



Nixu FY2019 results review

13.2.2020 - Petri Kairinen, CEO

 @nixuHQ @kairinen



Webcast audience:

Please send your questions using the webcast Q&A functionality



Keeping the digital society running



Nixu by Nixuans @NixuTigerTeam

Jan 18

Citrix/NetScaler ADC vulnerabilities are being widely exploited, including on some of our Nixu CDC customers. Our DFIR experts are working overtime on responding to these incidents.

Here is a blog post on what to do if you're running a vulnerable server:

nixu.com/blog/vulnerabi...



1 12 11

Home > Israel News > Israel Election 2020

App Used by Netanyahu's Likud Leaks Israel's Entire Voter Registry

Names, identification numbers and addresses of over 6 million voters were leaked through the unsecured Elector app

Ran Bar-Zik Feb 09, 2020 9:40 PM

On the path of strong growth - Nixu continued its international expansion

Diverse year with a very successful H1, but challenging H2.



H2 2019 in numbers

Challenging period falling clearly from our initial estimates due to several unrelated reasons

- Revenue: 25 MEUR, change +23 %. Organic growth: 1 %
- Managed continuous services growth +71 % representing 18 % of revenue
- EBITDA: -929 kEUR (409 kEUR), -4 % (2 %) of revenue
- Adjusted EBITDA: EUR -529 (428) thousand, share of revenue: -2 % (2 %)
 - Restructuring of former ESSC operations in the Netherlands
- EBIT: EUR -3,664 (-405) thousand, share of revenue: -14 % (-2 %)
 - Includes one time goodwill impairment charges of abt 1.6 MEUR

Several challenges hindering growth during H2

Lower than expected revenue causing falling EBITDA

Business issues:

- Reduced volumes at the major cybersecurity partner
- Postponed startings in several large digital identity projects
- Loss of a major technology resell client in Denmark
- Lack of sales capability and overall slowdown (recession breakdown) in Sweden

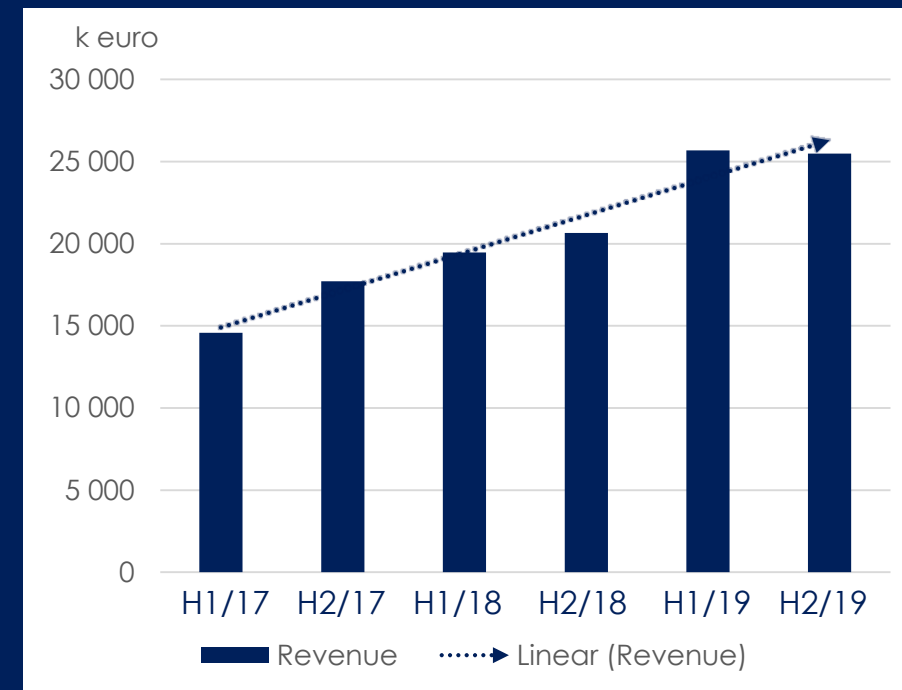
Forecasting issue:

- We failed in anticipating the dip in revenue growth causing inability to adjust cost base
- Forecasting was too much based on the end results and not early indicators (sales pipeline and consultant utilization forecasting)

Full year 2019 as a summary

Good growth of 27.5 % - breaking 50 MEUR level

- Very successful H1 following large cybersecurity partnership business increase in Finland
- Opening up Danish market with acquisition of Ezenta during Q2
- Investing to Benelux ICS cyber defence center of excellence
- Implementation of employee long term incentive program tied to Nixu share performance
- Restructuring of service desk operations in the Netherlands



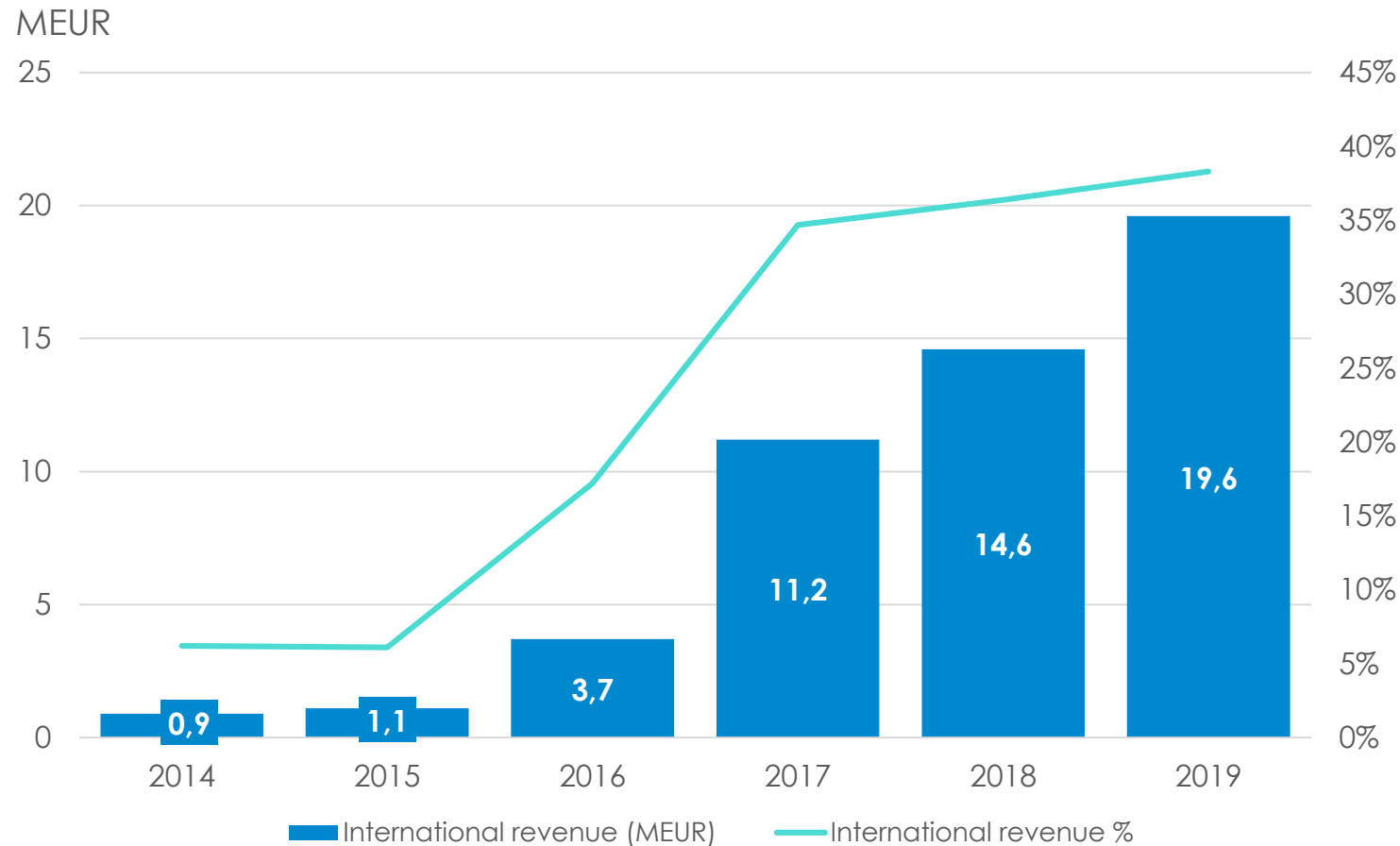
Vision for 2024

The trusted, go-to partner for
cybersecurity services for
digitalization in Northern Europe
and
the best place to work for
cybersecurity professionals



Share of Revenues Outside Finland

Ambition: 5 market areas above 25 M€ in revenue in 2024

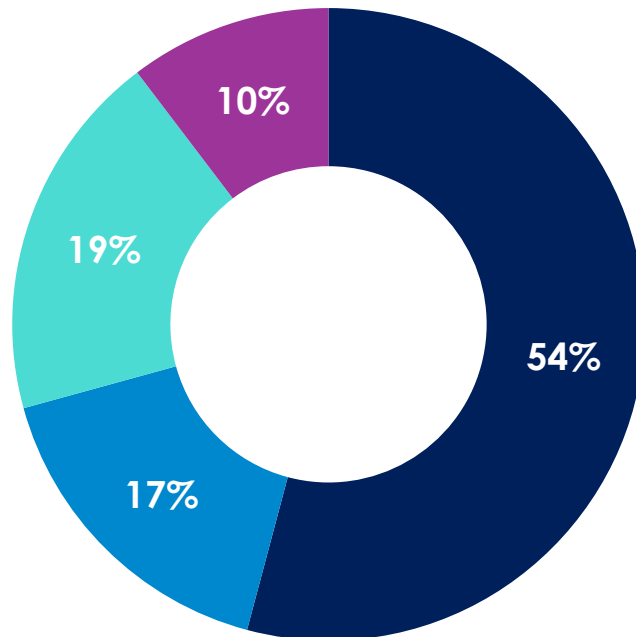


- Share of revenues outside Finland has increased from 6% to 38% in four years
- Main markets outside Finland are Sweden, Benelux and Denmark

Revenue by Service Type

Ambition: Managed services amount over 50 % of revenue by 2024

Revenue by type of service 2019



■ Projects and assignments

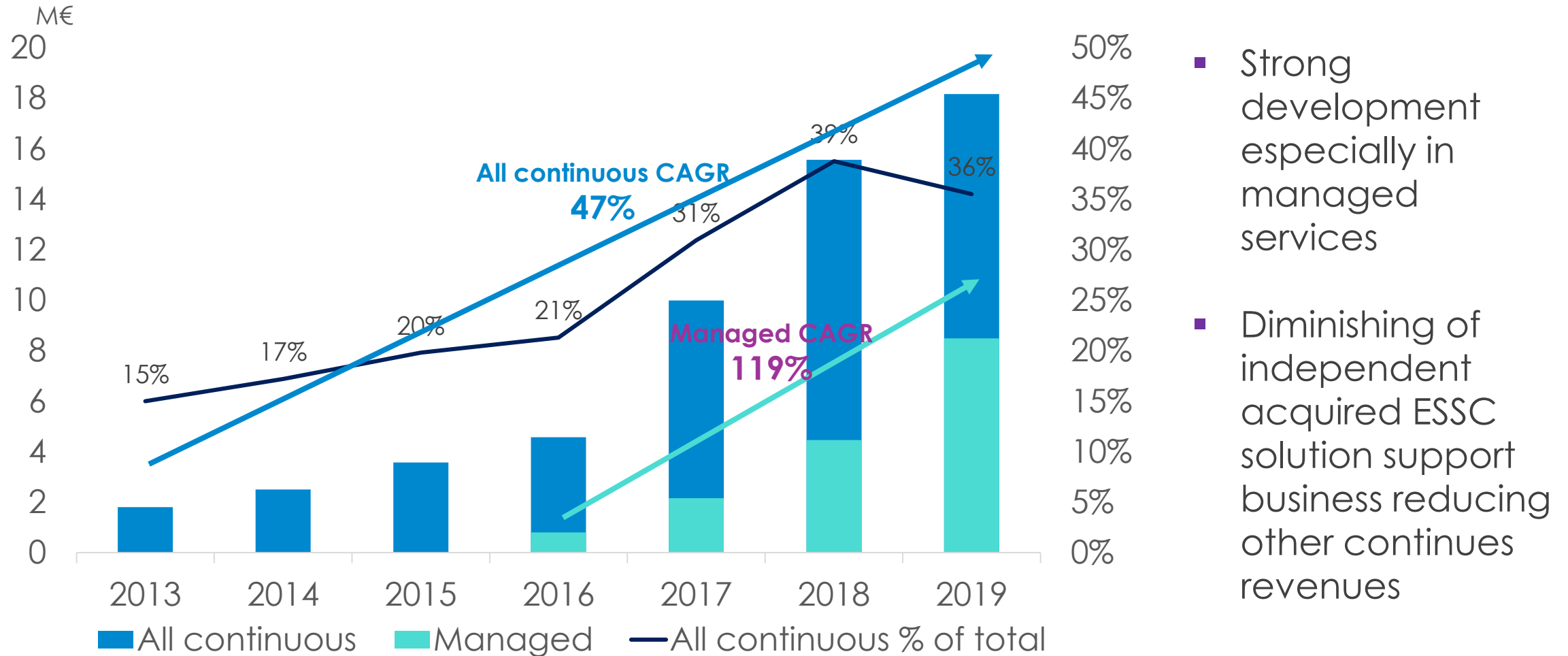
■ Managed services

■ Continuous services

■ Technology resell

- Total Continuous revenues around 36 % of the total revenues
- Managed services 17% of the total revenues and grew by 90 % in 2019. Growth driven by Nixu Cyber Defense Center.
- Technology resale growing especially due to acquisition of Ezenta A/S

Continuous and Managed Revenue Development



Following the earlier SWOT analysis

STRENGTHS

- Talented team with a good culture
- **Holistic, relevant service portfolio**
- Dedicated sales driving organic growth
- **Capability to serve clients as-a-service**
- Lack of legacy offering, no technology bets

OPPORTUNITIES

- Digital transformation just beginning to drive cybersecurity demand
- **No established holistic European leader yet**
- Possibilities for further consolidation

WEAKNESSES

- Maturity levels across market areas different
- **Growth investments and service transformation eating into profitability**
- **Low Nixu brand recognition outside Finland**

THREATS

- New entrants over-investing and spoiling the market
- **Risks associated with M&A boosted growth**

Securing lean profitable growth in 2020

Competitiveness

- Streamlining service offering
- Sharing of talent between markets
- Focus on the sales activities on all fronts
- Focusing on premium quality

Operational excellence & forecasting

- Lean delivery with less waste
 - Restructuring of Nixu Dedicated Support taking place already
- Recruitments only with proven need
- Increase data indicators behind forecasts

Inspired people

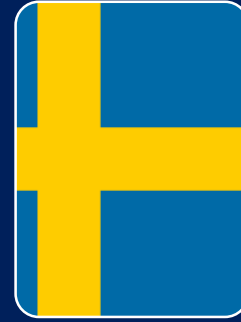
Working together - Sharing is caring

Northern European base platform

Actions to move to profitability



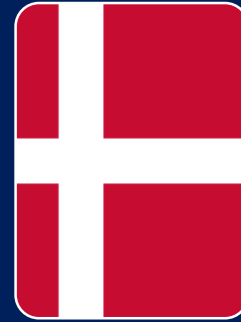
Finland providing the stable profitable base. Increasing growth with cybersecurity partnerships



Increased sales investments and new sales leader. Tight planning for billability of consultants.



Totally new leadership team, from start-up to a scale-up. Focus on sales. Also investing into ICS cyberdefense center of excellence.



Now under Nixu brand. Sales focus and utilizing Nixu services from other markets.

Nixu Leadership Team strengthened

- All international market area leaders and business leader for managed services becoming part of Nixu Leadership Team
- Reflects increased business outside of Finland and the strategic focus towards managed services



Nixu growth strategy in phases

2015-2017

Plan & Build

2018-2023

**Establish &
Grow**

2024 -

**Leverage
One Nixu**

Strategic themes towards 2024

Cybersecurity talent
community

Cybersecurity partner
for digitalization

Lean profitable
growth

Data-driven services
on top of platform

Expand market
presence

The background of the slide is a dark teal color with a pattern of green leaves, some in sharp focus and others blurred, creating a natural, organic feel.

Growth ambition 2024

- Revenue growth annually +15-25 % organically and on the average +10 % through M&A
- Revenue 100 M€ annual level by 2021
- EBITDA 15 % of revenue by 2024
- Managed services >50 % of revenue
- 1000 Nixuans by 2023

Financial guidance for 2020

Nixu's growth strategy is at a stage where the company sees it reasonable to seek strong growth in the rapidly developing cybersecurity market, at the expense of profitability.

Nixu estimates its revenue to grow organically and the full year EBITDA to increase from the previous financial year.

In the medium term, Nixu seeks growth in line with its growth ambition announced in August 2019.

Q&A

Webcast audience: please use the webcast Q&A functionality.





Thank you!

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