



REMUNERATION REPORT  
**2020**

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# Remuneration, rewards and Incentives

The main objectives of remuneration at Next Games are to promote competitiveness and long-term financial success of the company, contribute to the favourable development of shareholder value and increase the commitment of the company's key persons.

## Remuneration of the members of the Board of Directors

The Annual General Meeting decides on the remuneration payable to the Board of Directors. The Remuneration Committee of the Board of Directors prepares the matters related to the remuneration payable to the Board of Directors.

On May 27, 2020, the Annual General Meeting resolved that the annual remuneration payable to the members of the Board be as follows:

- Chairman of the Board of Directors  
– 4,500 euros per month,
- Other members of the Board of Directors  
– 2,500 euros per month, and
- Chairman and members of the Audit and Remuneration Committees  
– 1,000 euros per committee meeting.

The remuneration is payable in cash.

Given that certain members of the Board of Directors may under applicable internal policies of their respective employers be restricted from receiving personal remuneration for their service as members of the Board of Directors, remuneration is paid only to those members of the Board of Directors who have notified the company of their willingness to receive remuneration.

In addition, the company has paid out expense reimbursements to the members of the Board of Directors in accordance with the company's policy from time to time. The members of the Board of Directors have no supplementary voluntary pension plans with the company. There are no agreements based on which the members of the Board of Directors would be entitled to any additional benefits upon termination of their service.

## Remuneration of the CEO

The Board of Directors decides on the remuneration and other benefits payable to the CEO as well as on the other terms of the CEO's service relationship.

## Remuneration of other management

The CEO decides on the remuneration payable to the other members of the Management Team.

Upon termination of their service or employment relationship, the members of the Management Team are entitled to receive their salary for the duration of the applicable notice period. There are no agreements based on which the members of the Management Team would be entitled to any additional benefits upon termination of their service or employment relationship. The pensions of the members of the Management Team are arranged using statutory pension insurances, and the members of the Management Team have no supplementary voluntary pension plans with the company.

## Incentive schemes

### **PROFIT SHARE PLAN**

The Board of Directors annually approves a profit share plan for the company. The Remuneration Committee prepares matters related to the terms of the profit share plan. The profit share plan encompasses all staff and the members of the Management Team. The profit share plan consists of set sales and profitability targets, both of which must be met, in order to trigger payouts. Payouts differ depending on applicable tiered sales and profitability levels. Sales and profitability targets are determined at a company level, as Next Games believes it takes the efforts and commitment of all staff, at all levels and disciplines to grow the company. Personnel is rewarded on a personal level depending on how long they have been with the company, as continued commitment is highly valued. Payouts can never exceed 12 months of salary for any individual, nor can the total bonus pool exceed 1/4 of pre-bonus operating profit.

In 2019, the Board of Directors approved a profit share plan for the year 2020. As the company made no operating profit in 2020, there were no payouts based on the profit share plan.

## Share-based incentive plans

Next Games issues yearly share-based incentive plans, which includes the entire staff. During 2019 the company had five (5) share based incentive plans. Based on the equity plans, current and future employees of, consultants acting in a key role for and members of management of the company and its group companies are eligible, as separately decided by the Board of Directors, to receive option rights entitling to subscribe to shares in the company. The Remuneration Committee prepares matters related to allocation of option rights based on the equity plans.

### **EQUITY PLAN 2015**

In October 2015, the shareholders of the company approved the company's 2015 equity plan. Pursuant to the authorization, the number of options granted to be issued under the plan was up to 183,182. Issuance of options under the program has ended. The plan is subject to an individually agreed subscription period, which began in October 2016. Each option right issued under the plan entitles its holder to subscribe for four new shares at the subscription price of 2.66–5.10 euros (implied per share subscription price 0.67–1.28 euros). During the reporting period 4,231 option rights were exercised (excluding option rights that have been cancelled or forfeited), which entitles to 16,924 shares. As at December 31, 2020 there were 82,881



outstanding option rights issued under the plan, equivalent to 331,524 shares. Subscription period ends December 31, 2021.

#### **EQUITY PLAN 2017**

In February 2017, the shareholders of the company approved the company's 2017 equity plan. Pursuant to the authorization, the number of shares can be increased in the aggregate by a maximum of 350,000. Issuance under the program has ended. The plan is subject to an individually agreed subscription period that is ongoing and began July 2018. Each option right issued under the plan entitles its holder to subscribe to one share at the subscription price of 1.14–7.90 euros. The Board of Directors reserves the right to adjust the subscription price four times a year, if necessary, such that it is never more than 50% below market price at the date of issuance. During the reporting period 141 option rights were exercised (excluding option rights that have been cancelled or forfeited), which entitles to 141 shares. As at December 31, 2020 there were 159,863 outstanding option rights issued under the plan, equivalent to 159,863 shares. Subscription rights expire on December 31, 2023.

#### **EQUITY PLAN 2018**

In July 2018, the shareholders of the company approved the company's 2018 equity plan. Pursuant to the authorization, the number of shares can be increased in the aggregate by a maximum of 730,000. Issuance under the program ended January 15,

2019. The plan is subject to an individually agreed subscription period that is ongoing and began July 2019. Each option right issued under the plan entitles its holder to subscribe to one share at the subscription price of 1.14–6.17 euros. During the reporting period 3,750 option rights were exercised (excluding option rights that have been cancelled or forfeited), which entitles to 3,750 shares. As at December 31, 2020 there were 408,458 outstanding option rights issued under the plan, equivalent to 408,458 shares. Subscription rights expire on December 31, 2023.

#### **EQUITY PLAN 2019**

In July 2019, the shareholders of the company approved the company's 2019 equity plan. Pursuant to the authorization, the number of shares can be increased in the aggregate by a maximum of 925,000. Issuance under the program ended November 21, 2020. During 2019, 835,376 options were issued, and 89,624 un-issued options exist under the plan. The plan is subject to an individually agreed subscription period that is ongoing and begins July 2020. Each option right issued under the plan entitles its holder to subscribe to one share at the subscription price of 0.85–1.38 euros. The Board of Directors reserves the right to adjust the subscription price four times a year, if necessary, such that it is never more than 50% below market price at date of issuance. Each option right entitles to subscription of one share. As at December 31, 2020 there were 776,980 outstanding option rights issued under the plan, equivalent to 776,980 shares. Subscription rights expire on December 31, 2024.

#### **EQUITY PLAN 2020**

In February 2020, the shareholders of the company approved the company's equity plan for the years 2020 & 2021. Pursuant to the authorization, the number of shares can be increased in the aggregate by a maximum of 1,500,000. Issuance under the program is active until December 31, 2022. During 2020, 102,782 options were issued, and 1,397,218 un-issued options exist under the plan. The plan is subject to an individually agreed subscription period that is ongoing and begins June 2021. Each option right issued under the plan entitles its holder to subscribe to one share at the subscription price of 0.96 euros. Each option right entitles to subscription of one share. The Board of Directors reserves the right to adjust the subscription price four times a year, if necessary, such that it is never more than 50% below market price at date of issuance. The subscription period of the shares did not begin on the reporting period, so no shares were subscribed by exercising option rights. As at December 31, 2020 there were 102,782 outstanding option rights issued under the plan, equivalent to 102,782 shares. Subscription rights expire on December 31, 2027.

All of Next Games employees, whose probation period ended by the end of 2020 are option holders. The company intends to continue granting options to all new employees at the end of their probation period as a long term incentive.

Unless otherwise decided by the Board of Directors, option rights are issued to recipients free of charge, and the subscription price for the shares is defined in each equity plan. The company has typically applied a schedule where the option rights entitle to share subscription in annual installments of 25% each, starting from one full year following the grant date is applied, subject in each case to the recipient continuously providing services to the company as an employee, consultant, member of the Board of Directors or Management Team. If a recipient's services with Next Games ceases for any reason (a "termination"), all unexercised options rights that do not yet entitle to share subscription automatically terminate and are forfeited to the company. If a recipient whose service with Next Games has terminated holds options rights that entitle to share subscription, he or she is entitled to exercise such option rights within 30 days from the date of termination, at which point the option rights that remain unexercised automatically terminate and are forfeited to the company.

As a result of exercises of option rights during 2020, a total of 69,764 new shares in the company were registered with the Finnish Trade Register. The subscription price for the shares was determined individually for each subscriber in accordance with the applicable equity plan and stock option agreement.

#### **DIRECTED SHARE ISSUE**

No directed share issue was made during the financial year 2020.



# Remuneration Report

## THE FEES PAID TO THE MEMBERS OF NEXT GAMES' BOARD OF DIRECTORS 2019-2020

EUR 1,000	Fee for board work 2020	Fee for board work 2019	Option rights granted in the financial year (1,000 pcs) 2020	Option rights granted in the financial year (1,000 pcs) 2019
Petri Niemi	54	59	-	-
Jari Ovaskainen	-	-	-	-
Peter Levin	30	30	-	-
Xenophon Lategan	30	12.5	-	20
Elina Anckar	30	17.5	-	-
Nicholas Seibert	-	-	-	-

## SALARIES PAID AND OPTION RIGHTS GRANTED TO THE CEO 2019-2020

EUR million	Salary 2020	Salary 2019	Option rights granted in the financial year (1,000 pcs) 2020	Option rights granted in the financial year (1,000 pcs) 2019
CEO	0.2	0.2	-	163.3

## SALARIES PAID AND OPTION RIGHTS GRANTED TO OTHER MANAGEMENT 2019-2020

EUR million	Salary 2020	Salary 2019	Option rights granted in the financial year (1,000 pcs) 2020	Option rights granted in the financial year (1,000 pcs) 2019
Management team	0.7	0.6	-	489

The salaries of the CEO and the Management team includes the following: Fixed salary, variable remuneration components such as financial benefits based on short- and long-term incentive schemes, fixed and variable remuneration components, supplementary pension contributions and other financial benefits such as fringe benefits, signing bonuses, retention bonuses or severance packages.



**NEXT GAMES**

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