

2022

NITRO GAMES OYJ

Annual report



NITRO

Contents

Highlights	3
Facts and Key Figures	4
• Revenue & Profit / Loss	4
• Project portfolio	4
• Share price development	4
• A word from the CEO	5
Nitro Games in short	7
Strategy and business model	8
• Market	9
• Strategy and Goals	9
• Market position and customers	9
• Business model	10
• Technology and processes	11
• Games and Portfolio	12
• Service business projects	12
• Team	12
• Employee wellbeing, skills and motivation	13
Corporate governance	14
• General Information on the Administration of the Company	14
• Annual General meeting	14
• General information on the Board of Directors of the Company	15
• Presentation of the members of the Board of Directors	16
• Management Board	17
• Auditor	19
• Related party transactions	19
• Insiders	19
• Remuneration reports	19
Annual general meeting 2023	19
Financial statement 2022	20
Auditor's report	42





Highlights

- Company focused on action and shooter games on mobile
- Growth in B2B service business
- Matured project portfolio with 4 key projects at the end of the year:
 - NERF: Battle Superblast started the launch phase in September
 - Autogun Heroes game acquisition and preparation for soft launch in 2023
 - Continued the game development services project with Digital Extremes and signed two extension agreements
 - Continued the game development service project with Supermassive Games with new agreement
- Completed projects:
 - Signed and completed a development services project with a US-based mobile games publisher
 - Launched 2 instant games on Snapchat and discontinued all 4 active projects after Snap Inc. announced the discontinuing of its games business
 - Investments in the development of Lootland and the unannounced game were put on hold to focus on the launch phase of NERF: Superblast
- Strengthened financial position with a 2 million EUR convertible loan from Nordisk Games

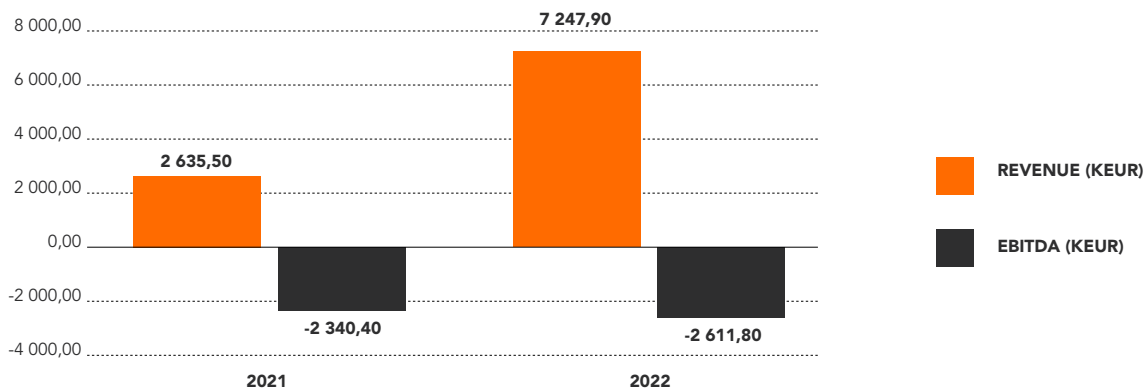
Action & Shooter games on mobile





Facts and Key Figures

Revenue & EBITDA



The above graph illustrates the development of Revenue and EBITDA generation 2021–2022

Project portfolio

4 key projects at the end of 2022.



NERF: SUPERBLAST



AUTOGUN HEROES



DIGITAL EXTREMES



SUPERMASSIVE GAMES

Share price development

During fiscal year 2022 the share price in First North Growth Sweden marketplace ranged between SEK 10,48 and SEK 31,5. The closing price on December 30.12.2022 was SEK 13,76.



A great year despite the uncertain times

🔁 2022 was a great year despite the uncertain times. Our revenues reached a record high by growing 175 % year-on-year to 7,3 million EUR. Our EBITDA decreased slightly because of the planned investments in our game portfolio and in the game launches.

I'm happy to conclude the year 2022 with a strong position and with an exciting outlook for the new year ahead. Moving forward to 2023, we will continue to work on our four main projects; NERF: Superblast, Autogun Heroes, and our two B2B service business projects. We seek to continue forward with our strategy towards our vision of becoming the household name in the category of action and shooter games on mobile. We're determined to deliver with our portfolio strategy and be one of the winners in 2023."

CEO COMMENT

– JUSSI TÄHTINEN, CEO



A word from the CEO

A great year despite the uncertain times.

Our revenues reached a record high in 2022. The annual revenues grew 175 % year-on-year to 7,3 million EUR. Our EBITDA decreased slightly because of the planned investments in our game portfolio and in the game launches. Overall, we made good progress throughout the year in increasing our revenues and improving our business step-by-step as we continue to work our way towards profitability.

Our games business took big steps forward towards the end of the year. NERF: Superblast started delivering revenue through the launch phase that started in September. We're proud of the quality of the game, as it has persistently scored great reviews from our players and has gotten recognized by the app stores with multiple great feature placements. Moving to 2023 we're shifting the game to longer-term live operations mode towards profitability. We are controlling our marketing spend to avoid too much risk while we continue to work towards hitting our performance targets for the game.

We acquired a new game, Autogun Heroes, and prepared it for the soft launch phase towards the end of the year. We have started the soft launch phase now in 2023. This game sits nicely next to NERF: Superblast, as it's a completely different take on a shooter game on mobile. NERF: Superblast is a first-person team-based game, and Autogun Heroes is a side-scrolling platformer single-player experience. We expect our games business to grow in 2023 as a result of our live games generating revenue.

We new agreements with both Digital Extremes and Supermassive Games during the year. These two

projects are part of our B2B service business and I'm happy to continue working with both projects in 2023 with exciting roadmaps. During the second half we also started and completed the work on a development service project with the US-based mobile games publisher. Moving forward, we are determined to continue delivering quality in our two ongoing B2B projects and plan to stay active in seeking new opportunities.

I'm happy to conclude the year 2022 with a strong position and with an exciting outlook for the new year ahead. 2022 was a year with many surprises in the world around us, most of which were negative. The scale of these things ranged from war in Europe and inflation, to fundamental changes in the mobile marketing landscape, and a series of not so positive news and announcements from several industry players. We experienced our share of all this as well, and it did slow us down a bit. For us this meant for example Snap discontinuing their games business and our four instant game projects cancelled as a result. However, it's in times like these when our portfolio strategy and our smart scalable way of working show their value and help us navigate through uncertainty. I'm proud of how we did not just that, but also succeeded in building a great setup for Nitro Games in this new landscape.

Moving forward to 2023, we will continue to work on our four main projects. NERF: Superblast, Autogun Heroes, and our two B2B service business projects. We seek to continue forward with our strategy towards our vision of becoming the household name in the category of action and shooter games on mobile. We're determined to deliver with our portfolio strategy and be one of the winners in 2023.

Jussi Tähtinen, CEO



Nitro Games in short

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

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



Strategy and business model



Market

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

According to industry research firm Newzoo, the Global games market size declined 4,3% year-on-year and totaled \$184,4 billion in 2022. Yearly mobile game revenues reached \$92,2 billion in 2022. This represents a decline of 6,4% compared to the previous year. Mobile games represented an estimated 50% of the total games market in 2022. The global games market is expected to grow with an estimated CAGR of +3,4%, reaching an estimated total of \$211,2 billion in 2025.

Source: Newzoo 2022

Strategy and Goals

The Company operates as a fast-moving developer and publisher in the mobile gaming market. The goal is to build up a portfolio of mobile games for the global market. By continuously prototyping and developing new games and experiences simultaneously, the Company will ensure that it 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 on 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 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 on 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 micropayments made by users to purchase digital goods. Advertising revenue consists of revenue earned from advertisements displayed within the Company's own games. Potential licensing fees and revenue share can be received from distribution partners who publish the games in selected territories. Possible additional revenues can come from eg. game-related agreements, where company sells, eg. Exclusivity times for release, licenses rights to auxiliary products. These types of agreements are determined on a per-game basis.

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

Technology and processes

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.



Games and Portfolio

NERF: Superblast

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 game was launched in 2022 and is currently in live-operations mode.

Autogun Heroes

Autogun Heroes is a next-gen 3D action platformer with overloaded guns, a team of heroes ready to blast those aliens into another dimension. Nitro Games acquired the game from Doomsday ApS while it was still in development in 2022. Nitro Games then prepared the game for soft launch. The game started the soft-launch phase in 2023.

Service business projects

The company had two key projects in Service business at the end of 2022:

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 including all expansion agreements is approx. 6,5 million EUR. The agreement follows an industry-standard structure. The project started in 2021 and is expected to be completed in 2023.

Nitro Games provides Supermassive Games ("SMG") with game development services, using the intellectual property of 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, including the expansion agreement signed in 2023 is approx. 3,4 million EUR. The agreement follows an industry-standard structure. The project started in 2022, and the production phase is expected to be completed in 2023.

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 2022 through selected key hires for leading positions, as well as by expanding its network of external partner studios.

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

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

The company has a culture and history of being very informal and low in bureaucracy. Nitro Games seeks to maintain an open atmosphere where all personnel can feel relaxed and speak freely while taking others into consideration. Due to the nature of the industry we operate in, Nitro Games has a multicultural staff, with a

relatively high number of employees who have relocated to Finland. Taking into consideration the typical gender distribution in the game industry, Nitro Games has a relatively high number of female employees, as well as young employees. All our employees are entitled to quality leadership and education, and professional development on a daily basis.

The average number of employees at the end of the accounting period was 58 (2021: 37). Percentage of women was 20% (2021: 14 %) and the percentage of foreign employees was 33% (2021: 36 %). The average age was 35 (2021: 36). Most of Nitro's employees work full-time with permanent contracts, and personnel costs are mostly set costs. The company defines salaries according to industry standards and based on competition for top talent. Personnel's skill management, motivation, and well-being are essential factors for success for Nitro. One of the company's strategic goals is to be the best employer for gaming industry professionals. According to our strategy, we invest heavily on developing the personnel's skill base, leadership, and well-being at work.

Employee wellbeing, skills and motivation

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

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

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

Nitro monitors and develops the quality of leadership regularly to maintain the motivation and engagement of the employees. An annual Management & Lead survey is executed and reveals great results repeatedly. All areas of expertise are able to work remotely and most of the personnel works from home. Most of Nitro's employees would recommend Nitro as an employer to their friends (eNPS 49).





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 16, 2022 elected the Board: Antti Villanen, Johan Biehl, Mikkel Weider and Susana Meza Graham. 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 18 times in 2022.

During the course of the year 2022 the Board of Directors comprised the following persons:

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
Susana Meza Graham	Member of the Board	1976	2022	Yes
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 acted as Member of the Board during 7.5.2021–10.1.2022.





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 eight years to managing his personal investments. He is a board member and Investment manager at Feat Invest AB since 2016 and a 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.

Susana Meza Graham, born 1976

Member of the board since 5.2022.

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



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 2022 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 2022:

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 Oy, Sampo Oy, 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 16, 2022, elected auditing firm Idman Vilén 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 16, 2022, and ending at the end of the next Annual General Meeting of the company, the Annual General Meeting resolved that the members of the Board of Directors be paid remuneration for the term of office as follows: EUR 2 000 per month for the Chairman and EUR 1 000 per month for the other members of the Board.

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

Annual general meeting 2023

The Annual General Meeting of Nitro Games Corporation will be held on May 15, 2023, 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 21 April 2023 and end on 9 May 2023 at 16:00. More detailed instructions can be found on the Company's website.

Report by the Board of Directors & Financial statement

1.1.2022–31.12.2022 NITRO GAMES OYJ

Contents

Report by the Board of Directors	21
Income Statement.....	33
Balance Sheet.....	34
Cashflow statement.....	36
Accounting policies.....	37
Signatures to the financial statements.....	41
List of accounting books and document types.....	41



Report by the Board of Directors for 2022

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

The current company strategy is to achieve growth through publishing gaming products. The operations are divided into two business areas: the development and publishing of mobile games for international distribution and the selling of expertise as a service to international gaming companies.

Nitro continued to develop its project and games portfolio in line with the company strategy in 2022. The priorities in 2022 were the release of NERF: Superblast in the third quarter, the development of Autogun Heroes mobile game during the second half of the year, as well as the cooperation projects with various customers as part of the service business. The efforts to develop business activities produced a significant number of new commercial agreements in 2022. The four instant gaming projects with Snap Inc. ended in the third quarter after Snap announced that it was discontinuing its gaming business.

The biggest customer in the service business is Digital Extremes. Nitro worked on the project throughout the year and signed two new extensions to the development agreement. The project with Supermassive Games also continued throughout the accounting period. The increased order volume in the service business required increased staffing. To meet this demand, Nitro Games invested in recruitment in 2022 as well as continued leveraging the network of external game development partner studios.

At the end of 2022, the company had two games in its portfolio: NERF: Superblast, which was published in the third quarter, and Autogun Heroes, which was in development towards a 2023 soft launch.

At the end of 2022, the key projects in the service business were the development service projects with Digital Extremes and Supermassive Games.

Operating environment

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

In 2022, the global mobile games market was estimated to be worth around USD 92.2 billion, which is approximately 6.4 percent lower compared to the previous year. It represents roughly 50 percent of the global games market, which was in turn, estimated to be worth USD 184.4 billion in 2022.

Source: Newzoo

Business Development, Performance, and the Financial Status

In 2022, the company's turnover was EUR 7 247,9 thousand (2021: EUR 2 635,5 thousand).

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

The company's EBIT for the accounting period was EUR -3,38 million, compared to EUR -2,87 million in the previous year. The EBITDA for the accounting period was EUR -2,61 million, compared to EUR -2,34 million in the previous accounting period. The company made EUR -3,40 million in profit, compared to EUR -2,89 in the previous accounting period.

During the accounting period 2022, the company raised EUR 2,0 million through a convertible debt financing round. Nitro Games acquired the rights to a new mobile game from Doomsday for EUR 2,7 million.

At the end of the accounting period, the company's cash and bank balances amounted to EUR 1,6 million (compared to EUR 3,74 million on December 31, 2021). At the balance sheet date, its equity ratio was 6,4 percent (2021: 55,5 percent).

Key Ratios

	Full Year 2022	Full Year 2021
		Audited
Revenue (EUR thousand)	7 247,90	2 635,5
Operating profit/loss (EUR thousand)	3 384,10	-2 868,0
Operating profit/loss % (EBIT %)	46,70 %	-108,80
EBITDA (EUR thousand)	-2 611,70	-2 340,2
EBITDA %	-36 %	-88,80
Net profit /loss (EUR thousand)	-3 405,50	-2 889,5
Cash flow generated from operations (EUR thousand)	-2 922,80	-2 381,4
Equity ratio (%)	6,40 %	55,50
Number of shares, average	12 900 123	10 896 805
Number of shares at the end of the period	12 903 102	12 892 456
Number of Share options	1 256 940	1 478 586
Number of Special Rights	1 113 586	1 113 586
Equity per share (EUR)	0	0,3
Earnings per share (EUR) undiluted	-0,3	-0,2
Earnings per share (EUR) diluted	-0,2	-0,2
Net debt (EUR thousand)	5 846,80	-613,8
Number of employees (average)	51	37

Research and development (R&D)

The company invested heavily in development activities with a focus on gaming products, analytics, technology and release processes. During 2022, 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 games and the reusable technology associated with them were activated on the balance sheet. This is recorded in the income statement under Production for own use (Valmistus omaan käyttöön).

From January 2022 to December 2022, the company activated a total of EUR 699,5 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, 2023.

During the accounting period 2022, a total of EUR -561,8 thousands of activated development costs were depreciated (2021: EUR -526,9 thousand).

Development costs	31.12.2022	31.12.2021
Balance sheet value 1.1.	2 122 575	2 103 919
Increase	699 462	545 525
Depreciations	-561 837	-526 869
Balance sheet value 31.12.	2 260 200	2 122 575

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 turnover, the scale of user acquisition investments, as well as profits made.

It is important to the company's business that it is able to develop and improve its current games, as well as create new games for the mobile games market. Changes in game development and 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.

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 standard interruption and property insurance to safeguard its business activities. The company's business may also be affected by other risks and uncertainties than those mentioned above.

Significant events after the fiscal year-end

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

Nitro Games announced a new mobile game: Autogun Heroes. The game is currently in soft launch phase in selected countries in the Google Play store. The purpose of the soft launch is to measure and optimize the game experience with a limited audience.

Nitro Games announced a EUR 0,6 million expansion with Supermassive Games. Nitro Games signed an expansion to the development agreement with Supermassive Games. Under this agreement, Nitro Games will provide the UK-based PC and console game developer Supermassive Games (henceforth “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 is an expansion to the development agreement between the parties announced on January 18, 2022. The order value of the new expansion is roughly EUR 0,6 million, bringing the total order value of the development agreement to around EUR 3,4 million. The parties have reached agreement regarding the distribution of profits to Nitro Games if the game is commercially released. The agreement follows the standard industry structure. The project was launched in 2022, and the production phase is expected to be completed in 2023.

Nitro Games to receive approx. 1,5M EUR funding from Business Finland. Nitro Games has received a positive decision from Business Finland to receive approximately 1,5M EUR of funding for a business development project.

Business Finland has approved the total cost estimate of 3,056,278 EUR for a Business development project. This positive decision on funding from Business Finland is a maximum of 1,528,139 EUR (50% of the approved total costs for the project). The estimated project duration is 1.2.2023 – 30.6.2025. The project is closely tied to Nitro Games’ strategy and the development of the game portfolio. The project supports further development of the game portfolio as Nitro Games is seeking new ways of bringing mobile games to the market with reduced time-to-market. The funding will be in the form of a soft loan. 30% of the approved funding can be raised at the beginning of the project (estimated 458,442 EUR). The rest of the approved funding is to be received against reports of project progress. The terms are favorable for Nitro Games; the interest rate is 3% below the base rate determined by the Ministry of Finance (but always at least 1%) and the term is 7 years, out of which the first 3 years are an installment-free period. The base rate as of 1 March 2023 was 3.414%. Should the project fail, Business Finland can decide not to demand the whole loan to be paid back. In such case, the maximum amount of loan not to be recovered is 853,000 EUR. Business Finland is a government agency and an accelerator of global growth. Business Finland creates new growth by helping businesses go global and by supporting and funding innovations. Business Finland was created on 1st January 2018 by the merger of two organizations: Finpro, which offered services for internationalization, investments and tourism promotion, and Tekes, which offered funding for innovation activities. Business Finland aims to develop Finland to be the most attractive and competitive innovation environment in which companies are able to grow, change, and succeed.

The company’s board of directors is not aware of any significant events after the balance sheet date that would have affected the information or calculations included in the financial statements.

Future outlook

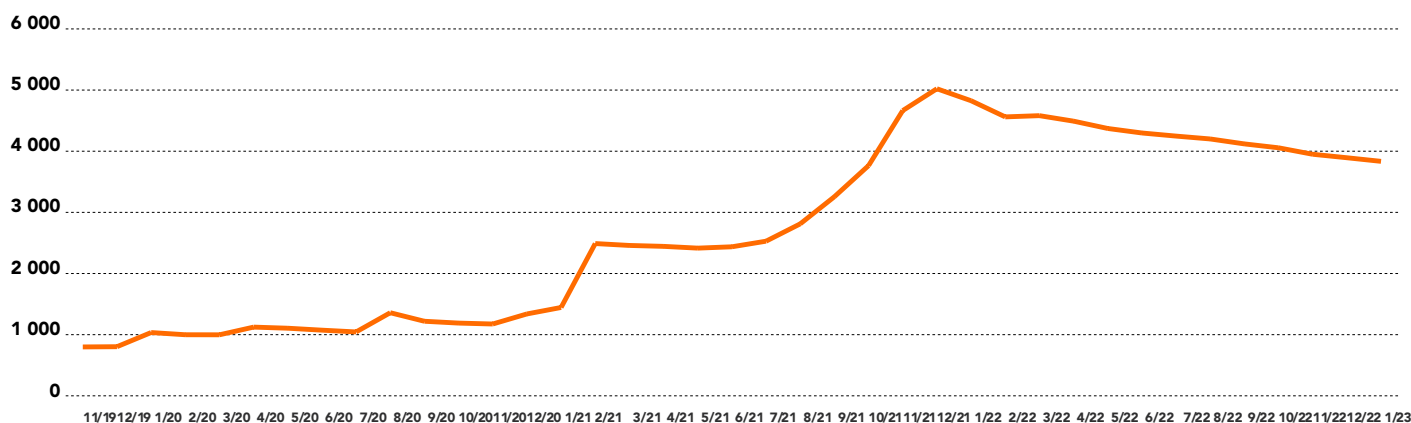
The board believes that the company's development will follow the general market developments. The turnover development depends largely on the launch and commercial success of new gaming products in the future. Any potential losses are due to the company's investments in game development and user acquisition in order to further 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, 2022, the total number of shares was 12 903 102 (December 31, 2021: 12 892 456 shares). All the shares belong to the same class. Each share carries one vote at the annual general meeting. The company does not own any of its own shares.

During 2022, the number of individual shareholders varied between 3 896 and 4 831 shareholders.

Shareholders per month 11/2019–2023



The table below describes the changes in the total number of shares during the financial period of 2022.

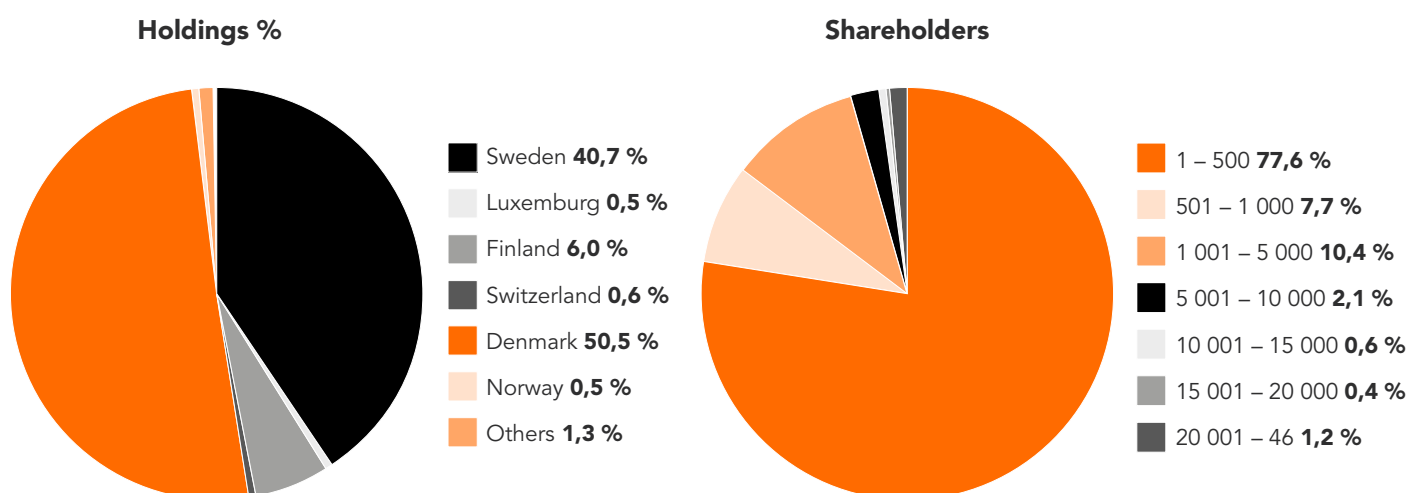
	1.1.2022	Option Rights	31.12.2022
Shares	12 892 456	12 892 456	12 903 102
Increase		10 646	
Total	12 892 456	12 903 102	12 903 102

The company's ten (10) most significant shareholders on December 31, 2022.

Shareholders		Number of shares	% of shares and votes
1 Nordisk Games A/S		6 492 636	50,32
2 Avanza Pension försäkring AB		727 030	5,63
3 Nordnet Pensions försäkring AB		263 381	2,04
4 Turret Oy Ab		215 000	1,67
5 Markus Johansson		187 278	1,45
6 Feat invest Ab	1	179 717	1,39
7 Coeli Wealth Managements AB		167 600	1,30
8 Nordic Marine Norden AB		138 436	1,07
9 Antti Villanen		135 947	1,05
10 Zakaria Rtel Bennani		119 224	0,92
Others		4 276 853	33,15
The total number of shares		12 903 102	100,00

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

The most significant shareholders by region and share distribution as of December 31, 2022.



Management ownership and option rights

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

	31.12.2022			31.12.2021	
	Shares	% Shares	Options	Shares	Options
Board	293 540	2,3	0	293 388	20 500
CEO and management*	487 196	3,8	1 076 590	482 352	1 167 086
Teams	21 160	0,2	180 350	20 500	291 000
	801 896	6,2	1 256 940	796 240	1 478 586
Numbers of shares	12 903 102			12 892 456	
Number of Options	1 256 940			1 478 586	

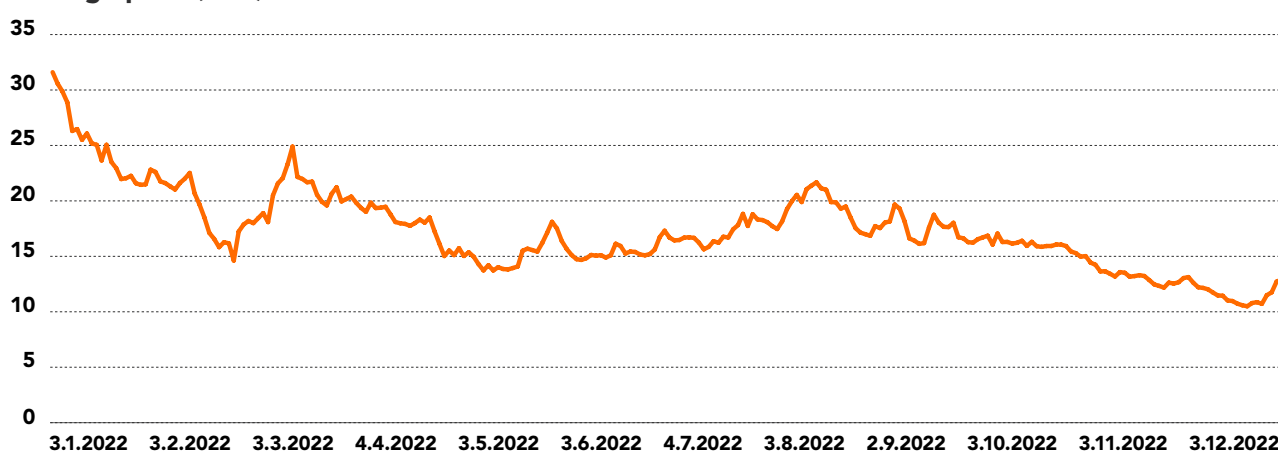
* Antti Villasen shares and stock options included in the management team. He is also a member of the board.

All Nitro's permanent employees are included in the company's option program.

Share trading

During the financial period of 2022, the price of one Nitro share on the Swedish First North Growth Market varied between SEK 10,48 and SEK 31,5. The closing rate for the period as of December 30, 2022 was SEK 13,76.

Average price (SEK)



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

General meetings

The annual general meeting was held on May 16, 2022. The general meeting discussed matters in accordance with the company's articles of association and decided to authorize the board of directors to issue stock options in one or more tranches. The board may issue a maximum of 500 000 stock options under this authorization. Each option entitles its owner to subscribe for one new share in the company. The board is authorized to decide on all other terms and conditions regarding the stock options. The authorization is valid until December 31, 2024. Note that the authorization has no effect on the company's current option plans or on the board's right to issue stock options on the basis thereof.

An extraordinary general meeting was held on September 22, 2022, where it was decided, in accordance with the board of directors' proposal, to authorize the board of directors to decide on the issue of special rights entitling to shares, as referred to in Chapter 10, section 1 of the Limited Liability Companies Act, as follows: Special rights entitling to shares may be issued in derogation of shareholders' preemptive subscription rights. A maximum of 1 113 586 new shares may be issued under the authorization. The authorization will be applied in the company's

planned convertible bond issue announced on August 31, 2022. The board of directors will decide on all the terms and conditions concerning the convertible bond and the related special rights entitling to shares, including the right to decide as needed on any amendments to the terms and conditions concerning the planned convertible bond issue and the related special rights entitling to shares announced on August 31, 2022. The authorization is valid until December 31, 2022.

Structural and financial arrangements

Board of directors' authorizations

Option rights

The annual general meeting of Nitro Games held on May 16, 2022 decided to authorize the board of directors to make decisions regarding the issue of stock options. The maximum total number of stock options that may be issued under this authorization is 500 000. Each option entitles its owner to subscribe for one new share in the company. The share subscription price of the stock options is the volume-weighted average price of the company's share on First North Sweden for thirty (30) consecutive trading days prior to the issue of the stock options, plus 10 percent. The company's board of directors will announce the subscription price at the time of issuing the stock options. The subscription price may be paid to the company either in SEK or in EUR. The board is authorized to decide on all the other terms and conditions. The authorization is valid until December 31, 2024.

In accordance with this authorization and the decision of the annual general meeting, 133 000 stock options marked 1/2022 were issued to the team during 2022.

Special rights – Convertible bond

On September 22, 2022, the board of directors exercised its authorization granted in the extraordinary general meeting on September 22, 2022, to decide on the issue of special rights entitling to shares. 1 113 586 special rights in the form of convertible bonds were issued, each entitling the owner to subscribe for one (1) new share in Nitro Games Oyj. The special rights were issued to Nordisk Games A/S (the "Lender") for subscription in derogation of the shareholders' preemptive subscription rights. The issue of special rights was part of the loan arrangement made under the convertible bond agreement signed between the Lender and the company, and no separate consideration is paid for the special rights. The subscription price for shares to be subscribed under special rights is EUR 1,80 per share, and the price is based on the volume-weighted average price of the company's share on First North Growth Market Sweden for 30 consecutive trading days prior to August 31, 2022. On September 22, 2022, the board of directors decided to issue a convertible bond and the related special rights entitled to shares (2/2022). The rights issue enabled the company to raise a loan of EUR 2 000 000.

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 51 (2021: 37). Women accounted for 20 percent of the personnel (2021: 14 percent), and foreign employees accounted for 33 percent (2021: 36 percent). The average age of the employees was 35 years (2021: 36).

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 2021 to 2022.

	31.12.2022	31.12.2021
Personell on average	51	37
Personell on end of period	58	40
Salaries and wages during the financial year	3 759 959	2 627 971

The well-being, competence and motivation of Nitro's employees 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 employees, coaching for supervisors and improving well-being at work.

Employee well-being, competence and motivation

At Nitro, employee wellbeing is prioritized and supported with a proactive approach. Employee well-being is monitored with regular surveys. Employees actively propose ways to improve well-being, and the proposals are used as basis for decision-making. In addition, Nitro offers low-threshold outsourced services to support the mental health of its employees. Nitro also offers its employees a very broad occupational health care package and benefits that can be used on sports, cultural and recreational opportunities. The company pays special attention to work-related stress by monitoring and controlling the hours worked by its employees. In the company's quarterly survey, employees consistently rate their well-being at work to be clearly above the average for Finnish companies.

Nitro invests in the professional development of its employees in many ways. Nitro enables studying during working hours and offers various courses and learning packages for the employees to developing their professional skills. Competency-based performance reviews are carried out annually to assess the skills and competency of employees, while individual learning paths are prepared in personal development reviews twice a year. To ensure the skills and competency of employees, Nitro has allocated more resources into enhancing the recruitment process and developing the company's image as an employer.

Nitro regularly monitors and develops the quality of management to keep its employees motivated and committed to the company. In an annual survey focusing on management, Nitro's management style is rated good by the employees. Telecommuting is an established practice for all positions at Nitro. Most of the employees work from anywhere, which is mainly somewhere other than the company's offices. Most of Nitro's employees would recommend their employer to their friends (eNPS 49). In measuring the quality of working life (QWL) per quarter, Nitro (>80%) ranks well above the average for Finnish companies (60%).

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 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.

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.

During the accounting period of 2022, 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 taking into account 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 of significant importance. 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 and Mikkel Weider served on the board until May 16, 2022, and Tobias Andersson served on the board until January 10, 2022. Johan Biehl served as the chairperson of the board.

The annual general meeting of May 16, 2022 elected the following persons to the board of directors: Antti Villanen, Johan Biehl, Mikkel Weider and Susana Meza Graham. At its organization meeting, the board elected Johan Biehl as its chairperson.

During the accounting period of 2022, the board met 18 times, of which 9 meetings were held by the new board. The average attendance rate was 100 percent.

The remuneration paid to board members is determined by the annual general meeting each year. For the term beginning on May 16, 2022 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 management

The company's board of directors must ensure that appropriate insider management practices are in place at all times. 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 aforementioned 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 2022, 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 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 -3 405 467,76 be transferred to the profit and loss account from the previous accounting periods and that no dividend be distributed.

Annual general meeting

The board of directors decided to convene the annual general meeting on May 15, 2023. Nitro Games will publish an invitation to the annual general meeting on April 21, 2023 on the company's official website.

December 31, 2022

The board of directors

Nitro Games Oyj



Definitions of key ratios

Operating profit (EBIT) Revenue + other business income – operating expenses – depreciations

EBITDA Operating profit + depreciations + impairments

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

Equity ratio
$$\frac{\text{Equity}}{\text{Assets-Advances received}} \times 100$$

Earnings per share (EPS), undiluted

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

Earnings per share (EPS), diluted

Profit (loss) for the fiscal 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 and at banks



Income Statement

	1.1.–31.12.2022	1.1.–31.12.2021
REVENUES	7 247 921,37	2 635 538,67
Manufacturing for enterprise's own use	699 462,45	545 524,63
Other operating income	11 840,64	301 814,84
Materials and services		
Materials and equipment	-968 652,89	-349 039,98
External services	-3 792 144,16	-1 322 484,47
Materials and services total	-4 760 797,05	-1 671 524,45
Personnel expenses		
Salaries and wages	-3 091 651,29	-2 176 169,19
Social security expenses	-668 307,26	-451 802,30
Pension expenses	-559 566,80	-379 567,25
Other statutory employee expenses	-108 740,46	-72 235,05
Personnel expenses total	-3 759 958,55	-2 627 971,49
Depreciation according to plan	-772 360,79	-527 825,45
Other operating expenses	-2 050 217,52	-1 523 603,17
OPERATING PROFIT (LOSS)	-3 384 109,45	-2 868 046,42
Financial income and expenses		
Other interest income and other financial income	20,47	28,05
Interest income and other financial income	-21 378,78	-21 513,50
Financial income and expenses total	-21 358,31	-21 485,45
Profit (loss) before appropriations and taxes	-3 405 467,76	-2 889 531,87
Profit (loss) of the financial year	-3 405 467,76	-2 889 531,87



Balance Sheet

	31.12.2022		31.12.2021	
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	3 121 046,91		631 570,37	
Development costs	2 260 199,24	5 381 246,15	2 122 574,12	2 754 144,49
NON-CURRENT ASSETS TOTAL		5 381 246,15	2 754 144,49	
CURRENT ASSETS				
Long-term debtors				
Accounts receivable	42 500,00		81 000,00	
Other debtors, long	30 020,80	72 520,80	30 020,80	111 020,80
Short-term debtors				
Accounts receivable	594 840,44		217 951,12	
Other debtors	102 000,16		72 349,64	
Prepayments and accrued income	203 872,05	900 712,65	130 706,77	421 007,53
Cash in hand and at banks		1 597 472,35	3 737 288,44	
CURRENT ASSETS TOTAL		2 570 705,80	4 269 316,77	
ASSETS TOTAL		7 951 951,95	7 023 461,26	



Balance Sheet

	31.12.2022		31.12.2021	
EQUITY AND LIABILITIES				
EQUITY				
Share capital	80 000,00		80 000,00	
Invested unrestricted equity reserve	26 115 603,85		26 102 388,65	
Retained earnings (loss)	-22 282 461,71		-19 392 929,84	
Profit (loss) of the financial year	-3 405 467,76	507 674,38	-2 889 531,87	3 899 926,94
EQUITY TOTAL	507 674,38		3 899 926,94	
LIABILITIES				
Non-current				
Convertible Loans	2 000 000,00		0,00	
Loans from financial institutions	1 256 841,14		1 690 603,72	
Account payable	838 795,30		446 689,66	
Other non-current liabilities	470,00	4 096 106,44	690,00	2 137 983,38
Current				
Loans from financial institutions	436 540,36		33 333,36	
Accounts payable	2 218 253,33		474 539,34	
Other current liabilities	81 638,38		56 926,06	
Accruals and deferred income	611 739,06	3 348 171,13	420 752,18	985 550,94
LIABILITIES TOTAL	7 444 277,57		3 123 534,32	
EQUITY AND LIABILITIES TOTAL	7 951 951,95		7 023 461,26	



Cashflow statement

Cashflow statement (thousand euros)

31.12.2022**31.12.2021**
(Audited)

CASH FLOW FROM OPERATING ACTIVITIES:

Profit (-loss) before extraordinary items	-3 405,5	-2 889,5
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Adjustments:

Depreciation according to plan	772,4	527,8
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Financial income and expenses	21,4	21,5
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Cash flow before change in working capital	-2 611,7	-2 340,2
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Change in working capital:

Increase (-) / decrease (+) in current non-interest-bearing receivables	-479,7	-193,0
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Increase (-) / decrease (+) in non-current non-interest-bearing receivables	38,5	-81,0
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Increase (+) / decrease (-) in current non-interest-bearing liabilities	358,8	403,2
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Increase (+) / decrease (-) in non-current non-interest-bearing liabilities	-207,9	-170,4
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Cash flow from operating activities before financial items and taxes	-2 902,1	-2 381,4
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Interest paid and payments for other financial operating expenses	-20,7	0,0
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Net cash from operating activities (A)	-2 922,8	-2 381,4
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CASH FLOW FROM INVESTING ACTIVITIES:

Acquisition of intangible and tangible assets	-1 199,5	-545,5
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Net cash used in investing activities (B)	-1 199,5	-545,5
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CASH FLOW FROM FINANCING ACTIVITIES:

Share issue against payment	13,2	5 295,9
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Proceeds from and repayment of current loans	403,2	-71,1
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Proceeds from and repayment of non-current loans	1 566,0	-1 520,8
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Interest paid and contributions from financial expenses	0,0	-21,5
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Net cash from financing activities (C)	1 982,4	3 682,6
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Change in cash and cash equivalents (A + B + C) increase (+) / decrease (-)	-2 139,8	755,6
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Cash and cash equivalents at the beginning of the period	3 737,3	2 981,7
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Cash and cash equivalents at the end of the period	1 597,5	3 737,3
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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 2022. 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 699 462,45 EUR. This includes third party costs related to the game development and maintenance (outsourced services), personnel costs, and other costs. These capitalized development costs are amortized over a five (5) year period on a straight-line basis starting 1.1.2023.

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 -772 360,79 EUR (-526 868,97 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**31.12.2022****31.12.2021****Revenue**

Revenue from operations	7 247 921	2 635 539
Self-publishing	515 865	13 971
Service business	6 732 057	2 621 567

Revenue per market area	7 247 921	2 635 539
EU	689 112	52 447
North America	2 993 686	1 353 500
Britannia	3 407 775	997 199
Other	157 348	232 393

Other operating income	11 841	301 815
Rental income	7 641	7 380
Government grants	4 200	294 435

Materials and Services	4 760 797	1 671 524
User acquisition	927 945	271 132
Others costs	3 832 852	1 400 392

Other operating expenses	2 050 218	1 523 603
Voluntary employee benefits	102 949	54 178
ICT Equipment and software, lisensies	525 710	409 612
HR external expenses	223 873	85 560
Travel expenses	189 478	39 722
Office expenses	171 221	141 044
Stock Exchange expenses	159 574	138 815
Legal and advisory services	476 069	370 224
Credit losses on Sales	34 594	0
Funding Costs	0	184 567
Other expenses	166 750	99 882

Audit fees	21 569	22 320
Statutory audit	15 874	15 346
Services according to Auditing Act 1.1.2 §		
Tax advisory		
Other fees	5 695	6 974

NOTES TO PERSONNEL AND BOARDS

Average number of employees during the year	51	37
Personnel expenses	3 759 959	2 627 971
Wages and salaries	3 091 651	2 176 169
Pension costs	559 567	379 567
Other social security costs	108 740	72 235

Salaries and remuneration paid to the management

CEO and members of the Board	162 000	162 000
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NOTES TO TOTAL ASSETS/BALANCE SHEET**31.12.2022****31.12.2021****Breakdown on non-current assets**

Intangible assets

Balance sheet value 1.1.	631 570	631 570
Increase	2 700 000	0
Depreciations	-210 523	0
Balance sheet value 31.12.	3 121 047	631 570

Development costs

Balance sheet value 1.1.	2 122 575	2 103 919
Increase	699 462	545 525
Depreciations	-561 837	-526 869
Balance sheet value 31.12.	2 260 200	2 122 575

Machinery and equipment

Balance sheet value 1.1.	0	956
Depreciations	0	-956
Balance sheet value 31.12.	0	0

NOTES TO EQUITY AND LIABILITIES/BALANCE SHEET**31.12.2022****31.12.2021****Capital and reserves**

Breakdown of capital and reserves		
Share capital 1.1.	80 000	80 000
Share capital 31.12.	80 000	80 000
Tied equity total	80 000	80 000
Reserve for invested equity 1.1.	26 102 389	20 806 506
Reserve increase in share capital	13 215	0
Share issues	0	5 295 883
Reserve for invested equity 31.12.	26 115 604	26 102 389
Retained earnings 1.1.	-22 282 462	-19 392 930
Retained earnings 31.12.	-22 282 462	-19 392 930
Profit (loss) of the financial year	-3 405 468	-2 889 532
Non-tied equity total	427 674	3 819 927
Total equity	507 674	3 899 927

Distributable funds

Reserve for invested unrestricted equity	26 115 604	
Retained earnings	-22 282 462	
Profit (loss) of the financial year	-3 405 468	
capitalized development costs	-2 260 200	
Total	-1 832 526	

CONTINGENCIES	31.12.2022	31.12.2021
Operating leases		
Maturity during the next financial period	67 744	34 913
Maturity later	113 557	36 744
	181 301	71 656

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	0
Mortgage on company assets	60 000	60 000

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 2022 the company has purchased services for management consulting, project management, financial management, funding and IR advisor services under normal commercial terms with 301 356 euros (2021; 283 597 euros).



Signatures to the financial statements, Original signed

Kotka, 16.4.2023

Johan Biehl

Chairman of the Board

Mikkel Weider

Board member

Antti Villanen

Board member

Susana Meza Graham

Board member

Jussi Tähtinen

CEO

Auditor's note

A report on the audit performed has been issued today

Tampere, 16.4.2023

Idman Vilén 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, 2022. 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.

Tampereella, 16.4.2023

Idman Vilén Oy, Authorised Public Accountants

Antti Niemistö

Authorised Public Accountant



For Further information,
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