

# **G5 Entertainment Remuneration report 2020**

## **Introduction**

This report describes how the guidelines for executive remuneration of G5 Entertainment AB (publ), adopted by the annual general meeting 2020, were implemented in 2020. The report also provides information on remuneration to the CEO and a summary of the company's outstanding share-related and share price-related incentive plans. The report has been prepared in compliance with Chapter 8, Sections 53 a and 53 b of the Swedish Companies Act (2005:551) and the Remuneration Rules issued by the Swedish Corporate Governance Board. The Board of G5 Entertainment has, in connection with the signing of the annual report, also approved the remuneration report.

Further information on executive remuneration is available in note C7 (Employees and personnel costs) on pages 36-37 in the annual report 2020. Information on the work of the remuneration committee in 2020 is set out in the corporate governance report available on pages 56-60 in the annual report 2020.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note C7 on page 36-37 in the annual report 2020.

## **Key developments in 2020**

The CEO, Vlad Suglobov, presents and summarizes the company's performance in the CEO statement on pages 5-6 in the annual report 2020.

## **The Company's remuneration guidelines: scope, purpose and deviations**

G5's vision entails that the Company shall be "one of few" in the mobile gaming space. To achieve this, G5 focuses on developing competitive mobile games for its target audience and through efficient marketing efforts promoting them to the same. As the company's most valuable resource is its employees, a strong employee focus is a foundation for achieving the vision of the group. Achieving the vision requires that G5 Entertainment can offer competitive compensation. The guidelines ensure that senior executives can be offered a competitive total compensation package.

Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration

shall be linked to financial criteria consistent of a combination of Revenue growth and profitability. There may also be individualized, quantitative or qualitative objectives for short term cash incentive, for the year there has not been individualized targets but only financial objectives. The criteria has been designed to contribute to the company's business strategy and long-term interests.

The guidelines are found on pages 23-24 in the annual report 2020. The remuneration guidelines, adopted unanimously by the annual general meeting 2020, have been fully implemented. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on [www.g5e.com/corporate/governance](http://www.g5e.com/corporate/governance). No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement long-term share-related incentive plans.

## Remuneration to key management

The performance measures for the variable remuneration have been selected to deliver the company's strategy and to encourage behavior which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2020 have been taken into account. The guidelines for variable remuneration adopted at the annual general meeting allow a mix of financial and discretionary targets. For the year 2020, only financial targets have been used. Financial targets are based on growth and operating margin for the group. A target range for each parameter is set and a sum of normalized results are defined for both parameters. The sum of the results defines the outcome.

Name of director (position)	Fixed remuneration		Variable remuneration	Extraordinary items	Pension expenses	Total remuneration	Proportion of fixed and variable remuneration
	Base salary	Other benefits					
Vlad Suglobov (CEO)	4 090	266	1 442	0	175	5 973	76/24
Stefan Wikstrand (deputy CEO)	1 346	2	384	0	135	1 867	79/21

## Share-based remuneration

The company has three performance share plans. The first was adopted at an extraordinary general meeting in November 2018 (2018/2021), on the following annual general meetings (2019 & 2020) similar plans were adopted (2019/2022 & 2020/2023). The

programs were targeted at a larger group of individuals with a maximum 120-160 individuals depending on the program. Performance shares have been granted free of charge and are subject to three-year vesting period (2.5 years for the program 2018/2021). Vesting of performance shares is subject to the satisfaction of one performance condition – total shareholder return during the performance period – and continued employment. The CEO has been granted 10,000 performance shares at each program. In total, 30,000 performance shares have been granted, which corresponds to 0.3% of the shares in the company on a diluted basis. For the deputy CEO the corresponding numbers are 3,300 performance shares per program, in total 9,900 corresponding to a dilution of 0.1% of the shares in the company on a diluted basis.

Name of director (position)	Name of plan	Performance period	Award date	Vesting date*	Weighted share price			Amount of performance shares
					at issuance	Min price for allocation	Price for full allocation	
Vlad Suglobov (CEO)	2018/2021	2018-2021	Nov 15, 2018	May 12, 2021	179,7	350,4	548	10 000
	2019/2022	2019-2022	May 15, 2019	May 12, 2022	95,4	186	291	10 000
	2020/2023	2020-2023	June 15, 2020	May 12, 2023	211,2	411,8	644,2	10 000
Stefan Wikstrand (deputy CEO)	2018/2021	2018-2021	Nov 15, 2018	May 12, 2021	179,7	350,4	548	3 300
	2019/2022	2019-2022	May 15, 2019	May 12, 2022	95,4	186	291	3 300
	2020/2023	2020-2023	June 15, 2020	May 12, 2023	211,2	411,8	644,2	3 300

\*Vesting occurs approx 6 days after the release of the Q1 report in the year of vesting.

During the year the exercise period for the warrant program launched in 2017 passed without exceed the exercise price.

## Comparative information on the change of remuneration and company performance '

Name of director (position)	Fy4 vs FY5	Fy3 vs FY4	Fy2 vs FY3	Fy1 vs FY2	FY vs FY1	RFY 2020
Vlad Suglobov (CEO)	+975/38%	+1923/55%	+792/15%	-1595/-26%	+1338/29%	5973
Stefan Wikstrand (deputy CEO)	n/a	-42/-3%	+436/31%	-366/-20%	+386/26%	1867
<b>Group operating profit</b>	<b>+18 320</b>	<b>+63 609</b>	<b>+41 461</b>	<b>-91 361</b>	<b>+137 726</b>	<b>189 543</b>
Average remuneration on a full time equivalent basis of employees of the parent company	14/8%	+23/12%	-2/-1%	+32/15%	+11/5%	263