



REMUNERATION STATEMENT
AND REMUNERATION REPORT

2019



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 21 May 2019, 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 Committee and Remuneration Committee - 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. The remuneration payable to the CEO consists of a fixed monthly salary, as well as fringe benefits such as mobile phone and lunch benefits.

Remuneration of other management

The CEO decides on the remuneration payable to the other members of the Management Team. The remuneration payable to the other members of the Management Team consists of a fixed monthly salary as well as fringe benefits such as mobile phone and lunch benefits.

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 2018, the Board of Directors approved a profit share plan for the year 2019. As the company made no operating profit in 2019, 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 2014

On 22 January 2014, the shareholders of the company approved the company's 2014 equity plan. Pursuant to the authorization, the number of options granted to be issued under the plan was up to 175,795. Issuance of options under the program has ended. The plan is subject to an individually agreed subscription period, which began in January 2015. Each option right issued under the plan entitles its holder to subscribe for four new shares at the subscription price of EUR 1.97 (implied per share subscription price EUR 0.49), with the exception for certain option rights held by the Managing Director and certain external consultants, for which option rights the share subscription price is EUR 0.01. During the reporting period 22,856 option rights were exercised (excluding option rights that have been cancelled or forfeited), which entitled to 91,424 shares. Subscription period for shares expired on the 31st of December 2019. Options that were not exercised have been forfeited.

EQUITY PLAN 2015

On 8 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 EUR 2.66-5.10 (implied per share subscription price EUR 0.67-1.28 euros. During the reporting period 20,265 option rights were exercised (excluding option rights that have been cancelled or forfeited), which entitles to 20,265 shares. As at 31 December 2019 there were 101,060 outstanding option rights issued under the plan, equivalent to 92,494 shares. Subscription period ends 31 December 2021.

EQUITY PLAN 2017

On 23 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 expires on 31 December 2023.

Each option right issued under the plan entitles its holder to subscribe to one share at the subscription price of EUR 1.14-7.90. During the reporting period no option rights were exercised (excluding option rights that have been cancelled or forfeited). As of 31 December 2019 there were 208,433 outstanding option rights issued under the plan, equivalent to 208,433 shares.

EQUITY PLAN 2018

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 15th of January 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 euros. During the reporting period no option rights were exercised (excluding option rights that have been cancelled or forfeited). As at 31 December 2019 there were 504,906 outstanding option rights issued under the plan, equivalent to 504,906 shares. Subscription rights expire on 31 December 2023.

EQUITY PLAN 2019

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 is active until 21 November 2020. 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 EUR 0.85-1.38. Each option right entitles to subscription of one share. The Company 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. As at 31 December 2019 there were 835,376 outstanding option rights issued under the plan, equivalent to 835,376 shares. Subscription rights expire on 31 December 2024.

All of Next Games employees, whose probation period ended by the end of 2019 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 25 percent of the option rights granted to a recipient become eligible for share subscription ca. one year from the grant date and the remaining 75 percent become eligible for share subscription in regular installments over a period of the following 36 months, 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 2019, a total of 114,480 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

The company aims to make a directed share issue to its employees each year after the release of the annual financial statements. No such directed share issue was made during the financial year 2019.



Remuneration Report

The fees paid to the members of Next Games' Board of Directors 2018–2019

EUR thousand	Fee for board work 2018	Fee for board work 2019	Option rights granted in the financial year (1 000 pcs) 2018	Option rights granted in the financial year (1 000 pcs) 2019
Petri Niemi	54	59	-	-
Jari Ovaskainen	-	-	-	-
Peter Levin	30	30	-	-
Xenophon Lategan (member of the board from 21 May 2019)	-	12.5	11.5	20
Elina Anckar (member of the board from 21 May 2019)	-	17.5	-	-
Nicholas Seibert (member of the board from 25 September 2019)	-	-	-	-
Joakim Achrén (member of the board until 25 September 2019)	30	27.5	-	-
Paul Rehrig (member of the board until 21 May 2019)	-	-	-	-
Philip Sanderson (member of the board until 21 May 2019)	17	30	-	-

SALARIES PAID AND OPTION RIGHTS GRANTED TO THE CEO 2018–2019

EUR thousand	Salary 2018	Salary 2019	Option rights granted in the financial year (1,000 pcs) 2018	Option rights granted in the financial year (1,000 pcs) 2019
CEO	238	236	22,5	163,3

SALARIES PAID AND OPTION RIGHTS GRANTED TO OTHER MANAGEMENT 2018–2019

EUR thousand	Salary 2018	Salary 2019	Option rights granted in the financial year (1,000 pcs) 2018	Option rights granted in the financial year (1,000 pcs) 2019
Management team	609	590	113	489