



## Year-end Report

JANUARY - DECEMBER 2018 / NITRO GAMES OYJ





# Reporting Period Jan – Dec 2018

- Revenues (Jan-Dec) increased by 28,5 % to 2 204,2 KEUR (1 716,1 KEUR on corresponding period 2017).
- EBITDA amounted to -5 101,0 KEUR (-2 487,9 KEUR).
- EBIT: Operating result before financial items amounted to -5 734,4 KEUR (-3 159,7 KEUR).
- Net profit: The net result for the period amounted to -5 748,8 KEUR (-3 341,2 KEUR).
- As of Dec 31, cash and cash equivalents amounted to 3 260,1 KEUR.

*The company had 412,6 KEUR of short-term receivables as of Dec 31.*

## October– December 2018

- Revenues (Oct - Dec) amounted 407,9 KEUR ( 517,0 KEUR on corresponding period 2017).
- EBITDA amounted to -2 117,4 KEUR (-1 461,0 KEUR).
- EBIT: Operating result before financial items amounted to -2 280,9 KEUR (-1 617,6 KEUR).
- Net profit: The net result for the period amounted to -2 280,1 KEUR (-1 680,1 KEUR).

The decrease in revenues was caused by the completion of development in the Service business project with Wargaming during the quarter. Heroes of Warland was launched in the end of Q4 and did not yet result in significant revenues during the quarter.

## Significant Events during Oct – Dec 2018

- Completed, based on the authorisation of an Extraordinary General Meeting, a directed issue of SEK 47.4 million.
- Signed Term sheet with Netmarble EMEA about licensing Heroes of Warland for publishing in Arabic and Turkish speaking countries.
- Signed Sponsorship and Partnership Agreement with Huawei
- Signed Agreement with Samsung about User Acquisition investment for Heroes of Warland
- Heroes of Warland launched on iOS, Android, Huawei AppGallery and Samsung Galaxy Apps Store
- Heroes & Superstars premiere
- Heroes & Superstars signed coming to Ginx Esports TV in 2019
- Challenging launch period for Heroes of Warland: non-satisfactory game performance but positive results in marketing and user acquisition.

## Significant events after the period

- Secured publishing rights for Runegate Heroes
- Heroes & Superstars signed with Mediapro
- Restructured organization and teams, executing cost savings.
- Roadmap of improvement for Heroes of Warland in Q1:  
Positive development in game performance after the first actions.





# A Challenging End for the Year

"During the first half of 2018, we focused on the development of game projects to build our portfolio according to our strategy. Moving forward to the second half our focus was in finalizing the development and moving forward towards the launch stage with our projects. This concluded with the completion of our development project with Wargaming and in the launch of our own game Heroes of Warland. We are not pleased with our achievements at the end of 2018, since we had challenges during the initial launch stage for Heroes of Warland. We have now taken actions in 2019 to remedy this situation. As a result of these actions, we are now confident about moving forward in 2019."

says Jussi Tähtinen, CEO of Nitro Games.

## About Nitro Games

Nitro Games is a free-to-play mobile game developer and publisher making games for the mid-core user segment. The Company focuses on producing competitive multiplayer games with high production value and high revenue potential for smartphones and tablets. With Nitro Games' powerful NG Platform and NG MVP-process, the Company is able to do market validation during the development to ensure high product quality. Nitro Games has developed games such as Heroes of Warland, Medals of War, Raids of Glory, East India Company, Commander: Conquest of the Americas, Pirates of Black Cove.

**Nasdaq First North Ticker: NITRO**

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**[www.nitrogames.com](http://www.nitrogames.com)**





# Key Financials

	Oct-Dec 2018	Oct-Dec 2017	Full Year 2018	Full Year 2017
	Nitro Games Oyj	Nitro Group	Nitro Games Oyj	Nitro Group Audited
Revenue (EUR thousand)	407,9	517,0	2 204,2	1 716,1
Operating profit/loss (EUR thousand)	-2 280,9	-1 617,6	-5 734,4	-3 159,7
Operating profit/loss % (EBIT %)	-559,3 %	-312,9 %	-260,2 %	-184,1 %
EBITDA (EUR thousand)	-2 117,4	-1 461,0	-5 101,0	-2 487,9
EBITDA %	-519,1 %	-282,6 %	-231,4 %	-145,0 %
Net profit /loss (EUR thousand)	-2 280,1	-1 680,1	-5 748,8	-3 341,8
Cash flow generated from operations (EUR thousand)	-1 579,2	-859,3	-4 939,9	-2 178,0
Equity ratio (%)	84,0 %	76,0 %	84,0 %	76%
Number of shares, average	3 361 284	2 184 884	2 668 910	1 431 110
Number of shares at the end of the period	3 616 328	2 329 328	3 616 328	2 329 328
Number of Share options	307 868	173 000	307 868	173 000
Equity per share (EUR)	1,1	1,4	1,1	1,4
Earnings per share (EUR) undiluted	-0,6	-0,7	-1,6	-1,4
Earnings per share (EUR) diluted	-0,6	-0,7	-1,5	-1,3
Net debt (EUR thousand)	-2 523,8	-1 318,5	-2 523,8	-1 318,5
Number of employees	51	36	51	36



# A Word from Jussi Tähtinen, CEO

## Launching a new game at the end of the year

During the first half of 2018, we focused on the development of game projects to build our portfolio according to our strategy. Moving forward to the second half our focus was in finalizing the development and moving forward towards the launch stage with our projects. This concluded with the completion of our development project with Wargaming and in the launch of our own game Heroes of Warland. We are not pleased with our achievements at the end of 2018, since we had challenges during the initial launch stage for Heroes of Warland. We have now taken actions in 2019 to remedy this situation. As a result of these actions, we are now confident about moving forward in 2019.

We started our Q4 by preparing for the launch of our new game Heroes of Warland. We signed several new significant deals that support Heroes of Warland during and after the initial launch. With Huawei, we signed a Sponsorship and Partnership agreement. The first step in our co-operation was launching the game exclusively in Huawei AppGallery and hosting the first live esports event together with Huawei in Rome.

We continued our co-operation with Netmarble EMEA by signing a Term sheet with them for Heroes of Warland. This term sheet is about us licensing Heroes of Warland to Netmarble EMEA for publishing in Arabic and Turkish speaking countries. We've previously co-operated with our previous game Medals of War. This term sheet contains 35% Net revenue share and a service fee of 500k EUR, paid to us in installments tied to launch progression. We are targeting the launch for the first half of 2019.

We signed an agreement with Samsung, which is about Samsung providing User Acquisition Investment of \$200k - \$500k to Heroes of Warland in the United States and making Heroes of Warland available to customers through the Galaxy Apps Store.

The initial launch period for Heroes of Warland begun at the end of November. The reality show Heroes & Superstars also premiered in Twitch in connection with the game launch. After the premiere, the show expands to other channels and linear TV. GINX Esports TV will run the show globally in 2019 and has the exclusive rights for linear TV in France, UK, Canada, and South Africa. The show will also go to channels like U-Beat in 2019.

We are not satisfied with the results of the initial launch of Heroes of Warland as a whole. We failed to reach satisfactory game performance and monetization. At the same time, we were pleased with our positive results in marketing and user acquisition. We have now in 2019 identified these issues and have taken action to fix these to improve the game performance and monetization.

This game is made to address the common issue in mobile gaming, which is a high Cost per Install. Our launch strategy was built to secure big enough volume of users in the initial launch stage to start building the user base and to validate the game performance to support further development properly. We gained +650 000 downloads during the initial launch period at the end of 2018. We achieved this with a combination of User Acquisition campaigns, Youtubers posting videos about the game, featuring by Google, Heroes & Superstars premiere and through other visibility achieved with the deals we made. Our CPI's in the key markets decreased to below 1 EUR during the launch. This is significantly lower than what we've seen with our earlier games and considerably below industry averages. We are pleased with these very low numbers, especially considering that the launch happened during the crowded and expensive holiday season. These positive results in User Acquisition support our goals for building a long-term business case with this game.



We are not satisfied with the game performance as a whole. We learned that our core gameplay with the variety of hero characters works for our target audience. Our average users play about 25 minutes per day. But at the same time, we also had technical issues during the launch, especially on Android, reflecting in poor ratings in Google Play and game performance not meeting our expectations. Based on the data, we learned the areas that still need further development, reflecting in retention and monetization. We have now taken immediate action based on these learnings from this initial launch period. We seek to improve the game during the first quarter and then expand the user base by scaling up the game. Our focus is on the retention first and then extending to monetization after that.

The actions we've taken now in 2019 are a combination of cost reduction and restructuring of our operations. After the completion of development work for Wargaming, we've now been able to assign our best talent to work on further development of Heroes of Warland and have scaled down outsourced development services, and marketing spend. We can now reduce the costs, as the initial investment to Heroes of Warland was done during the launch in the end of 2018, and gave us the data we need to move forward. We restructured our operations and teams after the launch of Heroes of Warland. This includes adding new blood to the team in the form of industry veterans Leo Kihlman joining us as a Game Director and Jukka Hilvonen joining us as a Director of Development. We've already seen positive development in 2019 with our roadmap for Heroes of Warland and feel confident about our roadmap moving forward, including the potential in the deals we've made with the game in the end of 2018.

Our co-operation project with Wargaming ended in Q4, as we finalized the last milestone in our agreement and concluded on the development for Runegate Heroes. Now in 2019, we've announced that we've secured the publishing rights for this game. This is an exciting opportunity for Nitro Games, as it allows us to continue operating the game and developing it further to support our portfolio strategy. The funding we raised at the end of 2018 made it possible for us to explore this opportunity now. We are excited to see the results of the upcoming soft-launch with a new version of the game.

We released a new version of Medals of War during the Q4, and this resulted in a significant improvement in the game KPI's. However, we saw the CPI's increasing at the same time, making it difficult to scale up the game profitably. We are now looking into new opportunities with Medals of War to address the high user acquisition cost.

According to our strategy, we are building a portfolio of games. This portfolio of competitive mobile games has now expanded with Heroes of Warland that we launched and Runegate Heroes, that we are seeking to soft launch in 2019. In parallel with this, we are actively exploring new projects for 2019, and looking into opportunities for non-organic growth of the company.

Our revenues for the Q4 decreased, compared to earlier quarters this year and the previous year. This decrease is a result of completing the development project with Wargaming during the Q4, as the majority of the revenues historically has come from the service business. We also invested in the initial launch of Heroes of Warland, which did not result in significant revenues during Q4. The revenues during the Q4 were 0,41 million EUR, compared to 0,52 million EUR in Q4 2017 (-21,1% decrease).



Jussi Tähtinen  
CEO, Co-Founder



"Overall 2018 was a challenging year for Nitro Games. We achieved a lot, but we are not pleased with our achievements at the end of the year. We have learned from this, and are now applying these learnings into our operations through cost savings with a new stronger team structure, supported with new leads, and a solid roadmap for 2019."

*Jussi Tähtinen*  
CEO, Co-Founder

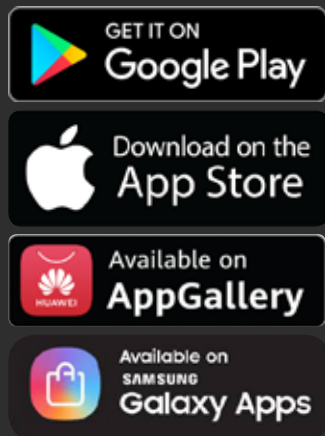
 A COMMENT FROM CEO



# Heroes of Warland Initial Launch Results

New game, Heroes of Warland, was launched in the end of November 2018. The initial results from the launch period of 6 weeks are summarized below. The game operation continues in Q1 2019 with a series of new updates, to further develop the performance the game.

## Available in 4 channels:



Uses Android device

## Average user:



American, Male,  
23 years

1,47+  
Virality  
factor

Plays  
+25  
minutes  
per day

Technology/ Mobile enthusiast,  
plays shooter, action  
and strategy games,  
animation fans

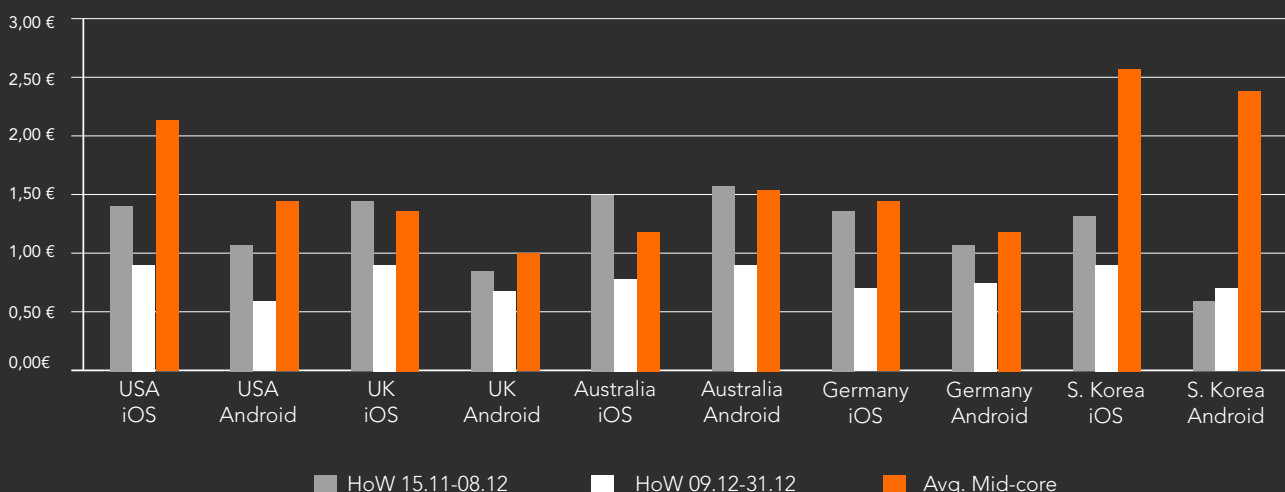
Plays 3.6  
matches  
per day

+650 000  
downloads during  
launch end of 2018

## CPI development against Industry Average

This chart describes Heroes of Warland Cost Per Install price improvement during the initial launch period, against the Average Cost Per Install in Mid-core category. These CPI's are figures from the User Acquisition campaigns, excluding organic traffic and influencer marketing campaigns. In general, the lower the CPI the better, as it allows to purchase downloads with a cheaper price and also indicates interest from a wider audience towards the game. Typically the industry average CPI's increase ~30% over the end of the year holiday season.

Data sources: Nitro Games, Adjust, Appsflyer, Facebook







# Significant Events During Oct–Dec 2018

The Board of Directors of Nitro Games Oyj resolved, based on the authorisation received by the shareholders at the Extraordinary General Meeting on 24 October 2018, on a directed new issue of 998,000 shares at a subscription price of SEK 47.5 per, which was expected to raise proceeds to the Company of SEK 47.4 million before issue costs. The proceeds will primarily be used for marketing and scaling up of the Company's new game Heroes of Warland. The Directed Share Issue was offered to a limited number of new institutional and professional investors on the basis of a bookbuilding process conducted by Partner FK. Subscribers in the Directed Share Issue were a limited number of new institutional and professional investors and existing shareholders, including among others Ludvig Strigeus, OP-Finland Micro Cap Fund, Allba Holding, Iskossala and existing shareholders Swedbank Robur Ny Teknik and Jasperus S.A.

Nitro Games signed a Term sheet with Netmarble EMEA. This term sheet is about Nitro Games licensing its new game Heroes of Warland to Netmarble EMEA for publishing in Arabic and Turkish speaking countries. Parties have previously co-operated with Nitro Games' previous game Medals of War.

Nitro Games has signed a Sponsorship and Partnership Agreement with Aspiegel Limited, a subsidiary of Huawei, related to Nitro Games' new game Heroes of Warland and the reality show Heroes & Superstars. This Agreement is about visibility for Huawei through Sponsorship in connection with Heroes & Superstars reality show, produced by Gamingzone Entertainment, and Partnership opportunities with Heroes of Warland, developed by Nitro Games. The Sponsorship part of the Agreement includes a minor upfront payment to Nitro Games. The purpose of the Partnership Agreement is in mutually beneficial visibility and co-operation. The parties plan on multiple co-operations moving forward, of which the details are yet to be decided.

Nitro Games has signed an Agreement with Samsung Electronics America. This Agreement is about Samsung providing User Acquisition Investment to Heroes of Warland in the United States and making Heroes of Warland available to customers through the Galaxy Apps Store. Samsung Galaxy Apps is an app store that comes bundled on Galaxy and Gear devices. The Galaxy Apps Store is also a go-to source for perks and deals offered only to Galaxy and Gear users.

Heroes of Warland launched on iOS, Android, Huawei AppGallery and Samsung Galaxy Apps Store. The game is now available in 102 countries on the App Store and in 91 countries on the Google Play store. With this launch, the game is now available globally, excluding MENA countries and China, Macau, Hong Kong and Taiwan, which are reserved for later. The game received featuring in Google Play Store in 55 countries on the launch week and in 80 countries the following week. These countries include Tier 1 markets such as the United States, Canada, United Kingdom, Germany, France, and Australia. This featuring means that the game received additional visibility on the Google Play Store in the home view and other categories. The game has also been featured in Huawei AppGallery.

The first episode of Heroes & Superstars reality show premiered 15 November on Twitch. Twitch had 24 hours exclusivity for the show. The show was casted by Auguste "Semmler" Massonat and hosted by Marissa Roberto. After the exclusivity the show was aired in other channels. Heroes & Superstars will be shown globally in linear television in 2019. GINX Esports TV has the exclusive rights for linear TV in France, UK, Canada and South Africa. All other territories are non-exclusive. The show will start in early 2019 and is expected to run 5 times in 2019. GINX Esports TV is the first and largest esports TV network. Available in 55+ million homes, across more than 50 territories in 10 languages, GINX Esports TV aims to extend the reach of esports into mainstream sports audiences.



## Significant events after the period

Nitro Games secured publishing rights for Runegate Heroes. Nitro Games has signed a new deal with industry-leading free-to-play game company Wargaming World Limited. This agreement is the next step in the co-operation, following earlier game development agreements between the parties. With this agreement, Wargaming assigns to Nitro Games the Worldwide (excluding China) publishing and further development rights to Runegate Heroes. The game is currently in soft launch stage. This agreement doesn't contain any upfront payments between the parties. Nitro Games will pay royalties from the Game revenues to Wargaming. With this agreement, Nitro Games will act as the developer and publisher of the game, including marketing, promotion and running live-operations. Should Nitro Games decide not to commercially launch the game, the rights will revert back to Wargaming.

The reality show Heroes & Superstars will be shown in U-Beat channel during H1 2019. U-Beat is a channel launched by Mediapro. Mediapro is a leading group in the European audiovisual sector, unique in content integration, production and audiovisual distribution. It provides the creativity and technical solutions necessary to design, produce and distribute any audiovisual or multi-channel project. Mediapro has 1 million followers on Twitter, 1 million followers on Facebook, 10 million users on Twitch and 300,000 registered users on their Youtube Channels.

U-Beat is a new channel by Mediapro, focused on esports content. In addition to TV, the channel is also available via mobile phone app UBEAT in Apple AppStore and Google Play. The channel focuses on Spanish speaking audience.





# Revenues & Profit / Loss

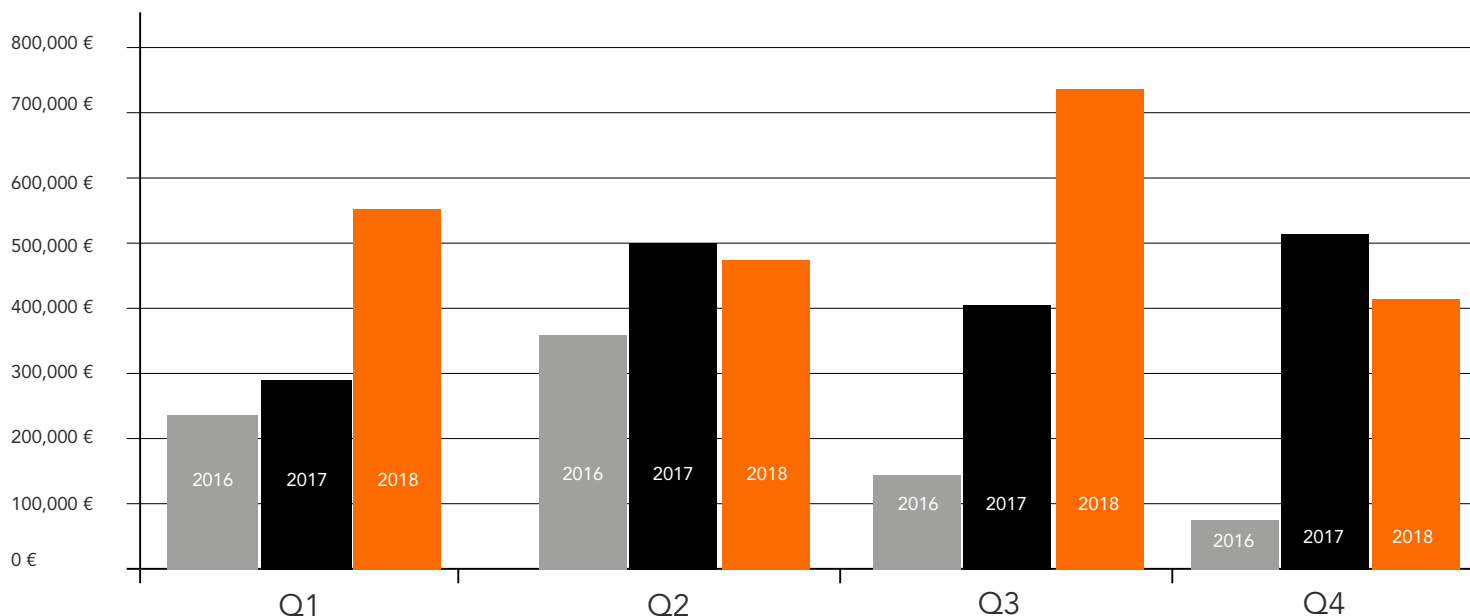
Revenues during the period January – December 2018 were 2 204 249,35 EUR (1 716 077,10 EUR on corresponding period 2017), which is an increase of 28,45 % compared to the corresponding period 2017. Majority of the revenues came from service business, as the company worked on the development of new games throughout most of the year and released Heroes of Warland in the end of 2018 which did not yet result in significant revenues during the release quarter. The revenue generation for Heroes of Warland is expected to happen in 2019.

Materials and services during the period January – December 2018 were -1 409 296,96 KEUR (-708 159,79 KEUR). This includes third party costs related to game development and maintenance (outsourced services).

Other operating expenses during the period January – December 2018 were -3 609 601,83 KEUR (- 1 664 269,64 KEUR). This includes third party costs related to marketing, accounting, legal, stock market expenses, hardware and software, travel expenses, office costs and other costs. 46,1 % of these costs are marketing costs, including user acquisition.

The overall costs during the fourth quarter were higher than usual, due to the investment into the launch of Heroes of Warland, and the one-off costs of the directed share issue. After the reporting period, the company is cutting down its costs.

## Net Revenues



The revenues decreased during the Q4 2018. This was caused by the completion of development in the Service business project with Wargaming during the quarter. Heroes of Warland was launched in the end of Q4 and did not yet result in significant revenues during the quarter. The revenue generation for Heroes of Warland is expected to happen in 2019.





## Cash Flow and Financial Position

Net cash from operating activities during the period January to December 2018 was -4 939 856,05 EUR (-2 177 987,79 EUR in 2017 for the corresponding period). Net cash from financing activities during the interim period was 5 832 448,00 EUR (4 481 146,82 EUR). Cash and cash equivalents at the end of the period were 3 260 130,03 EUR. The company had 412 611,45 KEUR of short-term receivables as of December 31.

## Investments and Depreciation

The investments in games in production were expensed as costs. No capitalization of development costs was done during the interim period.

Depreciations were done according to the depreciation plan, consisting mostly of previously capitalized development costs. Depreciations amounted to a total of -633 377,34 EUR for the period January to December 2018.

## Employees

The number of employees on December 31, 2018 was 51.

## Market

Nitro Games operates in the global games market as a developer and publisher of mobile games. Historically, the Company has operated in a variety of market segments, including PC and console games as well as mobile games. Nitro Games now focuses on operating in the mobile games market.

2017 was the landmark in the history of the games market, with revenues totaling \$109 billion. Mobile gaming is the largest segment in 2017, totaling \$46 billion and accounting for 42% of the total global market. The segment also has the most gamers with 2.1 billion, the majority of whom are gaming on smartphones.

According to industry research firm NewZoo, games are rapidly becoming the world's favourite pastime. Consumers are spending more time than ever on games, and this is especially true for the millennial generation. The reason for this is that games now cater to a much wider variety of interests.

Nitro Games' strategy is to carve out a market share of this global mobile games market with its focus on free-to-play games in mid-core category. By offering high quality products to a defined target audience the company can focus on growing its own business despite the competition.



## Related Party Transactions

There were no significant related party transactions during the fourth quarter.

## The Share and Shareholders

Nitro Games' shares are traded on Nasdaq First North Stockholm since June 16, 2017.

The largest shareholders as of December 31, 2018 were:

Shareholders	Number of shares	% of shares and votes
Jasperus S.A. <sup>1</sup>	555 545	15,36
Savox Investments S.A. <sup>2</sup>	433 412	11,98
Swedbank Robur NY Teknik BTI	348 667	9,64
Feat Invest Ab <sup>3</sup>	194 429	5,38
Ludvig Strigéus	168 425	4,66
Avanza Pension försäkring Ab	148 844	4,12
Aktia Nordic Micro Cap	138 150	3,82
Antti Villanen	129 254	3,57
Ajoranta Group Ab <sup>4</sup>	117 103	3,24
OP-Finland Micro Cap Fund	108 400	3,00
Others	1 274 099	35,23
<b>The total numbers of shares</b>	<b>3 616 328</b>	<b>100.00</b>

<sup>1</sup> Jasperus S.A. is controlled to 100 % by Jacob Ehrnrooth.

<sup>2</sup> Savox Investments S.A. is controlled by Jacob Ehrnrooth with family.

<sup>3</sup> Feat Invest Ab is controlled by Johan Biehl.

<sup>4</sup> AjoRanta Group Ab is controlled to 100 % by CFO Matti Nikkola.

The total number of shares as of December 31 2018 is 3 616 328.



# Accounting and Valuation Principles

The Company prepares its financial statements in accordance with the Finnish Accounting Act (31.12.1997/1336, as amended), Finnish Accounting Ordinance (31.12.1997/1337, as amended), and instructions and statements of the Accounting Board operating under the Ministry of Employment and the Economy (the "Finnish Accounting Standards", "FAS").

In applicable cases The Company capitalizes the expenses used for development of products and technology, including personnel costs and procurement, subtracted with subsidies and grants received for these, to the extent that they are expected to generate economic benefits in the future. Amortization and depreciation for intangible and tangible assets are calculated by using the estimated useful life of the asset. For tangible assets depreciation according to plan starts during the calendar month when the commodity was taken into use and for intangible assets when revenue starts to accrue from the development work, typically during the year after the development work.

The Company's capitalized development costs are amortized over a five (5) year period on a straight-line basis. For machines and equipment a 25 % expenditure residue depreciation is made yearly.

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## Review

This report has not been reviewed by the company's auditors.

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## Certified Adviser

Nitro Games' Certified Adviser is Augment Partners AB, phone +46 8 505 651 72, email: [info@augment.se](mailto:info@augment.se)

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## Investor Contact

The latest information on the company is published on the company's website [www.nitrogames.com/investors](http://www.nitrogames.com/investors). The company can be contacted by email [jussi@nitrogames.com](mailto:jussi@nitrogames.com), or by phone +358 44 388 1071.

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## Financial Calendar

Year-end report 2018 , Jan – Dec 2018, 18 February 2019

Annual Report 2018, 15 April 2019, to be published on the company's website

and made available at the company headquarters at Juha Vainion katu 2, 48100 Kotka, Finland

Annual General Meeting 2018, 26 April 2019

Interim Report, Jan – Mar 2019, 29 April 2019

Interim Report, Apr – Jun 2019, 19 August 2019

Interim Report, Jul – Sep 2019, 28 October 2019

Year-end report 2019, Jan – Dec 2019, 17 February 2020





# Proposed Allocation Of Profit

The Annual General Meeting of Nitro Games Oyj will be held on 26 April 2019. The Board of Directors proposes to the Annual General Meeting that the loss for the financial year (EUR –5 748 806,43) be transferred to the profit / loss account of the previous periods and no dividend be distributed.

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## Note

This company announcement contains information that Nitro Games Oyj is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication by contact person mentioned below on 18 February 2019 at 09:00 (EET).

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## For Further Information, Please Contact:

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## Board Declaration

The Board of Directors and the Chief Executive Officer hereby certify that this Interim Report gives a true and fair view of the company's and the group's operations, financial position and results of operations, and describes significant risks and uncertainties faced by the company and the companies in the group.

Kotka, Finland, February 18 2019

Antti Villanen, Chairman

Jacob Ehrnrooth

Ilkka Lassila

Sverker Littorin

Juhani Taskinen

Wilhelm Taht

Jussi Tähtinen, CEO



# Income Statement

These unaudited financial statements report for the period 1.1.–31.12.2018 have been prepared according to Finnish Accounting Standards (FAS) and Nasdaq First North marketplace rules and regulations.

## Comparability of data against the previous financial year

When comparing the figures against the previous financial year, it should be noted that the figures in the previous financial statements are the figures for the consolidated financial statements, which included the parent company Nitro Games Oyj and its subsidiaries Nitro Games Alpha Oy and Nitro Games Beta Oy. These subsidiaries have merged with the parent company on 31.12.2018.

EUR thousand	Oct-Dec 2018	Oct-Dec 2017	Full Year 2018	Full Year 2017
	Nitro Games Oyj	Nitro Group	Nitro Games Oyj	Nitro Group Audited
<b>Revenue</b>	<b>407,9</b>	<b>517,0</b>	<b>2 204,2</b>	<b>1 716,1</b>
Other operating income	44,2	4,5	69,0	75,3
Change in finished goods and working in progress	0,0	-625,0	0,0	-625,0
Materials and services	-415,1	-316,6	-1 409,3	-708,2
Personnel expenses	-714,0	-464,9	-2 355,3	-1 281,9
Depreciation and reduction in value	-163,6	-156,6	-633,4	-671,8
Other operating charges	-1 440,3	-576,0	-3 609,6	-1 664,3
<b>Operating profit (loss)</b>	<b>-2 280,9</b>	<b>-1 617,6</b>	<b>-5 734,4</b>	<b>-3 159,7</b>
Financial income and expenses	0,9	-62,4	-14,4	-181,4
<b>Profit (loss) before taxes and appropriations</b>	<b>-2 280,1</b>	<b>-1 680,1</b>	<b>-5 748,8</b>	<b>-3 341,2</b>
Appropriations and taxes	0,0	0,0	0,0	0,0
Financial statement transfers	0,0	0,0	0,0	0,0
<b>Profit (loss) for the fiscal year</b>	<b>-2 280,1</b>	<b>-1 680,1</b>	<b>-5 748,8</b>	<b>-3 341,2</b>



# Balance Sheet

EUR thousand	31 Dec 2018 Nitro Games Oyj	31 Dec 2017 Nitro Group Audited
ASSETS		
Non-current assets		
Intangible assets	922,4	1 555,2
Tangible assets	1,7	2,3
Investments	0,0	0,0
Non-current assets total	924,1	1 557,4
Current assets		
Inventories	0,0	0,0
Receivables		
Long-term debtors	33,6	16,6
Short-term debtors	379,0	355,4
Total receivables	412,6	372,1
Cash in hand and at banks	3 260,1	2 367,5
Current assets total	3 672,7	2 739,6
ASSETS IN TOTAL	4 596,8	4 297,0
EQUITY AND LIABILITIES		
Equity		
Shares capital	80,0	80,0
Invested unrestricted equity reserve	17 069,0	11 114,3
Retained earnings (loss)	-7 539,8	-4 605,1
Profit (loss) for the fiscal year	-5 748,8	-3 341,2
EQUITY TOTAL	3 860,4	3 248,0
LIABILITIES		
Non-current		
Convertible debentures	0,0	0,0
Loans from credit institutions	129,6	228,9
Other creditors	0,9	447,0
Non-current total	130,6	675,9
Current		
Loans from credit institutions	94,1	102,7
Accounts Payables	259,3	67,3
Other creditors	47,7	24,4
Accruals and deferred income	204,7	178,7
Current total	605,8	373,1
LIABILITIES IN TOTAL	736,4	1 049,0
EQUITY AND LIABILITIES TOTAL	4 596,8	4 297,0





# Cash Flow Statement

(EUR thousand)	Oct-Dec 2018	Oct-Dec 2017	Full Year 2018	Full Year 2017
<b>Cash flows from operating activities:</b>				
Net profit (loss) before taxation and extraordinary items (+/-)	-2 280,1	-1 680,1	-5 748,8	-3 341,2
Adjustments for:	0,0	0,0	0,0	0,0
Depreciation according to plan	163,6	156,6	633,4	671,8
Unrealised foreign exchange wins and losses (+/-)	0,0	0,0	0,0	0,0
Other non-cash items (+/-)	-39,2	0,0	-39,2	0,0
Financial income and expenses (+/-)	-0,9	62,4	14,4	181,4
Other adjustments (+/-)	0,0	0,0	0,0	0,0
Operating profit before working capital changes	-2 156,6	-1 461,0	-5 140,2	-2 487,9
Working capital changes:				
Increase (-) or decrease (+) in long-term trade and other receivables	0,0	0,0	-17	0,0
Increase (-) or decrease (+) in trade and other receivables	493,0	574,2	-24,0	327,4
Increase (-) or decrease (+) in inventories	0,0	0,0	0,0	0,0
Increase (+) or decrease (-) in trade payables	84,3	27,5	241,3	-17,5
Cash generated from operations	-1 579,3	-859,3	-4 939,9	-2 178,0
Cash flow before extraordinary items	-1 579,3	-859,3	-4 939,9	-2 178,0
Cash flow from extraordinary items (+/-)	0,0	0,0	0,0	0,0
<b>Net cash from operating activities (A)</b>	<b>-1 579,3</b>	<b>-859,3</b>	<b>-4 939,9</b>	<b>-2 178,0</b>
<b>Cash flows from investing activities:</b>				
<b>Net cash from investing activities (B)</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of share capital	4 585,5	2 614,6	5 954,7	5 252,1
Purchase of own shares (-)	0,0	0,0	0,0	0,0
Proceeds from sale of own shares	0,0	0,0	0,0	0,0
Proceeds from short-term borrowings	0,0	0,0	0,0	636,1
Preceeds from short-term receivables	0,0	0,0	0,0	0,0
Repayment of short-term borrowings (-)	-8,6	-27,5	-8,6	-1 077,9
Proceeds from long-term borrowings	0,0	0,0	0,0	0,0
Repayment of long-term borrowings (-)	-27,5	-51,6	-98,4	-103,2
Intrest paid and contributions from financial expenses (-)	0,7		-15,3	-286,6
Dividends (-)	0,0	0,0	0,0	0,0
Taxes	0,0	19,3		60,7
<b>Net cash from financing activities (C)</b>	<b>4 550,1</b>	<b>2 554,8</b>	<b>5 832,4</b>	<b>4 481,1</b>
<b>Net increase/decrease in cash and cash equivalents (A + B + C)</b>	<b>2 970,8</b>	<b>1 695,5</b>	<b>892,6</b>	<b>2 303,2</b>
Cash and cash equivalents at beginning of period	289,4	672,0	2 367,5	64,4
<b>Cash and cash equivalents at end of period</b>	<b>3 260,1</b>	<b>2 367,5</b>	<b>3 260,1</b>	<b>2 367,5</b>



# Change in Equity

A summary report showing changes in equity during the financial quarterly period, including comparative figures for the same period during the previous financial year.

(EUR thousand)	Share capital	Invested unrestricted equity reserve	Retained earnings (loss)	Profit (loss) for the financial year	Total equity
<b>Equity 1 Oct 2018</b>	<b>80</b>	<b>12 483</b>	<b>-7 540</b>	<b>-2 476</b>	<b>2 141</b>
Shares issued		4 586			4 586
Profit(loss) for the financial period				-2 280	-2 280
<b>Equity 31 Dec 2018</b>	<b>80</b>	<b>17 069</b>	<b>-7 540</b>	<b>-5 749</b>	<b>3 860</b>
<b>Equity 1 Oct 2017</b>	<b>80</b>	<b>8 500</b>	<b>-4 605</b>	<b>-1 661</b>	<b>2 313</b>
Share capital increase					2 615
Shares issued		2 615			0
Profit(loss) for the financial period				-1 680	-1 680
<b>Equity 31 Dec 2017</b>	<b>80</b>	<b>11 114</b>	<b>-4 605</b>	<b>-3 341</b>	<b>3 248</b>
<b>Equity 1 Jan 2018</b>	<b>80</b>	<b>11 114</b>	<b>-7 540</b>	<b>0</b>	<b>3 654</b>
Shares issued		5 955			5 955
Profit(loss) for the financial period				-5 749	-5 749
<b>Equity 31 Dec 2018</b>	<b>80</b>	<b>17 069</b>	<b>-7 540</b>	<b>-5 749</b>	<b>3 860</b>
<b>Equity 1 Jan 2017</b>	<b>3</b>	<b>5 862</b>	<b>-4 605</b>		<b>1 260</b>
Share capital increase	78	-78			0
Shares issued		5 330			5 330
Profit(loss) for the financial period				-3 341	-3 341
<b>Equity 31 Dec 2017</b>	<b>80</b>	<b>11 114</b>	<b>-4 605</b>	<b>-3 341</b>	<b>3 248</b>



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