



2019 Management Incentive Plan

Management Incentive Plan Overview

The Mersive Technologies Management Incentive Plan (MIP) is an annual cash-based incentive compensation plan built to provide key management team members with incentive compensation related to performance on certain corporate metrics and personal objectives

- Designed to align individual compensation with both individual and corporate performance on objectives important for driving sustainable growth
- Rewards performance at attainable milestones above plan
- Applies consistently across MIP-eligible employees
- Calculated in 2019 based on four factors: (a) Full-Year Invoiced Sales, (b) Full-Year GAAP Revenue, (c) Full-Year Invoiced EBITDA, and (d) December GAAP Maintenance Revenue

The MIP bonus pool is determined by combining the target bonus amounts of MIP-eligible employees and multiplying that sum by the actual MIP corporate performance factor (i.e., the % relative to Target)

- At Target, the MIP bonus pool is estimated to be \$715,500 (see breakout by team member on Slide 8)

2019 corporate metrics include Full-Year Invoiced Sales, Full-Year GAAP Revenue, Full-Year Invoiced EBITDA, and December GAAP Maintenance Revenue

- The minimum bonus pool (25% of Target) is established upon achievement of Trigger thresholds for all corporate metrics
- The target bonus pool is established upon achievement of Target thresholds for all corporate metrics
- For performance between Trigger and Target thresholds, the bonus pool is calculated on a linear/straight line basis between 25% and 75%
- For performance above Target until the Maximum threshold, the bonus pool expands up to 200% of target payout (estimated at \$1,431,000, or 2x the estimated Target bonus pool of \$715,500)

The Mersive Technologies MIP will be self-funding and all payouts will be included in the calculation of corporate metrics

MIP Principles

Corporate metrics are given a % weight based upon their impact within Mersive Technologies

The amount of the bonus pool allocable to a MIP-eligible employee shall be determined by multiplying:

- i. Target bonus for such employee
- ii. **Corporate Performance Factor** (0-200%), equal to the weighted performance on each corporate metric
- iii. **Personal Performance Factor** (0-200%), as determined by Mersive Technologies' CEO and CFO with input from the Mersive Technologies executive team

The overall MIP bonus pool will be a fixed amount determined by multiplying:

- i. Target bonus for all MIP participants
- ii. Corporate Performance Factor (0-200%), equal to the weighted performance on each corporate metric

Any individual bonus payout that exceeds the product of (i) the individual's target bonus and (ii) the Corporate Performance Factor must be offset by corresponding payout reductions for other MIP participants to avoid exceeding the fixed overall MIP bonus pool

Bonus payouts will be approved by the Board, based on both corporate and individual performance

Bonus payouts will be made following the end of the fiscal year and the completion of the audited financial statements

Eligibility requirements:

- Minimum 3 months employment, with proration based upon tenure if < 1 year of employment
- Must be employed at time of payout

MIP Corporate Metrics

Corporate Metric	Metric Weight
Full-Year Invoiced Sales	30%
Full-Year GAAP Revenue	30%
Full-Year Invoiced EBITDA	20%
December GAAP Maintenance Revenue	20%
TOTAL	100%

MIP Corporate Metric Objectives

	Full-Year Invoiced Sales (\$M)		Full-Year GAAP Revenue (\$M)		Full-Year Invoiced EBITDA (\$M)		December GAAP Maintenance Revenue (\$000)	
	Performance Threshold	% of Target Payout	Performance Threshold	% of Target Payout	Performance Threshold	% of Target Payout	Performance Threshold	% of Target Payout
Max	\$54.2	200%	\$49.0	200%	\$10.0	200%	\$1,116	200%
	\$52.8	160%	\$48.2	160%	\$9.3	160%	\$1,086	160%
Above Target	\$51.3	130%	\$46.8	130%	\$8.5	130%	\$1,056	130%
	\$49.9	115%	\$45.3	115%	\$7.7	115%	\$1,027	115%
	\$48.4	105%	\$43.9	105%	\$6.9	105%	\$997	105%
Target	\$47.0	100%	\$42.5	100%	\$6.2	100%	\$967	100%
Target - \$1	\$47.0 -\$0.000001	75%	\$42.5 -\$0.000001	75%	\$6.2 -\$0.000001	75%	\$967 -\$0.001	75%
Trigger	\$42.3	25%	\$38.2	25%	\$5.6	25%	\$870	25%
Below Trigger	<\$42.3	0%	<\$38.2	0%	<\$5.6	0%	<\$870	0%

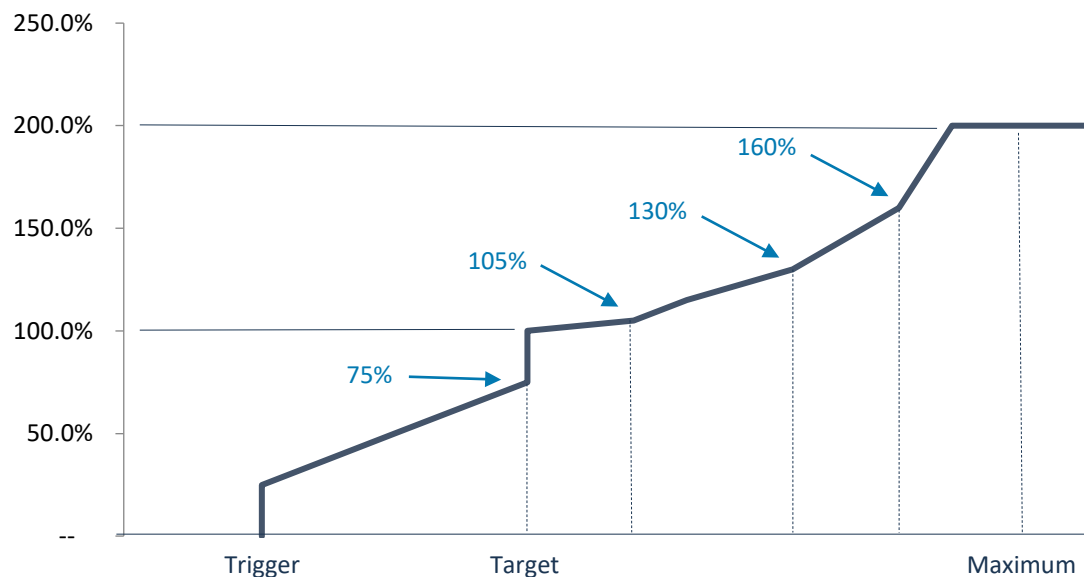
Payout above 100% of Target for any individual corporate metric requires that **all corporate metric Targets are met**

Payout between Trigger and Target thresholds scales linearly between 25% and 75%

Any bonus payout under the Management Incentive Plan requires that **all corporate metric Triggers are met**

No MIP bonus payout if the Company performs below the Trigger threshold for any corporate metric

MIP Bonus Payout Curve



- For each corporate metric:
 - A similar bonus payout curve is defined to incentivize achievement
 - The Trigger must be achieved to have a payment of 25% of Target for that metric
 - Performance above Trigger but below Target allows a bonus of up to 75% of Target for that metric
 - Payout jumps to 100% upon meeting Target for that metric
 - Payout is capped at 200% of Target
- The Trigger for all corporate metrics must be met to achieve any bonus payout
- The Target for all corporate metrics must be met to achieve a payout in excess of 100% for any individual corporate metric

MIP Considerations

Payout Thresholds

- Minimum Company Full-Year Invoiced Sales of \$42.3M (90% of Target), Full-Year GAAP Revenue of \$38.2M (90% of Target), Full-Year Invoiced EBITDA of \$5.6M (90% of Target), and December GAAP Maintenance Revenue of \$870K (90% of Target) for any bonus to be paid
- Minimum Company Full-Year Invoiced Sales of \$47.0M (100% of Target), Full-Year GAAP Revenue of \$42.5M (100% of Target), Full-Year Invoiced EBITDA of \$6.2M (100% of Target), and December GAAP Maintenance Revenue of \$967K (100% of Target) for any above-Target bonus to be paid

Payout Timing

- The Mersive Technologies MIP will be calculated and paid following the end of the calendar month during which the Company's audited financial statements for the relevant fiscal year are completed

Governance

- The Mersive Technologies Board of Directors will approve all plans and all payouts and reserves the right to make appropriate discretionary adjustments (upward or downward) to the Targets, objectives, formulas and payments under the MIP in its sole and absolute discretion

Attachment A: 2019 Annual Operating Plan

Mersive 2019 AOP P&L

'000	12/31/19	Q118	Q218	Q318	Q418	Total	Q119	Q219	Q319	Q419	Total
Invoiced Summary											
Pod	3,912	4,732	6,135	5,952	5,700	22,520	5,561	7,282	8,965	10,933	32,741
Yr1 Software Support	790	984	1,306	1,281	1,282	4,852	1,208	1,474	1,815	2,209	6,706
Extended Software Support	798	626	967	1,276	1,533	4,401	1,430	1,845	2,020	2,258	7,553
Total Invoiced Sales	5,500	6,342	8,408	8,508	8,515	31,773	8,200	10,600	12,800	15,400	47,000
Deferred Software Support Revenue	11,440	2,766	4,200	5,570	6,776	6,776	7,604	8,638	9,779	11,440	11,440
Revenue Summary											
Pod	3,912	4,643	6,022	5,887	5,498	22,051	5,561	7,282	8,965	10,933	32,741
Software Support	967	511	788	1,110	1,530	3,938	1,928	2,284	2,695	2,805	9,712
Total Revenue	4,879	5,154	6,810	6,996	7,028	25,989	7,490	9,565	11,660	13,738	42,453
TOTAL COGS	1,336	1,217	1,700	1,602	1,641	6,159	1,492	2,568	3,113	3,747	10,920
Support HC		5	5	5	4	4	6	7	7	7	7
Gross Profit	3,543	3,938	5,111	5,395	5,387	19,830	5,998	6,998	8,547	9,991	31,533
	73%	76%	75%	77%	77%	76%	80%	73%	73%	73%	74%
Sales											
Sales Comp	1,047	933	1,069	1,343	1,325	4,669	1,794	2,100	2,508	2,951	9,353
Non-Comp Expense - Sales	149	113	182	169	294	759	218	366	372	534	1,490
Sales Expense	1,196	1,046	1,251	1,512	1,619	5,428	2,012	2,466	2,880	3,485	10,843
Sales HC	64	16	18	26	40	40	43	48	56	64	64
Marketing											
Marketing Comp	155	88	175	163	231	657	359	467	466	464	1,756
Non-Comp Expense - Mktg	139	485	366	333	546	1,730	792	714	570	543	2,618
Marketing Expenses	294	572	541	496	777	2,386	1,151	1,180	1,035	1,007	4,374
Mktg HC	15	2	3	4	8	8	14	15	15	15	15
R&D											
R&D Comp	633	832	904	1,199	1,315	4,250	1,427	1,661	1,834	1,872	6,793
Non-Comp Expense - R&D	21	50	55	20	112	237	78	62	62	62	265
R&D Expense	654	882	959	1,219	1,428	4,487	1,505	1,723	1,896	1,935	7,058
R&D HC	55	27	27	37	36	36	37	44	46	48	48
G&A											
G&A Comp	317	321	492	1,058	801	2,672	887	904	921	944	3,655
Non-Comp Expense - G&A	337	372	790	869	889	2,920	1,065	946	956	1,004	3,971
G&A Expense	653	693	1,282	1,927	1,690	5,592	1,951	1,850	1,877	1,948	7,626
G&A HC	26	12	16	19	22	22	23	24	24	26	26
Total OpEx	2,797	3,193	4,033	5,153	5,513	17,893	6,618	7,219	7,688	8,375	29,901
GAAP EBITDA	747	744	1,078	242	(127)	1,937	(620)	(222)	858	1,616	1,632
Invoiced EBITDA	1,367	1,932	2,675	1,754	1,360	7,721	90	813	1,998	3,278	6,179
Total HC	160	62	69	91	110	110	123	138	148	160	160
Net Income (Loss)	235	(283)	93	(1,107)	(1,350)	(2,647)	(1,798)	(1,482)	(445)	153	(3,572)