

Interim report January–June 2021

April–June 2021

- Net sales increased by 115% to SEK 142m (66), organic growth amounted to 139% during the quarter.
- Operating profit amounted to SEK 72m (20)
- Operating margin was 50.7% (29.7)
- Cash flow from operating activities amounted to SEK 56m (23)
- Earnings per share, diluted, amounted to SEK 2.08 (0.61)

January–June 2021

- Net sales increased by 84% to SEK 225m (122), organic growth amounted to 107%
- Operating profit amounted to SEK 111m (36)
- Operating margin was 49.5% (29.4)
- Cash flow from operating activities amounted to SEK 125m (38)
- Earnings per share, diluted, amounted to SEK 3.30 (1.07)

The MIPS Group in brief

SEKm	Apr-Jun 2021	Apr-Jun 2020	Δ%	Jan-Jun 2021	Jan-Jun 2020	Δ%	Full year 2020
Net sales	142	66	115	225	122	84	365
Gross profit	105	49	114	165	89	86	265
Gross margin, %	73.8	74.2	-	73.3	72.7	-	72.8
Operating profit (EBIT)	72	20	266	111	36	209	167
Operating margin (EBIT-margin), %	50.7	29.7	-	49.5	29.4	-	45.8
Profit for the period	55	16	246	87	28	211	129
Earnings per share basic, SEK	2.10	0.61	246	3.33	1.09	206	4.96
Earnings per share diluted, SEK	2.08	0.61	243	3.30	1.07	207	4.93
Cash flow from operating activities	56	23	146	125	38	231	116
Dividend per share, SEK	3.50	3.00	17	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

Fantastic quarter with 139 percent organic growth

After a strong start of 2021, we managed to accelerate our growth even further during the second quarter and deliver an organic growth of 139 percent. This means that during the first six months of the year we delivered an organic growth of 107 percent. Despite a challenging, supply chain, we have managed the situation in a very satisfactory way.

The increase in sales was mainly from the Sport category, driven by high demand for solutions for bicycle helmets, where our existing customers continue to broaden their range with MIPS solutions. The growth numbers were helped by weak prior year comparator due to the pandemic situation. In the Motorcycle category, demand was strong, and we saw a very good development in the quarter. We are still in an early phase in our Safety category and therefore sales can be uneven between quarters. We see great interest within Safety and we are convinced that both the number of brands and volume will increase during the year, as previously communicated.

As in many other industries, we see cost increases in many of our key materials, therefore we announced price increases to our customers that will be effective from Q3 and onwards.

Operating profit increased by 266 percent during the quarter and amounted to SEK 72m (20). During the first six months of the year, Operating profit increased by 209 percent and amounted to SEK 111m (36). The Operating margin improved during the quarter to 51 percent (30) and amounted to 49 percent (29) during the first six months of the year. Operating cash flow developed very well and amounted to SEK 56m (23) during the quarter. During the first six months of the year, operating cash flow has strengthened significantly and amounted to SEK 125m (38).

Helmet category Sport - Very strong sales growth

We continue to see a high demand for our solutions in bicycle helmets and our assumption is that this strong demand will continue for the rest of the year. We are happy to note that our sales in snow helmets were significantly better than the total winter sport market. Two key contributors: 1) More models and brands being launched equipped with MIPS and 2) The geographic exposure of our largest helmet brands. Sales in Southern and Central Europe have been weak due to temporary shut-downs of many ski resorts. In our largest markets US and the Nordic countries, on the other hand, most of the ski resorts have been open and there we see relatively good sales of snow helmets. Our assumptions for 2021 is that we will see growth also

within snow helmets, compared our previous assumption of flat to declining sales.

Helmet category Motorcycle - Very strong sales development in the second quarter

In the Motorcycle category, we delivered growth of 370 percent during the second quarter. During the first six months, we achieved a strong growth of 76 percent. Growth continues to be driven by existing brands that broadens their range with MIPS solutions, but we also see a positive effect of new brands launching helmets with MIPS solutions. We view the development in this category very positively going forward.

In Motocross, we have continued to advance our positions and we are not far behind the one we have in bicycle and snow helmets. We still have some way to go before MIPS solutions are the expected solution in road motorcycle helmets, but we see increased interest in the category and with several new brands, we advance our positions in this type of helmets as well.

Helmet category Safety - Increased interest for MIPS solutions in construction helmets

Early in July, the American helmet manufacturer PIP (Protective Industrial Products) launched its collaboration with MIPS. With the partnership with PIP, we have begun our establishment in the important American market. PIP is a leader in protective equipment, especially in hand protection, and the launch with MIPS is an important step for PIP and their continued expansion in construction helmets.

We have previously communicated that more brands within construction helmets will launch products with MIPS solutions during 2021. At the end of October, the world's largest trade fair for personal protective equipment will take place in Düsseldorf. I am happy to announce that during the fair, several new safety helmets with MIPS solutions will be launched. MIPS will thus be present in the safety category in several large European markets.

Continued good development in 2021, our financial goals remain unchanged

2021 has continued in a very satisfactory way. I am pleased with the development in all three of our categories and that we have continued to deliver against our strategic ambitions. We see continued strong demand for our products and I look forward to the journey towards achieving our long-term goals.

Stockholm, July 2021

Max Strandwitz
President and CEO



”Very strong quarter with
139% organic growth”

Financial performance

April – June

Net sales

Net sales for the second quarter amounted to SEK 142m (66), an increase by 115%. Adjusted for exchange rate effects, the organic growth was 139%. The increase in net sales is mainly explained by an increased demand from existing customers.

Changes in net sales

%	Apr-Jun 2021	Jan-Jun 2021
Organic growth	139	107
Change in exchange rates	-24	-23
Total	115	84

Gross profit

Gross profit increased by 114% to SEK 105m (49). The gross margin decreased by 0.4 percentage points to 73.8% (74.2). The decrease in the gross margin is mainly due to changes in the sales mix.

Operating profit (EBIT)

Operating profit increased to SEK 72m (20), corresponding to an operating margin of 50.7% (29.7). 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 14m (11). 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 13m (9). The increase in administrative expenses is mainly explained by costs related to strengthening the organization. Research and development costs amounted to SEK 7m (5).

Profit for the period and earnings per share

Profit before tax amounted to SEK 72m (20). Tax expenses for the quarter amounted to SEK -17m (-5), corresponding to an effective tax rate of 23.1% (22.1). Profit for the period was SEK 55m (16). Diluted earnings per share amounted to SEK 2.08 (0.61).

Cash flow

Cash flow from operating activities increased and amounted to SEK 56m (23). The increase is mainly explained by higher operating profit due to the higher sales and higher account payables, partly mitigated by an increase in account receivables.

Cash flow from investing activities was SEK -3m (-2). Cash flow from financing activities was SEK -93m (-63) attributable to dividend payment of SEK -92m (-79).

January – June

Net sales

Net sales for the first six months amounted to SEK 225m (122), an increase by 84%. Adjusted for exchange rate effects, the organic growth was 107%. The increase in net sales is mainly explained by an increased demand from existing customers.

Gross profit

Gross profit increased by 86% to SEK 165m (89). The gross margin increased by 0.6 percentage points to 73.3% (72.7). The increase in the gross margin is mainly due to changes in the sales mix.

Operating profit (EBIT)

Operating profit increased to SEK 111m (36), corresponding to an operating margin of 49.5% (29.4). The increase in operating profit is mainly explained by increased sales during the first six months partly mitigated by higher costs related to strengthening of the organization, initiatives within marketing and forex.

Selling expenses increased to SEK 26m (22). 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 six months to SEK 23m (18). The increase in administrative expenses is mainly explained by costs related to strengthening the organization. Research and development costs amounted to SEK 12m (9).

Profit for the period and earnings per share

Profit before tax amounted to SEK 112m (36). Tax expenses for the first six months amounted to SEK -25m (-8), corresponding to an effective tax rate of 22.5% (22.6). Profit for the period was SEK 87m (28). Diluted earnings per share amounted to SEK 3.30 (1.07).

Cash flow

Cash flow from operating activities increased and amounted to SEK 125m (38). The increase is mainly explained by higher operating profit due to the higher sales and decreased operating receivables.

Cash flow from investing activities was SEK -4m (-7). Cash flow from financing activities was SEK -93m attributable to dividend payment of SEK -92m. Last year amounted to SEK -11m mainly explained by paid dividend of SEK -79m, new share issue of SEK 52m and premium received from issue of warrants of SEK 18m.

Financial position

The group's total assets as of 30 June 2021 amounted to SEK 524m (377). Short-term investments of SEK 224m (149) are in their entirety invested in interest-bearing funds. The equity/assets ratio was 79% (84). Cash and cash equivalents, including short-term investments, as of 30 June 2021 amounted to SEK 302m (212).

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 2m (2) as of 30 June 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 second quarter, investments amounted to SEK 3m (2). Investments in intangible fixed assets were SEK 2m (1). Investments in tangible fixed assets amounted to SEK 1m (1). During the first six months, investments amounted to SEK 4m (7). Investments in intangible assets amounted to SEK 2m (3) and investments in tangible assets amounted to SEK 2m (4).

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

Parent company

Net sales during the first six months for the parent company amounted to SEK 163m (94). Profit for the same period was SEK 82m (25).

Employees

The average number of employees during the second quarter was 67 (53), of whom 18 (14) were employed in the Chinese subsidiary. The number of employees at the end of the period was 74 (55), of whom 21 (14) were employed in the Chinese subsidiary.



* For information and derivation of adjusted items please see pages 16-18



Condensed consolidated income statement

SEKm	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
Net sales	142	66	225	122	365
Cost of goods sold	-37	-17	-60	-33	-99
Gross profit	105	49	165	89	265
Selling expenses	-14	-11	-26	-22	-42
Administrative expenses	-13	-9	-23	-18	-35
Research and development expenses	-7	-5	-12	-9	-18
Other operating income and expenses	0	-5	8	-5	-4
Operating profit/loss	72	20	111	36	167
Financial income and expenses	0	1	1	0	-2
Net financial items	0	1	1	0	-2
Profit/loss before tax	72	20	112	36	165
Income taxes	-17	-5	-25	-8	-36
Profit/loss for the period	55	16	87	28	129
Earnings per share basic, SEK	2.10	0.61	3.33	1.09	4.96
Earnings per share diluted, SEK	2.08	0.61	3.30	1.07	4.93
Average number of shares for the period, basic (thousand)	26,184	26,178	26,184	25,807	25,996
Average number of shares for the period, diluted (thousand)	26,457	26,178	26,433	26,091	26,168

Condensed consolidated statement of comprehensive income

SEKm	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
Profit/loss for the period	55	16	87	28	129
Other comprehensive income					
Items that may subsequently be transferred to profit or loss					
Foreign currency translation	0	-1	1	0	0
Changes in the fair value of cash flow hedges	1	13	1	4	14
Tax on components in other comprehensive income	0	-3	0	-1	-3
Items that cannot be transferred to profit or loss	-	-	-	-	-
Other comprehensive income for the period	0	9	2	3	11
Comprehensive income for the period	56	25	89	31	140

Condensed consolidated balance sheet

SEKm	30 Jun 2021	30 jun 2020	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	55	56	55
Property, plant and equipment	11	6	11
Right-of-use assets	9	13	11
Long term receivables	0	0	0
Total non-current assets	76	76	77
Current assets			
Inventories	11	3	3
Accounts receivable	120	69	138
Other current receivables	16	16	27
Current investments	224	149	181
Cash and cash equivalents	78	63	91
Total current assets	448	301	440
TOTAL ASSETS	524	377	517
EQUITY AND LIABILITIES			
Equity			
Share capital	3	3	3
Other paid in capital	254	274	274
Reserves	2	2	10
Retained earnings incl profit/loss for the period	155	41	139
Total equity	413	320	426
Non-current liabilities			
Lease liability	6	10	8
Deferred tax liability	3	3	6
Total non-current liabilities	9	12	14
Current liabilities			
Lease liability	3	3	3
Accounts payable	40	18	33
Other current liabilities	60	23	42
Total current liabilities	102	44	77
TOTAL EQUITY AND LIABILITIES	524	377	517

Condensed consolidated statement of changes in equity

SEKm	Jan-Jun 2021	Jan-Jun 2020	Jan-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	87	28	129
Other comprehensive income for the period	2	3	11
Comprehensive income for the period	89	31	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	-92	-9	-11
Closing equity for the period	413	320	426

Consolidated statement of cash flows

SEKm	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
Operating activities					
Profit before tax	72	20	112	36	165
Adjustment for non-cash items	5	5	2	4	13
Income taxes paid	-6	-4	-12	-9	-19
Cash flow from operating activities before change in working capital	71	22	102	31	160
Cash flow from changes in working capital					
Increase (-)/decrease (+) of inventories	-4	-1	-7	-1	-1
Increase (-)/decrease (+) of current receivables	-26	4	21	10	-63
Increase (+)/decrease (-) of current liabilities	15	-2	9	-3	20
Cash flow from operating activities	56	23	125	38	116
Investing activities					
Acquisition of intangible assets	-2	-1	-2	-3	-5
Acquisition of property, plant and equipment	-1	-1	-2	-4	-10
Acquisition of financial assets	-	0	-	-	-
Cash flow from investing activities	-3	-2	-4	-7	-15
Financing activities					
New share issue	-	-	-	52	52
Repurchase own shares	-	-	-	-	-3
Premium recieved from issue of warrants	-	18	-	18	18
Divident paid	-92	-79	-92	-79	-79
Amortization of lease debt	-1	-2	-2	-2	-4
Cash flow from financing activities	-93	-63	-93	-11	-15
Net change in cash & cash equivalents	-39	-42	27	20	85
Cash & cash equivalents at beginning of period	341	255	272	192	192
Exchange-rate difference, cash and cash equivalents	0	-2	3	0	-4
Cash & cash equivalents at end of period	302	212	302	212	272

Condensed parent company income statement

SEKm	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
Net sales	102	50	163	94	276
Cost of goods sold	-6	-5	-11	-11	-30
Gross profit	96	45	152	83	246
Selling expenses	-13	-11	-25	-20	-39
Administrative expenses	-12	-9	-22	-18	-35
Research and development expenses	-6	-4	-11	-8	-16
Other operating income and expenses	2	-5	10	-5	-4
Operating profit/loss	66	16	103	32	153
Financial income and expenses	0	1	1	1	-1
Profit after financial items	66	17	104	33	151
Appropriations	-	-	-	-	-5
Appropriations	-	-	-	-	-5
Profit/loss before tax	66	17	104	33	147
Income taxes	-14	-4	-22	-7	-32
Profit/loss for the period	52	14	82	25	115

Condensed parent company statement of comprehensive income

SEKm	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
Profit/loss for the period	52	14	82	25	115
Other comprehensive income					
Items that may subsequently be transferred to profit or loss					
Changes in the fair value of cash flow hedges	1	13	1	4	14
Tax on components in other comprehensive income	0	-3	0	-1	-3
Items that cannot be transferred to profit or loss	-	-	0	-	-
Other comprehensive income for the period	1	10	1	3	11
Comprehensive income for the period	53	23	84	29	126

Condensed parent company balance sheet

SEKm	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	55	56	55
Property, plant and equipment	10	6	10
Participation in Group companies	1	1	1
Other financial assets	-	0	-
Total non-current assets	67	63	66
Current assets			
Inventories	1	1	0
Accounts receivable	83	53	103
Other current receivables	13	16	26
Current investments	224	149	181
Cash & cash equivalents	53	49	69
Total current assets	374	268	379
TOTAL ASSETS	441	331	446
EQUITY AND LIABILITIES			
Equity			
Restricted equity	4	4	4
Non restricted equity	371	294	389
Total equity	375	299	394
Untaxed reserves	15	10	15
Total untaxed reserves	15	10	15
Current liabilities			
Accounts payable	9	6	6
Other current liabilities	42	15	32
Total current liabilities	51	22	38
TOTAL EQUITY AND LIABILITIES	441	331	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 17-18. 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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
<i>Revenue recognized at the time of delivery</i>					
Sales of goods	138	63	218	114	344
<i>Revenues reported over time</i>					
Sales of services	4	3	6	8	21
Total	142	66	225	122	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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
North America	94	44	155	85	257
Europe	30	16	44	25	73
Sweden	7	3	11	4	13
Asia and Australia	11	3	15	8	22
Total	142	66	225	122	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 June 2021, the company had a total of 128 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 111 (98) brands, within the Moto category (including the sub-categories road bike and motocross) there are 28 (20) brands and within the Safety category (including the sub-categories industrial use and LEAF) there are 3 (1) brands that have launched helmets equipped with MIPS safety system.

Income per helmet category

SEKm	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
Sport	131	64	209	114	339
Moto	10	2	14	8	25
Safety	0	0	1	0	0
Total	142	66	225	122	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 and short-term investments

The fair market value of the derivatives as of 30 June 2021 amounted to SEK 2m (2) 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 June 30 2021, amounts to SEK 224m (149).

Share capital and number of shares

As of 30 June 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 June 2021, the company's holdings of own shares amounted to 5,749 shares, which corresponds to less than 0.1 percent of the total number of registered shares. The number of outstanding shares as of 30 June 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 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.

Events after the end of the reporting period

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



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, 22 July 2021

Magnus Welander
Chairman of the Board

Jenny Rosberg
Board member

Jonas Rahmn
Board member

Thomas Bräutigam
Board member

Pernilla Wiberg
Board member

Max Strandwitz
President and CEO

Auditors report

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

Quarterly consolidated performance measures

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	LTM
Net sales	142	83	140	102	66	56	87	53	83	45	62	51	56	467
Net sales growth, %	115	48	60	94	-20	25	41	3	49	91	53	88	52	78
Gross profit	105	60	103	74	49	40	66	39	62	33	47	37	41	341
Gross margin, %	73,8	72,5	73,3	72,2	74,2	70,8	74,9	73,0	74,6	72,8	74,9	73,1	73,6	73,1
Operating profit	72	39	76	55	20	16	39	20	37	12	29	21	22	242
Operating margin, %	50,7	47,4	54,4	53,6	29,7	29,0	44,6	38,6	44,5	26,3	46,1	40,7	39,0	51,9
Adjusted operating profit	72	39	76	55	20	17	40	21	38	12	29	21	22	242
Adjusted operating margin, %	50,7	47,4	54,4	53,6	30,8	30,1	45,4	39,5	46,0	26,3	46,1	40,7	39,0	51,9
EBITDA	75	42	80	59	22	19	41	24	38	13	29	21	22	255
EBITDA-margin	52,7	50,9	56,8	57,4	33,5	33,4	46,6	45,8	46,3	28,6	46,9	41,5	39,7	54,5
Depreciation	3	3	3	4	2	2	2	4	1	1	0	0	0	12
Earnings per share basic, SEK	2,10	1,23	2,24	1,61	0,61	0,48	1,19	0,63	1,15	0,38	0,87	0,62	0,68	7,18
Earnings per share diluted, SEK	2,08	1,22	2,23	1,61	0,61	0,47	1,16	0,62	1,12	0,38	0,85	0,61	0,67	7,14
Equity ratio, %	79	84	82	84	85	85	87	86	79	85	86	88	87	82
Cash flow from operating activities	56	69	49	29	23	15	20	12	24	8	24	31	6	203
Average number of employees	67	62	59	55	53	52	47	45	41	39	36	36	35	61

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	Apr-Jun 2021	Jan-Jun 2021
Net sales growth	115%	84%
Net Sales in USDm	12	20
Net Sales in SEKm at 2021 average USD exchange rate	105	167
Net Sales in SEKm at 2020 average USD exchange rate	119	192
Impact currency in absolute	-15	-25
Net Sales 2020 SEKm	66	122
USD impact on growth	-22%	-21%
Net Sales in CNYm	29	45
Net Sales in SEKm at 2021 average CNY exchange rate	38	58
Net Sales in SEKm at 2020 average CNY exchange rate	39	61
Impact currency in absolute	-1	-3
Net Sales 2020 SEKm	66	122
CNY impact on growth	-2%	-2%
Organic growth	139%	107%

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.

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	LTM
Net sales	142	83	140	102	66	56	87	53	83	45	62	51	56	
Rolling 12 month Q2 18'													56	147
Rolling 12 month Q3 18'												51	56	171
Rolling 12 month Q4 18'											62	51	56	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
Rolling 12 month Q2 21'	142	83	140	102										467

Adjusted operating profit (Adjusted EBIT)

The company has not had any adjustments during the first and second quarter of 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.

SEKm	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
Net sales	142	66	225	122	365
Operating profit	72	20	111	36	167
Operating margin, %	50.7	29.7	49.5	29.4	45.8
Items affecting comparability	-	1	-	1	1
Adjusted operating profit	72	20	111	37	168
Adjusted operating margin, %	50.7	30.8	49.5	30.5	46.2

Other

For further information, please contact:

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MIPS will present the interim report at an audiocast via teleconference on 22 July 2021 at 10.00 a.m. CET. To participate, please register at <https://financialhearings.com/event/13362>

FINANCIAL CALENDER

28 October 2021:	Interim report January – September 2021
10 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 53 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 and the Securities Market Act. The information was submitted for publication, through the agency of the contact persons set out above, on 22 July 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