



Financial Statements Release

January 1 – December 31, 2018 (IFRS)
Nixu Corporation
Unofficial translation of Stock Exchange Release
February 28, 2019 at 8:30 AM EET

Strong organic growth and preparation for the next steps

Highlights for July–December 2018:

- Revenue: EUR 20,660 (17,711) thousand, change +17%. Organic growth:+17%. Managed continuous services grew by +97%, representing 10% of revenue.
- EBITDA: EUR 409 (449) thousand, percentage of revenue 2% (3%).
- Adjusted EBITDA: EUR 428 (564) thousand, percentage of revenue 2% (3%).
- EBIT: EUR -405 (78) thousand, percentage of revenue -2% (0%).
- EBITDA was affected by investments in international expansion and the development of technology-based services, as well as an expense incurred from a development project which was activated during the first half of the year, with an expense of EUR 77 thousand. The weakening of the EBIT is explained by one-time impairment charges of EUR 372 thousand from the ESSC B.V. customer relationships.

Highlights for January–December 2018:

- Revenue: EUR 40,127 (32,279) thousand, change+24%. Organic growth: +17%. Managed continuous services grew by +107%.
- EBITDA: EUR -254 (1,106) thousand, percentage of revenue -1% (3%).
- Adjusted EBITDA: EUR 120 (1,375) thousand, percentage of revenue 0% (4%).
- EBIT: EUR -1,451 (492) thousand, percentage of revenue -4% (2%).
- EBITDA was affected by investments in international expansion, listing preparations, the development of technology-based services and the future-oriented upfront recruitment in Finland.
- Nixu signed several large cybersecurity framework agreements, the most significant of which was valued at EUR 15 million.
- Nixu published its renewed strategy, which emphasizes the cybersecurity of Industrial IoT and digitalization.
- Nixu transferred to the Official List of Nasdaq Helsinki Stock Exchange.

Financial Guidance for 2019

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. Its medium-term goal is to achieve an annual revenue growth rate above 15% and EBITDA margin above 10%. The company currently has significant ongoing investments in several developmental, sales and internationalization projects, in order to implement the growth strategy.

Financial guidance for 2019: Nixu continues to emphasize the importance of growth and continues to invest in growth projects. Supported by strong organic growth, Nixu estimates its revenue to grow over 20% from the previous financial year. The full year EBITDA is estimated to improve significantly from the previous financial year.

Key figures

EUR thousand	1 July - 31 Dec 2018	1 July - 31 Dec 2017	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2017
Revenue	20,660	17,711	40,127	32,279
Profit/loss for the period	-809	-306	-1,967	-172
Earnings per share (EUR)	-0.11	-0.05	-0.27	-0.03
EBITDA	409	449	-254	1,106
EBITDA, % of net sales	2.0 %	2.5 %	-0.6 %	3.4 %
Adjusted EBITDA ¹	428	564	120	1,375
Adjusted EBITDA, % of net sales ¹	2.1 %	3.2 %	0.3 %	4.3 %
EBIT	-405	78	-1,451	492
EBIT, % of net sales	-2.0 %	0.4 %	-3.6 %	1.5 %
Adjusted EBIT ¹	-387	192	-1,077	761
Adjusted EBIT % ¹	-1.9 %	1.1 %	-2.7 %	2.4 %

¹ Extraordinary, non-recurring events that do not belong to normal business operations are handled as adjustment items. Such extraordinary items are, for example, non-recurring costs related to acquisitions and listing that are included in other operating expenses. The non-recurring costs included in the operating profit of January-December 2018 were EUR 373 thousand (269). The non-recurring costs included in the operating profit of July-December 2018 were EUR 19 thousand (115).

EUR thousand	31 Dec 2018	31 Dec 2017
Equity ratio, %	50.5%	51.4%
Net interest-bearing debt	-2,112	-3,384
Net gearing, %	-12.6%	-17.9%

The accounting figures included in the financial statement release have been audited.

Petri Kairinen, Nixu CEO: Towards improved profitability through growing pains

“The financial year 2018 was once again a year of rapid growth (+24%) for Nixu and our operations progressed well in line with our strategy. Financially, however, the year was a disappointment, as our operating profit remained slightly negative. Part of Nixu's growth strategy is to seek strong growth, even at the expense of profitability. However, our aim is to keep the operating profit positive. This year, we fell short of this goal, mainly due to weak profitability management in the first half of the year in different areas of our operations. We have done a lot of work to consolidate our practices and models after our earlier acquisitions. As an example of this, we have merged the various subsidiaries in our operating countries so that only one Nixu company is in operation in each market. This strengthening of the platform is essential for us to continue our growth story and to bring more members to our family.

I strongly believe that in 2018 we have taken exactly the right measures that will lead us towards better profitability, and we did see clear improvement in the last quarter. Furthermore, due to major cybersecurity partnership agreements and general efficiency improvements made last year, we expect the operating profit in 2019 to improve significantly. Another fact that supports this view is that the relationship between wages and price levels has remained unchanged, i.e., our operational performance has not deteriorated. Our aim has not been, nor will it ever be, to seek rapid growth by undercutting our services or recruiting at any cost.

Cybersecurity was frequently in the headlines in 2018 with the emergence of increased transparency of regulation, recurring data breaches and state influence. At the same time, the legislation of different countries has evolved to the point where the creation of closed state Internet has come to be viewed as a threat. Once implemented, this development will result in companies no longer being able to operate digitally in a fully harmonized manner around the world. These phenomena continue to keep the cybersecurity market on a strong growth curve and require the industry's suppliers to offer both solid expertise and customer-centric understanding.

Nixu's updated strategy and objective to become a trusted cybersecurity partner for customers' digital transformation is positioned perfectly against this background. The cybersecurity of digital services is not only achieved by using the best technologies — it also requires customer understanding and the ability to make changes. The best cybersecurity technologies in the world are of course also required, but these must be applied and adapted to match the specific needs of each customer.

We will continue our work to ensure the functionality of digital society. We will recruit and train more cyber professionals in different areas and tailor our services to create the best fit for our clients' needs. We will gain competitive advantage by providing our customers with a complete service package. In such partnerships, Nixu's enthusiastic, professional teams will help our customers in situ and of course, rely on the technology-based continuous services supplied by Nixu.”

Growth Strategy

In 2014, Nixu Corporation, European cybersecurity services company, launched its growth strategy. This strategy enabled Nixu to achieve substantial international growth and to begin its transformation from a consulting company to a scalable services company. The Nixu Board of Directors renewed the strategy in May, 2018 to account for both current market trends and its newly-acquired standing. Strong international growth and the development of scalable business operations will still remain as key components of the growth strategy.

Reflecting the company's mission, "we keep the digital society running", the Nixu growth strategy will focus particularly on cybersecurity services for digital business transformation. Developing and delivering cybersecurity services that enable clients to utilize the opportunities provided by the Industrial IoT and digital identities will be a key priority for Nixu.

The renewed growth strategy is based on four strategic development areas. By focusing its development efforts in the strategic themes, Nixu intends to achieve its vision and be the best workplace for cybersecurity professionals and the number one choice as a trusted cybersecurity partner of digital business for companies headquartered in Northern Europe.

1. **Cybersecurity talent community**

As an expert organization, Nixu's success will rely on its ability to retain, recruit and train the best cybersecurity specialists in the business. By following its previous strategy and its vision of being "the best workplace for cybersecurity professionals", the company has already reached several remarkable milestones in creating a strong company culture and good working practices. In the future, Nixu's international growth will rely heavily on its standing and reputation among the international information security community. To keep up with the need for new cybersecurity specialists, Nixu will also offer training programs and conversion courses for future talent.

2. **Cybersecurity partner for digitalization**

Traditionally, protecting companies' and public organizations' internal networks and systems has provided the bulk of most cybersecurity companies' business. However, an increasing number of businesses are making the transformation to build new digital service models, which means exponential growth in the demand for cybersecurity services for these new businesses. Nixu wants to provide a holistic variety of services specifically tailored to companies in the process of digital transformation and to serve as a cybersecurity partner in their digital business. The company has identified growth opportunities especially in enabling clients to make full use of the Industrial IoT and digital identities.

3. **Data-driven services on global platforms**

The traditional consulting business relies on the expertise of individual consultants or an extensive case portfolio. Similarly to its clients, Nixu wants to transition into a digital business model: one that relies on data on shared systems. Not only can the data collected in these systems be used for serving clients, it will also allow the company to increasingly utilize machine learning in developing its operations, especially in the future. Nixu's scalable, technology-based continuous services will be built on leading global platforms and cloud services.

4. Expanding Nixu's market presence

Keeping close to the client's decision-makers is a key factor in building trust, especially when operating in a service business. In order to achieve its vision of becoming the number one choice as a trusted cybersecurity partner for companies with headquarters in Northern Europe, Nixu must expand its market presence in the region. This can be achieved by opening up new markets through targeted sales activities and strategic acquisitions. Even though Nixu wants to serve its clients globally, its primary network of experts will be established across Northern Europe.

Revenue and Results for January–December 2018

Nixu Group's revenue stood at EUR 40,127 (32,279) thousand. Compared to the same review period during the previous year, revenue increased by 24%. The most significant factor contributing to the Group's increased revenue was the strong organic growth of 17%. In addition, the growth of the first six months of the year was supported by the preceding corporate acquisitions.

The development of revenue broken down by the type of service, was:

- Projects and assignments accounted for 58% (66%) of the revenue and increased 10% during the accounting period.
- All continuous services accounted for 39% (31%) of the revenue and increased 56% compared to the previous accounting period. All continuous services include:
 - Managed services, which accounted for 11% (7%) of revenue. Thanks to the success of the Nixu Cyber Defense Center -service, managed services were the fastest growth area, with their growth figure of 107%.
 - Continuous services accounted for a 28% (24%) share of the revenue and increased 42% from the previous year.
- Licenses accounted for 3% (3%) of the revenue with a growth of 9%.

Other operating income amounted to EUR 345 (554) thousand. Other operating income decreased by -38%. This decrease is explained by a decrease in EU projects.

Nixu's EBITDA was EUR -254 (1,106) thousand. EBITDA was negatively affected by the loss of EUR 1,836 (1,107) thousand in international operations, and the non-recurring costs of EUR 373 (269) thousand, which during the review period consisted of the costs of the transition to the Official list of Nasdaq Helsinki Stock Exchange and in the comparison period from the expenses of acquisitions and preparations of being listed. In addition, Nixu's EBITDA was burdened by a lower-than-usual invoicing rate in the company's operations in Finland, which was due to the future-oriented upfront recruitments.

With the non-recurring costs adjusted EBITDA was EUR 120 (1,375) thousand.

Nixu's EBIT was EUR -1,451 (492) thousand. In addition to the above, EBIT was affected by impairment charges and depreciations, totaling EUR 1,197 (614) thousand. The increase in impairment charges and depreciations is explained by a one-time impairment charge of EUR 372 thousand, entered into the ESSC B.V. customer relationships, as well as the increased depreciations.

Financial income and expenses were EUR -469 (-390) thousand. Financial expenses increased by 20% compared to the previous year, due to increases in interest-bearing debt and changes in currency rates.

The result for the accounting period was EUR -1,967 (-172) thousand.

The Group's effective tax rate was increased due to loss-making operations in the Netherlands.

Financing and investments

On December 31, 2018, Nixu Group's total balance sheet was EUR 33,327 (36,752) thousand.

The company's cash in hand on December 31, 2018 was EUR 9,286 (11,864) thousand. Net liabilities on December 31, 2018 amounted to EUR -2,112 (-3,384) thousand. The company has a strong financial position.

The net cash flow of operating activities was EUR -659 (-853) thousand, which was a result of a positive change in the company's working capital.

Personnel, leadership and management

Key Figures for Personnel

	2018	2017	2016
Average number during the accounting period	346	282	191
Wages and salaries during the accounting period (EUR 1,000)	21,890	17,318	12,207
Average employment (years)	3.9	3.9	4.2
Average age (years)	40.0	39.4	40.3
Permanent employees	98%	95%	95%
Part-time employees	4%	8%	9%
Women's share of the group's personnel	18%	16%	18%

The Group's personnel amount at the end of the year 2018 was 355 (323).

As the demand for cybersecurity services has increased rapidly due to the increased digitalization of society, and the number of global security breaches has exploded, the competition for the top cybersecurity experts has become fierce. One of Nixu's main strategic development areas is cybersecurity talent community. Nixu's success as an expert organization depends on its ability to keep, recruit and train the best experts in the field. In addition, Nixu's international growth will rely heavily on its standing and reputation among the international information security community.

Nixu wants to offer the best workplace for cybersecurity professionals in the field by supporting their professional development through constantly providing them with opportunities for training and on-the-job learning. The 70-20-10 model is being used as the guideline for the development of expertise. This means that Nixu uses various forms of learning at work (70%), preparatory learning and self-study (20%), and training and coaching programs (10%).

During 2018, the emphasis on on-the-job learning was particularly evident at the Nixucon event. The presentations, demos and workshops of this internal conference were mainly produced by Nixu employees themselves. The two-day event gathered more than 300 Nixu employees together from around the world, from beginners to technology gurus, –to learn together and share knowledge.

In order to continuously develop Nixu as an increasingly good workplace, the job satisfaction is measured, on a quarterly basis, with the Nixu Pulse questionnaire. When asked how likely it would be for the employees to recommend Nixu as a workplace to their network, the mean score was 8 (on a scale of 0-10, 10 being the highest). In the open answers, matters surfaced which Nixu employees particularly valued, such as a working culture which provides authority, helpful and skilled colleagues, interesting and challenging client assignments, flexibility and trust in the employees, as well as a good working atmosphere.

At Nixu, good leadership is seen as a significant background factor in work satisfaction, and as an enabling factor of being the best workplace. In support of good leadership, Nixu has piloted coaching management training during 2018. The positive feedback of those having participated in the coaching management training confirmed that the training had both supported the development of leadership skills, as well as increased the preparedness of managers for daily management work.

At Nixu, it is also firmly believed that well-implemented employee induction has a key role in the understanding and internalizing of corporate culture. For this reason, the Nixu corporate-wide induction was significantly developed by adding the outlined ThisIsNixuDays package, which is organized three times per year. The goal of the two-day induction is to provide new Nixu employees with a comprehensive overview of, among other things, Nixu's vision and strategy, as well as clients and services. In addition, more in-depth overviews of the Nixu corporate culture i.e. the Nixu Code framework are gone over with employees at the events, and are comprised of Nixu's Ethical Code of Conduct, values and operating principles.

Nixu also develops its expertise by cooperating with a number of actors such as the EU, educational institutes, and the international cybersecurity community. By providing hacker competitions, Nixu wants to be an active influencer in the field, develop the cybersecurity community and offer employment opportunities for those that are interested in the field. In 2018, Nixu organized the Nixu Challenge competition for the fifth time, which offers an opportunity for employment at Nixu, and for developing into a cybersecurity expert based on performance.

Nixu promotes diversity and the company's values (professional, collaborative, passionate for cybersecurity and humane), create a solid base for the Nixu culture. In 2018, Nixu had representatives of 22 nationalities in the service of their workforce. The majority of employees (82%) were men. Since cybersecurity is a male-dominated field, Nixu constantly seeks to attract more women experts to the field, with the aim of having a more balanced gender distribution.

Corporate Leadership Team

Nixu Corporate Leadership Team, as of January 1, 2018, has been comprised of Chief Executive Officer Petri Kairinen, Chief Financial Officer Janne Kärkkäinen, Chief People Officer Katja Müller, Chief Commercial Officer Jesper Sveiby, Finnish Market Area Leader Valtteri Peltomäki and Chief Development Officer Kim Westerlund.

Annual General Meeting 2018

Nixu Corporation's Annual General Meeting was held on April 25, 2018. The meeting adopted the financial statements and granted discharge from liability to the members of the Board of Directors, the CEO and the deputy CEO for the accounting period 1 January-31 December 2017.

Kimmo Rasila, Marko Kauppi, Juhani Kaskeala, Kati Hagros, and Tuija Soanjärvi were re-elected as the members of the Board of Directors. And Teemu Tunkelo was elected as a new full member.

The meeting decided on the remuneration of the members of the Board of Directors. The Chairman of the Board of Directors: EUR 3,000 per month, the Deputy Chairman: EUR 2,250 per month, and other Members of the Board: EUR 1,500 per month. For the work of the Audit Committee, the Chair of the Committee will be paid an annual remuneration of EUR 2,000 and each Member will be paid an annual remuneration of EUR 1,000. In addition, travel expenses of the members of the Board of Directors will be reimbursed in accordance with the company travel policy.

The Annual General Meeting decided that authorized public accountants PricewaterhouseCoopers Oy was re-selected as the audit firm of the company. PricewaterhouseCoopers Oy has announced that Mr. Heikki Lassila, Authorized Public Accountant, will be the principally responsible auditor of the company. It was decided that the auditor of the company will be paid according to a reasonable invoice.

In accordance with the proposal of the Board of Directors, the AGM decided that the profit from the financial period would be transferred to the retained earnings account and that no dividends would be paid for the accounting period ended 31 December 2017.

The Annual General Meeting decided that the Board of Directors would be authorized to buy back, at their own discretion, internally held company stock in one or several rounds as follows: Up to 120,000 shares can be acquired using the company's unrestricted equity. By way of derogation from the rules governing shareholder association and ownership, shares may be acquired according to the terms and conditions of the company's incentive schemes from the company and subsidiary employees and CEOs upon possible termination of their employment. The acquisition price of shares is the original subscription price paid to the company upon subscription, but no more than the price paid for the company shares in public trading on the day of acquisition.

The Board of Directors will decide upon the terms and conditions of buying back internally held company stock pursuant to the terms and conditions of the above incentive scheme. The authorization shall remain valid until the next Annual General Meeting.

It was decided that the Board of Directors would be authorized to issue new shares or special rights to shares pursuant to Chapter 10, section 1 of the Limited Liability Companies Act and/or dispose of internally held company stock at their own discretion pursuant to the following terms: The Board of Directors may, either in one or several rounds, issue new shares or special rights to shares pursuant to Chapter 10, section 1 of the Limited Liability Companies Act, and dispose of internally held company stock. By way of derogation from the shareholders' warrant, the number of shares issued pursuant to the authorization may be no more than 1,448,240, directed to company and subsidiary employees and CEOs. In addition, the authorization may be exercised

by the arrangement of acquisitions or other arrangements or stock-based incentive schemes. The proposed maximum number of shares to be issued or disposed of corresponds to 20% of the company's registered number of shares. The Board of Directors shall decide on all other terms of shares issues and the issuance of special rights. The authorization will remain valid until the next Annual General Meeting, and it will terminate the authorizations granted to the Board of Directors in 2014 concerning directed issues and the disposal of internally held Nixu Corporation stock.

In addition, it was decided that the Board of Directors would be authorized to continue preparations for applying the shares of the company to be traded on the Main Market of Nasdaq Helsinki Ltd and to decide upon possible application for becoming a Main Market company.

Shares and shareholders

NIXU	Shares traded	Total value (EUR)	High (EUR)	Low (EUR)	Average price (EUR)	Latest (EUR)
Jan-Jun 2018	651,850	7,701,466	14.00	10.05	11.90	13.50
Jul-Dec 2018	569,395	5,933,338	13.95	7.52	10.58	7.60
Jan-Dec 2018	1,221,245	13,634,804	14.00	7.52	11.24	7.60

	December 31,2018	December 31,2017
Market capitalization (EUR)	54,938,827	79,525,985
Number of shareholders	2,957	3,141
Total number of shares	7,241,198	7,241,198
Number of the company's own shares held by the company	12,405	11,563

Nixu has one share series. Each share entitles the holder to equal voting and dividend rights.

Nixu's shares are listed on the Official List of Nasdaq Helsinki Stock Exchange, under trading symbol "NIXU".

There were no shares issued during the accounting period.

Dividend proposal

On December 31, 2018, the parent company's assets subject to profit distribution amounted to EUR 20,376,460.56, of which the profit for the year amounts to EUR 115,023.14. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2018.

There have been no significant changes in Nixu's financial status after the close of the financial year.

Risks and uncertainties

Nixu identifies and manages risks, as a part of its normal business activities. The identified risks in Nixu's risk management have been described below, which, if realized, could have a great impact on the company's result. The risks are in accordance with the situation at the end of the year.

- The majority of the Nixu revenue is comprised of time its personnel invoiced for client projects and services. The inefficient allocation of work of personnel could lead to diminished margins in consultancy commerce. If the company cannot adapt to a fluctuation in client requests as well as efficient allocation of personnel, it may have immediate effects on the company's ability to create results.
- There are operational risks involved in Nixu's business activities, specifically in malfunctions in Nixu's IT systems and equipment, or an interruption in availability. Malfunctions in them may lead to the company not being able to produce its services as agreed.
- In their activities, Nixu processes client data. A data breach into the company's systems could cause immediate direct or indirect damage to the company's activities.
- In their activities, Nixu processes personal client data. In addition, the company is the register keeper of the personal information of its own personnel. The General Data Protection Regulation (GDPR) of the EU, which took effect in 2018, imposes significant liability on the data processor and register keeper. Eventual shortcomings in following the legislation in question, if realized, may result in substantial direct and indirect adverse consequences to Nixu.
- Unexpected delays and extra work are typical for large projects, adding uncertainty factors which may cause Nixu to incur additional costs. Moreover, Nixu may not always be able to allocate personnel resources, schedule tasks for long-term projects or plan its operations as required based on its predictions. There may also be problems in providing constant services, which may accrue costs to Nixu. In its activities, additionally, the company has a usual risk of ending up in conflicts with its clients which pertain to the contents of agreements.
- Even though Nixu's strategy relies mainly on organic growth, the company is also constantly searching for growth opportunities from corporate mergers or acquisitions. Acquisition failures or integration difficulties could seriously disrupt the company's operations. Potential acquisitions can also present unexpected risks and latent responsibilities for which the company cannot prepare beforehand.
- Nixu's business requires great trust from its clients. Information security attacks are aimed at our clients' systems and potential problems in Nixu's services may result in substantial direct and indirect adverse consequences to Nixu.
- The financing agreements of the company include conventional covenant conditions, which, if breached, may complicate the company's financial position, especially in situations in which creditor would not consent to the renegotiation of said conditions, or providing their consent for the breaching of the covenant conditions.
- Fluctuations in demand, problems with controlling commerce as well as changes in the financing market and in the national economy may lead to problems in financing day-to-day activities.
- Nixu operates in a highly competitive market. If competition increases, Nixu may lose portions of its market share and see a decrease in its margins.

- As part of its growth strategy, the company invests 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 for Nixu.

Events after the review period

There have been no material events concerning the company since the end of the year.

Financial reporting in 2019

The planned date for the Annual General Meeting is Wednesday, April 25, 2019.

Nixu will publish its half-year financial report for January–June 2019 on Thursday, August 15, 2019 in accordance with its disclosure policy. In addition to the half-year financial report and financial statements, Nixu will publish revenue information from the first and third quarters, as well as the CEO's overview and revenue information. The Q1/2019 CEO's overview and revenue information will be published on April 16, 2019, and Q3/2019 will be published on October 15, 2019.

Nixu will organize a revenue briefing for analysts, investors and media representatives on February 28, 2019 at 9:30 AM EET in Helsingin Pörssitalo, address: Fabianinkatu 14, FI-00100 Helsinki, Finland.

The event can also be watched as a live webcast at:
<https://nixu.videosync.fi/2018-financial-statement>

Espoo, February 27, 2019

Nixu Corporation
Board of Directors

Consolidated Statement of Comprehensive Income

EUR thousand	1 July - 31 Dec 2018	1 July - 31 Dec 2017	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2017
Revenue	20,660	17,711	40,127	32,279
Other operating income	199	302	345	554
Materials and services	-2,413	-1,833	-4,304	-2,641
Employee benefit expenses	-13,710	-11,616	-27,115	-21,733
Other operating expenses	-4,327	-4,114	-9,306	-7,353
Depreciation and amortization	-442	-372	-825	-614
Impairment charges	-372	0	-372	0
Operating result	-405	78	-1,451	492
Finance income	1	0	26	0
Finance expenses	-229	-246	-495	-390
Finance income and expenses, net	-228	-246	-469	-390
Result before taxes	-634	-168	-1,920	102
Income tax expense	-176	-138	-47	-274
Result for the period	-809	-306	-1,967	-172
Other comprehensive income				
Items that may be reclassified to profit or loss:				
Translation differences	124	-147	-278	-184
Other comprehensive income for the period, net of tax	124	-147	-278	-184
Total comprehensive income for the period	-685	-453	-2,245	-356
Result for the period attributable to:				
Owners of the parent	-809	-306	-1,967	-172
Result for the period	-809	-306	-1,967	-172
Total comprehensive income for the period attributable to:				
Owners of the parent	-685	-453	-2,245	-356
Total comprehensive income	-685	-453	-2,245	-356
Earnings per share for profit attributable to the owners of the parent during the year				
Basic and diluted earnings per share, EUR	-0.11	-0.05	-0.27	-0.03

Consolidated Statement of Financial Position

EUR thousand	31-Dec-18	31-Dec-17
ASSETS		
Non-current assets		
Goodwill	9,556	9,764
Other intangible assets	1,570	2,315
Tangible assets	1,022	902
Deferred tax assets	4	41
Total non-current assets	12,152	13,023
Current assets		
Trade receivables and other receivables	11,567	11,716
Current income tax receivables	322	149
Cash and cash equivalents	9,286	11,864
Total current assets	21,175	23,729
Total assets	33,327	36,752
EQUITY AND LIABILITIES		
Equity		
Share capital	95	95
Invested unrestricted equity reserve	17,285	17,125
Translation differences	-441	-163
Retained earnings	1,849	2,016
Result for the period	-1,967	-172
Total equity attributable to owners of the parent	16,820	18,901
Liabilities		
Non-current liabilities		
Borrowings	382	213
Deferred tax liabilities	132	310
Other non-current liabilities	2	16
Total non-current liabilities	516	539
Current liabilities		
Borrowings	6,792	8,267
Trade payables and other payables	9,135	9,002
Current income tax liabilities	65	43
Total current liabilities	15,991	17,311
Total liabilities	16,507	17,851
Total equity and liabilities	33,327	36,752

Consolidated Statement of Cash Flows

EUR thousand	1 July - 31 Dec 2018	1 July - 31 Dec 2017	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2017
Cash flows from operating activities				
Result for the period	-809	-306	-1,967	-172
Adjustments for:				
Depreciation and amortization	815	372	1,197	614
Other non-cash adjustments	25	-38	42	51
Finance income and expenses, net	228	246	469	390
Income tax expense	176	138	47	274
Changes in working capital				
Change in trade receivables and other receivables	-887	-2,776	62	-3,407
Change in trade payables and other payables	184	959	142	1,986
Interests paid	-130	-56	-314	-171
Other finance income and expenses, net	-9	-3	-9	-3
Income taxes paid	-107	-270	-328	-416
Net cash flows generated from operating activities	-514	-1,734	-659	-853
Cash flows from investing activities				
Purchases of tangible assets	-47	-104	-84	-122
Purchases of intangible assets	45	-64	-96	-64
Payments for business acquisitions, net of cash acquired	-168	-396	-168	-4,005
Proceeds from loans receivable	0	6	0	6
Net cash from investing activities	-169	-559	-348	-4,186
Cash flows from financing activities				
Proceeds from issues of shares and other equity securities	26	9,553	97	9,644
Proceeds from borrowings	0	0	0	5,850
Repayments of borrowings	-767	-609	-1,385	-1,027
Purchase of own shares	0	-2	-4	-20
Finance lease payments	-160	-128	-278	-233
Net cash from financing activities	-901	8,814	-1,570	14,214
Net decrease(-)/increase in cash and cash equivalents	-1,585	6,521	-2,577	9,175
Cash and cash equivalents at the beginning of the period	10,863	5,368	11,864	2,718
Exchange gains/losses (-) on cash and cash equivalents	7	-25	-1	-29
Cash and cash equivalents at the end of period	9,286	11,864	9,286	11,864

Statement of Changes in Equity

Attributable to owners of the parent

EUR thousand	Share capital	Invested unrestricted equity reserve	Cumulative translation difference	Retained earnings	Total	Total equity
Equity at 1 Jan 2017 (IFRS)	95	6,151	21	1,939	8,206	8,206
Result for the period				-172	-172	-172
Other comprehensive income for the period:						
Translation differences			-184	0	-184	-184
Total comprehensive income for the period	0	0	-184	-172	-356	-356
Transactions with owners:						
Issue of shares as consideration for a business combination		1,024			1,024	1,024
Share issue deducted with transaction costs		9,540			9,540	9,540
Share issue related to 2016 share-based compensation		410			410	410
Share based payments to employees				77	77	77
Total transactions with owners:	0	10,974	0	77	11,051	11,051
Equity at 31 Dec 2017	95	17,125	-163	1,844	18,901	18,901
Equity at 1 Jan 2018	95	17,125	-163	1,844	18,901	18,901
Adoption of IFRS 9				-5	-5	-5
Restated equity at 1 Jan 2018	95	17,125	-163	1,839	18,896	18,896
Result for the period				-1,967	-1,967	-1,967
Other comprehensive income for the period:						
Translation differences			-278		-278	-278
Total comprehensive income for the period	0	0	-278	-1,967	-2,245	-2,245
Transactions with owners:						
Share issue related to 2016 share-based compensation		160			160	160
Share based payments to employees				9	9	9
Total transactions with owners:	0	160	0	9	169	169
Equity at 31 Dec 2018	95	17,285	-441	-119	16,820	16,820

1 Notes to the balance sheet

About this Review

These consolidated interim financial statements comprise of Nixu Corporation ("the Company") or ("the Parent Company") and its subsidiaries (together referred to as the "Group" or "Nixu"). The Nixu Corporation shares are listed on the Official List of Nasdaq Helsinki stock exchange. The Parent Company domicile is in Espoo, and the registered address is Keilaranta 15, 02150 ESPOO.

The notes to the balance sheet have been segmented as follows:

- Result for the period
- People
- Acquisitions and group structure
- Interest-bearing Net Debt and Equity
- Other relevant notes

1.1 Basis of preparation

This Financial Statements Review has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. Appendix 2 presents the Group accounting policies applied in the preparation of the consolidated financial statements to be published on March 7, 2019. Accounting policies comply with IFRS standards effective from January 1, 2018. The Financial Statements Review does not, however, contain all information and the addendum information which is presented in the consolidated financial statement. Nixu's Board of Directors has approved this Financial Statements Review in their meeting on February 27, 2019.

The figures presented in this Financial Statements Review have been audited. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

1.2 Key accounting estimates

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

2 Result for the period

This section contains information that is important for understanding the Group's results for the reporting period:

- Revenue
- Earnings per share

2.1 Revenue and Segments

The Group's sales revenue is accumulated over time and licenses at a point in time according to the following main service areas and geographical areas:

Projects and assignments area includes one-off assignments, whose duration and scope vary from extensive delivery projects to the single control and consulting assignments.

The **all continuous services** area includes:

- **Managed services** includes in addition to Nixu CDC services for example continuous services for user management in which Nixu takes the management responsibility of the technology provided and continuous operational role in supporting customer operations.
- **Continuous services** area includes continuous services other than managed services. They differ from other assignments in that they are based on agreements that are valid until further notice or are based on self-renewing agreements.

The Licenses area includes the resale of third-party software and service licenses, typically bundled with other services. Proceeds from licenses also include proceeds from maintenance services.

Revenue breakdown by service area:

EUR thousand	1 July - 31 Dec 2018	1 July - 31 Dec 2017	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2017
Service type:				
Projects and assignments	11,795	11,006	23,460	21,273
Total continuous services	8,262	5,932	15,560	9,989
Managed services	2,721	1,385	4,459	2,153
Continuous services	5,541	4,547	11,102	7,835
Licenses	603	773	1,107	1,018
Total	20,660	17,711	40,127	32,279

Revenue by geographical area:

EUR thousand	1 July - 31 Dec 2018	1 July - 31 Dec 2017	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2017
Finland	13,516	10,999	25,492	21,054
Sweden	4,048	4,223	8,100	7,125
The Netherlands	1,092	839	2,031	1,288
United States	685	804	1,422	1,155
Other	1,318	846	3,082	1,658
Total	20,660	17,711	40,127	32,279

The geographical breakdown of revenue is based on the locations of the customer 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.

2.2 Earnings per Share

	1 July - 31 Dec 2018	1 July - 31 Dec 2017	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2017
Result for the period attributable to the owners of the parent	-809,330	-306,089	-1,966,985	-171,625
Weighted average number of shares, undiluted	7,217,054	6,631,083	7,208,401	6,440,713
Earnings per share, basic (EUR)	-0.11	-0.05	-0.27	-0.03
Impact of shares related to share based incentive plan	11,739	101,800	20,562	110,073
Weighted average number of shares, fully diluted	7,228,793	6,732,883	7,228,964	6,550,786
Earnings per share, diluted (EUR)	-0.11	-0.05	-0.27	-0.03

The company has dilutive potential ordinary shares with respect to its share-based incentive plan, which is described in further detail in Section 3, the Share-based incentive plan, below.

3 People

This section includes information how Nixu rewards its employees and key management personnel.

- Employee benefits
- Share-based payments

3.1 Employee Benefits

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

EUR thousand	1 July - 31 Dec 2018	1 July - 31 Dec 2017	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2017
Wages and salaries	10,939	9,235	21,890	17,318
Social security expenses	1,029	1,387	2,012	1,867
Share-based payments	2	36	9	77
Pension expenses - defined contribution plans	1,739	958	3,204	2,470
Total	13,710	11,616	27,115	21,733

3.2 Share-Based Payments

The 2016 share-based incentive plan

In November 2016, Nixu issued 120,000 new shares to its personnel at a subscription price of EUR 4.96 per share, which was below the fair value at the subscription date. The shares are subject to an employment condition. The incentive plan is classified as an equity-settled share-based incentive plan. The plan had increased the company's employee benefit expenses and retained earnings by EUR 9 thousand, for the year ended December 31, 2018 (2017: 77).

Previously, it has been Nixu's policy to redeem shares in cases where an employee's employment contract was terminated before the end of the vesting period. Therefore, the shares vested are recognized in equity when the vesting period ends. For the year ended December 31, 2018, the Nixu Group recognized costs that amounted to EUR 160 thousand (in 2017: 410) in invested unrestricted equity reserve for shares released to employees. On December 31, 2018, Nixu had no credit claims related to these shares (December 31, 2017: 54). On December 31, 2018, the Company had no debt connected to shares paid in cash (2017: EUR 120 thousand).

4 Acquisitions and group structure

This section presents details concerning Nixu's group structure, acquisitions made during the year, assets acquired and liabilities assumed as well as goodwill and other intangible assets recorded upon acquisition.

- Acquisitions
- Intangible assets

4.1 Acquisitions

Nixu did not realize any corporate acquisitions during 2018. In 2017, Nixu realized two corporate acquisitions: the Expert Solution Support Center BV ("ESSC"), at the end of May, 2017 and the Bitsec AB ("Bitsec") acquisition, on June 30, 2017.

4.2 Intangible Assets and Goodwill

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

On December 31, 2018, the amount of goodwill was EUR 9,556 (9,764) thousand, the amount of customer relationships EUR 1,345 (1,962) thousand, and the amount of other intangible assets was EUR 225 (353) thousand. A write-off of EUR 372 thousand was entered in the client base evaluation of ESSC BV.

EUR thousand	31-Dec-18	31-Dec-17
Net book amount at 1 January	12,080	6,572
Acquisition of subsidiaries	0	5,474
Additions	0	385
Disposals	0	0
Exchange differences	-261	-170
Amortization	-320	-181
Impairment charges	-372	0
Net book amount at 31 December	11,126	12,080

5 Interest-bearing Net Debt and Equity

This chapter presents details concerning the Group's net interest-bearing debt and shareholders' equity:

- Interest-bearing Net Debt and Derivative Financial Instruments
- Shareholders' equity

5.1 Interest-bearing Net Debt and Derivative Financial Instruments

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

EUR thousand	31-Dec-18	31-Dec-17
Non-current borrowings		
Finance leases	381	194
Other loans	1	19
Total non-current borrowings	382	213
Loans from financial institutions	6,526	7,900
Finance leases	266	191
Contingent consideration	0	175
Total current loans	6,792	8,267
Total loans	7,174	8,480
Less cash and cash equivalents	9,286	11,864
Net debt	-2,112	-3,384

Borrowings

On December 31, 2018, Nixu's loans from financial institutions included a EUR 4,000 thousand floating rate loan that was drawn-down in 2014, and variable and fixed rate loans amounting to EUR 5,900 thousand, which were drawn-down in 2017 related to the financing arrangements. The interest rates of the loans ranged between 3.00 and 3.80 per cent as well as a capitalized interest of 3.8% on the review period that ended on December 31, 2018.

On May 29, 2017, Nixu Corporation made a financing agreement with a total value of EUR 8,500 thousand for 5 to 6 years. In addition to this, the company has a credit facility of EUR 1,000 thousand. A credit facility was not in use at the end of the accounting period on December 31, 2018. By December 31, 2018, a total of EUR 5,900 thousand of loans under the financing agreement, mentioned in Section 4.1 have been drawn to finance the above acquisitions and strengthen the company's working capital. The loans were in part variable and fixed rate loans. Some of the loans are being paid in installments and some are being paid in full on their due dates. Some of the loans include capitalized interest.

The loan which was drawn down in 2014 is being paid in installments on a monthly basis, and will mature on October 9th, 2020. The remaining debt was EUR 1,313 thousand on December 31, 2018 (December 31, 2017: EUR 2,030 thousand). A part of the drawn-down loans from 2017 is being paid at once, on their due dates. Of the loan which is being paid in monthly installments, which will mature on November 30,

2020, the remaining portion, as of December 31, 2018, was EUR 1,115 thousand (December 31, 2017: EUR 1,765).

Nixu's loan agreements contain the following covenants: a minimum equity ratio of 35%, an EBITDA of a minimum of EUR 1.6 million on December 31st, 2017 and a minimum of EUR 2 million on June 30, 2018, as well as a net debt to operating profit (EBITDA) ratio of 3.5 on December 31, 2018, 3.25 on June 30, 2019 and 3.0, starting from December 31, 2019. The covenants were calculated in accordance with the Finnish accounting principles (FAS), which were previously utilized by Nixu. On December 31, 2018, the Group did not meet the operating profit (EBITDA) covenant. In December 2018, providers of the financing gave a waiver to Nixu from the compliance with operating profit (EBITDA) covenant and the current portion to bank loans that did not mature. Nixu met the other covenant terms. As of December 31, 2018, the non-current portion of the bank loans, amounting to EUR 5,108 thousand, will be classified under current liabilities. This is due to the fact that waivers of covenant compliance will expire before 12 months have elapsed from the end of the current accounting period. The next covenant review date is June 30, 2019.

Derivative Financial Instruments

As of December 31, 2018, the Group held two interest swap contracts. These agreements are used to hedge 49% (47%) of the company's loan funds against cash flow risk. For each swap, the company receives a variable EURIBOR interest of 3 months and 6 months and pays a fixed coupon rate of 0.44% and 0.81%. The interest rate swaps will mature in 2020 and 2022. These derivative financial instruments are classified as level 2 in the fair value hierarchy, and their fair value is calculated as the current value of estimated future cash flows based on observable yield curves. As of December 31, 2018, the fair value of the derivatives was negative EUR 41 thousand (December 31, 2017: negative EUR 35 thousand).

5.2 Equity

Shares issues

There were no shares issues during the 2018 financial period.

The invested unrestricted equity reserve grew by EUR 160 thousand, after the termination of the share reward-related earnings period.

Payments of dividends

No dividends have been paid in the 2018 financial period (2017: 0).

6 Other relevant notes

6.1 Related Party Transactions

The following transactions were carried out with related parties:

EUR thousand	1 July - 31 Dec 2018	1 July - 31 Dec 2017	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2017
Purchases of goods and services	0	1	3	4

Loans receivable from related parties

EUR thousand	31-Dec-18	31-Dec-17
Loan receivables from Leadership Team	0	13

The loans receivable are associated with the company's share-based incentive scheme, as described in Section 3.2.

6.2 Contingencies and Commitments

EUR thousand	31-Dec-18	31-Dec-17
Commitments for minimum lease payments (VAT included):		
Within 1 year	1,246	1,200
Later than 1 year and no later than 5 years	1,330	1,758
Total	2,577	2,958

Commitments

EUR thousand	31-Dec-18	31-Dec-17
Mortgages given on own behalf:		
Business mortgages	10,118	10,119
Loan amount	6,526	7,900

Other commitments

EUR thousand	31-Dec-18	31-Dec-17
Rental deposits	164	170

6.3 Events after the Balance Sheet Date

There have been no material events concerning the company since the end of the financial year.

6.4 Corrected financial information in 2018, attributable to the new IFRS 9 standard

Nixu has implemented the IFRS 9 Financial Instruments standard, as of January 1, 2018, which was published by the International Accounting Standards Board. The implementation of the IFRS 9 standard had no significant effect on Nixu's financial statement.

The IFRS 9 "Financial Instruments" takes into consideration the classification, valuation and derecognition of financial resources and liabilities, in addition to renewing the regulations related to hedge accounting, and introduces a new devaluation model to the financial resources. In addition, the IFRS 9 includes expanded addendum information and presentation requirements.

For Nixu, the main effect of the implementation of IFRS 9 is the application of the expected credit write-offs model, while evaluating the devaluation of the doubtful claims. In accordance with the new write-off model, an allowance for the individual impairments which pertain to the devaluation must be entered. It is based on the expected credit write-offs, whereby the losses will be entered earlier, and in greater amounts. In accordance with IAS 39, the entry of the loss was solely based on realized credit write-offs. In the Corporation, this change will mainly only affect the sales receivables which have been evaluated in the segmented acquisitions expenses. The Corporation will apply the simplified method which is allowed in the standard, whereby the expected credit write-offs are entered using a reserve matrix, which is based on the history of credit write-offs, adjusted for future expectations.

6.5 New standards

The IFRS 16 standard was published in January of 2016. Resulting from the standard, nearly all lease agreements will be entered into the balance sheet, since the operative lease agreements and financing leasing agreements will no longer be separated. In accordance with the new standard, the asset item (the right to utilize a leased commodity) and the financing debt pertaining to the payment of rent will be logged. The only exceptions are short-term lease agreements, and agreements for assets which only have a slight value.

Nixu will implement the IFRS 16 standard starting on January 1, 2019, applying the simplified approach, which is why the comparison information will not be corrected. The Corporation has decided not to enter usage rights installments and rental agreement debts pertaining to short-term leases, which have a maximum agreement term of 12 months. Additionally, asset installments which include agreements will not be entered.

The standard will mainly affect Nixu's operative accounting processing of lease agreements. At the end of the accounting period, the Group has approximately EUR 2 million of undiscounted, non-cancellable, operational lease agreements (automobiles, facilities, telephones) which are based on rental agreements, not for rental obligations which can be cancelled.

As a result of the change, the Group's EBITDA will improve by approximately 0,9 million in 2019 and an increase in depreciation and finance expenses by an equivalent amount. In addition, the change will increase the company's interest-bearing liabilities and intangible assets.

Addendum 1 – The Corporation’s key figures

In this release, Nixu presents certain indicators associated with the company’s financial standing and result for the accounting 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, EBITDA and EBIT adjusted for non-recurring items 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 audited IFRS financial statements. Companies do not calculate alternative performance measures in a uniform manner, and therefore Nixu’s alternative performance measures may not be comparable with similarly named measures presented by other companies.

Key Figures (IFRS)

EUR thousand	1 July - 31 Dec 2018	1 July - 31 Dec 2017	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2017
Revenue	20,660	17,711	40,127	32,279
Profit/loss for the period	-809	-306	-1,967	-172
Earnings per share (EUR)	-0.11	-0.05	-0.27	-0.03
EBITDA	409	449	-254	1,106
EBITDA, % of net sales	2.0 %	2.5 %	-0.6 %	3.4 %
Adjusted EBITDA ¹	428	564	120	1,375
Adjusted EBITDA, % of net sales ¹	2.1 %	3.2 %	0.3 %	4.3 %
EBIT	-405	78	-1,451	492
EBIT, % of net sales	-2.0 %	0.4 %	-3.6 %	1.5 %
Adjusted EBIT ¹	-387	192	-1,077	761
Adjusted EBIT % ¹	-1.9 %	1.1 %	-2.7 %	2.4 %

¹ Extraordinary, non-recurring events that do not belong to normal business operations are handled as adjustment items. Such extraordinary items are, for example, non-recurring costs related to acquisitions and listing that are included in other operating expenses.

The non-recurring costs included in the operating profit of January-December 2018 were EUR 373 thousand (269).

The non-recurring costs included in the operating profit of July-December 2018 were EUR 19 thousand (115).

Reconciliation of Alternative Key Figures

	1 July - 31 Dec 2018	1 July - 31 Dec 2017	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2017
Operating result	-405	78	-1,451	492
+ Depreciation and amortization	814	372	1,197	614
=EBITDA	409	449	-254	1,106
EBITDA	409	449	-254	1,106
+ Costs related to listing and business	19	115	373	269
=Adjusted EBITDA	428	564	120	1,375
Operating result	-405	78	-1,451	492
+ Costs related to listing and business combinations	19	115	373	269
=Adjusted operating result	-387	192	-1,077	761

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 the transition to the Official List of Nasdaq Helsinki Stock Exchange 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 on a mission to keep the digital society running. Our passion is to help organizations embrace digitalization securely. Partnering with our clients we provide practical solutions for ensuring business continuity, an easy access to digital services and data protection. We aim to provide the best workplace to our team of nearly 400 cybersecurity professionals with a hands-on attitude. With Nordic roots we serve enterprise clients worldwide. Nixu shares are listed on the Nasdaq Helsinki stock exchange.

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