



## **DOCUMENTATION TO THE ANNUAL GENERAL MEETING OF MIPS AB (PUBL) THURSDAY 9 MAY 2019**

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## **1. The nomination committee's opinion to the Annual General Meeting 2019 in MIPS AB**

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### **The nomination committee's composition**

At the Annual General Meeting held on 15 May 2018, it was resolved on the principles regarding the nomination committee's appointment and procedure for the nomination committee in MIPS AB ("MIPS" or the "Company"). Ahead of the Annual General Meeting 2019, the nomination committee consists of Johan Winnerblad (appointed by Bell Technology Acquisition), Peter Lundkvist (appointed by Tredje AP-fonden), Annika Andersson (appointed by Swedbank Robur fonder) and the chairman of the Board, Bengt Baron. Johan Winnerblad is the chairman of the nomination committee.

### **The nomination committee's work**

The nomination committee has held five meetings since its constitution and has also had contact via telephone and email. The nomination committee has received a statement of the Board's work as a whole, as well as in the committees, from the chairman of the Board and has discussed the work of the Board and the committees with the members of the Board. The nomination committee has met all Board members and the CEO.

Ahead of the Annual General Meeting 2019, the nomination committee has thoroughly discussed the competence, experience and background that can be required from the Board in MIPS taking into account, inter alia, the Company's strategic development, governance and control as well as size, breadth and diversity regarding competence, age, gender, background and experience. In addition, questions regarding independence has been highlighted in the nomination committee's discussions and an assessment has been made of each of the Board members' possibility to devote enough time and commitment to the work of the Board.

### **The nomination committee's proposal for the number of members of the Board elected by the general meeting**

The nomination committee proposes that the Board shall consist of six members.

### **The nomination committee's proposal for the Board**

The nomination committee proposes re-election of the Board members Pär Arvidsson, Jonas Rahmn, Magnus Welander, Pernilla Wiberg, Jenny Rosberg and Greg Shapleigh. The chairman of the Board Bengt Baron has declined re-election. Magnus Welander is proposed to be elected as the new chairman of the Board.

Information about the Board members can be found on the Company's website.

The nomination committee has as a starting point that the Board shall be characterized by diversity and breadth regarding competence, experience and background. The nomination committee finds that the Board's work has worked well and that the Board's composition is appropriate in relation to the members' competence, experience and breadth regarding background and qualifications.

The Board's proposed size and composition will, in the nomination committee's opinion, give the necessary prerequisites to efficiently manage the Company's business and future development. The

nomination committee's proposal for the Board means that two out of six members will be women. The nomination committee strives for gender balance on the Board.

The nomination committee complies with the Swedish Corporate Governance Code (the "Code"). At an assessment of the proposed Board members' independence, the nomination committee has found that its proposal for the Board's composition in the Company meets the requirements of independence set out in the Code. With regard to the Board's composition, the nomination committee has applied rule 4.1 of the Code as its diversity policy and the objectives thereof, which has led to the nomination committee's proposal to the Annual General Meeting regarding election of the Board.

## 2. Information on the proposed members of the Board

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### **Magnus Welander**

Director since 2016. Proposed chairman of the Board.

Born 1966.

Magnus Welander is currently CEO of Thule Group. He was previously CEO of Envirotainer and held various management positions within Tetra Pak in Italy and Australia.

Magnus Welander holds a MSc in Civil Engineering from the Institute of Technology at Linköping University.

Chairman of the remuneration committee.

Independent in relation to the company, its executive management and independent in relation to major shareholders.

Shareholding (including closely associated persons): 50,000 warrants (as per 31 December 2018).

### **Pär Arvidsson**

Director since 2016.

Born 1960.

Pär Arvidsson is currently chairman of the board and CEO of Wcities International, Inc. and MD of Snowshoe Capital LLC. He was previously partner in Strategic Decisions Group, consultant at McKinsey & Co as well as Founder and Managing Partner of Gamechange Ventures.

Pär Arvidsson holds a MA from University of California, Berkeley and a MBA from Harvard Business School.

Chairman of the audit committee.

Independent in relation to the company, its executive management and independent in relation to major shareholders.

Shareholding (including closely associated persons): 189,000 shares through company and 50,000 warrants (as per 31 December 2018).

### **Jonas Rahmn**

Director since 2010.

Born 1967.

Jonas Rahmn is currently CEO and owner of Rafn Advice AB as well as director of Apica AB and Norröna Sport AS. He was previously partner at KTH Chalmers Capital.

Jonas Rahmn holds a MSc in Civil Engineering, Chalmers University of Technology.

Independent in relation to the company, its executive management and independent in relation to major shareholders.

Shareholding (including closely associated persons): 50,000 warrants (as per 31 December 2018).

### **Jenny Rosberg**

Director since 2018.

Born 1966.

Jenny Rosberg is CEO of ROPA Management AB, board member for NetEnt AB (publ), AB Persson Invest and Pepins Group AB (publ). She was previously board member of Nordax Group AB (publ) and Nordax

Bank AB (publ), Senior Vice President at Nasdaq OMX Group Inc., board member of Eastnine AB (publ), Claremont AB and Hanza Holding AB (publ).

Jenny Rosberg holds an MBA from Stockholm School of Economics.

Member of the remuneration committee.

Independent in relation to the company, its executive management and independent in relation to major shareholders.

Shareholding (including closely associated persons): –

### **Greg Shapleigh**

Director since 2018.

Born 1968.

Greg Shapleigh is a management consultant in cycling, snow sports and outdoor industries. Greg Shapleigh serves as a consultant for MIPS AB. He was previously Vice President and General Manager Sport Protection Business Unit at Vista Outdoor. Prior to that he was Executive Vice President and General Manager Giro Sport Design, BRG Sports. Senior Vice President Product and Brand Marketing Giro Sport Design and Easton Cycling, Easton Bell Sports.

Greg Shapleigh holds a B.A., Liberal Arts from DePauw University, Greencastle.

Not independent in relation to the company, its executive management but independent in relation to major shareholders.

Shareholding (including closely associated persons): –

### **Pernilla Wiberg**

Director since 2016.

Born 1970.

Pernilla Wiberg is currently owner of Pernilla Wiberg Sport Promotion, minority owner in Hotell Idre Sweden, director of World Olympians Association (WOA) and chairman of a working group of the International Ski Federation. She is a winner of two Olympic gold medals, four world championship gold medals and 24 world cup competitions in alpine skiing.

Pernilla Wiberg has a social science secondary education (three years). She has studied economics at Högskolan in Borlänge.

Independent in relation to the company, its executive management and independent in relation to major shareholders.

Shareholding (including closely associated persons): 50,000 warrants (as per 31 December 2018).

### 3. The Board of Directors' proposal of distribution of earnings

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The following amounts are at the disposal of the Annual General Meeting:

**Non restricted equity as of 31 December 2018 (SEK thousand)**

Share premium reserve	235,612
Fair value reserve	-1,119
Retained earnings	-19,758
Profit for the year	52,010
<b>Total</b>	<b>266,745</b>

The Board of Directors proposes that the available funds of SEK 266,745 thousand be disposed such that SEK 2.50 per share, corresponding to SEK 63,250 thousand will be distributed to shareholders and the remaining amount of SEK 203,495 thousand be carried forward.

The Board of Directors further proposes that the record day for the dividend shall be Monday, 13 May, 2019. If the Annual General Meeting resolves in accordance with the proposal, it is estimated that Euroclear Sweden will execute the payment on Thursday, 16 May, 2019.

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Stockholm in April 2019

MIPS AB (publ)

*The Board of Directors*

#### **4. The Board of Directors' reasoned statement pursuant to Chapter 18 Section 4 of the Swedish Companies Act (2005:551)**

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The Board of Directors hereby presents the following statement in accordance with Chapter 18 Section 4 of the Swedish Companies Act (2005:551). The Board of Directors' reasons for the proposed dividend being in accordance with the provisions of Chapter 17 Section 3 paragraph 2 and 3 of the Swedish Companies Act (2005:551) are as follows:

##### **The company's objects, scope and risks**

The company's objects and scope of business are set out in the articles of association and the submitted annual reports. The business operated by the company does not entail any risks in excess of those that exist or may be deemed to exist in the industry or those risks which are generally associated with operating a business.

##### **The financial position of the parent company and the Group**

The financial position of the parent company and the Group as per 31 December 2018 is stated in the annual report for 2018. The annual report also states which accounting principles are applied in the valuation of assets, allocations and liabilities.

At the disposal of the Annual General Meeting is SEK 266.7m. According to the company's annual report for 2018, the Group's equity ratio was 86 per cent as of December 31, 2018. The company has no external loan financing and as of December 31, 2018, the company had liquid funds including short-term investments of SEK 242.5m. Following the proposed dividend, there will be full coverage for the company's restricted equity.

MIPS dividend policy is to distribute approximately 50 percent of the MIPS' annual net profit as dividends when the company has achieved the desired financial stability, taking into account future profits, investment needs, liquidity and development opportunities, as well as general economic and business conditions. The proposed dividend, representing 112 per cent of the earnings per share for 2018, is a result of the company's strong financial performance during 2018 and a solid financial position.

The company's financial position does not give rise to any other conclusion than that the company can continue its business and that the company can be expected to fulfil its obligations on both a short-term and long-term basis. Nor does the proposed dividend limit the company's ability to carry out the investments that the company deems necessary or appropriate in the short and long term.

##### **Justification for the proposals regarding dividend**

With reference to the above and what has otherwise come to the knowledge of the Board, the Board is of the opinion that the proposed dividend is in accordance with the provisions in Chapter 17 Section 3 paragraph 2 and 3 of the Swedish Companies Act (2005:551), i.e is justified with reference to the requirements that the nature of the operations, its scope and risks place on the parent company's and Group's equity, consolidation requirements, liquidity, financing needs and position in general.

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Stockholm in April 2019

MIPS AB (publ)

*The Board of Directors*



## 5. Auditor's opinion under Chapter 8, Section 54 of the Swedish Companies Act (2005:551) as to whether the guidelines of the Annual General Meeting on the remuneration of senior executives have been followed

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Translation from the Swedish original

### Auditor's opinion under Chapter 8 Section 54 of the Swedish Companies Act (2005:551) as to whether the guidelines of the annual general meeting on the remuneration of senior executives have been followed

To the annual general meeting of MIPS AB, Corporate identity No 556609-0162

#### Introduction

We have audited whether the Board of Directors and the Chief Executive Officer of MIPS AB during the year 2018 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on March 9, 2017 and the annual general meeting on May 15, 2018.

#### Responsibility of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the guidelines being followed and for the internal control that the Board of Directors and the Chief Executive Officer deem necessary to ensure that the guidelines are followed.

#### Responsibility of the auditor

Our responsibility is to issue an opinion, based on our audit, to the annual general meeting as to whether the guidelines have been followed. We have conducted the audit in accordance with FAR recommendation RevR 8 *Audit of remuneration of senior executives of listed companies*. This recommendation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the guidelines adopted by the annual general meeting are followed in all material aspects. The audit firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of MIPS AB accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The audit has covered the company's organization for and documentation of remuneration issues for senior executives, the new decisions on remuneration that have been taken and a selection of the payments made during the financial year to the senior executives. The auditor chooses what procedures are to be performed, in part by assessing the risk of the guidelines not being followed in all material aspects. In making those risk assessments, the auditor considers internal control relevant to compliance with the guidelines 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.

We believe that our audit provides a reasonable basis for our opinion set out below.

#### Opinion

We consider that the Board of Directors and Chief Executive Officer of MIPS AB during 2018 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on March 9, 2017 and the annual general meeting on May 15, 2018.

Stockholm, March 28, 2019

KPMG AB

Tomas Gerhardsson  
Authorized public accountant

**6. The Board of Directors' report in accordance with paragraph 9.1 in the Swedish Corporate Governance Code regarding the remuneration committee's evaluation of the application of the guidelines for remuneration to senior executives etc.**

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According to the Swedish Corporate Governance Code (the "Code") the board shall establish a remuneration committee which shall, among other, have the main task to monitor and evaluate programs for variable remuneration to the executive management, the application of the guidelines for remuneration that the annual general meeting has resolved on and current remuneration structures and remuneration levels in the company. The remuneration committee consists of Magnus Welanders (chairman of the remuneration committee) and Jenny Rosberg.

Pursuant to paragraph 9.1 of the Code, the board hereby submits the following report on the outcome of the remuneration committee's evaluation.

**Evaluation of the variable remuneration to the executive management**

Variable salary in cash is conditional upon the fulfillment of defined and measurable goals which should be based on results. The variable salary in cash should, according to previous resolutions from General Meetings, as a maximum amount to 50 per cent of the annual fixed salary for the respective senior executive. The remuneration committee has evaluated the goals set for the variable salary in cash and the outcome for 2018. In light of the described outcome, the committee's assessment is that the guidelines for remuneration to senior executives well fulfill their purpose and have worked as intended.

However, the Remuneration Committee has decided to propose that the variable salary in cash should as a maximum amount to 75 per cent (previously, as above, 50 percent) of the annual fixed salary for the CEO and CFO and as a maximum amount to 50 per cent of the annual fixed salary for the other respective senior executives.

Following a resolution by the extraordinary general meeting on 1 February 2017, MIPS has an ongoing long-term incentive plan comprising approximately eight senior executives and certain key employees within the MIPS group. Although the plan does not expire until 2020, the remuneration committee is positive that the plan contributes to a competitive total remuneration package based on market terms.

**The application of guidelines for remuneration to senior executives, current remuneration structures and remuneration levels**

According to the current guidelines for remuneration to senior executives adopted by the annual general meeting of MIPS AB on 15 March 2018, the total remuneration package should be based on market terms, be competitive and reflect the individuals' performance and responsibilities as well as, with respect to any share based incentive plans, the value growth of the company's share which is to the benefit of the shareholders. The remuneration committee considers that the guidelines have given the company the ability to offer a competitive remuneration on market terms. The guidelines have also contributed to a well-balanced remuneration to senior executives. The remuneration committee's evaluation furthermore shows that the guidelines have been applied correctly and that no deviations have been made from these.

The remuneration committee concludes that the remuneration structures and remuneration levels in the company are in line with market conditions.

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Stockholm in April 2019

MIPS AB (publ)

*The Board of Directors*