

The background of the slide is a dark blue, abstract geometric pattern of overlapping triangles and polygons. A central, vertical band of lighter blue, starry space imagery, resembling the Milky Way, runs through the middle of the composition. The Nixu logo is positioned in the upper left corner.

nixu

Half-Year Financial Report 2023

For January 1 – June 30, 2023

Growth despite the challenging macroeconomic situation

Highlights for January–June 2023

- DNV AS completed the tender offer for all shares and stock options.
- Revenue: EUR 31,918 thousand (28,580), change 12%.
- EBITDA: EUR -177 thousand (377), share of revenue: -1% (1%).
- Adjusted EBITDA: EUR 1,614 thousand (352), share of revenue: 5% (1%).
- EBIT: EUR -1,084 thousand (-553), share of revenue: -3% (-2%).
- Adjusted EBIT: EUR 707 thousand (-578), share of revenue: 2% (-2%).
- The company extended the maturity of its financing.

Financial Guidance for 2023

Nixu estimates its revenue to be EUR 66-70 million and profitability to improve.

Key Figures

EUR thousand	1 Jan-30 Jun 2023	1 Jan-30 Jun 2022	1 Jan-31 Dec 2022
Revenue	31,918	28,580	60,222
Result of the period	-1,058	-757	42
Earnings per share (EUR)	-0.14	-0.10	0.01
EBITDA	-177	377	2,409
EBITDA, % of revenue	-0.6%	1.3%	4.0%
Adjusted EBITDA ¹	1,614	352	2,480
Adjusted EBITDA, % of revenue ¹	5.1%	1.2%	4.1%
EBIT	-1,084	-553	564
EBIT, % of revenue	-3.4%	-1.9%	0.9%
Adjusted EBIT ¹	707	-578	634
Adjusted EBIT % ¹	2.2%	-2.0%	1.1%

¹ Adjustment items are material items outside the ordinary course of business, which are costs/income related for example to reorganization and business combinations. January-June 2023 EBITDA included the non-recurring items EUR -1,791 (+25) thousand.

EUR thousand	30 Jun 2023	30 Jun 2022	31 Dec 2022
Equity ratio, %	28.0%	30.6%	30.6%
Net interest-bearing debt	3,038	3,879	3,199
Net gearing, %	26.1%	32.4%	25.2%

Reconciliation of alternative performance measures

	1 Jan-30 Jun 2023	1 Jan-30 Jun 2022	1 Jan-31 Dec 2022
Operating result	-1,084	-553	564
+ Depreciation	907	930	1,846
=EBITDA	-177	377	2,409
EBITDA	-177	377	2,409
+ Adjustment items	1,791	-25	71
=Adjusted EBITDA	1,614	352	2,480
Operating result	-1,084	-553	564
+ Adjustment items	1,791	-25	71
=Adjusted operating result	707	-578	634

The figures presented in the half-year financial report have not been audited.

Teemu Salmi, CEO of Nixu:

The first half of 2023 shows continued profitable growth for Nixu despite a very challenging and tough macroeconomic environment. Revenue grew 12% for the group, amounting to EUR 31.9 (EUR 28.6) million and adjusted EBIT ended at EUR 707 (-578) thousand.

The challenging macroeconomic situation is portrayed by longer decision times by our clients, increasing uncertainty for Nixu. This was mentioned already when reporting our Q1 result this year. Despite this fact, our orders in Q2 ended up on par year-over-year, i.e., EUR 15.5 (15.8) million, while the same numbers for H1 were EUR 30.3 (30.9) million. Book-to-bill ratio in H1 ended at 95%, while the same number for Q2 isolated was 101%, showing that there is a positive change during the second half of H1; resulting in a slightly positive market development sentiment for H2 of 2023.

Looking at the different business segments and the mix of sales during 1H we see that all segments are growing year-over-year:

Nixu Certification growing by 39%.

Managed Services growing by 37%.

Professional Services growing by 4%.

Identity and Access Management growing by 1%.

Managed Services and recurring revenue streams are growing steadily as a proportion of the total revenue, which is one of the cornerstones of the Next Nixu strategy launched earlier this year.

The underlying development and need for cybersecurity services are there. The Nixu sales is developing favorably, apart from Sweden, and the market maturity for outsourcing cybersecurity operations is increasing. This together with increasing cybersecurity regulation and evolving cyber threats, are factors for our clients to enhance their cybersecurity posture and increase investments.

From a market perspective Finland is showing a growth of 17%, Denmark 16% and Benelux 69%. Sweden declined by 22%.

During the first half DNV announced a public tender offer process to acquire all outstanding shares and stock options in Nixu. At the end of June the result was that 98.3 percent of all outstanding shares and stock options were acquired and hence a de-listing process of Nixu from the Nasdaq stock exchange could be started. This process is now initiated and will be completed in due course.

Nixu is well positioned to continue the execution of the Next Nixu strategy and I would like to take the opportunity to thank all Nixu employees, our clients, and investors for their continued trust.



Market Overview

Rapid digitalization, geopolitical turbulence, and the rise of cybercrime keep contributing to the cybersecurity market growth. According to research company Gartner, global cybersecurity spend will grow 11.3% in 2023. Cybersecurity market growth in highly digitalized Northern European countries is expected to be faster than in global markets in 2023–2026 (Gartner 2022).

Market growth is increasing the need for skilled professionals in the cybersecurity domain, and according to ISC2 (International Information Systems Security Certification Consortium), the worldwide gap of cybersecurity experts is estimated to be 3.4 million persons. Due to the increasing demand for cybersecurity expertise, organizations will continue to need the services of cybersecurity companies that are better positioned to grow talent. Geopolitics and countries' growing need to build resilience with local cybersecurity services and specialists affect market dynamics.

Increased legislation and business-interrupting cyber incidents witnessed during past years have raised overall cybersecurity awareness among leaders. These, together with physical safety risks introduced by cyber-physical systems, have raised cybersecurity to be a topic in boardrooms. To manage these risks, organizations seek to benchmark and control their integral supply chain vendors in a more comprehensive way.

Nixu believes that the market will continue to consolidate and mature over the next few years while clients will use fewer larger companies to partner with. Nixu has gained the position of a trusted partner among many of its clients. With this position, clients expect Nixu to solve ever more diverse challenges, which usually leads to growing client relationships. Typically, Nixu's client base is very stable, and client relationships last for a long time, allowing the building of client-specific expertise.

References: Gartner Forecast: Information Security and Risk Management, Worldwide, 2020–2026 (ISC)2 Cybersecurity Workforce study 2022

Growth and Profitability Strategy

Nixu launched a new strategy "Next Nixu" in February 2023. In accordance with the new strategy, Nixu is now guided by a new vision statement: *We shape the future through cybersecurity for people, business, and society to achieve greatness.*

With a strategy to 2025, Nixu aims for revenue exceeding EUR 100 million and an adjusted EBIT of more than 10%. In addition, Nixu aims to have a more balanced geographical distribution of revenue and a higher share of recurring revenues (previously presented as a continuous revenue).

Next Nixu strategy consists of six strategic focus areas. The first three areas are related to business growth, and the latter ones are growth enablers:

1) Focus on core business in Sweden and Finland

Nixu will develop its strong presence in Sweden and Finland by targeting the market with its full service offering.

2) Scale Managed Services business

Nixu will focus on scaling its Managed Services business to increase the number of clients and market share.

3) Expand and accelerate in other countries

Nixu will target new markets, such as Norway, with specific spearhead services to grow its client footprint and eventually scale its business by introducing the full portfolio to the new markets. Most of Nixu's revenue today comes from Finland, which will continue to be an important market. Nixu aims for even higher growth in other countries, so the geographical distribution of Nixu's revenue is expected to be more balanced by 2025.

4) Be the best workplace for cybersecurity professionals

Nixu wants to be the best workplace for cybersecurity professionals also in the future, as people are Nixu's most valuable asset. Nixu will focus on hiring and retaining professionals with a specific focus on attracting young talent.

5) Become the strongest cybersecurity brand – offering best client experience

Nixu will simplify its service portfolio and further develop its client-centricity to meet the clients' needs even better.

6) Improve operational efficiency

Nixu invests upfront in sales and ways of working to reach its future growth ambitions and improve operational efficiency.

The general business development will be supported by a stronger go-to-market focus and increased investment in service management, enabling Nixu to increase its footprint with existing clients.

The constantly evolving market for cybersecurity services offers Nixu good opportunities to complement the organic growth with inorganic growth. There are many small and mid-sized players in the sector, so continued and accelerated mergers and acquisitions can be expected. Nixu intends to be one of the consolidators moving forward.

Revenue and Result for January–June 2023

For January-June, Nixu Group's revenue stood at EUR 31,918 (28,580) thousand. Compared to the same period in the previous year, revenue growth by 12% (7%). Change in the Group's revenue development was organic.

Development of revenue broken by the type of service:

- Projects and assignments accounted for 49% (51%) of the revenue, growth of 9% from the corresponding period in the previous year.
- All continuous services accounted for 34% (34%) of the revenue, growth of 12% compared to the corresponding period of the previous year. All continuous services include:
 - Managed services, which accounted for 20% (19%) of the revenue, growth of 19% from the corresponding period in the previous year.
 - Continuous services accounted for 14% (15%) of the revenue growth of 4% from the corresponding period in the previous year.
- Technology resell accounted for 17% (16%) of the revenue showing growth of 19% from the corresponding period in the previous year.

Other operating income amounted to EUR 38 thousand (38).

In January-June, Nixu's EBITDA was EUR -177 thousand (377). EBITDA was affected by EUR 1,791 (-25) thousand in non-recurring costs related to the expenses of the DNV's tender offer during current period. In the comparison period, the non-recurring items were related to the release of provisions for personnel costs arising from restructuring.

Adjusted EBITDA was EUR 1,614 thousand (352).

Nixu's operating result (EBIT) was EUR -1,084 thousand (-553). In addition to the above, EBIT was affected by depreciation totaling EUR 907 thousand (930).

Adjusted EBIT was EUR 707 thousand (-578).

Finance income and costs amounted to EUR -347 thousand (-291).

The result of the review period was EUR -1,058 thousand (-757).

Financing and Investments

On June 30, 2023, Nixu Group's balance sheet totaled EUR 41,588 thousand (39,097).

The company's cash in hand totaled EUR 3,544 (3,113) thousand on June 30, 2023. The company has one credit facility totaling EUR 3,500 thousand. The credit facility was not in use at the end of the review period.

Nixu renegotiated the financing agreement for a EUR 2,130 thousand bullet loan withdrawn in 2017 in May, 2023. The maturity of the loan was extended and the debt is due for payment on May 30, 2025.

On June 30, 2023, net liabilities totaled EUR 3,038 (3,879) thousand.

Net cash flow from operating activities was EUR 2,236 (-626) thousand. This change was mainly due to changes in trade payables and trade receivables.

Revenue and Result for April–June 2023

Nixu Group's revenue stood at EUR 15,273 (14,731) thousand. Compared to the same period in the previous year, revenue growth by 4%.

Nixu's operating result (EBIT) was EUR -1 357 (134) thousand and Adjusted EBIT was EUR -171 (134) thousand.

Personnel, Leadership and Management

Nixu had 421 (391) employees at the end of June 2023. Nixu has offices and personnel in Finland, Sweden, the Netherlands, Denmark, and Romania. During the review period, Nixu has recruited a wide range of specialists to different service areas in a range of seniorities.

Key Figures for Personnel

	30 Jun 2023	30 Jun 2022	31 Dec 2022
Average number of employees during the review period	406	391	392
Wages and salaries during the review period (EUR 1 000)	14,744	14,113	24,546
Average length of employment (years)	4.3	4.4	4.4
Average age (years)	37.5	40.2	40.0
Permanent employees	97%	96%	97%
Part-time employees	4%	3%	4%
Women's share of the group's personnel	24%	25%	25%

Pauliina Nikko-Takala joined Nixu's management team on April 18, 2023, as Chief Marketing & Communications Officer. She reports to CEO Teemu Salmi. She has been Nixu's Head of Marketing & Communications since October 2021. In this new position at the management team level, she is responsible for building a strong brand image and promoting client focus and business growth through marketing and communications.

People are Nixu's most valuable asset, and being the best workplace for cybersecurity professionals is one of the focus areas of the Next Nixu strategy that was launched in February 2023. Nixu will focus on hiring and retaining professionals with a specific focus on attracting young talent. The company has hired trainees for multiple business areas during the review period.

Nixu focused on supporting leadership as employee retaining measure. Nixu uses a quarterly Pulse survey to measure job satisfaction. As part of the Pulse survey, Leadership Net Promoter Score (LNPS) was introduced to measure employees' satisfaction with the leadership. In addition, a comprehensive leadership framework was created to support leaders. Nixu continues to implement various retaining measures focusing on compensation practices and career frameworks. These initiatives reflect Nixu's commitment to fostering a professional and supportive work environment while continuously striving for improvement.

Nixu has actively sponsored and supported different cybersecurity communities with the goal of facilitating knowledge sharing and encouraging more people to join the cybersecurity industry. Nixu has continued to be a key partner for Laurea University of Applied Sciences. Nixu's specialists have participated in lectures and hosted workshops for students. The Disobey event was hosted again in Finland after a break for Covid-19, and Nixu was present with a Capture the Flag (CTF) challenge and a lounge to provide a place to meet old and new cybersecurity colleagues.

Nixu Corporate Leadership Team

Nixu Corporation's Leadership Team 1 Jan 2023-30 Jun 2023 consisted of:

- Teemu Salmi, Chief Executive Officer
- Björn-Erik Karlsson, SVP Expert Services
- Janne Kärkkäinen, Chief Financial Officer
- Jan Mickos, SVP Managed Services
- Pauliina Nikko-Takala, Chief Marketing and Communications Officer (as of April 18, 2023)
- Valtteri Peltomäki, Chief Commercial Officer
- Pietari Sarjakivi, Chief Strategy Officer
- Nathalie van Delden, Chief People Officer

In May 2023, Nixu appointed Marek Rejmer to the leadership team as SVP with responsibility for Identity and Access Management, and he took up his position on August 1, 2023. In June 2023, Nixu appointed Patric Andersson to the leadership team as Chief Information Security Officer. He will start in the position on December 1, 2023.

Annual General Meeting 2023

Nixu's Annual General Meeting (AGM) was held on June 20, 2023. The General Meeting adopted the Annual Accounts and the Consolidated Annual Accounts and granted discharge from liability to the members of the Board of Directors, the CEO and the deputy CEO for the period 1 January–31 December 2022.

Nixu Corporation's Board of Directors were selected Joakim Karske and Anders Silwer, and as a new members Liv A. Hovem and Thor H.B. Winther. Thor H.B. Winther was elected Chairman of the Board of Directors.

PricewaterhouseCoopers Oy was re-elected as the audit firm of the company. PricewaterhouseCoopers Oy has informed that Panu Vänskä, Authorized Public Accountant, will act as the Auditor in Charge.

The AGM resolved, in accordance with the proposal of the Board of Directors, that the loss from the financial year in the financial year ending on December 31, 2022 would be transferred to the retained earnings account and that no dividend was paid for 2022.

The AGM approved all proposals made by the Board of Directors as described in the Notice to the AGM published on May 29, 2023.

The resolutions of the AGM can be found in the Company's stock exchange release on June 20, 2023, and on the company's website <https://www.nixu.com/investors/nixu-agm-2023>.

Audit Committee

The role of the Audit Committee is, among other things, to monitor the company's financial reporting process and the effectiveness of internal control, internal audit and risk management systems.

On June 20, 2023, at the Organizing meeting Nixu Corporation's Board of Directors elected from among its members

Thor H.B. Winther as Chair and Liv A. Hovem and Anders Silwer as members of the Audit Committee.

Personnel and Remuneration Committee

The Personnel and Remuneration Committee assists the Board of Directors in particular handling and preparing personnel and remuneration matters.

At the Organizing meeting on June 20, 2023, the Board of Directors elected from among its members Liv A. Hovem as Chair of the Personnel and Remuneration Committee, and Joakim Karske and Thor H.B. Winther as members.

Shares and Shareholders

NIXU	Shares traded	Total value (EUR)	High (EUR)	Low (EUR)	Average price (EUR)	Latest (EUR)
Jan-Jun 2022	1,156,948	7,463,162	8.02	5.00	6.31	5.62
Jul-Dec 2022	633,770	3,958,899	7.84	4.74	6.12	7.32
Jan-Dec 2022	1,790,718	11,422,062	8.02	4.74	6.21	7.32
Jan-Jun 2023	7,884,894	101,401,337	13.30	7.02	11.36	13.00

	30 Jun 2023	30 Jun 2022	31 Dec 2022
Market capitalization (EUR)	97,385,847.00	41,844,794.66	54,491,302.00
Number of shareholders	883	5,238	5,209
Total number of shares	7,491,219	7,447,219	7,447,219
Number of the company's own shares held by the company	1,526	1,526	1,526

Nixu has one share series, and each share entitles the holder to equal rights. Nixu's shares are listed on the Official List of Nasdaq Helsinki Stock Exchange, under trading symbol NIXU.

The global quality assurance and risk management provider DNV AS has on February 28, 2023, commenced a voluntary recommended public cash tender offer for all the issued and outstanding shares that are not held by cyber security services company Nixu Corporation or any of its subsidiaries, and the issued and outstanding stock options in Nixu. The offer period for the Tender Offer commenced on February 28, 2023, at 9:30 a.m. (Finnish time) and expired on June 5, 2023, at 4:00 p.m. (Finnish time). The subsequent offer period for the Shares in accordance with the terms and conditions of the Tender Offer commenced on June 9, 2023, at 9:30 a.m. (Finnish time) and expired on June 26, 2023, at 4:00 p.m. (Finnish time). The Shares tendered during the Subsequent Offer Period, together with the Shares and Stock Options tendered during the initial offer period as well as together with the Shares otherwise acquired by the Offeror, represent approximately 98.3 percent of all the Shares and voting rights carried by the Shares on a fully diluted basis.

Flagging Notifications

According to the notification received by Nixu Corporation, the aggregate ownership of Aktia Mikro Markka, Aktia Nordic Micro Cap, Aktia Nordic Small Cap, Aktia Secura investment funds, managed by Aktia Rahastoyhtiö Oy, in Nixu Corporation's shares decreased below five per cent threshold on March 15, 2023. (Stock Exchange Release March 24, 2023)

According to the notification received by Nixu Corporation, the ownership of Peter Gylfe in Nixu Corporation's shares decreased on June 12, 2023 below five per cent threshold. (Stock Exchange Release June 13, 2023)

According to the notification received by Nixu Corporation, the ownership of DNV AS in Nixu Corporation's shares increased above ninety per cent threshold on June 12, 2023. (Stock Exchange Release June 13, 2023)

Risks and Uncertainties

The risks and uncertainties are presented in more detail in connection with the consolidated financial statements for the financial year ended 31 December 2022 in the Board of Directors' report.

Since publishing the annual report, market instability resulting from general economic uncertainty has become material risk and uncertainty factor.

Events After the Review Period

Nixu signed a EUR 5.5 million Cash Pool account limit agreement with DNV Group AS. In addition, Nixu's existing loans totaling around EUR 3.9 million from third parties will be restructured with financing provided by DNV during 2023.

Marek Rejmer, the new member of the leadership team, with responsibility for Identity and Access Management, took up his position on August 1, 2023.

Accounting Principles for the Half-Year Report

This half-year report has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The accounting principles and calculation methods used in this half-year report are identical to those used in Nixu's annual financial statements, excepting those specified by new and revised standards that became effective on January 1, 2023.

Other amendments to IFRSs and their interpretations have no material impact on the Group.

The figures presented in this half-year report have not been audited. All figures are rounded off, which means that there may be discrepancies between the sum of constituent items and the totals shown.

In this release, Nixu presents certain indicators associated with the company's financial standing and result for the review period. Not all of the indicators are key figures pursuant to IFRS standards and, therefore, should be considered alternative indicators.

Nixu presents EBITDA, adjusted EBITDA, EBIT, adjusted EBIT, equity ratio, net interest-bearing debt, net gearing as well as EBIT and EBITDA margin adjusted for non-recurring items as alternative indicators and additional information for the key figures that are presented herein in accordance with IFRS standards. It is the Management Team's opinion that these indicators provide significant additional information on the company's statement of comprehensive income and balance sheet. The indicators are widely used by analysts, investors and other parties, and provide additional information for analyzing the result of Nixu's operations and capital structure.

Alternative performance measures should not be viewed in isolation or as a substitute to measures presented in the half year report prepared in accordance with the IAS 34 Interim Financial Reporting standard. Companies do not calculate alternative performance measures in a uniform way, and therefore Nixu's alternative performance measures may not be comparable with similarly named measures presented by other companies.

When preparing this half-year report, management is required to make judgments, estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Financial Reporting in 2023

Nixu publishes, in addition to its financial statements and annual report, its half-year financial report, CEO's review, revenue information, EBIT and adjusted EBIT for the first and third quarters, and stock exchange and press releases in accordance with Nixu's disclosure policy. These releases and a range of other information for investors is available on the company website at <https://www.nixu.com/investors>.

October 18, 2023 Q3/2023 CEO's review, revenue information, EBIT and adjusted EBIT

Espoo, August 9, 2023

Nixu Corporation

The Board of Directors

Consolidated Statement of Comprehensive Income

EUR thousand	1 Jan - 30 Jun 2023	1 Jan - 30 Jun 2022	1 Jan - 31 Dec 2022
Revenue	31,918	28,580	60,222
Other operating income	38	38	44
Materials and services	-8,715	-7,939	-17,801
Employee benefit expenses	-18,211	-17,160	-33,626
Other operating expenses	-5,207	-3,143	-6,429
Depreciation and amortization	-907	-930	-1,846
Operating result	-1,084	-553	564
Finance income	0	0	1
Finance expenses	-284	-258	-521
Interest expenses on lease payments	-64	-33	-61
Finance income and costs, net	-347	-291	-580
Result before taxes	-1,431	-844	-17
Income tax expense	373	87	59
Result for the period	-1,058	-757	42
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Translation differences	-278	-217	-391
Other comprehensive income for the period, net of tax	-278	-217	-391
Total comprehensive income for the period	-1,335	-975	-349
Result for the period attributable to:			
Owners of the parent	-1,058	-757	42
Result for the period	-1,058	-757	42
Total comprehensive income for the period attributable to:			
Owners of the parent	-1,335	-975	-349
Total comprehensive income	-1,335	-975	-349
Earnings per share for profit attributable to the owners of the parent during the year			
Basic and diluted earnings per share, EUR	-0.14	-0.10	0.01

Consolidated Statement of Financial Position

EUR thousand	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS			
Non-current assets			
Goodwill	11,957	12,391	12,227
Other intangible assets	1,400	1,844	1,624
Property, plant and equipment	136	201	148
Right-of-use assets	2,691	1,526	1,435
Other receivables	237	264	265
Shares and similar rights of ownership	101	30	71
Deferred tax assets	774	431	270
Total non-current assets	17,296	16,687	16,040
Current assets			
Trade receivables and other receivables	20,728	18,994	21,905
Current income tax receivables	19	302	20
Cash and cash equivalents	3,544	3,113	3,562
Total current assets	24,292	22,410	25,486
Total assets	41,588	39,097	41,526
EQUITY AND LIABILITIES			
Equity			
Share capital	95	95	95
Invested unrestricted equity reserve	19,439	19,439	19,439
Translation differences	-1,133	-682	-856
Retained earnings	-5,697	-6,113	-6,013
Result for the period	-1,058	-757	42
Total equity attributable to owners of the parent	11,645	11,981	12,707
Liabilities			
Non-current liabilities			
Borrowings	3,621	1,752	1,622
Lease liabilities	1,612	526	531
Deferred tax liabilities	91	194	185
Other non-current liabilities	292	286	289
Total non-current liabilities	5,616	2,758	2,627
Current liabilities			
Borrowings	268	3,635	3,690
Lease liabilities	1,082	1,079	918
Trade payables and other payables	22,758	19,488	21,583
Current income tax liabilities	219	154	2
Total current liabilities	24,327	24,357	26,193
Total liabilities	29,943	27,115	28,820
Total equity and liabilities	41,588	39,097	41,526

Consolidated Statement of Cash Flows

EUR thousand	1 Jan - 30 Jun 2023	1 Jan - 30 Jun 2022	1 Jan - 31 Dec 2022
Cash flows from operating activities			
Result for the period	-1,058	-757	42
Adjustments for:			
Depreciation and amortization	907	930	1,846
Unrealized foreign exchange differences	128	0	135
Other non-cash adjustments	300	-16	139
Finance income and costs, net	347	291	580
Income tax expense	-373	-87	-59
Changes in working capital			
Change in trade receivables and other receivables	1,026	-220	-3,318
Change in trade payables and other payables	1,383	-420	1,558
Interests paid	-372	-249	-420
Other finance income and costs, net	-48	-93	-127
Income taxes paid	-4	-5	256
Net cash flows generated from operating activities	2,236	-626	631
Cash flows from investing activities			
Purchases of tangible assets	-35	0	-1
Other investments	-70	0	11
Proceeds from loan receivables	0	0	-2
Net cash from investing activities	-105	0	8
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	0	125	125
Proceeds from borrowings	0	616	981
Repayments of borrowings	-1 431	-313	-763
Lease liability repayments	-672	-726	-1,397
Net cash from financing activities	-2,103	-298	-1,054
Net decrease (-) / increase in cash and cash equivalents	27	-924	-415
Cash and cash equivalents at the beginning of the period	3,562	4,080	4,080
Exchange gains / losses (-) on cash and cash equivalents	-45	-43	-103
Cash and cash equivalents at the end of period	3,544	3,113	3,562

Consolidated Statement of Changes in Equity

EUR thousand	Attributable to owners of the parent				Total equity
	Share capital	Invested unrestricted equity reserve	Cumulative translation difference	Retained earnings	
Equity at 1 Jan 2022	95	19,314	-465	-6,133	12,811
Result for the period				-757	-757
Other comprehensive income for the period:					
Translation differences			-217		-217
Total comprehensive income for the period	0	0	-217	-757	-975
Transactions with owners:					
Year 2022 share issue and share plan, expenses deducted		125			125
Share based payments to employees				20	20
Total transactions with owners:	0	125	0	20	145
Equity at 30 Jun 2022	95	19,439	-682	-6,870	11,981
Equity at 1 Jan 2023	95	19,439	-856	-5,971	12,707
Result for the period				-1,058	-1,058
Other comprehensive income for the period:					
Translation differences			-278		-278
Total comprehensive income for the period	0	0	-278	-1,058	-1,335
Transactions with owners:					
Year 2023 share issue and share plan, expenses deducted					
Share based payments to employees				274	274
Total transactions with owners:	0	0	0	274	274
Equity at 30 Jun 2023	95	19,439	-1,133	-6,755	11,645

Revenue and Result for the Review Period

Revenue and Segments

The group's proceeds from service sales accrue over time, whereas cybertechnology resell fall due at point in time. These proceeds are broken down based on primary service areas and geographical areas:

The **projects and assignments** area includes one-off assignments. The extent and duration of these assignments range from individual inspection and consultation assignments to extensive project deliveries.

All continuous services include:

Managed services – Nixu CDC services and, for example, a range of continuous user management services where Nixu manages the technology delivered to a client and takes a continuous operational role in supporting the client's functions. Managed information security services also include licenses sold for them, whether included in the price of the service or sold separately.

Continuous services – include continuous services other than managed services, including continuous identity and access management services. They differ from other assignments in that they are based on agreements that are valid until further notice or self-renewing agreements.

Technology Resell area includes third party software and technology service licenses and technology resale usually in connection with other services. Proceeds from licenses also include proceeds from maintenance services. Licenses for managed information security services are not included in the license revenue.

Revenue Breakdown by Service Area:

EUR thousand	1 Jan - 30 Jun 2023	1 Jan - 30 Jun 2022	1 Jan - 31 Dec 2022
Service type:			
Projects and assignments	15,719	14,439	28,527
Total continuous services	10,859	9,664	20,247
Managed services	6,411	5,382	11,828
Continuous services	4,448	4,282	8,419
Technology resell	5,340	4,477	11,448
Total	31,918	28,580	60,222

Revenue by Geographical Area:

EUR thousand	1 Jan - 30 Jun 2023	1 Jan - 30 Jun 2022	1 Jan - 31 Dec 2022
Finland	20,057	16,232	36,002
Denmark	4,466	4,216	8,527
Sweden	4,532	5,626	10,724
The Netherlands +Belgium	694	503	1,390
Norway	1,078	741	1,777
Other	1,091	1,262	1,801
Total	31,918	28,580	60,222

The geographical breakdown of revenue is based on the locations of the client with which the contract for services has been made. Part of the services may have been delivered to other countries.

Nixu has only one reportable segment. The revenue and the result of the reportable segment is specified in the consolidated statement of comprehensive income and the assets and liabilities of the reportable segment are shown in the consolidated statement of financial position.

Earnings per Share

	1 Jan - 30 Jun 2023	1 Jan - 30 Jun 2022	1 Jan - 31 Dec 2022
Result for the period attributable to the owners of the parent	-1,057,583	-757,411	41,887
Weighted average number of shares, undiluted	7,447,881	7,429,770	7,437,797
Earnings per share, basic (EUR)	-0.14	-0.10	0.01
Impact of shares related to share-based incentive plan			28,208
Weighted average number of shares, fully diluted	7,447,881	7,429,770	7,466,005
Earnings per share, diluted (EUR)	-0.14	-0.10	0.01

The company has dilutive potential for ordinary shares with respect to its share-based incentive plan.

People

Employee Benefits

Employee benefits recognized in the consolidated statement of comprehensive income are presented in the following table:

EUR thousand	1 Jan - 30 Jun 2023	1 Jan - 30 Jun 2022	1 Jan - 31 Dec 2022
Wages and salaries	14,744	14,113	27,546
Social security expenses	1,091	999	1,895
Share-based payments	263	56	133
Pension expenses - defined contribution plans	2,113	1,992	4,052
Total	18,211	17,160	33,626

Share-Based Payments

Nixu had a share-based All-Employee Matching Share Plan and option scheme launched in 2019, and a directed share issue and a Matching Share Plan 2022 to the CEO launched in 2022. As DNV AS completed the tender offer, the expense related to both options and additional shares was recorded in an accelerated manner. Employees and CEO earned the share-based compensation upon completion of tender based on the terms agreed in the tender offer.

The CEO's Remuneration

The CEO's remuneration consists of a monthly gross salary of EUR 24,000 per month and of the following fringe benefits: housing and mobile phone. In addition, the CEO's travel costs between Finland and Sweden will be reimbursed as a yearly gross amount of EUR 30,000.

The CEO is entitled to short-term incentives in accordance with Company's STI program. The maximum amount of the STI bonus is 70% of monthly salary. The board of directors shall set the targets of the CEO.

The CEO was part of a long-term incentive program. The CEO subscribed to 22,000 shares of the company, and he was entitled to matching shares at a ratio of 1:2 at the end of a three-

year retention period. With DNV's purchase offer the CEO's matching shares (44,000) were granted and redeemed in an accelerated manner.

In case of sickness, the CEO is entitled to full salary for the sick leave's first three (3) months. The retirement age is the earliest statutory retirement age as valid from time to time in Finland, and no additional pension insurance is taken for the CEO. The CEO is entitled to holidays according to the Finnish Annual Holidays Act. The CEO is also entitled to vacation pay. Under the CEO agreement, a notice period of three (3) months shall apply to both parties. Additionally, should the Company terminate the agreement, the CEO is entitled to compensation equaling the amount of his six (6) months salary.

Acquisitions and Group Structure

In May 2023, Nixu Oyj's 100% owned subsidiary Nixu Finland Oy was established.

Intangible Assets and Goodwill

The company's intangible assets include goodwill, client accounts and other intangible assets, such as software licenses.

EUR thousand	30 Jun 2023	30 Jun 2022	31 Dec 2022
Net book amount at beginning of the period	13,851	14,706	14,706
Disposals	-1	-8	-8
Exchange differences	-310	-267	-460
Amortization	-183	-195	-387
Net book amount at end of the period	13,357	14,235	13,851

On June 30, 2023, the amount of goodwill was EUR 11,957 thousand (12,391) and the amount of customer relationships EUR 1,398 thousand (1,844).

Net Debt and Equity

Interest-bearing Net Debt and Derivative Financial Instruments

The table below presents the calculation of the Group's interest-bearing net debt:

EUR thousand	30 Jun 2023	30 Jun 2022	31 Dec 2022
Non-current borrowings			
Loans from financial institutions	3,621	1,752	1,622
Lease liabilities	1,612	526	531
Total non-current borrowings	5,233	2,278	2,153
Current loans			
Loans from financial institutions	268	3,635	3,690
Lease liabilities	1,082	1,079	918
Total current loans	1,350	4,714	4,608
Total loans	6,583	6,992	6,762
Less cash and cash equivalents	3,544	3,113	3,562
Net debt	3,038	3,879	3,199

Borrowings

On June 30, 2023, Nixu's loans from financial institutions included a EUR 5,900 thousand variable and fixed rate loans. Nixu renegotiated the financing agreement for a EUR 2,130 thousand bullet loan withdrawn in 2017 in May 2023. Maturation date has been postponed until May 30, 2025. In April 2023, the financing agreement of the credit facility was renegotiated, and the new credit facility is EUR 3,500 thousand.

The table below provides information on loans (loans are undiscounted):

EUR thousand	Drawn down	Maturity	Interest rate	installment	30 Jun 2023	30 Jun 2022	31 Dec 2022
Loan 1a	2022/2017	5/30/26	2.5%+6 month euribor	quarterly	758	1,033	895
Loan 1b	2022/2017	5/30/26	2.5%+6 month euribor	bullet	1,032	1,032	1,032
Loan 2	2019	3/28/23	1.9%+6 month euribor	half-yearly	0	625	313
Loan 3	2017	5/30/25	5.75%+5.75%	bullet	2,130	2,130	2,130
Total					3,920	4,820	4,370

The interest rates of the loans ranged between 2.50% and 5.75% (June 30, 2022: 1.90%-3.95%) and for EUR 2,130 thousand the capitalized interest rate was of 5.75% (June 30, 2022: 3.80%) on the review period that ended on June 30, 2023.

The most significant covenants for the credit facility and loans are as follows: equity ratio at least 32%. The formula for calculating the equity ratio differs from the official calculation formula. According to the calculation formula used in covenants, the equity ratio June 30, 2023 was 33%. The Group's interest-bearing net debt/EBITDA indicator ratio may not exceed 3.0. The formula for calculating the interest bearing net debt/EBITDA differs from the official calculation formula. According to the calculation formula used in covenants, the ratio June 30, 2023 was 0.5. Formula for calculating net debt and equity ratio deviates from the official definition in the the covenant calculation in that loan three is counted as equity instead of debt.

The Group met the covenant conditions related to the loans on June 30, 2023. As the covenants were met on June 30, 2023, the loans were classified as non-current and current. According to management's assessment Nixu's liquidity level is sufficient.

The fair value of the loans does not materially differ from their carrying amount, as the interest rates of the loans are close to the current market rates (the financing agreement was renewed in May 2023). The company's risk premium has not changed significantly after the loans were withdrawn. The fair values of Nixu's loans are based on cash flows discounted at the current borrowing rate. The different terms of the loans (maturity, priority order, collateral) are taken into account in determining the value. The loans are classified at level 2 of the hierarchy of fair values as the fair value is determined mainly using the observable market interest-rate curve.

Derivative Financial Instruments

At the closing of accounts, on June 30, 2023, the Group has an interest rate collar which is valid until May 30, 2026. Interest rate collar applies to loans 1a and 1b. During the validity of the interest rate collar, the minimum reference rate is 1.12% and the maximum is 2.80%.

Equity

Payments of dividends

No dividends have been paid in the 2023 financial year (2022: 0).

Related Party Transactions

Purchase of goods and services

EUR thousand	30 Jun 2023	30 Jun 2022	31 Dec 2022
Purchases of services	0	2	2

Nixu has purchased training services from a related party of a related party. Purchased services have been purchased at market price.

Contingencies and Commitments

EUR thousand	30 Jun 2023	30 Jun 2022	31 Dec 2022
Mortgages given on own behalf:			
Business mortgages ¹⁾	10,118	10,118	10,118
Loan amount	3,920	4,820	4,370

Other commitments

EUR thousand	30 Jun 2023	30 Jun 2022	31 Dec 2022
Rental deposits	238	264	265

¹⁾Business mortgages of Nixu Oyj and shares of Nixu AB (100 pcs) and Nixu A/S (100 pcs) were used as collateral for Nixu Corporation's 3,9 MEUR financial institution loan and 3,5 MEUR credit limit. The credit facility was not in use at the end of the review period.

Formulas for Calculating Key Figures

EBITDA is calculated by adding depreciation and amortization to the operating result.

Adjusted EBITDA is calculated by adding adjustment items to EBITDA.

Adjustment items are material items outside the ordinary course of business, which costs related to restructuring and costs related to acquisitions.

Adjusted EBIT is calculated by adding adjustment items to EBIT.

Equity ratio is calculated by dividing total equity by total balance sheet less received advances.

Net interest-bearing debt Cash and cash equivalents deducted from total financial debt (current and non-current borrowings).

Net gearing is calculated by dividing net debt by total equity.

Earnings per share, basic is calculated by dividing total result attributable to owners of the parent by average number of outstanding shares during period.

Earnings per share, diluted is calculated by dividing total result attributable to owners of the parent by average number of diluted outstanding shares during period.

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Nixu in Brief:

Nixu is a cybersecurity services company that has been shaping the future through cybersecurity for over three decades. We make cyberspace a secure place and help our clients ensure their business resilience with peace of mind. Nixu has Nordic roots, and we employ around 400 of the best professionals in Finland, Sweden, the Netherlands, Denmark, and Romania. Our experts are safeguarding the most demanding environments of some of the largest organizations in the world across all industries. Nixu shares are listed on the Nasdaq Helsinki Stock Exchange.

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