



CORPORATE

GOVERNANCE

2020



Corporate Governance

Next Games applies the Finnish Companies Act, other regulation concerning public listed companies, Next Games' Articles of Association as well as the rules and regulations of NASDAQ Helsinki Ltd applicable to companies with their shares listed on the NASDAQ First North Growth marketplace. Though Next Games strives to comply with the recommendations of the Finnish Corporate Governance Code, effective as of January 1, 2018, the company does not report deviations from the Finnish Corporate Governance Code, as compliance with the Code is not mandatory for Next Games. The Finnish Corporate Governance Code is publicly available on the website of the Securities Market Association at www.cgfinland.fi.

This Corporate Governance Statement has been issued as a separate report and the Audit Committee of Next Games has reviewed it. The Statement has been published on the company's website at www.nextgames.com.

Deloitte Oy, Authorized Public Accountants, as the company's auditor has checked that the Statement has been issued and that the description of the main features of the internal control and risk management system in relation to the financial reporting process are consistent with the financial statements.

General

Next Games' administrative bodies and officers with the greatest decision-making power are the General Meeting of Shareholders, the Board of Directors and the CEO. Next Games does not have a supervisory board. At the Annual General Meeting of Shareholders, the shareholders approve the financial statements, decide on the distribution of profits, select the members of the Board of Directors and the auditor and determine their remuneration, as well as decide on amendments to the Articles of Association if necessary.

Next Games' shares are listed on the NASDAQ First North Growth marketplace.

Shareholder's Meetings

Next Games' Annual General Meeting is convened by the Board of Directors. According to the Articles of Association, the Annual General Meeting of Shareholders shall be held within six months from the expiry of the financial period on a date decided by the Board of Directors. The Annual General Meeting will be organized in Next Games' registered domicile, Helsinki, Finland. The notice to the General Meeting shall be published on the company's website no earlier than three (3) months and no later than three (3) weeks prior to the meeting, however always at least nine (9) days prior to the record date of the General Meeting. A shareholder wishing to attend the meeting shall register in advance in the manner and no later than on the date set out in the notice, which date may not be earlier than ten (10) days prior to the meeting.

Annual General Meeting

The Annual General Meeting of Next Games was held on May 27, 2020 in Helsinki.



Board of Directors and Board Committees

COMPOSITION AND TERM OF THE BOARD OF DIRECTORS

The members of the Board of Directors are elected in the Annual General Meeting of the company. The term of office of the members of the Board of Directors expires at the end of the next annual general meeting following the election.

Next Games' major shareholders propose the composition of the Board of Directors. The proposal takes into account the company's business operations, their development and the strategy of the company. The main objective hereby is to ensure that the composition of the Board of Directors supports the

company's business operations and strategic priorities in the optimal manner. Diversity of the Board of Directors is essential for the aforementioned objective. Diversity of the Board of Directors is reviewed from different perspectives, including gender and age diversity. The progress in achieving the objective is reviewed regularly. The Director elected to the Board of Directors shall have the required competence for the position, and sufficient amount of time to attend to the duties of the position.

Next Games' Annual General Meeting was held on May 27, 2020. The Annual General Meeting elected the following members to the company's Board of Directors:

Petri Niemi

Chairman of the Board of Directors

Master of Science, Engineering

Born 1961

Finnish citizen

Chairman of the Board of Directors as of February 23, 2017

Ownership of shares and share based rights in the company and its group companies at the end of the financial period 2020: 7,000 shares and 1,400 option rights under the Equity Plan 2017. Shares and share based rights of the corporation over which the Director exercises control in the company and its group companies at the end of the financial period 2020: 0.

SIGNIFICANT EMPLOYMENT HISTORY:

G2 Invest Oy, CEO, 2011-

CapMan Oyj, Head of CapManTechnology, 1999-2010

POSITIONS OF TRUST:

Detection Technology Oyj, Member of the Board of Directors, 2012-

Insta Group Oy, Member of the Board of Directors, 2011-

Lounea Oy, Member of the Board of Directors, 2017-

Leaddesk Oy, Chairman of the Board of Directors, 2017-

Autori Oy, Chairman of the Board of Directors, 2018-

Clausion Oy, Chairman of the Board of Directors, 2018-

Wega Advisors Oy, Chairman of the Board of Directors, 2017-

Bilot Consulting Oy, Chairman of the Board of Directors, 2016-

B10 Group Oy, Chairman of the Board of Directors, 2015-

Nicholas Seibert

Member of the Board of Directors

Bard College

Born 1990

U.S. citizen

Member of the Board of Directors as of September 25, 2019

Ownership of shares and share based rights in the company and its group companies at the end of the financial period 2020: 0 shares and 0 option rights. Shares and share based rights of the corporation over which the Director exercises control in the company and its group companies at the end of the financial period 2020: 0.

SIGNIFICANT EMPLOYMENT HISTORY:

AMC Networks, VP - Corporate Development, 2017-

GAMCO Investors, Inc., Analyst, 2014-2017

Bank of America Merrill Lynch, Investment Banking - Mergers & Acquisitions, 2012-2014



Peter Levin

Member of the Board of Directors

University of Southern California

Born 1970

U.S. citizen

Member of the Board of Directors as of June 30, 2014

Ownership of shares and share based rights in the company and its group companies at the end of the financial period 2020: 53,336 shares and 0 option rights. Shares and share based rights of the corporation over which the Director exercises control in the company and its group companies at the end of the financial period 2020: 0.

SIGNIFICANT EMPLOYMENT HISTORY:

Griffin Gaming Partners 2019–

Lionsgate, President: Interactive Ventures & Games, 2014–2019

Legendary Entertainment, Co-President Digital Strategy, 2012–2013

Nerdist Industries, Chief Executive Officer, 2009–2013

POSITIONS OF TRUST:

DEFY Media, Member of the Board of Directors, 2016–

Telltale Games, Member of the Board of Directors, 2014–

Yoshimoto Kogyo, Advisor, 2005–

Jari Ovaskainen

Member of the Board of Directors

Master of Economics, University of Turku

Born 1964

Finnish citizen

Member of the Board of Directors as of April 25, 2013

Ownership of shares and share based rights in the company and its group companies at the end of the financial period 2020: 7,378,068 shares and 0 option rights. Shares and share based rights of the corporation over which the Director exercises control in the company and its group companies at the end of the financial period 2020: 0.

SIGNIFICANT EMPLOYMENT HISTORY:

Ibox Oy, CEO, 1999–2000

POSITIONS OF TRUST:

Preon Ventures Oy, Chairman of the Board of Directors, 2016–

Snowprint Studios AB, Member of the Board of Directors, 2016–

900 Seconds Oy, Chairman of the Board of Directors, 2015–

PlayRaven Oy, Member of the Board of Directors, 2014–

The Button Corporation Oy, Member of the Board of Directors, 2014–

Stylewhile Oy, Chairman of the Board of Directors, 2013–2016

Boomlagoon Oy, Member of Board of Directors, 2013–2016

Miivies Oy, Chairman of the Board of Directors, 2010–

Atacama Labs Oy, Chairman of the Board of Directors, 2005–

Elina Anckar

Member of the Board of Directors

Master of Economics, University of Turku

Born 1968

Finnish citizen

Member of the Board of Directors as of May 21, 2019

Ownership of shares and share based rights in the company and its group companies at the end of the financial period 2020: 0 shares and 0 option rights. Shares and share based rights of the corporation over which the Director exercises control in the company and its group companies at the end of the financial period 2020: 0.

SIGNIFICANT EMPLOYMENT HISTORY:

Marimekko Oyj, Chief Financial Officer, 2015–

A-lehdet Oy, Chief Financial Officer, 2013–2015

Teliasonera Oy, Broadband Services, VP, Head of Business Control, 2012–2013

Sodexo Oy, Chief Financial Officer, 2007–2012

H&M Hennes & Mauritz Oy, Country Controller, 2002–2007

Nokia Oyj, Controller, 1999–2002

Cultor Oy, Controller, 1995–1999

POSITIONS OF TRUST:

Kalevala Koru Oy, Member of the Board of Directors, 2014–

Finnish Design Shop Oy, Member of the Board of Directors 2013–2015





Xenophon Lategan

Member of the Board of Directors

B.Sc. (Computer Science and Applied Mathematics),
University of Cape Town

Born 1980

South African and the United Kingdom citizen

Member of the Board of Directors as of May 21, 2019

Ownership of shares and share based rights in the company and its group companies at the end of the financial period 2020: 0 shares, 11,500 option rights under the Equity Plan 2018 and 20,000 option rights under the Equity Plan 2019. Shares and share based rights of the corporation over which the Director exercises control in the company and its group companies at the end of the financial period 2020: 0.

SIGNIFICANT EMPLOYMENT HISTORY:

Next Games Corporation, Executive Advisor, 2018–2019

Fox (Film, TV and Sports), Executive Advisor, 2018–

Hulu LLC, Executive Advisor, 2018

Style.com, Executive Advisor, 2017–2018

Entrepreneur, Investor, Executive Advisor, 2013–

News International, Chief Technology Officer, 2010–2012

Google, Regional Head of Enterprise Solutions Engineering, 2007–2010

Microsoft, BPM and SOA Technical Specialist for Microsoft UK, 2005–2007

Accenture, Software Architect and Consultant, 2002–2005

POSITIONS OF TRUST:

Xineoh Technologies Inc., Member of the Board of Directors

Bitcube (Pty) Ltd, Chairman of the Board of Directors

Toshi Technologies Ltd, Director and member of the Board of Directors

Ophin Ltd, Director

The Board evaluates the independence of its members annually in accordance with the Corporate Governance recommendations. On the basis of the independence evaluation carried out by the Board of Directors, all members of the Board of Directors except Jari Ovaskainen are independent of the company and its significant shareholders. Jari Ovaskainen is a major shareholder of the company.

Description of the operations of the Board of Directors

The Finnish Companies Act sets the ground for the operations of the Board of Directors. According to the Finnish Companies Act, The Board of Directors is responsible for the proper organization of the company's administration and operations. The CEO is responsible for the day-to-day management and development of the company in accordance with the instructions and orders of the Board of Directors.

The Board reviews all matters that are significant to or that have long-term effects on Next Games' business operations. The Board of Directors' main duties include, among other things:

- Appropriate arrangement of the control of the company's accounts and finances;
- Appointing and dismissing the CEO and deciding on his or her remuneration and other terms of service;
- Deciding on the strategy of Next Games;
- Controlling the implementation of the strategic objectives and business plans of Next Games; and
- Deciding on strategically or financially significant investments, business acquisitions



In 2020, the Board of Directors held 11 meetings. The members of the Board attended the meetings as follows.

	Position	Board member since	Independent of the company and its significant shareholders	Attendance
Petri Niemi	Chairman since 2017	2017	Yes	11/11
Jari Ovaskainen	Member	2013	No	11/11
Peter Levin	Member	2014	Yes	9/11
Elina Anckar	Member	2019	Yes	11/11
Xenophon Lategan	Member	2019	Yes	11/11
Nicholas Seibert	Member	2019	Yes	11/11

Right of the Board of Directors to Receive Information

The company has ensured that all directors have received sufficient information on the company's business operations, operating environment, and financial position and that the possible new directors have been properly introduced to the operations of the company.

Board committees

On February 23, 2017, the Board of Directors decided to establish two permanent committees, an Audit Committee and a Remuneration Committee. The Board of Directors has not established other committees.

The committees prepare matters to be decided in meetings of the Board of Directors. The committees have no independent decision making powers. The Board of Directors annually appoints the members of the committees from among the members of the Board of Directors. The Board of Directors also has the power to dismiss members of the committees.

The Board of Directors elected by the Annual General Meeting on May 27, 2020 appointed the following members to the committees:

AUDIT COMMITTEE:

Elina Anckar, Chairman of the Committee
Petri Niemi, Member of the Committee

REMUNERATION COMMITTEE:

Petri Niemi, Chairman of the Committee
Jari Ovaskainen, Member of the Committee



Audit Committee

The Board of Directors has defined the duties of the Audit Committee in the operating principles of the committee confirmed by it. The duties of the Audit Committee consist of, among others, supervising the efficiency of the company's accounting and financial reporting system as well as monitoring the company's statutory audit. The committee is also in charge of supervision of the matters and practices relating to corporate governance and, where necessary, it shall propose to the Board of Directors any required measures to develop corporate governance.

The Audit Committee consists of at least two and at most five members. The members of the Audit Committee shall be independent of the company and at least one member shall be independent of significant shareholders. The members of the Audit Committee shall have the qualifications necessary to perform the responsibilities of the committee, and at least one member shall have expertise specifically in accounting, bookkeeping or auditing.

In 2020, the Audit Committee held 3 meetings. The members of the Board attended the meetings as follows.

	Position	Committee member since	Independent of the company and its significant shareholders	Attendance
Elina Anckar	Chairman	2019	Yes	3/3
Petri Niemi	Member	2017	Yes	3/3

Remuneration Committee

The Board of Directors has defined the duties of the Remuneration Committee in the operating principles of the committee confirmed by it. The Remuneration Committee assists the Board of Directors in preparing matters relating to the remuneration of the Management Team and other personnel of Next Games.

The Remuneration Committee consists of at least three members. The majority of the members of the Remuneration Committee shall be independent of the company.

In 2020, the Remuneration Committee held 2 meetings. The members of the Board attended the meetings as follows.

	Position	Committee member since	Independent of the company and its significant shareholders	Attendance
Petri Niemi	Chairman	2020	Yes	2/2
Jari Ovaskainen	Member	2020	No	2/2



Chief Executive Officer

The CEO manages the daily operations of Next Games according to strategic principles and objectives confirmed by the Board of Directors. The CEO prepares matters on which decisions are to be made by the Board of Directors of the company, ensures that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner. The CEO also chairs the Management Team and manages and oversees the other members of the Management Team.

The Board of Directors appoints the CEO and decides on the remuneration of the CEO and the other terms of the CEO's service agreement. The CEO is appointed until further notice. The CEO of Next Games is Teemu Huuhtanen.

Management Team

The CEO is supported by the Management Team, the composition of which is confirmed by the Board of Directors. The Management Team does not hold authority or independent decision-making power based on legislation or the Articles of Association, and operates instead as an advisory and preparatory body in matters belonging to the Next Games' executive management. In the beginning of 2019 Next Games' Management Team consisted of six members. After the reorganization of the management team during November and December 2020, the management team consisted of seven members.

The company has designated the Chief Financial Officer to receive market soundings on behalf of the company.



Members of the Management Team

Teemu Huuhtanen

Chief Executive Officer

Born 1971
 BBA, Preston University
 Finnish citizen
 CEO as of 2013

Ownership of shares and share based rights in the company and its group companies at the end of the financial period 2020: 172,919 shares, 30,000 option rights under the Equity Plan 2015, 844 option rights under the Equity Plan 2017, 22,500 option rights under the Equity Plan 2018 and 140,000 option rights under the Equity Plan 2019. Shares and share based rights of the corporation over which the Director exercises control in the company and its group companies at the end of the financial period 2020: 266,720 shares.

SIGNIFICANT EMPLOYMENT HISTORY:

Next Games, CEO, 2013–
 Rovio Entertainment Oy, Vice President, Mergers & Acquisitions, 2012–2013
 Sulake Corporation Oy, Executive Vice President, Mobile, Ad Sales, Business Development and Communications, 2011–2012
 Sulake Corporation Oy, Executive Vice President, Marketing and Business Development, 2006–2011
 Sulake Inc., President, 2006–2011
 Sulake Corporation Oy, Executive Vice President, Sales & Business Development, 2003–2006
 Small Planet Oy, Executive Vice President, 2002–2003
 Orchimedia Group Oy, Co-Founder and CEO, 1998–2002

POSITIONS OF TRUST:

Dark May Oy, Deputy Member of the Board of Directors, 2016–
 Armada Interactive Oy, Member of the Board of Directors, 2016–
 Rabbit Films Oy, Member of the Board of Directors, 2016–
 MAG Interactive, Member of the Board of Directors, 2014–
 Vaah Holdings Oy, Member of the Board of Directors, 2013–
 Helsinki GameWorks Oy, Deputy Member of the Board of Directors, 2014–2015
 Pilke Helsinki Oy, Member of the Board of Directors, 2012–2013



Kalle Hiitola

Head of New Games

Born 1980
Matriculation examination, Oulunkylä high school
Finnish citizen
Member of the Management Team as of 2013

Ownership of shares and share based rights in the company and its group companies at the end of the financial period 2020: 971,675 shares and 1,400 option rights under the Equity Plan 2017. Shares and share based rights of the corporation over which the Director exercises control in the company and its group companies at the end of the financial period 2020: 0 shares.

SIGNIFICANT EMPLOYMENT HISTORY:

Next Games, Head of New Games, 2020-
Next Games, CTO, 2013-2020
Superlouder Oy, Chief Digital Officer, 2011-2013
Bongo Helsinki Oy, Partner, Online Planning Director, 2010-2011
Academica Oy, Partner, Member of the Board, CTO, 2008-2010
Sanoma Entertainment, Technical Project Manager (based on a consulting arrangement), 2007-2013
Crew Media Finland Oy, Partner, Head of Media & Solutions department, 2002-2008

POSITIONS OF TRUST:

Nuard Ventures Oy, CEO, 2014-2019
Padam Kids Oy, Deputy Member of the Board of Directors, 2013-2014
Nuard Ventures Oy, Member of the Board of Directors, 2011-2019
Mindlab Oy, Member of the Board of Directors, 2011-
EcoHair Oy, Deputy Member of the Board of Directors, 2005-

Saara Bergström

Markkinointijohtaja (Chief Marketing Officer)

Born 1979
MA, Organizational Communication; BBA, Marketing
Finnish citizen
Member of the Management Team as of 2014

Ownership of shares and share based rights in the company and its group companies at the end of the financial period 2020: 19,596 shares, 19,726 option rights under the Equity Plan 2015, 500 option rights under the Equity Plan 2017, 60,500 option rights under the Equity Plan 2018 and 100,000 option rights under the Equity Plan 2019. Shares and share based rights of the corporation over which the Director exercises control in the company and its group companies at the end of the financial period 2020: 0.

SIGNIFICANT EMPLOYMENT HISTORY:

Next Games, Chief Marketing Officer, 2014-
Rovio Entertainment, VP, Marketing & Communications, 2013-2014
Rovio Entertainment, Director, Consumer Engagement, 2011-2013
Nokia, Marketing Manager, Community Management Lead, 2009-2011
Nokia, Online Marketing Manager, 2008-2009
Nokia, Marketing Specialist, 2007-2008
Right Management, Communications Consultant, 2006-2007
Freelance Journalist, Various publications, 2002-2005

POSITIONS OF TRUST:

Finnish Marketing Association, Board member 2017-2020
Neogames, Advisor 2017-
Rovio Entertainment Corp, Member of the Management Team 2013-2014



Annina Salvén

Chief Financial Officer

Born 1988
M.Sc, Finance and Business Administration
Finnish citizen
Member of the Management Team as of 2016

Ownership of shares and share based rights in the company and its group companies at the end of the financial period 2020: 53,992 shares, 9,881 option rights under the Equity Plan 2015, 12,074 option rights under the Equity Plan 2017, 49,129 option rights under the Equity Plan 2018 and 100,000 option rights under the Equity Plan 2019. Shares and share based rights of the corporation over which the Director exercises control in the company and its group companies at the end of the financial period 2020: 0.

SIGNIFICANT EMPLOYMENT HISTORY:

Next Games, CFO 2016–
Greenstep Oy, CFO Services 2012–2016
Aktia Pankki Plc, investment advisor, 2008–2010 and
2011–2012

POSITIONS OF TRUST:

Oy Multivalu Development Ab, Deputy Member
of the Board of Directors, 2016–
Brittingham Viking Organization, Chairman of
the Board of Directors, 2015–2017
Ab Djupsundsbygga Oy, Member of the
Board of Directors, 2014–2017
Ostinato Oy, Member of the Board of
Directors, 2013–2016



Joonas Laakso

Chief People & Culture Officer

Born 1978
BA in Arts, Media, Design Management
Finnish citizen
Member of the Management Team as of 2020

Ownership of shares and share based rights in the company and its group companies at the end of the financial period 2020: 0 shares, 6,793 option rights under the Equity Plan 2015 and 15,500 option rights under the Equity Plan 2018. Shares and share based rights of the corporation over which the Director exercises control in the company and its group companies at the end of the financial period 2020: 0 shares.

SIGNIFICANT EMPLOYMENT HISTORY:

Next Games, Chief People & Culture Officer, 2020–
Next Games, Development Director, 2019–2020
Next Games, Executive Producer, The Walking Dead: No Man's Land,
2016–2019
Next Games, Production Lead, 2015–2016
Remedy Entertainment, Producer, 2013–2015
Bugbear Entertainment, Producer, 2008–2013
Canon Oy, New Media Coordinator, 2007–2008
Zeeland Oy, Project Manager, 2005–2007



Matias Ärje

Chief Technology Officer

Born 1976
Computer Science studies, Aalto University
Finnish citizen
Member of the Management Team as of 2020

Ownership of shares and share based rights in the company and its group companies at the end of the financial period 2020: 74,124 shares, 9,999 option rights under the Equity Plan 2017 and 15,000 option rights under the Equity Plan 2019. Shares and share based rights of the corporation over which the Director exercises control in the company and its group companies at the end of the financial period 2020: 0 shares.

SIGNIFICANT EMPLOYMENT HISTORY:

Next Games, CTO, 2020–
Next Games, Director of Technology 2014–2020
Lume Games, CTO & Co-Founder, 2014–2017
Innofactor Plc, Director (R&D), Lead Architect, 2000–2014

POSITIONS OF TRUST:

Lume Games, Member of the Board of Directors, 2014–2017
Design Studio Who Are You Oy, Member of the Board of Directors, 2000–2018

In December 2020, Chief Operating Officer Joonas Viitala stepped down from his role to pursue new challenges outside the company.

Yiannis Alexopoulos

Chief Growth Officer

Born 1983
MBA, Boston University Questrom School of Business
LL.B, National & Kapodistrian University of Athens, School of Law
Greek citizen
Member of the Management Team as of 2020

Ownership of shares and share based rights in the company and its group companies at the end of the financial period 2020: 0 shares, 21,495 option rights under the Equity Plan 2018 and 15,000 option rights under the Equity Plan 2019. Shares and share based rights of the corporation over which the Director exercises control in the company and its group companies at the end of the financial period 2020: 0 shares.

SIGNIFICANT EMPLOYMENT HISTORY:

Next Games, Chief Growth Officer, 2020–
Next Games, Games Marketing Director, 2020–2020
Next Games, Performance Marketing Director, 2018–2020
Spil Games, Director of User Acquisition, 2017–2018
Spil Games, Head of User Acquisition, 2015–2017
Unalis Corporation, Marketing Manager, 2014–2015
Appier, Business Development Manager, 2012–2014

POSITIONS OF TRUST:

Reducept, Advisor, 2020–
Spil Games, Member of the Leadership Team, 2017–2018



Control Systems

Next Games Board of Directors has approved the principles of internal control, risk management and internal auditing to be followed by the company.

Internal Control Principles

The goal of Next Games internal control system is to ensure that the company's operations are efficient and profitable, that its business risk management is adequate and appropriate, and that the information created is reliable. The control system also makes it possible to oversee that the determined operating principles, given instructions and possible related party transactions are followed.

The company has no separate internal audit unit, and does not conduct internal audits. In practice, internal control is done by the Financial Department under the supervision of the CFO. The Audit Committee oversees the activities, and conducts a review of the finance department's performance based on the feedback of external auditors in conjunction with the Board of Directors. The goal is to make sure that the company minimizes risk by applying division of power within the financial process. This includes, but is not limited to, approval limits for management members, CEO and CFO as well as Chairman of the Board. Requirements of a minimum of two approvals for invoices, separation of payment and approval

rights, limitations on access to view and edit financials, automated payment prevention for suspicious or duplicate invoicing, as well as general administration and accountancy policies which include monthly reviews on outsourcing activities and all significant partners.

Risk Management

Risk Management at Next Games coordinates and develops a systematic assessment of risks and opportunities within core business planning and decision-making processes. The company has defined a risk management policy that describes the objectives and principles, responsibilities and practices of risk management at Next Games.

The objective of Next Games' risk management is to ensure and support the strategic direction of the company, profitable performance, shareholder value, implementation of responsible operating practices and continuity of operations.

Next Games applies a business-oriented and comprehensive approach to risk assessment and management. This means that key risks are systematically identified, assessed, managed, monitored and reported as part of business operations in the company. The following principles are applied to the Next Games' risk management:

- » Objectives are set taking business possibilities and risks into account
- » Continuity of operations is maintained by safeguarding critical functions and the resources they require
- » Information on risks and risk management is provided to stakeholders in accordance with Next Games' corporate governance principles
- » Opportunities for misconduct or any fraudulent activities are minimized

This risk management model is used in the identification and management of risks which threaten Next Games' objectives. Risk identification is based on business objectives and opportunities and the defined risk appetite in order to limit excessive risk taking. Risks are prioritized on the basis of their significance by assessing the impact and likelihood of their materialization and the level of risk management actions.

The members of management are responsible for the execution of the company's risk management strategy. Every Next Games employee must know and manage the risks of his/her responsibility area. The Management team members guide and develop the company's risk management and support operations in the execution of risk management and in risk reporting.

The Management Team regularly monitors the execution of risk management actions and reports to

the Audit Committee and Board of Directors on the risks and the progress of risk management responses. The sufficiency and effectiveness of the responses are assessed as part of the monitoring of business operations. Any corrective actions are taken as necessary.

Risks and management responses are reported in accordance with Next Games' reporting responsibilities. The Management Team reviews and updates risk reporting on a bi-annual basis, or on a quarterly basis, if needed. The risk map, the most significant risks and uncertainties, as well as material changes in and responses to them are reported to the Next Games Board of Directors.

Financial Reporting

Financial reporting is governed by a set of common principles. Correct financial reporting for Next Games means that its financial statements give a true and fair view of the operations and the financial position of the company and that such statements do not include intentional or unintentional misstatements or omissions both in respect of the figures and level of disclosure. The internal control framework is built and based on reporting processes and frameworks as described here, as well as company values, a culture of honesty and high ethical standards. Such a framework is promoted by proper training, a positive



and disciplined work attitude and by the hiring and promoting of suitable employees.

Next Games has previously applied FAS accounting standards, but as of 2018 has moved into IFRS reporting standards. The CFO at Next Games has drawn up guidelines and internal control process documentation which is updated as needed, at least once a year, which covers the content of financial reporting and the dates which reporting must take place.

The company utilizes a cloud based accounting software and has outsourced bookkeeping, payroll and invoicing. Internal company functions include analytics software, analysts, financial controller and CFO.

The company continuously identifies significant items affecting the P&L and sets up systems and processes to ensure their completeness, existence and accuracy.

Planning and performance reporting

Next Games sets and monitors financial targets both for the long term and the short term. Long term targets are defined to match the overall mission, vision and strategy of the company. Short term targets are set as part of the annual planning cycle and progress in achieving these targets is monitored on a monthly basis.

Budgets are updated every six months, and projections on how sales and cash-flow are expected to develop over the remaining reporting period is updated on a monthly basis.

The company utilizes a roadmap model to identify key features and their expected impact on the games performance to be developed over the financial year for published games. The same roadmap model is utilized to plan and execute product development for new games. Roadmaps include both timelines, deadlines, financial targets as well as gates the games have to go through in order to move to the next stage in development.

Next Games' financial reporting is based on the monthly management reporting process. This process includes in-depth analyses of deviations between actual performance, budgets, prior year performance and latest forecasts for the business. The process covers financial information as well as key performance indicators that measure the operational performance on a business unit and corporate level. The process is designed to ensure that any deviations from plans, in terms of financial or operating performance and financial management policies are identified, communicated and reacted upon efficiently, in a harmonized and timely manner.

Auditing of accounts

Pursuant to the Articles of Association, the company shall as its auditor elect an auditing firm registered in the auditor register maintained by the Finnish Patents and Registration Office. The auditor's term of office expires at the end of the next annual general meeting following the election.

The Auditor of Next Games is Deloitte Oy. Mikko Lahtinen, APA, acts as the Auditor with principal responsibility.

Next Games paid a total of 87,992 euros of statutory auditing fees. In addition, the company paid to the auditor a total of 1,905 euros for assignments as described in Chapter (1141/2015) 1, 1§, section 2 of the Auditing Act, and fees for other consulting services in total of 14,753 euros.

Insider Management

In matters regarding insiders, Next Games complies with the applicable legislation and FFSA standards, the insider guidelines of Nasdaq Helsinki Ltd and the company's own insider guidelines, in each case as required from companies listed on the Nasdaq First North Finland marketplace.

Persons discharging managerial responsibilities at Next Games are subject to a so called "closed period", which begins 30 calendar days before the announcement of a half year report, business report or financial statement bulletin or preliminary information thereon and during which time such persons may not conduct any transactions relating to the shares or other financial instruments of Next Games. The closed period also applies to the company's annual financial report. The closed period includes the day on which Next Games has disclosed the above mentioned information.

The scope of the persons subject to the closed period includes also Next Games employees who are involved in the preparation of Next Games' annual financial reports, half year reports, business reports or financial statement bulletins, or otherwise regularly receive information regarding the contents of annual financial reports, half-year reports, business reports or financial statement bulletins before they are made public.

Management of the Related Parties

Next Games' related parties include its subsidiaries, associated company, the members of the Board of Directors, CEO, the members of the Management Team as well as shareholders with significant influence over the company. Related parties also include the close family members of these individuals and entities that are controlled or jointly controlled by a person identified as a related party. Transactions between the company and related parties are allowed, provided that they promote the purpose of the company and are conducted under prevailing market terms and in the interests of the company from the company's business perspective, as well as in compliance with effective regulations.

The Board of Directors monitors, evaluates and decides on any related party transactions that are not a part of the company's normal business. Any related party transactions are detailed in the notes to the financial statement.



NEXT GAMES

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