

2023

NITRO GAMES OYJ

Annual report



NITRO



Contents

Year 2023	3
• Highlights.....	3
• Facts and Key Figures	4
• Strong Project portfolio.....	4
• A word from the CEO.....	6
Nitro Games in short	7
Strategy and business model	8
• Market	8
• Strategy and Goals.....	9
• Market position and customers.....	9
• Business model.....	10
• Technology and processes	11
• Games and Portfolio.....	12
• Team.....	12
Corporate governance	14
• General Information on the Administration of the Company	14
• Annual General meeting.....	14
• The Board of Directors	14
• Management Board.....	17
• Auditor.....	17
• Related party transactions.....	18
• Insiders.....	18
• Remuneration reports	19
Annual general meeting 2024	19
Financial statement 2023	20
Auditor’s report	70



Highlights

- Increased focus on the category of action and shooter games
- Successful expansion of service offering to multiplatform development
- Record revenues and a profitable last quarter
- Strong project portfolio:
 - Autogun Heroes announced and launch phase started
 - NERF: Superblast in live phase with focus on profitability
 - Expanded collaboration with Digital Extremes, started the work on Warframe mobile
 - Started a new multiplatform development project with Netflix
 - Completed the game development service project with Supermassive Games
- Strengthened financial position with a 4.0 million EUR funding from a preferential right issue.
- Secured 1.5M EUR of funding from Business Finland for a Business development project.

Action & Shooter games on mobile

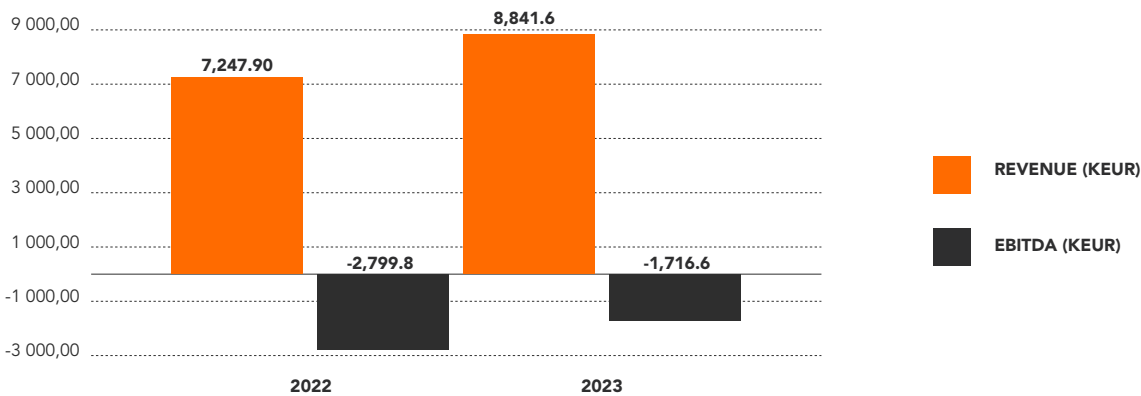




Facts and Key Figures

	Full Year 2023	Full Year 2022
Revenue (EUR thousand)	8,841.6	7,247.9
Operating profit/loss (EBIT) (EUR thousand)	-3,024.8	-3,621.3
Operating profit/loss % (EBIT %)	-34.2 %	-50.0 %
EBITDA (EUR thousand)	-1,716.6	-2,799.8
EBITDA %	-19.4 %	-38.6 %
Net profit /loss (EUR thousand)	-3,283.1	-3,707.6
Equity ratio (%)	18.9%	8.9%
Number of shares, average	17,440,052	12,900,123
Number of shares, average diluted	17,440,052	12,900,123
Number of shares at the end of the period	24,924,364	12,903,102
Number of share options	3,648,264	1,256,940
Number of special rights	2,000,139	1,113,586
Equity per share (EUR)	0.07	0.06
Earnings per share (EUR) undiluted	-0.19	-0.29
Earnings per share (EUR) diluted	-0.19	-0.29
Net debt (EUR thousand)	5,152.9	5,828.1
Number of employees, average	48	51

Revenue & Profit / Loss



The above graph illustrates the development of Revenue and EBITDA generation 2022-2023.

Strong Project portfolio

4 key projects and customers at the end of 2023.



AUTOGUN HEROES



NERF: SUPERBLAST



DIGITAL EXTREMES



NETFLIX



Record revenues and strong expansion.

🔁 Overall, the year 2023 was eventful - both for us and for the gaming industry. I am proud of how we eventually navigated through the year and reached many concrete wins resulting in a profitable quarter at the end of the year. Our Games business was our main source of growth, totaling to approx. 2 million EUR in revenues. The majority of this revenue came from our new game Autogun Heroes during the second half of the year. Our Service business continued strong and delivered most of our revenues, totaling approx. 6.9 million. We signed a new agreement with Netflix with a record order value of approx. 9 million EUR. This new project is well in line with our strategy and vision, as we are expanding our services to multiplatform game development. We are determined to continue our step-by-step improvements now in 2024 as we seek stable growth.

A WORD FROM THE CEO

– JUSSI TÄHTINEN, CEO



A word from the CEO

Record revenues and strong expansion.

🔺🔺 Our revenues reached a record high in 2023 reaching 8.8 million EUR. Overall, we made good progress throughout the year in increasing our revenues and improving our business step-by-step. As a result, we succeeded in delivering a profitable quarter at the end of the year.

Our Games business was our main source of growth, totaling approx. 2 million EUR in revenues (0.5 million EUR in 2022). Most of this revenue came in during the second half of the year from our new game Autogun Heroes. We have now in 2024 proceeded from launch phase to live phase and selected Supersonic from Unity as the publishing partner for the game. We expect this to be a great partnership that allows us to grow the game together with a long-term mindset. This also helps us in protecting our financial position in the short term. We also continue forward with our other live game NERF: Superblast focusing on profitability by limiting the marketing investments.

Our Service business delivered most of our revenues in 2023, totaling approx. 6.9 million EUR (6.7 million EUR in 2022). We signed a new agreement with Netflix with a record order value of approx. 9.0 million EUR. This new project is well in line with our strategy and vision, as we are expanding our services to multiplatform game development. We also continued and expanded our collaboration with Digital Extremes. We started to work on Warframe

mobile which proceeded to launch on iOS in 2024. I am very happy with how we have systematically delivered planned milestones with quality and excited about the opportunity to continue working on such a great game.

Overall, the year 2023 was eventful - both for us and for the gaming industry. I am proud of how we eventually navigated through the year and reached many concrete wins resulting in a profitable quarter at the end of the year. We are determined to continue our step-by-step improvements now in 2024 as we seek stable growth.

Jussi Tähtinen, CEO



Nitro Games in short

Nitro Games is a free-to-play mobile game developer and publisher. Nitro Games team is a multinational group of mobile gaming professionals that has expertise from development to publishing to live operations. The company focuses on producing mobile games with high production value for the mid-core audience. Nitro Games is specialized in the category of shooter games. With Nitro Games' powerful NG Platform and the NG MVP process, the company is able to carry out market validation with its games during development.

Nitro Games' shares are listed on Nasdaq First North Growth Stockholm with the ticker NITRO.



Strategy and business model



Market

Nitro Games is a company that develops and publishes mobile games in the global gaming market. The company also offers development services on other platforms as part of its service business.

In 2023, the global mobile games market was estimated to be worth around USD 90.4 billion, which is approximately 1.6 percent lower compared to the previous year. It represents roughly 49 percent of the global games market, which was in turn, estimated to be worth USD 184.0 billion in 2023. The industry expected to continue stabilizing after some pandemic-induced turbulence. The global games market is expected to generate yearly revenues of \$205.4 billion in 2026.

Source: Newzoo 2024

Strategy and Goals

The Company operates as a fast-moving developer and publisher in the mobile gaming market. The goal is to build up a portfolio of mobile games for the global market. By continuously prototyping and developing new games and experiences simultaneously, the Company will ensure that it continuously has a pipeline of games being developed for launch in the global market. This portfolio strategy also helps minimize the risks that characterize the industry while maximizing the potential. The Company recognizes that the true value, in the long run, is in its own game projects. Sustainable profitable growth can be achieved via self-publishing. Hence the Company is focusing on self-publishing its own game projects but may occasionally use game publishing partners where it makes sense.

The Company intends to pursue the following strategy, in brief:

- Develop and publish a portfolio of high-quality F2P games and master UA practices.
- Regularly update its best-performing games to keep the users engaged and keep monetising in the long-term.
- Protect, use, and develop its portfolio of IPs from earlier games.
- Be on the frontline of upcoming genres to benefit from momentum in the market and therefore always have a good time-to-market.
- Utilise its proprietary technology, the Nitro Platform, combined with Nitro Games' MVP process, to gain a competitive edge over competitors.
- Undertake high-status, commercially viable, game development projects from other industry companies as a risk mitigation tool.

The Company believes that with its current strategy it can carve out a persisting market share in the mobile games market. The goal of the Company is to become a household name in the mobile gaming market in the sector with a portfolio of games.

Future opportunities with the successful execution of the current strategy include acquisitions of companies and IP, 3rd-party publishing, leveraging own IP and brands in other entertainment sectors and leveraging the NG Platform technology and the Company's MVP process.

Market position and customers

Nitro Games creates mobile games for the mid-core audience. This audience typically consists of users who play games as a hobby. Customers in this segment are often used to spending money on the games they play. The typical Nitro Games customer is a 30+-year-old male in the United States or in Europe. The Company focuses on creating mobile games, meaning users often play games with a smartphone. Since users have their smartphones with them almost all of the time, the nature of consuming these games is called "gaming on the go". This means that users typically play several short game sessions per day, in various locations.

In the B2B service business, the Company offers its development services to third parties in the form of contracting work. The Company has over 15 years of experience working with multiple partners on different types of games and projects. Long history and persistent focus on delivering high quality have resulted in several follow-up orders from existing customers, as well as in several new customers. The Company believes that it is the quality and reliability, combined with data-driven F2P and live-operations expertise, that give it a unique position in the B2B service business market against competition from cheaper-labour countries. The Company does not compete with pricing, but with quality and reliability, that is expected to result in better value for the money to the customer.



Business model

The Company has two business models to support its strategy:

- 1) Building a portfolio of mostly mobile games ("Games business") and
- 2) Offering development services to other companies in the industry ("Service business").

In Games business, Nitro Games seeks higher profit margins by self-publishing its games through key distribution channels. This means the company acts both as the developer and the publisher of its games and distributes its games digitally to consumers globally via app stores. The Company generates its revenue from in-game purchases as well as in-game advertising. To support self-publishing, the company may also co-operate with other game publishers in certain territories or globally to ensure effective local market entry.

Nitro Games distributes its games through several strong and established application stores. The Company focuses on the major stores Apple App Store and Google Play. Other stores (Huawei AppGallery, Samsung Galaxy Apps store, Amazon Appstore and Microsoft Windows Store) are acting as secondary distribution channels and selected case by case.

Through these stores, Nitro Games instantly reaches a global market. However, according to its strategy, the Company is focusing on so-called Western markets primarily (North America and Europe) with its self-publishing business. Other markets are to be addressed with publishing partners or self-published depending on game specific requirements.

In addition to distribution, the stores also take care of hosting the game client and processing payments from end users. The stores usually charge 30 percent of the revenue from each game, which should be compared to the cost of running and maintaining global distribution and payments services. Additionally, the stores may provide a source of organic traffic through the games' exposure on the top charts, search tools and occasional promotion of the best games.

Once in the market, the Company analyses users' behaviours in the game with its analytics tools, that are part of the NG Platform, and with 3rd party tools. By constantly analysing the users' behaviours the Company can improve the existing games and its other games with the insights accrued. This makes it possible to develop and update the games regularly, with the goal of maximizing the return on investments in user acquisition.

Games are digitally marketed, for example through Facebook marketing. Other means of marketing include in-app marketing as well as through various forms of social media. Engaging existing users via live operations and community activities plays a key role in increasing user retention. Moving forward, new games will be introduced to the portfolio, enabling marketing through cross-promotion to the Company's own user base.

The revenues in this model consist of in-app purchases and advertising revenue, as well as potential licensing fees and revenue share from distribution partners. In-app purchases consist of micropayments made by users to purchase digital goods. Advertising revenue consists of revenue earned from advertisements displayed within the Company's own games. Potential licensing fees and revenue share can be received from distribution partners who publish the games in selected territories. Possible additional revenues can come from eg. game-related agreements, where company sells, eg. Exclusivity times for release, licenses rights to auxiliary products. These types of agreements are determined on a per-game basis.

In the service business, the Company offers its development services to third parties in the form of contracting work. This helps the Company minimize its risk in its self-publishing activities by providing additional revenue streams. Working with high commercial value projects with the largest companies in the industry also helps increase recognition of the Nitro Games brand.

Technology and processes

The NG Platform is designed to minimize the amount of time and money required for a successful large-scale mobile game project. The approach, in a nutshell, is to maximize the reusability of the codebase and technology between projects, and to build a set of tools that support the products throughout their lifecycle.

The Company uses the NG Platform in connection with the Nitro Games' MVP process. As the development and marketing costs for mobile games are increasing, the early identification of winners is becoming more important than before. Typically, working with a free-to-play business model means that the games have a continuous online connection, and the games are highly data-driven. The purpose of the MVP process is to ensure data-driven development and publishing by going to a test market as early as possible.

In the MVP process, the focus is on first validating the core gameplay of a new game concept and the marketability of the game brand.

After the MVP process has provided the satisfactory results, the selected titles go into actual production and a larger team starts working on them towards a launch. This means that the MVP process is a way of rapidly iterating to come up with a market-proven game concept as early as possible. The goal of this is to ensure that only games that have been validated by the market are produced. Not only does this help with reducing costs, but also reduces time to market, which is critical to the Company.

As the execution of the strategy progresses forward, each game project further develops both NG Platform – technology and the MVP-process. These combined with the cumulating knowhow in the team form a constantly developing and improving game development and publishing pipeline. This opens new business opportunities and ensures that investments to game projects are not lost, even if a single game project should fail commercially, because the technology and key assets can be reused either in own projects or when selling expertise to other companies in the service business.



Games and Portfolio

Autogun Heroes

Autogun Heroes is a new single player mobile action game, that was launched in 2024. The game is a fast-paced next-gen run & gun platform game. The game proceeded to live phase in 2024, and the company selected Supersonic from Unity as the publishing partner for the game.

NERF: Superblast

NERF: Superblast is a mobile action game with the popular NERF brand by Hasbro. The game was launched in 2022 and is currently in live-operations mode.

Service business projects

The company had two key accounts in Service business at the end of 2023:

Digital Extremes is the biggest B2B customer. Nitro Games provides Digital Extremes with game development services for a mobile version of the free-to-play action game, Warframe. The total combined order value with this customer is currently approx. 12.5 million EUR. Warframe mobile was launched on iOS in February 2024 and the Android launch is expected later in the year .

Nitro Games started a new project with Netflix at the end of the year. Nitro Games provides Netflix with multiplatform game development and post-launch live services for an unannounced game project based on an undisclosed IP. The total order value of this customer is currently approx. 9 million EUR.

Team

Nitro Games has a strong senior team of professionals covering all the functions from game development to game publishing, live operations, and business development. The company strengthened its capabilities in 2023 through selected key hires for leading positions, as well as by expanding its network of external partner studios.

The Company has two studios in Finland, in Kotka and Helsinki. In addition to in-house teams, the Company also utilizes outsourced services from other companies, consultants, and freelancers. The purpose of using outsourced services is cost efficiency and temporary scale-up potential in the development of games, but also to gain access to industry-leading talent for case-by-case purposes.

As a global organization, all employees are treated equally and fair, regardless of their ethnic background, nationality, political views, gender, sexual orientation, disability, family situation or age. We promote non-discriminative behavior and appreciation of all our employees at Nitro Games, as well as our partners, contractors, and other related parties.

The company has a culture and history of being very informal and low in bureaucracy. Nitro Games seeks to maintain an open atmosphere where all personnel can feel relaxed and speak freely while taking others into consideration. Due to the nature of the industry, we operate in, Nitro Games has a multicultural staff, with a relatively high number of employees who have relocated to Finland. Taking into consideration the typical gender distribution in the game industry, Nitro Games has a relatively high number of female employees, as well as young employees. All our employees are entitled to quality leadership and education, and professional development daily.

The number of employees at the end of the accounting period was 48 (2022: 51). Percentage of women was 29% (2022: 20 %) and the percentage of foreign employees was 27 % (2022: 33 %). The average age was 36 (2022:

35). Most of Nitro's employees work full-time with permanent contracts, and personnel costs are mostly set costs. The company defines salaries according to industry standards and based on competition for top talent. Personnel's skill management, motivation, and well-being are essential factors for success for Nitro. One of the company's strategic goals is to be the best employer for gaming industry professionals. According to our strategy, we invest heavily on developing the personnel's skill base, leadership, and well-being at work.

Employee wellbeing, skills and motivation

Personnel's mental and physical well-being is essential to maintain motivation and working ability, and it's supported and developed in a preventive manner. Employees' well-being is monitored with regularly occurring company-wide surveys. Employees actively suggest ways to develop their well-being and decisions are made based on this data. Nitro also offers low-threshold mental wellbeing services provided by external partners. Well-being is covered in multiple versatile ways, for example including personnel in decision-making and providing a wide selection of occupational healthcare services and sports and culture benefits.

Workload and its strain are closely monitored by careful work hour monitoring system, and any overloads are reacted to straight away to avoid accumulation of mental burdening. Quality of worklife surveys is executed quarterly and the results are repeatedly better than the average Finnish companies.

Nitro invests in education and skill development in versatile ways; employees are allowed to study during working hours, provides courses and access to industry events and even degrees. Skillbase is evaluated annually company-wide and personal learning paths are planned bi-yearly in development discussions. To ensure best possible state of talent, Nitro has added resources to recruitment and employer branding.





Corporate governance



General Information on the Administration of the Company

The company complies with the Company's Articles of Association, Finnish law, the Finnish Companies Act, the Accounting Act, IFRS standards and First North's rules in organizing the administration. The Company does not adhere direct to the Finnish or the Swedish Corporate Governance Code, as it is not justified with respect to the Company's size and extent of its business.

The administration of the Company is, in accordance with the Finnish Companies Act, divided between the Shareholder General Meeting, the Board of Directors and the Managing Director. The shareholders exercise their rights mainly in the Shareholder General Meeting, which is normally convened by the Board of Directors of the Company. The Shareholder General Meeting shall, in addition, be held if the auditor or Company shareholders, whose shares represent at least one tenth of all issued shares, which are not in the Company's possession, demand in writing that a Shareholder General Meeting be held.

Annual General meeting

The Annual General Meeting is the supreme decision-making body of the Company. The Annual General Meeting is held once a year. The Shareholders use their voting power at the Annual General Meeting to decide on the Company's affairs. The Annual General Meeting addresses the issues stipulated by the Companies Act and the Articles of Association, such as the confirmation of the financial statements, the dividend release, and amendments to the Articles of Association. The Annual General Meeting elects, and decides on the remuneration of, the Board of Directors and the Auditors. The invitation to the Annual General Meeting must be published on the Company's website, subject to the provisions of the Limited Liability Companies Act. The Board of Directors may also decide to publish the invitation by another means.

The Board of Directors summons the Annual General Meeting. Each shareholder registered in the Company shareholders' register held by Euroclear Finland Oy, on the record date of the General Meeting, has the right to participate in the Annual General Meeting. The record date is eight business days prior to the Annual General Meeting. According to the Articles of Association, a shareholder who wants to participate in the Annual General Meeting shall register for the meeting according to the instructions and no later than the date specified in the invitation, which shall be, at the earliest, nine days before the Annual General Meeting.



The Board of Directors

The Board of Directors shall see to the administration of the Company and the appropriate organization of its operations. The Board of Directors shall be responsible for the appropriate arrangement for the control of the Company's accounts and finances.

The Shareholder General Meeting elects the members of the Board of Directors. The chairman of the Board shall be elected by the Board of Directors. The Annual General Meeting on May 15, 2023 elected the Board: Antti Villanen, Johan Biehl, Susana Meza Graham and Morgan Habedank. The Board elected Johan Biehl as Chair among its members.

The term of office of each member of the Board of Directors ends at the adjournment of the first Shareholder Annual General Meeting following the election.

The Board of Directors convened 21 times in 2023.

As of the date of this Annual Report, the Board of Directors comprises the persons set out in the below table:

Name	Position	Born	Elected	Independency ¹ from the Company and larger shareholders
Johan Biehl	Chairman of the Board	1983	2019	Yes
Antti Villanen	Member of the Board	1973	2008	No, active in the Company
Susana Meza Graham	Member of the Board	1975	2022	Yes
Morgan Habedank	Member of the Board	1978	2023	No, represents large shareholder

¹ Defined as not representing an owner with over 10 per cent shareholding in the Company or not working for the Company.





Presentation of the members of the Board of Directors

Johan Biehl, born 1983

Chairman of board since 2020 and member of the Board since March 2019

Johan Biehl is an investor and has devoted the last ten years to managing his personal investments. Johan is focused on small and micro caps and today has some ten investments in listed and unlisted companies in a variety of industries with a predominance in tech companies. He served on the board of several different First North and Euronext companies during the last five years. Johan has a background as an equity analyst and before going into the financial industry he held several positions in B2B sales and sales management. He has studied economics and business and holds a degree in finance from Stockholm University.

Antti Villanen, born 1973

Member of the board since 2008 and CSO of Nitro Games

Antti Villanen is a digital media and game industry executive with over 15 years of board and C-level experience from a wide range of digital companies. Before founding NitroGames, Antti co-founded the digital media studio Nitro FX Oy, where he worked as Executive Vice President and board member during 2002-2002 and CEO during 2000-2009. Before co-founding Nitro FX Oy, Antti worked as Digital Media Director at Sarajärvi & Hellén DDB Oy during 1999-2000 and in various Sales roles at Profectus Finland Oy during 1994-1999. Antti has been a member of the Management Board of the company since 2019.

Susana Meza Graham, born 1976

Member of the board since 2022

Susana Meza Graham has spent 18 years in the games industry. Previous roles include CMO and COO at Paradox Interactive (2004-2018), where she helped build the company from the ground up for 14 years. As part of the management team, she led the company through several phases, including a successful IPO and listing. She is the co-founder & Chairwoman of the independent investment company Aldeon (2020-). Aldeon focuses on games & tech founders in the early stages. Previous board assignments have included Supervisory Board member of international games company Funcom (2018-2020) and board member at the Association of Swedish Game Developers (2014-2017). Current board assignments include Chairwoman of games company Hello There Games (2021-), director of emotionally conscious AI company TRU LUV in Canada (2020-) as well as independent games label Cult Games. She also holds a variety of advisory board positions in games & tech. Susana Meza Graham holds a Bachelor's degree from Stockholm University focused on international management and marketing.

Morgan Habedank, born 1978

Member of the board since 2023

Morgan Habedank is the CFO for Nordisk Games and has 18 years of experience in the media & entertainment industry. Previous roles include CFO of Nordisk Film Distribution and COO of Vertigo Releasing. Due to his time in the US, the UK, and Denmark, Morgan is experienced in working with global technology and media & entertainment companies at various stages of growth. Additionally, he has experience working with listed and unlisted companies. Morgan holds a Master of Accountancy degree from Brigham Young University and is a Certified Public Accountant in the United States.



Management Board

The Management Board members of the Company are all under the direct supervision of the CEO, and the CEO acts as the chairman of the Management Board. The Management Board in 2023 consisted of five persons, elected by the CEO. The following table sets forth the members of the Management Board of the Company as of the date of 2023:

Name	Position	Born	Nominated
Jussi Tähtinen	CEO	1981	2008
Matti Nikkola	CFO	1971	2009
Antti Villanen	CSO	1973	2019
Samppa Rönkä	CTO	1982	2014
Jussi Immonen *	COO	1976	2018

* Jussi Immonen was appointed the Company's CCO director on January 1, 2024.

CEO Jussi Tähtinen, born 29 March 1981, B.A. in Media Communication

Jussi is a games industry veteran who has been developing games for +20 years. He's the loud and proud CEO & Co-founder of Nitro Games, a versatile leader with experience from development and publishing to company management and funding.

CFO Matti Nikkola, born 1971, M.Sc. in Industrial Engineering and Management

Matti has been Nitro Games' CFO since 2017 and was Nitro's acting CFO since 2009, and he is also one of Nitro's first investors. Matti is a seasoned leader with 30 years of executive-level experience in trade, logistics, marketing, finance, video and mobile games, and ICT (listed and unlisted Companies). He has many years of experience in board work and organization activities.

CSO Antti Villanen, born 1973, B.Sc. in Business

Antti Villanen is a digital media and game industry executive with over 15 years of board and C-level experience from a wide range of digital companies. Before founding NitroGames, Antti co-founded the digital media studio Nitro FX Oy, where he worked as Executive Vice President and board member during 2002-2002 and CEO during 2000-2009. Before co-founding Nitro FX Oy, Antti worked as Digital Media Director at Sarajärvi& Hellén DDB Oy during 1999-2000 and in various Sales roles at Profectus Finland Oy during 1994–1999. Antti has been a member of the Management Board of the company since 2019.

CTO Samppa Rönkä, born 1982, B.Eng. in Software Engineering

Samppa joined Nitro Games in 2007 and has served as the Chief Technology Officer (CTO) since 2014. With robust technical expertise in client and server-side development, Samppa has held diverse roles encompassing programming, technical architecture, leadership, and operative management. Throughout his career, Samppa has worked with various platforms (PC, mobile, consoles) and game engines (Unity, Unreal Engine, proprietary engines), contributing to the release of more than 20 games.

COO Jussi Immonen, born 1976, M.Sc. in Telecommunication Management

Jussi joined Nitro Games as the COO in 2018. He has over 20 years of experience in the mobile gaming industry in different Executive positions from companies like Rovio, Nokia, RealNetworks, Mr. Goodliving and Chat-Republic Games. During five years at Rovio, Jussi has been publishing and operating several massively successful F2P games. Key strengths with mobile F2P Publishing, Marketing and Live Operations.



Auditor

Based on the Articles of Association, the Company shall have one ordinary auditor and one deputy auditor. In the case that an auditing firm certified by the Finland Chamber of Commerce or chamber of commerce is elected as auditor, a deputy auditor does not need to be elected. The term of office of the auditors ends at the adjournment of the first Shareholder Annual General Meeting following the election.

The Shareholder Annual General Meeting held on May 19, 2023, elected auditing firm MOORE Idman Oy, as the Company's ordinary auditor with KHT auditor Antti Niemistö, Authorized Public Accountant, as the auditor in charge.

Related party transactions

Nitro Games related parties include members of the Company's Board of Directors, and the Managing Director, as well as members of the Company's management board and shareholders that have significant influence over the Company. The Company's related parties also include close family members of those persons and entities where such persons have a controlling interest. Related party transactions are described in more detail in the Notes on the Financial Statements.

Insiders

In matters relating to insiders, Nitro Games complies with the applicable legislation and FFSA standards, Nasdaq's insider guidelines and the Company's own insider guidelines, in each case as required for companies listed on the Nasdaq First North Sweden marketplace.

Persons discharging managerial responsibilities at Nitro Games are subject to a so-called "closed period", which begins 30 calendar days before the announcement of an interim 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 Nitro Games. The closed period also applies to the Company's annual financial report. The closed period includes the day on which Nitro Games discloses the above-mentioned information.

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

According to the MAR regulation, Nitro's executives and their close associates must notify the company and the Financial Supervisory Authority of all transactions they make with the company's financial instruments. Nitro's management personnel are the company's board members, CEO, members of the management team and their close associates. According to the MAR regulation, Nitro must publish information about the business activities of the executives and their close friends using financial instruments without delay and at the latest within three working days of receiving the announcement made by the executive to the company.

Administration and control

Nitro's CEO acts as the company's insider officer, who oversees compliance with the company's insider policy. The insider manager is also responsible for maintaining the insider lists, and the CFO serves as his deputy. In addition, the person in charge of insiders ensures that the insider lists are checked annually.



Remuneration reports

Compensation of the board

The Annual General Meeting decides on the remuneration of the members of the Board of Directors annually. For the term starting May 15, 2023, and ending at the end of the next Annual General Meeting of the company, the Annual General Meeting resolved that the members of the Board of Directors be paid remuneration for the term of office as follows: EUR 2,000 per month for the Chairman and EUR 1,000 per month for the other members of the Board.

In addition, the members of the Board of Directors receive reasonable travel expenses accumulated from the meetings in accordance with the company travel policy.

Annual general meeting 2024

The Annual General Meeting of Nitro Games Corporation will be held on May 20, 2024, at 10:00 (Finnish time) at Nitro Games Kotka Office, at Juha Vainion katu 2 48100 KOTKA FINLAND. The reception of persons who have registered for the meeting and the distribution of voting tickets will commence at 09.30.

Registration to the Annual General Meeting will begin on 26 April 2024 and end on 17 May 2024 at 10:00. More detailed instructions can be found on the Company's website.

Report by the Board of Directors & Financial statement

1.1.2023-31.12.2023 → NITRO GAMES OYJ



Contents

Report by the Board of Directors.....	21
Financial statements	33
• Statement of comprehensive income	33
• Statement of financial position.....	34
• Statement of changes in equity	35
• Statement of cash flows	36
Notes to the financial statements	37
• 1. General accounting principles used in the preparation of the financial statements	37
• 2. First-time adoption of ifrs standards	39
• 3. Result from business operations	45
• 4. Operating assets and liabilities	53
• 5. Capital expenditure	57
• 6. Capital structure	59
• 7. Other notes	66
• 7.1. Income taxes on the income statement	
• 7.2. Deferred tax assets and liabilities on the balance sheet	
• 7.3. Remuneration of related parties and key management	
• 7.4. Contingent liabilities and commitments	
Signatures to the financial statements	69
List of accounting books and document types	69
Auditor's report	70



Report by the Board of Directors for 2023

Nitro Games is a Finnish mobile game developer and publisher. The company has extensive experience in developing games for the global gaming market. The company's headquarters are in Kotka, Finland, and it also has an office in Helsinki. The company was the first Finnish mobile gaming company to be listed on the Nasdaq First North Growth Market in Stockholm on June 16, 2017.

Nitro Games' strategy aims to achieve growth and profitability through developing and publishing gaming products. The company's operations are divided into two business areas: the games business, meaning the development and publishing of mobile games for international distribution, and the service business meaning selling expertise as a service to international gaming operators.

In 2023, Nitro Games continued to develop its project and games portfolio in line with the company strategy. The priorities for 2023 were the launch phase of the Autogun Heroes game which started at the end of the second quarter and the expansion of the service business with new projects. In 2023, the company signed new commercial contracts, with both new and returning customers with a record order value.

In the services business, the largest customer in 2023 was Digital Extremes, with which the company signed two new contracts during 2023. The partnership project with Supermassive Games was completed in the third quarter. In the fourth quarter, Nitro Games signed a record order with Netflix. In line with its vision, Nitro Games was successful in focusing on action and shooter game projects and in extending its services to multiplatform development.

At the end of 2023, the company had two games in its active game portfolio: Autogun Heroes and NERF: Superblast, the latter released in late 2023. In the services business, the most important customer engagements were collaborations with Digital Extremes and Netflix.

Operating environment

Nitro Games is a company that develops and publishes mobile games in the global gaming market. Previously, the company operated in several market segments including PC, console, and mobile games. Nitro Games currently focuses on the mobile games market first but has recently successfully expanded its service offering to PC and console games.

In 2023, the global mobile games market was estimated to be worth around USD 90.4 billion, which is approximately 1.6 percent lower than the previous year. It represents roughly 49 percent of the global games market, which was in turn estimated to be worth USD 184.0 billion in 2023.

Source: Newzoo

Business Development, Performance, and the Financial Status

Revenues in 2023 were EUR 8.8 million (2022: EUR 7.3 million). The Revenues consist of two business areas: the games business and the service business. The company's EBIT for the accounting period was EUR -3.0 million, compared to EUR -3.6 million in the previous year. The EBITDA for the accounting period was EUR -1.7 million, compared to EUR -2.8 million in the previous accounting period. The company made EUR -3.3 million in profit, compared to EUR -3.7 in the previous accounting period.

During the 2023 accounting period, the company completed a preferential rights issue raising approximately EUR 4.0 million of funding. At the end of the accounting period, the company's cash and bank balances amounted to EUR 3.8 million (compared to EUR 1.6 million on December 31, 2022). At the balance sheet date, its equity ratio was 18.9 percent (2022: 8.9%).

Key Ratios

	Full Year 2023	Full Year 2022
Revenue (EUR thousand)	8,841.6	7,247.9
Operating profit/loss (EBIT) (EUR thousand)	-3,024.8	-3,621.3
Operating profit/loss % (EBIT %)	-34.2 %	-50.0 %
EBITDA (EUR thousand)	-1,716.6	-2,799.8
EBITDA %	-19.4 %	-38.6 %
Net profit /loss (EUR thousand)	-3,283.1	-3,707.6
Equity ratio (%)	18.9%	8.9%
Number of shares, average	17,440,052	12,900,123
Number of shares, average diluted	17,440,052	12,900,123
Number of shares at the end of the period	24,924,364	12,903,102
Number of share options	3,648,264	1,256,940
Number of special rights	2,000,139	1,113,586
Equity per share (EUR)	0.07	0.06
Earnings per share (EUR) undiluted	-0.19	-0.29
Earnings per share (EUR) diluted	-0.19	-0.29
Net debt (EUR thousand)	5,152.9	5,828.1
Number of employees, average	48	51

Research and development (R&D)

Depending on the nature and stage of the development activities, the development costs are either recorded as costs or capitalized on the balance sheet as investments, after which they are depreciated in accordance with the depreciation plan. Development costs related to games and the reusable technology associated with them were capitalized on the balance sheet.

In 2023, Nitro Games invested in overall development activities, with a focus on the development of gaming products, analytics, technology, and publishing processes. During 2023, the company's development costs were comprised of personnel costs and purchasing of external services. A total of EUR 1.2 million in new development costs were capitalized in January through December. This includes third-party costs associated with development and maintenance (outsourced services), personnel costs, and other costs directly attributed to the project in question.

During the 2023 accounting period, a total of EUR -1,247.9 thousand of activated development costs were depreciated (2022: EUR -775.6 thousand).

Significant risks and uncertainties

Key strategic risk factors are risks related to the company's position, financing the development of services and games, personnel, and the reorganization of production infrastructure. The most significant operating risks are related to maintaining financial performance and continuous development and sustaining the activity of the flagship game in the company's market. Economic and political uncertainty in Europe and worldwide can have an impact on business operations.

In user acquisition investments, the risks are related to the forecast accuracy of revenue models and their impact on the profits the company makes. New games launched by competitors and changes in the competitive settings may affect the success of the company's games, its turnover, the scale of user acquisition investments, as well as profits made.

It is important to the company's business that it is able to develop and improve its current games, as well as create new games for the mobile games market. Changes in game development and release may have a negative impact on the company's operations and cash flow. Each development project carries the risk that the end results will not produce the desired commercial success, and thus the investment made in the project would not pay off. The company strives to minimize any risks associated with development by organizing its activities accordingly.

The company's operations may also involve risks that have a significant effect on the value of the company and its shares. The company's Board of Directors and management assess risks as part of the strategy and business planning process. The company has acquired the standard interruption and property insurances to safeguard its business activities. The company's business may also be affected by risks and uncertainties other than those mentioned above.

Significant events after the end of the financial year

Matters affecting the financial statements are considered from the period between the balance sheet date and the date of the publication of the financial statements. The date of publication refers to the date on which the financial statements are published. The matters that occur during the abovementioned period are assessed to determine whether they warrant rectifications to the information included in the financial statements. The information in the financial statements must be rectified if the event in question provides additional evidence of the current situation at the end of the financial period.

Nitro Games changed the payment terms of the convertible bond with Nordisk Games. The Board of Directors of Nitro Games Oyj (publ) ("Nitro Games" or the "Company") has resolved, based on the authorization received from the Extraordinary General Meeting held on 22 September 2022 (the "EGM"), to amend the terms

of the convertible loan agreement of 2 million EUR with Nordisk Games A/S (“ Nordisk Games”) by updating the maturity and repayment terms. The convertible loan originally had a 24-month maturity and a 0 percent annual interest rate. With this amendment, The Company and Nordisk Games have now agreed that the Company will pay back the loan with monthly payments, starting April 2024 and ending April 2025, with a 0 percent annual interest rate.

Future outlook

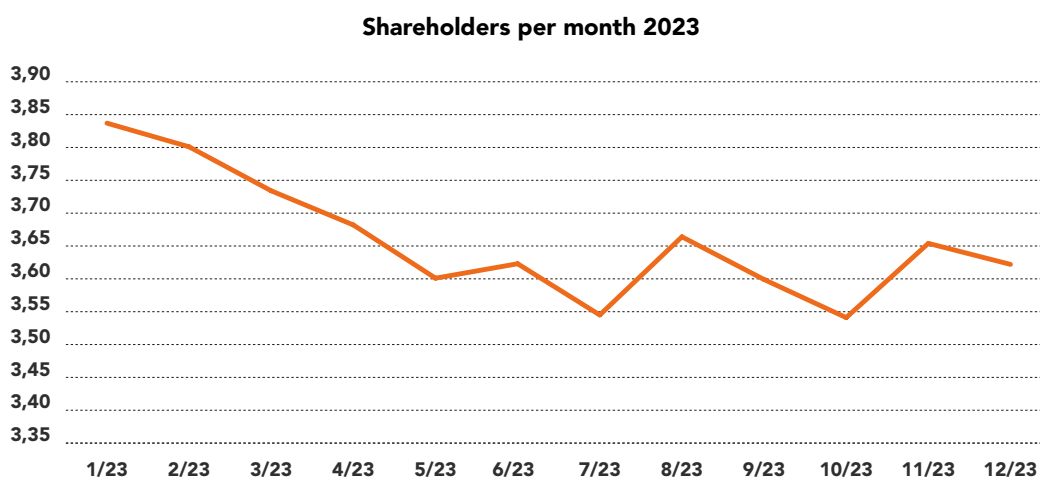
The Board of Directors believes that the company’s development will follow the general development of the global markets. The development in revenue depends largely on the company’s ability to attract new B2B projects and customers in the service business, as well as in launch and commercial success of new gaming products in the future.

The Company’s shares and shareholders

The company shares have been registered in the book-entry system maintained by Euroclear since May 2, 2017, and admitted to multilateral trading on the Swedish First North Growth Market exchange maintained by Nasdaq Stockholm AB on June 16, 2017, with the identifier NITRO.

The company currently has one share class. On December 31, 2023, the total number of shares was 24,924,364 (December 31, 2022: 12,903,102 shares). All the shares belong to the same class. Each share carries one vote at the Annual General Meeting. The company does not own any of its own shares.

During 2023, the number of individual shareholders varied between 3,541 and 3,837.



The table below describes the changes in the total number of shares during the 2023 financial year.

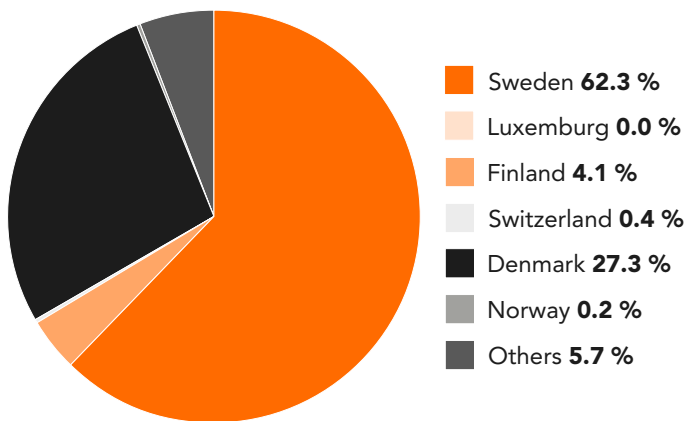
	1.1.2023	Share issue 2023	31.12.2023
Shares	12,903,102	12,903,102	24,924,364
Increase		12,021,262	
Total	12,903,102	24,924,364	24,924,364

The company's ten largest shareholders on 31 December 2023.

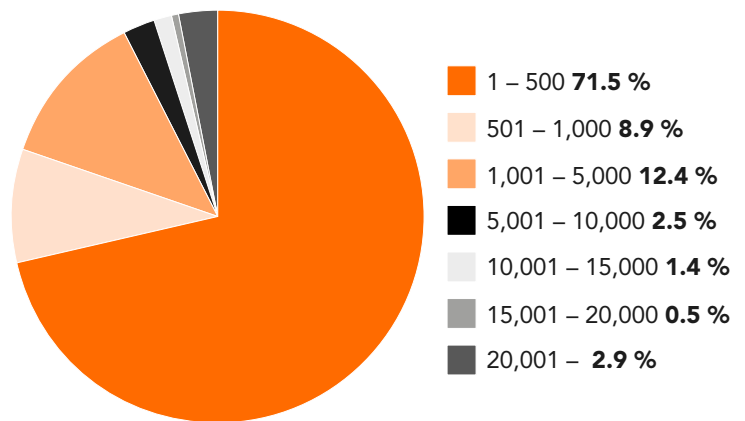
Shareholders	Number of shares	% of shares and votes
1 Nordisk Games A/S	6,492,636	26.05
2 Avanza Pension	2,939,810	11.79
3 Jonsson, Jimmy	1,047,893	4.20
4 Bny Mellon Sa/Nv For Jyske, W8imy	875,001	3.51
5 Ivarsson, Alexander	820,786	3.29
6 Johansson, Andreas	731,286	2.93
7 Mattsson, Emil	547,800	2.20
8 Lejonkula, Hakan	352,495	1.41
9 Nordnet Pensionsforsakring AB	343,003	1.38
10 Erlandsson, Daniel	317,696	1.27
Others	10,455,958	41.95
The total number of shares	24,924,364	100.00

The largest shareholders by region and according to the distribution of shares on 31 December 2023

Holdings %



Shareholders



By Country	Holdings (%)	Vote (%)
Sweden	62.3	62.3
Luxemburg	0.0	0.0
Finland	4.1	4.1
Switzerland	0.4	0.4
Denmark	27.3	27.3
Norway	0.2	0.2
Others	5.7	5.7
	100.0	100.0

Shareholder spread	Shareholders	%
1 – 500	2,590	71.5
501 – 1 000	321	8.9
1 001 – 5 000	449	12.4
5 001 – 10 000	90	2.5
10 001 – 15 000	49	1.4
15 001 – 20 000	19	0.5
20 001 –	104	2.9
	100.0	100.0

Management ownership and option rights

The company's board of directors, management team, team, and their related parties held shares and stock options as follows at the time of closing the accounts:

	31.12.2023			31.12.2022	
	Shares	% Shares	Options	Shares	Options
Board	584,555	2.3	0	293,540	0
CEO and management*	690,976	2.8	2,874,681	487,196	1,076,590
Teams	36,821	0.1	668,109	21,160	180,350
	1,312,352	5.3	3,542,790	801,896	1,256,940
Numbers of shares	24,924,364			12,903,102	
Number of Options	3,648,264			1,256,940	

* Antti Villasen shares and stock options included in the management team. He is also a member of the board.

Vakituisessa työsuhteessa olevat Nitron työntekijät ovat optio-ohjelmien piirissä.

Share price development

During the fiscal year 2023, the daily average share price on the First North Growth Sweden marketplace varied between 1.99 and 14.06 Swedish kronor (SEK). The closing rate for the period (December 31, 2023) was 2.98 Swedish kronor (SEK).

Average price of the day (SEK)



Source: <http://www.nasdaqomxnordic.com/aktier/microsite?Instrument=SSE139711&name=Nitro%20Games&ISIN=FI4000242961>

General meetings

The Annual General Meeting was held on May 15, 2023. The meeting discussed matters in accordance with the Articles of Association and decided to authorize the Board of Directors to decide to amend the terms and conditions of the special rights attached to the convertible bond loan.

An Extraordinary General Meeting was held on July 5, 2023, in which it was decided to authorize the Board of Directors to decide on the issuance of shares and special rights entitling to shares. Under the authorization, the Board of Directors was empowered to decide on the issue of shares in one or more tranches, as well as on the issuance of options and other special rights entitling to shares referred to in chapter 10, section 1 of the Limited Liability Companies Act, as follows: The Board of Directors may issue a maximum of 24,921,766 shares under this

authorization. The board decides on all terms and conditions of share issues, options and other special rights entitling to shares. If there is a compelling financial reason for the company to do so, share issues and the issue of options and other special rights entitling to shares may be made in derogation of shareholders' preemptive rights (directed issue). The authorization is valid until June 30, 2024.

An Extraordinary General Meeting was held on October 11, 2023. The EGM resolved, in accordance with the Board of Directors' proposal, that the Board of Directors be authorized to decide on the issue of options in one or more tranches as follows: The board may issue a maximum of 2,492,436 options under this authorization. Each option entitles its owner to subscribe for one new share in the company. The board is authorized to decide on all other terms and conditions regarding the options. The authorization is valid until December 31, 2025. Note that the authorization has no effect on the company's current option plans or on the board's right to issue options on the basis thereof. The Board of Directors will cancel the unallocated options held by the company in connection with the 2/2020 and 1/2022 option plans.

Structural and financial arrangements

Board of directors' authorizations

Share issue

According to the authorization of the Extraordinary General Meeting on July 5, 2023, the board is empowered to decide on the issuance of shares, in either one or more tranches, and to grant options and other special rights entitling to shares as referred to in chapter 10, section 1 of the Limited Liability Companies Act. A maximum of 24,921,766 new shares may be issued under the authorization. Based on the authorization, the board decided to carry out a subscription rights issue (share issue) by issuing a maximum of 19,354,653 new shares under the conditions specified in Appendix 1. In the share issue, 12,021,262 new shares were subscribed for at a price of SEK 4.0 per share or EUR 0.34 per share, totaling approximately EUR 4.0 million.

Option rights

At the Extraordinary General Meeting of Nitro Games held on October 11, 2023, it was decided to authorize the Board of Directors to decide on the issue of options. The maximum total number of options that may be issued under this authorization is 2,492,436. Each option entitles its owner to subscribe for one new share in the company. Of the options, up to 2,243,192 will be registered under subscription number 2023A, and up to 249,244 under subscription number 2023B. The Board of Directors has the right to convert options held by the company from one type of option to another.

The subscription price for the shares with option right 2023A is SEK 6.00 per share, and with option right 2023B, the subscription price is the volume-weighted average price of the company's share on the First North Sweden exchange for the 30 trading days preceding the issuance of the options, increased by 10 percent. The company's board of directors will announce the subscription price at the time of issuing the options. The subscription price can be paid to the company either in SEK or EUR, using the exchange rate announced by the company's board on the subscription date.

In accordance with this authorization and the decision of the Extraordinary General Meeting, the team was granted 2,243,192 options under subscription number 2023A and 3,000 options under subscription number 2023B during 2023.

Personnel, management, and auditors

Personnel and competence development

Social responsibility and personnel

As a globally operating company, Nitro Games values diversity and treats all its employees equally. All staff members are treated fairly and equally regardless of their ethnic origin, nationality, political views, gender, sexual orientation, disability, family status or age. Nitro Games adheres to the principle of equal opportunities. We expect all of Nitro Games' employees to treat each other, all our subcontractors, service providers and other partners fairly and equally.

Nitro Games aims to develop in a sustainable manner and to achieve shared benefits for the company, shareholders, and employees alike. All employees have the right to good management, a safe and supportive working environment and professional growth.

The number of staff was 48 at the end of the financial year (2022: 58). Women accounted for 29 percent of the staff (2022: 20 percent), and foreign employees' 27 percent (2022: 33 percent). The average age of the employees was 36 (2022: 35). Most of Nitro's employees work full-time, and the company's personnel costs are generally fixed in nature. The company determines salaries according to the general salary levels in the industry and the current competitive situation.

The table presents the key figures illustrating personnel development over the 2022–2023 period.

	2023	2022	Muutos %
Average number of personnel	49	51	-3.9
Number of personnel at the end of the year	48	58	-17.2
Salaries and bonuses during the accounting period	-3,186,545	-3,091,651	3.1
Employer's contributions	-672,299	-668,308	
Share based option programs	-116,453	-238,241	
Capitalized product development costs	406,042	183,751	
Total personnel costs	-3,569,255	-3,814,449	-6.4

The wellbeing, skills and motivation of Nitro's employees are key factors for the general success of the company. One of Nitro Games' goals is to be the best possible workplace for gaming experts. In accordance with our strategy, we invested in workplace training for our employees, coaching for supervisors and in improving wellbeing at work. The company also strives to offer equal opportunities for development to its subcontractors and freelancers.

Employee well-being, competence, and motivation

At Nitro Games, employee wellbeing is prioritized and supported with a proactive approach. Employee wellbeing is monitored with regular surveys. Employees propose ways to improve wellbeing, and the proposals are used as a basis for decision-making. Nitro Games also offers its employees extensive occupational health services (including preventive, rehabilitative, and supportive mental health care) and subsidized sports, cultural, and leisure activities. The company pays special attention to work-related stress by monitoring and controlling the hours worked by its employees. In the biannual staff survey, staff consistently rate their well-being at work as clearly above the average for Finnish companies.

Nitro Games invests in the professional development of its employees in many ways. The company enables studying during working hours and offers various courses and learning packages for employees to develop their professional skills. The request process for participating in training courses and for obtaining materials has been made as straightforward as possible, and with an open culture, these requests also serve as inspiration for other

employees regarding potential opportunities for personal development. Skills-based performance reviews are carried out annually to assess the skills of employees, while individual learning paths are prepared in personal development reviews twice a year. To ensure the skills of employees, Nitro Games has allocated more resources to enhancing the recruitment process and developing the company's image as an employer. The company has also initiated an internship program, through which students or recent graduates in the field are hired for a temporary, supported, and mentored employment period. During this time, they gain valuable work experience and additional skills and expand their professional networks in the industry. The employment rate so far for the program is 100 percent.

Nitro Games regularly monitors and enhances the quality of its leadership to maintain staff motivation and commitment. This is achieved by various means, including personalized coaching in leadership and workplace skills, in collaboration with the company Parempi Ote, to provide employees with a better grasp of these essential aspects. In an annual survey focusing on management, Nitro Games' management style was rated as good by the employees. Remote working is standard practice at Nitro Games for all tasks, and employees are free to choose their referenced working location. Most of the employees work independently of any location, mainly somewhere other than the company's offices. Nitro Games' latest employee Net Promoter Score is 21, meaning that most employees would recommend the company to friends as a potential employer. In measuring the quality of working life (QWL) per quarter, Nitro Games ranks well above the average for Finnish companies, at >80% compared to the average of >60%.

CEO

The CEO of the company is Jussi Tähtinen. The CEO is responsible for the management and administration of the company's business and day-to-day operations with the goal of securing the significant and continuous increase in the company's value to shareholders. The CEO prepares matters for board meetings, develops the company in accordance with the goals agreed with the board, and ensures that the board decisions are properly implemented. In addition to this, the CEO is obligated to ensure that the company's operations comply with all applicable laws and regulations.

The CEO acts as the chairperson of the management team and directs and oversees the actions of all other members of the management team. The CEO is appointed by the board, which also determines the remuneration to be paid to the CEO, as well as the other terms of the CEO's contract. The CEO is appointed until further notice.

The CEO has the right to demand that a board meeting be called, as well as attend the board meetings and be heard at the meetings, notwithstanding certain cases in which the board may decide otherwise. The CEO has the right to have his dissenting opinion recorded in the minutes of the relevant meeting.

The Board of Directors

The central task of the Board of Directors is to guide the implementation of the company's strategy so that the company may achieve its long-term goals and generate the greatest possible value for shareholders while also considering the expectations of other key stakeholders. The board is responsible for all administrative duties associated with the company, as well as the proper organization of the company's operations. The board decides on matters that, considering the scope of the company's operations, are significant. According to the company's articles of association, the board's term ends at the end of the next annual general meeting.

In accordance with the articles of association, the annual general meeting will elect a board consisting of three to eight ordinary board members. Until May 15, 2023, the Board of Directors consisted of Antti Villanen, Johan Biehl, Mikkel Weider and Susana Meza Graham. Johan Biehl served as the chairperson of the board.

The Annual General Meeting of May 15, 2023, elected the following persons to the Board of Directors: Antti Villanen, Johan Biehl, Susana Meza Graham, and new member Morgan Habedank. At its organization meeting, the board elected Johan Biehl as its chairperson.

During the 2023 accounting period the board met 21 times, of which 14 meetings were held by the new board. The average attendance rate was 100 percent.

The remuneration paid to board members is determined by the Annual General Meeting each year. For the term that commenced on May 15, 2023, and concludes at the end of the company's next Annual General Meeting, the Annual General Meeting decided to pay the following fees to the board members for the term: EUR 2,000 per month to the chairperson, and EUR 1,000 per month to each of the other board members.

In addition to this, the board members are reimbursed for reasonable travel expenses in accordance with the company's travel expenses guidelines.

Environmental factors

Nitro Games strives to be a pioneer among game production operators and as such to promote goals related to sustainable development in all its operations. We aim to minimize the negative environmental impact caused by our operations. Currently, the most significant environmental impact is caused by the consumption of electricity associated with IT equipment, servers, and gaming. The space utilization efficiency of the company's office workspaces is good. The purpose of the company is also to reduce the inconvenience caused by traveling. This is aimed at by planning trips more precisely and by increasing the number of remote meetings.

The company aims to develop its procurement methods in a way that allows it to take environmental factors into account at the planning stage, during use and at the end of the product lifecycle. The company strives to work with reputable operators that are both environmentally and socially responsible.

Knowing the customer and combating money laundering, terrorist financing, and tax evasion

Money laundering, terrorist financing, and tax evasion are serious threats to the security and integrity of the global financial system. Nitro Games has a duty to its customers and shareholders to prevent the company from being used for criminal gain and to prevent the transfer of funds intended for terrorist financing or tax evasion. The company seeks to identify the legality and nature of the activities of all its partners.

Nitro Games is committed to detecting, preventing, managing, and identifying any financial crime risks to which it may be exposed, and to taking the measures necessary to manage these risks in all jurisdictions in which it operates.

Management of insider issues

The company's board of directors must ensure that appropriate insider management practices are always in place. These practices must comply with Finnish law and the principle of sound administration, as well as any rules and instructions provided by NASDAQ and the FIN-FSA Financial Supervisory Authority. The board of directors has authorized the CEO to implement the practical arrangements associated with the matters and to maintain an insider register.

In accordance with the Market Abuse Regulation (EU) N:o 596/2014 (MAR), the company has determined that both board and management team members are considered insiders and subject to the obligation to report. In addition to the list of insiders who are subject to the obligation to report, the company shall establish a separate, transaction-specific insider list of insider transactions. Insider transactions refer to arrangements that are prepared in confidence and that, if realized, could have a significant effect on the value of the company's stocks and bonds. All employees and insiders are personally responsible for complying with all laws and regulations regarding the use of insider information.

The company observes a 30-day close period prior to publishing quarterly reports or financial statements. During this period, trading in the company's stocks and bonds is prohibited for Nitro Games insiders, i.e. insiders subject to the obligation to report and persons preparing the quarterly reports or financial statements, as well as any other persons as determined by the CEO.

Certified adviser

The company's shares are traded multilaterally on the First North Growth Market exchange in Stockholm. First North Growth Market provides the necessary infrastructure for trading and distributing stock information. All companies admitted for trading at the Market are required to have an agreement with a certified adviser. In turn, the certified adviser has signed an agreement with the stock exchange. The certified adviser ensures that the company fulfils the requirements for admission for trading, as well as the obligations associated with being admitted for trading on First North Growth Market. In addition, the certified adviser constantly monitors the company's compliance with the First North Growth Market rules and immediately reports any violations to the stock exchange.

The certified adviser required by the rules of the Stockholm First North Growth market is FNCA Sweden Ab.

Auditors

The company's articles of association state that the company shall have at least one regular auditor and one deputy auditor. If an audit company is chosen as the auditor, a deputy auditor is not required. The general meeting elects the auditor for a term of one accounting period. The board will make an annual proposal to the general meeting for electing or re-electing an auditor after it has assessed the competence and independence of the auditor in question.

The company's auditors are Moore Idman Oy and, as the auditor in charge, Antti Niemistö (auditor approved by the Finnish Central Chamber of Commerce).

Board's proposal for appropriation of profit or treatment of loss

The board proposes to the annual general meeting that the loss of EUR -3,283,131 be transferred to the profit and loss account from the previous accounting periods and that no dividend be distributed.

Annual General Meeting

The Board of Directors decided to convene the Annual General Meeting on May 20, 2024. Nitro Games will publish the notice of the Annual General Meeting on April 26, 2024, on the company's official website (www.nitrogames.com).

December 31, 2023
Board of Directors
Nitro Games Oyj



Calculation principles of Alternative Performance Measures

Operation profit	Revenue + other business income - operating expenses - depreciations
Operating profit %	$\frac{\text{Operating profit}}{\text{Revenue}} \times 100$
EBITDA	Operating profit + depreciations + impairments
EBITDA %	$\frac{\text{EBITDA}}{\text{Revenue}} \times 100$
Equity ratio %	$\frac{\text{Equity}}{\text{Assets - advances received}} \times 100$
Earnings per share, undiluted	$\frac{\text{Net profit}}{\text{Number of shares, average, undiluted}} \times 100$
Earnings per share, diluted	$\frac{\text{Net profit}}{\text{Number of shares, average, diluted}} \times 100$
Net debt	Liabilities - cash in hand and at banks



Financial statements

Statement of profit or loss and other comprehensive income

Euro	Note	2023	2022
Revenue	3.1	8,841,552	7,247,921
Other operating income	3.2	5,721	11,841
Materials and services	3.3	-4,465,776	-4,248,953
Employee benefits expense	3.4	-3,569,255	-3,814,449
Depreciation and amortization	3.6	-1,308,284	-821,437
Other operating expenses	3.5	-2,528,806	-1,996,195
Operating profit		-3,024,847	-3,621,271
Finance income and expenses	6.2	-403,748	-86,281
Profit before tax		-3,428,595	-3,707,552
Income tax expense	7	145,464	0
Profit/loss for the period		-3,283,131	-3,707,552
Total comprehensive income for the period		-3,283,131	-3,707,552



Statement of financial position

Euro	Note	31.12.2023	31.12.2022	01.01.2022
ASSETS				
Non-current assets		5,639,525	5,650,370	2,941,397
Intangible assets	5.1	5,340,728	5,406,738	2,766,986
Right-of-use assets	4.1	123,312	171,111	63,390
Non-current receivables	4.2	30,021	72,521	111,021
Deferred tax assets	7	145,464		
Current assets		5,025,515	2,498,185	4,158,296
Trade receivables	4.2	712,873	594,840	217,951
Prepayments and accrued income	4.2	486,813	305,872	203,056
Cash and cash equivalents	4.3	3,825,829	1,597,472	3,737,288
TOTAL ASSETS		10,665,040	8,148,555	7,099,693
EQUITY AND LIABILITIES				
Equity				
Issued capital	6.1	80,000	80,000	80,000
Reserves	6.1	30,913,268	26,725,032	26,253,579
Retained earnings	6.1	-26,023,777	-22,374,530	-19,394,178
Profit (loss) for the period	6.1	-3,283,131	-3,707,552	-3,027,877
Total equity		1,686,361	722,950	3,911,524
Liabilities				
Non-current liabilities		2,081,740	4,042,828	2,184,518
Interest-bearing loans and borrowings	6.3	1,708,301	1,256,841	1,690,604
Contingent consideration liabilities	4.4		1,808,300	
Trade and other payables	4.4	3,097	839,265	447,380
Lease liabilities	4.1	70,342	138,422	46,535
Contract liability	4.5, 3.1	300,000		
Current liabilities		6,896,939	3,382,776	1,003,651
Trade and other payables	4.4	1,921,909	2,218,253	474,539
Interest-bearing loans and borrowings	4.4	839,747	436,540	33,333
Contingent consideration liabilities	4.4	1,919,896		
Lease liabilities	4.4	57,552	34,605	18,100
Other current financial liabilities	4.4	75,614	81,638	56,926
Contract liability	4.5, 3.1	1,450,000		
Accrued liabilities	4.4	632,221	611,739	420,752
Total liabilities		8,978,679	7,425,605	3,188,169
TOTAL EQUITY AND LIABILITIES		10,665,040	8,148,555	7,099,693



Statement of changes in equity

Euro	Note	Issued capital	Unrestricted equity reserv	Retained earnings	Total equity
Equity as at 1.1.2023	6.1	80	26,725	-26,082	723
Profit (loss) for the period	6.1			-3,283	-3,283
Issue of share capital	6.1		4,072		4,072
Share-based payments			116	-238	-122
Other adjustments				296	296
Equity as at 31.12.2023		80	30,913	-29,307	1,686

Euro	Note	Issued capital	Unrestricted equity reserv	Retained earnings	Total equity
Equity as at 1.1.2022	6.1	80	26,254	-22,422	3,912
Profit (loss) for the period	6.1			-3,708	-3,708
Option subscriptions	6.1		13		13
Equity- Conversion option			220		220
Share-based payments			238		238
Other adjustments				48	48
Equity as at 31.12.2022		80	26,725	-26,082	723



Statement of cashflows

EURO	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit (-loss) for the period	-3,283.1	-3,707.7
Adjustments:		
Depreciation according to plan	1,308.3	821.4
Financial income and expenses	403.7	21.4
Other non-cash items	-98.7	253.3
Cash flow before change in working capital	-1,669.9	-2,611.6
Change in working capital:		
Increase (-) / decrease (+) in current non-interest-bearing receivables	-299.0	-479.7
Increase (-) / decrease (+) in non-current non-interest-bearing receivables	42.5	38.4
Increase (+) / decrease (-) in current non-interest-bearing liabilities	2,163.5	358.8
Increase (+) / decrease (-) in non-current non-interest-bearing liabilities	-536.2	-207.9
Cash flow from operating activities before financial items and taxes	-299.1	-2,902.0
Interest paid and payments for other financial operating expenses	-238.0	-20.7
Net cash from operating activities (A)	-537.1	-2,922.7
CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of intangible and tangible assets	-2,160.9	-1,199.5
Acquisition of right-of-use assets	47.8	-107.7
Net cash used in investing activities (B)	-2,113.1	-1,307.2
CASH FLOW FROM FINANCING ACTIVITIES:		
Share issue against payment	4,071.8	13.2
Proceeds from and repayment of current loans	1,596.8	403.2
Proceeds from and repayment of non-current loans	-742.1	1,566.0
Additions /repayments of finance lease liabilities	-45.1	108.4
Interest paid and contributions from financial expenses	-2.8	-0.7
Net cash from financing activities (C)	4,878.6	2,090.1
Change in cash and cash equivalents (A + B + C) increase (+) / decrease (-)	2,228.4	-2,139.8
Cash and cash equivalents at the beginning of the period	1,597.5	3,737.3
Cash and cash equivalents at the end of the period	3,825.8	1,597.5



NOTES TO THE FINANCIAL STATEMENTS

1. General accounting principles used in the preparation of the financial statements

1.1. Company information

Nitro Games Oyj (hereafter 'Nitro Games' or the 'Company'), is a Finnish mobile games developer and publisher. The company is experienced in developing games for the global gaming market. The company's headquarters are located in Kotka, Finland, and it also has an office in Helsinki, the capital of Finland. The company was the first Finnish mobile gaming company listed at the Swedish Nasdaq First North Growth Market in Stockholm on June 16, 2017.

1.2 Basis of preparation

Nitro Games's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union, and the IAS and IFRS standards as well as interpretations issued by the SIC and the IFRIC in effect on 31 December 2023. The notes to the financial statements also comply with the requirements under the Finnish accounting and company legislation complementary to the IFRS.

Nitro Games publishes its first financial statements prepared in accordance with the IFRS for the financial year ended 31 December 2023 and presents the comparative information for the financial year ended 31 December 2022.

In these financial statements, the Company applies the IFRS 1 First-time adoption of International Financial Reporting Standards standard, and the transition date to the IFRS is 1 January 2022. Prior to that, the Company has applied the Finnish Accounting Standards (FAS). The adoption of the IFRS is described in the note 2. First-time adoption of the IFRS.

Nitro Games is a growth company. Since its listing on Nasdaq Stockholm's First North Growth Market Sweden marketplace in June 2017, Nitro Games has had adequate financial resources to remain in operation and expects the resources to be adequate for the foreseeable future. The financial statements have been prepared applying the assumption of continuing as a going concern.

The general policies applied that relate to the financial statements as a whole are addressed in this section Basis of accounting and those that are specific to a component of the financial statements, have been incorporated into the relevant note, together with descriptions of management judgments, related estimates, and assumptions.

The financial statements have been prepared based on original acquisition cost, unless otherwise stated in the accounting policies. The financial statements are presented in euros, which is the functional and presentation currency of the company. The figures presented in the financial statements have been rounded up, and the sum of individual figures may deviate from the presented sum figure.

Conversion of items presented in foreign currency

The financial statements are presented in euros, which is the company's functional currency and Nitro Games presentation currency. The company's business operations are primarily carried out in Finland.

Transactions in foreign currencies are converted into functional currencies at the exchange rates prevailing on the day of the transaction. Foreign exchange gains and losses arising from payments related to transactions

and the translation of monetary assets and liabilities in a foreign currency at the exchange rate prevailing at the end of the reporting period are recognised in profit or loss. Foreign exchange gains and losses related to loans are presented in the income statement in financial income and expenses. All other foreign exchange gains and losses are presented in the income statement in other operating income and other operating expenses on a net basis.

1.3 New and amended standards and interpretations

There are no standards that are not yet in effect that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.4 Critical accounting estimates and assumptions

The preparation of IFRS financial statements requires management to make estimates and assumptions as well as to use judgment when applying the accounting principles. These together influence the values of balance sheet items, disclosure of contingent assets and liabilities as well as the reported amounts of revenues and expenses during the reporting period. Final actuals may differ from the estimates.

Estimates and judgements are continually evaluated, and they are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The table below lists the areas where management's accounting estimates and judgements are most critical to reported results and financial position; as well as where to find more information on the areas of critical accounting estimate and judgement.

Key estimates and judgements		Note
Revenue Recognition	3.1	Revenue and reportable business areas
Share-based payments and incentive plans	3.4	Share based payments
Determination of lease term and incremental borrowing rate	4.1	Right of use assets
Determination of provision	4.5	Provisions
Assigned values for intangible assets.	5.2	Intangible assets
Impairment testing of intangible assets	5.2	Intangible assets

2. First-time adoption of IFRS standards

2.1 IFRS impact: The transition effects and exemptions applied

Adoption of IFRS and its impact

Nitro Games publishes its first financial statements prepared in accordance with IFRS for the reporting period ended on the 31.12.2023. The following are the impacts of the adoption of IFRS on the statement of profit or loss prepared in accordance with the Finnish Financial Reporting Standards (FAS) for the reporting periods 1.1.-31.12.2022 and 1.1.-31.12.2023 and on the statement of financial positions on 1.1.2022, 31.12.2022 and 31.12.2023. In this financial statement, Nitro Games has applied IFRS 1 First-time adoption of IFRSs, and the transition date to IFRS is 1.1.2022. Previously, Nitro Games has applied the Finnish GAAP (FAS) in its financial statements.

The company's statement of profit or loss and statement of financial position present the most material adjustments to the financial statements prepared in accordance with local accounting regulations. In addition, Nitro Games has applied the exemptions in IFRS 1 First Adoption of IFRSs, and these exemptions are described below. IFRS adjustments made in the transition are described in the tables and in the corresponding explanations below.

Statement of profit or loss and other comprehensive income 1.1.-31.12.2022

Euro	Note	FAS	IAS 38 Capitalized game development	IFRS 16 leasing adjustments	IFRS 2 option adjustments	Borrowing costs capitalization	IAS 23	IFRS 9/IAS 32 Convertible bonds	IAS 20 Government grants	Total IFRS adjustments	IFRS
Revenue	3.1	7,247,921									7,247,921
Other operating income	3.2	11,841									11,841
Manufacturing for enterprise's own use		699,462	-699,462							-699,462	0
Materials and services	3.3	-4,760,797	511,844							511,844	-4,248,953
Employee benefits expense	3.4	-3,759,959	183,751		-238,241					-54,490	-3,814,449
Depreciation and amortization	3.6	-772,361		-45,865		-3,210				-49,076	-821,437
Other operating expenses	3.5	-2,050,218	3,867	50,155						54,022	-1,996,195
Operating profit		-3,384,109		4,290	-238,241	-3,210				-237,161	-3,621,271
Finance income and expenses	6.2	-21,358		-4,290		16,052	-28,300	-48,385		-64,923	-86,281
Profit before tax		-3,405,468			-238,241	12,842	-28,300	-48,385		-302,084	-3,707,552
Profit/loss for the period		-3,405,468	0	0	-238,241	12,842	-28,300	-48,385		-302,084	-3,707,552
Other comprehensive income / expense		0								0	0
Total comprehensive income for the period, net of taxes		-3,405,468								-302,084	-3,707,552

Statement of profit or loss and other comprehensive income 1.1.-31.12.2023

Euro	Note	FAS	IAS 38 Capitalized game development	IFRS 16 leasing adjustments	IFRS 2 option adjustments	Borrowing costs capitalization	IAS 12 Income tax	IFRS 9/IAS 32 Convertible bonds	IAS 20 Government grants	Total IFRS adjustments	IFRS
Revenue	3.1	8,841,552									8,841,552
Other operating income	3.2	5,721									5,721
Manufacturing for enterprise's own use		1,160,946	-1,160,946							-1,160,946	0
Materials and services	3.3	-5,190,588	724,812							724,812	-4,465,776
Employee benefits expense	3.4	-3,858,844	406,042		-116,453					289,589	-3,569,255
Depreciation and amortization	3.6	-1,237,006		-60,419		-10,859				-71,278	-1,308,284
Other operating expenses	3.5	-2,628,728	30,092	69,830						99,922	-2,528,806
Operating profit		-2,906,945		9,411	-116,453	-10,859				-117,901	-3,024,846
Finance income and expenses	6.2	-242,679		-9,411		20,711		-111,596	-60,773	-161,069	-403,748
Profit before tax		-3,149,625			-116,453	9,852		-111,596	-60,773	-278,970	-3,428,595
Income tax expense	7	0					145,464			145,464	145,464
Profit/loss for the period		-3,149,625	0	0	-116,453	9,852	145,464	-111,596	-60,773	-133,506	-3,283,131
Other comprehensive income / expense		0								0	0
Total comprehensive income for the period		-3,149,625								-133,506	-3,283,131

Statement of financial position 1 January 2022

Euro	Note	FAS	IFRS 16 leasing adjustments	IFRS 2 option adjustments	IAS 23 Borrowing costs capitalization	Total IFRS adjustments	IFRS
ASSETS							
Non-current assets		2,865,165	63,390		12,842	76,232	2,941,397
Intangible assets	5.1	2,754,144			12,842	12,842	2,766,986
Right-of-use assets	4.1		63,390			63,390	63,390
Non-current receivables	4.2	111,021					111,021
Current assets		4,158,296					4,158,296
Trade receivables	4.2	217,951					217,951
Prepayments and accrued income	4.2	203,056					203,056
Cash and cash equivalents	4.3	3,737,288					3,737,288
Total assets		7,023,461	63,390		12,842	76,232	7,099,693
EQUITY AND LIABILITIES							
Equity							
Issued capital	6.1	80,000					80,000
Reserves	6.1	26,102,389	3	151,187		151,190	26,253,579
Retained earnings	6.1	-19,392,930	-1,248			-1,248	-19,394,178
Profit for the period	6.1	-2,889,532		-151,187	12,842	-138,345	-3,027,877
Total equity		3,899,927	-1,245	0	12,842	11,597	3,911,524
Liabilities							
Non-current liabilities		2,137,983	46,535			46,535	2,184,518
Non-current liabilities	6.3	1,690,604					1,690,604
Interest-bearing loans and borrowings			0			0	0
Contingent consideration liabilities	4.4	447,380					447,380
Trade and other payables							
Contract liability	4.1	0	46,535			46,535	46,535
Current liabilities		985,551	18,100			18,100	1,003,651
Trade and other payables	4.4	474,539					474,539
Interest-bearing loans and borrowings	4.4	33,333					33,333
Contingent consideration liabilities		0	0			0	0
Lease liabilities	4.4	0	18,100			18,100	18,100
Other current financial liabilities	4.4	56,926					56,926
Contract liability		0					0
Accrued liabilities	4.4	420,752					420,752
Total liabilities		3,123,534	64,635	0	12,842	64,635	3,188,169
Total equity and liabilities		7,023,461	63,390	0	12,842	76,232	7,099,693

Statement of financial position 31 December 2022

Euro	Note	FAS	IFRS 16 leasing adjustments	"IFRS 2 option adjustments"	IAS 23 Borrowing costs capitalization	IFRS 9/IAS 32 Convertible bonds	IAS 20 Government grants	Total IFRS adjustments	IFRS
ASSETS									
Non-current assets		5,453,767	171,111		25,492			196,603	5,650,370
Intangible assets	5.1	5,381,246			25,492			25,492	5,406,738
Right-of-use assets	4.1		171,111					171,111	171,111
Non-current receivables	4.2	72,521							72,521
Deferred tax assets		0						0	0
Current assets		2,498,185							2,498,185
Trade receivables	4.2	594,840							594,840
Prepayments and accrued income	4.2	305,872							305,872
Other current financial assets									
Cash and cash equivalents	4.3	1,597,472							1,597,472
Total assets		7,951,952	171,111		25,492			196,603	8,148,555
EQUITY AND LIABILITIES									
Equity									
Issued capital	6.1	80,000							80,000
Reserves	6.1	26,115,604		389,428		220,000		609,428	26,725,032
Retained earnings	6.1	-22,282,462	-1,916	-151,187	12,650		48,385	-92,068	-22,374,530
Profit for the period	6.1	-3,405,468		-238,241	12,842	-28,300	-48,385	-302,084	-3,707,552
Total equity		507,674	-1,916	0	25,492	191,700	0	215,276	722,950
LIA									
Non-current liabilities		4,096,106	138,422			-191,700		-53,278	4,042,828
Interest-bearing loans and borrowings	6.3	1,256,841							1,256,841
Contingent consideration liabilities	4.4	2,000,000				-191,700		-191,700	1,808,300
Trade and other payables	4.4	839,265							839,265
Lease liabilities	4.1	0	138,422					138,422	138,422
Contract liability		0	0					0	0
Current liabilities		3,348,171	34,605					34,605	3,382,776
Trade and other payables	4.4	2,218,253							2,218,253
Interest-bearing loans and borrowings	4.4	436,540							436,540
Contingent consideration liabilities		0	0					0	0
Lease liabilities	4.4	0	34,605					34,605	34,605
Other current financial liabilities	4.4	81,638							81,638
Contract liability		0						0	0
Accrued liabilities	4.4	611,739							611,739
Total liabilities		7,444,278	173,027			-191,700		-18,673	7,425,605
Total equity and liabilities		7,951,952	171,111	0	25,492	0	0	196,603	8,148,555

Statement of financial position 31 December 2023

Euro	Note	FAS	IFRS 16 leasing ad- justments	IFRS 2 option adjustments	Borrowing costs capitalization	IAS 23	IAS 12	IFRS 9/IAS 32 Convertible bonds	IAS 20 Government grants	Total IFRS adjustments	IFRS
ASSETS											
Non-current assets		5,335,207	123,312		35,542		145,464			304,318	5,639,525
Intangible assets	5.1	5,305,186			35,542					35,542	5,340,728
Right-of-use assets	4.1	0	123,312							123,312	123,312
Non-current receivables	4.2	30,021									30,021
Deferred tax assets	7	0					145,464			145,464	145,464
Current assets		5,025,515									5,025,515
Trade receivables	4.2	712,873									712,873
Prepayments and accrued income	4.2	486,813									486,813
Other current financial assets											0
Cash and short-term deposits	4.3	3,825,829									3,825,829
Total assets		10,360,722	123,312		35,542		145,464			304,318	10,665,040
EQUITY AND LIABILITIES											
Equity											
Issued capital	6.1	80,000									80,000
Reserves	6.1	30,187,387		505,881				220,000		725,881	30,913,268
Retained earnings	6.1	-25,687,929	-4,582	-389,428	25,690			-28,300	60,773	-335,847	-26,023,777
Profit for the period	6.1	-3,149,625		-116,453	9,852		145,464	-111,596	-60,773	-133,506	-3,283,131
Total equity		1,429,833	-4,582	0	35,542		145,464	80,104	0	256,528	1,686,361
LIABILITIES											
Non-current liabilities		2,011,398	70,342							70,342	2,081,740
Interest-bearing loans and borrowings	6.3	1,708,301									1,708,301
Contingent consideration liabilities		0	0								0
Trade and other payables	4.4	3,097									3,097
Lease liabilities	4.4		70,342							70,342	70,342
Contract liability	4.5, 3.1	300,000									300,000
Current liabilities		6,919,491	57,552					-80,104		-22,552	6,896,939
Trade and other payables	4.4	1,921,909									1,921,909
Interest-bearing loans and borrowings	4.4	839,747									839,747
Contingent consideration liabilities	4.4	2,000,000						-80,104		-80,104	1,919,896
Lease liabilities	4.4		57,552							57,552	57,552
Other current financial liabilities	4.4	75,614									75,614
Contract liability	4.5, 3.1	1,450,000									1,450,000
Deferred revenue		0									0
Income tax payable		0									0
Provisions		0									0
Accrued liabilities	4.4	632,221									632,221
Total liabilities		8,930,889	127,894					-80,104		47,790	8,978,679
Total equity and liabilities		10,360,722	123,312		35,542		145,464	0		304,318	10,665,040

A summary of the impacts of the adoption of the IFRS on Nitro Games's Oyj statement of profit or loss and other comprehensive income and statement of financial position

2.1 Intangible assets

Borrowing costs: In its FAS financial statements Nitro Games expensed all borrowing costs. In IFRS financial statements borrowing costs are required to be capitalized under IAS 32 for the cost of the asset requiring a substantial period of time to complete when they meet the criteria for the capitalization. In the transition to IFRS Nitro Games capitalized borrowing costs for development projects if the development phase exceeded 12 months. In 2023 income statement EUR 20.7 thousand of interest expense was capitalized to intangible assets. Corresponding figures were EUR 16.0 in 2022.

2.2 IFRS16 – Leases

In its FAS financial statements, Nitro Games recognized lease payments as expenses in the period to which they related. Nitro Games adopted IFRS 16 Leases using the full retrospective approach with right-of-use assets and lease liabilities determined starting from lease commencement date. Nitro Games's leases mainly relate to IT equipment like servers and computers.

In the FAS financial statements, Nitro Games has recognised expenses relating to leases in other operating expenses in equal amounts during the lease term. The leased assets have been disclosed in the notes as off-

balance sheet items. In the IFRS financial statement, Nitro Games must recognise, following the principles of IFRS 16, a right-of-use asset and a lease liability for each lease. Due to the exemptions given in IFRS 16 these items do not need to be recognised for short-term leases and low-value leases. In the income statement depreciations on right-of-use assets and interest expenses on lease liabilities are recognised.

In connection with the IFRS transition, Nitro Games has applied the relief allowed by IFRS 1 to value lease liability and right-of-use assets on the transition date. The right-of-use asset and the corresponding lease liability are recognised at the discounted value of future lease payments. Lease liabilities have been calculated by discounting outstanding lease payments to net present value. The discounting rate used is the incremental borrowing rate at lease start date. Right-of-use assets have been calculated to be the sum of lease liabilities adjusted for advance lease payments or accrued lease payments, the underlying items of which were recognised on the balance sheet immediately before 1 January 2022.

In the opening 1.1.2022 balance sheet IFRS adjustments include an addition of EUR 63.4 thousand in right-of-use assets. Similarly, an addition of EUR 46.5 thousand was recognised in non-current lease liabilities and an addition of EUR 18.1 thousand in current lease liabilities.

In the 31.12.2022 balance sheet an addition of EUR 171.1 thousand was recognised in right-of-use assets. In addition, EUR 138.4 thousand was added to non-current lease liabilities and EUR 34.6 thousand was added to current lease liabilities. In the 31.12.2023 balance sheet the IFRS adjustments amounted to an addition of EUR 123.3 thousand in right-of-use assets as well as EUR 70.3 thousand in non-current lease liabilities and EUR 57.6 thousand in current lease liabilities.

Due to IFRS adjustments in the 1.1.-31.12.2022 income statement, depreciations increased by EUR 45.9 thousand and finance expenses increased by EUR 4.3 thousand, in addition other operating expenses decreased by EUR 50.2 thousand. Following the same principle, in the 1.1.-31.12.2023 income statement, depreciations increased by EUR 60.4 thousand, finance expenses increased by EUR 9.4 thousand and other operating expenses decreased by EUR 69.8 thousand.

When recognising leases, a change was also made in presentation. In the financial statements of Nitro Games, which were created following local GAAP, leased assets were treated as off-balance sheet operating leases. In the Nitro Game's financial statements that follow IFRS, right-of-use assets and lease liabilities are presented as their own balance sheet items.

Nitro Games did not recognize in statement of financial position short-term leases (a lease that, at the commencement date, has a lease term of 12 months or less) and leases for which the underlying asset is of low value (each asset with a value of approximately EUR 5 thousand or less when new). Nitro Games recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term in Other operating expenses.

2.3 IFRS 2 - Share-based payments

Nitro Games has share option plans for its employees and other key personnel and the related payments are made with equity instruments. In FAS financial statements the option plans had not been recognized in profit or loss. In the IFRS financial statement the plans are accounted for as equity-settled plans under IFRS 2. The awards granted are measured at fair value at grant date and recognized as an employee benefit expense during the vesting period with a corresponding entry in equity. At each reporting date, the number of shares that are expected to vest from the Nitro Games's share-based incentive plans is revised. As part of this evaluation, the changes in the forecasted performance of the Nitro Games, the expected turnover of the personnel participating in the plans and other information impacting the number of shares to vest, is taken into consideration.

Any adjustments to the initial estimates are recognized in profit or loss and a corresponding adjustment is made to equity. Under previous GAAP Nitro Games did not recognise share-based payments as an expense. In 2023 income statement EUR 116.5 thousand was added to employee benefit expenses. Corresponding figures were EUR 238.2 thousand in 2022.

IFRS 2 Share-based Payments requires share options to be measured at the grant-date fair value and recognized as expenses over the vesting period. A contra-entry is made to equity, so the equity balance is unaffected. The resulting change in the Employee benefit expenses in the financial year ended 31 December 2023 was an increase of EUR 116.5 thousand and in the financial year ended 31 December 2022, an increase of EUR 238.2 thousand. Under FAS, the subscription price of the share has been recorded in the company's reserve for invested unrestricted equity. The benefit received by employees and other key personnel from the discount granted in share issues has been recorded as an expense in the income statement under FAS. Under IFRS, the received payments have been recognized as expenses over the vesting period and counter-entry is made to equity. During the first nine months period that ended on 30.9.2023, the company did not authorize any new options plans. There were 222,000 share options granted within the scope of already approved option plans during this period. The expense recognized related to those options in the period ending 31.12.2023 was EUR 54.5 thousand.

The Board authorized two new option plans (2023A and 2023B) during Q4 2023. In October the company granted 2,243,192 options under the plan 2023A (maximum plan 2,243,192 options) and 3,000 options for plan 2023B (maximum plan 249,244 options). All 2,246,192 of the granted options were subscribed in October 2023. The expense recorded relating to the option plans 2023A and 2023B was EUR 21.4 in Q4 2023.

The Board decided in its meeting 17.10.2023 to cancel all unallocated option rights in the company's possession. The cancelled option rights related to option programs 1/2019, 2/2020 and 1/2022. Total number of cancelled option rights amounted to 83,078.

2.4 Revenue recognition:

IFRS includes the 5-step model for revenue recognition. Revenue is recognized over time or at a point in time on a performance obligation level. First, it is analysed whether the over-time revenue recognition criteria are met, and if not, revenue is recognized at a point in time. All Nitro Games revenue generated from Games business is currently recognized at a point in time. Service business area includes client contracts that can span over 12 months. These contracts often include advance payments. Advance payments are recorded on the balance sheet as Contract liabilities and revenue is recognized over time, when the over-time revenue recognition criteria are met. Revenue is recognized when the performance obligation has been fulfilled. The revenue recognition method was the same as according to FAS. Thus, there were no adjustments to the revenue recognized in transitioning from FAS to IFRS. Nitro Games had no customer contracts, that were not completed, at the date of transition to IFRS on 1 January 2022, thus no adjustment was recognized on 1 January 2022. At the close of business 31.12.2023 there was EUR 1,750 thousand of advance payments received in 2023 that will be recognized to revenue over time in 2024 and 2025.

2.5 Financial assets and liabilities

2.5.1 Effective interest rate method: Previously Nitro Games measured its financial liabilities at their nominal values. In the transition to IFRS, Nitro Games adopted the effective interest rate method (EIR), which decreased the original loan value with the amount of the transaction costs. The amortization of the transaction costs to finance costs increased the finance cost. There were no material transaction costs to be capitalized during the transition period and the interim reporting periods.

2.5.2 Convertible loan: Nitro Games drew a convertible, 2-year interest-free loan of EUR 2 million in September 2022 from Nordisk Games A/S. The convertible loan was presented at nominal value under FAS. In IFRS the convertible loan was recognized at fair value through profit or loss. The instrument has been classified as a compound financial instrument in the statement of financial position. The instrument has been divided into a loan element and an equity element. The loan is carried at amortized cost and the option element is booked to equity. The effect to the equity at date of recording was an increase of equity of EUR 220 thousand in the year ended 31.12.2022. The equity element is amortized through profit and loss over the duration of the loan period.

The calculated interest expense of the convertible debenture in accordance with IAS 32 and IFRS 9 is recorded as interest expense. The impact in the period ending 31.12.2023 is an increase in interest expense of EUR 111.6 thousand. The impact in 2022 was an increase in interest expense of EUR 28.3 thousand.

2.5.3 Government loans with lower than market interest rate. Nitro Games was awarded a non-collateral government loan facility. The facility, maximum amount EUR 1,635 thousand, was for a seven-year period and the interest rate was below market rate. The loan was awarded for a specific research and development project. The loan granted can be a maximum of 50% of the project's total cost. Repayments of the loan are done in annual tranches, with the first three years amortization-free.

There is a clause about possible non-repayment of the loan, up to 100% of the loan amount, in the event of the project failing. Due to the uncertainty of the cash-flows relating to drawdowns and eventual repayment of the loan, the loan is measured at historical costs based on drawdowns and amortizations. The loan is now fully drawn down and the fair value of the loan balance as at 31.12.2023 is EUR 1,613 thousand. First amortization of EUR 403 thousand is on 29.4.2023, The loan will be paid by annual repayments until the loan is fully repaid on 29.4.2026. The company has treated the below-market interest component as a government grant (computational interest rate subsidy). The amount has been calculated as the difference between nominal interest (1%) on the loan and the company's alternative financing cost (4%). Based on this the interest subsidy is 3%. This interest subsidy is calculated on the outstanding loan balance and recorded as an interest expense through profit and loss, with the other entry being recorded to retained earnings in equity, thus resulting in an annual interest cost of 4% on the loan balance outstanding.

A second loan with similar terms has been underwritten in March 2023 for maximum value of EUR 1,528,000. The first drawdown of EUR 458 thousand was done 31.3.2023. A second drawdown of EUR 430 thousand was done in Q3. The balance stands at EUR 888 thousand as of 31.12.2023. The remaining facility will be drawn down between 2023-2025 subject to project progress reports.

The combined balance of the two loans at 31.12.2023 is EUR 2,501 thousand and the total interest expense for the period ended 31.12.2023 is EUR 82.6 thousand of which EUR 60.8 thousand is computational interest subsidy which does not give rise to a cash outflow. Corresponding figures for fiscal year 2022 were EUR 64.5 thousand total interest and EUR 48.4 thousand in interest subsidy. The computational interest subsidy does not give rise to a cash outflow in the present or in the future. Hence the interest paid for servicing the loans is EUR 21.8 thousand in the period ending 31.12.2023 and EUR 16.1 thousand in 2022.

2.5.4 Bridge loan

The Company secured a bridge loan of SEK 23.0 million (the "Bridge loan") to be repaid in full, in cash with proceeds from the Rights issue or offset against new shares in the Rights issue,

The loan was drawn down in April 2023 and the book value is EURO 1,948,244 as at 30.6.2023. The loan has been booked in the company's functional currency EURO and retranslated using the closing rate at the reporting date 30.6.2023. The interest is 10% which is considered the market rate. The principal and interest were repaid in full in Q3 2023.

2.6 Capitalized development costs

The capitalized game development costs (IAS 38), which have been recorded to Manufacturing for the enterprise's own use under FAS, are now being reclassified as a reduction to Materials and services and Employee benefit expenses and other operating expenses. The amounts are shown in the bridge calculations between FAS and IFRS.

2.7 Deferred taxes

Deferred taxes: Deferred tax adjustments were recognized on IFRS adjustments where applicable. Deferred tax assets were recognized for deductible temporary differences only to the extent that it is probable that future taxable profits will be available. Deferred tax assets and deferred tax liabilities were offset to the extent they relate to the same taxation authority, and Nitro Games has a legally enforceable right to set off current tax assets against current tax liabilities. The company recorded a deferred tax asset of EUR 145.5 thousand through profit and loss in the first quarter ending 31 March 2023. The deferred tax asset was assessed again at the end of the second quarter. No adjustment was deemed necessary, so the balance remains at EUR 145.5 thousand on 31.12.2023

3 Result from business operations

Nitro Games is a mobile game developer and publisher. The Company focuses on producing high-quality mobile games mostly for the mid-core audience. Nitro Games is specialized in the category of shooter games. The company also offers its services in game development and publishing to selected customers.

3.1 Revenue and reportable Business areas

Nitro Games' main source of revenue comes from publishing gaming products. The operation is divided into two business areas: Games business; the development and publishing of mobile games for international distribution and Service business; the selling of expertise in game development and publishing as a service to international gaming companies.

A significant part of the Company's turnover has previously come from customers within the scope of Service business area accounting for 93% of total revenue in 2023, in several geographical locations globally. Lately the Company has published several successful games, and the share of Games business revenue has grown to more than 28% of the Company's total revenue. The Company's sales come from several geographical locations with biggest markets being North America, EU and The United Kingdom.

Revenue

Accounting policy

The Company applies the five-step revenue recognition model included in IFRS 15 to recognise revenue. IFRS 15 aims to provide users of financial statements with information about the risks, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The recognition of revenue under IFRS 15 is based on a transfer of control. Revenue is recognised when the performance obligation is fulfilled by transferring control over the promised good or service to the customer. The transfer of control may take place at a single point in time or over time. Revenue is recognised at the amount to which the company expects to be entitled against the transfer of the performance obligations.

Revenue from customer contracts

Revenue from contracts with customers constitutes as ordinary sales from business activities and is recognized when a customer obtains control of promised services e.g. the service requirement has been fulfilled. The term "Gross bookings" is used as industry standard terminology to describe purchase behaviour by players in each period but does not fulfil the requirements of IFRS 15 to be recognized as revenue. Gross bookings are based on the virtual currency and commodities purchased by a player in each period, as well as the consideration received for displaying ads. Revenue is recorded in the Company's income statement.

Nitro Games generates revenue primarily through the sale of virtual items to users (In Application Purchases, IAP). Nitro Games also generates revenue from in-game advertising (Ad Sales, ADS), and Co-Development sales. Nitro Games derives most of its revenue from customers located in North America, The United Kingdom and Europe.

Income from Main Revenue Streams; Games business

Games as a service refers to a business model where the Company's games are available to download for free to customers in digital storefronts, and the player can enhance their own experience by watching ads, or by purchasing the Company's virtual products in the game. In return, the Company maintains the service and further develops the game by bringing new content to the game. The maintenance of the service is continuous, the Company's games have remained in app stores for years.

1. Games business: In Application Purchases from Digital Storefronts

Nitro Games' customers (users) can purchase virtual items to enhance and expand their game experience. Nitro Games sells its products through digital storefronts: Apple App Store and Google Play Store.

There are two different kinds of in-application purchases in mobile games: consumables and durables. Consumables benefit the user immediately, while benefits from durables last across user lifetime and are usually more expensive than consumables. At present Nitro Games offer only consumable purchases.

Consumables can be bought directly or indirectly via using virtual currency. Virtual currency can only be redeemed for virtual items and cannot be withdrawn. Virtual currency purchased in one of the games cannot be used in another game.

2. Games business: Advertising Revenues

Advertising revenues are generated by displaying advertisements during gameplay. Advertising networks pay Nitro Games a fee stipulated in a separate agreement.

3. Service business: Revenue from Game development and publishing agreement

Nitro Games classifies revenues from other than in-application-purchases and advertising as Service business revenue. Revenues falling into this category are for example sales from game development and publishing agreement to external partners.

Disaggregation of revenue

Nitro Games' main source of revenue comes from publishing gaming products. The operation is divided into two business areas: Games business; the development and publishing of mobile games for international distribution and Service business; the selling of expertise as a service to international gaming companies.

Revenue from operations	1.1.2023–31.12.2023	1.1.2022–31.12.2022
Games business	1,971,950	524,524
Service business	6,869,603	6,732,398
	8,841,553	7,256,922

Revenue by geographical market

The geographical breakdown of revenue is presented based on the location of the customers. All the revenue shown above has been recognized at a point in time.

Revenue per market area	1.1.2023–31.12.2023	1.1.2022–31.12.2022
EU	1,632,017	273,311
North America	5,461,253	3,023,016
United Kingdom	1,597,388	3,407,766
Other	150,895	543,829
	8,841,553	7,247,922

Accounting Principles: Revenue Recognition

Nitro Games utilizes a five-step model framework in revenue recognition. The Company identifies contracts between its players, advertising networks and Co-development partners.

1. Identification of contract. Nitro Games does not recognize the initial download of its free to play game from a digital storefront as a creation of contract in accordance with IFRS 15, because of the lack of commercial substance. As the initial downloading of the game is free of charge, a contract between Nitro Games and the customer occurs as the separate election by the player to make an in-application purchase. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. Advertising revenues create a contract between Nitro Games and the advertising network, as the consideration is paid by the advertising network. The Co-development deal creates a contract between Nitro Games and the other party.

2. Identification of performance obligation. Games- as-a-service business model encompasses a single combined performance obligation which is to make the game and the ongoing game related services available. This is further defined as the provision of ongoing game related services such as hosting of game play, storage of customer content, maintaining of virtual currency, continuing displaying and providing access to purchased virtual

goods, and reasonable service or content updates. For advertising revenue, the performance obligation is fulfilled after the advertisement has been shown. The performance obligation in Co-development business is laid down in each individual customer contract.

3. Determination of transaction price. The transaction price is the amount of consideration to which Nitro Games expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes).

4. Allocation of transaction price to the performance obligation. In the games-as-a-service business model, the transaction price is allocated entirely to the single combined performance obligation. Service obligation to a customer is fulfilled at the point of time when the customer payment is made at the Digital Storefront.

5. Recognition of revenue. Digital storefronts pay Gross Bookings for the period monthly. Nitro Games recognizes revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. When (or as) a performance obligation is satisfied, Nitro Games recognizes as revenue the amount of the transaction price that is allocated to that performance obligation.

Consumables satisfy the performance obligation “at a point in time” and are recognized at the point of purchase. Advertising revenue is recognized net, in the month of impression delivered (“at a point in time”), based on revenue reports from the ad network indicating the number of impressions delivered, price per impression and payables due to Nitro Games. Simultaneously to sending the revenue report, the advertisement network also commits to paying the money to Nitro Games, and collection can be reasonably assured. Nitro Games also defer Cost of Revenues that are derived from contracts with customers. Deferred Cost of Revenue includes platform cuts (revenue shares paid to digital storefronts), license fees (revenue share that is paid to license owners), and server and hosting expenses (revenue shares paid to technology providers).

Revenue recognition from Service business is based on contracts and revenues related to them are recorded on an accrual basis.

Key Judgment and Estimates: Deferred Revenue

Revenue recognition requires management to make key judgments relating to the classification of durable items. In identifying durable items, the economics of each individual game, as well as the usage of customers (paying users) virtual currency and durable products, is analyzed and considered.

Currently Nitro Games offer only consumable in the Games business area. In Service business contracts can span over a longer period of time and advance payments might be required from the customers.

In preparation of the Financial Statements, management is required to make estimates over what period of time revenue is to be deferred. Advance payments are booked as contract liabilities and the revenue recognition is based on accrual method.

Estimates are continuous and have historically been revised when performance or user characteristics change. Changes in estimates of the player lifetime, or classification of what to defer in a certain title may result in revenue being recognized on a basis different from prior periods’ and may cause operating results to fluctuate. Such events may include serious technical problems causing players being unable to access the game for a period of time. Pandemics and other situations hindering the capability of free movement may also impact location-based games.

3.2 Other operating income

Other Operating income includes income other than the actual sale, such as rental income and public grants. Public grants that have been received as compensation for incurred expenses are recognized as income in the same period as the expenses are recorded as expenses.

Other operating income	2023	2022
Rental income	5,721	7,641
Others income	0	4,200
	5,721	11,841

3.3 Material and services

Accounting policy

The company invests heavily in development activities, with a focus on gaming products, analytics, technology, and publishing processes. The company's development costs comprised of personnel costs and purchased external services.

Purchase services include game maintenance (hosting) and user acquisition costs, application store commissions and other external services purchased for game development and maintenance. Expenses are recorded for the month in which they are incurred,

Materials and services	2023	2022
Purchases of material	2,292,752	927,945
External services	2,173,024	3,321,007
	4,465,775	4,248,952

3.4 Personnel

3.4.1 Employee benefits

Employee benefits include short-term employee benefits, benefits paid upon termination and post employee benefits. Short-term employee benefits include salaries and fringe benefits, annual holidays, and bonuses. Nitro Games also has multiple Equity plans, which costs are recorded to employee expenses according to IFRS 2 principles. Benefits are classified into defined contribution and defined benefit plans. The Group has no defined benefit-based pension plans. Benefits paid upon termination refer to benefits arising from termination of employment, not performance of work. Post-employment benefits consist of benefits paid after employment, such as healthcare.

Accounting Principles: Employee Benefits

Liabilities arising from short-term benefits are recognized in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Incentive plans are approved annually. The Company utilizes defined contribution pension plans under which the Company pays fixed contributions into a separate entity with no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to the defined contribution plans are charged directly to the statement of comprehensive income in the year to which these contributions relate.

Personnel expenses	2023	2022	Muutos %
Salaries and bonuses during the accounting period	3,186,545	3,091,651	3.1
Pension and other personnel expenses	672,299	668,308	
Share based option programs	116,453	238,241	
Capitalized to product development costs	-406,042	-183,751	
Total personnel costs	3,569,255	3,814,449	-6.4

3.4.2 Number of personnel

	2023	2022	Muutos %
Average number of personnel	49	51	-3.9
Number of personnel at the end of the year	48	58	-17.2

3.4.3 Share-based payments

Nitro Games has five share-based incentive schemes: Optio Plan 1/2019, Optio Plan 2/2020, Optio Plan 1/2022, Optio Plan 2023A and Optio Plan 2023B.

Accounting policy

Nitro Games has several option programs. The programs include conditions requiring the option holder to be employed in the company for a certain period (service condition).

Non-market vesting conditions are not considered when measuring the fair value of an option on the grant date. Service conditions are considered on each reporting date to estimate the quantity of awards that will vest, and expense will be adjusted accordingly. Expense will ultimately reflect those awards that do ultimately vest. Options are measured at fair value on their grant date and expense is recognized as an expense to Employee benefits and to Accumulated losses in equal tranches for the vesting period.

The fair value on grant date is determined using Black-Scholes. The various assumptions used as input are spot price of the company's share on grant date, option strike price, vesting period, risk-free interest rate and the volatility of the company's share.

When the options are exercised, the proceeds received from the share subscriptions are recognized in accordance with the terms of the plan under the reserve for invested unrestricted equity, adjusted for any transaction costs. Employees and key staff employed by Nitro Games are entitled to receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, Black-Scholes. That cost is recognized in employee benefits expense, together with a corresponding increase in equity (retained earnings) over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit in the statement of comprehensive income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period. Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. No expense is recognized for awards that do not ultimately vest because service conditions have not been met. When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through statement of comprehensive income.

Option programs

Nitro Games has established option programs as incentive programs for the company's personnel, including the company's employees and other key personnel. The purpose of issuing the option rights is to bind the option holders to the economic growth of the company and to the development of the company's value as well as create a long-term relationship between the company and the option holders, which benefits the company both economically and operationally.

According to the option programs the subscription right may be used only if the option holder has an employment or service relationship with the company at the time of the subscription. The option programs also include a condition related to the continuance of the work or service relationship, according to which the option holders lose their right to the options if they terminate their employment or service relationship. If the option holder's relationship is terminated by the company, the option holder is entitled to retain the vested options and the options that will vest during the following vesting event.

Current stock options programs

	Max authorized	Changes in the 2022 reporting period				Changes in the 2023 reporting period				
		Number of options 1.1.2022	Granted	Forfeited	Exercised	Expired	Number of options 31.12.2022	Number of options 1.1.2022	Granted	Number of options 31.12.2023
1/2017	231,000	231,000				231,000				
1/2018	76,868	76,868				76,868				
1/2019	73,132	22,000				22,000	22,000		22,000	
2/2019	153,000	132,500				132,500				
2/2019	0									
2/2020	1,057,018	1,016,218	49,000	10,646	9,500	1,045,072	1,045,072		1,045,072	
1/2022	355,000		133,000	20,000		113,000	113,000	222,000	335,000	
2023A	2,243,192							2,243,192	2,243,192	
2023B	249,244							3,000	3,000	
Optiot yhteensä	4,438,454	1,478,586	182,000	30,646	9,500	363,500	1,256,940	1,180,072	2,468,192	3,648,264

Stock option programs 31.12.2023

	1/2018	1/2019	2/2020	1/2022	2023A	2023B
Max authorized	76,868	73,132	1,057,018	355,000	2,243,192	249,244
Number of options outstanding	76,868	22,000	1,045,072	335,000	2,243,192	3,000
Subscription price €/share	7,24	7,24	15,SEK	VWAP30	6,SEK	SVWAP30+10%
Subscription period ends	31.12.22	31.12.23	31.12.23	31.12.27	12.6.28	27.6.28
Number of entitled subscribers	50	10	54	12	45	1

Management ownership and option rights

At the balance sheet date, the company's board of directors, management team, team and their immediate circle held the following amounts of shares and rights of options:

	31.12.2023			31.12.2022		
	Shares	% Shares	Options	Shares	% Shares	Options
Board	584,555	2.3 %	0	293,540	2.3 %	0
CEO and Management *	690,976	2.8 %	2,874,681	487,196	3.8 %	1,076,590
Team	36,821	0.1 %	668,109	21,160	1.7 %	180,350
Sum	1,312,352	5.3 %	3,542,790	801,896		1,256,940
Number of shares	24,924,364			12,903,102		
Number of Options	3,648,264			1,256,940		

* Antti Villanens shares and options are included under the management. He is also a member of the Board.

Significant estimate and assumptions used in measuring fair value

The fair value of stock options is determined on their grant date. The fair value is determined using the Black-Scholes option pricing model. The expected volatility is based on the Company's available historical volatility. The company's uses as its alternative borrowing cost the 12-month Euribor +3,5% margin, is used as a proxy for the risk-free rate.

On each reporting date, the company estimates the amount of awards that will vest, and expense cost will be adjusted accordingly.

Key Judgments and Estimates: Share-based Payments

Nitro Games uses the Black-Scholes pricing model to value share-based payments. All parameters used in the calculation are presented in the tables below. The fair value of Nitro Games' shares prior to the IPO was determined by an independent third party.

Option pricing model

EUR	31.12.2023		31.12.2022		31.12.2021	31.12.2020
Optio Plan	2023	2022	2022	2020	2020	2020
Valuation model	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes
Fair value of option grants during period	€0,06	€0,35-0,56	€0,37-0,69	€0,16-0,95	€0,06-2,04	€0,17-0,27
Main assumptions:						
Expected volatility	90 %	90 %	90 %	90 %	90 %	90 %
Share price at the valuation date	€0,18-0,25	€0,89-1,20	€1,01-1,72	€1,02-2,18	€1,30-3,43	€1,09-1,28
Weighted average share price during the period	€0,25	€1,14	€1,33	€1,44	€2,82	€1,10
Exercise price	€0,25-€0,52	€1,03-€1,17	€1,28-€1,89	€1,36-€1,44	€1,45-€1,50	€1,44-€1,47
Expected dividend yield	0 %	0 %	0 %	0 %	0 %	0 %
Risk free interest rate	4.00 %	4.00 %	4.00 %	4.00 %	4.00 %	4.00 %

3.5 Other operating expenses

Accounting policy

Other operating expenses include expenses such as premises, IT and telecommunication, administrative, maintenance and marketing and communication. In addition, lease payments recognised in the income statement on leases classified as short-term leases or leased assets classified as of low value are included in other operating expenses. Other operating expenses also include losses arising from the disposal of intangible assets

Other operating expenses

EUR	1.1.2023–31.12.2023	1.1.2022–31.12.2022
Voluntary employee benefits	96,643	102,949
ICT Equipment and software licenses	506,882	525,710
HR external expenses	128,256	223,873
Travel expenses	226,885	189,478
Office expenses	178,979	171,221
Stock Exchange expenses	150,227	159,574
Credit losses on sales	34,274	34,594
Legal and advisory services	526,981	476,069
Funding costs	617,888	0
Other expenses	161,712	166,722
Transferred to capitalized development costs	-99,922	-54,023
	2,528,805	1,996,167

Auditors fees

EUR	1.1.2023–31.12.2023	1.1.2022–31.12.2022
Statutory audit	16,393	15,874
Other fees	4,547	5,695
	20,940	21,569

3.6 Depreciation, amortization and impairment losses

Accounting policy

Depreciation is recognised as an expense in the income statement on a straight-line basis over the estimated useful lives of intangible assets. Right-of-use assets are depreciated over the lease term.

Depreciation and impairment	1.1.2023–31.12.2023	1.1.2022–31.12.2022
Immaterial right	435,523	210,523
Development costs	812,342	565,048
Right-of-use assets	60,419	45,866
	1,308,284	821,437

Principles for depreciation according to plan

Development costs	5 years	Straight-line depreciation
Right-of-use assets	3-5 years	Straight-line depreciation
Immaterial rights	3-10 years	Depreciation begins when the economic recovery begins

3.7 Earnings per shares

Accounting policy

Basic earnings per share is calculated by dividing the profit for the financial year attributable to the company's shareholders by the weighted average number of shares outstanding during the financial year, excluding own shares held by Nitro Games.

Diluted earnings per share are calculated by adjusting the average weighted number of shares by diluting all potentially dilutive shares, such as share options and convertible bond shares. This changes the weighted average of the number of shares outstanding.

CALCULATION OF EARNING PER SHARE	2023	2022
Net profit /loss (EUR thousand)	-3,283.1	-3,707.6
Number of shares, average	17,440,052	12,900,123
Number of shares, average diluted	17,440,052	12,900,123
Number of shares at the end of the period	24,924,364	12,903,102
Number of Share options	3,648,264	1,256,940
Number of Special Right	2,000,139	1,113,586
Equity per share (EUR)	0.07	0.06
Earnings per share (EUR) undiluted	-0.19	-0.29
Earnings per share (EUR) diluted	-0.19	-0.29

4. Operating assets and liabilities

4.1 Right of use of assets

IFRS 16 Leases requires lessees to recognise all leases in the balance sheet. This is done by recognising the right-of-use asset and the lease liability at the inception of each contract. The values of these are based on the present value of future rental payments. Instead of recognising lease costs in the income statement, depreciation is recognised for right-of-use assets and interest expenses for lease liabilities.

The Company leases mainly IT equipment. The Company has not identified any service contracts under which there are identifiable assets that should be recognised separately in accordance with IFRS 16.

Accounting policy

The moment each contract is agreed upon, the Company assesses whether the contract in question is a lease or whether it contains a lease. This assessment is made in accordance with IFRS 16 on the basis of whether a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For each identified lease in which it acts as a tenant, the Company recognises a right-of-use asset and the corresponding lease liability at the inception of the lease. The starting point is defined as the moment when the leased asset is available for use by the Company.

The valuation of the lease liability is made at the beginning of the contract by discounting future lease payments to present value. These fees take into account fixed fees, variable fees based on an index or a rate, residual value guarantees, which are expected to be payable by the Company and the exercise price of a purchase option if the Company is reasonably likely to exercise the option. Various penalty fees for terminating the lease are only taken into account in the valuation if the use of a termination option has been taken into account when assessing the lease period.

According to IFRS 16, the discount rate used for measuring the lease liability and right-of-use asset must be the internal rate of the lease. Often, however, this rate is not easy for the lessee to define, in which case the lessee is allowed to use the Company's incremental borrowing rate instead. The incremental borrowing rate is defined as the interest that the Company would have to pay if it borrowed, for an equivalent period of time and with similar collateral, the money needed to acquire an asset with a corresponding value to the right-of-use asset in a similar economic environment.

After the commencement of the lease, the lease liability is measured by adding in the interest expense on the lease liability and reducing it by the lease payments made. The amount of the lease liability must be remeasured if there are changes in future lease payments as a result of, for example, index changes, a reassessment of the exercise of options included in the contract or other lease changes.

Right-of-use assets are measured at cost, which is determined as the sum of the initial lease liability, rents paid in advance, initial direct costs, and restoration costs. Depreciation of right-of-use assets is made on a straight-line basis over the asset's useful life or the lease term depending on which is shorter. If the Company is reasonably certain that the purchase option included in the contract will be exercised and the exercise amount of the purchase option is included in the valuation of the lease liability, the asset's useful life must be used as the depreciation period.

The Company recognises in the income statement the interest expense on the lease liability and depreciation on right-of-use assets. In the cash flow statement, the Company presents the portion of interest of the lease payments as cash flows from operating activities. The principal payment portion of lease payments are presented as cash flows from financing activities. Payments related to short-term and low-value leases as well as variable lease payments that are not considered in the measurement of the lease liability are presented in cash flows from operating activities.

The Company does not have any activities as a lessor.

Key estimates and judgments

Applied exemptions

The Company has applied the exemptions provided by IFRS 16, according to which it is not mandatory to recognise short-term and low-value leases in the balance sheet. The rental period of a short-term lease is 12 months or less. Lease payments associated with such leases are recognised as an expense on a straight-line basis in other costs. In addition, the Company does not apply IFRS 16 to intangible assets.

Lease term determination

The lease term is the period of time during which the lease cannot be terminated, including the periods covered by any extension option, if the Company is reasonably certain that the option will be exercised. The periods covered by a termination option are also included if the Company is reasonably certain that the option in question will not be exercised. The Company will take into account all factors and circumstances that create a financial incentive to exercise the extension option and not to exercise the termination option. Management re-evaluates the lease period if any significant events occur or circumstances change. Also, the lease term of leases valid until further notice is determined according to the principles described above. The lease term of each such lease is based on the management assessment of the circumstances and the existence of any economic incentives.

Incremental borrowing rate determination

The internal interest rate of the Company's leases is not easily determined, which is why the Company uses the incremental borrowing rate to discount the lease payments. The incremental borrowing rate may have a very significant impact on the valuation of lease liabilities. As basis for determining the incremental borrowing rate, the Company uses the loan interests agreed with financial institutions and following the requirements of IFRS 16 it is ensured that the rate used reflects the lease commencement date, lease term, leased assets and operating environment.

Right-of-Use assets, EUR	2023	2022
Acquisition cost at 1.1	218,211	113,135
Additions	15,843	153,787
Disposals	11,103	48,711
Balance at 31.12	222,951	218,211
Amortisation and impairment		
Balance at 1.1	47,100	49,745
Depreciations for the period	63,642	46,068
Accumulated depreciation on disposals	11,103	48,713
Balance at 31.12	99,639	47,100
Net book value 31.12	123,311	171,111

Lease expenses from short-term leases and from leases of low-value assets are included in other operating expenses and the total amount in 2023 was about 5,001euros (2022 it was 11,254euros).

The maturity analysis of lease liabilities is disclosed under note 6.4.3 Liquidity and refinancing risk. Lease interest expenses are presented under note 6.2 Financial income and expenses.

4.2 Trade and other receivables

Accounting policy

Nitro Games trade receivables are from invoicing of development contracts. The Company's largest clients are private entities.

Nitro Games financial assets consist of cash equivalents, trade receivables and other receivables that are measured at amortized cost using the effective interest method. Financial assets at amortized cost are assets held to collect contractual cash flows and those cash flows are solely payments of equity and interest.

Other receivables consist mainly of receivables from customer contracts, prepaid expenses and accrued income and other receivables.

Key estimates and judgments

Impairment of trade and other receivables

Nitro Games records the expected credit losses related to trade receivables and other receivables based on an estimate proactively. Nitro Games applies a simplified method for the measuring trade receivables and assets from customer contracts. Impairments on trade receivables and assets based on customer contracts are calculated according to the Expected Credit Losses (ECL) model. Estimates on expected credit losses and credit loss provisions to be recognized in trade receivables are based on the amount corresponding credit losses during the entire asset life cycle, whereby a credit loss is recognized on the basis of credit losses expected over the entire life cycle of trade receivables or an asset based on customer contracts.

A provision will be recorded in the balance sheet for expected future credit losses and it will remain on the balance sheet until it is recognized in the income statement or is reversed. Due to the nature of Nitro Games business, provisions may remain on the balance sheet for several years if the receivable involves, for example, the outcome of a lawsuit.

The company's trade receivables are mainly from large platforms such as Google Play store and Apple, who have already collected the payments from the end-users. Hence there is no history of credit losses from users the app users, and the Company is therefore not using portfolio risk approach when assessing the risk of credit losses from Publication business area. There is a review during the financial year and at the year end to judge if a provision for credit losses is needed.

For large individual trade receivables or customers, the credit loss provisions are calculated based on estimates of the probability that the customer will become insolvent. These estimates are from available market information, the customers' credit ratings and the customer-specific experience of Nitro Games project management. Adjustments are made if there are indications of a decrease of customers' credit ratings, for example, on the basis of payment behaviour.

According to Nitro Games management's judgement, expected credit losses related to trade receivables and assets based on customer contracts are not material and therefore not recorded in the financial statement of 31 December 2023.

Non-current assets, EUR	31.12.2023	31.12.2022
Trade receivables		42,500
Other receivables	30,021	30,021
Deferred tax assets	145,464	
Non-current receivables	175,485	72,521
Current assets	31.12.2023	31.12.2022
Trade receivables	712,873	594,840
Other receivables	21,623	21,309
Taxes	76,866	80,691
Other receivables	98,488	102,000
Accrued income	388,325	203,872
Prepayments and accrued income	486,813	305,872

4.3 Cash and cash equivalents

Accounting policy

Cash and cash equivalents, in both the balance sheet and the cash flow statement, include bank balances and other current investments with a due date within three months of the acquisition date.

EUR	31.12.2023	31.12.2022
Cash and cash equivalents	3,825,829	1,597,472

4.4 Trade and other payables

Accounting policy

Trade payables and other financial liabilities included in the item are classified as financial liabilities measured at amortised cost. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. The book values of trade and other payables are considered to correspond to their fair value because of their short maturity. The liabilities are unsecured and are normally settled within 30 days of their initial recognition. The book value of trade payables and other financial liabilities included in this balance sheet item is presented in Note 6.4 Financial Risk Management.

Trade and other payables are classified as current liabilities if they fall due within 12 months of the end of the reporting period. Advances received are contractual liabilities until the Company meets the performance obligation promised to the customer.

Trade and other payables, EUR	31.12.2023	31.12.2022
Non-current liabilities		
Interest-bearing loans and borrowings	1,708,301	1,256,841
Contingent consideration liabilities		1,808,300
Trade and other payables	3,097	839,265
Lease liabilities	70,342	138,422
Contract liability	300,000	
Total non-current liabilities	2,081,740	4,042,828
Current liabilities		
Trade and other payables	1,921,909	2,218,253
Interest-bearing loans and borrowings	839,747	436,540
Contingent consideration liabilities	1,919,896	
Lease liabilities	57,552	34,605
Other current financial liabilities	75,614	81,638
Contract liability	1,450,000	
Accrued liabilities	632,221	611,739
Total current liabilities	6,896,939	3,382,776

4.5 Provisions

The biggest risk of credit losses is related to trade receivables. In the Games business, game users pay for the service when using the game to the Store front, which account for the funds to Nitro Games. Trading places are solvent companies and historically there have been no problems or credit losses in accounting for assets. In the Service business sector, the company has a few large development partners as customers. The business model often includes advance payments to finance the project. Since a large part of receivables is collected in advance, the risk of credit losses is small. The customers are also large solvent companies whose ability to pay is not subject to uncertainty. According to Nitro Games management's assessment, no credit losses are expected for trade.

receivables from customer contracts in the foreseeable future, so management does not consider it necessary to record a provision for credit losses in the financial statements on December 31, 2023.

5. Acquisitions and capital expenditure

5.1 Intangible assets

An intangible asset is recognized if the item is identifiable, Nitro Games controls the asset, there are future economic benefits associated with the intangible asset and it is probable that the future economic benefits that are attributable to the asset will flow to the Company, and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost, except for those assets acquired as part of a business combination. Subsequently, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over the useful lives of the assets.

Research and development costs

The Company capitalizes technology and development costs relating to the development of the game platform, when all the following criteria are met:

- ▶ Nitro Games can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- ▶ The Company intends to complete the intangible asset and use or sell it.
- ▶ Nitro Games is able to use or sell the intangible asset.
- ▶ The Company is able to demonstrate how the intangible asset will generate probable future economic benefits.
- ▶ Nitro Games has adequate technical, financial, and other resources available to complete the development and to use or sell the intangible asset.
- ▶ Nitro Games is able to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalization of development expenditures begins when all the criteria described above are met and ceases when the intangible asset is available for use as intended by management. Capitalized development costs comprise all directly attributable costs of preparing the asset for its intended use. Those costs at Nitro Games mainly include employee benefit costs and purchases from third parties. The Company has also:

- ▶ capitalized borrowing costs incurred by Nitro Games, from the government loans drawn for development activities, or from the generally borrowed funds, where a capitalization rate is applied to the expenditures on that asset.

Amortization periods

The intangible assets are amortized over 3 to 10 years. The amortization period for development costs is 5 years and for Immaterial rights 3-10 years.

Nitro Games reviews the amortization periods and methods applied at least at each financial year- end. If the expected useful life of an asset is different from previous estimates, the amortization period is adjusted prospectively. The changes in useful lives may arise from technical developments, or changes in demand or competition, for example.

Key estimates and judgments

The value of intangible assets obtained in an acquisition are determined based on fair value and their remaining useful lives are determined as well. Assigned values and useful lives as well as the underlying assumptions are based on management's views. Different assumptions and useful lives could have a significant impact on the reported amounts.

Impairment testing during the reporting period

During the reporting period, impairment testing is performed only on the group of cash-generating units.

No indication of impairment of individual assets or cash-generating units was observed during the reporting period. The Company does not have assets with unlimited useful lives or unfinished development projects that should undergo impairment testing annually.

Impairment testing

The carrying values intangible assets, property, plant and equipment, right-of-use assets, and non-financial investments are reviewed regularly for indication of impairment.

Impairment testing is performed if there is an indication of impairment; and the asset is written down to its recoverable amount if its carrying amount is greater than the estimated recoverable amount.

In addition, other intangible assets that have an indefinite useful life, and as such are not subject to amortisation, are tested annually for impairment, even if there is no indication of impairment. Impairment testing is performed and documented annually in connection with the long-term forecasting process.

Annual impairment testing is performed on a cash-generating unit level. Nitro Games defines cash-generating unit as the smallest group of assets that generate cash flows that are independent of the cash flows generated by other assets.

Nitro Games uses value in use to establish the recoverable amount of cash-generating units. Value in use is determined by discounting future cash flows expected to be derived from a group of assets. The carrying amount of a group of cash generating units comprises net operating assets including goodwill and fair value adjustments arising from acquisitions.

All assets are subsequently reassessed for indications an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the assets or cash-generating unit's recoverable amount exceeds its carrying amount.

Intangible assets	Immaterial rights	Development costs	Total
Acquisition cost 1.1.2023	3,331,570	3,508,649	6,840,219
Additions		1,213,761	1,213,761
Acquisition cost 31.12.2023	3,331,570	4,722,410	8,053,981
Accumulated depreciation 1.1.	-210,523	-1,248,450	-1,458,973
Depreciation	-435,523	-818,756	-1,254,279
Accumulated depreciation 31.12	-646,047	-2,067,206	-2,713,252
Net book value 31.12.2023	2,685,523	2,655,205	5,340,728
Net bok value 31.12.2022	3,121,047	2,285,884	5,406,931
Acquisition cost 1.1.2022	631,570	3,921,231	4,552,801
Depreciation	2,700,000	731,566	3,431,566
Disposals		-1,112,044	-1,112,044
Acquisition cost 31.12.2022	3,331,570	3,540,753	6,872,324
Accumulated depreciation 1.1.		-1,798,656	-1,798,656
Depreciation	-210,523	-568,257	-778,781
Disposals		1,112,044	1,112,044
Accumulated depreciation 31.12	-210,523	-1,254,869	-1,465,393
Net book value 31.12.2022	3,121,047	2,285,884	5,406,931
Net bok value 31.12.2021	631,570	2,135,416	2,766,986

6. Capital structure

Accounting policy

6.1 Equity

The Company's equity consists of share capital and accumulated profits. Nitro Games has one class of shares, and all shares have an equal right to dividends. Shares of Nitro Games have no nominal value. The transaction costs arising from the share issue, or the subscription of options are presented as a deduction on equity.

Dividends

Dividends are recognised as debt after the Annual General Meeting has approved the amount of dividend to be distributed.

Reserve for invested unrestricted equity

The portion of the subscription prices of the share issues that is not recognised in share capital, is recognised in the reserve for invested unrestricted equity. The accounting principles of share-based payments made by Nitro Games are set out in Note 3.4.3.

6.1.1. Share capital and number of shares

Nitro Games Board of Directors has made decisions on the directed share issue to the shareholders of Nitro Games and approved the subscriptions made therein on 5.7.2023. As part of the transaction, a directed share issue was arranged to the previous shareholders of Nitro Games, in which 12,021,262 new shares in Nitro Games were issued. As a result of the share issue, the number of shares in Nitro Games increased to 24,924,365 shares. The share issue had no effect on Nitro Games share capital, which is 80 thousand euros.

The new shares issued in the directed share issue have been registered with the Trade Register and trading in them has commenced on Nasdaq First North Growth Market Sweden.

Equit, EUR	31.12.2023	31.12.2022
Restricted equity		
Issued capital 1.1	80,000	80,000
Share capital 31.12.	80,000	80,000
Unrestricted equity		
Invested unrestricted equity reserve 1.1	26,841,485	26,711,817
Share issue	4,071,783	13,215
Invested unrestricted equity reserve 31.12	30,913,268	26,725,032
Retained earnings	-26,023,777	-22,374,530
Profit (loss) of the financial year	-3,283,131	-3,707,552
Total unrestricted equity	1,606,361	642,950
Total equity	1,686,361	722,950
Distributable funds, EUR		
Reserve for Invested unrestricted equity	30,913,268	26,725,032
Retained earnings	-26,023,777	-22,374,530
Profit (loss) of the financial year	-3,283,131	-3,707,552
Capitalized development costs	-2,655,198	-2,285,884
Total distributable funds	-1,048,837	-1,642,934

6.2 Financial income and expenses

EUR	1.1.2023–31.12.2023	1.1.2022–31.12.2022
Financial income		
Other interest income	21,379	20
Total interest income	21,379	20
Interest expense		
Other	261,251	18,840
Total interest income	261,251	18,840
Finance expenses		
Interest expense on lease liabilities	9,411	4,290
Capitalized interest	-20,711	-16,052
Interest expense on convertible loan	111,596	28,300
Interest on government loan	60,773	48,385
Other financing expenses	2,808	2,539
Total other financial expenses	163,877	67,462
Total financial expenses	425,128	86,302
Total finance income and expenses	403,749	86,282

6.3 Financial assets and liabilities

Accounting policy

6.3.1. Financial assets

The Company's financial assets are classified in accordance with IFRS 9 Financial Instruments in the following categories: financial assets recognised at amortised cost, financial assets at fair value through profit or loss, and financial assets recognised at fair value through other comprehensive income. The classification is based on the purpose of the financial assets at the time of the initial acquisition.

Financial assets are recognised on the balance sheet on the trade date on which the Company undertakes to purchase or sell the financial instrument. Financial assets are derecognised when the rights to cash flows have ceased or have been transferred to another party, and the Company has transferred substantially all the risks and rewards of ownership to the other party.

6.3.1.1. Financial assets measured at amortised cost Nitro Games measures financial assets at amortised cost when the financial asset is included in a business model whose primary purpose is to hold the assets until maturity and the payments are fixed or determinable and consist of principal or interest on capital. They arise when the Company provides money, goods or services directly to a debtor. Financial assets at amortised cost include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets at amortised cost are subject to impairment using expected credit loss (ECL) model. Gains and losses from derecognition of the asset are recognised in profit and loss. Refer to the table below for list of financial assets recognised using amortized cost.

6.3.1.2. Financial assets measured at fair value through profit or loss financial assets at fair value through profit or loss include financial assets held for trading in the short term, financial assets designated upon initial recognition irrevocably as fair value through profit or loss and financial assets mandatorily recognised at fair value through profit or loss according to IFRS 9. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Gains and losses arising from changes in the fair value are included in the income statement in the period in which they arise.

6.3.1.3. Financial assets measured at fair value through other comprehensive income financial assets

valued at fair value through other comprehensive income are equity instruments, which are held for collection of contractual cash flows or held for selling the assets, and where contractual cash flows are solely payments of principal and/or interest. Change in fair value is recognized in other comprehensive income (OCI). Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment and accumulated reserves are not recycled to profit or loss upon derecognition. Dividends received are recognised in profit and loss.

6.3.1.4. Derecognition

Nitro Games derecognises financial assets when the rights to receive cash flows from the assets have expired or when it has substantially transferred the risks and rewards of the assets outside of the Company.

6.3.1.5. Impairment

Nitro Games recognises an allowance for expected credit losses (ECL) according to IFRS 9 for financial assets measured at amortised cost. See further information on ECL in Note 4.2 Trade and other receivables.

Financial assets measured at fair value through profit or loss are not included in ECL assessment as they are already measured at fair value. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

6.3.2. Financial liabilities

The Company's financial liabilities are classified either as financial liabilities recognised at amortised cost or as financial liabilities recognised at fair value through profit or loss or. The Company has no financial liabilities recognised at fair value through comprehensive income.

Financial liabilities are included in long-term and short-term liabilities and may be interest-bearing or interest-free. Financial liabilities are classified as short-term unless the Company has the absolute right to transfer the payment of the liability at least 12 months from the balance sheet date.

A financial liability is derecognised when the Company either pays the debt to the lender or is legally exempted from the principal liability obligation as a result of a legal process or by the lender.

The maturity distribution of financial liabilities is presented in Note 6.4.

6.3.2.1. Financial liabilities measured at amortised cost

Loans, trade payables and other liabilities meeting the criteria for financial liability are included in the liabilities measured at amortised cost. Drawn-up loans are initially recognised at fair value minus transaction costs.

Subsequently, the loans are measured at amortised cost and the difference between the amount of the loan deducted from transaction costs and the amount to be repaid is recognised as a financial expense using the effective interest method over the maturity.

Long-term amortised financial liabilities measured at amortised cost consist of loans from financial institutions and other loans.

Short-term amortised financial liabilities consist of financial institution loans, other loans, payables and other liabilities.

6.3.2.2. Financial liabilities measured at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. The Company has not designated any financial liability as at fair value through profit or loss.

6.3.3. Fair value measurement

Fair value measurements are classified using a fair value hierarchy i.e. Level 1, Level 2 and Level 3 that reflects the significance of the inputs used in making the measurements.

6.3.3.1. Level 1

The fair value of financial assets and liabilities classified as Level 1 is based on unadjusted quoted prices in active markets at the closing date.

6.3.3.2. Level 2

The fair value of financial assets and liabilities classified as Level 2 is based on observable input parameters, which are other than quoted prices.

The fair value of financial instruments traded in active markets in Level 2 is calculated using prices derived from quoted market prices at the closing date. Known calculation techniques, such as estimated discounted cash flows, are used to determine fair value of interest rate and currency financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the closing date. Fair values of options are determined by using option valuation models. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. The counterparty credit risk has been taken into account when determining fair value. The credit risk is determined based on a portfolio valuation in a bilateral approach covering both Nitro Games own credit risk and the credit risk of the corresponding counterparty.

The Company bases the calculation on existing market conditions at each closing date. Financial instruments used in Nitro Games are standardised products that are either cleared via exchanges or widely traded in the market. Credit risk from trading commodity derivatives is mitigated by clearing trades through exchanges or by limiting trades to OTC counterparties considered to be creditworthy or secured by credit worthy guarantees. Financial derivatives are traded with creditworthy counterparts.

6.3.3.3. Level 3

The fair value of financial assets and liabilities classified as Level 3 is based on unobservable input parameters.

Level 3 consist mainly investments in unlisted shares and debt instruments classified as other investments for which the fair value can't be reliably measured and derivative financial instrument for which the fair value has been determined using valuation techniques with unobservable inputs. The input parameters of Level 3 of the fair value hierarchy for equity investments are specified taking into account economic developments and available industry and corporate data. The counterparty credit risk has been adjusted when determining the fair value

Financial liabilities, EUR	31.12.2023	31.12.2022
Non-current interest bearing liabilities		
Convertible loan		1,808,300
Government agency loans	1,694,412	1,209,619
Bank loan	13,889	47,222
Lease liabilities	70,342	138,422
Total non-current interest bearing liabilities	1,778,643	3,203,563
Current interest bearing liabilities		
Convertible loan	1,919,896	
Government agency loans	806,414	403,207
Bank loan	33,333	33,333
Lease liabilities	57,552	34,605
Total current interest bearing liabilities	2,817,195	471,145
Total interest bearing liabilities	4,595,838	3,674,709

Non-interestbearing liabilities, EUR	31.12.2023	31.12.2022
Non-current liabilities		
Trade and other payables non-current	3,097	839,265
Contract liability	300,000	
	303,097	839,265
Other current liabilities		
Contract liability	1,450,000	
Trade payables	1,915,909	2,207,725
Hire purchase liabilities	6,000	10,528
Payroll taxes and social security liabilities	75,614	81,638
	632,221	611,739
Accrued liabilities		
Other accrued liabilities	6,539	10,987
Vacation salary expenses	511,822	481,853
Pension cost	63,417	70,517
Unemployment insurance premium	27,808	28,338
Interest expenses	15,638	10,978
Group life insurance premiums	226	472
Accident insurance premiums	6,771	8,594
	4,079,744	2,911,631
Other current liabilities		

6.4 Financial Risk Management

Accounting policy

The Company's principal financial liabilities, other than derivatives, comprise of loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations.

The Company is exposed to liquidity risk, interest rate risk, foreign currency risk and credit risk. The Company's board of directors oversees the management of these risks. The Company's senior management monitors and reports to the board of directors that the Company's financial risk activities are governed by appropriate principles and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Company does not use derivatives in its risk management. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below .

6.4.1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk firstly by capital structure management and secondary by having a balanced portfolio of fixed and variable rate loans and borrowings. Changes in interest rates does not have a significant impact on Nitro Games profit and loss or equity as of 31.12.2023. Due to this, no sensitivity analysis has been presented for interest rate risk.

6.4.2. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established principles, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed

each time Company enters into business contract with the customer. Outstanding customer receivables and contract assets are regularly monitored and credit insurances for major customers' receivables are obtained from third parties if deemed necessary.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provisions are based on the managements review of past history of various customers with previous losses. The calculation reflects the reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. The Company does not hold collateral as security.

Refer to note 4.2 for information about the credit risk exposure on the Company's trade receivables and contract assets using a provision matrix.

6.4.3. Liquidity and refinancing risk

Nitro Games solvency risk is divided into refinancing and liquidity risks.

The liquidity risk is related to a circumstance in which the Company does not have access to sufficient liquid assets to meet its obligations. To maintain sufficient liquidity, the Company prepares short-term and long-term cash forecasts and makes arrangements for additional financing if necessary. Approximately 81% of the Company's debt will mature in less than one year on 31 December 2023 (2022: 41%) based on the carrying value of borrowings reflected in the financial statements.

The Company's loan agreements do not include any covenants.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

31.12.2023							
EUR	2024	2025	2026	2027	2028	2029-	Total
Interest-bearing liabilities	2,845,747	417,096	403,207	-	-	888,000	4,554,050
Lease liabilities	63,343	39,569	22,635	14,300	-	-	139,847
Other liabilities	632,221	-	-	-	-	-	632,221
Trade and other payables	1,997,523	-	-	-	-	-	1,997,523
Total	5,538,834	456,665	425,842	14,300		888,000	7,323,641

31.12.2022							
EUR	2023	2024	2025	2026	2027	2028-	Total
Interest-bearing liabilities	480,402	2,436,540	403,207	403,207	-	-	3,723,356
Lease liabilities	67,118	57,511	33,737	19,515	14,300	-	192,181
Other liabilities	693,377	-	-	-	-	-	693,377
Trade and other payables	2,218,253	839,265	-	-	-	-	3,057,519
Total	3,459,150	3,333,317	436,944	422,722	14,300		7,666,433

01.01.2022							
EUR	2022	2023	2024	2025	2026	2027-	Total
Interest-bearing liabilities	33,333	-	-	-	-	-	33,333
Lease liabilities	22,753	21,446	11,839	-	-	-	56,038
Other liabilities	477,678	-	-	-	-	-	477,678
Trade and other payables	474,539	-	-	-	-	-	474,539
Total	1,008,303	21,446	11,839				1,041,588

Debt maturities 31.12.2023	1-3 months	4-12 months	1-5 years	> 5 years
Government agency loan		806,414	806,412	888,000
Bank loans		33,333	13,889	
Lease liabilities	14,388	43,164	70,342	
Trade payables	75,614	1,921,909	3,097	
Accrued liabilities	120,399	511,822		
Convertible loan		1,919,896		
Total liabilities	210,401	5,236,538	893,740	888,000

6.4.3.2. Refinancing risk

The refinancing risk is related to a circumstance in which the Company does not have sufficient liquid assets to repay its loans or in which refinancing is not available on favourable terms. The Company seeks to protect against the refinancing risk by diversifying the maturity distribution of its loan portfolio and by assessing the share of short-term financing and the Company's need for long-term financing.

Financial liabilities, EUR	31.12.2023	31.12.2022
Non-current loans		
Government agency loan	1,694,412	1,209,619
Bank loans	13,889	47,222
Lease liabilities	70,342	138,422
Convertible loan		1,808,300
Total non-current loans	1,778,643	3,203,563
Current loans		
Government agency loan	806,414	403,207
Bank loans	33,333	33,333
Lease liabilities	57,552	34,605
Convertible loan	1,919,896	
Total current loans	2,817,195	471,145
Total loans	4,595,838	3,674,709

6.4.4. Foreign Currency risk

Foreign currency risk is described as the uncertainty in cash flow, profit and loss, and balance sheet that is caused by the fluctuation of foreign currency exchange rates. Direct foreign currency transaction risk, that derives from business or financial transactions, is insignificant for the Company.

Most of the Company business operations is conducted in EUR, as customer invoicing is done in EUR in accordance with the customer contracts. Hence the Company has only a minor exposure to translation risk in its EUR-denominated profit and loss statement.

As the Company's exposure to direct foreign currency transaction risk is insignificant, no sensitivity analysis has been presented for foreign currency risk.

6.5 Capital Management

Primary objective in Company's capital structure management is to ensure capabilities to acquire financing also in uncertain operating environment to safeguard the continuity of business operations. In addition, by optimizing capital structure, the Company aims to increase efficiency in terms of capital costs and return on capital employed.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions.

EUR	31.12.2023	31.12.2022
Interest bearing loans and borrowings	4,595,838	3,708,042
Less: cash and short term deposits	3,825,829	1,597,472
Net debt	770,009	2,110,570
Equity	1,686,361	722,950
Gearing ratio%	45.7%	291.9%

In order to achieve this overall objective, the Company's capital structure management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The company do not have any financial covenants of any interest-bearing loans and borrowings during the reporting periods 1.1.-31.12.2022 and 1.1.-31.12.2023. The maturity profile of financial liabilities has been presented in note 6.4.3.

EUR	31.12.2023	31.12.2022
Operating profit	-3,024,847	-3,621,271
Depreciation, amortisation and impairment	1,308,284	821,437
EBITDA	-1,716,563	-2,799,835
Net debt to EBITDA	-0.45	-0.75

7. Other notes

Income taxes

Accounting policy

The income tax expense in profit or loss comprises both current tax and change in deferred taxes. Income taxes are recognized in profit or loss.

Where tax positions are uncertain, accruals are recorded within income tax liabilities for management's best estimate of the ultimate liability expected to arise based on the specific circumstances, Company's interpretation of the tax laws and historical experience.

7.1 Current tax Income taxes on the income statement

The current income tax charge is calculated on the taxable income on the basis of the tax rate and tax laws enacted (or substantively enacted) by the period-end date in the countries where the Company operates and generates taxable income. Current taxes are adjusted for the taxes of previous financial periods, if applicable.

Taxable profit may differ from the profit reported in financial statements, since some income or expense items may be taxable or deductible in other years, and/or certain income items are not taxable or certain expense items are non-deductible for taxation purposes.

7.2 Deferred taxes

Deferred taxes are calculated on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the interim financial statements. As at 31 December 2022, the Company had not recorded any deferred taxes or tax losses carried forward. During first quarter ending 31 March 2023, the company recorded a deferred tax asset. Deferred taxes are determined using the statutory tax rates (and tax laws) or the tax rates substantively enacted by the period-end.

Deferred tax liabilities

A deferred tax liability is recognized for taxable temporary differences between the carrying amount of the item and the tax base.

Deferred tax assets

A deferred tax asset is recognized for deductible temporary differences, the carry forward of unused tax losses and unused tax credits, only to the extent that it is probable that future taxable profits will be available, against which Nitro Games can utilize the abovementioned items.

- ▶ Recognized deferred tax assets: the Company reviews the amount and the probability of the utilization of such assets at each period-end. If the utilization of the related tax benefit is not considered probable anymore, Nitro Games recognizes a write-down against the deferred tax asset.
- ▶ Unrecognized deferred tax assets: Nitro Games reassesses these items at each period-end and recognizes those to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. This applies, for example, to deferred tax assets to be recognized on tax losses carried forward. In making this determination, the Company considers all available positive and negative evidence including projected future taxable income, future reversals of existing temporary differences, changes in tax laws and/or rates and recent financial arrangements.

Tax losses for which no deferred tax asset is recognized.

Of the tax losses carried forward for which no deferred tax asset is recognized, EUR 24,255 thousand have arisen in Nitro Games (EUR 24,860 thousand on 31 December 2023 and EUR 25,557 thousand on 1 January 2022). No deferred tax asset has been recognized for the losses, at the date of preparation of the financial statements for the year ending 31 December 2022, as it was not considered that there was convincing evidence that the losses would be recoverable in the near future. EUR 3,750 thousand of the losses expire between 2023 and 2027 and EUR 21,806 thousand between 2028 and 2032. In the interim financial statements for the first quarter ending 31 March 2023, the company recorded, based on the company's assessment of the outlook of the company's available taxable profits in the near future, a deferred tax asset of EUR 145,5 thousand. The deferred tax asset was assessed again at the end of the third quarter. No adjustment was deemed necessary, so the balance remains at EUR 145,5 thousand on 31.12.2023.

Tax losses: deferred tax assets and liabilities

EUR thousand	2023	2022
Confirmed losses, unrecognized tax assets	24,243	25,557
Confirmed losses on the basis of which a tax asset has been recognized	727	0
Total tax losses	24,970	25,557
Recognized deferred tax asset	145	0
Unrecognized deferred tax assets	4,849	5,111
Total tax assets	4,994	5,111
Current tax on profit for the period	0	0
Adjustments for current tax of prior periods	0	0
Total current income tax expense	0	0
Deferred income tax		
Change in deferred tax assets	145	0
Change in deferred tax liabilities		
Total deferred tax expense	145	0
Income tax expense	145	0

Carry forward tax losses

Confirmed losses expire in 10 years. Tax losses expire as follows:

EUR	2023	2022
Due in five years	6,815	3,751
Due later than 5 years	18,155	21,806
In total	24,970	25,557

7.3 Remuneration of related parties and key management

7.3.1 Salaries and remuneration paid to the management

	1.1.2023–31.12.2023	1.1.2022–31.12.2022
CEO	154,000	126,000
Members of the Board	48,000	36,000
	202,000	162,000

7.3.2 Related parties

Parties are considered to be related parties if a party is able to exercise control over the other or substantially influence its decision-making concerning its finances and business operations.

Related parties do not have any loans from the company. No guarantees or other guarantees have been provided on behalf of the company's related parties.

During the financial year 2023 the company has purchased services for management consulting, project management, financial management, funding and IR advisor services under normal commercial terms. Total purchases amounted to 329,391 euros (2022; 287,400 euros)..

7.4 Contingent liabilities and commitments

The company has no guarantees or liability commitments on 31 December 2023 or 31 December 2022.



Signatures to the financial statements

Kotka, 18.4.2024

Johan Biehl

Chairman of the Board

Morgan Habebank

Board of member

Antti Villanen

Board of member

Susana Meza Graham

Board of member

Jussi Tähtinen

CEO

Auditor's note

A report on the audit performed has been issued today.

Tampere, 18.4.2024

MOORE Idman Oy, Authorised Public Accountants

Antti Niemistö

Authorised Public Accountant



List of accounting books and document types

The accounting has been performed by using Procountor accounting software.

Financial statements	Hard copy / electronic
Journal and general ledger	Electronic file
Accounts payable and receivable	Electronic file
Bank receipts	Electronic file
Purchase invoices	Electronic file
Sales invoices	Electronic file
Payroll accounts	Electronic file
Memo vouchers	Electronic file

Original purchase invoices received in a paper format will be stored on a paper by the accountable

If the paper invoice has been scanned it will be stored only in an electronic form in a paperless archive.



AUDITOR'S REPORT

(TRANSLATION OF THE FINNISH ORIGINAL)

To the Annual General Meeting of Nitro Games Oyj

Audit of Financial Statements

Opinion

We have audited the financial statements of Nitro Games Oyj (business identity code 2134819-6) for the year ended 31.12.2023. The financial statements comprise the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the company's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

In Tampere, 18 April 2024

Moore Idman Oy
Authorised Public Accountants

Antti Niemistö

Authorised Public Accountant (KHT)

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TRU
Quality Sup
CO
COURAGE Quality

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