

Interim report January–September 2021

July-September 2021

- Net sales increased by 81% to SEK 185m (102), organic growth amounted to 82% during the quarter
- Operating profit amounted to SEK 110m (55)
- Operating margin was 59.6% (53.6)
- Cash flow from operating activities amounted to SEK 71m (29)
- Earnings per share, diluted, amounted to SEK 3.33 (1.61)

January-September 2021

- Net sales increased by 82% to SEK 410m (225), organic growth amounted to 95%
- Operating profit amounted to SEK 221m (91)
- Operating margin was 54.1% (40.5)
- Cash flow from operating activities amounted to SEK 196m (66)
- Earnings per share, diluted, amounted to SEK 6.64 (2.69)

The MIPS Group in brief

SEKm	Jul-Sep 2021	Jul-Sep 2020	Δ%	Jan-Sep 2021	Jan-Sep 2020	Δ%	Full year 2020
Net sales	185	102	81	410	225	82	365
Gross profit	136	74	83	300	163	85	265
Gross margin, %	73.3	72.2	-	73.3	72.5	-	72.8
Operating profit (EBIT)	110	55	101	221	91	144	167
Operating margin (EBIT-margin), %	59.6	53.6	-	54.1	40.5	-	45.8
Profit for the period	88	42	110	176	70	150	129
Earnings per share basic, SEK	3.38	1.61	110	6.70	2.71	148	4.96
Earnings per share diluted, SEK	3.33	1.61	107	6.64	2.69	147	4.93
Cash flow from operating activities	71	29	146	196	66	195	116
Dividend per share, SEK	-	-	-	3.50	3.00	17	3.00

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

CEO's comments

Strong progress in the third quarter with 82% organic growth

The third quarter continued as the year started with very good growth, and we saw organic growth of 82 percent during the quarter. We achieved this in spite of the exceptional comparative figures of 108 percent growth for the equivalent prior-year period. During the first nine months of the year we have delivered organic growth of 95 percent. Our increase in turnover was mostly driven by the strong demand for our solutions for bike helmets in the Sport category.

We saw continued fast growth rate in the Motorcycle category and continued high activity with a number of new partnerships in the Safety category. Operating profit grew by 101 percent to SEK 110m (55) in the quarter. During the first nine months of the year the operating profit has increased by 144 percent to SEK 221m (91).

The operating margin also improved during the quarter, amounting to 60 percent (54). The operating cash flow continued to develop very well amounting to SEK 71m (29) during the quarter. During the first nine months of the year, the operating cash flow has strengthened substantially amounting to SEK 196m (66).

Very good demand for our products but the world remains unpredictable

So far this year we have delivered very good growth, in spite of very challenging circumstances in the world. This is proof that we have managed the situation very well and that we have a business model that works, even in a changing world. It is difficult to get a view of all the future challenges, but we're convinced that we will still need to manage challenges in our supply chain. We are well equipped for the challenges we see ahead with a great demand for our products and a very flexible business model.

Helmet category Sport – strong sales growth continues

During the third quarter the great demand for all kinds of helmets in the Sports category continued. This was mostly driven by high sales growth for solutions for bike helmets. All over the world, inventory levels in retail remain low and our assumption is that they will not return to normal levels in the immediate future. As communicated in the last interim report, we see continued high demand for our products in this category also going forward.

Helmet category Motorcycle – continued high demand

The strong growth in the Motorcycle category continued during the third quarter and we delivered growth of 117 percent in the quarter. Growth was still primarily driven by existing customers that have further penetrated their product ranges with MIPS solutions, but new customers also contributed to the growth. We see continued good demand in the Motorcycle category and are further strengthening our position in both motocross and road motorcycles.

Helmet category Safety – additional brands have launched MIPS solutions in their construction helmets

In the Safety category we continue to see a strong interest for our solutions. At the A+A trade fair, the largest trade fair in the world for workplace safety products primarily for the construction industry, another four new brands launched their partnership with MIPS. With these new partnerships, MIPS has now announced collaboration with a total of nine different partners in the Safety category. Our ambitions remain as previously communicated – to establish a customer base in 2021 and drive growth in volumes in 2022.

Very pleased with progress

The third quarter was another huge step forward in our journey towards our long-term goals. I am pleased with the progress made in all our categories this year and that we have continued to deliver in line with our strategic ambition. We see continued good demand for our products and I look forward to our onward journey towards achieving our long-term goals.

Stockholm, October 2021

Max Strandwitz
President and CEO



”Strong progress in the third quarter with 82% organic growth”

Financial performance

July – September

Net sales

Net sales for the third quarter amounted to SEK 185m (102), an increase by 81%. Adjusted for exchange rate effects, the organic growth was 82%. The increase in net sales is mainly explained by an increased demand from existing customers.

Changes in net sales

%	Jul-Sep 2021	Jan-Sep 2021
Organic growth	82	95
Change in exchange rates	-1	-13
Total	81	82

Gross profit

Gross profit increased by 83% to SEK 136m (74). The gross margin increased by 1.1 percentage points to 73.3% (72.2). The increase in the gross margin is mainly due to changes in the sales mix.

Operating profit (EBIT)

Operating profit increased to SEK 110m (55), corresponding to an operating margin of 59.6% (53.6). The increase in operating profit is mainly explained by increased sales during the quarter partly mitigated by higher costs related to strengthening of the organization and initiatives within marketing.

Selling expenses increased to SEK 11m (9). The increase in selling expenses is mainly explained by costs related to strengthening the organization and initiatives within marketing. Administrative expenses amounted during the quarter to SEK 11m (8). The increase in administrative expenses is mainly explained by costs related to strengthening the organization. Research and development costs amounted to SEK 5m (3).

Profit for the period and earnings per share

Profit before tax amounted to SEK 111m (55). Tax expenses for the quarter amounted to SEK -23m (-13), corresponding to an effective tax rate of 20.5% (22.9). Profit for the period was SEK 88m (42). Diluted earnings per share amounted to SEK 3.33 (1.61).

Cash flow

Cash flow from operating activities increased and amounted to SEK 71m (29). The increase is mainly explained by higher operating profit and higher current payables, partly mitigated by an increase in current receivables.

Cash flow from investing activities was SEK -2m (-7). Cash flow from financing activities was SEK -1m (-1). Cash flow for the third quarter amounted to SEK 68m (21).

January – September

Net sales

Net sales for the first nine months amounted to SEK 410m (225), an increase by 82%. Adjusted for exchange rate effects, the organic growth was 95%. The increase in net sales is mainly explained by an increased demand from existing customers.

Gross profit

Gross profit increased by 85% to SEK 300m (163). The gross margin increased by 0.9 percentage points to 73.3% (72.5). The increase in the gross margin is mainly due to changes in the sales mix.

Operating profit (EBIT)

Operating profit increased to SEK 221m (91), corresponding to an operating margin of 54.1% (40.5). The increase in operating profit is mainly explained by increased sales during the first nine months partly mitigated by higher costs related to strengthening of the organization, initiatives within marketing and forex.

Selling expenses increased to SEK 38m (31). The increase in selling expenses is mainly explained by initiatives within marketing and costs related to strengthening the organization. Administrative expenses amounted during the first nine months to SEK 34m (26). The increase in administrative expenses is mainly explained by costs related to strengthening the organization. Research and development costs amounted to SEK 17m (12).

Profit for the period and earnings per share

Profit before tax amounted to SEK 224m (91). Tax expenses for the first nine months amounted to SEK -48m (-21), corresponding to an effective tax rate of 21.5% (22.8). Profit for the period was SEK 176m (70). Diluted earnings per share amounted to SEK 6.64 (2.69).

Cash flow

Cash flow from operating activities increased and amounted to SEK 196m (66). The increase is mainly explained by higher operating profit due to the higher sales and increased current payables partly mitigated by higher current receivables.

Cash flow from investing activities was SEK -7m (-13). Cash flow from financing activities was SEK -94m (-11) attributable to dividend payment of SEK -92m. Previous year was mainly explained by paid dividend of SEK -79m, new share issue of SEK 52m and premium received from issue of warrants of SEK 18m. Cash flow for period amounted to SEK 94m (41).

Financial position

The group's total assets as of 30 September 2021 amounted to SEK 639m (432). Short-term investments of SEK 279m (159) are in their entirety invested in interest-bearing funds. The equity/assets ratio was 78% (84). Cash and cash equivalents, including short-term investments, as of 30 September 2021 amounted to SEK 371m (233).

Reported values for assets and liabilities are in all material aspects consistent with fair market value. In order to reduce the group's short-term currency exposure, certain currency derivatives have been entered into with a bank. The derivatives are valued at fair market value and are treated as a financial asset, amounting to a financial liability of SEK 4m compared to a financial asset of SEK 6m previous year. Hedge accounting is applied, whereby the unrealized change in the fair value of the derivatives is primarily reported in Other comprehensive income.

Investments

During the third quarter, investments amounted to SEK 2m (7). Investments in intangible fixed assets were SEK 2m (2). Investments in tangible fixed assets amounted to SEK 0m (5). During the first nine months, investments amounted to SEK 7m (13). Investments in intangible assets amounted to SEK 5m (4) and investments in tangible assets amounted to SEK 2m (9).

The Group had no significant commitments as of 30 September 2021 related to investments.

Parent company

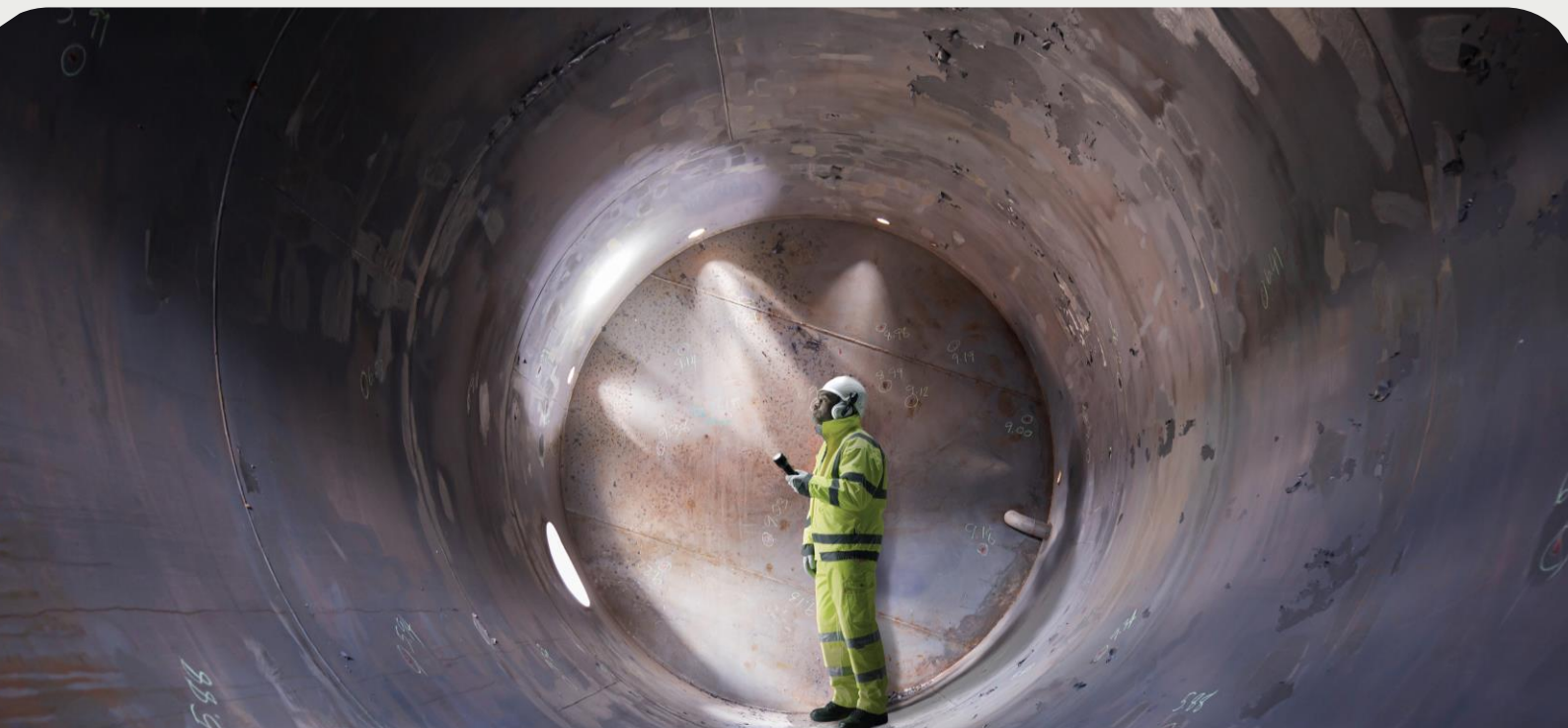
Net sales during the first nine months for the parent company amounted to SEK 296m (170). Profit for the same period was SEK 164m (64).

Employees

The average number of employees during the third quarter was 74 (55), of whom 21 (15) were employed in the Chinese subsidiary. The number of employees at the end of the period was 77 (58), of whom 21 (16) were employed in the Chinese subsidiary.



* For information and derivation of adjusted items please see pages 17-19



Condensed consolidated income statement

SEKm	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Net sales	185	102	410	225	365
Cost of goods sold	-49	-28	-109	-62	-99
Gross profit	136	74	300	163	265
Selling expenses	-11	-9	-38	-31	-42
Administrative expenses	-11	-8	-34	-26	-35
Research and development expenses	-5	-3	-17	-12	-18
Other operating income and expenses	1	2	9	-3	-4
Operating profit/loss	110	55	221	91	167
Financial income and expenses	1	0	2	0	-2
Net financial items	1	0	2	0	-2
Profit/loss before tax	111	55	224	91	165
Income taxes	-23	-13	-48	-21	-36
Profit/loss for the period	88	42	176	70	129
Earnings per share basic, SEK	3.38	1.61	6.70	2.71	4.96
Earnings per share diluted, SEK	3.33	1.61	6.64	2.69	4.93
Average number of shares for the period, basic (thousand)	26,184	26,184	26,184	25,934	25,996
Average number of shares for the period, diluted (thousand)	26,535	26,208	26,454	26,118	26,168

Condensed consolidated statement of comprehensive income

SEKm	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Profit/loss for the period	88	42	176	70	129
Other comprehensive income					
Items that may subsequently be transferred to profit or loss					
Foreign currency translation	1	0	2	0	0
Changes in the fair value of cash flow hedges	-5	2	-17	5	14
Tax on components in other comprehensive income	1	0	3	-1	-3
Items that cannot be transferred to profit or loss	-	-	-	-	-
Other comprehensive income for the period	-3	2	-11	4	11
Comprehensive income for the period	86	44	164	74	140

Condensed consolidated balance sheet

SEKm	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	56	57	55
Property, plant and equipment	10	10	11
Right-of-use assets	8	12	11
Long term receivables	0	0	0
Total non-current assets	75	80	77
Current assets			
Inventories	12	3	3
Accounts receivable	164	102	138
Other current receivables	17	14	27
Current investments	279	159	181
Cash and cash equivalents	93	74	91
Total current assets	564	353	440
TOTAL ASSETS	639	432	517
EQUITY AND LIABILITIES			
Equity			
Share capital	3	3	3
Other paid in capital	274	274	274
Reserves	-1	4	10
Retained earnings incl profit/loss for the period	223	83	139
Total equity	498	364	426
Non-current liabilities			
Lease liability	5	9	8
Deferred tax liability	2	3	6
Total non-current liabilities	7	12	14
Current liabilities			
Lease liability	3	3	3
Accounts payable	49	27	33
Other current liabilities	82	26	42
Total current liabilities	134	56	77
TOTAL EQUITY AND LIABILITIES	639	432	517

Condensed consolidated statement of changes in equity

SEKm	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Opening equity for the period	426	298	298
<i>Comprehensive income for the period</i>			
Profit/loss for the period	176	70	129
Other comprehensive income for the period	-11	4	11
Comprehensive income for the period	164	74	140
<i>Transactions with owners</i>			
Premium received from issue of stock options	-	18	18
Equity settled share based payments	0	0	0
New share issues	-	52	52
Dividend	-92	-79	-79
Repurchase own shares	-	-	-3
Total transactions with the owners	-91	-9	-11
Closing equity for the period	498	364	426

Consolidated statement of cash flows

SEKm	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Operating activities					
Profit before tax	111	55	224	91	165
Adjustment for non-cash items	2	0	4	5	13
Income taxes paid	-8	-5	-20	-15	-19
Cash flow from operating activities before change in working capital	105	50	207	81	160
Cash flow from changes in working capital					
Increase (-)/decrease (+) of inventories	-1	0	-8	-2	-1
Increase (-)/decrease (+) of current receivables	-44	-30	-23	-20	-63
Increase (+)/decrease (-) of current liabilities	11	9	19	6	20
Cash flow from operating activities	71	29	196	66	116
Investing activities					
Acquisition of intangible assets	-2	-2	-5	-4	-5
Acquisition of property, plant and equipment	0	-5	-2	-9	-10
Acquisition of financial assets	-	-	-	-	-
Cash flow from investing activities	-2	-7	-7	-13	-15
Financing activities					
New share issue	-	-	-	52	52
Repurchase own shares	-	-	-	-	-3
Premium recieved from issue of warrants	-	-	-	18	18
Divident paid	-	-	-92	-79	-79
Amortization of lease debt	-1	-1	-3	-3	-4
Cash flow from financing activities	-1	-1	-94	-11	-15
Net change in cash & cash equivalents	68	21	94	41	85
Cash & cash equivalents at beginning of period	302	212	272	192	192
Exchange-rate difference, cash and cash equivalents	2	-1	4	-1	-4
Cash & cash equivalents at end of period	371	233	371	233	272

Condensed parent company income statement

SEKm	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Net sales	133	77	296	170	276
Cost of goods sold	-9	-9	-20	-20	-30
Gross profit	124	68	276	150	246
Selling expenses	-11	-8	-36	-29	-39
Administrative expenses	-10	-8	-32	-26	-35
Research and development expenses	-4	-3	-16	-11	-16
Other operating income and expenses	2	2	12	-3	-4
Operating profit/loss	102	50	204	82	153
Financial income and expenses	1	0	2	0	-1
Profit after financial items	103	49	207	82	151
Appropriations	-	-	-	-	-5
Appropriations	-	-	-	-	-5
Profit/loss before tax	103	49	207	82	147
Income taxes	-21	-11	-43	-19	-32
Profit/loss for the period	82	38	164	64	115

Condensed parent company statement of comprehensive income

SEKm	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Profit/loss for the period	82	38	164	64	115
Other comprehensive income					
Items that may subsequently be transferred to profit or loss					
Changes in the fair value of cash flow hedges	-5	2	-17	5	14
Tax on components in other comprehensive income	1	0	3	-1	-3
Items that cannot be transferred to profit or loss	-	-	-	-	-
Other comprehensive income for the period	-4	1	-13	4	11
Comprehensive income for the period	78	39	151	68	126

Condensed parent company balance sheet

SEKm	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	56	57	55
Property, plant and equipment	10	10	10
Participation in Group companies	1	1	1
Other financial assets	1	-	-
Total non-current assets	68	67	66
Current assets			
Inventories	0	0	0
Accounts receivable	112	76	103
Other current receivables	7	14	26
Current investments	279	159	181
Cash & cash equivalents	73	57	69
Total current assets	472	306	379
TOTAL ASSETS	540	374	446
EQUITY AND LIABILITIES			
Equity			
Restricted equity	4	4	4
Non restricted equity	448	334	389
Total equity	453	338	394
Untaxed reserves	15	10	15
Total untaxed reserves	15	10	15
Current liabilities			
Accounts payable	8	6	6
Other current liabilities	64	19	32
Total current liabilities	73	25	38
TOTAL EQUITY AND LIABILITIES	540	374	446

Other information

Information about the parent company

MIPS AB (publ), corp. reg. no. 556609-0162, is a Swedish public company with its registered office in Stockholm, Sweden. The company's shares are listed on Nasdaq Stockholm Mid Cap under the ticker MIPS.

Accounting policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretative statements by the IFRS Interpretations Committee (IFRIC) as adopted by the European Commission for use in the EU that were presented in the group's 2020 Annual Report. The standards and interpretative statements applied were in effect as of 1 January 2021 and had been adopted by the EU. Changed accounting policies as of 1 January 2021 is described below. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied. This interim report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting and the applicable provisions of the Annual Accounts Act and the Securities Market Act. The interim report for the parent company has been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. Disclosures in accordance with IAS 34.16A are incorporated in the financial statements and their accompanying notes as well as in other parts of this interim report.

New accounting standards from 1 January 2021

The new or amended IFRS effective as of 2021 have not had any significant impact on the group's financial statements.

Valuation basis applied when preparing the financial statements

Assets and liabilities are recognized at historical cost, except for currency derivatives and short-term investments which are based on fair value.

Functional currency and presentation currency

The parent company's functional currency is Swedish kronor (SEK), which is also the reporting currency for the group. This means that the financial statements are presented in SEK. All amounts are, unless otherwise stated, rounded to the nearest SEKm.

Judgements and estimates in the financial statements

The preparation of the financial statements in accordance with IFRS requires that company management makes judgments and estimates as well as assumptions that affect the application of accounting policies and amounts of assets, liabilities, income, and expenses recognized. The actual outcome may deviate from these judgments and estimates. Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period in

which the change is made or in the period in which the change is made and future periods if the change affects the period in question and future periods.

Adjustments

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

Alternative performance measures

The company is following the European Securities and Markets Authority's (ESMA) guidelines on alternative performance measures. Alternative performance measures are financial measures that cannot be directly read in or derived from the financial statements. These financial measures are intended to help company management and investors analyze the Group's performance. Investors should not consider these alternative performance measures to be a substitute for the financial statements prepared in accordance with IFRS, but rather a supplement to them. Explanation of alternative performance measures see page 18-19. Definitions of alternative performance measures are presented in the annual report and on www.mipscorp.com.

Segment

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

Seasonal variations

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

Risks and uncertainties

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

MIPS is further exposed to external factors which the company cannot control. The spread of COVID-19 globally has created major uncertainties around

the world. It is difficult to assess future impacts of the spread of COVID-19. However, the company continues to believe that the long-term demand for MIPS' products is good. Even though vaccination in the world is ongoing, we see continued risks at the supplier level that could lead to insolvency among our customers. If MIPS' customers become insolvent, this could have a negative impact on the group. MIPS has continuously an active dialogue with its customers to be able to identify and react on any eventual insolvency situations at an early stage. We have not noticed any issues with payments during the year at any of our customers. The company is following the development and relevant authorities' recommendations closely and are taking the measures deemed necessary to minimize the short-term and long-term impacts of COVID-19 on MIPS.

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

Distribution of revenue

The company's revenue primarily comprises sales of component kits (license and components) to helmet manufacturers. Sales of services is attributable to the development of MIPS' technology for a specific customer and helmet model.

Income by nature

SEKm	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
<i>Revenue recognized at the time of delivery</i>					
Sales of goods	182	96	400	210	344
<i>Revenues reported over time</i>					
Sales of services	3	6	10	14	21
Total	185	102	410	225	365

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

Income by region

SEKm	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
North America	123	72	278	157	261
Europe	42	21	86	46	73
Sweden	11	3	22	7	13
Asia and Australia	8	7	23	14	18
Total	185	102	410	225	365

In connection with the launch of MIPS' 2025 long-term plan, the company decided to split its operation into three key helmet categories. Consequently, the company's revenue is divided according to these

helmet categories. As of 30 September 2021, the company had a total of 133 purchasing brands (customers). Even though certain brands are represented in more than one category they are only accounted for as one brand in the total number of brands. Within the Sports category (including the sub-categories bike, snow, equestrian, team sports and other) there are 123 (102) brands, within the Moto category (including the sub-categories road bike and motocross) there are 29 (22) brands and within the Safety category (including the sub-categories industrial use and LEAF) there are 5 (2) brands that have launched helmets equipped with MIPS safety system.

Income per helmet category

SEKm	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Sport	172	96	381	210	341
Moto	13	6	27	14	24
Safety	1	0	2	0	0
Total	185	102	410	225	365

Currency exposure

MIPS invoices its customers in two foreign currencies, USD and CNY.

The company's license fee, which represents the majority of the company's revenues, is invoiced in USD and fluctuations in the exchange rate have a significant impact on MIPS' net sales and profitability. A 10 percent change in the USD exchange rate would impact EBIT with approximately +/- SEK 26m (19) on the full-year figures for 2020. In accordance with the company's financial policy, MIPS aims to hedge 50% of the forecasted USD exposure on a forward 12 month rolling basis. Most of the company's sales of components are in China and are invoiced in CNY. However, since the company has both revenues and costs related to components in CNY, the exposure to the CNY exchange rate is relatively limited. For further information, see the company's annual report for 2020 page 87.

Derivatives and short-term investments

The fair value of the derivatives as of 30 September 2021 amounted to a financial liability of SEK 4m compared to a financial asset of SEK 6m previous year. Hedge accounting has been applied whereby the unrealized change in fair value of the outstanding derivatives is primarily recognized in Other comprehensive income. Financial instruments (derivatives) are valued at fair value on the balance sheet and belongs to level 2 and short-term investments belongs to level 1 according to IFRS 13. The fair value of short-term investments as of September 30 2021, amounts to SEK 279m (159).

Share capital and number of shares

As of 30 September 2021, the total number registered of shares amounted to 26,183,620 (26,183,620) and the share capital amounted to SEK 2,618,362 (2,618,362). All shares are ordinary shares and carry equal voting rights. The shares have a nominal value of SEK 0.10.

As of 30 September 2021, the company's holdings of own shares amounted to 5,749 shares, which cor-

responds to less than 0.1 percent of the total number of registered shares. The number of outstanding shares as of 30 September 2021 was 26,177,871.

Share-based incentive programs

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

The Group has also launched a long-term share performance program for all employees who are not participating in the warrant-based incentive program. The share performance program includes in total 35 participants in Sweden and China. For the persons who are employed by MIPS' subsidiary in

China, certain other conditions apply entailing that these employees have received synthetic shares, free of charge, instead of share rights and that no personal investment is required. The share performance program comprises a total of 4,132 shares and 1,164 synthetic shares.

Disputes

The company is not part of any significant legal dispute.

Related-party transactions

No material related-party transactions have been conducted during 2021 except payment of dividend.

Events after the end of the reporting period

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

Auditors report

This report has been subject for a review engagement by the company's auditors.



The Board of Directors and the President and CEO affirm that this interim report provides a true and fair view of the Parent Company's and the Group's position and earnings, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm den 28 October 2021

MIPS AB (publ)

Styrelsen

Review report

MIPS AB

Corp. id 556609-0162

Introduction

We have reviewed the condensed interim financial information (interim report) of MIPS AB as of September 30, 2021 and the nine-month period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all

significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm den 28 October 2021

KPMG AB

Tomas Gerhardsson

Authorized Public
Accountant

Quarterly consolidated performance measures

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	LTM
Net sales	185	142	83	140	102	66	56	87	53	83	45	62	51	550
Net sales growth, %	81	115	48	60	94	-20	25	41	3	49	91	53	88	76
Gross profit	136	105	60	103	74	49	40	66	39	62	33	47	37	403
Gross margin, %	73.3	73.8	72.5	73.3	72.2	74.2	70.8	74.9	73.0	74.6	72.8	74.9	73.1	73.3
Operating profit	110	72	39	76	55	20	16	39	20	37	12	29	21	298
Operating margin, %	59.6	50.7	47.4	54.4	53.6	29.7	29.1	44.6	38.6	44.5	26.3	46.1	40.7	54.2
Adjusted operating profit	110	72	39	76	55	20	17	40	21	38	12	29	21	298
Adjusted operating margin, %	59.6	50.7	47.4	54.4	53.6	30.8	30.1	45.4	39.5	46.0	26.3	46.1	40.7	54.2
EBITDA	113	75	42	80	59	22	19	41	24	38	13	29	21	309
EBITDA-margin	61.3	52.7	50.9	56.8	57.4	33.5	33.4	46.6	45.8	46.3	28.6	46.9	41.5	56.3
Depreciation	3	3	3	3	4	2	2	2	4	1	1	0	0	12
Earnings per share basic, SEK	3.38	2.10	1.23	2.24	1.61	0.61	0.48	1.19	0.63	1.15	0.38	0.87	0.62	8.95
Earnings per share diluted, SEK	3.33	2.08	1.22	2.23	1.61	0.61	0.47	1.16	0.62	1.12	0.38	0.85	0.61	8.87
Equity ratio, %	78	79	84	82	84	85	85	87	86	79	85	86	88	81
Cash flow from operating activities	71	56	69	49	29	23	15	20	12	24	8	24	31	245
Average number of employees	74	67	62	59	55	53	52	47	45	41	39	36	36	66

Definitions and descriptions of performance measures and alternative performance measures

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

Explanation of alternative performance measures

Organic growth

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

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

Organic growth	Jul-Sep 2021	Jan-Sep 2021
Net sales growth	81%	82%
Net Sales in USDm	15	35
Net Sales in SEKm at 2021 average USD exchange rate	133	297
Net Sales in SEKm at 2020 average USD exchange rate	137	325
Impact currency in absolute	-3	-28
Net Sales 2020 SEKm	102	225
USD impact on growth	-3%	-12%
Net Sales in CNYm	39	86
Net Sales in SEKm at 2021 average CNY exchange rate	52	113
Net Sales in SEKm at 2020 average CNY exchange rate	50	114
Impact currency in absolute	2	-1
Net Sales 2020 SEKm	102	225
CNY impact on growth	2%	0%
Organic growth	82%	95%

Net sales, last 12 months rolling

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

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	LTM
Net sales	185	142	83	140	102	66	56	87	53	83	45	62	51	
Rolling 12 month Q3 18'													51	171
Rolling 12 month Q4 18'												62	51	193
Rolling 12 month Q1 19'											45	62	51	214
Rolling 12 month Q2 19'										83	45	62	51	241
Rolling 12 month Q3 19'									53	83	45	62		243
Rolling 12 month Q4 19'								87	53	83	45			268
Rolling 12 month Q1 20'							56	87	53	83				279
Rolling 12 month Q2 20'						66	56	87	53					263
Rolling 12 month Q3 20'					102	66	56	87						312
Rolling 12 month Q4 20'				140	102	66	56							365
Rolling 12 month Q1 21'			83	140	102	66								391
Rolling 12 month Q2 21'		142	83	140	102									467
Rolling 12 month Q3 21'	185	142	83	140										550

Adjusted operating profit (Adjusted EBIT)

The company has not had any adjustments during the first nine months of 2021. During the first and second quarter of 2020 adjustments have been made with respect to effects (revenue and costs) related to acquisitions, which have been deemed to affect comparability.

To create a good understanding of MIPS' ongoing operations and how the operating profit had been without these items, the company has chosen to show an adjusted operating profit which excludes the items affecting comparability.

SEKm	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Net sales	185	102	410	225	365
Operating profit	110	55	221	91	167
Operating margin, %	59.6	53.6	54.1	40.5	45.8
Items affecting comparability	-	-	-	1	1
Adjusted operating profit	110	55	221	92	168
Adjusted operating margin, %	59.6	53.6	54.1	41.0	46.2

Other

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MIPS will present the interim report at an audiocast via teleconference on 28 October 2021 at 10.00 a.m. CET.

To participate, please register at <https://financialhearings.com/event/13363>

FINANCIAL CALENDER

10 February 2022:	Year-end report 2021
Week 12 2022:	Annual report 2021
28 April 2022:	Interim report January-March 2022
5 May 2022:	Annual General Meeting
21 July 2022:	Interim report January-June 2022
26 October 2022:	Interim report January-September 2022

Financial targets

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

GROWTH:

The goal is to grow organically to achieve net sales in excess of SEK 1 billion by 2025.

PROFITABILITY:

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

SUSTAINABILITY:

You can read about MIPS' sustainability work in MIPS' annual report for 2020.

About MIPS

MIPS specializes in helmet-based safety and protection of the brain and is the world-leader in this area. Based on an ingredient brand business model, MIPS Brain Protection System is sold to the global helmet industry. The solution is based on over 20 years of research and development together with the Royal Institute of Technology and the Karolinska Institute, both located in Stockholm, Sweden.

MIPS' headquarter with 56 employees engaged in research and development, sales and administration is in Stockholm, where its product and technology test facility is also located. Production and manufacturing operations take place at sub-contractor facilities. MIPS' net sales during 2020 amounted to SEK 365m and the operating margin was 45.8%. The MIPS share is traded on the Nasdaq Stockholm stock exchange. For more information, visit www.mipscorp.com.

This information is of such nature that MIPS AB (publ) is obliged to disclose it in accordance with the EU's Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on 28 October 2021 at 7.30 a.m. CET.

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



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Safety for helmets