



ANNUAL REPORT 2020

NITRO GAMES OYJ



NITRO

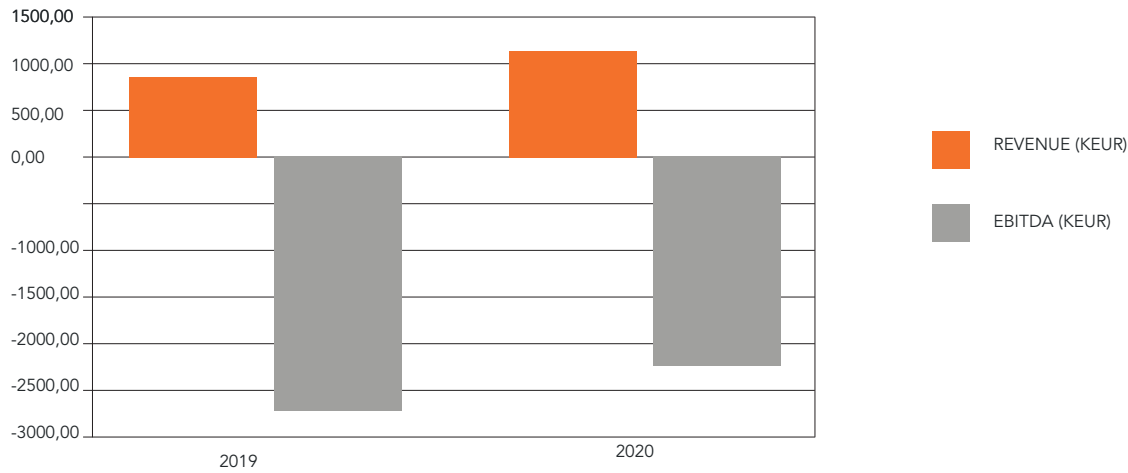
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Facts and Key Figures

Revenue & Profit



The above graph illustrates the development of Revenue and EBITDA generation 2019-2020

Two Studios in Finland



Kotka office
Juha Vainion Katu 2
48100 Kotka Finland

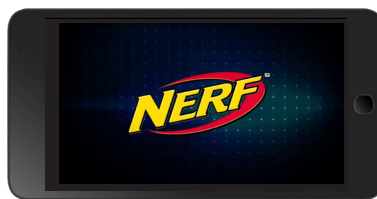


Helsinki office
Kaisaniemenkatu 2b
00100 Helsinki

New Game portfolio



LOOTLAND



Share Price Development

During fiscal year 2020 the share price in First North Sweden marketplace ranged between SEK 5,14 and SEK 15,42.

The closing price on December 30 2020 was SEK 9,42.

Highlights

- Company focused on the category of shooter games on mobile
- Nordisk Games joined as a leading investor with Board seats
- Increasing B2B interest in business development
- Lootland in development with stronger team
- Secured global exclusive license to Nerf brand by Hasbro and started a new game project
- Started a new unannounced game project
- Strengthened the team with selected key hires



"Nitro is well-positioned to take advantage of the growth in the shooter category, as we have already accumulated several achievements and learnings through our first releases. We have a unique upside on the market by being an independent developer & publisher, while still having the capabilities to execute complex real-time multiplayer games with high production value. This combined with our portfolio strategy and proprietary re-usable technology Nitro Platform gives us the foundation to build a scalable long-term success and reach our vision.

Our team has shown their professionalism by successfully turning this pandemic threat into an opportunity to be a better and stronger unit. We have improved our efficiency and as a result, have secured a big IP license and successfully expanded our game portfolio towards the end of last year."

Jussi Tähtinen
CEO, Co-Founder



A COMMENT FROM **CEO**
Jussi Tähtinen



A Word from Jussi Tähtinen, CEO

Well-positioned with expanded roadmap

Our team is our most important and valuable asset. I'm proud of how we navigated through the global COVID-19 pandemic last year. We rapidly shifted to remote working to maintain the health and safety of our employees. During these extraordinary times, we have successfully strengthened our capabilities with new key hires and used outsourced services effectively. This has been a good stress test for our culture and management capabilities. Our team has shown their professionalism by successfully turning this pandemic threat into an opportunity to be a better and stronger unit. We have improved our efficiency and as a result, have secured a big IP license and successfully expanded our game portfolio towards the end of last year.

Our vision is to become a household name in the category of shooter games on mobile. One year ago in our previous year-end report, we expected growth in this category. These expectations were very much increased during the year 2020. Shooter games were the fifth largest category on mobile in 2020 with est. \$2.1B in net revenues (38% YoY growth) and with several new entries to the category. This increasing maturity also means that we have seen more scalable sub-categories emerging. Moving forward, we are expecting the category to continue expanding at an accelerating pace.

Nitro is well-positioned to take advantage of this shooter category growth, as we have already accumulated several achievements and learnings through our first releases. We have a unique upside on the market by being an independent developer & publisher, while still having the capabilities to execute complex real-time multiplayer games with high production value. This combined with our portfolio strategy and proprietary reusable technology Nitro Platform gives us the foundation to build a scalable long-term success and reach our vision.

One of the biggest positive change drivers for Nitro in 2020 was Nordisk Games joining us as a leading investor and giving us the support we needed to focus on executing our strategy towards our long-term vision. This allowed us to close down the projects where we did not see long-term potential, and focus our efforts on maximizing the potential with the most promising games.

After 2020, we now have three new games in our portfolio and +40 concepts in the early MVP-process. We made good progress with Lootland during the second half of last year and based on the results of a successful technical testing period we're now looking to take the next steps with the game in 2021. We're following our disciplined data-driven approach and validating our progress step by step to ensure we're doing the right things. We're excited about the opportunities with Lootland for 2021 and I'm looking forward to expanding the game for new audiences.



At the end of the year, we had a big break-through announcing a deal with the global play and entertainment company Hasbro. We are developing a mobile action game with an exclusive license to the giant Nerf brand. We've assembled a great team to build this game, and it's progressing well with an exciting roadmap for 2021. We believe the game we're building has a good potential to become a "schoolyard win" and will be a great match with the brand and the huge online community behind it.

We also have a third game in our portfolio for 2021, which is yet to be announced. The game is currently in the pre-production phase and we're looking to do the first live audience tests during the first half of 2021.

We managed to increase our revenues last year by 43,5% and improve our financial result even though we accelerated the focus of self-published games and discontinued old game projects. Moving forward in 2021, we're seeking to further improve our financial performance with our new portfolio and with the new project opportunities we have in the business development. While doing that, we are determined in keeping our focus on long-term scalable success and doing the right things step by step.

Overall 2020 was a good year for Nitro. We are now stronger and well-positioned to continue through 2021 with our expanding portfolio.



Jussi Tähtinen
CEO, Co-Founder



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 the expertise from development to publishing to live-operations. The company focuses on producing mobile games with high production value for 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 has developed games based on its own IP such as Lootland, Heroes of Warland, Medals of War, Raids of Glory. The company offers its services also to selected customers and has developed several successful projects to leading mobile gaming companies.

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

The background is a dark blue, textured surface. On the left, there is a large, irregular, bright orange shape that looks like a piece of paper or a flag. On the right, a person's arm is visible, wearing a dark blue sleeve with three horizontal orange stripes. The text 'Strategy and Business Model' is written in white, bold, sans-serif font on an orange banner that is tilted diagonally across the middle of the image.

Strategy and Business Model

Market

Nitro Games operates in global gaming market as developer and publisher of mobile games. Historically Company has operated in several market segments, including PC console and mobile games. Today Nitro Games is focused on mobile gaming market.

The value of global game market in 2020 has been evaluated to be 77,2 billion USD, growth compared to the previous year was 13,3%. 50,2% of revenue came from iOS platforms, 36,1% from Google Play and 13,7% from all third-party Android stores.

According to industry analytics company Newzoo the global gaming market is expected to exceed 102,8 billion USD by the year 2023.

Source: NewZoo 2020

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 mid-core market. By continuously prototyping and developing new games and experiences simultaneously, the Company will ensure that it always 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.

The Company intends to pursue the following strategy:

- Develop and publish a portfolio of high-quality free-to-play games and master user acquisition practices.
- Regularly update its best-performing games in order to keep the users engaged and keep monetizing in the long-term.
- Maximize cross-selling between the Company's games in order to achieve maximum revenue per user and savings in user acquisition costs.
- Protect, use and develop its portfolio of IPs from earlier games.
- Be on the frontline of upcoming genres in order to benefit from momentum in the market and therefore always have a good time to market.
- Utilize the proprietary technology, the NG Platform, combined with Nitro Games' MVP process, to gain a competitive edge over competitors.
- Undertake high-status, commercially viable, game development projects for other publishers 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 mid-core 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.

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.



Business Model

The Company has two business models to support its strategy:

- 1) Self-publishing a portfolio of mobile games and
- 2) Offering development services to other companies in the industry as part of the Company's service business.

In self-publishing, 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 to ensure effective local market entry.



Nitro Games distributes its games through a number of 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 is able to 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 micro payments 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 type 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

A successful mid-core mobile game project is a large project that requires vast amounts of time and money. In a typical case, most of the project's codebase is not reusable from one project to another. This leads to companies spending more resources on projects than they ideally should.

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.

Technically, the NG Platform is a cross-platform tool that works on a wide variety of platforms (mobile, browser, PC, smart TV's etc.) but currently the primary purpose of the NG Platform is mobile.

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 self-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 aforementioned 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 in order 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.

In the end of 2020, NG Platform includes several "game engines" which can be used in different projects. These include eg. Shooter game engine, strategy game engine, open world engine, RPG engine etc. These game engines include the key technical modules for production of different type of games. The company is currently focusing on the category of shooter games.

Games and Portfolio

Lootland

Lootland is a portrait mode shooter game with an emphasis on Co-Op multiplayer. Players clear waves of enemies together, while picking up a ton of loot from the defeated monsters. Loot allows the players to upgrade their preferred weapons and armor, which helps them to advance through the more and more challenging levels.

Lootland is currently in production and technical testing. The development of the game follows Nitro Games' MVP –process, where the game is being tested with live audiences during the development phase to ensure the best possible product-to-market fit.

Nerf IP -based game

Nitro Games is working on a mobile action game with the popular Nerf brand by Hasbro. This game combines Nitro Games' expertise in the category with a huge brand and an active online community, which has a huge potential for virality. The largest YouTube channels with fan-made content about the Nerf blasters have more than 34 million subscribers and over 11 billion views on their videos. The strong community combined with an exclusive license to the leading Nerf brand forms a solid foundation for the upcoming game launch. The game development has started at the end of 2020 and the game is expected to be ready for soft-launch in 2021.

New Game projects

The third title is a yet unannounced game that has emerged from Nitro Games' MVP-process. The game is currently in the pre-production phase and is expected to deliver the first live audience test results during the first half of 2021.

Service Business Projects

In the service business, the company completed a game project with Avalanche Studios Group, a well-known developer and publisher of shooter games in the PC and console gaming space.

In this project Nitro Games developed a mobile game for Swedish AAA-studio Avalanche Studios Group, based on their IP "theHunter". The project was completed after a soft-launch phase in 2020. The best learnings from the category and the game continue to serve the team with new projects.

Old Project

During 2020, the company decided to discontinue working on its old project Heroes of Warland. This decision was based on the financial performance of these games. Thanks to the NG Platform, the best features, learnings, and investments in the re-usable technology in Heroes of Warland continue to serve the company with the new projects.

Team

The global COVID-19 pandemic impacted the whole world and therefore also Nitro Games during the year 2020. To protect the health & safety of its employees and to secure the business continuity, the company quickly shifted to remote working mode at the beginning of the pandemic. At the same time, all business travel & industry events were canceled.

This had the biggest impact on business development, where the natural ways of pitching and negotiating face to face were no longer possible. The pandemic also caused uncertainty in the B2B market related to new project investments. This was reflected in the schedules of B2B discussions and overall made it more difficult to estimate the course of negotiations since the normal pattern was no longer available. Nitro Games reacted to these changes quickly by strengthening the capabilities in business development with additional resourcing and by reworking its pipeline for producing B2B materials more suitable for remote use. As a result, the company saw an increasing amount of interest in B2B towards the end of the year and secured a major licensing agreement at the later part of 2020.

Overall, the pandemic and the resulting remote working had a very small impact on the company in operations, and the company seeks to continue effective remote working until it is safe to return to the new normal.

The company strengthened its capabilities in 2020 through selected key hires for leading positions.

Nitro Games has a strong senior team of professionals covering all the functions from game development to self-publishing, live-operations and business development.

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.

Moving forward, the Company seeks to strengthen its expertise with key recruitments to support its growth ambitions.



Corporate Governance

General Information on the Administration of the Company

The Company adheres to the Finnish Companies Act and the rules of First North in the organization of its 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.



General Information on the Board of Directors of the Company

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 8, 2020 elected the Board: Antti Villanen, Johan Biehl, Mikkel Weider and Pim Holfve. The Board elected Johan Biehl as Chair among its members.

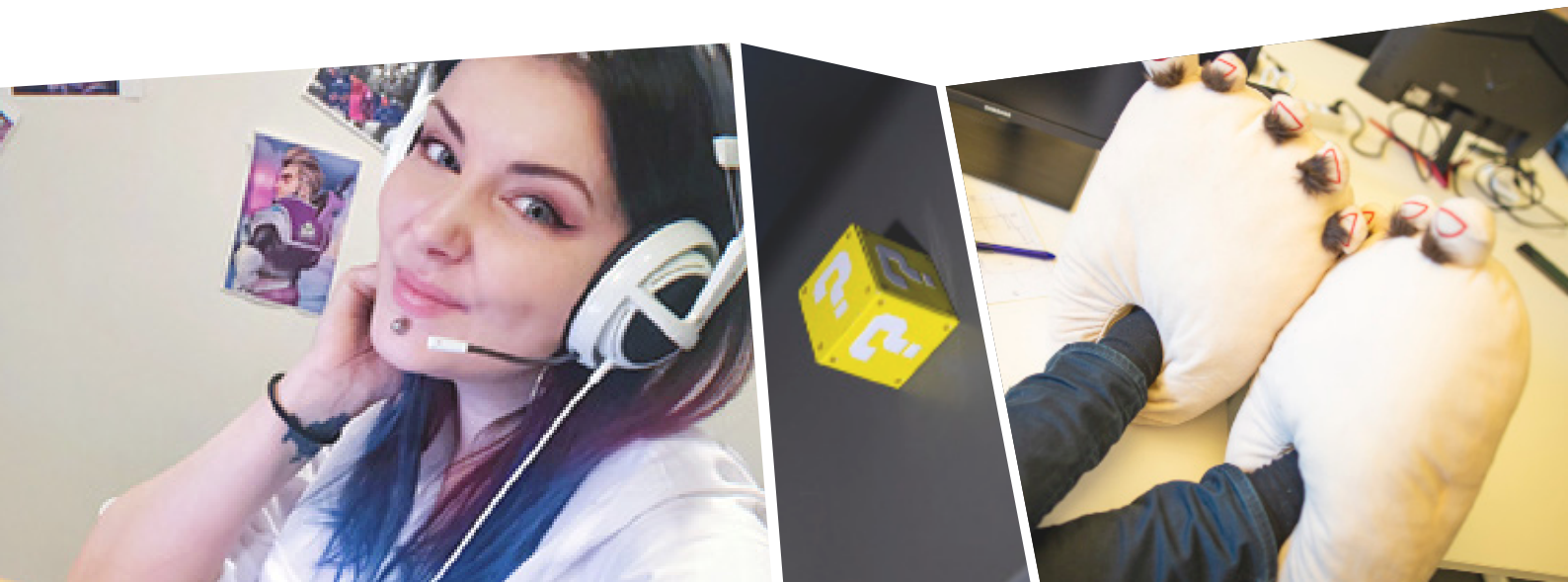
The term of office of each member of the Board of Directors ends at the adjournment of the first Shareholder Annual General Meeting following the election.

The Board of Directors convened 15 times in 2020.

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
Mikkel Weider	Member of the Board	1975	2020	No, represents large shareholder
Pim Holfe	Member of the Board	1974	2020	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. He is a board member and Investment manager at Feat Invest AB since 2016 and board member at Zwiipe AS since 2018.

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. 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

Co-founder & Member of the board since 2008 and CSO of Nitro Games.

Antti Villanen is a digital media and game industry executive with 20 years of board and C-level experience from a more than 20 digital and gaming companies. Before founding Nitro Games, Antti co-founded the digital media studio Nitro FX Oy, where he worked as CEO, Executive Vice President and board member 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 Marketing and Sales-roles at Profectus Finland Oy during 1994-1999.

Mikkel Weider, born 1975

Member of the board since 2020

Mikkel Weider is the Managing Director of Nordisk Film Games. He founded the investment unit within Nordisk Film in 2016 and built the team to secure the investments and support the portfolio companies. Mikkel is currently on the board of Avalanche, Star Stable, Reto Moto and Raw Fury. Mikkel originally founded the gaming company Art of Crime and have been Director or board member at several global internet companies, including Match.com, Bookatable.com, TrustPilot.com, and GoGift.com.

Pim Holfve, born 1974,

Member of the board since 2020

Pim Holfve has been the Chief Executive Officer of Avalanche Studios Group since 2015 and brings a wealth of global industry experience. At Avalanche Studios Group, Pim led the establishment of a sustainable and successful self-publishing organization in addition to the company's work with third-party publishers and license holders. Previous to Avalanche Studios Group, he served as Chief Executive Officer of Expansive Worlds 2012-2015 and Producer for Battlefield Heroes at EA Easy 2011-2012. Additionally, Pim was one of the first employees at King and served in several positions such as Game Studio Director and Corporate Identity Director.



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 2020 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 2020:

Name	Position	Born	Nominated
Jussi Tähtinen	CEO	1981	2008
Matti Nikkola	CFO	1971	2013
Samppa Rönkä	CTO	1982	2014
Antti Villanen	CSO	1973	2019
Jussi Immonen	COO	1976	2018





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

Jussi Tähtinen is the CEO of Nitro Games since September 2008. He started as a designer in Nitro FX Oy in 2004, and before becoming the CEO for the spin-off Nitro Games, he worked in various roles within design and production. During his time at Nitro Games Jussi has built up a close-knit team of gaming professionals, and been involved in over 25 different game launches. Before Nitro FX Jussi worked as technical advisor at YIT Primatel Oy.

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

Matti is the CFO of Nitro Games since 2017 and was before that the acting CFO since 2009. Matti is an entrepreneur and seasoned leader with 25 years of executive level experience in trade and logistics, video and mobile games, financials and in the ICT and marketing business. Before focusing on investing and business development advisory in smaller companies through his own company, Matti worked as Development Director at B&B TOOLS Finland Oy, Development Manager at Ruuska Group Oy and in various positions at for example Valmet Oyj, Sampo Oyj, Pohjola Oy, Shell Oy and Neste Oyj.

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

Samppa is the CTO of Nitro Games since 2014. He started as an PHP Programmer at Nitro FX in 2005 and continued as an AI Programmer at Nitro Games in 2007 after it was spun-off. Samppa worked as a Lead Programmer from 2011 to 2014. During his 10 years in game development, Samppa has worked with a range of platforms (PC, iOS, Android, Windows Phone, Xbox 360, PS3 and Symbian) as well as game engines (Unity3D, Havok Vision, Alan Wake engine, Marmalade SDK and Storm 3D).

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

Jussi has been the COO of Nitro Games since 2018. Jussi is seasoned mobile gaming veteran who has worked in mobile games industry since 2003. Jussi has several managerial and executive positions from several mobile gaming companies including Rovio, Chat Republic Games, Nokia, RealNetworks and Mr.Goodliving. Key strengths in business strategy, portfolio and product management, business development and mobile games marketing.

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 Nitro Games, Antti co-founded the digital media studio Nitro FX Oy, where he worked as Executive Vice President and board member during 2002-2009 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.



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 8, 2020 elected auditing firm Idman Vilén Grant Thornton 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.





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 8, 2020 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.

Options

The Annual General Meeting of Nitro Games held on May 8, 2020 decided to authorize Board to resolve on the issuance of option rights. The number of option rights to be issued under the authorization may not exceed 1 063 000. Each option right entitles option right holder to subscribe one new share. The subscription price is SEK 15 per share, and it is based on the subscription price per share of the planned directed share issue (SEK 7,5/share) announced by the company on April 15, 2020 multiplied by two (2). Board was authorized to resolve all other terms. Authorization is valid until December 31, 2022.

In accordance with this authorization and the decision of the Annual General Meeting, 804 368 option rights were granted to the Management Group and the Team on June 2, 2020 under the symbol 2/2020C. The subscription period for these option rights begins on December 3, 2020 and ends on December 31, 2023.

In accordance with this authorization and the decision of the Annual General Meeting, 19 500 option rights were granted to the Team during the year 2020 under the symbols 2/2020A, 2/2020B, 2/2020D, 2/2020E and 2/2020F. For these option rights, the subscription period begins six (6) months after the receipt of the rights and ends on December 31, 2023.

At its meeting on May 8, 2020, the Board of Directors decided to cancel the unallocated option rights held by the company, a total of 280 262 stock options which are related to option right plans 1/2019 (51 132 options), 2/2019A (20 500 options) and 2/2019B (208 630 options).

Shareholders

The Annual General Meeting of Nitro Games Corporation will be held on May 7, 2021 at 14:00 (Finnish time) at Nitro Games Oyj 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 13.30.

Registration to the Annual General Meeting will begin on 16 April 2021 and end on 4 May 2021 at 16:00. More detailed instructions can be found on the Company's website.

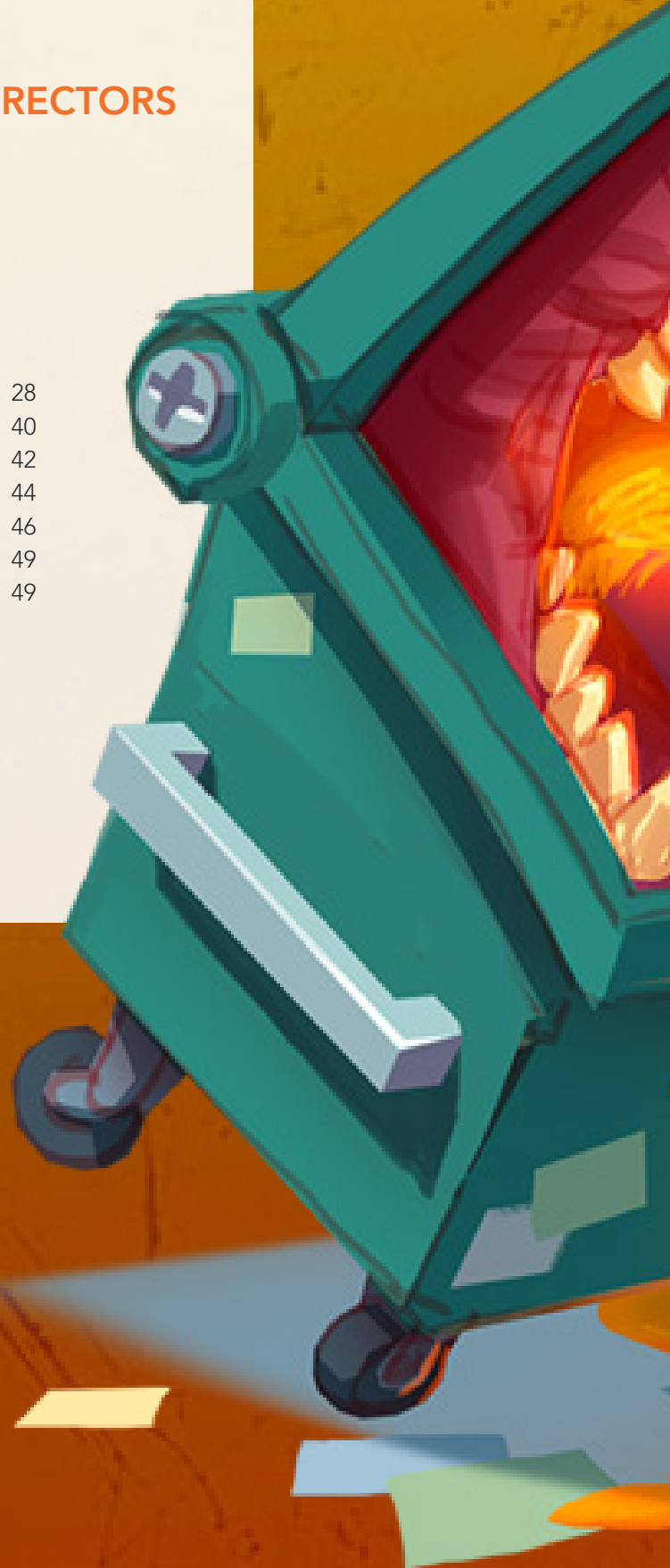
Nitro Games Plc (2134819-6)

REPORTS BY THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

1.1.2020–31.12.2020

(Unofficial translation from the Finnish original)

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Report by the Board of Directors for 2020

Nitro Games Plc is a Finnish mobile game developer and a publisher with long experience in developing games for the global market. The headquarters are in Kotka and the company also has an office in Helsinki. Company was listed on Nasdaq First North Growth marketplace in Stockholm, Sweden as the first Finnish mobile gaming company on June 16, 2017.

The company's strategy is to grow through publishing game products. The business operations are divided in two areas: the company develops and publishes mobile games for international distribution and sells its know-how as a service to international gaming players as part of the service business.

In line with its strategy, the company continued to develop its game portfolio in 2020. The focus areas for 2020 were the development of Lootland mobile games, as well as theHunter: Mobile project completion as part of the service business. In 2020, the company launched several new game development projects, the most promising of which will continue towards release in 2021. As part of the development of its game portfolio, the company decided to discontinue the further development of unprofitable game projects and utilize the best features and technology in its new projects.

At the end of 2020, the company entered into a new licensing agreement with Hasbro Inc. With the agreement, the company acquired an exclusive license for the Nerf brand, and based on this the company is developing a new game product for 2021.

At the end of 2020, the company had three games in its game portfolio; Lootland, game based on Nerf brand as well as a new yet unreleased mobile game.

Operating Environment

Nitro Games operates in global gaming market as developer and publisher of mobile games. Historically Company has operated in several market segments, including PC console and mobile games. Today Nitro Games is focused on mobile gaming market.

The value of global game market in 2020 has been evaluated to be 77,2 billion USD, growth compared to the previous year was 13,3%. 50,2% of revenue came from iOS platforms, 36,1% from Google Play and 13,7% from all third-party Android stores.

According to industry analytics company Newzoo the global gaming market is expected to exceed 102,8 billion USD by the year 2023.

Source: Newzoo 2020

Business Development, Performance, and the Financial Status

Revenue in 2020 was EUR 1 171,3 thousand (EUR 816,2 thousand in 2019).

Company's revenue consists of two businesses: self-publishing business and service business.

Company's operating profit (EBIT) for the fiscal year was EUR -2,78 million, compared with EUR -3,28 million in the previous fiscal year. The company's EBITDA for the fiscal year was EUR -2,33 million, compared with EUR -2,66 million in the previous fiscal year. Profit for the year was EUR -2,81 million, compared with EUR -3,29 million in the previous fiscal year.



Company's financial result was mainly impacted by substantial investment in developing its own games, own technology, and self-publishing.

During fiscal year 2020 Company carried out funding round, where new capital was raised approx. EUR 2,34 million (SEK 25 million) and a convertible debentures loan of EUR 1,87 million (SEK 20 million).

Company's cash and bank receivables at the end of accounting period were EUR 2,98 million (1,68 million in 31.12.2019). Equity ratio at the end of fiscal year was 25% (56% in 2019).

The global COVID-19 pandemic impacted the whole world and therefore also Nitro Games during the year 2020. To protect the health & safety of its employees and to secure the business continuity, the company quickly shifted to remote working mode at the beginning of the pandemic. At the same time, all business travel & industry events were canceled. This had the biggest impact on business development, where the natural ways of pitching and negotiating face to face were no longer possible. The pandemic also caused uncertainty related to new project investments. This was reflected in the schedules of B2B discussions and overall made it more difficult to estimate the course of negotiations since the normal pattern was no longer available. Nitro Games reacted to these changes quickly by strengthening the capabilities in business development with additional resourcing and by modifying its production model to produce B2B materials suitable for remote use.

The company received a grant of EUR 98 thousand from Business Finland to mitigate the impacts of COVID-19 to the B2B service business.

Overall, the pandemic and the resulting remote working had a very small impact on the company operations, and the company seeks to continue effective remote working until it is safe to return to the new normal.

Key Ratios

	Full Year 2020	Full Year 2019
		Audited
Revenue (EUR thousand)	1 171,30	816,2
Operating profit/loss (EUR thousand)	-2 783,20	-3 284,5
Operating profit/loss % (EBIT %)	-237,6 %	-402,4 %
EBITDA (EUR thousand)	-2 326,6	-2 658,3
EBITDA %	-198,6 %	-325,7 %
Net profit /loss (EUR thousand)	-2 810,9	-3 293,4
Cash flow generated from operations (EUR thousand)	-1 514,7	-2 661,2
Equity ratio (%)	25,00 %	56,44 %
Number of shares, average	7 089 966	3 749 055
Number of shares at the end of the period	8 326 230	4 992 897
Number of Share options	1 287 736	459 368
Equity per share (EUR)	0,2	0,4
Earnings per share (EUR) undiluted	-0,3	-0,7
Earnings per share (EUR) diluted	-0,3	-0,6
Net debt (EUR thousand)	1 500,9	-159,0
Number of employees	36	39



Research and development (R&D)

The company invested heavily in development activities focusing on gaming products, analytics, technology, and publishing processes as well as the reorganization of production models. Company's development costs in 2020 consists of personnel costs and external services.

Depending on the nature and phase of the development activity, the development costs are either recognized as an expense or capitalized in the balance sheet as investments and depreciated according to the depreciation plan.

The development costs related to Lootland and Shooter games and their reusable technology were capitalized in the balance sheet. This is shown in the income statement under Manufacturing for enterprise's own use.

New development costs capitalized between January and December were altogether EUR 1,09 million. This includes development and maintenance related costs by third parties (externals services), personnel costs and other costs allocated directly to project. The depreciation of these development costs starts on January 1, 2021 and will be performed as straight-line depreciation in five years.

In fiscal year 2020 depreciation was made on previous years' capitalized development costs totaling EUR 456 289 (EUR 625 812 in 2019).

Development costs	31.12.2020	31.12.2019
Balance sheet value 1.1.	1 465 946	922 358
Increase	1 094 262	1 169 400
Depreciations	-456 289	-625 812
Balance sheet value 31.12.	2 103 919	1 465 946

Significant risks and uncertainties

The company's key strategic risk factors are the risks related to the company's position, financing for the development of services and games, personnel, and the renewal of the production infrastructure.

The most significant operational risks are related to the maintenance of the financial performance, continuous development, and activities of company's so-called top game in the market. The risks in the user acquisition investments are related to the prediction accuracy of the yield models and the impact on the company profit. New games from competitors and changes in the competition can also affect how the games of the Company succeed and thus, reflect also on revenue, profit and the amount of the user acquisition investments. The ability to develop and improve its current games as well as create new games to publish on mobile markets are essential to Company's business. Delays in game development and publishing may affect negatively on Company's operations and cash flow.

Each development projects bears a risk that the outcome will not provide the commercial success planned, and the investment will not pay off. The company aims to organize its operations in a way that minimizes development risks.

As a result of the COVID-19 pandemic, changes have taken place and are expected to continue in the company's business environment. The pandemic and its effects on the global economy may have direct and indirect effects on the company's business and its performance. The company strives to reduce the impact of its operations through active measures. However, the company's liquidity and expectations for the coming year are good.

Company's operations may also include risks that can be significant to Company and its share value. The company's Board of Directors assesses risks as part of the strategy and business planning process.

The company has insured its business with standard interruption and property insurance. Risks and uncertainties other than those described above may affect the Company's business.

Significant events after the fiscal year-end

Significant events that affect the financial statements are taken into account when they occur in the time period between the day of the fiscal year close and the day of the financial statements are published. By publishing it is referred to the day when the financial statements release is published. In the case of matters occurring during the above-mentioned period, it is examined whether it is an event for which the financial statements are to be adjusted or an event for which the financial statements are not to be adjusted. The information in the financial statements is adjusted for events that provide additional evidence of the situation at the end of the fiscal year.

On February 23, 2021 Nitro Games published a press release of signing a new cooperation agreement with Snap Group Ltd. Nitro Games is developing a new game that will be released on the Snapchat platform.

On February 25, 2021 Nitro Games issued a press release in which its Board of Directors has decided on a directed share issue of SEK 35 million.

On February 25, 2021 Nitro Games published an invitation to convene an Extraordinary General Meeting to be held on March 18, 2021.

On March 5, 2021 Nitro Games published a press release of signing a new game development agreement. Under the agreement, Nitro will provide game development services to a mobile game publisher in the United States for their existing game.

On March 18, 2021 Nitro Games published a press release in which the decision of the Extraordinary General Meeting was published, authorizing the Board of Directors to carry out the directed share issue in accordance with the terms and conditions stated in the previous press release dated on February 25, 2021. The directed share issue on February 25, 2021 consisted of 2 342 704 new shares. The subscription price is SEK 14,94 per share. After the share issue, the total number of the company's shares is 10 668 934.

On March 31, 2021 Nitro Games published a press release of signing a new game development agreement with PlaySide to offer game development services for a new unannounced game by PlaySide. The order value of this new agreement is approx. € 300,000.

The Company's Board of Directors is not aware of any other significant events after the financial statements date that would have affected the financial statement information or calculations.



Future outlook

The Board of Directors believes that the development of Company reflects the general direction of the market. The development of net sales depends to a large extent on the release and commercial success of future new game products. The potential loss is due to Company's future investments in game development and user acquisition, in which the company builds foundation for its self-publishing business. Restrictions due to the Covid-19 epidemic are also believed to be partially reflected in the company's operations indirectly during the 2021 fiscal year.

Company shares and shareholders

Company shares have been incorporated into the book-entry system maintained by Euroclear on May 2, 2017 and entered multilateral trading on the First North Growth Sweden marketplace held by Nasdaq Stockholm AB on June 16, 2017 with the symbol of NITRO.

Company has one class of shares. The number of shares outstanding on December 31, 2020 was 8 326 230 shares (4 992 897 shares on December 31, 2019). Shares are in one class and each share has one vote at the Annual General Meeting. The company does not own any of its own shares.

The number of individual shareholders has varied between 794 and 1 335 shareholders in 2020.

The table below shows the changes in the total number of shares during the fiscal year 2020.

	1.1.2020	Issue 5/20	31.12.2020
Shares	4 992 897	4 992 897	8 326 230
Increase		3 333 333	
Total	4 992 897	8 326 230	8 326 230

Ten largest Shareholders of the Company as at December 31, 2020.

Shareholders		Number of shares	% of shares and votes
Egmont Holding Oy	1	3 333 333	40,03
SEB AB, Luxemburg Branch		1 098 555	13,19
Avanza Pension försäkring AB		394 712	4,74
Ludvig Strigéus		232 645	2,79
Feat Invest AB	2	229 717	2,76
Coeli Wealth Management AB		130 500	1,57
Antti Villanen		129 254	1,55
Oy AjoRanta Group AB	3,4	117 103	1,41
OP-SUOMI mikroyhtiöt Erikisrahasto		108 400	1,30
Swedfact Holding AB		105 000	1,26
Others		2 447 011	29,39
The total number of shares		8 326 230	100,00

1 Egmont Holding Oy represents the investment by Nordisk Film Games

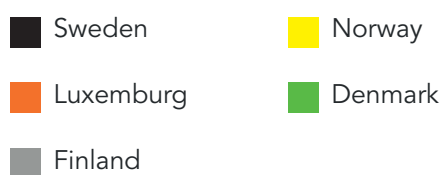
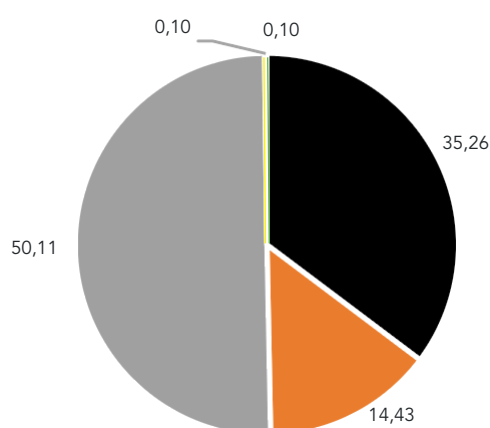
2 Feat Invest Ab is controlled by Johan Biehl(Chairman of Board)

3 AjoRanta Group Ab is controlled to 100 % by CFO Matti Nikkola.

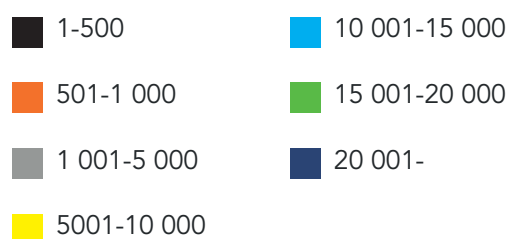
4 AjoRanta Group Ab has lent 45 000 shares to Liquidity provider (Lago Kapital).



Holdings (%)



Shareholders



Management's holdings and option rights

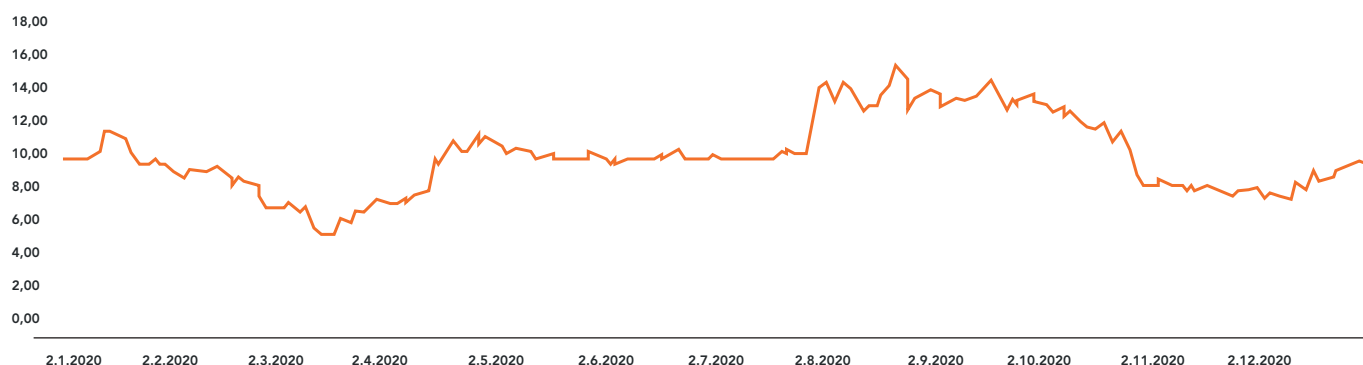
Shares and option rights held by Company's Board of Directors, Management Group, Team and their related parties were on the financial statements date as follows:

	31.12.2020			31.12.2019	
	Shares	% Shares	Options	Shares	Options
Board	326 807	3,9	20 500	1 778 742	132 500
CEO and Management	447 586	5,4	1 041 236	442 717	245 500
Team	23 316	0,3	226 000	18 910	81 368
	797 709	9,6	1 287 736	2 240 369	459 368
Number of Shares	8 326 230				
Number of Options	1 287 736				

Nitro employees in permanent employment are covered by stock option plans.

Share trading

During fiscal year 2020 the share price in First North Sweden marketplace ranged between SEK 5,14 and SEK 15,42. At the end of the year (30.12.2020) share price stood at SEK 9,42.





Annual General Meetings

The Annual General Meeting was held on May 8, 2020. General Meeting discussed matters in accordance with the Articles of Association and decided to authorize the Board to resolve the directed share issue, the issuance of special rights entitling to shares as well as the option rights.

Structural and financial arrangements

Authorizing the Board of Directors

The Annual General Meeting of Nitro Games held on May 8, 2020 decided to authorize the Board of Directors to resolve on share issues and issuance of special rights entitling to shares. The number of shares to be issued under the authorization may not exceed 5 555 555. The authorization will be used to implement the planned directed share issue announced by the company in April 15, 2020. The Board of Directors resolves on all terms and conditions of the share issue, and if needed, has also the right to decide on changes to the terms of the share issue published on April 15, 2020.

Directed share issue and issuance of special rights entitling to shares

The board decided on a directed share issue of 3 333 333 new company shares. The subscription price of the share issue was SEK 7,5 per share. The subscription price was recorded to the Company's invested unrestricted equity fund.

On May 8, 2020, the Board of Directors decided to issue special rights entitling to shares as authorized by the Annual General Meeting on May 8, 2020. 2 222 222 special rights ("Special rights") in the form of convertible bonds were granted, which each entitle the holder to subscribe for one (1) new share of Nitro Games Oyj ("Company"). The Special rights were granted to Egmont Holding Oy (Lender), deviating from the shareholders' pre-emptive subscription right. The Special rights are granted as part of a loan arrangement under a convertible bond agreement (the "Loan Agreement") signed between the Lender and the Company and no separate consideration is paid for the Special Rights. The subscription price for the shares, that are subscribed for based on the Special Rights, is based on negotiations between the Company and the Lender and is SEK 9 per share. On May 8, 2020, the Board of Directors decided to issue a convertible bond and related special rights entitling to shares (1/2020). The company has raised a loan of SEK 20 million against the rights.

Option rights

The Annual General Meeting of Nitro Games held on May 8, 2020 decided to authorize Board to resolve on the issuance of option rights. The number of option rights to be issued under the authorization may not exceed 1 063 000. Each option right entitles option right holder to subscribe one new share. The subscription price is SEK 15 per share, and it is based on the subscription price per share of the planned directed share issue (SEK 7,5/share) announced by the company on April 15, 2020 multiplied by two (2). Board was authorized to resolve all other terms. Authorization is valid until December 31, 2022.

In accordance with this authorization and the decision of the Annual General Meeting, 804 368 option rights were granted to the Management Group and the Team on June 2, 2020 under the symbol 2/2020C. The subscription period for these option rights begins on December 3, 2020 and ends on December 31, 2023.

In accordance with this authorization and the decision of the Annual General Meeting, 19 500 option rights were granted to the Team during the year 2020 under the symbols 2/2020A, 2/2020B, 2/2020D, 2/2020E and 2/2020F. For these option rights, the subscription period begins six (6) months after the receipt of the rights and ends on December 31, 2023.

At its meeting on May 8, 2020, the Board of Directors decided to cancel the unallocated option rights held by the company, a total of 280 262 stock options which are related to option right plans 1/2019 (51 132 options), 2/2019A (20 500 options) and 2/2019B (208 630 options).



Personnel, Management and Auditors

Personnel and competence development

Social responsibility and personnel

As a globally operating company, Nitro values diversity and treats all employees equally. Fair and equal treatment regardless of ethnic origin, nationality, political views, gender, sexual orientation, disability, family situation or age is in place throughout the company. Nitro respects the principle of equal opportunities. Fair and equal treatment is expected of all Nitro employees towards all the company's employees as well as subcontractors, service providers and other partners.

Nitro's goal is to develop the company's organization responsibly and to strive to achieve common benefits for the company, its shareholders, and employees. Covid-19 made it difficult to achieve the goals. Remote working required learning new ways of working and ways to maintain the Nitro spirit. The most important thing for the success of operations in exceptional situations has been open and continuous communication.

Average number of the personnel at the end of the fiscal year was 36 (39 employees in 2019). 17 % of personnel were women (13% in 2019) and 27 % of personnel were foreign (23% in 2019). Average age was 34 years (34 in 2019). Most of the employees at Nitro Games Plc are fulltime employees and personnel costs are mainly fixed costs. Company monitors the industry's overall wage level and competitive position in determining salaries.

The table below shows the indicators for personnel development in 2019-2020.

	31.12.2020	31.12.2019
Personell on average	36	39
Salaries and wages during the financial year	2 320 986	2 139 919

Competence development

Know-how, motivation, and wellbeing of the personnel are essential factors in the success of Nitro. One of the strategic goals in Nitro is to be the best working place for gaming talents. In line with the strategy, we invested heavily in developing the professional skills of our personnel, coaching supervisors, and developing well-being at work.

Nitro sees that the mental work ability of the staff is of key importance in terms of coping at work and work motivation. Well-being at work was considered in many ways, for instance taking in consideration the wishes of the personnel, involving them in the discussion and decision-making, and mapping out their suggestions for improving well-being at work. Nitro also provides vast occupational healthcare services as well as many sports and culture benefits and possibilities for hobbies.

In 2020 Nitro implemented several development measures related to remote working. The aim of the measures is to help workers to adopt operating modes and methods that enable remote working.



CEO

The CEO is responsible for the management and administration of the company's business and day-to-day affairs with the aim of securing a significant and continuous growth in the company's value for shareholders. The CEO prepares matters for the Board, develops the company in accordance with the goals agreed with the Board and ensures the proper implementation of the Board's decisions. In addition, the CEO has a duty to ensure that the company's operations comply with the laws and regulations in force at the time.

CEO has the right to demand that the Board of Directors be convened and to attend and speak at Board meetings, unless the Board decides otherwise in certain cases. He has the right to have his dissenting opinion recorded in the minutes of the meeting.

CEO acts as Chairman of the Management Group and guides and supervises the operations of other members of the Management Group.

The board appoints the CEO and decides on the remuneration to be paid to the CEO and on the other terms and conditions of the CEO agreement. CEO is appointed for the time being.

Company's CEO is Jussi Tähtinen.

The Board of Directors

The main responsibility of the Board of Directors is to guide Company's strategy implementation so that it can achieve its objectives in the long term and produce the highest possible value for shareholders, while also taking into account the expectations of other key stakeholders. The Board of Directors is responsible for the Company's administration and proper organization of operations. The Board of Directors decides on matters which have a significant impact on the business considering the scope of the company's operations. According to the Articles of Association, the term of the Board expires at the end of the next Annual General Meeting.

According to the Articles of Association the Annual General Meeting annually elects the Board of Directors with three to eight members. Until May 8, 2020 the members of the Board of Directors were Jacob Ehrnrooth, Antti Villanen, Sverker Littorin, Ilkka Lassila, Wilhelm Taht, Oliver Kern and Johan Biehl. The Chair of the Board was Jacob Ehrnrooth.

The Annual General Meeting on May 8, 2020 elected the Board: Antti Villanen, Johan Biehl, Mikkel Weider and Pim Holfve. The Board elected Johan Biehl as Chair among its members.

During the fiscal year 2020, the Board of Directors met 15 times, 9 of which convened by the new board. The average attendance rate was 99%.

The Annual General Meeting decides on the remuneration of the members of the Board of Directors annually. For the term starting May 8, 2020 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.



Environmental factors

Nitro Games strives to be an example and a forerunner in gaming production and aims to contribute sustainable growth in all its operations. The goal is to minimize the environmental impact of operations.

The largest environmental load consists of electricity consumption from IT equipment, servers and gaming as well as air travel. The space efficiency of the offices' workspaces is at a good level.

Nitro Games strives to develop procurement practices in such a way that they also take environmental factors into account when planning procurement, during use and at the end of the life cycle. Nitro Games seeks to co-operate with reputable stakeholders with environmental and social responsibilities.

Insider Administration

Board of Directors of the Company must ensure, that adequate practices for controlling insider issues are always in use in the Company. Insider rules must be in compliance with Finnish laws and the good corporate governance. They also must be in line with the rules and regulations of NASDAQ and Financial Supervisory Authority. The Board of Directors has authorized the CEO to make practical arrangements and maintain the register.

In compliance with Market Abuse Regulation (MAR) Nitro Games has determined that members of Board of Directors and members of Management Group are insiders subject to reporting obligation. In addition to reportable insiders, Nitro Games establishes a separate event-based insider list with significant insider trading. An insider trade means an arrangement that is prepared in confidence and which, if implemented, could have a significant effect on the value of Nitro Games' securities.

Every employee and insider at Nitro Games is personally responsible for not violating laws and regulations regarding the use of inside information.

Nitro Games observes a 30-day closed window period before publishing its quarterly reports or financial statements. During this period, trading in Nitro Games' securities is prohibited for Nitro Games' insiders i.e., insiders with reporting obligation and persons, who participate in preparing the quarterly reports and financial statements, as well as other persons determined by the CEO.





Certified Adviser

Company's shares are subject to multilateral trading at First North Growth -marketplace in Stockholm. First North Growth provides the infrastructure needed for trading and distribution of share information. Each company admitted to trading must have an agreement with a Certified Adviser. Certified Adviser, on the other hand, has signed an agreement with the stock exchange. Certified Adviser ensures that the company meets both the requirements for admission to trading and the ongoing obligations that are related to trading on First North Growth. In addition, the Certified Adviser continually monitors the company's compliance with the First North Growth rules and reports any violations it detects immediately to the stock exchange.

The company's Certified Adviser, required by the rules of the Stockholm First North Growth market was Augment Partners Ab and, as of September 2020, FNCA Sweden Ab.

Auditors

According to the Articles of Association the Company must have at least one responsible auditor and one deputy auditor. In case an audit firm is elected as the responsible auditor, it is not necessary to elect a deputy auditor.

The Annual General Meeting elects an auditor for one financial year at a time. The Board of Directors makes an annual proposal to the Annual General Meeting on the election or re-election of the auditor after assessing the qualifications and independence of the proposed auditor.

The Auditors of the Company have been the audit firm Idman Vilen Grant Thornton Oy and Antti Niemistö, Authorized Public Accountant, as the responsible auditor.

Board's proposal for distribution of profits

The Board's proposal to the Annual General Meeting is that the loss of the period EUR -2 810 941,98 will be transferred to the profit/loss account for previous fiscal years and that no dividend will be distributed.

The Annual General Meeting

The Board decided to convene the Annual General Meeting to be held on May 7, 2021. Nitro Games Oyj announces notice of the Annual General Meeting on April 16, 2020, which is published on the Company's official website.

December 31, 2020
The Board of Directors
Nitro Games Oyj

Definitions of Key Ratios

Operating profit (EBIT) revenue + other operating income – operating costs – depreciation

EBITDA Operating profit + depreciation, amortization and impairments

EBITDA % $\frac{\text{EBITDA}}{\text{Revenue}} \times 100$

Equity ratio % $\frac{\text{Equity total}}{\text{Assets-advances received}} \times 100$

Earnings per share (EPS), undiluted

Profit (loss) for the financial year divided by the average number of outstanding shares during the financial year.

Earnings per share (EPS), diluted

Profit (loss) for the financial year divided by the average number of outstanding shares during the financial year after adding the number of shares with potential dilution effect (option rights).

Net debt Liabilities - cash in hand at banks.





Nitro Games PLC Income Statement

	1.1.–31.12.2020	1.1.–31.12.2019
Revenues	1 171 295,88	816 220,35
Manufacturing for enterprise's own use	1 094 261,63	1 169 400,33
Other operating income	105 169,00	9 021,60
Materials and services		
Materials and equipment	-257 791,01	-530 598,68
Purchases during the financial year	-257 791,01	-530 598,68
External services	-797 795,42	-420 787,51
Materials and services total	-1 055 586,43	-951 386,19
Personnel expenses		
Salaries and wages	-1 959 329,75	-1 770 143,88
Social security expenses	-361 655,80	-369 774,69
Pension expenses	-307 655,05	-322 817,82
Other statutory employee expenses	-54 000,75	-46 956,87
Personnel expenses total	-2 320 985,55	-2 139 918,57
Depreciation according to plan	-456 607,74	-626 237,34
Other operating expenses	-1 320 775,58	-1 561 603,23
OPERATING PROFIT (LOSS)	-2 783 228,79	-3 284 503,05
Financial income and expenses		
Other interest income and other financial income	33,01	786,25
Interest income and other financial income	-27 746,20	-9 709,14
Financial income and expenses total	-27 713,19	-8 922,89
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	-2 810 941,98	-3 293 425,94
PROFIT (LOSS) OF THE FINANCIAL YEAR	-2 810 941,98	-3 293 425,94



Nitro Games PLc Balance Sheet

	31.12.2020		31.12.2019	
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	631 570,37			
Development costs	2 103 918,46	2 735 488,83	1 465 945,74	1 465 945,74
Tangible assets				
Machinery and equipment	956,48	956,48	1 275,31	1 275,31
NON-CURRENT ASSETS TOTAL		2 736 445,31		1 467 221,05
CURRENT ASSETS				
Long-term debtors				
Equity loan receivables				
Other debtors, long	30 020,80	30 020,80	27 654,80	27 654,80
Short-term debtors				
Accounts receivable	94 050,36		143 785,78	
Other debtors	47 359,55		86 761,69	
Prepayments and accrued income	86 630,55	228 040,46	82 987,82	313 535,29
Cash in hand and at banks		2 981 651,37		1 677 484,86
CURRENT ASSETS TOTAL		3 239 712,63		2 018 674,95
ASSETS TOTAL		5 976 157,94		3 485 896,00



Nitro Games PLc Balance Sheet

	31.12.2020		31.12.2019	
EQUITY AND LIABILITIES				
EQUITY				
Share capital	80 000,00		80 000,00	
Invested unrestricted equity reserve	20 806 506,52		18 469 382,79	
Retained earnings (loss)	-16 581 987,86		-13 288 561,92	
Profit (loss) of the financial year	-2 810 941,98	1 493 576,68	-3 293 425,94	1 967 394,93
EQUITY TOTAL		1 493 576,68		1 967 394,93
LIABILITIES				
Non-current				
Convertible Loans	1 869 699,17			
Loans from financial institutions	1 341 671,08		986 089,76	
Account payable	617 128,11			
Other non-current liabilities	690,00	3 829 188,36	910,00	986 999,76
Current				
Loans from financial institutions	104 392,86		94 119,00	
Accounts payable	201 666,90		228 758,91	
Other current liabilities	45 761,39		39 162,61	
Accruals and deferred income	301 571,75	653 392,90	169 460,79	531 501,31
LIABILITIES TOTAL		4 482 581,26		1 518 501,07
EQUITY AND LIABILITIES TOTAL		5 976 157,94		3 485 896,00



Nitro Games PLC Cashflow Statement

	31.12.2020	31.12.2019
Cash flows from operating activities:		
Net profit (loss) before taxation, and extraordinary items (+/-)	-2 810,9	-3 293,4
Adjustments for:		
Depreciation according to plan	456,6	626,2
Financial income and expenses (+/-)	27,7	8,9
Other adjustments (+/-)	0,0	0,0
Operating profit before working capital changes	-2 326,6	-2 658,3
Working capital changes:		
Increase (-) or decrease (+) in long-term trade and other receivables	-2,4	5,9
Increase (-) or decrease (+) in trade and other receivables	85,5	65,5
Increase (-) or decrease (+) in inventories	0,0	0,0
Increase (+) or decrease (-) in trade payables	111,6	-74,3
Increase (+) or decrease (-) in long-term trade payables	617,1	0,0
Cash generated from operations	-1 514,8	-2 661,2
Net cash from operating activities (A)	-1 514,7	-2 661,2
Cash flows from investing activities:		
Purchase of tangible and intangible assets (-)	-1 725,8	-1 169,4
Net cash used in investing activities (B)	-1 725,8	-1 169,4
Cash flows from financing activities:		
Proceeds from issuance of share capital	2 337,1	1 400,4
Proceeds from short-term borrowings	10,3	0,0
Proceeds from long-term borrowings	2 294,1	950,6
Repayment of long-term borrowings (-)	-69,1	-94,1
Interest paid and contributions from financial expenses (-)	-27,7	-8,9
Dividends (-)		
Taxes		
Net cash used in financing activities (C)	4 544,7	2 248,0
Net increase/decrease in cash and cash equivalents (A + B + C)	1 304,2	-1 582,6
Cash and cash equivalents at beginning of period	1 677,5	3 260,1
Cash and cash equivalents at end of period	2 981,7	1 677,5



Accounting Policies

The principal accounting policies of the financial statements

The financial statements of Nitro Games Oyj have been prepared according to Finnish Accounting Standards (FAS). The financial statements have been prepared using the cost method.

Valuation principles

Tangible assets

Depreciation according to plan are deducted from the acquisition costs of tangible assets marked in the balance sheet.

Immaterial right

Acquired intangible rights, including trademark rights, are valued at acquisition cost. Intangible rights with a finite useful life are amortized on a straight-line basis over their useful lives (5 years).

Development costs

Part of the development costs of games in production has been expensed for the financial year 2020. Part of the development costs was capitalized in the balance sheet. This is shown in the income statement under Manufacturing for own use.

This development costs were capitalized from January - December by a total of 1 094 261,63 EUR.

This includes third party costs related to the game development and maintenance (outsourced services), personnel costs, and other costs, which are directly related to the project. These capitalized development costs are amortized over a five (5) year period on a straight-line basis starting 1.1.2021.

Depreciations were done according to the depreciation plan, consisting mostly of capitalized development costs and ICT equipments from previous years. The depreciations amounted to a total of – 456 607,74 EUR (-626 237,34 EUR). Receivables are valued on their nominal value, however maximum being the real value.

Investments in the non-current asset are recognised at their acquisition cost or at the probable value below this. Transactions in foreign currencies are translated into euros at the rates of exchange prevailing on the dates of the transactions.

Principles for depreciation according to plan

Development costs	5 years	straight-line depreciation
Machinery and equipment	25 %	reducing balance method of depreciation
Immaterial right	3-10 years	depreciation begins when the economic recovery period begins.

Revenue recognition

The revenue comprises of two business areas; self-publishing business and service business. Revenue from service business is recognized after the service has been rendered to the customer. Revenue from self-publishing business is recognized on that month during which the end user has bought merchandises within the games.

Purchased services

Purchased services include hosting of games, application store commissions and other external services that have been purchased for game development and maintenance. The costs are recognized for the month they incurred.

NOTES TO THE INCOME STATEMENT	31.12.2020	31.12.2019
Revenue		
Revenue from operations	1 171 296	816 220
Self-publishing	18 769	95 582
Service business	1 152 527	720 638
Revenue per market area	1 171 296	816 220
EU	1 037 247	788 341
America	63 160	7 304
Other	70 889	20 576
Other operating income	105 169	9 022
Rental income	7 210	9 022
Government grants	97 959	0
Materials and Services	1 055 587	951 386
User acquisition	254 256	521 278
Others costs	801 331	430 108
Other operating expenses	1 320 776	1 561 603
Voluntary employee benefits	62 176	86 922
ICT Equipment and software, lisensies	308 934	315 274
Travel expenses	27 223	137 519
Office expenses	150 928	161 119
Stock Exchange expenses	172 262	183 392
Legal and advisory services	377 028	356 194
Other expenses	222 225	321 183
Audit fees	13 542	17 435
Statutory audit	13 112	13 895
Services according to Auditing Act 1.1.2 §	0	1 350
Tax advisory	0	1 260
Other fees	430	930
NOTES TO PERSONNEL AND BOARDS		
Average number of employees during the year	36	39
Personnel expenses	2 320 986	2 139 918
Wages and salaries	1 959 330	1 770 144
Pension costs	307 655	322 818
Other social security costs	54 001	46 957
Salaries and remuneration paid to the management		
CEO and members of the Board	135 000	84 000

NOTES TO TOTAL ASSETS/ BALANCE SHEET

	31.12.2020	31.12.2019
Breakdown on non-current assets		
Intangible assets		
Balance sheet value 1.1.	0	0
Increase(+)/Depreciations(-)	631 570	0
Balance sheet value 31.12.	631 570	0
Development costs		
Balance sheet value 1.1.	1 465 946	922 358
Increase	1 094 262	1 169 400
Depreciations	-456 289	-625 812
Balance sheet value 31.12.	2 103 919	1 465 946
Machinery and equipment		
Balance sheet value 1.1.	1 275	1 700
Depreciations	-319	-425
Balance sheet value 31.12.	956	1 275

NOTES TO EQUITY AND LIABILITIES/BALANCE SHEET

Capital and reserves

Breakdown of capital and reserves		
Share capital 1.1.	80 000	80 000
Reserve increase	80 000	80 000
Share capital 31.12.		
Tied equity total	80 000	80 000
Reserve for invested equity 1.1.	18 469 383	17 068 985
Reserve increase in share capital		
Share issues	2 337 124	1 400 398
Reserve for invested equity 31.12.	20 806 506	18 469 383
Retained earnings 1.1.	-16 581 988	-13 288 562
Retained earnings 31.12.	-16 581 988	-13 288 562
Profit (loss) of the financial year	-2 810 942	-3 293 426
Non-tied equity total	1 413 577	1 887 395
Total equity	1 493 577	1 887 395

Distributable funds

Reserve for invested unrestricted equity	20 806 506	18 469 383
Retained earnings	-16 581 988	-13 288 562
Profit (loss) of the financial year	-2 810 942	-3 293 426
capitalized development costs	-2 103 919	-1 465 946
Total	-690 342	421 449

CONTINGENCIES	31.12.2020	31.12.2019
Operating leases		
Maturity during the next financial period	22 095	36 234
Maturity later	17 609	28 594
	39 704	64 828
The company has the right to redeem the machines at the end of the contract period in accordance with the terms of the contract.		
Loans secured with mortgages or pledges		
Loans from financial institutions	71 060	129 649
Mortgage on company assets	190 000	190 000
Guarantees on behalf of own commitments		
Rental security deposits	30 021	27 655
Other guarantees	21 309	21 327
	51 330	48 982

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.

During the financial year 2020 the company has purchased services for management consulting, project management, financial management, funding and IR advisor services under normal commercial terms with 280 300 euros (2019; 258 250 euros).





Signatures to the Financial Statements

Kotka Kotka, 15. April 2021

Johan Biehl
Chairman of the Board

Pim Holfve
Board member

Mikkel Weider
Board member

Antti Villanen
Board member

Auditor's note

A report on the audit performed has been issued today

Kotka, 15. April 2021

Idman Vilén Grant Thornton 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 Finnish original)

To the Annual General Meeting of Nitro Games Oyj

Report of the 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 December, 2020. The financial statements comprise the balance sheet, the income statement, the cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland 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 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 the laws and regulations governing the preparation of financial statements in Finland 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 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 in the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on 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 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 available to us at the auditor's report date comprises information included in 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 information included in the report of the Board of Directors and, in doing so, consider whether the information included in the report of the Board of Directors 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 in the information included in the report of the Board of Directors, we are required to report this fact. We have nothing to report in this regard.

Kotka, 15. April 2021

Idman Vilén Grant Thornton Oy, Authorised Public Accountants

Antti Niemistö

Authorised Public Accountant



For Further information, please contact:

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