48	60	94	-20	25	41	3	49	91	69
Gross profit	99	145	136	105	60	103	74	49	40	66	39	62	33	484
Gross margin, %	72.5	73.0	73.3	73.8	72.5	73.3	72.2	74.2	70.8	74.9	73.0	74.6	72.8	73.2
Operating profit	62	104	110	72	39	76	55	20	16	39	20	37	12	348
Operating margin, %	45.3	52.6	59.6	50.7	47.4	54.4	53.6	29.7	29.1	44.6	38.6	44.5	26.3	52.6
Adjusted operating profit	62	104	110	72	39	76	55	20	17	40	21	38	12	348
Adjusted operating margin, %	45.3	52.6	59.6	50.7	47.4	54.4	53.6	30.8	30.1	45.4	39.5	46.0	26.3	52.6
EBITDA	65	107	113	75	42	80	59	22	19	41	24	38	13	360
EBITDA-margin	47.6	54.2	61.3	52.7	50.9	56.8	57.4	33.5	33.4	46.6	45.8	46.3	28.6	54.5
Depreciation	3	3	3	3	3	3	4	2	2	2	4	1	1	12
Earnings per share basic, SEK	1.83	3.05	3.38	2.10	1.23	2.24	1.61	0.61	0.48	1.19	0.63	1.15	0.38	10.36
Earnings per share diluted, SEK	1.81	3.00	3.33	2.08	1.22	2.23	1.61	0.61	0.47	1.16	0.62	1.12	0.38	10.22
Equity ratio, %	80	76	78	79	84	82	84	85	85	87	86	79	85	80
Cash flow from operating activities	37	81	71	56	69	49	29	23	15	20	12	24	8	245
Average number of employees	80	77	74	67	62	59	55	53	52	47	45	41	39	74

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

# Explanation of alternative performance measures

## Organic growth

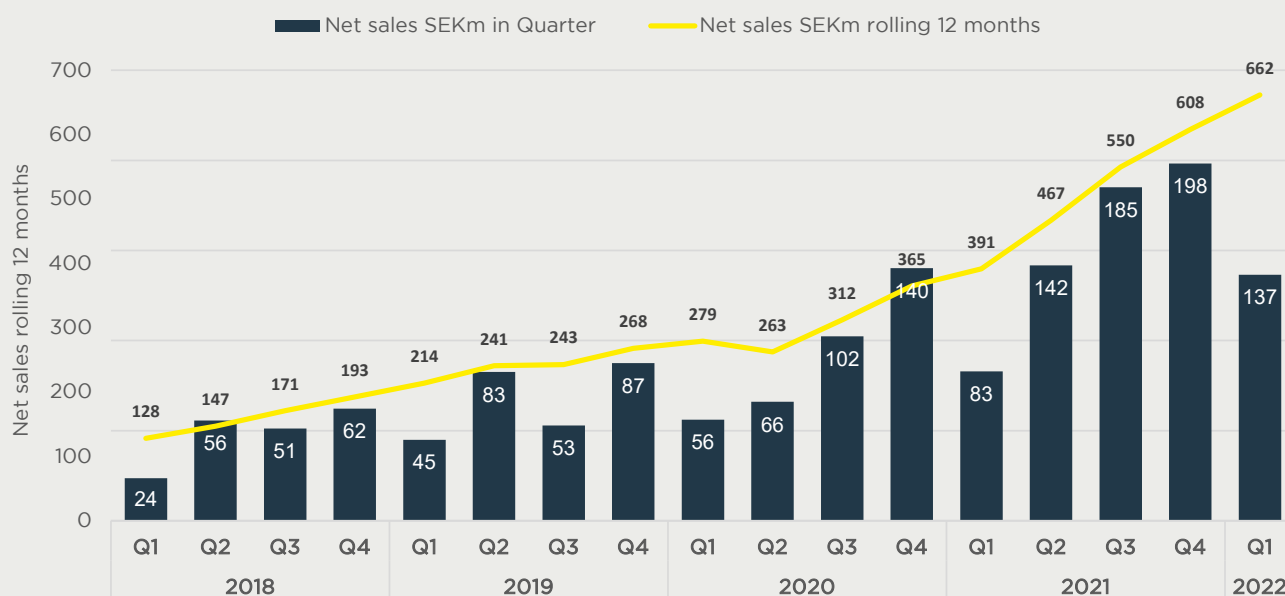
Since MIPS invoices its goods and services in USD and CNY at the same time as the accounting currency is SEK, it is essential to create an understanding of how the company performs excluding currency exchange effects when recalculating sales.

This key figure is expressed in percentage points of the previous year's net sales a high growth rate consequently leads to a greater currency impact. For net sales growth, impact of foreign currencies and acquisition related effects on net sales, see below.

Organic growth	Jan-Mar 2022
<b>Net sales growth</b>	<b>65%</b>
Net Sales in USDm	10
Net Sales in SEKm at 2022 average USD exchange rate	96
Net Sales in SEKm at 2021 average USD exchange rate	87
Impact currency in absolute	9
Net Sales 2021 SEKm	83
<b>USD impact on growth</b>	<b>11%</b>
Net Sales in CNYm	28
Net Sales in SEKm at 2022 average CNY exchange rate	41
Net Sales in SEKm at 2021 average CNY exchange rate	36
Impact currency in absolute	5
Net Sales 2021 SEKm	83
<b>CNY impact on growth</b>	<b>6%</b>
<b>Organic growth</b>	<b>48%</b>

## 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.





# Other

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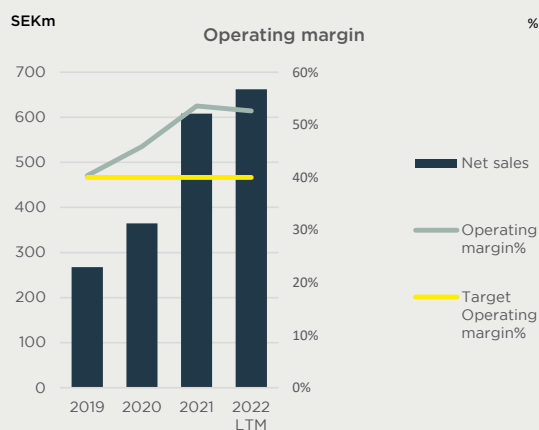
MIPS will present the interim report at an audiocast via teleconference on 28 April 2022 at 10.00 a.m. CET.

To participate, please register at <https://financialhearings.com/event/43241>

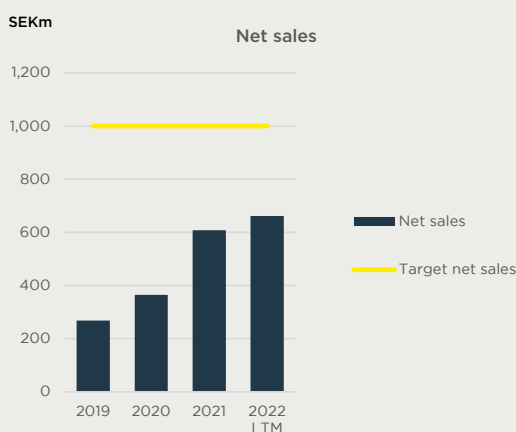
<b>FINANCIAL CALENDER</b>	<b>2022</b>
5 May 2022:	Annual General Meeting
9 June 2022:	Capital Markets Day
21 July 2022:	Interim report January-June 2022
26 October 2022:	Interim report January-September 2022

# About MIPS

## Profitability



## Growth target 2025



### 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.

### SUSTAINABILITY:

You can read about MIPS' sustainability work in MIPS' annual report for 2021.

### About MIPS

MIPS specializes in helmet-based safety and is a worldleader in this area. Based on an ingredient brand business model, MIPS safety system is sold to the global helmet industry. The solution is based on over 25 years of research and development together with the Royal Institute of Technology and the Karolinska Institute, both located in Stockholm, Sweden.

MIPS' headquarter with 64 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 2021 amounted to SEK 608m and the operating margin was 54 percent. The MIPS share is traded on the Nasdaq Stockholm stock exchange. For more information, visit [www.mipscorp.com](http://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 28 April 2022 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.*



Safety for helmets

