

Interim Report

JANUARY-MARCH 2024 ↔ NITRO GAMES OYJ



The interim period January–March 2024

- ▶ Revenues (Jan - Mar): 2,674 KEUR (1,742 KEUR).
- ▶ EBITDA: 599 KEUR (- 214 KEUR).
- ▶ EBIT: 159 KEUR (- 462 KEUR).
- ▶ Net result: 107 KEUR (- 361 KEUR).
- ▶ Earnings per share (EPS) 0,0 (-0,03).
- ▶ Cash and cash equivalents: 3,283 KEUR, and 1,503 KEUR of short-term receivables (31 March 2024).

(Unless otherwise stated, the comparison figures in brackets refer to the corresponding period in the previous year.)

Significant events during January–March 2024

- ▶ The company announced 4th January 2024 that appointed Jussi Immonen as Chief Commercial Officer (CCO).
- ▶ Signed approx. 3.5 million EUR expansion to the development agreement with Digital Extremes.
- ▶ Signed publishing agreement for Autogun Heroes with Supersonic from Unity.
- ▶ Nitro Games changed the payment terms of the convertible bond with Nordisk Games.

Significant events after interim period

- ▶ No post-period events.

Growth continues with positive EBITDA

↔↔ We started our year well as we delivered yet another profitable quarter with revenue growth. Our revenues grew 54 % to 2.7 million EUR and our EBITDA improved 380 % to 0.6 million EUR. These strong improvements are a result of the persistent work we did last year both in terms of cost control and building new revenue streams. Our games business made concrete improvements as we finalized the launch phase with Autogun Heroes and started the collaboration with our new partner Supersonic. Our B2B service business continued strong, and we secured yet another follow-up order from Digital Extremes. I am expecting a strong year ahead as we are looking to continue to grow."

– JUSSI TÄHTINEN
CEO OF NITRO GAMES

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 performance indicators

	Jan - Mar 2024	Jan - Mar 2023	Full Year 2023
Revenue (EUR thousand)	2,673.7	1,742.3	8,841.6
Operating profit/loss (EBIT) (EUR thousand)	158.8	-462.1	-3,024.8
Operating profit/loss % (EBIT %)	5.9 %	-26.5 %	-34.2 %
EBITDA (EUR thousand)	599.0	-214.2	-1,716.6
EBITDA %	22.4 %	-12.3 %	-19.4 %
Net profit /loss (EUR thousand)	107.1	-360.5	-3,283.1
Equity ratio (%)	22.4 %	4.3 %	18.9 %
Number of shares, average	24,924,364	12,903,102	17,440,052
Number of shares, average diluted	24,927,364	12,903,102	17,440,052
Number of shares at the end of the period	24,924,364	12,903,102	24,924,364
Number of share options	2,555,896	1,192,072	3,648,264
Number of special rights	2,000,139	1,113,586	2,000,139
Equity per share (EUR)	0.07	0.03	0.07
Earnings per share (EUR) undiluted	0.00	-0.03	-0.19
Earnings per share (EUR) diluted	0.00	-0.03	-0.19
Net debt (EUR thousand)	4,878.3	6,210.4	5,152.9
Number of employees, average	48	50	48



A WORD FROM CEO**Growth continues with positive EBITDA**

We started our year well as we delivered yet another profitable quarter with revenue growth. Our revenues grew 54 % to 2.7 million EUR and our EBITDA improved 380 % to 0.6 million EUR. These strong improvements are a result of the persistent work we did last year both in terms of cost control and building new revenue streams. Our games business made concrete improvements as we finalized the launch phase with Autogun Heroes and started the collaboration with our new partner Supersonic. Our B2B service business continued strong, and we secured yet another follow-up order from Digital Extremes.

Autogun Heroes has now proceeded to the live phase together with our new publishing partner Supersonic from Unity. We are happy with the continuous improvements we saw during the launch phase that we started last summer. We are now well prepared for this longer-term live phase, together with Supersonic. I am happy with the muscles that they are bringing to the table as we now seek to step by step scale the game up to its full potential. Parallel to that, we intend to keep our player base entertained with continuous updates and live content for years to come. We are working hard and I am expecting this to materialize positively over the year ahead. The Autogun Heroes roadmap is clear, and we can now continue exploring other new ways of commercializing our game portfolio. As always, our mindset is to start smart, minimize the initial investments, and then focus on the winners after we've identified those.


Our B2B service business has delivered a strong start for the year, with a heavy focus on cross-platform action and shooter games. This is well in line with our long-term strategy and vision. We've successfully delivered the concept phase in our unannounced game project with Netflix and the project has progressed to the pre-production phase. I am happy to see our collaboration with our new partner starting strong and the excitement building up step by step as things move forward.

Warframe is one of the evergreen classic games in our category and a prime example of how the lifecycle of a successful F2P game can expand from years to decades. We are proud of our partnership with Digital Extremes and the opportunity to work on this game. During the first quarter, we signed a follow-up order to our agreement to continue our collaboration, and the iOS version was released soon after that. We look forward to continuing to deliver quality work to further support the roadmap of the game.

Overall, our year has started well in line with our plans. We have a lot to do and a lot to prove, but our direction is clear and we're well-prepared. I am expecting a strong year ahead as we are looking to continue to grow.

– JUSSI TÄHTINEN, CEO OF NITRO GAMES

CEO's comment:

 We started our year well as we delivered yet another profitable quarter with revenue growth. Our revenues grew 54 % to 2.7 million EUR and our EBITDA improved 380 % to 0.6 million EUR. These strong improvements are a result of the persistent work we did last year both in terms of cost control and building new revenue streams. Our games business made concrete improvements as we finalized the launch phase with Autogun Heroes and started the collaboration with our new partner Supersonic. Our B2B service business continued strong, and we secured yet another follow-up order from Digital Extremes.”



– JUSSI TÄHTINEN
CEO OF NITRO GAMES

Significant events during January–March 2024

- ▶ The company announced 4th January 2024 that appointed Jussi Immonen as Chief Commercial Officer (CCO).
- ▶ Signed approx. 3.5 million EUR expansion to the development agreement with Digital Extremes.
- ▶ Signed publishing agreement for Autogun Heroes with Supersonic from Unity.
- ▶ Nitro Games changed the payment terms of the convertible bond with Nordisk Games.

The company announced 4th January 2024 that 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 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.

Nitro Games changed the payment terms of the convertible bond with Nordisk Games. Nitro Games and Nordisk Games agreed to change the terms of the convertible bond announced on August 31, 2022. The board of directors of Nitro Games Oyj (publ) ("Nitro Games" or "Company") has decided, the authorization received from the extraordinary general meeting ("EGM") held on September 22, 2022, to change with Nordisk Games A/S ("Nordisk Games") the terms of the 2-million-euro convertible bond agreement by updating the maturity and repayment terms. The loan term of the convertible bond was originally 24 months, and the annual interest rate was 0 percent. With this change, the Company and Nordisk Games have now agreed that the Company will repay the loan in monthly installments from April 2024 to April 2025 at 0 percent annual interest.

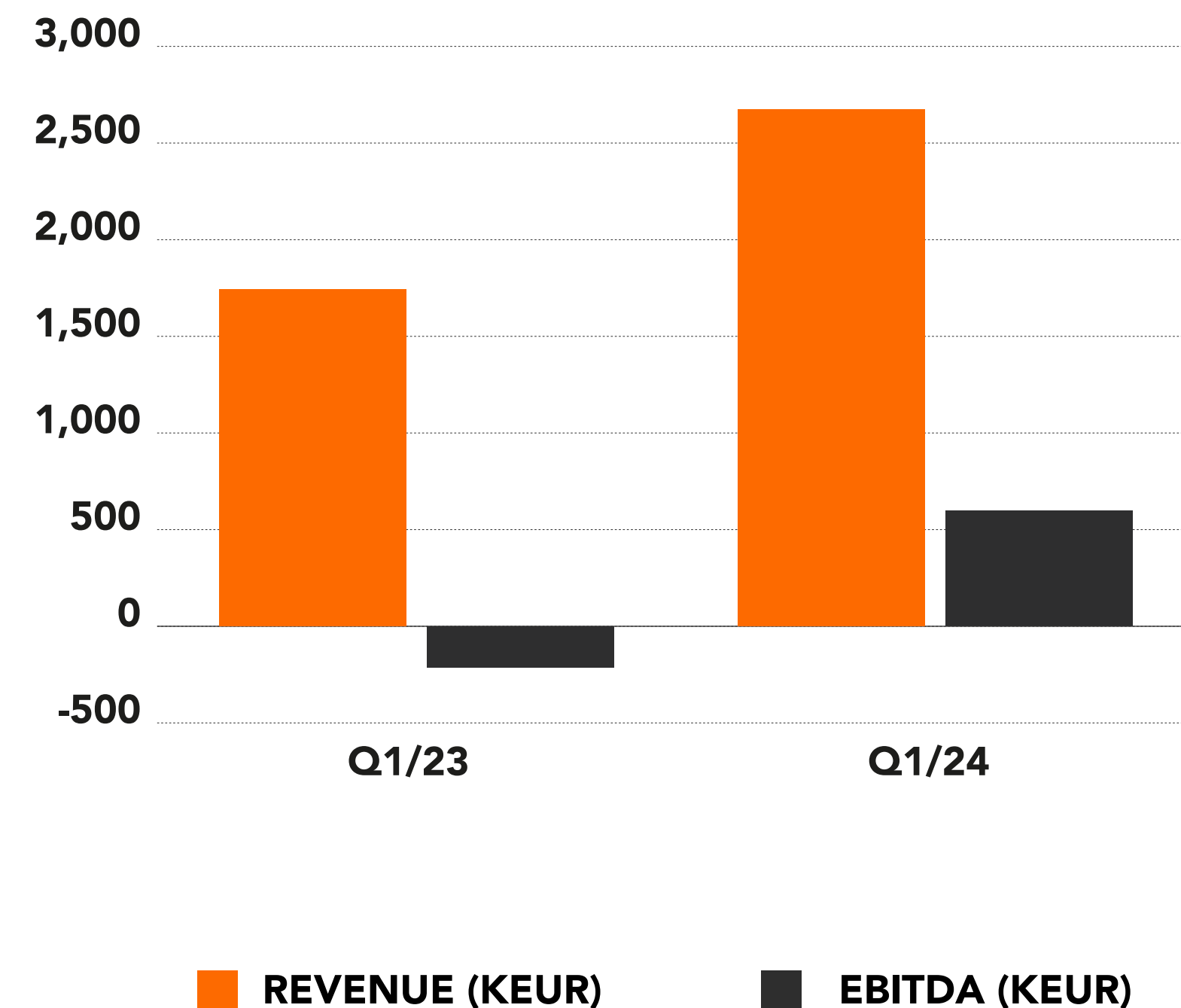
Significant events after the reporting period

- ▶ None.



Revenues & Result

REVENUES & RESULT



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

Revenues were 2,674 KEUR during the period January-March 2024 (1,742 KEUR) and grew by 53.5 % year-on-year. Other operating income was 0,2 KEUR (2 KEUR) during January-March 2024. Other income includes rent income (subtenant).

EBITDA amounted to 599 KEUR (-214KEUR) during January-March 2024. EBIT: Operating results before financial items amounted to 159 KEUR (-462 KEUR), and the net result for the period amounted to 107 KEUR (-361 KEUR) during January-March 2024.

COST STRUCTURE:

The materials and services were -717 KEUR (-589 KEUR) during January-March 2024. Costs include third-party costs related to game development and maintenance (outsourced services) and game marketing costs, such as user acquisition costs (UA).

The Personnel expenses were -887 KEUR (-866 KEUR) during January-March 2024. This cost includes wages and salaries and social security expenses.

The other operating expenses (OPEX) were -472 KEUR (-503 KEUR) during January-March 2024. 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.



Cash flow and financial position

Thousand euros	Jan-Mar 2024	Jan-Mar 2023	Full Year 2023
Net cash from operating activities	65.2	-108.2	-537.1
Net cash used in investing activities	-595.9	-265.3	-2,113.1
Net cash from financing activities	-12.4	459.4	4,878.6
Change in cash and cash equivalents	-543.1	85.9	2,228.4
Cash and cash equivalents at the beginning of the period	3,825.8	1,597.5	1,597.5
Cash and cash equivalents at the end of the period	3,282.7	1,683.4	3,825.9



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 in the category of shooter games and utilizes re-usable technology and game features. This allows Nitro Games to take advantage of development activities done in previous projects, when working on a new game.

No new development costs were capitalized from January to March 2024.

Depreciations were done according to the depreciation plan, consisting mostly of capitalized development costs from previous years. The depreciations amounted to a total of 237 KEUR January to March.



Personnel

From January to March 2024, Nitro Games’s number of employees (end of period) was 45 (48).

	Jan-Mar 2024	Jan-Mar 2023	Change, %	Full Year 2023
Employees (average for the period)	46	50	-8.0	48
Employees (end of period)	45	48	-6.3	49

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 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. The industry expected to continue stabilizing after some pandemic-induced turbulence. The global games market is expected to generate yearly revenues of \$205.4 billion in 2026.

Source: Newzoo 2024

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.

There were no related party transactions during the interim period.



The Share and Shareholders

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

On March 31, 2024, 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
NORDISK GAMES A/S	6,492,636	26.05
AVANZA PENSION	3,160,305	12.68
JONSSON, JIMMY	1,047,893	4.20
BNY MELLON SA/NV FOR JYSKE, W8IMY	875,001	3.51
IVARSSON, ALEXANDER	815,600	3.27
MATTSSON, EMIL	440,000	1.77
LEJONKULA, HAKAN	352,495	1.41
NORDNET PENSIONSFORESAKRING AB	350,141	1.40
ERLANDSSON, DANIEL	317,696	1.27
TURRET AB	315,000	1.26
Others	10,757,597	43.16
The total number of shares	24,924,364	100.00



Calculation of Earnings per Share

	Jan-Mar 2024	Jan-Mar 2023	Full Year 2023
Net profit /loss (EUR thousand)	107.1	-360.5	-3,283.1
Number of shares, average	24,924,364	12,903,102	17,440,052
Number of shares, average diluted	24,927,364	12,903,102	17,440,052
Number of shares at the end of the period	24,924,364	12,903,102	24,924,364
Number of Share options	2,555,896	1,192,072	3,648,264
Number of Special Right	2,000,139	1,113,586	2,000,139
Equity per share (EUR)	0.07	0.03	0.07
Earnings per share (EUR) undiluted	0.00	-0.03	-0.19
Earnings per share (EUR) diluted	0.00	-0.03	-0.19





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 jussi@nitrogames.com, or by phone +358 44 388 1071.

Financial Calendar

- ▶ 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

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 29 April 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 Interim Report gives a true and fair view of the company's and the group's operations, financial position, and results of operations, and describes significant risks and uncertainties faced by the company.

Kotka, Finland, 29 April 2024

Johan Biehl
Chairman

Antti Villanen

Morgan Habedank

Susana Meza Graham

Jussi Tähtinen
CEO





Statement of Profit or Loss

Statement of profit or loss and other comprehensive income

EUR	Note	Jan–Mar 2024	Jan–Mar 2023	Full Year 2023
Revenue	6	2,673,721	1,742,260	8,841,552
Other operating income		161	1,871	5,721
Materials and services		-716,748	-589,071	-4,465,776
Employee benefits expense	7, 8	-886,798	-865,951	-3,569,255
Depreciation and amortization		-440,206	-247,913	-1,308,284
Other operating expenses		-471,361	-503,312	-2,528,806
Operating profit		158,770	-462,116	-3,024,847
Finance income and expenses		-51,621	-43,881	-403,748
Profit before tax		107,148	-505,997	-3,428,595
Income tax expense	12	0	145,464	145,464
Profit/loss for the period		107,148	-360,533	-3,283,131
Total comprehensive income for the period		107,148	-360,533	-3,283,131



Statement of Financial Position

EUR	Note	31 Mar 2024	31 Mar 2023	Dec 31 2023
ASSETS				
Non-current assets		5,228,918	5,781,653	5,639,525
Intangible assets	9, 10	4,922,903	5,405,022	5,340,728
Right-of-use assets		127,390	158,647	123,312
Non-current receivables		33,161	72,521	30,021
Deferred tax assets		145,464	145,464	145,464
Current assets		4,785,641	2,471,021	5,025,515
Trade receivables		1,096,496	539,689	712,873
Prepayments and accrued income		406,452	247,915	486,813
Cash and cash equivalents		3,282,693	1,683,417	3,825,829
Total assets		10,014,559	8,252,674	10,665,040

EUR	Note	31 Mar 2024	31 Mar 2023	Dec 31 2023
EQUITY AND LIABILITIES				
Equity				
Issued capital		80,000	80,000	80,000
Reserves		30,581,244	26,735,779	30,913,268
Retained earnings		-28,914,847	-26,096,360	-26,023,777
Profit (loss) for the period		107,148	-360,533	-3,283,131
Total equity		1,853,546	358,885	1,686,361
Liabilities				
Non-current liabilities	11	2,773,269	4,260,856	2,081,740
Interest-bearing loans and borrowings		2,514,715	1,714,841	1,708,301
Contingent consideration liabilities		176,000	1,836,199	0
Trade and other payables		3,096	604,876	3,097
Lease liabilities		79,458	104,940	70,342
Contract liability		0	0	300,000
Current liabilities	11	5,387,744	3,632,934	6,896,939
Trade and other payables		1,121,925	2,471,312	1,921,909
Interest-bearing loans and borrowings		25,000	425,429	839,747
Contingent consideration liabilities		1,771,795	0	1,919,896
Lease liabilities		52,972	56,506	57,552
Other current financial liabilities		65,947	61,625	75,614
Contract liability		1,750,000	0	1,450,000
Accrued liabilities		600,105	618,061	632,221
Total liabilities		8,161,013	7,893,789	8,978,679
Total equity and liabilities		10,014,559	8,252,674	10,665,040



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	Issued capital	Invested Unrestricted equity reserv	Retained earnings	Total equity
Equity as at 1.1.2024	80	30,913	-29,307	1,686
Profit (loss) for the period			107	107
Share-based payments		-332	257	-75
Other adjustments			135	135
Equity as at 31.3.2024	80	30,581	-28,808	1,853
Equity as at 1.1.2023	80	26,725	-26,082	723
Profit (loss) for the period			-360	-360
Share-based payments		11	-14	-3
Equity as at 31.3.2023	80	26,736	-26,457	359
Equity as at 1.1.2023	80	26,725	-26,082	723
Profit (loss) for the period			-3,283	-3,283
Issue of share capital		4,072		4,072
Share-based payments		116	-238	-122
Other adjustments			296	296
Equity as at 31.12.2023	80	30,913	-29,307	1,686



Statement of Cash Flows

EUR thousand	Jan–Mar 2024	Jan–Mar 2023	Full Year 2023
Cash flow from operating activities:			
Profit (-loss) before extraordinary items	107.2	-360.6	-3,283.1
Adjustments:			
Depreciation according to plan	440.2	247.9	1,308.3
Financial income and expenses	51.7	43.8	403.7
Other non-cash items	23.3	-152.1	-98.7
Cash flow before change in working capital	622.4	-220.9	-1,669.9
Change in working capital:			
Increase (-) / decrease (+) in current non-interest-bearing receivables	-303.3	113.1	-299.0
Increase (-) / decrease (+) in non-current non-interest-bearing receivables	-3.1	0.0	42.5
Increase (+) / decrease (-) in current non-interest-bearing liabilities	57.9	235.5	2,163.5
Increase (+) / decrease (-) in non-current non-interest-bearing liabilities	-300.0	-234.4	-536.2
Cash flow from operating activities before financial items and taxes	73.9	-106.7	-299.1
Income tax expense			
Interest paid and payments for other financial operating expenses	-8.7	-1.5	-238.0
Net cash from operating activities (A)	65.2	-108.2	-537.1
Cash flow from investing activities:			
Acquisition of intangible and tangible assets	-600.0	-252.8	-2,160.9
Acquisition of right-of-use assets	4.1	-12.5	47.8
Net cash used in investing activities (B)	-595.9	-265.3	-2,113.1
Cash flow from financing activities:			
Share issue against payment	0.0	0.0	4,071.8
Proceeds from and repayment of current loans	-990.7	-11.1	2,403.2
Proceeds from and repayment of non-current loans	982.4	458.0	-1,548.5
Additions /repayments of finance lease liabilities	-4.5	11.6	-45.1
Interest paid and contributions from financial expenses	0.4	0.9	-2.8
Net cash from financing activities (C)	-12.4	459.4	4,878.6
Change in cash and cash equivalents (A + B + C) increase (+) / decrease (-)	-543.1	85.9	2,228.4
Cash and cash equivalents at the beginning of the period	3,825.8	1,597.5	1,597.5
Cash and cash equivalents at the end of the period	3,282.7	1,683.4	3,825.8



Notes to the financial statements

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 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.

2 Basis of preparation

These condensed interim financial statements ('interim financial statements') for the three months ended 31 March 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 2023 ('last annual financial statements'). They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

These interim financial statements were authorized for issue by the Company's board of directors on 29 April 2024.

3 Significant accounting policies

The Interim Financial Statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended 31 December 2023.

4 New and amended standards and interpretations

There are no standards that are not yet in effect that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

5 Estimates and judgements

When preparing the Interim Financial Statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management.

The judgements, estimates and assumptions applied in the Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual financial statements for the year ended 31 December 2023.

6 Revenue and segment information

Disaggregation of revenue

Nitro Games’s main source of revenue comes from publishing gaming products. The operation is divided into two business areas: Games business; the development and publishing of mobile games for international distribution and Service business; the selling of expertise in game development and publishing as a service to international gaming companies.

Revenue from operations

	Jan-Mar 2024	Jan-Mar 2023
Revenue from operations	2,673,721	1,742,260
Games business	263,113	255,132
Service business	2,410,608	1,487,128

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.

	Jan-Mar 2024	Jan-Mar 2023
Revenue per market area	2,673,721	1,742,260
EU	261,861	165,681
North America	2,410,608	860,593
United Kingdom	0	650,000
Other	1,252	65,986

7 Employee benefits

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.

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.

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.

8 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.

9 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

Capitalization of development expenditures begins when the intangible asset is available for use as intended by management. Capitalized development costs comprise at Nitro Games mainly of employee benefit costs and purchases from third parties.

10 Impairment of tangible and intangible assets

The Company reviews the carrying amounts of its tangible and intangible assets on an annual basis (or more frequently if events or changes in circumstances indicate a potential impairment) to determine if there are any indications that the assets have decreased in value. If any such indications exist, the recoverable amount is set to determine the need to recognize an impairment. The Company has not observed any indication of impairment in the company's assets in periods covered by this interim report.

11 Liquidity and refinancing risk

Nitro Games financing risks relate to refinancing and liquidity risks.

The liquidity and solvency situations are explained in detail in the company's latest Annual Financial Statements for the period ending 31 December 2023. In order to improve the short-term liquidity and secure the long-term financing of the operations, management renegotiated the terms of two main loans.

1. Payment terms of the government backed loan of EUR 1.6 MEUR were extended. The term of the loan from Business Finland, which was signed in April 2019, were updated in January 2024. 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 has now been moved to

long-term liabilities in the interim report ending 31 March 2024. According to the updated terms of the loan, the first repayment instalment of the loan, amounting to EUR 403,207 will be in April 2026. As a result of the new loan terms, EUR 806 thousand of the loan that was due for repayment in 2024, has now been postponed to 2026 and beyond.

2. The company issued a EUR 2.0 million Convertible loan in 2022. According to the loan agreement the conversion time ends on April 30, 2024. The terms of this loan have been renegotiated. Based on the new terms the conversion time expired, beginning from s on June 30, 2025. The conversion terms remain unchanged. There is repayments schedule to repay the loan is roughly equal monthly payments, starting from 30 June 2024 with final payment on 30 June 2025. The conversion terms remain unchanged until the end of the conversion time.

As a result of the rescheduling of loans the company has reduced its short-term loans with about EUR 1 million, while still maintaining a strong cash balance due to a positive operating cash flow. This has improved liquidity and solvency. The equity ratio has improved to 22,4% compared to 18.9% at end of financial year 31.12.2023.

The maturity schedule below has been updated to 31.12.2024 to reflect the amended repayment terms.

Non-discounted payment schedule:

31.03.2024

EUR	31.03.2024	2025	2026	2027	2028	2029-	Total
Interest-bearing liabilities	1,861,081	225,998	403,207	403,207	403,207	1,291,207	4,587,907
Lease liabilities	44,957	39,569	22,635	14,300	-	-	121,461
Other liabilities	600,105	-	-	-	-	-	600,105
Trade and other payables	1,187,872	-	-	-	-	-	1,187,872
Total	3,694,016	265,567	425,842	417,507		1,291,207	6,497,346

31.12.2023

EUR	2024	2025	2026	2027	2028	2029-	Total
Interest-bearing liabilities	2,845,747	417,096	403,207	-	-	888,000	4,554,050
Lease liabilities	63,343	39,569	22,635	14,300	-	-	139,847
Other liabilities	632,221	-	-	-	-	-	632,221
Trade and other payables	1,997,523	-	-	-	-	-	1,997,523
Total	5,538,834	456,665	425,842	14,300		888,000	7,323,641

12 Tax expenses

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.





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