



# Mips

## Interim report January-March 2023

### January-March 2023

- Net sales decreased by 35% to SEK 88m (137), organic growth amounted to -41% during the quarter
- Operating profit amounted to SEK 15m (62)
- Operating margin was 17.5% (45.3)
- Cash flow from operating activities amounted to SEK -42m (37)
- Earnings per share, diluted, amounted to SEK 0.55 (1.81)

### The Mips Group in brief

SEKm	Jan-Mar 2023	Jan-Mar 2022	Δ%	Full year 2022
Net sales	88	137	-35	563
Gross profit	62	99	-37	406
Gross margin, %	70.8	72.5	-	72.1
Operating profit (EBIT)	15	62	-75	229
Operating margin (EBIT-margin), %	17.5	45.3	-	40.7
Profit for the period	14	48	-70	175
Earnings per share basic, SEK	0.55	1.83	-70	6.68
Earnings per share diluted, SEK	0.55	1.81	-70	6.63
Cash flow from operating activities	-42	37	-	236
Dividend per share, SEK	-	-	-	5.00

For definitions and description of performance measures and alternative performance measures, please visit: [www.mipscorp.com](http://www.mipscorp.com)

# CEO's comments

## **Expected soft bike market affected sales and profit in the first quarter**

Soft sales in the sub-category bike meant that net sales in the first quarter decreased by 35 percent compared to the previous year. On the other hand, sales excluding bike showed good growth in the quarter. As expected, the slightly more balanced mix of categories in the quarter meant that the first quarter was less negatively affected by a cautious bike industry in general.

Bike resellers in the key US and European markets have continued to have higher inventory levels in April than they would like, and the season started relatively late due to the cooler weather. The general picture in the market, which I share, is that the situation will improve during the second quarter. The cautious start to the bike season has meant that our customers, the helmet manufacturers, have been restrictive with new orders. Despite a favourable product mix with a larger share of sales to other categories that continue to grow, the second quarter will also be relatively soft.

Operating profit decreased by 75 percent, amounting to SEK 15m (62) in the quarter, and the operating margin amounted to 17% (45) this quarter. The decrease in operating margin can largely be explained by the lower sales, continued investments within our strategic initiatives in research and development and marketing as well as negative impact of currencies.

## **Helmet category Sport - on the back of a strong snow season but a challenging market in bike helmets**

We continued to see a challenging development within bike during the first quarter. From a sales point of view, the first quarter is seasonally slower within bike. Last year we saw a slight delay in the production of helmets that there had not been time to manufacture in the fourth quarter of 2021 and were instead produced in the first quarter of last year. Within snow we have had a very strong winter season, mainly in the north American market. Due to the strong season within snow, our assessment is that there will continue to be good growth in these types of helmets coming quarters.

During the first quarter we were one of the main sponsors of the Gothenburg Horse Show, one of the largest indoor equestrian competitions in the world. The competition was watched by 70,000 spectators in the arena and by more than 35 million TV viewers worldwide. We witnessed great interest in

Mips during the event and it is an important strategic initiative to drive our growth within equestrian sports.

## **Helmet category Motorcycle - greater attention in the market thanks to Moto GP**

An exceptionally strong first quarter in the Motorcycle category last year meant that sales within the category decreased by 33 percent in the quarter. In the first quarter of 2022, the category increased by 150 percent compared to 2021, after an unmet need in production from previous years. We continue to see a good interest in Motorcycle and our positive view on the future remains.

We are very pleased that our customer Kabuto has chosen to use one of our new solutions, Mips Integra TX, in the helmet that Aleix Espargaró, one of the most famous riders in Moto GP, will wear during this year's competitions. This is the first helmet fitted with the Mips safety system within the prestigious Moto GP circus and the fact that Aleix will be one of Mips' ambassadors has already created strong media momentum in our quest to establish the brand within this type of helmet.

## **Helmet category Safety - strong development in line with our ambitious plans**

We continued to see good progress in Safety with an increase in sales compared to the prior year. We have announced several customer partnerships and those customers that have already launched helmets fitted with Mips have begun to see increased sell-through in the market. Together with existing and new customers we will participate in a number of fairs around the world. This is another step in building the awareness of Mips in the Safety category.

## **Challenges during spring, positive outlook going forward**

Despite the drop in sales shown in the first quarter, we see many bright spots going forward. Both we and the industry as a whole continue to be long-term positive about the bike market. We expect a gradual recovery of the bike market already in the second quarter and assess that Mips as a company will return to growth in the second half of the year.

In snow, we are leaving a strong winter season behind us and see good interest in the coming season. In the Safety category we are following the ambitious growth plan we set. Motorcycle has good growth prospects going forward.

We have continued to keep up the pace of investment in our strategic initiatives within product development and have strengthened the organization further as well as launched several new products. From the latest measurements we can see that awareness of Mips is growing among consumers around the world and that the associations with the brand is even more positive. In other words, we are strongly equipped to face the recovery and growth in the market that we are convinced is coming.

Given all of this, I look forward to continuing to make progress towards our long-term goals.

Stockholm, April 2023

Max Strandwitz  
President and CEO



” Expected soft bike market affected sales and profit in the first quarter.”

# Financial performance

## January - March

### Net sales

Net sales for the first quarter amounted to SEK 88m (137), a decrease of 35%. Adjusted for exchange rate effects, the organic growth was -41%. The decrease in net sales is mainly explained by a decreased demand within the bike category.

### Changes in net sales

%	Jan-Mar 2023
Organic growth	-41
Change in exchange rates	5
<b>Total</b>	<b>-35</b>

### Gross profit

Gross profit decreased by 37% to SEK 62m (99). The gross margin amounted to 70.8% (72.5) where the decrease in gross margin is mainly attributable to the higher share of fixed costs as an effect of decreased net sales.

### Operating profit (EBIT)

Operating profit decreased by 75% to SEK 15m (62), corresponding to an operating margin of 17.5% (45.3). The decrease in operating profit is mainly explained by decreased sales, strategic initiatives within marketing, strengthening of the organization and higher other operating costs related to exchange rate effects.

Selling expenses amounted to SEK 18 m (16). Administrative expenses amounted to SEK 16m (14) during the quarter. Research and development costs amounted to SEK 8m (5).

### Profit for the period and earnings per share

Profit before tax amounted to SEK 19m (61). Tax expenses for the quarter amounted to SEK -4m (-13), corresponding to an effective tax rate of 22.3 % (21.2). Profit for the period was SEK 14m (48). Diluted earnings per share amounted to SEK 0.55 (1.81).

### Cash flow

Cash flow from operating activities amounted to SEK -42m (37). The change is mainly explained by decreased earnings and increased payment of income tax mainly regarding 2021 year's profit.

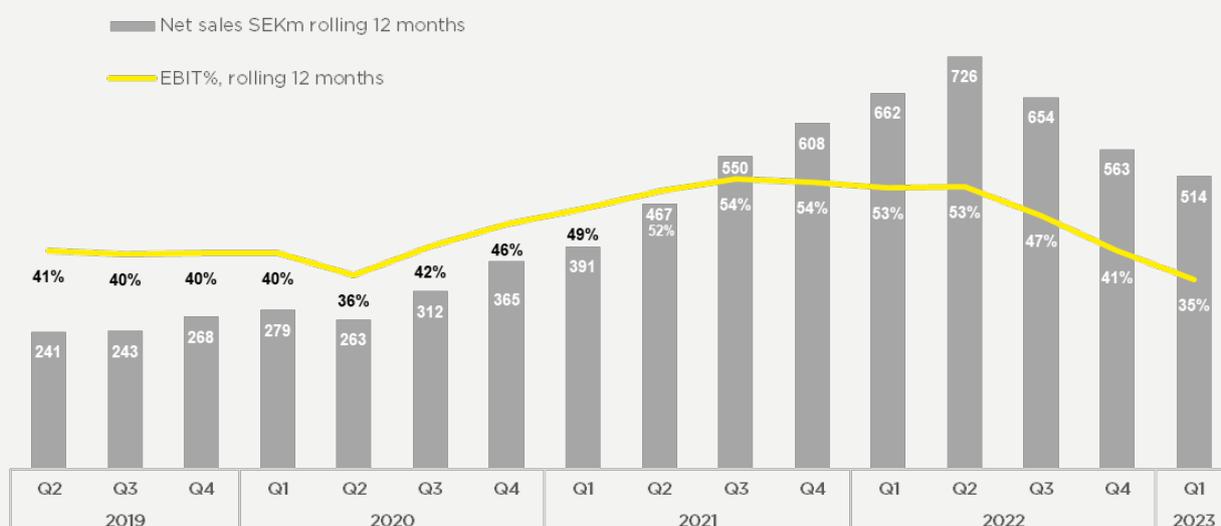
Cash flow from investing activities was SEK -2m (-12). Cash flow from financing activities was SEK -1m (-1). Cash flow for the period amounted to SEK -45 m (24).

### Financial position

The Group's total assets as of 31 March 2023 amounted to SEK 733m (786). During the quarter, non-current assets amounted to SEK 101m (103). Short-term investments of SEK 384m (380) are in their entirety invested in interest-bearing funds. The equity ratio was 88% (80). Cash and cash equivalents, including short-term investments, as of 31 March 2023 amounted to SEK 487m (478).

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 net financial liability of SEK 2m (9) as of 31 March 2023. Hedge accounting is applied, whereby the unrealized change in the fair value of the derivatives is primarily reported in Other comprehensive income.

SEKm



\* For information and derivation of adjusted items, please see pages 15-16

**Investments**

During the first quarter, investments having an impact on the cash flow amounted to SEK 2m (12). Investments in intangible fixed assets amounted to SEK 1m (10), where investments in intangible assets related to previous year mainly related to acquisition of patent rights and some other intangible assets. Investments in tangible fixed assets amounted to SEK 1m (2).

The Group had no significant commitments as of 31 March 2023 related to investments.

**Parent company**

During the quarter, net sales for the parent company amounted to SEK 63m (96). Profit for the same period was SEK 12m (43).

**Employees**

The average number of employees during the first quarter was 98 (80), of whom 24 (22) were employed in the Chinese subsidiary. The number of employees at the end of the period was 102 (86), of whom 24 (22) were employed in the Chinese subsidiary. The number of men employed was 55 and number of women employed was 47 at the end of the period.



# Condensed consolidated income statement

SEKm	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Net sales	88	137	563
Cost of goods sold	-26	-38	-157
<b>Gross profit</b>	<b>62</b>	<b>99</b>	<b>406</b>
Selling expenses	-18	-16	-75
Administrative expenses	-16	-14	-57
Research and development expenses	-8	-5	-26
Other operating income and expenses	-5	-2	-18
<b>Operating profit/loss</b>	<b>15</b>	<b>62</b>	<b>229</b>
Financial income and expenses	3	-1	-6
<b>Net financial items</b>	<b>3</b>	<b>-1</b>	<b>-6</b>
<b>Profit/loss before tax</b>	<b>19</b>	<b>61</b>	<b>223</b>
Income taxes	-4	-13	-48
<b>Profit/loss for the period</b>	<b>14</b>	<b>48</b>	<b>175</b>
Earnings per share basic, SEK	0.55	1.83	6.68
Earnings per share diluted, SEK	0.55	1.81	6.63
Average number of shares for the period, basic (thousand)	26,184	26,184	26,184
Average number of shares for the period, diluted (thousand)	26,336	26,508	26,411

# Condensed consolidated statement of comprehensive income

SEKm	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
<b>Profit/loss for the period</b>	<b>14</b>	<b>48</b>	<b>175</b>
<b>Other comprehensive income</b>			
<b>Items that may subsequently be transferred to profit or loss</b>			
Foreign currency translation	0	1	2
Changes in the fair value of cash flow hedges	5	2	3
Tax on components in other comprehensive income	-1	0	-1
<b>Items that cannot be transferred to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the period</b>	<b>4</b>	<b>3</b>	<b>5</b>
<b>Comprehensive income for the period</b>	<b>19</b>	<b>50</b>	<b>180</b>

# Condensed consolidated balance sheet

SEKm	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	72	73	72
Property, plant and equipment	12	12	13
Right-of-use assets	17	17	18
Long term receivables	0	0	0
<b>Total non-current assets</b>	<b>101</b>	<b>103</b>	<b>104</b>
<b>Current assets</b>			
Inventories	5	13	6
Accounts receivable	110	170	110
Other current receivables	30	22	14
Current investments	384	380	381
Cash and cash equivalents	102	98	152
<b>Total current assets</b>	<b>632</b>	<b>683</b>	<b>663</b>
<b>TOTAL ASSETS</b>	<b>733</b>	<b>786</b>	<b>767</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	3	3	3
Other paid in capital	274	274	274
Reserves	6	0	2
Retained earnings incl profit/loss for the period	362	351	348
<b>Total equity</b>	<b>645</b>	<b>627</b>	<b>626</b>
<b>Non-current liabilities</b>			
Lease liability	11	13	12
Other liabilities	9	8	9
Deferred tax liability	3	1	2
<b>Total non-current liabilities</b>	<b>24</b>	<b>22</b>	<b>24</b>
<b>Current liabilities</b>			
Lease liability	5	4	5
Accounts payable	31	49	29
Other liabilities	29	84	83
<b>Total current liabilities</b>	<b>64</b>	<b>137</b>	<b>117</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>733</b>	<b>786</b>	<b>767</b>

# Condensed consolidated statement of changes in equity

SEKm	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
<b>Opening equity for the period</b>	<b>626</b>	<b>577</b>	<b>577</b>
<i>Comprehensive income for the period</i>			
Profit/loss for the period	14	48	175
Other comprehensive income for the period	4	3	5
<b>Comprehensive income for the period</b>	<b>19</b>	<b>50</b>	<b>180</b>
<i>Transactions with owners</i>			
Equity settled share based payments	0	0	0
Dividend	-	-	-131
<b>Total transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>-131</b>
<b>Closing equity for the period</b>	<b>645</b>	<b>627</b>	<b>626</b>

# Consolidated statement of cash flows

SEKm	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
<b>Operating activities</b>			
Profit before tax	19	61	223
Adjustment for non-cash items	4	2	19
Income taxes paid	-59	-24	-56
<b>Cash flow from operating activities before change in working capital</b>	<b>-36</b>	<b>38</b>	<b>186</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/decrease (+) of inventories	2	-2	4
Increase (-)/decrease (+) of current receivables	-7	29	100
Increase (+)/decrease (-) of current liabilities	0	-28	-54
<b>Cash flow from operating activities</b>	<b>-42</b>	<b>37</b>	<b>236</b>
<b>Investing activities</b>			
Acquisition of intangible assets	-1	-10	-15
Acquisition of property, plant and equipment	-1	-2	-6
<b>Cash flow from investing activities</b>	<b>-2</b>	<b>-12</b>	<b>-22</b>
<b>Financing activities</b>			
Paid dividend	-	-	-131
Amortization of lease debt	-1	-1	-5
<b>Cash flow from financing activities</b>	<b>-1</b>	<b>-1</b>	<b>-136</b>
<b>Net change in cash &amp; cash equivalents</b>	<b>-45</b>	<b>24</b>	<b>78</b>
<b>Cash &amp; cash equivalents at beginning of period</b>	<b>532</b>	<b>450</b>	<b>450</b>
Exchange-rate difference, cash and cash equivalents	0	4	4
<b>Cash &amp; cash equivalents at end of period</b>	<b>487</b>	<b>478</b>	<b>532</b>

# Condensed parent company income statement

SEKm	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Net sales	63	96	395
Cost of goods sold	-6	-4	-24
<b>Gross profit</b>	<b>57</b>	<b>92</b>	<b>371</b>
Selling expenses	-17	-15	-73
Administrative expenses	-16	-13	-56
Research and development expenses	-8	-5	-25
Other operating income and expenses	-5	-2	-18
<b>Operating profit/loss</b>	<b>11</b>	<b>55</b>	<b>199</b>
Financial income and expenses	3	-1	-6
<b>Profit after financial items</b>	<b>15</b>	<b>55</b>	<b>193</b>
Appropriations	-	-	-4
<b>Appropriations</b>	<b>-</b>	<b>-</b>	<b>-4</b>
<b>Profit/loss before tax</b>	<b>15</b>	<b>55</b>	<b>189</b>
Income taxes	-3	-11	-40
<b>Profit/loss for the period</b>	<b>12</b>	<b>43</b>	<b>150</b>

# Condensed parent company statement of comprehensive income

SEKm	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
<b>Profit/loss for the period</b>	<b>12</b>	<b>43</b>	<b>150</b>
<b>Other comprehensive income</b>			
<b>Items that may subsequently be transferred to profit or loss</b>			
Changes in the fair value of cash flow hedges	5	2	3
Tax on components in other comprehensive income	-1	0	-1
<b>Items that cannot be transferred to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the period</b>	<b>4</b>	<b>1</b>	<b>3</b>
<b>Comprehensive income for the period</b>	<b>16</b>	<b>45</b>	<b>152</b>

# Condensed parent company balance sheet

SEKm	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	72	73	72
Property, plant and equipment	12	12	13
Participation in Group companies	1	1	1
Other financial assets	1	2	2
<b>Total non-current assets</b>	<b>86</b>	<b>89</b>	<b>89</b>
<b>Current assets</b>			
Inventories	-	0	-
Accounts receivable	76	123	75
Other current receivables	27	12	11
Current investments	384	380	381
Cash & cash equivalents	49	65	101
<b>Total current assets</b>	<b>536</b>	<b>580</b>	<b>568</b>
<b>TOTAL ASSETS</b>	<b>622</b>	<b>669</b>	<b>657</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity	4	4	4
Non restricted equity	555	562	539
<b>Total equity</b>	<b>559</b>	<b>567</b>	<b>543</b>
Untaxed reserves	21	17	21
<b>Total untaxed reserves</b>	<b>21</b>	<b>17</b>	<b>21</b>
<i>Non-current liabilities</i>			
Other liabilities	9	8	9
<b>Total non-current liabilities</b>	<b>9</b>	<b>8</b>	<b>9</b>
<b>Current liabilities</b>			
Accounts payable	13	8	11
Other current liabilities	20	68	72
<b>Total current liabilities</b>	<b>33</b>	<b>77</b>	<b>83</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>622</b>	<b>669</b>	<b>657</b>

# 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 2022 Annual Report. The standards and interpretative statements applied were in effect as of 1 January 2023 and had been adopted by the EU. Changed accounting policies as of 1 January 2023 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 2023

The new or amended IFRS effective as of 2023 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 15-16. Definitions of alternative performance measures are presented in the annual report and on [www.mipscorp.com](http://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. Russia's invasion of

Ukraine has affected the geopolitical situation around the world and has heightened uncertainty about future market developments. Mips has no operations in Russia or Ukraine and the direct business exposure is very limited. Mips' financial position, earnings and cash flow have not been materially affected by Russia's invasion of Ukraine, nor have the company been affected by any sanctions. In recent quarters, there has been a challenge in the demand for Mips' products due to the challenges which the bike market have had, which has negatively affected the financial results. The company continues to believe that the long-term demand for Mips' products is good. 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 material issues with payments during the quarter with 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 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.

You can read more about Mips' risks and uncertainties in Mips' annual report for 2022 from page 38-42.

### 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 2023	Jan-Mar 2022	Jan-Dec 2022
<i>Revenue recognized at the time of delivery</i>			
Sales of goods	84	132	542
<i>Revenues reported over time</i>			
Sales of services	4	5	21
<b>Total</b>	<b>88</b>	<b>137</b>	<b>563</b>

### Income by region

SEKm	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
North America	58	87	369
Europe	21	31	127
Sweden	1	14	43
Asia and Australia	9	4	25
<b>Total</b>	<b>88</b>	<b>137</b>	<b>563</b>

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. Revenues decreased during the quarter with 35% mainly driven by North America with negative growth of 33% and Europe with negative 33% growth.

### Income per helmet category

SEKm	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Sports	78	125	511
Motorcycle	7	11	47
Safety	3	1	4
<b>Total</b>	<b>88</b>	<b>137</b>	<b>563</b>

Mips has chosen to divide its business into three main helmet categories. Thus, the company's revenues are distributed over these helmet categories. Revenues for the first quarter in Sports decreased by 38% while Motorcycle decreased by 33%.

### 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 37m (42) on the full-year figures for 2022. In accordance with the company's financial policy, the company 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 2022 page 102.

### Derivatives, short-term investments and non-current liabilities

The fair value of the derivatives as of 31 March 2023 amounted to a net financial liability of SEK 2m (9). 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 March 2023 amounts to SEK 384m (380). As of 31 March 2023, Mips had a non-current liability amounting to SEK 9m (8) regarding contingent additional purchase consideration related to the acquisition of patent rights and certain other intangible assets valued at accrued acquisition value.

#### **Share capital and number of shares**

As of 31 March 2023, the total registered number 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 March 2023, 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 31 March 2023 was 26,177,871.

#### **Dividend**

Prior to the Annual General Meeting in May, the Board of Directors will propose a dividend of SEK 5.50 per share (5.00) for 2022, which corresponds to SEK 144m, based on the number of outstanding shares as per 31 March 2023. The proposed dividend corresponds to 82% of net earnings for 2022.

#### **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 334.67.

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 33 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 3,598 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 2023.

#### **Annual General Meeting**

The 2023 Annual General Meeting will be held in Täby on 10 May 2023.

#### **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 26 April 2023

Max Strandwitz  
President and CEO



# Quarterly consolidated performance measures

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	LTM
Net sales	88	107	113	206	137	198	185	142	83	140	102	66	56	514
Net sales growth, %	-35	-46	-39	45	65	41	81	115	48	60	94	-20	25	-22
Gross profit	62	77	78	151	99	145	136	105	60	103	74	49	40	369
Gross margin, %	70.8	72.3	69.0	73.4	72.5	73.0	73.3	73.8	72.5	73.3	72.2	74.2	70.8	71.8
Operating profit	15	24	37	107	62	104	110	72	39	76	55	20	16	183
Operating margin, %	17.5	22.0	32.8	51.7	45.3	52.6	59.6	50.7	47.4	54.4	53.6	29.7	29.1	35.5
Adjusted operating profit	15	24	37	107	62	104	110	72	39	76	55	20	17	183
Adjusted operating margin, %	17.5	22.0	32.8	51.7	45.3	52.6	59.6	50.7	47.4	54.4	53.6	30.8	30.1	35.5
EBITDA	20	29	41	110	65	107	113	75	42	80	59	22	19	200
EBITDA-margin, %	22.5	27.1	36.3	53.5	47.6	54.2	61.3	52.7	50.9	56.8	57.4	33.5	33.4	38.9
Depreciation/ amortization	4	6	4	4	3	3	3	3	3	3	4	2	2	18
Earnings per share basic, SEK	0.55	0.71	1.10	3.04	1.83	3.05	3.38	2.10	1.23	2.24	1.61	0.61	0.48	5.40
Earnings per share diluted, SEK	0.55	0.71	1.10	3.01	1.81	3.00	3.33	2.08	1.22	2.23	1.61	0.61	0.47	5.37
Equity ratio, %	88	82	76	74	80	76	78	79	84	82	84	85	85	88
Cash flow from operat- ing activities	-42	47	97	55	37	81	71	56	69	49	29	23	15	157
Average number of employees	98	96	93	89	80	77	74	67	62	59	55	53	52	94

## 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](http://www.mipscorp.com).

# Explanation of alternative performance measures

## Organic growth

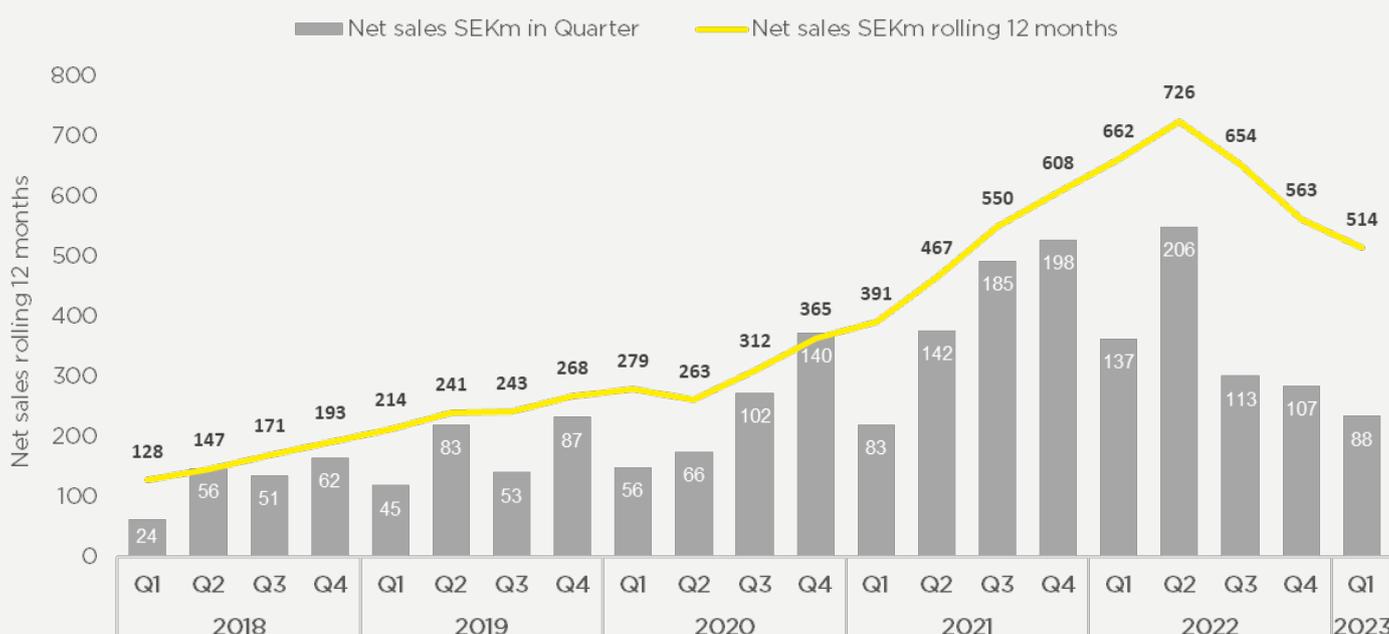
Since Mips invoices its goods and services in USD and CNY at the same time as the accounting currency is SEK, it is essential to create an understanding of how the company performs excluding currency exchange effects when recalculating sales.

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 2023
<b>Net sales growth</b>	<b>-35%</b>
Net Sales in USDm	6
Net Sales in SEKm at 2023 average USD exchange rate	66
Net Sales in SEKm at 2022 average USD exchange rate	59
Impact currency in absolute numbers	7
Net Sales 2022 SEKm	137
<b>USD impact on growth</b>	<b>5%</b>
Net Sales in CNYm	17
Net Sales in SEKm at 2023 average CNY exchange rate	25
Net Sales in SEKm at 2022 average CNY exchange rate	25
Impact currency in absolute numbers	1
Net Sales 2022 SEKm	137
<b>CNY impact on growth</b>	<b>1%</b>
<b>Organic growth</b>	<b>-41%</b>

## 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.



# Other

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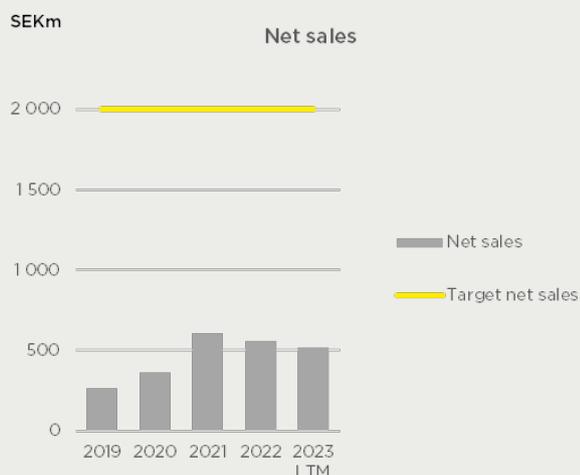
tel +46 768 34 63 66

Mips will present the interim report at an audiocast via teleconference on 26 April 2023 at 10.00 a.m. CET. To participate, please register at <https://financialhearings.com/event/45798>.

<b>FINANCIAL CALENDER</b>	<b>2023 - 2024</b>
10 May 2023:	Annual General Meeting
20 July 2023:	Interim report January-June 2023
26 October 2023:	Interim report January-September 2023
8 February 2024:	Year-end-report 2023

# About Mips

## Growth Target 2027



### 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 2 billion by 2027.

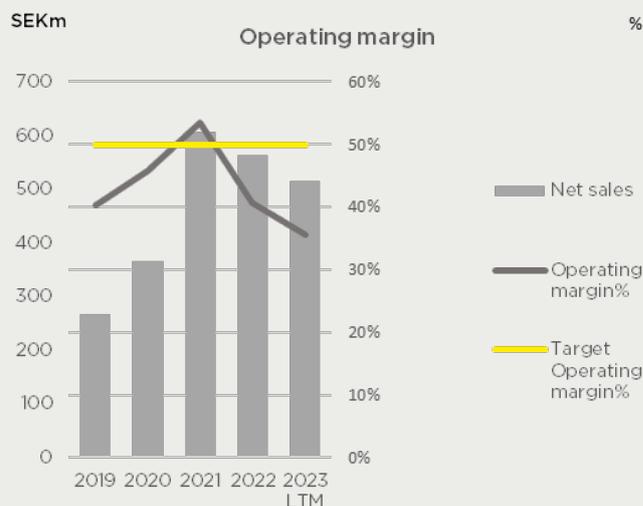
#### PROFITABILITY:

The goal is to maintain an EBIT margin of more than 50 percent.

#### DIVIDEND POLICY:

The target is to distribute approximately 50 percent of the Mips' annual net earnings as dividends.

## Profitability



### Sustainability targets

Mips is a global leader in its field and also aims to be at the forefront of its industry when it comes to sustainability. You can read about Mips' sustainability work in Mips' annual report for 2022.

Our long-term ambition includes:

#### SCIENCE BASED TARGETS:

Mips has committed to the Science Based Target initiative to reduce emissions to limit global warming to 1.5 degrees Celsius, in line with the Paris Agreement. This means that Mips' goal is to reduce its total emissions by 42 percent by the end of 2030, based on a base year of 2021, notwithstanding any growth.

#### UN GLOBAL COMPACT:

Mips has committed itself and its manufacturing partners to adhere to the ten principles of the UN Global Compact.

#### CIRCULAR PRODUCT OFFERING:

Mips uses post industrial plastic in its products but the ambition going forward is to work for more sustainably products to contribute to the climate change.

### 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 25 years of research and development together with the Royal Institute of Technology and the Karolinska Institute, both located in Stockholm, Sweden.

Mips' headquarter with 78 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 2022 amounted to SEK 563m and the operating margin was 41 percent.

The Mips share is traded on the Nasdaq Stockholm stock exchange. For more information, visit [www.mipscorp.com](http://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 26 April 2023 at 07.30 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.*

Safety for helmets

**Mips**

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