

Year-End

JANUARY-DECEMBER 2023 ↔ NITRO GAMES OYJ

Report 2023



The interim period January–December 2023

- ▶ Revenues: 8,841.6 KEUR (7,247.9 KEUR).
- ▶ EBITDA: -1,716.6 KEUR (-2,799.8 KEUR).
- ▶ EBIT: -3,024.8 KEUR (-3,621.3 KEUR).
- ▶ Net result: -3,283.1 KEUR (-3,707.6 KEUR).
- ▶ Earnings per share (EPS) -0.19 (- 0.29).
- ▶ Cash and cash equivalents: 3,825.8 KEUR and 1,199.7 KEUR of short-term receivables (31 December 2023).

(All figures are presented in accordance with IFRS and, unless otherwise stated, the comparison figures in brackets refer to the corresponding period in the previous year.)

October–December 2023

- ▶ Revenues: 2,894.7 KEUR (2,312.9 KEUR).
- ▶ EBITDA: 786.2 KEUR (-355.5 KEUR).
- ▶ EBIT: 352.6 KEUR (-569.3 KEUR).
- ▶ Net result: 302.3 KEUR (-613.5 KEUR).
- ▶ Earnings per share (EPS) 0.01 (-0.05).

(All figures are presented in accordance with IFRS and, unless otherwise stated, the comparison figures in brackets refer to the corresponding period in the previous year.)

– SAYS JUSSI TÄHTINEN,
CEO OF NITRO GAMES.

Significant events during October–December 2023

- ▶ Resolutions of Nitro Games Oyj's Extraordinary General Meeting; the board of directors resolved to establish stock option plan 2023.
- ▶ Signed approx. 9 million EUR agreement with Netflix.
- ▶ Changed liquidity provider to Carnegie Invest Bank AB.

Significant events after the reporting period

- ▶ Appointed Jussi Immonen as Chief Commercial Officer (CCO).
- ▶ Expected revenue increase and a positive result for Q4 / 2023.
- ▶ Signed approx. 3.5 million EUR expansion to the development agreement with Digital Extremes.
- ▶ Signed publishing agreement for Autogun Heroes with Supersonic from Unity.

Record revenues and profitable quarter

We ended the year with yet another record quarter. Our revenues reached a new high of 2.9 million EUR with a positive net result of 0.3 million EUR. As a result of the increased revenues and solid cost control, our cash position at the end of the year improved to 3.8 million EUR. Our Games business was our main source of growth in 2023, totaling to approx. 2 million EUR in revenues (0.5 million EUR in 2022). Majority of this revenue came from our new game Autogun Heroes during the second half of the year.

Overall, the year 2023 was eventful – both for us and for the gaming industry. I am happy with how we eventually navigated through the year and reached many concrete wins resulting in a profitable quarter at the end of the year. I am proud of this milestone and would like to thank all our employees, partners, and shareholders for their continued support throughout the years. I look forward to a great year ahead as we are seeking stable growth.

About Nitro Games

Nitro Games is a 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 high-quality mobile games mostly 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 has developed several games such as Autogun Heroes, NERF: Superblast, Lootland, Heroes of Warland, Medals of War and 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's First North Growth Market with the ticker NITRO. The Certified Adviser is FNCA Sweden AB, info@fnca.se.
www.nitrogames.com
 Finnish Business ID: FI21348196





Key Financials

	Oct–Dec 2023	Oct–Dec 2022	Full Year 2023	Full Year 2022
Revenue (EUR thousand)	2,894.7	2,312.9	8,841.6	7,247.9
Operating profit/loss (EBIT) (EUR thousand)	352.6	-569.3	-3,024.8	-3,621.3
Operating profit/loss % (EBIT %)	12.2 %	-24.6 %	-34.2 %	-50.0 %
EBITDA (EUR thousand)	786.2	-355.5	-1,716.6	-2,799.8
EBITDA %	27.2 %	-15.4 %	-19.4 %	-38.6 %
Net profit /loss (EUR thousand)	302.3	-613.5	-3,283.1	-3,707.6
Equity ratio (%)	15.8 %	8.9 %	15.8 %	8.9 %
Number of shares, average	24,924,364	12,902,652	17,440,052	12,900,123
Number of shares, average diluted	24,927,364	12,902,652	17,440,052	12,900,123
Number of shares at the end of the period	24,924,364	12,903,102	24,924,364	12,903,102
Number of share options	3,648,264	1,222,440	3,648,264	1,256,940
Number of special rights	2,000,139	1,113,586	2,000,139	1,113,586
Equity per share (EUR)	0.07	0.06	0.07	0.06
Earnings per share (EUR) undiluted	0.01	-0.05	-0.19	-0.29
Earnings per share (EUR) diluted	0.01	-0.05	-0.19	-0.29
Net debt (EUR thousand)	5,152.9	5,828.1	5,152.9	5,828.1
Number of employees, average	48	54	48	51

Calculation Principles of Alternative Performance Measures

Operating profit Revenue + other business income - operating expenses - depreciations

Operating profit % $\frac{\text{Operating profit}}{\text{Revenue}} \times 100$

EBITDA Operating profit + depreciations + impairments

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

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

Earnings per share, undiluted $\frac{\text{Net profit}}{\text{Number of shares, undiluted}}$

Earnings per share, diluted $\frac{\text{Net profit}}{\text{Number of shares, diluted}}$

Net debt Liabilities - cash in hand and at banks

A WORD FROM CEO

Record revenues and profitable quarter

We ended the year with yet another record quarter. Our revenues reached a new high of 2.9 million EUR with a positive net result of 0.3 million EUR. As a result of the increased revenues and solid cost control, our cash position at the end of the year improved to 3.8 million EUR.

Our Games business was our main source of growth in 2023, totaling approx. 2 million EUR in revenues (0.5 million EUR in 2022). The majority of this revenue came in during the second half of the year from our new game Autogun Heroes. During the fourth quarter, we continued the launch phase of Autogun Heroes by working on the game roadmap and delivering many updates and improvements. Parallel to this, we performed active cost control and minimized the spending on new user acquisition to protect our financial position. Thanks to our marketing efforts during the previous quarter, we had a solid number of players progressing further in the game. This also translated into continuous revenues from the game and allowed us to continue collecting and analyzing data on the longer-term progress.

We are currently busy finalizing the launch phase and preparing to move forward to the live phase. We have selected Supersonic by Unity as the publishing partner for the game and are busy starting our collaboration. We expect this to be a great partnership that allows us to grow the game together with a long-term mindset. This also helps us in protecting our financial position in the short term. I am looking forward to seeing the great potential in Autogun Heroes materializing step by step, as we seek to grow our Games business to new heights.

Our B2B service business delivered most of our revenues in 2023, totaling approx. 6.9 million EUR (6.7 million EUR in 2022). We signed a new agreement with Netflix with a record order value of approx. 9 million EUR during the last quarter. This new project is well in line with our strategy and vision, as we are expanding our services to multiplatform game development. We are naturally excited about this new opportunity and looking forward to our collaboration with Netflix. We have now started the project, delivered the first milestones, and are progressing further following the project roadmap. We also continued our collaboration with Digital Extremes throughout the year. We recently signed a follow-up agreement of approx. 3.5 million EUR with them as we continue our collaboration in 2024 with Warframe mobile. I am very happy with how we have systematically delivered planned milestones with quality and excited about the opportunity to work on such a great game.

Overall, the year 2023 was eventful - both for us and for the gaming industry. I am happy with how we eventually navigated through the year and reached many concrete wins resulting in a profitable quarter at the end of the year. I am proud of this milestone and would like to thank all our employees, partners, and shareholders for their continued support throughout the years. I look forward to a great year ahead as we are seeking stable growth.

– JUSSI TÄHTINEN, CEO OF NITRO GAMES

CEO's comment:

↔↔ Overall, the year 2023 was eventful - both for us and for the gaming industry. I am happy with how we eventually navigated through the year and reached many concrete wins resulting in a profitable quarter at the end of the year. I am proud of this milestone and would like to thank all our employees, partners, and shareholders for their continued support throughout the years. I look forward to a great year ahead as we are seeking stable growth."



– JUSSI TÄHTINEN
CEO OF NITRO GAMES

Significant events during October-December 2023

Resolutions of Nitro Games Oyj's extraordinary general meeting; the board of directors resolved to establish stock option plan 2023.

The Extraordinary General Meeting resolved in accordance with the proposal of the Board of Directors to authorize the Board of Directors to decide, in one or more transactions, on issuance of stock options as follows: The maximum total number of stock options issued with the authorization is 2,492,436. Each stock option entitles to subscription of one new share. The Board of Directors is authorized to decide on all other terms of the stock options. The authorization is valid until 31 December 2025. For the avoidance of doubt, the authorization does not affect the validity of the company's existing stock option plans or the Board of Directors' authorization to give stock options based on the same. The Board of Directors will annul stock options relating to stock option plans 2/2020 and 1/2022 which are in possession of the Company and not allocated yet. Based on the authorisation granted by the Extraordinary General Meeting, the Board of Directors resolved to establish stock option plan 2023 for the key personnel of the Company for the years 2023–2025. Based on the stock option plan 2023, the maximum total number of stock options issued is 2,492,436, and they entitle their owners to subscribe for a maximum total of 2,492,436 new shares in the Company. Of the stock options, maximum of 2,243,192 are marked with the symbol 2023A and maximum of 249,244 are marked with the symbol 2023B. Share subscription period begins on a date which is 18 months from the subscription date of the stock options and ends on a date which is 36 months from the beginning of the share subscription period. The Board of

Directors may extend the share subscription period. The subscription price of the shares is for the stock option 2023A SEK 6.00 per share, and for the stock option 2023B the volume weighted average price of the Company's share on First North Sweden during thirty (30) trading days before granting of stock options with an increase of 10 per cent.

Nitro Games signed approx. 9m EUR agreement with Netflix. Nitro Games signed a Game Development and Publishing Agreement ("Agreement") with Netflix for an unannounced game project. With this Agreement, Nitro Games provides Netflix with multiplatform game development and post-launch live services for an unannounced game project based on an undisclosed IP. 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. The total order value of this Agreement is approx. 9 million EUR. The project is expected to be completed in 2026. This Agreement follows an industry-standard structure.

Nitro Games changed liquidity provider to Carnegie Investment Bank.

Nitro Games Oyj changed its liquidity provider on 1 December 2023 to Carnegie Investment Bank AB. The liquidity provider service according to the existing agreement with Erik Penser Bank AB ended on 30 November 2023. The liquidity provider service according to the new agreement with Carnegie Investment Bank AB started 1 December 2023.

Significant events after the reporting period

Jussi Immonen appointed as Chief Commercial Officer starting 1.1.2024.

Jussi Immonen, who has worked with Nitro Games since 2018 as a Chief Operating Officer, has been appointed as a Chief Commercial Officer ("CCO") of Nitro Games starting 1.1.2024. In his position as a Chief Commercial Officer Immonen will focus on commercializing the capabilities of the company and the game portfolio. Immonen will also continue as a member of the Management Board.

Nitro Games expected revenue increase and a positive result for Q4 / 2023.

As a result of continued revenue increase and careful cost control, the company expected a profitable fourth quarter of 2023, with a positive cash flow.

Nitro Games signed approx. 3.5 million EUR expansion to the development agreement. Nitro Games has signed an expansion to the development agreement with Digital Extremes to continue the work on Warframe mobile. With this agreement, Nitro Games provides Digital Extremes with game development services for a mobile version of the free-to-play action game, Warframe.

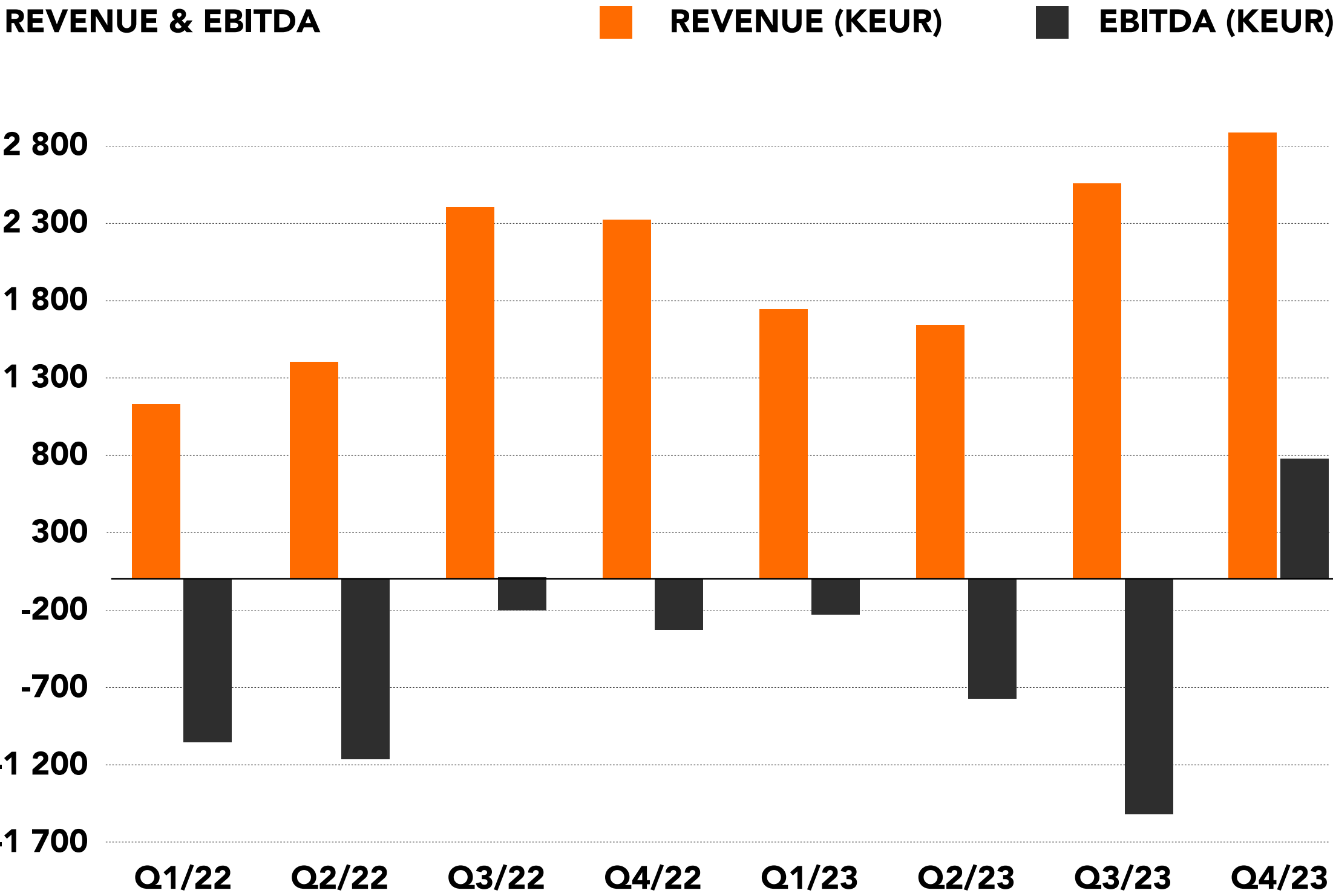
This agreement is an expansion to the ongoing order with the same customer, as communicated previously on 1 August 2023. Parallel to this new agreement, Nitro Games has completed the work on the previous project for the same customer, as communicated on 30 July 2021, 26 July 2022, 23 December 2022, and 25 July 2023. 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. The order value of this new agreement is approx. 3.5 million EUR, increasing the total order value with this customer to approx. 12.5 million EUR. The agreement follows an industry-standard structure. The project is ongoing and is expected to be completed in 2024.

Nitro Games signed a Publishing agreement ("Agreement") for Autogun Heroes with publishing solution Supersonic from Unity ("Supersonic").

With this Agreement, Nitro Games grants Supersonic, the mobile game publishing arm of Unity [NYSE: U], the world's leading platform of tools for creators to build and grow real-time games, exclusive publishing rights for its latest game Autogun Heroes, on iOS and Android. Supersonic acts as the global publisher for the game (excluding China), providing publishing services including user acquisition and promotion. Nitro Games acts as the developer for the game, providing game updates and live services. The initial Agreement term is 5 years. The Agreement follows an industry-standard structure.



Revenues & Result



(Numbers in brackets refer to the corresponding year-on-year period)

Revenues were 8 841,6 EUR (7 247,9 KEUR) during January-December and grew by 22.0 % year-on-year. The revenues during the fourth quarter were 2,894.7 KEUR (2,312.9 KEUR) and grew by 25.2 % year-on-year.

Revenue	Q4/23	Q4/22	FY 2023	FY 2022
Revenue from operations	2,894,685	2,312,948	8,841,553	7,247,922
Self-publishing	448,543	250,867	1,971,950	524,524
Service business	2,446,142	2,062,081	6,869,603	6,723,398

Other operating income was 5.7 KEUR (11.8 KEUR) during January-December and to 1.0 KEUR during the fourth quarter (1.9 KEUR). This income includes rent income (subtenant).

EBITDA amounted to -1,716.6 KEUR (-2,799.8 KEUR) during January-December and to 786.2 KEUR (-355.5 KEUR) during the fourth quarter.

EBIT: Operating results before financial items amounted to -3,024.8 KEUR (-3,621.3 KEUR) during January-December and to 352.6 KEUR (-569.3 KEUR) during the fourth quarter.

The net result for the period amounted to -3,283.1 KEUR (-3,707.6 KEUR) during January-December and to 302.3 KEUR (-613.5 KEUR) during the fourth quarter.

COST STRUCTURE:

Materials and services were -4,465.8 KEUR (-4,248.9 KEUR) during January-December and -585.7 KEUR (-923.8 KEUR) during the fourth quarter. Costs include third-party costs related to game development and maintenance (outsourced services) and game marketing costs, such as user acquisition costs (UA).

Personnel expenses were -3,569.3 KEUR (-3,814.4 KEUR) during January-December and -1,035.9 KEUR (-1,196.4 KEUR) during the fourth quarter. Costs include wages and salaries and social security expenses.

Other operating expenses (OPEX) were -2,528.8 KEUR (-1,996.2 KEUR) during January-December and -487.9 KEUR (-550.2 KEUR) during the fourth quarter. Costs include third-party costs related to accounting, office rents, legal, stock market expenses, computer hardware and software (incl. analytics software), travel expenses, other office costs, and other costs. The costs related to the financing round in the period were approximately 894 KEUR, which was written off as a one-time cost.



Cash flow and financial position

Thousand euros	Full Year 2023	Full Year 2022
Net cash from operating activities	-537.1	-2,922.7
Net cash used in investing activities	-2,113.1	-1,307.2
Net cash from financing activities	4,878.6	2,090.1
Change in cash and cash equivalents	2,228.4	-2,139.8
Cash and cash equivalents at the beginning of the period	1,597.5	3,737.3
Cash and cash equivalents at the end of the period	3,825.9	1,597.5

The terms of the loan from Business Finland, as communicated on 17 April 2019, were updated after the period; the term of the loan was extended from 7 years to 10 years and the length of instalment-free period was extended from 3 years to 6 years. As of 31.12.2023 the loan amount of EUR 806,414 was classified as a short-term liability in the balance sheet. This amount will now be moved to long-term liabilities during the first quarter of 2024. According to the updated terms of the loan, the first repayment installment of the loan amounting to EUR 403,207 will be in April 2026.



Investments and Depreciation

Part of the expenses from games in production were expensed as costs. Part of the costs from the development of the shooter game projects, and related technology was capitalized during the period against expected future profits. The company has a tight focus on the category of shooter games and utilizes reusable technology and game features. This allows Nitro Games to take advantage of development activities done in previous projects when working on a new game.

New development costs were capitalized from January to December by a total of 1,181.7 KEUR, and by a total of 244.3 KEUR during the fourth quarter. This includes third party costs related to game development and maintenance (outsourced services), personnel costs, and other costs, which are directly related to the game projects. These capitalized development costs are amortized over a five (5) year period on a straight-line basis.

Depreciations were done according to the depreciation plan, consisting mostly of capitalized development costs from previous years. The depreciation from January to December amounted to a total of -1,308.3 KEUR, and a total of -433.6 KEUR during the fourth quarter.



Personnel

From January to December 2023, Nitro Games’s average number of employees was 49 (51).

	Oct–Dec 2023	Oct–Dec 2022	Change, %	Jan–Dec 2023	Jan–Dec 2022	Change, %	Full Year 2022
Employees (average for the period)	48	59	-18.6	49	51	-3.9	51
Employees (end of period)	48	58	-17.2	48	58	-17.2	58

Market

Nitro Games is a company that develops and publishes mobile games in the global gaming market. The company also offers development services on other platforms as part of its B2B service business.

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

Source: Newzoo

Related Party Transactions

Nitro Games’ related parties include its potential subsidiaries, associates, key management personnel, and their close family members and entities under their control, as well as entities with significant influence over Nitro Games.

The company gave 1,541,695 options-right to the management and 704,497 to the Teams.

CEO Jussi Tähtinen bought 14,543 Nitro shares, price 2.9674 SEK per share.



The Share and Shareholders

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

On December 31, 2023, Nitro Games’ share capital amounted to 80 KEUR, and the number of shares was 24,924,364. Each share entitles its shareholder to one vote in the general meeting. The shares have no nominal value. Nitro Games does not own its own shares.

The shareholdings of the 10 largest shareholders are presented in the table below:

Shareholders		Number of shares	% of shares and votes
1	NORDISK GAMES A/S	6,492,636	26.05
2	AVANZA PENSION	2,939,810	11.79
3	JONSSON, JIMMY	1,047,893	4.20
4	BNY MELLON SA/NV FOR JYSKE, W8IMY	875,001	3.51
5	IVARSSON, ALEXANDER	820,786	3.29
6	JOHANSSON, ANDREAS	731,286	2.93
7	MATTSSON, EMIL	547,800	2.20
8	LEJONKULA, HAKAN	352,495	1.41
9	NORDNET PENSIONSFORESAKRING AB	343,003	1.38
10	ERLANDSSON, DANIEL	317,696	1.27
Others		10,455,958	41.95
The total number of shares		24,924,364	100.00



Calculation of Earnings per Share

	Oct–Dec 2023	Oct–Dec 2022	Full Year 2023	Full Year 2022
Net profit /loss (EUR thousand)	302.3	-613.5	-3,283.1	-3,707.6
Number of shares, average	24,924,364	12,902,652	17,440,052	12,900,123
Number of shares, average diluted	24,927,364	12,902,652	17,440,052	12,900,123
Number of shares at the end of the period	24,924,364	12,903,102	24,924,364	12,903,102
Number of Share options	3,648,264	1,222,440	3,648,264	1,256,940
Number of Special Right	2,000,139	1,113,586	2,000,139	1,113,586
Equity per share (EUR)	0.07	0.06	0.07	0.06
Earnings per share (EUR) undiluted	0.01	-0.05	-0.19	-0.29
Earnings per share (EUR) diluted	0.01	-0.05	-0.19	-0.29



Review

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

Certified Adviser

Nitro Games' Certified Adviser is FNCA Sweden AB, info@fnca.se, +468 528 00399.

Investor Contact

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

Financial Calendar

- ▶ Annual Report 2023, 22 April 2024
- ▶ Interim Report Q1 2024, 29 April 2024
- ▶ Annual General Meeting 2024, 20 May 2024
- ▶ Half-Year Report 2024, 19 August 2024
- ▶ Interim Report Q3 2024, 28 October 2024
- ▶ Year-End Report 2024, 17 February 2025
- ▶ Annual Report 2024, 22 April 2025
- ▶ Annual General Meeting 2025, 19 May 2025

Proposed Allocation of Profit

The Annual General Meeting of Nitro Games Oyj will be held on 20 May 2024. The Board of Directors proposes to the Annual General Meeting that the loss for the financial year (-3,283,131 EUR) be transferred to the profit / loss account of the previous periods and no dividend be distributed.

Note

This company announcement contains information that Nitro Games Oyj is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication by contact person mentioned below on 19 February 2024 at 09:00 (EEST).

For Further Information, Please Contact:

Jussi Tähtinen
CEO, Co-founder
+358 44 388 1071
jussi@nitrogames.com

Board Declaration

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

Kotka, Finland, 19 February 2024

Johan Biehl
Chairman

Antti Villanen

Morgan Habedank

Susana Meza Graham

Jussi Tähtinen
CEO





Statement of Profit or Loss

These unaudited financial statements report for 1.1.–31.12.2023 have been prepared according to International Financial Reporting Standards (IRFS) and Nasdaq First North Growth Market rules and regulations.

EUR	Note	Oct–Dec 2023	Oct–Dec 2022	Full Year 2023	Full Year 2022
Revenue	2.4, 3	2,894,685	2,312,948	8,841,552	7,247,921
Other operating income		990	1,890	5,721	11,841
Materials and services		-585,662	-923,750	-4,465,776	-4,248,953
Employee benefits expense	2.3, 4, 5	-1,035,875	-1,196,374	-3,569,255	-3,814,448
Depreciation and amortization	7	-433,638	-213,867	-1,308,284	-821,437
Other operating expenses		-487,939	-550,184	-2,528,806	-1,996,195
Operating profit		352,561	-569,338	-3,024,847	-3,621,271
Finance income and expenses	2.5	-50,240	-44,143	-403,748	-86,281
Profit before tax		302,321	-613,481	-3,428,595	-3,707,552
Income tax expense	2.7, 6	0	0	145,464	0
Profit/loss for the period		302,321	-613,481	-3,283,131	-3,707,552
Total comprehensive income for the period, net of tax		302,321	-613,481	-3,283,131	-3,707,552



Statement of Financial Position

EUR	Note	Dec 31 2023	Dec 31 2022
ASSETS			
Non-current assets		5,639,525	5,650,370
Intangible assets	2.1, 7	5,340,728	5,406,738
Right-of-use assets	2.2	123,312	171,111
Non-current receivables		30,021	72,521
Deferred tax assets	2.7, 6	145,464	
Current assets		5,025,515	2,498,185
Trade receivables		712,873	594,840
Prepayments and accrued income		486,813	305,872
Cash and cash equivalents		3,825,829	1,597,472
Total assets		10,665,040	8,148,555
EQUITY AND LIABILITIES			
Equity			
Issued capital		80,000	80,000
Reserves		30,913,268	26,725,032
Retained earnings		-26,023,777	-22,374,530
Profit (loss) for the period		-3,283,131	-3,707,552
Total equity		1,686,361	722,950

EUR	Note	Dec 31 2023	Dec 31 2022
Liabilities			
Non-current liabilities		2,081,740	4,042,828
Interest-bearing loans and borrowings	2.5	1,708,301	1,256,841
Contingent consideration liabilities	2.5	0	1,808,300
Trade and other payables		3,097	839,265
Lease liabilities	2.2	70,342	138,422
Advances received		300,000	0
Current liabilities		6,896,939	3,382,776
Trade and other payables		1,921,909	2,218,253
Interest-bearing loans and borrowings	2.5	839,747	436,540
Contingent consideration liabilities		1,919,896	0
Lease liabilities	2.2	57,552	34,605
Other current financial liabilities		75,614	81,638
Advances received		1,450,000	0
Accrued liabilities		632,221	611,739
Total liabilities		8,978,679	7,425,605
Total equity and liabilities		10,665,040	8,148,555



Statement of Cash Flows

EUR thousand	Full Year 2023	Full Year 2022
Cash flow from operating activities:		
Profit (-loss) before extraordinary items	-3,283.1	-3,707.7
Adjustments:		
Depreciation according to plan	1,308.3	821.4
Financial income and expenses	403.7	21.4
Other non-cash items	-98.7	253.3
Cash flow before change in working capital	-1,669.9	-2,611.6
Change in working capital:		
Increase (-) / decrease (+) in current non-interest-bearing receivables	-299.0	-479.7
Increase (-) / decrease (+) in non-current non-interest-bearing receivables	42.5	38.4
Increase (+) / decrease (-) in current non-interest-bearing liabilities	2,163.5	358.8
Increase (+) / decrease (-) in non-current non-interest-bearing liabilities	-536.2	-207.9
Cash flow from operating activities before financial items and taxes	-299.1	-2,902.0
Income tax expense		
Interest paid and payments for other financial operating expenses	-238.0	-20.7
Net cash from operating activities (A)	-537.1	-2,922.7
Cash flow from investing activities:		
Acquisition of intangible and tangible assets	-2,160.9	-1,199.5
Acquisition of right-of-use assets	47.8	-107.7
Net cash used in investing activities (B)	-2,113.1	-1,307.2
Cash flow from financing activities:		
Share issue against payment	4,071.8	13.2
Proceeds from and repayment of current loans	2,403.2	403.2
Proceeds from and repayment of non-current loans	-1,548.5	1,566.0
Additions /repayments of finance lease liabilities	-45.1	108.4
Interest paid and contributions from financial expenses	-2.8	-0.7
Net cash from financing activities (C)	4,878.6	2,090.1
Change in cash and cash equivalents (A + B + C) increase (+) / decrease (-)	2,228.4	-2,139.8
Cash and cash equivalents at the beginning of the period	1,597.5	3,737.3
Cash and cash equivalents at the end of the period	3,825.8	1,597.5



Statement of Changes in Equity

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

EUR thousand	Share capital	Invested unrestricted equity reserve	Retained earnings (loss)	Profit (loss) for the financial year	Total equity
Equity Oct 2023	80	30,864	-26,042	-3,586	1,316
Option subscriptions					
Equity-Conversion option					
Shares-based payments		49	18	1	68
Profit (loss) for the financial period				302	302
Equity 31 Dec 2023	80	30,913	-26,024	-3,283	1,686
Equity Oct 2022	80	26,713	-22,386	-3,094	1,313
Option subscriptions					
Equity-Conversion option					
Shares-based payments		12	11		23
Profit (loss) for the financial period				-613	-613
Equity 31 Dec 2022	80	26,725	-22,375	-3,707	723
Equity 1 Jan 2023	80	26,725	-26,082		723
Shares issued		4,072			4,072
Equity-Conversion option					
Shares-based payments		116			116
Other adjustments, net			58		58
Profit (loss) for the financial period				-3,283	-3,283
Equity 31 Dec 2023	80	30,913	-26,024	-3,283	1,686
Equity 1 Jan 2022	80	26,254	-22,422		3,912
Option subscriptions		13			13
Equity-Conversion option		220			220
Shares-based payments		238			238
Other adjustments, net			48		48
Profit (loss) for the financial period				-3,708	-3,708
Equity 31 Dec 2022	80	26,725	-22,374	-3,708	723



Notes to the financial statements

1 Company information and basis of accounting

1.1 Company information

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

1.2 Basis of accounting

The Company's date of transition to IFRS was 1 January 2022 and the first interim financial statements in accordance with IFRSs are prepared for the first quarter ended on 31 March 2023, with comparative information for the period ended on 31 March 2022 as well as the full year ending 31 December 2022 and the opening statement of financial position on 1 January 2022. Until 31 December 2022, the Company's financial statements were prepared in accordance with Finnish Accounting Standards (FAS). The FAS-based accounting policies were presented in the financial statements on 31 December 2022. The impacts resulting from the adoption of IFRS are discussed in Note 2, Transition to IFRS.

In its meeting on 16 March 2023, the Board of Directors of Nitro Games Plc approved the publishing of these financial statements prepared in accordance with IFRS.

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

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

The financial statements are prepared on the historical cost basis of accounting, except for the following that are measured at fair value: investments measured at fair value through profit or loss and presented on the line item. Investment in convertible loan in the statement of financial position, share-based payments as well as assets acquired, and liabilities assumed. Further information about the assumptions made in measuring fair values is included in the following notes: 2.3 Share-based payments, 2.5 Financial assets and financial liabilities.

The figures in the financial statements are presented in euros, except when otherwise indicated. All figures presented have been rounded, and consequently, the sum of individual figures may deviate from the presented aggregate figure.

1.3 Critical management judgments and key sources of estimation uncertainty

The preparation of IFRS financial statements requires management to make judgments, estimates and assumptions. These affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the period-end as well as the reported amounts of income and expenses during the reporting period. Estimates and judgments are based upon historical experience and on various other assumptions believed to be accurate and reasonable under the circumstances at the end of the reporting period and the time when they were made. Actual results may differ from these estimates due to different assumptions or conditions. Nitro Games regularly evaluates its estimates and judgments. Changes in accounting estimates may be necessary as a result of new information or more experience, or if the underlying circumstances evolve. Consequently, the estimates made for the interim financial statements as at 31 December 2023 may have to be revised subsequently. The Company recognizes such changes in the period in which the estimate or the assumption is revised. The descriptions of use of judgments as well as estimates and assumptions are incorporated into the relevant note.

1.4 Use of judgments

Judgments that the Company management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements relate to the following areas:

1.5 Estimates and Assumptions

In Nitro Games, the assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year comprise the following:

1.6 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset

or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are categorized into hierarchy levels that are representative of the inputs used in the valuation techniques as follows:

- Level 1: Fair value is calculated based on quoted prices (unadjusted) in active markets for identical assets or liabilities that Nitro Games can access at the measurement date.
- Level 2: Fair value is calculated based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability; either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Fair value is calculated based on inputs for the asset or liability that are not based on observable market data (unobservable inputs)

1.7 Statement of cash flows

Interest payments related to capitalized borrowing costs are presented in investing activities in the corresponding item where the costs have been capitalized.

Payments related to lease liabilities are presented in financing activities. Interests related to lease liabilities are presented in operating activities under interest paid.

2 Transition to IFRS

Nitro Games Oyj published its first condensed unaudited interim financial statements prepared in accordance with the IFRS standards for the financial period ended 31 March 2023. The financial statements include comparative financial statements for the financial period ended 31 March 2022 as well as financial statements for the full year 2022. The company's IFRS transition date is 1 January 2022. Previously, the Nitro Games followed the Finnish Accounting Standards (FAS).

The Nitro Games will apply IFRS 1 First-time Adoption of International Financial Reporting Standards in preparing these Interim financial statements. The interim financial statements have been prepared in accordance with IAS 34. The impacts of the transition are described in the note below, "Adoption of IFRS".

The company has prepared the following condensed unaudited IFRS financial information to provide its investors with comparison information about its statement of profit and loss, statement of financial position, and key performance indicators for the financial period that ended on 31 December 2023 and the financial period that ended on 31 December 2022.

In addition, the statement of financial position is presented for the IFRS transition date, which is 1 January 2022. The key differences arising from the transition to IFRS reporting, compared with the Finnish Accounting Standards, are described below.

IFRS adjustments on 1 January 2022, 31 December 2022 and for the interim financial reports ended 31 December 2023 and 31 December 2022.

2.1 Intangible assets

(i) Reclassification of capitalized development costs: The capitalized game development costs (IAS 38) which have been recorded to Manufacturing for enterprise's own use under FAS are now being reclassified as reduction to Materials and services and increase in Employee benefit expenses and Other operating expenses in the statement of profit and loss.

(ii) Borrowing costs: In its FAS financial statements Nitro Games expensed all borrowing costs. Under IFRS borrowing costs are required to be capitalized for the cost of the asset requiring a substantial period of time to complete when they meet the criteria for the capitalization. In the transition to IFRS Nitro Games capitalized borrowing costs for development projects if the development phase exceeded 12 months.

2.2 Leases

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

- As result of the change in accounting of leases Nitro Games recognized right-of-use assets amounting to EUR 63.4 thousand and Lease liabilities were EUR 64.6 thousand on 1 January 2022. An adjustment amounting to EUR 1.2 thousand was recognized to Accumulated losses 1.1.2022, reflecting the differences in the adjustments due to the changes in lease accounting.

- On 31 December 2023 right-of-use assets amounted to EUR 123.3 thousand, (EUR 171.1 thousand) and Lease liabilities were EUR 127.9 thousand (EUR 173.0 thousand).

- In Q3 2023 right-of-use assets amounted to EUR 130.4 thousand in (EUR 111.0 thousand) and Lease liabilities were EUR 134.5 thousand (EUR 75.8 thousand).

- In the statement of profit and loss, the lease expenses previously presented under Other operating expenses were reversed, and depreciation and interest costs recognized. The adjustments did not have any effect on profit and loss as the leases depreciated over the same period as the lease term.

- In the financial year ended 31 December 2022, lease payments were reversed from Other operating expenses of EUR 50.2 thousand and reclassified to depreciation of the right-of-use assets of EUR 45.9 thousand and interest charges of EUR 4.3 thousand.

- For the interim reporting period ended on 31 December 2023, lease payments of EUR 69.8 thousand (EUR 52.3 thousand in Q3 2023) were reversed from Other operating expenses and reclassified to interest charges of EUR 9.4 thousand

(EUR 7.2 thousand in Q3 2023) and depreciation of the right-of-use assets amounted to EUR 60.4 thousand (EUR 45.0 thousand in Q3 2023).

For the comparative interim reporting period ended on 31 December 2022, lease payments of EUR 50.2 thousand (EUR 27.7 thousand in Q3 2022) were reversed from Other operating expenses and reclassified to interest charges of EUR 4.3 thousand (EUR 1.9 thousand in Q3 2022) and depreciation of the right-of-use assets amounted to EUR 45.9 thousand (EUR 25.9 thousand in Q3 2022).

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

2.3 Share-based payments

Nitro Games has share option plans for its employees and other key personnel and the related payments are made with equity instruments. In FAS financial statements the option plans had not been recognized in profit or loss. IFRS 2 Share-based Payments requires share options to be measured at the grant-date fair value and recognized as expenses over the vesting period. A contra-entry is made to equity, so the equity balance is unaffected. The resulting change in the Employee benefit expenses in the interim reporting period ended 31 December 2023 was an increase of EUR 116.5 thousand (EUR 67.0 thousand in Q3 2023), and in the interim reporting period ended 31 December 2022, an increase of EUR 238.2 thousand (EUR 226.0 thousand in Q3 2022). Under FAS, the subscription price of the share has been recorded in the company's reserve for invested unrestricted equity. The benefit received by employees and other key personnel from the discount granted in share issues has been recorded as an expense in the income statement under FAS. Under IFRS, the received payments have been recognized as expenses over

the vesting period and counter-entry is made to equity. During the first nine months period that ended on 30.9.2023, the company did not authorize any new options plans. There were 222,000 share options granted within the scope of already approved option plans during this period. The expense recognized related to those options in the period ending 30.9.2023 was EUR 67.0 thousand (EUR 226.0 thousand).

The Board authorized two new option plan (2023 A and 2023 B) during Q4 2023. In October the company granted 2 243 192 options under the plan 2023A (maximum plan 2 243 192 options) and 3 000 options for plan 2023 B (maximum plan 249 244 options). All 2 246 192 of the granted options were subscribed in October 2023. The expense recorded relating to the option plans 2023 A and 2023 B was EUR 21.4 thousand in Q4 2023. Total cost for option plans in 2023 was EUR 116.5 thousand (EUR 49.5 thousand in Q4 2023) and 238.2 EUR thousand in 2022 (12.2 EUR thousand Q4 2022).

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

2.4 Revenue recognition

IFRS includes the 5-step model for revenue recognition. Revenue is recognized over time or at a point in time on a performance obligation level. First, it is analysed whether the over-time revenue recognition criteria are met, and if not, revenue is recognized at a point in time. All Nitro Games revenue is currently recognized at a point in time. The revenue recognition method was the same as according to FAS. Thus, there were no adjustments to the revenue recognized in transitioning from FAS to IFRS. Nitro Games had no customer contracts, that were not completed, at the date of transition to IFRS on 1 January 2022, thus no adjustment was recognized on 1 January 2022.

2.5 Financial instruments

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

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

The calculated interest expense of the convertible debenture in accordance with IAS 32 and IFRS 9 is recorded as interest expense. The loan was granted in the third quarter of 2022. The impact was an increase in interest expense of EUR 28.3 thousand for year 2022. The impact in the period ending 31.12.2023 was an interest expense of EUR 111.6 thousand (EUR 27.9 thousand in Q4 2023).

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

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

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

The combined balance of the two loans at 31.12.2023 is EUR 2,501 thousand and the total interest expense for the period ended 31.12.2023 is EUR 82.6 thousand (EUR 25.0 thousand in Q4 2023), of which EUR 60.8 thousand is computational interest subsidy (EUR 18.8 thousand in Q4 2023). The computational interest which does not give rise to a cash outflow. Corresponding figures for fiscal year 2022 were EUR 64.5 thousand total interest and EUR 48.4 thousand in interest subsidy. The computational interest subsidy does not give rise to a cash outflow in the present or in the future. Hence the interest paid for servicing the loans is EUR 20.7 thousand in the period ending 31.12.2023 (EUR 6,2 thousand in Q4), and EUR 16.1 thousand in 2022 (EUR 4,0 thousand in Q4).

The terms of the loan from Business Finland, as communicated on 17 April 2019, were updated after the period; the term of the loan was extended from 7 years to 10 years and the length of instalment-free period was extended from 3 years to 6 years. As of 31.12.2023 the loan amount of EUR 806,414 was classified as a short-term liability in the balance sheet. This amount will now be moved to long-term liabilities during the first quarter of 2024. According to the updated terms of the loan, the first repayment installment of the loan amounting to EUR 403,207 will be in April 2026. Although the change in the loan terms was known by the company prior to the release of the Year-end report 2023, the amount originally scheduled for repayment in 2024 was still classified as a short-term liability, because the change in the loan terms was decided by Business Finland after the balance sheet date, on January 24th 2024.

Note: The terms of this loan were renegotiated after the reporting period. See separate explanation at the end of this chapter.

2.5.4 Bridge loan

The Company has also secured a bridge loan of SEK 23.0 million (the “Bridge loan”) to be repaid in full, in cash with proceeds from the Rights issue or offset against new shares in the Rights issue, as explained in the “Significant Events during April – June 2023 section”.

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

2.6 Capitalized development costs

The capitalized game development costs (IAS 38), which have been recorded to Manufacturing for the enterprise’s own use under FAS, are now being reclassified as a reduction to Materials and services and Employee benefit expenses and other

operating expenses. The amounts are shown in the bridge calculations between FAS and IFRS.

2.7 Deferred taxes

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

3 Revenue and segment information

Disaggregation of revenue

Nitro Games’ main source of revenue comes from publishing gaming products. The operation is 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.

	Q4/23	Q4/22	FY 2023	FY 2022
Revenue				
Revenue from operations	2,894,685	2,312,948	8,841,553	7,247,922
Self-publishing	448,543	250,867	1,971,950	524,524
Service business	2,446,142	2,062,081	6,869,603	6,723,398

Revenue by geographical market

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

	Q4/23	Q4/22	FY 2023	FY 2022
Revenue per market area	2,894,685	2,312,948	8,841,553	7,247,922
EU	419,655	244,851	1,632,017	273,311
North America	2,466,816	905,143	5,461,253	3,023,016
United Kingdom	6,810	1,161,907	1,597,388	3,407,766
Other	1,404	1,047	150,895	543,829

4 Employee benefits

Accounting policy

The Company’s employee benefits comprise short-term employee benefits, post-employment benefits, and share-based payments. Nitro Games provided no other long-term employee benefits, nor any material termination benefits in the financial years presented.

Short-term employee benefits comprise wages, salaries, fringe benefits, annual leave, and bonuses. Nitro Games recognizes these benefits in the period in which employees perform the work.

Post-employment benefits are payable to employees after the completion of employment. In Nitro Games these benefits relate to pensions. The pensions are arranged in external pension institutions. Pension plans are classified as either defined benefit plans or defined contribution plans. A defined contribution plan is

a pension plan under which Nitro Games pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions if the separate entity does not hold sufficient assets to pay all employees the related benefits. All other plans are classified as defined benefit plans. The Company only has defined contribution plans. The Company’s most significant defined contribution plan is the TyEL plan in Finland. Contributions made to the plans are expensed in the period during which the services are provided. Nitro Games records prepaid contributions as an asset to the extent that a cash refund or a reduction in future payments is available.

Termination benefits are not based on an employees’ service but arise from the termination of an employee’s employment. Termination benefits are benefits provided in exchange for termination of an employee’s employment as a result of the Company’s decision or an employee’s decision to accept an offer of benefits in exchange for termination. Termination benefits are recognized at the earlier of the following: when the Company can no longer withdraw the offer of those benefits or when the Company recognizes costs for a restructuring that includes the payment of termination benefits.

5 Share-based payments

Accounting policy

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

Non-market vesting conditions are not considered when measuring the fair value of an option on the grant date. Service conditions are considered on each reporting date to estimate the quantity of awards that will vest, and expense will be adjusted accordingly. Expense will ultimately reflect those awards that do ultimately vest.

Options are measured at fair value on their grant date and expense is recognized as an expense to Employee benefits and to Accumulated losses in equal tranches for the vesting period.

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

When the options are exercised, the proceeds received from the share subscriptions are recognized in accordance with the terms of the plan under the reserve for invested unrestricted equity, adjusted for any transaction costs.

Option programs

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

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

Significant estimate – assumptions used in measuring fair value

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

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

6 Income taxes

Accounting policy

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

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

Current tax

The current income tax charge is calculated on the taxable income on the basis of the tax rate and tax laws enacted (or substantively enacted) by the period-end date in the countries where the Company operates and generates taxable income. Current taxes are adjusted for the taxes of previous financial periods, if applicable. Taxable profit may differ from the profit reported in financial statements, since some income or expense items may be taxable or deductible in other years, and/or certain income items are not taxable or certain expense items are non-deductible for taxation purposes.

Deferred taxes

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

Deferred tax liabilities

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

Deferred tax assets

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

- Recognized deferred tax assets: the Company reviews the amount and the probability of the utilization of such assets at each period-end. If the utilization of the related tax benefit is not considered probable anymore, Nitro Games recognizes a write-down against the deferred tax asset.

- Unrecognized deferred tax assets: Nitro Games reassesses these items at each period-end and recognizes those to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. This applies, for example, to deferred tax assets to be recognized on tax losses carried forward. In making this determination, the Company considers all available positive and negative evidence including projected future taxable income, future reversals of existing temporary differences, changes in tax laws and/or rates and recent financial arrangements.

Tax losses for which no deferred tax asset is recognized.

Of the tax losses carried forward for which no deferred tax asset is recognized, EUR 24,255 thousand have arisen in Nitro Games Oyj (EUR 24,970 thousand on 31 December 2023 and EUR 25,557 thousand on 1 January 2022). No deferred tax asset has been recognized for the losses, at the date of preparation of the financial statements for the year ending 31 December 2022, as it was not considered that there was convincing evidence that the losses would be recoverable in the near future. EUR 6,815 thousand of the losses expire between 2023 and 2028 and EUR 18,155 thousand between 2028 and 2032. In the interim financial statements for the first quarter ending 31 March 2023, the company recorded, based on the company's assessment of the outlook of the company's available taxable profits in the near future, a deferred tax asset of EUR 145,5 thousand. The deferred tax asset was assessed again at the end of the fourth quarter. No adjustment was deemed necessary, so the balance remains at EUR 145,5 thousand on 31.12.2023.

7 Intangible Assets

INTANGIBLE ASSETS

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

Research and development expenditures

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

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

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

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

Amortization periods

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

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

Impairment testing

The management of Nitro Games assesses at each reporting date whether there is any indication that an intangible asset may be impaired. The management has not observed any indication of impairment in the company's assets or liabilities.

Reconciliation between FAS and IFRS

FINANCIAL STATEMENTS Statement of profit or loss		FAS	IAS 38 Capitalized game development	IFRS 16 Leasing adjustments	IFRS 2 Option adjustments	IAS 23 Borrowing costs capitalization	IFRS 9/IAS 32 Convertible bonds	IAS 20 Government grants	Total IFRS adjustments	IFRS
EUR	Note	FY 2022								FY 2022
Revenue	2.4, 3	7,247,921								7,247,921
Other operating income		11,841								11,841
Manufacturing for enterprise's own use		699,462	-699,462						-699,462	
Materials and services		-4,760,797	511,844						511,844	-4,248,953
Employee benefits expense	4, 5	-3,759,959	183,751		-238,241				-54,490	-3,814,448
Depreciation and amortization	7	-772,361		-45,866		-3,210			-49,076	-821,437
Other operating expenses		-2,050,218	3,867	50,156					54,023	-1,996,195
Operating profit		-3,384,109	0	4,290	-238,241	-3,210	0	0	-237,161	-3,621,271
Finance income and expenses	2.5	-21,358		-4,290		16,052	-28,300	-48,385	-64,923	-86,281
Profit before tax		-3,405,468	0	0	-238,241	12,842	-28,300	-48,385	-302,084	-3,707,552
Income tax expense										
Profit/loss for the period		-3,405,468	0	0	-238,241	12,842	-28,300	-48,385	-302,084	-3,707,552

FINANCIAL STATEMENTS Statement of profit or loss		FAS	IAS 38 Capitalized game development	IFRS 16 Leasing adjustments	IFRS 2 Option adjustments	IAS 23 Borrowing costs capitalization	IAS 12 Income tax	IFRS 9/IAS 32 Convertible bonds	IAS 20 Government grants	Total IFRS adjustments	IFRS
Euro	Note	FY 2023									FY 2023
Revenue	2.4, 3	8,841,552									8,841,552
Other operating income		5,721									5,721
Manufacturing for enterprise's own use		1,160,946	-1,160,946							-1,160,946	0
Materials and services		-5,190,588	724,812							724,812	-4,465,776
Employee benefits expense	4, 5	-3,858,844	406,042		-116,453					289,589	-3,569,255
Depreciation and amortization	7	-1,237,006		-60,419		-10,859				-71,278	-1,308,284
Other operating expenses		-2,628,728	30,092	69,830						99,922	-2,528,806
Operating profit		-2,906,945	0	9,411	-116,453	-10,859	0	0	0	-117,901	-3,024,846
Finance income and expenses	2.5	-242,679		-9,411		20,711		-111,596	-60,773	-161,069	-403,748
Profit before tax		-3,149,625	0	0	-116,453	9,852	0	-111,596	-60,773	-278,970	-3,428,595
Income tax expense	2.7, 6	0					145,464			145,464	145,464
Profit/loss for the period		-3,149,625	0	9,852	-116,453	9,852		-111,596	-60,773	-133,506	-3,283,131

FINANCIAL STATEMENTS Statement of profit or loss		FAS	IAS 38 Capitalized game development	IFRS 16 Leasing adjustments	IFRS 2 Option adjustments	IAS 23 Borrowing costs capitalization	IFRS 9/IAS 32 Convertible bonds	IAS 20 Government grants	Total IFRS adjustments	IFRS
EUR	Note 1.10.–31.12.2022									1.10.–31.12.2022
Revenue	2.4, 3	2,312,948								2,312,948
Other operating income		1,890								1,890
Manufacturing for enterprise's own use		196,433	-196,433						-196,433	0
Materials and services		-1,120,183	196,433						196,433	-923,750
Employee benefits expense	4, 5	-1,184,155			-12,219				-12,219	-1,196,374
Depreciation and amortization	7	-193,090		-19,975		-801			-20,776	-213,867
Other operating expenses		-572,592		22,408					22,408	-550,184
Operating profit		-558,750	0	2,433	-12,219	-801	0	0	-10,587	-569,338
Finance income and expenses	2.5	-5,327		-2,433		4,013	-28,300	-12,096	-38,816	-44,143
Profit before tax		-564,077	0	0	-12,219	3,212	-28,300	-12,096	-49,403	-613,480
Income tax expense		0								
Profit/loss for the period		-564,077	0	0	-12,219	3,212	-28,300	-12,096	-49,403	-613,480

FINANCIAL STATEMENTS Statement of profit or loss		FAS	IAS 38 Capitalized game development	IFRS 16 Leasing adjustments	IFRS 2 Option adjustments	IAS 23 Borrowing costs capitalization	IAS 12 Income tax	IFRS 9/IAS 32 Convertible bonds	IAS 20 Government grants	Total IFRS adjustments	IFRS
EUR	Note 1.10.–31.12.2023										1.10.–31.12.2023
Revenue	2.4, 3	2,894,685									2,894,685
Other operating income		990									990
Manufacturing for enterprise's own use		236,839	-236,839							-236,839	0
Materials and services		-732,131	146,469							146,469	-585,662
Employee benefits expense	4, 5	-1,076,796	90,370		-49,449					40,921	-1,035,875
Depreciation and amortization	7	-409,269		-15,374		-8,995				-24,369	-433,638
Other operating expenses		-505,501		17,562						17,562	-487,939
Operating profit		408,817	0	2,188	-49,449	-8,995	0	0	0	-56,256	352,561
Finance income and expenses	2.5	-7,996		-2,188		7,508		-27,899	-19,665	-42,244	-50,240
Profit before tax		400,821	0	0	-49,449	-1,487	0	-27,899	-19,665	-98,500	302,321
Income tax expense	2.7, 6	0								0	0
Profit/loss for the period		400,821	0	0	-49,449	-1,487	0	-27,899	-19,665	-98,500	302,321

Statement of financial position		FAS	IFRS 16 Leasing adjustments	IFRS 2 Option adjustments	IAS 23 Borrowing costs capitalization	IFRS 9/IAS 32 Convertible bonds	Total IFRS adjustments	IFRS
EUR	Note	01.01.2022						01.01.2022
ASSETS								
Non-current assets		2,865,165	63,390		12,842		76,232	2,941,397
Intangible assets	2.1, 7	2,754,144			12,842		12,842	2,766,986
Right-of-use assets	2.2		63,390				63,390	63,390
Non-current receivables		111,021						111,021
Current assets		4,158,296						4,158,296
Trade receivables		217,951						217,951
Prepayments and accrued income		203,056						203,056
Cash and cash equivalents		3,737,288						3,737,288
Total assets		7,023,461	63,390		12,842		76,232	7,099,693
EQUITY AND LIABILITIES								
Equity								
Issued capital		80,000						80,000
Reserves		26,102,389	3	151,187			151,190	26,253,579
Retained earnings		-19,392,930	-1,248				-1,248	-19,394,178
Profit for the period		-2,889,532		-151,187	12,842		-138,345	-3,027,877
Total equity		3,899,927	-1,245		12,842		11,597	3,911,524
Liabilities								
Non-current liabilities		2,137,983	46,535				46,535	2,184,518
Interest-bearing loans and borrowings	2.5	1,690,604						1,690,604
Trade and other payables		447,380						447,380
Lease liabilities	2.2		46,535				46,535	46,535
Current liabilities		985,551	18,100				18,100	1,003,651
Trade and other payables		474,539						474,539
Interest-bearing loans and borrowings	2.5	33,333						33,333
Lease liabilities	2.2		18,100				18,100	18,100
Other current financial liabilities		56,926						56,926
Accrued liabilities		420,752						420,752
Total liabilities		3,123,534	64,635				64,635	3,188,169
Total equity and liabilities		7,023,461	63,390		12,842		76,232	7,099,693

Statement of financial position		FAS	IFRS 16 Leasing adjustments	IFRS 2 Option adjustments	IAS 23 Borrowing costs capitalization	IFRS 9/IAS 32 Convertible bonds	IAS 20 Government grants	Total IFRS adjustments	IFRS
EUR	Note	31.12.2022							31.12.2022
ASSETS									
Non-current assets		5,453,767	171,111		25,492			196,603	5,650,370
Intangible assets	2.1, 7	5,381,246			25,492			25,492	5,406,738
Right-of-use assets	2.2		171,111					171,111	171,111
Non-current receivables		72,521							72,521
Current assets		2,498,185							2,498,185
Trade receivables		594,840							594,840
Prepayments and accrued income		305,872							305,872
Cash and cash equivalents		1,597,472							1,597,472
Total assets		7,951,952	171,111		25,492			196,603	8,148,555
EQUITY AND LIABILITIES									
Equity									
Issued capital		80,000							80,000
Reserves		26,115,604		389,428		220,000		609,428	26,725,032
Retained earnings		-22,282,462	-1,916	-151,187	12,650		48,385	-92,068	-22,374,530
Profit for the period		-3,405,468		-238,241	12,842	-28,300	-48,385	-302,084	-3,707,552
Total equity		507,674	-1,916		25,492	191,700		215,276	722,950
Liabilities									
Non-current liabilities		4,096,106	138,422			-191,700		-53,278	4,042,828
Interest-bearing loans and borrowings	2.5	1,256,841							1,256,841
Contingent consideration liabilities	2.5	2,000,000				-191,700		-191,700	1,808,300
Trade and other payables		839,265							839,265
Lease liabilities	2.2		138,422					138,422	138,422
Current liabilities		3,348,171	34,605					34,605	3,382,776
Trade and other payables		2,218,253							2,218,253
Interest-bearing loans and borrowings	2.5	436,540							436,540
Lease liabilities	2.2		34,605					34,605	34,605
Other current financial liabilities		81,638							81,638
Accrued liabilities		611,739							611,739
Total liabilities		7,444,278	173,027			-191,700		-18,673	7,425,605
Total equity and liabilities		7,951,952	171,111		25,492			196,603	8,148,555

Statement of financial position		FAS	IFRS 16 Leasing adjustments	IFRS 2 Option adjustments	IAS 23 Borrowing costs capitalization	IAS 12 Income tax	IFRS 9/IAS 32 Convertible bonds	IAS 20 Government grants	Total IFRS adjustments	IFRS
Euro	Note	31.12.2023								31.12.2023
ASSETS										
Non-current assets		5,335,207	123,312		35,542	145,464			304,318	5,639,525
Intangible assets	2.1, 7	5,305,186			35,542				35,542	5,340,728
Right-of-use assets	2.2		123,312						123,312	123,312
Non-current receivables		30,021								30,021
Deferred tax assets	2.7, 6					145,464			145,464	145,464
Current assets		5,025,515								5,025,515
Trade receivables		712,873								712,873
Prepayments and accrued income		486,813								486,813
Cash and short-term deposits		3,825,829								3,825,829
Total assets		10,360,722	123,312		35,542	145,464			304,318	10,665,040
EQUITY AND LIABILITIES										
Equity										
Issued capital		80,000								80,000
Reserves		30,187,387		505,881			220,000		725,881	30,913,268
Retained earnings		-25,687,929	-4,582	-389,428	25,690		-28,300	60,773	-335,847	-26,023,777
Profit for the period		-3,149,625		-116,453	9,852	145,464	-111,596	-60,773	-133,506	-3,283,131
Total equity		1,429,833	-4,582		35,542	145,464	80,104		256,528	1,686,361
Liabilities										
Non-current liabilities		2,011,398	70,342						70,342	2,081,740
Interest-bearing loans and borrowings	2.5	1,708,301								1,708,301
Trade and other payables		3,097								3,097
Lease liabilities	2.2		70,342						70,342	70,342
Advances received		300,000								300,000
Current liabilities		6,919,491	57,552				-80,104		-22,552	6,896,939
Trade and other payables		1,921,909							0	1,921,909
Interest-bearing loans and borrowings	2.5	839,747							0	839,747
Contingent consideration liabilities		2,000,000					-80,104		-80,104	1,919,896
Lease liabilities	2.2		57,552						57,552	57,552
Other current financial liabilities		75,614							0	75,614
Advances received		1,450,000							0	1,450,000
Accrued liabilities		632,221							0	632,221
Total liabilities		8,930,889	127,894				-80,104		47,790	8,978,679
Total equity and liabilities		10,360,722	123,312		35,542	145,464			304,318	10,665,040



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