

**ANNUAL REPORT**  
**Nitro Games Oy**  
**Consolidated Financial Statements**

Business ID: 2134819-6

01.01.2015 - 31.12.2015

Unofficial translation from the Finnish original

This Annual Report shall be kept until 31 December 2025

# Financial Statements for the financial year 01.01.2015 - 31.12.2015

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The financial statements must be kept for at least 10 years after the end of the financial year.

The supporting material for the financial year must be kept for at least 6 years from the end of the year during which the financial year ended.

The financial statements were prepared by:

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Address: Juha Vainion katu 2, 48100 KOTKA

Business ID: 2134819-6

Domicile: Kotka

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## Group Balance Sheet

	31.12.2015	31.12.2014
<b>ASSETS</b>		
<b>Non-current assets</b>		
<b>Intangible assets</b>		
Intangible rights	20,197.05	53,095.73
Other capitalized long-term expenses	1,752,106.68	294,965.03
Advance payments	1,112,044.00	2,017,017.00
<b>Intangible assets in total</b>	2,884,347.73	2,365,077.76
<b>Tangible assets</b>		
Machinery and equipment	4,029.92	5,373.08
<b>Tangible assets in total</b>	4,029.92	5,373.08
<b>Investments</b>		
Investments	1,444.00	
<b>Investments in total</b>	1,444.00	0
<b>Non-current assets in total</b>	2,889,821.65	2,370,450.84
<b>Current assets</b>		
<b>Inventories</b>		
Materials and supplies	625,000.01	2,090,000.01
<b>Inventories in total</b>	625,000.01	2,090,000.01
<b>Receivables</b>		
<b>Short-term</b>		
Accounts receivables	82,170.01	38,639.76
Other receivables	23,475.23	23,730.08
Prepayments and accrued income	7,979.52	6,882.00
<b>Short-term receivables in total</b>	113,624.76	69,251.84
<b>Receivables in total</b>	113,624.76	69,251.84
<b>Cash and cash equivalents</b>	36,270.12	42,302.25
<b>Current assets in total</b>	774,894.89	2,201,554.10
<b>ASSETS IN TOTAL</b>	3,664,716.54	3,572,004.94

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	31.12.2015	31.12.2014
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<b>Shares or other comparable assets</b>	2,500.00	2 500,00
<b>Other reserves</b>		
<b>Unrestricted equity fund</b>	3,823,947.73	3,315,149.73
<b>Other reserves in total</b>	3,823,947.73	3,315,149.73
<b>Retained earnings (loss)</b>	-2,533,319.59	-1 631,553.75
<b>Profit (loss) for the financial year</b>	-589,223.99	-901,765.84
<b>Equity in total</b>	703,904.15	-784,330.14
<b>Liabilities</b>		
<b>Long-term liabilities</b>		
Convertible debentures	554,047.97	500,000.00
Loans from financial institutions	186,573.40	220,914.28
Other liabilities	447,594.77	447,004.77
<b>Long-term liabilities in total</b>	1,188,216.14	1,167,919.05
<b>Short-term liabilities</b>		
Convertible debentures	600,000.00	0.00
Loans from financial institutions	64,408.50	266,835.00
Advances received	0.00	1,465,000.00
Accounts payable	75,865.93	204,043.26
Other liabilities	664,796.60	394,059.89
Accrued liabilities	367,525.22	289,817.00
<b>Short-term liabilities in total</b>	1,772,596.25	2,619,755.75
<b>Liabilities in total</b>	2,960,812.39	3,787,674.80
<b>EQUITY AND LIABILITIES IN TOTAL</b>	3,664,716.54	4,572,004.94

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## Group Income Statement

	01.01.2015 - 31.12.2015	01.01.2014 -31.12.2014
<b>Revenue</b>	1,877,280.46	65,068.80
Production for own use	1,112,044.00	1,365,833.08
Change in finished goods and work in progress (+/-)	- 1,465,000.00	
Other operating income	305,306.00	171,181.77
<b>Materials and services</b>		
<b>Materials and consumables</b>		
External services	-184,483.66	-333,786.57
<b>Materials and services in total</b>	-184,483.66	-33,786.57
<b>Personnel costs</b>		
<b>Wages and salaries</b>	-762,600.28	-769,913.13
Social security costs	-202,474.51	-167,320.76
Pension costs	-168,344.68	-134,706.56
Other social security costs	-34,129.83	-32,614.20
<b>Personnel costs in total</b>	-965,074.79	-937,233.89
<b>Depreciation, amortisation and write-downs</b>		
Depreciation according to plan	-594,117.19	-249,892.47
<b>Depreciation, amortisation and write-downs in total</b>	-594,117.19	-249,892.47
Other operating costs	-484,779.20	-835,425.42
<b>Operating profit (loss)</b>	-398,824.38	-754,254.70
<b>Financial income and costs</b>		
<b>Income from other investments held as non-current assets</b>		
<b>Other interest and financial income</b>		
From others	0.43	91.56
<b>Interest and other financial costs</b>		
To others	-190,400.04	-147,602.70
<b>Financial income and costs in total</b>	-190,399.61	-147,511.54
<b>Profit (loss) before extraordinary items</b>	-589,223.99	-901,765.84
<b>Profit (loss) before transfers and taxes</b>	-589,223.99	-901,765.84
<b>Profit (loss) for the fiscal year</b>	-589,223.99	-901,765.84

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## Mother Company Balance Sheet

	31.12.2015	31.12.2014
<b>ASSETS</b>		
<b>Non-current assets</b>		
<b>Intangible assets</b>		
Intangible rights	20,197.05	33,395.73
Other capitalized long-term expenses	1,752,106.68	294,965.03
Advance payments	1,112,044.00	2,017,017.00
<b>Intangible assets in total</b>	2,884,347.73	2,345,377.76
<b>Tangible assets</b>		
Machinery and equipment	4,029.92	5,373.08
<b>Tangible assets in total</b>	4,029.92	5,373.08
<b>Investments</b>		
Shares in same group companies	5,000.00	5,000.00
Other receivables	1,444.00	
<b>Investments in total</b>	6,444.00	5,000.00
<b>Non-current assets in total</b>	2,894,821.65	2,355,750.84
<b>Short-term receivables</b>		
Accounts receivable	81,750.92	38,220.67
Receivables from group companies	282,878.53	619,801.32
Loans receivable	80,858.30	72,000.00
Other receivables	1,206.00	23,684.88
Prepayments and accrued income	30,083.52	6,882.00
<b>Short-term receivables in total</b>	476,777.27	760,588.87
<b>Receivables in total</b>	476,777.27	760,588.87
<b>Cash and cash equivalents</b>	36,088.84	41,080.55
<b>Current assets in total</b>	512,866.11	801,669.42
<b>ASSETS IN TOTAL</b>	3,407,687.76	3,157,420.26

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	31.12.2015	31.12.2014
<b>VASTATTAVAA</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	2,500.00	2 500.00
<b>Shares or other comparable assets</b>		
<b>Other reserves</b>	3,823,947.73	3,315,149.73
<b>Unrestricted equity fund</b>	3,823,947.73	3,315,149.73
<b>Other reserves in total</b>	-2,472,220.63	-1,597,952.00
<b>Retained earnings (loss)</b>	-568,076.95	-874,268.63
<b>Equity in total</b>	786,150.15	845,429.10
<b>Liabilities</b>		
<b>Long-term liabilities</b>		
Convertible debentures	554,047.97	700,000.00
Loans from financial institutions	186,573.40	220,914.28
Other liabilities	590.00	0.00
<b>Long-term liabilities in total</b>	741,211.37	720,914.28
<b>Short-term liabilities</b>		
Convertible debentures	600,000.00	0.00
Loans from financial institutions	64,408.50	266,835.00
Accounts payable	75,818.81	203,996.14
Loans to group companies	107,777.11	437,132.60
Other liabilities	664,796.60	393,295.54
Accrued liabilities	367,525.22	289,817.60
<b>Short-term liabilities in total</b>	1,880,326.24	1,591,076.88
<b>Liabilities in total</b>	2,621,537.61	2,311,991.16
<b>EQUITY AND LIABILITIES IN TOTAL</b>	3,407,687.76	3,157,420.26

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## Mother Company Income Statement

	01.01.2015 - 31.12.2015	01.01.2014 -31.12.2014
<b>Revenue</b>	412,111.27	64,526.96
Production for own use	1,112,044.00	1,277,583.00
Other operating income	305,306.00	171,181.77
<b>Materials and services</b>		
<b>Materials and consumables</b>		
Purchases	-317.36	-660.00
Increase/decrease in inventories	-0.00	-154,656.94
External services	-184,166.30	-178,469.63
<b>Materials and services in total</b>	-184,483.66	-333,786.57
<b>Personnel costs</b>		
<b>Wages and salaries</b>	-762,600.28	-769,913.13
Social security costs	-202,474.51	-167,320.76
Pension costs	-168,344.68	-134,743.00
Other social security costs	-34,129.83	-32,577.76
<b>Personnel costs in total</b>	-965,074.79	-937,233.89
<b>Depreciation, amortisation and write-downs</b>		
Depreciation according to plan	-574,417.19	-236,092.47
<b>Depreciation, amortisation and write-downs in total</b>	-574,417.19	-236,092.47
Other operating costs	-483,162.77	-733,017.03
<b>Operating profit (loss)</b>	-377,677.14	-726,838.23
<b>Financial income and costs</b>		
<b>Income from other investments held as non-current assets</b>		
<b>Other interest and financial income</b>		
From others	0.23	91.12
<b>Interest and other financial costs</b>		
To others	-190,400.04	-147,521.52
<b>Financial income and costs in total</b>	-190,399.81	-147,430.40
<b>Profit (loss) before extraordinary items</b>	-568,076.95	-874,268.63
<b>Extraordinary items</b>		
<b>Extraordinary items in total</b>	0.00	0.00
<b>Profit (loss) before transfers taxes</b>	-568,076.95	-874,268.63
<b>Transfers</b>		
<b>Transfers in total</b>	0.00	0.00
<b>Profit (loss) for the fiscal year</b>	-568,076.95	-874,268.63



# Notes to the Financial Statements

## Structure of the company

Mother company: Nitro Games Oy, domicile Kotka. Copies of the Annual Accounts of Nitro Games are available at Juha Vainion katu 2, 48100 KOTKA.

Subsidiaries:

Nitro Games Alpha Oy (2358177-5), Kotka

Nitro Games Beta Oy (2413187-3), Kotka

## Valuation principles and methods

Intangible and tangible assets designated as non-current assets of the group have been valued at acquisition cost less depreciation according to plan. In software development costs project-specific payroll costs, as well as software and administrative costs, in proportion to the share of salaries in that project, have been accounted for. Grants received are recognised as a deduction for acquisition costs. The group's non-current assets have been valued at acquisition cost.

The value of the group's inventory value is valued by the salary costs incurred by the project as well as the costs and software and administrative expenses in proportion to the proportion of the salaries of the project compared to total salaries.

Account receivables and other receivables are valued at their face value or at their lower probable value.

Liabilities are valued at nominal value or higher than that comparative value.

## Periodisation principles and methods

The acquisition cost of non-current assets is depreciated according to the pre-defined plan. Depreciation has been adjusted with tax depreciation. Depreciation for the financial year is recognised as an expense according to the depreciation method, as the maximum acceptable depreciation or amortisation chargeable for taxation.

Planned depreciation has been calculated on the basis of the economic life of the asset as follows:

Intangible rights	Straight-line 5 and 3 years
Other capitalised long-term expenses	Straight-line 5 years
Machinery and equipment	Reducing balance method 25%

Small purchase with a purchase price under EUR 4,500 have been recognised as annual expenses.

Accounting policies for the consolidated financial statements:

All the companies included in the group have been consolidated into the consolidated financial statements. The consolidated financial statements have been prepared using the acquisition cost method. Intragroup transactions, mutual receivables and liabilities have been eliminated.

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The consolidated financial statements are available at Juha Vainion katu 2, 48100 Kotka.

## Notes regarding balance sheet assets

Claims on balance sheet items from the group's companies	Mother	
Receivables from companies in the group	31.12.2015	31.12.2014
Short-term		
Accounts receivable	282,878.53	606,103.87
Other receivable	80,858.30	85,697.45
All in total	363,736.83	691,801.32

## Notes regarding balance sheet equity and liabilities

Breakdown of changes in equity	Group		Mother	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Share capital at the beginning of the FY	2,500.00	2,500.00	2,500.00	2,500.00
Share capital at the end of the FY	2,500.00	2,500.00	2,500.00	2,500.00
Other funds				
Unrestricted equity fund 1.1	3,315,149.73	993,525.33	3,315,149.73	993,525.33
Increase in treasury shares	508,798.00	2,321,624.40	508,798.00	2,321,624.40
Other funds at the end of the FY	3,823,947.73	3,315,149.73	3,823,947.73	3,315,149.73
Loss for earlier Financial Years 1.1	-2,533,319.59	-1,631,553.75	-2,472,220.63	-1,597,952.00
Loss for earlier Financial Years 31.12	-2,533,319.59	-1,631,553.75	-2,472,220.63	-1,597,952.00
Loss for the Financial Year	-589,223.99	-901,765.84	-568,076.95	-874,268.63
Equity in total	703,904.15	784,330.14	786,150.15	845,429.10
Balance sheet liabilities for same group companies			Mother	
Loans to same group companies			31.12.2015	31.12.2014
Short-term				
Advances received			0.00	0.00
Trade payables			0.00	6,150.00
Other liabilities			107,777.11	430,982.60
Total			107,777.11	437,132.60

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## Liabilities and their collateral by balance sheet and collateral

	Group Debt amount	Company mortgage	Mother Debt amount	Company mortgage
Loans from financial institutions	250,981.90	130,000.00	250,981.90	130,000.00
Convertible debenture	1,154,047.97		1,154,047.97	
Other collateral provided				
Other receivables from investments	1,444.00		1,444.00	
Accrued income	6,882.00		6,882.00	
Total	8,326.00		8,326.00	

Leasing responsibilities	Group 31.12.2015	31.12.2014	Mother 31.12.2015	31.12.2014
Payable during the following financial year	19,121.64	14,675.52	19,121.64	14,675.52
Payable later	0.00	0.00	0.00	0.00
Total	19,121.64	14,675.52	19,121.64	14,675.52

**Notes on staff and members of the organisation**

Average number of employees	Group 31.12.2015	31.12.2014	Mother 31.12.2015	31.12.2014
Employees	19	24	19	24

**Ownership in other companies**

Company's name and domicile	Shares	Ownership share (%)	Profit / Equity
Nitro Games Alpha Oy	1000	100 %	-17,613.16 / -65,351.41
Nitro Games Beta Oy	1000	100 %	-3,533.88 / -11,894.59

Calculation according to the Finnish Limited Liability Company Act 13:5§ of distributable free equity

	Mother 31.12.2015
Invested unrestricted equity fund	3,823,947.73
Loss for previous financial years	-2,472,220.63
Loss for the financial year	-568,076.95
Free equity in total	783,650.15

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# Report of activities according to the Limited Liability Companies Act

Proposal by the Board of Directors on company profits:

The distributable funds are 783,650.15. The company's financial position after the end of the financial year has not changed substantially.

The Board of Directors proposes to the Annual General Meeting to use the distributable funds as follows: No dividend will be distributed.

## The company's shares

There are 449,642 series A shares (93.3 %) and 32,335 series B shares (6.7 %). Each share has one vote. According to the Articles of Association a larger dividend can be distributed to series A shares than to series B shares by decision of the Annual General Meeting.

## Activity report regarding structuring and financial arrangements

Share arrangements during the financial year:

The company has issued 41,587 new series A shares. The shareholders have by unanimous decision on 15 October 2014 decided on a directed share issue. The directed share issue, which deviates from the shareholders' pre-emptive rights by way of offering shares for subscription to investors as well as persons and companies who are part of the company's close circle. There was a weighty financial reason for deciding on the directed share issue, since the company needed funds for working capital and to strengthen its equity. Investments amounting to 956,501.00 euro were made. The investments are fully booked to the unrestricted equity fund. The total impact on the number of shares is approximately 9 %. The shares were entered in the Trade Register on 27 January 2015.

The company has issued 305 new series A shares. The shareholders have by unanimous decision on 15 October 2014 decided on a directed share issue. The directed share issue, which deviates from the shareholders' pre-emptive rights by way of offering shares to personnel of the company who own series A shares in the company. There was a weighty financial reason for deciding on the directed share issue, since the company needed funds for working capital and to strengthen its equity. Investments amounting to 7,015.00 euro were made. The investments are fully booked to the unrestricted equity fund. The total impact on the number of shares is approximately 0.06 %. The shares were entered in the Trade Register on 27 January 2015.

The company has issued 1,587 new series B shares. The shareholders have by unanimous decision on 15 October 2014 decided on a directed share issue. The directed share issue, which deviates from the shareholders' pre-emptive rights by way of offering series B shares to personnel of the company. There was a weighty financial reason for deciding on the directed share issue, since the company needed funds for working capital and to strengthen its equity. Investments amounting to 36,501.00 euro were made. The investments are fully booked to the unrestricted equity fund. The total impact on the number of shares is approximately 0.33 %. The shares were entered in the Trade Register on 27 January 2015.

The share issues above were still open at the end of the financial year 31 December 2015. The bookings to the unrestricted equity fund amounted to 491,218.96 euro in 2014 and 508,798.00 euro in 2015.

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The shareholders have by unanimous decision on 1 December 2015 opened a directed share issue. The directed share issue, which deviates from the shareholders' pre-emptive rights by way of offering shares to the company's current shareholders and new investors amounting to a maximum of 37,037 new series A shares to a total price of 999,999.00 euro. There was a weighty financial reason for deciding on the directed share issue, since the company needed funds for working capital and to strengthen its equity. The investments are fully booked to the unrestricted equity fund. The total impact on the number of shares is approximately 7.1 %. The share issue was still open at the end of the financial year.

Current shareholders of the company have given loans, which can later on be used for subscribing for new shares, amounting to 223,614 euro. The board of directors has here exercised the right under Chapter 9, Section 10 of the Companies Act, "Unless otherwise specified in the share issue decision, the subscription price may be offset by receivables in the company only by consent from the Board of Directors".

#### Options and other special rights

The shareholders have by unanimous decision on 13 June 2014 decided on a special right producing convertible bond, which involves the debtor's right to convert the debt amount or part of it to shares, according to Chapter 10 of the Companies Act. The authorisation for the issuance of Series A shares is 8,598. On 2 March 2015 the terms of the convertible bond were changed together with the debtor. When signing the loan agreement the company has directed special rights according to Chapter 10, Section 1 of the Companies Act (624/2006, as amended). The decision was made by the shareholders by unanimous decision. The options give the right, but not the obligation, for the debtor to convert the convertible bond to a maximum of 9,629 series A shares in the company by way of special rights. The option right is valid until 28 August 2016.

The shareholders have by unanimous decision on 1 June 2016 authorised the Board of Directors to give current shareholders options and other special rights. The option right gives the right to subscribe for a maximum of 24,917 new series A shares in the company. The owner of the right has the right to use its receivables (nominal value and interest) from the company to subscribe for shares by the means of offsetting. There is a weighty financial reason for giving the options and special rights. The company needs financing for the development of the business and cash management. The option rights are valid until 1 December 2016. The investments are fully booked to the unrestricted equity fund.

#### Other financing arrangements

According to the decision of the Innovation Finance Center TEKES on 29 May 2015 the loan for the product development project of 2009 will be left uncollected. The loan amounted to 213,000.00 euro. This was recognised as other operating income for the company's financial year 2015.

#### The R&D of the company and its extent

The company has continued to invest in game product and technology development. Capitalised long-term expenses in the company were 1,112,044 euro in 2015 (1,277,583 euro in 2014 and 739,434 euro in 2013). Correspondingly, depreciations of 574,417.19 euro were made in 2015 (236,092.47 euro in 2014 and 236,689.45 euro in 2013).

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## Accounting books

Diary	Electronic archive
Main book	Electronic archive
Balance sheet	Separately tied
Balance sheet separations	Separately tied

## Document types and conservation methods

Sales invoices	Electronic archive
Purchase invoices	Electronic archive of the receipt of vouchers
Electronic invoices (purchase invoices)	Electronic archive
Travel and expense invoices, memos	Electronic archive
Wages	Electronic archive
Bank statements, payment receipts	Electronic archive
VAT calculations	Electronic archive
Seasonal tax declarations	Electronic archive

The original invoice receipts received on paper are kept by the accounting responsible on paper. If the invoice on the paper is scanned, the invoice is only kept in an electronic paperless archive.

The original receipts attached to travel and expense invoices are kept by the accounting responsible on paper. If the invoice on the paper is scanned, the invoice is only kept in an electronic paperless archive.

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## Signature of the Financial Statements

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Location, date

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Jussi Tähtinen  
CEO

Antti Villanen  
Chairman of the Board of Directors

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Matti Nikkola  
Board member

Jacob Ehrnrooth  
Board member

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Petri Tolmunen  
Board member

Juhani Taskinen  
Board member

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## Auditor's note

An auditor's report based on the audit performed has been given today.

Kotka

Idman Vilén Grant Thornton Oy, Authorised Public Accountants

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Antti Niemistö

Authorised Public Accountant