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The statements and projections concerning markets and the future of the company are based on the current views of the company management. Due to their nature, they are prone to uncertainty resulting from economic fluctuations and changes in the cybersecurity sector.

The Certified Advisor for Nixu Oyj is Summa Capital Markets Oy.



WE KEEP THE DIGITAL SOCIETY RUNNING

OUR PASSION: CYBERSECURITY

Nixu is a cybersecurity company. Our mission is to keep the digital society running. We pursue this mission by offering a wide range of cybersecurity services to key stakeholders in both the public and private sectors. We work to improve our clients' cybersecurity in the solution areas of Corporate IT, Digital Business and the Industrial Internet. Our clients trust Nixu in projects where the developing, implementing, or assessing of information security is a must. We ensure the confidentiality of our clients' data, business continuity, and ease-of-access to digital services through proactive planning and the mitigation of cybersecurity risks.

We want to be a trusted cybersecurity partner for our clients, providing comprehensive services that will allow them to implement new digital services safely, despite the cyber threats. Our job is to support business continuity throughout our clients' processes and

in the ever-changing business landscape at all times, at all levels, and across the entire supply network. We anticipate risks proactively and take responsibility.

As indicated in our growth strategy, our main goal is to be the best employer for information security professionals and the number one cybersecurity supplier for companies headquartered in Northern Europe. We provide a working environment and community that allows our employees to become top information security experts who are highly valued by the work community and our clients. In the cybernetic world, we are constantly learning new things and proactively mapping out new and emerging risks; in this, we are industry leaders – true frontrunners.



NIXU IN NUMBERS



“FROM A FINNISH TO AN INTERNATIONAL CYBERSECURITY COMPANY”

In 2016, we achieved several significant milestones in our journey toward becoming the number one choice as a trusted cybersecurity partner for companies with head offices in Northern Europe. We reinforced our position in the Dutch market, established a prominent foothold in the Swedish market, and prepared to launch our operations in the United States. In 2016, the share of revenue from clients outside Finland of our total revenue increased from January's 6 % to December's 28 %. The most important step, however, was taken in the fall, when we started working on our new operating model and corporate culture. The basis for this new philosophy lies not in disparate local companies, but in our employees, who will work and collaborate across borders.

This operating model allows us to fulfill our second primary goal: Providing the best workplace for cybersecurity professionals. The more open, collaborative, and mobile a community we can create, the better our employees can participate in interesting client projects and learn from both their colleagues at Nixu and clients from different sectors. As part of our best workplace strategy, we launched another shares issue directed at our personnel and, as a result, more than 100 Nixuans decided to become employee-owners.

In 2016, the demand for cybersecurity monitoring services and data protection consulting increased, especially in Finland. Our allocations to developing the Nixu Cyber Defense Center service turned out to be correctly timed. Our clients have particularly appreciated the comprehensive coverage of the service, which includes everything from

detection to data break-in investigation. The new EU General Data Protection Regulation, which was confirmed in spring 2016, has also stimulated client interest. We have rapidly expanded our data protection expertise by recruiting privacy and data protection lawyers, which is a first time for Nixu. This means that we can now provide a comprehensive compliance package for our clients, providing a one stop shop for both interpreting regulatory requirements and building compliance on the technological level.

Our revenue was increased by corporate acquisitions and increased demand in Finland. In the second half of 2016, the group grew by 25 % and, despite our slow first half, our annual growth reached 20 %. Our current strategy places a strong emphasis on promoting growth. Growth allocations affected our result for 2016 as planned, but will ensure strong organic growth in the coming year. The key factors weakening our result included rapid expansion of our operations in the Netherlands, slow business in the first quarter, and development allocations in technology-based services, such as building up our Nixu Cyber Defense Center business and reinforcing our group administration to support our ability to operate as an international company. The operational profitability of our services has remained solid.

In the last three years, Nixu has completed three acquisitions. Based on our experiences, our integration model is effective, demonstrated by the fact that we have managed to retain both the talent and the clients of the companies who have joined Nixu. Thanks to this success, we decided to extend the planned goodwill amortization period



required by Finnish accounting standards (FAS). Starting from the 2016 accounting period, the amortization period will be extended from five years to ten. We have also identified further potential for supporting our growth through acquisitions.

In 2017, we will continue to implement our strategy. Society is becoming increasingly digital. Digital scams, blackmail attempts, industrial espionage, and cyberwarfare will

become increasingly common. We believe that in the current situation, critical operators in our society will appreciate having a highly proficient, technology-independent cybersecurity partner that can provide comprehensive support at a local level. I believe that Nixu has every ability to deliver its promise of being a solid partner to its clients, enabling a digital future free of disruptions caused by cyber threats.

GROWTH STRATEGY MILESTONES ACHIEVED

Nixu's growth strategy was published in 2014, when the company was first listed on NASDAQ Helsinki's First North Finland marketplace. The goals stated in our growth strategy are to be the best employer for cybersecurity professionals and the number one choice as a cybersecurity partner in Northern Europe. In 2016, our pursuit of these strategic goals remained both uncompromising and results-oriented. There has been substantial positive long-term development in the main areas of our growth strategy.

MEGATRENDS:

- **DIGITALIZATION OF SOCIETY**
- **INCREASE IN CLOUD SERVICES AND WIRELESS CONNECTIONS**
- **INCREASE IN CYBERCRIME**
- **DEVELOPMENT OF REGULATION**

CUSTOMER SEGMENTS:

- **INFORMATION MANAGEMENT**
- **INDUSTRIAL INTERNET**
- **DIGITAL BUSINESS**



***A SEAMLESS SERVICE EXPERIENCE
FOR CLIENTS WITH SCALABLE,
TECHNOLOGY BASED CONTINUOUS SERVICES.***

INTERNATIONALIZATION

Internationalization is the driving force behind our growth, reflecting our vision of becoming the number one cybersecurity partner for companies headquartered in Northern Europe. Our strategy involves opening several local offices, allowing us to serve regional clients directly and provide comprehensive cybersecurity services through our network of local contacts.

The internationalization of our business started in October 2015, when we founded a subsidiary in the Netherlands. In 2016, we continued along the path to internationalization by joining forces with two Swedish information security operators: In March, we acquired Europoint Networking AB and in October, SAFESIDE Solutions AB. In 2016,

we also founded a new subsidiary in the United States to safeguard our ability to provide more efficient and effective local support to our clients. Consequently, the share of international revenue of Nixu Group's total revenue increased in 2016. In January, the share was 6%, and in December, 28%.

At the end of 2016, Nixu had offices in Espoo, Amsterdam, Stockholm and Uppsala. These offices allow Nixu to provide local services to its international clients.

Our key development areas for 2017 include substantially expanding our foothold in our current markets and investigating our market potential in the United States.

SCALABLE SERVICES

We are strongly committed to developing scalable, technology-based continuous services, which can be seamlessly integrated into our consultation business. These services ensure that we have the resources and capabilities required for being a truly comprehensive cybersecurity partner for our clients. They also allow us to maintain our competitiveness and the continuity of our customer relationships.

In 2015, we rolled out the Nixu Cyber Defense Center (CDC) service. This technology-based service package allows us to provide our clients with a digital environ-

ment for real-time supervision and intrusion investigation and an up-to-date snapshot of their organizations' web service threats. In 2016, Nixu CDC attracted a number of substantial new clients, thus achieving its goals. Thanks to this success, we have expanded the service to provide full 24/7 incident response coverage.

In 2017, we will continue to expand Nixu CDC's customer base and escalate the service's rollout in markets outside of Finland. We will also continue to develop our proprietary One Nixu Platform.

BEST WORKPLACE FOR CYBERSECURITY PROFESSIONALS

Our experts are truly at the core of our business. Our third strategic development area consists of skills development, knowledge base expansion, and recruiting and cultivating cybersecurity experts.

We support the professional development of our employees by constantly providing them with opportunities for training and on-the-job learning. Furthermore, we encourage our employees to expand their knowledge through participating in international cybersecurity contests. In fact, we have fared quite well in these contests over the years. Additionally, we host the Nixu Challenge, an annual contest intended to provide job opportunities at Nixu for young talent.

We have significantly expanded our operations and they have become increasingly international. To account for this, we adopted a new organizational structure in 2016.

Our new operating model, International One Nixu, was developed to ensure high, uniform service quality and to support skills development within our organization. First and foremost, we want to strengthen our employees' self-management skills and help them to adopt a highly responsive, iterative work philosophy. As each member of our staff is fundamental to our success, we want to further engage them through ownership. In 2016, we directed a shares issue to our personnel. What is more, our employees established a personnel fund, which invests their profit-sharing bonuses in company stock.

In 2017, we will continue to reinforce the Nixu culture and the adoption of our revised values. Recruitment will also remain a top priority. Another focus area will be achieving a truly international operating model and developing our inter-company cooperation.

KEY FIGURES



EUR 1,000	7-12/2016	7-12/2015	Change, %	1-12/2016	1-12/2015	Change, %
Revenue	11,434.2	9,163.2	24.8 %	21,577.7	18,012.7	19.8 %
EBITDA	665.2	1,242.6	-46.5 %	772.7	2,071.2	-62.7 %
EBITDA, % of net sales	5.8 %	13.6 %		3.6 %	11.5 %	
EBIT ¹	287.9	797.8	-63.9 %	115.6	1,193.7	-90.3 %
EBIT, % of net sales	2.5 %	8.7 %		0.5 %	6.6 %	
Profit/loss for the period ¹	19.1	506.3	-96.2 %	-241.6	687.2	
Earnings per share (EUR)	0.00	0.08	-96.5 %	-0.04	0.11	
Earnings before goodwill amortization ²	301.3	892.9	-66.3 %	247.8	1,460.5	-83.0 %
Earnings per share before goodwill amortization ² (EUR)	0.05	0.15	-67.1 %	0.04	0.24	-83.4 %
Number of shares at the end of the period	6,364,835	6,112,035		6,364,835	6,112,035	
Average number of shares	6,263,435	6,112,035		6,238,435	6,112,035	

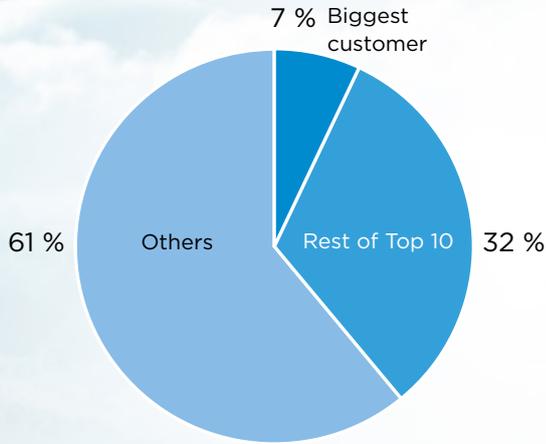
¹ The 2016 figures are not directly comparable with those of previous periods because of a change in goodwill amortization. The company has decided to change the amortization period for goodwill from 5 years to 10 years from the beginning of fiscal year 2016.

² The company's consolidated goodwill was EUR 6 080,9 k on December 31, 2016. Goodwill is amortized on a straight-line basis over ten years. In Jul-Dec 2016, the company recorded goodwill amortization of EUR 282,3k (in Jul_dec 2015: 386,6k). In Jan-Dec 2016, the company recorded goodwill amortization of EUR 489,4k (in Jan-Dec 2015: 773,3k).

EUR 1,000	12/31/2016	12/31/2015	Change, %
Equity ratio, %	50.9 %	52.6 %	
Net interest-bearing debt	2,6	-3,170.6	100.9 %
Net gearing, %	0.3 %	-39.9 %	
Personnel at the end of the review period	222	159	39.6 %

HIGHLIGHTS OF THE YEAR

**REVENUE
BREAKDOWN
BY CUSTOMER**



MORE THAN
350
CLIENTS

98%
OF OUR CLIENTS
WOULD RECOMMEND NIXU*

*2016 customer satisfaction survey

PERSONNEL

MEN
82%

WOMEN
18%

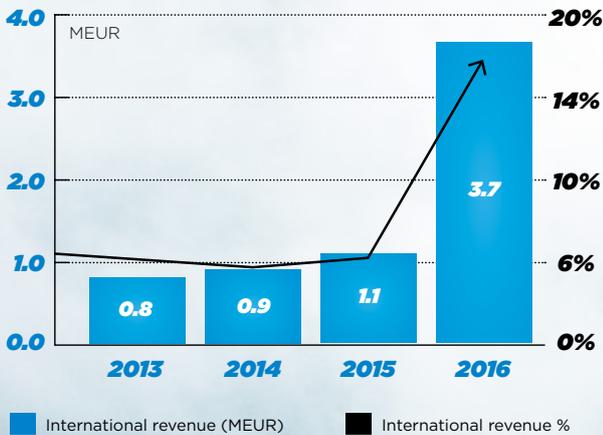


15 NATIONALITIES
REPRESENTED

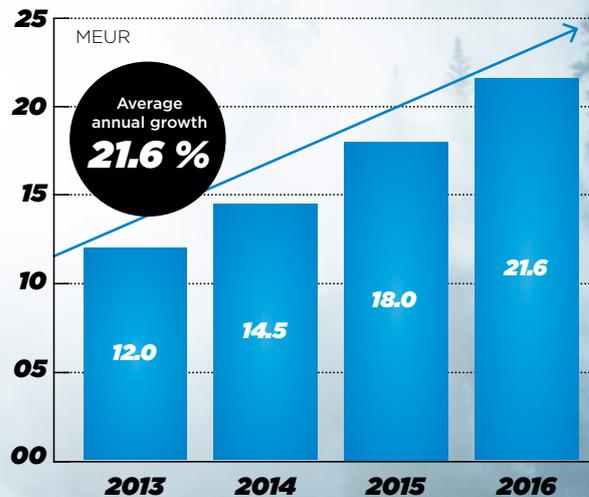
4
OFFICES

15
NEW
CERTIFICATIONS

**INTERNATIONAL REVENUE
OF TOTAL REVENUE**



REVENUE DEVELOPMENT





TRUSTED CYBERSECURITY PARTNER



LOCALTAPIOLA SELECTED NIXU AS ITS CYBERSECURITY PARTNER

In 2016, LocalTapiola selected Nixu as its cybersecurity partner in a decisive move to improve its information security. As a result, the company's cybersecurity efforts were refocused toward fast and efficient incident response as well as identifying and analyzing major business threats. The cooperation agreement includes the Cyber Defense Center (CDC) security service,

which provides customers with a digital environment for real-time supervision and intrusion investigation, as well as an up-to-date snapshot of the organization's web service threats. The combination of modern technology and the professional skills of Nixu's experts guarantees that LocalTapiola can anticipate risks proactively and respond immediately to ever-escalating threats.



INFORMATION MANAGEMENT:

Information management projects involve monitoring and protecting our clients' information networks as well as any trade secrets, support systems, and other information assets therein.

CYBERSECURITY IS SANOMA'S ANSWER TO THE CHALLENGES OF MEDIA INDUSTRY DIGITALIZATION

In 2016, Sanoma selected Nixu as its global cybersecurity partner. With its extensive cybersecurity service portfolio and ability to support Sanoma's subsidiaries outside Finland, Nixu was a perfect fit for Sanoma's global needs. The group's business is undergoing a major transition, and Sanoma's goal right now is to build group-wide information security solutions which, unlike traditional

solutions, will not slow down its business but instead provide services and support, even through the change. Thanks to its cooperation with Nixu, Sanoma can now utilize a comprehensive selection of cybersecurity services to protect its international business, allowing the company to implement new digital services and ensure their availability safely, despite the cyber threats.



DIGITAL BUSINESS:

Detecting and preventing break-ins by monitoring your digital services is critical for business. We support our clients 24/7, helping them ensure their business continuity.

COOPERATION BETWEEN STOCKHOLM VATTEN AND NIXU

Owned by the City of Stockholm, Stockholm Vatten is Sweden's largest water and waste management organization. Each day, the company provides clean drinking water for more than 1.3 million people living in Stockholm area. It is also responsible for wastewater treatment in the area. In 2016, the company contracted Nixu as one of its cybersecurity professional services providers.

With the cooperation, Nixu provided expertise in a major cybersecurity project and conducted a study, including risk analysis, audits and information classification across several of Stockholm Vatten's critical businesses. The comprehensive study was conducted as separate projects, for which Nixu provided both project management and the cybersecurity consultants.



INDUSTRIAL INTERNET:

As the Industrial Internet continues to grow, so will its threats. One of our core competencies is ensuring the cybersecurity of different devices, intelligent production facilities, logistics centers, and critical infrastructure.



**ONE NIXU,
DIVERSE TEAMS:
TOGETHER TOWARD
THE FUTURE!**

We want to be an industry-leading employer for cybersecurity professionals. We share an international work environment and a unique community of highly skilled professionals, providing information security consultants with the opportunities to grow, through continuous development, into top international experts in their respective fields. Our clients also value our expertise and give us their most challenging assignments, cultivating our business and developing our expertise in different areas of cybersecurity even further.

In addition to skills development, we support the wellbeing of our employees. The Happy@Nixu program allows us to truly listen to our employees' opinions and determine whether our wellbeing efforts are bearing fruit. As an example, we offered almost 30

of our managers a Lifestyle Assessment and tools for promoting their personal wellbeing. We provide our employees with flexible solutions for finding balance in their lives. For instance, they can work shorter weeks or, client assignments permitting, telecommute. If our employees find that working from home wearing wool socks or sitting on the deck of their summer cottage listening to the gentle summer rain improves their performance, so be it; we encourage creative ways of working.

Good leadership contributes to our employees' wellbeing and our corporate culture. In 2017, we will continue to focus on cultivating our leadership, coaching our supervisory staff, and improving occupational wellbeing. By combining our strengths and supporting each other, we can share our



successes and realize how we can grow into even better cybersecurity experts and colleagues. It is also important to detach from the customer service aspect of our work a few times a year, getting together to learn new things and have a good time.

Internationalization provides increasing opportunities for our experts to work in diverse teams and participate in multifaceted client assignments. Furthermore, organizational growth also creates opportunities for development at the individual level. In the coming year, several of our experts will be working abroad, sharing or expanding their expertise on short or long-term assignments at another Nixu office.

Professionalism, collaboration, humanity, and passion for cybersecurity are what

define Nixu employees, and act as the foundation for growing into an even better employer for cybersecurity professionals. Based on our values, we have created a number of ideals for supporting our growth, international expansion, and the development of our culture, acting as guideposts in our everyday work and deepening our culture.

Believe in your dreams. Be open and positive. Have fun. Listen and ask. Look for a solution. Reach higher. Share and learn. Be responsible. **One Nixu: a team of individuals.**

EXPERTISE



PROFESSIONALISM



We at Nixu have an important role in building an accessible and safe digital society. Our actions are guided by our value system, which can be summed up by four principles that define our way of working and serve as the foundation of our corporate culture: Being a Nixu employee.



COLLABORATION

PROFESSIONALISM

One of the key values in our expert organization is professionalism in all our actions. We want to utilize our wide cybersecurity expertise in everything we do, and we will always commit our comprehensive expertise fully to our assignments, providing high quality service to our clients. At the same time, our clients value our professionalism and give us their most challenging assignments, cultivating our business and developing our expertise in the different areas of cybersecurity even further.

COLLABORATION

We at Nixu value cooperation and strongly believe that by taking this value to heart, we can achieve our vision of keeping the digital society running. Consequently, we find it especially important to cooperate with our own and our clients' internal and external stakeholders.

Nixu is a very active member of the international cybersecurity community, which shares knowledge of the latest cyber threats and safeguards in the name of common good. This community spirit is typical of Nixu employees, and the importance of cooperation is built into our operating model, allowing us to utilize our team's top expertise in a versatile way. We also enjoy much of our free time together, and Nixu has around a dozen clubs that are open to everyone.



HUMANITY

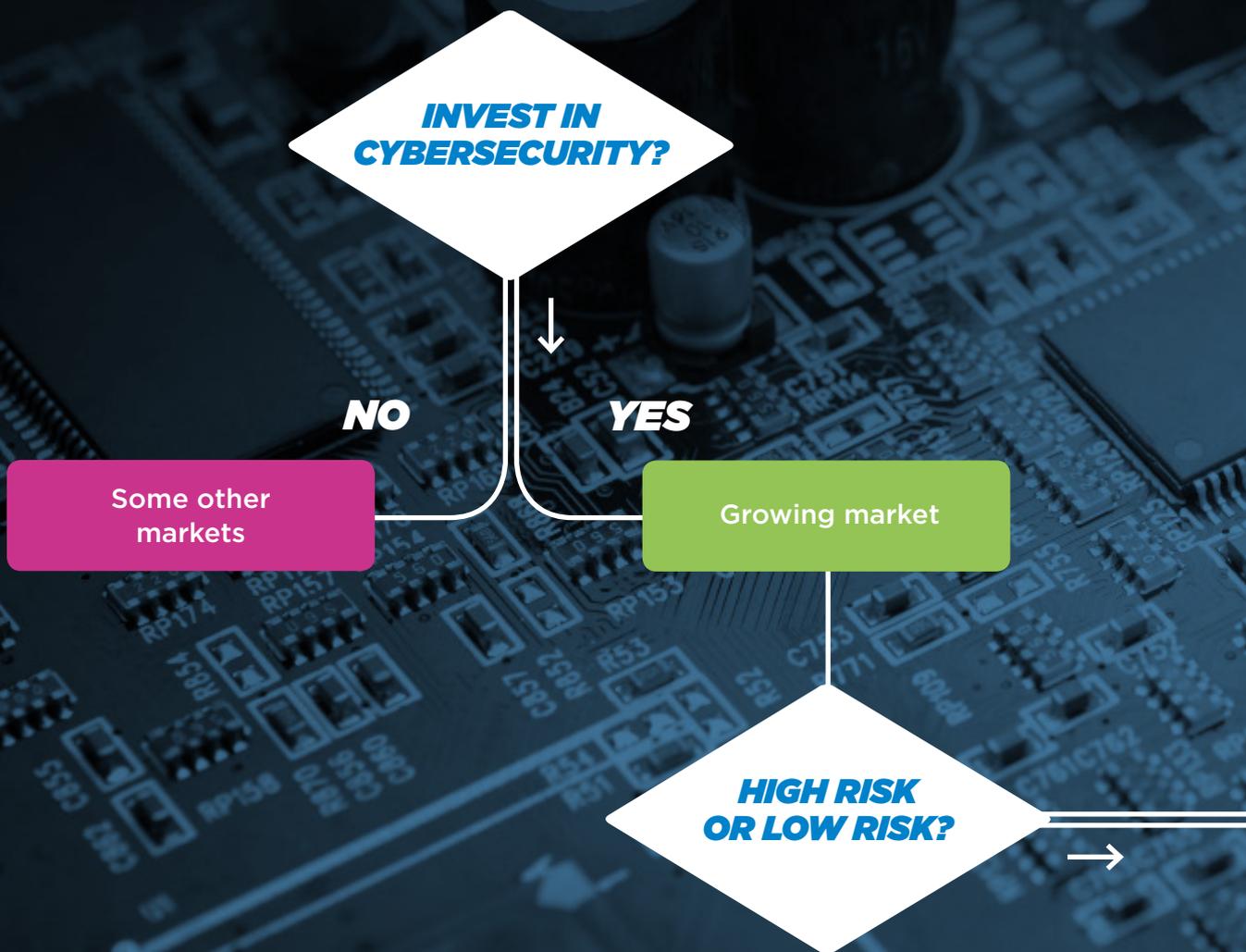
Humanity is central to the way Nixu conducts business. Even though we have strong growth goals and there are tough challenges in the cybersecurity business, we are fully committed to responsibility in our operations. In practice, this means that we want to take care of our employees' work-life balance and provide opportunities for personal growth and career development. Naturally, our employees have a lot of say in terms of where and how they actually work.

PASSION FOR CYBERSECURITY

It is the importance of our work that makes working at Nixu so special. We value our employees and believe strongly that our future success is built on their know-how, which in turn is based on genuine interest in our business, or our passion for cybersecurity. We want to offer a home and a community for cybersecurity professionals and future talent, providing those interested in the field with opportunities to grow as professionals and become stars in their trade.

NIXU AS AN INVESTMENT

Nixu is a growth company operating in the cybersecurity sector. Our sector is seeing growth, and, in the last few years, its consolidation development has been strong. Nixu has a strong brand and it has established its position as a trusted cybersecurity partner for its clients. We have a long history in the sector and a clearly defined growth strategy for the coming years, making us an interesting investment for potential buyers. Our goal is to remain profitable and grow faster than the market. Our medium-term goal is to achieve an annual revenue growth rate of above 15 percent and an EBITDA margin of above 10 percent. As a public company, Nixu's method of governance is transparent and compliant with the Securities Market Act (Finlex: 2012/746). We have an extensive owner base: at the end of 2016, the company's shareholders numbered slightly fewer than 2,500.



INVEST IN NIXU

Possibility for added growth with market consolidation

BONUS?

No liquidity, lack of clarity in management

Good governance and liquid share

OWNER'S RISK?

Focused and proven growth strategy

No clear growth strategy

Product company

Service company

LONG-TERM PROSPECTS?

HIGH

LOW

HIGH

YES

NO

LOW

CYBERSECURITY 101

BOTNET

A network of interconnected devices taken over without authorization and controlled using a command-and-control server. Botnets are used for sending spam, distributing malware, phishing, or for committing denial-of-service attacks.

BLACK HAT HACKER

A person who breaks into an information system without authorization from system administration.

CYBERSECURITY

A combination of techniques, processes, and policies for protecting networks, devices and systems that are critical for society.

DENIAL-OF-SERVICE ATTACK

A cyber-attack intended for making a website unavailable for its users. In most cases, this is achieved by flooding the website with traffic, preventing it from serving its clients.

DIGITAL IDENTITY

A set of personal data available on internet of a person. This entity has a monetary value for both companies and cyber criminals. The EU Data Protection Regulation sets strong requirements for protection of personal data.

MALWARE

Causes unwanted effects (from the user's standpoint) in an information system or part thereof. There are different kinds of malware, such as viruses, worms, Trojan horses, and their combinations. Malware can be used in denial-of-service attacks.

RANSOMWARE

Malware and harmful websites that prevent users from accessing their computers by causing a local denial-of-service state, forcing users to pay a ransom to unlock their computers.

TARGETED ATTACK

A malicious attack that is targeted to a specific individual, company, system or software. It is difficult to prevent with traditional firewall and antivirus methods.

VULNERABILITY

A weak spot in an information system, program, or operating system, exposing it to break-ins, viruses, or denial-of-service attacks, caused by design, implementation or insufficient protections and safeguards.

WHITE HAT HACKER

An information security expert specializing in penetration testing and other test methods used for ensuring the security of computer systems.

INFORMATION FOR SHAREHOLDERS

2017 ANNUAL GENERAL MEETING

Nixu Oyj's Annual General Meeting will be held on April 19, 2017 at 16:00 at Dipoli. Address: Otakaari 24, Otaniemi, FI-02150 Espoo, Finland. Listing of the enrolled people and distributing the voting ballots will begin at 15:00.

All shareholders registered as shareholders on the list of shareholders maintained by Euroclear Oy no later than April 5, 2017 have the right to participate in the Annual General Meeting.

The company's annual report and documents kept on display are available at the company website. Address: www.nixu.com.

For further information, please visit www.nixu.com.

DIVIDEND PAYMENT

On December 31, 2016, the parent company's assets subject to profit distribution amounted to EUR 9,330,473.05, of which the profit for the period amounts to EUR 723,882.21. The group's profit before goodwill amortization was EUR 247,802.66. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2016. The Board of Directors believes that instead of paying dividends, it is in the shareholders' interest to exploit the growth potential in the company's current markets.

Consequently, the dividend proposal deviates from the Nixu profit distribution policy: "Nixu strives to distribute 30-70 percent of its annual profit to shareholders".

LIST OF SHAREHOLDERS

Shareholders are requested to report any changes to their contact details to the centralized book-entry registry in which they have a book-entry account.

FINANCIAL REPORTING IN 2017

The company will publish its half-year financial report for January-June 2017 on Thursday, August 17, 2017.

Nixu Oyj's Annual General Meeting is planned to be held on Wednesday, April 19, 2017. In addition to the half-year financial report and financial statements, Nixu provides yearly revenue information for the first and the third quarter.

BOARD OF DIRECTORS



Kimmo Rasila

Chair of the Board
MSc (Econ)
born 1957

Chair of the Board since 2006, Member of the Board since 2005

Professional experience:
IBM, Tietotekniikan Liitto ry, CEO of ExecNet Oy since 2003. Kimmo had a long career at IBM (1980–2003) and was a member of the IBM Finland Management Team between 1994 and 2003. Currently, Kimmo is an independent entrepreneur, providing management coaching and serving on the Board of Directors of several ICT companies.

Shares: 157,132
Shares held by related parties: 10,000



Marko Kauppi

Deputy Chair of the Board
MSc (Econ)
Born 1970

Deputy Chair of the Board since 2014, Member of the Board since 2011

Professional experience:
University of Vaasa, ABB, Opstock, Enskilda Securities, Mandatum, Arvo Omaisuudenhoido. After starting his career in academia, Marko took a more industry-oriented path by joining ABB, and moved to the financial sector some years later. He worked for 12 years in brokerage and banking. Since 2009, Marko has been an entrepreneur, managing his company Tenendum Oy and serving on the Board of Directors of several companies.

Shares: 16,000
Through Tenendum Oy: 248,800



Kati Hagros

Member of the Board
MSc in Social Sciences
and MSc in Technology
Born 1970

Member of the Board since 2014

Professional experience:
BNL Information Oy, Nokia Corporation, KONE Corporation, Aalto University. Kati has had a long international career in the high tech industry. She has extensive experience from various managerial positions in e-business, IT, and other related areas. She is currently the Chief Digital Officer of Aalto University. In 2014, she received the Finnish CIO of the Year and the Nordic CIO of the Year awards, and was recently named among the top 50 most inspirational women in Nordic tech. Additionally, Kati serves as the Chair of the Board at the Research Foundation of Helsinki University of Technology.

Shares: 3,239
Shares held by related parties: -



Juhani Kaskeala

Member of the Board
Admiral
Born 1946

Member of the Board since 2012

Professional experience:
Chief of Defence of the Finnish Defence Forces, 2001–2009, Member of the Board at KONE Corporation and Oy Forcit Ab. Juhani had a long career in the Finnish Defence Forces. After retiring from his position as Chief of Defence in 2009, he established his own consulting company, Admiral Consulting Oy. Juhani's contribution to the Nixu Board includes his deep knowledge of public administration, an extensive network of contacts, and his understanding of the rising importance of cyber defense.

Shares: 8,000
Through Admiral Consulting Oy: 12,000



Tuija Soanjärvi

Member of the Board
MSc (Econ)
Born 1955

Member of the Board since 2015

Professional experience:
TietoEnator Corporation, Elisa Corporation, Itella Corporation. For 15 years, Tuija served as the Chief Financial Officer and Member of the Board for various public companies and, for five years, as the CFO of a fully state-owned company. As a CFO, she has been responsible for not only corporate funding and finance, but also procurement, real estate property and premises, M&A, information security, and the governance of internal audits. Since the late 1990s, she has also served on the Board of Directors of companies not associated with her employer.

Shares: -
Shares held by related parties: -

GROUP MANAGEMENT TEAM



Petri Kairinen

Chief Executive Officer
MSc (Econ)
Born 1977

Petri has been Nixu's CEO since 2014 and has served as a Member of the Management team since 2006. Petri's most important responsibilities include leading Nixu's operating culture in such a way that the Nixu professionals thrive and evolve to perform their duties. Petri's service promise to Nixuans is 24HEar that is, the promise to read and acknowledge all incoming messages from employees within 24 hours. Before becoming CEO, Petri headed Nixu's sales and marketing since 2006. He has previous experience from sales and marketing positions in several technology-based companies such as Elcoteq, Affecto, and Hewlett-Packard.

Shares: 34,640
Shares held by related parties: -



Janne Kärkkäinen

Chief Financial Officer
MSc (Econ)
Born 1973

Janne Kärkkäinen was appointed CFO in January 2016. As CFO Janne is responsible for Nixu Group's financial management and risk management, and operational support functions. Additionally, he serves as Nixu's deputy CEO and Secretary of the Board. Janne is an experienced CFO with a long international career, providing Nixu with wide-ranging international expertise in the financial management of consulting and service companies. Before joining Nixu, Janne worked as CFO at M-Brain, Global Intelligence Alliance Group, and Tetra Pak.

Shares: 5,455
Shares held by related parties: -



Valtteri Peltomäki

Chief Commercial Officer
MSc (Econ)
Born 1981

Valtteri has served as Nixu's CCO since 2014, his responsibilities being sales, marketing, and sales partners. He has extensive experience in customer relationship development, sales management, and marketing in cybersecurity, allowing him to promote a customer-oriented sales culture across the company. Valtteri joined Nixu in 2008. Before becoming CCO, he served as Nixu's sales manager and held various sales and marketing positions. Before joining Nixu, Valtteri held various specialist positions, for example at Capgemini.

Shares: 6,787
Shares held by related parties: -

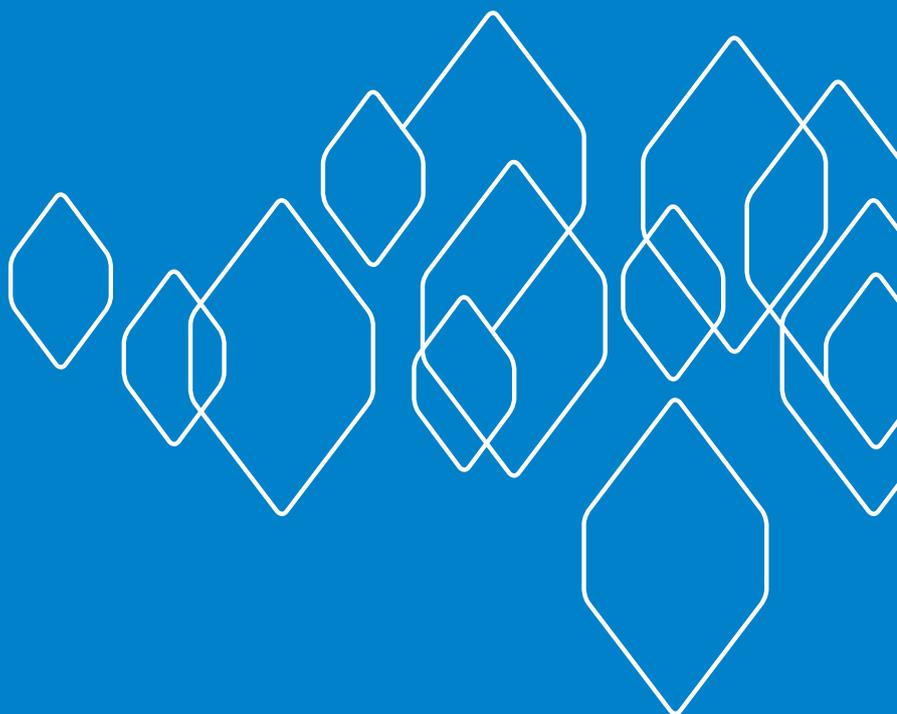


Kim Westerlund

Chief Development Officer
University-level studies
Born 1975

Kim has been Nixu's CDO since 2014. His responsibilities include service and personnel development and the development of Nixu's overall operations. Before becoming CDO, Kim managed a business unit specializing in different information security architectures, starting in the position in 2005. Before joining Nixu, Kim held various information security positions at Hewlett-Packard and Finland Post Corporation.

Shares: 26,109
Shares held by related parties: -



Situation on January 1, 2017: As part of its organizational overhaul, Nixu formed a new Corporate Management Team on November 1, 2016. During the accounting period, the management team also included Johan Boije af Gennäs, who served as Chief Operational Officer until end of August, 2016.

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***WE KEEP THE
DIGITAL SOCIETY
RUNNING.***

2016 ANNUAL REPORT AND FINANCIAL STATEMENTS

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ANNUAL REPORT

(UNOFFICIAL TRANSLATION)

THE DEVELOPMENT OF NIXU GROUP IN THE ACCOUNTING PERIOD JANUARY 1-DECEMBER 31, 2016

In 2016, our growth strategy made considerable headway, and we reached several significant milestones in our journey toward becoming the number one choice as a trusted cybersecurity partner for companies headquartered in Northern Europe. We reinforced our position in the Dutch market, established a prominent foothold in the Swedish market, and prepared for launching our operations in the United States. The most important step, however, was taken in the fall, when we started working on our new operating model and corporate culture. The basis for this new philosophy lies not in disparate local companies, but in our employees, who will work and collaborate across borders.

The Nixu Group's revenue was EUR 21,577.7 thousand (2015: 18,012.7). Compared to the previous accounting period, revenue increased by 19.8%. The primary factors supporting revenue growth included organic growth in the Finnish market and the acquisition of Euro-point Networking AB at the end of March 2016.

The company's other operating income amounted to EUR 598.8 thousand (237.9). Other operating income increased by 152% due to new research projects organized by the EU and Tekes, the Finnish Funding Agency for Innovation.

Nixu's EBITDA for 2016 was EUR 772.7 thousand (2,071.2). Compared to the previous year, EBITDA decreased by 63% due to strategic allocations in international growth and technology-based services development. These costs will not be capitalized. Moreover, slower than expected revenue intake between January and March affected profitability.

Nixu's EBIT for the accounting period was EUR 115.5 thousand (1,193.7). EBIT was affected by the factors discussed above.

The loss for the January-December 2016 accounting period was EUR -241.6 thousand (2015: profit, 687.2). The company's profit before goodwill amortization was EUR 247.8 thousand (1,460.5).

As the goodwill amortization period was changed in the 2016 accounting period, the EBIT and the loss for the accounting period are incompatible with the corresponding figures for the previous accounting periods. Based on successes in personnel and client retention after acquisition deals and positive growth in the company's business, the company decided to extend the planned goodwill amortization period from five to ten years. In 2016, goodwill amortization amounted to EUR 489.4 thousand (773.3). In the 2016 half-year financial report, goodwill amortization was reported under the previous amortization method.

The group's effective tax rate has increased due to non-deductible goodwill amortization and loss-making operations in the Netherlands.

KEY INDICATORS FOR THE GROUP AND THE PARENT COMPANY

The January 1–December 31, 2016 accounting period was the company's 28th. The following key figures represent the company's financial status and the development of its result:

	2016	2015	2014
Revenue (EUR 1,000)	21,578	18,013	14,522
Operating profit (EUR 1,000)	116	1,194	1,174
Operating margin	0.5 %	6.6 %	8.1 %
Equity ratio	50.9 %	52.6 %	44.8 %

The key indicators for the parent company:

	2016	2015	2014
Revenue (EUR 1,000)	19,768	17,998	12,467
Operating profit (EUR 1,000)	1,088	1,172	1,213
Operating margin	5.5 %	6.5 %	9.7 %

BUSINESS AREAS AND ORGANIZATIONAL STRUCTURE

During the accounting period, the Nixu Group expanded substantially by acquiring two companies – Europoint Networking AB and Safeside Solutions AB – and founding Nixu Inc., a subsidiary operating in the United States.

At the end of the accounting period, the group had the following fully-owned subsidiaries: Nixu Certification Oy, Nixu B.V., Europoint Networking AB, Safeside Solutions AB, and Nixu Inc.

Nixu Certification Oy will focus on its business as an Independent Safety Assessor.

PERSONNEL

Nixu's vision is to be the best employer for information security professionals. This goal is critical not only for the quality and continuity of the company's operations, but also for its continuous growth.

During the review period, Nixu renovated the sixth-floor facilities of its offices in Espoo's Keilaranta district to better meet the requirements of modern and highly-flexible professional work. One of the purposes of the new facilities is to encourage Nixu experts to share their expertise and work in tandem in multidisciplinary client projects.

At the end of the accounting period, the group had 222 employees (December 31, 2015: 159). The number of personnel increased by 63.

The following key figures represent the company's personnel (EOY if not otherwise stated):

	2016	2015	2014
On average during the accounting period	191	154	124
Wages, salaries and fees during the accounting period (EUR 000)	12,106	9,075	7,640
Average length of employment (years)	4.2	5.3	4.5
Average age (years)	40.3	38.7	38.2
Permanent employees	95 %	92 %	99 %
Part-time employees	9 %	13 %	9 %
Employees with higher education	83 %	71 %	70 %
Employees with secondary or upper secondary education	17 %	17 %	15 %
Women's share of the group's personnel	18 %	13 %	13 %

MANAGEMENT

In the review period, Nixu Oyj's Board of Directors consisted of Kimmo Rasila (Chairman), Marko Kauppi (Deputy Chairman), Kati Hagros, Juhani Kaskeala, and Tuija Soanjärvi.

Until the end of October 2016, the Nixu Management Team consisted of CEO Petri Kairinen (Chairman), CFO Janne Kärkkäinen, CDO Kim Westerlund, CCO Valtteri Peltomäki, COO Johan Boije af Gennäs, Senior Manager for Identity and Access Management (IAM) Operations Kati Niemi, and Senior Manager for Solution Consultation Risto Vuori.

At the beginning of November, Nixu reshaped its organization to accommodate its new international structure. As part of this organizational change, Nixu formed a new Group Management Team. Effective as of November 1, 2016, the team includes CEO Petri Kairinen, CFO Janne Kärkkäinen, CCO Valtteri Peltomäki, and CDO Kim Westerlund. The company's local management team in Finland will continue to run its Finnish operations.

The company's auditor is audit firm PricewaterhouseCoopers Oy, the auditor in charge being Authorized Public Auditor Heikki Lassila.

SHARES, SHAREHOLDERS, AND STRUCTURAL REORGANIZATION

Nixu has one share series. Each share entitles the holder to equal voting and dividend rights. On December 31, 2016, the total number of shares was 6,372,035 (December 31, 2015: 6,112,035). On December 31, 2016, Nixu had a total of 2,498 (2,163) shareholders.

The company's shares are listed on the Nasdaq First North market in Helsinki, Finland. Between January 1 and December 31, 2016, a total of 1,341,259 Nixu shares were traded for a total of EUR 6,753,815.74. At its highest, the share price was EUR 6.15 and at the lowest EUR 4.41, the median rate being EUR 5.18 and the December 31, 2016 closing price EUR 6.05. The market value of the stock using the closing price for the review period was approximately EUR 38.6 million.

During the accounting period, the company repurchased a total of 7,200 of its own shares for a total amount of EUR 12,420. The repurchase was conducted as a directed repurchase outside public trading, pursuant to the terms and conditions of Nixu Oyj's 2014 personnel shares issue. On 31 December, 2016, Nixu Oyj held 7,200 of its own shares.

Shares issues during the accounting period:

- Directed issue of 90,000 shares, directed to the shareholders of Safeside Solutions AB as payment-in-kind for the acquisition of their company. A total of 90,000 new shares were subscribed, the subscription price being EUR 5.36 per share. The owners of Safeside Solutions AB have agreed to a stock transfer restriction concerning their shareholdings in Nixu Oyj. The restriction period for the first 50 percent of the shares ends on December 31, 2017 and the restriction period for the second 50 percent on December 31, 2018. The subscription price is considered as paid (paid in kind with Safeside Solution AB's shares pursuant to the terms and conditions of the company's deed of sale). The full subscription amount of EUR 482,400 has been recorded in Nixu Oyj's invested unrestricted equity reserve.
- Directed issue of 50,000 shares, directed to the sole shareholder of Europoint Networking AB as payment-in-kind for the acquisition of the company. A total of 50,000 new shares were subscribed, the subscription price being EUR 4.69 per share. Europoint AB has agreed to a stock transfer restriction concerning its shareholdings in Nixu Oyj. The restriction period for the first 50 percent of the shares ends on December 31, 2017 and the

restriction period for the second 50 percent on December 31, 2018. The subscription price is considered as paid (paid in kind with Europoint Networking AB's shares pursuant to the terms and conditions of the company's deed of sale). The full subscription amount of EUR 234,500 has been recorded in Nixu Oyj's invested unrestricted equity reserve.

- Directed issue of 120,000 shares to employees and CEOs of Nixu Oyj and its subsidiaries. A total of 120,000 new shares were subscribed, the subscription price being EUR 4.96 per share. The shares are subject to stock transfer restriction, described in detail in the terms and conditions of the directed issue. During the restriction period specified therein, the shares cannot be disposed of or pledged without the Board of Directors' consent. The first restriction period ends on November 30, 2017 and the second on November 30, 2018. Moreover, under certain conditions, the company will have the right to repurchase transfer-restricted shares from subscribers whose employment or CEO contract is cancelled within the restriction period. The company has granted loans to employees and managers who subscribed more than 400 of the new shares in the directed issue. These loans amount to a total of EUR 255 thousand, of which loans to management account for approximately EUR 37 thousand. The loans must be repaid no later than July 20, 2018. The full subscription amount of the shares issue, EUR 595,200, has been recorded in Nixu Oyj's invested unrestricted equity reserve.

On April 5, 2016, the Annual General Meeting authorized the Board of Directors to decide upon acquiring the company's own shares in one or several rounds. Up to 200,000 shares can be acquired using the company's unrestricted equity. By way of derogation from the rules governing shareholder association and ownership, employee bonus shares can be acquired from employee shareholders upon cessation of their employment. The Board of Directors will decide upon the terms and conditions of buying company shares pursuant to the terms and conditions of the company's incentive scheme. The authorization shall remain valid until the next Annual General Meeting.

At the end of the accounting period, the Board of Directors has the authorization of the October 30, 2014 Extraordinary General Meeting to decide upon one or several directed issues based on financial grounds that are material for the company, including stock exchange listing or acquiring funding for potential future acquisitions. The authorization is valid until October 30, 2019. The Board has the authorization to issue a further 2,045,909 shares.

RESEARCH AND DEVELOPMENT

In 2016, Nixu introduced a number of electronic services previously under development to a number of initial clients for pilot testing. These electronic services and the company's situational awareness tool form the backbone of the continuous Nixu Cyber Defense Center service package, and they play a key role in project-based assignments. The goal of Nixu's development efforts is to provide tools for visualizing the client's cybersecurity status in a way that supports the client's decision-making and situational leadership, and helps to establish Nixu's status as the client's comprehensive cybersecurity partner.

Nixu was invited to participate in an EU-organized EU-SEC research development project, which focuses on creating a general framework for implementing and auditing information security in cloud services. As part of the 5G-ENSURE program, Nixu continued its research on 5G network information security. SAICS, a two-year Finnish cybersecurity research program, was concluded in June 2016.

BUSINESS RISKS

The company's biggest short-term risks are related to the uncertainty caused by the general economic development, which may prompt key clients to postpone or cancel projects. In particular, protectionist policies adopted by the United States may influence the global economy and, more specifically, the revenue of Nixu's operations in the United States.

As part of its growth strategy, the company has started investing in international growth. If customer acquisition in new markets turns out to be more difficult than expected, the company's entry into new markets may considerably compromise the company's profitability. If the company does not manage to attract a sufficient customer base, some of its international operations may have to be discontinued.

As part of its growth strategy, the company has started investing heavily in its continuous scalable services business. The business models, methods, and the promised service levels in the services business are different from those in the consultation business. Implementing these changes can be challenging, potentially causing substantial direct and indirect adverse consequences to Nixu.

Moreover, the company's growth expectations are heavily based on skilled personnel. If the company is unable to recruit the planned number of information security experts and keep them on its payroll, the development of the company's revenue may suffer.

Increased economic growth as well as the rapidly-increasing demand in the cybersecurity market may result in wage inflation, which, in turn, can have a material impact on the costs incurred by service companies.

Nixu's business requires great trust from its clients. Information security attacks on our clients' systems and potential problems in Nixu's services may result in substantial direct and indirect adverse consequences to Nixu.

Unexpected delays and extra work are typical for big solution delivery projects, adding uncertainty, which may incur costs the company must bear in part or in full. Moreover, Nixu may not always be able to allocate personnel resources, schedule tasks for long-term projects or plan its operations according to its predictions.

Even though Nixu's strategy relies mainly on organic growth, the company is also constantly searching for growth opportunities from acquisitions. However, there might not be companies that would support Nixu's strategy or otherwise be compatible with its operations available. Moreover, there is no guarantee that Nixu would manage to successfully integrate any company it acquires in its business or achieve the strategic goals or synergy benefits expected from the acquisition. Consequently, there is no guarantee that acquisitions would generate the expected revenue or profit. Acquisitions may also present unexpected risks and latent responsibilities for which the company has been unable to prepare. Exploring acquisition opportunities and going through with the actual deals can tie up substantial management resources, which can have an adverse effect on the company's core business.

If the future returns from consolidated goodwill do not match current expectations, it may be possible that the consolidated goodwill amortization period must be changed or an impairment charge might be required.

Company funding involves common covenants, which, if breached, may have an adverse effect on the company's financial position.

FINANCIAL INSTRUCTIONS FOR 2017

Nixu will strive to continue its growth faster than its market while maintaining profitability. Our medium-term goal is to achieve an annual revenue growth rate above 15 percent and an EBITDA margin above 10 percent.

Compared to last year, our revenue growth rate will increase substantially in the 2017 accounting period, stimulated by last year's acquisitions and strong organic growth. We will also continue to invest in growth in the current accounting period.

EVENTS AFTER THE CLOSE OF THE ACCOUNTING PERIOD

There have been no material events concerning the company after the accounting period.

THE BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

On December 31, 2016, the parent company's assets subject to profit distribution amounted to EUR 9,330,473.05, of which the profit for the period amounts to EUR 723,882.21. The group's profit before goodwill amortization was EUR 247,802.66. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2016. The Board of Directors believes that instead of paying dividends, it is in the shareholders' interest to exploit the growth potential in the company's current markets.

Consequently, the dividend proposal deviates from the Nixu profit distribution policy: "Nixu strives to distribute 30-70 percent of its annual profit to shareholders".

There have been no significant changes in Nixu's financial status since the close of the accounting period.

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

EUR 1,000	Notes	GROUP 01/01/2016- 12/31/2016	GROUP 01/01/2015- 12/31/2015
REVENUE	1.	21,577.70	18,012.70
Other operating income	2.	598.82	237.94
Materials and services	3.		
Materials and services		-1,541.56	-1,373.19
Materials and services in total		-1,541.56	-1,373.19
Personnel costs	4.		
Wages, salaries and fees		-12,213.91	-9,176.87
Social security costs			
Pension costs		-2,172.72	-1,609.89
Other social security costs		-606.65	-461.74
Personnel costs in total		-14,993.28	-11,248.50
Amortization and depreciation	5.		
Amortization and depreciation according to plan		-657.07	-877.48
Amortization and depreciation in total		-657.07	-877.48
Other operating expenses	6.	-4,868.98	-3,557.78
OPERATING PROFIT		115.63	1,193.69
Financial income and expenses	7.		
Other interest income and financial income			
Receivables from non-group companies		36.36	12.87
Interest expenses and other financial expenses			
Payables to non-group companies		-132.78	-132.67
Financial income and expenses in total		-96.42	-119.80
PROFIT BEFORE APPROPRIATIONS AND TAXES		19.21	1 073.90
Income taxes	8.	-260.84	-386.71
PROFIT/LOSS FOR THE ACCOUNTING PERIOD		-241.63	687.19

CONSOLIDATED BALANCE SHEET

EUR 1,000	Notes	GROUP 12/31/2016	GROUP 12/31/2015
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9.		
Intangible rights		137.75	90.83
Intangible assets in total		137.75	90.83
Consolidated goodwill		6,080.90	2,899.95
Tangible assets	10.		
Machinery and equipment		376.70	282.93
Tangible assets in total		376.70	282.93
NON-CURRENT ASSETS IN TOTAL		6,595.35	3,273.70
CURRENT ASSETS			
Non-current receivables	11.		
Loans receivable		94.21	0.00
Non-current receivables in total		94.21	0.00
Current receivables			
Accounts receivable	11.	5,861.84	3,989.79
Deferred tax assets		13.06	0.00
Loans receivable		167.10	0.00
Other receivables		381.44	150.45
Prepayments and accrued income		762.84	1,040.77
Current receivables in total		7,186.29	5,181.00
Receivables in total		7,280.51	5,181.00
Cash in hand and at bank		2,717.68	6,633.33
CURRENT ASSETS IN TOTAL		9,998.19	11,814.33
ASSETS IN TOTAL		16,593.54	15,088.04
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	12.	94.82	94.82
Invested unrestricted equity reserve		6,713.95	5,401.85
Retained profit		1,875.23	1,759.09
Profit/loss for the accounting period		-241.63	687.19
SHAREHOLDERS' EQUITY		8,442.37	7,942.95
LIABILITIES			
Non-current	13.		
Loans from financial institutions		2,029.85	2,746.27
Other non-current liabilities		184.24	0.00
Non-current liabilities in total		2 214,10	2 746,27
Current			
Loans from financial institutions		716.42	716.42
Accounts payable		582.92	419.49
Other liabilities		1,775.86	1,111.33
Accruals and deferred income		2,861.88	2,151.58
Current liabilities in total		5,937.08	4,398.82
LIABILITIES		8,151.18	7,145.08
EQUITY AND LIABILITIES IN TOTAL		16,593.54	15,088.04

CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	Jan-Dec 2016	Jan-Dec 2015
Profit before appropriations	19.2	1,073.9
Amortization and depreciation	657.1	877.5
Taxes	-318.3	-386.7
Change in working capital	-977.9	-838.6
Cash flow from operations	-619.9	726.1
Investments	-2,356.6	-1,864.8
Cash flow from investments	-2,356.6	-1,864.8
Repayments of non-current loans	-716.4	0.0
Increase in equity subject to a charge	339.7	0.0
Dividends paid	-550.1	-489.0
Repurchase of own shares	-12.4	0.0
Net cash flow from financing	-939.2	-489.0
Change in liquid assets	-3,915.7	-2,165.0
Liquid assets at the start of the accounting period	6,633.3	8,798.3
Liquid assets at the end of the accounting period	2,717.7	6,633.3

ACCOUNTING PRINCIPLES

VALUATION PRINCIPLES

VALUATION OF FIXED ASSETS

Fixed assets have been capitalized in the balance sheet as direct acquisition costs, which have been depreciated according to plan. Fixed assets are depreciated on a straight-line basis according to a prepared depreciation plan. Depreciation amounts have been calculated based on the estimated economic life of the relevant assets.

Intangible assets

Intangible rights	5 years
Other long-term expenditure	5 years
Merger loss	10 years
Consolidated goodwill	10 years

Tangible assets

Machinery and equipment	5 years
Furniture	5 years
Vehicles	5 years

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed in the accounting period in which they occur.

ITEMS DENOMINATED IN FOREIGN CURRENCIES

Receivables and payables in foreign currencies are recorded at the exchange rates of the European Central Bank prevailing on the date of the report.

DERIVATIVES CONTRACTS AND HEDGE ACCOUNTING

Hedging instruments associated with financial institution loans are valued at actual fair price. To the extent recognized in the financial statements, derivative interest-rate contracts are reported in financial items.

REVENUE

Annual support service contracts have been deferred over the accounting period.

CONSOLIDATED FINANCIAL STATEMENTS

THE EXTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the parent company, subsidiaries in which the parent company holds, directly or indirectly, over 50% of voting rights, and subsidiaries whose financial or operational decision-making is completely under the parent company's control.

At the closing of accounts, the group consisted of the parent company and its five fully-owned subsidiaries: Nixu Certification Oy, domicile: Espoo (Finland), Nixu B.V., domicile: the Netherlands, Europoint Networking AB, domicile: Sweden, Safeside Solutions AB, domicile: Sweden, and Nixu Inc., domicile: United States.

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared according to the acquisition cost method. To the extent of the group's interest, the portion of acquisition cost exceeding the difference between the company's assets and liabilities has been presented as consolidated goodwill, which is amortized on a straight-line basis over ten years. Intercompany liabilities and transactions have been eliminated in the consolidated financial statements.

The financial statements are available for viewing at the following address: Keilaranta 15, Espoo, Finland.

DEFERRED TAXES

The amount of deferred tax assets from losses recorded in the financial statements has been calculated based on estimated potential future taxable profits against which they can be realized. Deferred tax assets have been recorded following the prudence concept, especially when based on losses incurred by early-stage subsidiaries.

COMPARABILITY OF THE FINANCIAL STATEMENTS

When comparing the amounts in the current financial statements to the amounts in the financial statements of previous periods, the following must be considered: Effective as of April 1, 2016, Europoint Networking AB was consolidated into the Nixu Group and, effective November 1, 2016, Safeside Solutions AB was consolidated into the Nixu Group.

Based on successes in personnel and company retention and positive growth in the company's business, Nixu decided to extend its goodwill and merger loss amortization period from five to ten years. In 2016, goodwill amortization amounted to EUR 489.4 thousand and in 2015, EUR 773.3 thousand. Calculated based on a 10-year amortization period for comparison, the goodwill amortization for 2015 would have amounted to EUR 386.7 thousand.

Due to the change in the goodwill amortization period, the parent company's and the group's figures for the 2016 accounting period are not directly compatible with those of previous accounting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the income statement

EUR 1,000	12/31/2016	12/31/2015
1. REVENUE BY MARKET AREA		
Finland	17,858.70	16,898.30
Foreign markets	3,719.00	1,114.40
Total	21,577.70	18,012.70
2. OTHER OPERATING INCOME		
Grants from TEKES	409.78	164.40
Other income	189.05	73.54
Total	598.82	237.94
3. MATERIALS AND SERVICES		
Subcontracting	-1,148.00	-889.86
Other	-393.56	-483.33
Total	-1,541.56	-1,373.19
4. PERSONNEL COSTS		
Management wages, salaries and fees		
Chief Executive Officers	155.9	268.8
Members of the Board of Directors	108.2	101.4
Number of personnel		
Average number of personnel – clerical staff	191	154
	191	154
5. AMORTIZATION AND DEPRECIATION		
Consolidated goodwill amortization	-489.43	-773.32
Other amortization and depreciation	-167.64	-104.16
Total	-657.07	-877.48
6. OTHER OPERATING EXPENSES		
Rent payments	-580.81	-489.67
Purchased services	-1,254.48	-856.39
ICT costs	-720.79	-608.10
Marketing costs	-575.61	-288.61
Other operating expenses	-1,738.29	-1,315.01
Total	-4,869.98	-3,557.78
Auditors' fees		
Audit fees billed by PWC	-39.78	-55.79
Consulting fees billed by PWC	-12.42	-13.66
Total	-52.20	-69.45

7. FINANCIAL INCOME AND EXPENSES	12/31/2016	12/31/2015
Other interest income and financial income	36.36	12.87
Other interest expenses	-132.78	-132.67
Total	-96.42	-119.80
8. INCOME TAXES		
Income taxes in the accounting period	-318.32	-385.57
Income taxes from previous accounting periods	0.00	-1.14
Change in deferred tax liabilities or assets	57.48	0.00
Total	-260.84	-386.71

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the balance sheet

EUR 1,000

9. INTANGIBLE ASSETS	Consolidated goodwill	Intangible rights	Total
Acquisition cost at the start of the accounting period	3,866.60	399.27	4,265.87
Increases	3,670.38	112.31	3,782.69
Acquisition cost at the end of the accounting period	7,536.98	511.57	8,048.55
Accumulated amortization and impairments at the start of the accounting period	966.65	308.44	1,275.08
Amortization during the accounting period	489.43	65.38	554.81
Accumulated amortization at the end of the period	1,456.08	373.82	1,829.90
Book value at the end of the period	6,080.90	137.75	6,218.65

10. TANGIBLE ASSETS	Machinery and equipment	Total
Acquisition cost at the start of the accounting period	1,140.03	1,140.03
Increases	196.02	196.02
Acquisition cost at the end of the accounting period	1,336.05	1,336.05
Accumulated depreciation and impairments at the start of the accounting period	857.10	857.10
Depreciation during the accounting period	102.26	102.26
Accumulated depreciation at the end of the period	959.36	959.36
Book value at the end of the period	376.70	376.70

11. RECEIVABLES	GROUP 12/31/2016	GROUP 12/31/2015
PREPAYMENTS AND ACCRUED INCOME		
Receivables from employer's statutory insurance premiums	152.59	550.96
License fee deferral	193.97	185.30
Grants from TEKES	193.30	187.56
Other prepayments and accrued income	222.97	116.95
Total	762.84	1,040.77

DEFERRED TAX ASSETS:

The deferred tax asset of losses of the subsidiaries amount to approximately 202,000 euros, and 13,000 euros of this sum have been recorded.

12. SHAREHOLDERS' EQUITY

	GROUP 12/31/2016	GROUP 12/31/2015
Restricted shareholders' equity:		
Share capital at the start of the accounting period	94.82	94.82
Share capital at the end of the accounting period	94.82	94.82
Restricted shareholders' equity in total	94.82	94.82
Unrestricted equity:		
Invested unrestricted equity reserve at the start of the accounting period	5,401.85	5,401.85
Directed issue	1,312.10	0.00
Invested unrestricted equity reserve at the end of the accounting period	6,713.95	5,401.85
Retained profit at the start of the accounting period	2,446.28	2,248.05
Dividends paid	-550.08	-488.96
Purchase of own shares	-12.42	0.00
Translation differences	-8.55	0.00
Retained profit at the end of the accounting period	1,875.23	1,759.09
Profit/loss for the accounting period	-241.63	687.19
Unrestricted equity in total	8,347.55	7,848.13
Shareholders' equity in total	8,442.37	7,942.95

13. LIABILITIES

	GROUP 12/31/2016	GROUP 12/31/2015
NON-CURRENT LIABILITIES		
Liabilities maturing within 5 years		
Loans from financial institutions	2,029.85	2,746.27
Purchase price liability from acquisition	184.24	0.00
Total	2,214.10	2,746.27
The conditions of the finance loan include covenants on the self-sufficiency level and the gross operating margin. The covenants have been met during the accounting period.		
CURRENT LIABILITIES		
Loans from financial institutions		
Financial institution loan amortization	716.42	716.42
Total	716.42	716.42
Other liabilities		
Purchase price liability from acquisition	222.45	0.00
Other current liabilities	1,553.41	1,111.33
Total	1,775.86	1,111.33
Material items included in accrued expenses		
Annual leave pay, including statutory social security contributions	1,558.28	1,065.02
Other accruals and deferred income	1,303.61	1,086.56
Total	2,861.88	2,151.58

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Other notes

14. COLLATERAL, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

EUR 1,000	12/31/2016	12/31/2015
Leasing liabilities		
Amounts payable for leasing contracts		
Maturing within the next 12 months	305.15	248.70
Maturing in more than 12 months	345.20	279.10
TOTAL	650.35	527.80
Other commitments		
Rent liabilities	788.45	1,194.00
Deposits and pledged funds	138.60	140.40
Mortgages	4,118.64	4,118.64
TOTAL	5,045.69	5,453.04

Business mortgages were used as collateral for Nixu Corporation's MEUR 2.7 financial institution loan and EUR 800k credit limit. At the end of the review period, the credit limit has remained unused.

15. HOLDINGS IN OTHER UNDERTAKINGS

Name	Domicile	Ownership interest	Shareholders' equity on December 31, 2016	Profit/loss for the accounting period
Nixu Certification Oy	Espoo, Finland	100,00	111.43	-8.52
Nixu B.V	The Netherlands	100,00	-769.07	-757.84
Europoint Networking AB	Sweden	100,00	219.72	84.08
Safeside Solutions AB	Sweden	100,00	536.93	305.49
Nixu Inc.	The United States of America	100,00	-1.34	-1.28

PARENT COMPANY'S INCOME STATEMENT

	Notes	1/1/2016-12/31/2016 EUR	1/1/2015-12/31/2015 EUR
REVENUE	1.	19,767,738.56	17,998,041.66
Other operating income	2.	592,566.51	236,977.66
Materials and services	3.		
Materials and services		-1,585,086.04	-2,802,376.56
Materials and services in total		-1,585,086.04	-2,802,376.56
Personnel costs	4.		
Wages, salaries and fees		-10,765,617.94	-8,284,149.91
Social security costs			
Pension costs		-1,787,366.33	-1,517,677.41
Other social security costs		-568,561.08	-436,469.38
Personnel costs in total		-13,121,545.35	-10,238,296.70

Amortization and depreciation			
Amortization and depreciation according to plan		-466,506.21	-542,675.82
Amortization and depreciation in total		-466,506.21	-542,675.82
Other operating expenses	5.	-4,098,956.34	-3,479,978.84
OPERATING PROFIT		1,088,211.13	1,171,691.40
Financial income and expenses	6.		
Other interest income and financial income			
From group companies		11,241.58	0.00
Receivables from non-group companies		30,256.77	12,872.08
Interest expenses and other financial expenses			
Payables to non-group companies		-130,857.74	-132,505.69
Financial income and expenses in total		-89,359.39	-119,633.61
PROFIT BEFORE EXTRAORDINARY ITEMS		998,851.74	1,052,057.79
PROFIT BEFORE APPROPRIATIONS AND TAXES		998,851.74	1,052,057.79
Income taxes	7.	-274,969.53	-309,726.58
PROFIT FOR THE ACCOUNTING PERIOD		723,882.21	742,331.21

PARENT COMPANY'S BALANCE SHEET

	Notes	12/31/2016 EUR	12/31/2015 EUR
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9.		
Intangible rights		137,754.41	90,831.32
Other long-term expenditure		2,558,067.03	2,865,035.07
Intangible assets in total		2,695,821.44	2,955,866.39
Tangible assets	10.		
Machinery and equipment		312,481.84	276,482.48
Tangible assets in total		312,481.84	276,482.48
Investments	11.		
Shares in group companies		4,591,415.55	152,501.00
Investments in total		4,591,415.55	152,501.00
NON-CURRENT ASSETS IN TOTAL		7,599,718.83	3,384,849.87
CURRENT ASSETS			
Receivables	12.		
Long-term receivables			
Intercompany receivables		875,893.18	100,000.00
Other non-current receivables		94,213.81	0.00
Non-current receivables in total		970,106.99	100,000.00

Current receivables		
Accounts receivable	4,931,659.25	3,989,790.19
Intercompany receivables	200,300.67	19,139.11
Other receivables	145,373.50	141,858.37
Loans receivable	161,346.98	0.00
Prepayments and accrued income	683,172.30	1,037,255.16
Current receivables in total	6,121,852.70	5,188,042.83
Receivables in total	7,091,959.69	5,288,042.83
Cash in hand and at bank	2,059,951.19	6,405,010.19
CURRENT ASSETS IN TOTAL	9,151,910.88	11,693,053.02
ASSETS IN TOTAL	16,751,629.71	15,077,902.89

	Notes	12/31/2016 EUR	12/31/2015 EUR
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
	13.		
Share capital		94,821.20	94,821.20
Invested unrestricted equity reserve		6,713,948.50	5,401,848.50
Retained profit		1,892,642.34	1,712,814.28
Profit for the accounting period		723,882.21	742,331.21
SHAREHOLDERS' EQUITY		9,425,294.25	7,951,815.19
LIABILITIES			
	14.		
Non-current			
Loans from financial institutions		2,029,850.50	2,746,268.50
Other non-current liabilities		184,244.96	0.00
Non-current liabilities in total		2,214,095.46	2,746,268.50
Current			
Loans from financial institutions		716,418.00	716,418.00
Accounts payable		439,655.29	415,966.39
Intercompany liabilities		56,254.96	22,878.00
Other liabilities		1,394,670.98	1,096,783.82
Accruals and deferred income		2,505,240.77	2,127,772.99
Current liabilities in total		5,112,240.00	4,379,819.20
LIABILITIES		7,326,335.46	7,126,087.70
EQUITY AND LIABILITIES IN TOTAL		16,751,629.71	15,077,902.89

PARENT COMPANY'S CASH FLOW STATEMENT

	EUR Jan-Dec 2016	EUR Jan-Dec 2015
Profit before appropriations	998,852	1,052,058
Amortization and depreciation	466,506	542,676
Taxes	-274,970	-309,727
Change in working capital	-761,072	1,385,751
Cash flow from operations	429,316	2,670,758
Investments	-3,835,094	-1,974,295
Cash flow from investments	-3,835,094	-1,974,295
Repayments of non-current loans	-716,418	-537,314
Increase in equity subject to a charge	339,640	0
Dividends paid	-550,083	-488,963
Repurchase of own shares	-12,420	0
Net cash flow from financing	-939,281	-1,026,276
Change in liquid assets	-4,345,059	-329,813
Liquid assets at the start of the accounting period	6,405,010	6,734,823
Liquid assets at the end of the accounting period	2,059,951	6,405,010

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

Notes to the income statement

	12/31/2016	12/31/2015
1. REVENUE BY MARKET AREA		
Finland	17,987,769.80	16,883,638.93
Foreign markets	1,779,968.76	1,114,402.73
Total	19,767,738.56	17,998,041.66
2. OTHER OPERATING INCOME		
Grants from TEKES	409,776.50	164,400.38
Other income	182,790.01	72,577.28
Total	592,566.51	236,977.66
3. MATERIALS AND SERVICES		
Externally sourced materials and services	-1,585,086.04	-2,802,376.56
Total	-1,585,086.04	-2,802,376.56
4. PERSONNEL COSTS		
MANAGEMENT WAGES, SALARIES, AND FEES		
Members of the Board and CEOs	264,081.69	269,269.86
NUMBER OF PERSONNEL		
Average number of personnel – clerical staff	167	151
	167	151

5. OTHER OPERATING EXPENSES

Rent payments	-497,781.39	-477,216.96
Purchased services	-922,622.66	-841,660.01
ICT costs	-715,596.74	-597,904.11
Marketing costs	-464,284.30	-288,606.92
Other operating expenses	-1,498,671.25	-1,274,590.84
Total	-4,098,956.34	-3,479,978.84

Auditors' fees

Audit fees billed by PWC	-39,782.71	-49,988.59
Consulting fees billed by PWC	-12,418.33	-13,663.79
Total	-52,201.04	-63,652.38

6. FINANCIAL INCOME AND EXPENSES

Other interest income and financial income from group companies	11,241.58	0.00
Other interest income and financial income from non-group companies	30,256.77	12,872.08
Other interest expenses	-130,857.74	-132,505.69
Total	-89,359.39	-119,633.61

7. INCOME TAXES

Income taxes in the accounting period	-274,913.21	-308,578.92
Income taxes from previous accounting periods	-56.32	-1,147.66
Total	-274,969.53	-309,726.58

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

Notes to the balance sheet

9. INTANGIBLE ASSETS

	Merger loss	Intangible rights	Total
Acquisition cost at the start of the accounting period	3,305,809.70	380,713.65	3,686,523.35
Increases	0.00	112,305.61	112,305.61
Acquisition cost at the end of the accounting period	3,305,809.70	493,019.26	3,798,828.96
Accumulated amortization and impairments at the start of the accounting period	440,774.63	289,882.33	730,656.96
Amortization during the accounting period	306,968.04	65,382.52	372,350.56
Accumulated amortization at the end of the period	747,742.67	355,264.85	1,103,007.52
Book value at the end of the period	2,558,067.03	137,754.41	2,695,821.44

10. TANGIBLE ASSETS

	Machinery and equipment	Total
Acquisition cost at the start of the accounting period	1,132,173.04	1,132,173.04
Increases	130,155.01	130,155.01
Acquisition cost at the end of the accounting period	1,262,328.05	1,262,328.05

Accumulated depreciation and impairments at the start of the accounting period	855,690.56	855,690.56
Depreciation during the accounting period	94,155.65	94,155.65
Accumulated depreciation at the end of the period	949,846.21	949,846.21
Book value at the end of the period	312,481.84	312,481.84

11. INVESTMENTS

	Shares in sub-sidiaries	Total
Acquisition cost at the start of the accounting period	152,501.00	152,501.00
Increases	4,438,914.55	4,438,914.55
Acquisition cost at the end of the accounting period	4,591,415.55	4,591,415.55
Book value at the end of the period	4,591,415.55	4,591,415.55

12. RECEIVABLES

	12/31/2016	12/31/2015
INTERCOMPANY RECEIVABLES		
Non-current		
Loans receivable, non-current	875,893.18	100,000.00
Current		
Accounts receivable	167,009.03	0.00
Current prepayments and accrued income	33,291.64	19,139.11
Current receivables in total	200,300.67	19,139.11
KEY PREPAYMENT AND ACCRUED INCOME ITEMS		
Receivables from employer's statutory insurance premiums	151,919.57	550,955.92
License fee deferral	192,342.90	185,295.34
Direct taxes	0.00	0.00
Grants from TEKES	193,303.00	187,560.50
Other prepayments and accrued income	145,606.83	113,443.40
Total	683,172.30	1,037,255.16

13. SHAREHOLDERS' EQUITY

	12/31/2016	12/31/2015
Restricted shareholders' equity:		
Share capital at the start of the accounting period	94,821.20	94,821.20
Share capital at the end of the accounting period	94,821.20	94,821.20
Restricted shareholders' equity in total	94,821.20	94,821.20
Unrestricted equity:		
Invested unrestricted equity reserve at the start of the accounting period	5,401,848.50	5,401,848.50
Directed issue	1,312,100.00	0.00
Invested unrestricted equity reserve at the end of the accounting period	6,713,948.50	5,401,848.50

Retained profit at the start of the accounting period	2,455,145.49	2,201,777.08
Dividend distribution	-550,083.15	-488,962.80
Purchase of own shares	-12,420.00	0.00
Retained profit at the end of the accounting period	1,892,642.34	1,712,814.28
Profit for the accounting period	723,882.21	742,331.21
Unrestricted equity in total	9,330,473.05	7,856,993.99
Shareholders' equity in total	9,425,294.25	7,951,815.19
Calculation of assets subject to profit distribution		
Profit subject to profit distribution		
Retained profit	1,892,642.34	1,712,814.28
Profit for the accounting period	723,882.21	742,331.21
Profit subject to profit distribution	2,616,524.55	2,455,145.49
Other assets subject to profit distribution		
Invested unrestricted equity reserve	6,713,948.50	5,401,848.50
Other assets subject to profit distribution	6,713,948.50	5,401,848.50
Assets subject to profit distribution in total	9,330,473.05	7,856,993.99
14. LIABILITIES	12/31/2016	12/31/2015
NON-CURRENT LIABILITIES		
Liabilities maturing within 5 years		
Loans from financial institutions	2,029,850.50	2,746,268.50
Purchase price liability from acquisition	184,244.96	0.00
Total	2,214,095.46	2,746,268.50
The conditions of the finance loan include covenants on the self-sufficiency level and the gross operating margin. The covenants have been met during the accounting period.		
CURRENT LIABILITIES		
Loans from financial institutions		
Financial institution loan amortization	716,418.00	716,418.00
Total	716,418.00	716,418.00
Other liabilities		
Purchase price liability from acquisition	222,454.33	0.00
Other current liabilities	1,172,216.65	1,096,783.82
Total	1,394,670.98	1,096,783.82
Material items included in accrued expenses		
Annual leave pay, including statutory social security contributions	1,503,186.00	1,044,472.85
Accrued payroll	492,421.00	390,691.39
Other accruals and deferred income	509,633.77	692,608.75
Total	2,505,240.77	2,127,772.99

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

Other notes

	12/31/2016	12/31/2015
15. COLLATERAL, CONTINGENT LIABILITIES AND OTHER COMMITMENTS		
Leasing liabilities		
Amounts payable for leasing contracts		
Maturing within the next 12 months	260,306.07	248,652.82
Maturing in more than 12 months	253,450.56	279,083.44
TOTAL	513,756.63	527,736.26
Other commitments		
Rent liabilities	619,404.80	1,194,008.40
Mortgages	4,118,644.00	4,118,644.00
Deposits and pledged funds	140,400.00	140,400.00
TOTAL	4,878,448.80	5,453,052.40

Business mortgages were used as collateral for Nixu Corporation's MEUR 2.7 financial institution loan and EUR 800k credit limit. At the end of the review period, the credit limit has remained unused.

16. HOLDINGS IN OTHER UNDERTAKINGS

Name	Domicile	Ownership interest	Shareholders' equity	Profit/loss for the accounting period
Nixu Certification Oy	Espoo, Finland	100,00	111,432.15	-8,521.33
Nixu B.V.	The Netherlands	100,00	-769,070.53	-757,844.23
Europoint Networking AB	Sweden	100,00	219,724.71	84,078.61
Safeside Solutions AB	Sweden	100,00	536,629.34	305,488.39
Nixu Inc.	The United States of America	100,00	-1,339.60	-1,276.95

SIGNATURES TO THE FINANCIAL STATEMENTS AND ANNUAL REPORT

BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

In Espoo on February 15, 2017

Kimmo Rasila
Chairman

Marko Kauppi
Deputy Chairman

Kati Hagros
Member of the Board

Juhani Kaskeala
Member of the Board

Tuija Soanjärvi
Member of the Board

Petri Kairinen
Chief Executive Officer

AUDITORS' NOTE

A report has been given this day on the audit performed.

In Espoo on February 15, 2017

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

LIST OF ACCOUNTING JOURNALS

BOOKS OF ACCOUNTS

Balance sheet book	A bound paper book
Notes to financial statements	A bound paper book
Journal	On CD-ROM
General ledger	On CD-ROM
Income statement	On CD-ROM
Balance sheet	On CD-ROM

The retention period for books of accounts is 10 years.

RECEIPTS

Receipts are stored electronically.

The retention period is five years from the end of the accounting period.

TO THE ANNUAL GENERAL MEETING OF NIXU OYJ

Report on the Audit of the Financial Statements

OPINION

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Nixu Oyj (business identity code 0721811-7) for the financial period 1.1. – 31.12.2016. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing

practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our auditor's report thereon. We obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the information included in the report of the Board of Directors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 15 February 2017

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant (KHT)

CALCULATION FORMULAS

EBITDA	=	Operating profit + amortization expense + depreciation expense
Equity ratio (%)	=	$\frac{\text{Shareholders' equity}}{\text{balance sheet total}} \times 100$
Net interest-bearing dept	=	Non-current loans from financial institutions + current loans from financial institutions - financial securities - cash in hand and at bank
Net gearing (%)	=	$\frac{\text{Net interest-bearing dept}}{\text{Shareholders' equity}} \times 100$
Earnings per share	=	$\frac{\text{Profit/loss for the period}}{\text{Average number of outstanding shares in the accounting period}}$
Earnings per share before goodwill amortization	=	$\frac{\text{Profit/loss for the accounting period} + \text{goodwill amortization}}{\text{Average number of outstanding shares in the accounting period}}$

”

***WE BUILD
CYBERSECURITY.***

NIXU OYJ GOVERNANCE MODEL

In the organization of its administration, Nixu Corporation (“Nixu”) adheres to Finnish legislation such as the Limited Liability Companies Act and the Securities Markets Act, as well as the company’s Articles of Association. In the preparation of its annual financial statements and half-yearly reports, Nixu follows the Finnish Accounting Standards (FAS), which are based on the Finnish Accounting Act and Accounting Decree, the guidelines and statements of the Finnish Accounting Board as well as the rules applied to the First North Finland market.

GENERAL MEETING

The shareholders primarily participate in the governance of Nixu through decisions made at the General Meeting. The decision on convening a General Meeting is taken by the Board of Directors.

The Annual General Meeting must be held annually within six (6) months of the end of the accounting period on a date determined by the Board of Directors. In accordance with the Articles of Association, decisions must be made at the Annual General Meeting on the following: adoption of the financial statements, use of the profit shown on the adopted balance sheet, discharge of the members of the Board of Directors and the CEO from liability, the number of members on the Board of Directors, and remuneration to be paid to the members of the Board of Directors and the auditors. The Annual General Meeting must also appoint the members of the Board of Directors and the auditors, and decide upon the other matters possibly indicated in the notice of meeting.

BOARD OF DIRECTORS

The Board of Directors is responsible for the administration of Nixu and the appropriate organization of its operations. The Board of Directors has the general mandate to decide all issues concerning Nixu’s administration and other issues which do not fall within the responsibility of the General Meeting or the CEO. The Board convenes as often as is required to carry out its duties. The Board has quorum when more than half of its members are present. The General Meeting elects the members of the Board. According to the Articles of Association, Nixu’s Board of Directors may include at least three (3) and at most seven (7) regular members and a sufficient number of deputy members. The term of a member or deputy member of the Board ends with the conclusion of the Annual General Meeting following the appointment of the member. The Board may establish committees if required by the scope of Nixu’s business or to efficiently carry out the Board’s duties.

CHIEF EXECUTIVE OFFICER

The CEO is in charge of the day-to-day management of Nixu in accordance with the Limited Liability Companies Act and instructions, orders and mandates issued by the Board. The CEO is also responsible for ensuring that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner. The CEO also steers and supervises the operations of Nixu and its business, is in charge of the day-to-day operational management and implementation of the Company strategy, prepares the matters to be handled by the Board, and is responsible for the implementation of those matters. The Board appoints the CEO and determines the remuneration paid to the CEO and all the other terms and conditions in the CEO’s service agreement.

CORPORATE MANAGEMENT TEAM

The Corporate Management Team assists the CEO, for example, in the preparation of the company strategy, operating principles, matters related to other functions and company-wide issues. The company CEO acts as the Chairman of the Corporate Management Team.

INCENTIVE SCHEMES

The salary and remuneration package offered to Nixu’s key personnel and senior executives consists of a competitive salary and employee benefits that comply with the local market practice, short-term incentives tied to pre-determined half-yearly performance indicators and long-term incentives that combine the interests of both the management and the shareholders.

RISK MANAGEMENT AND INTERNAL CONTROL

The purpose of Nixu's risk management policy is to support the company's strategic goals and ensure business continuity in the ever-changing business landscape. The ability to bear risks and manage them effectively is key to successful business and creating value for the owners. The aim of Nixu's internal control and risk management activities is to monitor that the company operates effectively, that the information it publishes is up to date and reliable, and that all existing regulations are followed. The Board has the primary responsibility for the supervision of accounting activities and financial management activities. Nixu's financial status and development is monitored on a monthly basis by the Corporate Management Team and the Board, and all related information is disclosed in accordance with Nixu's information policy.

AUDITING

According to the Articles of Association, Nixu has one regular auditing body, which must be a firm of accountants authorized by the Central Chamber of Commerce of Finland. The term of the auditor ends with the conclusion of the Annual General Meeting following the election of the auditor. The company's auditor is PricewaterhouseCoopers Oy, a Firm of Authorized Public Accountants, the auditor in charge being Authorized Public Auditor Heikki Lassila.

The purpose of the audit is to verify that the financial statements provide correct and sufficient information about the company's profit and financial status in the relevant accounting period. The company auditor provides the shareholders with the audit report required by law in connection with the company's financial statements. Audits carried out during the accounting period are reported to the Board of Directors. The auditor and the Board meet at least once a year.

INSIDERS

In insider matters, Nixu complies with national and European union legislation applied to the First North companies, the standards of the Finnish Financial Supervisory Authority, the NASDAQ OMX Helsinki Guidelines for Insiders of Listed Companies, and its own insider guideline.

Trading in Nixu securities, by a person who belongs into a group that has trading restrictions, is only allowed in a period that covers two (2) months and begins on the day following the date of publication of Nixu's financial statements or half-yearly report (the so-called open window), provided that the insider concerned has passed the evaluation procedure in accordance with Nixu's insider guideline. At all other times, the group of people with trading restrictions are prohibited from trading in Nixu securities. Nixu's insider registers are maintained within Euroclear Finland Oy's Sire system. The person responsible for Nixu's insider issues maintains the Sire register. Nixu publishes all changes in the stock ownership of the Nixu management by stock exchange release in line with the Market Abuse Regulation (MAR) and also continues to publish the Nixu share quantities owned by the Nixu Board of Directors and Corporation management team members on monthly basis.

In addition to the Nixu Corporation management team members, the trading limitations also concern persons who are involved in preparing and publishing Nixu's financials. Hence the trading restrictions are extended to persons in the financial department, persons discharging managerial responsibilities (managers) in Nixu Corporation and also to an outsourced accountant and Nixu's certified advisor.

COMMUNICATIONS

Nixu is committed to active and transparent communications with all of its stakeholders. The company's communications are based on facts and transparency. It is also systematic, honest, equal and timely. The aim is to provide a truthful description of the company's operations, operating environment, strategy, targets and financial performance.

In its communications, Nixu complies with the rules and regulations of the Securities Markets Act, the First North Finland market and the Financial Supervisory Authority. Nixu's communications principles and all major information channels are described in a separate information policy.

CERTIFIED ADVISOR

Nixu's shares are listed on the First North Finland market of NASDAQ OMX Helsinki Oy, which requires the appointment of a Certified Advisor (CA). The CA's duty is to ensure that the Company complies with all of the requirements of the market and all existing obligations. The CA is also responsible for reviewing the stock exchange releases prepared by the Company. Where required, the CA also ensures through other means that the Company meets all of the requirements of the First North Finland market. Nixu's Certified Advisor is Summa Market Capital Oy.



nixu
cybersecurity.

NIXU CORPORATION

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