

Nexthink's Employee Stock Option Program (ESOP)

FAQs



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Updated August 2024

Introduction

It's an exciting time to be a Nexthinker! You have and continue to invest in the organization through the work you do every day. We are thrilled to offer all employees the opportunity to financially invest in the growth of Nexthink! Through our Employee Stock Option Program (ESOP) all employees are eligible to purchase Shares in Nexthink SA in Switzerland ("Company").

We know you have questions...

This document includes a summary of frequently asked questions (FAQ) related to Nexthink's Employee Stock Option Program. If your question is not answered in this FAQ, please reach out to the Shareholders inbox by emailing: Shareholders@nexthink.com.

Glossary of Key Words

Exercise	Act of buying vested Stock Options to acquire Shares of the company at a certain pre-determined "Strike Price."
Fair Market Value (FMV)	The estimated value of a company's stock shares if they were sold on the current market today
Grant Date	The day your Stock Options are issued. From the Grant Date, options have a lifetime of 10 years.
Nonvoting Shares	Shares that do not give their owner the right to vote during shareholders assemblies.
Shareholders Agreement	Written agreement signed by shareholders that give the rights and obligations of each shareholder.
Shares	Instrument that allows employees to take part in the capital of the company.
Stock Options	Instrument that gives employees the right to acquire Shares of the company, at a preferred fixed price.
Vest Start Date	When an employee starts acquiring Stock Options.
Vesting Schedule	Length of 4 years during which you cannot exercise your Stock Options in their entirety. You can exercise $\frac{1}{4}$ of your Stock Options from Year 1 following the Vest Start Date (4/16), then after 1/16 each quarter.
Strike Price	Cost to purchase the Shares, usually based on the fair market value (FMV) of the Stock Options at the time of your grant.

ESOP General Information

What are employee Stock Options?

- Employee stock option grants give employees the opportunity to buy Shares of a company at a preferred price.
 - When an employee has been granted Stock Options, they become an option holder.
 - When an employee exercises their Stock Options, they become a shareholder.
- Employers often offer Stock Options to employees as part of their overall compensation package, benefiting both the employee and the company.
 - When an employee owns a share in the company, it enhances motivation to drive the company forward, and makes sure the employee is financially rewarded, too.
- Stock options aren't actual Shares—they're the opportunity to purchase a certain amount of the company's Shares at an agreed-upon price, called a grant, strike, or exercise price.
 - A stock option grant is the agreement that allows employees to buy a set number of Shares at a preferred price.
- An employee may choose to exercise their Stock Options and later sell the acquired Shares for more than they paid for them, therein profiting from their initial purchase.
- For more education on employee Stock Options, visit Carta, our equity management platform, [here](#).

What is the difference between a Grant Date and Vest Start Date?

- The "Grant Date" is the day the Stock Options are granted to an employee. From the day following the date of grant, Nexthink Stock Options will have a lifetime of 10 years.
- The "Vest Start Date" may be different than Grant Date in the following scenarios:
 - For a new hire grant the Vest Start Date is the date of hire
 - For performance grants, the Vest Start Date is usually the effective date of annual compensation review cycle.
- Once your Stock Options vest, you have the right to exercise them. Generally, Nexthink uses a time-based Vesting Schedule.

What is a Strike Price?

Also called the exercise price, Strike Price is the predetermined price at which an option holder may purchase or exercise their Stock Options.

ESOP @ Nexthink

Nexthink's stock option grant agreement will give you all the details of your equity plan, including:

- Number of stock option granted
- Your Strike Price
- Your Vesting Schedule

How do employees manage Stock Options at Nexthink?

Nexthink currently uses a third-party equity management tool called Carta that you can access via <https://app.carta.com>. In order to activate your account, and periodically update you regarding your options, your Carta account must have your most recent and personal email account. Please ensure that your email address is updated in both your Carta and BambooHR accounts for timely communication.

Who is eligible to receive Stock Options at Nexthink?

If you are an employee of Nexthink, you are eligible for Stock Options via the following programs:

- New Hire Grants: New hires are eligible as part of their offer letter or contract at time of hire. The Grant Date is usually the date the Board of Directors approves the grant, nonetheless the Vest Start Date will reflect the hire date.
- Performance Grants: Performance grants will be reviewed once a year for all employees. All grants are subject to approval by the Board of Directors.

If you are an intern or student, have a short-term contract with Nexthink, or are an external contractor, you are not currently eligible for Nexthink's employee stock option program. This is subject to applicable laws and regulations of the legal jurisdiction of the employee's place of work.

Will I receive an official stock option agreement?

If you are an eligible Nexthink employee, you will receive an official stock option agreement in your Carta account, referred to as the "Option Granting Agreement". In order to receive the grants, you must electronically sign this agreement.

Where can I see my stock option grants?

You will be sent log in information to Carta, our stock administration system, on your private email address after your grants are awarded.

What is Nexthink's current Fair Market Value? When was the company's last valuation conducted?

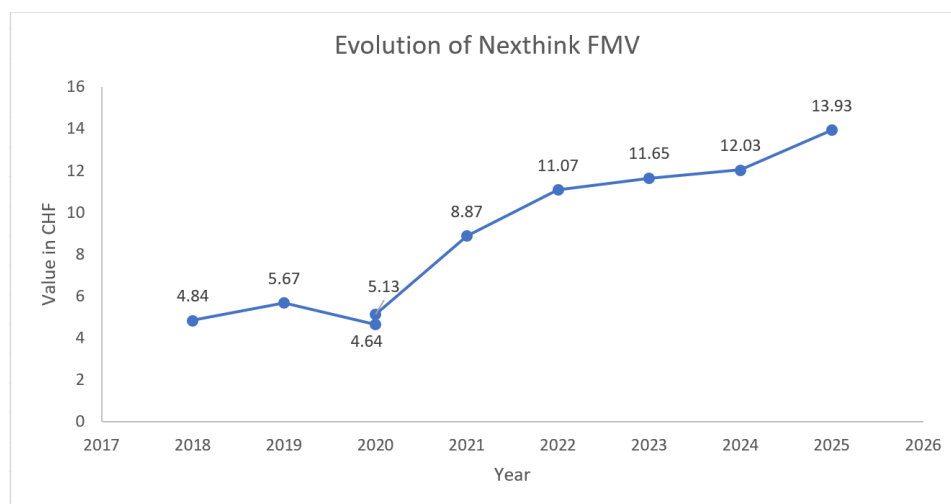
Our finance team partnered with external consultants in March 2024 and determined the current Fair Market Value (FMV) of a stock-option at CHF 12.03 (exercise in CHF only) as of March 1st, 2024. This FMV determines the current Strike Price.

How is the fair market value of Nexthink calculated?

- Since Nexthink is a private company, there is no active market setting a value of its Shares as they are not available or trading on a public market.
- Nexthink seeks an annual valuation of the Stock Options for financial reporting purposes. This valuation (called a 409A report) is performed by independent experts specialized in performing this work for companies like Nexthink. The 409A report sets the FMV, and therefore, the value of the Stock Options granted by Nexthink. The FMV assessed by independent experts can be shared with tax authorities, as it is required for the calculation of taxes due at time of grant, exercise or share-selling (depending on the jurisdiction).
- During a fundraising event, the value of the Shares is based on the computation made by investors during a fundraising due diligence process. This is the value investors are willing to pay. The Shares value is then a value point that represents an observable transaction between different independent parties. This is strong evidence for a company's value.

What is the evolution of Nexthink's stock option FMV over the past several years?

The FMV of the current Stock Options is valued at CHF 12.03 as of March 2024. Please see the historical value of Nexthink options.



Does the strike/exercise price change with the evolution of the FMV?

The strike/exercise price associated with your grant(s) is a fixed price outlined in your option granting agreement and can be found in your Carta Certificate. Thus, the strike/exercise price will not change once the grant has been awarded.

What impacts the value of a private company like Nexthink?

- Things that may impact the value of Nexthink can include, but are not limited to, the performance of the company, growth in sales (ARR), sales efficiency, gross margin rate, cash consumption, overall profitability rate (EBITDA), etc.
- An organization's valuation can also be impacted by external factors, like market conditions.
 - Example: valuation can fluctuate in uncertain times, like the COVID-19 pandemic and potential market conditions, etc.

What is the potential value of my options under positive conditions?

There are variables that impact company value. Some are in our control, some aren't. Some examples that may impact company valuation are growth in sales (ARR), sales efficiency, gross margin rate, cash consumption, EBITDA rate, market conditions, etc.

You can use this calculation sheet to calculate exercise [Stock Option Potential Gain Chart \(Sample-All Access\).xlsx](#).

What is the tax treatment of Stock Options?

- Stock options are taxed differently depending on the country in which you file your tax return. See applicable country tax standards on Stock Options.
- We strongly recommend you consult with your personal tax professional **prior to exercising your Stock Options**.

What is the Vesting Schedule at Nexthink?

Nexthink's Stock Options program follows a standard 4-year Vesting Schedule. Your specific Vesting Schedule can be found on Carta > click on "Nexthink S.A., DBA Nexthink" > then select the "Holdings" tabs, tiered as follows and outlined in the diagram below:

- Year 0-1: all options locked (zero options vest)
- At year 1 anniversary of vesting start date: 25% of options vest and are available to exercise
- After year 1 anniversary, the options will continue to vest equally on a quarterly basis thereafter until 100% vesting is reached after 4 years.

How do I exercise my vested Stock Options?

To exercise your vested Stock Options, you will need to follow the below process:

- Send an email to the shareholders@nextthink.com email address with the number of options you wish to exercise and the corresponding Carta certificate number.
- You will receive the option exercise notice, wiring instructions, and other necessary documents (e.g. a deed of accession for you to enter into our current Shareholders Agreement) for signing via email and DocuSign.
- You have 20 days from the signature date of the executed option exercise notice wire the funds in CHF to the Nextthink bank account provided to you. Failure to transfer the funds within the allotted time-period will cancel the exercise.

Does Nexthink allow early exercise of Stock Options?

No, Stock Options must be vested to be exercised.

Can I exercise only part of the Stock Options I have vested?

Yes, you may exercise a portion of your vested Stock Options. The number of vested options you wish to exercise is at your discretion.

What happens when I become a shareholder?

- You will have access to information provided to all shareholders of the company.
 - Since shareholder status can extend beyond employment you will also be bound to additional obligations toward Nexthink as shareholder.
- As holder of Nonvoting Shares, you will not have a vote on the decision of the General Assembly.
- Nexthink may authorize you to attend shareholder meetings, if feasible.

Once I am a shareholder, can I sell my Shares?

Yes, however, since Nexthink is private and pre-IPO company, and not yet traded on a stock market, you are responsible for finding a buyer. A buyer can be anyone who is already a shareholder or an employee of Nexthink. If two employees (or ex-employees) agree, they can transfer Shares. Nexthink will give them the current fair market value price, and it is up to the two parties to agree on pricing. Both parties need to notify shareholders@nextthink.com to initiate this transfer process.

Please note that transfers of Shares (including nonvoting Shares) are restricted as per the Shareholders Agreement and will require the approval of certain major investors.

In the event of a liquidity event (merger, acquisition, change in control), how will my Stock Options be impacted?

The impact will be fully dependent on the type of liquidity event and be determined at the time of liquidation. For clarity, we have highlighted possible scenarios in the FAQs below.

What will happen to my unvested Stock Options?

- There may be an acceleration of the Vesting Schedule, making all Stock Options exercisable.
- In the event of acquisition, a mechanism of conversion into Stock Options for Shares of the acquirer might be used.

Will I receive the money directly or will I have to exercise my Stock Options?

- In some cases, this will happen automatically, and in other cases, additional steps might be required (to be disclosed at the time of the liquidity event).

In the event of an IPO, what will happen to my Stock Options or Shares?

- It will be your decision to trade your vested Stock Options as Shares on the stock exchange market (chosen by Nexthink) or to keep your Stock Options or Shares.
- The Vesting Schedule will not change.
- Your vested Stock Options will have a Strike Price that needs to be paid. The advantage is active market where Stock Options can be exercised, and Shares can be sold to cover the Strike Price.

In the event of an acquisition, what will happen to my Stock Options or Shares?

- While the decision will be determined by the acquiring company at the time of acquisition, it is likely the acquiring company will proceed with one of the following options:
 - Cancel Nexthink's existing stock option plan and mirror it using their own stock option plan to compensate for the value of your Nexthink Stock Options.
 - Purchase the entire pool of fully diluted Shares as part of the full purchase of Nexthink, in which case Nexthink Stock Options will be accelerated.
 - Decide not to buy or substitute Nexthink Stock Options, resulting in the Stock Options to fully vest. Nexthink Stock Options holders will have 20 days from notice of immediate vesting to exercise options.
 - Your grant documentation will have more specific information on this topic as some information may vary depending on the Grant Date.

Can I keep my Shares after a liquidity event?

In an IPO scenario, in general, yes, but in a trade sales scenario, this depends on the behavior of the acquiring company.

What happens if I leave Nexthink?

In case of resignation or termination without cause (performance, etc.), you will have time to exercise your vested Stock Options. Please see the below for reference:

- For options granted until December 31, 2021, **and** if you did not Opt-In to extend your PTEP period by May 15, 2022, you have 30-days from your termination date to exercise your vested options.
- For options granted after January 1, 2022, **or** if you Opted-In to extend your PTEP period for Shares granted until December 31, 2021, your vested options can be exercised in the following schedule:
 - All Stock Options granted after January 1, 2022, will have a PTEP of up to 4 years.
 - This period will depend on several factors, including a minimum period of vesting for a grant, maximum exercise periods and any or other applicable Plan terms (which remain in effect).
 - The PTEP will be calculated at the time of termination based on vesting start date of each grant. The duration is calculated as the number of full years elapsed between the vesting start date of the grant and the termination date.
 - Grants which have been vested (at the time of termination) for a period of 1 year or more, will have a PTEP of 1 year.
 - Grants which have been vested (at the time of termination) for a period 2 years or more, but less than 3 years will have a PTEP of 2 years.
 - Grants which have been vested (at the time of termination) for a period of 3 years or more, but less than 4 years, will have a PTEP of 3 years.
 - Grants which have been vested (at the time of termination) for a period of 4 years or more, will have a PTEP of 4 years.

If vested Stock Options are not exercised within the schedule, they will be lost and returned to Nexthink's pool of Stock Options.

In case of termination for cause (misconduct, breach of code of conduct, etc.), you will not be able to exercise your vested Stock Options after you leave the company.

How many Shares are outstanding?

The exact number of outstanding Shares is confidential and only accessible to shareholders of the company. As an option holder, Carta will allow you to see your potential ownership percentage based on the fully diluted Shares of the company.

Is there or will there be a portal where employees can view the number of Shares and the estimated value of those Shares?

Since we are a privately owned company, the value is only accessible to shareholders of the company via Carta. For option holders, we will disclose this information only at specific times, such as following a valuation.

When and how can I view my option grants on the ESOP administration tool?

You will receive your options following Board of Directors (BOD) approval. All option grants must be approved by the BOD before they can be formally issued to you. This may be soon after or a couple of months after your hire date/date options communicated to you depending on BOD meeting date. Please note, this will not impact your scheduled vesting. Our ESOP administration tool is Carta. Once your grant is officially approved by the BOD, you will receive an automated email from Carta to set up your profile and view your option grants and documents relating to acceptance of options.

What happens to my Stock Options or Shares if the company defaults?

We are all working towards the success of Nexthink, so this is a highly unlikely scenario. However, if the company were to default, then Stock Options and Shares lose all value.

Determining Eligibility: Performance Based Equity Grants and New Hire Equity Grants

Who is eligible for the Performance Based Equity Grants?

Regular Nexthink employees at all levels are eligible for the Performance Based Equity Grants. This is usually assessed every year during the annual compensation review process.

Who is eligible for the New Hire Equity Grants?

All new hires are eligible to receive New Hire Equity Grants. However, this excludes contractors, and interns.

How many Stock options will be available to distribute for the New Hire Equity Grants?

Each year we forecast our headcount plan and compute the number of Stock Options needed based on each position's level and location. Stock options are made available as the positions are opened. All grants are subject to the approval of the Compensation Committee and Board of Directors.

We have eliminated a position on our team, can we use the New Hire Equity Grants for that headcount to grant current team members?

No, the two ESOP pools are calculated differently. Stock options that are not used will be used for new hire grants.

How many Stock Options will be available to distribute for the Performance Based Equity Grants per team?

Each year we review the number of available options and calculate a stock option budget for each team using a variety of factors such as target options by location, the role or career level of teams with eligible employees to distribute the option grants proportionately. Targets are re-evaluated each year to keep the number of Stock Options competitive in local markets and to stay within option spend forecast. Therefore, the number of Stock Options granted by role or career level may be different year over year.