



Mips

ANNUAL REPORT
2022

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The image shows a close-up of a dark, textured fabric, likely the interior lining of a helmet. The fabric has a fine, woven pattern. In the upper left, the word "Mips" is printed in a large, white, sans-serif font. To its right is a vertical yellow bar. To the right of the bar, the words "INTEGRA" and "TX" are printed in a smaller, yellow, sans-serif font, stacked vertically.

Mips | **INTEGRA**
TX

Mips Integra TX is a textile solution that is fully integrated into the lining of the helmet and replaces the existing lining of the helmet. The integrated low-friction liner allows a movement between the head and the helmet upon oblique impact. Since TX is integrated into the liner, no modifications are needed to the original helmet.

Who is Mips?

Mips is a global leader in helmet safety. The company's patented safety system was born from science and is based on more than 25 years of research.

Rotational motion is a combination of rotational acceleration and rotational velocity. This motion leads to shearing and/or stretching of the brain tissues and increases the risk of brain injuries from oblique impact to the head. The main component in Mips' safety system is the Mips low-friction layer, which is designed to mimic the brain's own protection system and allows a small movement between the head and the helmet.

The Mips safety system can be fitted in both new and existing helmet models. Many of Mips' customers are leading helmet suppliers who incorporate the Mips safety system into their helmets. For helmet-industry brands, this means they can sell a helmet that has been designed with added protection against rotational motion, and thereby create added value and differentiate their brand. Mips' customers market the benefits of Mips' safety system and Mips' brand to the end user.

What Mips do



Mips are global leaders in helmet solutions that are designed with added protection against harmful rotational motion through our patented safety system for helmets. Mips are an ingredient brand, which means that we sell our products and license the associated technology to helmet brands who manufacture, market, and sell helmets to end-users.



Why

Mips was born from science and research, and our mission is to lead the world towards safer helmets.



For whom

Mips works with many of the leading helmet manufacturers in the Sports helmet and the Motorcycle helmet categories, and also sells solutions to brands in the Safety helmet category.

2022 in brief

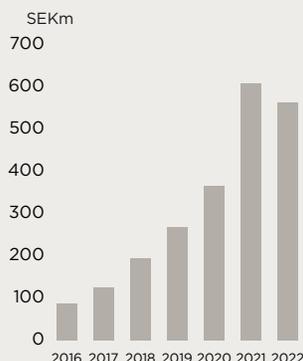
SEK 563m
Net sales 2022

SEK 229m
Operating profit 2022

41%
Operating margin 2022

82%
Distribution of net earnings 2022*

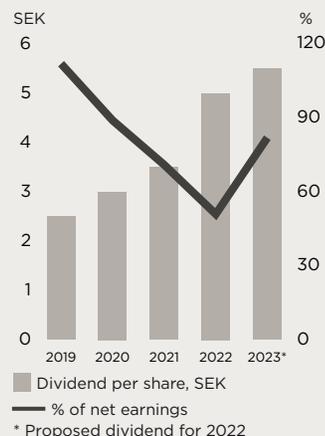
NET SALES



OPERATING PROFIT AND OPERATING MARGIN



DIVIDEND



An eventful and challenging year

Short-term uncertainty in the bike market

Weak growth in the Sports category, which overall is explained by a weaker bike market, has had a massive impact on the development of Mips' total sales compared to last year. The uncertain market situation within the bicycle sector has led to retailers having higher stock levels of bikes and bike accessories.

New agreements in Safety

In 2021, Mips launched several products in the helmet category Safety. During 2022, Mips has firmly established itself in the category and created a strong base of customers. By the end of the year, Mips had launched agreements with eleven of the largest helmet brands in the category, and three out of five of the largest construction companies in the Nordic countries now offer their employees a helmet with Mips' safety system.

Three new products launched

- In collaboration with the world leading bike brand Specialized, Mips Air Node was launched during the Tour de France.
- Mips Integra Split was launched in August in collaboration with the brand FOX.
- The last launch of the year, Mips Integra TX, took place at EICMA in collaboration with the motorcycle brand Kabuto. Integra TX is Mips' first fully integrated textile solution for helmets within the motorcycle, equestrian and snow areas.

New design identity

The look and feel of Mips' safety system doesn't only affect how people perceive Mips' brand, it also impacts how they perceive the brands of Mips' partners. Mips' new product and brand identity has been designed to enhance users' holistic experience of the helmet.

The new design identity was launched in June 2022 and has been very well received by our partners.

More ambitious sustainability targets

Mips is fully engaged in increasing the sustainability of its products, processes, and the supply chain and to contribute to the climate change. Mips has done a more detailed mapping of Mips' total climate impact during the year. Mips' ambition is to fulfil the Paris Agreement's goal of limiting global warming to 1.5 degrees. The sustainability targets for 2022 have been reached and new targets for 2023 have been set.

Updated long-term strategy and new financial targets

Mips has grown faster than expected during recent years and is now ahead of the earlier strategic plan that covered the period until 2025. Given this and the fact that Mips' addressable market has grown, Mips updated its long-term strategy in 2022 and set new financial targets with a 2027 horizon. The updated strategy and the new financial targets were presented at the company's Capital Markets Day on June 9, 2022.

The new strategy has been built on three main strategic focus areas:

1. **Grow the existing business**
2. **Open up new channels and markets**
3. **Capture new opportunities within helmet safety**

Mips' new financial targets for 2027 are:



Find out more about our updated strategy and new financial targets on pages 14-15.

Five-year overview, SEKm	2022	2021	2020	2019	2018
Net sales	563	608	365	268	193
Net sales growth, %	-7	67	36	39	53
Gross profit	406	445	265	198	142
Gross margin, %	72.1	73.2	72.8	74.1	73.9
Operating profit/loss	229	326	167	108	73
Operating margin, %	40.7	53.6	45.8	40.3	37.9
Adjusted operating profit (Adjusted EBIT)	229	326	168	111	73
Adjusted operating margin (Adjusted EBIT), %	40.7	53.6	46.2	41.2	37.9
Amortization	16	12	9	7	2
EBITDA	245	338	176	115	75
EBITDA margin, %	43.6	55.5	48.2	42.8	38.8
Profit for the year	175	255	129	85	56

A MESSAGE FROM THE CEO

Many positive steps forward during a challenging year

Just like last year, 2022 will go down in history as a different kind of year, for the world and for Mips. We have lived with the aftermath of Covid-19, the world have been affected by the terrible Russian invasion of Ukraine, and we have experienced a significant, albeit temporary, slowdown in one of Mips' most important categories, the bike category. At the same time we see new challenges due to the macroeconomic picture changing quickly, with raised interest rates, higher energy prices, and soaring inflation on food and other goods.

Despite all the above, I am positive about the future for Mips as a company. Our vision is to reduce head injuries and save more lives. We have an updated, ambitious strategy which we communicated externally at our Capital Markets Day in June 2022. I can also conclude that our business model works, even in turbulent times, and above all, we see that there is a demand for our products from brands and consumers all over the world and we especially see a positive development within our other helmet categories. Awareness of Mips has never been greater and we know that if people know what we are trying to achieve through our technology, they are willing to pay more for a helmet equipped with our technology. Given all these factors, we believe that it is even more important to keep investing in our journey and try to implement Mips in as many helmets as possible.

A strong start to the year before the bicycle industry slammed on the brakes

We started the year with two strong initial quarters when we grew by 53 percent compared to the prior year. Like the bicycle industry as a whole, we anticipated that the bicycle inventory situation would normalize and that there would even be a surplus of stock after two years of constant stock and product shortages in the bicycle industry.

What we however did not anticipate was that the bike market would slow down so sharply at the same time as consumers, mainly in Europe, became more cautious about purchasing products that were perhaps not absolutely necessary at the time being. Combine this with the fact that the products starting to be stocked were not what consumers demanded, and the slowdown became even more significant. During the pandemic, many cheaper products were produced that were relatively simple to manufacture with few input goods as there were no other products on the market to sell at the time, thus both retailers and consumers purchased whatever they could get hold of.

In retrospect, when we put all these pieces together it may seem obvious that there was a risk of a rapid slowdown, but I think there are many of us who were not able to spot the sharp deceleration that actually took place.

Our other categories and helmet models progressed well throughout the year. In Motorcycle helmets we had growth of 56 percent for the first six months and in snow helmets, which is another large part of our sales, we saw an increase of 154 percent during the first half of the year. We continued to launch several new brands within Safety, but still with relatively low sales.

When we entered the second half of the year, which has historically been dominated by sales of our solutions for bike helmets, we started to see much more cautious customers in the bike category than either we or the industry anticipated. Bike stores around the world tried to get rid of the surplus stock that existed on the market, which affected both our customers and us as a result. In September, when we



started to understand that the impact was greater than we could have predicted, we released our communication stating that we would not see the growth in sales that we and the market had been expecting. This was a communication that surprised many of Mips' employees. Internally we had not seen the cautious behavior from bike helmet manufacturers that we now saw on the market in the bike stores. We had done more customer projects than in any other year and still needed to recruit to manage all the implementation projects.

In spring 2020, at the start of the pandemic, we had faced a similar challenge, and we then asked ourselves the same questions. Will helmet usage worldwide continue to grow over the long term? Yes, we are convinced of that. Will we be able to continue to take market share in that market? The answer to that question is also yes. Given these answers both the Executive Leadership and the Board were fully convinced that we should drive a continued ambitious plan. We continue to invest to be able to deliver future growth and when the market turns, we will be better prepared than anybody else to deliver on the opportunities we have ahead of us.

Updated broader strategy and new financial targets communicated

We have delivered both sales growth and profit development that have significantly exceeded our own plan in recent years, which is why we developed an updated strategic plan and new targets.

We therefore arranged a Capital Markets Day in June. At the Capital Markets Day we communicated a revised long-term strategy and new financial targets. The strategy update primarily addresses how we intend to grow with our existing customers as this is the largest component of our plan. It also explains how we will expand our addressable market by being able to offer products at lower price-points in new channels and new geographic markets for Mips. Perhaps the plan's most exciting component for a long-term future is our ambition to offer our customers more services within helmet development than we have previously done. We are incredibly competent in helmet development, have a large number of helmet brand customers, and have tested more helmets than any other player. We therefore intend to use that knowledge to help our customers become even more successful. This is also an important element in safeguarding our own future.

Our new financial targets mean that our ambitions for 2027 are to reach net sales of more than SEK 2 billion, retain an underlying operating margin in excess of 50 percent, and have an ordinary dividend payout that exceeds 50 percent as a share of net earnings.

Important innovations within our product portfolio

During recent years we have continuously intensified our product development efforts and the first new technology we launched this year was a solution mostly targeting the bike market called Mips Air Node, which we launched together with Specialized, the leading brand in bikes, during the Tour de France bike race. Mips Air Node will also be able to be offered as an after-market product, so users themselves can replace the comfort padding fitted with Mips' safety system, which is an important step in Mips offering products that are even more consumer friendly.

During the third quarter we also launched our second technology for the year, Mips Integra Split. This solution is completely integrated into the

helmet and consists of two pieces that move independently of each other. Since the technology also allows two different densities in the helmet, the helmet can handle both lighter and harder impacts in a better way. The product was launched with FOX, a leading brand in road motorcycles and in mountain bikes, and it was well received on the market.

We also communicated our new graphic design in the third quarter, which we have put a lot of work into during the last two years. As an ingredient brand we are keen to elevate the products in which we are integrated, so we have worked with external partners to create a more consistent design identity, and also to better showcase the product based on the role it has in the market. A consumer that perhaps encounters Mips for the first time needs to see our product more clearly to understand what it does, while in the higher price-points, Mips needs to be integrated in a way where it becomes a uniform part of the actual product. I'm convinced that this is a very important step in our process to further penetrate our different markets.

In September we participated in our first Safety trade fair. We have been wanting to do this for a while but unfortunately the pandemic restricted us. Participating in trade fairs is essential in this category as we are still at an early stage in our journey. Educating and raising awareness of Mips is important for increasing sell-through sales of Mips. Mips was well-received at this trade fair, and we will participate in more Safety-related fairs in 2023.

It was time for two more fairs in the fourth quarter. One of these was the EICMA fair in Italy, which is the world's largest Motorcycle fair, where we launched Mips Integra TX, our new solution for the Motorcycle category. It is a solution where Mips' technology is fully integrated into the comfort padding of the helmet, which was received very positively by customers. Rather than having a Mips solution behind the comfort padding, Mips Integra TX enables the solution to be completely embedded. We also participated in ISPO, the world's

“Important innovations within our product portfolio”

largest winter-sports fair. It was fantastic to meet so many people from the industry again, something we haven't done for the last two years due to the pandemic.

Sustainability focus centred on people's health and the environment

Sustainability is a major priority for the company and this year we continued to increase our understanding of the total climate impact of our value chain. As a natural element of this, we joined the Science Based Target initiative (SBTi). Mips also signed the UN Global Compact and its 10 principles, which means we aim to promote the spirit of these principles regarding human rights, working conditions, the environment, and anti-corruption. Furthermore we developed a circular product offering during the year that has enabled us to start offering more sustainable recycled material in some of our products. All of these steps are important components of our long-term sustainability journey.

We are confident in our long-term plan

Even though I have only described a selection of the activities that we accomplished during the year, it is clear that a lot happened and we made a great deal of progress during 2022. While we are experiencing short-term challenges related to the slowdown in the bicycle retail chain, we are confident in our long-

term growth strategy and our long-term financial targets. Though the number of bike helmets produced has dropped after the record year in 2021, we have continued to increase our market share with more helmet models and brands using our solutions. We have also taken market share within our two other categories, Motorcycle and Safety where we continue to deliver strong growth.

I am pleased with how we have dealt with the challenges we have faced during the year. We have continued to advance our position in all three categories, we have carried out more customer projects than in any other year, we have made great progress in our sustainability work, we have increased our pace of product development, and accelerated our marketing investments to ensure that we continue to raise the awareness of Mips around the world. I look forward to our journey towards our long-term financial targets. All Mips employees have responded impressively to the challenges we've faced, and I especially want to thank them all for how they have adapted to our changing environment.

Stockholm, March 2023

Max Strandwitz
PRESIDENT AND CEO



Business model, strategy and targets



Business model - how we create value

Mips sells its products to helmet manufacturers who implement Mips' technology in helmets that are then sold to the end users. Every year Mips' ambition is to invest 5 percent of net sales into research and development to ensure that the company is always at the forefront of helmet safety. A further ambition is to invest 7 percent of net sales in marketing activities aimed at strengthening the brand and raising the end users' awareness of Mips.

RESOURCES

Operations

- Headquarters in Stockholm
- Office and warehouse in China

Employees

- Approx. 100 employees with different specialist skills

Capital

- Equity of SEK 626m

Technology

- The company's technology is founded on +25 years of research
- A high-tech test lab in Sweden
- The Mips Virtual Test Lab
- 12 unique technologies in our portfolio

IP portfolio

- Broad portfolio of patents including some 50 patent families and more than 300 granted patents

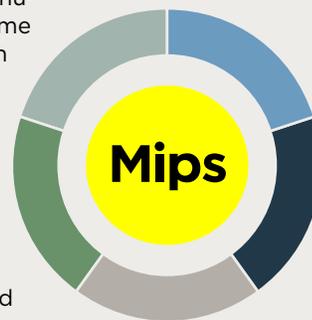
Strong brand

- Good relationships with customers in different segments of the helmet market
- High consumer awareness
- A vision with meaningful impact: Reduce head injuries - Save more lives

OUR INGREDIENT BRAND MODEL ENABLES SCALABILITY

- **Communication and sales to users**
Mainly via helmet manufacturers, but also some direct communication

- **Sales to helmet brands in several categories**
Mips has a broad customer base (over 150 customers) and long customer relationships



- **Manufacturing and quality control**
More than 80 selected third-party producers manufacture Mips' products, mainly in Asia. Office in China to ensure high quality, proximity, and sustainable manufacturing

- **Implementation**
Testing and implementation of new helmet models is done in Mips' physical lab in Sweden and in Mips Virtual Test Lab >60 000 tests so far

- **Research and development**
Own research and development and collaboration with universities and research institutes

VALUE CREATION

Helmet users

- Safety systems for helmets designed to add protection against injuries caused by rotation motion

Customers

- A product that enables helmet brands to get a premium price for the end product
- Long-term collaboration
- Differentiation

Society

- Helmets designed to add protection against injuries caused by rotation motion

Shareholders

- EBIT margin of 41% in 2022. Long-term target of >50%.
- Low working capital requirement enables a dividend level of >50%

Sub-contractors

- Long-term collaboration
- Responsible business methods

Employees

- A long-term employer
- Professional development
- A good work environment

Vision

Reduce head injuries
Save more lives

Ambition

Mips' strategic ambition is to increase the safety of everyone who wears a helmet.

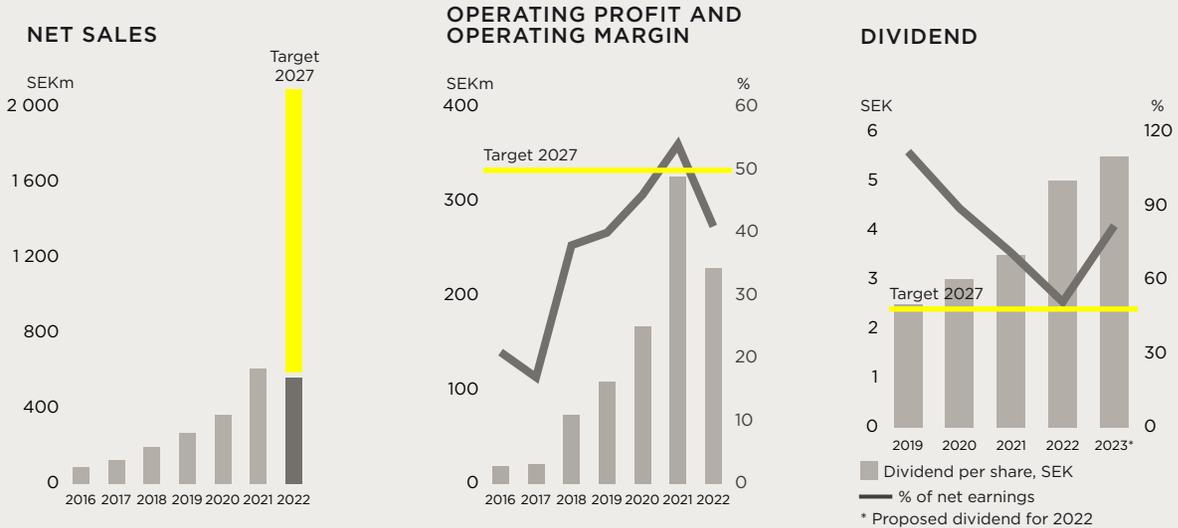
Ingredient brand

The ingredient brand model enables Mips to reach a large number of customers, and gain good exposure to end users through the helmet brands' broad and global marketing resources.

Read more about how our ingredient brand business model works on page 28, and about our research and development on page 34.

Financial targets

The company’s long-term financial targets reflect the ambitions that the Board of Directors and senior management believe to be reasonable expectations of Mips. In 2022, new, higher financial targets were set as Mips was ahead of its previous plan.



Growth
Grow net sales organically to more than SEK 2,000m by 2027.

Profitability
Maintain an operating margin of more than 50 percent.

Dividend policy
Distribute at least 50 percent of Mips’ net earnings as dividends, taking into account the company’s financial stability, future profits, investment needs, liquidity and development opportunities, as well as general economic and business conditions.
For 2022 the Board of Directors proposes a dividend of SEK 5.50 (5.00) per share, which corresponds to 82 percent of Mips’ net earnings for 2022.

Mips’ new financial targets for 2027 are:

SEK 2bn
Net sales

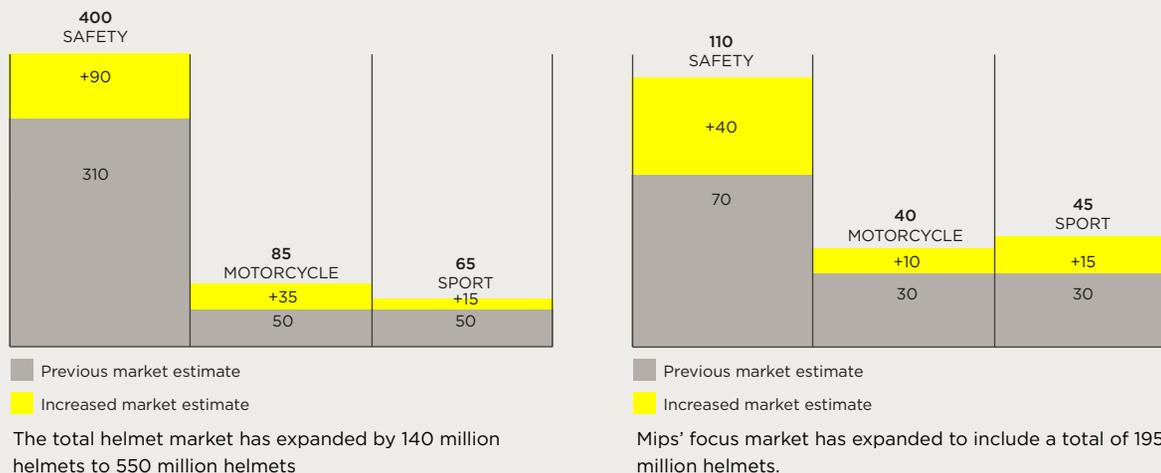
>50%
Operating margin

>50%
Distribution of net earnings

2027 Strategy

The long-term strategy for 2027 is based on the three helmet categories Sports, Motorcycle and Safety, which together represent a total focus market of 195 million helmets and with expected growth.

In 2022, an update was done of the estimated total helmet market as well as Mips' focus market. This update shows that:



Mips' strategy for 2027 consists of three focus areas

1. Grow the existing business

Continue to grow, mainly together with existing customers by expanding the range, and collaborate to drive growth in the customers' business.

Sports: Bike helmets account for 80 percent of sales within Sports and are the main focus.

Motorcycle: While the greatest growth is expected to come from on-road, there are also good growth opportunities in off-road.

Safety: Increase sales to existing customers and win a few more major customers.

Focus markets are the US and Europe.

2. Open up new channels and markets

Sports: Through low-cost solutions, Mips can be implemented in helmets with price-points as low as USD 25, which along with addressing more types of helmets, expands Mips' focus market by a further 15 million helmets. Together with selected mass-market players, Mips will expand its lower-price range.

Motorcycle: The majority of motorcycle helmets are sold in geographic markets where Mips is not currently established. Through new technologies and lower price-points, there is an opportunity to expand in markets such as India, China, South-East Asia and South America. In these regions there is also a market for scooter helmets. This means that this focus market has expanded by a total of approximately 10 million helmets.

Safety: Within Safety, Mips believes there is an opportunity to address a further 40 million or so helmets.

3. Capture new opportunities within helmet safety

Through Mips solid knowledge in helmet development and the company's vision to reduce head injuries and save more lives, it is natural for Mips to expand focus from only addressing rotational motion protection to also addressing solutions for optimization of helmet performance more broadly.

Strategy for growth

Mips wants to increase safety for every individual who wears a helmet.

To achieve this objective, Mips aims to become the obvious partner to all relevant helmet brands.

→ RAISE THE AWARENESS OF MIPS “IF YOU KNOW MIPS YOU BUY MIPS”

What

Strengthen and increase the awareness of the company's brand to ensure that end users understand the added value of Mips' technology and always look for the yellow Mips logo when buying a helmet.

Why

Mips conducts business according to an ingredient brand model. The company's goal is for its technology to be the safety solution of choice for all types of helmets. Achieving this vision requires increased awareness and understanding of Mips' technology. It also requires end users to recognize the added value of buying a helmet equipped with Mips' technology. To make this happen, Mips intends to invest about 7 percent of annual net sales in marketing over the next few years.

Historically, marketing and communications activities have primarily targeted helmet manufacturers and the media. To raise the awareness of the Mips brand, more of the communication is targeted directly to end users, and in 2021 Mips launched five product groups to make it easier for end users to understand the benefits of Mips' technology and the differences between Mips' products. This is to enable the end user to choose a system that matches their needs.

Five important focus areas for raising brand awareness include:

1. PR – broaden the scope. The focus is on educating journalists about Mips' technology so they can explain the functionality to their readers correctly.
2. Paid media – to reach a broad target group.
3. In-store concept – claim Mips' space in stores.
4. E-tail – support the brands in their marketing online.
5. Team Mips – a team of athletes who share the company's beliefs on the importance of helmet safety. They are Mips' ambassadors to raise consumer awareness of Mips as a brand.

→ OFFER A SUPERIOR PRODUCT

What

Product's and solutions based on Mips technologies, maintain and further develop an intellectual property portfolio that will continue to protect the company's technology.

Why

Mips currently has a large patent portfolio consisting of some 50 patent families and more than 300 granted patents. The company continually applies for patents to protect its technology, both in the solutions that Mips markets today and the solutions that will be marketed in the future. Mips has internal expertise in patents, but also uses external specialists when necessary to ensure the strongest possible intellectual property protection.

→ COST-EFFECTIVE AND SCALABLE TECHNOLOGY

What

Offer the best and most cost-effective solution based on science and research.

Why

Mips is a company that is founded on research. Mips aims to invest about 5 percent of net sales annually into research and development to ensure that the company continues to have superior technology with scientifically-proven functionality.

Mips is engaged in ongoing dialogue with leading universities and other technological institutes around the world to ensure that the company remains at the forefront of developments. Mips has access to one of the world's most validated data models on the brain developed by researchers at the Royal Institute of Technology in Sweden, which

→ ENABLE IMPLEMENTATION IN MORE TYPES OF HELMETS

What

Develop solutions that make it possible for Mips' technology to be included in most types of helmets.

Why

Mips has a large addressable market with the opportunity to make a difference in a large number of areas in which a helmet is worn. Mips believes it is important to be able to offer a relevant solution to more helmet users. That's why Mips constantly develops new solutions so that its technology can work in as many different types of helmets as possible. Mips currently offers twelve types of solutions, and thereby has the ability to address the majority of the focus markets.

enables the company to continue to lead the development of solutions in the field of helmet safety.

Mips is world leading within advanced numeric data simulation, Finite Element Analysis (FEA), of the human brain. This is used within research and development and within the internal product development. FEA is integrated in our development process with our customers and Mips has launched the concept "Mips Virtual Test Lab" where we with the help of data simulation enable testing of helmets virtually. Through Mips' world leading knowledge within FEA, Mips can replicate and predict the impact to the head during helmet testing. The brands can now accelerate both the development and testing processes for helmet manufacturing thanks to the FEA method, which saves time and costs, and reduces environmental impact.



SPORTS

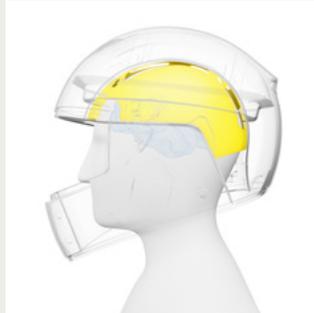
- Bike
- Snow
- Equestrian
- Team sports
- Other

Mips estimates that the market for sports helmets is currently about 65 million helmets annually. Historically, Mips' safety system has mainly been implemented in helmets with higher price points, but the company currently offers products that can be implemented in helmets at price points from USD 25.

Mips' focus market

45

million helmets



MOTORCYCLE

- On-road
- Off-road

The motorcycle market is a large global market that is fragmented in terms of type and geography. The category can be divided into two different sub-categories consisting of helmets for on-road (including scooter) and helmets for motocross (including snowmobile).

Mips estimates that the market for motorcycle helmets is currently about 85 million helmets annually.

Mips' focus market

40

million helmets



SAFETY

- Industrial
- LEAF

Helmets in the Safety category can be divided into two main sub-categories consisting of safety helmets for industrial use (mainly in the construction, manufacturing, mining, and oil industries) and helmets in Law Enforcement and the Armed Forces (LEAF), which include helmets for the police force, the military, and rescue services.

The total market for Safety helmets is estimated at about 400 million helmets annually.

Mips' focus market

110

million helmets



Market overview



Long-term global macro-trends are favourable to Mips

- **Population growth and urbanization**
General population growth and urbanization leads to greater traffic, primarily in cities. Consequently many people are looking for alternative ways to move from A to B, which is why riding bikes, mopeds and motorcycles is becoming more popular.
- **Electric vehicles**
More electric bikes, mopeds and scooters are becoming more affordable to more people. Since these vehicles normally go at faster speeds than bikes, the risk of accidents is increasing.
- **Greater disposable incomes**
Long-term higher incomes allow more people to spend money on safety for themselves and their children. This also intensifies the interest in, and possibility to do, sports for which a helmet is a natural part of the safety equipment, such as equestrian sports, climbing or winter sports.
- **Greater focus on safety**
Private individuals are becoming more safety-conscious, and the use of helmets is generally rising worldwide. Employee safety is an important issue for companies, and there is a growing interest in improving protection for employees. Helmet usage is standard in certain professions, and more companies are gradually choosing to improve protection for employees.
- **Greater focus on health**
There is a growing interest in exercising, which means that more people are riding bikes not only to get from A to B, but also to improve their health, for example through road biking or mountain biking. Interest is also growing for other sports and outdoor activities that require helmets.
- **Climate and the environment**
Increasing awareness about the climate and the environment is prompting more people to opt for more environmentally friendly and sustainable transport alternatives. Many cities are promoting commuting by bike as an alternative to driving.

Increased demand

A greater awareness of Mips' products along with global trends are increasing demand. Mips' focus market amounts to approximately 195 million helmets per year.

A number of strong trends in helmet usage

Helmet usage is growing worldwide, mostly driven by greater safety-consciousness among end users. Since Mips has an ingredient brand business model, and does not sell directly to end users, the company is reliant on end users' helmet usage and thus on sales of helmets generally. Below is a summary of the main trends that affect the company's ability to increase the penetration of Mips' technology into the global market for helmets, which thus drives the demand for Mips' products.

- **AWARENESS OF MIPS' TECHNOLOGY** – There is a growing awareness that rotational motion can be harmful to the brain and that traditional helmets are not designed to protect the brain against this, but only against injuries caused by straight impact (such as skull fractures). This is increasing consumer awareness of the advantages of Mips' technology.
- **REGULATORY REQUIREMENTS** – In summer 2020, the Fédération Internationale de Motocyclisme (FIM), which certifies motorcycle helmets for Grand Prix motorcycle racing, was the first regulatory body to require tests for oblique impacts (rotational motion) be included in their test protocols. An updated version of the European standard for motorcycle helmets (ECE 22.06) was introduced in 2021 and since January 1, 2023 it is no longer permitted to make helmets that do not comply with the standard. The updated version includes a requirement for oblique impacts in the test protocol. An active debate is underway about the importance of including rotational motion as a test protocol element when testing other helmets. This is not yet a requirement, but Mips believes that European test standards for other types of helmets will include tests for oblique impacts within a few years.

- **VALIDATING THIRD-PARTY TESTS** – Several third-party tests have been published that validate the functionality and benefit of implementing the Mips safety system in a helmet.

- **INCREASED FOCUS ON SAFETY** – Focus on safety, especially at workplaces, but also in general, is increasing over time.

The global trends are to some extent also category-specific, and the company has observed the following developments within the different categories:

- The many years of growth Mips has seen in the Sports category, mainly bikes, abated during 2022. Mips' view is that this is a short-term negative trend in the bicycle industry which will start to revert in 2023. Mips does not consider that the short-term movement in the bicycle industry will affect long-term growth opportunities in the bike sub-category. Mips assesses that growth will return to the bike market driven by strong trends such as electric bikes, commuting, and people wanting to spend more time outdoors.
- The market for Motorcycle helmets continues to grow worldwide, mainly driven by Asia and certain developing countries. Mips sees a relatively stable market and price trend in both Europe and the US.
- The market for Safety helmets is growing worldwide, mainly through increased helmet use. The volume of the type of helmet on which Mips focuses within the category is growing faster than the category overall since both end users and the companies they work for are placing higher demands on safety. Mips assesses that the US can be developed into a key market for Mips in the future.

The global helmet market

The global helmet market encompasses many areas of use that are constantly evolving.

Although the market for helmets is very large, no aggregated global data are available. Mips has therefore chosen to describe the part of the market for which concrete data are available and where the company also sees an opportunity to integrate the Mips safety system. An updated estimation of the size of the total helmet market was done in 2022. It showed that the market has grown compared to earlier calculations and that new areas have emerged that Mips can address.

Mips' three categories

Mips estimates that the total market today is 550 million helmets annually. Based on this estimate, the company has chosen to organize its operations into three different categories:

1. Sports helmets
2. Motorcycle helmets
3. Safety helmets

Mips safety systems can be integrated into almost all helmets

Mips aims to be able to offer its solution to as many helmet users as possible all over the world. The number of helmet models that can be addressed is limited by the following factors:

1. Mips adheres to the principle that it must be scientifically proven that the company's technology improves the safety of the helmet in which the Mips safety system is implemented.
2. There is a price floor for helmets in which the Mips safety system is offered, which is currently USD 25.

Historically, Mips' safety system has mainly been implemented in helmets with higher price-points.

As demand has increased and the company has developed new solutions that make it possible to offer products at lower price-points, the addressable market has grown. Mips' total addressable market is currently made up of 195 million helmets. While Mips is the market leader in solutions that address rotational motion to protect the head, to date the company has only penetrated a small portion of the total market, which means that there is still great potential for growth.

Competitors

Mips is currently the market-leading provider of helmet-based solutions that are designed to reduce rotational motion. Current competitors on the market offer solutions in only a few helmet models and helmet categories. Increased awareness of the importance of protection against rotational motion is likely to increase demand for rotational protection. One likely consequence is that competition from other players will increase.

Among those competitors that currently market a solution that is alleged to protect against rotational motion, there is a distinction between those players who serve as an ingredient brand and helmet brands that have developed their own technologies. Competition from other ingredient brands that market a solution for protection against rotational motion is currently limited to a few players that have a small number of customers as a base. Several helmet brands in the market have developed their own technology, but given that such technology is limited to a single brand, competition from these players is limited. In addition, Mips has a broad patent portfolio that to a certain degree limits the possibility for other players to launch new competing technologies.

Mips is active in three helmet categories

Mips addresses three helmet categories: Sports, Motorcycle and Safety helmets.

OVERVIEW OF TOTAL MARKET AND FOCUS MARKET, 2022

	Category	Total market (million units)	Mips' focus market (million units)
SPORTS	Bike	50	35
	Snow	6	6
	Equestrian	3	2
	Team sports	2	1
	Other	4	1
	Total	65	45
MOTORCYCLE	On-road	78	34
	Off-road	7	6
	Total	85	40
SAFETY	Industrial	390	100
	LEAF	10	10
	Total	400	110
	Total	550	195

Sports helmets

The market for different types of Sports helmets is estimated at 65 million helmets sold annually. Bike helmets account for the largest proportion of these helmets, but the category also includes helmets for snow sports, equestrian and various team sports.

It is believed that the market for Sports helmets will continue to grow, mainly driven by strong trends such as electric bikes, commuting, and people wanting to spend more time outdoors. Mips' view is that consumers today are ready to pay more for safety equipment than they were ten years ago.

Historically, Mips' safety system has mainly been implemented in helmets with higher price points, but Mips currently offers products that can be implemented in helmets with price points from USD 25. This is one of the reasons why the addressable market has grown compared to earlier assessments. Replacement cycles for helmet users in Sports helmets was previously estimated to be an average of five to eight years. Although no new data is available regarding how often helmets actually are replaced, there is a trend towards shorter replacement cycles driven by intensive product development which Mips is part of. Below is a summary of the main sub-categories of the Sports helmets category.

Bike helmets

Bike helmets are the single largest sub-category of Sports helmets, with an estimated annual volume of 50 million helmets. While Mips' safety system can today be implemented in bike helmets with price points starting at USD 25 upwards, which makes for a larger addressable market, Mips deems that the price level is still the greatest limitation within this sub-category. This portion of Mips' addressable market is estimated at 35 million helmets annually.

The bike helmet market is primarily divided into helmets for daily use and commuting, helmets for road biking, helmets for mountain biking and children's helmets, with helmets for daily use representing the largest portion. Helmets for electric bikes is a rapidly growing area, though it still represents only a small portion of the total bike helmet market.

Bike helmets currently comprise Mips' largest sales area by far and this sub-category is the source

of the majority of Mips' revenues. Awareness of Mips' technology is relatively high in this market, with the greatest level of awareness in the US market, followed by the European market. In the rest of the world, awareness of Mips' technology is still relatively low. Mips has delivered bike helmet solutions since 2010.

Snow helmets

The Snow helmets category is the second largest sub-category in the Sports helmets category. Snow helmets are used for both skiing and snowboarding. The helmets are usually divided into helmets for recreational use (children/families/novice and intermediate levels) and helmets for advanced use (alpine and freestyle). Awareness of Mips technology is generally high in this sub-category and exceptions from this are mostly geographic in nature. Mips has delivered snow helmet solutions since 2010.

Equestrian helmets

Equestrian helmets are currently divided into helmets for equestrian sports and for polo. Interest in Mips' technology from this category has historically been low but has increased substantially in recent years. However, awareness of Mips' technology in this sub-category remains low. Mips has delivered equestrian helmet solutions since 2007.

Team sports

The Team sports helmet sub-category is divided into a number of different team sports. The major team sports in which helmets are used are primarily American football, ice hockey and lacrosse. Awareness of Mips' technology in team sports is relatively low. Mips has delivered team sports solutions since 2019.

Other

The category "Other" includes helmets for activities such as climbing and white-water rafting. Awareness of Mips' technology in this sub-category is low. Mips has delivered solutions for helmets in this subcategory since 2018.

Motorcycle helmets

The market for the Motorcycle category is estimated at 85 million helmets annually.

The market for Motorcycle helmets continues to grow worldwide, mainly driven by Asia and certain developing countries. Mips sees a relatively stable market and price trend in both Europe and the US.

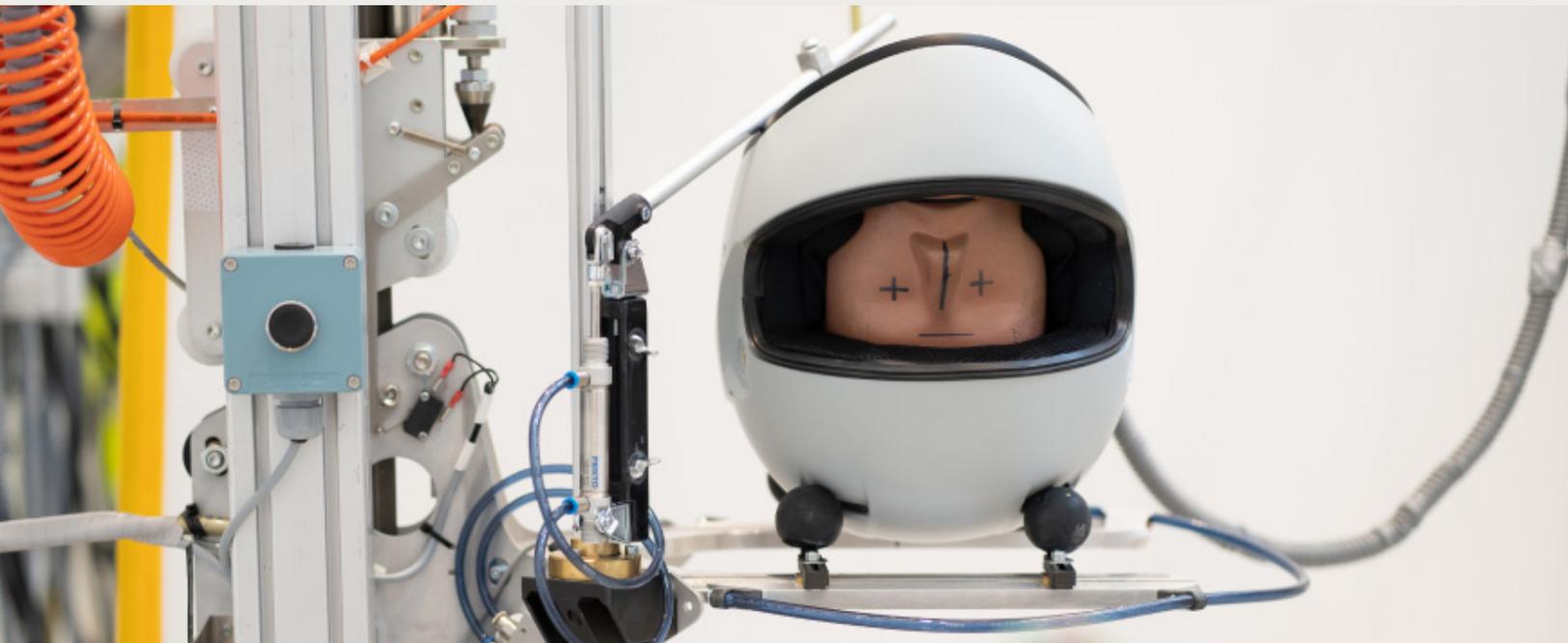
The motorcycle market is a large global market that is fragmented in terms of type and geography. The category can be divided into two sub-categories consisting of helmets for on-road motorcycles including scooter helmets, and helmets for off-road motorcycles, including snowmobiling helmets. Mips believes there is a large addressable market in both on-road and off-road motorcycles. Mips has delivered solutions for this category since 2013.

On-road

Mips' focus market in on-road motorcycles is estimated to be 34 million helmets. This category also includes scooter helmets. Awareness of Mips' technology is relatively low in this sub-category in all markets, for both on-road motorcycle helmets and scooter helmets.

Off-road

Off-road helmets also includes helmets used in snowmobiling, car driving and other activities involving travel at high speeds. Mips' focus market in this category is estimated to be 6 million helmets and awareness of Mips' technology in this sub-category is estimated to be relatively high.



Safety helmets

Helmets in the Safety category can be divided into two main sub-categories:

- Safety helmets for industrial use (mainly in the construction, manufacturing, mining, and oil industries)
- Helmets for the military, police force, and rescue services (Law Enforcement and Armed Forces, LEAF)

The market in the Safety helmets category is estimated to be 400 million helmets annually, including 390 million helmets for industrial use and 10 million for LEAF.

The market for Safety helmets is growing worldwide, mainly due to increased helmet use. The volume of the type of helmet on which Mips focuses is growing faster than the category overall since end users and the companies they work for are placing higher demands on safety.

Safety helmets for industrial use

The market for the industrial sub-category is large and is estimated to be around 390 million helmets annually. The majority of these helmets are made up of “Type I helmets”, which is a simpler form of helmet primarily intended to protect the wearer against falling objects. This type of helmet is less expensive, costing around USD 10–40. The other type of helmet in the industrial helmets sub-category is “Type II helmets,” which have been added in recent years. These helmets originate from climbing helmets and offer more complete protection. There are different types of helmets in the class “Type II helmets” that are intended to have different types of certification. These helmets are priced at USD 40–150. Mips’ addressable market encompasses helmets priced at more than USD 25, which includes Type I helmets at the higher price points and Type II helmets. Mips has delivered solutions for helmets in this sub-category since 2019.

Safety helmets for LEAF

Mips estimates that the market for helmets for the LEAF segment is more than 10 million helmets annually. Mips has launched several solutions in this sub-category, but to date has only delivered a limited number of Mips units for LEAF helmets. The main sub-categories within the helmet market for LEAF are:

HELMETS FOR MILITARY USE

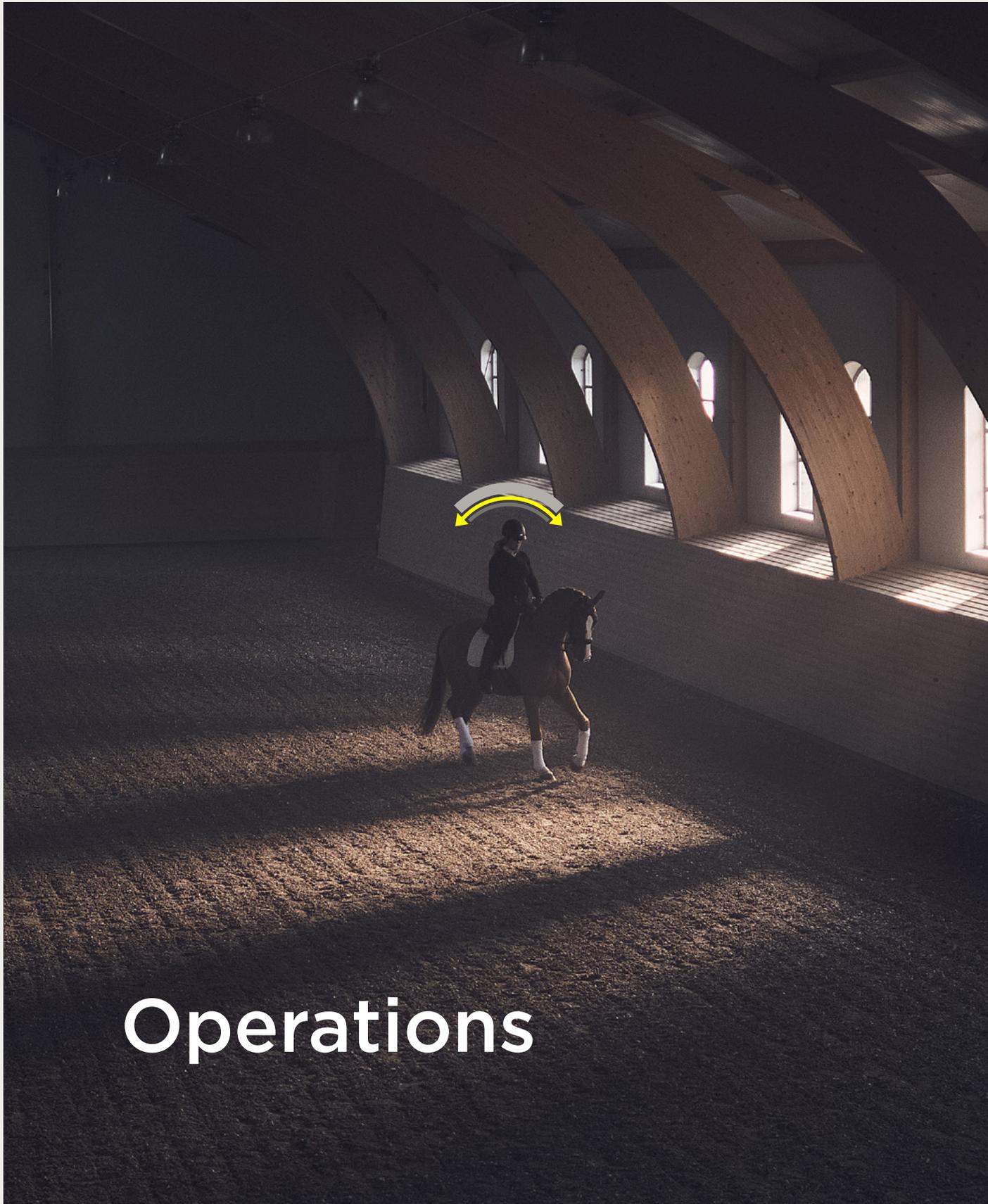
The sub-category of helmets for military use is divided into helmets for ground forces and helmets used in the air force. Helmets for ground forces are used by both regular troops and special forces. Mips is initially concentrating on helmets for special units, with the long-term ambition of also providing Mips’ solutions for helmets used by regular troops and the air force. One of the distinctive features of military helmets is that the inner liner of the helmet is usually replaced once a year, which represents a potential aftermarket for Mips.

HELMETS FOR THE POLICE

The market for police helmets comprises helmets for riot police and helmets for ballistic protection. The latter consist of helmets that are often the same as those used by military special forces; these helmets are also expected to represent an interesting aftermarket, since the inner liner is usually replaced once or twice a year.

HELMETS FOR RESCUE SERVICES

The helmets for the rescue services encompasses fire-fighters’ helmets and helmets used in other rescue situations including traffic accidents, forest fires, ambulance emergency response operations, and search and rescue missions at high altitudes and on water. Mips currently delivers solutions used for search and rescue helmets.



Operations

Mips' business as an ingredient brand

Customers and helmet brands

Mips works with many of the biggest helmet manufacturers in the world within its focus categories of Sports, Motorcycle and Safety, with Sports being the largest category today with the most customers. Mips' customer base is widening all the time, currently at more than 150 customers, a substantial number of which have been Mips customers for many years.

Mips' technology gives a helmet added value which means that a helmet equipped with Mips' safety system allows the helmet manufacturer to get a higher price. The price of a helmet equipped with Mips' safety system usually starts at around USD 25.

The scope of the company's products makes it possible to implement Mips' safety system in many different types of helmets.

The five largest customers accounted for about 48 percent (49 percent in the prior year) of sales.

Sales process

Mips' sales process can be divided into sales to existing customers and winning new customers. Mips has a standardized process for developing Mips' safety system in helmet models.

Testing and implementation

Mips' technology can be implemented in new and existing helmet models and provides the helmet brands a market differentiator.

The majority of testing and implementation of new helmet models is carried out in Mips' test lab in Stockholm, Sweden. Mips' test lab is vital in the development work and testing ahead of implement-

ing Mips' technology in specific helmet models.

Mips' test facilities have so far performed more than 60,000 helmet tests. Since 2021, Mips has offered its customers virtual testing, in the form of the Mips Virtual Test Lab (VTL), in addition to physical testing for the creation of new helmet models.

Manufacturing and quality control

Production of the components for Mips' safety system is outsourced to a variety of manufacturers based primarily in China, either within the same facilities as – or in plants in the immediate vicinity of – the helmet brands' premises. This facilitates the logistics chain, with all work to integrate Mips' safety system into the helmets being handled by the helmet brands' manufacturers. Mips' low-friction layers are produced after a purchase order is received, thus the company has a limited inventory consisting only of other safety system components.

Mips' office in China controls and supervises the production and quality in the manufacturing of the products.

Since Mips does not carry out production directly but uses sub-contractors, the production model is scalable. This means that Mips can expand deliveries substantially without major production investments or having to add significantly more resources to the organization.

Communication and sales to the end user

The ingredient brand model enables Mips to reach a large number of customers with limited costs and gain high exposure to end users through the helmet brands' broad and global marketing resources.



Mips enjoys close working relationships with its customers so as to ensure a consistent and controlled message to end users and the media. Every year, Mips aims to invest around 7 percent of its net sales annually in marketing activities. This is mainly to provide customers the necessary expertise and marketing material to be able to train their sales personnel and distributors on the benefits of Mips' products, as well as for PR and media campaigns.

In addition to close cooperation with customers, resellers, and the media, Mips spreads its message via Team Mips, which consists of a number of selected ambassadors in Sports and Motorcycle.

To further increase end users' understanding of the benefits of Mips products, some of the marketing resources go into direct communication with end users, for instance through campaigns in the retailers' and brands' own stores. In 2021, product families were launched to make it simpler for consumers to understand the benefits of Mips and the difference between Mips' solutions. In 2022, Mips launched a new design identity to further strengthen the brand.

A SELECTION OF THE ACTIVE HELMET BRANDS IN 2022

Abus	Fox	Poc
Alpina	Giant	Scorpion
AVA	Giro	Scott
Bell	Guardio	Smith
Bern	Head	Specialized
Black Diamond	IXS	Sweet Protection
Bollé	Kabuto	Thor
BMW	Ked	Trek
Centurion	Mammut	Troy Lee Design
Champion	Met	Uvex
Charles Owen	Oakley	Uvex Safety
Cube	PIP	Zekler
Ergodyne	Pret	

New design identity

The look and feel of Mips' safety system doesn't only affect how people perceive Mips' brand, it also impacts how they perceive the brands of Mips' partners. As Mips is an ingredient brand, it is central to elevate the products that Mips is part of. Mips' new product and brand identity has been designed to enhance users' holistic experience of the helmet. In order to achieve that, Mips needed to create a more

coherent design identity, centred on colours, shapes and graphics. Mips strives for a higher level of safety, focused on every little detail, which is reflected in the product design.

The new design identity was launched in June 2022 and has been very well received by Mips' partners.



Product launches in 2022

Mips launched three new products in 2022. In collaboration with the world-leading bike brand Specialized, Mips Air Node was launched during the Tour de France. It is Mips' most lightweight technology so far, and is also the first Mips' solution that end users can remove, wash, and replace for themselves as needed. The other two product launches were Mips Integra Split and Mips Integra TX. The advantage of Integra Split is that it is simpler to have

several different densities of the energy-absorbing layer to optimise comfort and performance. Integra Split was launched in August in collaboration with the bike/motorcycle brand FOX.

The last launch of the year took place at EICMA in collaboration with the motorcycle brand Kabuto with Integra TX now part of Kabuto's Moto GP helmet. Integra TX is Mips' first fully integrated textile solution for helmets within motorcycle, equestrian, and snow.



Mips | AIR NODE

Safety at minimum weight

Mips Air Node differs from the other Mips systems as the padding includes an integrated low-friction layer with connecting points, which is activated upon impact. This enables the Mips system to be fitted in lighter helmets with minimal head contact and maximum ventilation.



Mips | INTEGRA SPLIT

Mobility integrated in the outer layer

Mips Integra Split is one of our sturdiest but most integrated systems. By placing a split low-friction layer in the centre of the energy-absorbing layer, the system is designed to reduce rotational force transferred to the head during certain types of impact.



Mips | INTEGRA TX

Padding with built in low-friction layer

Mips Integra TX is a system that replaces the conventional comfort padding with an integrated low-friction layer in the helmet's textile padding. This creates an almost invisible Mips system that does not affect the fit or weight.

Mips' classification of the various helmet systems, aims to make it easier for end users to choose the right system to match their needs

To make it easier for end users to choose different helmets and Mips' solutions, Mips has created product families that describe the safety features of the different products and classify each of the products based on its intended use. Helmet manufacturers with helmets equipped with Mips' safety system can use this classification as a new labelling system, designed to inform and educate consumers about Mips. This is intended to guide the helmet brands and end users to select the best Mips solution and helmet for their needs, without compromising on safety. Mips thus took another step towards a more consumer-oriented brand identity.

Mips® Essential

BASIC SYSTEM FOR HELMET SAFETY

Mips Essential is a simple, but nonetheless stable safety system for helmets and is perfect as an introduction system. The system has been designed to help reduce the rotational force to the head upon impact from certain angles.

Mips® Evolve

WORLD-LEADING SAFETY SYSTEM FOR HELMETS

With its excellent fit, improved ventilation and light weight, Mips Evolve is probably the most commonly used Mips helmet safety system, designed to help reduce the rotational force to the head upon impact from certain angles.

Mips® Elevate

A REVOLUTION IN SAFETY HELMETS

Through Mips Elevate, Mips' advanced helmet safety system can be used in a classic hard-hat safety helmet and in other harness-based helmets for the first time ever. The system has been designed to help reduce the rotational force to the head upon impact from certain angles - in other words, for elevated safety.

Mips® Integra

HELMET SAFETY THAT YOU DON'T EVEN NOTICE

One of our lightest, thinnest, and deeply integrated systems. Mips Integra is designed to help reduce the rotational force to the head upon impact from certain angles and is the result of close collaboration between Mips and your favorite helmet brand.

Mips® Air

OUR LIGHTEST SAFETY SYSTEM FOR HEAD PROTECTION

This system is lighter than all of our earlier systems. Since the air flows through the helmet, you hardly notice it. Mips Air is designed to help reduce the rotational force to the head upon impact from certain angles.

Mips' product offering to the helmet brands

Mips provides helmet brands with an opportunity to differentiate their brand and offer a better product.



Product offering

The company's product offering primarily consists of three parts:

1. Mips' safety system, which is the physical product that is implemented in the customers' helmets.
2. Development services for implementation of the Mips safety system in new and existing helmet models.
3. Licensing to customers regarding the right to produce, market, and sell helmets with Mips' safety system.

For each new helmet model that includes Mips' safety system, Mips charges the customer a fixed fee for development and implementation services. As part of this process, Mips handles the production of the tools that are necessary for commercial production of the specific low-friction layer,

and then invoices a fee for the production of these tools. Once the helmet is approved for production, Mips usually invoices the helmet brand a licensing fee for the right to use Mips' IP and technology, amongst others, and to use Mips' marketing material.

The components are usually invoiced directly to the helmet manufacturer's factory from Mips' subsidiary in China.

The technology behind Mips, ongoing research and development

Mips' safety system

Mips' safety system is designed to add protection against rotational motion into helmets. Rotational motion is a combination of rotational energy (angular velocity) and rotational forces (from angular acceleration), which both have an effect on the brain and increase the risk of different types of brain injuries.

In connection with certain types of impact, Mips' safety system has proved, during testing in Mips' test lab, to reduce rotational motion when the system is implemented in a helmet. Through a small movement in the low-friction layer in relation to the helmet (10-15 mm) during the short duration of an angled impact (5-10 milliseconds), Mips' safety system is designed to allow the head to continue to move in the direction it was following instead of remaining fixed to the impact surface. It is designed this way to help redirect and absorb some of the rotational motion that might otherwise be transferred to the brain. Absorption is achieved as a result of the friction heat, and by Mips' safety system spreading the load to a larger area of the helmet liner. Mips' safety system is designed to function regardless of the direction of impact.

The development of Mips' safety system is based on many years spent studying the bio-mechanical functions of the human brain. The brain is surrounded by cerebrospinal fluid which protects it by allowing the brain to move slightly when it is subjected to rotational motion that arises as a result of an angled impact. The function of Mips' safety system mimics the function of the cerebrospinal fluid through the installed low-friction layer, which allows a relative movement between the head and the helmet.

A Mips' safety system unit that is adapted to a specific helmet model usually includes a low-friction layer, an attachment mechanism for the low-friction layer that is adapted to the helmet, snaps and sometimes a slide device. Mips' safety system kits also include information about the technology and the familiar yellow Mips logo which shows that the helmet is equipped with Mips' safety system.

Research and development in close collaboration with universities

Mips invests about 5 percent of its net sales in research and development. This is done to ensure the company remains at the forefront of innovation and development of helmet safety products.

Through its work in international university and research environments, the company actively works to ensure that testing of rotational motion is included as a standard in the tests and certification of helmets. In addition, Mips is a member of several testing bodies around the world and also pursues an active dialogue with several universities to ensure research-based development of tests and standards.

Four development categories

Research and development at Mips are founded on science and proven experimental methods and are divided into four separate development categories:

1. **INNOVATION** – founded on science and research with the emphasis on new advancements in the field and concepts for dealing with impact risks, thereby allowing in-roads into new categories. During recent years, Mips has enhanced its virtual testing through innovation.
2. **PRODUCT DEVELOPMENT** – with a short-term perspective of about twelve months into the future, the aim is to improve existing solutions and previously established concepts.
3. **DEVELOPMENT OF NEW HELMET MODELS** – founded on the customers' product development, with Mips providing customer support for design and technology for new models. Mips Virtual Test Lab can also be used to develop new products going forward.
4. **IMPLEMENTATION OF THE MIPS SAFETY SYSTEM IN EXISTING HELMET MODELS** – primarily involving assistance to helmet brands with implementation of the Mips safety system in existing helmet models.

Intellectual property rights

Mips has a broad patent portfolio consisting of some 50 different patent families, and over 300 patents granted, intended to protect the company's technology.

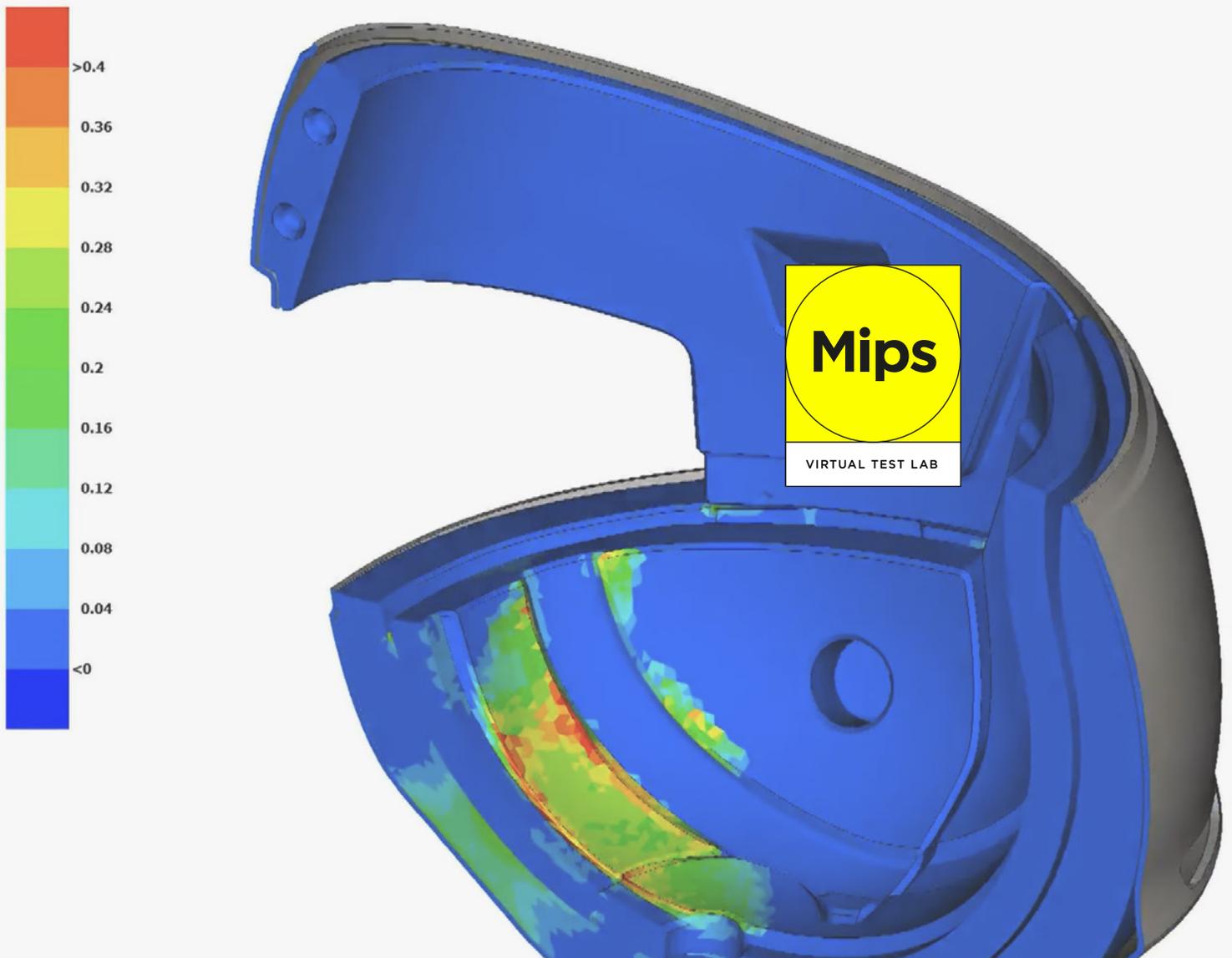
Intellectual property rights play a key role in Mips' business and strategy, since they ensure that Mips can maintain its competitive advantage, protect its technology and research and development investments, and foster credibility amongst the company's customers and other stakeholders.

Any infringements are addressed based on a defined IP strategy with the assistance of both internal and external expertise.

Mips Virtual Test Lab

Investment in the Mips Virtual Test Lab (VTL) concept continued during the year. The focus has been on improving the quality of the software to gain an even greater ability to predict the behaviour of a helmet upon impact. Mips' ambition is to use VTL together with strategically important customers when developing new helmet models to save Mips

and the helmet manufacturers both time, money and the environment. Virtual testing will also help to reduce our climate impact compared to physical testing alone as fewer physical prototypes will be required, which leads to reduced waste in the production process.

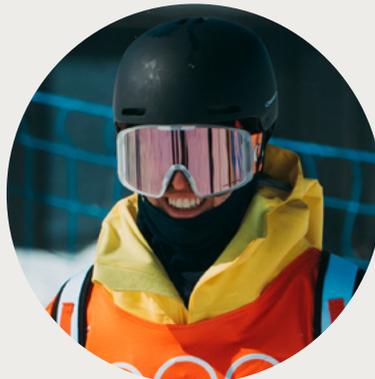


Team Mips

Ambassadors for Mips

Team Mips' are world-leading athletes who advocate for helmet safety. The team consists of athletes from all over the world, from a variety of backgrounds and professional sports including biking, skiing, and motorsports.

The main task of Team Mips is to raise awareness of head protection and lead the world toward using safer helmets. Team Mips' members mainly draw from their own experiences to encourage everyone, regardless of age, skill level, or sport, to make the right decision when buying a helmet. Several of the athletes have either suffered from head injuries themselves, or have seen it happen to others close up.



HENRIK HARLAUT

One of the world's most successful skiers with eight gold X-Games medals and an Olympic bronze medal in Beijing in 2022.



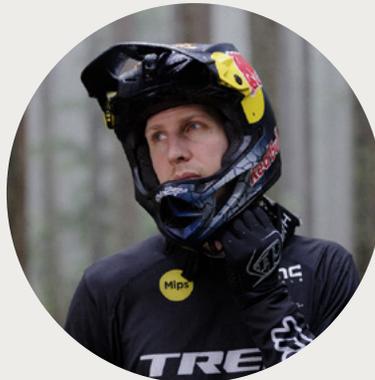
**KATE COURTNEY/
TEAM SCOTT-SRAM**

MTB XC world champion in 2018 and overall UCI World Cup winner in 2019.



MARION HAERTY

The global queen of big mountain snowboard with 4 Freeride World Tour titles and a finalist, as a rookie, in the Natural Selection Tour 2022.



BRANDON SEMENUK

The best freeride MTB athlete of all time with 4 wins in the Redbull Rampage, 3 overall WC wins and X-games gold medallist.



TIM GAJSER/TEAM HRC

Multiple world champion in motocross, junior 2012, MX2 2015, and MXGP in 2016, 2019 and 2020



Risks and risk management

Risks

Mips' business is associated with various types of risks. Risk identification and risk assessment are a natural part of operations at Mips to ensure that Mips manages and prioritizes measures to satisfactorily limit or minimize probability.

In order to minimize the risk of unpredictable events having a negative impact on the business, the company needs stringent procedures and the capability to identify and prevent risks in order to create a sustainable business model. The ambition of risk management at Mips is not to completely eliminate risks, but to highlight and prioritize risk management work in order for the company to limit the negative impact of risk. This approach will create sustainable and long-term value for the company, both operationally and strategically. All functions in the company participate in risk management, with the aim of increasing risk awareness throughout the organization, for operational decision-makers and Board members alike.

Risk management organization

The Board of Directors of Mips has the ultimate responsibility for risk management. The operational management of the company reviews risk management procedures every quarter, after which the Board of Directors considers proposals for prioritization and management of the main risks.

Executive Management considers risks related to both business development and long-term strategic planning, as well as the Group's work with sustainability and environmental issues and associated risks, and submits a proposal for prioritization to the Board, which ultimately sets the priorities to be addressed. Executive Management regularly reports to the Board on risk-related issues, such as the Group's financial status and compliance with the Group's policies. The Group's central finance department is responsible for prioritizing and managing financial risks, including exposure to exchange rate fluctuations. Mips' CFO is responsible for and ensures that the Group has the right insurance coverage for risks that can be insured. This procedure is in line with the priorities that Executive Management has proposed and the Board has approved. The Group's code of conduct and a number of more specific policies serve as the foundation for ongoing operational risk management at all levels of the organization.

Risk overview

A number of risk areas have been identified through Mips' risk management procedures and materiality

analysis. The tables on pages 40–42 briefly describe the most significant risks, and how they are managed and measured to limit any impact on the business. A more detailed analysis of the financial risks can be found in Note 20. Mips has divided the identified risks into customer and market-related risks, legal, business and sustainability-related risks, and financial risks.

Mips is also exposed to external factors over which the company has no control. The global Covid-19 pandemic created great uncertainty around the world. It is difficult to assess the future impact of the pandemic. Russia's invasion into Ukraine has affected the geopolitical situation, and has heightened uncertainty about future market developments. Mips has no activities in either Russia or Ukraine and the direct business exposure is otherwise very minimal. Mips' financial position, earnings, and cash flow have not been materially affected by Russia's invasion of Ukraine, neither has the company been affected by any sanctions. During mainly the second half of 2022 there has been a challenge related to the demand for Mips' products due to the challenges facing the bike market. This has adversely impacted our financial results. The company still believes that long-term demand for Mips' products is robust, and the risks presented on the next few pages are the most important ones.

Identifying and assessing risks as part of daily operations is important for building a long-term sustainable business model.

Customer and market-related risks

The compilation of the customer and market-related risks includes how external risks are handled, both strategically through business and product development, and operationally through daily sales and marketing activities.

Business and sustainability-related risks

Business-related risks are often based on the company's own activities and thus the degree of impact we can have on them is greater. Business-related risks are part of daily work and are often managed by the operational units. Business-related risks include risks related to production, insurable risks, and various types of sustainability risks, mainly related to safety and the environment. Business-related and environment-related risks can often be limited through instructions, guidelines, and policies.



Legal risks and product liability-related risks

Legal risks are primarily attributable to litigation regarding the company's intellectual property rights, primarily patent infringement, but also other types of legal disputes. Product liability-related risks are mainly attributable to various types of damages linked to the company's products. These types of risks are limited as much as possible through insurance coverage.

Environment and climate-related risks

There is a risk that climate change will impact Mips. This may involve transition risks such as changing rules and taxation, as well as physical risks. Physical risks include changes that are both long-term and urgent in nature, such as extreme weather conditions and natural disasters that could impact Mips' access to materials and disrupt business operations directly or indirectly.

Mips is seeing an increased interest in climate-related disclosures and will continue to work towards better reporting of climate-related impacts, risks and opportunities, and how these affect our business and operations. Mips also sees a risk in the company not managing to achieve a climate transition quickly enough and the products therefore becoming irrelevant to customers and end users.

Financial risks

Mips' financial risk management is centralized to the Group's finance department, which conducts operations within established risk mandates and limits. Management is based on guidelines in the Group's policies and regulations within the specific fields. All policies and regulations in this area are updated and adopted annually by the Group's Board of Directors.

Read more about accounting policies and risk management and risk exposure in Notes 1 and 20.

CUSTOMER AND MARKET-RELATED RISKS

	RISK	MANAGEMENT
<p>Competition from new technology, patent protection, and demand for the company's products</p>	 <p>Mips' safety system may encounter strong competition and there is a risk that Mips will not be able to respond to it successfully. Competition in the helmet solutions market that addresses rotational motion, may increase as a result of growing awareness and increased demand for helmets to have protective functions against rotational motion. There is a risk that competitors will become better and/or faster than Mips at creating and/or integrating new solutions in helmets to protect the brain from rotational motion. These could also be outside of our IP and therefore cannot be resolved through infringement of IP measures. There are also risks linked to patents expiring, which would make it possible for new competitive technologies to enter the market. Should these competitors be ingredient brands they could potentially access Mips' customer base. Demand for the company's products may be impacted by other external factors, such as changed test standards and independent testing that produces less favorable results for the company. The technology and sales of products aimed at limiting the effect of rotational motion is still relatively new and there are few competing products at this time. A reduction in demand for helmets and products for rotational motion or the launch of a competing product that addresses Mips' customers could have an adverse impact on the company.</p>	 <p>A reduction in demand for the company's products would affect the company's profitability, as well as its ability to achieve its long-term goals. Mips actively works to ensure that the correct helmet testing standards are introduced, and also pursues an active dialogue with universities to ensure that the company remains at the forefront of the dialogue on test standards. The company's strategy is to invest 7 percent of its sales in marketing to ensure that the company's messages are correctly communicated and to equip customers with materials to market their product with Mips' safety system correctly. Mips constantly develops its products and its patent strategy, and its strategy is to invest 5 percent of Mips' sales in innovation and product development to ensure that Mips' products have a strong position on the market.</p> <p>IP strategy Continue to broaden the IP portfolio, covering areas that can prevent helmet manufacturers/innovators from inventing in the area where Mips provides protection. Continue to build brand capital and strengthen brand awareness.</p>
<p>The company may miss important steps in biomechanical advancements in helmet safety</p>	 <p>Developments in helmet safety and rotational motion change over time and several testing bodies are working on updating their helmet testing standards to include rotational motion in their helmet certification process. The consequence of a different standard than the one that Mips supports could have repercussions on Mips' sales in the categories that the new standard represents.</p>	 <p>Incorrect implementation or implementation of a standard where inclusion of Mips' solutions would not show any improvement could affect demand for the company's products. The company works extremely closely with universities and engages in active dialogue with the largest testing bodies around the world to ensure that the dialogue is conducted as accurately as possible.</p>
<p>Challenging global conditions may adversely affect demand</p>	 <p>Challenging global economic conditions may adversely affect demand and limit the company's ability to grow.</p>	 <p>Mips works actively to understand how demand for its products and offerings is going. Mips also conducts proactive business intelligence to understand long-term trends. This includes everything from analysing NPD data and understanding the end consumers' needs and behaviors, to closely collaborating with customers, factories, and suppliers.</p>

BUSINESS AND SUSTAINABILITY-RELATED RISKS

	RISK	MANAGEMENT
Quality and environmental problems during production	 <p>Production and assembly of the company's products largely takes place in China. As the company launches more products and they are implemented in more helmet models in more customer factories, there is an increased risk that production will be carried out with materials of the wrong quality, with a worse impact on the environment, or with lower production quality. More models and solutions also entails an increase in complexity during installation. There is also a risk of not achieving a climate transition quickly enough.</p>	 <p>Mips actively works with quality assurance procedures and documentation. The company's quality assurance procedures are regularly updated and monitored. Frequent, proactive quality controls are carried out at factories that manufacture or install Mips' products and the outcome is monitored and documented. Mips is also putting great efforts into sustainability work to reduce its environmental impact and push the climate transition. Read more in the Sustainability report in this Annual report.</p>
Production capacity in China	 <p>Increased global disruptions in the supply chain due to Covid-19 along with electricity restriction policies due to carbon dioxide emissions targets in China, have meant the countries such as China and Vietnam have had to limit their capacity. This has left the supply chain exposed in recent years.</p>	 <p>Mips works actively to ensure, and if needed increase, its reserve stocks to make sure important components are available. Further, the company engages in close dialogue with all its major customer factories.</p>
Negative brand publicity	 <p>Negative brand publicity may arise after legal cases, failure in a major third-party testing or accidents involving one of the Mips ambassadors. The risk is also associated with using inappropriate marketing language, in other words that Mips could fail to communicate correctly when marketing or selling helmets equipped with Mips' technology, or that Mips makes unfounded or medical claims in its marketing. Further, this risk is also associated with a general risk of litigation with external and internal stakeholders.</p>	 <p>Mips works with PR agencies to assess and respond to potential bad publicity.</p> <p>The company strives for scrupulous external communication regarding the benefits of Mips' technology and avoids medical claims.</p>
Risk of non-compliance with regulations	 <p>General compliance risks including those for listed businesses, EU GDPR (and the corresponding rules in China), MAR, cyber security, laws on competition, sustainability laws, new Chinese regulations (with no grace periods), import/export regulations, and so on.</p>	 <p>Mips has a recruitment process that takes into account needs for competences and relevant experience, and the company invests continuously in the professional development of employees to ensure compliance with requirements and standards. Mips works with external experts in all areas and also has clear policies, procedures, and instructions. The company also has a comprehensive internal control program.</p>

BUSINESS AND SUSTAINABILITY-RELATED RISKS, continued

	RISK	MANAGEMENT
The ability of the company to attract and retain the right skills	 <p>Mips is a company that is dependent on the right skills to be able to keep growing and to develop new products. Mips is active in a field in which there is limited knowledge and it is important for the company to find the right talent in order to continue to grow in line with the company's strategy.</p>	 <p>As the company grows and with it, the number of employees, dependence on individual employees will decrease. The company also actively works with skills and development plans for current staff to ensure that they can grow together with Mips. The company also works on documentation and process control for key processes to limit the impact of the loss of employees.</p>

LEGAL RISKS AND PRODUCT LIABILITY-RELATED RISKS

	RISK	MANAGEMENT
Product liability and legal risks	 <p>Since the company's products are integrated into products sold to consumers, there is a risk, direct or indirect, of damages or lawsuits based on alleged defects or deficiencies in the function of Mips' technology. There is also a risk that marketing of Mips' technology by local sales personnel fails to comply with the company's directives and agreements, and claims for damages based on incorrect marketing claims could arise. There is also a risk that Mips does not have adequate insurance coverage.</p>	 <p>The company has comprehensive insurance coverage to deal with any financial risks. The company also works closely with legal specialists, especially in the US market, where the risk of legal disputes and claims for damages is considered to be greatest. The company has an extensive training program for customers who sell Mips' technology in how to properly market Mips' technology to minimize the risk of any legal disputes.</p>

FINANCIAL RISKS

	RISK	MANAGEMENT
Dependency on trends relating to foreign currency	 <p>Currency fluctuations affect Mips' earnings since sales of the company's products are denominated in foreign currencies, primarily USD and CNY (transaction exposure). There is also an impact when translating the Chinese subsidiary's balance sheet and income statement to SEK from the subsidiary's functional currency CNY (translation exposure). In addition to SEK, USD and CNY, Mips is also somewhat exposed to EUR, GBP and CAD.</p>	 <p>To limit the short-term impact of currency risk, the company aims to hedge 50 percent of forecast sales in USD. The company sells and purchases its components primarily in CNY, which largely limits exposure to CNY. The company's customer contracts in CNY are linked to the USD, which means that exposure to USD remains. Fluctuations in currencies in which the company has sales may have a significant impact. For a more detailed description of the impact from foreign currencies, see Note 20.</p>



Sustainability report

Mips' sustainability agenda

Mips is a global leader in its field and also aims to be at the forefront of its industry when it comes to sustainability. The company shall fulfil the expectations of others and lead the way. This creates the conditions for Mips to continue to grow profitably and sustainably.

MESSAGE FROM THE CEO

A review of 2022

At Mips we are fully engaged with increasing the sustainability of our products, processes, and of the supply chain, and to be part of the climate transition. We have embedded sustainability into all aspects of our operations, from now until 2030. In 2022, Mips signed the UN Global Compact and we thereby hold ourselves and our manufacturing suppliers accountable for following the ten principles of the UN Global Compact. Mips has also become engaged in 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 will report to SBTi every year on our progress towards achieving this goal.

In 2022 we learned more about the environmental impact of our individual products. This has enabled us to start looking for alternative materials for the products that have the greatest adverse impact on our emissions and the climate.

Stockholm, March 2023

Max Strandwitz
PRESIDENT AND CEO

Mips' approach and sustainability strategy

While Mips is a small company that provides helmet manufacturers with an ingredient product for helmets, it is a global leader in its field. Just as Mips' products can make a decisive difference in a helmet, Mips' ambition is to make a difference in influencing the entire helmet industry to become more sustainable.

Mips' sustainability strategy is based on the company's overarching strategy and builds on Mips' fundamental values.

For Mips and many of Mips' stakeholders, sustainability is an important part of the business. Mips' ability to keep growing while also delivering strong financial and operational results is reinforced by running the business in a sustainable manner.

Mips also expects business partners to act in a sustainable and environmentally responsible way. To develop sustainable materials Mips and all partners have to do their part, and industry members need to inspire each other. Together with suppliers and partners, Mips works to limit climate and environmental impact as much as possible, to apply the same values throughout Mips' value chain, to embrace social responsibility for all employees, and to respect human rights in every regard.

Key sustainability targets

Climate challenge - Greater insight and transparency supported by the SBTi

Mips understands the climate challenge and supports the ambitions of the Paris Agreement. To gain a better understanding of how Mips can reduce its climate impact, the company first needs full insight into what that impact is. This will guide the journey forward.

In 2021 Mips worked with a third party to start to analyse the total climate impact of Mips' supply chain. As a result, a number of areas were identified where Mips has the greatest impact. The analysis showed that the areas of greatest impact are linked to Mips' choice of materials and the energy consumption required to manufacture Mips' products.

In 2022 a more sophisticated analysis of Mips total climate impact was carried out and new ambitions, targets, and plans were then defined for

continuously working to reduce Mips' total climate impact and communicating this going forward. Mips also decided to adopt a company-specific climate target in 2022, consistent with the Science Based Targets initiative (see further information on SBTi on page 49). 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. This means that, given an assumed annual growth of approximately 20 percent, a 90 percent reduction in emissions is required to achieve the goal by 2030.

Mips' ambition for 2023 is to get a more detailed analysis of the total climate impact and explore which concrete actions that can be taken to reduce the climate impact within Mips' value chain. The target for 2023 is to reduce emissions per sold product by 12 percent.



Target for 2022

Establish a structured plan to register Mips for SBTi, in line with the climate change goal of 1.5 degrees

Target for 2023

Reduce emissions per sold product by a total of 12%

Sustainable value chain and manufacturing

Mips does not manufacture its own products, and instead uses external subcontractors exclusively. Mips believes that the company has an important role in ensuring that the ten principles of the UN Global Compact concerning human rights, labor law, the environment, and anti-corruption are respected throughout the value chain.

The UN Code of Conduct is embedded into Mips' Code of Conduct that all manufacturing suppliers are obliged to sign. Consequently, all manufacturing suppliers also sign up to the ten principles of the UN Global Compact in addition to the Code of Conduct. To ensure that the suppliers that Mips partners with adhere to Mips' Code of Conduct and share the same core values in terms of working environment, human rights, the environment, and anti-corruption,

all manufacturing suppliers are audited at least every other year.

In 2022, all manufacturing suppliers were audited and approved under the Mips' Supplier Code of Conduct and against Mips' goals for this area.

In 2022 Mips signed up to the UN Global Compact Audits, and therefore holds the company and its manufacturing suppliers accountable for adhering to the standards of the ten principles of the UN Global Compact.

In 2023, in addition to the supplier audits conducted internally, the goal is to take this work to the next level by engaging a third-party supplier to audit whether the three largest suppliers comply with Mips' Code of Conduct and the ten principles of the UN Global Compact.



Target for 2022

Full implementation of structured follow-up and reporting, in line with the UNs ten principles

Target for 2023

Carry out third-party audits of the three most strategically important suppliers in the supply chain

Supply sustainable products

The majority of Mips' products consist of a low-friction layer that is made of plastic. Plastic is currently the only material that is light, strong, and safe enough for manufacturing several of Mips' solutions. Plastic creates CO₂ emissions, hazardous waste and oceans polluted by plastic, which is why plastic is an priority to be addressed in Mips' value chain.

Innovation and product development are part of Mips' DNA and the company has been actively investigating alternative materials to plastic for a number of years. In 2021 partnerships were established with new suppliers that can supply plastic, i.e. polycarbonate (PC), in the form of wastage from other manufacturing, referred to as Post Industrial Recycled plastic (PIR). This was met with great interest from Mips' customers.

In 2022, the work that started in 2021 to investigate the emissions from four of Mips' top-selling products, was completed, as well as for two other new products launched in 2022. As the emissions vary from product to product, the aim was also to examine which product has the greatest impact on total emissions. The thing that would make the biggest difference to Mips' total emissions in the short term would be to use post industrial recycled plastic to manufacture Mips' most sold products. The target for 2022 was to implement at least three customer projects using post industrial recycled plastic. By the end of the year eleven of these customer projects had been delivered.

In 2023, the goal is to offer suppliers post industrial recycled plastic to manufacture Mips' most sold solution.



Target for 2022

Implement at least three post industrial recycled plastic projects with customers

Target for 2023

Offer suppliers 100% post industrial recycled plastic for Mips' most sold solution

Mips' value chain

Mips has analysed its impact, risks, and opportunities in the value chain. This analysis has led to enhanced understanding of where and how Mips can make the most difference in the value chain.

	Impact	Risks	Opportunities	Action
Research and product development	<ul style="list-style-type: none"> Increased safety for helmet users Material usage 	<ul style="list-style-type: none"> Do not fulfil customer expectations Plastic is not sustainable Mips' testing methods do not meet external requirements and expectations 	<ul style="list-style-type: none"> Mips solutions in more types of helmets Reduce the impact of material usage Identify and prototype sustainable material 	<ul style="list-style-type: none"> Continued research, development and collaboration with universities, customers and partners to remain at the forefront of helmet safety and standards Virtual Test Lab for testing new helmet models and reducing material usage Continued research and development to create sustainable solutions
Own operations	<ul style="list-style-type: none"> Provide jobs and income Employee health, wellbeing and personal development Environmental impact 	<ul style="list-style-type: none"> Difficulties in recruiting and retaining employees that can help Mips advance Environmental impact 	<ul style="list-style-type: none"> Reduce the carbon footprint of our operations Improve gender equality as well as health and safety 	<ul style="list-style-type: none"> Use resources efficiently Develop and take care of employees Weekly pulse surveys to measure employee satisfaction
Suppliers	<ul style="list-style-type: none"> Air, water and ground emissions Waste Provide jobs and income 	<ul style="list-style-type: none"> Shortcomings regarding labor law, human rights, corruption and environmental compliance by subcontractors Substances that affect people and the environment Lack of capacity at suppliers Quality defects related to materials used in manufacturing 	<ul style="list-style-type: none"> Have a positive influence on the environmental performance of our suppliers 	<ul style="list-style-type: none"> Workplace standards for suppliers Quality enhancement and quality assurance Continuous supplier audits Proactive forecasting of volumes with suppliers to avoid lack of capacity 96 manufacturing suppliers and assembling factories
Transportation	<ul style="list-style-type: none"> Emissions from transportation 	<ul style="list-style-type: none"> Environmental impact 	<ul style="list-style-type: none"> Reduce the impact of transportation 	<ul style="list-style-type: none"> Efficient logistics processes Encourage the use of more sustainable transportation Recycled packaging materials
Sales and end-user usage	<ul style="list-style-type: none"> Increased safety for helmet users 	<ul style="list-style-type: none"> Do not fulfil customer expectations Do not fulfil end-user expectations which may result in complaints 	<ul style="list-style-type: none"> Market communication in support of more helmet usage and safer helmets 	<ul style="list-style-type: none"> Marketing of the Mips safety system Educate end users on the benefits of using a helmet and of Mips
Used products	<ul style="list-style-type: none"> Plastic waste 	<ul style="list-style-type: none"> Low rate of material recycling 	<ul style="list-style-type: none"> Higher rate of material recycling 	<ul style="list-style-type: none"> Communication and co-operation with helmet manufacturers and end users to increase material recycling

Sustainability highlights in 2022

10 principles

Mips signed up to the UN Global Compact and started the implementation of its ten principles within our operations.

42%

Mips joined the Science Based Targets initiative (SBTi) and set company-specific climate goals to support the achievement of the Paris Agreement, i.e. Mips will reduce its total emissions by 42% by the end of 2030. Given the organic growth strategy Mips may need to reduce emissions by 90%.

48/52

Mips achieved its goal of a 40-60 distribution of women and men in the workplace, the figure for 2022 was 48-52.

11

Delivered eleven customer projects with post industrial recycled plastic. The goal for 2022 was three such customer projects.



Phased out three high-emission products from Mips' product range.



Identified the most sustainable manufacturing suppliers.

Updated the product development process in 2022 so that it now includes a climate calculation consistent with the Greenhouse Gas (GHG) Protocol so that we can proactively ensure that future products are more sustainable than our current product portfolio.

UPDATED CORE VALUES

In 2022 we updated our core values.



We dare

Daring means being brave, innovative and challenging the status quo. I am curious about trying new solutions and I'm not afraid to make mistakes or ask for help. I challenge myself and others to achieve our vision.



We care

Caring involves creating a sustainable environment where people can perform. I show my colleagues respect. In my desire to achieve the highest quality, I take responsibility for my own wellbeing.



We share

Sharing is about creating transparency, a sense of belonging, and trust. I continuously share my experiences and my knowledge with my colleagues. I support collaboration across functional areas.

Governance model and framework

In 2022, Mips and its stakeholders continued the ambitious journey towards a more sustainable future with a clear goal, governance model, and a motivated organization.

Organization and responsibility

Mips' sustainability report for 2022 covers the Group and the Parent company.

Sustainability is embedded into every part of Mips' business, in governance, and in strategic and operational activities.

The Mips Board of Directors has overall responsibility for matters related to sustainable business practices. The CEO is responsible for ensuring that the decisions and strategies of the Board of Directors are implemented and that progress is reported to the Board. Executive Management at Mips supports the CEO and is responsible for ensuring that employees are aware of Mips values, goals and aims, and that they comply with regulations, laws, and guidelines in their daily work. As part of their introduction, all new employees are briefed on the Mips' Code of Conduct, which ensures a shared understanding between all employees of the ethical, social, and environmental guidelines that exist in the company.

The managers of the company have a special responsibility in their capacity as leaders, but all employees share the responsibility for ensuring that the business is run sustainably. Mips established a cross-functional work group in 2021 consisting of representatives from all the functions, who drive and coordinate sustainability efforts across the company. The objective of the group is to increase engagement with and knowledge about sustainability.

Additional information about the Board's work during the year can be found in the corporate governance report on pages 125-135.

Commitment and engagement

Mips wants to be a driving force in the shift towards a more sustainable way of doing business. One important aspect in this work involves being transparent in reporting and following up the company's sustainability efforts to help Mips' and its stakeholders to monitor progress.

REPORTING FRAMEWORKS THAT MIPS APPLIES

UN Global Compact

Mips has signed the UN Global Compact and works continuously to safeguard and respect the 10 principles of the UN Global Compact, and to promote the spirit of the principles concerning human rights, working conditions, the environment, and anti-corruption.

Science Based Targets initiative

We also support and work according to the Paris Agreement and our emissions target has been approved by the Science Based Targets initiative (SBTi). Mips is classed as a Small-Medium Enterprise (SME) as the company has fewer than 500 employees, which means Mips is limited to only report scope 1 and 2 emissions. Despite this, Mips has also chosen to report under scope 3 and do its part in limiting global warming to 1.5°C for scope 1, 2 and 3. Mips' goals for greenhouse gas emissions are well in line with SBTi's goal to keep global warming to well below 2°C.

UN's 17 Sustainable Development Goals

Mips wants to contribute to achieving the 17 Global Sustainability Goals and has chosen to align the company's sustainability targets with the UNs sustainability goals deemed to be most relevant.

The link between Mips' sustainability targets and the UNs sustainability goals is presented in the table with indicators under each focus area.

GRI (Global Reporting Initiative)

The account of our sustainability work is inspired by the GRI's international standards, and is available on pages 137-139.

In addition to the above, Mips supports the International Bill of Human Rights, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights.

EU taxonomy

The EU taxonomy for sustainable activities is a classification system that aims to make it easier for investors to identify and compare sustainable investments. The taxonomy is currently being developed.

Companies covered by the taxonomy include financial market players along with companies of public interest with more than 500 employees in Europe. This means that Mips is not currently subject to the taxonomy nor does the company need to report in accordance with the taxonomy. However, Mips sees the taxonomy as a framework that enables the company to be transparent to stakeholders about the company’s activities, as well as a way to proactively understand where in the business Mips

can become more sustainable. Mips will continue to work with the taxonomy as more guidelines and instructions are developed about how it should be applied in practice.

After Mips performed a mapping against the taxonomy during the year, the conclusion is that Mips currently has no revenues or operating expenses that are covered by the taxonomy. We have identified that our leasing of properties is covered by the taxonomy. Mips does not own these properties and an assessment of whether these are compatible with the taxonomy has not been possible during the year. Mips will continue to work with the taxonomy as more guidelines and instructions are developed about how it should be applied in practice.

MIPS MAPPING AGAINST THE EU TAXONOMY 2022

	Share of taxonomy eligible economic activities (SEKm) 2022	Share of taxonomy eligible economic activities (%) 2022	Share of activities that are not defined in the taxonomy (%) 2022	Share of taxonomy eligible economic activities (SEKm) 2021	Share of taxonomy eligible economic activities (%) 2021	Share of activities that are not defined in the taxonomy (%) 2021
Revenues	–	0	100	–	0	100
Investments (CapEx)	22	42	58	–	0	100
Operating Expenses (OpEx)	–	0	100	–	0	100

MOST IMPORTANT POLICIES FOR A SUSTAINABLE BUSINESS

Mips’ sustainability work is governed by the Code of Conduct and other policies that describe how Mips runs its operations. All employees learn about the Code of Conduct through a briefing that all new employees are given when they start their employment at Mips. All employees also sign the Code of Conduct. Through Mips’ whistleblower system all employees and external stakeholders are given the opportunity to anonymously report deviations from the Code of Conduct, or any other misconduct.

Function-specific policies, such as the Finance policy and the Supplier Code of conduct, are followed up by each function. All policies are available to all employees via the intranet, and employees are informed of any updates.

- Code of conduct
- Supplier Code of Conduct
- Anti-corruption policy
- Finance policy
- Communication policy
- Insider policy
- IT-Policy
- Staff manual
- Environmental policy
- Whistleblowing instructions
- Workplace environment policy
- Data protection policy

Responsibility and a long-term perspective

Mips' business will be characterized by responsibility and a long-term perspective. Stakeholders must be able to trust that Mips keeps its promises throughout each business deal. That is how Mips builds trust with customers, employees, suppliers, and other important partners.

It is important for Mips to do business correctly, and the company has zero tolerance for corruption and bribery, which is followed up annually. Mips also values and promotes fair competition as the power of Mips' range of solutions drives the company's growth.

Organization and culture

Mips' values, which are included in the Code of Conduct, the manufacturing Supplier Code of Conduct, the Anti-Corruption Policy and the staff manual, amongst others, act as Mips' moral compass, providing clear everyday guidance to Mips as a company and to all employees. In addition, Mips has several more policies such as the Finance Policy, Communication Policy, IT-Policy and Insider Policy. The Code of Conduct, which applies to the entire value chain, including the manufacturing suppliers for which there is a dedicated Code of Conduct, is based on international conventions such as the UN Global Compact Principles, International Labour Organization, and the OECD Guidelines for Multi-national Enterprises. Mips' own staff regularly visit suppliers' factories to ensure compliance with the Code of Conduct.

Mips applies the precautionary principle by assessing and updating risks related to organization, products and sustainability every quarter. Controls and measures are also implemented to handle these risks in the best possible way. More information about risks can be found on pages 37-42.

Laws and regulations

It is a given that Mips respects the laws and regulations that apply in the countries where the company operates. Mips therefore engages legal advisors when needed to ensure understanding of and compliance with local legislation.

Whistleblower service

Mips has reporting procedures for suspicions of improprieties that employees should bring to the attention of their immediate supervisor, the CFO, or the CEO. Since the beginning of 2021 Mips also has a whistleblower service through which all employees, suppliers, and other external stakeholders can anonymously report irregularities that are in conflict with the Group's codes of conduct.

Mips ensures that internal and external stakeholders are aware of the company's whistleblower function by informing them about it:

- On Mips' websites (mipsprotection.com and mipscorp.com)
- In Mips' Code of Conduct (which is available on mipscorp.com)
- In Mips' Anti-corruption and Anti-bribery policy (which are available on mipscorp.com)
- In Mips' Supplier Code of Conduct which is intended for – and is provided to – all Mips' manufacturing suppliers

Risk analysis and risk management

Mips' risk analysis forms the basis of the priorities and key areas Mips is focused on in its sustainability program. The risk analysis is updated every quarter as part of the company's internal control program and new priorities are set based on potential impact on the business. All functions in the company participate in risk management, with the aim of increasing risk awareness throughout the organization.

Mip's work with sustainability and environmental issues and the associated risks is managed and prepared by Executive Management and ultimately addressed by the Board of Directors. All risks are ranked based on probability and impact on the business. Read more about risks and risk management in the section on risk on pages 37-42 and about financial risks in Note 20. Specific risks associated with Mips' focus areas are presented below under each area.

Development of Mips' sustainability work

During the year Mips has delved deeper into and structured its sustainability work further and continuously followed up and evaluated the focus areas. One of the important inputs to Mips' sustainability work comes from continuous dialogue with stakeholders. For the second year in a row an analysis of Mips' total climate impact was carried out with the help of an external party, which enables a comparison of this year's emissions against last year. In

2022, the product lifecycle analysis continued from 2021, and was expanded to include Mips Air Node and Mips Integra TX. The measurement of Mips' total climate impact along with the lifecycle analyses of Mips' products are important to ensure that focus is given to the areas where the greatest difference can be made. These analyses of Mips' total climate impact will form the most important building blocks for the company's sustainability work going forward.

Stakeholder dialogues

Mips works closely with many stakeholders, including customers, suppliers, board members, shareholders, and research institutes. A continuous and open dialogue in various channels provides information about requirements and expectations, what is important, and what Mips can contribute and improve. Furthermore, managers and employees pursue ongoing open and informal dialogues regarding wellbeing and personal development. Mips also conduct weekly pulse surveys that are sent out to all employees and managers in Sweden and China. The pulse surveys quickly give insight into what is working well and the areas where there is opportunity for improvement.

In addition to the ongoing dialogues with the stakeholders, at the end of the year a questionnaire regarding Mips' sustainability work was sent out to 36 individuals from different stakeholder groups. Amongst other things, the stakeholders were requested to rank 23 areas of sustainability based on how important they considered these areas to be as priorities for Mips. These 23 areas were selected

based on an initial analysis done by Mips to identify the areas of sustainability where the company could have the greatest impact. The information received from these ongoing dialogues and the questionnaire has been summarised as a materiality analysis aimed at ensuring that Mips' sustainability efforts are steered in the right direction and focus on the areas of sustainability where Mips has the greatest impact. This year's areas of materiality are largely the same as last year, but described differently. However, the process for developing these areas of materiality has been updated. The materiality analysis is an ongoing effort and stakeholder dialogues will continue to be important to ensure the right focus in Mips' sustainability work.

During the year it has become clear that Mips and its stakeholders have a similar view of the areas of sustainability where Mips can have the greatest impact, and thus constitute the most important priorities. The area where both Mips and its stakeholders believe that Mips can have the greatest impact is with the raw material used in Mips' products.

MATERIALITY ANALYSIS 2022

Top three areas of sustainability (by materiality) according to stakeholders, grouped under Environment, Social, and Governance. Raw material is considered the area where Mips can make the biggest difference

Environment

- Raw materials - increased usage of more sustainable raw materials
- Emissions - reduce the carbon footprint of the entire organization
- Energy - reduced consumption of non-renewable energy

Social aspects

- Health and safety - take care of employees and ensure a healthy working environment
- Prevent child labour in the supply chain
- Prevent forced labour in the supply chain

Governance

- Develop patents
- Good governance - comply with regulations and maintain proper business ethics
- Perform supplier audits

Mips' total climate impact

In 2021 Mips carried out the first analysis of its total climate impact according to the Greenhouse Gas Protocol. In 2022 Mips has had access to more granular data and been able to refine the analysis of total emissions. This has enabled an update of the calculations used in 2021 with more exact data. In 2022 Mips set a goal to reduce its total emissions by 42 percent by the end of 2030 based on SBTi's calculations, not including growth. For 2023, the target is to reduce total emissions by 12 percent per sold unit.

Update to total emissions figures for the 2021 base year

In 2022 Mips gained access to more data that can replace some of the calculations used in 2021 for manufacturing by suppliers. In addition to this giving a more accurate view of Mips' emissions for 2022, it means that Mips can adjust some of the calculations used to estimate the total climate impact in 2021. As a result, Mips' total emissions in 2021 was corrected to 8,222 tCO₂e from 9,403 tCO₂e,

At the Capital Market Day in June 2022, Mips presented its long-term climate target to reduce its total emissions by 42 percent by the end of 2030, which would align with SBTi's goal to limit global warming to a maximum of 1.5 degrees. Mips

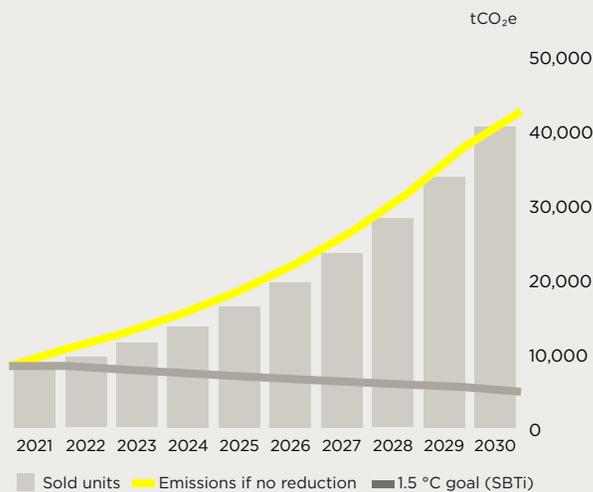
is a growth company, and when the company set its target based on 2021, it was estimated that it would have an average annual growth of about 22 percent until the end of 2027. Assuming that Mips experiences average organic growth of 20 percent between 2028 and 2030, this means that to achieve the long-term sustainability target set under SBTi to reduce Mips' emissions by 42 percent by the end of 2030, the company needs to reduce emissions by 90 percent by the end of 2030.

The correction to Mips' total emissions for the 2021 base year does not change the objective in any other way than Mips' starts from 8,222 tCO₂e instead of 9,403 tCO₂e.

Reduction in emissions in 2022

In 2022 Mips' total emissions were 6,250 tCO₂e. This means that Mips has reduced its total emissions by 1,972 tCO₂e. Of this reduction, 1,854 tCO₂e is linked to the lower sales volume and different sales mix in 2022 compared to 2021. The remaining 118 tCO₂e are due to improvements made primarily in Mips' supply chain. These improvements include suppliers investing in more energy-efficient production equipment and the installation of solar panels to increase the share of renewable energy at the manufacturing suppliers.

VISUALIZATION OF THE RELATIONSHIP BETWEEN MIP'S EMISSION TARGET AND VOLUME



Extrapolation of Mips 2027 organic growth goal as an example to illustrate the reduction in emissions needed, in addition to the SBTi-related goals, given a certain level of growth.

TOTAL EMISSIONS 2021 AND 2022

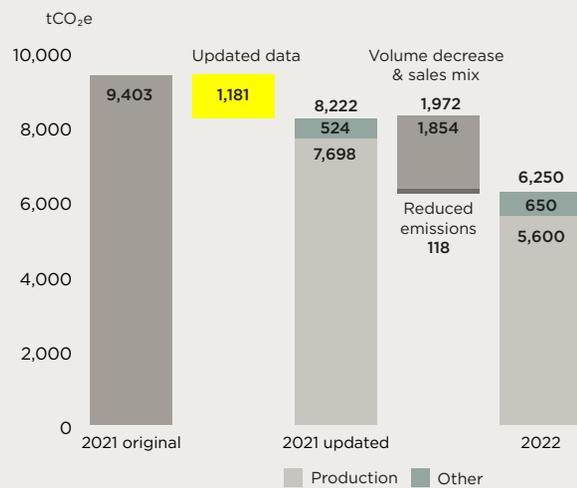


Illustration of Mips' total emissions in 2021, the revised emissions in 2021 and the actual emissions in 2022. We also show the reasons for the changes between 2021 and 2022.

Distribution of emissions

Mips has chosen to report its emissions in accordance with the GHG Protocol which divides emissions into three dimensions, scope 1, 2, and 3.

Scope 1 consists of direct emissions that Mips can control. For Mips this currently consists of emissions from the refrigerants used at the head office in Täby, Sweden and the office in China.

Scope 2 represents indirect emissions (energy purchased) for Mips' own operations. This currently consists of the electricity consumption in Mips' own premises in Täby and China.

Scope 3 includes indirect emissions from sources that are not controlled by Mips (Mips' value chain), and also employee commuting.

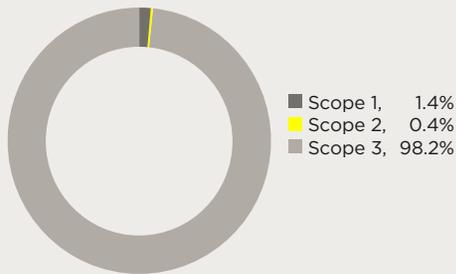
The distribution of Mips' total emissions is very similar in 2021 and 2022. Emissions related to Mips' products are included in scope 3, and they are linked to the manufacturing of products by suppliers,

which accounts for 90 (94) percent of Mips' total GHG emissions. The development of the raw material and the electricity generated during the production of Mips' products by suppliers, account for 96 (96) percent of these emissions.

The remaining 10 percent (6) is related to other emissions in scope 1, 2 and 3. Scope 1 emissions of 1.4 percent (1.0) and scope 2 emissions of 0.4 percent (0.3) represent refrigerants and electricity consumption at Mips' own premises in China and Sweden, respectively. The other emissions in scope 3 represent 8.7 percent (5.0) and they include transportation, commuting, business trips and diverse emissions.

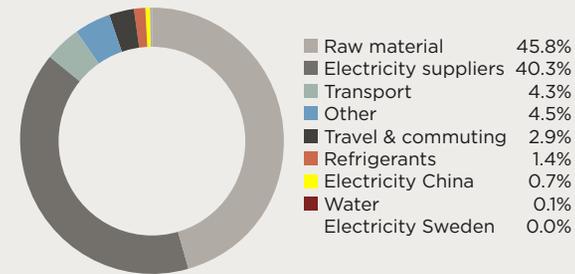
In 2022, the share of emissions from business trips and commuting was 2.9 percent (1.3). This relative increase in emissions is partly linked to the travel limitations of Covid-19 in 2021, as well as the fact that employees are now working in the office more than they did in 2021. In addition to this there is also an increase in the amount of transportation linked to customer projects, which have increased in 2022.

DIVISION OF EMISSIONS DIVIDED INTO SCOPE 1, 2 AND 3



Mips' total emissions divided into scope 1, 2, and 3, 2022

DISTRIBUTION OF EMISSIONS PER CATEGORY



Mips' total emissions classed as emissions categories, 2022

Three focus areas

The stakeholder dialogues and materiality analysis, along with the improved insight into Mips' total climate impact, have led the company to structure its sustainability efforts around three focus areas, just like last year: Our employees, Our products, Our supply chain, with Climate change permeating all three focus areas. Mips follows up a number of KPIs per focus area. A few more KPIs were added in 2022.





FOCUS AREA

Our employees



A strong corporate culture

Part of Mips’ vision is to use our technology to ensure that helmets in all categories protect users significantly better than current test standards promote.

Mips is a pioneer in this important field, so it is vital that the company can attract and retain employees with the right skills and passion to always make safer and better products. Even though Mips is the world leader in its field, Mips’ people are modest and curious, with a desire to learn more. We constantly challenge ourselves and encourage all employees to be their best selves every day.

Mips believes that a strong corporate culture is essential in order to be the leader in its field, and that means having a coaching leadership, good cooperation and engaged employees. It also serves as the foundation for Mips’ continued growth journey. This strong corporate culture is ensured through continuous and clear communication with everyone in the organization through annual kick-offs, and with various team activities throughout the year.

Attract, advance, and retain employees

Mips values and rewards talented employees. In order to be an industry leader, it is crucial that Mips continues to be an exciting employer that can attract, advance, and retain dedicated and talented employees. Mips works closely with Swedish and foreign universities, in part to maintain an active dialogue, and in part to ensure access to necessary skills in the long term. University students are encouraged to write their theses at the company, which in several cases has resulted in subsequent employment.

All employees have annual performance appraisals with their immediate supervisor, during which individual goals and development plans are formulated and then followed up regularly. Several times a year “Lunch and Learn” events are arranged, with internal lectures and/or discussions on relevant subjects.

Essentially the same terms of employment apply in Sweden and China, although local labor laws entail certain differences. No employees are covered by collective agreements.

Mips’ core values

Mips updated its core values in 2022.

We dare

Daring means being brave, innovative and challenging the status quo. I am curious about trying new solutions and I’m not afraid to make mistakes or ask for help. I challenge myself and others to achieve our vision.

We care

Caring involves creating a sustainable environment where people can perform. I show my colleagues respect. In my desire to achieve the highest quality, I take responsibility for my own wellbeing.

We share

Sharing is about creating transparency, a sense of belonging, and trust. I continuously share my experiences and my knowledge with my colleagues. I support collaboration across functional areas.

Diversity and gender equality

Diversity is a critical success factor for Mips. With different skills and experiences the company can constantly evolve. There are employees from many different countries in the company, which is why English is the corporate language. The helmet industry has traditionally been male-dominated and Mips actively works to reverse that trend, as well as to promote diversity in the business. Mips' Code of Conduct emphasizes that all people are of equal value and that Mips must provide fair conditions for all individuals and groups.

A review of 2022

At the end of 2022 the number of employees at Mips was 100 (78), 48 percent (42) of these were women (including China). Mips has thus achieved its target of having a minimum 40–60 balance between female and male employees, overall. Executive Management currently consists of 4 (7) people, including 1 (2) women, which corresponds to 25 percent (29) of the total number of people in management. The Board of Directors consists of 6 (5) people, including 3 (2) women, which corresponds to 50 percent (40) of the total number of Board members. Our goal is for both the Executive Management and the Board of Directors to have a minimum 40–60 percent balance between both genders.

KPI	Goal	2022	2021	2020	SDG
Gender distribution all employees, (% women/men)	40-60/60-40 women/men	48/52	45/55	38/62	5.5
Gender distribution Executive Management, (% women/men)	40-60/60-40 women/men	25/75	29/71	29/71	5.5
Gender distribution Board of Directors, (% women/men)	40-60/60-40 women/men	50/50	40/60	40/60	5.5

Health, safety, and inclusiveness

Mips views its employees as the single most important factor for success and believes that employees create the company's long-term competitiveness. Mips' overarching goal is for everyone in the Group to feel that they work in a sound, safe, and secure environment. Having employees who enjoy their work and feel good is crucial to Mips' success. Each manager engages in active dialogue with employees to ensure their wellbeing and that they have a good work-life balance. Mips tries to prevent illness at the earliest stage possible and provides support when needed to promote both mental and physical wellbeing of our employees.

Mips is convinced that having healthy employees not only reduces sick leave, the risk of stress-related issues and burnout, but also leads to a positive atmosphere and better performance. All employees in Sweden are offered a wellness allowance, as well as regular massage services and yoga sessions at work. Mips has also invested in a gym that is available to all employees seven days a week. Our subsidiary in China also has a gym as well as health-related initiatives.

Mips has zero tolerance for all forms of discrimination, and this is followed up annually. Rules, procedures, and processes in this regard are described in the Code of Conduct and staff manual, to which all employees have access. The company's employees, as well as other stakeholders, are encouraged to report all forms of discrimination to their immediate supervisor, the CFO, the CEO, or via the company's third-party whistleblower system.

Mips is a global company and for many employees travel is an essential part of work. Mips uses video and telephone conferencing to the extent possible and appropriate to limit travel as much as possible and thereby reduce the negative impact on the environment and climate that air travel entails.

The year in review

Mips has zero tolerance for any form of discrimination, bullying or harassment, and since the beginning of 2021 we have had a whistleblowing service in place through which all employees, suppliers, and other external stakeholders can anonymously sound the alarm about misconduct or behavior that violates the Group's Code of Conduct. No incidents

were reported to Mips via the whistleblower system in 2022.

Mips has a zero-vision related to occupational injuries and works constantly to evaluate the safety of the workplace. In 2022, no accidents occurred in Mips' premises or directly related to the workplace, however one person had an accident on the way to work and there was one injury at an internal event during working hours. These two accidents resulted in one day's sick leave each. As a further element in ensuring we maintain a safe workplace, all employees in Sweden are offered cardiopulmonary resuscitation (CPR) training and First Aid training. In total 95 percent of the employees in Sweden took the courses in 2021-2022 and courses will be held again in 2023 to offer CPR training on an ongoing basis. This is a way to ensure that all employees know the basics of CPR and First Aid, and can use the defibrillator installed in the office in Sweden.

During the year employees have been able to book an individual consultation with an ergonomist to ensure their own workplace is good and safe, based on their individual needs. This service will continue to be offered during 2023.

The pandemic has led to new ways of working and in the periods when it has been necessary, all Mips employees have naturally had the opportunity to work from home. Mips will continue to allow its employees to partially work from home to create a more flexible working situation and enable employees to gain a better work-life balance. The office remains the primary place of work, but if work duties and circumstances allow, employees can work remotely two days per week.

At year-end there were four consultants performing full-time work on behalf of Mips. These resources are business development consultants based in the US and the UK, and they are not included in the total number of employees at Mips.

During the fourth quarter of 2022 Mips implemented a new method of measuring enjoyment, engagement, leadership, and ambassadorship amongst employees and managers. This is done via weekly pulse surveys to all employees and managers in Sweden and China. There has been a 98-percent response rate and the results provide input to help Mips reinforce things that work well, and develop

and improve in other areas as needed. Results are compiled on a scale, where 10 is the highest score. Mips' target is to achieve an annual average of at least 8.0, and for the two months of 2022 when the tool was used, the score was 8.4, which shows there is a high level of both engagement and enjoyment amongst Mips' employees. Mips also has a very high Employee Net Promoter Score (ENPS) of more than 40, which measures ambassadorship and the likelihood that employees recommend Mips as an employer. This is reported on a scale of -100 to +100.

All employees have annual performance appraisals with their immediate supervisor, during which individual goals and development plans are formulated and then followed up regularly. Performance appraisals involve discussing any skills that need to be developed to help the individual and Mips progress, and identifying how this can be done through internal learning and external courses. As an example, in 2022 twelve employees did a leadership course and more people will do the course in 2023.

To further develop leadership within Mips, at the end of 2022 we decided to run a leadership program starting in the first quarter of 2023. Twelve managers will participate in the first stage of the program which will continue throughout 2023.

A sustainable workplace

In 2021 the pandemic was one of the factors that enabled Mips to hold more online meetings with colleagues and external parties. Hardly any business travel was done which led to a reduction in Mips' CO₂ emissions from travel to 0.56 tons per employee (41 tons in total). In 2022, business travel has once again taken place for visiting fairs and meeting customers. Mips' total climate impact from business travel amounted to 116 ton in 2022, which equates to 1.24 ton CO₂ per employee. This is lower than the target set of 1.80 ton CO₂ per employee.

Mips' environmental policy describes the environmental requirements that are to be followed in all internal processes so as to reduce Mips' environmental impact. One policy covers waste and recycling, and the target is to recycle everything that can possibly be recycled, which also includes electronics. In early 2022 Mips expanded the offices in Täby by an additional floor and chose to furnish it using eco-labelled furniture and recycled furniture. Measures have also been implemented to reduce energy consumption, such as using motion-sensors to control lighting.

In 2022, 100 percent of Mips' energy consumption in Sweden came from renewable energy. Mips goal is to reach the same level in China too, but as renewable energy has not been available to the extent needed, Mips has chosen to climate compensate using a Renewable Energy Certificate (I-REC). The amount of compensation corresponds to the electricity consumed by all Mips' manufacturing suppliers in China when manufacturing Mips' products, plus the consumption for Mips' own warehousing operations. This represents 40 percent of Mips' total emissions.

Workplace environment policy

Mips' mission is to lead the world towards safer helmets, but for Mips, safety is not only important in helmet safety. Safety is the company's highest priority in every area of the organization and it should never be jeopardized, neither in the products nor in our workplace. Mips' ambition is to create a sound and safe workplace.

INDICATORS FOR HEALTH, SAFETY, AND NON-DISCRIMINATION

KPI	Goal	2022	2021	2020	SDG
Employee turnover, (% of total number of employees)	<10	6%	10%	4%	N/A
Number of cases of workplace harassment reported and investigated	0	1	0	0	8.8
Skills development and investment in training (% of salary cost)	3.0%	1.1%	1.0%	0.5%	4.7
Employee survey (BPI metric)	+1 vs the prior year	N/A	77	80	8.8
Employee survey ENPS	>40	N/A	N/A	N/A	8.8
Employee survey, Pulse	8.0	N/A	N/A	N/A	8.8
Performance appraisals (% of employees)	100%	100%	100%	100%	4.7
Work-related injuries, (no. of accidents)	0	2	0	0	8.8
Sick leave (Mips AB only)	<3%	1.23%	1.39%	0.83%	N/A

*New method of measurement so no comparison available

INDICATORS FOR ETHICS AND CORPORATE CULTURE

KPI	Goal	2022	2021	2020	SDG
Code of conduct updated and approved by the Board	yes	yes	yes	yes	4.7
Code of conduct signed by employees, (% of employees)	100%	100%	100%	100%	4.7
Anti-bribery and anti-corruption policy updated and approved by the Board	yes	yes	yes	yes	4.7
Anti-bribery and anti-corruption training (% of employees)	100%	100%	100%	100%	4.7
Corruption, (no. of cases reported)	0	0	0	0	4.7

INDICATORS FOR A SUSTAINABLE WORKPLACE

KPI	Goal	2022	2021	2020	SDG
Share of green electricity, Sweden	100%	100%	100%	100%	7.2
Share of green electricity, China	100%	0%*	0%*	0%	7.2
CO ₂ emissions from air travel (ton CO ₂ /employee)	<1.80**	1.24	0.56	0.08	13.2

* Green electricity is not available so Mips compensates through a Renewable Energy Certificate.

** Our goal is to reduce emissions related to air travel by at least 50 percent per employee compared to 2019.

Risks related to our employees

RISK	MANAGEMENT
<p>Mips' workplace benefits from being inclusive, where differences are welcomed, respected, valued and embraced. This approach helps create satisfied and productive employees. An overly homogeneous workforce is at risk of overlooking the potential and the advantages associated with diversity and can lead to a one-sided view of risks and opportunities. It also creates a risk of individual employees being discriminated against.</p>	<p>This year Mips has moved towards becoming a more diverse workplace with a 48-52 split between female/male employees, and people of different nationalities, backgrounds, ages, and experience.</p> <p>Mips' Code of Conduct states that nobody should be subjected to discrimination. There is also a whistleblowing service through which all employees can report anonymously.</p> <p>A new tool has been implemented during the year through which all employees answer questions on discrimination, harassment, and victimisation on an ongoing basis.</p>
<p>Taking care of employee health and safety is paramount for Mips and the company therefore proactively works to prevent accidents and to ensure a good worklife balance, in order to avoid the risk of ill health and sick leave.</p>	<p>During the year Mips has introduced a new type of employee survey which measures employee engagement, enjoyment, and perceived work situation more frequently than the previous half-year measurements. In combination with ongoing dialogue between employees and their managers, this new survey helps Mips to proactively understand whether employees are in the risk zone for needing to go on sick leave.</p> <p>Additionally, Mips offers employees the opportunity to exercise during working hours, access to a gym, massage services, and yoga at work, as well as a wellness allowance. Mips also works continuously with occupational safety. All employees are also covered by health insurance which aims to provide support to employees as early as possible, if they do not feel well and are at risk for needing to go on sick leave.</p>



FOCUS AREA

Our products



Helmet safety

Sustainable societal development is extremely important for Mips, and the company believes that its technology and products lead to a more sustainable society since they are designed to improve helmet protection for both recreational and professional use. Improved helmet protection leads to increased safety and security, while reducing risk for both short-term and long-term sick leave, as well as permanent injury.

Mips is a global market leader in helmet-based rotational protection and partners with many of the world's leading helmet brands. Mips' patented solutions are based on more than 25 years of research in collaboration with the Royal Institute of technology (KTH) and Karolinska Institutet in Stockholm. Traditionally, helmets have only been designed to protect against straight impact, which can lead to skull fractures. Unlike traditional helmets, Mips' low-friction layer mimics the brain's own protection system and is designed to protect the brain from rotational motion, which can lead to brain damage. Mips works with customers to raise awareness of the benefits of helmets equipped with protection against rotational motion.

An increased awareness of safety as well as the risks and consequences of brain damage are driving demand for Mips' products and solutions. Mips is also active in international university and research environments, where it works to ensure that testing of rotational motion is included as a standard in the tests and certification of helmets. In addition, Mips is a member of several testing bodies around the world and pursues an active dialogue with several universities to ensure research-based development of tests and standards.

A review of 2022

In 2022, Mips received 2.5 product complaints per 1,000,000 units sold from consumers about. The target is to receive less than five complaints per 1,000,000 units sold, which was achieved with good

margin. Most complaints concerned older models or solutions.

Continuous product development and strong IP protection are important for Mips to retain its competitiveness as a company. Mips continued to submit new patent applications during the year.

Mips launched three new products in 2022. Mips Air Node is Mips' most lightweight technology so far, and is also the first Mips solution that end users can remove, wash, or replace for themselves as needed. The other two products launches were Integra Split and Integra TX. The advantage of Integra Split is that it is simpler to have several different densities of the energy-absorbing layer to optimise comfort and performance. The last launch of the year, Mips Integra TX, took place at EICMA. Mips Integra TX is Mips' first fully integrated textile solution for helmets within the motorcycle, equestrian and snow areas.

MEMBERSHIPS AND COLLABORATIONS

Mips is a member of several organizations that primarily work to standardize and certify test standards in the helmet industry. The main reason for membership is to ensure that appropriate test standards are implemented for certification.

Mips is currently a member of:

- SIS TK525 – The Swedish Institute for Standardisation – Helmets.
- CEN TC158 – European Committee for Standardization – Head protection.
- ISEA – Saftey Equipment Organisation

A sustainable product

Mips constantly strives to limit its impact on the climate and the environment, which is continually assessed, along with the sustainability of the supply chain and the products, and their actual impact on the world. Mips continued the mapping out of the total climate impact of its operations during the year. In 2022 the product lifecycle analyses were expanded to include Mips Air Node and Mips Integra TX. Both of these analyses will help Mips to understand where in the manufacturing process the biggest difference can be made to reduce Mips' climate impact.

The life span of Mips products should be at least as long or longer than for the helmet in which the product is installed. Many of Mips' products are made of plastic that is recyclable and Mips always tries to use materials that have as little impact on the climate and the environment as is technically and commercially possible. The products are manufactured as close to the helmet manufacturers' factories as possible (often production is in the same factories) to minimize product transport. The packaging used for Mips' components is always made of recycled and recyclable material.

A review of 2022

During the year Mips has continued to look for more sustainable alternatives to the material currently used in its products. One interesting material is post industrial recycled plastic which is plastic waste which has never reached the consumer, composed for example of cut-offs from the production. During the year Mips has delivered eleven customer projects using post industrial recycled plastic. Using post industrial recycled plastic Mips can deliver products that offer the same high quality as before, but made from a more sustainable material. Mips hopes to offer a larger amount of sustainable materials in its current solutions over time, thus substantially reducing Mips' and its customers' environmental impact.

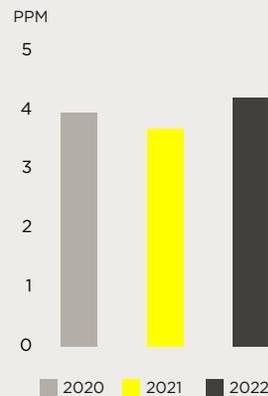
Investment in the Mips Virtual Test Lab (VTL) continued during 2022. This year the focus was on improving the quality of the tool to further improve

its ability to predict the behavior of a helmet upon impact. Mips' VTL will save Mips and the helmet manufacturers time and money. Virtual testing will also help to reduce Mips' climate impact compared to physical testing alone as fewer physical prototypes will be required, thereby reducing waste in the production process.

Hazardous chemicals

Helmet safety is and always will be Mips' highest priority, and to give the products the correct properties for safety, Mips and the manufacturing suppliers are currently reliant on a number of chemicals that are classed as toxic in excessive amounts. The levels of hazardous chemicals in all Mips' products are low, and far beneath the current legal limits. Mips is nonetheless working to phase them out and find suitable substitutes. Mips' goal is to use as few hazardous chemicals as possible and in 2022 a target was set for an annual amount of hazardous chemicals of under 3 PPM (parts per million).

HAZARDOUS CHEMICALS 2020-2022



The graph shows the total average hazardous chemicals contained in all of Mips' products. PPM stands for Parts Per Million. The share of PPM is shown for all three years that Mips has measured this ratio.

MIPS' USAGE AND SHARE OF HAZARDOUS CHEMICALS



The yellow/grey bar shows how far the chemicals that Mips uses in its products are from the legal limits, expressed in %. In other words, if 25% of the bar is yellow it means that Mips uses a quarter of the permitted amount of a certain chemical. The column furthest to the right “% of Mips total PPM” shows the share of each chemical of Mips’ total amount of hazardous chemicals. For example, chromium (CrVi) represents 11% of Mips’ total PPM.

In 2022 Mips gained further information on its production and updated the method of calculating Mips’ total PPM, i.e. Total chemical usage. In 2022, the PPM, amounted to 4.21. Adjusted for the new method of calculation, the PPM amounted to 3.67 for 2021 and 3.95 for 2020. The increase is primarily due to the sales mix of products in 2022. Mips intends to continue working to reduce the total volume of hazardous chemicals. The target remains to reduce hazardous chemicals to under 3 PPM per year. The quantity of hazardous chemicals in Mips’ products will increase in the short and medium term though as Mips increases the share of post industrial polycarbonate in the total product range. Two of the three chemicals with the largest total impact on the amount of hazardous chemicals are used in products that are to be made of polycarbonate. This will lead to an increase in the amount of hazardous chemicals but the upside of a reduction in carbon emissions due to this material outweighs the drawbacks of a small increase in hazardous chemicals. Furthermore, the amount of hazardous chemicals in these products is far below the legal limit.

89 percent of Mips’ total amount of hazardous chemicals originate from the use of Bisphenol A (BPA) and Styrene. Both of these are important elements of the plastic used in around half of Mips’ sold products. These substances cannot be excluded

without compromising on the safety of these products, so Mips is reliant on these chemicals, albeit in small amounts. The graph above illustrates that Mips products are far below the legal limits for these chemicals.

Chromium, or CrVi, which is in some of the textile products is an important ingredient for achieving the elasticity of the textiles and gives the desired performance of the product. Altogether, BPA, Styrene and Chromium make up 99.8 percent of the total quantity of hazardous chemicals in Mips’ products.

Mips’ raw material usage

The three most-used raw materials account for 70 percent of Mips’ total raw material consumption. The most used raw material is polycarbonate, which is the main type of plastic used in Mips’ products. In 2022 Mips started to roll out a post industrial alternative to polycarbonate. This post industrial plastic can replace the traditional plastic without compromising on quality or safety. On average, the raw material emissions of Mips’ products in 2022 was 5.3 kgCO_{2e}/kg per product produced. Polycarbonate had an average of 8.14 kgCO_{2e}/kg in 2022, compared with post industrial polycarbonate which has an average of 0.73 kgCO_{2e}/kg.

THE RAW MATERIALS IN MIPS' PRODUCTS AND THEIR SHARE OF MIPS' TOTAL EMISSIONS FROM RAW MATERIALS.

Raw material	Emissions coefficient [kgCO ₂ e/kg]	Share of Mips' total emissions from raw materials
Polycarbonate (PC)	8.14	33.9%
Polyketone (POC)	2.90	22.6%
Polypropylene (PP)	2.30	14.9%
Polyamide (PA)	8.33	9.2%
Textiles	4.59	5.2%
Recycled paper	0.74	4.8%
Nylon	8.33	4.0%
Silicone	3.91	2.8%
Paper	0.92	1.0%
Post industrial polycarbonate	0.73	0.5%
Lycra	4.84	0.5%
ABS*	4.61	0.4%
Polyethylene terephthalate (PET)	4.04	0.1%
Polyester	3.23	0.0%
Ethylene-vinyl acetate	2.42	0.0%
Steel	4.43	0.0%
Ink	2.04	0.0%
Polytetrafluoroethylene (PTFE)	4.20	0.0%

Raw materials used in our products and the distribution of volume.

*ABS stands for Acrylonitrile, Butadiene, and Styrene monomers

INDICATORS FOR OUR PRODUCTS

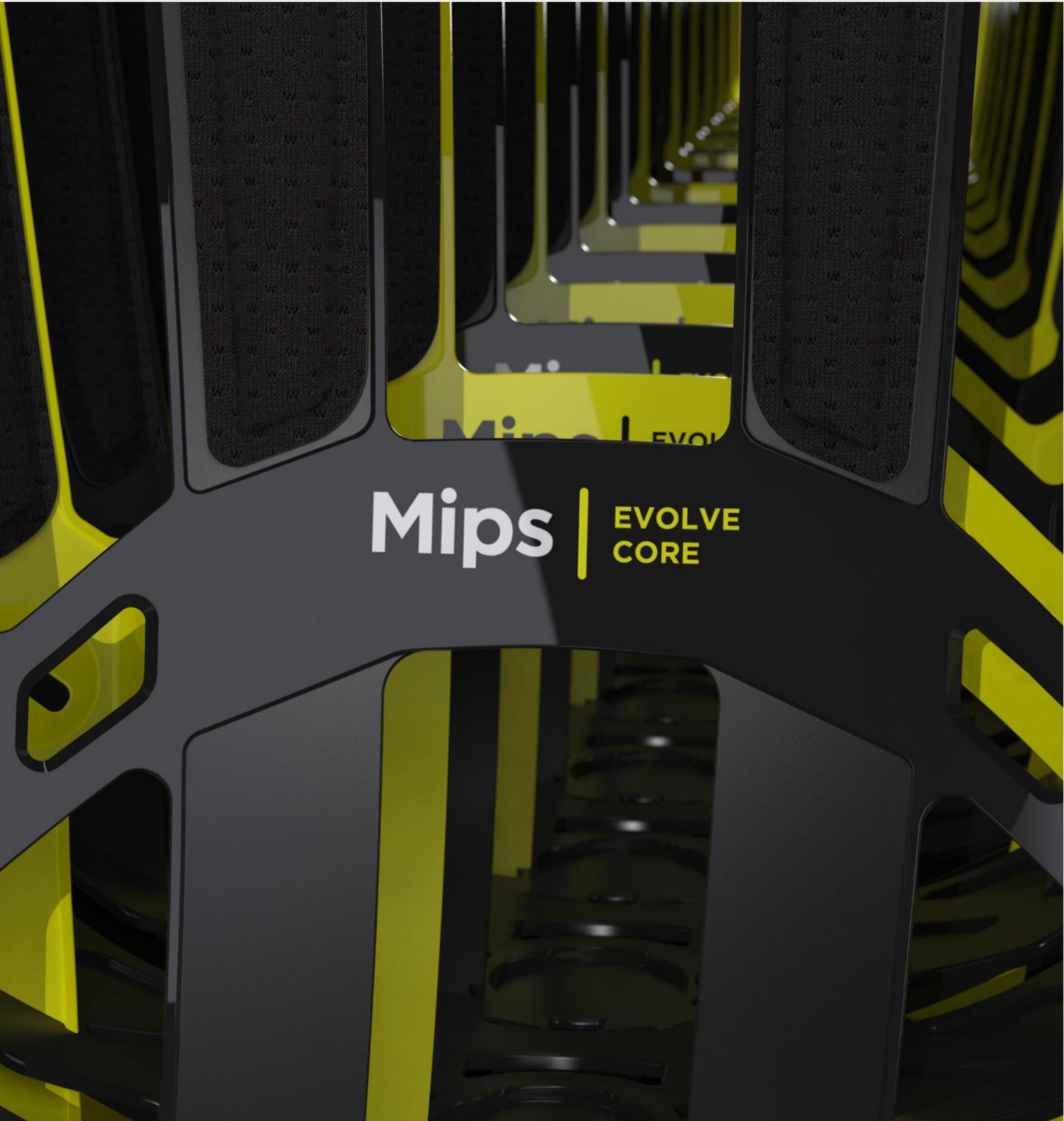
KPI	Goal	2022	2021	2020	SDG
Consumer complaints, (number of complaints/1 million units sold)	Max 5 per million helmets	2.5	4	5	8
Recyclable material in our products, (% of material in our products that is recyclable)*	100%	88%	>90%	>90%	12.5
Hazardous chemicals**	<3 PPM	4.21**	3.67**	3.95**	12.4

*All hard plastic components in Mips' products can be recycled.

** Updated method for calculating hazardous chemicals

Risks related to our products

RISK	MANAGEMENT
Mips does not conduct any activities of its own that are subject to mandatory reporting requirements. Mips' products must always be manufactured in accordance with applicable laws and regulations and with the least possible impact on the environment. Mips must evaluate the environmental aspects of new products and minimize negative environmental impact throughout the product cycle. The risk entails environmental and climate impact as well as negative impact from chemicals.	Mips has carried out lifecycle analyses on selected products. The lifecycle analyses will help the company better understand which products within its portfolio are more environmentally friendly and which areas of production have the greatest impact on the environment.
Even if Mips views itself as the market leader with a patented technology that contributes to a sustainable society, it is important for this to continue. Competition from new technology and risks of patent infringement or lawsuits are ever-present.	Mips has comprehensive insurance coverage. The company also has its own lawyers and patent engineers, and engages external IP law experts. Mips has an extensive training program for customers who sell Mips' technology covering how to correctly market the technology in order to minimize the risk of any legal disputes, as well as the risk of damage to the brand.
Production and assembly of the company's products largely takes place in China. As the company launches more products and they are implemented in more helmet models, and in more customer factories, there is an increased risk that production will be carried out with materials of the wrong quality, or with lower production quality.	Mips actively works with quality assurance procedures and documentation. The company's quality assurance procedures are regularly updated and monitored. Frequent and proactive quality controls are carried out at factories that manufacture or install Mips' products and the outcome is monitored and documented.



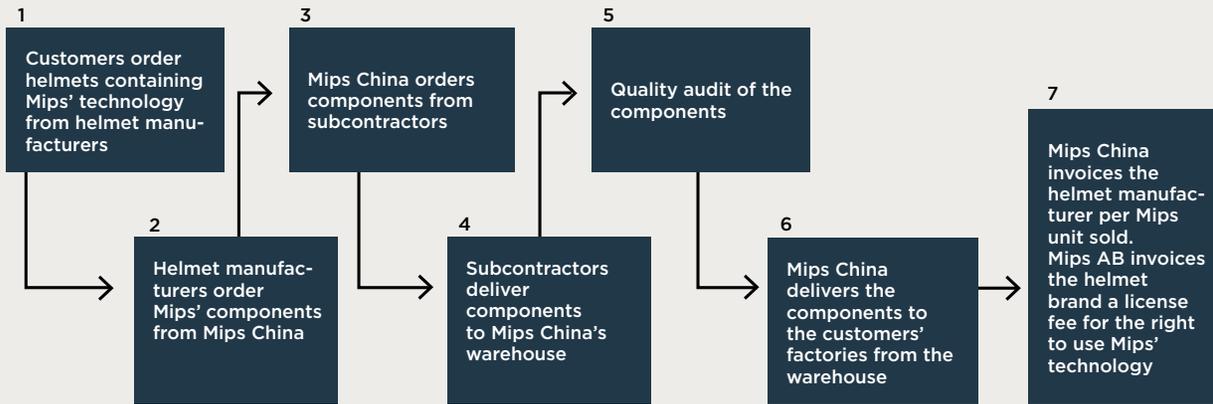
Mips | EVOLVE
CORE

FOCUS AREA

Our supply chain



A sustainable supply chain



Mips does not conduct any of its own production, and instead uses external suppliers for the manufacturing of products. To ensure that the supply chain and the manufacturing of the products is sustainable Mips needs to ensure that the supply chains of its suppliers are sustainable and comply with requirements stipulated by international laws and conventions.

Mips' customers, i.e. helmet manufacturers, have chosen to use factories mainly in China to make their products. Mips therefore opened a subsidiary in China in 2017 to be as close as possible to the helmet factories as most helmet manufacturers locate their production in China. As far as possible, Mips always tries to collaborate with suppliers located close to the helmet factories and in many cases also engages the helmet manufacturers to produce Mips' low-friction layers. This it to minimise transportation, lead times, and complexity in the supply chain.

Mips currently collaborates with 96 (82) different partners, of which 18 (33) are manufacturing suppliers of Mips' components and 78 (49) are helmet factories that assemble Mips' solutions in the customers' helmets. As Mips collaborates with many different partners quality assurance of the products is very important. Mips' quality assurance consists of several stages, both before the product launch and during production.

When Mips' safety system is first implemented in a new helmet Mips' quality process is followed, illustrated in the diagram below. In step 2-4, Mips' assembly instructions are created and updated, and these are sent to the factory to enable it to carry out correct implementation of Mips' safety system. After approval of the helmet from Mips, the factory can start to mass produce the helmet equipped with Mips' safety system. Mips always offers the factories assistance in production if they are new, or if they show they need or request support from Mips' quality engineers.

Over and above assistance for first-time installations in new helmets, Mips holds workshops with both suppliers and factories to facilitate more efficient and better quality manufacturing and assembly of the products. Mips trains the suppliers in how to perform quality checks of Mips' products. The results of these checks are collated and analysed monthly by Mips' quality engineers to assess the level of quality of each supplier. Mips also ensures a high level of quality in its products through Mips' internal quality control which is done on every incoming delivery to Mips' warehouse. This control procedure follows the Acceptable Quality Limit (AQL) standard to assess whether a production order is to be approved or not.

Mips also carries out audits of the manufacturing suppliers' production units at least every other year to help them and ensure that they comply with the guidelines and rules Mips requires within the Mips' Code of Conduct.

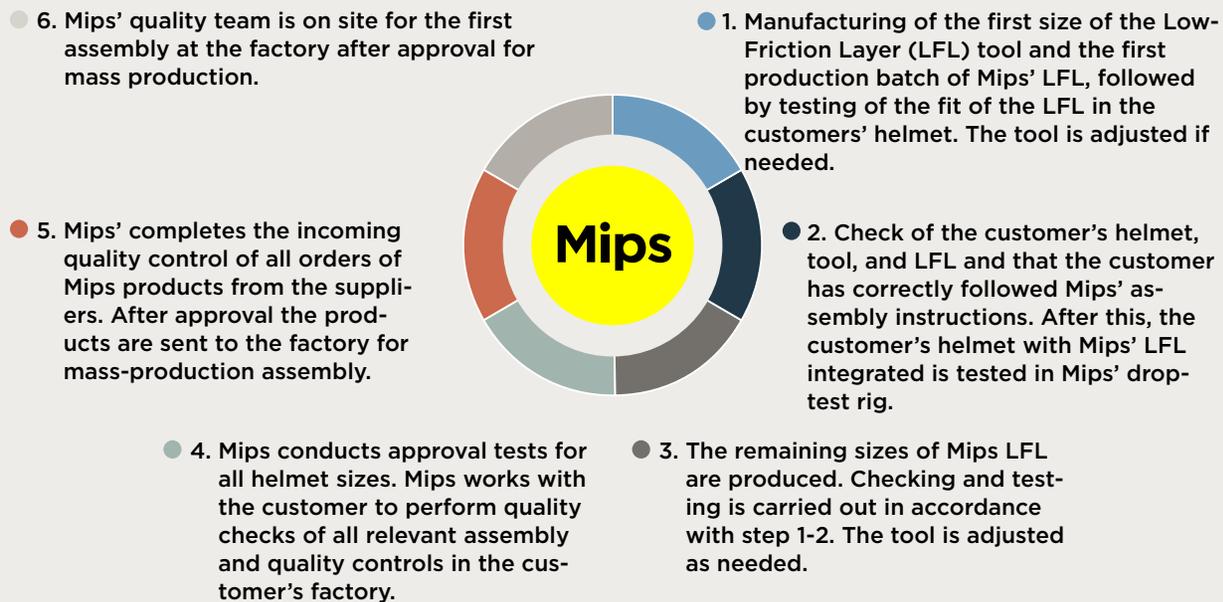
A further measure taken to ensure a high level of quality in the products is to annually request a test report of all the raw materials used by the suppliers in the production of Mips' products, and that they comply with Mips' raw materials traceability process.

When new concepts or technologies are launched, the products are put through a number of tests to simulate real-life usage of our products. All products are subjected to tests that are at least as stringent as those used by the helmet industry, as well as further tests that simulate scenarios and settings that are more representative for Mips' safety system and how it functions. Examples of real-life circumstances that are simulated in these product tests are heat, cold, wetness, humidity, UV radiation, synthetic sweat, sun cream and more. These environmental conditions are simulated to see if the product is affected by longer exposure, and also for the testing in Mips' drop-test rig to simulate if performance is affected. The product must be approved in all tests before going on to the next stage in the development process.

Manufacturing Supplier Code of Conduct

Mips believes that the company has an important role in trying to ensure that the human rights of the people affected through Mips operations are respected. This includes the entire value chain and all manufacturing suppliers. Mips therefore has a Code of Conduct aimed at defining the sustainability requirements that apply to all manufacturing suppliers. Mips' manufacturing Supplier Code of Conduct is based on Mips' internal Code of Conduct as well as international conventions and standards such as the ten principles of the UN Global Compact, the standards of the International Labour Organization (ILO), and the OECD guidelines. The Code is a complement to applicable laws and external regulations, and the supplier must conduct all activities in full compliance with all laws and regulations that are applicable to its operations. Mips respects, and expects its suppliers to respect, children's rights in accordance with the United Nations Convention on the Rights of the Child and other applicable national and international laws, regulations and rules related to child labor in the countries where our production or operations take place.

Mips quality assurance process



The diagram illustrates the quality assurance process for first-time installations in new helmets equipped with Mips' safety system.

Mips manufacturing Supplier Code of Conduct strives to ensure that all companies in the supply chain take responsibility for the environment, and for respecting human rights, employee rights, working conditions, and proper occupational health and safety. Suppliers must also conduct their operations in accordance with applicable laws and regulations.

Mips regularly audits its manufacturing suppliers to ensure that the requirements of the Supplier Code of Conduct are fulfilled. Controls are carried out by Mips' employees in China, and if deviations are detected, an action plan is developed together with the supplier. Any deviations that arise are always handled in accordance with applicable legislation. Mips has operations in Sweden and China and deems that there is always a risk for corruption. Mips has an anti-corruption policy and applies a zero-tolerance policy to corruption and bribery. Mips also performs continuous audits of the factories that are part of its supply chain.

All transportation to end markets is handled by Mips' customers, who are encouraged to choose sustainable options to the extent possible. Mips' continually reviews circumstances with the aim of locating its production as close to the end users as possible, but in this regard Mips is dependent on customers and their production logistics. Mips' subsidiary in China is located close to many of the largest helmet factories in order to minimize climate impact. Mips however deems that future inroads into new categories and greater penetration of certain existing categories, may mean that production, at least in part, may be based in both Europe and the US, which would likely reduce the final transport needs of customers, thereby reducing the impact of the entire production chain on the climate and the environment.

All testing of new helmet models with Mips' technology takes place in Mips' test lab in Sweden.

The helmets used in testing are then sent to be destroyed and burnt at incinerators where the energy generated through combustion is recycled by a third party and used for heating.

As far as practically possible, Mips chooses the most environmentally friendly choice of transport.

A review of 2022

During the year Mips calculated its total climate footprint according to the GHG Protocol (Greenhouse Gas Protocol), the results of which will provide the basis for the company's continued efforts to reduce climate impact. Read more on page 53.

In 2022, the majority of Mips' products were manufactured in China where the company works with several independent manufacturing suppliers. All of the company's manufacturing suppliers in China have signed Mips' Code of Conduct. Mips also has procedures in place to limit the risk of undue influence when choosing suppliers. All new suppliers must be reviewed and approved by the Head of China Operations and/or the CEO before any contracts are signed.

Through the results of the mapping of the total emissions, Mips now better understands which suppliers manufacture more sustainably than others. Mips will delve more deeply into this in 2023 and the ambition is to establish a more active dialogue with the suppliers about how they can become more sustainable. Mips will also review which suppliers it wants to continue working with over more long-term approach.

Mips has collaborated with its suppliers to manage the challenge of achieving a large-scale reduction in emissions to a level that is low enough to meet SBTi's goals for a renewable future. Challenges such as permits for installing solar panels, space to reach sufficient scale, technical limitations and costs are just some of the hurdles Mips has identified and will continue to work with in the near and long term.

Mips has worked actively with customers to minimize packaging in helmet transportation prior to testing, and ensured that customers do not send too many helmets as these are destroyed after testing.

Mips has invested in new testing equipment to verify safety requirements for helmets equipped with Mips' safety system. This will be sent to the office in China in the first part of 2023 to create redundancy in the testing of helmets for new projects, but primarily to reduce the amount of transportation of helmets from the factories in China to the test lab in Sweden.

Mips has reorganized and expanded during the year. Going forward, this will enable deeper collaboration with the first, second and third-party suppliers. Mips has also continued to build its competences in the materials area and recruited a polymer expert and a textiles expert. These competences will help Mips to better understand how the company can make its existing products more sustainable, and ensure that products are sustainable at an earlier stage of the product development process.

Risks associated with the value chain, including the workplace environment and working conditions of the suppliers.

RISK	MANAGEMENT
Mips is active in regions that are associated with exposure to and an increased risk of bribes and corruption. For example, bribes may be offered to overlook errors and improprieties. Mips applies a zero-tolerance policy regarding bribery and corruption. Manufacturing of Mips' products takes place at suppliers that are mainly located in China, which entails a risk of human rights violations in the supply chain.	Mips works systematically to counteract this by pursuing dialogue, setting requirements, and auditing manufacturing suppliers.

INDICATORS FOR ANTI-CORRUPTION AND HUMAN RIGHTS

KPI	Goal	2022	2021	2020	SDG
Manufacturing Supplier Code of Conduct updated and approved by the Board	yes	yes	yes	yes	8.7
Manufacturing Supplier Code of Conduct signed by manufacturing supplier, (%)	100%	100%	100%	100%	8.7
Manufacturing supplier audit at least every 2 years (% of manufacturing suppliers)	100%	100%	100%	100%	8.7

Total number of known cases/reports of incidents of corruption and violations of human rights

During the year no violations of human rights or incidents of corruption were reported. No irregularities or improper conduct in violation of the Code of Conduct have been reported in 2022.

Translation from the Swedish original

Auditor’s Limited Assurance Report on Mips ABs Sustainability Report and statement regarding the Statutory Sustainability Report

To Mips AB, Corp. id. 556609-0162

Introduction

We have been engaged by the Board of Directors and the Chief Executive Officer of Mips AB to undertake a limited assurance engagement of Mips ABs Sustainability Report for the year 2022. Mips AB has defined the scope of the Sustainability Report and the Statutory Sustainability Report on page 43-72 and 137-139 in this document.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 49 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report for reporting with reference, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our responsibility is limited to the historical information reported and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other than audits or reviews of financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s

accounting standard RevR 12 The auditor’s opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Control 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Mips AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Chief Executive Officer as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Chief Executive Officer.

A Statutory Sustainability Report has been prepared.

Stockholm, 22 March 2023

KPMG AB

Tomas Gerhardsson
AUTHORIZED PUBLIC ACCOUNTANT

Torbjörn Westman
EXPERT MEMBER OF FAR
(SWEDISH INSTITUTE OF AUTHORISED PUBLIC ACCOUNTANTS)



Financial information

Directors' report

The Board of Directors and the Chief Executive Officer of Mips AB, Company reg. no. 556609-0162, hereby issue the annual report for the Group and the parent company for 2022.

General information about operations

Mips is the market leader in helmet solutions designed to help to reduce harmful rotational motion that can be transferred to the head from angled impacts. Mips' patented safety system can be integrated in a variety of different types of helmets for both consumers (e.g. bicycle, skiing, motorcycle, as well as equestrian and team sport helmets) and professional users (e.g. industry, military, police, and search and rescue helmets).

Mips has an "ingredient brand" business model, which means that the company sells its products and licenses associated technology to other companies that manufacture, market and sell helmets to end users. As an ingredient brand, Mips does not sell or market helmets and therefore does not sell its products to end users. Several world-leading helmet brands have launched helmets with Mips' safety system and they market them to end customers globally.

The company's technology and patents are based on more than 25 years of research and development that started at the Royal Institute of Technology and the Karolinska Institute in Sweden. Several scientific articles validating the company's technology have been published and over 60,000 internal helmet tests have been carried out. A number of third-party tests have also been conducted that have confirmed the efficacy of the Mips safety system.

Key events during the financial year

The company continued to expand its operations by increasing penetration of helmet models among existing customers, and by winning new customers that have launched helmets with Mips' safety system during the year. The company continued to develop new solutions during the year with the aim of offering its products at even more price points and in more types of helmet model. It also continued to expand the organization, primarily in marketing and sales.

*For definitions and alternative performance measures, see pages 123-124.

Financial performance: Group operations, earnings and financial position*

NET SALES AND PROFIT/LOSS

Net sales for the 2022 full year amounted to SEK 563m (608), a decrease of 7 percent. Once adjusted for exchange rate effects, the decrease was 19 percent. The decrease is mainly explained by reduced demand in the bike category. Gross profit decreased by 9% to SEK 406m (445). The gross margin decreased by 1.1 percentage points to 72.1% (73.2) mainly explained by a higher share of fixed costs as an effect of the decrease in net sales, the product mix, and the increased number of implementation projects.

Operating profit decreased to SEK 229m (326), corresponding to an operating margin of 40.7 percent (53.6). No items affecting comparability have impacted profit during the year or during 2021. The decrease in operating profit is mainly explained by lower net sales, higher operating costs related to exchange rate effects, strategic initiatives within marketing, and higher costs related to recruiting more resources into the organization.

Selling expenses increased to SEK 75m (57). This increase is mainly explained by initiatives within marketing and costs related to recruiting more resources into the organization.

Administrative expenses during the year amounted to SEK 57m (48). The increase in administrative expenses is mainly explained by higher costs related to recruiting more resources into the organization. Research and development expenses amounted to SEK 26m (24). Other operating income and expenses amounted to SEK -18m (9), mainly due to exchange rate losses.

Tax expenses during the year amounted to SEK -48m (-73), corresponding to an effective tax rate of 21.5 percent (22.2).

LIQUIDITY AND FINANCIAL POSITION

On 31 December 2022, the Group's total assets amounted to SEK 767m (756). During the year, non-current assets increased to SEK 104m (76) mainly explained by the acquisition of patent rights and some other intangible assets, as well as increased right-of-use assets as a result of Mips

signing additional lease contracts to enable continued growth. Short-term investments of SEK 381m (361) are invested in their entirety in interest-bearing funds. The equity/assets ratio was 82 percent (76). Cash and cash equivalents, including short-term investments, totaled SEK 532m (450) on 31 December 2022.

During the year the company saw an decrease in accounts receivable to SEK 110m (200), mainly related to the decrease in net sales in the second half of the year. The carrying amounts of assets and liabilities are considered to correspond to their fair values in all material respects. To reduce the Group's short-term currency exposure, certain currency derivatives have been entered into with a bank. The derivatives are measured at fair value and amounted to a financial liability of SEK 9m on 31 December 2022. Last year the derivatives amounted to a financial liability of SEK 10m. Hedge accounting is applied, according to which the unrealized change in fair value for the derivatives is primarily recognized in Other comprehensive income.

Cash flow and investments

During the year investments amounted to SEK 22m (11). Investments in intangible assets amounted to SEK 15m (6) mainly related to the acquisition of patent rights and some other intangible assets. Investments in property, plant and equipment totaled SEK 6m (4), mainly attributable to investments in office furniture and office premises.

As of 31 December 2022 the Group had no significant obligations related to investments.

Shares and share capital

The share capital of Mips AB was SEK 2,618,362 on 31 December 2022. The number of shares registered amounted to 26,183,620 as of 31 December 2022. On 31 December 2022 the company's holdings of its own shares totaled 5,749 shares, corresponding to less than 0.1 percent of the total number of registered shares. The number of outstanding shares amounted to 26,177,871 as of 31 December 2022.

All shares are ordinary shares and carry equal voting rights. The shares have a quotient value of SEK 0.10.

Share-based incentive program

The Group has an outstanding warrant plan for senior executives and key personnel. The plan includes 550,000 issued and paid warrants, as well as an additional 25,000 warrants that have not been allocated. The warrants can result in a dilutive effect of maximum 2.2 percent. The exercise price (before recalculation) is SEK 339.30 per share. Each warrant entitles the holder to acquire one share. Similar to previous warrant plans, conditions apply regarding a recalculated subscription price and a recalculated number of shares as a result of dividends. After recalculation for dividends paid, the exercise price for 2022 is SEK 334.67.

The Group also has an outstanding long-term performance share plan for employees who do not participate in the warrant plan. The performance share plan covers a total of 33 people in Sweden and China. For people employed by Mips' subsidiary in China, certain other conditions apply meaning 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 3,598 shares and 1,164 synthetic shares.

Research and development

Research and development is one of the cornerstones of the company's commercial success. Mips believes the company has market-leading expertise in development and processes in its technology and product area. Mips has as an ambition to invest 5 percent of the company's net sales in research and development. The company aims to create an innovative company culture that promotes knowledge growth within the organization to inspire employees to develop new solutions and/or concepts, based on an established and structured development method. Current and planned R&D at the company includes innovation projects for its products, as well as development of better materials and components, and processes such as current development of more efficient testing and production processes, and the development of the Virtual Test Lab (VTL). During the year, the company increased product development initiatives and recruited more resources into the organization. Research and development expenses in 2022 were SEK 26m (24). The company did not capitalize development costs in 2022. The company expects to increase its investments in research and development during the coming year.

Information about risks and uncertainties

As a company, Mips is exposed to both operational and financial risks, as well as external factors over which the company has no control.

The main operational risks for the Group and the company are:

- The risk that end users will prefer to use products without Mips' rotational protection or other technologies or products that they consider to be more suitable and that as a result, Mips will not be able to implement its strategy of continued expansion and increased volumes, which may adversely affect the company's business, earnings and/or financial position.
- Given that the company's products are integrated into products sold to consumers, there is a risk, direct or indirect, of damages and/or lawsuits based on alleged defects or deficiencies in Mips' technology. This also entails a risk that marketing of Mips' technology by customers or their local sales personnel fails to comply with the company's

directives and agreements, and lawsuits based on incorrect marketing claims could arise.

- Challenging global economic conditions may adversely affect demand and limit the company's ability to grow.
- The risk that operations conducted by Mips and its customers in China could be adversely affected by local conditions such as legal and regulatory changes, compliance with local legal requirements and standards, difficulties in claiming and defending intellectual property rights, know-how and business secrets, shut-downs and strikes, political unrest, potential shut-downs due to Covid-19, and economic instability, etc., which could make Mips' or its customers' business in China undesirable or impossible to carry out, and/or adversely affect Mips and the company's brand recognition, which could adversely affect the company's business, earnings, and/or financial position.
- The risk that Mips' solutions could be subject to public criticism, or to tests that apparently misconstrue or void them, or that Mips' reputation or general corporate profile could be harmed, and that this could cause the company to lose business and growth opportunities, which could adversely affect the company's business, earnings, and/or financial position.
- Risk of non-compliance with regulations such as for listed businesses, EU GDPR (and the corresponding rules in China), MAR, cyber security, laws on competition, sustainability laws, new Chinese regulations (with no grace periods) import/export regulations, and so on.

The company's primary financial risks are:

- The risk that Mips' counterparties are unable to fulfil their financial obligations to the company, or fulfil them with significant delay, which would mean that Mips would not receive payment or that payment would be delayed for products that the company delivered to its customers, which could adversely affect the company's business, earnings, and/or financial position.
- The risk that currency fluctuations in the company's reporting currency, which is SEK, and in foreign currencies used in transactions with suppliers and customers outside Sweden (primarily USD), could adversely affect the company's income statement, balance sheet and cash flow, as well as the company's competitiveness or customer demand, which could result in a reduction of Mips' market share and adversely affect the company's business, earnings and/or financial position.
- Furthermore, Mips is exposed to external factors that the company cannot influence. The global Covid-19 pandemic has created great uncertainty around the world. It is difficult to assess the future impact of the pandemic. Russia's invasion into Ukraine has affected the geopolitical situa-

tion and has heightened uncertainty about future market developments. Mips has no activities in either Russia or Ukraine and the direct business exposure is therefore very minimal. Mips' financial position, earnings, and cash flow have not been materially affected by Russia's invasion of Ukraine, neither has the company been affected by any sanctions. During mainly the second half of 2022 there has been a negative challenge related to the demand for Mips' products due to the challenges facing the bike market. This has adversely impacted the financial results. The company still believes that the long-term demand for Mips' products is robust.

For information about material risks and risk management at Mips, see pages 37–42. For more information about the company's financial risks, see note 20.

Information on non-financial disclosures

At year-end, the Group had 100 (78) employees. The average number of employees during the year was 89 (70), of which 48 percent (42) were women. More personnel were recruited to the organization, primarily in sales and marketing, as well as research and development, to meet our growth rate and be able to develop new products and solutions. The organization also expanded in production monitoring with three people in China.

The company has a code of conduct and actively follows an ethically, socially, and environmentally responsible business strategy, and works to ensure that its products are innovative while providing a safe and healthy work environment.

The company does not engage in any operations that require a permit or notification under the Swedish Environmental Code.

The Board proposes the following guidelines for remuneration to the senior executives.

These guidelines cover the senior executives at Mips and are applicable to remuneration that will be agreed, and amendments to remuneration already agreed, after the adoption of the guidelines by the 2023 Annual General Meeting. These guidelines do not apply to any remuneration resolved or approved by the General Meeting.

THE GUIDELINES' PROMOTION OF THE COMPANY'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY TARGETS

The company's business strategy is briefly summarized below.

Mips operates as an ingredient brand with a solution designed to improve helmet safety by reducing rotational motion that can arise in the event of an angled impact to the head. The company's long-term strategy is based on three main helmet categories comprising Sports, Motorcycle, and Safety, which together represent a focus market of more

than 195 million helmets. As part of the company's business strategy the following long-term (2027) financial targets have been set:

- Net sales >SEK 2 billion
- Operating margin >50%
- Dividend >50% of annual net earnings

For more information about the company's business strategy, see <https://mipscorp.com/about-Mips/business-model-and-strategy/>.

The company's position as a world-leading actor in its field is largely a result of the innovation, know-how, and ability to get things done of a number of individuals affiliated with Mips. To continue to implement the company's business strategy successfully and to safeguard the company's long-term interests, including its sustainability, the company must be able to recruit and retain qualified employees. Consequently, the company must be able to offer competitive remuneration, which these guidelines enable.

The company has established long-term share-based incentive programs that are based on warrants and performance share rights. For more information about these programs, see <https://mipscorp.com/corporate-governance/incentive-program/>.

TYPES OF REMUNERATION, ETC.

Remuneration should be market-based and may comprise the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the General Meeting may – irrespective of these guidelines – resolve on share-related or share price-related remuneration, amongst others.

The fixed salary for senior executives shall be adapted to market conditions, be competitive and be based on competence, responsibility, and performance.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to not more than 75 percent of the fixed annual cash salary of the Chief Executive Officer and not more than 50 percent of the fixed annual cash salary for each of the other senior executives.

The variable cash remuneration shall be linked to predetermined and measurable criteria, which may be financial or non-financial. The criteria may also comprise individually and functionally adapted quantitative or qualitative targets. The criteria must be designed to promote the company's business strategy and long-term interests, including its sustainability, for example by being clearly linked to the business strategy or by promoting the senior executive's long-term development. The variable cash remuneration will mainly be dependent on the group's net sales and operating margin, which is in line with the company's long-term financial goals. Furthermore, the variable cash remuneration shall also be related to a sustainability goal set by the company. In addition, the

remainder of the variable remuneration may be paid based on individual and function-specific targets.

The Remuneration Committee is responsible for the assessment of outcomes regarding variable cash remuneration to the CEO, and the CEO is responsible for the evaluation regarding variable cash remuneration to the other senior executives. With regards to the financial targets, the assessment shall be based on the financial information made public by the company.

The Board shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

For all senior executives, pension benefits, including health insurance (Sw. sjukförsäkring), shall be defined-contribution schemes. Variable cash remuneration shall not qualify for pension benefits. The pension premiums to defined-contribution schemes shall amount to a maximum of 30 percent of the fixed annual cash salary. Other benefits may include life insurance, medical insurance (Sw. sjukvårdsförsäkring), and company cars. Such benefits may amount to a maximum of 10 percent of the fixed annual cash salary.

TERMINATION OF EMPLOYMENT

In the event of termination by the company, the period of notice shall be a maximum of twelve months. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for two years for the CEO and one year for other senior executives. When termination is made by the senior executive, the notice period may not exceed six months, without any right to severance pay.

Remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for any loss of income and shall only be paid insofar as the previously employed executive is not entitled to severance pay. The remuneration shall amount to a maximum of 60 percent of the fixed cash salary at the time of termination of employment, unless otherwise provided by mandatory collective bargaining agreements, and be paid during the time the non-compete undertaking applies, however not for more than nine months following termination of employment.

SALARY AND EMPLOYMENT CONDITIONS FOR EMPLOYEES

In the preparation of the Board's proposal for these guidelines for remuneration, salary, and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration, and the increase and rate of increase over time, in the remuneration committee's and the Board's basis for decision when evaluating whether the guidelines and the limitations set out herein are

reasonable. The development of the gap between the remuneration of the Chief Executive Officer and remuneration for other employees will be disclosed in the company's remuneration report.

DECISION-MAKING PROCESS TO DETERMINE, REVIEW, AND IMPLEMENT THE GUIDELINES

The Board has set up a Remuneration Committee. The committee's tasks include preparing the Board's decision to propose guidelines for remuneration of the senior executives. The Board shall prepare a proposal for new guidelines whenever the need arises for substantial changes in the guidelines, however at least every fourth year, and submit it to the Annual General Meeting. The guidelines shall apply until new guidelines are adopted by the General Meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration to the senior management, the application of the guidelines for remuneration to the senior executives as well as the current remuneration structures and compensation levels in the company. The members of the Remuneration Committee are independent of the company and the senior management.

The CEO and other members of senior management do not participate in the Board's processing of and resolutions regarding remuneration-related matters insofar as they are affected by such matters.

DEROGATION FROM THE GUIDELINES

The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board's resolutions in remuneration-related matters, which includes any resolutions to derogate from the guidelines.

DESCRIPTION OF SIGNIFICANT CHANGES TO THE GUIDELINES AND HOW SHAREHOLDER OPINIONS HAVE BEEN TAKEN INTO ACCOUNT

The Board of Directors has not received any opinions from the shareholders on the existing guidelines for remuneration to the senior executives. No significant changes have been made to the guidelines, and the Board's proposal essentially corresponds to the existing guidelines. There has been one clarification regarding the fact that the persons covered by the guidelines are now only referred to as senior executives of the company.

Corporate governance report

For the Corporate Governance Report, see page 125 and the company's website www.mipscorp.com.

Parent company

Mips AB is the parent company of the Group. The accounts of the parent company are essentially consistent with the accounts of the Group, and for that reason, the comments for the Group largely also apply to the parent company. Net sales for the parent company totaled SEK 395m (435) for the full year. The profit during the same period was SEK 150m (237). The parent company had cash and cash equivalents, including current investments, totaling SEK 482m (430) on 31 December 2022.

Outlook

The company has established itself as a leader in helmet solutions that are designed to help reduce harmful rotational motion that can be transmitted to the head from angled impact. Provided that external factors do not significantly change over the next few years, demand for the company's products is expected to be robust.

Proposed appropriation of profits

Available for disposal at the Annual General Meeting:

SEKt	
Share premium reserve	245,936
Fair value reserve	-3,663
Retained earnings	147,264
Profit for the year	149,511
Total	539,048

The Board of Directors proposes that the available funds of SEKt 539,048 be allocated so that SEK 5.50 (5.00) per share, corresponding to SEKt 143,978 based on the number of shares on 31 December 2022, will be distributed to shareholders and the remaining amount of SEKt 395,070 be carried forward, including SEKt 245,936 to the share premium reserve, SEKt 152,797 to profit brought forward and SEKt -3,663 to the fair value reserve.

Regarding the financial performance and position in general of the Group and the parent company, please refer to the following financial statements with accompanying notes to the accounts.

Consolidated income statement

SEKm	Note	2022	2021
Net sales	2	563	608
Cost of goods sold		-157	-163
Gross profit		406	445
Selling expenses		-75	-57
Administrative expenses		-57	-48
Research and development expenses		-26	-24
Other operating income	3	1	9
Other operating expenses	3	-19	-
Operating profit/loss	4, 5, 6, 7, 22	229	326
Financial income		3	4
Financial expenses		-9	-2
Net financial items	8	-6	2
Profit/loss before tax		223	328
Tax	9	-48	-73
Profit for the year		175	255
Earnings per share basic, SEK	10	6.68	9.75
Earnings per share diluted, SEK	10	6.63	9.64

Consolidated statement of comprehensive income

SEKm	2022	2021
Profit for the year	175	255
Other comprehensive income		
Items that may subsequently be transferred to profit or loss		
Foreign currency translation	2	4
Changes in fair value for the year, cash flow hedges	1	-27
Change in the fair value of cash flow hedges transferred to profit or loss for the year	2	6
Tax attributable to items that have been or may subsequently be transferred to profit or loss	-1	4
Items that cannot be transferred to profit or loss for the year	-	-
Other comprehensive income for the year	5	-13
Comprehensive income for the year	180	242

Consolidated balance sheet

SEKm	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets	11	72	56
Property, plant and equipment	12	13	11
Right-of-use assets	22	18	8
Deferred tax assets	9	0	0
Financial assets	13	0	0
Total non-current assets		104	76
Current assets			
Inventories		6	10
Accounts receivable	14, 20	110	200
Prepaid expenses and accrued income	15	9	5
Other current receivables		5	15
Current investments	16, 20	381	361
Cash and cash equivalents	16, 20	152	89
Total current assets		663	680
TOTAL ASSETS	21	767	756
EQUITY AND LIABILITIES			
Equity			
Share capital	17	3	3
Other paid-in capital		274	274
Reserves		2	-3
Retained earnings including profit for the year		348	303
Total equity attributable to Parent Company shareholders		626	577
Non-current liabilities			
Lease liabilities	22	12	4
Other liabilities	18	9	-
Deferred tax liabilities	9	2	1
Total non-current liabilities		24	5
Current liabilities			
Lease liabilities	22	5	3
Accounts payable		29	70
Tax liabilities		48	57
Other liabilities		11	20
Accrued expenses and deferred income	19	23	24
Total current liabilities		117	174
TOTAL EQUITY AND LIABILITIES	21	767	756

Consolidated statement of changes in equity

Equity attributable to Parent Company shareholders

2022	Reserves				Profit brought forward incl. Net profit/loss	Total equity
	Share capital	Other paid-in capital	Translation reserve	Hedging reserve		
SEKm						
Opening equity, 1 January 2022	3	274	3	-6	303	577
Profit for the year	-	-	-	-	175	175
Other comprehensive income for the year	-	-	2	3	0	5
Comprehensive income for the year	-	-	2	3	175	180
Dividend paid	-	-	-	-	-131	-131
Share-based remuneration (LTIP)	-	-	-	-	0	0
Total transactions with Group shareholders	-	-	-	-	-131	-131
Closing equity, 31 December 2022	3	274	6	-4	348	626

Equity attributable to Parent Company shareholders

2021	Reserves				Profit brought forward incl. Net profit/loss	Total equity
	Share capital	Other paid-in capital	Translation reserve	Hedging reserve		
SEKm						
Opening equity, 1 January 2021	3	274	0	11	139	426
Profit for the year	-	-	-	-	255	255
Other comprehensive income for the year	-	-	4	-17	-	-13
Comprehensive income for the year	-	-	4	-17	255	242
Dividend paid	-	-	-	-	-92	-92
Share-based remuneration (LTIP)	-	-	-	-	0	0
Total transactions with Group shareholders	-	-	-	-	-92	-92
Closing equity, 31 December 2021	3	274	3	-6	303	577

Consolidated cash flow statement

SEKm	Note	2022	2021
Operating activities			
Profit/loss before tax		223	328
Adjustment for non-cash items	25	19	8
Income taxes paid		-56	-42
Cash flow from operating activities before changes in working capital		186	294
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventory		4	-6
Increase (-)/decrease (+) in operating receivables		100	-58
Increase (+)/decrease (-) in operating liabilities		-54	47
Cash flow from operating activities		236	277
Investing activities			
Acquisition of intangible assets		-15	-6
Acquisition of property, plant and equipment		-6	-4
Cash flow from investing activities		-22	-11
Financing activities			
Dividend paid		-131	-92
Amortization of lease liabilities		-5	-3
Cash flow from financing activities		-136	-95
Cash flow for the year			
Cash and cash equivalents at the beginning of the year	16	450	272
Exchange-rate difference, cash and cash equivalents		4	6
Cash and cash equivalents at the end of the year	16	532	450

Notes to the consolidated financial statements

All figures are in SEK millions unless stated otherwise.

NOTE 1 ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) as endorsed by the EU. In addition, the recommendation RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, has been applied.

The annual report and consolidated financial statements were approved for issuance by the Board of Directors and the Chief Executive Officer on 22 March 2023.

Valuation methods used in preparing the financial statements

Assets and liabilities are stated on a historical cost basis except for derivatives and current investments, which are stated at their fair value.

Functional currency and presentation currency

The parent company's functional currency is SEK, which is also the reporting currency of the Group. Accordingly, the financial statements are presented in SEK. All amounts are rounded to the nearest thousand or million, unless otherwise stated.

Judgments and estimates in the financial statements

Preparing financial reports according to IFRS requires that management makes judgments and estimates as well as assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual outcomes may differ from these judgments and estimates.

Estimates and assumptions are reviewed periodically. Changes in estimates are recognized in the period in which the change is made if the change only affects that period, or in the period in which the change is made and future periods if the change affects the period in question and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the

financial statements and estimates which may entail material adjustment in the financial accounts for the coming year are further discussed in Note 27.

Significant accounting policies

Other than the exceptions explained in detail, the accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

New and amended accounting policies from 1 January 2022

New and amended IFRS standards that are effective from 1 January, 2022 have not had any effect on Mips.

New IFRS that have not yet begun to be applied

New and amended IFRS that are to be applied in future periods are not considered to have any significant effects on Mips.

Classification, etc.

Non-current assets primarily comprise amounts that are expected to be recovered or settled more than 12 months from the reporting date while current assets primarily comprise amounts that are expected to be recovered or settled within 12 months of the reporting date. Non-current liabilities consist primarily of amounts that the company, as of the reporting period, has an unconditional right to choose to pay more than 12 months after the reporting period. If the Group does not have such a right at the end of the reporting period – or if the liability is held for trading or the liability is expected to be settled within the normal operating cycle – the liability is reported as a current liability.

Operating segment reporting

An operating segment is defined as a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the entity's chief executive decision-maker to make decisions about resources to be allocated and assess its performance, and for which discrete financial information is available.

Mips develops and sells the Mips safety system comprising a low friction layer with different components that are specially designed for each unique helmet model that the company's customers decide to manufacture using the Mips safety system. The helmets are used by consumers, mainly for use in bike, snow and moto. Products have been launched in the professional sector, such as industry, military, firefighters, police, etc., but no major sales have been started in this field. The helmet kit is sold to customers all over the world and these customers largely comprise major global helmet manufacturers. The Group's operations are integrated and comprise one operating segment. This is also the basis of the Group's management structure and the internal reporting that is controlled by the Group's CEO, who has been identified as the chief executive decision-maker.

The Group has determined that there is only one operating segment, based on the following assumptions:

- The chief executive decision-maker makes decisions based on the financial results for the Group as a whole.
- The current operations solely comprise sales of the component kit included in consumer products and more detailed specification of the operations would not increase transparency or improve governance.

Consolidation policies and business combinations

Subsidiaries are companies over which Mips AB has a controlling influence. A controlling influence exists when Mips has power over the investee, is exposed to or has rights to variable returns from its involvement and has the ability to use its power over the investee to affect the amount of the investor's returns. Shares that potentially carry voting rights and any de facto control are taken into account in assessing the existence of a controlling influence.

Subsidiaries are consolidated in accordance with the purchase method. This method entails that the acquisition of a subsidiary is considered to be a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the fair value of the acquired identifiable assets and assumed liabilities, as well as any non-controlling interests, on the acquisition date. Transaction costs that arise, except for transaction costs attributable to the issue of equity instruments or debt instruments, are recognized directly in profit or loss.

For business combinations in which the consideration transferred, any non-controlling interests and the fair value of previously held equity interests (for step acquisitions) exceed the fair value of separately recognized acquired assets and assumed liabilities, the difference is recognized as goodwill. When the difference is negative, known as a bargain acquisition, this is recognized directly in profit or loss.

Consideration transferred in conjunction with the acquisition does not include payments pertaining to settlement of previous business relationships. This type of settlement is usually recognized in profit or loss.

Contingent consideration is measured at fair value on the acquisition date. If the contingent consideration is classified as an equity instrument, no revaluation or settlement is made in equity. Other contingent consideration is remeasured at each reporting date and the change recognized in profit or loss.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-Group receivables and liabilities, income and expenses, and unrealized gains or losses arising from intra-Group transactions between Group companies, are eliminated in their entirety when the consolidated financial statements are prepared.

Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that no impairment requirement exists.

FOREIGN SUBSIDIARIES' FINANCIAL STATEMENTS

Assets and liabilities of foreign subsidiaries are translated from the foreign operation's functional currency to the Group's presentation currency, SEK, using the exchange rate prevailing on the balance sheet date. Revenues and expenses of foreign operations are translated to SEK at average rates that approximate the foreign exchange rates prevailing at each of the transaction dates. Translation differences arising from the translation of foreign operations are recognized in other comprehensive income and are accumulated in a separate component of equity, a translation reserve.

Revenue

Revenue is recognized when the customer has control over the goods or services. The Group is the principal for sales since the Group controls the goods or the services before they are transferred to the customer. For implementation services, the customer gains control already in connection with the execution of the service. Revenues from such agreements are recognized as the services are provided over time since the customer receives and consumes the services that the Group provides.

GOODS

The performance obligation is satisfied when the goods are delivered to the customer and the revenue is recognized upon this delivery. Payment usually occurs 30-60 days after delivery. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Some agreements give customers the right to volume discounts, which gives rise to variable compensation. The company has no fixed or variable discounts aside

from the fact that Mips invoices its customers at a predetermined price based on volume. The company manufactures goods pertaining to a specific order and design, for which no return or cancellation rights apply.

The Group's revenues primarily consist of sales related to components implemented in helmets including a license fee (component kit) and, to a smaller extent, sales of services in connection with the production of the components (implementation), see Note 2.

Operating expenses

Operating expenses are recognized in their respective functions, as follows.

COST OF GOODS SOLD

Cost of goods sold corresponds to direct and indirect costs related to sold units, and the directly attributable costs for production of the components, including goods for resale, consumables and subcontracted work. Cost of goods sold also includes costs related to personnel and contracted consultants, premises and depreciation of non-current assets in the production process.

SELLING EXPENSES

Selling expenses comprise expenses incurred in sales and marketing activities including customer-specific product development. Selling expenses also include costs for employees and contracted consultants who work with sales and marketing, depreciation and amortization, travel, and marketing and PR-related activities.

ADMINISTRATIVE EXPENSES

Administrative expenses comprise expenses that are not directly assignable to sales, production or sourcing. These costs include the CEO, finance function, IT, premises, legal affairs, and depreciations of assets that are not attributable to sales, production or sourcing.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses include costs for research and development of products that are not capitalizable. Costs mainly relate to personnel, but also depreciation of test equipment, consultants and consumables.

Financial income and expenses

Financial income comprises interest income and gains on current investments.

Financial expenses comprise interest expense on interest-bearing liabilities and impairment on current investments. Borrowing costs are recognized in profit or loss by applying the effective interest method.

Exchange gains and losses are recognized net. The effective interest rate is the rate that discounts estimated future payments and receipts throughout

the expected life of the financial instrument to the net carrying amount of the financial asset or liability. The calculation includes transaction costs as part of the effective interest rate.

Taxes

Income tax comprises current tax and deferred tax. Income tax is recognized in profit or loss, except when the underlying transaction is recognized in other comprehensive income or in equity in which case the associated tax effect is recognized directly in other comprehensive income or equity.

Current tax is tax that will be paid or received for the current year, applying the tax rates enacted or substantially enacted on the balance sheet date. Current tax also includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated using the balance sheet method, based on temporary differences between recognized and tax-based values of assets and liabilities. The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated by applying the tax rates and tax rules enacted or decided in practice on the balance sheet date.

Deferred tax assets related to deductible temporary differences and tax loss carry-forwards are only recognized to the extent it is likely they will be able to be utilized. The value of deferred tax assets is reduced when it is no longer probable that they can be utilized.

Earnings per share

The calculation of earnings per share is based on the consolidated profit for the year attributable to parent company shareholders and on the weighted average number of shares outstanding during the year. In calculating diluted earnings per share, diluted earnings and the average number of shares are adjusted to take into account the effects of potentially dilutive ordinary shares. Potential ordinary shares during reported periods consist of warrants purchased by employees and performance share rights, respectively. Dilution from these warrants is based on a calculation of the number of shares that hypothetically could have been purchased during the period at the exercise price. The shares that could not have been purchased lead to dilution. Treatment is similar for performance awards, but with the value of the remaining services in accordance with IFRS 2 Share-based Payment as the "exercise price" in the calculation. For performance share rights, consideration is also given to the number of share rights that could have been vested as per the end of the period if the vesting condition (a "total shareholder return" condition) at the end of the vesting period had been met to the same extent as at the end of the period in question. Dilution is calculated for the part of the year in which dilutive instruments were outstanding after issue and until use, respectively.

Payment of capital to the owners

REPURCHASE OF OWN SHARES

Acquisition of own shares is reported as a deduction from equity. Proceeds from the disposal of such equity instruments are reported as an increase in equity. Any transaction costs are reported directly in equity.

DIVIDENDS

Dividends are reported as liabilities after the annual general meeting has approved the dividend.

Financial instruments

Financial instruments recognized in the statement of financial position primarily include, on the assets side, accounts receivable, accrued income, other receivables (derivatives), current investments and cash and cash equivalents, and, on the liabilities side, other liabilities (non-current), accounts payable, other liabilities (derivatives) and accrued expenses.

RECOGNITION AND DERECOGNITION FROM THE STATEMENT OF FINANCIAL POSITION

A financial asset or financial liability is recognized in the statement of financial position when the company becomes party to this in accordance with the instrument's contractual conditions. A receivable is included in the accounts when the company has performed, and there is a contractual obligation for the counter-party to pay, even if the invoice has not yet been sent. Accounts receivable are included in the statement of financial position after the invoice has been sent. Liabilities are included in the accounts when the counter-party has performed and a contractual obligation to pay exists, even if the invoice has not yet been received. Accounts payable are included in the accounts when the invoice is received.

A financial asset is derecognized from the statement of financial position when the rights in the contract are realized, expire, or the company loses control of them. A financial liability is derecognized from the statement of financial position when the obligation in the agreement has been met or otherwise extinguished.

A financial asset and a financial liability are offset and recognized as a net amount in the statement of financial position only when a legal right exists to offset the amounts and there is an intention to settle the item in a net amount or simultaneously realize the asset and settle the liability.

Acquisitions and divestments of financial assets are recognized on the date of transaction. The date of transaction is the date on which the company undertakes to acquire or divest the asset.

Upon initial recognition a financial asset or financial liability is measured at fair value. In the case of financial instruments not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue are included. Account receivables without a significant financing component are measured at the transaction price.

The company's standard term of payment for accounts receivables is 30–60 days. Historic bad debt losses have not totaled significant amounts. For more information see Note 20.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT - FINANCIAL ASSETS

Upon initial recognition a financial asset is classified as measured: at amortized cost; at fair value through other comprehensive income - debt instrument investment; at fair value through other comprehensive income - equity investment; or at fair value through profit or loss.

Debt instruments are measured at amortized cost if they are classified according to the business model to receive interest and capital as expected, rather than realization through a sale, and if cash flows are only payments of interest and capital. This is the case for the Group's receivables, other assets (including long-term depositions) and cash and cash equivalents. None of the Group's financial assets are classified in either of the two categories for fair value through other comprehensive income.

All financial assets held for trading or not classified as measured at amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss, which includes holdings of debt instruments measured at fair value. This includes the Group's current investments of surplus liquidity in fixed income funds. To the extent that hedge accounting is not used for derivative holdings, they should be measured at fair value through profit and loss. However, the Group's derivatives holdings are recognized within the framework for hedge accounting, see the policies below.

Financial assets measured at fair value through profit or loss: Subsequent measurement of these assets is done at fair value. Net gains and losses, including all interest and dividend income, is recognized in profit or loss (net financial items). However, see Note 20 for derivatives identified as hedge instruments.

Financial assets measured at amortized cost: Subsequent measurement of these assets is done at amortized cost using the effective interest method. The amortized cost is reduced by impairment for expected credit losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Gains and losses that arise from derecognition are recognized in profit or loss.

Cash and cash equivalents comprise cash funds and immediately available balances at banks and equivalent institutions, as well as current liquid investments with a maturity of less than three months from the acquisition date and that are exposed to only a minor risk of value fluctuations.

FINANCIAL LIABILITIES

Accounts payable and accrued expenses are included in this category for measurement at amortized cost. Since the maturity of these items is short, the

amounts are not discounted. Liabilities regarding conditional additional purchase prices linked to the acquisition of patent rights and certain other intellectual property rights are valued at amortized cost using the effective interest method. Initially, these liabilities are recognized at the fair value of future commitments and are determined by probability-weighting and discounting potential future payments. The liability is then reported at amortized cost using the effective interest method, whereby the interest expense is reported as a financial cost in the income statement distributed over the assessed commitment period. Other liabilities (derivatives with negative value) are measured at fair value within the framework of hedge accounting. See below.

DERIVATIVES AND HEDGE ACCOUNTING

Derivatives are initially recognized at fair value, meaning that transaction costs are charged to profit or loss for the period. After initial recognition, derivatives are measured at fair value and changes in value are recognized as described below. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge instrument, and if so, the nature of the item hedged. Changes in fair value for derivatives that do not fulfil the criteria for hedge accounting are recognized as operating or financial items, based on the purpose of the use of the derivative. Cash flow hedges: Changes in the fair value of the hedging instrument related to the effective portion of the hedge are recognized in other comprehensive income and accumulated in equity. Gains or losses relating to the ineffective part of the hedge are recognized immediately in profit or loss. The amount recognized in equity through other comprehensive income is reversed to profit or loss in the same period in which the hedged item affects profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the amount previously recognized in other comprehensive income and accumulated in equity is transferred from equity and included in the initial measurement of the cost of the non-financial asset or liability. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss. The Group uses foreign currency forwards to hedge part of the future cash flows from forecasted transactions in foreign currencies.

Transactions denominated in foreign currencies

Transactions in foreign currency are translated to the functional currency using the exchange rate prevailing on the transaction date. The functional currency is the currency of the primary economic environment in which the entity operates. Monetary assets and liabilities in foreign currency are translated to the functional currency using the exchange rate prevailing on the balance sheet date. Exchange-rate differences arising on translation are recognized in profit or loss.

Exchange-rate fluctuations regarding operating receivables and liabilities are recognized in operating profit, while exchange rate fluctuations regarding financial assets and liabilities are recognized in net financial items.

Intangible assets

Expenditure for research aimed at obtaining new scientific or technological know-how is recognized as a cost when it arises.

Expenditure for development, for which research results or other expertise is applied to achieve new or improved products or processes, is recognized as an asset in the statement of financial position if the product is technically and commercially usable and the company has sufficient resources to complete development and thereafter use or sell the intangible asset. The carrying amount includes all directly attributable expenditure, such as registration of legal rights and amortization of patents and licenses. Other expenditure for development is recognized as an expense when it arises. Expenditure for development is recognized in the statement of financial position at cost, less accumulated amortization and any impairment.

Expenses incurred for internally generated goodwill and internally generated brands are recognized in profit or loss when the cost arises.

Amortization is recognized on a straight-line basis in profit or loss over the estimated useful life of the intangible asset, unless the useful life is indefinite. Useful lives are reviewed at least once a year. Intangible assets that are not yet ready for use are tested for impairment annually and also as soon as there is an indication that the asset in question has declined in value. Intangible assets with determinable useful lives are amortized as from the date the asset is available for use.

The estimated useful lives are as follows:

- Patents and brand protection 10–20 years

Property, plant and equipment

Property, plant, and equipment are recognized in the Group at cost less accumulated depreciation and any impairment. Cost includes the purchase price as well as expenses directly attributable to put the asset in place and in condition to be utilized in accordance with the purpose of the acquisition. Borrowing costs that are directly attributable to the acquisition, construction or production of assets that take a substantial period of time to complete for their intended use or sale are included in the cost. Accounting policies relating to impairment are explained below.

Assets are depreciated on a straight-line basis over the estimated useful life of the asset. Leased assets are also depreciated over their estimated useful lives or, if this is shorter, over the agreed lease term. The Group applies component depreciation, whereby the estimated useful lives of the components form the basis of depreciation.

Estimated useful lives:

- Computers and software 3 years
- Plant and machinery 5 years
- Equipment, tools, fixtures, and fittings 5 years
- Leasehold improvement 5 years*

* According to terms of the contract

Leases

When a contract is entered into, the Group assesses whether the agreement is, or contains a lease. An agreement is, or contains, a lease agreement if the agreement transfers the right to decide over the use of an identified asset for a certain period of time, in exchange for consideration.

The Group reports a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, including the initial amount of the liability adjusted for any lease payments at or before the commencement date plus any initial direct costs. The right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the asset and the lease term, which normally for the Group is the end of the lease term. In those rare cases when the cost of the right-to-use asset reflects the fact that the Group will exercise an option to purchase the underlying asset, the asset is depreciated until the end of the right-to-use period.

The lease liability, which is divided into a non-current and current component, is initially measured at the present value of the remaining lease payments over the lease term. The lease term is the non-cancellable period with the option for extensions in the contract if it is deemed reasonably certain at the commencement date that these will be exercised.

Since the implicit interest rate in the lease is not normally determinable for the Group's rental agreement, lease payments are discounted with the Group's incremental borrowing rate, which, in addition to the Group's credit risk, reflects the respective lease term, currency and quality of the underlying asset as intended collateral.

The lease liability includes the present value of the following costs during the estimated term of the lease:

- fixed payments, including in-substance fixed payments,
- variable lease payments that are based on an index or an interest rate, initially measured using an index or the interest rate that applied on the commencement date,
- amounts expected to be payable under residual value guarantees,
- the exercise price of a purchase option that the Group is reasonably certain to exercise, and
- penalties paid in the event of termination of the leasing agreement if the assessed leasing period reflects that such termination will take place.

The value of the debt is increased by the interest cost for each period and reduced by the lease payments. Interest expense is calculated as the value of the debt times the discount rate.

The lease liability for the Group's premises with rent that is indexed is calculated on the rent that applies at the end of each reporting period. At this time, the liability is adjusted by the corresponding adjustment of the recognized value of the right-of-use asset. Correspondingly, the value of the debt and the asset is adjusted in connection with reassessment of the lease term. This is done in conjunction with the expiry of the notice period within the previously assessed lease term for leases for premises, or when significant events occur, or circumstances significantly change in a way that is within the Group's control and affects the current assessment of the lease term.

The Group presents right-of-use assets and lease liabilities as separate line items in the Group's balance sheet. No right-of-use asset or lease liability is recognized for leases that have a term of 12 months or less or with an underlying asset of low value, less than SEK 50,000. Lease payments for these leases are recognized on a straight-line basis over the term of the lease.

Impairment of property, plant and equipment, intangible assets and right-of-use assets

The Group's recognized assets are assessed on every balance sheet date to determine whether any impairment is required.

If there is an indication of impairment, the recoverable amount of the asset is calculated (see below). The recoverable amount of intangible assets that are not yet ready for use is also calculated annually. If it is not possible to determine essentially independent cash flows for an individual asset, and its fair value less selling expenses cannot be used, for impairment testing the assets are to be grouped at the lowest level at which it is possible to identify essentially independent cash flows - this is referred to as a cash-generating unit.

Impairment is recognized when the carrying amount of an asset or cash-generating unit (group of units) exceeds the recoverable amount. Impairment is recognized as an expense in profit or loss.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In the calculation of the value in use, the future cash flows are discounted with a discount factor that takes into consideration risk-free interest and the risk associated with the specific asset. Impairment on assets included in the scope of IAS 36 are reversed if there is an indication that the impairment requirement no longer exists and a change has been made to the assumption that formed the basis of the calculation of the recoverable amount. A reversal is only performed to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognized, less any

depreciation/amortization if applicable, if no impairment had been carried out.

Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is calculated by applying the “first-in, first-out” (FIFO) method and includes expenditures arising during the acquisition of the inventory assets and transportation thereof to their current location and state.

Employee remuneration

CURRENT REMUNERATION

Current remuneration of employees is calculated without discount and recognized as an expense when the related services are received.

A provision is recognized for the anticipated cost of bonus payments when the Group has a valid legal or informal duty to make such payments as a result of services received from employees and the obligation can be reliably calculated.

SHARE-BASED REMUNERATION

An outstanding warrant program that will be settled by shares was issued to individuals in senior management and other key individuals for consideration amounting to the fair value of the warrants. Because program participants paid fair value, no benefit was incurred and no cost is reported for the warrant program. Remuneration received has been recognized directly in equity.

A performance share plan has been issued for the rest of the employees. The plan is primarily settled with shares (equity-settled). For employees in China, the plan is settled with cash (cash-settled). The program is conditional on continued employment, a vesting condition related to the return on the company’s share and for the equity-settled portion, participants must purchase and retain shares in the company (see Note 5). For the equity-settled part, the personnel expense is recognized over the vesting period at the fair value of the awards as of the start of the plan, where consideration is given to the effect on value of the total shareholder return condition. During the vesting period and at its conclusion, consideration is given to the number of participants who fulfilled the condition of remaining in employment, but fulfillment of the shareholder return-related condition is not taken into account. The cash-settled portion of the plan is recognized in a similar manner, with the difference that fair value is determined as of each reporting date. The equity-settled portion is recognized as a personnel expense directly in equity, while the cash-settled portion is recognized as a liability instead of in equity.

DEFINED-CONTRIBUTION PENSION PLANS

Pension plans in which the company’s commitments are limited to the contributions that the company has undertaken to pay are classified as defined-contribution pension plans. In such cases, the

amount of the employee’s pension depends on the contributions that the company pays to the plan or to an insurance company and the return generated by the contribution. Consequently, it is the employee who bears the actuarial risk (that remuneration can be lower than expected) and the investment risk (that the invested assets will be insufficient for the expected remuneration). The company’s obligations regarding contributions to defined-contribution plans are recognized as an expense in profit or loss at the rate at which they are earned by employees performing services for the company during a period. The Group only has defined-contribution plans.

REMUNERATION FOR TERMINATION OF EMPLOYMENT

A cost for remuneration in connection with termination of employment of personnel is recognized at the earliest point in time at which the company can no longer withdraw the offer to the employees or when the company recognizes expenses for restructuring. Remuneration expected to be paid after 12 months is recognized at its present value. Remuneration not expected to be fully paid within 12 months is recognized in accordance with long-term remuneration.

Provisions

A provision differs from other liabilities since there is uncertainty regarding the date of payment and the amount for settling the provision. A provision is recognized in the statement of financial position when there is an existing legal or informal obligation as a result of an event that has occurred and it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are established at the amount corresponding to the best estimate of the amount required to settle the existing obligation on the balance sheet date. Where the effect of when a payment is made is significant, provisions are calculated by discounting the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks related to the liability.

Contingent liabilities

Disclosures regarding contingent liabilities are recognized when there is a possible commitment originating from events that have occurred and whose occurrence is confirmed only by one or more uncertain future event outside the Group’s control or when there is a commitment that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required or cannot be reliably calculated.

NOTE 2 DISTRIBUTION OF REVENUE

The company's revenue primarily comprises sales of component kits for helmet manufacturers. Sales of services (implementation) are attributable to the development of customized Mips' safety systems for a specific customer and model.

Revenue by nature SEKm	2022	2021
Sales of goods	542	593
Sales of services	21	15
Total	563	608

Sales of goods correspond to revenue reported at the time of delivery, sales of services correspond to revenue reported over time and is attributable to the development of Mips' technology for a specific customer and helmet model.

The company's revenue comes largely from customers in North America and Europe. The majority of sales in North America is due to the large number of helmet manufacturers in this geographic region. Specification by region is based on the customers' domicile and not distribution.

Revenue by helmet category SEKm	2022	2021
Sports	511	570
Motorcycle	47	35
Safety	4	3
Total	563	608

Revenue by region SEKm	2022	2021
North America	369	409
Europe	127	120
Sweden	43	47
Asia and Australia	25	32
Total	563	608

Revenue by customer in the table below is based on customers and sales over 10 percent of the company's net sales for each year. The largest customer accounted for 15 percent (16) of sales in 2022. The five largest customers in 2022 accounted for 48 percent (49) of net sales.

Revenue by customer SEKm	2022	2021
Customer 1	82	97
Customer 2	65	70
Other customers	416	441
Total	563	608

Contract balances

Revenue recognized during the period ending 31 December 2022 from performance obligations that were satisfied (or partially satisfied) in prior periods amounts to SEK 2m (1). Revenue is expected to fall due within 90 days. There are no contract liabilities.

NOTE 3 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

Other operating income SEKm	2022	2021
Exchange rate gain on operations	-	9
Other	1	-
Total	1	9

Other operating expenses SEKm	2022	2021
Loss on disposal of non-current assets	-	-
Exchange rate loss on operations	-19	-
Total	-19	-

NOTE 4 EMPLOYEES, PERSONNEL EXPENSES AND REMUNERATION OF SENIOR EXECUTIVES

Costs for employee remuneration

SEKm	2022	2021
Salaries and other remuneration	59	49
– of which the parent company	53	45
Pension costs, defined-contribution plans	7	6
– of which the parent company	7	6
Social security contributions	17	15
– of which the parent company	16	15
Total	83	70
– of which the parent company	77	65

Average number of employees

	2022	of which men, %	2021	of which men, %
Parent Company				
Sweden	67	50	51	55
Total parent company	67	50	51	55
Subsidiaries				
Sweden	–	–	–	–
China	23	58	19	68
Total subsidiaries	23	58	19	68
Group, total	89	52	70	58

Gender distribution in executive management

(% men)	2022	2021
Board of Directors	50	60
Other senior executives	75	71

Salaries and other remuneration distributed among senior executives and other employees

SEKm	2022		2021	
	Salaries and remuneration	Social security contributions	Salaries and remuneration	Social security contributions
Senior executives	13	5	18	6
– of which variable remuneration	2	1	5	1
– of which pension costs	3	1	2	1
Other employees	46	20	30	14
– of which variable remuneration	1	0	1	0
– of which pension costs	4	1	3	5
Total	59	25	49	21

Benefits to senior executives

PRINCIPLES FOR REMUNERATION

Board fees are resolved by the Annual General Meeting. The Chairman is tasked by the Board to reach an agreement with the Chief Executive Officer on salary and other benefits. Remuneration to executives who report directly to the CEO is decided by the CEO after salary consultation with the remuneration committee and the Board. The main principle is to offer senior executives market-based remuneration and employment conditions. Actual remuneration levels are based on such factors as skills, experience and performance. Remuneration of senior executives comprises basic salary, variable salary, pension benefits in the form of payment of defined-contribution pension premiums, other benefits and long-term incentive programs in the form of warrant plans.

REMUNERATION AND BENEFITS

For the parent company, Board fees totaled the amounts presented in the table on the following page. Costs were distributed over the mandate period. No other remuneration, apart from out-of-pocket expenses, was paid to the Board. Apart from the exceptions stated above, these amounts relate to the fee decided by the AGM excluding social security contributions.

Remuneration to the CEO Max Strandwitz is shown in the table. Variable remuneration is linked to performance during the year and may not exceed 75 percent of base salary. Variable salary for 2022 was primarily based on the Group's net sales, operating profit, sustainability targets, individual and function-specific targets. The CEO has 6 months of mutual notice of termination as well as 6 months of severance pay in the event of termination by the employer.

Remuneration to other senior executives (Executive Management) is shown in the table. Variable salary for other senior executives was primarily based on the Group's net sales and operating profit, sustainability targets, individual and function-specific targets. Variable salary is awarded on an individual basis and for 2022 it could not exceed 50 percent of base salary. The period of notice for other senior executives varies, but is not exceeding 6 months. Senior executives are not entitled to severance pay. At the end of the fiscal year Executive Management consisted of 4 members (7). Senior executives at year-end comprised the CEO, Chief Financial Officer, Head of Product Development and the Chief Marketing Officer.

The company's outstanding pension obligations to the Board of Directors and CEO total 0 (0).

SHARE-BASED REMUNERATION

For information regarding share-based remuneration, see Note 5.

NOTE 4 EMPLOYEES, PERSONNEL EXPENSES AND REMUNERATION OF SENIOR EXECUTIVES, CONTINUED

Salaries and other remuneration of the Board and senior executives

2022 SEKt	Basic salary Board fee	Variable remunera- tion	Share-based remuneration	Pension costs	Other remunera- tion	Total
Magnus Welander (Chairman)	608	-	-	-	-	608
Jenny Rosberg	382	-	-	-	-	382
Jonas Rahmn	278	-	-	-	-	278
Thomas Bräutigam	275	-	-	-	-	275
Anna Hällöv	183	-	-	-	-	183
Maria Hedengren	230	-	-	-	-	230
Pernilla Wiberg	75	-	-	-	-	75
Totalt styrelse	2,032	-	-	-	-	2,032
Max Strandwitz (CEO)	4,229	1,224	-	1,118	-	6,570
Group management (5 individuals)*	6,791	688	-	1,647	-	9,126
Total senior executives	11,019	1,912	-	2,764	-	15,696
Total	13,051	1,912	-	2,764	-	17,728

*The group management team consisted of 6 members January-March 2022, 7 members April-August 2022 and 3 members September-December 2022.

2021 SEKt	Basic salary Board fee	Variable remunera- tion	Share-based remuneration	Pension costs	Other remunera- tion	Total
Magnus Welander (Chairman)	485	-	-	-	-	485
Jenny Rosberg	325	-	-	-	-	325
Jonas Rahmn	245	-	-	-	-	245
Thomas Bräutigam	275	-	-	-	-	275
Pernilla Wiberg	225	-	-	-	-	225
Total, Board	1,555	-	-	-	-	1,555
Max Strandwitz (CEO)	4,048	2,925	-	1,071	-	8,044
Group management (6 individuals)	6,977	1,753	-	1,701	-	10,431
Total senior executives	11,026	4,678	-	2,772	-	18,475
Total	12,581	4,678	-	2,772	-	20,030

NOTE 5 SHARE-BASED REMUNERATION

Warrants TO Series 3

The Group has an outstanding warrant program (“Warrant Plan 2020/2023”), that was adopted by the Annual General Meeting in 2020, for senior executives and certain key persons in Mips (12 persons in total) consisting of an issue of warrants with a subsequent transfer to the participants at a price corresponding to market terms.

Each warrant entitles the participant to a subscription of one new share in the company at a subscription price corresponding to 130 percent of the average volume-weighted price paid for the Mips share on Nasdaq Stockholm during the period from and including 8 May 2020 up to and including 14 May 2020. A total of 550,000 warrants were issued and transferred to the participants, of which the CEO acquired 216,494 warrants in Warrant Plan 2020/2023. The exercise price (subscription price) was set, in accordance with the above, at SEK 339.30 per share. Similar to previous warrant plans, conditions apply regarding a recalculated subscription price and a recalculated number of shares as a result of dividends. After recalculation for dividends paid in 2022, the exercise price is SEK 334.67. As of 30 December 2022, the last trading day of the year, the closing price for the Mips share on Nasdaq Stockholm was SEK 429.90.

LTIP 2020

The Annual General Meeting held on 7 May 2020 also resolved to adopt a long-term performance share plan for Mips’ employees (“LTIP 2020”), which comprised all employees within the Mips group except for the employees who were offered to participate in the Warrant plan 2020/2023. Participation in the plan required a personal investment

and the participants could as a maximum invest in a number of shares in LTIP 2020 with a value corresponding to the participant’s monthly salary in April 2020 before taxes, assuming a share price of SEK 211.43. Each invested share entitles the holder to one performance share right and each performance share right entitles the holder to receive one share in Mips, subject to fulfillment of the following conditions: that the participant remains employed within the Mips Group until, and including, the day on which Mips’ interim report for the first quarter of 2023 is announced, that the participant has kept all investment shares, and that the performance target is achieved. The performance target is achieved if the annual average total shareholder return (TSR) on the Mips’ share amounts to 10 percent or more during the measurement period (March 2020 – March 2023). The total number of participants in the plan was 33 as of 31 December 2022. A total of 5,749 shares were invested in the plan, and after a couple of employees resigned, the outstanding number of shares was 4,762 as of 31 December 2022. For people 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.

The cost of share-based remuneration for the year amounted to SEK 0.2m (0.3).

Warrants

2022	Outstanding warrants at the start of the year	Issued warrants during the year	Forfeited warrants during the year	Exercised warrants during the year	Number of outstanding warrants at year-end
Number					
CEO, senior executives and other employees (TO Series 3)					
Max Strandwitz (CEO)	216,494	-	-	-	216,494
Other senior executives and key personnel	333,506	-	-	-	333,506
Total senior executives	550,000	-	-	-	550,000

NOTE 5 SHARE-BASED REMUNERATION, CONTINUED

Warrants

2021 Number	Outstanding warrants at the start of the year	Issued warrants during the year	Forfeited warrants during the year	Exercised warrants during the year	Number of outstanding warrants at year-end
CEO, senior executives and other employees (TO Series 1, TO Series 3)					
Max Strandwitz (CEO)	216,494	-	-	-	216,494
Other senior executives and key personnel	333,506	-	-	-	333,506
Total senior executives	550,000	-	-	-	550,000

Market value per series

Warrants Series 3 issued 2020	32.10
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Conditions of valuation, Series 3

Exercise price, SEK	339.30
Volatility, %	30
Risk-free interest, %	-0.24
Dividend	0
Share price at issue date, SEK	261
Maturity, years	3

Share-based incentive program LTIP 2020

Fair value per share at the start of the program amounted to SEK 237.30 per share. The valuation was based on a share price of SEK 302 which was adjusted for the present value of expected dividends during the vesting period and for the probability that the equity return condition is not met. In 2020, 5,749 performance share rights were granted. As of 31 December 2022, the outstanding number of performance share rights was 4,762 after a certain number of employees left the company.

NOTE 6 FEES AND REMUNERATION OF AUDITORS

Fees and remuneration of auditors

SEKm	2022	2021
KPMG AB		
Audit assignment	1	1
Fees for audit-related services	0	0
Other auditors		
Tax advice	0	0
Audit assignment	0	0
Total	1	1

NOTE 7 OPERATING EXPENSES BY TYPE OF COST

Operating expenses by type of cost

SEKm	2022	2021
Goods for resale and consumables	142	151
Personnel expenses	88	73
Other external costs	69	57
Legal advice costs	1	1
Depreciation/amortization and impairment	16	9
Other operating expenses	19	19
Total	335	309

For more information regarding other operating expenses see Note 3.

NOTE 8 NET FINANCIAL ITEMS

Net financial items

SEKm	2022	2021
Financial income		
Interest income		
- bank balances	0	-
Other financial income	0	0
Exchange gains, cash and cash equivalents	3	4
Total	3	4
Financial expenses		
Interest expenses		
- lease liabilities	-1	0
- financial liabilities measured at amortized cost	0	-
Change in fair value of financial investments	-7	-1
Other financial expenses	-2	0
Exchange loss, cash and cash equivalents	-	-
Total	-9	-2

NOTE 9 TAXES

Taxes

SEKm	2022	2021
Current tax		
Tax expenses for the year	-48	-74
Deferred tax		
Deferred tax pertaining to temporary differences	0	1
Total	-48	-73

Reconciliation of effective tax

SEKt	2022	2021
Profit/loss before tax	222,965	327,924
Tax in accordance with applicable tax rate for parent company	20.6% -45,931	20.6% -67,552
Non-deductible expenses	-422	-975
Effect of unrecognized temporary differences	-	-
Standard income, shares in investment funds	-297	-149
Impact of changed tax rate	-	-7
Impact of other tax rates on foreign subsidiaries	-1,304	-1,191
Impact of adjusted tax prior periods	-8	-2,762
Total	-47,962	-72,638

When preparing the financial statements, an assessment is made of deferred tax assets/liabilities attributable to temporary differences and loss carry-forwards. Deferred tax assets are recognized if the tax assets are expected to be utilized through the settlement of future taxable profits. As of 31 December 2022 the Group had no unused tax loss carry-forwards.

NOTE 9 TAXES CONTINUED

Deferred tax assets and liabilities

31 Dec 2022	Deferred tax assets	Deferred tax liabilities	Net	31 Dec 2021	Deferred tax assets	Deferred tax liabilities	Net
SEKt				SEKt			
Intangible assets	-	-4,186	-4,186	Intangible assets	-	-3,415	-3,415
Property, plant and equipment	633	-171	462	Property, plant and equipment	368	-109	259
Right-of-use assets	-	-3,743	-3,743	Right-of-use assets	-	-1,614	-1,614
Accounts receivable	47	-	47	Accounts receivable	54	-	54
Lease liabilities	3,562	-	3,562	Lease liabilities	1,667	-	1,667
Other liabilities (Derivatives)	1,797	-	1,797	Other liabilities (Derivatives)	1,986	-	1,986
Other	382	-	382	Other	248	-	248
Total deferred tax assets/liabilities	6,420	-8,100	-1,681	Total deferred tax assets/liabilities	4,322	-5,138	-816
Offsetting	-6,276	6,276	-	Offsetting	-4,075	4,075	-
Total deferred tax assets/liabilities, net	143	-1,824	-1,681	Total deferred tax assets/liabilities, net	247	-1,063	-816

Change in deferred tax in temporary differences

SEKt	31 Dec 2021	Recognized in equity Income statement	Recognized in equity other comprehensive income	Recognized in equity	31 Dec 2022
Intangible assets	-3,415	-771	-	-	-4,186
Property, plant and equipment	259	203	-	-	462
Right-of-use assets	-1,614	-2,129	-	-	-3,743
Accounts receivable	53	-7	-	-	47
Lease liabilities	1,667	1,895	-	-	3,562
Other liabilities (Derivatives)	1,986	463	-653	-	1,797
Other	248	134	-	-	382
Total	-816	-211	-653	-	-1,681

SEKt	31 Dec 2020	Recognized in equity Income statement	Recognized in equity other comprehensive income	Recognized in equity	31 Dec 2021
Intangible assets	-2,996	-419	-	-	-3,415
Property, plant and equipment	89	170	-	-	259
Right-of-use assets	-2,217	602	-	-	-1,614
Accounts receivable	48	5	-	-	53
Lease liabilities	2,217	-548	-	-	1,667
Other liabilities (Derivatives)	0	383	1,603	-	1,986
Other receivables (Derivatives)	-3,620	857	2,763	-	-
Other	105	143	-	-	248
Total	-6,374	1,192	4,366	-	-816

NOTE 10 EARNINGS PER SHARE

Earnings per share

SEK	2022	2021
Earnings per share basic	6.68	9.75
Earnings per share diluted	6.63	9.64
	2022	2021
Profit for the year attributable to parent company shareholders	175,003,213	255,286,133
Average number of shares outstanding, basic	26,183,620	26,183,620
Impact of share option program	225,347	308,578
Effect of long-term share-based incentive program	2,246	3,435
Average number of shares – after dilution	26,411,214	26,495,633

When calculating diluted earnings per share, the weighted average number of shares outstanding is adjusted for the dilutive effect of the potential ordinary shares outstanding.

Instruments with a dilutive effect

Dilution has been calculated for warrants exercised during the year up to the time of use, and for warrants issued during the year from the time of publication. For the number of warrants and exercise prices see note 5, Share-based remuneration. The share rights in the performance share program are seen as dilutive due to the program conditions relating to the fact that the return on shares would have been fulfilled as of the end of the reporting period if the reporting period output had constituted the end of the vesting period. For a description of how the dilutions are calculated, see note 1 Accounting principles.

The company has no costs for the warrant plan other than administrative costs regarding advisors etc. in connection with the preparation of the documentation and the resolution to issue the warrants, etc.

NOTE 11 INTANGIBLE ASSETS

Intangible assets

SEKm	31 Dec 2022	31 Dec 2021
Accumulated cost		
Opening balance, 1 Jan	72	65
Acquisitions	23	7
Divestments and disposals	0	-
At year-end, 31 Dec	94	72
Accumulated amortization		
Opening balance, 1 Jan	-15	-10
Amortization	-7	-5
At year-end, 31 Dec	-22	-15
Total	72	56

Mips carried out an acquisition on 11 January 2022. The transaction involved the purchase of patent rights and certain other intellectual property rights from BiaGuard Inc. related to the BiaGuard technology. The purchase price was approximately USD 1 million, which was paid in cash, and Mips may pay a further purchase consideration of up to USD 1 million based on Mips' future sales of the BiaGuard technology. Reported value regarding the BiaGuard technology amounts to SEK 16 million. The intangible assets are otherwise mainly attributable to the company's acquisition of patent portfolios and other intellectual property rights associated with the technologies for Fluid and GlideWear. Reported value regarding the technologies Fluid and GlideWear amount to SEK 27 million and the remaining useful life for these amounts to just over 6 years. The carrying amount of patents amounts to SEK 28 million. A useful life of between 1–18 years is calculated for these patents, where there are patents with a remaining period of 18 years. Impairment testing is performed annually for all cash-generating units. A cash-generating unit consists of an operating segment. Since the Group is considered as a unit, impairment testing is performed only at Group level. In the future Mips may pay an additional purchase consideration of a maximum of USD 2 million based on future net income, up until 21 May 2025, from the acquired intellectual property rights associated with the Fluid technology. Since the acquired technology will be marketed and sold as a complement to the existing Mips technology, the Group deems that the contractual conditions for payment of the additional purchase consideration will not be met. Consequently, the potential additional purchase consideration has been measured at SEK 0.

Breakdown of amortization

SEKm	2022	2021
Amortization, by function		
Cost of goods sold	-7	-5
Selling expenses	-	0
Total	-7	-5

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

SEKm	31 Dec 2022	31 Dec 2021
Accumulated cost		
Opening balance, 1 Jan	20	16
Acquisitions	6	4
Divestments and disposals	-1	0
Exchange rate differences for the year	0	0
At year-end, 31 Dec	27	20
Accumulated depreciation		
Opening balance, 1 Jan	-10	-6
Depreciation	-5	-4
Divestments and disposals	1	0
Exchange rate differences for the year	0	0
At year-end, 31 Dec	-13	-10
Total	13	11

Property, plant and equipment mainly comprise office equipment, computer equipment, equipment for testing helmets and leasehold improvements. Essentially all non-current assets in the Group are in Sweden.

SEKm	2022	2021
Depreciation, by function		
Cost of goods sold	-1	0
Selling expenses	-1	0
Administrative expenses	-2	-2
R&D expenses	-1	-1
Total	-5	-4

NOTE 13 FINANCIAL ASSETS

Financial assets

SEKm	31 Dec 2022	31 Dec 2021
Accumulated cost		
Opening balance, 1 Jan	0	0
Acquisitions	-	-
Divestments	-	-
Exchange rate differences	0	-
At year-end, 31 Dec	0	0

Relates to deposits for lease contracts.

NOTE 14 ACCOUNTS RECEIVABLE

Accounts receivable

Invoiced receivables are due as follows:

SEKm	31 Dec 2022	31 Dec 2021
Invoiced receivables	111	198
Currency adjustments	0	2
Reserve, expected credit losses	-1	0
Total	110	200
Invoiced receivables are due as follows:		
Not yet due	49	89
Overdue by 1-30 days	26	48
Overdue by 31-60 days	7	30
Overdue by 61-90 days	12	12
Overdue by 91- days	17	19
Total	111	198
Change in reserve for expected credit losses		
Opening balance, 1 Jan	0	0
During the year		
- repaid	-	-
- provisions established	0	0
At year-end, 31 Dec	-1	0

See note 20 for a description of the company's credit risks.

NOTE 15 PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income

SEKm	31 Dec 2022	31 Dec 2021
Accrued revenue	2	1
Prepaid system costs	2	1
Other	5	3
Total	9	5

NOTE 16 CASH AND CASH EQUIVALENTS AND CURRENT INVESTMENTS

Cash and cash equivalents and current investments

SEKm	31 Dec 2022	31 Dec 2021
Cash and bank balances	152	89
Total according to statement of financial position	152	89
Current investments equivalent to cash and cash equivalents	381	361
Total according to statement of cash flows	532	450

Cash and bank balances refer to balances of bank accounts in SEK, USD, CNY and EUR. Current investments relate to surplus liquidity invested in units of fixed income funds at highly reputable credit institutions; these investments can be sold within 2 days. Mips believes that the company can convert the investments in a short time to a known amount of cash with insignificant risk of value fluctuations. The company also has the option of utilizing a temporary credit facility of SEK 5m, which can be provided on short notice.

NOTE 17 EQUITY

Equity

	Total no. of shares
Opening balance, 1 Jan 2022	26,183,620
Registered number of shares, 31 Dec 2022	26,183,620
Own shares held	-5,749
Outstanding shares at year-end, 31 Dec 2022	26,177,871

	Total no. of shares
Opening balance, 1 Jan 2021	26,183,620
Registered number of shares, 31 Dec 2021	26,183,620
Own shares held	-5,749
Outstanding shares at year-end, 31 Dec. 2021	26,177,871

Share capital

As of 31 December 2022, the total number of shares was 26,183,620 (26,183,620) and share capital was SEK 2,618,362 (2,618,362). All shares are ordinary shares and carry equal voting rights. The shares have a quotient value of SEK 0.10. According to the Articles of Association, share capital shall amount to not less than SEK 2,000,000 and not more than SEK

8,000,000. In 2020, Mips acquired 5,749 own shares at an average price of SEK 449.60. As of 31 December 2022 the company's holding 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 amounted to 26,177,871 as of 31 December 2022.

Equity instruments that have a dilutive effect

The company has issued warrants and a granted performance share rights, which may increase the number of shares. For more information, see Note 5 Share-based remuneration and Note 10 Earnings per share.

Other paid-in capital

This refers to equity that has been contributed by shareholders, and includes the premium paid in conjunction with issues.

Reserves

TRANSLATION RESERVE

The translation reserve includes exchange rate differences that arise when consolidating the financial statements when foreign subsidiaries report in currencies other than SEK. The parent company and the Group present their financial reports in Swedish kronor (SEK).

HEDGING RESERVE

The hedging reserve includes the effective portion of the accumulated net change in fair value for a cash flow hedging instrument attributable to hedge transactions that have not yet occurred.

Retained earnings including profit for the year

Retained earnings including profit for the year include earnings in the parent company and its subsidiaries.

NOTE 18 OTHER LIABILITIES

Other liabilities

SEKm	31 dec 2022	31 dec 2021
Conditional purchase price	9	-
Total	9	-
Liabilities due for payment later than five years after the balance sheet date	-	-

The non-current liability amounting to SEK 9 million (-) refers to the discounted present value of a conditional additional purchase price (earn-out payment) of USD 1 million attributable to an asset acquisition in January 2022 regarding patent rights and certain other intellectual property rights. The liability is valued at amortized cost and is dependent on future sales until 2027.

NOTE 19 ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses and deferred income

SEKm	31 Dec 2022	31 Dec 2021
Holiday pay liability	3	2
Accrued salaries and remuneration	5	8
Accrued social security expenses	3	4
Prepaid Implementation	1	1
Other accrued expenses	12	9
Total	23	24

NOTE 20 FINANCIAL RISKS AND RISK MANAGEMENT

Through its operations, the Group is exposed to various types of financial risks: credit risk, liquidity risk and currency risk. Since the Group has no non-current loans or other financial derivatives, the Group's risk activities are focused on the risks arising in the business operations.

The Group's financial transactions and risks are managed centrally by the CFO and CEO and the primary target is to achieve effective liquidity management and ensure that all payment obligations are made at the correct time. The Group's principles for fundamental financial risk management are regulated in the Group's Finance Policy, as adopted by the Board.

Credit risk

Credit risk is the risk that the Group's counter party in a financial instrument is unable to fulfil its obligations and thus causes a financial loss for the Group. The company's standard term of payment is 30-60 days. The age analysis below shows invoices that have fallen due for payment.

The provision for expected bad debt losses shows the provision for doubtful receivables for each year. Historically, bad debt losses for Mips AB have not totalled significant amounts, and in the Chinese subsidiary, Mips DG they have been almost non-existent. For that reason, Mips has chosen to use the same basis to calculate the expected credit losses (ECL) in the parent company and the Group, i.e. the same calculation basis has been used for the ECL of the parent company as for the Group. Recorded credit losses in the group during the year amounted to SEK - (-) million. Mips bases the expected loss reserve on historical losses on its accounts receivable and adjusts historical losses to reflect information about current conditions and reasonable projections of future economic conditions. Provision for expected credit losses has been made with a percentage of 0.75% (0.11%). As the amounts for historical credit losses with adjustment

for current conditions and reasonable forecasts of future economic conditions are not material, Mips has not provided detailed information about the assessments in the Annual Report, according to IFRS7.

The company continuously analyses accounts receivable and takes measures to limit credit risk. The current situation with continued effects from the covid-19 pandemic has not material affected the payment ability of Mips' customers to date. The company has a number of global helmet manufacturers as its customers and their solvency is deemed to be high. The remaining customer base is divided between a large number of customers, which is why the solvency of any one company has no significant detrimental impact on the company. The company continuously analyses accounts receivable and takes measures to limit credit risk. The company can terminate further deliveries in the event of non-payment. All customer agreements are approved and signed by either the CEO or the CFO.

SEKm	31 Dec 2022	31 Dec 2021
Invoiced receivables	111	198
Currency adjustments	0	2
Reserve, expected credit losses	-1	0
Total	110	200
Invoiced receivables are due as follows:		
Not yet due	49	89
Overdue by 1-30 days	26	48
Overdue by 31-60 days	7	30
Overdue by 61-90 days	12	12
Overdue by 91- days	17	19
Total	111	198
Change in reserve for expected credit losses		
Opening balance, 1 Jan	0	0
During the year		
- repaid	-	-
- provisions established	0	0
At year-end, 31 Dec	0	0

The reserve for expected credit losses is mainly attributable to receivables that are more than 90 days past due.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulties in fulfilling its obligations. To minimize liquidity risk, the liquidity situation is continuously analyzed and forecasted to ensure that the company has sufficient cash and cash equivalents to cover operational requirements. Liquidity risk is deemed to be limited since the company does not have any loans and has a positive

cash flow from operations. The Group's financial liabilities essentially mature within 3 months or a maximum of one year. The company has bank accounts only with highly reputable credit institutions.

Interest rate risk

The Group's interest-rate risk is attributable to the company's cash and cash equivalents. The company's financial policy stipulates that investments in assets with a negative interest rate may only be made in order to match incoming and outgoing payments. The company's surplus liquidity is invested in current investments in units of fixed income funds at highly reputable credit institutions in order to avoid negative interest rates. Mips believes that the company can convert the investments in a short time to a known amount of cash with insignificant risk of value fluctuations. The company's current investments can be sold within two days.

Currency risk

Currency risk refers to the risk that an exchange-rate fluctuation adversely impacts the consolidated income statement, balance sheet or cash flow. The Group's reporting currency is SEK. The main exposure derives from the Group's sales in USD and purchases of goods in USD. This risk is known as transaction exposure.

Transaction exposure, currency (%)

	2022		2021	
	Revenue	Operating expenses	Revenue	Operating expenses
USD	71	8	73	7
CNY	28	45	27	49
SEK	0	40	0	39
EUR	-	2	-	1
CAD	-	0	-	0
GBP	0	4	0	4
Other	-	0	-	0
Total	100	100	100	100

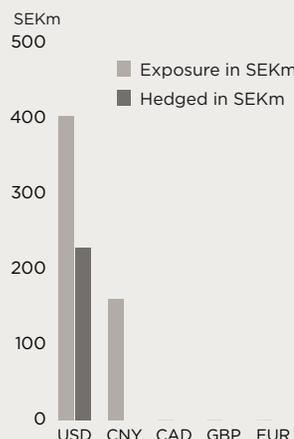
As the table above shows, the company's main transaction exposure is in USD. A 10 percent change in the USD against the SEK would impact the 2022 operating profit by approximately SEK 37m (42). Other currencies would have a limited impact on the 2022 operating profit in the event of a 10 percent change.

Translation exposure primarily arises as a result of accounts receivable and accounts payable in currencies other than SEK. Translation exposure is essentially the same as the specification in the table above. The company has had a subsidiary in China since 2017 and translation exposure occurs also on consolidation. In 2022 the impact has been limited. The company does not have external borrowings and is financed only by equity in SEK. The company's cash and cash equivalents are primarily in SEK but according to the company's Finance Policy, cash

and cash equivalents may be in foreign currencies in order to match inward and outward payments.

According to the Financial Policy, the company intends to hedge 50 percent of its forecast sales in USD for rolling twelve-month periods. This is done using currency futures.

TRANSACTION EXPOSURE



The graph above shows the breakdown of Mips' net inflows in various currencies and the proportion hedged in 2022. The company currently only hedges in USD. As of 31 December 2022 the nominal amounts hedged totaled USD 23m (22.5), corresponding to SEK 229m (202). The average price for outstanding futures was SEK 9.95 (8.61) and all contracts expire within 12 months.

Mips' safety system components are sold from the Chinese subsidiary, which means that some of the Group's income and expenses are paid in CNY. To counteract exposure to CNY in the invoicing, a currency adjustment clause against USD has been introduced in customer agreements. This means that the company's exposure to the USD/SEK exchange rate to a large extent remains.

NOTE 21 FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES AND CATEGORY GROUPINGS

Capital management

The company aims to maintain an effective capital structure by taking into account operational and financial risk, thus ensuring the long-term progress of the company, as well as satisfactory returns for shareholders. Capital is defined as total equity, which largely relates to the company's external financing. No plans are in place to raise loans in the immediate future. In addition to the level of future profits, the amount of equity is affected by the extent of decisions made to pay dividends. The aspiration is to distribute 50 percent of the company's annual net profit over time.

NOTE 21 FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES AND CATEGORY GROUPINGS, CONTINUED

Fair value of financial instruments

The carrying amount of assets and liabilities in the statement of financial position may differ from their fair value due to reasons such as changes in market interest rates. However, Mips does not have any deposits or loans other than its bank balances. The table below presents the Group's financial instruments and the company believes that the carrying amount is an approximation of the fair value, given, for example, the limited maturities of the items.

In order to reduce the Group's short-term currency exposure and in line with the Group's Financial Policy, a number of derivatives contracts have been entered into with banks covering forecast sales in USD. The derivatives are valued at fair value on the balance sheet. Hedge accounting is applied.

The Group currently only has derivative instruments classified under level two in the valuation hierarchy:

- **Level 1:** Listed unadjusted prices on official marketplaces for identical assets or liabilities.
- **Level 2:** Other observable data for assets or liabilities not included in Level 1 either directly, as price quotes, or indirectly: derived from price quotes.
- **Level 3:** Data for the asset or liability in question, which is not based on observable market data: unobservable input data.

In addition to the instruments listed above, the company has current investments classified under level one in the valuation hierarchy.

Fair value measurement of financial assets and liabilities and category groupings

31 Dec 2022 SEKm	Note	Financial assets measured at fair value through profit or loss	Hedging instruments	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit loss	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial assets (Depositions)	13	-	-	0	-	-	0	0
Accounts receivable	14	-	-	110	-	-	110	110
Accrued income	15	-	-	2	-	-	2	2
Other current receivables		-	-	0	-	-	0	0
Current investments	16	381	-	-	-	-	381	381
Cash and cash equivalents	16	-	-	152	-	-	152	152
Other liabilities (non-current)	18	-	-	-	-	-9	-9	-9
Accounts payable		-	-	-	-	-29	-29	-29
Other liabilities (Derivatives)		-	-9	-	-	-	-9	-9
Accrued expenses	19	-	-	-	-	-12	-12	-12
Total financial assets and liabilities by category		381	-9	264	-	-50	585	585

31 Dec 2021 SEKm	Note	Financial assets measured at fair value through profit or loss	Hedging instruments	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit loss	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial assets (Depositions)	13	-	-	0	-	-	0	0
Accounts receivable	14	-	-	200	-	-	200	200
Other current receivables		-	-	15	-	-	15	15
Current investments	16	361	-	-	-	-	361	361
Cash and cash equivalents	16	-	-	89	-	-	89	89
Accounts payable		-	-	-	-	-70	-70	-70
Other liabilities (Derivatives)		-	-10	-	-	-	-10	-10
Other receivables (Derivatives)		-	-	-	-	-	-	-
Accrued expenses	19	-	-	-	-	-24	-24	-24
Total financial assets and liabilities by category		361	-10	305	-	-94	561	561

NOTE 22 LEASES

The Group is a lessee of office space in Sweden and China. New contracts was signed for both Sweden and China during 2022 and account for the total value of the Group's right-of-use assets. The lease as recognized refers to the non-cancellable period according to agreement. With the exception of minimum leases and low-value leases, leases are recognized in the balance sheet as a right-of-use asset and a lease liability. As of 31 December 2022 there were no new leases that were signed and had not yet begun.

Amounts recognized in profit or loss are summarized below.

SEKm	2022	2021
Leases of low-value assets	0	0
Depreciation of right-of-use assets relating in their entirety to leases for office space	5	3
Interest expense, lease liability	1	0
Variable lease payments not included in the valuation of lease liability	0	0

Future variable leasing fees that are not included in the valuation of the lease liability are essentially expected to remain at the same level.

Closing balance as of 31 December regarding rented office properties

SEKm	2022	2021
Right-of-use assets	18	8
Current lease liability	5	3
Non-current lease liability	12	4

In 2022, right-of-use asset of SEK 20m were added. Right-of-use assets have during December 2022 added up by SEK 1.7m due to index calculation.

Cash Flow from lease agreements

SEKm	2022	2021
Right of use of low-value assets	0	0
Total cash outflow for leases	5	3

The maturity structure for the Group's future leasing costs included in the leasing liabilities with a remaining term of one year or more, is distributed as follows;

	2022	2021
1 year	5	4
2-3 years	9	8
4-5 years	5	8

NOTE 23 INVESTMENT COMMITMENTS

The company has no significant investment commitments as of 31 December 2022 or 2021.

Regarding assumptions pertaining to acquired intangible assets, see Note 11.

NOTE 24 RELATED PARTIES

No material related-party transactions were carried out during 2022 in addition to paid dividends.

NOTE 25 SPECIFICATION OF STATEMENT OF CASH FLOWS

Specification of statement of cash flows

SEKm	2022	2021
Depreciation/amortization of non-current assets	16	12
Unrealized exchange-rate differences	0	-11
Change in value of financial instruments	2	6
Other items not affecting liquidity	0	1
Total	19	8

Interest income and expense

SEKm	2022	2021
Interest income received	0	0
Interest expense	0	0

NOTE 26 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets and contingent liabilities

	2022	2021
Pledged assets	None	None
Contingent liabilities	None	None

No patent disputes were initiated or resolved in 2022 or 2021.

There were no costs for patent disputes this year or in the prior year.

NOTE 27 SIGNIFICANT ESTIMATES AND JUDGMENTS

Estimates and judgments that affect the parent company's and the Group's reporting have been made on the basis of what is known when the financial statements were issued. The estimates and judgments may be changed at a later date, for example because of changes in factors in the external business environment. The judgments that are most critical to Mips are presented below. An Audit Committee was established in 2016 consisting of some of the Board's members to discuss matters relating to the Group's significant accounting policies and estimates, and the application of these policies and estimates.

Impairment testing of intangible assets

The Group's intangible assets are related to its patents and brand protection. Several assumptions and estimates are made concerning the future, which are taken into account when calculating the carrying amount and whether impairment testing is required.

Claims for damages and patent infringement

Mips operates in an industry that, particularly in the North American market, involves lawsuits in the event of accidents and incidents. Patent infringement from competitors also occurs. Accordingly, there is a need to monitor related market developments, and it is difficult to estimate the effects of such developments. Mips engages experts in the field as required and has close contact with its customers and suppliers at an early stage in order to identify potential disputes and take appropriate action. The company has and regularly reviews its product liability insurance.

NOTE 28 EVENTS AFTER THE BALANCE-SHEET DATE

No significant events occurred after the balance-sheet date.

NOTE 29 INFORMATION ABOUT THE PARENT COMPANY

Mips AB (publ) is a public limited liability company registered in Sweden (Corp. Reg. No. 556609-0162) with its registered office in Stockholm, Sweden. The address of the head office is Kemistvägen 1B, SE-183 79 Täby, Sweden.

Parent company income statement

SEKm	Note	2022	2021
Net sales	P2	395	435
Cost of goods sold		-24	-26
Gross profit		371	409
Selling expenses		-73	-55
Administrative expenses		-56	-45
Research and development expenses		-25	-22
Other operating income	P3	1	12
Other operating expenses	P3	-19	-
Operating profit/loss	P4, P19, 4, 5, 6	199	298
Financial income		3	4
Financial expenses		-9	-1
Net financial items		193	301
Appropriations		-4	-2
Appropriations	P5	-4	-2
Profit/loss before tax		189	299
Tax	P6	-40	-62
Profit for the year		150	237

Parent company statement of comprehensive income

SEKm	2022	2021
Profit for the year	150	237
Other comprehensive income		
Items that may subsequently be transferred to profit or loss		
Changes in fair value for the year, cash flow hedges	1	-27
Change in the fair value of cash flow hedges transferred to profit or loss for the year	2	6
Tax attributable to items that have been or may subsequently be transferred to profit or loss	-1	4
Items that cannot be transferred to profit or loss for the year	-	-
Other comprehensive income for the year	3	-17
Comprehensive income for the year	152	220

Parent Company balance sheet

SEKm	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets	P7	72	56
Property, plant and equipment	P8	13	11
Participation in Group companies	P9	1	2
Financial assets	P6, P10	2	2
Total non-current assets		89	71
Current assets			
Inventories		-	0
Accounts receivable	P11	75	131
Receivables from Group companies	P12	-	-
Prepaid expenses and accrued income	P13	10	6
Other current receivables		1	3
Current investments	P14	381	361
Cash and cash equivalents	P14	101	69
Total current assets		568	571
TOTAL ASSETS	P18	657	642
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	P15	3	3
Statutory reserve		2	2
Non restricted equity			
Share premium reserve		246	246
Fair value reserve		-4	-6
Retained earnings		147	41
Profit for the year		150	237
Total equity		543	522
Untaxed reserves		21	17
Untaxed reserves	P5	21	17
Non-current liabilities			
Other liabilities	P16	9	-
Total non-current liabilities		9	-
Current liabilities			
Accounts payable		8	14
Liabilities to Group companies	P12	3	3
Tax liabilities		47	55
Other liabilities		11	14
Accrued expenses and deferred income	P17	14	17
Total current liabilities		83	103
TOTAL EQUITY AND LIABILITIES	P18	657	642

Parent company statement of changes in equity

2022	Restricted equity		Non-restricted equity				Total
	Share capital	Statutory reserve	Share premium reserve	Fair value fund		Earnings brought forward	
SEKm							Hedging reserve
Opening equity, 1 January, 2022	3	2	246	-6	41	237	522
Transfer of preceding year's profit/loss	-	-	-	-	237	-237	-
Profit for the year	-	-	-	-	-	150	150
Other comprehensive income for the year	-	-	-	3	-	-	3
Comprehensive income for the year	-	-	-	3	-	150	152
Dividend paid	-	-	-	-	-131	-	-131
Share-based remuneration (LTIP)	-	-	-	-	0	-	0
Total transactions with shareholders	-	-	-	-	-131	-	-131
Closing equity, 31 December, 2022	3	2	246	-4	147	150	543

2021	Restricted equity		Non-restricted equity				Total
	Share capital	Statutory reserve	Share premium reserve	Fair value fund		Earnings brought forward	
SEKm							Hedging reserve
Opening equity, 1 January, 2021	3	2	246	11	18	115	394
Transfer of preceding year's profit/loss	-	-	-	-	115	-115	-
Profit for the year	-	-	-	-	-	237	237
Other comprehensive income for the year	-	-	-	-17	-	-	-17
Comprehensive income for the year	-	-	-	-17	-	237	220
Dividend paid	-	-	-	-	-92	-	-92
Share-based remuneration (LTIP)	-	-	-	-	0	-	0
Total transactions with shareholders	-	-	-	-	-91	-	-91
Closing equity, 31 December, 2021	3	2	246	-6	41	237	522

Parent company cash flow statement

SEKm	Note	2022	2021
Operating activities			
Net financial items		193	301
Adjustments for non-cash items	P22	15	4
Income taxes paid		-48	-26
Cash flow from operating activities before changes in working capital		161	279
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventory		0	0
Increase (-)/decrease (+) in operating receivables		52	-21
Increase (+)/decrease (-) in operating liabilities		-12	22
Cash flow from operating activities		201	279
Investing activities			
Acquisition of intangible assets		-15	-6
Acquisition of property, plant and equipment		-6	-4
Acquisition of financial fixed assets		0	-1
Cash flow from investing activities		-21	-11
Financing activities			
Dividend paid		-131	-92
Cash flow from financing activities		-131	-92
Cash flow for the year			
Cash and cash equivalents at beginning of year	P14	430	250
Exchange-rate difference, cash and cash equivalents		3	4
Cash and cash equivalents at end of year	P14	482	430

Notes to the financial statements

Parent company

All figures are in SEK million unless stated otherwise.

NOTE P1 ACCOUNTING POLICIES

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's RFR 2 Accounting for Legal Entities. Statements published by the Swedish Financial Reporting Board applicable for listed companies are also observed. RFR 2 recommends that the parent company, in its annual accounts for legal entities, must apply all EU approved IFRS regulations and statements to the greatest extent possible within the framework of the Annual Accounts Act, the Pension Obligations vesting Act and with regard to the link between accounts and taxation. The recommendation states which exceptions from and additions to IFRS should be made.

Notes from the parent company's income statement and balance sheets refer in some cases to the Group's notes and, in other cases, to the parent company's notes.

Differences between Group and parent company accounting policies

The differences in accounting policies for the Group and parent company are shown below. The accounting policies of the parent company described below have been applied consistently in all periods presented in the parent company's financial statements.

Amended accounting policies

Unless otherwise stated below, the parent company's accounting policies in 2022 changed in accordance with the amendments described above for the Group.

Classification and presentation

The income statement and balance sheet for the parent company are prepared in accordance with the Annual Accounts Act, while the statement of income and other comprehensive income, the statement of changes in equity and the cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences between the Group's statements that arise in the parent company's income statement

and balance sheet primarily consist of the statement of equity.

Subsidiaries

Shares in subsidiaries are recognized in the parent company according to the cost model. This means that transaction costs are included in the carrying amount of holdings in subsidiaries. In the consolidated accounts, transaction costs related to subsidiaries are recognized directly in profit or loss when they arise.

Leased assets

The parent company does not apply IFRS 16 in accordance with the exception contained in RFR2. As a lessee, lease payments are recognized as a cost on a straight-line basis over the lease period, and thus rights of use and lease liabilities are not recognized in the balance sheet.

NOTE P2 DISTRIBUTION OF REVENUE

Revenue by nature	2022	2021
SEKm		
Sales of goods	375	420
Sales of services	21	15
Total	395	435

NOTE P3 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

Other operating income	2022	2021
SEKm		
Exchange rate gain on operations	-	12
Other	1	-
Total	1	12

Other operating expenses	2022	2021
SEKm		
Loss on disposal of non-current assets	-	-
Exchange rate loss on operations	-19	-
Total	-19	-

NOTE P4 OPERATING EXPENSES BY TYPE OF COST

Operating expenses by type of cost

SEKm	2022	2021
Goods for resale and consumables	15	19
Personnel expenses	81	68
Other external expenses	70	53
Legal advice costs	1	1
Depreciation/amortization and impairment	12	9
Other operating expenses	19	-12
Total	197	137

NOTE P5 APPROPRIATIONS

Appropriations

SEKm	2022	2021
Appropriations	-4	-2
Total	-4	-2

NOTE P6 TAXES

When preparing the financial statements, an assessment is made of deferred tax assets/liabilities attributable to temporary differences and loss carry-forwards. Deferred tax assets are recognized to the extent that the tax assets are expected to be utilized through the settlement of future taxable profits.

Taxes

SEKm	2022	2021
Current tax		
Tax expenses for the year	-40	-63
Adjusted tax, prior periods	0	0
Deferred tax		
Deferred tax pertaining to temporary differences	1	1
Total	-40	-62

Reconciliation of effective tax

SEKt	2022	2021
Profit/loss before tax	189,216	298,508
Tax in accordance with applicable tax rate for parent company	20.6% -38,978	20.6% -61,493
Non-deductible expenses	-422	-269
Effect of unrecognized temporary differences	-	-
Standard income, shares in investment funds	-297	-149
Impact of changed tax rate	-8	-7
Total	-39,705	-61,918

Deferred tax assets and liabilities

31 Dec 2022 SEKt	Deferred tax assets	Deferred tax liabilities	Net
Property, plant and equipment	633	-	633
Accounts receivable	47	-	47
Other liabilities (Derivatives)	1,797	-	1,797
Total deferred tax assets/liabilities	2,476	-	2,476
Offsetting	-	-	-
Total deferred tax assets/liabilities, net	2,476	-	2,476

31 Dec 2021 SEKt	Deferred tax assets	Deferred tax liabilities	Net
Property, plant and equipment	368	-	368
Accounts receivable	53	-	53
Other liabilities (Derivatives)	1,986	-	1,986
Other receivables (Derivatives)	-	0	-
Total deferred tax assets/liabilities	2,407	0	2,407
Offsetting	-	-	-
Total deferred tax assets/liabilities, net	2,407	0	2,407

NOTE P6 TAXES

Change in deferred tax in temporary differences

SEKt	31 Dec 2021	Recognized in equity Income statement	Recognized in equity other comprehensive income	Recognized in equity	31 Dec 2022
Property, plant and equipment	368	265	-	-	633
Accounts receivable	53	-7	-	-	47
Other liabilities (Derivatives)	1,986	463	-653	-	1,797
Total	2,407	721	-653	-	2,476

SEKt	31 Dec 2020	Recognized in equity Income statement	Recognized in equity other comprehensive income	Recognized in equity	31 Dec 2021
Property, plant and equipment	140	228	-	-	368
Accounts receivable	48	5	-	-	53
Other liabilities (Derivatives)	0	383	1,603	-	1,986
Other receivables (Derivatives)	-3,620	857	2,763	-	0
Other	-	-	-	-	-
Total	-3,432	1,473	4,366	-	2,407

NOTE M7 INTANGIBLE ASSETS

Intangible assets

SEKm	31 Dec 2022	31 Dec 2021
Accumulated cost		
Opening balance, 1 Jan.	72	65
Acquisitions	23	7
Divestments and disposals	0	-
At year-end, 31 Dec.	94	72
Accumulated amortization		
Opening balance, 1 Jan.	-15	-10
Amortization	-7	-5
At year-end, 31 Dec.	-22	-15
Total	72	56

Breakdown of amortization

SEKm	2022	2021
Amortization, by function		
Cost of goods sold	-7	-5
Selling expenses	-	0
Total	-7	-5

Refer to Note 11 in the consolidated financial statements.

Intangible assets primarily pertain to expenses for patents and brand protection, which are acquired externally. Remaining economic lives as of 31 December 2022 amount to 1-18 years.

NOTE P8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

SEKm	31 Dec 2022	31 Dec 2021
Accumulated cost		
Opening balance, 1 Jan.	20	16
Acquisitions	6	4
Divestments and disposals	-1	0
At year-end, 31 Dec.	26	20
Accumulated depreciation		
Opening balance, 1 Jan.	-8	-5
Depreciation	-4	-4
Divestments and disposals	1	0
At year-end, 31 Dec.	-12	-8
Total	13	11

Breakdown of depreciation

SEKm	2022	2021
Depreciation, by function		
Selling expenses	-1	0
Administrative expenses	-2	-2
R&D expenses	-1	-1
Total	-4	-4

Property, plant and equipment mainly comprise office equipment, computer equipment, equipment for testing helmets and leasehold improvements.

NOTE P9 PARTICIPATION IN GROUP COMPANIES

Participation in Group companies

SEKm	31 Dec 2022	31 Dec 2021
Accumulated cost		
Opening balance, 1 Jan.	2	1
Acquisitions	0	1
At year-end, 31 Dec.	1	2
Total	1	2

Subsidiaries

SEKm	Corporate identity number	Registered office	No. of shares	Holding %	31 Dec 2022 Carrying amount
M-PS Helmet AB	556763-8449	Stockholm, SE	1,000	100	0
MIPS AB (Dongguan) Trading Co., Ltd	91441900MA4W2Y7T9L	Dongguan, CN	1	100	1
Total					1

SEKm	Corporate identity number	Registered office	No. of shares	Holding %	31 Dec 2021 Carrying amount
M-PS Helmet AB	556763-8449	Stockholm, SE	1,000	100	0
MIPS AB (Dongguan) Trading Co., Ltd	91441900MA4W2Y7T9L	Dongguan, CN	1	100	1
Total					2

NOTE P10 OTHER FINANCIAL ASSETS

Other financial assets

SEKm	31 Dec 2022	31 Dec 2021
Accumulated cost		
Opening balance, 1 Jan.	2	-
Deferred tax assets	0	2
At year-end, 31 Dec.	2	2

Refers to deferred tax assets attributable to temporary differences.

NOTE P11 ACCOUNTS RECEIVABLE

Accounts receivable

SEKm	31 Dec 2022	31 Dec 2021
Invoiced receivables	76	129
Currency adjustments	0	2
Reserve for expected credit losses	-1	0
Total	75	131

Invoiced receivables are due as follows:

Not yet due	32	58
Overdue by 1-30 days	16	30
Overdue by 31-60 days	4	13
Overdue by 61-90 days	9	11
Overdue by 91- days	15	18
Total	76	129

Change in reserve for expected credit losses

Opening balance, 1 Jan.	0	0
During the year		
- repaid	-	-
- provisions established	0	0
At year-end, 31 Dec.	-1	0

NOTE P12 GROUP TRANSACTIONS

Group transactions

SEKm	31 Dec 2022	31 Dec 2021
Receivables and liabilities to subsidiaries		
Receivables	-	-
Liabilities	3	3
Net	3	3
Revenues and costs from subsidiaries		
Revenue	-	-
Costs	-	0
Net	-	0

NOTE P13 PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income

SEKm	31 Dec 2022	31 Dec 2021
Accrued revenue	2	1
Prepaid rental costs	1	1
Prepaid system costs	2	1
Other	5	3
Total	10	6

NOTE P14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents

SEKm	31 Dec 2022	31 Dec 2021
Cash and bank balances	101	69
Total according to statement of financial position	101	69
Current investments equivalent to cash and cash equivalents	381	361
Total according to statement of cash flows	482	430

Cash and bank balances refer to balances of bank accounts in SEK, USD, and EUR. Current investments relate to the company's surplus liquidity that is invested in fixed income funds at highly reputable credit institutions in order to avoid negative interest rates. The company's current investments can be sold within two days. Mips believes that the company can convert the investments in a short time to a known amount of cash with insignificant risk of value fluctuations.

NOTE P15 EQUITY

Restricted reserves

Restricted reserves may not be reduced through profit distribution.

STATUTORY RESERVE

The purpose of the statutory reserve is to tie up part of the net profits that is not needed to cover an accumulated deficit. Amounts that were included in the share premium reserve before 1 January 2006 have been transferred to and are included in the statutory reserve.

Non-restricted equity

The following funds together with the annual profit/loss constitute unrestricted equity, that is to say the amount that is available for dividends to shareholders.

SHARE PREMIUM RESERVE

When shares are issued at a premium, i.e. when the price of the shares is more than the quotient value, a sum corresponding to the amount above the quotient value is transferred to the share premium reserve. Amounts transferred to the share premium reserve commencing on 1 January 2006 are included in unrestricted equity.

FAIR VALUE RESERVE

The company uses the Annual Accounts Act rules for measurement of financial instruments at fair value according to chapter 4 section 14, paragraphs a-e. A change in value is recognized in the fair value reserve when it relates to a hedging instrument and the hedge accounting policies allow part or all of the change in value to be recognized in equity.

RETAINED EARNINGS

Retained earnings comprise profit brought forward from the preceding year less any dividend paid during the year.

At the disposal of the Annual General Meeting (SEKt):

Share premium reserve	245,936
Fair value reserve	-3,663
Retained earnings	147,264
Profit for the year	149,511
Total	539,048

The Board of Directors proposes that the available funds of SEKt 539,048 be disposed so that SEK 5.50 (5.00) per share, corresponding to SEKt 143,978 based on the number of shares on 31 December 2022, will be distributed to shareholders and the remaining amount of SEKt 395,070 be carried forward, including SEKt 245,936 to the share premium reserve, SEKt 152,797 to profit brought forward and SEKt -3,663 to the fair value reserve.

For information about the number of shares, see Note 17 to the consolidated financial statements.

OWN SHARES HELD

During 2020, Mips acquired 5,749 own shares at an average price of SEK 449.60. On 31 December 2022 the company's holdings totaled 5,749 shares, corresponding to 0.1 percent of the total number of registered shares.

NOTE M16 OTHER LIABILITIES

Refer to Note 18 in the consolidated financial statements.

NOTE P17 ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses and deferred income

SEKm	31 Dec 2022	31 Dec 2021
Holiday pay liability	3	2
Accrued salaries and remuneration	5	8
Accrued social security expenses	3	4
Prepaid Implementation	1	1
Other accrued expenses	2	1
Total	14	17

NOTE P18 FINANCIAL INSTRUMENTS

Financial instruments

31 Dec 2022 SEKm	Note	Financial assets measured at fair value through profit or loss	Hedging instruments	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit loss	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial assets (Depositions)	P10	-	-	-	-	-	-	-
Accounts receivable	P11	-	-	75	-	-	75	75
Accrued income	P13	-	-	2	-	-	2	2
Other current receivables		-	-	0	-	-	0	0
Current investments	P14	381	-	-	-	-	381	381
Cash and cash equivalents	P14	-	-	101	-	-	101	101
Other liabilities (non-current)	P16	-	-	-	-	-9	-9	-9
Accounts payable		-	-	-	-	-8	-8	-8
Liabilities to Group companies	P12	-	-	-	-	-3	-3	-3
Other liabilities (Derivatives)		-	-9	-	-	-	-9	-9
Accrued expenses	P17	-	-	-	-	-2	-2	-2
Total financial assets and liabilities by category		381	-9	178	-	-22	528	528

31 Dec 2021 SEKm	Note	Financial assets measured at fair value through profit or loss	Hedging instruments	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit loss	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial assets (Depositions)	P10	-	-	-	-	-	-	-
Accounts receivable	P11	-	-	131	-	-	131	131
Receivables from Group companies	P12	-	-	-	-	-	-	-
Other current receivables		-	-	-	-	-	-	-
Current investments	P14	361	-	-	-	-	361	361
Cash and cash equivalents	P14	-	-	69	-	-	69	69
Accounts payable		-	-	-	-	-18	-18	-18
Other receivables (Derivatives)		-	-	-	-	-	-	-
Other liabilities (Derivatives)		-	-10	-	-	-	-10	-10
Accrued expenses	P17	-	-	-	-	-12	-12	-12
Total financial assets and liabilities by category		361	-10	201	-	-29	522	522

NOTE P19 LEASES

The parent company does not apply IFRS 16 in accordance with the exception contained in RFR2. As a lessee lease payments are recognized on a straight-line basis over the term of the lease.

Lease costs mainly comprise rent for office premises. In February 2022, the company gained access to larger premises, and lease payments have thus increased. The contract extends until January 2027 and the total future minimum lease payments relate to SEK 19m for office premises.

Future minimum lease payments

SEKm	31 Dec 2022	31 Dec 2021
Within 1 year	5	4
Between 1-5 years	15	16
More than 5 years	-	0
Total	20	20
Lease costs for the year pertaining to lease payments totaled:	5	3

NOTE P20 INVESTMENT COMMITMENTS

The company has no significant investment commitments as of 31 December 2022 or 2021.

Refer to Note 11 in the consolidated financial statements.

NOTE P21 RELATED PARTIES

Refer to Note 24 in the consolidated financial statements.

NOTE P22 SPECIFICATION OF STATEMENT OF CASH FLOWS

Specification of statement of cash flows

SEKm	2022	2021
Depreciation/amortization of non-current assets	12	9
Unrealized exchange-rate differences	1	-11
Change in value of financial instruments	2	6
Other items not affecting liquidity	1	0
Total	15	4

Interest income and expense

SEKm	2022	2021
Interest income received	0	-
Interest expense	0	-

NOTE P23 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets and contingent liabilities

	2022	2021
Pledged assets	None	None
Contingent liabilities	None	None

NOTE P24 RELATED PARTY TRANSACTIONS

Transactions involving goods and services occur between companies in the Group. Market-based terms and pricing apply for all transactions. All intra-Group transactions are eliminated. Regarding the parent company's dealings with subsidiaries, see note P12.

NOTE P25 SIGNIFICANT ESTIMATES AND JUDGMENTS

Refer to Note 27 in the consolidated financial statements.

NOTE P26 EVENTS AFTER THE BALANCE-SHEET DATE

Refer to Note 28 in the consolidated financial statements.

NOTE P27 INFORMATION ABOUT THE PARENT COMPANY

Mips AB (publ) is a public limited liability company registered in Sweden (Corp. Reg. No. 556609-0162) with its registered office in Stockholm, Sweden. The address of the head office is Kemistvägen 1B, SE-183 79 Täby, Sweden.

Board of Directors assurance

The Board of Directors and the Chief Executive Officer hereby certify that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden, and that the consolidated financial statements have been prepared in accordance with the international financial reporting standards referred to in the regulation (EU) no. 1606/2002 of the European Parliament and Council dated July 19, 2002, pertaining to the application of international financial reporting

standards. The annual accounts and the consolidated accounts give a true and fair view of the financial status and financial results of the Parent Company and the Group. The Directors' Report pertaining to the Parent Company and the Group provides a true and fair view of the development of the Parent Company's and the Group's operations, financial position and results, and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Stockholm, 22 March 2023

Magnus Welander
CHAIRMAN OF THE BOARD

Thomas Bräutigam

Maria Hedengren

Anna Hällöv

Jonas Rahmn

Jenny Rosberg

Max Strandwitz
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Our Auditor's Report was submitted on 22 March 2023

KPMG AB

Tomas Gerhardsson
AUTHORIZED PUBLIC ACCOUNTANT

Auditor's report

To the general meeting of the shareholders of Mips AB, corp. id 556609-0162

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Mips AB for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 75-118 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Accounting for revenue

See note 2 and accounting principles on page 85-86 in the annual accounts and consolidated accounts for detailed information and description of the matter.

DESCRIPTION OF KEY AUDIT MATTER

Consolidated net sales of the Group amount to SEK 563 million for 2022 and mainly relate to contracts with customers for the supply of insert products to be fitted in helmets.

Revenue is recognised in the income statement when significant risks and rewards associated with the products have been transferred to the buyer. The assessment of revenue takes into account uncertainties in payment, shipping terms and associated costs.

The terms of delivery of products and the element of judgment and estimation inherent in the recognition of revenue give rise to a risk that revenue is overstated, understated or recognised in the incorrect period.

RESPONSE IN THE AUDIT

In our audit, we assessed the risks in the revenue recognition processes. We evaluated the design and implementation of internal controls related to revenue recognition and reviewed the applicable contractual terms and conditions to assess the Group's revenue recognition.

We also assessed the timing of revenue recognition based on the delivery of goods and the terms of delivery, both on a sample basis and by analyses of margins.

We have also reviewed the disclosures relating to revenue included in the annual accounts and the consolidated accounts.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-74, 123-124 and 137-141. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to

issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Chief Executive Officer.
- Conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express

an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Auditor's audit of the administration and the proposed appropriations of profit or loss

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of Mips AB for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's

and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we exam-

ined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

OPINION

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Chief Executive Officer have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Mips AB for year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

BASIS FOR OPINION

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Mips AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Chief Executive Officer determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Chief Executive Officer, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Chief Executive Officer.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

KPMG AB, P.O. Box 382, SE-101 27, Stockholm, was appointed auditor of Mips AB by the general meeting of the shareholders on May 5, 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2014.

Stockholm, March 22, 2023

KPMG AB

Tomas Gerhardsson
AUTHORISED PUBLIC ACCOUNTANT

Financial and alternative performance measures by year

All amounts are in SEKm unless stated otherwise.

Group	2022	2021	2020	2019	2018	2017	2016
NET SALES AND PROFIT/LOSS							
Net sales	563	608	365	268	193	126	87
Net sales growth, %	-7	67	36	39	53	45	75
Gross profit	406	445	265	198	142	93	62
Gross margin, %	72.1	73.2	72.8	74.1	73.9	74.3	71.3
Operating profit/loss	229	326	167	108	73	21	18
Operating margin, %	40.7	53.6	45.8	40.3	37.9	16.6	21.2
Adjusted operating profit (Adjusted EBIT)	229	326	168	111	73	28	24
Adjusted operating margin (Adjusted EBIT), %	40.7	53.6	46.2	41.2	37.9	22.1	28.0
Depreciation/amortization	16	12	9	7	2	1	1
EBITDA	245	338	176	115	75	22	19
EBITDA margin, %	43.6	55.5	48.2	42.8	38.8	17.4	22.2
Profit for the year	175	255	129	85	56	16	14
GROUP STATEMENT OF CASH FLOWS							
Cash flow from operating activities	236	277	116	63	69	11	16
Cash flow from investing activities	-22	-11	-15	-49	-7	-5	-4
Cash flow from financing activities	-136	-95	-15	-65	-	145	0
FINANCIAL STANDING							
Total assets	767	756	517	343	319	242	75
Equity	626	577	426	298	276	221	57
Equity ratio, %	82	76	82	87	86	91	76
KEY FIGURES PER SHARE							
Earnings per share basic, SEK	6.68	9.75	4.96	3.35	2.23	0.64	0.67
Earnings per share diluted, SEK	6.63	9.64	4.93	3.28	2.21	0.64	0.65
Average number of shares outstanding - before dilution	26,183,620	26,183,620	25,996,417	25,229,870	25,229,870	24,520,884	21,478,586
Average number of shares outstanding - after dilution	26,411,214	26,495,633	26,167,786	25,837,404	25,544,935	24,559,246	22,013,833
EMPLOYEES							
Average number of employees	89	70	55	43	35	29	17

Alternative performance measures

Non-IFRS performance measures	Definition	Reason for use of measure
Gross profit	Net sales less cost of goods sold.	Gross profit is the profit measure used by Executive Management to monitor the profitability directly related to net sales.
Gross margin (%)	Gross profit as a percentage of net sales during the period.	The measure is a material complement to the gross profit, which only states the change in absolute figures, and provides an understanding of value creation over time.
Operating profit (EBIT)	Profit before financial items and taxes.	The measure is used to measure the profit generated by the operating activities.
Operating margin (EBIT margin) (%)	Operating profit as a percentage of net sales during the period.	The measure is used to assess profitability generated by the operating activities and provides an understanding of value creation over time.
Adjusted operating profit (Adjusted EBIT)	Operating profit excluding items affecting comparability such as acquisition income and expenses, as well as listing costs.	Adjusted operating profit is a measure used by Mips to maintain comparability between periods and to be able to report a result for operating activities.
Adjusted operating margin (%)	Adjusted operating profit as a percentage of net sales during the period.	See explanation under the description for "Adjusted operating profit."
Equity ratio (%)	Equity in relation to total assets.	The measure states the proportion of total assets composed by equity and contributes to a greater understanding of Mips' capital structure.
Cash flow from operating activities	Cash flow from the primary income-generating operating activities.	The cash-flow measure is used by Executive Management to monitor the cash flow generated by the operating activities.
Last 12 months rolling comparison (LTM)	Indicates net sales and adjusted operating profit as a 12-month period from the most recent quarter.	The key performance measure provides Executive Management with an indication of performance over time without having to wait to compare with the next calendar year to do so.
Average number of employees	The average number of employees converted to full-time positions.	Converting the number of employees to full-time positions makes the measure comparable over periods and in the event of differences in working hours.

Mips uses certain performance measures that are not defined in the IFRS rules for financial reporting which Mips applies. The alternative performance measures presented are a complement to the IFRS-defined measures and are used by Mips' management to monitor and control the operations. Accordingly, these alternative performance measures, as

they are defined, are not fully comparable with other companies' performance measures of the same name. For more information regarding the purpose of each alternative performance measurement and financial derivation, please visit www.mipscorp.com/investor/



Corporate governance

Corporate Governance Report

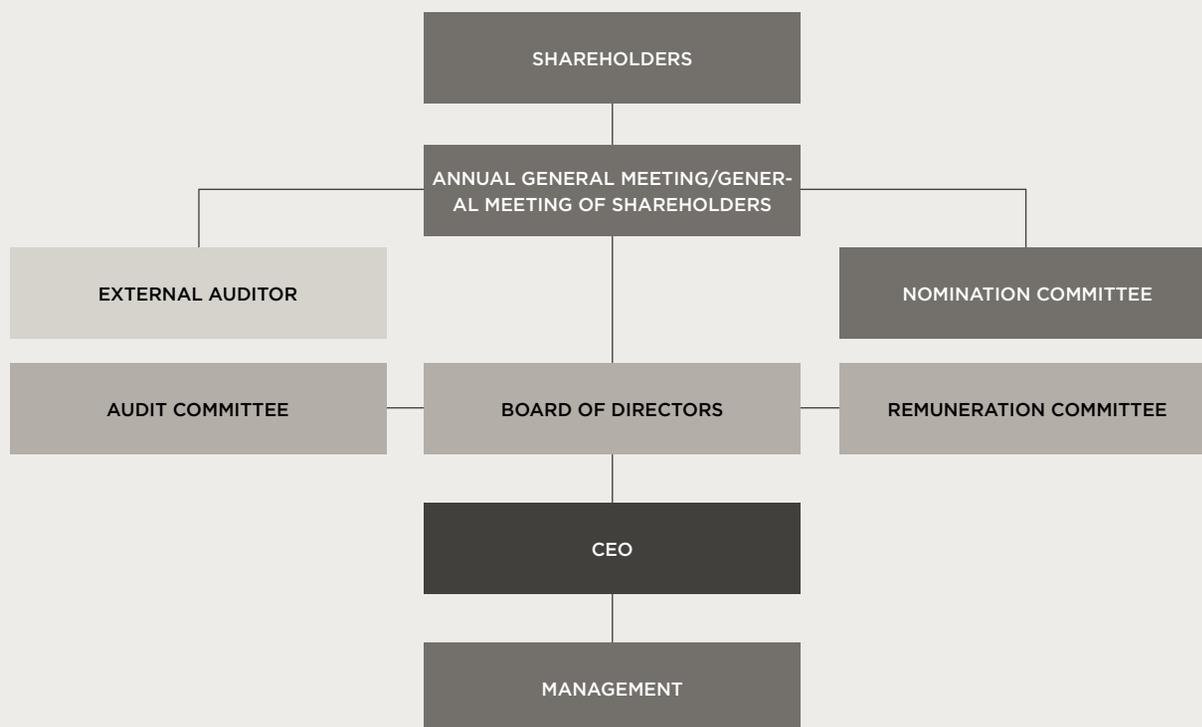
Mips AB (publ) is a Swedish public limited liability company. The company’s shares have been listed on Nasdaq Stockholm since 2017. Mips complies with the rules and regulations that apply to companies listed on Nasdaq Stockholm and other applicable regulations, including the Swedish Corporate Governance Code (the “Code”), which is based on the “comply or explain” principle. No reportable deviation from the Code occurred in 2022. This corporate governance report describes corporate governance, management, and administration at Mips, as well as its internal control and risk management in connection with financial reporting.

Shareholders

Mips’ shares have been traded on Nasdaq Stockholm since 2017. At the end of 2022, the share capital was SEK 2,618,362 divided among 26,183,620

shares, each with a quotient value of SEK 0.10. All shares are of the same kind and all shares in the company carry equal rights in all regards. On December 31, 2022 Mips had about 25,500 shareholders. Of the total number of shares, approximately 67 percent were held by foreign shareholders. Columbia Threadneedle was the single largest owner, with a holding of approximately 5.07 percent of the share capital and the votes as of December 31, 2022. Bailie Gifford & Co was the second largest shareholder with a holding of approximately 5.03 percent of the share capital and Swedbank Robur Fonder was the third largest with a holding of approximately 5.01 percent of the share capital as of the same date. Additional information about the share and shareholders can be found on page 140, as well as on the company’s website, www.mipscorp.com.

OVERVIEW OF GOVERNANCE



General meeting of shareholders

According to the Swedish Companies Act (2005:551), the general meeting of shareholders is the highest decision-making body and the forum in which the shareholders can exercise their voting rights. The Companies Act and the Articles of Association stipulate how notice of the AGM and Extraordinary General Meeting shall be announced, as well as who is entitled to participate and vote at the meeting. The Articles of Association do not contain any restrictions on the number of votes each shareholder may cast at the meeting, nor do they contain any provisions on how amendments to the Articles of Association may be made. All shares carry the right to one vote. According to the Articles of Association adopted by the AGM in 2021, shareholders, after a resolution by the Board, may vote via so-called postal voting.

At the AGM in 2022, the Board was authorized to resolve upon issuing of new shares on one or several occasions before the next AGM. The general meeting has not presently authorized the Board to resolve on the company repurchasing its own shares.

2023 Annual General Meeting

Mips' 2023 Annual General Meeting will be held on Wednesday May 10, 2023 in Stockholm or Täby. For more information, visit www.mipscorp.com.

Nomination Committee

The Nomination Committee shall consist of three members who, in addition to the Chairman of the Board, shall consist of representatives of the three largest shareholders in terms of votes, or the largest shareholders that are otherwise known, after the end of August, who would like to appoint a member. The Chair of the Board is invited to attend meetings. The Nomination Committee shall appoint one of its members to serve as chairperson of the Nomination Committee.

According to the instructions, the duties of the Nomination Committee include submitting proposals to the AGM on:

- Chairman of the AGM;
- Number of Board members elected by the AGM;
- Candidates for the Board of Directors;
- Chair of the Board;
- Fees for the Board, including the Chair, and for Board members' work on Board committees;
- Election of external auditors;
- Fees to external auditors; and
- Proposals for any updates to the instructions for the composition of the Nomination Committee and its work.

The announcement of the composition of the Nomination Committee for the 2023 AGM was published on September 20, 2022. Following ownership changes in autumn 2022, a number of changes took place in the composition of the Nomination Com-

mittee after the public announcement. Subsequent to the above-mentioned ownership changes, the members of the Nomination Committee and respective nominating shareholders for the 2023 AGM are:

Member	Nominating shareholder
Jan Dworsky, Chairman	Swedbank Robur Fonder
Peter Nygren	ODIN Fonder
Henrik Schmidt	Montanaro

The Nomination Committee has held two meetings prior to the date on which this Annual Report was presented. As noted above, one of the main duties of the Nomination Committee is to make recommendations regarding the size and composition of the Board. Normally, the starting point for such recommendations is a survey conducted (see below) by the Chair of the Board to assess the Board's work, composition, qualifications, experience, and efficiency, the results of which are shared and discussed with the Nomination Committee. Based on the survey results and subsequent discussions and interviews, the Nomination Committee determines whether the existing Board should be strengthened with additional expertise or if there are any other reasons to make changes to the composition of the Board. In making such determinations and (if applicable) evaluating potential new candidates for the Board, the Nomination Committee takes into consideration the goal to retain an even gender balance in the Board.

The Nomination Committee applies rule 4.1 of the Code as its diversity policy in its work. The aim is for the composition of the Board to be appropriate, multifaceted and contribute to diversity in terms of gender, age and nationality, as well as experience, professional background, and market categories. The Nomination Committee also takes into consideration the need to ensure that the independence requirements of the Code are met. The Nomination Committee believes that the composition of the Board is appropriate in terms of multidimensional diversity. The Committee further believes that the composition of expertise and experience is consistent with Mips' priorities. The company's Board has an even gender distribution (50 percent women/men).

For the 2023 AGM, the Nomination Committee will announce its recommendations in the notice convening the AGM, which will be published on or around 4 April 2023.

Auditors

The 2022 AGM elected KPMG AB as auditors of the company until the end of the 2023 AGM. Tomas Gerhardsson is the auditor in charge.

In accordance with a resolution adopted at the AGM, the auditor's fee until the 2023 AGM shall be paid on the basis of approved invoices. The auditor's independence is ensured by legislation and professional ethics rules and the audit firm's internal guidelines, as well as by adhering to the Audit Com-

mittee’s instructions governing the type of assignments that the audit firm may conduct in addition to the audit. KPMG AB has provided limited advice above and beyond the audit assignment for the company, primarily related to the company’s sustainability work. For more information, see Note 6.

Board of Directors

According to the Articles of Association, the Board of Directors is to comprise a minimum of three and a maximum of eight board members who are elected by the general meeting for the period until the end of the next AGM.

The Articles of Association do not stipulate any restrictions on the eligibility of the Board members.

At the proposal of the Nomination Committee, the 2022 AGM reelected Magnus Welander, Jonas Rahmn, Jenny Rosberg and Thomas Bräutigam as Board members. The AGM elected Maria Hedengren and Anna Hällöv as new Board members and reelected Magnus Welander to serve as the Chairman.

The duties of the Board are regulated by the Swedish Companies Act, the company’s Articles of Association and the Code, amongst others. In addition, the Board of Directors’ work is regulated by rules of procedure established annually by the Board. The rules of procedure govern such matters as the allocation of work and responsibilities between the members of the Board, the Chairman and the Chief Executive Officer (CEO), and contain procedures regarding financial reporting and other instructions for the CEO. The Board of Directors also establishes instructions for the Board’s committees. The work of the Board of Directors follows a yearly plan which, in addition to the adoption of interim reports and annual accounts, also includes adoption of the strategy and business plan, budget, sustainability management plan and proposals for resolution at the AGM (such as appropriation of profit). Board policy documents and guidelines are adopted following the AGM each year. The Board of Directors also monitors financial developments, ensuring the

quality of financial reporting and internal control, and evaluates the operations based on the established objectives and guidelines adopted by the Board of Directors. Moreover, at least once a year the Board of Directors evaluates the performance of the company’s CEO. The Board of Directors also decides on major investments and changes in the Group’s organization and operations.

The Chairman of the Board monitors the company’s performance, in close collaboration with the CEO, and convenes Board meetings. The Chairman of the Board is also responsible for ensuring that Board members annually evaluate their work and that they continuously receive the information necessary to perform their work effectively.

Important issues specifically addressed by Mips’ Board of Directors in 2022 include the company’s sustainability work, the company’s updated strategy and long-term financial targets, challenges in the market for bikes, macroeconomic trends and external factors affecting the company, the company’s investments in marketing, product development and research, and the company’s expanded customer offering and new design identity. Regular matters such as Mips’ financial development have also been discussed during the year, as well as other important matters including regulatory compliance and the market’s confidence in Mips.

Evaluation of the Board of Directors

The Board follows an established procedure to annually evaluate the results of the work of the Board and committees, how effective its methods are and how they can be improved. The Chairman of the Board is responsible for distributing and following up a written questionnaire to capture the opinions of all Board members and suggestions for improvement. The survey results were compiled, presented, and discussed by the Board. The results of the evaluation have been presented to the Nomination Committee by the Chairman of the Board and also reported to the Nomination Committee in writing.

Composition of the Board of Directors

	Elected year	Total fee, SEK thousand	Independent of the company and its management	Independent in relation to major shareholders.	Board meetings	Audit Committee	Remuneration Committee
Chairman							
Magnus Welander*	2019	670	Yes	Yes	14/14		4/4
Members							
Thomas Bräutigam**	2021	275	Yes	Yes	14/14	3/7	
Maria Hedengren**	2022	345	Yes	Yes	11/14	4/7	
Anna Hällöv***	2022	275	Yes	Yes	11/14		
Jonas Rahmn	2012	305	Yes	Yes	14/14		4/4
Jenny Rosberg	2018	400	Yes	Yes	14/14	7/7	

* Elected to serve as Chairman of the Board at the 2019 Annual General Meeting, elected as member of the Board at the 2016 Annual General Meeting.

** Maria Hedengren was elected as a member of the Board at the 2022 Annual General Meeting and was also elected to serve as a member of the Audit Committee. Thomas Bräutigam resigned as a member of the Audit Committee at the 2022 Annual General Meeting.

*** Elected as as member of the Board at the 2022 Annual General Meeting.

Fees for members of the Board

Fees for Board members, including remuneration for committee work, are determined by the shareholders at the general meeting. The AGM held on May 5, 2022 resolved that a fee of SEK 625,000 shall be paid to the Chairman of the Board and SEK 275,000 to each of the other members of the Board. For work in the Audit Committee, the Chairman is paid SEK 125,000 and the other members receive SEK 70,000. For work in the Remuneration Committee, the Chairman is paid SEK 45,000 and the other members receive SEK 30,000.

Board meetings

During the year the Board held 14 meetings including seven by video conference, six physical meetings, and one meeting held per capsulam. The physical meetings took place in Täby, Sweden.

Mips' CEO, CFO and General Counsel usually participate in Mips' Board meetings. The General Counsel acts as the secretary of the Board and records the minutes at Board meetings. Other members of Group Management, besides the CEO and CFO, may also be asked to attend to report on important issues.

When relevant and at least quarterly, Group Management presents forecasts and key performance indicators, providing the Board with an overview of

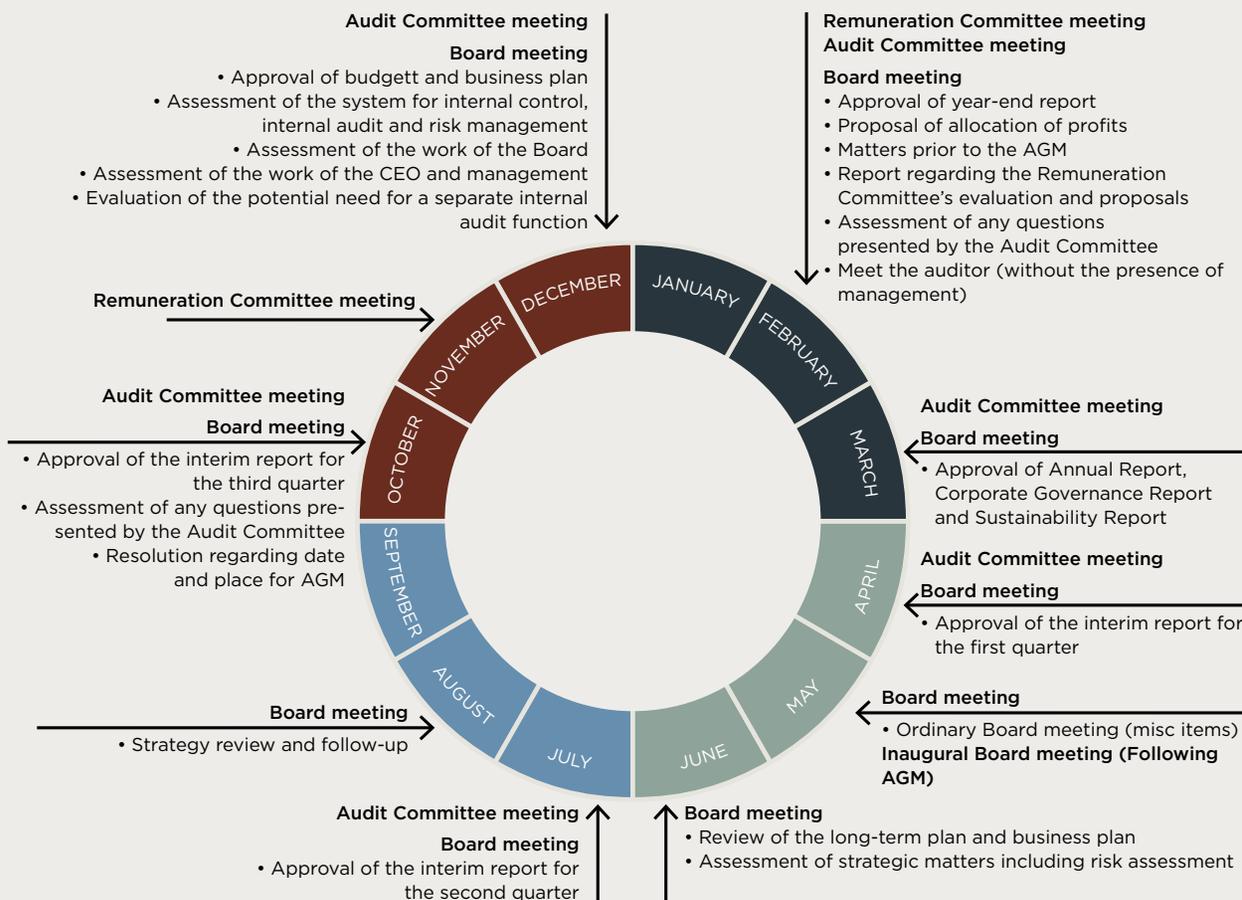
the financial development and expectations of the company. The company's budget is reviewed and approved once per year. The Board also reviews and monitors any legal disputes the company may have. The company's external auditors meet with the Board at least once a year, without the presence of the members of Group Management.

Independence of the Board of Directors

In accordance with the Code, the majority of Board members elected by the AGM shall be independent in relation to the company and its management and major shareholders. All Board members have been judged to be independent both in relation to the company and its management, as well as in relation to major shareholders. This assessment is presented in more detail on page 128.

Board Committees

The Board has two committees: the Audit Committee and the Remuneration Committee. These committees are preparatory bodies for the Board and do not limit the Board's responsibility for the management of the company and for the decisions that are made. Minutes are recorded at the committee meetings. In addition, regular written or verbal reports are provided to the Board regarding committee meeting discussions. The work of each committee is



carried out pursuant to written instructions for the committees which are part of the rules of procedure from the Board.

AUDIT COMMITTEE

Mips has an Audit Committee consisting of two members. Prior to the 2022 AGM the committee's members were Jenny Rosberg (Chairman) and Thomas Bräutigam. Subsequent to the 2022 AGM, the committee's members are Jenny Rosberg (Chairperson) and Maria Hedengren. The committee's duties include monitoring the company's financial reporting and the efficiency of the company's internal control and risk management activities. The Audit Committee's work focuses on the quality and accuracy of the Group's financial accounting and the accompanying reporting. Furthermore, the Audit Committee evaluates the auditor's work, qualifications and independence and monitors in particular whether the auditor provides the company with services other than audit services. The Audit Committee monitors the development of accounting policies and requirements, discusses other significant issues connected with the company's financial accounting and reports its observations to the Board.

The Audit Committee held seven meetings in 2022. The minutes that are recorded at Audit Committee meetings are presented to the Board of Directors at the next Board meeting. The Audit Committee meets all requirements for auditing and accounting expertise as stipulated in the Swedish Companies Act.

REMUNERATION COMMITTEE

The Remuneration Committee at Mips has two members; Magnus Welander (Chairman) and Jonas Rahmn. The duties of the Remuneration Committee include preparing matters regarding remuneration and other terms of employment for the CEO and other senior executives. This work also includes preparing the Board's proposals on guidelines for remuneration to Executive Management, including the relationship between fixed and any variable remuneration, as well as the connection between performance and remuneration, the principal terms of any bonus and incentive programs and the principal terms of non-monetary benefits, pensions, termination and severance pay. Share-based incentive programs are adopted by the general meeting. The Remuneration Committee's duties also include monitoring and evaluating the outcomes of variable remuneration programs, and Mips' compliance with the guidelines for remuneration to Executive Management adopted by the general meeting.

The Remuneration Committee held four meetings in 2022. The minutes that are recorded at Remuneration Committee meetings are presented to the Board of Directors at the next Board meeting.

CEO and Group Management

The CEO is appointed by the Board of Directors and is responsible for the daily management of the com-

pany and the Group's activities in accordance with the Board instructions and regulations. The distribution of responsibilities between the CEO and the Board of Directors is defined in the Board's rules of procedure and the instructions for the CEO, adopted by the Board of Directors. The CEO serves as the head of the senior executives and makes decisions in consultation with other members of the Executive Management team. The CEO is also responsible for preparation of reports and compiling information for Board meetings, as well as for presenting material at Board meetings.

A description of the guidelines for remuneration to Executive Management, share-based incentive programs, and terms of employment for the CEO and senior executives can be found in Notes 4 and 5, as well as on the company's website www.mipscorp.com.

Internal control and risk management

The Board of Directors' responsibility for internal control is governed in part by the Swedish Companies Act, the Swedish Annual Accounts Act (1995:1554), and the Code. The duties of the Board of Directors include ensuring that the company has formalized procedures to ensure compliance with the principles for financial reporting and internal control, and that the company's financial reporting is prepared in compliance with laws, applicable accounting standards and other requirements for listed companies, including that there is an effective follow-up and control system for the company's operations. The Board shall also ensure that the internal control is evaluated.

Mips' CEO is responsible for ensuring that the company's internal control is implemented and conducted as necessary to manage significant risks in the day-to-day activities of the company. The company's CEO has overall responsibility for maintaining sound internal control over the financial reporting environment.

To develop a structured approach to working with internal control, Mips applies the COSO framework (published by the Committee of Sponsoring Organisations of the Treadway Commission). Mips' process for internal control has been designed to ensure appropriate risk management, including reliable and accurate financial reporting in accordance with International Financial Reporting Standards (IFRS), and other applicable laws and regulations.

Control environment

The control environment is the foundation for all other components of the internal control, and includes factors such as organizational culture, integrity, ethical values, expertise, management philosophy, organizational structure, responsibilities and authorities, as well as policies, instructions and procedures.

The Board of Directors has adopted a number of governing documents and instructions to communicate a clearly defined internal control environ-

ment, also aimed at defining roles and allocation of responsibilities between the CEO and the Board of Directors. These governing documents include the Board of Directors' rules of procedure, instructions for the CEO, instructions for financial reporting, the authorization framework, and instructions for the Board committees. The control environment within Mips thus comprises both individual responsibilities and governing documents, with consideration given to applicable laws and regulations.

Risk assessment

A risk assessment includes the identification and assessment of risks that may impede or prevent the company from achieving its objectives. Mips has an annual risk process in place, with quarterly updates, wherein risks are identified from a Group perspective to give an overall view of the most significant risks to which Mips is exposed. Each identified key risk is assigned to a senior executive and documented with an action plan to address and mitigate the risk to the greatest extent possible. The senior executives should, as a rule, review and update the risk matrix at least quarterly. In addition, the Audit Committee shall annually discuss, together with Executive Management and the external auditors, any significant financial risk exposures and measures taken, or intended to be taken, by Executive Management to mitigate, limit or control the exposures.

The risk assessment, including documentation, should be presented to the Board of Directors at least once per year, usually in conjunction with the proposed budget presentation at the end of the year.

Control activities

The design of control activities is of particular importance in the company's work to manage risks and safeguard the internal control. In order to prevent, detect and correct errors and deviations, control activities are established in relation to control targets, which help to ensure that necessary actions are taken to address risks that could prevent the company from achieving its objectives. Such control activities include Mips' governance structure with a number of forums and activities that continually monitor the operations, such as the Board of Directors' review and reconciliation of decisions taken. Well-defined business processes, segregation of duties, and appropriate delegation of authority are also activities that support good corporate governance and internal control within the company. Mips' internal control program focuses on four key processes:

- Order to Cash
- Procure to Pay
- Record to Report
- Salary Process

These four processes are analyzed in detail, and the steps of the processes are defined in internal documents to ensure that there is a sufficient division of

responsibility and that the right control mechanisms are in place. The strength and efficiency of these control mechanisms are evaluated annually to ensure compliance with the established processes and that the safety measures continue to be relevant. All evaluation results are saved and documented. If any of the processes change during the year, a review of the process must be carried out promptly to ensure that all relevant risks are addressed.

Information and communication

Mips' internal communication channels and the limited size of the company enable written information relating to the financial reporting and internal control to be quickly and easily communicated to the company's employees. In addition to written information, news, risk management and control results are communicated and discussed at regular meetings. All relevant internal policies and instructions are available to all concerned employees on the company's intranet. In addition, there are both formal and informal information channels for the Executive Management and the Board for essential information from employees. For external communication, guidelines have been compiled in a communications policy, which ensures that the company lives up to applicable standards for correct dissemination of information to the market and other groups such as shareholders, Board members, employees, and customers, in compliance with the applicable regulations.

Monitoring

The internal control system is regularly monitored and any deficiencies are reported to Mips' Executive Management and, if necessary, also to the Board. In addition, the internal control system is evaluated annually. Mips' CFO is responsible for ensuring that appropriate monitoring processes are in place, including a specific process for monitoring and assessing reported deficiencies. The results of the annual evaluation shall be reported to the Audit Committee for review, after which a summary including any identified suggestions for improvements shall be presented to the Board of Directors. The Board of Directors continually assesses the information and reports provided by Executive Management, and ensures that identified risks are adequately handled.

Internal auditing

Under Section 7.3 of the Swedish Corporate Governance Code, the Board shall evaluate the need for a special audit function (internal audit) during the year to ensure that the company complies with established principles, standards and other applicable laws relating to financial reporting. Given the company's organizational structure, existing procedures and internal control efforts, the Board has assessed that there is no need to introduce an internal audit function.

The matter of an internal audit function will be reassessed in 2023.

Board of Directors

The Mips Board of Directors consists of six board members elected by the general meeting.

All board members are independent in relation to the company and its management, as well as to the company's major shareholders.



MAGNUS WELANDER

Chairman of the Board since 2019 and Board member since 2016. Chairman of the Remuneration Committee.

Born 1966. MSc in Civil Engineering, Industrial Economics, Institute of Technology at Linköping University.

Current assignments:
CEO of Thule Group.

Selected past assignments:
CEO of Envirotainer, various management positions within Tetra Pak in Italy and Australia.

Holdings including any related parties:
50,500 shares, relate to holdings per 31 December 2022.



THOMAS BRÄUTIGAM

Board member since 2021.

Born 1967. MBA from Stockholm School of Economics.

Current assignments:
President Lifting Automation Division, Piab AB and Chairman of the Board of AxKid AB.

Selected past assignments:
CEO of TAWI, ColArt, BRIO, European Nursery Group and Tretorn.

Holdings including any related parties:
10,500 shares, relate to holdings per 31 December 2022.



MARIA HEDENGREN

Board member since 2022. Member of the Audit Committee.

Born 1970. Studies accounting, financing and business administration at the University of Gothenburg.

Current assignments:
Chairman of the Board of Feminvest Holding AB, The Future is Female AB and Her Company AB. Board member and Chair of the Audit Committee of Fishbrain AB, advisory member of the Board and senior advisor of STJ Advisors, founder of Oxygen First

AB and Venture Partner in Eight Roads Venture.

Selected past assignments:
CFO of NetEnt AB (publ), CFO of iZettle AB and CEO of Readly International AB (publ), Board member and member of the Audit Committee of NetEnt AB (publ) and member of the Board of Svenska E-sportförbundet.

Holdings including any related parties:
300 shares, relate to holdings per 31 December 2022.



ANNA HÄLLÖV

Board member since 2022.

Born 1971. Masters in International Business Administration from Linköping University.

Current assignments:

Vice President Business Unit Sweden of Swedish Match AB and Board member of Fuud AB and Dagligvaruleverantörers Förbund (DLF).

Selected past assignments:

Nordic Marketing Director at Unilever, Head of Private Labels at Coop Sweden, Head of Sales and Marketing at Stensåkra Charkuteri & Deli AB and Vice President Marketing at Carlsberg Sweden.

Holdings including any related parties:

600 shares, relate to holdings per 31 December 2022.



JONAS RAHMN

Board member since 2012.

Member of the Remuneration Committee.

Born 1967. MSc in Civil Engineering, Engineering Physics, Chalmers University of Technology.

Current assignments:

Chairman of the Board of Apica AB. Board member of Knoxville AB, ExOpen Systems Aktiebolag, Ekoligens AB and Relox Robotics AB.

Selected past assignments:

Partner KTH Chalmers Capital. Board member of Norröna Sport AS.

Holdings including any related parties

33,500 shares, relate to holdings per 31 December 2022.



JENNY ROSBERG

Board member since 2018.

Chairman of the Audit Committee.

Born 1966. MBA from Stockholm School of Economics.

Current assignments:

CEO and Board member of ROPA Management AB and ROPA & BOARDA AB. Board member of AB Persson Invest, C.A.G Group AB (publ) and C-RAD AB (publ).

Selected past assignments:

Board member of Länsförsäkringar Stockholm, NetEnt AB (publ), Nordax Group AB (publ), Nordax Bank AB (publ), Eastnine AB (publ), Nasdaq Stockholm AB, Nasdaq Helsinki Oy and Nasdaq Copenhagen A/S. Senior Vice President of Nasdaq OMX Group Inc. and Vice President of Nasdaq Nordic.

Holdings including any related parties:

1,600 shares through company, relate to holdings per 31 December 2022.

Management



MAX STRANDWITZ

Born 1975 and Chief Executive Officer since 2019.

Education:

MSc in Business, University of Borås, Sweden.

Current assignments:

None.

Selected past assignments:

Previously CFO at Mips AB, CFO Operations at Cloetta AB and Finance Director at Unilever Supply Chain Company and Unilever Nordic.

Holdings including any related parties:

123,000 shares
216,494 warrants,
relate to holdings
per 31 December 2022.



JOHAN HEDLUND

Born 1972 and acting Chief Technology Officer and Head of Product Development since 2022.

Education:

Materials Technology at Kungliga Tekniska Högskolan, Stockholm.

Current assignments:

None.

Selected past assignments:

Head of Product Development at Teledyne FLIR.

Holdings including any related parties:

132 shares, relate to holdings
per 31 December 2022.



FREDRIK KJELLBERG

Born 1976 and Chief Marketing Officer since 2019.

Education:

BA in Marketing, Stockholm University.

Current assignments:

None.

Selected past assignments:

Previously Global Marketing Director Atomic Austria GmbH, Global Marketing Manager Haglöfs Scandinavia AB and Digital Manager Peak Performance Production AB.

Holdings including any related parties:

466 shares
50,788 warrants, relate to holdings per 31 December 2022.



KARIN ROSENTHAL

Born 1978 and Chief Financial Officer since 2020.

Education:

BA in Economics, Stockholm University.

Current assignments:

None.

Selected past assignments:

Previously Finance Manager Volati AB, Manager global accounting services Klarna, Head of Group Accounting, Fabege AB.

Holdings including any related parties:

280 shares
6,000 warrants, relate to holdings per 31 December 2022.

Auditor's report on the corporate governance statement

To the general meeting of the shareholders of Mips AB, corporate identity number 556609-0162

Engagement and responsibility

The Board of Directors is responsible for the corporate governance statement for the year 2022 on pages 125-135 and that it has been prepared in accordance with the Annual Accounts Act.

Scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR16, The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance

with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with a sufficient basis for our opinions.

Opinions

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6 Section 6, Second paragraph, points 2-6 of the Annual Accounts Act and Chapter 7 Section 31, Second paragraph of the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 22 March 2023

KPMG AB

Tomas Gerhardsson
AUTHORIZED PUBLIC ACCOUNTANT

GRI content index

Statement of use	Mips AB has reported in accordance with the GRI Standards for the period 2022-01-01-2022-12-31
GRI 1 used	GRI Standards 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI standards	Disclosure	Page number	Comments
GRI 2: General Disclosures 2021	2-1 Organizational details	2-3-a: 75, 84 2-3-b: 75, 84 2-3-c: 84	
	2-2 Entities included in the organization's sustainability reporting	2-2-a: 49	
	2-3 Reporting period, frequency and contact point	2-3-a: 75, 84 2-3-b: 75, 84 2-3-c: 84	2-3-d: Contact point for the annual report including the sustainability report is CFO Karin Rosenthal, karin.rosenthal@mipsprotection.com
	2-4 Restatements of information	2-4-a: 53	
	2-5 External assurance	2-5-a: 73	
	2-6 Activities, value chain and other business relationships	2-6-a: 2, 12-13 2-6-b: 4, 18, 21-35, 47, 69-72	2-6-c: No additional relevant business relationships 2-6-d: No significant changes in 2-6-a/b/c to report
	2-7 Employees	2-7-a: 58, 92, 123 2-7-c: 124	2-7-b: Mips does not collect employee data at this level today 2-7-d: No additional information to add 2-7-e: No significant fluctuations during 2022
	2-8 Workers who are not employees	2-8-a: 59 2-8-b: 59	
	2-9 Governance structure and composition	2-9-a: 126-131 2-9-b: 132-135 2-9-c: 132-135	
	2-10 Nomination and selection of the highest governance body	2-10-a/b: 127-129	
	2-11 Chair of the highest governance body	2-11-a: 132-135	
	2-12 Role of the highest governance body in overseeing the management of impacts	2-12-a: 49, 127-129	2-12-b: The board is continuously informed about Mips sustainability work through the board meetings where sustainability is a recurring agenda point 2-12-c: The board is continuously informed about Mips sustainability work through the board meetings where sustainability is a recurring agenda point
	2-13 Delegation of responsibility for managing impacts	2-13-a: 49	2-13-b: The board is continuously informed about Mips sustainability work through the board meetings where sustainability is a recurring agenda point
	2-14 Role of the highest governance body in sustainability reporting	2-14-a: 49, 77	2-14-a: The board is continuously informed about Mips sustainability work through the board meetings where sustainability is a recurring agenda point. Management suggests sustainability goals and prioritizations for each year which the board approves.
	2-15 Conflicts of interest	2-15-a: 104, 128-129, 139	
	2-16 Communication of critical concerns	2-16-a/b: 50-51, 59	

GRI standards	Disclosure	Page number	Comments
GRI 2: General Disclosures 2021, Continued	2-17 Collective knowledge of the highest governance body	2-17-a: 128	2-17-a: The board is continuously informed about Mips sustainability work through the board meetings where sustainability is a recurring agenda point. Through this the boardmembers are building knowledge in sustainability topics related to Mips sustainability work. There are no other actions taken to advance the boards' collective knowledge than through these discussions.
	2-18 Evaluation of the performance of the highest governance body	2-18-a/b/c: 78-79, 92, 128	
	2-19 Remuneration policies	2-19-a/b: 78-79, 92, 128	
	2-20 Process to determine remuneration	2-20-a: 78-79, 92, 128	
	2-21 Annual total compensation ratio	-	2-21-a: 2022: 5,452,510 / 593,100 = 9.19. 2-21-b: 2021: 6,973,185 / 581,583 = 11.99. 2-21-c: In the annual total compensation for the highest paid individual the base salary and the bonus is included.
	2-22 Statement on sustainable development strategy	2-22-a: 20, 44-46, 52-55	
	2-23 Policy commitments	2-23-a/b/c/d/e/f: 46, 50-51, 60	
	2-24 Embedding policy commitments	2-24-a: 50	
	2-25 Processes to remediate negative impacts	-	2-25-a/b/c/d/e: Mips has not identified any negative impacts that the organization has caused or contributed to
	2-26 Mechanisms for seeking advice and raising concerns	2-26-a: 50-51, 59	
	2-27 Compliance with laws and regulations	2-27-a/b: 104	
	2-28 Membership associations	2-28-a: 49-50, 63	
	2-29 Approach to stakeholder engagement	2-29-a: 52	
	2-30 Collective bargaining agreements	2-30-a: 57	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	3-1-a: 52 3-1-b: 52	
	3-2 List of material topics	3-2-a: 52 3-2-b: 52	
	3-3 Management of material topics	-	See relevant topics below
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	201-1-a: 75-76, 91, 93, 96	
	201-2 Financial implications and other risks and opportunities due to climate change	201-2-a: 40-42	
	201-3 Defined benefit plan obligations and other retirement plans	201-3-a: 78-79, 90, 92	
	201-4 Financial assistance received from government	-	Mips has not received any financial assistance from government
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	205-1-a/b: 40-42, 46, 47, 72	
	205-2 Communication and training about anti-corruption policies and procedures	205-2-a/b/c/d/e: 46, 49-51, 61, 72	
	205-3 Confirmed incidents of corruption and actions taken	205-3-a/b/c/d: 61	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	301-1-a: 47	
	301-2 Recycled input materials used	-	301-2-a: Approximately 5% of all materials used are recycled material
	301-3 Reclaimed products and their packaging materials	-	301-3-a: Mips does not have access to data at this level today

GRI standards	Disclosure	Page number	Comments
GRI 302: Energy 2016	302-1 Energy consumption within the organization	302-1-a/b: 54, 60-61	
	302-2 Energy consumption outside of the organization	302-2-a: 54	
	302-4 Reduction of energy consumption	302-4-a/b: 53-54, 60-61	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	305-1-a: 53-54	According to SBTi Mips is only reporting on CO ₂ equivalents
	305-2 Energy indirect (Scope 2) GHG emissions	305-2-a: 53-54	According to SBTi Mips is only reporting on CO ₂ equivalents
	305-3 Other indirect (Scope 3) GHG emissions	305-3-a: 53-54	According to SBTi Mips is only reporting on CO ₂ equivalents
	305-4 GHG emissions intensity	-	Mips does not collect or analyze data regarding GHG emissions intensity today
	305-5 Reduction of GHG emissions	305-5-a/c/d/e: 53-54	305-5-b According to SBTi Mips is only reporting on CO ₂ equivalents
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	-	All new suppliers are screened using some environmental criteria, however, today there is not structured process for this. The process will be more detailed and structured from 2023 and forward.
	308-2 Negative environmental impacts in the supply chain and actions taken	-	308-2-a: 14 308-2-b: 25 (100%) 308-2-c: 5,600 tCO ₂ e 308-2-d: 28% 308-2-e: 0%, so far suppliers haven't been evaluated on emissions. This will happen during 2023
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	401-1-b: 58, 92	401-1-a: Mips does not report new employee hires over the period 401-1-b: Mips does not report employee turnover by region, gender and age, only on total level
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2-a: 57, 59, 90	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	403-1-a/b: 59-61	
	403-2 Hazard identification, risk assessment, and incident investigation	403-2-a/b/c/d: 54-55	
	403-5 Worker training on occupational health and safety	403-5-a: 59	
	403-9 Work-related injuries	403-9-a: 59-60	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	408-1-c: 71-72	408-1-a/b: Mips audit all producing suppliers every other year and does not consider any supplier to have a significant risk for incidents of child labor or young workers exposed to hazardous work
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	409-1-b: 71-72	409-1-a: Mips audit all producing suppliers every other year and does not consider any supplier to have a significant risk for incidents of forced or compulsory labor
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	-	All new suppliers are screened using some social criteria, however, today there is not structured process for this. The process will be more detailed and structured from 2023 and forward.
	414-2 Negative social impacts in the supply chain and actions taken	-	414-2-a: 18 414-2-b: 0 414-2-c: 0 414-2-d: 0 414-2-e: 0

Share information

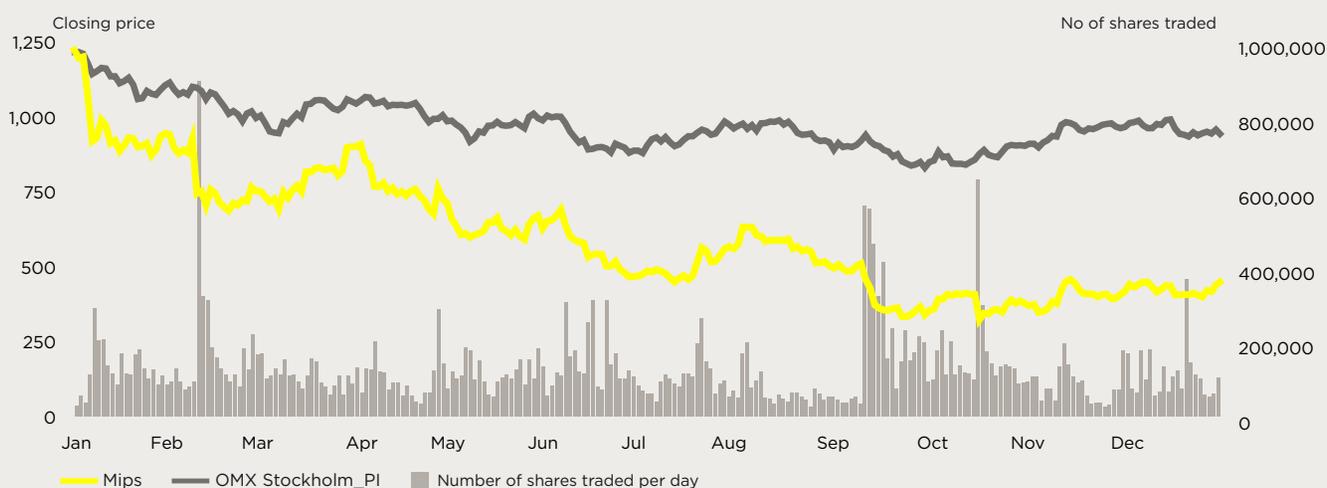
The Mips share was under 2022 listed on Nasdaq Stockholm, Large Cap, and as of 31 December 2022 Mips had 25,548 shareholders.

Foreign owners accounted for about 67 percent of the votes and the share capital. The ten largest shareholders accounted for 37 percent of the votes and the share capital. The highest price paid in 2022 was SEK 1241.0 and the lowest price paid was SEK 281.0.

The share capital of Mips amounted to SEK 2,618,362 per 31 December 2022; per the same date, the total number of shares amounted to 26,183,620 ordinary shares. According to the company's

Articles of Association, the share capital shall amount to not less than SEK 2,000,000 and not more than SEK 8,000,000, divided among no less than 20,000,000 and not more than 80,000,000 shares. Mips' Articles of Association contain a central securities depository clause and the company's shares are registered with Euroclear Sweden AB, which means that Euroclear Sweden AB administers the company's share register and registers the shares for individuals. All shares carry equal rights to the company's profits and share of surpluses in the event of liquidation.

SHARE PERFORMANCE 2022



The ten largest shareholders as of December 31 2022

Shareholders	Number of shares	Capital	Votes
Columbia Threadneedle	1,328,477	5.07%	5.07%
Baillie Gifford & Co	1,317,193	5.03%	5.03%
Swedbank Robur Fonder	1,312,128	5.01%	5.01%
ODIN Fonder	1,080,000	4.12%	4.12%
Montanaro	951,625	3.63%	3.63%
Invesco	814,189	3.11%	3.11%
Vanguard	773,530	2.95%	2.95%
Spiltan Fonder	700,497	2.68%	2.68%
AMF Pension & Fonder	681,149	2.60%	2.60%
Handelsbanken Fonder	678,031	2.59%	2.59%
Top 10	9,636,819	36.80%	36.80%
Others	16,546,801	63.20%	63.20%
Total	26,183,620	100%	100%

Information to shareholders

Annual General Meeting

The 2023 Annual General Meeting of Mips AB (publ) will take place on Wednesday May 10, 2023 at 10:00, at Mips' headquarters, located at Kemistvägen 1B, Täby. The Board of Directors has resolved that the shareholders may also exercise their voting rights at AGM through postal voting in advance, in accordance with the regulations of Mips' Articles of Association.

Right to attend

Shareholder who wish to attend the AGM must:

- Be recorded in the share register kept by Euroclear Sweden AB (the Swedish Central Securities Depository) on Tuesday May 2, 2023.
- Notify the company of their intention to participate in the AGM by Thursday May 4, 2023, in accordance with the instructions that will be stated in the notice convening the AGM.

Nominee-registered shares

Shareholders whose shares are registered in the name of a nominee must have such shares temporarily registered in their own names in the shareholders' register maintained by Euroclear Sweden AB (so-called voting registration) to be able to participate in the Annual General Meeting. The shareholders' register as of the record date on Tuesday May 2, 2023 will include voting registrations made no later than Thursday May 4, 2023. Therefore, shareholders should inform their nominees well in advance of this date.

FINANCIAL CALENDAR

	2023
April 26, 2023:	Interim report January-March 2023
May 10, 2023:	2023 Annual General Meeting
July 20, 2023:	Interim report January-June 2023
October 26, 2023:	Interim report January-September 2023
February 8, 2024:	Year-end report 2023

The Annual Report is published in Swedish and English. In the event of any discrepancies between the Swedish original and the translation, the Swedish shall have precedence.

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Mips AB
Kemistvägen 1B, SE-183 79 Täby
Sweden
mipsprotection.com



Safety for helmets