

Interim report January–March 2021

January–March 2021

- Net sales increased by 48% to SEK 83m (56),
Organic growth amounted to 66% during the quarter
- Operating profit amounted to SEK 39m (16)
- Operating margin was 47.4% (29.1)
- Cash flow from operating activities amounted to SEK 69m (15)
- Earnings per share, diluted, amounted to SEK 1.22 (0.47)

The MIPS Group in brief

SEKm	Jan-Mar 2021	Jan-Mar 2020	Δ%	Full year 2020
Net sales	83	56	48	365
Gross profit	60	40	51	265
Gross margin, %	72.5	70.8	-	72.8
Operating profit (EBIT)	39	16	141	167
Operating margin (EBIT-margin), %	47.4	29.1	-	45.8
Profit for the period	32	12	167	129
Earnings per share basic, SEK	1.23	0.48	157	4.96
Earnings per share diluted, SEK	1.22	0.47	160	4.93
Cash flow from operating activities	69	15	361	116
Dividend per share, SEK	-	-	-	3.50

For definitions and description of performance measures and alternative performance measures, please visit www.mipscorp.com
For information and derivation of adjusted items 2020, please see pages 16-17

CEO's comments

Strong start to the year with 66% organic growth

2021 got off to a flying start with 66% organic growth during the first quarter, despite the fact that we see challenges in the world around us, especially in the supply chain. Once again, our business model has proven to be resilient, and we managed the challenges we faced successfully. The first quarter, which is normally our smallest quarter, became the fourth largest quarter ever in terms of sales. I am also pleased to note that we for the first time reached an EBIT margin above 40 percent in the first quarter. Growth was primarily driven by the Sport helmet category, which continued to show good demand for bicycle helmets. It is important to note that we have soft comparative numbers, as most factories did not produce at full capacity during the first quarter last year. We saw a softer development in the Motorcycle category during the first quarter, mainly related to the phasing of production during the year and prioritization in helmet factories. Our positive view of the Motorcycle category remains unchanged.

Growth continues primarily to be with our existing customers who are expanding their product range with MIPS and we see continued good development in the number of new customers.

Operating profit increased by 141 percent during the quarter and amounted to SEK 39m (16). We also saw a strong improvement in the operating margin, which increased to 47.4% (29.1). Additionally, we achieved strong development in operating cash flow with SEK 69m (15).

Continued investments in marketing

Raising awareness of the MIPS brand and its products is a priority for us. We work with several different tools to raise awareness around the world. Our most important tool is PR, where we have expanded our collaboration with more partners to increase our reach and the understanding of MIPS' function in a helmet. The process of going from trade press to daily media is an important part of becoming more relevant to the average consumer.

During the quarter, we welcomed additional athletes to our Team MIPS. First out was Kate Courtney together with the Scott SRAM team, which also includes former Olympic gold medalist Nino Schurter. Kate, who in addition to being one of the foremost in mountain biking, is a fantastic ambassador for raising awareness about brain damage and the importance of having a good helmet.

The other team, that we launched in mid-April, is the Honda RC team, which is a world leading in Motocross. The team consists of several world-leading racers, the foremost being Tim Gajser. He is a four times MXGP champion. The Honda team is an important part of being able to establish ourselves in Motorsport. We will continue to launch additional athletes in the year 2021.

Helmet category Sports - Strong demand for bicycle helmets

Historically, the first quarter has been dominated by the production of primarily snow helmets. This was not the case this year, since most of our sales continued to support the increased demand for bicycle helmets around the world. We have previously talked about that the industry was projecting it would take at least until the end of the first half of the year before stock levels return to normal again. Now with less than a quarter to go, we see that this will not be the case and that stock levels will continue to be challenged at least for the rest of the season.

We have previously communicated that we foresaw a soft season ahead of us in the sale of snow helmets. However, global developments were less negative than we originally expected. Southern and Central Europe has had a challenging season with closed ski resorts far into the season. While in MIPS' larger markets, such as the USA and the Nordic countries, sales of ski helmets have been relatively good. We do not expect that stock levels will hamper sales for next season, to the extent that we previously thought.

Helmet category Motorcycle - Continued good consumer demand for our solutions

In our Motorcycle category, we saw soft sales resulting in a decrease compared to last year. The reduction is entirely due to a shift in production of motorcycle helmets with MIPS and a negative impact from currency exchange rates. There are a number of new brands that are launching helmet solutions with MIPS and we continue to see a good development at the consumer level, which means that we will see strong growth in this category this year as well.

Helmet category Safety - Deployment with our first international customer

In connection with the release of the Year-end report, our first international collaboration in the Security category was communicated with the English helmet brand Centurion. The first launch of a helmet equipped with MIPS safety system took place at the end of the quarter and the first helmets have reached customers. Our launch attracted great interest in England and we continue to see good potential for continued rollout to other brands and other international markets.

Good start to 2021. Our financial goals remain unchanged

2021 has started in a very satisfactory way. We have continued to advance our positions in all three of our categories. We continue with our activities to strengthen our brand with two new teams in Team MIPS. We see continued strong demand for our products and therefore I look forward to the journey towards achieving our long-term goals.

Stockholm, April 2021

Max Strandwitz
President and CEO



”Strong start to the year
with 66% organic
growth”

Financial performance

January – March

Net sales

Net sales for the first quarter amounted to SEK 83m (56), an increase by 48%. Adjusted for exchange rate effects, the organic growth was 66%. The increase in net sales is mainly explained by an increased demand from existing customers.

Changes in net sales

%	Jan–Mar 2021
Organic growth	66
Change in exchange rates	-19
Total	48

Gross profit

Gross profit increased by 51% to SEK 60m (40). The gross margin increased by 1.7 percentage points to 72.5% (70.8). The increase in the gross margin is mainly due to changes in the sales mix.

Operating profit (EBIT)

Operating profit increased to SEK 39m (16), corresponding to an operating margin of 47.4% (29.1). 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, initiatives within marketing and forex.

Selling expenses increased to SEK 13m (11). The increase in selling expenses is mainly explained by initiatives within marketing and costs related to strengthening the organization. Administrative expenses amounted during the quarter to SEK 10m (9). Research and development costs amounted to SEK 5m (4).

Profit for the period and earnings per share

Profit before tax amounted to SEK 41m (16). Tax expenses for the quarter amounted to SEK -9m (-4), corresponding to an effective tax rate of 21.3% (23.3). Profit for the period was SEK 32m

(12). Diluted earnings per share amounted to SEK 1.22 (0.47).

Cash flow

Cash flow from operating activities increased and amounted to SEK 69m (15). The increase is mainly explained by operating profit due to the higher sales and decreased account receivables.

Cash flow from investing activities was SEK -2m (-5). Cash flow from financing activities was SEK -1m (52) where the SEK 52m in previous year relates to premium received from exercising of warrants.

Financial position

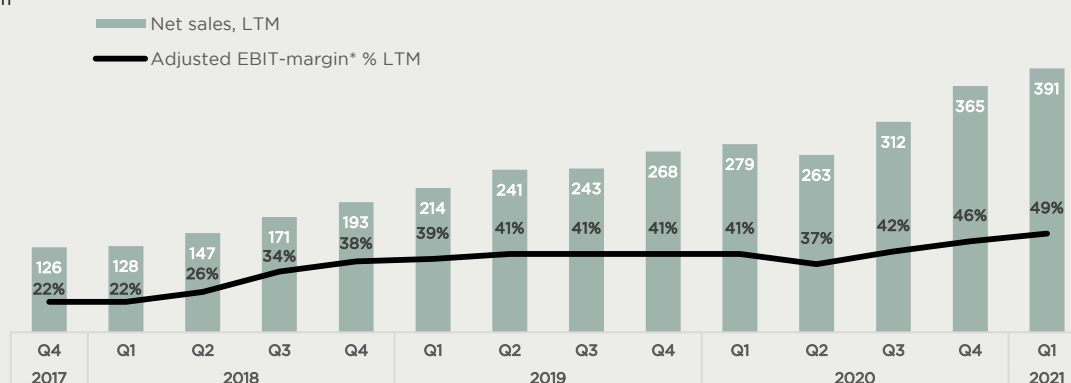
The group's total assets as of 31 March 2021 amounted to SEK 535m (421). Short-term investments of SEK 244m (173) are in their entirety invested in interest-bearing funds. The equity/assets ratio was 84% (85). Cash and cash equivalents, including short-term investments, as of 31 March 2021 amounted to SEK 341m (255).

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 SEK 3m (-11) as of 31 March 2021. 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 first quarter, investments amounted to SEK 2m (5). Investments in intangible fixed assets amounted to SEK 1m (2). Investments in tangible fixed assets were SEK 1m (3). The Group had no significant commitments as of 31 March 2021 related to investments.

SEKm



* For information and derivation of adjusted items, please see pages 16-17

Parent company

Net sales for the parent company during the quarter amounted to SEK 61m (44). Profit for the same period was SEK 30m (12).

Employees

The average number of employees during the first quarter was 62 (52), of whom 17 (14) were employed in the Chinese subsidiary. The number of employees at the end of the period was 64 (53), of whom 18 (14) were employed in the Chinese subsidiary.



Condensed consolidated income statement

SEKm	Jan-Mar 2021	Jan-Mar 2020	Full year 2020
Net sales	83	56	365
Cost of goods sold	-23	-16	-99
Gross profit	60	40	265
Selling expenses	-13	-11	-42
Administrative expenses	-10	-9	-35
Research and development expenses	-5	-4	-18
Other operating income and expenses	8	0	-4
Operating profit/loss	39	16	167
Financial income and expenses	1	0	-2
Net financial items	1	0	-2
Profit/loss before tax	41	16	165
Income taxes	-9	-4	-36
Profit/loss for the period	32	12	129
Earnings per share basic, SEK	1.23	0.48	4.96
Earnings per share diluted, SEK	1.22	0.47	4.93
Average number of shares for the period, basic (thousand)	25,996	25,436	25,996
Average number of shares for the period, diluted (thousand)	26,210	25,977	26,168

Condensed consolidated statement of comprehensive income

SEKm	Jan-Mar 2021	Jan-Mar 2020	Full year 2020
Profit/loss for the period	32	12	129
Other comprehensive income			
Items that may subsequently be transferred to profit or loss			
Foreign currency translation	1	1	0
Changes in the fair value of cash flow hedges	1	-9	14
Tax on components in other comprehensive income	0	2	-3
Items that cannot be transferred to profit or loss	-	-	-
Other comprehensive income for the period	1	-6	11
Comprehensive income for the period	33	6	140

Condensed consolidated balance sheet

SEKm	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	55	56	55
Property, plant and equipment	11	5	11
Right-of-use assets	10	14	11
Long term receivables	0	1	0
Total non-current assets	76	76	77
Current assets			
Inventories	7	3	3
Accounts receivable	94	74	138
Other current receivables	17	13	27
Current investments	244	173	181
Cash and cash equivalents	97	83	91
Total current assets	459	345	440
TOTAL ASSETS	535	421	517
EQUITY AND LIABILITIES			
Equity			
Share capital	3	3	3
Other paid in capital	274	264	274
Reserves	1	-7	10
Retained earnings incl profit/loss for the period	171	96	139
Total equity	449	356	426
Non-current liabilities			
Lease liability	7	11	8
Deferred tax liability	3	-	6
Total non-current liabilities	10	11	14
Current liabilities			
Lease liability	3	3	3
Accounts payable	33	18	33
Other current liabilities	40	33	42
Total current liabilities	76	54	77
TOTAL EQUITY AND LIABILITIES	535	421	517

Condensed consolidated statement of changes in equity

SEKm	31 Mar 2021	31 Mar 2020	31 Dec 2020
Opening equity for the period	426	298	298
Adjusted opening equity for the period	426	298	298
<i>Comprehensive income for the period</i>			
Profit/loss for the period	32	12	129
Other comprehensive income for the period	1	-6	11
Comprehensive income for the period	33	6	140
<i>Transactions with owners</i>			
Premium received from issue of stock options	-	-	18
Equity settled share based payments	-	-	0
New share issues	-	52	52
Dividend	-	-	-79
Repurchase own shares	-	-	3
Total transactions with the owners	-	52	-11
Closing equity for the period	449	356	426

Consolidated statement of cash flows

SEKm	Jan-Mar 2021	Jan-Mar 2020	Full year 2020
Operating activities			
Profit before tax	41	16	165
Adjustment for non-cash items	-3	-1	13
Income taxes paid	-6	-6	-19
Cash flow from operating activities before change in working capital	31	9	160
Cash flow from changes in working capital			
Increase (-)/decrease (+) of inventories	-4	-1	-1
Increase (-)/decrease (+) of current receivables	48	6	-63
Increase (+)/decrease (-) of current liabilities	-7	0	20
Cash flow from operating activities	69	15	116
Investing activities			
Acquisition of intangible assets	-1	-2	-5
Acquisition of property, plant and equipment	-1	-3	-10
Acquisition of financial assets	-	0	-
Cash flow from investing activities	-2	-5	-15
Financing activities			
Premium received from issue of warrants	-	-	18
Premium received from exercising of warrants	-	52	52
Paid dividend	-	-	-79
Repurchase own shares	-	-	-3
Amortization of lease debt	-1	0	-4
Cash flow from financing activities	-1	52	-15
Net change in cash & cash equivalents	66	62	85
Cash & cash equivalents at beginning of period	272	192	192
Exchange-rate difference, cash and cash equivalents	3	2	-4
Cash & cash equivalents at end of period	341	255	272

Condensed parent company income statement

SEKm	Jan-Mar 2021	Jan-Mar 2020	Full year 2020
Net sales	61	44	276
Cost of goods sold	-5	-6	-30
Gross profit	56	38	246
Selling expenses	-12	-10	-39
Administrative expenses	-10	-9	-35
Research and development expenses	-5	-3	-16
Other operating income and expenses	8	0	-4
Operating profit/loss	36	16	153
Financial income and expenses	2	0	-1
Profit after financial items	38	16	151
Appropriations	-	-	-5
Appropriations	-	-	-5
Profit/loss before tax	38	16	147
Income taxes	-8	-4	-32
Profit/loss for the period	30	12	115

Condensed parent company statement of comprehensive income

SEKm	Jan-Mar 2021	Jan-Mar 2020	Full year 2020
Profit/loss for the period	30	12	115
Other comprehensive income			
Items that may subsequently be transferred to profit or loss			
Changes in the fair value of cash flow hedges	1	-9	14
Tax on components in other comprehensive income	0	2	-3
Items that cannot be transferred to profit or loss	-	-	-
Other comprehensive income for the period	0	-7	11
Comprehensive income for the period	31	5	126

Condensed parent company balance sheet

SEKm	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	55	56	55
Property, plant and equipment	11	4	10
Participation in Group companies	1	1	1
Other financial assets	-	3	-
Total non-current assets	66	64	66
Current assets			
Inventories	0	1	0
Accounts receivable	59	54	103
Other current receivables	16	13	26
Current investments	244	173	181
Cash & cash equivalents	79	74	69
Total current assets	398	315	379
TOTAL ASSETS	464	379	446
EQUITY AND LIABILITIES			
Equity			
Restricted equity	4	4	4
Non restricted equity	409	332	389
Total equity	413	336	394
Untaxed reserves	15	10	15
Total untaxed reserves	15	10	15
<i>Non-current liabilities</i>			
Deferred tax liability	0	-	3
Total non-current liabilities	0	-	3
Current liabilities			
Accounts payable	6	7	6
Other current liabilities	29	26	28
Total current liabilities	36	33	34
TOTAL EQUITY AND LIABILITIES	464	379	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 16-17. 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 has begun, 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	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
<i>Revenue recognized at the time of delivery</i>			
Sales of goods	80	51	344
<i>Revenues reported over time</i>			
Sales of services	3	5	21
Total	83	56	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	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
North America	61	41	261
Europe	14	9	73
Sweden	3	2	13
Asia and Australia	4	4	18
Total	83	56	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 31 March 2021, the company had a total of 125 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 109 brands, within the Moto category (including the sub-categories road bike and motocross) there are 27 brands and within the Safety category (including the sub-categories industrial use and LEAF) there are three brands that have launched helmets equipped with MIPS BPS.

Income per helmet category

SEKm	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Sport	78	50	341
Moto	4	6	24
Safety	1	0	0
Total	83	56	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.

Derivatives

The fair market value of the derivatives as of 31 March 2021 amounted to SEK 3m (-11) recorded as a financial asset. Hedge accounting has been applied whereby the unrealized change in the fair value of the outstanding derivatives is primarily reported in Other comprehensive income. The fair value of short-term investments as of March 31 2021, amounts to SEK 244m (173).

Share capital

As of 31 March 2021, the total number of shares amounted to 26,183,620 (26,124,870) and the share capital amounted to SEK 2,618,362 (2,612,487). All shares are ordinary shares and carry equal voting rights. The shares have a nominal value of SEK 0.10.

Dividend

Prior to the Annual General Meeting in May, the Board of Directors has proposed a dividend of SEK 3.50 per share (3.00) for 2020, which corresponds to SEK 92m. The proposed dividend corresponds to 71% of earnings per share for the year 2020.

Repurchase of own shares

MIPS has during the fourth quarter 2020 acquired 5,749 own shares. This is to ensure the delivery of shares in connection with MIPS' outstanding long-term performance share plan, LTIP 2020. As of 31 March 2021, the company's holdings amounted to 5,749 shares, which corresponds to less than 0.1 percent of the total number of registered shares. The

number of net outstanding shares as of 31 March 2021 amounted to 26,183,620 of which 5,749 held by the company.

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.

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 38 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 4,585 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.

Annual General Meeting

The Annual General Meeting is to be held on Thursday 6 May 2021. Due to the Covid-19 pandemic, the meeting will be carried out only through postal voting pursuant to temporary legislation. It will not be possible to attend the meeting in person or by proxy.

Events after the end of the reporting period

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

Auditors report

This report has not been subject for a review engagement by the company's auditors.

Stockholm, 29 April 2021

Max Strandwitz
President and CEO



Quarterly consolidated performance measures

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	LTM
Net sales	83	140	102	66	56	87	53	83	45	62	51	56	24	391
Net sales growth, %	48	60	94	-20	25	41	3	49	91	53	88	52	12	40
Gross profit	60	103	74	49	40	66	39	62	33	47	37	41	17	282
Gross margin, %	72.5	73.3	72.2	74.2	70.8	74.9	73.0	74.6	72.8	74.9	73.1	73.6	73.3	72.5
Operating profit	39	76	55	20	16	39	20	37	12	29	21	22	2	190
Operating margin, %	47.4	54.4	53.6	29.7	29.1	44.6	38.6	44.5	26.3	46.1	40.7	39.0	7.6	48.6
Adjusted operating profit	39	76	55	20	17	40	21	38	12	29	21	22	2	191
Adjusted operating margin, %	47.4	54.4	53.6	30.8	30.1	45.4	39.5	46.0	26.3	46.1	40.7	39.0	7.6	48.8
EBITDA	42	80	59	22	19	41	24	38	13	29	21	22	2,2	203
EBITDA-margin	50.9	56.8	57.4	33.5	33.3	46.6	45.8	46.3	28.6	46.9	41.5	39.7	9.2	51.8
Depreciation	3	3	4	2	2	2	4	1	1	0	0	0	0	13
Earnings per share basic, SEK	1.23	2.24	1.61	0.61	0.48	1.19	0.63	1.15	0.38	0.87	0.62	0.68	0.07	5.70
Earnings per share diluted, SEK	1.22	2.23	1.61	0.61	0.47	1.16	0.62	1.12	0.38	0.85	0.61	0.67	0.07	5.67
Equity ratio, %	84	82	84	85	85	87	86	79	85	86	88	87	92	84
Cash flow from operating activities	69	49	29	23	15	20	12	24	8	24	31	6	8	169
Average number of employees	62	59	55	53	52	47	45	41	39	36	36	35	33	57

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 acquisition related effects on net sales, see below.

Organic growth	Jan-Mar 2021
Net sales growth	48%
Net Sales in USDm	7
Net Sales in SEKm at 2021 average USD exchange rate	60
Net Sales in SEKm at 2020 average USD exchange rate	69
Impact currency in absolute	-9
Net Sales 2020 SEKm	56
USD impact on growth	-16%
Net Sales in CNYm	15
Net Sales in SEKm at 2021 average CNY exchange rate	20
Net Sales in SEKm at 2020 average CNY exchange rate	22
Impact currency in absolute	-1
Net Sales 2020 SEKm	56
CNY impact on growth	-3%
Organic growth	66%

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.

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	LTM
Net sales	83	140	102	66	56	87	53	83	45	62	51	56	24	
Rolling														
12 month Q1 18'													24	128
Rolling														
12 month Q2 18'												56	24	147
Rolling														
12 month Q3 18'											51	56	24	171
Rolling														
12 month Q4 18'										62	51	56	24	193
Rolling														
12 month Q1 19'									45	62	51	56		214
Rolling														
12 month Q2 19'								83	45	62	51			241
Rolling														
12 month Q3 19'							53	83	45	62				243
Rolling														
12 month Q4 19'						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

Adjusted operating profit (Adjusted EBIT)

The company has not had any adjustments during the first quarter 2021. During the first and second quarter of 2020 and third and fourth quarter of 2019, 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.

Adjusted operating profit (Adjusted EBIT)

SEKm	Jan-Mar 2021	Jan-Mar 2020	Full year 2020	Full year 2019
Net sales	83	56	365	268
Operating profit	39	16	167	108
Operating margin	47.4%	28.5%	45.8%	40.3%
Items affecting comparability	-	1	1	2
Adjusted operating profit	39	17	168	110
Adjusted operating margin	47.4%	29.8%	46.2%	41.2%

Other

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MIPS will present the interim report at an audiocast via teleconference on 29 April 2021 at 10.00 a.m. CET.

To participate, please register at <https://financialhearings.com/event/13361>

FINANCIAL CALENDER	2021
6 May 2021:	Annual General Meeting 2021
22 July 2021:	Interim report January – June 2021
28 October 2021:	Interim report January – September 2021
February 2022:	Year end report 2021

Financial targets

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

GROWTH:

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

PROFITABILITY:

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

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 46 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 29 April 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.



MIPS AB

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Safety for helmets