

Half-Year Financial Report **2018**

for January 1 – June 30, 2018 (IFRS)



Unofficial translation

Nixu Corporation, Stock Exchange release on August 16, 2018 at 8:30 AM (EEST)

Strong growth continued, several large cybersecurity partnerships

Highlights for January–June 2018:

- Revenue: EUR 19,467 thousand (14,568), change: +34%.
Organic growth: 17%. Managed continuous services grew by 126%.
- EBITDA: EUR -663 thousand (657), share of the revenue: -3% (5%).
- Adjusted EBITDA: EUR -308 thousand (811), share of the revenue: -2% (6%).
- EBIT: EUR -1,045 thousand (415), share of the revenue: -5% (3%).
- 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 EUR 15 million and was concluded after the end of the review period.
- Nixu published its renewed strategy, which focuses on cybersecurity of industrial IoT and digitalization.
- Nixu transferred to the Official List of Nasdaq Helsinki Stock Exchange after the end of the review period.

Financial Guidance for 2018

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

Supported by strong organic growth and acquisitions, Nixu estimates its revenue to grow circa 25% in financial year 2018. Due to the strong growth investments and non-recurring costs related to the preparations of Stock Exchange list transfer in particular in the first half, EBITDA is expected to remain low but slightly positive.

Key Figures

EUR thousand	1 Jan-30 Jun 2018	1 Jan-30 Jun 2017	1 Jan-30 Dec 2017
Revenue	19,467	14,568	32,279
Profit/loss for the period	-1,158	134	-172
Earnings per share (EUR)	-0.16	0.02	-0.03
EBITDA	-663	657	1,106
EBITDA, % of net sales	-3.4 %	4.5 %	3.4 %
Adjusted EBITDA ¹	-308	811	1,375
Adjusted EBITDA, % of net sales ¹	-1.6 %	5.6 %	4.3 %
EBIT	-1,045	415	492
EBIT, % of net sales	-5.4 %	2.8 %	1.5 %
Adjusted EBIT ¹	-691	569	761
Adjusted EBIT % ¹	-3.5 %	3.9 %	2.4 %

¹Adjustment 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.

January – June 2018 EBITDA included the non-recurring costs 355 (154).

EUR thousand	30 Jun 2018	30 Jun 2017	31 Dec 2017
Equity ratio, %	50.3 %	34.3 %	51.4 %
Net interest-bearing debt	-2,809	3,630	-3,384
Net gearing, %	-16.1 %	38.7 %	-17.9 %

	1 Jan - 30 Jun 2018	1 Jan - 30 Jun 2017	1 Jan - 31 Dec 2017
Operating result	-1,045	415	492
+ Depreciation	382	242	614
=EBITDA	-663	657	1,106
EBITDA	-663	657	1,106
+Costs related to listing and business combinations	355	154	269
=Adjusted EBITDA	-308	811	1,375
Operating result	-1,045	415	492
+Costs related to listing and business combinations	355	154	269
=Adjusted operating result	-691	569	761

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

Petri Kairinen, CEO of Nixu:

At the close of the first half of 2018, Nixu took a major step forward and transferred to the Official Nasdaq Helsinki Stock Exchange Lists. Initially, the company went public back in late 2014. At that time, Nixu was listed on the Nasdaq First North market place. The primary goal of transferring to the Official List is the same as it was back then: to support Nixu's growth strategy. In fact, when looking back at the first half of 2014, we have managed to triple our revenue. Listing our stock on the Main Market provides increased international visibility and opportunities to seek funding for further acquisitions within the fast-evolving cybersecurity market.

This listing, along with the fact that the company has bulked up to a new size category, lends international credibility that will allow us to compete for larger contracts and accounts than ever before. During the spring, we were able to win several substantial cybersecurity framework agreements with large international clients. The most significant of which was EUR 15 million and was concluded after the end of the review period.

We grew by 34% percent during the review period, organic growth accounting for 17 percentage points. Our clients' needs in the field of cybersecurity continue to show strong growth. Nixu's primary competitive advantage is its ability to provide an extensive offering of comprehensive cybersecurity services and that Nixu is technology agnostic.

Compared to the reference period, there was a significant decrease in our profitability. The main reasons behind this include our emphasis on achieving strong growth especially internationally and a number of large sales projects. Our invoicing rate was also low due to internal development efforts and upfront recruitment. Increasing profitability will be a primary concern for the latter part of the year, and we believe that our EBITDA for 2018 will be slightly positive. Stable, solid price levels within our client base provide a good starting point, and wage inflation has remained moderate.

In the future, an increasing share of our customer efforts will focus on securing our clients digital business. In particular, industrial IoT solutions and the increasingly extensive use of digital identities require competent implementation of cybersecurity. In spring, we renewed our strategy to better account for these growth areas. Digital business continues to evolve at high speed. What this means for our experts is that they are presented with opportunities to participate in the most interesting assignments in the field. This, in turn, helps us to redeem our promise of being the best workplace for cybersecurity professionals. By providing these opportunities, we pursue our mission to keep the digital society running.

Nixu's Growth Strategy Focuses on Cybersecurity of Industrial IoT and Data-driven Services

In line with the growth strategy launched in 2014, Nixu has managed to grow significantly outside Finland and begin its transformation from a consulting company to a scalable services company. The Nixu Board of Directors renewed Nixu's strategy 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:

- 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.

Through the efforts in the strategic development areas, Nixu intends to achieve its vision to 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.

Revenue and Result for January–June 2018

Nixu Group's revenue stood at EUR 19,467 thousand (14,568). Compared to the previous review period, revenue increased by 34%. The most significant factors contributing to the group's increased revenue were the group's strong organic growth of 17% and the acquisitions made before the review period.

Development of revenue broken down by service area was as follows:

- Projects and assignments accounted for 60% of the revenue (70%), showing growth of 14% during the review period.
- All continuous services accounted for 37% of the revenue (28%). Compared to the corresponding period of the previous year, the revenue for the segment grew by 80%. The all continuous services area includes:
 - Managed services, which accounted for 9% of the revenue (5%). Thanks to the success of the Nixu Cyber Defense Center, managed services were the fastest-growing service area with its growth figure of 126%.
 - Continuous services, which accounted for a 29% share of the revenue (23%), showed growth of 69% from the previous year.
- Licenses accounted for 3% of the revenue (2%). Revenue from this service area increased by 106%.

Other operating income amounted to EUR 146 thousand (253). Other operating income fell by 42%. For the most part, this is attributable to the completion of a single EU project on November 30, 2017.

Nixu's EBITDA was EUR -663 thousand (657). EBITDA was negatively affected by loss-making international operations -1,139 thousand (-440) and a lower-than-usual invoicing rate in the company's operations in Finland due to the future-oriented upfront recruitment. In addition, EBITDA was negatively affected by the non-recurring costs 355 (154), which consisted of the costs of the transition to the Official List of Nasdaq Helsinki Stock Exchange during the review period and the costs of acquisitions in the comparison period.

With the aforementioned costs adjusted EBITDA was EUR -308 thousand (811).

Nixu's EBIT was EUR -1,045 thousand (415). In addition to the above factors, EBIT was affected by depreciation and amortization of EUR 382 thousand (242).

Financial expenses amounted to EUR 266 thousand (144). Financial expenses increased by 85% 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 -1,158 thousand (134).

The group's effective tax rate was increased due to loss-making operations in the Netherlands (Nixu B.V.).

Financing and Investments

On June 30, 2018, Nixu Group's balance sheet total was EUR 34,650 thousand (27,316).

On June 30, 2018, the company's cash in hand was EUR 10,863 thousand (5,368). On June 30, 2018, net liabilities amounted to EUR -2,809 thousand (3,630). The company has a strong financial position, ensuring its ability to invest in growth.

The net cash flow from operating activities was EUR -145 thousand (881). This is mainly attributable to loss-making operations outside of Finland during the review period.

Personnel, Leadership and Management

Nixu continued its strong organic growth. The number of personnel increased with 52 people and at the end of the half-year period Nixu had 353 employees (June 30, 2017: 301).

In February 2018, Nixu held the Nixu Challenge. Organized for the fifth year in a row, the contest is intended for young talent, providing top performers with the opportunity to join a Nixu traineeship program for a hands-on experience in cybersecurity work. By the end of June, more than 300 participants had tried to solve the technical cybersecurity challenge.

During the review period, both students and young professionals ranked Nixu as one of the most popular employers in Finland. For the first time, Nixu made it to the Universum Finland Most Attractive Employers list, when more than 10,000 students across 39 universities voted on the most attractive IT employers.

Nixu Corporation's Corporate Management Team includes Chief Executive Officer Petri Kairinen, Chief Financial Officer Janne Kärkkäinen, Chief Development Officer Kim Westerlund, Chief People Officer Katja Müller, Chief Commercial Officer Jesper Svegby and Market Area Leader for Finland Valtteri Peltomäki.

Key Figures for Personnel

	1 Jan - 30 Jun 2018	1 Jan - 30 Jun 2017	1 Jan - 31 Dec 2017
On average during the accounting period	335	247	282
Wages and salaries during the accounting period (EUR 1000)	10,951	8,087	17,318
Average length of employment (years)	3.7	3.8	3.9
Average age (years)	39.1	39.4	39.4
Permanent employees	93 %	95 %	95 %
Part-time employees	5 %	8 %	8 %
Women's share of the group's personnel	18 %	15 %	16 %

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.

Nixu Corporation's Board of Directors were selected Kimmo Rasila (Chairman), Marko Kauppi (Deputy Chairman), Kati Hagros, Juhani Kaskeala, Tuija Soanjärvi, and Teemu Tunkelo as a new full member.

The Annual General Meeting decided that authorized public accountants PricewaterhouseCoopers Oy was re-selected as the audit firm of the company and PWC appointed Authorized Public Auditor Heikki Lassila as the Auditor-In-Charge.

The Annual General Meeting decided that the Board of Directors would be authorized to issue new shares and/or dispose of internally held company stock, and to buy back Company's own shares.

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 Official List of Nasdaq Helsinki and to decide upon possible application for becoming a Main Market company.

Audit Committee

Effective June 18, 2018, the Board of Directors appointed an audit committee, whose term commenced upon the company's listing on the Official List Nasdaq Helsinki Stock Exchange. The audit committee has three members, who are selected by the Board of Directors annually from among the members of the Board. The audit committee members are Tuija Soanjärvi (Chair), Juhani Kaskeala and Teemu Tunkelo.

Shares and Shareholders

NIXU	Shares traded	Total value (EUR)	High (EUR)	Low (EUR)	Average price (EUR)	Latest (EUR)
Jan-Jun 2017	711,483	5,274,206	9.7	6	7.6	8.64
Jul-Dec 2017	1,030,397	11,944,608	14.45	8.3	10.89	11
Jan-Dec 2017	1,741,880	17,218,814	14.45	6	9.26	11
Jan-Jun 2018	651,850	7,701,466	14	10.05	11.9	13.5

	30 Jun 2018	30 Jun 2017	31 Dec 2017
Market capitalization (EUR)	97,588,705.50	56,083,950.72	79,525,985.00
Number of shareholders	2,995	2,762	3,141
Total number of shares	7,241,198	6,491,198	7,241,198
Number of the company's own shares held by the company	12,405	10,763	11,563

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

The company's share was listed on the Nasdaq First North market place in Helsinki, Finland during the review period. After the review period, Nixu transferred to the Official List of Nasdaq Helsinki Stock Exchange at the end of the review period.

There were no shares issues during the half-year period.

Risks and Uncertainties

In recent years, there has been a dramatic increase in the cybersecurity threats faced by Nixu's clients. Furthermore, the continuous evolution of information technology represents constantly evolving cybersecurity requirements and further increases in the demand for cybersecurity services. Failure to promptly respond to rapid changes in demand could be detrimental to Nixu's business.

Moreover, the expected growth of the company relies heavily on the competence of its staff. Failure to recruit or retain a sufficient number of cybersecurity experts or key personnel or a substantial increase in Nixu's labor costs could be detrimental to Nixu's business.

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

Unexpected delays and extra work are typical for large projects, adding uncertainty that may 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.

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.

Even though Nixu's strategy relies mainly on organic growth, the company is also constantly searching for growth opportunities offered by 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.

There are operational risks involved in Nixu's business activities, primarily attributable to human error, (errors made by employees, partners or other stakeholders) and technical problems (malfunctions in Nixu's IT systems and equipment, access and availability problems).

The company has invested in international growth in accordance with its strategy. If customer acquisition in new markets turns out to be more difficult than expected, the company's entry into new markets may considerably compromise the company's profitability. It is also possible that some of the company's international operations have to be discontinued. International business can entail political, legal and other risks.

Nixu operates in a highly competitive market. If competition increases, Nixu may lose portions of its market share.

The cybersecurity industry is subject to seasonal fluctuations that can be hard to predict. As a result, there are times when Nixu may not have sufficient personnel resources available to meet the demand and, conversely, there may not be enough demand to account for the personnel resources on hand.

Nixu's insurance coverage is typical for cybersecurity operators, but there may be unforeseen business risks it does not cover.

Nixu follows the procedures for risk identification, monitoring and controlling established by the management and the Board of Directors. However, even with risk management and internal control in place, there are limits to the number of errors, cases of negligent behavior or activities that are in breach of regulations or Nixu guidelines can be prevented or identified. Furthermore, certain risks can be highly difficult to identify.

Company funding involves common covenants, which, if breached, may have an adverse effect on its financial position.

If the future returns from consolidated goodwill do not match current expectations, a goodwill impairment may be required.

Events After the Review Period

Nixu's stock was transferred to the Official List of Nasdaq Helsinki Stock Exchange, where trading in Nixu shares started on July 2, 2018.

Nixu concluded a wide-ranging framework agreement with its long-term client to operate as its cybersecurity integrator. The framework agreement has an estimated value of 15 million euros by the end of 2020. After this, the client has the option to extend the agreement for two years, amounting to a total value of approximately EUR 9 million.

Financial Reporting in 2018

In 2018, Nixu Corporation publishes revenue information from the third quarter on Monday October 15, 2018 and full year 2018 financial statements release on Thursday, February 28, 2019.

Espoo, August 15, 2018

Nixu Corporation
The Board of Directors

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, 2018.

Effective January 1, 2018, the Nixu Group has adopted the *IFRS 9 Financial Instruments* standard. The standard was adopted prospectively with the allowed transitional reliefs. In terms of the company's accounting, the adoption of this standard mainly influences the point at which expected credit defaults are recorded. Provisions are recorded using the simplified model permitted by the standard (the provision matrix). The adoption of the standard did not have a material effect to group's figures.

The figures presented in this accounting statement release 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 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, operating result, adjusted operating result, equity ratio, interest-bearing net debt, net gearing, EBITDA-% and EBIT-% adjusted with non-recurring items as alternative performance measures and as additional information to the financial measures presented in accordance with IFRS. Management believes that these key figures provide meaningful supplemental information on the statement of comprehensive income and financial position, and are widely used by analysts, investors and other parties and provide additional information to analyze Nixu's performance 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 way, and therefore Nixu's alternative performance measures may not be comparable with similarly named measures presented by other companies.

When preparing this Financial Statements Review, 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.

Consolidated Statement of Comprehensive Income

EUR thousand	1 Jan - 30 Jun 2018	1 Jan - 30 Jun 2017	1 Jan - 31 Dec 2017
Revenue	19,467	14,568	32,279
Other operating income	146	253	554
Materials and services	-1,891	-808	-2,641
Employee benefit expenses	-13,405	-10,118	-21,733
Other operating expenses	-4,979	-3,239	-7,353
Depreciation and amortization	-382	-242	-614
Operating result	-1,045	415	492
Finance income	25	0	0
Finance expenses	-266	-144	-390
Finance income and expenses, net	-241	-144	-390
Result before taxes	-1,286	271	102
Income tax expense	129	-136	-274
Result for the period	-1,158	134	-172
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Translation differences	-402	-37	-184
Other comprehensive income for the period, net of tax	-402	-37	-184
Total comprehensive income for the period	-1,560	98	-356
Result for the period attributable to:			
Owners of the parent	-1,158	134	-172
Result for the period	-1,158	134	-172
Total comprehensive income for the period attributable to:			
Owners of the parent	-1 560	98	-356
Total comprehensive income	-1,560	98	-356
Earnings per share for profit attributable to the owners of the parent during the year			
Basic and diluted earnings per share, EUR	-0.16	0.02	-0.03

Consolidated Statement of Financial Position

EUR thousand	30 Jun 2018	30 Jun 2017	31 Dec 2017
ASSETS			
Non-current assets			
Goodwill	9,462	9,874	9,764
Other intangible assets	2,156	2,091	2,315
Tangible assets	1,020	895	902
Other receivables	0	17	0
Deferred tax assets	17	45	41
Total non-current assets	12,655	12,922	13,023
Current assets			
Trade receivables and other receivables	10,728	8,894	11,716
Current income tax receivables	404	133	149
Cash and cash equivalents	10,863	5,368	11,864
Total current assets	21,995	14,395	23,729
Total assets	34,650	27,316	36,752
EQUITY AND LIABILITIES			
Equity			
Share capital	95	95	95
Invested unrestricted equity reserve	17,215	7,176	17,125
Translation differences	-565	-16	-163
Retained earnings	1,846	1,980	2,016
Result for the period	-1,158	134	-172
Total equity attributable to owners of the parent	17,433	9,369	18,901
Liabilities			
Non-current liabilities			
Borrowings	313	7,252	213
Deferred tax liabilities	208	434	310
Other non-current liabilities	9	48	16
Total non-current liabilities	530	7,734	539
Current liabilities			
Borrowings	7,742	1,746	8,267
Trade payables and other payables	8,933	8,393	9,002
Current income tax liabilities	12	73	43
Total current liabilities	16,687	10,213	17,311
Total liabilities	17,217	17,947	17,851
Total equity and liabilities	34,650	27,316	36,752

Consolidated Statement of Cash Flows

EUR thousand	1 Jan - 30 Jun 2018	1 Jan - 30 Jun 2017	1 Jan - 31 Dec 2017
Cash flows from operating activities			
Result for the period	-1,158	134	-172
Adjustments for:			
Depreciation and amortization	382	242	614
Other non-cash adjustments	17	89	51
Finance income and expenses, net	241	144	390
Income tax expense	-129	136	274
Changes in working capital			
Change in trade receivables and other receivables	949	-631	-3,407
Change in trade payables and other payables	-42	1,027	1,986
Interests paid	-184	-115	-171
Other finance income and expenses, net	0	0	-3
Income taxes paid	-221	-146	-416
Net cash flows generated from operating activities	-145	881	-853
Cash flows from investing activities			
Purchases of tangible assets	-37	-18	-122
Purchases of intangible assets	-142	0	-64
Payments for business acquisitions, net of cash acquired	0	-3,609	-4,005
Proceeds from loans receivable	0	0	6
Net cash from investing activities	-179	-3,627	-4,186
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	71	91	9,644
Proceeds from borrowings	0	5,850	5,850
Repayments of borrowings	-618	-418	-1,027
Purchase of own shares	-4	-18	-20
Finance lease payments	-118	-104	-233
Net cash from financing activities	-669	5,401	14,214
Net decrease(-)/increase in cash and cash equivalents	-993	2,655	9,175
Cash and cash equivalents at the beginning of the period	11,864	2,718	2,718
Exchange gains/losses (-) on cash and cash equivalents	-8	-4	-29
Cash and cash equivalents at the end of period	10,863	5,368	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	95	6,151	21	1,939	8,206	8,206
Result for the period				134	134	134
Other comprehensive income for the period:						
Translation differences			-37	0	-37	-37
Total comprehensive income for the period	0	0	-37	134	97	97
Transactions with owners:						
Issue of shares as consideration for a business combination		1,024			1,024	1,024
Share based payments to employees				41	41	41
Total transactions with owners:	0	1,024	0	41	1,066	1,066
Equity at 30 Jun 2017	95	7,176	-16	2,114	9,369	9,369
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				-1,158	-1,158	-1,158
Other comprehensive income for the period:						
Translation differences			-402		-402	-402
Total comprehensive income for the period	0	0	-402	-1,158	-1,560	-1,560
Transactions with owners:						
Share issue related to 2016 share-based compensation		90			90	90
Share based payments to employees				7	7	7
Total transactions with owners:	0	90	0	7	97	97
Equity at 30 Jun 2018	95	17,215	-565	689	17,433	17,433

Revenue and Result for the Accounting Period

Revenue and Segments

The group's proceeds from service sales accrue over time, whereas licenses fall due at specific times. 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.

The **all continuous services** area includes:

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.

Continuous services – continuous services other than managed services, including continuous user management services. The difference between these services and other assignments is that continuous services are based on contracts of indefinite duration or those that are, in practice, extended automatically.

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 Jan - 30 Jun 2018	1 Jan - 30 Jun 2017	1 Jan - 31 Dec 2017
Service type:			
Projects and assignments	11,665	10,267	21,273
Total continuous services	7,298	4,056	9,988
Managed services	1,737	768	2,153
Continuous services	5,561	3,288	7,835
Licenses	504	245	1,018
Total	19,467	14,568	32,279

Revenue breakdown by geographical area:

EUR thousand	30 Jun 2018	30 Jun 2017	31 Dec 2017
Finland	12,032	10,055	21,054
Sweden	4,192	2,902	7,125
The Netherlands	950	449	1,288
United States	710	351	1,155
Other	1,583	811	1,658
Total	19,467	14,568	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.

Earnings per Share

	1 Jan - 30 Jun 2018	1 Jan - 31 Jun 2017	1 Jan - 31 Dec 2017
Result for the period attributable to the owners of the parent	-1,157,655	134,464	-171,625
Weighted average number of shares, undiluted	7,199,606	6,247,187	6,440,713
Earnings per share, basic (EUR)	-0.16	0.02	-0.03
Impact of shares related to share based incentive plan	29,531	118,484	110,073
Weighted average number of shares, fully diluted	7,229,137	6,365,671	6,550,786
Earnings per share, diluted (EUR)	-0.16	0.02	-0.03

The company has dilutive potential ordinary shares with respect to its share-based incentive scheme, which is described in further detail in the section Personnel under *The 2016 share-based incentive scheme* below.

Personnel

Personnel Benefits

The following table lists the personnel benefits recorded in the consolidated statement of comprehensive income:

EUR thousand	1 Jan - 30 Jun 2018	1 Jan - 30 Jun 2017	1 Jan - 31 Dec 2017
Wages and salaries	10,951	8,087	17,318
Social security expenses	982	862	1,867
Share-based payments	7	41	77
Pension expenses - defined contribution plans	1,465	1,128	2,470
Total	13,405	10,118	21,733

Share-Based Payments

The 2016 share-based incentive scheme

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 scheme is classified as an equity-settled share-based incentive scheme. By the review date of June 30, 2018, the scheme had increased the company's 2018 personnel costs and retained earnings by EUR 7 thousand (June 30, 2017: 41).

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 review period that ended on June 30, 2018, the company recognized EUR 90 thousand (June 30, 2017: 0) in its invested unrestricted equity reserve for shares transferred. On June 30, 2018, Nixu had a EUR 26 thousand loan receivable associated with these shares (June 30, 2017: 0). By June 30, 2018, the company had recognized a EUR 70 thousand liability relating to shares paid in cash (June 30, 2017: EUR 403 thousand).

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 2018	30 Jun 2017	31 Dec 2017
Net book amount at beginning of the period	12,080	6,572	6,572
Acquisition of subsidiaries	0	5,474	5,474
Additions	77	0	385
Exchange differences	-378	-33	-170
Amortization	-161	-49	-181
Net book amount at end of the period	11,618	11,964	12,080

On June 30, 2018, the amount of goodwill was EUR 9,462 thousand (2017: 9,874), the amount of customer relationships EUR 1,790 thousand (June 30, 2017: 2,091) and the amount of other intangible assets EUR 366 thousand (June 30, 2017: 0).

The Group structure did not change during the review period.

Product Development

For the review period that ended on June 30, 2018, Nixu capitalized development expenses amounting to EUR 77 thousand (June 30, 2017: 0). Nixu has the intention and capability to complete the associated product/service, the expenses can be reliably determined and the product/service is expected to generate revenue in the future.

Interest-bearing 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 2018	30 Jun 2017	31 Dec 2017
Non-current borrowings			
Loans from financial institutions	0	6,886	0
Finance leases	303	190	194
Contingent consideration	0	176	0
Other loans	10	0	19
Total non-current borrowings	313	7,252	213
Current loans			
Loans from financial institutions	7,307	1,359	7 900
Finance leases	266	167	191
Contingent consideration	168	220	175
Total current loans	7,742	1,746	8,267
Total loans	8,055	8,998	8,480
Less cash and cash equivalents	10,863	5,368	11,864
Net debt	-2,809	3,630	-3,384

Borrowings

On June 30, 2018, Nixu's loans from financial institutions included a EUR 4,000 thousand floating rate loan that was taken out in 2014, and a 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 on the review period that ended on June 30, 2018.

No additional loans were taken out during the review period.

Nixu's loan agreements contain the following covenants: a minimum equity ratio of 35%, a minimum EBITDA of EUR 1.6 million on 31 December 2017 and EUR 2 million on 30 June 2018, a net debt to EBITDA ratio of 3.5 on December 31, 2018, 3.25 on June 30, 2019 and, starting from December 31, 2019, 3.0. The covenants were calculated in accordance with the Finnish accounting principles (FAS), which were previously utilized by Nixu.

On June 30, 2018, the group did not meet the EBITDA covenant. In June 2018, providers of the financing gave to Nixu a waiver from the compliance with EBITDA covenant and the current part to bank loans did not mature. Nixu met the other covenant terms. As of June 30, 2018, the non-current part of the bank loans, amounting to EUR 5,938 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 December 31, 2018.

Derivative Financial Instruments

At the closing of accounts, on June 30, 2018, the group held two interest swap contracts. These agreements are used to hedge 47% (50%) of the company's loan funds against cash flow risk. On June 30, 2018, the fair value of the derivatives was negative EUR 40 thousand (June 30, 2017: negative EUR 21 thousand).

Equity

Share issues

In the review period, the company recorded EUR 90 thousand in its invested unrestricted equity reserve for shares disposed to employees as part of the company's incentive scheme upon completion of the employees' period of earnings. The shares were originally issued in the 2016 accounting period.

Payments of dividends

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

Related Party Transactions

The following transactions were carried out with related parties:

EUR thousand	1 Jan - 30 Jun 2018	1 Jan - 30 Jun 2017	1 Jan - 31 Dec 2017
Purchases of goods and services	3	3	4

Loans receivable from related parties

EUR thousand	30 Jun 2018	30 Jun 2017	31 Dec 2017
Loans receivable from related parties (management team)	2	25	13

The loans receivable are associated with the company's share-based incentive scheme.

Contingencies and Commitments

The future aggregate minimum lease payments under non-cancellable operating leases

EUR thousand	30 Jun 2018	30 Jun 2017	31 Dec 2017
Commitments for minimum lease payments:			
Within 1 year	1,090	1,031	1,200
Later than 1 year and no later than 5 years	1,585	1,805	1,758
Total	2,674	2,835	2,958

Commitments

EUR thousand	30 Jun 2018	30 Jun 2017	31 Dec 2017
Mortgages given on own behalf:			
Business mortgages	10,118	10,118	10,118
Loan amount	7,307	8,245	7,900

Other commitments

EUR thousand	30 Jun 2018	30 Jun 2017	31 Dec 2017
Rental deposits	158	141	170

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 over 300 cybersecurity professionals with a hands-on attitude. With Nordic roots, but based in four continents, we serve enterprise clients worldwide. Nixu shares are listed on the Nasdaq Helsinki stock exchange.

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