

Year-end report 2021

October-December 2021

- Net sales increased by 41% to SEK 198m (140), organic growth amounted to 35% during the quarter
- Operating profit amounted to SEK 104m (76)
- Operating margin was 52.6% (54.4)
- Cash flow from operating activities amounted to SEK 81m (49)
- Earnings per share, diluted, amounted to SEK 3.00 (2.23)

January-December 2021

- Net sales increased by 67% to SEK 608m (365), organic growth amounted to 72%
- Operating profit amounted to SEK 326m (167)
- Operating margin was 53.6% (45.8)
- Cash flow from operating activities amounted to SEK 277m (116)
- Earnings per share, diluted, amounted to SEK 9.64 (4.93)
- The Board of Directors proposes a dividend of SEK 5.00 (3.50) per share, corresponding to 51% of net earnings during the year

The MIPS Group in brief

SEKm	Oct-Dec 2021	Oct-Dec 2020	Δ%	Jan-Dec 2021	Jan-Dec 2020	Δ%
Net sales	198	140	41	608	365	67
Gross profit	145	103	41	445	265	68
Gross margin, %	73.0	73.3	-	73.2	72.8	-
Operating profit (EBIT)	104	76	37	326	167	95
Operating margin (EBIT-margin), %	52.6	54.4	-	53.6	45.8	-
Profit for the period	80	59	36	255	129	98
Earnings per share basic, SEK	3.05	2.24	36	9.75	4.96	97
Earnings per share diluted, SEK	3.00	2.23	34	9.64	4.93	96
Cash flow from operating activities	81	49	65	277	116	139
Dividend per share, SEK	-	-	-	3.50	3.00	17

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

CEO's comments

Strong fourth quarter closes a successful year

The fourth quarter closes a successful year, with our highest ever turnover and organic growth of 35%. We are particularly pleased about the growth given that the fourth quarter of 2020 saw growth of 77% compared with the same period in 2019. We have thereby delivered organic growth of 72% for the 2021 full year.

Our scalable business model was a contributing factor to our continued progress during the quarter; despite major investments in marketing and product development, operating profit increased by 37% to SEK 104m (76). During the year, operating profit has increased by 95% to SEK 326m (167).

The operating margin amounted to 53% (54) during the quarter. For the full year, the operating margin increased to 54% (46). The operating cash flow continued to develop well amounting to SEK 81m (49) during the quarter. Cash flow continued grow stronger during the year and amounted to SEK 277m (116) for the 2021 full year.

We are satisfied with the progress made in our sustainability work this year. This year, a major part of our work involved mapping out MIPS' total climate impact which is essential for ensuring that we focus on the aspects where we can make the greatest difference. This work will form the most important building block for our future sustainability work.

The MIPS safety system is now part of 883 helmet models supplied by 143 customers

In total, we supplied the MIPS safety system to 12.6 million helmets during the year. Our largest customers have continued to expand their assortment of helmets equipped with MIPS solutions which has generated very good growth. During the year we continued to grow in all the geographic markets we operate in, and by the end of 2021 MIPS solutions had been implemented in 883 helmet models, compared to 729 helmet models the year before. The number of customers has also increased and at the end of the year we had 143 customers in total, an increase of 22 customers compared to the prior year.

Very good demand for our products, but global conditions remain unpredictable

Despite challenging times in the world, we have continued to deliver very good growth during the year. Supply chain has faced constant challenge, particularly in the fourth quarter. During the fourth quarter, many helmet factories in China were affected by the power restrictions implemented at the end of the third quarter. Consequently, the

demand for helmets could not be fully met, in terms of manufacturing. Neither in the fourth quarter nor during the full year did MIPS fail to fulfil an order, but the general demand for helmets could not be met and the helmet factories have not been able to produce at full capacity. This means that global stock levels within the retail trade continue to be low and are expected to remain so at least during the first six months this year.

It is difficult to get a view of all the future challenges, but we're convinced that we will need to manage continued constraints within our supply chain. Nonetheless, our flexible business model equips us well for the next quarter and we still see strong demand for our products going forward.

Helmet category Sport – strong progress throughout 2021

The good progress made in the Sports category continued throughout the fourth quarter with 45% growth. Volumes were driven mainly by sales of bike helmets, but also snow helmets and riding helmets.

We believe that the positive trend in the bike subcategory will continue and that we will therefore still see good consumer demand in this category going forward.

Helmet category Motorcycle – continued strong level of interest in MIPS

In the Motorcycle category we saw a decrease of -22% in sales during the quarter, completely driven by the postponement of manufacturing as the production of bike helmets was given priority in the factories during the quarter. The category grew by 47% for the full year. Our positive outlook for the category remains and we see continued high demand for helmets equipped with MIPS safety system. This quarter we participated in the first trade fair for almost two years, EICMA in Italy. While this trade fair was smaller than previous years, we experienced fantastic interest and response from the industry. We still have a very positive outlook for the Motorcycle category.

Helmet category Safety – Strong customer base established

2021 was a successful year in the Safety category. Our goal during the year was to establish a customer base, which we have achieved through a total of nine launched partnerships. We are also beginning to see a greater acceptance of and demand for MIPS products from end customers, such as large construction companies. Our focus for 2022 will be to drive sales together with our

existing customers, but naturally also to establish collaborations with new customers.

Expansion of our customer offering

During the EICMA trade fair, we launched our new Virtual Testlab (VTL) concept. VTL is the name of the method we use to perform data simulations of the properties of a helmet and virtual testing of the helmet before it goes into production. VTL is a tool that provides our customers with support in their product development, as well as an opportunity to optimize their material usage, thus allowing them to work more sustainably, efficiently and cost-effectively.

At the start of 2022, we acquired the intellectual property rights for a technology designed to optimize the EPS foam that is often used in helmets. The technology enables reduced materials usage when manufacturing helmets while also decreasing the weight of the helmets. Through this acquisitions MIPS has taken another step forward in expanding our customer offering.

Marketing investments to increase awareness

During the quarter we also launched our new trade booth, designed with our new visual identity, which was extremely well received by the fair participants, customers and others.

During the quarter we welcomed a fifth athlete to Team MIPS, Marion Haerty. She is considered one of the best snowboarders in the world and is a four-time Freeride World Tour champion. Adding Marion to our team of MIPS ambassadors for helmet safety, which now includes five top athletes, has resulted in an even more complete team.

We also rolled out our first media campaign and launched our new training academy for our customers and store personnel. Both of these initiatives are important tools for raising awareness about MIPS and our technology around the world.

Fantastic progress during the year

I am very pleased with progress during a year in which we have managed the challenges we've faced, such as shortages in capacity and raw materials, in a good way. We have continued to strengthen our position in all our three categories, we have carried out more customer projects than in any other year, we have made great progress in our sustainability work, and we have accelerated our marketing investments to ensure that we continue to raise the awareness of MIPS around the world.

These are all actions that can be difficult to implement even under normal circumstances – doing them during an ongoing pandemic and also delivering organic growth of 72% during the year is testimony to the responsibility and engagement shown by every MIPS employee during the year.

The combination of our great progress within our established categories, Sport and Motorcycle, and a new customer base within the Safety category, along with the fact that the global market for Sports helmets has grown during the pandemic, boosts our outlook for MIPS' growth opportunities. We therefore intend to present our strategy and the updated financial targets during a Capital Markets Day on 9 June 2022.

Stockholm, February 2022

Max Strandwitz
President and CEO



” Strong fourth quarter
closes a
successful year”

Financial performance

October - December

Net sales

Net sales for the fourth quarter amounted to SEK 198m (140), an increase by 41%. Adjusted for exchange rate effects, the organic growth was 35%. The increase in net sales is mainly explained by an increased demand from existing customers.

Changes in net sales

%	Oct-Dec 2021	Jan-Dec 2021
Organic growth	35	72
Change in exchange rates	6	-6
Total	41	67

Gross profit

Gross profit increased by 41% to SEK 145m (103). The gross margin decreased by 0.3 percentage points to 73.0% (73.3). The decrease in the gross margin is mainly due to changes in the sales mix.

Operating profit (EBIT)

Operating profit increased to SEK 104m (76), corresponding to an operating margin of 52.6% (54.4). The increase in operating profit is mainly explained by increased sales during the quarter partly mitigated by higher costs related to initiatives within marketing and strengthening of the organization.

Selling expenses increased to SEK 20m (11). The increase in selling expenses is mainly explained by costs related to initiatives within marketing and strengthening of the organization. Administrative expenses amounted to SEK 14m (9) during the quarter. The increase in administrative expenses is mainly explained by costs related to strengthening of the organization. Research and development costs amounted to SEK 7m (5) and is mainly explained by costs related to strengthening of the organization and investments in research and development initiatives.

Profit for the period and earnings per share

Profit before tax amounted to SEK 104m (74). Tax expenses for the quarter amounted to SEK -25m (-16), corresponding to an effective tax rate of 23.5% (21.0). Profit for the period was SEK 80m (59). Diluted earnings per share amounted to SEK 3.00 (2.23).

Cash flow

Cash flow from operating activities increased and amounted to SEK 81m (49). The increase is mainly explained by higher operating profit due to the higher sales and higher current payables, partly mitigated by an increase in current receivables, mainly account receivables, due to strong sales during the quarter.

Cash flow from investing activities was SEK -4m (-2). Cash flow from financing activities was SEK -1m (-4). Cash flow for the fourth quarter amounted to SEK 77m (44).

January - December

Net sales

Net sales for the year amounted to SEK 608m (365), an increase by 67%. Adjusted for exchange rate effects, the organic growth was 72%. The increase in net sales is mainly explained by an increased demand from existing customers.

Gross profit

Gross profit increased by 68% to SEK 445m (265). The gross margin increased by 0.4 percentage points to 73.2% (72.8). The increase in the gross margin is mainly due to changes in the sales mix.

Operating profit (EBIT)

Operating profit increased to SEK 326m (167), corresponding to an operating margin of 53.6% (45.8). The increase in operating profit is mainly explained by increased sales partly mitigated by higher costs related to strengthening of the organization, initiatives within marketing and exchange rate effects.

Selling expenses increased to SEK 57m (42). The increase in selling expenses is mainly explained by initiatives within marketing and costs related to strengthening of the organization. Administrative expenses amounted to SEK 48m (35) during the year. The increase in administrative expenses is mainly explained by higher costs related to strengthening of the organization. Research and development costs amounted to SEK 24m (18). The increase is mainly explained by costs related to strengthening of the organization and investments in research and development initiatives.

Profit for the period and earnings per share

Profit before tax amounted to SEK 328m (165). Tax expenses for the year amounted to SEK -73m (-36), corresponding to an effective tax rate of 22.2% (22.0). Profit for the period was SEK 255m (129). Diluted earnings per share amounted to SEK 9.64 (4.93).

Cash flow

Cash flow from operating activities increased and amounted to SEK 277m (116). 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 -11m (-15). Cash flow from financing activities was SEK -95m (-15) mainly attributable to paid dividend of SEK -92m. Previous year's cash flow was mainly explained by paid dividend of SEK -79m, payment received for exercising of warrants of SEK 52m and premium received from issue of warrants of SEK 18m. Cash flow for the year amounted to SEK 171m (85).

Financial position

The group's total assets as of 31 December 2021 amounted to SEK 756m (517). Short-term investments of SEK 361m (181) are in their entirety invested in interest-bearing funds. The equity/assets ratio was 76% (82). Cash and cash equivalents, including short-term investments, as of 31 December 2021 amounted to SEK 450m (272).

Reported values for assets and liabilities are in all material aspects consistent with fair market value. In order to reduce the group's short-term currency exposure, certain currency derivatives have been entered into with a bank. The derivatives are valued at fair market value, amounting to a financial liability of SEK 10m as of 31 December 2021, compared to a financial asset of SEK 18m 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 fourth quarter, investments having an impact on the cash flow amounted to SEK 4m (2). Investments in intangible fixed assets were SEK 2m (1). Investments in tangible fixed assets amounted to SEK 2m (1). During the year, investments amounted to SEK 11m (15) of which investments in intangible assets amounted to SEK 6m (5) and investments in tangible assets amounted to SEK 4m (10).

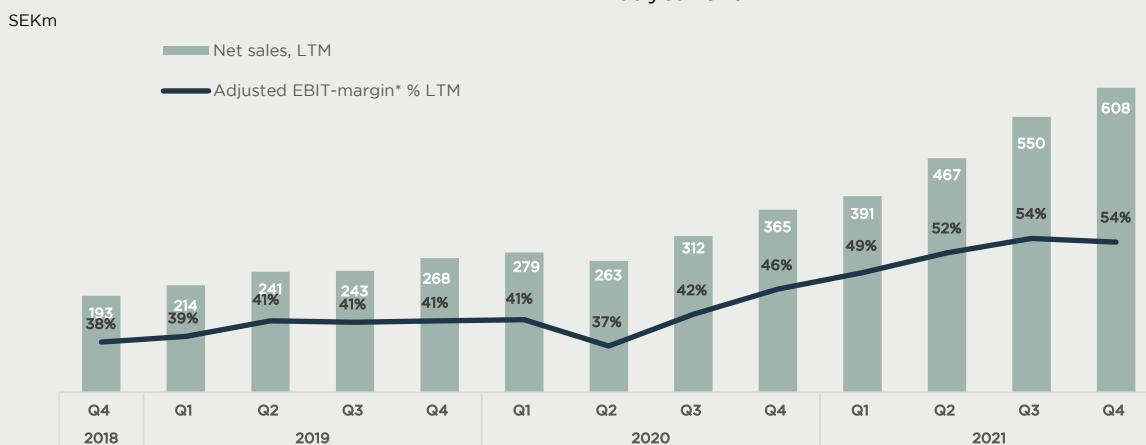
The Group had no significant commitments as of 31 December 2021 related to investments.

Parent company

Net sales during the year for the parent company amounted to SEK 435m (276). Profit for the same period was SEK 237m (115).

Employees

The average number of employees during the fourth quarter was 77 (59), of whom 21 (16) were employed in the Chinese subsidiary. The number of employees at the end of the period was 78 (61), of whom 21 (17) were employed in the Chinese subsidiary. The number of men employed was 43 and number of women employed was 35 at year end.



* For information and derivation of adjusted items please see pages 15-17



Condensed consolidated income statement

SEKm	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	198	140	608	365
Cost of goods sold	-53	-37	-163	-99
Gross profit	145	103	445	265
Selling expenses	-20	-11	-57	-42
Administrative expenses	-14	-9	-48	-35
Research and development expenses	-7	-5	-24	-18
Other operating income and expenses	0	-1	9	-4
Operating profit/loss	104	76	326	167
Financial income and expenses	0	-2	2	-2
Net financial items	0	-2	2	-2
Profit/loss before tax	104	74	328	165
Income taxes	-25	-16	-73	-36
Profit/loss for the period	80	59	255	129
Earnings per share basic, SEK	3.05	2.24	9.75	4.96
Earnings per share diluted, SEK	3.00	2.23	9.64	4.93
Average number of shares for the period, basic (thousand)	26 184	26 184	26 184	25 996
Average number of shares for the period, diluted (thousand)	26 575	26 299	26 479	26 168

Condensed consolidated statement of comprehensive income

SEKm	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Profit/loss for the period	80	59	255	129
Other comprehensive income				
Items that may subsequently be transferred to profit or loss				
Foreign currency translation	2	-1	4	0
Changes in the fair value of cash flow hedges	-4	9	-21	14
Tax on components in other comprehensive income	1	-2	4	-3
Items that cannot be transferred to profit or loss	-	-	-	-
Other comprehensive income for the period	-2	6	-13	11
Comprehensive income for the period	78	65	242	140

Condensed consolidated balance sheet

SEKm	31 Dec 2021	31 Dec 2020
ASSETS		
Non-current assets		
Intangible assets	56	55
Property, plant and equipment	11	11
Right-of-use assets	8	11
Long term receivables	0	0
Total non-current assets	76	77
Current assets		
Inventories	10	3
Accounts receivable	200	138
Other current receivables	20	27
Current investments	361	181
Cash and cash equivalents	89	91
Total current assets	680	440
TOTAL ASSETS	756	517
EQUITY AND LIABILITIES		
Equity		
Share capital	3	3
Other paid in capital	274	274
Reserves	-3	10
Retained earnings incl profit/loss for the period	303	139
Total equity	577	426
Non-current liabilities		
Lease liability	4	8
Deferred tax liability	1	6
Total non-current liabilities	5	14
Current liabilities		
Lease liability	3	3
Accounts payable	70	33
Other current liabilities	101	42
Total current liabilities	174	77
TOTAL EQUITY AND LIABILITIES	756	517

Condensed consolidated statement of changes in equity

SEKm	Jan-Dec 2021	Jan-Dec 2020
Opening equity for the period	426	298
<i>Comprehensive income for the period</i>		
Profit/loss for the period	255	129
Other comprehensive income for the period	-13	11
Comprehensive income for the period	242	140
<i>Transactions with owners</i>		
Premium received from issue of stock options	-	18
Equity settled share based payments	0	0
New share issues	-	52
Dividend	-92	-79
Repurchase own shares	-	-3
Total transactions with the owners	-91	-11
Closing equity for the period	577	426

Consolidated statement of cash flows

SEKm	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Operating activities				
Profit before tax	104	74	328	165
Adjustment for non-cash items	4	9	8	13
Income taxes paid	-21	-4	-42	-19
Cash flow from operating activities before change in working capital	87	79	294	160
Cash flow from changes in working capital				
Increase (-)/decrease (+) of inventories	2	0	-6	-1
Increase (-)/decrease (+) of current receivables	-35	-44	-58	-63
Increase (+)/decrease (-) of current liabilities	28	14	47	20
Cash flow from operating activities	81	49	277	116
Investing activities				
Acquisition of intangible assets	-2	-1	-6	-5
Acquisition of property, plant and equipment	-2	-1	-4	-10
Acquisition of financial assets	-	-	-	-
Cash flow from investing activities	-4	-2	-11	-15
Financing activities				
New share issue	-	-	-	52
Repurchase own shares	-	-3	-	-3
Premium recieved from issue of warrants	-	-	-	18
Divident paid	-	-	-92	-79
Amortization of lease debt	-1	-1	-3	-4
Cash flow from financing activities	-1	-4	-95	-15
Net change in cash & cash equivalents	77	44	171	85
Cash & cash equivalents at beginning of period	371	233	272	192
Exchange-rate difference, cash and cash equivalents	2	-4	6	-4
Cash & cash equivalents at end of period	450	272	450	272

Condensed parent company income statement

SEKm	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	139	105	435	276
Cost of goods sold	-6	-9	-26	-30
Gross profit	133	96	409	246
Selling expenses	-19	-10	-55	-39
Administrative expenses	-13	-9	-45	-35
Research and development expenses	-7	-5	-22	-16
Other operating income and expenses	0	-1	12	-4
Operating profit/loss	94	71	298	153
Financial income and expenses	0	-2	3	-1
Profit after financial items	94	69	301	151
Appropriations	-2	-5	-2	-5
Appropriations	-2	-5	-2	-5
Profit/loss before tax	92	64	299	147
Income taxes	-19	-13	-62	-32
Profit/loss for the period	73	51	237	115

Condensed parent company statement of comprehensive income

SEKm	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Profit/loss for the period	73	51	237	115
Other comprehensive income				
Items that may subsequently be transferred to profit or loss				
Changes in the fair value of cash flow hedges	-4	9	-21	14
Tax on components in other comprehensive income	1	-2	4	-3
Items that cannot be transferred to profit or loss	-	-	-	-
Other comprehensive income for the period	-3	7	-17	11
Comprehensive income for the period	69	58	220	126

Condensed parent company balance sheet

SEKm	31 Dec 2021	31 Dec 2020
ASSETS		
Non-current assets		
Intangible assets	56	55
Property, plant and equipment	11	10
Participation in Group companies	2	1
Other financial assets	2	-
Total non-current assets	71	66
Current assets		
Inventories	0	0
Accounts receivable	131	103
Other current receivables	9	26
Current investments	361	181
Cash & cash equivalents	69	69
Total current assets	571	379
TOTAL ASSETS	642	446
EQUITY AND LIABILITIES		
Equity		
Restricted equity	4	4
Non restricted equity	518	389
Total equity	522	394
Untaxed reserves	17	15
Total untaxed reserves	17	15
Current liabilities		
Accounts payable	18	6
Other current liabilities	85	32
Total current liabilities	103	38
TOTAL EQUITY AND LIABILITIES	642	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 Large Cap under the ticker MIPS.

Accounting policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretative statements by the IFRS Interpretations Committee (IFRIC) as adopted by the European Commission for use in the EU that were presented in the group's 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 is ongoing in the world, we see continued risks in the supply chain that could lead to insolvency among our customers. If MIPS' customers become insolvent, this could have a negative impact on the group. MIPS has continuously an active dialogue with its customers to be able to identify and react on any eventual insolvency situations at an early stage. The company has not noticed any issues with payments during the year at any of its customers. The company is following the development and relevant authorities' recommendations closely and are taking the measures deemed necessary to minimize the short-term and long-term impacts 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	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
<i>Revenue recognized at the time of delivery</i>				
Sales of goods	193	133	593	344
<i>Revenues re-reported over time</i>				
Sales of services	5	7	15	21
Total	198	140	608	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	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
North America	131	104	409	261
Europe	34	27	120	73
Sweden	25	5	47	13
Asia and Australia	9	4	32	18
Total	198	140	608	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 December 2021, the company had a total of 143 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 130 (107) brands, within the Moto category (including the sub-categories road bike and motocross) there are 29 (26) brands and within the Safety category (including the sub-categories industrial use and LEAF) there are 8 (2) brands that have launched helmets equipped with MIPS safety system.

Income per helmet category

SEKm	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Sport	190	130	570	341
Moto	8	10	35	24
Safety	1	0	3	0
Total	198	140	608	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 31 December 2021 amounted to a financial liability of SEK 10m compared to a financial asset of SEK 18m previous year. Hedge accounting has been applied whereby the unrealized change in fair value of the outstanding derivatives is primarily recognized in Other comprehensive income. Financial instruments (derivatives) are valued at fair value on the balance sheet and belongs to level 2 and short-term investments belongs to level 1 according to IFRS 13. The fair value of short-term investments as of 31 December 2021, amounts to SEK 361m (181).

Share capital and number of shares

As of 31 December 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 31 December 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 31 December 2021 was 26,177,871.

Dividend

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

Share-based incentive programs

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

The Group has also launched a long-term share performance program for all employees who are not participating in the warrant-based incentive program. The share performance program includes in total 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 performance 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.

Annual General Meeting

The 2022 Annual General Meeting will be held in Stockholm on 5 May 2022.

Events after the end of the reporting period

MIPS shares are as of 3 January 2022 listed on Nasdaq Stockholm Large Cap, previously listed on Mid Cap.

On 11 January 2022 MIPS completed an acquisition of patent rights and some other intangible assets related to the BiaGuard technology from BiaGuard Inc. The purchase price amounted to approximately USD 1 million, which was paid in cash, and in addition, MIPS may pay an additional purchase price of a maximum of USD 1 million based on MIPS' future sales of the BiaGuard technology. The acquisition is not estimated to have any substantial impact on Net sales or EBIT during 2022.

Auditors report

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

Stockholm 10 February 2022

Max Strandwitz
CEO and President



Quarterly consolidated performance measures

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	LTM
Net sales	198	185	142	83	140	102	66	56	87	53	83	45	62	608
Net sales growth, %	41	81	115	48	60	94	-20	25	41	3	49	91	53	67
Gross profit	145	136	105	60	103	74	49	40	66	39	62	33	47	445
Gross margin, %	73.0	73.3	73.8	72.5	73.3	72.2	74.2	70.8	74.9	73.0	74.6	72.8	74.9	73.2
Operating profit	104	110	72	39	76	55	20	16	39	20	37	12	29	326
Operating margin, %	52.6	59.6	50.7	47.4	54.4	53.6	29.7	29.1	44.6	38.6	44.5	26.3	46.1	53.6
Adjusted operating profit	104	110	72	39	76	55	20	17	40	21	38	12	29	326
Adjusted operating margin, %	52.6	59.6	50.7	47.4	54.4	53.6	30.8	30.1	45.4	39.5	46.0	26.3	46.1	53.6
EBITDA	107	113	75	42	80	59	22	19	41	24	38	13	29	338
EBITDA-margin	54.2	61.3	52.7	50.9	56.8	57.4	33.5	33.4	46.6	45.8	46.3	28.6	46.9	55.5
Depreciation	3	3	3	3	3	4	2	2	2	4	1	1	0	12
Earnings per share basic, SEK	3.05	3.38	2.10	1.23	2.24	1.61	0.61	0.48	1.19	0.63	1.15	0.38	0.87	9.75
Earnings per share diluted, SEK	3.00	3.33	2.08	1.22	2.23	1.61	0.61	0.47	1.16	0.62	1.12	0.38	0.85	9.63
Equity ratio, %	76	78	79	84	82	84	85	85	87	86	79	85	86	79
Cash flow from operating activities	81	71	56	69	49	29	23	15	20	12	24	8	24	277
Average number of employees	77	74	67	62	59	55	53	52	47	45	41	39	36	70

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	Oct-Dec 2021	Jan-Dec 2021
Net sales growth	41%	67%
Net Sales in USDm	16	51
Net Sales in SEKm at 2021 average USD exchange rate	140	437
Net Sales in SEKm at 2020 average USD exchange rate	134	459
Impact currency in absolute	6	-22
Net Sales 2020 SEKm	140	365
USD impact on growth	4%	-6%
Net Sales in CNYm	45	131
Net Sales in SEKm at 2021 average CNY exchange rate	62	175
Net Sales in SEKm at 2020 average CNY exchange rate	59	173
Impact currency in absolute	3	2
Net Sales 2020 SEKm	140	365
CNY impact on growth	2%	1%
Organic growth	35%	72%

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.

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	LTM
Net sales	198	185	142	83	140	102	66	56	87	53	83	45	62	
Rolling 12 month Q3 18'													62	193
Rolling 12 month Q4 18'												45	62	214
Rolling 12 month Q1 19'											83	45	62	241
Rolling 12 month Q2 19'										53	83	45	62	243
Rolling 12 month Q3 19'									87	53	83	45		268
Rolling 12 month Q4 19'								56	87	53	83			279
Rolling 12 month Q1 20'							66	56	87	53				263
Rolling 12 month Q2 20'						102	66	56	87					312
Rolling 12 month Q3 20'					140	102	66	56						365
Rolling 12 month Q4 20'				83	140	102	66							391
Rolling 12 month Q1 21'			142	83	140	102								467
Rolling 12 month Q2 21'		185	142	83	140									550
Rolling 12 month Q3 21'	198	185	142	83										608

Adjusted operating profit (Adjusted EBIT)

The company has not had any adjustments during the year. 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	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	198	140	608	365
Operating profit	104	76	326	167
Operating margin, %	52.6	54.4	53.6	45.8
Items affecting comparability	-	-	-	1
Adjusted operating profit	104	76	326	168
Adjusted operating margin, %	52.6	54.4	53.6	46.2

Other

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MIPS will present the interim report at an audiocast via teleconference on 10 February 2022 at 10.00 a.m. CET. To participate, please register at <https://financialhearings.com/event/43240>

FINANCIAL CALENDER

Week 12 2022:	Annual report 2021
28 April 2022:	Interim report January-March 2022
5 May 2022:	Annual General Meeting
9 June 2022:	Capital Markets Day
21 July 2022:	Interim report January-June 2022
26 October 2022:	Interim report January-September 2022

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 is a world-leader in this area. Based on an ingredient brand business model, MIPS safety system is sold to the global helmet industry. The solution is based on over 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 57 employees engaged in research and development, sales and administration is in Stockholm, where its product and technology test facility is also located. Production and manufacturing operations take place at sub-contractor facilities. MIPS' net sales during 2021 amounted to SEK 608m and the operating margin was 54 percent. The MIPS share is traded on the Nasdaq Stockholm stock exchange. For more information, visit www.mipscorp.com.

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 10 February 2022 at 7.30 a.m. CET.

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



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Safety for helmets