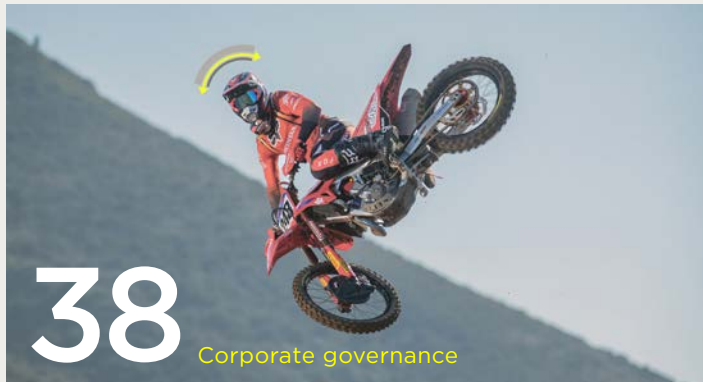




# Mips

Annual report and  
Sustainability report  
2023



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## Mips' vision

**Reduce head injuries  
– Save more lives**



# This is Mips

Mips specializes in helmet based safety and is a global leader in helmet solutions that are designed to add protection against harmful rotational motion. Mips' patented safety system for helmets was born from science and research and is based on more than 25 years of research. Mips' mission is to lead the world towards safer helmets.

Rotational motion is a combination of rotational acceleration and rotational velocity. This motion leads to shearing and/or stretching of the brain tissues and increases the risk of brain injuries from an oblique impact to the head. The main component in Mips' safety system is the Mips low-friction layer, which is designed to mimic the brain's own protection system and allows a small movement between the head and the helmet.

Mips is an ingredient brand, which means that the company sells its products and licenses the associated technology to helmet brands who manufacture, market, and sell helmets to end-users, both directly and indirectly.

The Mips safety system can be fitted in both new and existing helmet models. Many of Mips' customers are leading helmet suppliers. For helmet-industry brands, this means they can sell a helmet that has been designed to add protection against rotational motion, and thereby create added value and differentiate their brand. Mips' customers market the benefits of Mips' safety system and Mips' brand to end users.

Mips works with many of the leading helmet manufacturers in the Sports helmet and Motorcycle helmet categories, and also sells solutions to leading brands in the Safety helmet category.

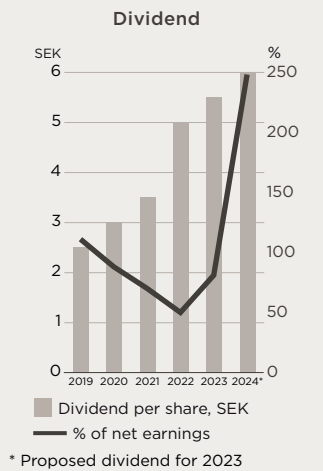
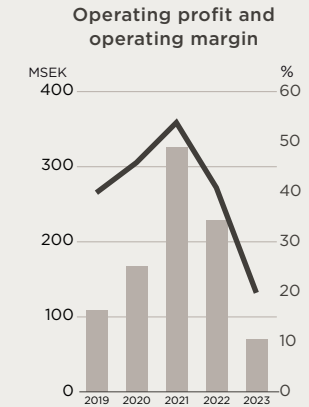
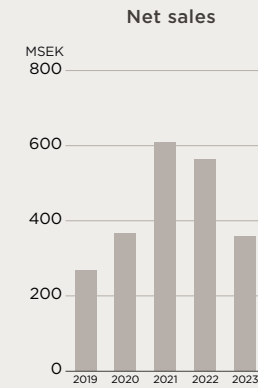
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# The year in brief

## Five-year overview

SEKm	2023	2022	2021	2020	2019
Net sales	357	563	608	365	268
Net sales growth, %	-37	-7	67	36	39
Gross profit	253	406	445	265	198
Gross margin, %	70.9	72.1	73.2	72.8	74.1
Operating profit/loss	70	229	326	167	108
Operating margin, %	19.7	40.7	53.6	45.8	40.3
Adjusted operating profit (Adjusted EBIT)	70	229	326	168	111
Adjusted operating margin (Adjusted EBIT), %	19.7	40.7	53.6	46.2	41.2
Amortization	18	16	12	9	7
EBITDA	89	245	338	176	115
EBITDA margin, %	24.8	43.6	55.5	48.2	42.8
Profit for the year	64	175	255	129	85



**SEK 357<sub>m</sub>**  
Net sales 2023

**SEK 70<sub>m</sub>**  
Operating profit 2023

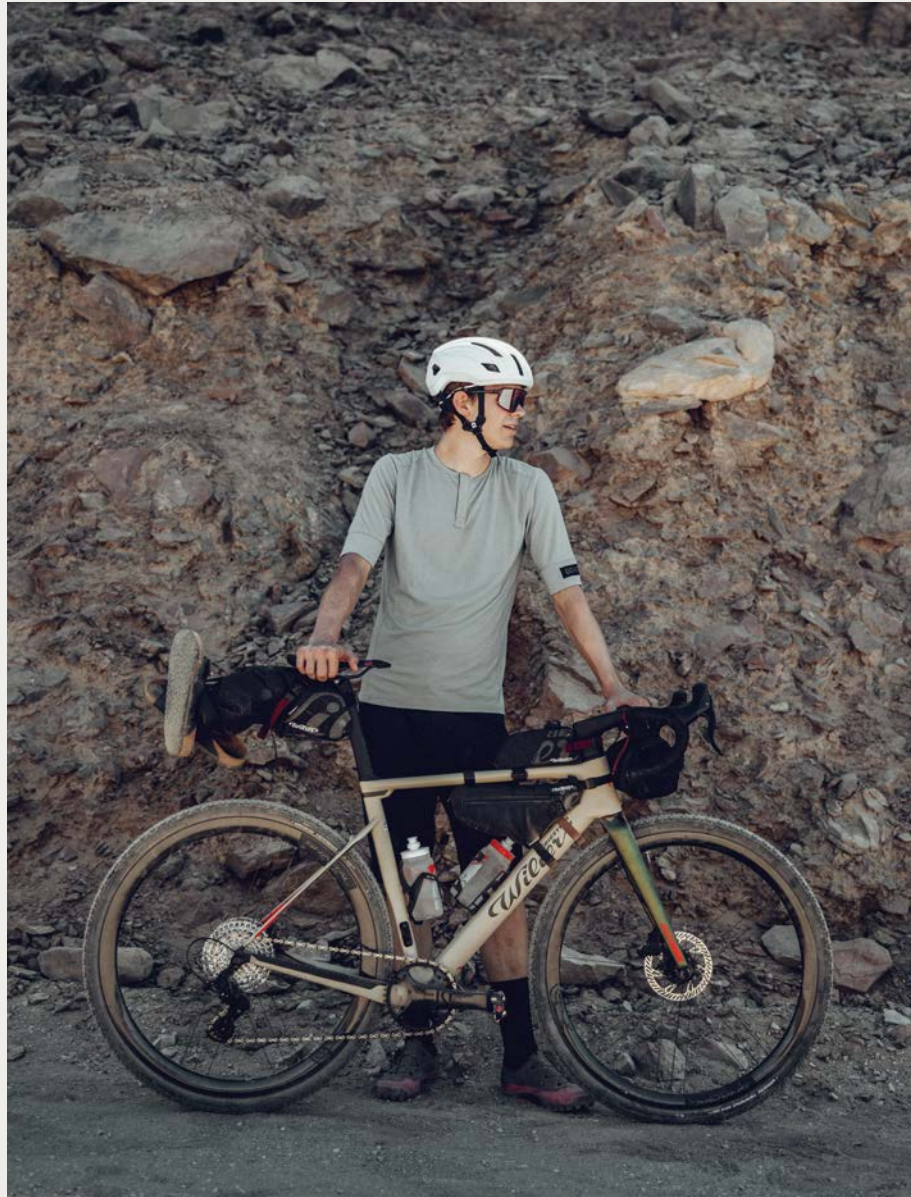
**20%**  
Operating margin 2023

**249%**  
Distribution of net earnings 2023\*



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## Financial performance during the year

→ Net sales for the full year amounted to SEK 357m (563), a decrease by 37%. Adjusted for exchange rate effects, the organic development was -39%. The decrease in net sales is mainly explained by reduced sales within the bike sub-category.

→ Gross profit decreased by 38% to SEK 253m (406). The gross margin amounted to 70.9% (72.1) where the decrease mainly is explained by higher share of fixed costs as an effect of decrease in net sales.

→ Operating profit amounted to SEK 70m (229), corresponding to an operating margin of 19.7% (40.7). The decrease in operating profit is mainly explained by decreased sales and strategic initiatives within research and development.

→ Cash flow from operating activities amounted to SEK 11m (236). The decrease is mainly explained by decreased earnings and payment of income tax during the first quarter 2023 mainly regarding 2021 year's profit.

→ Profit for the period was SEK 64m (175). Diluted earnings per share amounted to SEK 2.42 SEK (6.63).

→ The Board of Directors proposes a dividend of SEK 6.00 (5.50) per share, corresponding of 249% of net earnings during the year.

## Achieved sustainability goals for 2023

Mips has made important progress in the company's sustainability work and has delivered on all three of the main goals that were set for the year. This year Mips has:

→ Reduced emissions per solution sold by an average of around 21 percent.

→ Expanded Mips' range of solutions made from recycled material. Mips now offers all our customers a recycled polycarbonate alternative in the company's most sold safety solution.

→ Carried out third-party audits at Mips' three strategically most important suppliers in the supply chain.

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Message from the CEO

# Continued long-term investments despite challenging market

2023 was another challenging year for the bike sector and our customers. When I summarized 2022 in our last annual report, I talked about the external macro factors that made that year feel extraordinary. I can now conclude that the market factors continued to be a challenge this year too. Despite that, we started seeing a few positive trends, especially towards the end of the year. Awareness of Mips' products and how they increase safety for helmet users kept rising, and the share of helmets equipped with Mips' solutions that were purchased at the retail level continued to grow. During the year we also started more customer projects to integrate Mips' safety system in new helmet models than in any other year in the history of the company.

It was also positive to note that the bike sector, which since mid-2022 has had to deal with excessive inventory at both the retailers and the helmet brands, started to see a normalization of inventory levels towards the end of 2023. Another promising area of progress was the successful market launches we did with several large helmet manufacturers in the Safety category, being an important category for the future. Not only will these lead to more sales for Mips, but it also means that users on construction sites and other industrial sites will have greater protection in the future.



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In comparison to when we communicated our strategy at the Capital Markets Day in 2022, we have a generally weaker consumer market today. In the post-pandemic years, the market has been marked by effects such as high levels of inventory, high inflation, and high interest rates. In this more unpredictable environment, it is important for us to ensure that we have a better total offering for our customers. I am therefore very happy that we proactively continued to invest in all our strategic initiatives to make sure we can drive growth again when the market normalizes. With our vision to reduce head injuries and save more lives, and our ambition to be positioned as a leader in helmet safety, we keep leaning forward and working intensively for what we believe in. In the long term, this will mean that we can make a difference with our safer solutions, to as many people as possible.

#### High level of activity this year, but limited short-term financial impact

In the bike market that is so important to Mips, the recovery to the new normal has taken far longer than most people thought it would. Swings in inventory levels are not a new phenomenon, most industries have suffered from them at some point in history. The challenges we have seen over the last year as an ingredient brand in the helmet sector are complex and mean that the recovery is taking longer. First of all, sales in most markets are decreasing compared to the strong numbers during the pandemic years, because the consumer has weaker purchasing power today than a few years ago. Secondly, the inventory levels in the market have been way too high both in stores and at the helmet manufacturers. Thirdly, interest expenses are higher than they've been for years, which has meant the availability of capital has dropped drastically. Consequently, certain helmet manufacturers simply haven't been able to

afford to produce new helmets to maintain the sufficient inventory levels. The combined impact was greater than we and most people in our industry had speculated. However, one positive thing to note is that in most markets, normalization of inventory levels has now mostly been achieved and we expect a more normal situation throughout 2024 as our sales to our customers largely reflect actual consumer sales in the retail sector.



We proactively continued to invest in all our strategic initiatives.”

In some contexts, media reports in 2023 have been interpreted as saying that people worldwide are no longer anything like as active as before and that helmet usage for sports and leisure should therefore have dropped drastically. This is not the case. When one evaluates our sub-categories in the sports and leisure

sectors, it is clear that usage has actually gone up. In the bike sub-category, the number of cyclists has risen substantially compared to the time before the pandemic. This is in part driven by a greater interest in outdoor recreation, and also by an increase in the number of people commuting by bike. Above all though, the share of people who wear a helmet when cycling has increased. We are seeing similar trends in the Motor-cycle category, although the increase in this category is mainly being driven by new requirements in more countries to wear a helmet.

Another positive note is that in the Safety category, in 2023 we saw a much faster phasing out of the classic, very simple construction helmets, with a transition to using more advanced helmets that provide the user better protection. This transformation is particularly apparent in the US where we see that the conversion, in terms of planned major procurements of more advanced helmets, is going substantially faster than we had assumed just a few years ago.

Our assessment, which is shared by most of our customers, is that the inventory adjustment challenges we have seen during the last year were more temporary in nature, and reflected a normalization of an exceptional anomaly that arose during the pandemic. Most of our customers have a high rate of innovation and are investing to be able to meet the greater demand for better and safer helmets, which we are seeing in all categories. Even though we have significantly increased the number of implementation engineers during the last two years, it is still challenging for us to keep up with all the incoming projects from our customers. We have also increased our investments in advanced product development in recent years to be able to deliver on our strategy of widening our overall approach to encompass more elements of helmet safety.

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## Helmet category Sport – bike ended the year with growth

We saw a buck in the trend in the fourth quarter compared with the last five quarters. Since autumn 2022 the bike sector has been dealing with something called the “bullwhip effect” caused by an overly aggressive build-up of inventory during the rapid growth that took place during the pandemic. The bike sub-category is a very important sub-category for us, and during the fourth quarter we witnessed a growth in sales and saw positive developments at most of our major customers.

Within the snow sub-category the market was initially more restrained, but it then recovered towards the end of the year after a strong start to the winter season, mostly in the European market. However, in the short-term the impact of the positive start to the season on Mips’ sales is relatively small as there is not enough time for our customers to get products to market before the current season ends. This means that growth prospects look good for the following season as inventory levels are now generally considered to be low.



“

The year ended with growth in the bike sub-category.”

We have previously stated that, in our assessment, the bike sub-category will see a positive development in 2024. This assessment remains unchanged. We believe that the majority of the growth in this sub-category in the coming years will be driven by our customers buying products from us to enable new production of helmets, in contrast to the last few quarters when they have sold helmets they already had in stock to their customers in retail.

## Helmet category Motorcycle – still a tough market, but we see a turn for the better

Growth continued to be weak in the Motorcycle category with a decrease in net sales during the year.

The decrease in net sales was due to the soft market for the motorcycle sector, mainly caused by macro-economic trends. This had an even larger impact on Mips as the overall weaker market trend coincided with higher inventory levels of existing helmets at a number of Mips’ most important customers.

These high inventory levels of older helmet models without Mips’ technology limited our ability to launch new products together with our customers, which is an important element of our future growth plan in this category. Even though the roll-out of these new models has taken longer than planned, during the spring we will collaborate with our partners to launch many of the new products that have been developed during the last year.





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## Helmet category Safety - several new important customers

Overall, we are happy with what we have achieved in the Safety category in 2023. Our goal for the year has been to establish a broader customer base and grow the number of products equipped with Mips' safety system. We now have a total of 15 brands with which we have launched partnerships. We continue to see a robust increase in sales growth, even though the market roll-out of new helmet models has taken longer than estimated.

## Exciting investment in sensor technology

In August we acquired 25 percent of the sensor technology company Quintessential Design. This investment is the first step towards exploring the opportunities of sensor technology. It will enable us to gather more data regarding incidents by using high-precision sensor technology and accompanying machine-learning algorithms, which makes this investment an important step in achieving Mips' vision, ambition, and strategy.

## Great progress in sustainability

We have made important progress in our sustainability efforts during the year, and we have delivered on all three of the main goals that were set for the year. During the year we reduced our climate impact by an average of around 21 percent and we expanded the range of solutions made from recycled material. We now offer all our customers a recycled polycarbonate alternative in our most-sold safety solution. I am very satisfied with the progress we have made in our sustainability efforts this year and that we have accelerated this important work.

## Still forward-leaning despite challenging external conditions

Even though we have faced market challenges during the last year, we are still convinced by our long-term strategy and ambitious financial targets.

We see greater penetration of the Mips safety system and an increasing awareness and positive view of our brand, amongst our existing customers and in different consumer categories, and also in the sales channels where helmets equipped with Mips' technology are sold. We are also seeing that our strategic investments to build a wider product range for more categories is starting to gain traction. I am of course not satisfied with the financial performance in 2023. It has been a difficult year with challenging external factors that we have done our utmost to counter, while also investing great efforts in our long-term growth. We have continued to advance our position and have strengthened our offering and Mips as a brand. We are confident that we have the right strategy, which will continue to support our long-term plan and journey towards our financial targets. I would like to give my greatest of thanks to Mips' employees and all our partners around the world who, despite all the market challenges, still work tirelessly to make the world safer by equipping more helmets with Mips' safety system.

Stockholm, March 2024

**Max Strandwitz**  
President and CEO



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# Business model strategy and targets



## Business model, strategy and targets

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# Mips' strategic foundation

## Vision

Reduce head injuries – save more lives

## Ambition

Mips' strategic ambition is to increase the safety of everyone who wears a helmet.

## Ingredient brand

The ingredient brand model enables Mips to reach a large number of customers, and gain good exposure to end users through the helmet brands' broad and global marketing resources.

Read more about how Mips' ingredient brand business model works on page 29 and about Mips' research and development on page 35.

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# Business model – how Mips create value

Mips sells its solutions to helmet brands who implement Mips' technology in helmets that are then, directly and indirectly, sold to end users. Mips' ambition is to invest 5 percent of net sales into research and development every year to ensure that the company is always at the forefront of helmet safety. Furthermore, the company aims to invest 7 percent of net sales in marketing activities every year to strengthen the brand and raise the end users' awareness of Mips.

## Resources

### Operations

- Headquarters in Stockholm
- Office and warehouse in China

### Employees

- More than 100 employees with different specialist skills

### Capital

- Equity of SEK 657m

### Technology

- The company's technology is founded on 25+ years of research
- A high-tech test lab in Sweden and a test device in China
- The Mips Virtual Test Lab
- 12 unique solutions in our portfolio

### IP portfolio

- Broad portfolio of patents including over 50 patent families and almost 400 granted patents

### Strong brand

- Good relationships with customers in different segments of the helmet market
- High awareness among consumers
- A vision with meaningful impact: Reduce head injuries – save more lives

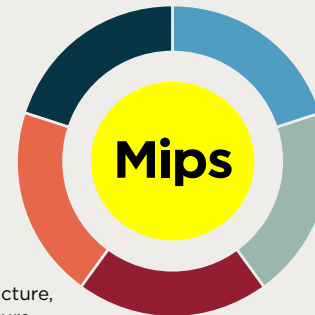
## Our ingredient-brand model enables scalability

### ● Communication and sales to users

Mainly via helmet brands, but also some direct communication

### ● Sales to helmet brands in several categories

Mips has a broad customer base (more than 150 customers) and long customer relationships



### ● Manufacturing and quality control

Around 90 partners manufacture, assemble, or both manufacture and assemble Mips' solutions, mainly in Asia. Office in China to ensure high quality, proximity, and sustainable manufacturing

### ● Research and development

Own research and development, and collaboration with universities and research institutes

### ● Implementation

Testing and implementation of new helmet models is done in Mips' physical lab in Sweden and by Mips test device in China with approx. 75,000 tests carried out so far, and in Mips Virtual Test Lab with >100,000 tests so far

## Value creation

### Helmet users

- Safety systems for helmets designed to add protection against injuries caused by rotation motion

### Customers

- A product that enables helmet brands to charge a price premium for the end product
- Long-term collaboration
- Differentiation

### Society

- Helmets designed to add protection against injuries caused by rotation motion

### Shareholders

- EBIT margin of 20% in 2023. Long-term target of >50%
- Low working capital requirement enables a dividend level of >50%

### Sub-contractors

- Long-term collaboration
- Responsible business methods

### Employees

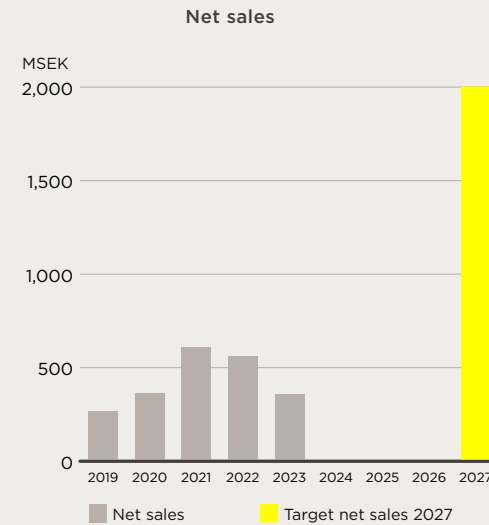
- A long-term employer
- Professional development
- A good work environment

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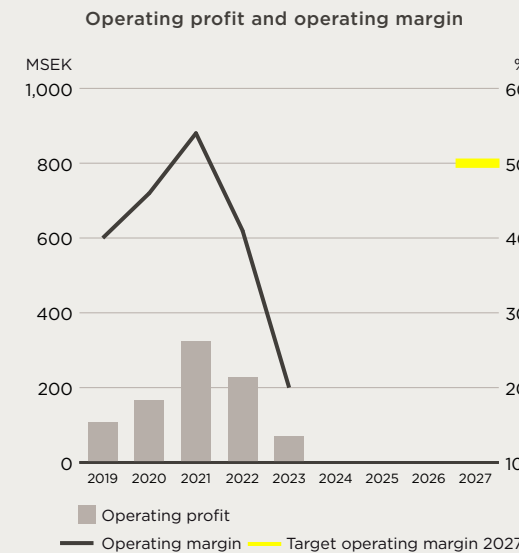
## Financial targets

The company's long-term financial targets reflect a level of ambition that the Board of Directors and senior management believe to be a reasonable expectation of Mips. Mips' financial targets for 2027 are:



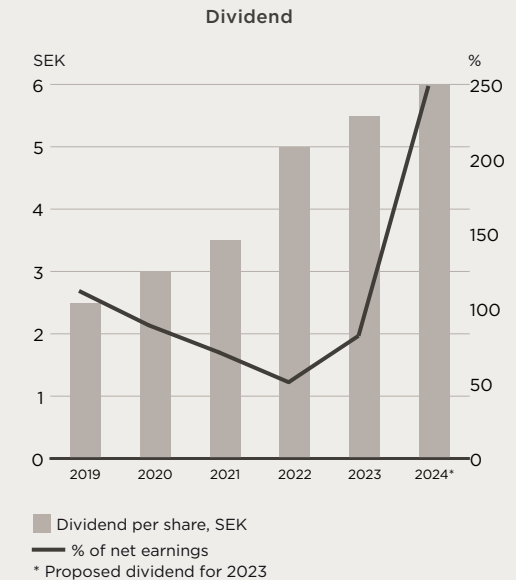
### Growth

Grow net sales organically to more than SEK 2,000m by 2027.



### Profitability

An operating margin of more than 50 percent.



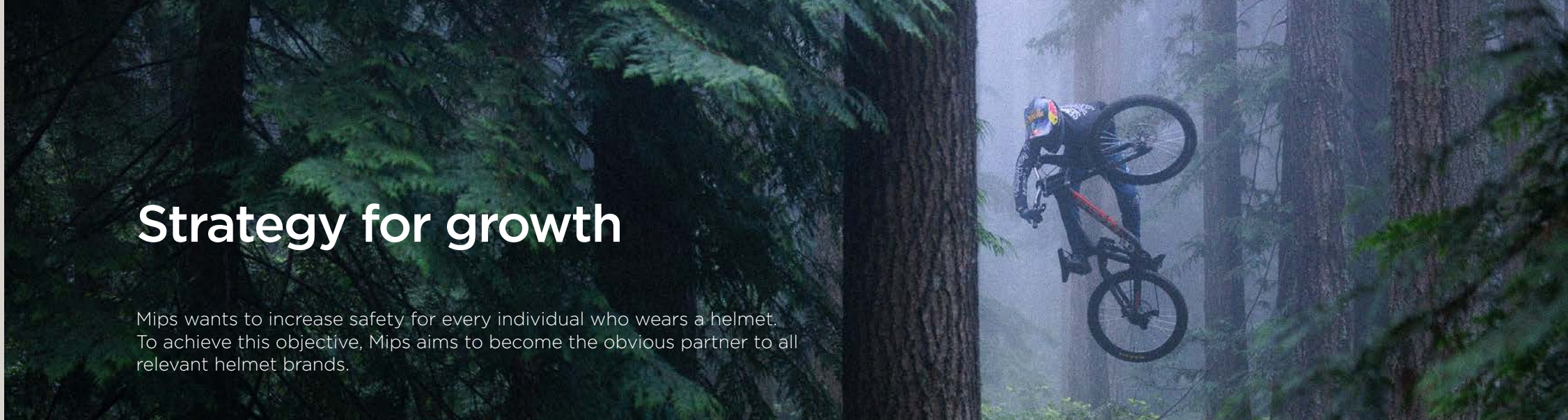
### Dividend policy

Distribute at least 50 percent of Mips' net earnings as dividends, taking into account the company's financial stability, future profits, investment needs, liquidity, and development opportunities, as well as general economic and business conditions. For 2023 the Board of Directors proposes a dividend of SEK 6.00 (5.50) per share, which corresponds to 249% of Mips' net earnings for 2023.



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## Strategy for growth

Mips wants to increase safety for every individual who wears a helmet. To achieve this objective, Mips aims to become the obvious partner to all relevant helmet brands.

### → Raise the awareness of Mips

**“If you know Mips you buy Mips”**

#### What

Strengthen and increase the awareness of the company's brand to ensure that end users understand the added value of Mips' technology and always look for the yellow Mips logo when buying a helmet.

#### Why

Mips conducts business according to an ingredient brand model. The company's goal is for its technology to be the safety solution of choice when buying a helmet. Achieving this vision requires increased awareness and understanding of Mips' technology. It also requires end users to recognize the added value of buying a helmet equipped with Mips' technology. To make this happen, Mips' ambition is to invest about seven percent of the annual net sales in marketing over the next few years.

Historically, marketing and communications activities have primarily targeted helmet manufacturers and the media. To raise the awareness of the Mips brand, the company has chosen to target more of its communication directly to end users. Mips' five product groups and the underlying products make it easier for end users to understand the benefits of Mips' technology and the

differences between Mips' products. This is to enable the end users to choose the right product that matches their needs.

Mips has eight important focus areas for raising brand awareness:

1. PR – focus on educating journalists about Mips' technology so they can explain the functionality to their readers correctly.
2. Paid media – to reach a broad target group.
3. In-store concept – highlight Mips' in stores.
4. E-tail – support the helmet brands in their online marketing.
5. Team Mips – a team of athletes who share the company's beliefs on the importance of helmet safety. They are Mips' ambassadors to raise consumer awareness of Mips as a brand.
6. Trade fairs – meet and educate the helmet brands and end users at the largest industry gatherings.
7. Events – build awareness within the core target groups by participating in events that bring together the most devoted users.
8. Social media – spread knowledge and awareness of Mips' via the company's own channels and use the broad reach offered by the accounts of the helmet brands.

### → Enable implementation in more types of helmets

#### What

Develop solutions that make it possible to include Mips' technology in most types of helmets.

#### Why

Mips has a large addressable market with the opportunity to make a difference in a large number of areas in which a helmet is worn. Mips believes it is important to be able to offer a relevant solution to more helmet users. That's why Mips constantly develops new solutions so that its technology can work in as many different types of helmets as possible. Mips currently offers twelve types of solutions, enabling the company to address its focus markets.

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## → Offer a superior product

### What

Offer products and solutions based on Mips technologies, and maintain and further develop an intellectual property portfolio that will continue to protect the company's technology.

### Why

Mips currently has a large patent portfolio consisting of more than 50 patent families and almost 400 granted patents. The company continually applies for patents to protect its technology, both in the solutions that Mips markets today and the solutions that will be marketed in the future. Mips has internal expertise in patents, but also uses external specialists when necessary to ensure the strongest possible intellectual property protection.

## → Cost-effective and scalable technology

### What

Offer the best and most cost-effective solution based on science and research.

### Why

Mips is a company that is founded on research. Mips aims to invest about five percent of net sales annually into research and development to ensure that the company continues to have superior technology with scientifically-proven functionality.

Mips is engaged in ongoing dialogues with leading universities and technological institutes around the world to ensure that the company remains at the forefront of developments. Mips has access to one of the world's most validated data models on the brain, which was developed by researchers at the Royal Institute of Technology in Sweden. This enables the company to continue to lead the development of solutions in the field of helmet safety.

Mips is world leading within advanced numeric data simulation, Finite Element Analysis (FEA), of the human brain. This is used within research and development and in the internal product development. FEA is an integrated part of Mips' development process used with customers, and the company has launched the "Mips Virtual Test Lab" concept which enables virtual testing of helmets with the help of data simulation. Through Mips' world leading FEA knowledge, the company can replicate and predict the impact to the head during helmet testing. The brands can now accelerate development and testing processes for helmet manufacturing thanks to the FEA method, which saves time and costs, and reduces the environmental impact.



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# Sustainability targets

Mips is a global leader in its field and aims to be at the forefront of its industry when it comes to sustainability. The company must fulfil the expectations of its stakeholders and lead the way. This is what enables Mips to continue to grow profitably and sustainably.

### → Climate challenge - Greater insight and transparency supported by the SBTi

Mips understands the climate challenge and has joined the Science Based Targets initiative (SBTi) (more information on SBTi is available on page 104) to limit global warming to 1.5°C, in line with the Paris Agreement. Since 2021 Mips has been analysing its total climate impact according to The Greenhouse Gas Protocol Initiative (GHG). During 2022 and 2023 the analysis has been continuously refined. The analysis shows that the areas where Mips has the greatest impact are linked to its choice of raw materials and the energy consumed during the manufacturing of Mips' solutions. Mips adopted a company-specific climate target in 2022, consistent with SBTi. Mips' goal is to reduce its total emissions by 42 percent by the end of 2030, setting as base year 2021. This means that, given an assumed annual growth of approximately

20 percent, an 89 percent reduction in greenhouse gas emissions is required to achieve the goal by 2030.

During 2023 Mips' conducted a more detailed analysis of its total climate impact and explored which concrete actions can be taken to reduce the climate impact within the value chain. Through a less carbon intense product mix thanks to the roll-out of post-industrial plastic in Mips' most sold solution and four additional solutions, the average emissions per solution sold decreased by 20.8 percent in 2023. Mips thereby exceeded the target for 2023 to reduce emissions by 12 percent.

Mips' target for 2024 is to reduce emissions per solution sold by 8 percent.

More information is available on page 109 and onwards

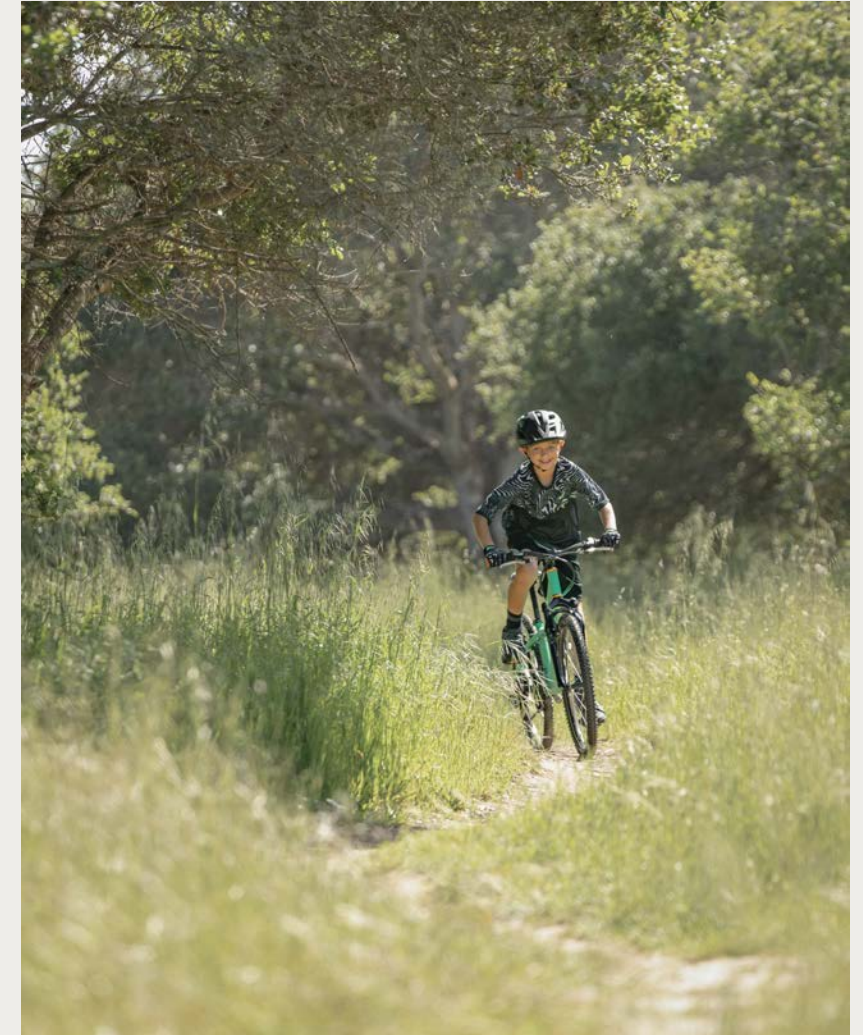
Science based targets

#### Outcome for 2023 ✓

Reduced emissions per solution sold by an average of around 21% vs. 2022

#### Target for 2024

Reduce emissions per solution sold by an average of 8%





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## → Sustainable value chain and manufacturing

Mips' has committed itself, and indirectly also its manufacturing partners, to adhere to the ten principles of the UN Global Compact. Mips does not manufacture its own products, and instead uses external subcontractors exclusively. Mips believes the company has an important role in ensuring that the ten principles of the UN Global Compact concerning human rights, labour, the environment and anti-corruption, are respected throughout the value chain.

The UN Global Compact's ten principles are embedded in Mips' Code of Conduct that all manufacturing suppliers are obliged to sign. Consequently, all manufacturing suppliers also agree to respect the ten principles of the UN

Global Compact. To ensure that the suppliers that Mips partners with adhere to Mips' Code of Conduct and share the same core values in terms of working environment, human rights, the environment, and anti-corruption, all manufacturing suppliers are audited at least every other year. In addition to the audit of the manufacturing suppliers that Mips performs internally, in 2023 the company engaged an independent third-party to audit the three strategically most important suppliers. In 2024 Mips' target is to complete a further five third-party audits with other strategically important suppliers.

More information about this is available on page 126 and onwards.

UN Global Compact

**Outcome for 2023** ✓

Carried out third-party audits of the three strategically most important suppliers in the supply chain

**Target for 2024**

Carry out third-party audits of five suppliers in the supply chain

## → Deliver sustainable solutions with a smaller environmental impact

Mips uses polycarbonate (PC) in the form of wastage from other manufacturing companies, referred to as Post Industrial Recycled plastic (PIR), in its solutions. The company's ambition is however to create solutions that are more sustainable still and support the climate transition.

The majority of Mips' solutions currently consist of a low-friction layer that is made of plastic. Plastic is currently the only material that is light, strong, and safe enough for manufacturing several of Mips' solutions. Plastic creates CO<sub>2</sub> emissions, hazardous waste, and nature and oceans pollution, which is why plastic is a priority to be addressed in Mips' value chain.

To develop sustainable materials, Mips, all its partners and other industry members need to support and inspire each other.

Innovation and product development are part of Mips' DNA and the company has been actively exploring alternative materials to plastic. During 2023, Mips deepened its partnerships with suppliers that supply post industrial recycled plastic. Using post industrial recycled plastic to manufacture Mips' products would make the biggest difference on Mips' total emissions in the short term. The target for 2023 was to offer Mips' suppliers 100 percent post industrial recycled plastic for Mips' most sold solution. Mips' achieved this target and has also been able to provide post industrial recycled plastic in four additional solutions.

The target for 2024 is to increase the content of recycled material used in Mips' solutions by at least 10 percent.

More information is available on page 115 and onwards.

Circular product offering

**Outcome for 2023** ✓

Offered Mips' suppliers 100% post industrial recycled plastic for Mips' most sold solution

**Target for 2024**

Increase the content of recycled material used in Mips' solutions by at least 10%

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## Mips' sustainability agenda

### Mips' approach and sustainability strategy

While Mips is a small company that provides helmet brands with an ingredient product for helmets, it is a global leader in its field. Just as Mips' solutions can make a decisive difference in a helmet, Mips' ambition is to make a difference in influencing the entire helmet industry to become more sustainable.

#### A sustainable business model

Mips' sustainability strategy is based on the company's overarching strategy and builds on Mips' fundamental values.

For Mips and many of Mips' stakeholders, sustainability is an important part of the business. Mips' ability to keep growing while also delivering strong financial and operational results is enhanced by running the business in an economically, environmentally and socially sustainable manner.

#### High requirements on business partners

Mips' also expects its business partners to act in a sustainable and responsible way. To develop sustainable materials that have less of an environmental impact, Mips and all partners have to do their part, and industry members need to inspire each another.

#### Achieve results together

Mips works with suppliers and partners to limit climate and environmental impact as much as possible, to apply the same values throughout Mips' value chain, to embrace social responsibility for all employees, and to respect human rights in every regard.

### Strategic sustainability focus areas

#### Our employees – a strong corporate culture

Mips must be able to attract and retain employees with the right competence and a passion for creating safer and better solutions, always. Even though Mips is a global leader, the company wants to foster a culture comprised of employees who are modest and curious to learn more. The company encourages all employees to challenge themselves and to bring their best selves to work every day.

[Read more on page 120](#)

#### Our products – environment and helmet safety

Mips continuously works to reduce its total emissions throughout the value chain and has committed to SBTi. Mips believes that the company's technology and products lead to a more sustainable society with better helmet protection. Improved helmet protection leads to increased safety and security, while reducing risk for both short-term and long-term sick leave, as well as permanent injury.

[Read more about Mips' products on page 115 \(environment\) and on page 132 \(safety\)](#)

#### A sustainable supply chain

Mips does not conduct any production itself, and instead uses external suppliers to manufacture Mips' safety system. To ensure that the supply chain and manufacturing of its products are sustainable, Mips needs to make sure that its suppliers' supply chains comply with international requirements, laws and conventions.

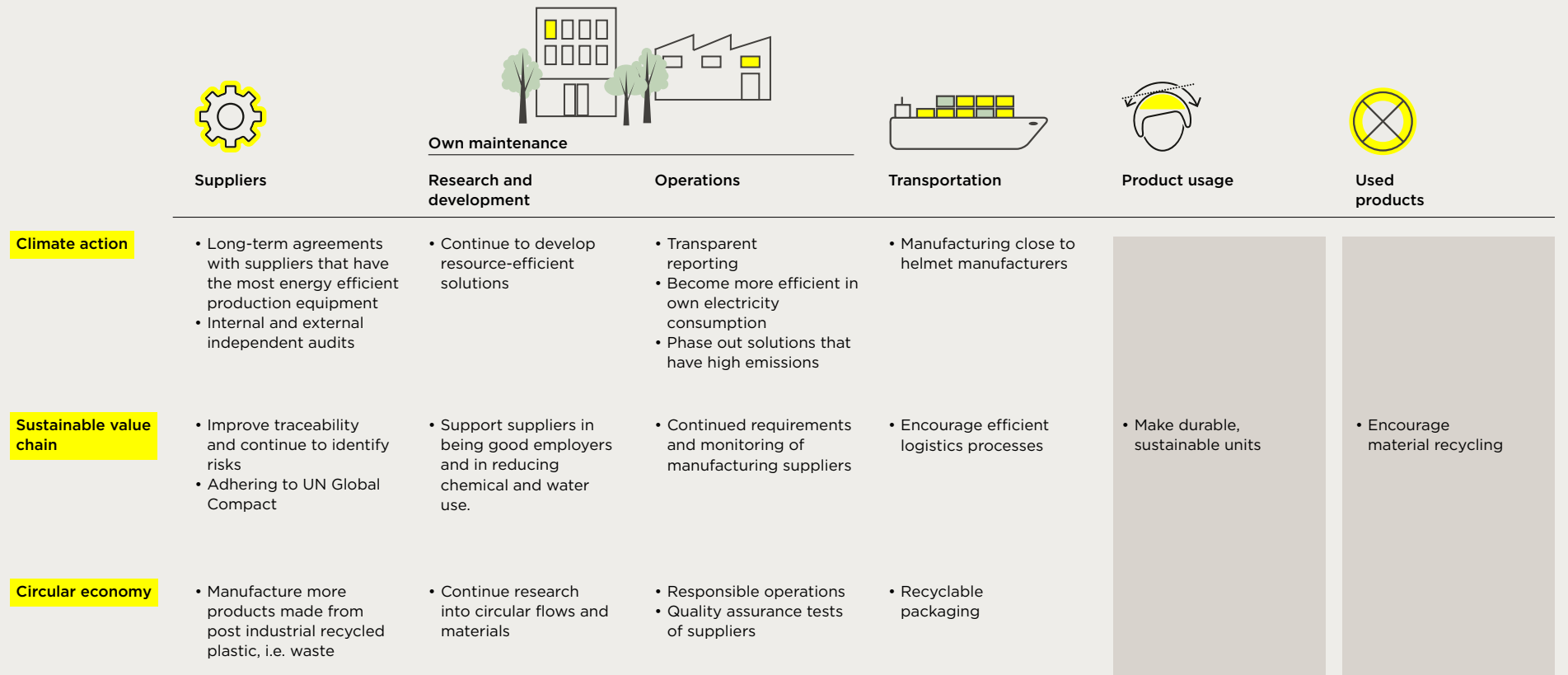
[Read more on page 126](#)



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# Value chain ambitions and activities related to Mips' KPIs



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# Long-term strategy

The long-term strategy for 2027 is based on the three helmet categories Sports, Motorcycle and Safety, which together represent a total focus market of 195 million helmets, which is expected to grow.

## Mips' strategy for 2027 consists of three focus areas

### 1. Grow the existing business

Continue to grow, mainly together with existing customers by expanding the range, and collaborate to drive growth in the customers' business.

**Sports:** Bike helmets account for around 80 percent of sales within Sports and are the main focus.

**Motorcycle:** While the greatest growth is expected to come from the sub-category on-road, there are also good growth opportunities in the sub-category off-road.

**Safety:** Increase sales to existing customers and win a few more major customers. Focus markets are the US and Europe.

### 2. Open up new channels and markets

**Sports:** Through low-cost solutions, Mips safety system can be implemented in bike helmets with price-points as low as USD 25, which means Mips' focus market is estimated to be approximately 45 million helmets. Together with selected mass-market players, Mips has an opportunity to expand its offer in lower-price range.

**Motorcycle:** The majority of all motorcycle helmets are sold in geographic markets where Mips is not currently established. Through new technologies and lower price-points, Mips has now started to expand in markets such as China, India, South-East Asia and South America. In these regions there is also a market for scooter helmets. This means Mips' focus market is estimated to be approximately 40 million helmets.

**Safety:** Within Safety, Mips believes there is an opportunity to address around a total of 110 million helmets.

### 3. Capture new opportunities within helmet safety

Through Mips solid knowledge in helmet development and the company's vision to reduce head injuries and save more lives, it is natural for Mips to expand focus from only addressing rotational motion protection to also addressing solutions for optimizing helmet performance more broadly.

## Mips' financial targets for 2027 are:

SEK **2** bn  
Net sales

**>50%**  
Operating margin

**>50%**  
Distribution  
of net earnings



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# Mips' focus markets

## Sports

- Bike
- Snow
- Equestrian
- Team sports
- Other

Mips estimates that the market for sports helmets is currently about 65 million helmets annually. Historically, Mips' safety system has mainly been implemented in helmets with higher price points, but the company currently offers products that can be implemented in helmets at price points from USD 25.

Mips' focus market

# 45

million helmets

## Motorcycle

- On-road
- Off-road

The motorcycle market is a large global market that is fragmented in terms of type and geography. The category can be divided into two different sub-categories consisting of helmets for on-road (including scooter) and helmets for motocross (including snowmobile).

Mips estimates that the market for motorcycle helmets is currently about 85 million helmets annually.

Mips' focus market

# 40

million helmets

## Safety

- Industrial
- LEAF

Helmets in the Safety category can be divided into two main sub-categories consisting of safety helmets for industrial use (mainly in the construction, manufacturing, mining, and oil industries) and helmets in Law Enforcement and the Armed Forces (LEAF), which include helmets for the police force, the military, and rescue services. The total market for safety helmets is estimated at about 400 million helmets annually.

Mips' focus market

# 110

million helmets



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# Long-term global macro-trends are favourable for Mips

## → Population growth and urbanization

General population growth and urbanization leads to greater traffic, primarily in cities. Consequently many people are looking for alternative ways to move from A to B, which is why riding bikes, mopeds and motorcycles is becoming more popular.

## → Electric vehicles

The share of electric bikes, mopeds and scooters that are becoming more affordable to more people is increasing. Since these vehicles normally go at faster speeds than bikes, the risk of accidents is increasing.

## → Greater disposable incomes

Long-term higher incomes allow more people to spend money on safety for themselves and their children. This also intensifies the interest in, and possibility to do, sports for which a helmet is a natural part of the safety equipment, such as equestrian sports, climbing or winter sports.

## → Greater focus on safety

Private individuals are becoming more safety-conscious, and the use of helmets is generally rising worldwide. Employee safety is an important issue for companies, and there is a growing interest in improving protection for employees. Helmet usage is standard in certain professions, and more companies are gradually choosing to improve protection for employees.

## → Greater focus on health

There is a growing interest in exercising, which means that more people ride bikes not only to get from A to B, but also to improve their health, for example through road biking or mountain biking. Interest is also growing for other sports and outdoor activities that require helmets.

## → Climate and the environment

Increasing awareness about the climate and the environment is prompting more people to opt for more environmentally friendly and sustainable transport alternatives. Many cities are promoting commuting by bike as an alternative to driving.

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# Increased long-term demand

A greater awareness of Mips' products along with global trends are increasing demand. Mips' focus market amounts to approximately 195 million helmets per year.

### **A number of strong trends in helmet usage**

Helmet usage is growing worldwide, mostly driven by greater safety-consciousness among end users. Since Mips has an ingredient brand business model, and does not sell directly to end users, the company is reliant on end users' helmet usage and thus on sales of helmets generally. Below is a summary of the main trends that affect the company's ability to increase the penetration of Mips' technology into the global market for helmets, which thereby drives the demand for Mips' products.

→ **Awareness of Mips technology** - Knowledge about the damage that rotational motion can cause to the brain, and that helmets are not traditionally designed to protect against this, is increasing consumer awareness of the advantages of Mips' technology.

→ **Regulatory requirements** - In the summer of 2020, the Fédération Internationale de Motocyclisme (FIM), which certifies motorcycle helmets for Grand Prix motorcycle racing, was the first regulatory body to require tests for oblique impacts (rotational motion) to

be included in their test protocols. An updated version of the European standard for motorcycle helmets (ECE 22.06), which includes a test requirement for oblique impacts, was introduced in 2021. Since January 2024, all motorcycle helmets need to be certified against the updated standard to be allowed for sale. An active debate is underway in both Europe and the US about including oblique impacts and evaluation of rotational motion as a standard test element when testing other types of helmets. This is not yet a requirement, but Mips believes that tests for oblique impacts will be included in these test standards within a few years.

→ **Validating third-party tests** - Several independent third-party tests have been published that validate the functionality and benefit of implementing the Mips safety system in a helmet.

→ **Increased focus on safety** - Focus on safety, especially at workplaces, but also in general, is increasing over time.

The global trends are to some extent also category-specific, and the company has observed the following developments within the different categories:

→ The many years of growth Mips has seen in the Sports category, mainly the sub-category bike, abated during 2022 and 2023. Mips' view is that this is a short-term negative trend in the bicycle industry and that it will be reversed. Mips does not consider that the short-term trends in the bicycle industry will affect long-term growth opportunities in the bike sub-category. Mips assesses that growth will return to the bike market driven by strong trends such as electric bikes, commuting, and people wanting to spend more time outdoors.

→ The market for Motorcycle helmets continues to grow worldwide, mainly driven by Asia and certain developing countries. Mips sees a relatively stable market and price trend in both Europe and the US.

→ The market for Safety helmets is growing worldwide, mainly through increased helmet use. The volume of the type of helmet on which Mips focuses within the category is growing faster than the category overall since both end users and the companies they work for are placing higher demands on safety. Mips assesses that the US can be developed into a key market for Mips in the future.



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# The global helmet market

The global helmet market encompasses many areas of use that are constantly evolving.

Although the market for helmets is very large, no aggregated global data are available. Mips has therefore chosen to describe the part of the market for which concrete data are available and where the company also sees an opportunity to integrate the Mips safety system.

### Mips' three categories

Mips estimates that the total market today is 550 million helmets annually. Based on this estimate, the company has chosen to organize its operations into three different categories:

1. **Sports helmets**
2. **Motorcycle helmets**
3. **Safety helmets**

### Mips' safety systems can be integrated into almost all helmets

Mips aims to be able to offer its solution to as many helmet users as possible all over the world. The number of helmet models that can be addressed is limited by the following factors:

1. Mips adheres to the principle that it must be scientifically proven that the company's technology improves the safety of the helmet in which the Mips safety system is implemented.
2. There is a price floor for helmets in which the Mips safety system is offered, which is currently USD 25.

### Historically, Mips' safety system has mainly been implemented in helmets with higher price points

As demand has increased and as the company has developed new solutions, Mips now has the opportunity to offer products at lower price points too. Mips' total addressable market is currently made up of 195 million helmets. While Mips is the market leader in solutions that address rotational motion to protect the head, to date the company has only penetrated a small portion of the total market, which means that there is still great potential for growth.

### Competitors

Mips is currently the market-leading provider of helmet-based solutions that are designed to reduce rotational motion. Current competitors on the market offer solutions in only a few helmet models and helmet categories. Increased awareness of the importance of protection against rotational motion is likely to increase demand for rotational protection. One likely consequence is that competition from other players will increase.

Among those competitors that currently market a solution that is presented to protect against rotational motion, there is a distinction between those players who serve as an ingredient brand and helmet brands that have developed their own technologies. Competition from other ingredient brands that market a solution for protection against rotational motion is currently limited to a few players that have a small number of customers as a base. Several helmet brands in the market have developed their own technology, but given that such technology is limited to a single brand, competition from these players is limited. In addition, Mips has a broad patent portfolio that to a certain degree limits the possibility for other players to launch new competing technologies.

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# Mips is active in three helmet categories

Mips addresses three helmet categories:  
**Sports, Motorcycle and Safety helmets.**

## Overview of total market and focus market, 2023

	Category	Total market (million units)	Mips' focus market (million units)
<b>Sports</b>	Bike	50	35
	Snow	6	6
	Equestrian	3	2
	Team sports	2	1
	Other	4	1
	<b>Total</b>		<b>65</b>
<b>Motorcycle</b>	On-road	78	34
	Off-road	7	6
	<b>Total</b>	<b>85</b>	<b>40</b>
<b>Safety</b>	Industrial	390	100
	LEAF	10	10
	<b>Total</b>	<b>400</b>	<b>110</b>
	<b>Total</b>	<b>550</b>	<b>195</b>



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# Sports helmets

The market for different types of Sports helmets is estimated at 65 million helmets sold annually. Bike helmets account for the largest proportion of these helmets, but the category also includes helmets for snow sports, equestrian and various team sports.

It is believed that the market for Sports helmets will continue to grow, mainly driven by strong trends such as electric bikes, commuting, and people wanting to spend more time outdoors. Mips' view is that consumers today are ready to pay more for safety equipment than they were ten years ago.

Historically, Mips safety system has mainly been implemented in helmets with higher price points, but Mips currently offers products that can be implemented in helmets with price points from USD 25. Replacement cycles for helmet users in Sports helmets were previously estimated to an average of five to eight years. Although no new data is available regarding how often helmets actually are replaced, there is a trend towards shorter replacement cycles driven by intensive product development which Mips is part of. Below is a summary of the main sub-categories of the Sports helmets category.

### Bike helmets

Bike helmets are the single largest sub-category of Sports helmets, with an estimated annual volume of 50 million helmets. While Mips' safety system can today be

implemented in bike helmets with price points starting at USD 25, Mips deems that the price level is still the greatest limitation within this sub-category. This portion of Mips' addressable market is estimated at 35 million helmets annually.

The bike helmet market is primarily divided into helmets for daily use and commuting, helmets for road biking, helmets for mountain biking and children's helmets, with helmets for daily use representing the largest portion. Helmets for electric bikes is a rapidly growing area, though it still represents only a small portion of the total bike helmet market.

Bike helmets currently comprise Mips' largest sales area by far and this sub-category is the source of the majority of Mips' revenues. Awareness of Mips' technology is relatively high in this market, with the greatest level of awareness in the US market, followed by the European market. In the rest of the world, awareness of Mips' technology is still relatively low. Mips has delivered bike helmet solutions since 2010.

### Snow helmets

The snow helmet sub-category is the second largest sub-category in the Sports helmets category. Snow helmets are used for both skiing and snowboarding. The helmets are usually divided into helmets for recreational use (children/families/novice and intermediate levels) and helmets for advanced use (alpine and freestyle).

Awareness of Mips technology is generally high in this sub-category and exceptions from this are mostly geographic in nature. Mips has delivered snow helmet solutions since 2010.

### Equestrian helmets

Equestrian helmets are currently divided into helmets for equestrian sports and for polo. Interest in Mips' technology from this category has historically been low but has increased substantially in recent years. However, awareness of Mips' technology in this sub-category remains low. Mips has delivered equestrian helmet solutions since 2007.

### Team sports

The team sports helmet sub-category is divided into a number of different team sports. The major team sports in which helmets are used are primarily American football, ice hockey and lacrosse. Awareness of Mips' technology in team sports is relatively low. Mips has delivered team sports solutions since 2019.

### Other

The category "Other" includes helmets for activities such as climbing and white-water rafting. Awareness of Mips' technology in this sub-category is low. Mips has delivered solutions for helmets in this sub-category since 2018.

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# Motorcycle helmets

The market for the Motorcycle category is estimated at 85 million helmets annually.

The market for Motorcycle helmets continues to grow worldwide, mainly driven by Asia and certain developing countries. Mips sees a relatively stable market and price trend in both Europe and the US.

The motorcycle market is a large global market that is fragmented in terms of type and geography. The category can be divided into two sub-categories consisting of helmets for on-road including scooter helmets, and helmets for off-road, including snow-mobiling helmets. Mips believes there is a large addressable market in both on-road and off-road helmets. Mips has delivered solutions for this category since 2013.

### On-road helmets

Mips' focus market in on-road is estimated to be 34 million helmets. This category also includes scooter helmets. Awareness of Mips' technology is relatively low in this sub-category, in all markets, for both on-road helmets and scooter helmets.

### Off-road helmets

Off-road helmets also includes helmets used in snow-mobiling, car driving, and other activities involving travel at high speeds. Mips' focus market in this sub-category is estimated to be six million helmets and awareness of Mips' technology in this sub-category is estimated to be relatively high.



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# Safety helmets

The market in the Safety helmets category is estimated to be 400 million helmets annually.

The market for Safety helmets is growing world-wide, mainly due to increased helmet use. The volume of the type of helmet on which Mips focuses is growing faster than the category overall since end users and the companies they work for are placing higher demands on safety.

Safety helmets also represent an interesting aftermarket, since the inner liner can be replaced up to twice a year, which means a potential aftermarket for Mips.

Helmets in the Safety category can be divided into two main sub-categories: safety helmets for industrial use (mainly in the construction, manufacturing, mining, and oil industries) and helmets for the military, police force, and rescue services (Law Enforcement and Armed Forces, LEAF).

### Safety helmets for industrial use

The market for the industrial sub-category is large and is estimated to be around 390 million helmets annually. The majority of these helmets are made up of "Type I helmets", which is a simpler form of helmet primarily intended to protect the wearer against falling objects. This type of helmet is less expensive, costing around USD 10-40. The other type of helmet in the industrial helmets sub-category is "Type II helmets," which have been added in recent years. These helmets originate from climbing helmets and offer more complete protection. There are different types of helmets in the class "Type II helmets" that are intended to have different types of certification. These helmets are priced at USD 40-150. Mips' addressable market encompasses helmets priced at more than USD 25, which includes "Type I

helmets" at the higher price points and "Type II helmets". Mips has delivered solutions for helmets in this sub-category since 2019.

### Safety helmets for LEAF

Mips estimates that the market for helmets for the LEAF segment is more than 10 million helmets annually. Mips has launched several solutions in this sub-category, but to date has only delivered a limited number of Mips units for LEAF helmets. The main sub-categories within the helmet market for LEAF are:

**Helmets for military use** The sub-category of helmets for military use is divided into helmets for ground forces and helmets used in the air force. Helmets for ground forces are used by both regular troops and special forces. Mips is initially concentrating on helmets for special units, with the long-term ambition of also providing Mips' solutions for helmets used by regular troops and the air force.

**Helmets for the police** The market for police helmets comprises helmets for riot police and helmets for ballistic protection. The latter consist of helmets that are often the same as those used by military special forces.

**Helmets for rescue services** Helmets for the rescue services encompass fire-fighters' helmets and helmets used in other rescue situations including traffic accidents, forest fires, ambulance emergency response operations, and search and rescue missions at high altitudes and on water. Mips currently delivers solutions used for search and rescue helmets.



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# Mips' business as an ingredient brand

## Customers and helmet brands

Mips works with many of the biggest helmet manufacturers in the world within its categories of Sports, Motorcycle and Safety, with Sports currently being the largest category with the most customers. Mips' customer base is widening all the time, currently at more than 150 customers, a substantial number of which have been Mips customers for many years.

Mips' technology gives a helmet added value which means that a helmet equipped with Mips' safety system allows the helmet manufacturer to get a higher price. The price of a helmet equipped with Mips' safety system usually starts at around USD 25.

The scope of the company's products makes it possible to implement Mips' safety system in many different types of helmets.

The five largest customers accounted for about 44 percent (48 percent in the prior year) of sales.

## Sales process

Mips' sales process can be divided into sales to existing customers and winning new customers. Mips has a standardized process for developing Mips' safety system in helmet models.

## Testing and implementation

Mips' technology can be implemented in new and existing helmet models and provides the helmet brands a market differentiator.

The majority of testing and implementation of new helmet models is carried out in Mips' test lab in Stockholm, Sweden. Mips' test lab is vital in the development work and testing ahead of implementing Mips' technology in specific helmet models. During 2023, Mips put up a test device in China which reduces the number of helmets sent to Sweden for testing. Mips test facilities have so far performed around 75,000 helmet

tests. Since 2021, Mips has offered its customers virtual testing, in the form of the Mips Virtual Test Lab (VTL), in addition to physical testing for the creation of new helmet models. Mips has so far performed more than 100,000 virtual helmet tests.

## Manufacturing and quality control

Production of the components for Mips' safety system is outsourced to a variety of manufacturers based primarily in China, either within the same facilities as - or in plants in the immediate vicinity of - the helmet brands' premises. This facilitates the logistics chain, with all work to integrate Mips' safety system into the helmets being handled by the manufacturers of the helmet brands. Mips' low-friction layers are produced after a purchase order is received, thus the company has a limited inventory consisting only of other safety system components.

Mips' office in China controls and supervises the production and quality in the manufacturing of the products.

Since Mips does not carry out production directly but uses sub-contractors, the production model is scalable. This means that Mips can scale up deliveries substantially without major production investments or having to add significantly more resources to the organization.

## Communication and sales to the end user

The ingredient brand model enables Mips to reach a large number of customers with limited costs and gain high exposure to end users through the helmet brands' broad and global marketing resources.

Mips enjoys close working relationships with its customers to ensure a consistent and controlled message to end users and the media. Every year, Mips aims to invest around seven percent of its net sales in marketing activities. This is mainly to provide customers the necessary expertise and marketing material to be able to train

their sales personnel and distributors on the benefits of Mips' products, as well as on PR and media campaigns.

In addition to close cooperation with customers, distributors, and the media, Mips spreads its message via Team Mips, which consists of a number of selected ambassadors in the Sports and Motorcycle helmet categories.

To further increase end users' understanding of the benefits of Mips' products, some of the marketing resources go into direct communication with end users, for instance through campaigns in the retailers' and brands' own stores.

In 2021 Mips launched its product families to make it easier for consumers to understand the differences between Mips' different products. In 2022, Mips launched a new design identity to further strengthen the brand. These updates reached the consumer market on a broad front in 2023, and thereby diversified the range and strengthened the Mips visual identity.

### A selection of the active helmet brands in 2023

Abus	Fox	Poc
Alpina	Giant	Scorpion
AVA	Giro	Scott
Bell	Guardio	Smith
Bern	Head	Specialized
Black Diamond	IXS	Sweet Protection
Bollé	Kabuto	Thor
BMW	Mammut	Trek
Centurion	Met	Troy Lee Designs
Champion	MSA	Uvex
Charles Owen	Oakley	Uvex Safety
Cube	PIP	Zekler
Ergodyne	Pret	

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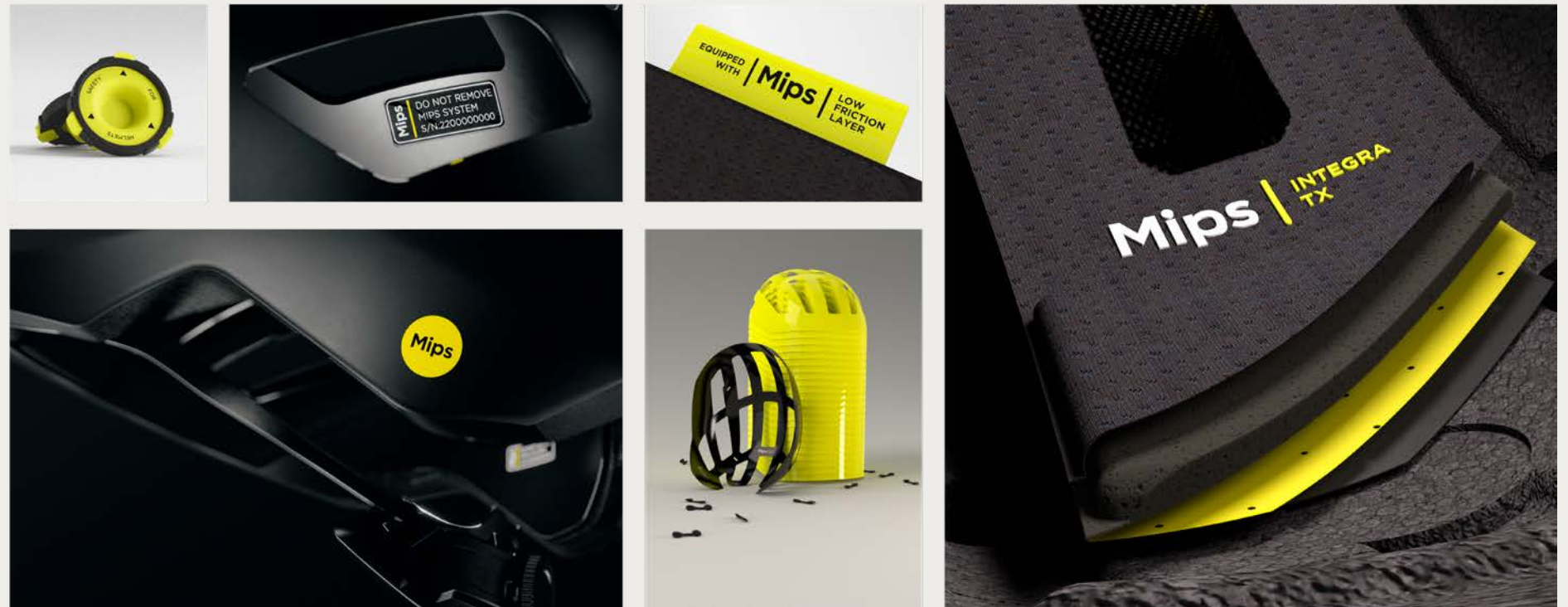
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# Mips' design identity

The look and feel of Mips' safety system doesn't only affect how people perceive Mips' brand, it also impacts how they perceive the brands of Mips' partners. As Mips is an ingredient brand, it is essential for the company to elevate the products that Mips is part of. Mips' product and brand identity has been designed to enhance users' holistic experience of the helmet. To achieve that Mips has created a more coherent design identity, centred on colours, shapes and graphics. Mips strives for a higher level of safety, focused on every little detail, which is reflected in the product design.

The new design identity was launched in June 2022 and has been very well received by Mips' partners and consumers following the market introduction of the products in 2023.





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## Mips new textile lab

Over the last few years, Mips has launched several new products that are based on textile materials and manufacturing techniques. One of Mips' product launched in 2022 was Mips Integra TX, which was Mips' first fully integrated textile solution for helmets in the Motorcycle category and in the equestrian and snow sub-categories.

In order to be able to work efficiently with quality improvements, shorten development cycles, and produce prototypes locally, Mips invested in a textile lab during the year. This is where Mips manufactures prototypes through rational material handling, cutting, ultrasonic sealing, heat pressing and sewing. As an important part of Mips' environmental efforts, and to use materials with a lower environmental impact, Mips has improved the ability to evaluate new textile types by testing and reviewing.







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# Mips' products


Mips' classification of the various helmet systems aims to make it easier for end users to choose the right system for their needs.

   <b>INTEGRA SPLIT</b>	<b>Mips® Integra Split</b> <b>A ground-breaking combination of energy absorption and reduced friction</b> The Mips® Integra Split system was created to allow seamless integration, a comfortable fit and improved ventilation. It allows omnidirectional movement which is designed to reduce rotational motion to the head from certain angled impacts. The system is particularly suitable for helmets with extensive energy-absorbing layers, such as full-face, mountain bike and winter sports helmets.	
   <b>INTEGRA TX</b>	<b>Mips® Integra TX</b> <b>Extra comfortable safety</b> Mips® Integra TX takes the conventional fabric-and-foam comfort padding to the next level with an integrated low-friction layer. This allows the inside of the helmet to move, with the aim of reducing the rotational motion to the head in certain angled impacts, without altering the fit, weight or perceived comfort of the helmet. With its extra comfort, Mips Integra TX is ideal for helmets used for different motor, winter and equestrian sports.	
   <b>INTEGRA FUSE</b>	<b>Mips® Integra Fuse</b> <b>A premium solution with complete integration</b> The Mips® Integra Fuse system is a completely integrated premium solution designed for smooth omnidirectional movement for added safety in certain angled impacts. Its robust design gives the system a sense of high quality and comfort. It is perfect in helmets used for biking, skiing and motor sports.	

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AIR  
NODE

### Mips® Air Node

**Low-friction layer for lightweight, well-ventilated helmets**

The Mips® Air Node system is specially suitable for highly ventilated lightweight helmets, as the system itself adds practically no extra weight or volume. The system has specially-designed fasteners, called nodes, that function as a “brake-off” solution and are designed to release as needed upon impact. The goal is to reduce rotational motion to the head in certain angled impacts.







EVOLVE  
CORE

### Mips® Evolve Core

**Mips leading safety system for helmets**

Mips® Evolve Core system designed for use in a variety of helmets and activities, including skiing, horse riding, bicycling and motor sports. With its lightweight construction and improved fit, Mips Evolve Core has become the most commonly used Mips helmet safety system, aimed to help reduce the rotational motion to the head in certain angled impact.







ELEVATE  
CORE

### Mips® Elevate Core

**Low-friction layer for construction and safety helmets**

Hard hats, initially developed to prevent injuries from falling objects, are now used to improve general workplace safety throughout the construction industry and many other workplaces. Mips® Elevate Core is a patented solution intended to help reduce rotational motion to the head in certain angled impacts. This universal system is specifically designed for adjustable construction and safety helmets, which guarantees high user comfort and good ventilation.






ESSENTIAL  
CORE

### Mips® Essential Core

**A basic system for helmet safety**

Mips® Essential Core system is a simple, yet efficient solution designed to help reduce rotational motion to the head in certain angled impacts. It is an ideal introduction to the Mips safety systems and can be applied in helmets used for bicycling, horse riding, motorcycle riding and winter sports.



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# Mips' product offering to the helmet brands

Mips provides helmet brands an opportunity to differentiate their brand and offer a better product

## Product offering

The company's product offering primarily consists of three parts:

1. Mips' safety system, which is the physical product that is implemented in the customers' helmets.
2. Development services for implementation of the Mips safety system in new and existing helmet models.
3. Licensing to customers regarding the right to produce, market, and sell helmets with Mips' safety system.

For each new helmet model that includes Mips' safety system, Mips charges the customer a fixed fee for development and implementation services. As part of this process, Mips handles the production of the tools that are necessary for the commercial production of the specific low-friction layer, and then invoices a fee for the production of these tools. Once the helmet is approved for production, Mips usually invoices the helmet brand a licensing fee for the right to use Mips' IP and technology, amongst others, and to use Mips' marketing material.

The components are usually invoiced directly to the helmet manufacturer's factory from Mips' subsidiary in China.



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# The technology behind Mips, ongoing research and development

## Mips' safety system

Mips' safety system is designed to add protection against rotational motion into helmets. Rotational motion is a combination of rotational energy (angular velocity) and rotational forces (from angular acceleration), which have an effect on the brain and increase the risk of different types of brain injuries.

In connection with certain types of impact, Mips' safety system has proved, during testing in Mips' test lab, to reduce rotational motion when the system is implemented in a helmet. Through a small movement in the low-friction layer in relation to the helmet (10-15 mm) during the short duration of an angled impact (5-10 milliseconds), Mips' safety system is designed to allow the head to continue to move in the direction it was following instead of remaining fixed to the impact surface. It is designed this way to help redirect and absorb some of the rotational motion that might otherwise be transferred to the brain. Absorption is achieved as a result of the friction heat, and by Mips' safety system spreading the load to a larger area of the helmet liner. Mips' safety system is designed to function regardless of the direction of impact.

The development of Mips' safety system is based on many years spent studying the bio-mechanical functions of the human brain. The brain is surrounded by cerebrospinal fluid which protects it by allowing the brain to move slightly when it is subjected to rotational motion that arises as a result of an angled impact. The function of Mips' safety system mimics the function of the cerebrospinal fluid through the low-friction layer, which allows a relative movement between the head and the helmet.

A Mips' safety system unit that is adapted to a specific helmet model usually includes a low-friction layer, an attachment mechanism for the low-friction layer that is adapted to the helmet, snaps and sometimes a slide device. Mips' safety system kits also include information about the technology and the familiar yellow Mips logo which shows that the helmet is equipped with Mips' safety system.

## Research and development in close collaboration with universities

Mips's ambition is to invest about five percent of its net sales in research and development. This is done to ensure the company remains at the forefront of innovation and development of helmet safety products.

Through its work in international university and research environments, the company actively works to ensure that testing of rotational motion is included as a standard in the tests and certification processes of helmets. In addition, Mips is a member of several testing bodies around the world and also pursues an active dialogue with several universities to ensure research-based development of tests and standards.

## Four development categories

Research and development at Mips are founded on science and proven experimental methods and are divided into four separate development categories:

- 1. Innovation** – founded on science and research with the emphasis on new advancements in the field and concepts for dealing with impact risks, thereby allowing in-roads into new categories. During recent years, Mips has enhanced its virtual testing.
- 2. Product development** – with a short-term perspective of about twelve months into the future, the aim is to improve existing solutions and previously established concepts.
- 3. Development of new helmet models** – based on the customers' product development, with Mips providing customer support for design and technology for new models. The support can also be provided by Mips' Virtual Test Lab where the development of new products can be done virtually and thereby save time, money and be more environmentally smart.
- 4. Implementation of the Mips safety system in existing helmet models** – primarily involving assistance to helmet brands with implementation of the Mips safety system in existing helmet models.

## Intellectual property rights

Mips has a broad patent portfolio consisting of more than 50 different patent families, and almost 400 patents granted, intended to protect the company's technology.

Intellectual property rights play a key role in Mips' business and strategy, since they ensure that Mips can maintain its competitive advantage, protect its technology and research and development investments, and foster credibility amongst the company's customers and other stakeholders.

Any infringements are addressed based on a defined IP strategy with the assistance of both internal and external expertise.

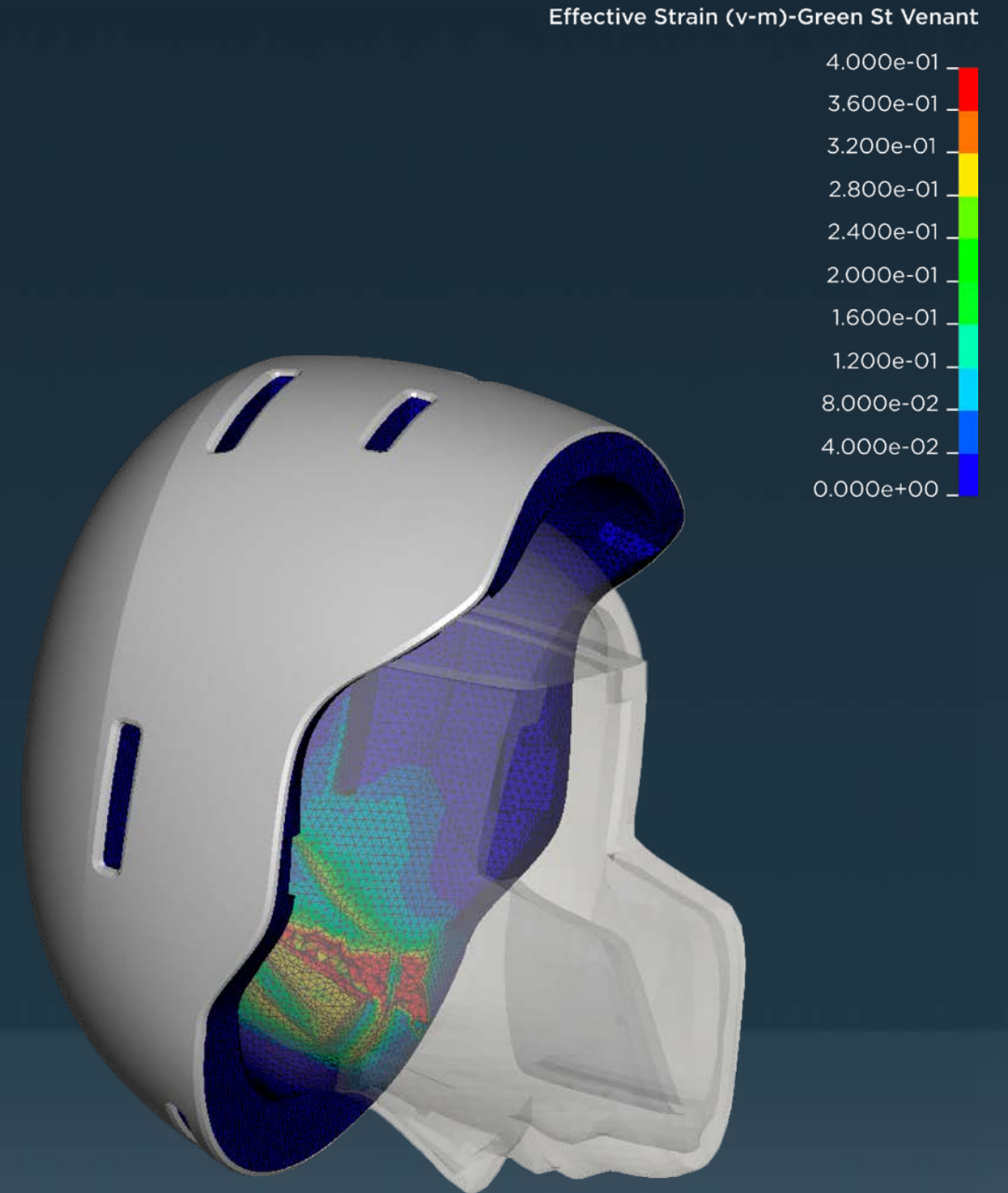
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# Mips Virtual Test Lab

Investment in the Mips Virtual Test Lab (VTL) concept continued during the year. The focus has been on improving the quality of the calculation and material models to attain an even greater ability to predict the behavior of a helmet upon impact. Mips' ambition is to use the VTL together with strategically important customers when developing new helmet models to save Mips and the helmet manufacturers time and money, and to be more environmentally smart. Virtual testing will also help to reduce our climate impact compared to physical testing alone as fewer physical prototypes will be required, which leads to reduced waste in the production process.



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## Team Mips

Team Mips' are world-leading athletes who advocate for helmet safety. The team consists of athletes from all over the world, from a variety of backgrounds and professional sports including biking, skiing, and motor sports. The main task of Team Mips is to raise awareness of head protection and lead the world toward using safer helmets. Team Mips' members mainly draw from their own experiences to encourage everyone, regardless of age, skill level, or sport, to make the right decision when buying a helmet. Several of the athletes have either suffered from head injuries themselves, or have seen it happen to others close up.



**Marion Haerty**

The global queen of big mountain snowboard with four Freeride World Tour titles and a finalist in the Natural Selection Tour 2022.



**Tim Gajser/Team HRC**

Multiple world champion in motocross, junior 2012, MX2 2015, and MXGP in 2016, 2019 and 2022.



**Kate Courtney/Team SCOTT-SRAM**

MTB XC world champion in 2018 and overall UCI World Cup winner in 2019.



**Aleix Espargaró**

Road-racing driver who has made quite an impression in the highly competitive MotoGP series. In 2023, he won two races, and had a total of three medal positions in the prestigious MotoGP races.



**Brandon Semenuk**

The best freeride MTB athlete of all time with four wins in the Redbull Rampage, three overall WC wins and X-games gold medallist.

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# Corporate Governance Report

## Overview of governance



Mips AB (publ) is a Swedish public limited liability company. The company's shares have been listed on Nasdaq Stockholm since 2017. Mips complies with the rules and regulations that apply to companies listed on Nasdaq Stockholm and other applicable regulations, including the Swedish Corporate Governance Code (the "Code"), which is based on the "comply or explain" principle. There was no deviation from the Code in 2023.

In 2023, Mips had a case before the Disciplinary Committee of Nasdaq Stockholm, whereby the Disciplinary Committee discussed whether Mips had breached applicable regulations regarding the disclosure of inside

information. In decision 2023:08, the Disciplinary Committee concluded that Mips had acted in violation of applicable regulations and that Mips should therefore pay a fine of two annual fees, corresponding to SEK 1.7 million. Mips does not share the Disciplinary Committee's view as the interview response, according to the company, did not contain any insider information.

This corporate governance report describes corporate governance, management, and administration at Mips, as well as its internal control and risk management in connection with financial reporting.

### Shareholders

Mips' shares have been traded on Nasdaq Stockholm since 2017. At the end of 2023, the share capital was SEK 2,649,327 divided among 26,493,273 shares, each with a quotient value of SEK 0.10. All shares are of the same kind and all shares in the company carry equal rights in all regards. On 31 December 2023 Mips had about 20,500 shareholders. Of the total number of shares, approximately 72 percent were held by foreign shareholders. Columbia Threadneedle was the single largest owner, with a holding of approximately 5.46 percent of the share capital as of 31 December 2023. Handelsbanken Fonder was the second largest shareholder with a holding of approximately 5.15 percent of the share capital and Baillie Gifford & Co was the third largest shareholder with a holding of approximately 4.95 percent of the share capital as of the same date. Additional information about the share and shareholders can be found on page 142, as well as on the company's website, [www.mipscorp.com](http://www.mipscorp.com).

### General meeting of shareholders

According to the Swedish Companies Act (2005:551), the general meeting of shareholders is the highest decision-making body and the forum in which shareholders can exercise their voting rights. The Companies Act and the Articles of Association stipulate how notice of the Annual General Meeting (AGM) and Extraordinary General Meeting shall be announced, as well as who is entitled to participate and vote at the meeting. The Articles of Association do not contain any restrictions on the number of votes each shareholder may cast at the meeting, nor do they contain any provisions on how amendments to the Articles of Association may be made. All shares carry the right to one vote. According to the Articles of Association, shareholders may vote via postal voting.

At the AGM in 2023, the Board was authorized to resolve upon issuing of new shares and to resolve upon acquisition of own shares on one or several occasions before the next AGM.



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## 2024 Annual General Meeting

Mips' 2024 Annual General Meeting will be held on Tuesday 7 May 2024 in Täby. For more information, visit [www.mipscorp.com](http://www.mipscorp.com).

## Nomination Committee

The Nomination Committee shall consist of three members who shall consist of representatives of the three largest shareholders in terms of votes, or the largest shareholders that are otherwise known, after the end of August, who would like to appoint a member. The Chair of the Board is invited to attend meetings. The Nomination Committee shall appoint one of its members to serve as chairperson of the Nomination Committee.

According to the instructions, the duties of the Nomination Committee include submitting proposals to the AGM on:

- Chairman of the AGM;
- Number of Board members elected by the AGM;
- Candidates for the Board of Directors;
- Chair of the Board;
- Fees for the Board, including the Chair, and for Board members' work on Board committees;
- Election of external auditors;
- Fees to external auditors; and
- Proposals for any updates to the instructions for the composition of the Nomination Committee and its work.

The announcement of the composition of the Nomination Committee for the 2024 AGM was published on 18 October 2023. Following ownership changes in autumn 2023, a change took place in the composition of the Nomination Committee after the public announcement. Subsequent to the above-mentioned ownership changes, the members of the Nomination Committee and respective nominating shareholders for the 2024 AGM are:

Member	Nominating shareholder
Mine Tezgul	Columbia Threadneedle
Peter Nygren, Chair	ODIN Fonder
Suzanne Sandler	Handelsbanken Fonder

The Nomination Committee has held four formal meetings prior to the date on which this Annual Report was

presented. As noted above, one of the main duties of the Nomination Committee is to make recommendations regarding the size and composition of the Board. Normally, the starting point for such recommendations is a survey conducted (see below) by the Chair of the Board to assess the Board's work, composition, qualifications, experience, and efficiency, the results of which are shared and discussed with the Nomination Committee. Based on the survey results and subsequent discussions and interviews, the Nomination Committee determines whether the existing Board should be strengthened with additional expertise or if there are any other reasons to make changes to the composition of the Board. In making such determinations and (if applicable) evaluating potential new candidates for the Board, the Nomination Committee takes into consideration the goal to retain an even gender balance in the Board.

The Nomination Committee applies rule 4.1 of the Code as its diversity policy in its work. The aim is for the composition of the Board to be appropriate, multifaceted and contribute to diversity in terms of gender, age and nationality, as well as experience, professional background, and market categories. The Nomination Committee also takes into consideration the need to ensure that the independence requirements of the Code are met. The Nomination Committee believes that the composition of the Board is appropriate in terms of multidimensional diversity. The Committee further believes that the composition of expertise and experience is consistent with Mips' priorities. The company's Board has an even gender distribution (50 percent women/men).

For the 2024 AGM, the Nomination Committee will announce its recommendations in the notice convening the AGM, which will be published on or around 3 April 2024.

## Auditors

The 2023 AGM elected KPMG AB as auditor of the company until the end of the 2024 AGM. Following the 2023 AGM, Christel Caldefors was appointed auditor in charge. Alexander Tistam is the acting auditor in charge while Christel Caldefors is on maternity leave.

In accordance with a resolution adopted at the AGM, the auditor's fee until the 2024 AGM shall be paid on the basis of approved invoices. The auditor's independence

is ensured by legislation and professional ethics rules and the audit firm's internal guidelines, as well as by adhering to the Audit Committee's instructions governing the type of assignments that the audit firm may conduct in addition to the audit. KPMG AB has provided limited advice above and beyond the audit assignment for the company, primarily tax advice regarding dividends from the company's subsidiary in China.

For more information, see Note 6.

## Board of Directors

According to the Articles of Association, the Board of Directors is to comprise a minimum of three and a maximum of eight Board members who are elected by the general meeting for the period until the end of the next AGM.

The Articles of Association do not stipulate any restrictions on the eligibility of the Board members.

At the proposal of the Nomination Committee, the 2023 AGM reelected Magnus Welander, Jonas Rahmn, Jenny Rosberg, Thomas Bräutigam, Maria Hedengren, and Anna Hällöv as Board members and reelected Magnus Welander to serve as the Chairman.

The duties of the Board are regulated by the Swedish Companies Act, the company's Articles of Association and the Code, amongst others. In addition, the Board of Directors' work is regulated by rules of procedure established annually by the Board. The rules of procedure govern such matters as the allocation of work and responsibilities between the members of the Board, the Chairman and the Chief Executive Officer (CEO), and contain procedures regarding financial reporting and other instructions for the CEO. The Board of Directors also establishes instructions for the Board's committees. The work of the Board of Directors follows a yearly plan which, in addition to the adoption of interim reports and annual accounts, also includes adoption of the strategy and business plan, budget, sustainability management plan, and proposals for resolution at the AGM (such as appropriation of profit). Board policy documents and guidelines are adopted following the AGM each year. The Board of Directors also monitors financial developments, ensuring the quality of financial reporting and internal control, and evaluates the operations based on the established objectives and guidelines adopted

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by the Board of Directors. Moreover, at least once a year the Board of Directors evaluates the performance of the company's CEO. The Board of Directors also decides on major investments and changes to the Group's organization and operations.

The Chairman of the Board monitors the company's performance, in close collaboration with the CEO, and convenes Board meetings. The Chairman of the Board is also responsible for ensuring that Board members annually evaluate their work and that they continuously receive the information necessary to perform their work effectively.

Important issues specifically addressed by Mips' Board of Directors in 2023 include the company's sustainability work, the company's strategy and long-term plan, challenges in the market for bikes, macroeconomic trends and external factors such as geopolitical events, potential acquisitions and investments in other companies, and the company's long-term incentive programs. Regular matters such as Mips' financial development, regulatory compliance, and the market's confidence in Mips have also been discussed during the year.

## Evaluation of the Board of Directors

The Board follows an established procedure to annually evaluate the results of the work of the Board and committees, how effective its methods are and how they can be improved. The Chairman of the Board is responsible for distributing and following up a written questionnaire to gather the opinions of all Board members and suggestions for improvement. The survey results were compiled, presented, and discussed by the Board. The results of the evaluation have also been presented to the Nomination Committee by the Chairman of the Board and reported to the Nomination Committee in writing.

## Fees for Board members

Fees for Board members, including remuneration for committee work, are determined by the shareholders at the general meeting. The AGM held on 10 May 2023 resolved that a fee of SEK 640,000 shall be paid to the Chairman of the Board and SEK 285,000 to each of the other members of the Board. For work in the Audit Committee, the Chair is paid SEK 130,000 and the other member receive SEK 75,000. For work in the Remuner-

ation Committee, the Chair is paid SEK 50,000 and the other member receive SEK 30,000.

## Board meetings

During the year the Board held 17 meetings, including six by video conference, six physical meetings, and five meetings held per capsulam (which have mainly focused on allocation decisions regarding the company's long-term incentive program). The physical meetings took place in Täby, Sweden.

Mips' CEO, CFO and General Counsel usually participate in Mips' Board meetings. The General Counsel, or in her absence the Legal Counsel, acts as the secretary of the Board and records the minutes at Board meetings. Other members of Group Management, besides the CEO and CFO, may also be asked to attend to report on important issues.

When relevant and at least quarterly, Group Management presents forecasts and key performance indicators, providing the Board with an overview of the company's financial development and also general market developments.

The company's budget is reviewed and approved once per year. The Board also reviews and monitors any legal disputes the company may have. The company's external auditors meet with the Board at least once a

year, without the presence of the members of Group Management.

## Independence of the Board of Directors

In accordance with the Code, the majority of the Board members elected by the AGM shall be independent in relation to the company and its management and major shareholders. All Board members have been assessed to be independent both in relation to the company and its management, as well as in relation to major shareholders. This assessment is presented in more detail on page 40.

## Board Committees

The Board has two committees: the Audit Committee and the Remuneration Committee. These committees are preparatory bodies for the Board and do not limit the Board's responsibility for the company and for the decisions that are made. Minutes are recorded at the committee meetings. In addition, regular written or verbal reports are provided to the Board regarding committee meeting discussions. The work of each committee is carried out pursuant to written instructions for the committees which are part of the rules of procedure from the Board.

## Composition of the Board of Directors

	Elected year	Total fee, SEK thousand	Independent of the company and its management	Independent in relation to major shareholders	Board meetings	Audit Committee meetings	Remuneration Committee meetings
<b>Chairman</b>							
Magnus Welander*	2019	690	Yes	Yes	17/17		3/3
<b>Members</b>							
Thomas Bräutigam	2021	285	Yes	Yes	17/17		
Maria Hedengren	2022	360	Yes	Yes	17/17	6/6	
Anna Hällöv	2022	285	Yes	Yes	16/17		
Jonas Rahmn	2012	315	Yes	Yes	17/17		3/3
Jenny Rosberg	2018	415	Yes	Yes	17/17	6/6	

\* Elected to serve as Chairman of the Board at the 2019 Annual General Meeting, elected as member of the Board at the 2016 Annual General Meeting.

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## Audit Committee

Mips has an Audit Committee consisting of two members.

The committee's members are Jenny Rosberg (Chair) and Maria Hedengren. The committee's duties include monitoring the company's financial reporting, sustainability reporting, and the efficiency of the company's internal control and risk management activities. The Audit Committee's work focuses on the quality and accuracy of the Group's financial accounting and the accompanying reporting. Furthermore, the Audit Committee evaluates the auditor's work, qualifications and independence, and monitors in particular whether

the auditor provides the company with services other than audit services. The Audit Committee monitors the development of accounting policies and requirements, discusses other significant issues connected with the company's financial accounting, sustainability reporting and regulatory compliance, and reports its observations to the Board.

The Audit Committee held six meetings in 2023. The minutes that are recorded at Audit Committee meetings are presented to the Board of Directors at the next Board meeting. The Audit Committee meets all require-

ments for auditing and accounting expertise as stipulated in the Swedish Companies Act.

## Remuneration Committee

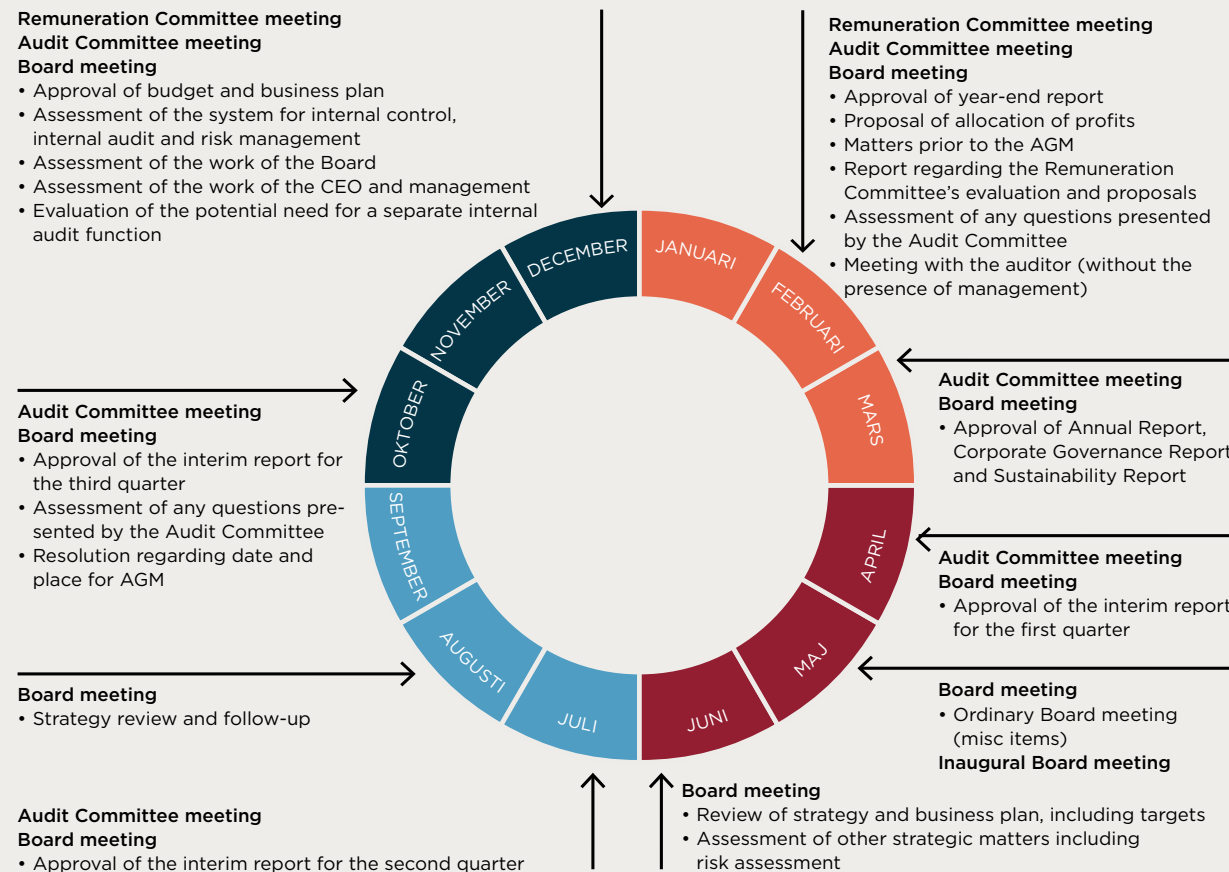
The Remuneration Committee at Mips has two members; Magnus Welander (Chair) and Jonas Rahmn. The duties of the Remuneration Committee include preparing matters regarding remuneration and other terms of employment for the CEO and other senior executives. This work also includes preparing the Board's proposals on guidelines for remuneration to Executive Management, including the relationship between fixed and any variable remuneration, the principal terms of any bonus and incentive programs and the principal terms of non-monetary benefits, pensions, termination, and severance pay. Share-based incentive programs are adopted by the general meeting. The Remuneration Committee's duties also include monitoring and evaluating the outcomes of variable remuneration programs, and Mips' compliance with the guidelines for remuneration to Executive Management adopted by the general meeting.

The Remuneration Committee held three meetings in 2023. The minutes that are recorded at Remuneration Committee meetings are presented to the Board of Directors at the next Board meeting.

## CEO and Group Management

The CEO is appointed by the Board of Directors and is responsible for the daily management of the company and the Group's activities in accordance with the Board instructions and regulations. The distribution of responsibilities between the CEO and the Board of Directors is defined in the Board's rules of procedure and the instructions for the CEO, adopted by the Board of Directors. The CEO serves as the head of the senior executives and makes decisions in consultation with other members of the Executive Management team. The CEO is also responsible for preparation of reports and compiling information for Board meetings, as well as for presenting material at Board meetings.

A description of the guidelines for remuneration to Executive Management, share-based incentive programs, and terms of employment for the CEO and senior executives can be found in Notes 4 and 5, as well as on the company's website. [www.mipscorp.com](http://www.mipscorp.com).



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# Internal control

The Board of Directors' responsibility for internal control is governed by, among others, the Swedish Companies Act, the Swedish Annual Accounts Act (1995:1554), and the Code. The duties of the Board of Directors include ensuring that the company has formalized procedures to ensure compliance with the principles for financial reporting and sustainability reporting and internal control, and that the company's financial reporting and sustainability reporting are prepared in compliance with laws, applicable accounting standards and other requirements for listed companies, including ensuring that there is an effective follow-up and control system for the company's operations. The Board also ensures that the internal control is evaluated.

Mips' CEO is responsible for ensuring that the company's internal control is implemented and conducted as necessary to manage significant risks in the day-to-day activities of the company. The company's CEO has overall responsibility for maintaining sound internal control over the financial reporting environment.

To develop a structured approach to working with internal control, Mips applies the COSO framework (published by the Committee of Sponsoring Organisations of the Treadway Commission). Mips' process for internal control has been designed to ensure appropriate risk management, including reliable and accurate financial reporting in accordance with International Financial Reporting Standards (IFRS), and other applicable laws and regulations.

### Control environment

The control environment is the foundation for all other

components of the internal control, and includes factors such as organizational culture, integrity, ethical values, expertise, management philosophy, organizational structure, responsibilities and authorities, as well as policies, instructions and procedures.

The Board of Directors has adopted a number of governing documents and instructions to communicate a clearly defined internal control environment, also aimed at defining roles and allocation of responsibilities between the CEO and the Board of Directors. These governing documents include the Board of Directors' rules of procedure, instructions for the CEO, instructions for financial reporting, and the authorization framework. The control environment within Mips thus comprises both individual responsibilities and governing documents, with consideration given to applicable laws and regulations.

### Risk assessment

A risk assessment includes the identification and assessment of risks that may impede or prevent the company from achieving its objectives. Mips has a semi-annual risk process in place, with quarterly updates, wherein risks are identified from a Group perspective to give an overall view of the most significant risks to which Mips is exposed. Each identified key risk is assigned to a senior executive and documented with an action plan to address and mitigate the risk to the greatest extent possible. The senior executives should, as a rule, review and update the risk matrix at least quarterly. In addition, the Audit Committee shall annually discuss, together with Executive Management and the external auditors, any significant financial risk exposures and measures taken,

or intended to be taken, by Executive Management to mitigate, limit or control the exposures.

The risk assessment, including documentation, should be presented to the Board of Directors at least once per year, usually in conjunction with the proposed budget presentation at the end of the year.

### Control activities

The design of control activities is of particular importance in the company's work to manage risks and safeguard the internal control. In order to prevent, detect and correct errors and deviations, control activities are established in relation to control targets, which help to ensure that necessary actions are taken to address risks that could prevent the company from achieving its objectives. Such control activities include Mips' governance structure with a number of forums and activities that continually monitor the operations, such as the Board of Directors' review and reconciliation of decisions taken. Well-defined business processes, segregation of duties, and appropriate delegation of authority are also activities that support good corporate governance and internal control within the company. Mips' internal control program focuses on four key processes:

- Order to Cash
- Procure to Pay
- Record to Report
- Salary Process

These four processes are analyzed in detail, and the steps of the processes are defined in internal documents

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to ensure that there is a sufficient division of responsibility and that the right control mechanisms are in place. The strength and efficiency of these control mechanisms are evaluated annually to ensure compliance with the established processes and that the safety measures continue to be relevant. All evaluation results are saved and documented. If any of the processes change during the year, a review of the process must be carried out promptly to ensure that all relevant risks are addressed.

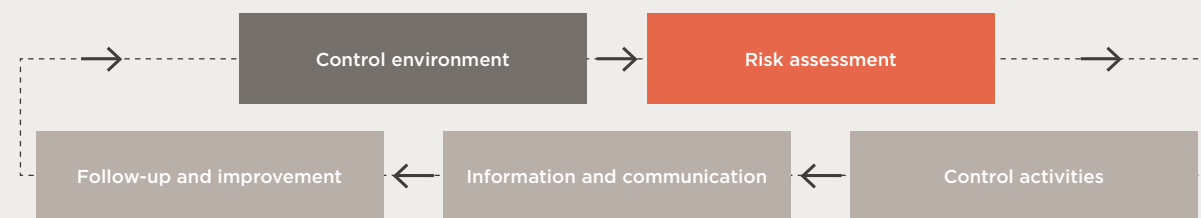
### Information and communication

Mips' internal communication channels and the limited size of the company enable written information relating to the financial reporting and internal control to be quickly and easily communicated to the company's employees. In addition to written information, news, risk management and control results are communicated and discussed at regular meetings. All relevant internal policies and instructions are available to all concerned employees on the company's intranet. In addition, there are both formal and informal information channels for the Executive Management and the Board for essential information from employees. For external communication, guidelines have been compiled in a communications policy, which ensures that the company lives up to applicable standards for correct dissemination of information to the market and other groups such as shareholders, Board members, employees, and customers, in compliance with the applicable regulations.

### IT security

Mips' brand and business information are important assets that Mips is committed to protecting. Proper handling of business information, built on trust and assurance, is a cornerstone in all of the company's business relationships. IT security is thus high on the

## Control environment



company's agenda. Mips' IT security work aims to actively protect business information from a wide range of threats and to ensure its confidentiality, integrity and availability, among other things.

Mips' IT policy, which is annually adopted by the Board, establishes the company's principles for information security and cybersecurity at Mips. The company has adopted a systematic and risk based approach to protect Mips' information and to continuously develop and improve this important work. Mips, together with an external IT partner, continuously evaluates implemented security measures and holds continuous training sessions for employees to create an awareness of the company's principles for information and IT security and the current threat situation.

### Monitoring

The internal control system is regularly monitored and any deficiencies are reported to Mips' Executive Management and, if necessary, to the Board. In addition, the internal control system is evaluated annually. Mips'

CFO is responsible for ensuring that appropriate monitoring processes are in place, including a specific process for monitoring and assessing reported deficiencies. The results of the annual evaluation shall be reported to the Audit Committee for review, after which a summary including any identified suggestions for improvements shall be presented to the Board of Directors. The Board of Directors continually assesses the information and reports provided by Executive Management, and ensures that identified risks are handled appropriately.

### Internal auditing

Under Section 8.1 of the Code, the Board shall evaluate the need for a special audit function (internal audit) during the year to ensure that the company complies with established principles, standards and other applicable laws relating to financial reporting. Given the company's organizational structure, existing procedures and internal control efforts, the Board has assessed that there is no need to establish an internal audit function.

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# Board of Directors

Mips' Board of Directors consists of six Board members elected by the general meeting. All Board members are independent in relation to the company and its management, as well as to the company's major shareholders.



### Magnus Welander

Chairman of the Board since 2019 and Board member since 2016. Chairman of the Remuneration Committee.

Born 1966. MSc in Civil Engineering, Industrial Economics, Institute of Technology at Linköping University.

### Current assignments

Chairman of the board of Embellence Group AB (publ) and Eleiko Group AB. Member of the Board of Herenco Holding AB and HESTRA-Handsken AB.

### Selected past assignments

CEO of Thule Group AB (publ), CEO of Envirotainer and various management positions within Tetra Pak in Italy and Australia.

### Holdings including any related parties

50,500 shares, relate to holdings per 31 December 2023.



### Thomas Bräutigam

Board member since 2021.

Born 1967. MBA from Stockholm School of Economics.

### Current assignments

President Lifting Automation Division, Piab AB and Chairman of the Board of AxKid AB and Dcbl Intressenter AB (Sordin).

### Selected past assignments

CEO of TAWI, ColArt, BRIO, European Nursery Group and Tretorn.

### Holdings including any related parties

10,500 shares, relate to holdings per 31 December 2023.



### Maria Hedengren

Board member since 2022.

Member of the Audit Committee.

Born 1970. Accounting, financing and business administration studies, University of Gothenburg.

### Current assignments

Chair of the Board of Feminvest Holding AB and The Future is Female AB. Advisory member of the Board and senior advisor of STJ Advisors, founder of Oxygen First AB and Venture Partner in Eight Roads Venture.

### Selected past assignments

CFO of NetEnt AB (publ), CFO of iZettle AB and CEO of Readly International AB (publ), Board member and member of the Audit Committee of NetEnt AB (publ) and member of the Board and chair of the Audit Committee of Fishbrain AB.

### Holdings including any related parties

300 shares, relate to holdings per 31 December 2023.

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## Anna Hällöv

Board member since 2022.

Born 1971. Masters in International Business Administration from Linköping University.

### Current assignments

General Manager för Swedish Match/Philip Morris Sweden. Board member of Dagligvaruleverantörerna (DLF) and Board member of Spendrup Invest AB.

### Selected past assignments

Vice President Business Unit Sweden of Swedish Match AB, Nordic Marketing Director at Unilever, Head of Private Labels at Coop Sweden, Head of Sales and Marketing at Stensåkra Charkuteri & Deli AB and Vice President Marketing at Carlsberg Sweden.

### Holdings including any related parties

600 shares, relate to holdings per 31 December 2023.



## Jonas Rahmn

Board member since 2012.

Member of the Remuneration Committee.

Born 1967. MSc in Civil Engineering, Engineering Physics, Chalmers University of Technology.

### Current assignments

Chairman of the Board of Apica AB. Board member of Knoxville AB, ExOpen Systems Aktiebolag, Ekoligens AB and Relox Robotics AB.

### Selected past assignments

Partner KTH Chalmers Capital and Board member of Norröna Sport AS.

### Holdings including any related parties

33,500 shares, relate to holdings per 31 December 2023.



## Jenny Rosberg

Board member since 2018.

Chair of the Audit Committee.

Born 1966. MBA from Stockholm School of Economics.

### Current assignments

CEO and Board member of ROPA Management AB and ROPA & BOARDA AB. Board member of AB Persson Invest, board member and member of the M&A committee of C.A.G Group AB (publ), board member and Chair of the Audit Committee of C-RAD AB (publ), Chair of the board of Solporten Fastighets AB and Nya Solporten Fastighets AB.

### Selected past assignments

Board member of NetEnt AB (publ), Nordax Group AB (publ), and Eastnine AB (publ). Board member of Nasdaq Stockholm, Helsinki and Copenhagen, and Senior Vice President of Nasdaq Inc.

### Holdings including any related parties

1,600 shares through company, relate to holdings per 31 December 2023.





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# Management



**Max Strandwitz**  
Born 1975 and Chief Executive Officer since 2019.

**Education**  
MSc in Business, University of Borås. Sweden.

**Current assignments**  
Board member of Quintessential Design Inc.

**Selected past assignments**  
Previously CFO at Mips AB, CFO Operations at Cloetta AB and Finance Director at Unilever Supply Chain Company and Unilever Nordic.

**Holdings including any related parties**  
78,025 shares  
39,000 warrants, relate to holdings per 31 December 2023.



**Karin Rosenthal**  
Born 1978 and Chief Financial Officer since 2020.

**Education**  
BA in Economics, Stockholm University.

**Current assignments**  
None.

**Selected past assignments**  
Previously Finance Manager Volati AB, Manager global accounting services Klarna, Head of Group Accounting, Faberge AB.

**Holdings including any related parties**  
280 shares  
11,000 warrants, relate to holdings per 31 December 2023.



**Johan Hedlund**  
Born 1972 and Chief Technology Officer since 2022.

**Education**  
Materials Technology at Kungliga Tekniska Högskolan, Stockholm.

**Current assignments**  
None.

**Selected past assignments**  
Previously acting CTO and Head of Product Development at Mips AB, and Head of Product Development at Teledyne FLIR.

**Holdings including any related parties**  
1,220 shares  
4,000 warrants, relate to holdings per 31 December 2023.



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## **Fredrik Kjellberg**

Born 1976 and Chief Marketing Officer since 2019.

### **Education**

BA in Marketing, Stockholm University.

### **Current assignments**

None.

### **Selected past assignments**

Previously Global Marketing Director Atomic Austria GmbH, Global Marketing Manager Haglöfs Scandinavia AB and Digital Manager Peak Performance Production AB.

### **Holdings including any related parties**

966 shares, relate to holdings per 31 December 2023.



## **Cedric Marmeys**

Born 1983 and Chief Operating Officer since 2023.

### **Education**

Master of Science in Engineering, Institute of Technology at Linköping University & INP Grenoble.

### **Current assignments**

None.

### **Selected past assignments**

Previously Head of Logistics at Daniel Wellington AB, Procurement Manager at Antalis AB and Supply Chain Manager at Groupe FSD.

### **Holdings including any related parties**

3,500 warrants, relate to holdings per 31 December 2023.



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# Director's report

The Board of Directors and the Chief Executive Officer of Mips AB, Company reg. no. 556609-0162, hereby issue the annual report for the Group and the parent company for 2023.

### General information about operations

Mips is the market leader in helmet solutions designed to help to reduce harmful rotational motion that can be transferred to the head from angled impacts. Mips' patented safety system can be integrated in a variety of different types of helmets for both consumers (e.g. helmets for bicycle, snow, motorcycle, equestrian and team sports) and professional users (e.g. helmets for industry, military, police, search and rescue).

Mips has an "ingredient brand" business model, which means that Mips sells its products and licenses associated technology to other companies that in turn manufacture, market and sell complete helmets. As an ingredient brand Mips does not sell or market any own helmets and therefore does not sell its products to end users. Several world-leading helmet brands have launched helmets with Mips' safety system and they market them to end-customers globally.

The company's technology and patents are based on more than 25 years of research and development, that started at the Royal Institute of Technology and the Karolinska Institute in Sweden. Several scientific articles validating the company's technology have been published, approximately 75,000 helmet tests have been carried out in Mips' physical lab and more than 100,000 virtual helmet tests have been carried out in Mips'

Virtual Test Lab. Furthermore, a number of third-party tests have also been conducted that have confirmed the efficacy of the Mips safety system.

Despite a challenging year in which Mips showed negative revenue growth, the company has continued to invest in its operations and strategic initiatives. This has happened through continued investments in research and development as well as marketing. Furthermore, the company has increased the number of started helmet projects that will lead to new helmets equipped with Mips' safety system.

### Key events during the financial year

On August 31, the company acquired 25 percent of the shares of the sensor technology company Quintessential Design Inc., "Quin" for a cash purchase consideration of USD 7.3 million. This investment is the first step towards exploring the opportunities of sensor technology. It will enable Mips to gather more data regarding incidents by using high-precision sensor technology and accompanying machine-learning algorithms, which makes this investment an important step in achieving Mips' vision, ambition and strategy. For more information about Quin, see Note 13.

### Financial performance: Group operations, earnings and financial position\*

#### Net sales and profit/loss

Net sales for the 2023 full year amounted to SEK 357m (563), a decrease of 37 percent. Adjusted for exchange rate effects, the decrease was 39 percent. The decrease

in net sales is mainly explained by reduced sales in the bike sub-category. Gross profit decreased by 38 percent to SEK 253m (406). Gross margin declined by 1.2 percentage points to 70.9 percent (72.1), mainly explained by a higher share of fixed costs as an effect of the decrease in net sales. Operating profit decreased to SEK 70m (229), corresponding to an operating margin of 19.7 percent (40.7). No items affecting comparability have impacted profit during the year or during 2022. The decrease in operating profit is mainly explained by lower sales and strategic research and development initiatives.

Selling expenses amounted to SEK 74m (75).

Administrative expenses during the year amounted to SEK 59m (57). Research and development expenses amounted to SEK 35m (26). Other operating income and expenses amounted to SEK -15m (-18), mainly due to exchange rate losses.

Tax expenses for the year amounted to SEK -20m (-48), corresponding to an effective tax rate of 23.9 percent (21.5).

#### Liquidity and financial position

On December 31 2023, the Group's total assets amounted to SEK 738m (767). Non-current assets amounted to SEK 176m (104) on December 31, 2023, mainly explained by the investment of SEK 80m in the associated company Quin. Short-term investments of SEK 183m (381) are invested in their entirety in interest-bearing funds. The equity/assets ratio was 89 percent (82). Cash and cash equivalents, including short-term investments, totaled SEK 408m (532) on December 31, 2023.

\* For definitions and alternative performance measures, see pages 140-141.

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During the year the Group saw an decrease in accounts receivable to SEK 91m (110), mainly related to the decrease in net sales during the year. The carrying amounts of assets and liabilities are considered to correspond to their fair values in all material respects. To reduce the Group's short-term currency exposure, certain currency derivatives have been entered into with a bank. The derivatives are measured at fair value and amounted to a financial asset of SEK 5m on December 31, 2023. Last year the derivatives amounted to a financial liability of SEK 9m. Hedge accounting is applied, according to which the unrealized change in fair value for the derivatives is primarily recognized in Other comprehensive income.

## Cash flow and investments

During the year investments amounted to SEK 89m (22), primarily due to the investment of SEK 80m in Quin. Investments in intangible assets amounted to SEK 7m (15), mainly related to the acquisition of patent rights and some other intangible assets. Investments in property, plant and equipment totaled SEK 2m (6), mainly attributable to investments in office equipment and office premises.

As of December 31, 2023 the Group had no significant obligations related to investments.

## Shares and share capital

The share capital of Mips AB was SEK 2,649,327 on December 31, 2023. The number of shares registered amounted to 26,493,273 as of December 31, 2023. On December 31, 2023 the company's holdings of its own shares totaled 2,151 shares, corresponding to less than 0.1 percent of the total number of registered shares. The number of outstanding shares amounted to 26,491,122 as of December 31, 2023.

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

## Share-based incentive program

The Group has had one outstanding warrant-based incentive program for senior executives and key personnel that expired in September 2023. The program included 550,000 issued and paid warrants, as well as an additional 25,000 issued but not allocated warrants. During

2023, 300,639 warrants have been exercised, which generated 309,653 new shares. The remaining 249,361 of the total 550,000 warrants were thereby forfeited. In total, the warrants could lead to a dilutive effect in number of shares and votes of a maximum of 2.2 percent. The exercise price (before recalculation) was SEK 339.30 per share. Each warrant entitled to subscription of one new share. Similar to previous warrant programs, conditions applied regarding a recalculated subscription price and a recalculated number of shares as a result of dividends. After recalculation for dividends paid in 2023, the exercise price was SEK 331.30.

The Group has also had an outstanding long-term share performance program for employees who did not participate in the warrant program. The share performance program included a total of 33 people in Sweden and China and was redeemed in the second quarter of 2023. There are no remaining outstanding performance-based shares.

At the 2023 Annual General Meeting, three long-term incentive programs were adopted for senior executives and certain key personnel at Mips. The Group thereby has a new warrant program with each warrant entitling the holder to one share in the company. In total, 429,000 warrants were issued divided across a maximum of 143,000 warrants per program. For program 2023/2026, 82,100 warrants were allocated to the participants. The total amount of 429,000 issued warrants can lead to dilution of approximately 1.6 percent. The exercise price of the first program amounts to SEK 396.27 per Mips share.

The company has no costs for the warrant programs other than administrative costs regarding advisors etc. in connection with the preparation of the documentation and the resolution to issue the warrants, etc.

## Research and development

Research and development is one of the cornerstones of the company's commercial success. Mips believes the company has market-leading expertise in development and processes in its technology and product area. Mips has an ambition to invest approximately 5 percent of the company's net sales in research and development. The company aims to create an innovative company culture that promotes knowledge growth within the organiza-

tion to inspire employees to develop new solutions and/or concepts, based on an established and structured development method. Current and planned R&D at the company includes innovation projects for its products, as well as development of better materials and components, and processes such as current development of more efficient testing and production processes, and the development of the Virtual Test Lab (VTL). The company has continued its investments in product development and recruited more resources into the organization. Research and development expenses in 2023 were SEK 35m (26). The increase is due to Mips investing strategically in the future despite reduced sales, which meant that the investment in research and development in 2023 amounted to approximately 10 percent of sales. The company did not capitalize development costs in 2023. The company expects to increase its investments in research and development during the coming year.

## Sustainability

In accordance with the the Swedish Annual Accounts Act, chapter 6, §11, Mips has chosen to prepare the statutory sustainability report as a separate report from the legal annual report. The statutory sustainability report can be found in this document on pages 100-137.

## Adjustments

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

## Information on non-financial disclosures

At year-end, the Group had 105 (100) employees. The average number of employees during the year was 101 (89), of which 46 percent (48) were women. More personnel were recruited to the organization, primarily in research and development, to meet the company's growth rate and be able to develop new products and solutions.

The company has a code of conduct and actively follows an ethically, socially, and environmentally responsible business strategy, and works to ensure that its products are innovative while providing a safe and healthy work environment.

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The company does not engage in any operations that require a permit or notification under the Swedish Environmental Code.

## The Board proposes the following guidelines for remuneration to the senior executives

These guidelines cover the senior executives at Mips and are applicable to remuneration that is to be agreed, and amendments to remuneration already agreed, after the adoption of the guidelines by the 2024 Annual General Meeting. These guidelines do not apply to any remuneration resolved or approved by the General Meeting.

### *The guidelines' promotion of the company's business strategy, long-term interests, and sustainability*

The company's business strategy is briefly summarized below.

Mips operates as an ingredient brand with a solution designed to improve helmet safety by reducing rotational motion that can arise in the event of an angled impact to the head. The company's long-term strategy is based on three main helmet categories comprising Sports, Motorcycle and Safety, which together represent a focus market of 195 million helmets. As part of the company's business strategy the following long-term (2027) financial targets have been set:

- Net sales >SEK 2 billion
- Operating margin >50%
- Dividend >50% of annual net earnings

For more information about the company's business strategy, go to <https://mipscorp.com/about-Mips/business-model-and-strategy/>.

The company's position as a world-leading player in its field is largely a result of the innovation, know-how, and ability to get things done of a number of individuals affiliated with Mips. To continue to implement the company's business strategy successfully and to safeguard the company's long-term interests, including its sustainability, the company must be able to recruit and retain qualified employees. Consequently, the company must be able to offer competitive remuneration, which these guidelines enable.

The company has established long-term share-based incentive programs that are based on warrants. For more information about these programs, go to <https://mipscorp.com/corporate-governance/incentive-program/>.

### *Types of remuneration, etc.*

Remuneration should be market-based and may comprise the following components: fixed cash salary, variable cash remuneration, pension benefits, and other benefits. Additionally, the General Meeting may – irrespective of these guidelines – resolve on share-related or share price-related incentive programs, among other things.

The fixed salary for senior executives shall be adapted to market conditions, be competitive and be based on competence, responsibility, and performance.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to a maximum of 75 percent of the fixed annual cash salary of the Chief Executive Officer and a maximum of 50 percent of the fixed annual cash salary for each of the other senior executives.

The variable cash remuneration shall be linked to predetermined and measurable criteria, which may be financial or non-financial. The criteria may also comprise individually and functionally adapted quantitative or qualitative targets. The criteria shall be designed to promote the company's business strategy and long-term interests, including its sustainability work, for example by being clearly linked to the business strategy or by promoting the senior executive's long-term development. The variable cash remuneration will mainly be dependent on the Group's net sales and operating margin, which is in line with the company's long-term financial goals. Furthermore, the variable cash remuneration shall also be related to one or more of the sustainability goals set by the company, where the Chief Executive Officer must only have company-wide sustainability goals and other senior executives shall have both company-wide sustainability goals and individually set sustainability goals. In addition, the remainder of the variable remuneration may be paid based on individual and function-specific targets.

The Remuneration Committee is responsible for the assessment of outcomes regarding variable cash remuneration to the Chief Executive Officer, and the Chief Executive Officer is responsible for the evaluation regarding variable cash remuneration to the other senior executives. With regards to the financial targets, the assessment shall be based on the financial information made public by the company.

The Board shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

For all senior executives, pension benefits, including health insurance (Sw. sjukförsäkring), shall be defined-contribution schemes. Variable cash remuneration shall not qualify for pension benefits. The pension premiums to defined-contribution schemes shall amount to a maximum of 30 percent of the fixed annual cash salary. Other benefits may include life insurance, medical insurance (Sw. sjukvårdsförsäkring), and company cars. Such benefits may amount to a maximum of 10 percent of the fixed annual cash salary.

### *Termination of employment*

In the event of termination by the company, the period of notice shall be a maximum of twelve months. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for two years for the Chief Executive Officer and one year for other senior executives. When termination is made by the senior executive, the notice period may not exceed six months, without any right to severance pay.

Remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for any loss of income and shall only be paid insofar as the previously employed executive is not entitled to severance pay. The remuneration shall amount to a maximum of 60 percent of the fixed cash salary at the time of termination of employment, unless otherwise provided by mandatory collective bargaining agreements, and be paid during the time the non-compete undertaking applies, however not for more than nine months following termination of employment.

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*Salary and employment conditions for employees*  
In the preparation of the Board's proposal for these guidelines for remuneration, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration, and the increase and rate of increase over time, in the Remuneration Committee's and the Board's basis for decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration of the Chief Executive Officer and remuneration of other employees will be disclosed in the company's remuneration report.

*Decision-making process to determine, review and implement the guidelines*

The Board has established a Remuneration Committee. The Committee's tasks include preparing the Board's decision to propose guidelines for remuneration of the senior executives. The Board shall prepare a proposal for new guidelines whenever the need arises for substantial changes in the guidelines, however at least every fourth year, and submit it to the Annual General Meeting. The guidelines shall apply until new guidelines are adopted by the General Meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration to the senior executives, the application of the guidelines for remuneration to the senior executives, as well as the current remuneration structures and compensation levels in the company.

The Chief Executive Officer and other members of senior executives do not participate in the Board's processing of and resolutions regarding remuneration-related matters insofar as they are affected by such matters.

*Derogation from the guidelines*

The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board's resolutions in remuneration-related matters, which includes any resolutions to derogate from the guidelines.

*Description of significant changes to the guidelines and how shareholder opinions have been taken into account*

The Board of Directors has not received any opinions from the shareholders on the existing guidelines for remuneration to the senior executives. The company's long-term financial targets presented in the guidelines have been updated in accordance with the updated long-term business strategy and the financial targets presented in June 2022. A minor update has been made related to the share-based incentive programs now solely being based on warrants. Otherwise, no significant changes have been made to the guidelines, and the Board's proposal essentially corresponds to the existing guidelines.

**Corporate Governance Report**

For the Corporate Governance Report, see page 38 and the company's website [www.mipscorp.com](http://www.mipscorp.com).

**Parent company**

Mips AB is the parent company of the Group. The accounts of the parent company are essentially consistent with the accounts of the Group, and for that reason the comments for the Group largely also apply to the parent company. Net sales for the parent company totaled SEK

254m (395) for the full year. The profit during the same period was SEK 63m (150). The parent company had cash and cash equivalents, including current investments, totaling SEK 363m (482) on December 31, 2023.

**Outlook**

The company has established itself as a leader in helmet solutions that are designed to help reduce harmful rotational motion that can be transmitted to the head from angled impact. Provided that external factors do not significantly change over the next few years, demand for the company's products is expected to be robust.

**Proposed appropriation of profits**

Available for disposal at the Annual General Meeting:

SEKt	
Share premium reserve	348,493
Fair value reserve	3,941
Retained earnings	157,048
Profit for the year	63,446
<b>Total</b>	<b>572,928</b>

The Board of Directors proposes that the available funds of SEKt 572,928 be allocated so that SEK 6.00 (5.50) per share, corresponding to SEKt 158,947 based on the number of shares on December 31, 2023, be distributed to shareholders and the remaining amount of SEKt 413,981 be carried forward, including SEKt 348,493 to the share premium reserve, SEKt 61,547 to profit brought forward and SEKt 3,941 to the fair value reserve.

Regarding the financial performance and position in general of the Group and the parent company, please refer to the following financial statements with accompanying notes to the accounts.

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# Risks and risk management

Mips' business is associated with various types of risks. Risk identification and risk assessment are a natural part of operations at Mips to ensure that Mips manages and prioritizes measures to satisfactorily limit or minimize probability.

In order to minimize the risk of unpredictable events having a negative impact on the business, the company works with a structured and documented process to identify and prevent risks in order to create a sustainable business model. The ambition of risk management at Mips is not to completely eliminate risks, but to highlight and prioritize risk management work in order for the company to limit the negative impact of risk. This approach will create sustainable and long-term value for the company, both operationally and strategically. All functions in the company participate in risk management, with the aim of increasing risk awareness throughout the organization, for operational decision-makers and Board members alike.

### Risk management organization

The Board of Directors of Mips has the ultimate responsibility for risk management. The operational management of the company reviews risk management procedures every quarter, after which the Board of Directors considers proposals for prioritization and management of the main risks.

Executive Management considers risks related to both business development and long-term strategic planning, as well as the Group's work with sustainability and environmental issues and associated risks, and submits a proposal for prioritization to the Board, which

ultimately sets the priorities to be addressed. Executive Management regularly reports to the Board on risk-related issues, such as the Group's financial status and compliance with the Group's policies. The Group's central finance department is responsible for prioritizing and managing financial risks, including exposure to exchange rate fluctuations. Mips' CFO is responsible for and ensures that the Group has the right insurance coverage for risks that can be insured. This procedure is in line with the priorities that Executive Management has proposed and the Board has approved. The Group's code of conduct and a number of more specific policies serve as the foundation for ongoing operational risk management at all levels of the organization.

Identifying and assessing risks as part of daily operations is important for building a long-term sustainable business model.

### Risk overview

A number of risk areas have been identified through Mips' risk management procedures and materiality analysis. The tables on pages 56-58 briefly present the most significant risks, as well as how they are managed and measured to limit any impact on the business. A more detailed analysis of the financial risks can be found in Note 21. Mips has divided the identified risks into customer and market-related risks, legal risks including product liability, business and sustainability-related risks, and financial risks.

Mips is also exposed to external factors and geopolitical uncertainty over which the company has no control, but which can have an adverse impact on future

market developments. Mips has no activities in either Russia or Ukraine and the direct business exposure is otherwise very minimal. Mips' financial position, earnings, and cash flow have not been materially affected by Russia's invasion of Ukraine or the implemented related sanctions. For a period of time, there has been a challenge related to the demand for Mips' products due to the challenges facing the bike market. This has adversely impacted the company's financial results. The risk of a potential impact on demand, given higher interest rate levels and lower general purchasing power among consumers, remains at an elevated level. The company still believes that long-term demand for Mips' products is robust. The risks presented on the next few pages are the most significant risks.

### Customer and market-related risks

The compilation of the customer and market-related risks includes how external risks are handled, both strategically through business and product development, and operationally through daily sales and marketing activities.

### Business and sustainability-related risks

Business-related risks are often based on the company's own activities and thus the degree of impact Mips can have on them is greater. Business-related risks are part of daily work and are often managed by the operational units. Business-related risks include risks related to production, insurable risks, and various types of sustainability risks, mainly related to safety and the environment. Business-related and environment-related risks can



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often be limited through instructions, guidelines, and policies.

### Legal risks and product liability-related risks

Legal risks are primarily attributable to litigation regarding the company's intellectual property rights, primarily patent infringement, but also other types of legal disputes. Product liability-related risks are mainly attributable to various types of claims for damages and related processes linked to the company's products. These types of risks are limited as much as possible through insurances and agreements.

### Environment and climate-related risks

There is a risk that climate change will impact Mips. This may involve transition risks such as changing rules and taxation, as well as physical risks. Physical risks include changes that are both long-term and urgent in nature, such as extreme weather conditions and natural disasters that could impact Mips' access to materials and disrupt business operations directly or indirectly.

Mips is seeing an increased interest in climate-related disclosures and will continue to work towards more comprehensive reporting of climate-related impacts, risks and opportunities, and how these affect Mips' business and operations.

Mips also sees a risk in the company not managing to achieve a climate transition quickly enough and the products therefore not remaining relevant to customers and end users.

### Financial risks

Mips' financial risk management, such as credit risk and foreign exchange risk, is centralized to the Group's finance department, which conducts business within established risk mandates and limits. Risks are managed in accordance with guidelines in the Group's policies and regulations within the specific fields. All policies and regulations in this area are updated and adopted annually by the Group's Board of Directors.

Read more about accounting policies and risk management and risk exposure in Notes 1 and 21.



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## Customer and market-related risks





	Risk	Management
<b>Challenging global conditions may adversely affect demand</b>	Challenging global economic conditions such as those caused by pandemics, downturns in the global economy, political unrest and uncertainty, shortage of manpower and supply, rising inflation and soaring interest rates, or geopolitical risks or trade friction, may have extensive adverse effects on the demand for Mips' products and limit the company's ability to grow.	Mips works actively to understand the underlying demand for its products and offerings and also conducts business intelligence to analyse long-term trends of relevance. This includes everything from analysing NPD data and understanding the end consumers' needs and behaviors, to closely collaborating with customers, factories, and suppliers.
<b>Changed market conditions/assumptions</b>	The size of the total helmet market and Mips' addressable market turn out to be over-stated/less than expected.	Mips examines publicly disclosed information from key companies in the industries in which the company operates when such information is available, in order to assess whether the relevant markets are growing or not. This assessment is performed for all of Mips' key sub-categories. There is currently no official global data available and assessments are therefore based on a summary of several different data inputs. Mips also carries out analysis to see whether the range of products that include Mips' safety system is expanding on important e-commerce platforms.
<b>That Mips' offering loses relevance</b>	Fail to remain relevant or fail to expand as expected in all categories (Motorcycle and Safety). Fail to win the largest customers and become a natural partner. Difficult to understand markets outside Scandinavia and the US where safety is a priority, e.g. India and China.	Mips measures both volumes and price premiums in Mips' key markets for helmets equipped with Mips' safety system. This gives Mips a good indication of whether consumers are willing to pay more for a helmet equipped with Mips' safety system, than for one without. Mips also monitors the outcomes of benchmarking tests performed by Virginia Tech and other testing institutes to ensure itself and its customers that Mips' technology gets good results in these tests. Mips continuously submits new patent applications regarding the company's innovations.  <b>IP strategy</b> Continue to broaden the IP portfolio, covering areas that can prevent helmet manufacturers/innovators from inventing in the area where Mips provides protection. Continue to build brand capital and strengthen brand awareness.

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## Customer and market-related risks, continued

	Risk	Management
	 <p><b>The company may miss important steps in biomechanical advancements in helmet safety</b></p> <p>Developments in helmet safety and rotational motion change over time and several testing bodies are working on updating their helmet testing standards to include rotational motion in their helmet certification process. The consequence of a different standard than the one that Mips represents could have a negative impact on Mips' sales in the categories that are affected by such standards.</p>	 <p>Incorrect implementation or implementation of a standard according to which Mips' solutions would not show any improvement could affect demand for the company's products. The company works closely with universities and engages in active dialogue with the largest testing bodies around the world to ensure that dialogue concerning this topic is conducted as accurately as possible.</p>
	 <p><b>Dependence on a few large customers</b></p> <p>Some segments of the helmet industry currently consist of a small number of players that account for a large share of total sales in the market. This is also reflected in the concentration of Mips' customers, with a few customers accounting for a large portion of total sales. In 2023 Mips delivered products to more than 150 customers, the five largest of which accounted for 44 percent (48) of total sales.</p> <p style="text-align: right;">For more information, see Note 2.</p>	 <p>Loss of one of the larger customers would have an impact on the company's sales and profitability, as well as its ability to reach its long-term goals. Mips actively works to nurture existing customer relationships, as well as broaden the customer base. As the company expands into other categories, such as Safety, and more geographic markets, dependence on individual customers will decline.</p>

## Business and sustainability-related risks

	Risk	Management
	 <p><b>Geopolitical uncertainty in the supply chain</b></p> <p>A large portion of the helmet production chain, especially for the Sports category, is located in China. Disruptions in the global supply chain as a result of geopolitical uncertainty could have a negative impact on Mips.</p>	 <p>Mips conducts active dialogue with the large Chinese helmet manufacturers and with its customers in order to try to assess the likelihood and consequences of trade risks in relation to China. Mips is also actively working on establishing a fully functioning supply chain in Europe.</p>
	 <p><b>Risk of non-compliance with rules</b></p> <p>General compliance risks including those for listed businesses, EU GDPR (and the corresponding rules in China), MAR, cyber security, laws on competition, sustainability regulations, violations of codes of conduct, new Chinese regulations (with no grace periods) import/export regulations, rules on hazardous chemicals, and so on.</p>	 <p>Mips always takes into account the need for competences and relevant experience, and the company invests continuously in the professional development of employees to ensure compliance with requirements and standards. Mips works with external experts in all relevant areas and also has clear policies, procedures, and instructions. The company also has a comprehensive internal control program.</p>

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## Business and sustainability-related risks, continued

	Risk	Management
<b>The ability of the company to attract and retain the right skills</b>	<p>Mips is a company that is dependent on the right skills to be able to keep growing and to develop new products. Mips is active in a field in which there is limited knowledge and it is important for the company to find the right talent in order to continue to develop in line with the company's strategy.</p>	<p>As the company grows and with it, the number of employees, dependence on individual employees will decrease. The company also actively works with skills and development plans for current employees to ensure that they can grow together with Mips. The company also works on documentation and process control for key processes to limit the impact of the loss of employees.</p>

## Legal risks and product liability-related risks

	Risk	Management
<b>Product liability and legal risks</b>	<p>Since the company's products are integrated into products sold to consumers, there is a risk, direct or indirect, of damages or lawsuits based on alleged defects or deficiencies in Mips' technology. Claims for damages may also arise due to inaccurate marketing claims. There is also a risk that Mips does not have adequate insurance coverage.</p>	<p>The company currently has a comprehensive set of agreements and, additionally, insurance coverage to deal with any financial risks. The company also works closely with legal specialists, especially in the US market, where the risk of legal disputes and claims for damages is considered to be greatest. The company has a detailed training program for customers that sell Mips' technology in how to properly market Mips' technology to minimize the risk of any legal disputes.</p>

## Financial risks

	Risk	Management
<b>Dependency on trends relating to foreign currency</b>	<p>Currency fluctuations affect Mips' earnings since sales of the company's products are denominated in foreign currencies, primarily USD and CNY (transaction exposure). There is also an impact when translating the Chinese subsidiary's balance sheet and income statement to SEK from the subsidiary's functional currency CNY (translation exposure). In addition to SEK, USD and CNY, Mips is also somewhat exposed to EUR, GBP and CAD.</p>	<p>To limit the short-term impact of currency risk, the company has aimed to hedge 50 percent of forecasted sales in USD. The company sells and purchases components primarily in CNY, which largely limits exposure to CNY. The company's customer contracts in CNY are linked to the USD, which means that some exposure to USD remains. Fluctuations in these currencies can have a significant impact.</p> <p style="text-align: right;">For a more detailed description of the impact from foreign currencies, see Note 21.</p>

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# Financial statements

## Consolidated income statement

SEKm	Note	2023	2022
Net sales	2	357	563
Cost of goods sold		-104	-157
<b>Gross profit</b>		<b>253</b>	<b>406</b>
Selling expenses		-74	-75
Administrative expenses		-59	-57
Research and development expenses		-35	-26
Other operating income	3	0	1
Other operating expenses	3	-15	-19
Share of profit and loss in associated companies	13	0	-
<b>Operating profit/loss</b>	4, 5, 6, 7, 23	<b>70</b>	<b>229</b>
Financial income		15	3
Financial expenses		-2	-9
<b>Net financial items</b>	8	<b>14</b>	<b>-6</b>
<b>Profit/loss before tax</b>		<b>84</b>	<b>223</b>
Tax	9	-20	-48
<b>Profit for the year</b>		<b>64</b>	<b>175</b>
Earnings per share basic, SEK	10	2.43	6.68
Earnings per share diluted, SEK	10	2.42	6.63

## Consolidated statement of comprehensive income

SEKm	2023	2022
<b>Profit for the year</b>	<b>64</b>	<b>175</b>
<b>Other comprehensive income</b>		
<b>Items that may subsequently be transferred to profit or loss</b>		
Foreign currency translation	-4	2
Changes in fair value for the year, cash flow hedges	14	1
Change in the fair value of cash flow hedges transferred to profit or loss for the year	-5	2
Tax attributable to items that have been or may subsequently be transferred to profit or loss	-2	-1
<b>Items that cannot be transferred to profit or loss for the year</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the year</b>	<b>4</b>	<b>5</b>
<b>Comprehensive income for the year</b>	<b>68</b>	<b>180</b>

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## Consolidated balance sheet

SEKm	Note	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible fixed assets	11	71	72
Property, plant and equipment	12	10	13
Right-of-use assets	23	15	18
Participation in associated companies	13	80	-
Deferred tax assets	9	0	0
Financial assets	14	0	0
<b>Total non-current assets</b>		<b>176</b>	<b>104</b>
<b>Current assets</b>			
Inventories		4	6
Tax assets		36	-
Accounts receivable	15, 21	91	110
Prepaid expenses and accrued income	16	12	9
Other current receivables		11	5
Current investments	17, 21	183	381
Cash and cash equivalents	17, 21	225	152
<b>Total current assets</b>		<b>562</b>	<b>663</b>
<b>TOTAL ASSETS</b>	22	<b>738</b>	<b>767</b>

SEKm	Note	31 Dec 2023	31 Dec 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18	3	3
Other paid-in capital		381	274
Reserves		6	2
Retained earnings including profit for the year		268	348
<b>Total equity attributable to Parent Company shareholders</b>		<b>657</b>	<b>626</b>
<b>Non-current liabilities</b>			
Lease liabilities	23	9	12
Other liabilities	19	9	9
Deferred tax liabilities	9	7	2
<b>Total non-current liabilities</b>		<b>25</b>	<b>24</b>
<b>Current liabilities</b>			
Lease liabilities	23	5	5
Accounts payable		30	29
Tax liabilities		3	48
Other liabilities		3	11
Accrued expenses and deferred income	20	14	23
<b>Total current liabilities</b>		<b>56</b>	<b>117</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	22	<b>738</b>	<b>767</b>



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## Consolidated statement of changes in equity

2022 SEKm	Equity attributable to Parent Company shareholders					Profit brought forward incl. Net profit/loss	Total equity
	Share capital	Other paid-in capital	Reserves				
			Translation reserve	Hedging reserve			
<b>Opening equity, 1 January 2022</b>	3	274	3	-6	303	577	
Profit for the year	-	-	-	-	175	175	
Other comprehensive income for the year	-	-	2	3	0	5	
<b>Comprehensive income for the year</b>	-	-	2	3	175	180	
Dividend paid	-	-	-	-	-131	-131	
Share-based remuneration (LTIP)	-	-	-	-	0	0	
<b>Total transactions with Group shareholders</b>	-	-	-	-	-131	-131	
<b>Closing equity, 31 December 2022</b>	3	274	6	-4	348	626	

2023 SEKm	Equity attributable to Parent Company shareholders					Profit brought forward incl. Net profit/loss	Total equity
	Share capital	Other paid-in capital	Reserves				
			Translation reserve	Hedging reserve			
<b>Opening equity, 1 January 2023</b>	3	274	6	-4	348	626	
Profit for the year	-	-	-	-	64	64	
Other comprehensive income for the year	-	-	-4	8	-	4	
<b>Comprehensive income for the year</b>	-	-	-4	8	64	68	
Dividend paid	-	-	-	-	-144	-144	
New share issue	0	103	-	-	-	103	
Premium on issue of warrants	-	4	-	-	-	4	
Share-based remuneration (LTIP)	-	-	-	-	0	0	
<b>Total transactions with Group shareholders</b>	0	107	-	-	-144	-37	
<b>Closing equity, 31 December 2023</b>	3	381	2	4	268	657	

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## Consolidated cash flow statement

SEKm	Note	2023	2022
<b>Operating activities</b>			
Profit/loss before tax		84	223
Adjustment for non-cash items	26	17	19
Income taxes paid		-98	-56
<b>Cash flow from operating activities before changes in working capital</b>		<b>4</b>	<b>186</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/decrease (+) in inventory		2	4
Increase (-)/decrease (+) in operating receivables		11	100
Increase (+)/decrease (-) in operating liabilities		-6	-54
<b>Cash flow from operating activities</b>		<b>11</b>	<b>236</b>
<b>Investing activities</b>			
Acquisition of intangible assets		-7	-15
Acquisition of property, plant and equipment		-2	-6
Sale of property, plant and equipment		0	-
Investments in associated companies	13	-80	-
<b>Cash flow from investing activities</b>		<b>-89</b>	<b>-22</b>
<b>Financing activities</b>			
New share issue		103	-
Premium received from issue of warrants		4	-
Dividend paid		-144	-131
Amortization of lease liabilities		-5	-5
<b>Cash flow from financing activities</b>		<b>-42</b>	<b>-136</b>
<b>Cash flow for the year</b>			
Cash and cash equivalents at the beginning of the year	17	532	450
Exchange rate difference, cash and cash equivalents		-4	4
<b>Cash and cash equivalents at end of the year</b>	<b>17</b>	<b>408</b>	<b>532</b>



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# Notes to the consolidated financial statements

All figures are in SEK millions unless stated otherwise.

## NOTE 1 Accounting policies

### Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) as endorsed by the EU. In addition, the recommendation RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, has been applied.

The annual report and consolidated financial statements were approved for issuance by the Board of Directors and the Chief Executive Officer on 21 March 2024.

### Functional currency and presentation currency

The parent company's functional currency is SEK, which is also the reporting currency of the Group. Accordingly, the financial statements are presented in SEK. All amounts are rounded to the nearest thousand or million, unless otherwise stated.

### Estimates in the financial statements

It is Mips' assessment that the Group does not have any assets or liabilities whose estimated reported value entails a significant risk for a material adjustment during the coming year.

### Significant accounting policies

Other than the exceptions explained in detail, the accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

### New and amended accounting policies from January 1 2023

New and amended IFRS standards that are effective from January 1, 2023 have not had any effect on Mips.

Pursuant to the amendment to IAS 1, the accounting policies have been more focused on materiality and are more company-specific.

### New IFRS that have not yet begun to be applied

The new and amended IFRS approved by IASB to be applied in future periods are not considered to have any significant effects on Mips.

### Operating segment reporting

Mips develops and sells the Mips safety system comprising a low friction layer with different components that are specially designed for each unique helmet model that the company's customers decide to manufacture using the Mips safety system. The helmets are used by consumers, mainly for use in bike, snow and motorcycle. Products have been launched in the professional sector, such as industry, military, firefighters, police, etc., but no major sales have been started in this field. The helmet kit is sold to customers all over the world and these customers largely comprise major global helmet manufacturers.

The Group has determined that there is only one operating segment, based on the following assumptions:

- The chief executive decision-maker makes decisions based on the financial results for the Group as a whole.
- The current operations solely comprise sales of the component kit included in consumer products and a more detailed specification of the operations would not increase transparency or improve governance.

### Consolidation policies and business combinations

Subsidiaries are companies over which Mips AB has a controlling influence, and they are recognized according to the purchase method. Transaction costs arising

from acquisitions, except for transaction costs attributable to the issue of equity instruments or debt instruments, are recognized directly in profit or loss.

### Participation in associated companies

Holdings in associated companies are recognised in accordance with the equity method. Acquisition-related expenses are included in the acquisition value.

### Revenue

Revenue is recognized when the customer gains control over the goods or services. The Group is the principal for sales since the Group controls the goods or the services before they are transferred to the customer. For implementation services, the customer gains control already in connection with the execution of the service. Revenues from such agreements are recognized as the services are provided over time since the customer receives and consumes the services that the Group provides.

### Goods

The performance obligation is fulfilled when the goods are delivered to the customer and the revenue is recognized upon this delivery. Payment usually occurs 30–60 days after delivery. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The company has no fixed or variable discounts aside from the fact that Mips invoices its customers at a predetermined price based on volume. The company manufactures goods pertaining to a specific order and design, for which no return or cancellation rights apply.

The Group's revenues primarily consist of sales related to components implemented in helmets including a license fee (component kit) and, to a smaller extent,

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sales of services in connection with the production of the components (implementation), see Note 2.

## Operating expenses

Operating expenses are recognized in their respective functions, as follows.

### *Cost of goods sold*

Cost of goods sold corresponds to direct and indirect costs related to sold units, and the directly attributable costs for production of the input product, including goods for resale, consumables and subcontracted work. Cost of goods sold also includes costs related to personnel and contracted consultants, premises and depreciation of non-current assets in the production process.

### *Selling expenses*

Selling expenses comprise expenses incurred in sales and marketing activities including customer specific product development. Selling expenses also include costs for employees and contracted consultants who work with sales and marketing, depreciation and amortization, travel, and marketing and PR-related activities.

### *Administrative expenses*

Administrative expenses comprise expenses that are not directly assignable to sales, production or sourcing. These costs include the CEO, finance function, IT, premises, legal affairs, and depreciations of assets that are not attributable to sales, production or sourcing.

### *Research and development expenses*

Research and development expenses include costs for research and development of products that are not capitalizable. Costs mainly relate to personnel, but also include depreciation of test equipment, consultants and consumables.

## Financial income and expenses

Financial income comprises interest income and gains on current investments.

Financial expenses comprise interest expense on interest-bearing liabilities and impairment on current investments.

Exchange gains and losses are recognized net.

## Taxes

Income tax comprises current tax and deferred tax. Income tax is recognized in profit or loss, except when the underlying transaction is recognized in other comprehensive income or in equity in which case the associated tax effect is recognized directly in other comprehensive income or equity.

## Earnings per share

The calculation of earnings per share prior to dilution is based on the consolidated profit for the year attributable to parent company shareholders and on the weighted average number of shares outstanding during the year. Outstanding warrants that are part of the Group's incentive program have a dilutive effect during periods when the subscription price has been lower than the share price. Dilution is larger when there is greater difference. Dilution is calculated based on the increased number of shares after dilution. Performance share rights that were outstanding in 2022 and part of 2023 have had only a minimal dilutive effect.

## Financial instruments

Financial instruments recognized in the statement of financial position primarily include, on the assets side, accounts receivable, accrued income, other receivables (derivatives), current investments and cash and cash equivalents, and, on the liabilities side, other liabilities (non-current), accounts payable, other liabilities (derivatives) and accrued expenses.

### *Classification and subsequent measurement – Financial assets*

The Group's accounts receivables, accrued income, other receivables (including long-term depositions) and cash and cash equivalents are classified as financial assets measured at amortized cost. The Group's current investments of surplus liquidity in fixed income funds are measured at fair value through profit or loss.

None of the Group's financial assets are classified in either of the two categories for fair value through other comprehensive income.

### *Financial liabilities*

As a general rule, financial liabilities are measured at amortized cost. Liabilities regarding conditional additional purchase prices linked to the acquisition of patent rights and certain other intellectual property rights are valued at amortized cost using the effective interest method. Initially, these liabilities are recognized at the fair value of future commitments and are determined by probability-weighting and discounting potential future payments. The liability is then reported at amortized cost using the effective interest method, whereby the interest expense is reported as a financial cost in the income statement distributed over the assessed commitment period.

### *Derivatives and hedge accounting*

According to Mips' Financial Policy, the Group aims to hedge 50 percent of the Group's forecasted sales in USD for rolling twelve-month periods to reduce short-term currency exposure. The Group uses foreign currency forwards (derivatives) to hedge part of the future cash flows from forecasted transactions in USD. The derivatives are reported at fair value on the balance sheet. Hedge accounting is applied until the transaction takes place and the account receivable is reported. Changes in fair value are recognized using hedge accounting in other comprehensive income and are accumulated in equity in the hedging reserve. When the hedged transaction is recognized in profit or loss, the related amount that was accumulated in equity is reclassified via other comprehensive income to profit or loss. When the derivative matches the recognized accounts receivable and the hedge accounting is closed, the changes in the fair value of the derivative are recognized directly in profit or loss. Realized and unrealized exchange rate fluctuations on derivatives are recognized in profit or loss as other operating income or other operating expenses.

### **Transactions denominated in foreign currencies**

Exchange rate differences are recognized in profit or loss in the period when they arise. Transactions that fulfil the criteria for cash flow hedge accounting are recognized as gains and losses in other comprehensive income.

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Exchange rate fluctuations regarding operating receivables and liabilities are recognized in operating profit, while exchange rate fluctuations regarding financial assets and liabilities are recognized in net financial items.

## Intangible assets and Goodwill

Intangible assets are recognized at cost less accumulated amortization and any impairment loss. Amortization is recognized on a straight-line basis if the useful life is determinable. The assets is not amortized if the useful life is indefinite, and useful lives are reviewed at least once a year. Goodwill is not amortized.

Intangible assets with determinable useful lives are amortized as from the date the asset is available for use.

The estimated useful lives are as follows:

- Patents and brand protection ..... 10–20 years

## Property, plant and equipment

Property, plant, and equipment are recognized in the Group at cost less accumulated depreciation and any impairment.

Assets are depreciated on a straight-line basis over the estimated useful life of the asset. The Group's leased assets are depreciated on a straight-line basis over the term of the lease. The Group applies component depreciation, whereby the estimated useful lives of the components form the basis of depreciation.

Estimated useful lives:

- Computers and software ..... 3 years
- Plant and machinery ..... 5 years
- Equipment, tools, fixtures and fittings ..... 5 years
- Leasehold improvement ..... 5 years\*

\* Depreciated according to terms of the contract

## Leases

Mips Group has some leases (for premises and cars) that are classified as right-of-use assets. The Group presents right-of-use assets and lease liabilities as separate line items in the Group's balance sheet. No right-of-use asset or lease liability is recognized for leases that have a

term of 12 months or less or with an underlying asset of low value, less than SEK 50t. Lease payments for these leases are recognized on a straight-line basis over the term of the lease.

The lease liability for the Group's premises with rent that is indexed is calculated on the rent that applies at the end of each reporting period. When rent is raised due to indexing, the liability is adjusted by the corresponding adjustment of the recognized value of the right-of-use asset. Correspondingly, the value of the liability and the asset is adjusted in connection with reassessment of the lease term.

## Impairment

Goodwill, assets with indeterminable useful lives and intangible assets that are not yet ready for use are subject to impairment testing at least once per year. Other non-current assets are impairment tested whenever there are indications of a decrease in value.

Impairment is recognized when the carrying amount of an asset or cash-generating unit (group of units) exceeds the recoverable amount. Impairment is recognized as an expense in profit or loss.

## Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is calculated by applying the "first-in, first-out" (FIFO) method and includes expenditures arising during the acquisition of the inventory assets and transportation thereof to their current location and state.

## Employee remuneration

### Current remuneration

Current remuneration of employees is calculated without discount and recognized as an expense when the related services are received.

An accrued expense is recognized for the anticipated cost of bonus payments when the Group has a valid legal or informal duty to make such payments as a result of services received from employees and the obligation can be reliably calculated.

### Share-based remuneration

An outstanding warrant program that will be settled by shares was issued to individuals in senior management and other key individuals for consideration amounting to the fair value of the warrants. Because program participants paid fair value, no benefit was incurred and no cost is reported for the warrant program. Remuneration received has been recognized directly in equity.

A share performance program lapsed in 2023. The program consisted mainly of an equity-settled plan that was recognized as a personnel expense, with a contra entry directly in equity. See Note 5 for further information.

### Defined-contribution pension plans

The Group only has defined-contribution pension plans. The company's obligations regarding contributions to defined-contribution plans are recognized as an expense in profit or loss at the rate at which they are earned by employees performing services for the company during a period.

### Remuneration for termination of employment

A cost for remuneration in connection with termination of employment of personnel is recognized at the earliest point in time at which the company can no longer withdraw the offer to the employees or when the company recognizes expenses for restructuring. Remuneration expected to be paid after 12 months is recognized at its present value. Remuneration not expected to be fully paid within 12 months is recognized in accordance with long-term remuneration.

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## NOTE 2 Distribution of revenue

The company's revenue primarily comprises sales of component kits for helmet manufacturers. Sales of services (implementation) are attributable to the development of customized Mips' safety systems for a specific customer and model.

Revenue by nature SEKm	2023	2022
Sales of goods	334	542
Sales of services	23	21
<b>Total</b>	<b>357</b>	<b>563</b>

Sales of goods correspond to revenue reported at the time of delivery, sales of services correspond to revenue reported over time and is attributable to the development of Mips' technology for a specific customer and helmet model.

The company's revenue comes largely from customers in North America and Europe. The high share of sales in North America is due to the large number of helmet manufacturers in this geographic region. Specification by region is based on the customers' domicile, and not distribution.

Revenue by helmet category SEKm	2023	2022
Sports	323	511
Motorcycle	22	47
Safety	12	4
<b>Total</b>	<b>357</b>	<b>563</b>

Revenue by region SEKm	2023	2022
North America	207	369
Europe	82	127
Sweden	18	43
Asia and Australia	50	25
<b>Total</b>	<b>357</b>	<b>563</b>

Revenue by customer in the table below is based on customers and sales over 10 percent of the company's net sales for each year. The largest customer accounted for 15 percent (15) of net sales in 2023. The five largest customers in 2023 accounted for 44 percent (48) of net sales.

Revenue by customer SEKm	2023	2022
Customer 1	53	82
Customer 2	50	65
Other customers	255	416
<b>Total</b>	<b>357</b>	<b>563</b>

### Contract balances

Revenue recognized during the period ending 31 December 2023 from performance obligations that were fulfilled (or partially fulfilled) in prior periods amounts to SEK 2m (2). Revenue is expected to fall due within 90 days. There are no contract liabilities.

## NOTE 3 Other operating income and other operating expenses

Other operating income SEKm	2023	2022
Gain on disposal of non-current assets	0	-
Exchange rate gain on operations	-	-
Other	0	1
<b>Total</b>	<b>0</b>	<b>1</b>

Other operating expenses SEKm	2023	2022
Loss on disposal of non-current assets	0	-
Exchange rate loss on operations	-14	-19
Other	-2	-
<b>Total</b>	<b>-15</b>	<b>-19</b>

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## NOTE 4 Employees, personnel expenses and remuneration of senior executives

Costs for employee remuneration SEKm	2023	2022
Salaries and other remuneration	66	59
– of which the parent company	59	53
Pension costs, defined-contribution plans	8	7
– of which the parent company	8	7
Social security contributions	20	17
– of which the parent company	18	16
<b>Total</b>	<b>93</b>	<b>83</b>
– of which the parent company	85	77

Average number of employees	2023		2022	
	2023	of which men, %	2022	of which men, %
<b>Parent company</b>				
Sweden	77	52	67	50
<b>Total parent company</b>	<b>77</b>	<b>52</b>	<b>67</b>	<b>50</b>
<b>Subsidiaries</b>				
Sweden	-	-	-	-
China	24	63	23	58
<b>Total subsidiaries</b>	<b>24</b>	<b>63</b>	<b>23</b>	<b>58</b>
<b>Group, total</b>	<b>101</b>	<b>54</b>	<b>89</b>	<b>52</b>

Gender distribution in executive management (% men)	2023	2022
Board of Directors	50	50
Other senior executives	80	75

### Salaries and other remuneration distributed among senior executives and other employees

	2023		2022	
	Salaries and other remuneration	Social security contributions	Salaries and other remuneration	Social security contributions
SEKm				
<b>Senior executives</b>	13	4	16	5
– of which variable remuneration	1	0	2	1
– of which pension costs	2	1	3	1
<b>Other employees</b>	60	16	50	13
– of which variable remuneration	1	0	1	0
– of which pension costs	5	1	4	1
<b>Total</b>	<b>73</b>	<b>20</b>	<b>66</b>	<b>17</b>

### Benefits to senior executives

#### Principles for remuneration

Board fees are resolved by the Annual General Meeting. The Chairman is tasked by the Board to reach an agreement with the Chief Executive Officer on salary and other benefits. Remuneration to senior executives who report directly to the CEO is decided by the CEO after salary consultation with the remuneration committee and the Chairman of the Board. The main principle is to offer senior executives market-based remuneration and employment conditions. Actual remuneration levels are based on such factors as skills, experience and performance. Remuneration of senior executives comprises basic salary, variable salary, pension benefits in the form of payment of defined-contribution pension premiums, other benefits and long-term incentive programs in the form of warrant programs.

### Remuneration and benefits

For the parent company, Board fees totaled the amounts presented in the table on the following page. Costs were distributed over the mandate period. No other remuneration, apart from out-of-pocket expenses, was paid to the Board. Apart from the exceptions stated above, these amounts relate to the fee decided by the AGM excluding social security contributions.

Remuneration to the CEO Max Strandwitz is shown in the table. Variable remuneration is linked to performance during the year and may not exceed 75 percent of base salary. Variable salary for 2023 was primarily based on the Group's net sales, operating profit, sustainability targets, individual and function-specific targets. The CEO has 6 months of mutual notice of termination as well as 6 months of severance pay in the event of termination by the employer.

Remuneration to other senior executives (Group Management) is shown in the table. Variable salary for other senior executives was primarily based on the Group's net sales, operating profit, sustainability targets, individual and function-specific targets. Variable salary is awarded on an individual basis and for 2023 it could not exceed 50 percent of base salary. The period of notice for other senior executives varies, but does not exceed 6 months. Senior executives are not entitled to severance pay. At the end of the fiscal year Executive Management consisted of 5 members (4).

At year-end, senior executives comprised the CEO, Chief Financial Officer, Head of Product Development, Chief Operation Officer and the Chief Marketing Officer.

The company's outstanding pension obligations to the Board of Directors and CEO total 0 (0).

### Share-based remuneration

For information regarding share-based remuneration, see Note 5.

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## NOTE 4 Employees, personnel expenses and remuneration of senior executives, continued

### Salaries and other remuneration of the Board and senior executives

2023 SEKt	Basic salary Board fee	Variable remunera- tion	Share-based remuneration	Pension costs	Other remunera- tion	Total
Magnus Welander (Chairman)	683	-	-	-	-	683
Jenny Rosberg	410	-	-	-	-	410
Jonas Rahmn	312	-	-	-	-	312
Thomas Bräutigam	282	-	-	-	-	282
Anna Hällöv	282	-	-	-	-	282
Maria Hedengren	355	-	-	-	-	355
<b>Total, Board</b>	<b>2,323</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,323</b>
Max Strandwitz (CEO)	4,406	630	-	1,149	-	6,185
Group management (4 individuals)	5,391	469	-	1,256	-	7,116
<b>Total senior executives</b>	<b>9,797</b>	<b>1,099</b>	<b>-</b>	<b>2,405</b>	<b>-</b>	<b>13,301</b>
<b>Total</b>	<b>12,120</b>	<b>1,099</b>	<b>-</b>	<b>2,405</b>	<b>-</b>	<b>15,624</b>

2022 SEKt	Basic salary Board fee	Variable remunera- tion	Share-based remuneration	Pension costs	Other remunera- tion	Total
Magnus Welander (Chairman)	608	-	-	-	-	608
Jenny Rosberg	382	-	-	-	-	382
Jonas Rahmn	278	-	-	-	-	278
Thomas Bräutigam	275	-	-	-	-	275
Anna Hällöv	183	-	-	-	-	183
Maria Hedengren	230	-	-	-	-	230
Pernilla Wiberg	75	-	-	-	-	75
<b>Total, Board</b>	<b>2,032</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,032</b>
Max Strandwitz (CEO)	4,229	1,224	-	1,118	-	6,570
Group management (5 individuals)*	6,791	688	-	1,647	-	9,126
<b>Total senior executives</b>	<b>11,019</b>	<b>1,912</b>	<b>-</b>	<b>2,764</b>	<b>-</b>	<b>15,696</b>
<b>Total</b>	<b>13,051</b>	<b>1,912</b>	<b>-</b>	<b>2,764</b>	<b>-</b>	<b>17,728</b>

\* The Group Management Team consisted of 6 members from January-March 2022, 7 members from April-August 2022 and 3 members from September-December 2022.

## NOTE 5 Share-based remuneration

### Long-term incentive programs - Warrant program 2023/2026 (TO series 4), Warrant program 2024/2027 (TO series 5) and Warrant program 2025/2028 (TO series 6)

At the Annual General Meeting held on 10 May 2023, three long-term incentive programs were adopted, Warrant program 2023/2026, Warrant program 2024/2027 and Warrant program 2025/2028 (individually referred to as "Warrant Program" and collectively referred to as the Warrant Programs) for senior executives and certain key persons in Mips, by the issue of warrants with a subsequent transfer to the participants at a price corresponding to market terms.

The Warrant Programs include a maximum of 429,000 warrants encompassing a maximum dilutive effect of approximately 1.6 percent, subject to recalculation pursuant to the full terms and conditions for each Warrant Program. Each warrant entitles the participant to subscription of one new Mips share at a subscription price corresponding to 130 percent of the average volume-weighted price paid for the Mips share according to Nasdaq Stockholm's official price list during the five days of trading preceding the date when the participants covered by the Warrant Programs acquire the warrants in each Warrant Program.

The company has no costs for the Warrant Programs other than administrative costs regarding advisors etc. in connection with the preparation of the documentation and the resolution to issue the warrants, etc.

### Warrants TO series 4 (Warrant Program 2023/2026)

Within the Warrant Program TO series 4, 82,100 warrants were issued and transferred to the participants, of which 39,000 were acquired by the CEO. The exercise price (subscription price) was set at SEK 396.27 per share, in accordance with the terms and conditions of the Warrant Program. As of 29 December 2023, the last trading day of the year, the closing price for the Mips share on Nasdaq Stockholm was SEK 364.50.

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## NOTE 5 Share-based remuneration, continued

### Warrants TO series 3

The Warrant Program adopted by the Annual General Meeting on 7 May 2020 lapsed in September 2023. The program included 550,000 issued and paid warrants, as well as an additional 25,000 warrants that were issued but not allocated. During 2023, 300,639 warrants were exercised, which led to 309,653 new shares. The remaining 249,361 of the total 550,000 allocated warrants were thereby forfeited. The exercise price (subscription price) was SEK 339.30 per share (before recalculation). Each warrant entitled the holder to acquire one share (before recalculation). Similar to previous Warrant Programs, conditions applied regarding a recalculated subscription

price and a recalculated number of shares as a result of paid dividends. After recalculation for dividends paid, the exercise price was set at SEK 331.30 and each warrant entitled the holder to acquire 1.03 shares.

### LTIP 2020

The share performance program adopted by the Annual General Meeting on 7 May 2020 lapsed in the spring of 2023. The share performance program covered 33 people in Sweden and China. There are no remaining obligations under this plan.

The cost of share-based remuneration for the year amounted to SEK 0.1m (0.2).

	Outstanding warrants at the start of the year	Issued warrants during the year	Forfeited warrants during the year	Exercised warrants during the year	Number of outstanding warrants at year-end
<b>Warrants 2023</b>					
Number					
<b>CEO, senior executives and other employees (TO Series 3, TO Series 4)</b>					
Max Strandwitz (CEO)	216,494	39,000	-98,994	-117,500	39,000
Other senior executives and key personnel	333,506	43,100	-150,367	-183,139	43,100
<b>Total senior executives</b>	<b>550,000</b>	<b>82,100</b>	<b>-249,361</b>	<b>-300,639</b>	<b>82,100</b>
<b>Warrants 2022</b>					
Number					
<b>CEO, senior executives and other employees (TO Series 3)</b>					
Max Strandwitz (CEO)	216,494	-	-	-	216,494
Other senior executives and key personnel	333,506	-	-	-	333,506
<b>Total senior executives</b>	<b>550,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>550,000</b>

### Market value per series

Warrants Series 3 issued 2020	32.10
Warrants Series 4 issued 2023	50.83

### Conditions of valuation, Series 4

Exercise price, SEK	396.27
Volatility, %	35
Risk-free interest, %	2.89
Share price issue date, SEK	304.82
Maturity, years	3

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## NOTE 6 Fees and remuneration of auditors

Fees and remuneration of auditors	2023	2022
SEKm		
<b>KPMG</b>		
Audit assignment	1	1
Fees for audit-related services	0	0
<b>Other auditors</b>		
Tax advice	1	0
Audit assignment	-	0
<b>Total</b>	<b>2</b>	<b>1</b>

## NOTE 7 Operating expenses by type of cost

Operating expenses by type of cost	2023	2022
SEKm		
Goods for resale and consumables	86	142
Personnel costs	98	88
Other external costs	68	69
Legal advice costs	2	1
Depreciation/amortization and impairment	18	16
Other operating expenses	15	19
<b>Total</b>	<b>287</b>	<b>335</b>

For more information regarding other operating expenses see Note 3.

## NOTE 8 Net financial items

Net financial items	2023	2022
SEKm		
<b>Financial income</b>		
Interest income		
– bank balances	2	0
Change in fair value of financial investments	13	-
Other financial income	0	0
Exchange gains, cash and cash equivalents	-	3
<b>Total</b>	<b>15</b>	<b>3</b>
<b>Financial expenses</b>		
Interest expenses		
– lease liabilities	-1	-1
– financial liabilities measured at amortized cost	0	0
Change in fair value of financial investments	-	-7
Other financial expenses	0	-2
Exchange loss, cash and cash equivalents	-1	-
<b>Total</b>	<b>-2</b>	<b>-9</b>



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## NOTE 9 Taxes

Taxes	SEK m	2023	2022	
<b>Current tax</b>				
Tax expenses for the year		-17	-48	
<b>Deferred tax</b>				
Deferred tax pertaining to temporary differences		-3	0	
<b>Total</b>		<b>-20</b>	<b>-48</b>	
<b>Reconciliation of effective tax</b>				
	SEK t	2023	2022	
Profit/loss before tax		83,922	222,965	
Tax in accordance with applicable tax rate for parent company	20.6%	-17,288	20.6%	-45,931
Non-deductible expenses		-688	-422	
Non-taxable income		23	-	
Effect of unrecognized temporary differences		-	-	
Standard income, shares in investment funds		-314	-297	
Result from participations in associated companies		-59	-	
Withholding tax on dividend from foreign subsidiary		-972	-	
Impact of changed tax rate		-	-	
Impact of other tax rates on foreign subsidiaries		-956	-1,304	
Impact of adjusted tax prior periods		-	-8	
Other		228	-	
<b>Total</b>		<b>-20,026</b>	<b>-47,962</b>	

When preparing the financial statements, an assessment is made of deferred tax assets/liabilities attributable to temporary differences and loss carry-forwards. Deferred tax assets are recognized if the tax assets are expected

to be utilized through the settlement of future taxable profits. As of 31 December 2023 the Group had no unused tax loss carry-forwards.

### Deferred tax assets and liabilities

31 Dec 2023	Deferred tax assets	Deferred tax liabilities	Net
SEK t			
Intangible assets	-	-5,403	-5,403
Property, plant and equipment	913	-31	882
Right-of-use assets	-	-3,162	-3,162
Accounts receivable	-	-	-
Other receivables (Derivatives)	-	-1,124	-1,124
Current investments	-	-1,418	-1,418
Lease liabilities	3,006	-	3,006
Other liabilities (Derivatives)	-	-	-
Other	255	-	255
<b>Total deferred tax assets/liabilities</b>	<b>4,174</b>	<b>-11,137</b>	<b>-6,963</b>
Offsetting	-4,173	4,173	-
<b>Total deferred tax assets/liabilities, net</b>	<b>1</b>	<b>-6,964</b>	<b>-6,963</b>

### 31 Dec 2022

SEK t	Deferred tax asset	Deferred tax liabilities	Net
Intangible assets	-	-4,186	-4,186
Property, plant and equipment	633	-171	462
Right-of-use assets	-	-3,743	-3,743
Accounts receivable	47	-	47
Lease liabilities	3,562	-	3,562
Other liabilities (Derivatives)	1,797	-	1,797
Other	382	-	382
<b>Total deferred tax assets/liabilities</b>	<b>6,420</b>	<b>-8,100</b>	<b>-1,681</b>
Offsetting	-6,276	6,276	-
<b>Total deferred tax assets/liabilities, net</b>	<b>143</b>	<b>-1,824</b>	<b>-1,681</b>

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## NOTE 9 Taxes, continued

### Change in deferred tax in temporary differences

SEKT	31 Dec 2022	Recognized in Income statement	Recognized in other comprehen- sive income	Recognized in equity	31 Dec 2023
Intangible assets	-4,186	-1,217	-	-	-5,403
Property, plant and equipment	462	420	-	-	882
Right-of-use assets	-3,743	582	-	-	-3,162
Accounts receivable	47	-47	-	-	-
Other receivables (Derivatives)	-	-101	-1,022	-	-1,124
Current investments	-	-1,418	-	-	-1,418
Lease liabilities	3,562	-556	-	-	3,006
Other liabilities (Derivatives)	1,797	-846	-950	-	-
Other	382	-127	-	-	255
<b>Total</b>	<b>-1,681</b>	<b>-3,310</b>	<b>-1,973</b>	<b>-</b>	<b>-6,963</b>

### Change in deferred tax in temporary differences

SEKT	31 Dec 2021	Recognized in Income statement	Recognized in other comprehen- sive income	Recognized in equity	31 Dec 2022
Intangible assets	-3,415	-771	-	-	-4,186
Property, plant and equipment	259	203	-	-	462
Right-of-use assets	-1,614	-2,129	-	-	-3,743
Accounts receivable	53	-7	-	-	47
Lease liabilities	1,667	1,895	-	-	3,562
Other liabilities (Derivatives)	1,986	463	-653	-	1,797
Other	248	134	-	-	382
<b>Total</b>	<b>-816</b>	<b>-211</b>	<b>-653</b>	<b>-</b>	<b>-1,681</b>

## NOTE 10 Earnings per share

### Earnings per share

SEK	2023	2022
Earnings per share basic	2.43	6.68
Earnings per share diluted	2.42	6.63

	2023	2022
Profit for the year attributable to parent company shareholders	63,895,524	175,003,213
Average number of shares outstanding, basic	26,276,605	26,183,620
Impact of warrants program	120,947	225,347
Effect of long-term share-based incentive program	-	2,246
<b>Average number of shares - after dilution</b>	<b>26,397,552</b>	<b>26,411,214</b>

When calculating diluted earnings per share, the weighted average number of shares outstanding is adjusted for the dilutive effect of the potential ordinary shares outstanding.

### Instruments with a dilutive effect

Dilution has been calculated for warrants exercised during the year up to the time of use, and for warrants issued during the year from the time of publication. For the number of warrants and exercise prices see Note 5, Share-based remuneration.

The company has no costs for the warrant program other than administrative costs regarding advisors etc. in connection with the preparation of the documentation and the resolution to issue the warrants, etc.

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## NOTE 11 Intangible assets

Intangible assets	31 Dec 2023	31 Dec 2022
SEKm		
<b>Accumulated cost</b>		
Opening balance, 1 Jan	94	72
Acquisitions	7	23
Divestments and disposals	-1	0
<b>At year-end, 31 Dec</b>	<b>101</b>	<b>94</b>
<b>Accumulated amortization</b>		
Opening balance, 1 Jan	-22	-15
Amortization	-7	-7
<b>At year-end, 31 Dec</b>	<b>-30</b>	<b>-22</b>
<b>Total</b>	<b>71</b>	<b>72</b>

Mips carried out an acquisition on 11 January 2022. The transaction involved the purchase of patent rights and other intellectual property rights from BiaGuard Inc. related to the BiaGuard technology. The purchase price was approximately USD 1 million, which was paid in cash, and Mips may pay a further purchase consideration of up to USD 1 million based on Mips' future sales of the BiaGuard technology. The reported value related to the BiaGuard technology amounts to SEK 14 million. The intangible assets are otherwise mainly attributable to the company's acquisition of patent portfolios and other intellectual property associated with the technologies for Fluid and GlideWear. Reported value regarding the

technologies Fluid and GlideWear amounts to SEK 23 million and the remaining useful life for these amounts to just over 5 years. The carrying amount of patents amounts to SEK 33 million. A useful life of between 1-18 years is calculated for these patents, where there are patents with a remaining period of 18 years. Impairment testing is performed annually for all cash-generating units. A cash-generating unit consists of an operating segment. Since the Group is considered as a unit, impairment testing is performed only at Group level. In the future Mips may pay an additional purchase consideration of a maximum of USD 2 million based on future net income, up until 21 May 2025, from the acquired intellectual property rights associated with the Fluid technology. Since the acquired technology will be marketed and sold as a complement to the existing Mips technology, the Group deems that the contractual conditions for payment of the additional purchase consideration will not be met. Consequently, the potential additional purchase consideration has been measured at SEK 0.

### Breakdown of amortization

SEKm	2023	2022
<b>Amortization, by function</b>		
Cost of goods sold	-7	-7
Selling expenses	-	-
<b>Total</b>	<b>-7</b>	<b>-7</b>

## NOTE 12 Property, plant and equipment

Property, plant and equipment	31 Dec 2023	31 Dec 2022
SEKm		
<b>Accumulated cost</b>		
Opening balance, 1 Jan	27	20
Acquisitions	2	6
Divestments and disposals	-1	-1
Exchange rate differences for the year	0	0
<b>At year-end, 31 Dec</b>	<b>28</b>	<b>27</b>
<b>Accumulated depreciation</b>		
Opening balance, 1 Jan	-13	-10
Depreciation	-6	-5
Divestments and disposals	0	1
Exchange rate differences for the year	0	0
<b>At year-end, 31 Dec</b>	<b>-18</b>	<b>-13</b>
<b>Total</b>	<b>10</b>	<b>13</b>

Property, plant and equipment mainly comprise office equipment, computer equipment, equipment for testing helmets and leasehold improvements. Essentially all non-current assets in the Group are in Sweden.

SEKm	2023	2022
<b>Depreciation, by function</b>		
Cost of goods sold	0	-1
Selling expenses	-1	-1
Administrative expenses	-3	-2
R&D expenses	-1	-1
<b>Total</b>	<b>-6</b>	<b>-5</b>

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## NOTE 13 Associated companies in the Group

### Participation in associated companies

SEKm	31 Dec 2023	31 Dec 2022
<b>Carrying amount</b>		
Opening balance, 1 Jan	-	-
Acquisitions	80	-
Divestments	-	-
Dividends	-	-
Participation in associated companies' profits after tax, for the year	0	-
Exchange rate differences for the year	-	-
<b>At year-end, 31 Dec</b>	<b>80</b>	<b>-</b>

### Summary of participations in associated companies

SEKm	Corporate identity number	Registered office	No. of shares	Holding, %	31 Dec 2023 Carrying amount	31 Dec 2023 Profit-share
	7619937	Delaware	492,137	25	80	0
<b>Total</b>					<b>80</b>	<b>0</b>

### Summary of associated companies

SEKm	31 Dec 2023	31 Dec 2022
<b>Reconciliation of carrying amount of profit share</b>		
Profit/loss for the year	-1	-
Share of profit/loss	0	-
<b>Carrying amount of profit share</b>	<b>0</b>	<b>-</b>
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
<b>Reconciliation of carrying amount</b>		
Share of equity	0	-
Goodwill	80	-
<b>Carrying amount</b>	<b>80</b>	<b>-</b>

### Condensed income statement and balance sheet

SEKm	2023	2022
Profit/loss for the year	-1	-
Non-current assets	1	-
Current assets	83	-
<b>Total assets</b>	<b>84</b>	<b>-</b>
Equity	-11	-
Non-current liabilities	93	-
Current liabilities	2	-
<b>Total equity and liabilities</b>	<b>84</b>	<b>-</b>

On 31 August 2023, Mips AB acquired 25 percent of the shares of the sensor technology company Quintessential Design, Inc. (Quin) for a cash purchase consideration of USD 7.3 million. The company has been included in Mips accounting since 31 August 2023.

Quin is an ingredient brand for event detection technology and has provided specialized sensor fusion and software to helmet brands since 2018. The investment in Quin signifies a strategic move to explore the potential of sensor technology.

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## NOTE 14 Financial assets

### Financial assets

SEKm	31 Dec 2023	31 Dec 2022
<b>Accumulated cost</b>		
Opening balance, 1 Jan	0	0
Acquisitions	-	-
Divestments	-	-
Exchange rate differences	0	0
<b>At year-end, 31 Dec</b>	<b>0</b>	<b>0</b>

Relates to deposits for lease contracts.

## NOTE 15 Accounts receivable

### Accounts receivable

Invoiced receivables are due as follows:

SEKm	31 Dec 2023	31 Dec 2022
Invoiced receivables	94	111
Currency adjustments	-2	0
Reserve, expected credit losses	-1	-1
<b>Total</b>	<b>91</b>	<b>110</b>

### Invoiced receivables are due as follows:

Not yet due	56	49
Overdue by 1-30 days	9	26
Overdue by 31-60 days	16	7
Overdue by 61-90 days	5	12
Overdue by 91 days or more	9	17
<b>Total</b>	<b>94</b>	<b>111</b>

### Change in reserve for expected credit losses

Opening balance, 1 Jan	-1	0
During the year		
- repaid	-	-
- provisions established	0	0
<b>At year-end, 31 Dec</b>	<b>-1</b>	<b>-1</b>

See Note 21 for a description of the company's credit risks.

## NOTE 16 Prepaid expenses and accrued income

### Prepaid expenses and accrued income

SEKm	31 Dec 2023	31 Dec 2022
Accrued revenue	2	2
Prepaid system costs	4	2
Other	5	5
<b>Total</b>	<b>12</b>	<b>9</b>

## NOTE 17 Cash and cash equivalents and current investments

### Cash and cash equivalents and current investments

SEKm	31 Dec 2023	31 Dec 2022
Cash and bank balances	225	152
<b>Total according to statement of financial position</b>	<b>225</b>	<b>152</b>
Current investments equivalent to cash and cash equivalents	183	381
<b>Total according to statement of cash flows</b>	<b>408</b>	<b>532</b>

Cash and bank balances refer to balances of bank accounts in SEK, USD, CNY and EUR. Current investments relate to surplus liquidity invested in units of fixed income funds at highly reputable credit institutions; these investments can be sold within 2 days. Mips believes that the company can convert the investments in a short time to a known amount of cash with insignificant risk of value fluctuations. The company also has the option of utilizing a temporary credit facility of SEK 5m, which can be provided at short notice.

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## NOTE 18 Equity

Equity	Total no. of shares
Opening balance, 1 Jan 2023	26,183,620
New share issue	309,653
<b>Registered number of shares, 31 Dec 2023</b>	<b>26,493,273</b>
Own shares held	-2,151
<b>Outstanding shares at year-end, 31 Dec 2023</b>	<b>26,491,122</b>

	Total no. of shares
Opening balance, 1 Jan 2022	26,183,620
<b>Registered number of shares, 31 Dec 2022</b>	<b>26,183,620</b>
Own shares held	-5,749
<b>Outstanding shares at year-end, 31 Dec 2022</b>	<b>26,177,871</b>

### Share capital

As of 31 December 2023, the total number of shares was 26,493,273 (26,183,620) and share capital was SEK 2,649,327 (2,618,362). All shares are ordinary shares and carry equal voting rights. The shares have a quotient value of SEK 0.10. According to the Articles of Association, share capital shall amount to not less than SEK 2,000,000 and not more than SEK 8,000,000. In 2020, Mips acquired 5,749 own shares at an average price of SEK 449.60. During the year, 3,598 shares held in treasury have been allocated to the participants in the share

performance program that lapsed during spring 2023, in accordance with the share performance program's terms and conditions. As of 31 December 2023 the company's holding amounted to 2,151 shares, which corresponds to less than 0.1 percent of the total number of registered shares. The number of outstanding shares amounted to 26,491,122 as of 31 December 2023.

### Equity instruments that have a dilutive effect

The company has issued warrants and a granted performance share rights, which may increase the number of shares. For more information, see Note 5 Share-based remuneration and Note 10 Earnings per share.

### Other paid-in capital

This refers to equity that has been contributed by shareholders, and includes the premium paid in conjunction with issues.

### Reserves

#### Translation reserve

The translation reserve includes exchange rate differences that arise when consolidating the financial statements when foreign subsidiaries report in currencies other than SEK. The parent company and the Group present their financial reports in Swedish kronor (SEK).

#### Hedging reserve

The hedging reserve includes the effective portion of the accumulated net change in fair value for a cash flow hedging instrument attributable to hedge transactions that have not yet occurred.

### Retained earnings including profit for the year

Retained earnings including profit for the year include earnings in the parent company and its subsidiaries.

## NOTE 19 Other liabilities

Other liabilities	31 Dec 2023	31 Dec 2022
SEK m		
Conditional purchase price	9	9
<b>Total</b>	<b>9</b>	<b>9</b>
Liabilities due for payment later than five years after the balance sheet date	-	-

The non-current liability amounting to SEK 9 million (9) refers to the discounted present value of a conditional additional purchase price (earn-out payment) of USD 1 million attributable to an asset acquisition in January 2022 regarding patent rights and certain other intellectual property rights. The liability is valued at amortized cost and is dependent on future sales until 2027.

## NOTE 20 Accrued expenses and deferred income

### Accrued expenses and deferred income

	31 Dec 2023	31 Dec 2022
SEK m		
Holiday pay liability	3	3
Accrued salaries and remuneration	4	5
Accrued social security expenses	2	3
Prepaid Implementation	0	1
Other accrued expenses	4	12
<b>Total</b>	<b>14</b>	<b>23</b>

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## NOTE 21 Financial risks and risk management

Through its operations, the Group is exposed to various types of financial risks: credit risk, liquidity risk and currency risk. Since the Group has no non-current loans or other financial derivatives, the Group's risk activities are focused on the risks arising in the business operations.

The Group's financial transactions and risks are managed centrally by the CFO and the CEO and the primary target is to achieve effective liquidity management and ensure that all payment obligations are made at the correct time. The Group's principles for fundamental financial risk management are regulated in the Group's Financial Policy, as adopted by the Board.

### Credit risk

Credit risk is the risk that the Group's counterparty in a financial instrument is unable to fulfil its obligations and thus causes a financial loss for the Group. The company's standard term of payment is 30-60 days. The age analysis below shows invoices that have fallen due for payment.

The provision for expected bad debt losses shows the provision for doubtful receivables for each year. Historically, Mips AB has not had significant amounts of bad debt losses, and in the Chinese subsidiary, Mips DG they have been almost non-existent. For that reason, Mips has chosen to use the same basis to calculate the expected credit losses (ECL) in the parent company and the Group, i.e. the same calculation basis has been used for the ECL of the parent company as for the Group. Recorded credit losses in the Group during the year amounted to SEK - (-) million. Mips bases the expected loss reserve on historical losses on its accounts receivable and adjusts historical losses to reflect information about current conditions and reasonable projections of future economic conditions. A percentage of 1.00% (0.75%) has been used for the provision for expected credit losses. As the amounts for historical credit losses with adjustment for current conditions and reasonable forecasts of future economic conditions are not material, Mips has not provided detailed information about the assessments in the Annual Report, in accordance with IFRS7.

The company continuously analyses accounts receivable and takes measures to limit credit risk. Mips has not noted any material impact on the payment ability of the company's customers. The company's customers include a number of the global helmet manufacturers and their solvency is deemed to be high. The remaining customer base is divided between a large number of customers, which is why the solvency of any one company has no significant detrimental impact on the company. The company continuously analyses accounts receivable and takes measures to limit credit risk. The company can terminate further deliveries in the event of non-payment. All customer agreements are approved and signed by either the CEO or the CFO.

SEKm	31 Dec 2023	31 Dec 2022
Invoiced receivables	94	111
Currency adjustments	-2	0
Reserve, expected credit losses	-1	-1
<b>Total</b>	<b>91</b>	<b>110</b>
<b>Invoiced receivables are due as follows:</b>		
Not yet due	56	49
Overdue by 1-30 days	9	26
Overdue by 31-60 days	16	7
Overdue by 61-90 days	5	12
Overdue by 91 days or more	9	17
<b>Total</b>	<b>94</b>	<b>111</b>
<b>Change in reserve for expected credit losses</b>		
Opening balance, 1 Jan	-1	0
During the year		
- repaid	-	-
- provisions established	0	0
<b>At year-end, 31 Dec</b>	<b>-1</b>	<b>-1</b>

The reserve for expected credit losses is mainly attributable to receivables that are more than 90 days past due.

### Liquidity risk

Liquidity risk is the risk that the company encounters difficulties in fulfilling its obligations. To minimize liquidity risk, the liquidity situation is continuously analyzed and forecasted to ensure that the company has sufficient cash and cash equivalents to cover operational requirements. Liquidity risk is deemed to be limited since the company does not have any loans and has a positive cash flow from operations. The Group's financial liabilities essentially mature within 3 months or a maximum of one year. The company has bank accounts only with highly reputable credit institutions.

### Interest rate risk

The Group's interest-rate risk is attributable to the company's cash and cash equivalents. The company's Financial Policy stipulates that investments in assets with a negative interest rate may only be made in order to match incoming and outgoing payments. The company's surplus liquidity is saved in a savings account or has been invested in current investments in units of fixed income funds at highly reputable credit institutions in order to avoid negative interest rates. Mips believes that the company can convert the investments in a short time to a known amount of cash with insignificant risk of value fluctuations. The company's current investments can be sold within two days.

### Currency risk

Currency risk refers to the risk that an exchange rate fluctuation adversely impacts the consolidated income statement, balance sheet or cash flow. The Group's reporting currency is SEK. The main exposure derives from the Group's sales in USD and purchases of goods in USD. This risk is known as transaction exposure.

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## NOTE 21 Financial risks and risk management, continued

### Transaction exposure, currency (%)

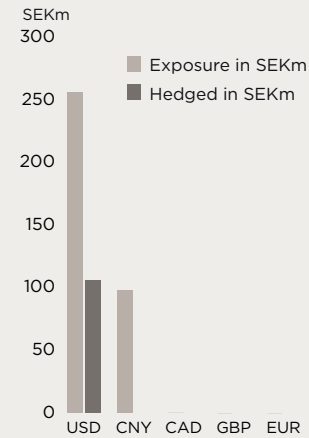
	2023		2022	
	Revenue	Operating expenses	Revenue	Operating expenses
USD	72	9	71	8
CNY	28	32	28	45
SEK	0	50	0	40
EUR	-	3	-	2
CAD	-	0	-	0
GBP	0	5	0	4
Other	-	0	-	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

As the table above shows, the company's main transaction exposure is in USD. A 10 percent change in the USD against the SEK would impact the 2023 operating profit by approximately SEK 23m (37). Other currencies would have a limited impact on the 2023 operating profit in the event of a 10 percent change.

Translation exposure primarily arises as a result of accounts receivable and accounts payable in currencies other than SEK. Translation exposure is essentially the same as the specification in the table above. The company has had a subsidiary in China since 2017 and translation exposure also occurs on consolidation. In 2023 the impact has been limited. The company does not have external borrowings and is financed only by equity in SEK. The company's cash and cash equivalents are primarily in SEK but according to the company's Financial Policy, cash and cash equivalents may be held in foreign currencies in order to match inward and outward payments.

According to the Financial Policy, the company aims to hedge 50 percent of its forecast sales in USD for rolling twelve-month periods. This is done using currency futures. During 2024 the company will discontinue with hedging arrangements, which means that the company will phase out the existing hedges and no new hedges will be implemented. Current hedges will be completed in October 2024.

### Transaction exposure



The graph above shows the breakdown of Mips' net inflows in various currencies and the proportion hedged in 2023. The company currently only hedges in USD. As of 31 December 2023 the nominal amounts hedged totaled USD 10m (23), corresponding to SEK 106m (229). The average price for outstanding futures was SEK 10.57 (9.95) and all contracts expire within 10 months.

Mips' safety system components are sold from the Chinese subsidiary, which means that some of the Group's income and expenses are paid in CNY. To counteract exposure to CNY in the invoicing, a currency adjustment clause against USD has been introduced in customer agreements. This means that the company's exposure to the USD/SEK exchange rate to a large extent remains.



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## NOTE 22 Fair value measurement of financial assets and liabilities and category groupings

### Capital management

The company aims to maintain an effective capital structure taking into account operational and financial risks, thus ensuring the long-term progress of the company, as well as satisfactory returns for shareholders. Capital is defined as total equity, which largely relates to the company's external financing. No plans are in place to raise loans in the immediate future. In addition to the level of future profits, the amount of equity is affected by the extent of decisions made to pay dividends. The aspiration is to distribute approximately 50 percent of the company's annual net profit over time.

### Fair value of financial instruments

The carrying amount of assets and liabilities in the statement of financial position may differ from their fair value due to reasons such as changes in market interest rates. However, Mips does not have any deposits or loans other than its bank balances. The table below presents the Group's financial instruments and the company believes that the carrying amount is approximately the same as the fair value, given, for example, the limited maturities of the items.

In order to reduce the Group's short-term currency exposure and in line with the Group's Financial Policy, a number of derivatives contracts have been entered into with banks covering forecast sales in USD. The derivatives are valued at fair value on the balance sheet. Hedge accounting is applied.

The Group currently only has derivative instruments classified under level two in the valuation hierarchy:

- **Level 1:** Listed unadjusted prices on official marketplaces for identical assets or liabilities.
- **Level 2:** Other observable data for assets or liabilities not included in Level 1 either directly, as price quotes, or indirectly: derived from price quotes.
- **Level 3:** Data for the asset or liability in question, which is not based on observable market data: unobservable input data.

In addition to the instruments listed above, the company has current investments classified under level one in the valuation hierarchy.

### Fair value measurement of financial assets and liabilities and category groupings

		Financial assets measured at fair value through profit or loss	Hedging instruments	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Carrying amount	Fair value
<b>31 Dec 2023</b>	SEKm							
	Note							
Financial assets (Depositions)	14	-	-	0	-	-	0	0
Accounts receivable	15	-	-	91	-	-	91	91
Accrued income	16	-	-	2	-	-	2	2
Other current receivables (Derivatives)		-	5		-	-	5	5
Other current receivables		-	-	0	-	-	0	0
Current investments	17	183	-	-	-	-	183	183
Cash and cash equivalents	17	-	-	225	-	-	225	225
Other liabilities (non-current)	19	-	-	-	-	-9	-9	-9
Accounts payable		-	-	-	-	-30	-30	-30
Other liabilities (Derivatives)		-	-	-	-	-	-	-
Accrued expenses	20	-	-	-	-	-4	-4	-4
<b>Total financial assets and liabilities by category</b>		<b>183</b>	<b>5</b>	<b>319</b>	<b>-</b>	<b>-44</b>	<b>463</b>	<b>463</b>

		Financial assets measured at fair value through profit or loss	Hedging instruments	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Carrying amount	Fair value
<b>31 Dec 2022</b>	SEKm							
	Note							
Financial assets (Depositions)	14	-	-	0	-	-	0	0
Accounts receivable	15	-	-	110	-	-	110	110
Accrued income	16	-	-	2	-	-	2	2
Other current receivables		-	-	0	-	-	0	0
Current investments	17	381	-	-	-	-	381	381
Cash and cash equivalents	17	-	-	152	-	-	152	152
Other liabilities (non-current)	19	-	-	-	-	-9	-9	-9
Accounts payable		-	-	-	-	-29	-29	-29
Other liabilities (Derivatives)		-	-9	-	-	-	-9	-9
Accrued expenses	20	-	-	-	-	-12	-12	-12
<b>Total financial assets and liabilities by category</b>		<b>381</b>	<b>-9</b>	<b>264</b>	<b>-</b>	<b>-50</b>	<b>585</b>	<b>585</b>

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## NOTE 23 Leases

The Group is a lessee of office space in Sweden and China. New contracts were signed for Sweden in 2022 and for China in 2023. A new car leasing agreement for Sweden was also signed in 2023, and these leases collectively account for the total value of the Group's right-of-use assets. The lease as recognized refers to the non-cancellable period according to agreement. With the exception of minimum leases and low-value leases, leases are recognized in the balance sheet as a right-of-use asset and a lease liability. As of 31 December 2023 there were no new leases that were signed but had not yet begun.

### Amounts recognized in profit or loss are summarized below.

SEKm	2023	2022
Leases of low-value assets	0	0
Depreciation of right-of-use assets relating to leases for office space and car leases	5	5
Interest expense, lease liability	1	1
Variable lease payments not included in the valuation of lease liability	0	0

Future variable leasing fees that are not included in the valuation of the lease liability are essentially expected to remain at the same level.

### Closing balance as of December 31 regarding rented office properties and car leasing

SEKm	2023	2022
Right-of-use assets	15	18
Current lease liability	5	5
Non-current lease liability	9	12

In 2023, right-of-use assets of SEK 1.6m were added. During December 2023, right-of-use assets were adjusted upwards by SEK 0.9m due to index calculation.

### Cash flow from lease agreements

SEKm	2023	2022
Right of use of low-value assets	0	0
Total cash outflow for leases	5	5

The maturity structure for the Group's future leasing costs included in the leasing liabilities with a remaining term of one year or more, is distributed as follows:

SEKm	2023	2022
1 year	6	5
2-3 years	10	9
4-5 years	0	5

## NOTE 24 Investment commitments

The company has no significant investment commitments as of 31 December 2023 or 2022.

Regarding assumptions pertaining to acquired intangible assets, see Note 11.

## NOTE 25 Related parties

No material related-party transactions were carried out during 2023 over and above dividends paid.

## NOTE 26 Specification of statement of cash flows

### Specification of statement of cash flows

SEKm	2023	2022
Depreciation/amortization of non-current assets	18	16
Unrealized exchange rate differences	3	0
Change in value of financial instruments	-5	2
Other items not affecting liquidity	1	0
<b>Total</b>	<b>17</b>	<b>19</b>

### Interest income and expense

SEKm	2023	2022
Interest income received	2	0
Interest expense paid	0	0

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## NOTE 27 Pledged assets and contingent liabilities

### Pledged assets and contingent liabilities

SEKm	2023	2022
Pledged assets	None	None
Contingent liabilities	None	None

No patent disputes were initiated or resolved in 2022 or 2023.

There were no costs for patent disputes this year or in the prior year.

## NOTE 28 Events after the balance-sheet date

No significant events occurred after the balance-sheet date.

## NOTE 29 Information about the parent company

Mips AB (publ) is a public limited liability company registered in Sweden (Corp. Reg. No. 556609-0162) with its registered office in Stockholm, Sweden. The address of the head office is Kemistvägen 1B, SE-183 79 Täby, Sweden.

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# Parent Company financial statements

## Parent company income statement

SEKm	Note	2023	2022
Net sales	P2	254	395
Cost of goods sold		-27	-24
<b>Gross profit</b>		<b>227</b>	<b>371</b>
Selling expenses		-71	-73
Administrative expenses		-58	-56
Research and development expenses		-34	-25
Other operating income	P3	0	1
Other operating expenses	P3	-15	-19
<b>Operating profit/loss</b>	P4, P21, 4, 5, 6	<b>49</b>	<b>199</b>
Financial income		35	3
Financial expenses		-1	-9
<b>Net financial items</b>	P5	<b>82</b>	<b>193</b>
Appropriations		-5	-4
<b>Appropriations</b>	P6	<b>-5</b>	<b>-4</b>
<b>Profit/loss before tax</b>		<b>77</b>	<b>189</b>
Tax	P7	-14	-40
<b>Profit for the year</b>		<b>63</b>	<b>150</b>

## Parent company statement of comprehensive income

SEKm	2023	2022
<b>Profit for the year</b>	<b>63</b>	<b>150</b>
<b>Other comprehensive income</b>		
<b>Items that may subsequently be transferred to profit or loss</b>		
Changes in fair value for the year, cash flow hedges	14	1
Change in the fair value of cash flow hedges transferred to profit or loss for the year	-5	2
Tax attributable to items that have been or may subsequently be transferred to profit or loss	-2	-1
<b>Items that cannot be transferred to profit or loss for the year</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the year</b>	<b>8</b>	<b>3</b>
<b>Comprehensive income for the year</b>	<b>71</b>	<b>152</b>

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## Parent Company balance sheet

SEKm	Note	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	P8	71	72
Property, plant and equipment	P9	10	13
Participation in Group companies	P10	1	1
Participation in associated companies	P11	80	-
Financial assets	P7, P12	-	2
<b>Total non-current assets</b>		<b>161</b>	<b>89</b>
<b>Current assets</b>			
Inventories		-	-
Accounts receivable	P13	62	75
Receivables from Group companies	P14	-	-
Current tax asset		36	-
Prepaid expenses and accrued income	P15	12	10
Other current receivables		7	1
Current investments	P16	183	381
Cash and cash equivalents	P16	180	101
<b>Total current assets</b>		<b>480</b>	<b>568</b>
<b>TOTAL ASSETS</b>	P20	<b>641</b>	<b>657</b>

SEKm	Note	31 Dec 2023	31 Dec 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	P17	3	3
Statutory reserve		2	2
<b>Non-restricted equity</b>			
Share premium reserve		348	246
Fair value reserve		4	-4
Retained earnings		157	147
Profit for the year		63	150
<b>Total equity</b>		<b>577</b>	<b>543</b>
Untaxed reserves		26	21
<b>Untaxed reserves</b>	P6	<b>26</b>	<b>21</b>
<b>Non-current liabilities</b>			
Other liabilities	P18	9	9
Deferred tax liabilities	P7	2	-
<b>Total non-current liabilities</b>		<b>11</b>	<b>9</b>
<b>Current liabilities</b>			
Accounts payable		10	8
Liabilities to Group companies	P14	3	3
Tax liabilities		-	47
Other liabilities		3	11
Accrued expenses and deferred income	P19	11	14
<b>Total current liabilities</b>		<b>26</b>	<b>83</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	P20	<b>641</b>	<b>657</b>

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## Parent company statement of changes in equity

2022	Restricted equity		Non-restricted equity				Profit for the year	Total
	Share capital	Statutory reserve	Share premium reserve	Fair value fund		Earnings brought forward		
				Hedging reserve				
SEKm								
<b>Opening equity, 1 January 2022</b>	3	2	246	-6	41	237	522	
Transfer of preceding year's profit/loss	-	-	-	-	237	-237	-	
Profit for the year	-	-	-	-	-	150	150	
Other comprehensive income for the year	-	-	-	3	-	-	3	
<b>Comprehensive income for the year</b>	-	-	-	3	-	150	152	
Dividend paid	-	-	-	-	-131	-	-131	
Share-based remuneration (LTIP)	-	-	-	-	0	-	0	
<b>Total transactions with shareholders</b>	-	-	-	-	-131	-	-131	
<b>Closing equity, 31 December 2022</b>	3	2	246	-4	147	150	543	
2023	Restricted equity		Non-restricted equity				Profit for the year	Total
	Share capital	Statutory reserve	Share premium reserve	Fair value fund		Earnings brought forward		
				Hedging reserve				
SEKm								
<b>Opening equity, 1 January 2023</b>	3	2	246	-4	147	150	543	
Transfer of preceding year's profit/loss	-	-	-	-	150	-150	-	
Profit for the year	-	-	-	-	-	63	63	
Other comprehensive income for the year	-	-	-	8	-	-	8	
<b>Comprehensive income for the year</b>	-	-	-	8	-	63	71	
Dividend paid	-	-	-	-	-144	-	-144	
New share issue	0	-	103	-	-	-	103	
Premium on issue of warrants	-	-	-	-	4	-	4	
Share-based remuneration (LTIP)	-	-	-	-	0	-	0	
<b>Total transactions with shareholders</b>	0	-	103	-	-140	-	-37	
<b>Closing equity, 31 December 2023</b>	3	2	348	4	157	63	577	

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## Parent company cash flow statement

SEKm	Note	2023	2022
<b>Operating activities</b>			
Net financial items		82	193
Adjustments for non-cash items	P24	12	15
Income taxes paid		-95	-48
<b>Cash flow from operating activities before changes in working capital</b>		<b>-1</b>	<b>161</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/decrease (+) in inventory		-	0
Increase (-)/decrease (+) in operating receivables		8	52
Increase (+)/decrease (-) in operating liabilities		0	-12
<b>Cash flow from operating activities</b>		<b>7</b>	<b>201</b>
<b>Investing activities</b>			
Acquisition of intangible assets		-7	-15
Acquisition of property, plant and equipment		-2	-6
Sale of property, plant and equipment		0	-
Investments in associated companies	P11	-80	-
Acquisition of financial fixed assets		1	0
<b>Cash flow from investing activities</b>		<b>-88</b>	<b>-21</b>
<b>Financing activities</b>			
New share issue		103	-
Premium received from issue of warrants		4	-
Dividend paid		-144	-131
<b>Cash flow from financing activities</b>		<b>-37</b>	<b>-131</b>
<b>Cash flow for the year</b>			
Cash and cash equivalents at beginning of year	P16	482	430
Exchange rate difference, cash and cash equivalents		-1	3
<b>Cash and cash equivalents at end of year</b>	P16	<b>363</b>	<b>482</b>

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# Notes to the financial statements Parent company

All figures are in SEK millions unless stated otherwise.

## NOTE P1 Accounting policies

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's RFR 2 Accounting for Legal Entities. Statements published by the Swedish Financial Reporting Board applicable to listed companies are also observed. RFR 2 recommends that the parent company, in its annual accounts for legal entities, must apply all EU approved IFRS regulations and statements to the greatest extent possible within the framework of the Annual Accounts Act, the Pension Obligations vesting Act and with regard to the link between accounts and taxation. The recommendation states which exceptions from and additions to IFRS should be made.

Notes from the parent company's income statement and balance sheets refer in some cases to the Group's notes and, in other cases, to the parent company's notes.

### Differences between Group and parent company accounting policies

The differences in accounting policies for the Group and parent company are shown below. The accounting policies of the parent company described below have been applied consistently in all periods presented in the parent company's financial statements.

### Amended accounting policies

Unless otherwise stated below, the parent company's accounting policies in 2023 changed in accordance with the amendments described above for the Group.

### Classification and presentation

The income statement and balance sheet for the parent company are prepared in accordance with the Annual Accounts Act, while the statement of income and other

comprehensive income, the statement of changes in equity and the cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences between the Group's statements that arise in the parent company's income statement and balance sheet primarily consist of the statement of equity.

### Subsidiaries and associated companies

Shares in subsidiaries and associated companies are recognized in the parent company according to the cost model. This means that transaction costs are included in the carrying amount of holdings in subsidiaries and associated companies. In the consolidated accounts, transaction costs related to subsidiaries are recognized directly in profit or loss when they arise.

### Leased assets

The parent company does not apply IFRS 16 in accordance with the exception contained in RFR2. As a lessee, lease payments are recognized as a cost on a straight-line basis over the lease period, and thus rights of use and lease liabilities are not recognized in the balance sheet.

## NOTE P2 Distribution of revenue

Revenue by nature	2023	2022
SEKm		
Sales of goods	231	375
Sales of services	23	21
<b>Total</b>	<b>254</b>	<b>395</b>

## NOTE P3 Other operating income and other operating expenses

Other operating income	2023	2022
SEKm		
Gain on disposal of non-current assets	0	-
Exchange rate gain on operations	-	-
Other	0	1
<b>Total</b>	<b>0</b>	<b>1</b>
Other operating expenses	2023	2022
SEKm		
Loss on disposal of non-current assets	0	-
Exchange rate loss on operations	-14	-19
Other	-2	-
<b>Total</b>	<b>-15</b>	<b>-19</b>

## NOTE P4 Operating expenses by type of cost

Operating expenses by type of cost	2023	2022
SEKm		
Goods for resale and consumables	16	15
Personnel expenses	90	81
Other external expenses	70	70
Legal advice costs	2	1
Depreciation/amortization and impairment	13	12
Other operating expenses	15	19
<b>Total</b>	<b>206</b>	<b>197</b>



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## NOTE P5 Net financial items

Net financial items	2023	2022
SEKm		
<b>Financial income</b>		
Dividend from subsidiary	19	-
Interest income		
- bank balances	2	0
Change in fair value of financial investments	13	-
Other financial income	0	0
Exchange gains, cash and cash equivalents	-	3
<b>Total</b>	<b>35</b>	<b>3</b>
<b>Financial expenses</b>		
Interest expenses		
- financial liabilities measured at amortized cost	0	0
Change in fair value of financial investments	-	-7
Other financial expenses	0	-2
Exchange loss, cash and cash equivalents	-1	-
<b>Total</b>	<b>-1</b>	<b>-9</b>

## NOTE P6 Appropriations

Appropriations	2023	2022
SEKm		
Appropriations	-5	-4
<b>Total</b>	<b>-5</b>	<b>-4</b>

## NOTE P7 Taxes

When preparing the financial statements, an assessment is made of deferred tax assets/liabilities attributable to temporary differences and loss carry-forwards. Deferred tax assets are recognized to the extent that the tax assets are expected to be utilized through the settlement of future taxable profits.

### Taxes

	2023	2022
SEKm		
<b>Current tax</b>		
Tax expenses for the year	-11	-40
Adjusted tax, prior periods	-	0
<b>Deferred tax</b>		
Deferred tax pertaining to temporary differences	-2	1
<b>Total</b>	<b>-14</b>	<b>-40</b>

### Reconciliation of effective tax

	2023	2022
SEKt		
<b>Profit/loss before tax</b>	77,033	189,216
Tax in accordance with applicable tax rate for parent company	20.6% -15,869	20.6% -38,978
Non-deductible expenses	-688	-422
Non-taxable income	4,028	-
Effect of unrecognized temporary differences	-	-
Standard income, shares in investment funds	-314	-297
Withholding tax on dividend from foreign subsidiary	-972	-
Impact of changed tax rate	-	-8
Other	228	-
<b>Total</b>	<b>-13,587</b>	<b>-39,705</b>

### Deferred tax assets and liabilities

31 Dec 2023	Deferred tax assets	Deferred tax liabilities	Net
SEKt			
Property, plant and equipment	913	-	913
Accounts receivable	-	-	-
Other receivables (Derivatives)	-	-1,124	-1,124
Current investments	-	-1,418	-1,418
Other liabilities (Derivatives)	-	-	-
<b>Total deferred tax assets/liabilities</b>	<b>913</b>	<b>-2,541</b>	<b>-1,628</b>
Offsetting	-913	913	-
<b>Total deferred tax assets/liabilities, net</b>	<b>-</b>	<b>-1,628</b>	<b>-1,628</b>

31 Dec 2022	Deferred tax assets	Deferred tax liabilities	Net
SEKt			
Property, plant and equipment	633	-	633
Accounts receivable	47	-	47
Other liabilities (Derivatives)	1,797	-	1,797
<b>Total deferred tax assets/liabilities</b>	<b>2,476</b>	<b>-</b>	<b>2,476</b>
Offsetting	-	-	-
<b>Total deferred tax assets/liabilities, net</b>	<b>2,476</b>	<b>-</b>	<b>2,476</b>

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## NOTE P7 Taxes, continued

### Change in deferred tax in temporary differences

SEKt	31 Dec 2022	Recognized in equity Income statement	Recognized in equity other comprehensive income	Recognized in equity	31 Dec 2023
Property, plant and equipment	633	281	-	-	913
Accounts receivable	47	-47	-	-	-
Other receivables (Derivatives)	-	-101	-1,022	-	-1,124
Current investments	-	-1,418	-	-	-1,418
Other liabilities (Derivatives)	1,797	-846	-950	-	-
<b>Total</b>	<b>2,476</b>	<b>-2,131</b>	<b>-1,973</b>	<b>-</b>	<b>-1,628</b>

### Change in deferred tax in temporary differences

SEKt	31 Dec 2021	Recognized in equity Income statement	Recognized in equity other comprehensive income	Recognized in equity	31 Dec 2022
Property, plant and equipment	368	265	-	-	633
Accounts receivable	53	-7	-	-	47
Other liabilities (Derivatives)	1,986	463	-653	-	1,797
<b>Total</b>	<b>2,407</b>	<b>721</b>	<b>-653</b>	<b>-</b>	<b>2,476</b>

## NOTE P8 Intangible assets

### Intangible assets

SEKm	31 Dec 2023	31 Dec 2022
<b>Accumulated cost</b>		
Opening balance, 1 Jan	94	72
Acquisitions	7	23
Divestments and disposals	-1	0
<b>At year-end, 31 Dec</b>	<b>101</b>	<b>94</b>
<b>Accumulated amortization</b>		
Opening balance, 1 Jan	-22	-15
Amortization	-7	-7
<b>At year-end, 31 Dec</b>	<b>-30</b>	<b>-22</b>
<b>Total</b>	<b>71</b>	<b>72</b>

Intangible assets primarily pertain to expenses for patents and brand protection, which are acquired externally. Remaining economic lives as of 31 December 2023 amount to 1-18 years.

### Breakdown of amortization

SEKm	2023	2022
<b>Amortization, by function</b>		
Cost of goods sold	-7	-7
Selling expenses	-	-
<b>Total</b>	<b>-7</b>	<b>-7</b>

Refer to Note 11 in the consolidated financial statements.

## NOTE P9 Property, plant and equipment

### Property, plant and equipment

SEKm	31 Dec 2023	31 Dec 2022
<b>Accumulated cost</b>		
Opening balance, 1 Jan	26	20
Acquisitions	2	6
Divestments and disposals	-1	-1
<b>At year-end, 31 Dec</b>	<b>27</b>	<b>26</b>
<b>Accumulated depreciation</b>		
Opening balance, 1 Jan	-12	-8
Depreciation	-5	-4
Divestments and disposals	0	1
<b>At year-end, 31 Dec</b>	<b>-18</b>	<b>-12</b>
<b>Total</b>	<b>10</b>	<b>13</b>

Property, plant and equipment mainly comprise office equipment, computer equipment, equipment for testing helmets and leasehold improvements.

### Breakdown of depreciation

SEKm	2023	2022
<b>Depreciation, by function</b>		
Selling expenses	-1	-1
Administrative expenses	-3	-2
R&D expenses	-1	-1
<b>Total</b>	<b>-5</b>	<b>-4</b>

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## NOTE P10 Participation in group companies

### Participation in Group companies

SEKm	31 Dec 2023	31 Dec 2022
<b>Accumulated cost</b>		
Opening balance, 1 Jan	1	2
LTIP	0	0
<b>At year-end, 31 Dec</b>	<b>1</b>	<b>1</b>
<b>Total</b>	<b>1</b>	<b>1</b>

### Subsidiaries

SEKm	Corporate identity number	Registered office	No. of shares	Holding %	31 Dec 2023 Carrying amount
	556763-8449	Stockholm, SE	1,000	100	0
	91441900MA4W2Y7T9L	Dongguan, CN	1	100	1
<b>Total</b>					<b>1</b>

SEKm	Corporate identity number	Registered office	No. of shares	Holding %	31 Dec 2022 Carrying amount
	556763-8449	Stockholm, SE	1,000	100	0
	91441900MA4W2Y7T9L	Dongguan, CN	1	100	1
<b>Total</b>					<b>1</b>

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## NOTE P11 Participation in associated companies

### Participation in associated companies

SEKm	31 Dec 2023	31 Dec 2022
<b>Acquisition costs</b>		
Opening balance, 1 Jan	-	-
Acquisitions	80	-
<b>At year-end, 31 Dec</b>	<b>80</b>	<b>-</b>
<b>Total</b>	<b>80</b>	<b>-</b>

### Associated companies

SEKm	Corporate identity number	Registered office	No. of shares	Holding %	31 Dec 2023 Carrying amount
Quintessential Design, Inc.	7619937	Delaware	492,137	25	80
<b>Total</b>					<b>80</b>

On 31 August 2023, Mips AB acquired 25 percent of the shares of the sensor technology company Quintessential Design, Inc. (Quin) for a cash purchase consideration of USD 7.3 million. The company has been included in Mips accounting since 31 August 2023.

Quin is an ingredient brand for event detection technology and has provided specialized sensor fusion and software to helmet brands since 2018. The investment in Quin signifies a strategic move to explore the potential of sensor technology.

## NOTE P12 Other financial assets

### Other financial assets

SEKm	31 Dec 2023	31 Dec 2022
<b>Accumulated cost</b>		
Opening balance, 1 Jan	2	2
Deferred tax assets	-2	0
<b>At year-end, 31 Dec</b>	<b>-</b>	<b>2</b>

Refers to deferred tax assets attributable to temporary differences.

## NOTE P13 Accounts receivable

### Accounts receivable

SEKm	31 Dec 2023	31 Dec 2022
Invoiced receivables	64	76
Currency adjustments	-2	0
Reserve for expected credit losses	-1	-1
<b>Total</b>	<b>62</b>	<b>75</b>

### Invoiced receivables are due as follows:

Not yet due	33	32
Overdue by 1-30 days	6	16
Overdue by 31-60 days	13	4
Overdue by 61-90 days	4	9
Overdue by 91 days or more	8	15
<b>Total</b>	<b>64</b>	<b>76</b>

### Change in reserve for expected credit losses

Opening balance, 1 Jan	-1	0
During the year		
- repaid	-	-
- provisions established	0	0
<b>At year-end, 31 Dec</b>	<b>-1</b>	<b>-1</b>

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## NOTE P14 Group transactions

Group transactions	31 Dec 2023	31 Dec 2022
SEKm		
<b>Receivables and liabilities to subsidiaries</b>		
Receivables	-	-
Liabilities	3	3
<b>Net</b>	<b>3</b>	<b>3</b>
<b>Revenues and costs from subsidiaries</b>		
Revenue	-	-
Costs	-	-
<b>Net</b>	<b>-</b>	<b>-</b>

## NOTE P15 Prepaid expenses and accrued income

Prepaid expenses and accrued income	31 Dec 2023	31 Dec 2022
SEKm		
Accrued revenue	2	2
Prepaid rental costs	1	1
Prepaid system costs	4	2
Other	5	5
<b>Total</b>	<b>12</b>	<b>10</b>

## NOTE P16 Cash and cash equivalents and current investments

Cash and cash equivalents and current investments	31 Dec 2023	31 Dec 2022
SEKm		
Cash and bank balances	180	101
<b>Total according to statement of financial position</b>	<b>180</b>	<b>101</b>
Current investments equivalent to cash and cash equivalents	183	381
<b>Total according to statement of cash flows</b>	<b>363</b>	<b>482</b>

Cash and bank balances refer to balances of bank accounts in SEK, USD, and EUR. Current investments relate to the company's surplus liquidity that is invested in fixed income funds at highly reputable credit institutions in order to avoid negative interest rates. The company's current investments can be sold within two days. Mips believes that the company can convert the investments in a short time to a known amount of cash with insignificant risk of value fluctuations.

## NOTE P17 Equity

### Restricted reserves

Restricted reserves may not be reduced through profit distribution.

#### Statutory reserve

The purpose of the statutory reserve is to tie up part of the net profits that is not needed to cover an accumulated deficit. Amounts that were included in the share premium reserve before 1 January 2006 have been transferred to and are included in the statutory reserve.

### Non-restricted equity

The following funds together with the annual profit/loss constitute unrestricted equity, that is to say the amount that is available for dividends to shareholders.

#### Share premium reserve

When shares are issued at a premium, i.e. when the price of the shares is more than the quotient value, a sum corresponding to the amount above the quotient value is transferred to the share premium reserve. Amounts transferred to the share premium reserve commencing on 1 January 2006 are included in unrestricted equity.

#### Fair value reserve

The company uses the Annual Accounts Act rules for measurement of financial instruments at fair value according to chapter 4 section 14, paragraphs a-e. A change in value is recognized in the fair value reserve when it relates to a hedging instrument and the hedge accounting policies allow part or all of the change in value to be recognized in equity.

#### Retained earnings

Retained earnings comprise profit brought forward from the preceding year less any dividend paid during the year.

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## NOTE P17 Equity, continued

### At the disposal of the Annual General Meeting (SEKt):

Share premium reserve	348,493
Fair value reserve	3,941
Retained earnings	157,048
Profit for the year	63,446
<b>Total</b>	<b>572,928</b>

The Board of Directors proposes that the available funds of SEKt 572,928 be disposed so that SEK 6.00 (5.50) per share, corresponding to SEKt 158,947 based on the number of shares on 31 December 2023, will be distributed to shareholders and the remaining amount of SEKt 413,981 be carried forward, including SEKt 348,493 to the share premium reserve, SEKt 61,547 to profit brought forward and SEKt 3,941 to the fair value reserve.

For information about the number of shares, see Note 18 in the consolidated financial statements.

### *Own shares held*

During 2020, Mips acquired 5,749 own shares at an average price of SEK 449.60. During the year, 3,598 shares held in treasury have been allocated to the participants in the share performance program that lapsed during spring 2023, in accordance with the share performance program's terms and conditions. On 31 December 2023 the company's holdings totaled 2,151 shares, corresponding to 0.1 percent of the total number of registered shares.

## NOTE P18 Other liabilities

Refer to Note 19 in the consolidated financial statements.

## NOTE P19 Accrued expenses and deferred income

### Accrued expenses and deferred income

SEKm	31 Dec 2023	31 Dec 2022
Holiday pay liability	3	3
Accrued salaries and remuneration	4	5
Accrued social security expenses	2	3
Prepaid Implementation	0	1
Other accrued expenses	1	2
<b>Total</b>	<b>11</b>	<b>14</b>

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## NOTE P20 Financial instruments

### Financial instruments

31 Dec 2023		Financial assets measured at fair value through profit or loss	Hedging instruments	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Carrying amount	Fair value
SEKm	Note							
Financial assets (Depositions)	P12	-	-	-	-	-	-	-
Accounts receivable	P13	-	-	62	-	-	62	62
Accrued income	P15	-	-	2	-	-	2	2
Other receivables (Derivatives)		-	5	-	-	-	5	5
Other current receivables		-	-	-	-	-	-	-
Current investments	P16	183	-	-	-	-	183	183
Cash and cash equivalents	P16	-	-	180	-	-	180	180
Other liabilities (non-current)	P18	-	-	-	-	-9	-9	-9
Accounts payable		-	-	-	-	-10	-10	-10
Liabilities to Group companies	P14	-	-	-	-	-3	-3	-3
Other liabilities (Derivatives)		-	-	-	-	-	-	-
Accrued expenses	P19	-	-	-	-	-1	-1	-1
<b>Total financial assets and liabilities by category</b>		<b>183</b>	<b>5</b>	<b>243</b>	<b>-</b>	<b>-23</b>	<b>409</b>	<b>409</b>

31 Dec 2022		Financial assets measured at fair value through profit or loss	Hedging instruments	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Carrying amount	Fair value
SEKm	Note							
Financial assets (Depositions)	P12	-	-	-	-	-	-	-
Accounts receivable	P13	-	-	75	-	-	75	75
Accrued income	P15	-	-	2	-	-	2	2
Other current receivables		-	-	0	-	-	0	0
Current investments	P16	381	-	-	-	-	381	381
Cash and cash equivalents	P16	-	-	101	-	-	101	101
Other liabilities (non-current)	P18	-	-	-	-	-9	-9	-9
Accounts payable		-	-	-	-	-8	-8	-8
Liabilities to Group companies	P14	-	-	-	-	-3	-3	-3
Other liabilities (Derivatives)		-	-9	-	-	-	-9	-9
Accrued expenses	P19	-	-	-	-	-2	-2	-2
<b>Total financial assets and liabilities by category</b>		<b>381</b>	<b>-9</b>	<b>178</b>	<b>-</b>	<b>-22</b>	<b>528</b>	<b>528</b>

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## NOTE P21 Leases

The parent company does not apply IFRS 16 in accordance with the exception contained in RFR2. As a lessee lease payments are recognized on a straight-line basis over the term of the lease.

Lease costs mainly comprise rent for office premises. In February 2022, the company gained access to larger premises, and lease payments thus increased. The contract extends until January 2027 and the total future minimum lease payments relate to SEK 15m for office premises.

### Future minimum lease payments

SEKm	31 Dec 2023	31 Dec 2022
Within 1 year	5	5
Between 1-5 years	11	15
More than 5 years	-	-
<b>Total</b>	<b>16</b>	<b>20</b>
<b>Lease costs for the year pertaining to lease payments totaled:</b>	<b>6</b>	<b>5</b>

## NOTE P22 Investment commitments

The company has no significant investment commitments as of 31 December 2023 or 2022. Refer to Note 11 in the consolidated financial statements.

## NOTE P23 Related parties

Refer to Note 25 in the consolidated financial statements.

## NOTE P24 Specification of statement of cash flows

### Specification of statement of cash flows

SEKm	2023	2022
Depreciation/amortization of non-current assets	13	12
Unrealized exchange rate differences	3	1
Change in value of financial instruments	-5	2
Other items not affecting liquidity	1	1
<b>Total</b>	<b>12</b>	<b>15</b>

### Interest income and expense

SEKm	2023	2022
Interest income received	2	0
Interest expense paid	0	0

## NOTE P25 Pledged assets and contingent liabilities

### Pledged assets and contingent liabilities

SEKm	2023	2022
Pledged assets	None	None
Contingent liabilities	None	None

## NOTE P26 Related party transactions

Transactions involving goods and services occur between companies in the Group. Market-based terms and pricing apply for all transactions. All intra-Group transactions are eliminated. Regarding the parent company's dealings with subsidiaries, see Note P14.

## NOTE P27 Events after the balance-sheet date

Refer to Note 28 in the consolidated financial statements.

## NOTE P28 Information about the parent company

Mips AB (publ) is a public limited liability company registered in Sweden (Corp. Reg. No. 556609-0162) with its registered office in Stockholm, Sweden. The address of the head office is Kemistvägen 1B, SE-183 79 Täby, Sweden.



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# Board of Directors assurance

The Board of Directors and the Chief Executive Officer hereby certify that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden, and that the consolidated financial statements have been prepared in accordance with the international financial reporting standards referred to in the regulation (EU) no.

1606/2002 of the European Parliament and Council dated July 19, 2002, pertaining to the application of international financial reporting standards. The annual accounts and the consolidated accounts give a true and fair view of the financial status and financial results of the Parent Company and the Group. The Directors' Report pertaining to the

Parent Company and the Group provides a true and fair view of the development of the Parent Company's and the Group's operations, financial position and results, and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Stockholm, 21 March 2024

**Magnus Welander**  
Chairman of the Board

**Thomas Bräutigam**

**Maria Hedengren**

**Anna Hällöv**

**Jonas Rahmn**

**Jenny Rosberg**

**Max Strandwitz**  
President and Chief Executive Officer

Our Auditor's Report was submitted 21 March 2024

KPMG AB

**Alexander Tistam**  
Authorized Public Accountant

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# Auditor's report

To the general meeting of the shareholders of Mips AB, corp. id 556609-0162

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Mips AB for the year 2023, except for the corporate governance statement on pages 38-48. The annual accounts and consolidated accounts of the company are included on pages 49-95 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover

the corporate governance statement on pages 38-48. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have oth-

erwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

## Accounting for revenue

See disclosure 2 and accounting principles on page 63 in the annual account and consolidated accounts for detailed information and description of the matter.

### Description of key audit matter

Consolidated net sales is a significant item in the income statement and amounted to 357 MSEK for the Group and 254 MSEK for the parent entity in 2023. This revenue mainly relates to contracts with customers for the supply of component kits to helmet manufacturers.

The revenue is recognised in the income statement when the customer gains control over the goods and the Group, as well as the parent entity, have fulfilled their performance obligation.

When accounting for revenue, consideration is also made to payments, delivery terms and additional costs that can impact the revenue recognition.

### Response in the audit

In our audit, we assessed the risks in the revenue recognition processes. We evaluated the design and implementation of internal controls related to revenue recognition and reviewed the applicable contractual terms and conditions to assess the Group's and the parent entity's accounting for revenue.

We also assessed the timing of revenue recognition based on the delivery of goods and the terms of delivery, both on a sample basis and by analyses of margins.

We have also reviewed the disclosures relating to revenue included in the annual accounts and the consolidated accounts.

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## *Other Information than the annual accounts and consolidated accounts*

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-37 and 100-145. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related

to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

## *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies

used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independ-

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ence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements

### Auditor's audit of the administration and the proposed appropriations of profit or loss

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Mips AB for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

#### The auditor's examination of the Esef report

*Opinion*  
In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Mips AB for year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

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## *Basis for opinion*

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Mips AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

## *Auditor's responsibility*

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from

fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

## *The auditor's examination of the corporate governance statement*

The Board of Directors is responsible for that the corporate governance statement on pages 38-48 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Mips AB by the general meeting of the shareholders on the 10 May 2023. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2014.

Stockholm 21 March 2024

KPMG AB

**Alexander Tistam**  
*Authorized Public Accountant*

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# The sustainability year in brief

In 2023, Mips has continued the ambitious journey towards a more sustainable future with a clear goal, governance model, and motivated organization.

Mips' ability to keeping growing while also delivering strong financial results is reinforced when the business is run in a sustainable manner. Mips works with suppliers and partners to:

- limit climate and environmental impact as much as possible, according to Mips' SBTi commitments,
- apply the same values throughout Mips' value chain, and
- embrace social responsibility for all employees, and to respect human rights in every regard.

### Development of Mips' sustainability work

During the year Mips has delved deeper into and structured its sustainability work further and continuously followed up and evaluated the focus areas. One of the important inputs to Mips' focused sustainability work comes from continuous dialogue with stakeholders. For the third year in a row an analysis of Mips' total climate impact was carried out with the help of an external party. This analysis is one of the most important building blocks for the company's sustainability work going forward. In 2023, Mips also continued its product lifecycle analysis from 2021. The measurements of Mips' total climate impact along with the lifecycle analyses of its solutions are important to ensure that focus is given to the areas where the greatest difference can be made.

Mips' sustainability reporting for 2023 covers the Group and the Parent company.

## 10 principles

Work continued to implement the ten principles of the UN Global Compact and the UN's Sustainable Development Goals within Mips' operations.

## LCA

Continued to develop product life-cycle analysis by adding in Mips Integra Fuse, Mips Integra Split, different material options for Mips Integra TX, and color options for the plastic in Mips' products.

## 46/54

Mips achieved its goal of a 40-60 distribution of women and men in the workplace, the figure for 2023 was 46/54 percent women/men.

## -21%

Reduced emissions per solution by an average around 20.8%.

## 3

Carried out third-party audits of the three strategically most important suppliers in the supply chain.

## 100%

By year-end, offer Mips' suppliers post industrial recycled plastic for all manufacturing of Mips' most sold solution.

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# Stakeholder dialogue and materiality analysis

Mips works closely with many stakeholders including customers, suppliers, board members, shareholders, and research institutes. A continuous and open dialogue in various channels provides information about requirements and expectations, what is important, and what Mips can contribute with or improve. Managers and employees pursue ongoing, open and informal dialogues regarding wellbeing and personal development. Mips also conducts weekly pulse surveys that are sent out to all employees and managers in Sweden and China. The pulse surveys provide continuous insight into what is working well and the areas where there is opportunity for improvement.

During the previous year, a questionnaire regarding Mips' sustainability work was sent out to 36 individuals from different stakeholder groups. The stakeholders were requested to rank 23 areas of sustainability based on how important they considered these areas to be as

priorities for Mips. These 23 areas were selected based on an initial analysis done by Mips to identify the areas of sustainability where the company could have the greatest impact. The information gathered from these ongoing dialogues and the questionnaire has been summarized as a materiality analysis aimed at ensuring that Mips' efforts are steered in the right direction and focus on the areas of sustainability where Mips has the greatest impact. The materiality analysis is an ongoing effort and stakeholder dialogues will continue to be important to ensure the right focus in Mips' sustainability work.

Mips and its stakeholders have a similar view of the areas of sustainability where the company can have the greatest impact, and thus constitute the most important priorities. The area where both Mips and its stakeholders believe that the company can have the greatest impact is with the raw material used in Mips' solutions.

## Materiality analysis 2022/2023

Top three areas of sustainability (by materiality) according to stakeholders, grouped under Environment, Social Responsibility, and Corporate Governance. Raw material is considered the area where Mips can make the biggest difference.

### Environment

- Raw materials – increased usage of more sustainable raw materials
- Emissions – reduced carbon footprint of the entire organization
- Energy – reduced consumption of non-renewable energy

### Social responsibility

- Health and safety – take care of employees and ensure a healthy working environment
- Prevent child labor in the supply chain
- Prevent forced labor in the supply chain

### Corporate governance

- Develop patents
- Good governance – comply with regulations and maintain proper business ethics
- Perform supplier audits



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## Our core values

### We dare

Daring means being brave, innovative, and challenging the status quo. We are curious about trying new solutions and are not afraid to make mistakes or ask for help. We challenge ourselves and others to achieve Mips' vision.

### We care

Caring involves creating a sustainable environment where people can perform. We show our colleagues respect. In our desire to achieve the highest quality, we take responsibility for our own wellbeing.

### We share

Sharing is about creating transparency, a sense of belonging, and trust. We continuously share our experiences and knowledge with our colleagues. We support collaboration across functional areas.

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# Important policies and frameworks that Mips adheres to

## Most important policies for a sustainable business

Mips' sustainability work is governed by the Code of Conduct and other policies that describe how the company runs its operations. All employees learn about the Code of Conduct through a briefing that all new employees are given when they start their employment at Mips. All employees also sign the Code of Conduct. Through Mips' whistleblower system all employees and external stakeholders are given the opportunity to anonymously report deviations from the Code of Conduct, or any other misconduct.

Function-specific policies, such as the Finance policy and the Supplier Code of conduct, are followed up by each function. All policies are available to all employees via the intranet, and employees are informed of any updates.

- Code of conduct
- Supplier Code of Conduct
- Anti-corruption policy
- Finance policy
- Communication policy
- Insider policy
- IT policy
- Staff manual
- Environmental policy
- Whistleblowing instructions
- Workplace environment policy
- Data protection policy



## UN Global Compact

Mips is a participant of the UN Global Compact and has committed to continuously work to safeguard and respect the 10 principles of the UN Global Compact, and to promote the spirit of the principles concerning human rights, working conditions, the environment, and anti-corruption.



## UN's 17 Sustainable Development Goals

Mips wants to contribute to the achievement of the UNs 17 Sustainable Development Goals\* (SDG, [www.un.org/sustainabledevelopment](http://www.un.org/sustainabledevelopment)) and has chosen to align the company's sustainability targets with the SDGs deemed to be most relevant.

The link between Mips' sustainability targets and the UNs sustainability goals is presented in the table with indicators under each focus area.

In addition to the above, Mips supports the International Bill of Human Rights, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights.



## Science Based Targets Initiative

Mips supports and works according to the Paris Agreement and the company's emissions target has been approved by the Science Based Targets initiative (SBTi). Mips is classed as a Small-Medium Enterprise (SME) as the company has fewer than 500 employees, which means Mips is required to report only Scope 1 and 2 emissions. Despite this, Mips has also chosen to report under Scope 3 and do its part to limit global warming to 1.5 °C for Scope 1, 2 and 3.

Mips' goals for greenhouse gas emissions are well in line with SBTi's overall goal to limit the global warming.



## GRI (Global Reporting Initiative)

The account of our sustainability work is inspired by the GRI's international standards, and is available on pages 135-137.

Global Reporting Initiative (GRI) is the independent international organization - headquartered in Amsterdam with regional offices around the world - that helps businesses, governments and other organizations understand and communicate their sustainability impacts.

\* The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States.

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## EU taxonomy

The EU taxonomy for sustainable activities is a classification system that aims to make it easier for investors to identify and compare sustainable investments. Companies covered by the taxonomy include financial market players along with companies of public interest with more than 500 employees in Europe. This means that Mips is not currently subject to the taxonomy nor does the company need to report in accordance with the taxonomy. However, Mips sees the taxonomy as a framework that enables the company to be transparent to stakeholders about the company's activities, as well as a way to proactively understand where in the business Mips can become more

sustainable. Mips works with the taxonomy continuously as more guidelines and instructions are developed about how it should be applied in practice.

After Mips performed a mapping against the taxonomy during the year, the conclusion is that company currently has no revenues or operating expenses that are covered by the taxonomy. Mips has identified that its leasing of properties is covered by the taxonomy. Mips does not own these properties and an assessment of whether these are compatible with the taxonomy has not been possible during the year due to the company not having access to data regarding for example energy class.

### Nuclear and fossil gas related activities

#### Row Nuclear energy related activities

1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

#### Fossil gas related activities

4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

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## Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

Financial year 2023	2023		Substantial contribution criteria							DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022	Category enabling activity	Category transitional activity			
	Code	Turnover	Proportion of Turnover, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity							
Economic activities		SEKm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																						
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																						
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
Of which enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	E	
Of which transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																						
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	0%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																						
Turnover of Taxonomy-non-eligible activities		357	100%																			
<b>Total</b>		<b>357</b>	<b>100%</b>																			

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## Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safe-guards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2022	Category enabling activity	Category transitional activity	
	Code	OpEx	Proportion of OpEx, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy					Bio-diversity
		MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
Of which enabling		-	-														0%	E	
Of which transitional		-	-														0%		T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
OpEx of Taxonomy-non-eligible activities		287	100%																
<b>Total</b>		<b>287</b>	<b>100%</b>																

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## Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

Financial year 2023	2023		Substantial contribution criteria							DNSH criteria ("Does Not Significantly Harm")					Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.)		Category enabling activity	Category transitional activity	
	Code	CapEx	Proportion of CapEx, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Minimum safe-guards			aligned (A.1.) or -eligible (A.2.) CapEx, year 2022
Economic activities		MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
Of which enabling		-	-														0%	E	
Of which transitional		-	-														0%		T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Acquisitions and ownership of buildings		CCM7.7	2.5	21%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2.5	21%	21%	-	-	-	-	-	-	-	-	-	-	-	-			
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		2.5	21%	21%	-	-	-	-	-	-	-	-	-	-	-	-			
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
CapEx of Taxonomy-non-eligible activities		9.2	79%																
<b>Total</b>		11.7	100%																

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## Mips' total climate impact

For the third year in a row, Mips' total climate impact has been analyzed with the help of an external party. In 2023 the lifecycle analysis of Mips' solutions also continued with the addition of the products Mips Integra Fuse and Mips Integra Split, as well as different material options for Mips Integra TX, and color options for the plastic used in Mips' products.

In 2021 Mips carried out the first analysis of its total climate impact according to the Greenhouse Gas (GHG) Protocol. In 2022 and 2023, Mips has had access to more granular data and has been able to refine the analysis of total emissions. This has enabled an update of the calculations used in 2021 with more exact data. Previous year Mips set a goal to reduce its total emissions by 42 percent by the end of 2030 based on SBTi's calculations, not including growth. For 2023, the target was to reduce total emissions by 12 percent per unit sold, and the outcome was an average decrease per sold unit with 20.8 percent. Mips' target for 2024 is to reduce emissions per unit sold by further eight percent in average.

In 2023 Mips continued analyzing its climate impact according to the GHG Protocol. Mips has updated its 2021 base year due to getting access to more detailed information from suppliers and after getting more actual data rather than estimated data from certain suppliers related to their processes and energy intensity in production. This has resulted in lower emissions than in prior years.

### Update to total emissions figures for the 2021 base year

All of Mips' 23 manufacturing suppliers were invited to complete an emissions analysis for 2023. Six of the suppliers, representing 0.67 percent of the total production of low-friction layers (LFL) and 2.5 percent of the total component production, have an estimated environmental impact as data is not available.

In December 2023, Mips commenced the extensive process (carbon dioxide emissions analysis) to gather information from Mips' suppliers for the 2023 full year to then ensure a deeper analysis of the environmental impact linked to Mips' solutions. The survey included critical aspects such as energy consumption, raw materials utilization, sources of energy used in processes, water consumption, transportation, and waste generation for each solution manufactured during the year. Additionally, general information about the suppliers' future plans for carbon emissions was also requested.

Thanks to the breadth and detail of the data received, Mips deepened its insight into the suppliers' raw materials utilization and productivity per solution, amongst others. This has enabled Mips to perform more comparisons of the energy consumption used for production per solution per supplier, and also their waste management methods used, so that the quality of the data gathered can be ensured.

The major reason for the revision of emissions data for 2021 and 2022 was usage of plastic, both post industrial recycled and non-recycled plastic, in some of Mips' solutions. The manufacturing process for these solutions at Mips' suppliers has not deteriorated, rather the knowledge both of the process and the use of material has increased. This means that Mips now know that the use of material is higher than the data which earlier was collected revealed.

### Reduction in emissions in 2023

During the year, Mips received information that two of its key suppliers are part of the Science Based Targets initiative (SBTi), several more of them are considering joining the initiative in the near term, and six suppliers have the international environmental certification ISO 14001.

Now that the 2023 survey has been carried out and analyzed, Mips has a stronger foundation for its future carbon-emissions reduction projects thanks to the greater level of detail in the data, and the verification of the data as the similarities between different suppliers producing similar solutions has helped to validate the data. Furthermore, the suppliers have increasingly separated the data for different Mips solutions, and the majority of suppliers have provided a deeper level of information, including energy intensity and raw materials utilization per solution. This is in contrast to the information previously collected, which largely gave a more top-level view. During the year Mips has received more information about the usage of raw materials in different solutions. This information enables Mips to rank the solutions that currently have the greatest potential for improvement in terms of raw materials utilization, better than in previous years.

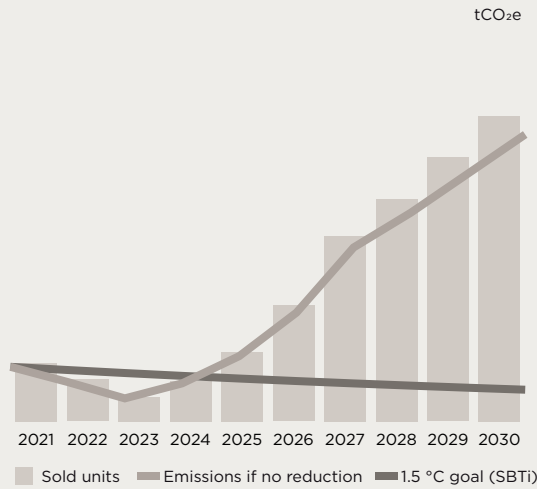
In terms of implementation of energy efficiencies and inclusion of sustainable methods in Mips' suppliers' factories, Mips has started its first collaboration with one supplier that uses 100 percent renewable energy through a solar power installation. Mips is also in the midst of onboarding three new suppliers who intend to

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Visualization of the relationship between Mips' emission target and volume



Extrapolation of Mips 2027 organic growth goal as an example to illustrate the reduction in emissions needed, in comparison to the SBTi-related goals, given a certain level of growth.

use 100 percent renewable energy for the production of Mips' solutions. In the short term, these four suppliers using 100 percent renewable energy will not have a noticeable impact on Mips' emissions reduction as they will start with low manufacturing volumes which will increase over time.

Most of Mips' suppliers in China are actively looking for sustainable sources of energy. According to analyses performed by specialists, companies face challenges in direct purchasing of renewable electricity as China is a regulated market. This situation must be monitored so

Total emissions 2022 and 2023

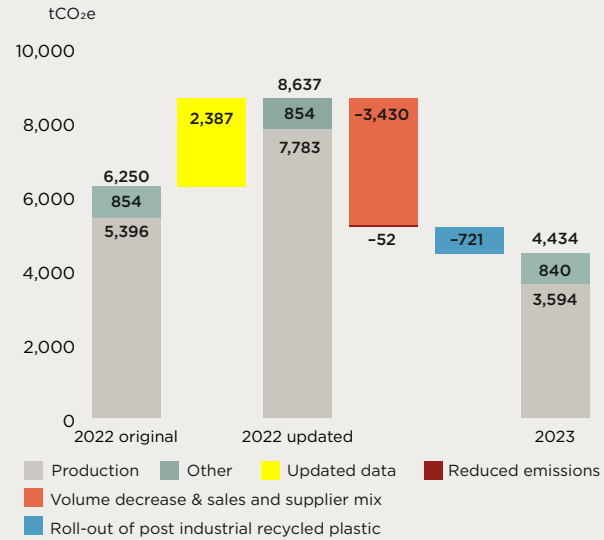


Illustration of Mips' total emissions in 2022, the revised emissions in 2022 and the actual emissions in 2023. The reasons for the changes between 2022 and 2023 are also presented.

that possibilities can be identified together with suppliers in the future. There are further challenges in this area as some suppliers who do not own, they rent, their production facilities do not always have permits related to more sustainable production, for example to install solar panels by themselves.

Mips works continuously with the ambition to lower its carbon emissions up until 2030, in line with SBTi. Mips' emission target is based on Mips' targeted growth volumes for 2027 plus an extrapolation to 2030 at 20 percent per year.

Distribution of emissions across all of Mips' solutions

Solutions	Electricity, suppliers	Raw material	Transport	Water
Ai	38.6%	59.8%	1.6%	0.0%
Ai R	50.6%	47.6%	1.8%	0.0%
Air Node	34.5%	59.9%	5.6%	0.0%
Air Node R	45.8%	46.2%	8.0%	0.0%
B11	19.0%	77.8%	3.2%	0.0%
B21	36.8%	60.5%	2.7%	0.0%
B32	56.0%	37.0%	7.0%	0.0%
Br22	59.8%	38.9%	1.2%	0.0%
C1	41.6%	56.9%	1.4%	0.0%
C1R	52.6%	44.0%	1.7%	1.7%
C2	39.6%	59.6%	0.7%	0.1%
C2R	71.9%	24.4%	3.7%	0.0%
D	42.7%	56.1%	1.2%	0.0%
D R	78.9%	21.1%	0.0%	0.0%
E	32.6%	67.4%	0.0%	0.0%
Gen B	45.8%	47.9%	6.3%	0.0%
I	31.4%	68.2%	0.0%	0.4%
Integra Split	50.0%	50.0%	0.0%	0.0%
<b>Average</b>	<b>47.9%</b>	<b>49.3%</b>	<b>2.8%</b>	<b>0.0%</b>

All Mips' product variations and their share of the different types of emissions, identified as linked to production. The solutions marked with "R" at the end of their names are made with post industrial recycled plastic.

On average across Mips' solutions, 49% of emissions come from raw materials and 48% from electricity consumption in the manufacturing the solutions. Approx. 3% of the emissions per solution come from transportation of raw materials to Mips' suppliers and transportation of final Mips solutions from the suppliers to Mips' warehouse in China.

Average water consumption for Mips' solutions is almost zero in terms of carbon emissions.

In 2023, Mips' total emissions were 4,434 tCO<sub>2</sub>e (see graph). This means that Mips has reduced its total emissions by 4,203 tCO<sub>2</sub>e. Of this reduction, 3,430 tCO<sub>2</sub>e is linked to a lower sales volume and a different sales and supplier mix in 2023 compared to 2022. Due to a reduced volume in 2023 compared to 2022, Mips' suppliers have had higher carbon emissions per solution produced as the average volume per order has been lower than prior years. The start-up energy per machine and the raw material wastage have thus been higher per solution produced than previously. The remaining



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773 tCO<sub>2</sub>e are mainly due to the launch and sales of post industrial plastic in five different solutions, but also due to two suppliers investing in more energy-efficient production equipment.

### Mips' commitments and actions going forward

In 2024 Mips will increase its focus on supporting its suppliers in the data collection process, and also helping suppliers learn how to get access to information that further underpins their productivity improvements that can in turn lead to lower carbon emissions per solution produced. Mips will continue to guide suppliers in developing their emissions reporting process to Mips to provide more detailed information, and also promote their identification and implementation of good practice, which can help improve raw materials utilization and/or reduce production waste from Mips solutions. Mips intends to proactively increase its collaboration with suppliers, which will require training, collaboration and/or support. These efforts will help to define and strengthen Mips' strategic and long-term partners, and thus help achieve the company's long-term SBTi targets.

Furthermore, during the coming year Mips will increasingly place new projects with suppliers that have a lower energy consumption per solution produced than before. Mips will also continue to convert existing projects to solutions with lower carbon emissions going forward.

### Distribution of emissions

Mips has chosen to report its emissions in accordance with the GHG Protocol which divides emissions into three dimensions, Scope 1, 2, and 3.

#### Scope 1

Consists of direct emissions that Mips can control. For Mips this currently consists of emissions from the refrigerants used at the head office in Täby, Sweden and Mips' office in Dongguan, China. The Scope 1 emissions of 1.9 percent (1.0), 85 tCO<sub>2</sub>e, represents Mips' own refrigerants.

#### Scope 2

Represents indirect emissions (energy purchased) for Mips' own operations. This currently consists of the electricity consumption in Mips' own premises in Täby and China. The Scope 2 emissions of 0.6 percent (0.3), 28 tCO<sub>2</sub>e, represents electricity consumption at Mips' own premises in China and Sweden.

#### Scope 3

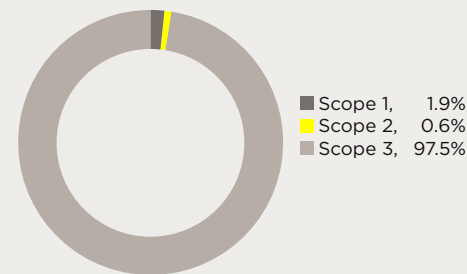
Includes indirect emissions from sources that are not controlled by Mips (Mips' value chain), and also employee commuting as well as business trips.

The distribution of Mips' total emissions is very similar in 2023 and 2022. The Scope 3 emissions amounted to 4,321 tCO<sub>2</sub>e and represents 97.5 percent of Mips' emissions. Emissions related to Mips' solutions are included in Scope 3, and they are linked to the manufacturing of Mips' solutions by suppliers, which accounts for 84 (93) percent of Mips' total GHG emissions. The development of the raw material and the electricity generated during the production of Mips' solutions by suppliers, account for 94 (96) percent of these emissions.

The Other emissions in Scope 3 account for 13.9 percent (5.6) and they include commuting, business trips, and other diverse emissions.

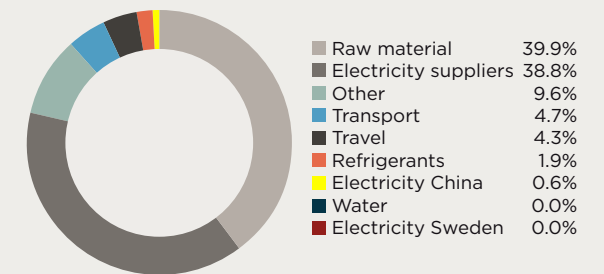
In 2023, the share of emissions from business trips and commuting was 4.3 percent (2.1). This increase in emissions is partly linked to the travel limitations of the pandemic in 2022, employees working in the office more than they did in 2022, and the higher number of employees compared to 2022. In contrast, the increase in transportation has been compensated by more efficient transport as Mips coordinates transport internally so as to reduce the environmental impact. The reason for the higher share of emissions that are not linked to the production of Mips' solutions can mainly be explained by the lower sales volumes in 2023 compared to 2022.

Division of emissions divided into Scope 1, 2 and 3



Mips' total emissions divided into Scope 1, 2, and 3, 2023.

Distribution of emissions per category



Mips' total emissions classed as emissions categories, 2023.

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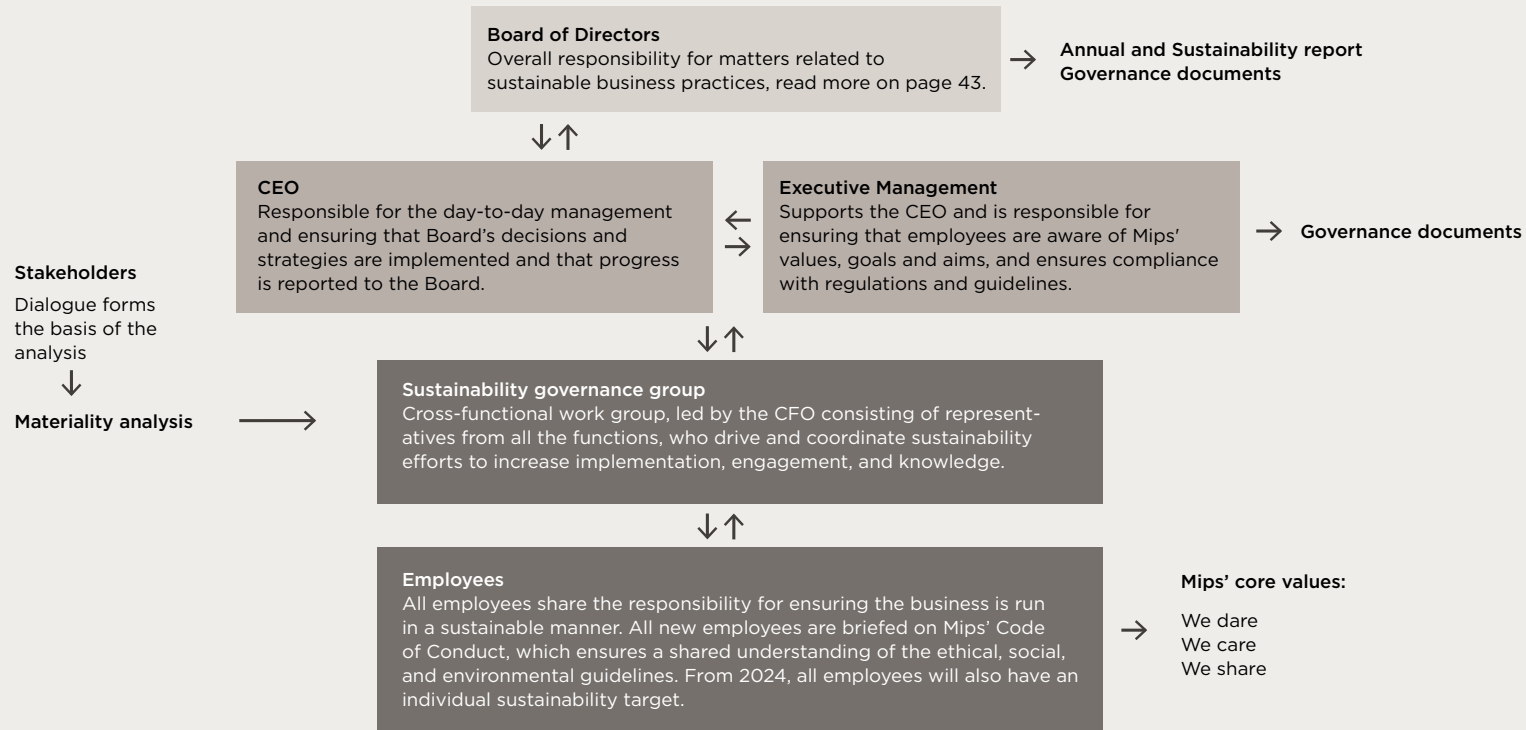
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# Organisation and management

Sustainability is embedded into every part of Mips' business, in governance and in strategic and operational activities. Mips wants to be part of driving the change towards conducting business in a way that limits climate and environmental impact, embraces social responsibility for all employees, ensures the same values are applied throughout Mips' value chain, and respects human rights in every regard. One important aspect in this work involves being transparent in reporting and following up the company's sustainability efforts to help Mips and its stakeholders monitor progress.

## Mips' sustainability governance model



Additional information about the Board's work during the year can be found in the corporate governance report on pages 38-48.

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## Four focus areas

The stakeholder dialogues and materiality analysis, along with the constantly deepening insight into Mips' total climate impact, have led the company to structure its sustainability efforts around different focus areas, just like previous years. During the year, Mips has separated out Our products (environment) into its own focus area rather than have it integrated into all the other areas as in previous years. This will facilitate the revaluation that will be required for the double materiality analysis perspective, for Mips to comply with forthcoming regulations. Mips' four focus areas are: Our products (environment), Our employees, Our supply chain and Our products (helmet safety). Mips follows up a number of KPIs per focus area. More information on Mips' focus areas is available in the Sustainability report on the following pages.

**01** Our products (environment)

**03** Our supply chain

**02** Our employees

**04** Our products (helmet safety)

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## Focus area

# Our products

## A sustainable product

Mips constantly strives to limit its impact on the climate and the environment, which is continually assessed along with the sustainability of the supply chain and the products and their actual impact on the world. Mips continued the mapping of the total climate impact of its operations during the year. Mips has carried out several lifecycle analyses in 2023 to understand the CO<sub>2</sub> emissions of all Mips' existing solutions. Mips has also added new solutions to the analyses including products such as Mips Integra Fuse and Mips Integra Split, and further material that can be used for Mips Integra TX and the different colors that customers can select. Mips has also introduced lifecycle analysis as part of its development projects.

The life span of Mips solutions should be at least as long or longer than for the helmet in which the product is installed. Many of Mips solutions are made of plastic that is recyclable and Mips always tries to use materials

that have as little impact on the climate and the environment as is technically and commercially possible. The products are manufactured as close to the helmet manufacturers' factories as possible (often production is in the same factories) to minimize product transport. The packaging used for Mips' components is always made of recycled and recyclable material.

### A review of the year

During the year Mips has continued to look for more sustainable alternatives to the material currently used in its solutions. The roll-out of post industrial recycled plastic for Mips' most sold solution has been successful and has grown to encompass more post industrial recycled plastic in five different solutions. By using post industrial recycled plastic Mips can deliver solutions that offer the same high quality as before, but made from a more sustainable material.

Investment in the Mips Virtual Test Lab (VTL) continued during 2023. This year the focus was on improving the quality of the tool to further improve its ability to predict the behavior of a helmet upon impact. Mips' VTL will save Mips and the helmet brands time and money.

Virtual testing will also help to reduce Mips' environmental and climate impact compared to physical testing alone as fewer physical prototypes will be required, thereby reducing waste in the production process.

During 2023 Mips has improved the coordination of transportation of helmets from China that are to be tested in the testing facilities in Sweden, from sporadic deliveries to one delivery of helmets per week. Mips has also set up a testing facility at Mips in China for the implementation process, which reduces the quantity of helmets that are sent to Sweden per implementation project tested in China.

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## Mips' raw material usage

The three most-used raw materials account for more than 70 percent of Mips' total raw material consumption. The most used raw material is polycarbonate, which is the type of plastic mainly used in Mips' solutions. In 2023 Mips' has shifted to using more post industrial recycled polycarbonate in five different solutions. This post industrial plastic can replace the traditional plastic without compromising on quality or safety. On average, the raw material emissions of Mips' solutions in 2023 was 3.93 kgCO<sub>2</sub>e/kg per solution produced. Polycarbonate had an average of 8.21 kgCO<sub>2</sub>e/kg in 2023, compared with post industrial polycarbonate which has an average of 0.69 kgCO<sub>2</sub>e/kg.

## Circular product offering

The target for 2023 was to offer Mips' suppliers 100 percent post industrial recycled plastic for Mips' most sold solution. This is the start of Mips' journey towards a fully circular Mips' solution, which includes amongst other things, CO<sub>2</sub>-neutral manufacturing and the use of recycled and recyclable materials. During the year Mips has focused on converting existing offerings of Mips' most sold solution to including post industrial recycled plastic, at the same time as testing, approving and starting to roll out four other solutions which include post industrial plastic. This explains the majority of the carbon emission reductions per product sold achieved in 2023 compared to 2022.

In 2024 Mips will further broaden this initiative and widen its focus to all solutions. The target for the year is to increase the total share of recycled materials compared to non-recycled materials in Mips' sold solutions by 10 percent, which corresponds to 2.3 percentage points. Mips total share of recycled materials compared to non-recycled materials amounted to 23.4 percent and the target for 2024 is to increase this to 25.7 percent of Mips' total materials used.

## Bio-based plastic

As previously mentioned, innovation around plastics is a focus point for Mips. Mips is pushing hard to keep ahead with advancements in reducing plastic derived from fossil-based raw materials, and has initiated the development of an internal framework standard that guides the

integration of plastic made from bio-based raw materials into its supply chain. Consistent with the definition of the European standard EN-16575:2014, a bio-based product is fully or partially derived from biomass. Mips uses international standards to establish an internal definition of bio-based plastic and precise methods for determining the bio-based content in Mips solutions.

Mips' emphasis is on establishing a framework for responsible and ethical purchasing of bio-based raw materials, with respect to raw materials from three sources:

### 1st Generation

Biomass from carbohydrate-rich plants that can be used as foodstuff or animal feed (e.g. sugar cane, corn and wheat).

### 2nd Generation

Biomass from plants that are not suitable for use in the production of foodstuff or animal feed. These can either be non-food crops (e.g. cellulose) or waste material from the 1st Generation raw materials (e.g. waste from vegetable oil, sugar cane bagass or corn).

### 3rd Generation

Biomass derived from algae, for example.

Furthermore, the framework provides guidance on effective communication of information to customers and users about the bio-based raw materials used in Mips' solutions, which creates transparency and informed decision-making.

Not only does this initiative reflect Mips' commitment to reducing its environmental impact, it also underlines Mips' proactive strategy for bringing about a circular economy. In line with "The New Plastics Economy" initiative, the purpose of Mips' standard is to contribute to the reshaping of the future of plastics.

This comprehensive method ensures that Mips' commitment to sustainability goes beyond rhetoric, which drives a tangible change in the company's approach and use of plastic in its operations.

Mips will finalize its framework in 2024 which will allow the company to integrate it in the exploration and choice of new materials for Mips' diversified product range.

## The raw materials in Mips' products and their share of Mips' total raw materials

Raw material	Emissions coefficient [kgCO <sub>2</sub> e/kg]	Share of raw material
Polycarbonate (PC)	8.2	26.6%
Polyketone (POK)	2.2	22.3%
Post industrial polycarbonate	0.7	21.3%
Polypropylene (PP)	2.2	9.7%
Polyamide (PA)	8.3	2.2%
Textiles	5.2	4.3%
Recycled paper	0.7	4.7%
Nylon	8.1	1.7%
Silicone	6.3	3.7%
Paper	2.2	0.8%
Lycra	7.2	0.2%
ABS**	4.6	2.2%
Polyethylene terephthalate (PET)	4.0	0.0%
Polyester	5.1	0.1%
Ethylene-vinyl acetate	2.4	0.0%
Steel	4.4	0.0%
Ink	1.3	0.1%
Leather imitation	19.6	0.0%

\*\* ABS stands for Acrylonitrile, Butadiene, and Styrene monomers.

Raw materials used in Mips' products and the distribution of volume.

\* The New Plastics Economy: Endorsed by the Ellen MacArthur Foundation in partnership with the World Economic Forum and supported by McKinsey & Company

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## Hazardous chemicals

Helmet safety is and always will be Mips' highest priority, and to give the solutions the correct properties for safety, Mips and the manufacturing suppliers are currently reliant on a number of chemicals that are classed as toxic in excessive amounts. The levels of hazardous chemicals in all Mips' solutions are low, and far beneath the current legal limits (in EU and the US). The company is nonetheless working to phase them out and find suitable substitutes. Mips' target is to use the smallest amount of hazardous chemicals as possible and in 2020 a target was set for an annual amount of hazardous chemicals of under 3 PPM (parts per million).

In 2023 the amount of hazardous chemicals was 4.37 PPM. The increase in 2023 is primarily due to the sales mix of solutions. At the same time, Mips still intends to increase the amount of polycarbonate in Mips'

solutions as the associated carbon emissions are the lowest amongst Mips' solutions. Mips will continue working to reduce the total amount of hazard chemicals. The target remains to reduce hazardous chemicals to under 3 PPM per year.

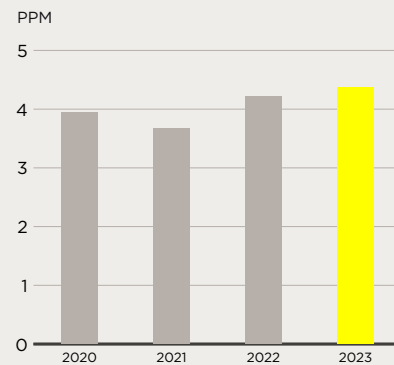
The quantity of hazardous chemicals in Mips' solutions will increase in the short and medium term though as Mips increases the share of polycarbonate in the total product range. Two of the three chemicals with the largest total impact on the amount of hazardous chemicals are important elements of Mips' solutions that are made of polycarbonate. This will lead to an increase in the amount of hazardous chemicals but the upside of a reduction in carbon emissions due to this material outweighs the drawbacks of a small increase in hazardous chemicals. Furthermore, the amount of hazardous chemicals in these solutions is far below the legal limit.

84 percent of Mips' total amount of hazardous chemicals originate from the use of Bisphenol A (BPA) and Styrene. Both of these are important elements of the plastic used in around half of Mips' sold solutions.

These substances cannot be excluded without compromising on the safety of these solutions, so Mips is reliant on these chemicals, albeit in small amounts. The graph below illustrates that Mips' solutions are far below the legal limits (in EU and the US) for these chemicals.

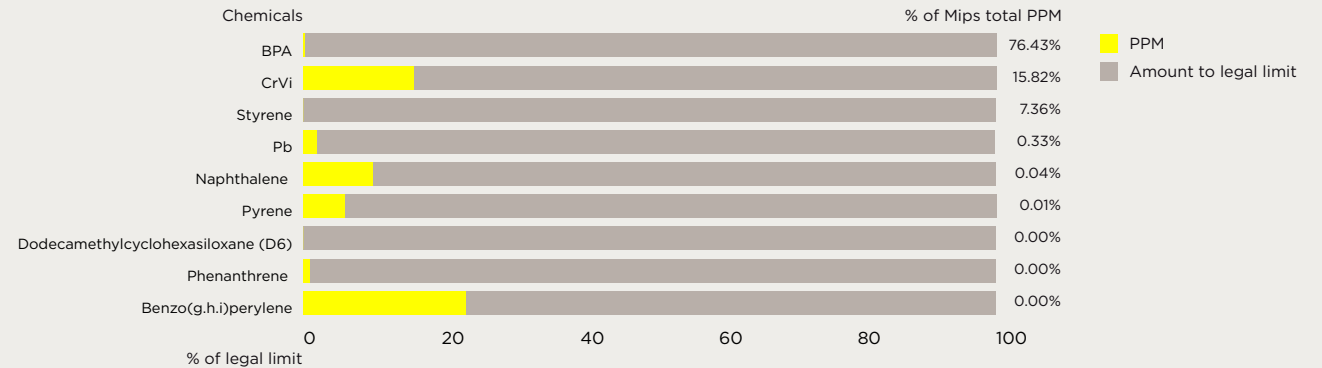
Chromium, or CrVi, is found in some of Mips' textile solutions and is an ingredient used for achieving the elasticity of the textiles and gives the desired performance of the solution. Altogether, BPA, Styrene and Chromium make up 99.6 percent of the total quantity of hazardous chemicals in Mips' solutions.

Hazardous chemicals 2020-2023



The graph shows the total average hazardous chemicals contained in all of Mips' solutions. PPM stands for Parts Per Million. The share of PPM is shown for all four years that Mips has measured this ratio.

Mips' usage and share of hazardous chemicals



The yellow/grey bar shows how far the chemicals that Mips uses in its solutions are from the legal limits (in EU and the US), expressed in %. In other words, if 25% of the bar is yellow it means that Mips uses a quarter of the permitted amount of a certain chemical. The column furthest to the right " % of total PPM " shows each chemical's share of Mips' total amount of hazardous chemicals. For example, chromium (CrVi) represents 15.8% of Mips' total PPM.

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## Indicators for Mips' products

KPI	Goal	2023	2022	2021	SDG
Recyclable material in Mips' products (% of material in Mips' products that is recyclable)*	100%	90%	88%	>90%	12.5
Hazardous chemicals**	<3 PPM	4.37**	4.21**	3.67**	12.4

\*All hard plastic components in Mips' products can be recycled.  
 \*\* Updated method for calculating hazardous chemicals.

## Risks related to Mips' products

Risk	Management
Mips does not conduct any activities of its own that are subject to mandatory reporting requirements. Mips' solutions must always be manufactured in accordance with applicable laws and regulations and with the least possible impact on the environment. Mips must evaluate the environmental aspects of new products and minimize negative environmental impact throughout the product lifecycle. The risk entails environmental and climate impact as well as negative impact from chemicals.	Mips has carried out lifecycle analyses on selected solutions. The lifecycle analyses have helped the company better understand which solutions within Mips' portfolio are more environmentally friendly and which areas of production have the greatest impact on the environment.
Production and assembly of the company's solutions largely takes place in China. As the company launches more products and they are implemented in more helmet models, and in more customer factories, there is an increased risk that production will be carried out with materials of the wrong quality, or with lower production quality.	Mips actively works with quality assurance procedures and documentation. The company's quality assurance procedures are regularly updated and monitored. Frequent and proactive quality controls are carried out at factories that manufacture or install Mips' solutions and the outcome is monitored and documented.



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## Focus area

# Our employees

### A positive, strong corporate culture

Part of Mips' vision is to use Mips' technology so that helmets in all categories protect users better than current test standards promote.

Mips is a pioneer in this important field, so it is vital that the company can attract and retain employees with the right skills and passion to always make safer and better solutions. Even though Mips is the world leader in its field, Mips' people are modest and curious, with a desire to learn more. Mips' employees constantly challenges themselves and the company encourages all employees to bring the best of themselves to work every day.

Mips believes that a strong corporate culture is essential in order to be the leader in its field, and that

means having a coaching leadership, good cooperation and engaged employees. It also serves as the foundation for Mips' continued growth journey. This strong corporate culture is ensured through continuous and clear communication with everyone in the organization through annual kick-offs, and with various team activities throughout the year. These kick-off's are always organized in facilities that have a strong focus on sustainability.

### Attract, advance, and retain employees

Mips values and rewards talented employees. In order to be an industry leader, it is crucial that Mips continues to be an exciting employer that can attract, advance, and retain dedicated and talented employees. Mips works closely with Swedish and foreign universities, in part to

maintain an active dialogue, and in part to ensure access to necessary skills in the long term. University students are encouraged to write their theses at the company, which in several cases has resulted in subsequent employment.

All employees have annual performance appraisals with their immediate supervisor, during which individual goals and development plans are formulated and then followed up regularly. Several times a year "Lunch and Learn", breakfasts and other events are arranged, with internal presentations and discussions on relevant subjects.

Essentially the same terms of employment apply in Sweden and China, although local labor laws entail some differences. No employees are covered by collective agreements.

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# Gender equality and diversity

Diversity is a critical success factor for Mips. With different skills and experiences the company can constantly evolve. There are employees from many different countries in the company, which is why English is the corporate language. The helmet industry has traditionally been male-dominated and Mips actively works to reverse that trend, as well as to promote diversity in the business. Mips' Code of Conduct emphasizes that all people are of equal value and that Mips must provide fair conditions for all individuals and groups.

## A review of 2023

At the end of 2023 the number of employees at Mips was 105 (100), 46 percent (48) of these were women

(including China). Mips has thus achieved its target of having a minimum representation of 40 percent of both women and men, overall. Executive Management currently consists of 5 (4) people, including 1 (1) woman, which corresponds to 20 percent (25) of the total number of people in management. At the end of 2023, the total number of managers was 25, 40 percent of which were women. The definition of "manager" in this context is employees with staff responsibilities for at least one employee. The Board of Directors consists of 6 (6) people, including 3 (3) women, which corresponds to 50 percent (50) of the total number of Board members. Mips' goal is for the Board of Directors, Executive Management and other managers to have a minimum representation of 40% of both women and men.

KPI	Goal	2023	2022	2021	SDG
Percentage of women/men, all employees, %	40-60/60-40 women/men	46/54	48/52	45/55	5.5
Percentage of women/men, Executive Management, %	40-60/60-40 women/men	20/80	25/75	29/71	5.5
Percentage of women/men, Board of Directors, %	40-60/60-40 women/men	50/50	50/50	40/60	5.5
Percentage of women/men, Managers, %	40-60/60-40 women/men	40/60	38/62	33/67	5.5



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# Health, safety, and inclusiveness

Mips views its employees as the single most important factor for success and believes that employees create the company's long-term competitiveness. Mips' overarching goal is for everyone in the Group to feel that they work in a sound, safe, and secure environment. Having employees who enjoy their work and feel good is crucial to Mips' success. Each manager engages in active dialogue with employees to ensure their wellbeing and that they have a good work-life balance. Mips tries to prevent illness at the earliest stage possible and provides support when needed to promote both the mental and physical wellbeing of the employees.

Mips is convinced that having healthy employees not only reduces the risk of sick-leave, but also leads to a positive atmosphere and better performance. All employees in Sweden are offered a wellness allowance, as well as regular massage services and yoga sessions at work. Mips also has a gym that is available to all employees seven days a week. Mips' subsidiary in China also has a gym as well as health-related initiatives.

Mips has zero tolerance for all forms of discrimination, harassment and victimisation and this is followed up annually. Rules, procedures, and processes in this regard are described in the Code of Conduct and staff manual, to which all employees have access. The company's employees, as well as other stakeholders, are encouraged to report all forms of discrimination, harassment and victimisation to their immediate supervisor, the HR Director, the CEO, or via the company's third-party whistleblower system.

In addition to Mips' dedication to the employees' wellbeing, it endeavors to be a sustainability leader in the helmet sector and be an advocate for positive change.

Mips is a global company and for many employees travel is essential part of work. Mips uses video and telephone conferencing to the extent possible and

appropriate to limit travel as much as possible and thereby reduce the negative impact on the environment and climate that air travel entails.

## A review of 2023

Since the beginning of 2021 Mips has had a whistleblower service in place through which all employees, suppliers, and other external stakeholders can anonymously sound the alarm about misconduct or behavior that violates the Group's codes of conduct. No incidents were reported to Mips via the whistleblower system in 2023.

Mips has a zero-vision related to occupational injuries and works constantly to evaluate the safety of the workplace. To improve internal capabilities regarding the physical, organisational, and social workplace environment, workplace environment training was held at the beginning of the year for all managers and safety representatives. A further initiative for ensuring a safe workplace is the cardiopulmonary resuscitation (CPR) training and First Aid training offered to all employees in Sweden. In total approx. 95 percent of the employees in Sweden took the courses in 2021-23 and courses will be held again in 2024 to offer CPR training on an ongoing basis. This is a way to ensure that all employees know the basics of CPR and First Aid, and can use the defibrillator installed in the office in Sweden.

No accidents were reported with regards to Mips' employees in 2023.

During the year all employees in the Swedish office have been able to book an individual consultation with an ergonomist to ensure their own workplace is good and safe, based on their individual needs. This service will continue to be offered during 2024.

Mips allows its employees some flexibility in terms of working hours and location as a way to create a more

sustainable working situation and enable employees to gain a better work-life balance.

At year-end there were ten consultants performing work on behalf of Mips. These resources are business development consultants, engineers, project managers, and marketers based in Sweden, the UK, and the US, and they are not included in the total number of employees at Mips.

Mips also conducts weekly pulse surveys that are sent out to all employees in Sweden and China, containing questions aimed at measuring enjoyment, commitment, leadership, and ambassadorship. There has been a 97-percent response rate in 2023 and the results provide input to help Mips reinforce things that work well, and develop and improve in other areas as needed. Results are compiled on a scale, where ten is the highest score. Mips' target is to achieve an annual average of at least 8.0, and for 2023 the score was 8.4. Mips also has a very high Employee Net Promoter Score (eNPS) of more than 45 on average over the year. The eNPS measures ambassadorship and the likelihood that employees recommend Mips as an employer. This is reported on a scale of -100 to +100, and the comparative figure with other companies using the same platform is 14.

All employees have annual performance appraisals with their immediate supervisor, during which individual goals and development plans are formulated and then followed up regularly. Performance appraisals involve discussing any skills that need to be developed to help the individual and Mips progress, and identifying how this can be done through internal learning and external courses. As an example, in 2023 ten employees attended a group and leadership development course and more people will do the course in 2024. The company has also held GDPR courses for employees connected to the Swedish office and anti-corruption

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training for all employees. Furthermore, Mips' IT-partner regularly and automatically sends out IT- and cybersecurity trainings on a monthly basis to increase the awareness and educate the Mips' employees on IT threats and security risks. The employees' completion rate of the trainings amounted to approximately 85 percent during 2023. To further develop leadership within Mips, 14 managers participated in a leadership program that continued throughout the whole of 2023. In addition to this, 16 employees have had English language training to enhance their ability to communicate.

### A workplace with reduced environmental and climate impact

Mips' total climate impact from business travel amounted to 160 (116) ton in 2023, which equates to 1.55 (1.24) ton CO<sub>2</sub> per employee. This is lower than the target set of 1.80 ton CO<sub>2</sub> per employee.

Mips' environmental policy describes the environmental requirements that are to be followed in all internal processes so as to reduce Mips' environmental impact. It covers waste and recycling and the target is to recycle everything that can possibly be recycled, which also includes electronics.

At the office in Sweden the number of electric car charging spaces has been increased to four spaces.

In 2023, 100 percent of Mips' energy consumption in Sweden came from renewable energy. Mips goal is to reach the same level in China too, but as renewable energy has not been available to the extent needed, Mips has chosen to climate compensate using a Renewable Energy Certificate (I-REC). The amount of compensation corresponds to the electricity consumed by all Mips' manufacturing suppliers in China when manufacturing Mips' solutions, plus the consumption for Mips' own warehousing operations. Energy consumption in China represents 39 percent of Mips' total emissions.

### Workplace environment policy

Mips' mission is to lead the world towards safer helmets, but for Mips, safety is not only important in helmet safety. Safety is the company's highest priority in every area of the organization and it should never be jeopardized, neither in Mips' solutions nor the company's workplace. Mips' ambition is to create a sound and safe workplace.

## Indicators for health, safety, and non-discrimination

KPI	Goal	2023	2022	2021	SDG
Employee turnover, total (% of total number of employees)	<10	4%	6%	10%	ET
Employee turnover, voluntary (% of total number of employees)	<10	4%	6%	10%	ET
Number of reported and investigated cases of workplace harassment	0	0	1	0	8.8
Skills development and investment in training (% of salary cost)	3.0%	2.4%	1.1%	1.0%	4.7
Training hours, average per employee		26	ET	ET	4.7
Employee survey ENPS*	>40	45	ET	ET	8.8
Employee survey, Tempertur*	8.0	8.4	ET	ET	8.8
Performance appraisals (% of employees)	100%	100%	100%	100%	4.7
Work-related injuries, (no. of accidents)	0	0	2	0	8.8
Sick leave (Mips AB only)	<3%	1.51%	1.23%	1.39%	ET

\*New method of measurement so no comparison available

## Indicators for ethics and corporate culture

KPI	Goal	2023	2022	2021	SDG
Code of conduct updated and approved by the Board	yes	yes	yes	yes	4.7
Code of conduct signed by employees, (% of employees)	100%	100%	100%	100%	4.7
Anti-bribery and anti-corruption policy updated and approved by the Board	yes	yes	yes	yes	4.7
Anti-bribery and anti-corruption training (% of employees)	100%	100%	100%	100%	4.7
Corruption (no. of cases reported)	0	0	0	0	4.7

## Indicators for a sustainable workplace

KPI	Goal	2023	2022	2021	SDG
Share of renewable electricity, Sweden	100%	100%	100%	100%	7.2
Share of renewable electricity, China	100%	0%*	0%*	0%*	7.2
CO <sub>2</sub> emissions from business travel (ton CO <sub>2</sub> /employee)	<1.95**	1.55	1.24	0.56	13.2

\* Renewable electricity is not available so Mips compensates through a Renewable Energy Certificate.

\*\* Mips target is to reduce CO<sub>2</sub> emissions related to business travel by at least 50 percent per employee compared to 2019. Since 2022, the target has been updated and now includes all categories within business travel instead of just air travel.

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## Risks related to our employees

Risk	Management
<p>A workplace benefits from being inclusive, where differences are welcomed, respected, valued, and embraced. This approach helps create satisfied and productive employees. In an overly homogeneous workforce, there is risk that the potential and advantages of diversity get overlooked, which can lead to a one-sided view of risks and opportunities. It also increases the risk of individual employees being discriminated against.</p>	<p>Mips has a diverse workplace in terms of gender with a 46/54 percent split between female/male employees. Mips has become more diverse during the year with people of different nationalities, backgrounds, ages, and experience.</p> <p>Mips' Code of Conduct states that nobody should be subjected to discrimination, harassment, or victimisation. There is also a whistleblowing service through which all employees can report anonymously.</p> <p>A new people survey tool was implemented at the end of 2022 through which all employees regularly answer questions on discrimination, harassment, and victimisation.</p>
<p>Taking care of employee health and safety is paramount for Mips and the company works proactively to prevent accidents and to ensure a good worklife balance, in order to avoid the risk of ill health and sick leave.</p>	<p>At the end of 2022, Mips introduced a new type of employee survey (called a pulse survey) which measures employee engagement, enjoyment, and perceived work situation more frequently than the previous half-year measurements. In combination with ongoing dialogue between employees and their managers, this new survey helps Mips to proactively understand whether employees are in the risk zone for needing to go on sick leave.</p> <p>Additionally, Mips offers employees the opportunity to exercise during working hours, access to a gym, massage services, and yoga at work, as well as a wellness allowance. Mips also works continuously with occupational safety. All employees are also covered by health insurance which aims to provide support to employees as early as possible, if they do not feel well and are at risk for needing to go on sick leave.</p>

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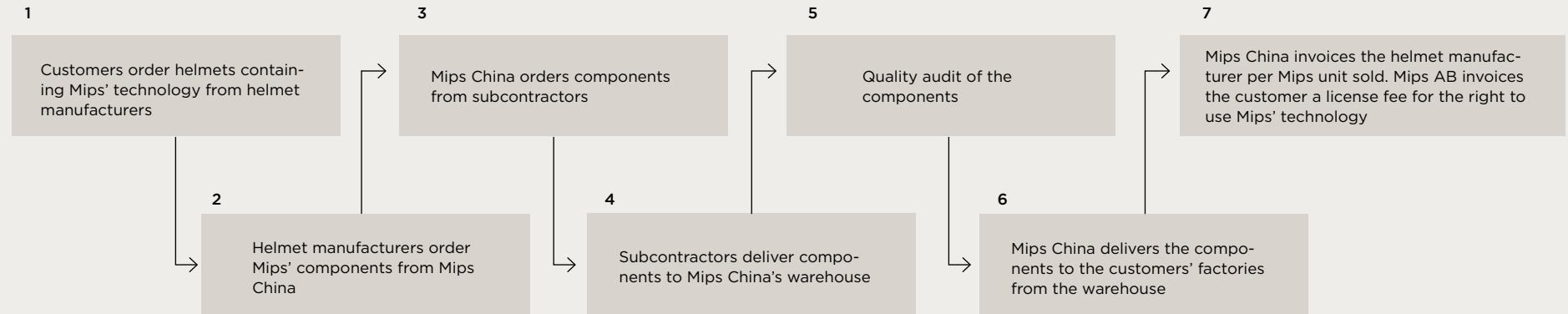
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## Focus area

# Our supply chain

## A sustainable supply chain



Mips does not conduct any of its own production, and instead uses external suppliers for product manufacturing. To ensure that the supply chain and the manufacturing of the solutions is sustainable, Mips needs to ensure that the supply chains of its suppliers are sustainable and comply with requirements stipulated by laws and conventions.

The majority of Mips' customers, i.e. helmet brands, have chosen to use factories mainly in China to make their products. Mips therefore opened a subsidiary in China in 2017 to be as close as possible to the helmet factories. As far as possible, Mips always tries to collaborate with suppliers located close to the

helmet factories and in many cases also engages the helmet manufacturers to produce Mips' low-friction layers. This it to minimise transportation, lead times, and complexity in the supply chain.

Mips currently collaborates with 89 (96) different partners, of which 23 (18) are manufacturing suppliers of Mips' components and 66 (78) are helmet factories that assemble Mips' solutions in the customers' helmets. As Mips collaborates with many different partners quality assurance of the products is very important. Mips' quality assurance consists of several stages, both before the product launch and during production.

When Mips' safety system is first implemented in a

new helmet Mips' quality process is followed, illustrated in the diagram on the following page. In steps 2-4, Mips' assembly instructions are created and updated, and these are sent to the factory to enable it to carry out correct implementation of Mips' safety system. After approval of the helmet from Mips, the factory can start to mass produce the helmet equipped with Mips' safety system. Mips always offer the factories assistance in production if they are new, or if they show they need, or request, support from Mips' quality engineers.

Over and above assistance for first-time installations in new helmets, Mips holds workshops with suppliers and factories to facilitate more efficient and better



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quality manufacturing and assembly of the products. Mips trains the suppliers in how to perform quality checks of Mips' solutions. The results of these checks are collated and analysed monthly by Mips' quality engineers to assess the level of quality of each supplier. Mips also ensures a high level of quality in its solutions through Mips' internal quality control, which is done on every incoming delivery to the company's warehouse. This control procedure follows the Acceptable Quality Limit (AQL) standard to assess whether a production order is to be approved or not.

Mips also carries out audits of the manufacturing suppliers' production units at least every other year to help them and ensure that they comply with applicable guidelines and rules and the Mips Code of Conduct.

A further measure taken to ensure a high level of

quality in the products is to annually collect a test report of all the raw materials used by the suppliers in the production of Mips' solutions, which is also aimed to ensure that they comply with Mips' raw materials traceability process.

When new concepts or technologies are launched, the products are put through a number of tests to simulate real-life usage of Mips' solutions. All solutions are subjected to tests that are at least as stringent as those used by the helmet industry, as well as further tests that simulate scenarios and settings that are more representative for Mips' safety system and how it functions. Examples of real-life circumstances that are simulated for the Mips solution tests are heat, cold, wetness, humidity, UV radiation, synthetic sweat, sun cream, and more. These environmental conditions are simulated in

part to see if the solution is affected by longer exposure, and in part, when testing in Mips' drop-test rig, to simulate if performance is affected. The solution must be approved in all tests before going on to the next stage in the development process.

## Manufacturing Supplier Code of Conduct

Mips believes that the company has an important role in ensuring that the human rights of the people affected through Mips' operations are respected. This includes the entire value chain and all manufacturing suppliers. Mips therefore has a supplier Code of Conduct aimed at defining the sustainability requirements that apply in this regard to all manufacturing suppliers. Mips' manufacturing Supplier Code of Conduct is based on Mips' internal Code of Conduct as well as international conventions and standards such as the ten principles of the UN Global Compact, the standards of the International Labour Organization (ILO), and the OECD guidelines. The Code is a complement to applicable laws and external regulations, and the supplier must conduct all activities in full compliance with all laws and regulations that are applicable to its operations. Mips respects, and expects its suppliers to respect, children's rights in accordance with the United Nations Convention on the Rights of the Child and other applicable national and international laws, regulations, and rules related to child labor in the countries where Mips' production or operations take place.

Mips' manufacturing Supplier Code of Conduct strives to ensure that all companies in the supply chain take responsibility for the environment, and for respecting human rights, employee rights, working conditions, and proper occupational health and safety. Suppliers must also conduct their operations in accordance with applicable laws and regulations.

Mips regularly audits its manufacturing suppliers to ensure that the requirements of the Supplier Code of Conduct are fulfilled. Controls are carried out by Mips' employees in China, and if deviations are detected, an action plan is developed together with the supplier. Any deviations that arise are always handled in accordance with applicable legislation. Mips has operations in Sweden and China and deems that there is always a risk for corruption.

## Mips' quality assurance process

The diagram illustrates the quality assurance process for first-time installations in new helmets equipped with Mips' safety system

6. Mips' quality team is on site for the first assembly at the factory after approval for mass production.

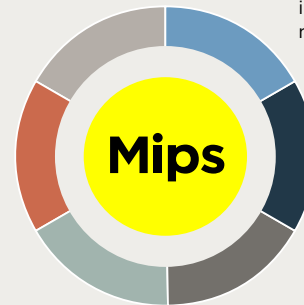
1. Manufacturing of the first size of the low friction layer (LFL) tool and the first production batch of Mips' LFL, followed by testing of the fit of the LFL in the customers' helmet. The tool is adjusted as needed.

5. Mips completes the incoming quality control of all orders of Mips' products from the suppliers. After approval the products are sent to the factory for mass-production assembly.

2. Check of the customer's helmet, tool, and LFL and that the customer has correctly followed Mips' assembly instructions. After this, the customer's helmet with Mips' LFL integrated is tested in Mips' drop-test rig.

4. Mips conducts approval tests for all helmet sizes. Mips works with the customer to perform quality checks of all relevant assembly and quality controls in the customer's factory.

3. The remaining sizes of Mips LFL are produced. Checking and testing are carried out in accordance with steps 1-2. The tool is adjusted as needed.



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Mips has an anti-corruption policy and applies a zero-tolerance policy to corruption and bribery. Mips also performs continuous audits of the factories that are part of its supply chain.

All transportation to end markets is handled by Mips' customers, who are encouraged to choose sustainable options to the extent possible. Mips continually reviews circumstances with the aim of locating production as close to the end users as possible, but in this regard Mips is dependent on customers and their production logistics. Mips' subsidiary in China is located close to many of the largest helmet factories in order to minimize climate impact. Mips however deems that future inroads into new categories and greater penetration of certain existing categories, may mean that production, at least in part, may be based in both Europe and the US, which would likely reduce the final transport needs of customers, thereby reducing the impact of the entire production chain on the climate and the environment.

All testing of new helmet models with Mips' technology takes place in Mips' test lab in Sweden or China.

The helmets used in testing are then sent to be destroyed and burnt at incinerators where the energy generated through combustion is recycled by a third party and used for heating.

As far as practically possible, Mips chooses the most environmentally friendly choice of transport.

### A review of 2023

During the year Mips has calculated its total climate footprint according to the GHG Protocol, the results of which will provide the basis for the company's continued efforts to reduce its climate impact. Read more on pages 109-111.

In 2023, the majority of Mips' solutions were manufactured in China where the company collaborates with several independent manufacturing suppliers. All of the company's manufacturing suppliers in China have signed Mips' Code of Conduct. Mips also has procedures in place to limit the risk of undue influence when choosing suppliers. All new suppliers must be reviewed and approved by the COO and/or the CEO before any contracts are signed.

Through the results of the analysis of the total emissions, Mips now better understands which suppliers manufacture more sustainably than others. During 2023 Mips has had a more active dialogue with the suppliers about how they can become more sustainable. Mips will also review which suppliers it wants to continue working with for the long term.

Mips has initiated a collaboration with its suppliers to manage the challenge of achieving a large-scale reduction in emissions to a level that fulfils SBTi's goals for a renewable future. Challenges such as permits for installing solar panels, space to reach sufficient scale, technical limitations, and costs are just some of the hurdles Mips has identified and will continue to work with in the near and long term.

Mips has worked actively with customers to minimize packaging in helmet transportation prior to testing, and to ensure that customers do not send too many test helmets as these are destroyed after testing.

Mips has invested in new testing equipment to verify safety requirements for helmets equipped with Mips' safety system. This equipment was sent to the office in China in early 2023 to create redundancy in the testing of helmets for new projects, but primarily to reduce the

amount of transportation of helmets from the factories in China to the test lab in Sweden.

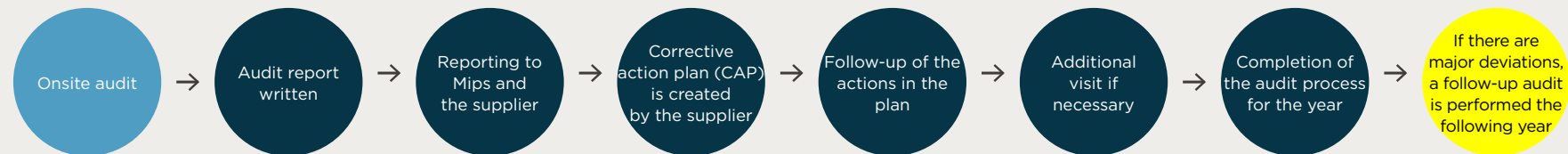
### Third-party audits of the supply chain

During 2023, Mips carried out audits of three of its most strategic and largest suppliers to assess their compliance with Mips' Code of Conduct and the ten principles of the UN Global Compact. These were thorough audits carried out by a global, certified, external third party, and through this process Mips performed an internal review aimed at adapting its procedures to industry best practice for social audits. This comprehensive format covered a range of critical aspects, including but not limited to working hours, child labor, forced labor, discrimination, health and safety, and environmental practices.

The audit process was meticulously defined and carried out, which ensured a thorough evaluation of Mips' suppliers' compliance with established standards. This structured approach has given Mips insights into different aspects of ethical business methods, and a holistic view of the working conditions and operating policies at Mips' suppliers.

Mips is committed to maintaining high standards of social responsibility, and these audits have a key role in the company's ongoing work to ensure transparency, ethical conduct, and sustainability throughout the entire supply chain. The detailed audit process underlines Mips' commitment to continuous improvement and accountability.

### The audit process



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## Definition of the audit process

Mips' internal system classifies deviations into four different types, each of which acts as guidance for appropriate remediation:

- **Minor deviations:** These can be described as less serious situations such as a lack of waste containers or signs that waste must be sorted, or problems that do not need immediate attention, even if they are flagged.
- **Medium deviations:** Things like emergency lighting in specific factory areas, measures that require time to implement.
- **Major, high-priority deviations:** Often linked to delayed compliance with laws, or issues related to safety or the environment, these require expedient attention and resolution.
- **Serious deviations:** Circumstances that require immediate discontinuation of the collaboration.

None of the deviations in the third-party audits of the three suppliers were classified as serious. Almost all of the deviations identified during the three audits were addressed within a few months. Only two of the initial ten major deviations identified remained at the end of 2023, and these are expected to be fully remediated by no later than June 2024. These have taken somewhat longer for the suppliers to address since they relate to improvements in the suppliers' internal procedures and physical modifications within their operations.

## 2024

Mips plans to keep strengthening its supply chain and will therefore expand its audit initiative. The target for 2024 is to carry out five new third-party audits with important manufacturing partners during the year. Along with the three audits performed in 2023, these

five new audits for 2024 will cover eight of the ten most strategically important suppliers in the supply chain. This increase highlights Mips' commitment to evaluating the suppliers' compliance with the company's supplier Code of Conduct and the ten principles of the UN Global Compact.

As part of Mips' efforts to constantly improve internal procedures and processes, follow-up reviews will be performed on the suppliers who were audited in 2023. The purpose of this proactive measure is to initiate and ensure deeper changes and improvements, which reduces the risk of potentially recurring deviations.

## Risks associated with Mips' value chain, including the workplace environment and working conditions of the suppliers

Risk	Management
Mips is active in regions where there can be exposure to and an increased risk of bribes and corruption. For example, bribes may be offered to overlook errors and improprieties. Mips applies a zero-tolerance policy regarding bribery and corruption. Manufacturing of Mips' solutions takes place at suppliers that are mainly located in China, which entails a risk of human rights violations in the supply chain.	Mips works systematically to counteract this by pursuing dialogue, setting requirements, and auditing manufacturing suppliers.

## Indicators for anti-corruption and human rights

KPI	Goal	2023	2022	2021	SDG
Manufacturing Supplier Code of Conduct updated and approved by the Board	yes	yes	yes	yes	8.7
Manufacturing Supplier Code of Conduct signed by manufacturing supplier (% of manufacturing suppliers)	100%	100%	100%	100%	8.7
Manufacturing supplier audit at least every second year (% of manufacturing suppliers)	100%	100%	100%	100%	8.7

## Total number of known cases/reports of incidents of corruption and violations of human rights

During the year no violations of human rights or incidents of corruption were reported.

Additionally, no irregularities or improper conduct in violation of the Code of Conduct in this regard have been reported in 2023.

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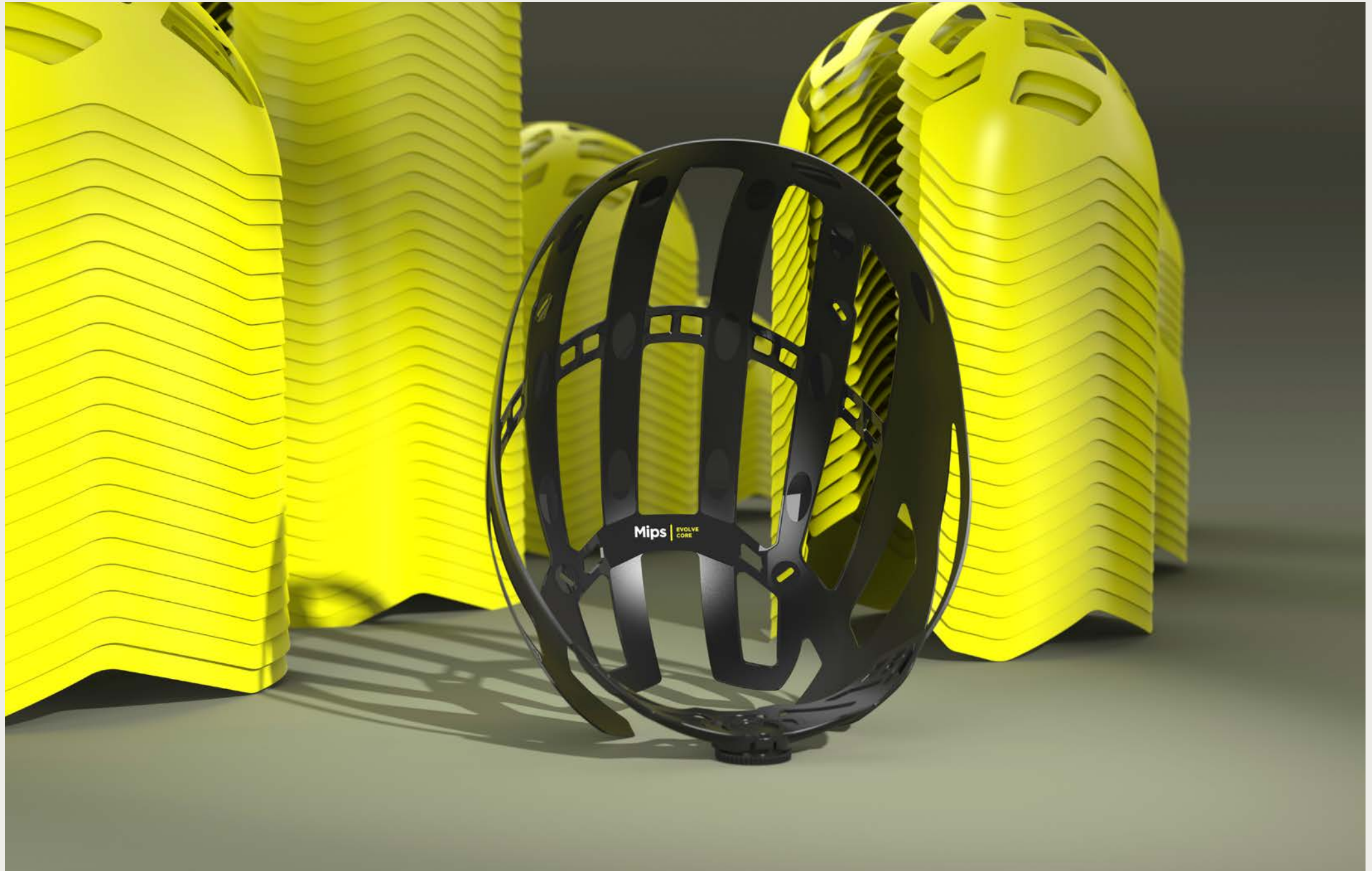
# Impact, risks, and opportunities in the value chain

Mips has analyzed its impact, risks, and opportunities in the value chain. This analysis has led to enhanced understanding of where and how Mips can make the most difference in the value chain.

	Impact	Risks	Opportunities	Action
<b>Research and product development</b>	<ul style="list-style-type: none"> <li>Increased safety for helmet users</li> <li>Material usage</li> </ul>	<ul style="list-style-type: none"> <li>Do not fulfil customer expectations</li> <li>Plastic is not sustainable</li> <li>Mips' testing methods do not meet external requirements and expectations</li> </ul>	<ul style="list-style-type: none"> <li>Mips' technology in more helmet models</li> <li>Reduce the impact of material usage in the development of new helmet models</li> <li>Identify and prototype material that has less environmental and climate impact</li> </ul>	<ul style="list-style-type: none"> <li>Continued research, development, and collaboration with universities, customers, and partners to remain at the forefront of helmet safety and standards</li> <li>Virtual Test Lab for testing new helmet models and reducing material usage</li> <li>Continued research and development to create sustainable solutions that support Mips' sustainability targets</li> </ul>
<b>Own operations</b>	<ul style="list-style-type: none"> <li>Provide jobs and income</li> <li>Employee health, wellbeing, and personal development</li> <li>Environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Difficulties in recruiting and retaining employees that can help Mips advance</li> </ul>	<ul style="list-style-type: none"> <li>Reduce the carbon footprint of our operations</li> <li>Increase gender equality and improve health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Use resources efficiently</li> <li>Develop and take care of employees</li> <li>Weekly pulse surveys to measure employee satisfaction</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Air, water, and ground emissions</li> <li>Waste</li> <li>Provide jobs and income</li> </ul>	<ul style="list-style-type: none"> <li>Shortcomings regarding labor law, human rights, corruption, and environmental compliance by subcontractors</li> <li>Substances that affect people and the environment</li> <li>Lack of capacity at Mips' suppliers</li> <li>Quality defects related to materials used in manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>A positive influence on the environmental performance of Mips' suppliers</li> <li>Select suppliers that operate consistently with Mips' sustainability goals</li> </ul>	<ul style="list-style-type: none"> <li>Workplace standards for suppliers</li> <li>Quality enhancement and quality assurance</li> <li>Continuous supplier audits carried out by Mips and by third parties</li> <li>Proactive forecasting of volumes with suppliers to avoid lack of capacity</li> <li>89 manufacturing suppliers and assembling factories</li> </ul>
<b>Transportation</b>	<ul style="list-style-type: none"> <li>Emissions from transportation</li> </ul>	<ul style="list-style-type: none"> <li>Environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Reduce the environmental impact of transportation</li> </ul>	<ul style="list-style-type: none"> <li>Efficient logistics processes</li> <li>Encourage the use of more sustainable transportation</li> <li>Recycled packaging materials</li> </ul>
<b>Sales and end-user usage</b>	<ul style="list-style-type: none"> <li>Increased safety for helmet users</li> </ul>	<ul style="list-style-type: none"> <li>Do not fulfil customer expectations</li> <li>Do not fulfil end-user expectations which may result in complaints</li> </ul>	<ul style="list-style-type: none"> <li>Market communication in support of more helmet usage and safer helmets</li> </ul>	<ul style="list-style-type: none"> <li>Marketing of the Mips safety system</li> <li>Educate end users on the benefits of using a helmet and of Mips' safety system</li> </ul>
<b>Used products</b>	<ul style="list-style-type: none"> <li>Plastic waste</li> </ul>	<ul style="list-style-type: none"> <li>Low rate of material recycling</li> </ul>	<ul style="list-style-type: none"> <li>Higher rate of material recycling</li> </ul>	<ul style="list-style-type: none"> <li>Communication and cooperation with helmet manufacturers and end users to increase material recycling</li> </ul>

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## Focus area

# Our products

## Helmet safety

Sustainable societal development encompasses social, economic, and environmental perspectives, and everybody working together to foster a holistic view of, and interplay between, available resources and the needs of current and future generations. This is a very important area for Mips and the company's related efforts are guided by Mips' own conditions and the world the company operates in. Mips is a Swedish company specialized in helmet-based safety. Mips is also a global market leader in helmet-based rotational protection and partners with many of the world's leading helmet brands. This is the context in which Mips and its employees can mostly make a difference in meeting society's many challenges.

Mips can make a contribution to sustainable development in part through its commitment to Agenda 2030 and the UN's Sustainable Development Goals. Mips can also offer a technology and safety solutions for helmets that improve helmet protection to reduce the risk of short-term and long-term sick leave, and permanent injury, increasing the safety and wellbeing of recreational and professional users. Mips' patented solutions are based on more than 25 years of research

in collaboration with the Royal Institute of technology (KTH) and Karolinska Institutet in Stockholm.

Traditionally, helmets have only been designed to protect against straight impact that can lead to skull fractures. Unlike traditional helmets, Mips' low-friction layer mimics the brain's own protection system and is designed to protect the brain from rotational motion, which can cause brain damage.

Mips is also devoted to improving the fundamental configuration and performance of helmets so that advanced helmet protection is available to more people, regardless of financial means. Mips partners with helmet brands to raise awareness of the benefits of helmets equipped with protection against rotational motion. An increased awareness of safety as well as of the risks and consequences of brain damage are driving demand for Mips' products and society's tendency to take preventive measures to mitigate the risks. Mips is also active in international university and research environments, where it works to ensure that testing of rotational motion is included as a standard in the tests and certification of helmets. In addition, Mips is a member of a number of testing bodies around the world and pursues

an active dialogue with several universities to ensure research-based development of tests and standards.

Mips is also active in investigating and reducing the impact of helmets on the environment and climate, from manufacturing to scrapping. More information is available under Focus area Our products and in the section A sustainable product (p. 115).

### A review of 2023

In 2023, Mips received 3.8 complaints per 1,000,000 helmets sold based on the prior year, i.e. helmets sold in 2022, from consumers regarding Mips' solutions. The target is to receive less than five complaints per 1,000,000 units sold, which was achieved with good margin. Most complaints concerned older models or solutions.

Continuous product development and strong intellectual property protection are important for Mips to retain its competitiveness as a company. It is also important to reduce the company's environmental and climate impact, without compromising on the safety of the solutions Mips delivers. Mips continued to submit new patent applications during the year.

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## Indicators for Mips' products

KPI	Goal	2023	2022	2021	SDG
Consumer complaints, (number of complaints/1 million units sold)	Max 5 per million helmets	3.8	2.5	4.0	8.4

## Risks related to Mips' products

Risk	Management
Even if Mips views itself as the market leader with its patented technology that contributes to a socially sustainable society, it is important for this to continue. Competition from new technology and risks of patent infringement or lawsuits are ever-present.	Mips has comprehensive insurance coverage. The company also has its own lawyers and patent engineers, and engages external IP law experts. Mips has an extensive training program for customers who sell Mips' technology covering how to correctly market the technology in order to minimize the risk of any legal disputes, as well as the risk of damage to the brand. See further under the risk section on page 58.

## MEMBERSHIPS AND COLLABORATIONS

Mips is a member of several organizations that primarily work to standardize and certify test standards in the helmet industry. The main reason for the memberships is to ensure that appropriate test standards are implemented for certification.

Mips is currently a member of:

- SIS TK525 - The Swedish Institute for Standardisation - Helmets.
- CEN TC158 - European Committee for Standardization - Head protection.
- ISEA - Safety Equipment Organisation
- ASTM - American Society for Testing and Materials

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# Responsibility and a long-term perspective

Mips' business is characterized by responsibility and a long-term perspective. Stakeholders must be able to trust that Mips keeps its promises throughout each business deal. That is how Mips builds trust with customers, employees, suppliers, and other important partners.

It is important for Mips to do business correctly, and the company has zero tolerance for corruption and bribery, which is followed up annually. Mips also values and promotes fair competition as the power of Mips' range of solutions drives the company's growth.

## Organization and culture

Mips' values, which are included in the Code of Conduct, the manufacturing Supplier Code of Conduct, the Anti-Corruption Policy and the staff manual, amongst others, act as the company's moral compass, providing clear everyday guidance to Mips as a company and to all employees. In addition, Mips has several more policies such as the Finance Policy, Communication Policy, IT Policy, and Insider Policy. The Code of Conduct, which applies to the entire value chain, including the manufacturing suppliers for which there is a dedicated Code of Conduct, is based on international conventions and standards such as the ten principles of

the UN Global Compact ten principles, International Labour Organization, and the OECD Guidelines for Multinational Enterprises. Mips' own staff regularly visit suppliers' factories to ensure compliance with the Code of Conduct and, in addition, in 2023 third party audits of Mips' strategically most important suppliers were performed.

Mips applies the precautionary principle by assessing risks related to organization, products, and sustainability every quarter. Controls and measures are also implemented to handle these risks in the best possible way. More information about risks can be found on pages 54-58.

## Laws and regulations

It is a given that Mips respects the laws and regulations that apply in the countries where the company operates. Mips therefore engages local legal advisers when needed to ensure understanding of and compliance with local legislation.

## Whistleblower service

Mips has reporting procedures for suspicions of improprieties that employees should bring to the attention of their immediate supervisor, the Human Resources Director, the CFO or the CEO. Since 2021 Mips also has a whistleblower service through which all employees, suppliers, and other external stakeholders can anonymously report irregularities that are in conflict with the Group's codes of conduct.

Mips ensures that internal and external stakeholders are aware of the company's whistleblower function by informing them about it on:

- On Mips' websites (mipsprotection.com and mipscorp.com)
- In Mips' Code of Conduct (which is available on mipscorp.com)
- In Mips' Anti-corruption policy (which is available on mipscorp.com)
- In Mips' Supplier Code of Conduct which is intended for - and is provided to and signed by - all Mips' manufacturing suppliers

## Risk analysis and risk management

Mips' risk analysis forms the basis of the priorities and key areas the company is focused on in its sustainability program. The risk analysis is updated every quarter as part of the company's internal control program and new priorities are set based on potential impact on the business. All functions in the company participate in risk management, with the aim of increasing risk awareness throughout the organization.

Mips' work with sustainability- and environmental issues and the associated risks, is managed and prepared by Executive Management and ultimately addressed by the Board of Directors. All risks are ranked based on probability and impact on the business. Read more about risks and risk management in the section on risk on pages 54-58, and about financial risks in Note 21.

Specific risks associated with Mips' focus areas are presented under each area.



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# GRI content index

<b>Statement of use</b>	Mips AB has reported with reference to the GRI Standards for the period January 1, 2023 to December 31, 2023
<b>GRI 1 used</b>	GRI Standards 2021
<b>Applicable GRI Sector Standard(s)</b>	Not applicable

GRI standard	Disclosure	Page number	Comments
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	2-3-a: 50, 63 2-3-b: 50, 63 2-3-c: 63	
	2-2 Entities included in the organization's sustainability reporting	2-2-a: 101	
	2-3 Reporting period, frequency and contact point	2-3-a: 50, 63 2-3-b: 50, 63 2-3-c: 63	2-3-d: Contact point for the annual report including the sustainability report is CFO Karin Rosenthal, karin.rosenthal@mipsprotection.com
	2-4 Restatements of information	2-4-a: 109	
	2-5 External assurance	2-5-a: 138	
	2-6 Activities, value chain and other business relationships	2-6-a: 1, 10 2-6-b: 2-3, 19, 22-36, 126-130	2-6-c: No additional relevant business relationships 2-6-d: No significant changes in 2-6-a/b/c to report
	2-7 Employees	2-7-a: 67, 103, 120, 140, 141 2-7-c: 141	2-7-b: Mips does not collect employee data at this level today 2-7-d: No additional information to add 2-7-e: No significant fluctuations during 2023
	2-8 Workers who are not employees	2-8-a: 122 2-8-b: 122	
	2-9 Governance structure and composition	2-9-a: 39-44 2-9-b: 45-48 2-9-c: 45-48	
	2-10 Nomination and selection of the highest governance body	2-10-a/b: 40-42	
	2-11 Chair of the highest governance body	2-11-a: 132-135	
	2-12 Role of the highest governance body in overseeing the management of impacts	2-12-a: 40-42, 104, 112	2-12-b: The board is continuously informed about Mips' sustainability work through the board meetings where sustainability is a regular agenda point 2-12-c: The board is continuously informed about Mips' sustainability work through the board meetings where sustainability is a regular agenda point
	2-13 Delegation of responsibility for managing impacts	2-13-a: 104, 112	2-13-b: The board is continuously informed about Mips' sustainability work through the board meetings where sustainability is a regular agenda point
	2-14 Role of the highest governance body in sustainability reporting	2-14-a: 51, 104, 112	2-14-a: The board is continuously informed about Mips' sustainability work through the board meetings where sustainability is a regular agenda point Management suggests sustainability goals and prioritizations for each year which the board approves.
	2-15 Conflicts of interest	2-15-a: 104, 41-42, 137	
	2-16 Communication of critical concerns	2-16-a/b: 104, 112, 132, 134	

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GRI standard	Disclosure	Page number	Comments
<b>GRI 2: General Disclosures 2021, Continued</b>	2-17 Collective knowledge of the highest governance body	2-17-a: 41-42	2-17-a: The board is continuously informed about Mips' sustainability work through the board meetings where sustainability is a regular agenda point Through this the board members build knowledge in sustainability topics related to Mips' sustainability work. No other actions taken to advance the boards' collective knowledge than through these discussions.
	2-18 Evaluation of the performance of the highest governance body	2-18-a/b/c: 41-42, 52-53, 67	
	2-19 Remuneration policy	2-19-a/b: 41-42, 52-53, 67	
	2-20 Process to determine remuneration	2-20-a: 41-42, 52-53, 67	
	2-21 Annual total compensation ratio	-	2-21-a: 2023: 4,830,000 / 580,800 = 8.32. 2-21-b: 2021: 5,452,510 / 593,100 = 9.19. 2-21-c: Base salary and bonus are included in the annual total compensation for the highest paid individual
	2-22 Statement on sustainable development strategy	2-22-a: 14-15, 16, 21, 102, 109-111, 113	
	2-23 Policy commitments	2-23-a/b/c/d/e/f: 14-15, 104, 123, 134	
	2-24 Embedding policy commitments in operations and business relations	2-24-a: 104	
	2-25 Processes to remediate negative impacts	-	2-25-a/b/c/d/e: Mips has not identified any negative impacts that the organization has caused or contributed to
	2-26 Mechanisms for seeking advice and raising concerns	2-26-a: 104, 122, 134	
	2-27 Compliance with laws and regulations	2-27-a/b: 104	
	2-28 Membership associations	2-28-a: 104, 133, 134	
	2-29 Approach to stakeholder engagement	2-29-a: 102	
	2-30 Collective bargaining agreements	2-30-a: 120	
<b>GRI 3: Significant events in 2021</b>	3-1 Process to determine material topics	3-1-a: 102 3-1-b: 102	
	3-2 List of material topics	3-2-a: 102 3-2-b: 102	
	3-3 Management of material topics	-	See materials topics below
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	201-1-a: 50-51, 66, 68, 70	
	201-2 Financial implications and other risks and opportunities due to climate change	201-2-a: 56-58	
	201-3 Defined benefit plan obligations and other retirement plans	201-3-a: 52-53, 65, 67	
	201-4 Financial assistance received from government	-	Mips has not received any financial assistance from the government
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	205-1-a/b: 15, 17, 120-121, 128-130	
	205-2 Communication and training about anti-corruption policies and procedures	205-2-a/b/c/d/e: 15, 104, 123, 127-129, 134	
	205-3 Confirmed incidents of corruption and actions taken	205-3-a/b/c/d: 123, 129	
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	301-1-a: 130	
	301-2 Recycled input materials used in production	301-2a: 116	301-2-a: Approximately 23.4% of all materials used in Mips' solutions are recycled material
	301-3 Reclaimed products and their packaging materials	-	301-3-a: Mips does not have access to data at this level today

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GRI standard	Disclosure	Page number	Comments
<b>GRI 302: Energi 2016</b>	302-1 Energy consumption within the organization	302-1-a/b: 111,123	
	302-2 Energy consumption outside of the organization	302-2-a: 109-111	
	302-4 Reduction of energy consumption	302-4-a/b: 109-111, 123	
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	305-1-a: 111	In accordance with SBTi, Mips only reports on CO <sub>2</sub> equivalents
	305-2 Energy indirect (Scope 2) GHG emissions	305-2-a: 111	In accordance with SBTi, Mips only reports on CO <sub>2</sub> equivalents
	305-3 Other indirect (Scope 3) GHG emissions	305-3-a: 111	In accordance with SBTi, Mips only reports on CO <sub>2</sub> equivalents
	305-4 GHG emissions intensity	305-4-b: 116	305-4b: Mips measures the average CO <sub>2</sub> emissions per raw material kg sold, 3.93 kg. 305-4c: Mips measures the average CO <sub>2</sub> emissions per solution sold, which decreased by approximately 20.8% during 2023 compared with 2022.
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	-	All new suppliers are screened using certain environmental criteria but there is currently no structured process for this. The process will be more detailed and structured from 2024.
	308-2 Negative environmental impacts in the supply chain and actions taken	308-2-a: 109 308-2-b: 109 308-2-c: 110 308-2-d:110	308-2-a: 17 (74%) 308-2-b: 23 (100%) 308-2-c: 3,594 tCO <sub>2</sub> e. Corresponds to all emissions from the production of Mips' products. 308-2-d: 9% 308-2-e: 0%. During 2023 we have evaluated all the suppliers from an emissions perspective but not presented it in the sustainability report. This will happen during 2024.
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	401-1-b: 122,123	401-1-a: Mips does not report new employee hires over the period 401-1-b: Mips does not report employee turnover by region, gender and age, only on total level
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2-a: 120,122,123	
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	403-1-a/b: 122	
	403-2 Hazard identification, risk assessment, and incident investigation	403-2-a/b/c/d: 122, 123, 134	
	403-5 Worker training on occupational health and safety	403-5-a: 122, 123	
<b>GRI 408: Child Labor</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	408-1-c: 126-129	408-1-a/b: Mips audits all producing suppliers every other year and does not consider any supplier to have a significant risk for incidents of child labor or for young workers exposed to hazardous work
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	409-1-b: 126-129	409-1-a: Mips audits all producing suppliers every other year and does not consider any supplier to have a significant risk for incidents of forced or compulsory labor
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	414-1: 127	All new suppliers are screened using some social criteria, however, but there is currently no structured process for this. The process will be more detailed and structured from 2024.
	414-2 Negative social impacts in the supply chain and actions taken	414-2: 126-129	414-2-a: 18 414-2-b: 0 414-2-c: 3 The three external audits of suppliers which were conducted in 2024 resulted in negative social impact at all the suppliers. All of the negative or potential negative impacts have been fixed or have a plan in place to be fixed in short term. 414-2-d: 0 414-2-e: 0% All suppliers are evaluated according to Mips internal control. No severe social impacts have been found which would lead to a discontinued collaboration.

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## Auditor's Limited Assurance Report on Mips ABs Sustainability Report and statement regarding the Statutory Sustainability Report

To Mips AB, corporate identity number 556609-0162

### Introduction

We have been engaged by the Board of Directors and the Chief Executive Officer of Mips AB to undertake a limited assurance engagement of Mips ABs Sustainability Report for the year 2023. Mips AB has defined the scope of the Sustainability Report and the Statutory Sustainability Report on page 100–137 in this document.

### Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 104 in the Sustainability Report, and are part of the Sustainability

Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report for reporting with reference, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our responsibility is limited to the historical information

reported and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other than audits or reviews of financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s accounting standard RevR12. The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQM 1 (International Standard on Quality Management 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Mips AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Chief Executive Officer as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

### Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Chief Executive Officer.

A Statutory Sustainability Report has been prepared.

Stockholm, 21 March 2024

KPMG AB

**Alexander Tistam**  
Authorized Public  
Accountant

**Torbjörn Westman**  
Expert member of FAR  
(Swedish Institute of Authorised  
Public Accountants)

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# Financial and alternative performance measures by year

All amounts are in SEKm unless stated otherwise.

Group	2023	2022	2021	2020	2019	2018	2017	2016
<b>Net sales and Profit/Loss</b>								
Net sales	357	563	608	365	268	193	126	87
Net sales growth, %	-37	-7	67	36	39	53	45	75
Gross profit	253	406	445	265	198	142	93	62
Gross margin, %	70.9	72.1	73.2	72.8	74.1	73.9	74.3	71.3
Operating profit/loss	70	229	326	167	108	73	21	18
Operating margin, %	19.7	40.7	53.6	45.8	40.3	37.9	16.6	21.2
Adjusted operating profit (Adjusted EBIT)	70	229	326	168	111	73	28	24
Adjusted operating margin (Adjusted EBIT), %	19.7	40.7	53.6	46.2	41.2	37.9	22.1	28.0
Depreciation/Amortization	18	16	12	9	7	2	1	1
EBITDA	89	245	338	176	115	75	22	19
EBITDA margin, %	24.8	43.6	55.5	48.2	42.8	38.8	17.4	22.2
Profit for the year	64	175	255	129	85	56	16	14
<b>Group statement of cash flows</b>								
Cash flow from operating activities	11	236	277	116	63	69	11	16
Cash flow from investing activities	-89	-22	-11	-15	-49	-7	-5	-4
Cash flow from financing activities	-42	-136	-95	-15	-65	-	145	0
<b>Financial standing</b>								
Total assets	738	767	756	517	343	319	242	75
Equity	657	626	577	426	298	276	221	57
Equity ratio, %	89	82	76	82	87	86	91	76
<b>Key figures per share</b>								
Earnings per share basic, SEK	2.43	6.68	9.75	4.96	3.35	2.23	0.64	0.67
Earnings per share diluted, SEK	2.42	6.63	9.64	4.93	3.28	2.21	0.64	0.65
Average number of shares outstanding - before dilution	26,276,605	26,183,620	26,183,620	25,996,417	25,229,870	25,229,870	24,520,884	21,478,586
Average number of shares - after dilution	26,397,552	26,411,214	26,495,633	26,167,786	25,837,404	25,544,935	24,559,246	22,013,833
<b>Employees</b>								
Average number of employees	101	89	70	55	43	35	29	17



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# Alternative performance measures

Non-IFRS performance measures	Definition	Reason for use of measure
<b>Gross profit</b>	Net sales less cost of goods sold.	Gross profit is the profit measure used by Executive Management to monitor the profitability directly related to net sales.
<b>Gross margin (%)</b>	Gross profit as a percentage of net sales during the period.	The measure is a material complement to the gross profit, which only states the change in absolute figures, and provides an understanding of value creation over time.
<b>Operating profit (EBIT)</b>	Profit before financial items and taxes.	The measure is used to measure the profit generated by the operating activities.
<b>Operating margin (EBIT margin) (%)</b>	Operating profit as a percentage of net sales during the period.	The measure is used to assess profitability generated by the operating activities and provides an understanding of value creation over time.
<b>Adjusted operating profit (Adjusted EBIT)</b>	Operating profit excluding items affecting comparability such as acquisition income and expenses, as well as listing costs.	Adjusted operating profit is a measure used by Mips to maintain comparability between periods and to be able to report a result for operating activities.
<b>Adjusted operating margin (%)</b>	Adjusted operating profit as a percentage of net sales during the period.	See explanation under the description for "Adjusted operating profit."
<b>Equity ratio (%)</b>	Equity in relation to total assets.	The measure states the proportion of total assets composed of equity and provides a greater understanding of Mips' capital structure.
<b>Cash flow from operating activities</b>	Cash flow from the primary income-generating operating activities.	The cash-flow measure is used by Executive Management to monitor the cash flow generated by the operating activities.
<b>Last 12 months rolling comparison (LTM)</b>	Indicates net sales and adjusted operating profit as a 12-month period from the most recent quarter.	Provides Executive Management with an indication of performance over time without having to wait to compare with the next calendar year.
<b>Average number of employees</b>	The average number of employees converted to full-time positions.	Converting the number of employees to full-time positions makes the measure comparable over periods and in the event of differences in working hours.

Mips uses certain performance measures that are not defined in the IFRS rules for financial reporting, which Mips applies. The alternative performance measures presented are a complement to the IFRS-defined

measures and are used by Mips' management to monitor and control the operations. Accordingly, these alternative performance measures, as they are defined, are not fully comparable with other companies' performance

measures of the same name. For more information regarding the purpose of each alternative performance measurement and financial derivation, please visit [www.mipscorp.com/investors/](http://www.mipscorp.com/investors/)



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# Share information

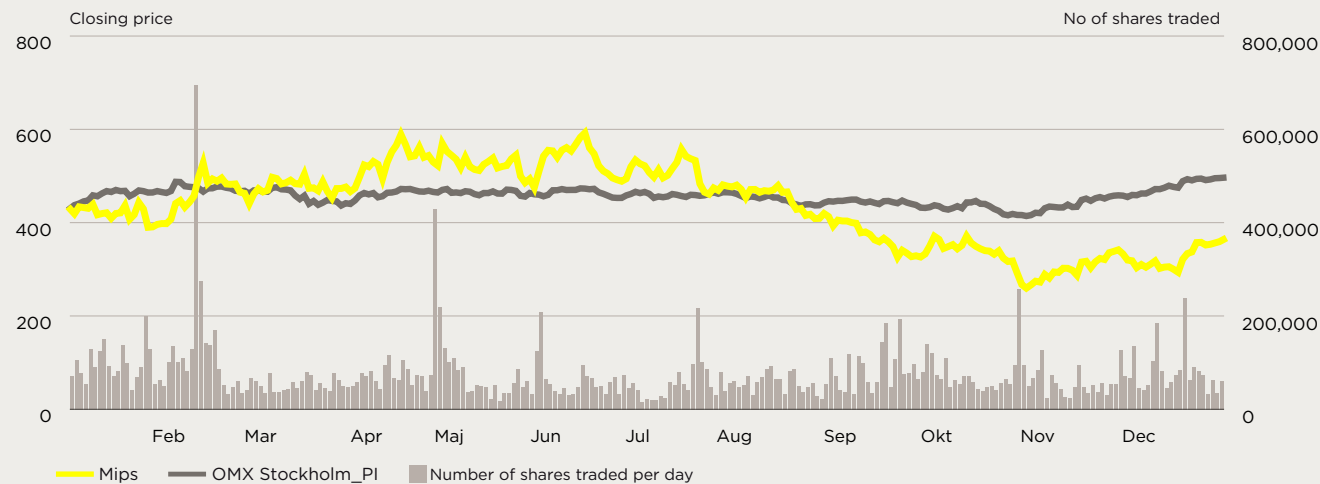
During 2023 the Mips share was listed on Nasdaq Stockholm, Large Cap and as of December 31, 2023 Mips had 20,554 shareholders.

Foreign owners accounted for about 72 percent of the votes and share capital. The ten largest shareholders accounted for approximately 36 percent of the votes and the share capital. The highest price paid in 2023 was SEK 599 and the lowest price paid was SEK 240.

The share capital of Mips amounted to SEK 2,649,327 on December 31, 2023; per the same date, the total number of shares amounted 26,493,273 ordinary shares. According to the company's Articles of Association, the share capital shall amount to a minimum of SEK 2,000,000 and a maximum of SEK 8,000,000 divided between no less than 20,000,000 and no more than 80,000,000 shares. Mips' Articles

of Association contain a central securities depository clause and the company's shares are registered with Euroclear Sweden AB, which means that Euroclear Sweden AB administers the company's share register and registers the shares for individuals. All shares carry equal rights to the company's profits and shares of surpluses in the event of liquidation.

### Share performance 2023



### Ten largest shareholders as of December 31 2023

Shareholders	Number of shares	Capital	Votes
Columbia Threadneedle	1,445,704	5.46%	5.46%
Handelsbanken Fonder	1,363,154	5.15%	5.15%
Baillie Gifford & Co	1,296,374	4.95%	4.95%
Invesco	1,098,206	4.15%	4.15%
Vanguard	956,674	3.61%	3.61%
Swedbank Robur Fonder	722,483	2.73%	2.73%
ODIN Fonder	700,000	2.64%	2.64%
ODIN Fonder	696,085	2.63%	2.63%
Spiltan Fonder	636,197	2.40%	2.40%
Montanaro	612,000	2.32%	2.32%
<b>Top 10</b>	<b>9,526,877</b>	<b>36.03%</b>	<b>36.03%</b>
<b>Others</b>	<b>16,966,396</b>	<b>63.97%</b>	<b>63.97%</b>
<b>Total</b>	<b>26,493,273</b>	<b>100%</b>	<b>100%</b>





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# Information to shareholders

## Annual General Meeting

The 2024 Annual General Meeting of Mips AB (publ) will take place on Tuesday May 7, 2024 at 10:00, at Mips' headquarters, located at Kemistvägen 1B, Täby. The Board of Directors has resolved that the shareholders may also exercise their voting rights at the AGM through postal voting in advance, in accordance with the regulations of Mips' Articles of Association.

## Right to attend

Shareholders who wish to attend the AGM must:

- Be recorded in the share register kept by Euroclear Sweden AB (the Swedish Central Securities Depository) on Friday April 26, 2024.
- Notify the company of their intention to participate in the AGM by Tuesday April 20, 2024, in accordance with the instructions that will be stated in the notice convening the AGM.

## Nominee-registered shares

Shareholders whose shares are registered in the name of a nominee must have such shares temporarily registered in their own names in the shareholders' register maintained by Euroclear Sweden AB (referred to as voting registration) to be able to participate in the Annual General Meeting. The shareholders' register as of the record date on Friday April 26, 2024 will include voting registrations made no later than Tuesday April 20, 2024. Shareholders should therefore inform their nominees well in advance of this date.

## Financial calendar 2024

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April 25, 2024:	Interim report January–March 2024
May 7, 2024:	2024 Annual General Meeting
July 18, 2024:	Interim report January–June 2024
October 24, 2024:	Interim report January–September 2024



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Safety for helmets

