



ANNUAL REPORT 2021

NITRO GAMES OYJ



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Highlights

- Company focused on the action and shooter games on mobile
- Solid growth in B2B service business
- Prepared new games to be launched in 2022
- Strong Project portfolio with 10 projects at the end of the year:
 - Announced NERF: Battle Arena and started the soft launch
 - Lootland development continued with an external partner development studio
 - Started a new unannounced game project
 - Signed and started 4 projects with Snap Inc.
 - Signed and started a new game development services project with Digital Extremes
 - Signed and started a new game development services project with Supermassive Games
 - Signed and started a development services project with US-based mobile games publisher, with 2 follow up orders signed in 2021
- Strengthened financial position with a directed share issue of SEK 35 million
- Received approx. EUR 250k governmental grant
- Completed the project with Business Finland and received approx. EUR 380k funding
- Nordisk Games increased its ownership by converting the convertible loan into shares
- Strengthened the team with selected key hires and by expanding the network of external partner studios

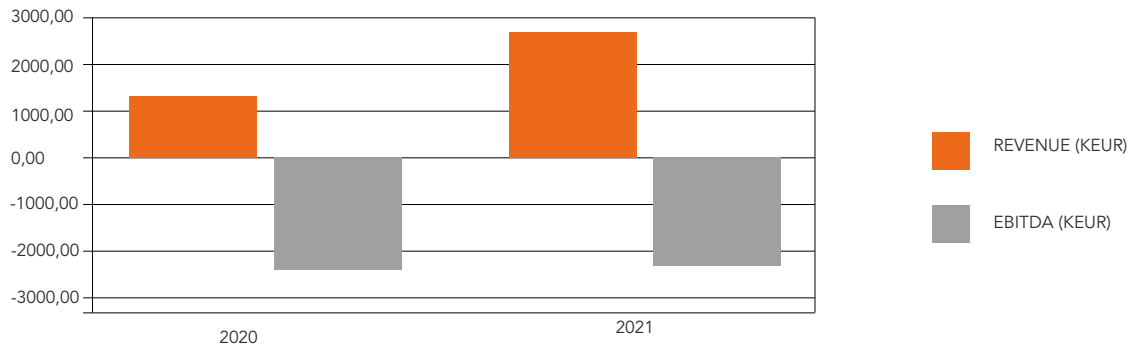
Action & Shooter games on mobile





Facts and Key Figures

Revenue & Profit



The above graph illustrates the development of Revenue and EBITDA generation 2020-2021

New Game portfolio

 Exclusive license Soft launch	 Exclusively on Snapchat Launched in 2022	 External development in production & technical testing	 New unannounced game in production
 ~2,2 M EUR project Game Development Services	 ~0,5 M EUR project Game Development Services (Completed in 2022)	 ~0,6 M EUR project (2021) ~2,8 M EUR project (2022) Game Development Services with Supermassive Games IP	 3 x Games with Snap Inc.

Share Price Development

During fiscal year 2021 the share price in First North Growth Sweden marketplace ranged between SEK 8,34 ja SEK 40,6. The closing price on December 30.12.2021 was SEK 32,7.

"The focus point of the year was expanding our project portfolio, and I'm happy about how we delivered what we were set out to do. We significantly increased the deal flow throughout the year, and parallel to that succeeded in starting the rollout of the new games from our portfolio towards the end of the year.

Overall, we are heading in the right direction, but are far from satisfied. Moving forward, we're focusing on materializing the potential with our game portfolio in 2022 and beyond. Parallel to this, we continue providing quality for our partners in our service business. The year ahead is filled with exciting events in our project portfolio. We are in a strong position to continue forward with our strategy and seeking to deliver shareholder value long-term."

Jussi Tähtinen
CEO, Co-Founder



 A COMMENT FROM **CEO**
Jussi Tähtinen

A Word from Jussi Tähtinen, CEO

Well-positioned with expanded project portfolio

2021 was a good year for Nitro Games. We significantly grew our revenue, diversified and broaden our game portfolio while we invested heavily into our games to be launched in 2022. This gives us a good position to continue forward to 2022 with several exciting events on our roadmap.

Our vision is to become a household name in the category of action and shooter games on mobile. We've continued to see more and more new entrants in this category. This has reflected in a increasing amount of new opportunities that we secured in 2021. Our strategy gives us a good position to work our way towards our vision.

The focus point of the year was expanding our project portfolio, and I'm happy about how we delivered what we were set out to do. We significantly increased the deal flow throughout the year, and parallel to that succeeded in starting the rollout of the new games from our portfolio towards the end of the year.

We secured a record order intake in our service business last year. This is a result of the expansion we did both in business development and in the scalable team structure we have that allows us to work on an increased number of projects. We succeeded both in gaining new customers with increasing order value as well as in signing follow-up orders with our existing customers. I'm happy to see the quality of our service increasing in value. This is part of our strategy, where we're seeking to decrease the volatility and risk by diversifying our B2B project portfolio.

We also gained material progress with our game portfolio as we started soft launches for our new games towards the end of the year. I am excited about our new games from different teams

approaching the measurement and validation points one by one. We're operating in a very hit-driven industry and having several shots on goal is an essential part of our strategy. Our data-driven process helps us to identify and focus on the winners. We're positive about the reception our new games have received so far. Our first game with Snap and NERF: Battle Arena proceeded to soft launch at the end of the year, and Lootland progressed to testing phase approaching the end of production. Moving forward, we have three more games with Snap progressing towards soft launch in 2022. Parallel to this, the increased activity in our early funnel has resulted in new games moving forward and we now have a new exciting un-announced mobile game in production.

Our progress is also visible in our financials where our revenues increased 125% year-on-year because of securing several new orders in our service business. Our efficient cost structure allowed us to keep our costs in control, resulting in EBITDA improving quarter by quarter throughout the year. Parallel to this, we retained our strong cash position which is important considering our roadmap of game releases in 2022 with planned investments in product marketing.

Our team is our most valuable asset. In 2021 we strengthened our team with several key hires and expanded our team through our global network of partner studios. This approach has given us a scalable structure and allowed us to successfully increase the number of projects we work on.

Overall, we are heading in the right direction, but are far from satisfied. Moving forward, we're focusing on materializing the potential with our game portfolio in 2022 and beyond. Parallel to this, we continue providing quality for our partners in our service business. The year ahead is filled with exciting events in our project portfolio. We are in a strong position to continue forward with our strategy and seeking to deliver shareholder value long-term.



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 Growth Stockholm with the ticker NITRO.

A person wearing a dark blue short-sleeved shirt with three horizontal orange stripes on the sleeve is holding a large, crumpled orange paper cone. The background is dark and out of focus.

Strategy and Business Model

Market

Nitro Games is a company that develops and publishes mobile games in the global gaming market. Previously, the company operated in several market segments including PC, console, and mobile games. Today, Nitro Games focuses mostly on the mobile games market.

In 2021, the global mobile games market was estimated to be worth around USD 93,2 billion – an increase of 7,3 percent from the previous year. It represents roughly 50 percent of the global games market, which was in turn estimated to be worth USD 180,3 billion in 2021.

Source: NewZoo 2021

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 types of agreements are determined on a per game basis.

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

Technology and Processes

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

NERF: Battle Arena

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 NERFblasters 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 progressed to soft-launch in 2021.

Lootland

Lootland is a super-casual 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. Lootland was assigned to an external partner studio for further development in 2021.

Blast Heroes

Blast Heroes is Nitro Games' first game for the Snapchat platform. Blast Heroes is a social top-down action game where players play together as a team, blasting their way through waves of enemies in various challenging levels. The game features the Bitmoji avatars by Snap. Blast Heroes is an instant game available exclusively on the Snapchat platform. This means that the users can jump into the gaming session immediately in the Snapchat app as there is no separate game download required to play. The game was released in March 2022.

New Game project

The fourth title is a yet unannounced game that has emerged from Nitro Games' MVP-process. The game is currently in the Production phase and is expected to deliver the first live audience test results during the first half of 2022.

Service Business Projects

In the service business, the company signed and started several new projects during the year.

Nitro Games provides Digital Extremes with game development services for an unannounced game. This agreement follows Nitro Games' strategy, where in addition to developing games based on its own IP, the company also offers its services to selected customers. Historically, Nitro Games has developed several successful projects for leading mobile gaming companies. The order value of this agreement is approx. 2,2 million EUR. The agreement follows an industry-standard structure. The project started in 2021 and is expected to be completed in 2022.

Nitro Games provided a US-based mobile games publisher ("Publisher") with game development services for an existing mobile game by the Publisher. This agreement was signed in March 2021 and received two additional expansions. This agreement follows Nitro Games' strategy, where in addition to developing games based on its own IP, the company also offers its services to selected customers. Historically, Nitro Games has developed several successful projects for leading mobile gaming companies. The order value of this agreement including expansions was approx. 500,000 EUR. The agreement follows an industry-standard structure. The project started in 2021 and was completed in early 2022.

Nitro Games provided UK-based PC and console games developer Supermassive Games ("SMG") with game development services, using intellectual property by SMG. This agreement follows Nitro Games' strategy, where in addition to developing games based on its own IP, the company also offers its services to selected customers. Historically, Nitro Games has developed several successful projects for leading mobile gaming companies. The order value of this agreement is approx. 600,000 EUR. The agreement follows an industry-standard structure. The project started in 2021 and was completed in early 2022. Nitro Games signed a follow-up order with SMG in 2022 with an order value of approx. 2,8 million EUR.

Team

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 strengthened its capabilities in 2021 through selected key hires for leading positions, as well as by expanding its network of external partner studios.

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

The background of the top section is a blue-tinted image of a large, circular floor tile pattern. Each tile features a black silhouette of a person in various poses, some holding objects like a bag or a staff. An orange diagonal banner is superimposed over the center of the image, containing the text 'Corporate Governance' in white.

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 7, 2021 elected the Board: Antti Villanen, Johan Biehl, Mikkel Weider and Tobias Andersson. 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 19 times in 2021.

As of 31.12.2021 the Board of Directors comprised the persons set out in the table below:

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
Tobias Andersson ²	Member of the Board	1977	2021	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.

² Tobias Andersson was a member of the Board from May 7, 2021 to January 10, 2022.



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 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 CEO of Nordisk Games. He founded the investment unit within Nordisk Film / Egmont in 2016 and built the team to secure the investments and support the portfolio companies. Mikkel is currently on the board of Avalanche and Star Stable. 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.

Tobias Andersson, born 1977.

Member of the board since 7.5.2021 – 10.1.2022

Tobias Andersson is the Managing Director for Systemic Reaction, a creative division within Avalanche Studios Group. He has worked within Avalanche Studios Group since 2004 on multiple successful projects. Tobias is experienced with self-publishing. He was the Lead Producer for theHunter: Call of the Wild and the Executive Producer for self-publishing when Avalanche Studios Group started to expand and grow into multiple IP's. Tobias has been the Managing Director for Systemic Reaction since 2019. Before Avalanche Tobias worked between 2001-2004 at a small Swedish indie studio called IdolFX as a content creator for video games, CG TV series and comic books.



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 2021 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 2021:

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.

CTO 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 7, 2021 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 7, 2021 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.

Shareholders

Annual General Meeting 2022

The Annual General Meeting of Nitro Games Corporation will be held on May 16, 2022, at 10:00 (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 09.30.

Registration to the Annual General Meeting will begin on 22 April 2022.
More detailed instructions can be found on the Company's website.

REPORTS BY THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS 1.1.2021–31.12.2021

(Unofficial translation from the Finnish original)

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Report by the Board of Directors for 2021

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

Currently, the company strategy is to achieve growth through development and publishing of mobile games. The company's operations are divided in two business areas: the development and publishing of mobile games for international distribution and selling its expertise as a service to international gaming operators as a part of the company's service business.

In 2021, Nitro continued to develop its project and games portfolio in line with the company strategy. For the past year, the company's priority has been to develop the NERF: Battle Arena and Lootland mobile games, as well as launching a partnership and developing new gaming products in cooperation with Snap Inc.

The company signed several new agreements for its service business, the largest of which is a game development project for Digital Extremes. In 2021, the company increased the number of projects it worked on. It will increasingly draw on external partner studios in the context of game development activities. This will enable the company to further increase the number of projects without significant investments in additional recruitments.

At the end of the year 2021, the company had three games in its games portfolio that proceeded to the test release stage. These were NERF: Battle Arena, Lootland, and the company's first game developed for the Snapchat platform. The company is also working on three additional games in collaboration with Snap Inc, as well as various other, yet unpublished early-stage game development projects.

At the end of the year 2021, the most central projects for the service business were the game production project for Digital Extremes, and two customer projects, one for an American game publisher and the other for Supermassive Games.

Operating Environment

Nitro Games is a company that develops and publishes mobile games in the global gaming market. Previously, the company operated in several market segments including PC, console, and mobile games. Today, Nitro Games focuses mostly on the mobile games market.

In 2021, the global mobile games market was estimated to be worth around USD 93,2 billion an increase of 7,3 percent from the previous year. It represents roughly 50 percent of the global games market, which was in turn estimated to be worth USD 180,3 billion in 2021.

Source: Newzoo 2021

Business Development, Performance, and the Financial Status

In 2021, the company's Revenue was EUR 2 635,5 thousand (2020: EUR 1 171,3 thousand).

The Revenue consists of two business areas: the self-publishing business and the service business.

The company's EBIT for the accounting period was EUR -2,87 million, compared to EUR -2,78 million in the previous year. The EBITDA for the accounting period was EUR -2,34 million, compared to EUR -2,33 million in the previous accounting period. The company made EUR -2,89 million in profit, compared to EUR -2,81 million in the previous accounting period.



During the accounting period, the company carried out a financing round, which resulted in raising approximately EUR 3,42 million (SEK 35 million) of new capital. In addition to this, a convertible loan of EUR 1,87 million (SEK 20 million) taken out in 2021 was converted to new company shares.

At the end of the financial year, the company's cash and bank balances amounted to EUR 3,74 million (compared to EUR 2,98 on December 31, 2020). At the balance sheet date, its equity ratio was 55,5 percent (2020: 25,0 percent).

During the year 2021, the global COVID-19 pandemic affected the entire world, and thus also the company's operations. To protect the health and safety of its employees and ensure business continuity, the company quickly moved to remote working practices after the beginning of the pandemic in 2020. Nitro responded to these changes quickly by strengthening its business development capacities with additional resourcing and modifying its production model to prepare B2B materials suitable for remote use.

Key Ratios

	Full Year 2021	Full Year 2020
		Audited
Revenue (EUR thousand)	2 635,5	1 171,3
Operating profit/loss (EUR thousand)	-2 868,0	-2 783,2
Operating profit/loss % (EBIT %)	-108,80	-237,60
EBITDA (EUR thousand)	-2 340,2	-2 326,6
EBITDA %	-88,80	-198,60
Net profit /loss (EUR thousand)	-2 889,5	-2 810,9
Cash flow generated from operations (EUR thousand)	-2 381,4	-1 514,7
Equity ratio (%)	55,50	25,00
Number of shares, average	10 896 805	7 089 966
Number of shares at the end of the period	12 892 456	8 326 230
Number of Share options	1 478 586	1 287 736
Equity per share (EUR)	0,3	0,2
Earnings per share (EUR) undiluted	-0,2	-0,3
Earnings per share (EUR) diluted	-0,2	-0,3
Net debt (EUR thousand)	-613,8	1 500,9
Number of employees (average)	37	36



Research and development (R&D)

The company invested heavily in development activities with a focus on developing gaming products, analytics, technology, and release processes, as well as reorganization of production models. During the year 2021, the company's development costs were comprised of personnel costs and purchasing external services.

Depending on the nature and stage of the development activities, the development costs are either recorded as costs or activated on the balance sheet as investments, after which they are depreciated in accordance with the depreciation plan. Development costs related to Lootland and other games, as well as the reusable technology associated with these games, were activated on the balance sheet. This is recorded in the income statement under Manufacturing for enterprise's own use.

From January 2021 to December 2021, the company activated a total of EUR 545,5 thousand in new development costs. This includes third-party costs associated with development and maintenance (outsourced services), personnel costs and other costs directly attributed to the project in question. These development costs will be depreciated as straight-line depreciations within the next five years starting on January 1, 2022.

During the accounting period of 2021, a total of EUR -526,9 thousands of activated development costs were depreciated (2020: EUR -456,3 thousand).

Development costs	31.12.2021	31.12.2020
Balance sheet value 1.1.	2 103 919	1 465 946
Increase	545 525	1 094 262
Depreciations	-526 869	-456 289
Balance sheet value 31.12.	2 122 575	2 103 919

Significant risks and uncertainties

Key strategic risk factors are risks related to the company's position, financing the development of services and games, personnel, and the reorganization of production infrastructure.

The most significant operational risks are related to maintaining the company's financial performance, continuous development and preserving the activity of the company's so-called priority game currently on the market. In user acquisition investments, the risks are related to the forecast accuracy of revenue models and their impact on the profits the company makes. New games launched by competitors and changes in the competitive settings may affect the success of the company's games, its Revenue, the scale of user acquisition investments, as well as profits made. It is important to the company's business that it can develop and improve its current games, as well as create new games for the mobile games market. Delays in game development and releases may have a negative impact on the company's operations and cash flow.

Each development project carries the risk that the end results will not produce the desired commercial success, and thus, the investment made in the project will not pay off. The company strives to minimize any risks associated with development by organizing its activities accordingly. As a result of the COVID-19 pandemic, the company's business environment has changed, and this progress is expected to continue. The pandemic and its effects on the global economy may affect the company's business and performance both directly and indirectly. The company is actively looking for measures to minimize the impact to its operations.

The company's operations may also involve risks that have a significant effect on the value of the company and its shares. The board of directors assesses these risks as a part of the strategy and business planning process. The company has acquired the standard interruption and property insurances to safeguard its

business activities. The company's business may also be affected by other risks and uncertainties than those mentioned above. However, the company's liquidity is good, and the expectations for the coming year are positive.

Significant events after the fiscal year-end

Significant events that affect the financial statements are considered when they occur in the time 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.

Tobias Andersson resigned from the board in January 2022 for personal reasons.

Nitro Games signed a development agreement with Supermassive Games for a previously unannounced mobile game. Under this agreement, Nitro Games will provide the UK-based PC and console game developer Supermassive Games ("the Developer") with game development services utilizing the Developer's intellectual property rights. This agreement is in line with Nitro Games' strategy, which states that in addition to developing games based on its own intellectual property, the company will also offer services to selected customers. Nitro Games has developed various successful projects for leading mobile gaming companies in the past. This agreement continues the successful prototype work carried out during the previous agreement between the parties, which was announced on 28 July, 2021. The total order value of the new contract is approximately EUR 2,8 million. The parties have reached agreement regarding the distribution of profits to Nitro Games given that the game in question is commercially released. The agreement follows the standard industry structure. The project started in early 2022, and the production phase is expected to be completed during the year 2023.

Nitro Games releases Blast Heroes on Snapchat. New mobile game announced and featured now on the Snapchat platform. Nitro Games has today announced a new mobile game: Blast Heroes. The game is now available globally with a promotional featuring in the Snapchat app. Blast Heroes is a social top-down action game where players play together as a team, blasting their way through waves of enemies in various challenging levels. The game features the Bit-moji avatars by Snap. Blast Heroes is an instant game available exclusively on the Snapchat platform. This means that the users can jump into the gaming session immediately in the Snapchat app as there is no separate game download required to play. Nitro Games acts as the developer and publisher of the game. Nitro Games had previously, on 23 February 2021, announced that it is developing an upcoming game for the Snapchat platform. For Nitro Games, this is the first game release on the Snapchat platform. Nitro Games has three more game development projects with Snap Inc.

Nitro Games signs games partnership agreement with a leading social media platform. With this new agreement, Nitro Games becomes part of an invite-only program to provide a leading social media platform ("Platform") with instant game content to be promoted for the users of the Platform. This agreement follows Nitro Games' strategy, by enabling Nitro Games to continue expanding its mobile game portfolio to new platforms. Providing instant game content to the Platform means that the users of the Platform can access the game instantly on the Platform after seeing the promotion for it, without having to exit the app and download it from a third-party service. Nitro Games acts as the developer of the game and the Platform promotes the game for their userbase. Neither party will pay any fees to the other party in connection with this promotion.

Nitro Games signs approx. 1 million EUR development service agreement. Nitro Games has signed a development service agreement with Metacore Games for an existing mobile game. With this agreement, Nitro Games provides Finnish mobile games developer Metacore Games Ltd ("Metacore") with game development services. This agreement follows Nitro Games' strategy, where in addition to developing games based on its own IP, the company also offers its services to selected customers. Historically, Nitro Games has developed several successful projects for leading mobile gaming companies. The order value of this new agreement is approx. 1 million EUR.



The agreement follows an industry-standard structure. The project will begin in April 2022 and is expected to be completed in 2023.

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

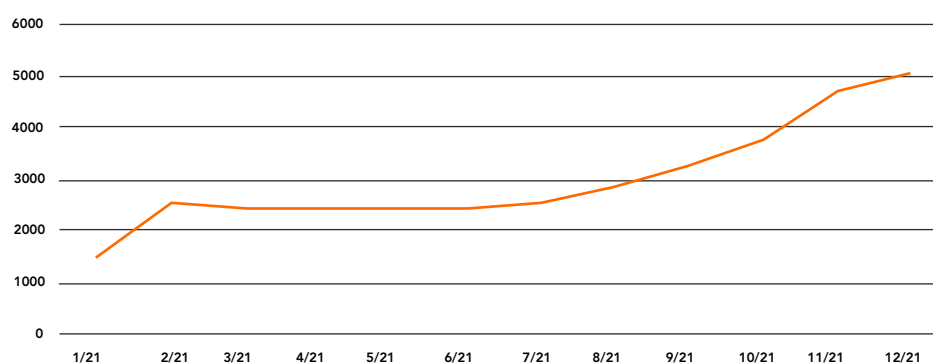
The board believes that the company's development will follow the general market developments. The Revenue development depends largely on the launch and commercial success of new gaming products in the future. Any potential losses are due to the company's investments in game development and user acquisition in order to build a foundation for its self-publishing business.

Company shares and shareholders

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

The company currently has one share class. On December 31, 2021, the total number of shares was 12 892 456 (December 31, 2020: 8 326 230 shares). All the shares belong to the same class. Each share carries one vote at the annual general meeting. The company does not own any of its own shares.

In 2021, the number of individual shareholders at the end of each month varied between 1 441 and 5 027 shareholders. The 5027 shareholders at the end of December 2021 is an all-time high for Nitro Games.



The table below describes the changes in the total number of shares during the financial period of 2021.

	1.1.2021	Directed Share Issue 3/21	Convertible loan	Optio Right	31.12.2021
Shares	8 326 230	8 326 230	10 668 934	12 891 156	12 892 456
Increase		2 342 704	2 222 222	1 300	
Total	8 326 230	10 668 934	12 891 156	12 892 456	12 892 456



The company's ten (10) most significant shareholders as of December 31, 2021.

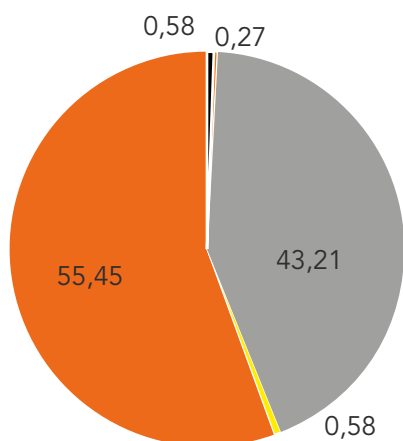
Shareholders		Number of shares	% of shares and votes
Egmont Holding Oy	1	6 492 636	50,36
Nordea Bank Abp, Nordea Bank AB		538 341	4,18
Avanza Pension försäkring AB		318 783	2,47
Coeli Wealth Managements AB		240 600	1,87
Nordnet Pensions försäkring AB		215 270	1,67
Feat invest Ab	2	179 717	1,39
Markus Johansson		166 403	1,29
Antti Villanen		135 947	1,05
Matti Nikkola		117 137	0,91
Ludvig Strigeus		116 735	0,91
Others		4 370 887	33,90
The total number of shares		12 892 456	100,00

1 Egmont Holding Oy represents the investment by Nordisk Games

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

The most significant shareholders by region and share distribution as of December 31, 2021

Holdings (%)



Sweden

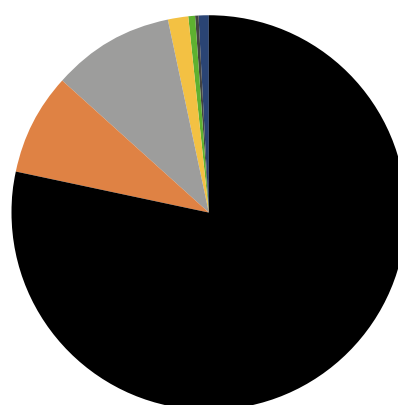
Luxembourg

Finland

Switzerland

Norway

Shareholders



1-500

501-1 000

1 001-5 000

5001-10 000

10 001-15 000

15 001-20 000

20 001-



Management's holdings and option rights

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

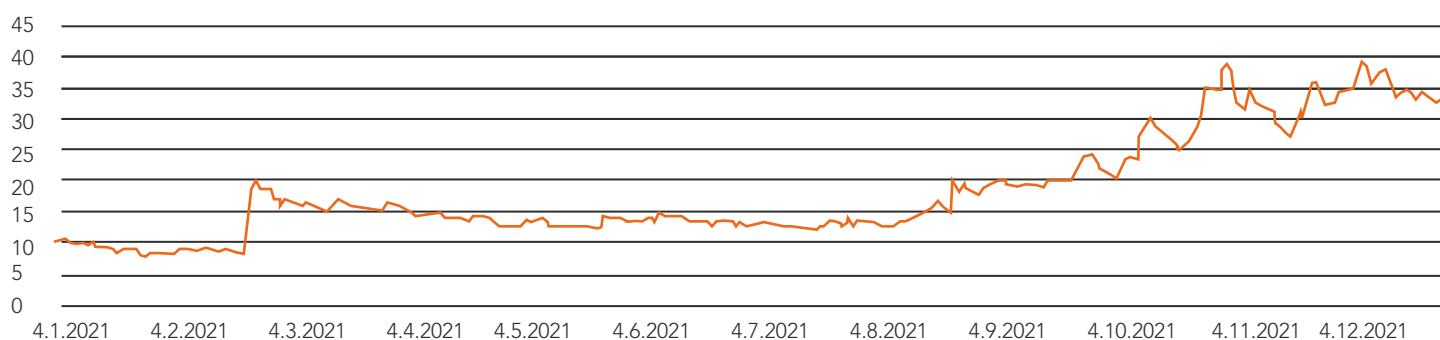
	31.12.2021			31.12.2020	
	Shares	% Shares	Options	Shares	Options
Board	293 388	2,3	20 500	326 807	20 500
CEO and management*	482 352	3,7	1 167 086	447 586	1 041 236
Team	20 500	0,2	291 000	23 316	226 000
	796 240	6,2	1 478 586	797 709	1 287 736
Numbers of shares	12 892 456			8 326 230	
Number of Options	1 478 586			1 287 736	

*Antti Villanen shares and stock options included in the management team. He also is a member of the board. All Nitro's permanent employees are included in the company's option program.

Share trading

During the financial period of 2021, the price of one Nitro share on the Swedish First North Growth Market varied between SEK 8,34 and SEK 40,6. The closing rate for the period as of December 30, 2021, was SEK 32,7.

Average Price (SEK)



Annual General Meetings

On March 18, 2021, an extraordinary general meeting was held. The general meeting decided to authorize the board of directors to implement and make decisions regarding a private placement, issuing a maximum of 2 342 704 new company shares. This authorization will be used to carry out the planned private placement announced on February 25, 2021. The board of directors will determine all the terms related to this private placement. If necessary, the board may also amend the terms that were announced on February 25, 2021. The authorization is valid until December 31, 2021.

The annual general meeting was held on May 7, 2021. The meeting discussed matters in accordance with the company's articles of association.

Structural and financial arrangements

Authorizations of the Board of Directors and Directed Share Issue

The extraordinary general meeting held on March 18, 2021, decided to authorize the board to make decisions regarding the private placement. The board may issue a maximum of 2 342 704 shares under this authorization. This authorization will be used to carry out the planned private placement announced on February 25, 2021. The board of directors determines all terms related to private placements. If necessary, the board may also amend the terms that were announced on February 25, 2021. The authorization is valid until December 31, 2021.



On March 18, 2021, the board decided to implement a private placement, in which a total of 2 342 704 new shares were subscribed. The subscription price was SEK 14,94 per share. The subscription price corresponded to a 10,0 percent discount compared to the average trading price between February 11, 2021, and February 24, 2021, weighted by the exchange value of the last ten trading days. The complete investment was recorded in the reserve for invested non-restricted equity.

Exercise of special rights – Convertible bond loan

On December 1, 2021, Egmont Holding Oy ("Nordisk Games"), the lender of the convertible bond loan, exercised its right to subscribe to new shares in accordance with the terms of the convertible bond loan, doing so with the complete principal amount of EUR 1,87 million (SEK 20,0 million). In return, the noteholder of the convertible bond loan received 2 222 222 new company shares. The complete converted capital was recorded in the reserve for invested non-restricted equity.

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. All staff members are treated fairly and equally regardless of their ethnic origin, nationality, political views, gender, sexual orientation, disability, family situation or age. Nitro adheres to the principle of equal opportunity. We expect all Nitro's employees to treat each other, all our subcontractors, service providers and other partners fairly and equally.

Nitro aims to develop the company in a sustainable manner and to achieve shared benefits for the company, the shareholders, and employees alike. All employees are entitled to good management and a chance to grow as professionals.

At the end of the financial period, the average number of Nitro's employees was 37 (2020: 36). Women accounted for 14 percent of the personnel (2020: 19 percent), and foreign employees for 36 percent (2020: 30 percent). The average age of the employees was 36 years (2020: 35).

Most of Nitro's employees work full-time, and the company's personnel costs are generally speaking fixed in nature. The company determines salaries according to the general salary levels in the industry and the current competitive situation.

The table presents the key figures illustrating personnel development from 2020 to 2021.

	31.12.2021	31.12.2020
Personell on average	37	36
Salaries and wages during the financial year	2 627 971	2 320 986

Competence development

The competence, motivation and well-being of Nitro's personnel are key factors for the general success of the company. One of Nitro's strategic goals is to be the best possible workplace for gaming experts. In accordance with our strategy, we invested heavily in workplace training for our staff, coaching for supervisors and improving well-being at work.

Nitro acknowledges that the personnel's mental capacity to work is central to coping with work and maintaining motivation. During the last year, the company focused on well-being at work in many ways, such as by considering employee wishes, involving personnel in discussions and decision-making processes, and recording employee suggestions for improving well-being at work. In addition to this, Nitro offers its employees extensive occupational health services and various sports, cultural and recreational opportunities.



CEO

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

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

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

During the accounting period of 2021, the company's CEO was Jussi Tähtinen.

The Board of Directors

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

In accordance with the articles of association, the annual general meeting shall elect a board consisting of three to eight ordinary board members. Antti Villanen, Johan Biehl, Mikkel Weider and Pim Holfve served on the board until May 7, 2021. Johan Biehl served as the chairman of the board.

The annual general meeting of May 7, 2021 elected the following persons to serve on the board: Antti Villanen, Johan Biehl, Mikkel Weider and Tobias Andersson. At its organization meeting, the board elected Johan Biehl as its chairman of board.

During the accounting period of 2021, the board met 19 times, of which 11 meetings were held by the new board. The average attendance rate was 99%.

The remuneration paid to board members is determined by the annual general meeting each year. For the term beginning on May 7, 2021 and ending at the end of the company's next annual general meeting. The annual general meeting decided that for the current operating period, the chairperson of the board shall receive a remuneration of EUR 2 000 per month, whereas the other members shall receive EUR 1 000 per month each.

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



Environmental factors

The company strives to be a pioneer among game production operators and as such, promote goals related to sustainable development in all its operations. We aim to minimize the negative environmental impact caused by our operations. Currently, the most significant environmental impact is caused by the consumption of electricity associated with IT equipment, servers, and gaming. The space utilization efficiency of the company's office workspaces is at a good level.

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

Insider Administration

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

In accordance with the Market Abuse Regulation (MAR), the company has determined that both board and management team members are considered insiders and subject to the obligation to report. In addition to the list of insiders who are subject to the obligation to report, the company shall establish a separate, transaction-specific insider list of insider transactions. Insider transactions refer to arrangements that are prepared in confidence and that, if realized, could have a significant effect on the value of the company's stocks and bonds.

All employees and insiders are personally responsible for complying with any and all laws and regulations regarding the use of insider information.

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

**Certified Adviser**

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

In 2021, the company's Certified Adviser as required by the rules of the Stockholm First North Growth market was FNCA Sweden Ab.

Auditors

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

The company's auditing firm is currently Idman Vilen Grant Thornton Oy. The lead auditor is Antti Niemistö (auditor approved by the Finnish Central Chamber of Commerce).

Board's proposal for distribution of profits

The board proposes to the annual general meeting that the loss of -2 889 531,87 be transferred to the profit and loss account from the previous accounting periods and that no dividend be distributed.

The Annual General Meeting

The board of directors decided to convene the annual general meeting on May 16, 2022. Nitro Games will publish an invitation to the annual general meeting on April 22, 2022, on the company's official website.

December 31, 2021

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.–31.12.2021	1.1.–31.12.2020
Revenues	2 635 538,67	1 171 295,88
Manufacturing for enterprise's own use	545 524,63	1 094 261,63
Other operating income	301 814,84	105 169,00
Materials and services		
Materials and equipment	-349 039,98	-257 791,01
Purchases during the financial year	-349 039,98	-257 791,01
External services	-1 322 484,47	-797 795,42
Materials and services total	-1 671 524,45	-1 055 586,43
Personnel expenses		
Salaries and wages	-2 176 169,19	-1 959 329,75
Social security expenses	-451 802,30	-361 655,80
Pension expenses	-379 567,25	-307 655,05
Other statutory employee expenses	-72 235,05	-54 000,75
Personnel expenses total	-2 627 971,49	-2 320 985,55
Depreciation according to plan	-527 825,45	-456 607,74
Other operating expenses	-1 523 603,17	-1 320 775,58
OPERATING PROFIT (LOSS)	-2 868 046,42	-2 783 228,79
Financial income and expenses		
Other interest income and other financial income	28,05	33,01
Interest income and other financial income	-21 513,50	-27 746,20
Financial income and expenses total	-21 485,45	-27 713,19
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	-2 889 531,87	-2 810 941,98
PROFIT (LOSS) OF THE FINANCIAL YEAR	-2 889 531,87	-2 810 941,98



Nitro Games PLc Balance Sheet

	31.12.2021		31.12.2020	
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	631 570,37		631 570,37	
Development costs	2 122 574,12	2 754 144,49	2 103 918,46	2 735 488,83
Tangible assets				
Machinery and equipment	0,00	0,00	956,48	956,48
NON-CURRENT ASSETS TOTAL		2 754 144,49		2 736 445,31
CURRENT ASSETS				
Long-term debtors				
Accounts receivable	81 000,00			
Other debtors, long	30 020,80	111 020,80	30 020,80	30 020,80
Short-term debtors				
Accounts receivable	217 951,12		94 050,36	
Other debtors	72 349,64		47 359,55	
Prepayments and accrued income	130 706,77	421 007,53	86 630,55	228 040,46
Cash in hand and at banks		3 737 288,44		2 981 651,37
CURRENT ASSETS TOTAL		4 269 316,77		3 239 712,63
ASSETS TOTAL		7 023 461,26		5 976 157,94



Nitro Games PLC Balance Sheet

	31.12.2021		31.12.2020	
EQUITY AND LIABILITIES				
EQUITY				
Share capital	80 000,00		80 000,00	
Invested unrestricted equity reserve	26 102 388,65		20 806 506,52	
Retained earnings (loss)	-19 392 929,84		-16 581 987,86	
Profit (loss) of the financial year	-2 889 531,87	3 899 926,94	-2 810 941,98	1 493 576,68
EQUITY TOTAL		3 899 926,94		1 493 576,68
LIABILITIES				
Non-current				
Convertible Loans	0,00		1 869 699,17	
Loans from financial institutions	1 690 603,72		1 341 671,08	
Account payable	446 689,66		617 128,11	
Other non-current liabilities	690,00	2 137 983,38	690,00	3 829 188,36
Current				
Loans from financial institutions	33 333,36		104 392,86	
Accounts payable	474 539,34		201 666,90	
Other current liabilities	56 926,06		45 761,39	
Accruals and deferred income	420 752,18	985 550,94	301 571,75	653 392,90
LIABILITIES TOTAL		3 123 534,32		4 482 581,26
EQUITY AND LIABILITIES TOTAL		7 023 461,26		5 976 157,94



Nitro Games PLC Cashflow Statement

	31.12.2021	31.12.2020
Cash flows, operating activities:		
Net profit (loss) before taxation, and extraordinary items (+/-)	-2 889,5	-2 810,9
Adjustments for:	0,0	0,0
Depreciation according to plan	527,8	456,6
Financial income and expenses (+/-)	21,5	27,7
Other adjustments (+/-)	0,0	0,0
Operating profit before working capital changes	-2 340,2	-2 326,6
Working capital changes:	0,0	0,0
Increase (-) or decrease (+) in long-term trade and other receivables	-81,0	-2,4
Increase (-) or decrease (+) in trade and other receivables	-193,0	85,5
Increase (-) or decrease (+) in inventories	0,0	0,0
Increase (+) or decrease (-) in trade payables	403,2	111,6
Increase (+) or decrease (-) in long-term trade payables	-170,4	617,1
Cash generated from operations	-2 381,4	-1 514,7
Net cash, operating activities (A)	-2 381,4	-1 514,7
	0,0	0,0
Cash flows, investing activities:	0,0	0,0
Purchase of tangible and intangible assets (-)	-545,5	-1 725,8
Taxes	0,0	0,0
Net cash, investing activities (B)	-545,5	-1 725,8
	0,0	0,0
Cash flows, financing activities:	0,0	0,0
Proceeds from issuance of share capital	5 295,9	2 337,1
Proceeds from short-term borrowings	1 903,0	10,3
Repayment of short-term borrowings (-)	-1 974,1	0,0
Proceeds from long-term borrowings	382,3	2 294,1
Repayment of long-term borrowings (-)	-1 903,0	-69,1
Interest paid and contributions from financial expenses (-)	-21,5	-27,7
Dividends (-)	0,0	0,0
Taxes	0,0	0,0
Net cash, financing activities (C)	3 682,6	4 544,7
	0,0	0,0
Net increase/decrease in cash and cash equivalents (A + B + C)	755,6	1 304,2
	0,0	0,0
Cash and cash equivalents at beginning of period	2 981,7	1 677,5
Cash and cash equivalents at end of period	3 737,3	2 981,7



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 2021. 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 545 524,63 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 1.1.2022.

Depreciations were done according to the depreciation plan, consisting mostly of capitalized development costs and ITC equipment from previous years. The depreciations amounted to a total of -526 868,97 EUR. (-456 607,74 EUR)

Receivables are valued on their normal value, however maximum being the real value. Investments in the non-current assets are recognised at their acquisition cost or at the propable value beyond this. Transactions in foreign currencies are translated into euros at the rates of exchange prevailing on the dates of the transaction.

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	31.12.2021	31.12.2020
Revenue		
Revenue from operations	2 635 539	1 171 296
Self-publishing	13 971	18 769
Service business	2 621 567	1 152 527
Revenue per market area	2 635 539	1 171 296
EU	52 447	1 037 247
America	1 511 745	63 160
Other	1 071 247	70 889
Other operating income	301 815	105 169
Rental income	7 380	7 210
Government grants	294 435	97 959
Materials and Services	1 671 524	1 055 587
User acquisition	271 132	254 256
Others costs	1 400 392	801 331
Other operating expenses	1 523 603	1 320 776
Voluntary employee benefits	111 439	62 176
ICT Equipment and software, lisensies	409 612	308 934
Travel expenses	39 722	27 223
Office expenses	141 044	150 928
Stock Exchange expenses	138 815	172 262
Legal and advisory services	398 523	377 028
Funding Costs	184 567	0
Other expenses	99 881	222 225
Audit fees	22 320	13 542
Statutory audit	15 346	13 112
Services according to Auditing Act 1.1.2 §	0	0
Tax advisory	0	1 260
Other fees	6 974	430

NOTES TO PERSONNEL AND BOARDS		
Average number of employees during the year	37	36
Personnel expenses	2 627 971	2 320 986
Wages and salaries	2 176 169	1 959 330
Pension costs	379 567	307 655
Other social security costs	72 235	54 001
Salaries and remuneration paid to the management		
CEO and members of the Board	162 000	135 000

NOTES TO TOTAL ASSETS/ BALANCE SHEET

	31.12.2021	31.12.2020
Breakdown on non-current assets		
Intangible assets		
Balance sheet value 1.1.	631 570	0
Increase(+)/Depreciations(-)	0	631 570
Balance sheet value 31.12.	631 570	631 570
Development costs		
Balance sheet value 1.1.	2 103 919	1 465 946
Increase	545 525	1 094 262
Depreciations	-526 869	-456 289
Balance sheet value 31.12.	2 122 575	2 103 919
Machinery and equipment		
Balance sheet value 1.1.	956	1 275
Depreciations	-956	-319
Balance sheet value 31.12.	0	956

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.	20 806 506	18 469 383
Reserve increase in share capital		
Share issues	5 295 883	2 337 124
Reserve for invested equity 31.12.	26 102 389	20 806 506
Retained earnings 1.1.	-19 392 930	-16 581 988
Retained earnings 31.12.	-19 392 930	-16 581 988
Profit (loss) of the financial year	-2 889 532	-2 810 942
Non-tied equity total	3 819 927	1 413 577
Total equity	3 899 927	1 493 577

Distributable funds

Reserve for invested unrestricted equity	26 102 389	20 806 506
Retained earnings	-19 392 930	-16 581 988
Profit (loss) of the financial year	-2 889 532	-2 810 942
Temporary cost support for companies received from the State of Finland	-294 435	0
capitalized development costs	-2 122 575	-2 103 919
Total	1 402 917	-690 342

CONTINGENCIES	31.12.2021	31.12.2020
Operating leases		
Maturity during the next financial period	34 913	22 095
Maturity later	36 744	17 609
	71 657	39 704

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	0	71 060
Mortgage on company assets	60 000	190 000

Guarantees on behalf of own commitments		
Rental security deposits	30 021	30 021
Other guarantees	21 309	21 309
	51 330	51 330

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 2021 the company has purchased services for management consulting, project management, financial management, funding and IR advisor services under normal commercial terms with 283 597 euros (2020; 280 300 euros).



Signatures to the Financial Statements

Kotka, 11. April 2021

Johan Biehl
Chairman of the Board

Mikkel Weider
Board member

Antti Villanen
Board member

Jussi Tähtinen
CEO

Auditor's note

A report on the audit performed has been issued today

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, 2021. 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, 11. April 2022

Idman Vilén Grant Thornton Oy, Authorised Public Accountants

Antti Niemistö

Authorised Public Accountant



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