

The background of the entire page is a composite image. It features a dark blue, geometric, low-poly pattern on the left side. The right side shows a night sky with a vibrant green and blue aurora borealis (Northern Lights) over a dark, silhouetted landscape. A small figure of a person stands on a hill in the foreground, looking up at the lights.

nixu

Financial Review 2022

Financial Review 2022 Contents

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The Board of Director's Report

The development of Nixu Group in the accounting period of January 1, 2022 – December 31, 2022

Nixu Group's revenue stood at EUR 60,222 (51,809) thousand. Revenue increased by 16% from the previous year.

Development of revenue by service type:

- Projects and assignments accounted for 47% (50%) of the revenue, increased by 10% compared to the previous year.
- All continuous services accounted for 34% (35%) of the revenue and increased by 11% compared to the previous accounting period. All continuous services include:
 - Managed services, which accounted for 20% (19%) of revenue and increased by 19% compared to the previous accounting period.
 - Continuous services accounted for a 14% (16%) share of the revenue and increased by 2% from the previous year.
- Technology resale accounted for 19% (15%) of the revenue.

Other operating income stood at EUR 44 (-123) thousand.

Nixu's EBITDA was EUR 2,409 (1,473) thousand. Improvement of EBITDA was obtained in the second half of the year within strengthened growth.

Adjusted EBITDA was EUR 2,480 (1,929) thousand. The adjustment items of EUR 71 (456) thousand were related to personnel costs resulting from reorganization both in the current and comparison period. Comparison period also includes adjustment to COVID-19 NOW benefits support received in the Netherlands in 2020.

Nixu's EBIT was EUR 564 (-444) thousand. In addition to the above, EBIT was affected by depreciations amounting to EUR 1,846 (1,917) thousand.

Financial income and expenses amounted EUR -580 (-514) thousand.

The result for the year was EUR 42 (-984) thousand.

Business

Nixu provides cybersecurity services to help organizations take advantage of digitalization safely and securely. The company's mission is to keep digital society running. Nixu utilizes the offerings of its technology partners in the services it provides to customers. Nixu's strongest market area is Northern Europe, although it also serves customers all across the world. Nixu is headquartered in Finland and has offices in the Netherlands, Sweden, Denmark and Romania.

Strategy

Nixu's growth strategy is based on its goals of being the best workplace for cybersecurity professionals and the trusted, go-to partner for cybersecurity services for digitalization in North-

ern Europe. In order to achieve these goals, Nixu has focused on expanding its market presence and developing its community of cybersecurity experts, cybersecurity partnerships and knowledge-based services.

The implementation of the strategy progressed as planned during 2022, and revenue growth targets were achieved. Profitability also developed in the desired direction.

Financing and investments

On December 31, 2022, Nixu Group's balance sheet total was EUR 41,526 (40,710) thousand.

The company's cash in hand on December 31, 2022, was EUR 3,562 (4,080) thousand. The company has two credit facilities of EUR 5,500 thousand altogether. The credit facility of EUR 4,000 thousand is maturing on April 30, 2023. A total of EUR 981 (0) thousand of the credit facilities were in use at the end of the accounting period on December 31, 2022.

In the next 12 months a loan of EUR 2,130 thousand is maturing.

Net liabilities on December 31, 2022, amounted to EUR 3,199 (3,237) thousand.

Net cash flow from operating activities was EUR 631 (138) thousand. Cash flow from operating activities was affected by improved profitability.

Group structure

At the end of the financial year, the Group consisted of the following 100%-owned companies by the parent company: Nixu Certification Oy, Nixu B.V., Nixu AB and Nixu A/S. In addition, the Nixu Group consisted of Nixu Cybersecurity Srl. owned by Nixu B.V. 96% and Nixu Oyj by 4%.

Key indicators for the group

The financial period Jan 1, 2022 – Dec 31, 2022, was the company's 34th. The following key figures represent the company's financial status and its results:

EUR thousand	2022	2021	2020
Revenue	60,222	51,809	53,272
EBIT	564	-444	-702
EBIT, % of net sales	0.9%	-0.9%	-1.3%
Equity ratio, %	30.6%	31.5%	34.4%

Personnel

At the end of 2022, Nixu had 393 employees (2021: 389) in Finland, in the Netherlands, in Sweden, in Denmark, and in Romania. Fierce competition for skilled personnel continued and kept personnel turnover high throughout the industry. Nixu's personnel costs totaled EUR 33.6 million (2021: EUR 31.8 million).

Sustainable development

Nixu is a responsible cybersecurity company that has a significant positive impact on all of its stakeholders and society as a whole. It protects its customers' digital functions and services, and actively participates in the development of information security. Nixu's positive impact on society comes from services that ensure business continuity, easy access to digital services and data protection in a number of sectors, such as industry, public administration, banking and finance, and telecommunications. Nixu therefore has a considerable handprint. Yet its footprint is small, and Nixu also compensates for its carbon dioxide emissions on the basis of an internal estimate.

Nixu has defined its most material sustainability themes by stakeholder. The company is a reliable cybersecurity provider to its customers and partners, and provides the best cybersecurity workplace for employees. As a growth company, Nixu wants to create long-term value for its owners. As part of the

community, its goal is to be involved in the development of cybersecurity as a thank you for the good operating conditions the company enjoys. In order to promote responsible and sustainable development, Nixu has set goals and created a program that is implemented by a sustainability working group. The implementation of this program is supervised by the Management Team and Board of Directors, who are ultimately responsible for developing the company's business in an even more sustainable direction. Nixu has analyzed its sustainability-related risks as part of routine risk management, and they are presented in the Report of the Board of Directors under "Risks and uncertainties".

Social responsibility

Nixu's social responsibility is focused on the wellbeing, development opportunities and fair treatment of its personnel. Nixu provides its personnel with varied and challenging tasks, opportunities to develop their skills among top professionals in the field, and an international work community. Wellbeing at work arises through meaningful tasks, a good workplace atmosphere, successful leadership, and a good work-life balance.

Employee satisfaction is measured quarterly with Pulse survey. Employee satisfaction remained at a good level in 2022. Positive aspects highlighted by personnel in the survey included wellbeing at work, work environment ja communication. Some areas for development were management and tools.

Competence development

Personnel development, furthering career paths and offering training opportunities play an important role in ensuring the wellbeing and motivation of Nixu employees. Nixu provides its personnel with a broad range of training and development opportunities. It also adheres to the international Better Together approach, which supports cross-border internal cooperation and enables employees to get involved in a diverse range of assignments.

Nixu's corporate culture encourages its personnel to share their expertise with the international cybersecurity community, of which Nixu is an active member. During the review period, Nixu collaborated with both cybersecurity communities and educational institutions, and also organized and supported cybersecurity-related events. In this way, Nixu also promotes cybersecurity at a societal level.

Working conditions

Nixu provides a safe and healthy workplace for all of its employees, and actively implements measures to prevent work-related illnesses. As demanding and responsible work can be stressful, Nixu aims to give its employees a good work-life balance. As part of this quest for balance, employees can follow a hybrid working model that harnesses both the flexibility of remote working and the social aspects of in-person work.

Nixu requires everyone to comply with the Occupational Health and Safety Act and other health and safety regulations, and to report any potential health and safety risks. The goal is zero accidents. No accidents occurred at work during 2022.

Human rights and equality

Nixu respects human rights and complies with the UN's Universal Declaration of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. Nixu's routine operations are guided by a Code of Conduct that is included in the company's onboarding process. In addition to strict internal controls, Nixu has a whistleblowing channel for anonymously reporting any inappropriate behavior.

Key figures for Personnel

	2022	2021	2020
Average number during the accounting period	392	385	399
Wages and salaries during the accounting period (EUR 1,000)	27,546	25,841	27,505
Average employment (years)	4.4	4.7	5.0
Average age (years)	40.0	40.7	41.8
Permanent employees	97%	98%	99%
Part-time employees	4%	6%	5%
Women's share of the group's personnel	25%	24%	21%

Nixu offers equal opportunities to all employees, treats all personnel with respect, and allows them freedom of association. The company is committed to constructive and regular dialogue with its personnel. Nixu does not tolerate any form of inappropriate behavior, discrimination, harassment or bullying. These principles also protect those working in Nixu's partner network. No violations of the aforementioned legislation, regulations or principles were reported in 2022.

Environmental responsibility

Nixu's environmental impacts are marginal in relation to its operations and service provision. The energy intensity of Nixu's services is also low. The company does not use natural resources to provide its services, and its operations do not generate much waste. The most significant environmental impacts come from carbon dioxide emissions, the main sources of which are the energy used by rented premises, commuter and business-related travel, and emissions from the use and manufacture of equipment leased to the company.

Nixu determined its carbon dioxide emissions in 2022. Some of the emissions could be calculated, but other figures had to be estimated using a comparability analysis. Nixu compensates for its emissions via the Taimiteko project on the basis of its overall CO₂ estimate. This project is creating new carbon sinks, while also providing employment for young people. By compensating for its 230,000 kg of CO₂ emissions, Nixu enabled 9 young people to plant 981 saplings in Finland. Carbon dioxide emission reporting will be further developed in 2023.

Anti-corruption measures

Nixu's business is based on fair competition, and the company has zero tolerance for corruption, bribery and money laundering. Nixu has not identified any particular risks related to corruption and bribery in its routine risk management. In addition to legislation, regulations and guidelines, the company's operations are steered by a Code of Conduct. Nixu's partners are also required to comply with comparable guidelines, even though they have not yet been required to sign the Code of Conduct. The target for 2023 is to extend the Code of Conduct to partners with the broadest possible coverage.

Management

During the accounting period, Nixu's Board of Directors consisted of Jari Niska (Chairman), Marko Kauppi (Deputy Chairman), Kati Hagros, Anders Silwer, Kimmo Rasila until April 19, 2022, Jaya Baloo until April 19, 2022, and a new member Joakim Karske as of April 19, 2022.

The Audit Committee consisted of Jari Niska, Marko Kauppi and Anders Silwer. Jari Niska served as a Chairman until April 19, 2022 and after that Marko Kauppi continued as a Chairman.

In 2022, the Personnel and Remuneration Committee consisted of the following members until the AGM on April 19, 2022: Kati Hagros (Chair), Jaya Baloo and Kimmo Rasila. As of April

19, 2022, the Personnel and Remuneration Committee consisted of the following members: Kati Hagros (Chair), Joakim Karske and Jari Niska.

The auditor of the company was the authorized public accountants PricewaterhouseCoopers Oy. Authorized Public Accountant acting as the principal auditor changed on October 1, 2022, from APA Enel Sintonen to APA Panu Vänskä.

Members of Nixu Corporate Leadership Team during the accounting period:

- Teemu Salmi, Chief Executive Officer (as of August 1, 2022)
- Janne Kärkkäinen, Chief Financial Officer (deputy CEO)
- Nathalie van Delden, Chief People Officer (as of March 1, 2022)
- Björn-Erik Karlsson, SVP Expert Services
- Jan Mickos, SVP Managed Services
- Valtteri Peltomäki, interim Chief Executive Officer (1 Mar, 2022–31 Jul, 2022) and SVP Client Experience
- Pietari Sarjakivi, SVP Labs
- Petri Kairinen, Chief Executive Officer (until February 28, 2022)
- Katja Müller, Chief People Officer (until February 28, 2022)

Shares issue decisions during the financial year:

The AGM authorized the Board of Directors to resolve on the repurchase of the company's own shares in one or several installments as follows:

Up to 720,110 shares, shares can be repurchased using funds belonging to the unrestricted equity of the company. The proposed amount corresponds to approximately ten (10) per cent of all the shares in the company on the date of the notice, taking the company's own shares already held by the company into account.

Acquisitions under the authorization are proposed to be carry out on the marketplace of which rules allow the company to trade with its own shares. The shares shall be repurchased through public trading on the marketplaces where the shares in the company are admitted to public trading. The consideration to be paid for the purchased shares shall be based on the market price.

The authorization entitles the board to decide on the repurchase of the company's shares also other than in proportion to the shares owned by the shareholders (targeted repurchase). In this case, there must be a compelling financial reason for the company to repurchase the shares.

The shares may be repurchased to implement the company's arrangements in relation to the company's business operations, to the implementation of the company's share-based incentive programs or to be otherwise transferred or canceled. In addition, the company can repurchase shares from the marketplace for a Member of the Board of Directors in order to pay the remunerations of the Members of the Board of Directors, either in whole or in part. The repurchased shares can also be held by the company itself.

The Board of Directors is authorized to resolve on all other conditions and matters related to the repurchase of the company's own shares. The repurchase of the company's own shares will reduce the unrestricted equity of the company.

The authorization is proposed to remain in force until the next AGM, however, up to June 30, 2023, whichever is the earliest and it would replace the authorization granted by the earlier AGM regarding on the repurchase of the company's own shares.

Authorization for a share issue

The AGM authorized the Board of Directors to decide on the issuance of new shares through a share issue or by granting

other special rights entitling to shares, referred to in Chapter 10, Section 1 of the Finnish Companies Act, and/or disposing shares held by the company as follows:

The Board of Directors may, in one or more tranches, issue new shares or grant special rights entitling to shares in accordance with Chapter 10, Section 1 of the Companies Act and dispose treasury shares. The total number of shares to be issued under the authorization may not exceed 1,485,000. The authorization includes the right to decide to issue either new shares or treasury shares either against payment or without consideration.

New shares or treasury shares may be issued in deviation from the shareholder's pre-emptive rights, if there exists a weighty financial reason for the company to implement such directed share issue or, in the case of an issue without consideration, an especially weighty financial reason for it both for the company and with regard to the interests of all shareholders in the company.

The Board of Directors is authorized to resolve on the other terms and conditions as well as actions pertaining to the issuance of shares, option rights and to the granting of other special rights entitling to shares as well as the disposal of treasury shares.

Shares and shareholders

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

	December 31, 2022	December 31, 2021
Market capitalization (EUR)	54,491,302	52,114,325
Number of shareholders	5,209	5,152
Total number of shares	7,447,219	7,425,219
Number of the company's own shares held by the company	1,526	1,526

Nixu has one share serie. Each share entitles the holder to equal voting and dividend rights.
Nixu's shares are listed on the Official List of Nasdaq in Helsinki Stock Exchange.

The authorization may be exercised to develop the capital structure, expand the ownership base, for the payment of consideration in transactions, when acquiring assets related to the company's business operations and to implement incentive programmers so that the shares are issued directly to the employees and CEOs of the company and its subsidiaries. The proposed maximum number of shares corresponds to approximately 20 per cent of all the registered shares in the company and out of this authorization, number of shares corresponding up to 5 per cent of all the registered shares in the company can be used as an incentive for the personnel.

The authorization is proposed to remain in force until the next AGM, however, up to June 30, 2023, whichever is the earliest, and it would replace the previous authorizations granted regarding a directed share issue and the disposal of treasury shares.

The Board of Directors of Nixu Corporation resolved a directed share issue and a matching share plan "Matching Share Plan 2022" ("Plan") to the new CEO, Teemu Salmi. The plan consists of a directed share issue against payment (Share Issue 1/2022) whereby the CEO subscribes maximum 22,000 new shares (New Shares) of Nixu Corporation, combined with the right of receiving, after a three-year retention period, two matching shares free of consideration for each full one New Shares subscribed in the Share Issue 1/2022. The Board of Directors of Nixu Corporation confirmed that the subscription price for the New Shares is the average weighted price of the share of Nixu Corporation in Nasdaq Helsinki Oy during the period between 14 February – 14 March 2022. It was confirmed that the subscription price for the New Shares is EUR 5.67 per share. A total of 22,000 new Nixu Corporation shares have been registered in the Trade Register, and the total subscription price of the new shares, EUR 124,740.00, was recorded in its entirety to the invested unrestricted equity of the company.

Flagging Notifications

According to the announcement received by Nixu Corporation, the aggregate ownership of Aktia Mikro Markka, Aktia Nordic Micro Cap, Aktia Nordic Small Cap, Aktia Secura Investment funds, managed by Aktia Rahastoyhtiö Oy, increased above 5 percent on January 1, 2022. (Stock Exchange Release January 3, 2022)

Research and Development

During 2022, Nixu implemented internal development projects and the Group recognized research and development costs amounting to EUR 724 (747) thousand through profit or loss in the financial year that ended December 31, 2022.

The renewal of Nixu's managed security services continued in 2022. In addition to the previously launched cloud-native SOC and XDR solutions, Nixu has invested in developing security controls for business-critical applications and service management to meet client preferences.

In 2022, Nixu completed a development project aimed at ISO 27001 Certification. Throughout the project, Nixu has unified and further developed its information security management system processes and security practices across the Group. The certification was awarded to Nixu in March 2022.

Nixu is part of the Findynet Cooperative that is developing a general-purpose, shared, and secure verifiable data network, which ensures the authenticity of information required in electronic interactions. This public-private cooperation aims to strengthen Finland's leading position in digitalization and support the emergence of investments in new digital services. On August 31, 2022, the Finnish Ministry of Finance granted the Findynet Cooperative a three-million-euro government grant to build a pilot environment for a self-sovereign identity network.

In addition to income-funded development projects, Nixu has participated during 2022 in national and international projects, which have been financed by, among others, the EU and Business Finland. Among other things, Nixu has contributed to the foundations of digital society and data economy in several collaborative projects.

In 2022, a two-year CSG project, led by the University of Jyväskylä, was launched to improve the information security of industrial automation environments. Nixu's main goal in the project is to develop scalable information security controls for automation environments and to increase the level of automation of nonconformity detection and response.

Nixu participated in the 2022 VTT-led Mad@Work project. The project, conducted with the ITEA3 cluster consortium, leverages data collected from the work environment and other resources to improve employee well-being, safety, and per-

formance as well as work environments. Nixu has offered its expertise by ensuring that the privacy and data protection of the project's data transfer has been adequately addressed. Nixu also evaluates the privacy of AI solutions and matters related to ethical issues.

Nixu is a member of the MEDINA consortium (EU Horizon 2020, #952633). Established at the end of 2020, the three-year MEDINA project aims to provide a comprehensive framework that improves cloud client management and trust in cloud by supporting cloud service providers (IaaS, PaaS, and SaaS service providers) to achieve continuous certification under the EU Cybersecurity Act. Under the new EU Cybersecurity Act (EU CSA), the European ICT market should build trust through the European certification scheme.

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.

General economic uncertainty, along with increasing interest rates and inflation may have an effect on the demand of Nixu's services.

The war in Ukraine and its consequences is a material risk and uncertainty. Due to the war the risk of cyber threats has increased. This also increases the risk that Nixu would be a target for cyber threats. Nixu does not have any business in Russia, Belorussia or in Ukraine. Instead, some of Nixu's clients are still present in those countries.

Covid 19 has continued, and it may still change its characters, therefore Nixu Employees' health and ability to work, and thus the continuity of operations and services, are the most significant Covid-19 specific risk for Nixu. The hybrid way of working may also have negative impact on the employee well-being and in addition the turnover of employees may increase because of frustration in relation to it.

There are operational risks involved in Nixu's business activities, such as malfunctions in IT systems and equipment, or an interruption in their availability. These may lead to the company not being able to produce its services as agreed. In addition, unexpected and continued lack of electricity supply

caused by ongoing energy crisis may influence Nixu's capability to deliver services as planned.

Nixu handles client information in its operations. A breach to Nixu's systems and materialized cybersecurity threat may cause significant direct or indirect damage to company's operations.

In its activities, Nixu processes personal data of its clients. In addition, Nixu is the controller of the personal data of its own personnel. Eventual shortcomings in following the legislation, 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. There may also be problems in providing continuous services, which may accrue additional costs to Nixu. In its activities, Nixu has a normal risk of ending up in conflicts with its clients which pertain to the contents of agreements.

Although Nixu's strategy relies mainly on organic growth, the company is also constantly searching for growth opportunities from acquisitions. If the acquired companies do not meet the set targets or if Nixu fails to integrate the acquired companies, both aforementioned reasons may seriously disrupt Nixu's operations.

Nixu's business requires remarkable 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 Nixu include conventional covenant conditions, which, if breached, may have an effect to 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.

Losing any of the ten largest clients or losing a significant number of clients from the continuous services client base within a short period of time may also affect the company's profitability. Increased co-operation with strategic technology partner collaboration may lead, in case of non-successful co-operation to increased costs or loss of said partnership.

Future outlook

Rapid digitalization, geopolitical turbulence, and the rise of cybercrime keep contributing to the cybersecurity market growth. According to research company Gartner, global cybersecurity spend will grow 11,3% in 2023. Cybersecurity market growth in highly digitalized Northern European countries is expected to be faster than in global markets in 2023–2026 (Gartner 2022).

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

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

Nixu believes that over the next few years, the market will continue its consolidation and mature while the clients will have confidence in only a few larger companies they partner with. Nixu has gained the position of a trusted partner among many of its clients. With this position, clients wish Nixu to solve ever more diverse challenges. Hence, Nixu's holistic services expand the average size of a client relationship. Typically, Nixu's client base is very stable, and client relationships last for a long time, allowing the building of client-specific expertise.

Source:

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

Events after the review period

Nixu updated its strategy and financial targets.

DNV announced a voluntary recommended public cash tender for all shares and stock options in Nixu.

Financial Guidance for 2023

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

The Board of Directors' proposal for the distribution of profits

On December 31, 2022, the parent company's assets subject to profit distribution amounted to EUR 14,737,485.18 of which the loss for the year amounts to EUR 1,560,329.94. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2022.

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

Consolidated Statement of Comprehensive Income

EUR thousand	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Revenue	2.1	60,222	51,809
Other operating income	2.4	44	-123
Materials and services	2.3	-17,801	-12,944
Employee benefit expenses	3.1, 3.2, 3.3	-33,626	-31,791
Other operating expenses	2.4	-6,429	-5,479
Depreciation and amortization	4.2, 6.1	-1,846	-1,917
OPERATING RESULT		564	-444
Finance income	5.2	1	27
Finance expenses	5.2	-521	-453
Interest expenses on lease payments	5.2, 6.2	-61	-87
Finance income and expenses, net		-580	-514
Result before taxes		-17	-958
Income tax expense	2.5	59	-26
RESULT FOR THE PERIOD		42	-984
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Translation differences		-391	-101
Other comprehensive income for the period, net of tax		-391	-101
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-349	-1,085
Result for the period attributable to:			
Owners of the parent		42	-984
RESULT FOR THE PERIOD		42	-984
Total comprehensive income for the period attributable to:			
Owners of the parent		-349	-1,085
TOTAL COMPREHENSIVE INCOME		-349	-1,085
Earnings per share for profit attributable to the owners of the parent during the year	2.6		
Basic and diluted earnings per share, EUR		0.01	-0.13

Notes are an integral part of the Financial Statements.

Consolidated Statement of Financial Position

EUR thousand	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Goodwill	4.2	12,227	12,613
Other intangible assets	4.2	1,624	2,093
Tangible assets	6.1	148	253
Right-of-use assets	6.1, 6.2	1,435	2,139
Other receivables		265	265
Shares and similar rights of ownership		71	30
Deferred tax assets	8.1	270	170
Total non-current assets		16,040	17,563
Current assets			
Trade receivables and other receivables	7.1	21,905	18,734
Current income tax receivables		20	333
Cash and cash equivalents		3,562	4,080
Total current assets		25,486	23,148
TOTAL ASSETS		41,526	40,710
EQUITY AND LIABILITIES			
Equity			
Share capital		95	95
Invested unrestricted equity reserve		19,439	19,314
Translation differences		-856	-465
Retained earnings		-6,013	-5,149
Result for the period		42	-984
Total equity attributable to owners of the parent	3.2, 5.4	12,707	12,811
Liabilities			
Non-current liabilities			
Borrowings	5.1, 5.3	1,622	2,365
Lease liabilities	5.1, 6.2	531	900
Deferred tax liabilities	8.1	185	195
Other non-current liabilities		289	283
Total non-current liabilities		2,627	3,743
Current liabilities			
Borrowings	5.1, 5.3	3,690	2,686
Lease liabilities	5.1, 6.2	918	1,366
Trade payables and other payables	7.2	21,583	20,080
Current income tax liabilities		2	24
Total current liabilities		26,193	24,157
Total liabilities		28,820	27,899
TOTAL EQUITY AND LIABILITIES		41,526	40,710

Notes are an integral part of the Financial Statements.

Consolidated Statement of Cash Flows

EUR thousand	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Cash flows from operating activities			
Result for the period		42	-984
Adjustments for:			
Depreciation and amortization	4.2, 6.1	1,846	1,917
Unrealized foreign exchange differences		135	0
Other non-cash adjustments ¹⁾	5.2	139	-100
Finance income and expenses, net	5.2	580	507
Income tax expense	2.5	-59	26
Changes in working capital			
Change in trade receivables and other receivables		-3,318	-2,596
Change in inventories		0	6
Change in trade payables and other payables		1,558	2,814
Interests paid		-420	-378
Other finance income and expenses, net		-127	-54
Income taxes paid		256	-1,019
Net cash flows generated from operating activities		631	138
Cash flows from investing activities			
Purchases of tangible assets	6.1	-1	-10
Purchases of intangible assets	4.2	0	-8
Other investments		11	-19
Proceeds from loans receivable		-2	0
Net cash from investing activities		8	-37
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	3.2, 5.4	125	0
Proceeds from borrowings	5.1	981	0
Repayments of borrowings	5.1	-763	-625
Lease liability repayments		-1,397	-1,398
Net cash from financing activities		-1,054	-2,023
Net decrease(-)/increase in cash and cash equivalents		-415	-1,921
Cash and cash equivalents at the beginning of the period		4,080	6,031
Exchange gains/losses (-) on cash and cash equivalents		-103	-30
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		3,562	4,080

¹⁾ Primarily comprises the adjustment of personnel costs recognized for share-based compensation.

Notes are an integral part of the financial statements.

Consolidated Statement of Changes in Equity

		Attributable to owners of the parent				
EUR thousand	Note	Share capital	Invested unrestricted equity reserve	Cumulative translation difference	Retained earnings	Total
Equity at 1 Jan 2021		95	19,314	-364	-5,038	14,007
Result for the period					-984	-984
Other comprehensive income for the period:						
Translation differences				-101		-101
Total comprehensive income for the period		0	0	-101	-984	-1,085
Transactions with owners:						
Share based payments	3.2				-111	-111
Total transactions with owners:		0	0	0	-111	-111
EQUITY AT 31 DEC 2021		95	19,314	-465	-6,133	12,811
Equity at 1 Jan 2022		95	19,314	-465	-6,133	12,811
Result for the period					42	42
Other comprehensive income for the period:						
Translation differences				-391		-391
Total comprehensive income for the period		0	0	-391	42	-349
Transactions with owners:						
Share issue related to 2022 share-based compensation deducted with transaction costs	5.4		125			125
Share based payments	3.2				120	120
Total transactions with owners:		0	125	0	120	245
EQUITY AT 31 DEC 2022		95	19,439	-856	-5,971	12,707

Notes are an integral part of the Financial Statements.

Notes to the Consolidated Financial Statements

Section 1: Notes on Financial Statements

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").

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 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. 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. A copy of the financial statements is available on the Internet at www.nixu.com.

Nixu's Board of Directors has approved these financial statements in their meeting on March 7, 2023. According to the Finnish Companies Act, shareholders have the opportunity to approve or reject the financial statements at the General meeting of Shareholders held after publication. It is also possible to amend the financial statements at the General meeting of Shareholders.

The notes to the consolidated financial statements that follow present information relevant to understanding Nixu's:

- Result for the year;
- People;
- Acquisitions and group structure;
- Interest-bearing Net Debt and Equity and
- Other assets and liabilities

Other information that is required to be disclosed to comply with the accounting standards but are not considered to be significant to understand the financial performance or financial position of Nixu are provided at the end of the notes.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (derivative instruments) which are measured at fair value. The consolidated financial statements are presented in thousands of euros, which is the functional and presentation currency of the parent company. Items included in the financial statements of each subsidiary are measured using the currency of primary economic environment in which the subsidiary operates. All amounts presented are in thousands of euros unless otherwise noted and are rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total amount given for that column or row. The information presented in the financial statements is audited, except for the Report of the Board of Directors. The information in the Annual Review and Corporate Governance Report is unaudited.

Basis of preparation

These consolidated financial statements of Nixu have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS as adopted by the European Union. The notes to the consolidated financial statements also comply with the Finnish accounting and corporate legislation complementing the IFRS standards.

Key accounting estimates

In preparing these financial statements, management are required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in the following notes:

- Revenue: Revenue recognition of large fixed-price projects (note 2.1.)
- Revenue: Recognition of tech resell revenue - Nixu as an agent (note 2.1.)
- Segment information: aggregation of operating segments (note 2.2.)
- Acquisitions: Determination of the fair value of the net assets acquired (note 4.1.)
- Acquisitions: Management judgment relating to the determination of contingent consideration (note 4.1.)
- Intangible assets, including goodwill impairment testing: Allocation of goodwill and estimation of the carrying value (note 4.2.)
- Intangible assets, including goodwill impairment testing: The economic useful life of customer relationships (note 4.2.)
- Tangible assets, including depreciation: Estimation of carrying value and economic useful life of the right-of-use assets (note 6.1.)
- Leased assets, the right-of-use assets classification of leases (note 6.2.)
- Deferred taxes: Recognition of deferred tax assets and deferred tax liabilities (note 8.1.)

Impact in the financial reporting of the war in Ukraine, high inflation and increasing interest rates

The Group has estimated the possible effects of the war in Ukraine, high inflation and rising interest rates on financial reporting.

In general, the war in Ukraine has not had a significant impact on Nixu's figures and asset values in the 2022 period. Nixu does not have any business in Russia, Belorussia or in Ukraine, instead some of Nixu's clients are present in those countries.

General economic uncertainty, such as increasing interest rates and inflation, may have an effect on the demand of Nixu's services and company's personnel and other costs. The interest rate hedging of loans is described in the note 5.1.

In accordance with IAS 36, non-financial assets must be tested for impairment whenever there is an indication that their value may be impaired. In addition, goodwill is tested at least annually. Nixu monitored the development of the situation during the year and assessed its impact on financial reporting, including non-current assets and the valuation of trade receivables.

Section 2: Result for the period

This section contains information relevant to understanding the results and performance of the Group during the reporting period:

- Revenue
- Segment information
- Materials and services
- Other operating income and expenses
- Income taxes
- Earnings per share

2.1 Revenue

Nixu provides a wide range of cybersecurity consultancy services and continuous services and sells licenses to both business enterprises and the public sector. Nixu's solutions include the following service concepts: business digitalization; cyber defense; cybersecurity outsourcing; cloud security, safety, and reliability; compliance and certification; and security for connected devices. Typically, the service concepts and customer contracts include several types of services, as described below in more detail.

The **Projects and assignments** area includes one-off assignments, whose duration and scope range from extensive delivery projects to individual audit and consultancy assignments.

All continuous services include:

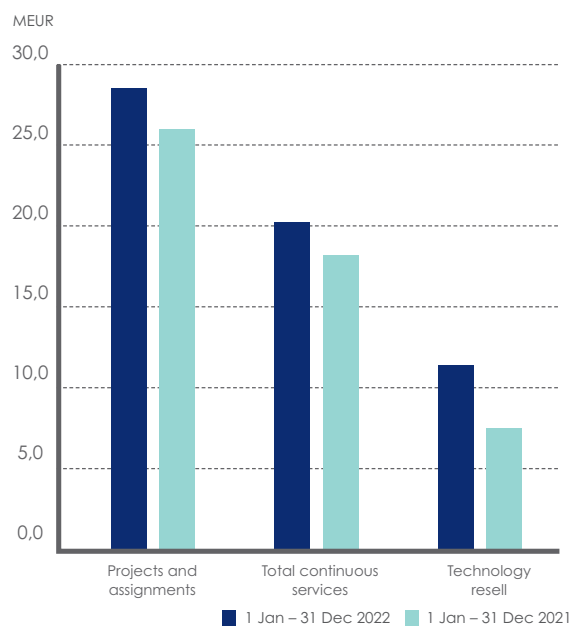
- Managed services include services such as Nixu CDC services and continuous identity and access management services, where Nixu takes the management responsibility for the technology provided and a continuous operational role in supporting customer operations. Managed security services also include the licenses sold for them, whether or not they are included in the contractual service price or sold separately.
- Continuous services include continuous services other than managed services, including continuous identity and access management services. They differ from other assignments in that they are based on agreements that are valid until further notice or self-renewing agreements.

Technology resale includes resale of third-party software and technology service licenses as well as technology resale, usually together with other services. License revenue also includes maintenance services. Licenses for managed security services are not included in license revenue.

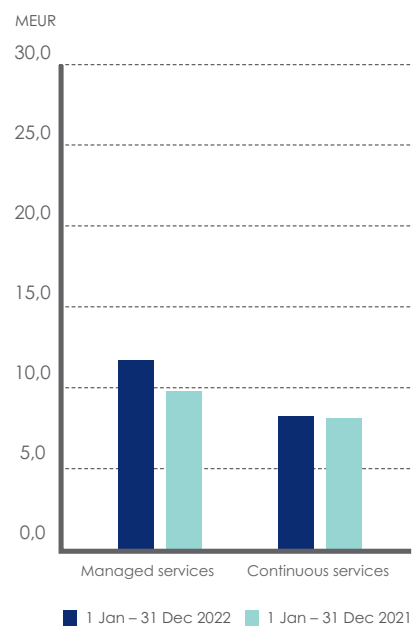
EUR thousand	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Service type:		
Projects and assignments	28,527	26,003
Total continuous services	20,247	18,241
Managed services	11,828	9,953
Continuous services	8,419	8,287
Technology resell	11,448	7,566
Total	60,222	51,809

EUR thousand	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Finland	36,002	29,923
Sweden	10,724	9,836
Denmark	8,527	7,594
Benelux	1,390	1,422
Norway	1,777	1,061
Other	1,801	1,973
Total	60,222	51,809

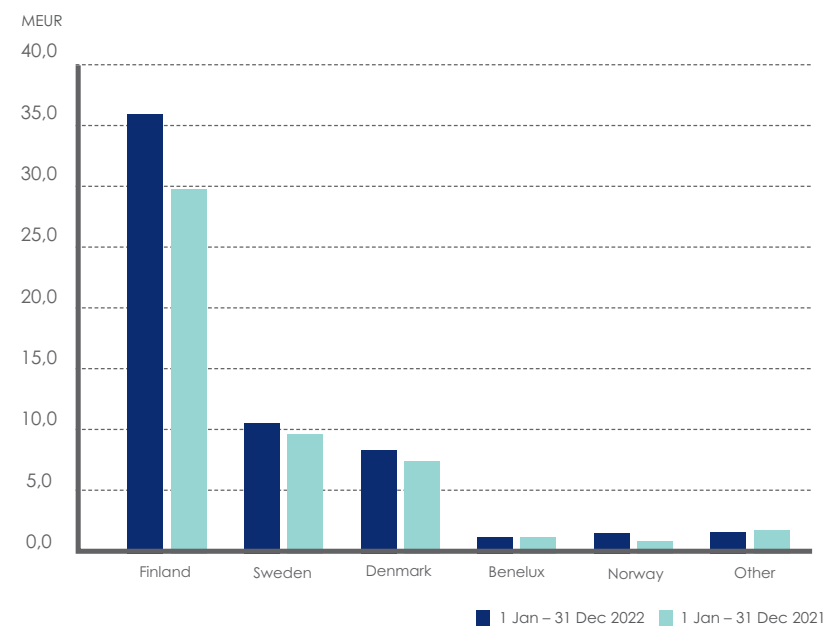
Revenue by type of service



Total continuous services in detail



Revenue by geography



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

Contractual assets and liabilities

The Group's balance sheet includes the following contractual assets and liabilities:

EUR thousand	31 Dec 2022	31 Dec 2021
Contract assets - Projects and assignments	1,650	1,251
Receivables	10,811	9,318
Contract assets and receivables total	12,461	10,568
Costs to obtain contracts with customers		
Managed services	1,113	620
Licenses	6,885	6,268
Costs to obtain contracts with customers total	7,998	6,888
Contract liabilities¹⁾		
Projects and assignments	215	320
Managed services	948	259
Continuous services	57	29
Licenses	7,935	6,926
Contract liabilities total	9,155	7,534

¹⁾ Included in accrued expenses, see Note 7.2. Trade payables and other liabilities.

Contract liabilities

Contract liabilities are recognized for payments received from services that have not been provided. Revenue from CDC implementation services has been recognized by Nixu as a contract liability EUR 205 (29) thousand and amortized over the period during which continuous managed CDC services are provided. In all continuous services, i.e. managed cybersecurity services and continuous services the performance provided is typically based on a fixed monthly or quarterly fee, and payment takes place in advance monthly or quarterly. Nixu has invoiced in advance managed services EUR 743 (230) thousand.

For some CDC contracts, CDC projects include service level agreements that are monitored on a monthly basis and, if necessary, recognized. Some customers have been granted volume discounts based on turnover which are recognized. Such volume discounts for 2022 are EUR 9 (21) thousand.

For licenses included in technology resale, the time of payment is typically determined by the time of delivery. For license maintenance fees, the payment is usually made in advance for the following year. For hardware, the time of payment for the goods provided is typically determined by the time of delivery. Nixu has invoiced license revenue in advance EUR 7,935 (6,926) thousand.

From contract liabilities, a revenue of EUR 5,661 (6,847) thousand has been recognized for the reporting period.

Payment terms for all contract types vary between 14 and 60 days.

Projects and assignments

Revenue from projects and assignments is recognized over time in the accounting period in which the services are rendered. The performance related to the projects does not create an asset with an alternative use, and Nixu has an enforceable right to payment for the performance completed.

For projects and assignments agreements which are invoiced on time incurred, revenue is recognized in the amount to which Nixu has a right to invoice on monthly basis. Revenue from fixed-price projects is recognized based on service provided by the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labor hours spent in proportion to the total expected labor hours. If the services rendered by Nixu exceed the payment, a contract asset is recognized. The contract asset is

Accounting policy

All revenue is recognized on a gross basis, because Nixu acts as a principal towards the customer. resale of technology may involve profits in which Nixu acts an agent resulting in Nixu earning a net commission share. Revenues are reported after the deduction of indirect taxes and any discounts allowed.

Nixu accounts for each service and license as a separate performance obligation, because they are separately identifiable and customer can benefit from each service and product separately. Service contracts do not involve significant customization of the software.

Contracts with customers include some variable consideration, such as discounts, target prices, or sanctions related to the achievement of a service level in continuous services. Nixu estimates the amount of variable consideration based on expected value at the inception of the contract and at the end of each reporting period, and includes in the transaction price only the amount that meets criteria of being highly probable. The transaction price is allocated to the performance obligations based on their relative standalone selling prices. Nixu does not grant its customers payment terms exceeding one year, and the contracts do not include significant financing components.

Contract assets

Contract assets are recognized for provided services that have not yet been invoiced. For projects and assignments, invoicing is typically based on the performance agreed upon in the contract which is invoiced monthly on an hourly basis in accordance with the work performed. The charge may also be based on a fixed price which is invoiced gradually. A separate hourly rate has been determined for additional work. The change in the contract assets is mainly due to a normal seasonal variation and to the fact that some of the projects require prior approval of an invoice according to the customer's process before the actual invoice can be sent.

The Cyber Defence Center (CDC) service contracts include set-up costs relating to the implementation of the service, which are capitalized as costs to fulfill a contract and amortized over the contract period. In 2022, the accrued amount of costs to fulfill a contract be amortized on later periods was EUR 64 (10) thousand. The CDC service production needs production licenses, the costs of which are charged from customer as part of the monthly invoice; however, Nixu pays to license vendor for the next year's use of the license in advance. Production licenses paid in advance that will be charged from customers in future and had been periodized was EUR 1,113 (610) thousand.

transferred to receivables when entitlement to payment becomes unconditional. If the payments exceed the services rendered, a contract liability is recognized.

Managed services and continuous services

When Nixu's customer receives and consumes simultaneously the benefits from the services, Nixu recognizes revenue as managed services, other continuous services, software when provided as a service (SaaS), and maintenance services are provided. As a general rule, revenue is recognized in the amount to which Nixu has a right to invoice on monthly basis.

Contracts on continuous services normally include only one performance obligation, which is a series of distinct services. Contractual penalties relating to service levels are recognized as an adjustment to revenue. The requirement for the allocation of variable consideration to a distinct service in a series is met in continuous services, where Nixu allocates and recognizes variable consideration in the period during which it has a contractual right to a fee.

Technology resell

Revenue from software licenses is recognized at a point in time upon delivery of the software when the customer has obtained an access to software and the customer is able to benefit from the software. License revenue also includes maintenance services, for which revenue is recognized over time as the customer simultaneously receives and consumes the benefit from the service. Revenue from hardware is typically recorded at the time when the customer's approval of the delivery is received. Equipment maintenance and the license allowing updates are recognized over time as the customer simultaneously receives and consumes the benefits of service.

Contract costs

Where the criteria for capitalization are met, Nixu recognizes as an asset the incremental costs of obtaining a contract, such as sales bonuses, and the costs to fulfill a contract, such as set-up costs at the inception of the contract. The incremental costs of obtaining a contract and costs to fulfill a contract that meet the capitalization criteria are presented in the statement of financial position as part of the contract asset. Any incremental costs of obtaining a contract are recognized as an expense as incurred if the amortization period

of such capitalized costs would be one year or less. Costs to fulfill a contract recognized as an asset are amortized in 1 to 3 years depending on the contract period.

Application of practical expedients

Nixu applies practical expedient permitted in IFRS 15 of recognizing incremental costs of obtaining contract and disclosing part of unrecognized revenue of projects and assignments and managed services and continuous services (transaction price allocated to performance obligations not satisfied) as contracts of these services have an expected duration of less than one year (contracts for managed services and continuous services are continued until further notice or can be terminated within a year as a general rule) or Nixu recognizes revenue based on invoicing.

Key judgements and estimates

Fixed-price projects

The fixed-price projects mainly consist of separate audit and consultation assignments with an average duration of [6] months. The deliveries of some more extensive fixed-price solutions may involve uncertainties, such as delays in projects or costs incurred in excess of initial estimates. For this types of projects, management uses judgement and assesses the amount recognized as revenue from the project. Estimates of revenues, costs or extent of progress toward completion of projects and assignments are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

License revenue – Nixu as principal

Nixu has used judgment to assess whether Nixu is a principal or an agent in sales of third party software and technology service licenses. As Nixu grants customer a right to use a license, Nixu is responsible for fulfilling contractual obligations related to licenses, Nixu sets prices and independently sells the licenses mainly as a part of Nixu's other services and the license owning party only provides limited support services to Nixu, Nixu has concluded to be a principal on the arrangement. If Nixu does not have above obligations, Nixu will consider acting as an agent.

2.2 Segment information

Nixu has only one reportable segment. Nixu's CEO is the Group's chief operating decision maker (CODM) and operating segments are determined on the basis of information reviewed by the CEO for the purposes of allocating resources and assessing the operating segment's performance.

The CODM of Nixu has determined that in the fiscal year 2021 there are four operating segments: Finland, Sweden, Netherlands and Denmark. All operating segments provide cyber security services consisting of projects and assignments, continuous services and license sales. The management of Nixu has decided to aggregate these operating segments into one reportable segment that consists all Nixu's operations. Therefore separate segment information is not disclosed.

Key judgements and estimates

Nixu's management has used judgement when aggregating operating segments into one reportable segment.

All Nixu's operating segments provide either the same or similar type of cyber security services. The focus is on technology-based continuous services, which can be seamlessly integrated into the company's cyber security consultation business.

Based on "One Nixu" management philosophy Nixu has uniform operating model for its customers in each operating segment. Customers are provided with the most optimal set of skills, independent of where the security consultants are located, thus creating a model where one pool of security consultants and same methods of providing services is used for all operating segments' customers.

The customer base and regulatory environment are similar in all operating segments as those are located mainly in the EU area and their operations are not focused on a specific customer type with a distinctive regulatory environment. In addition the long-term growth and profitability trends are considered similar for all operating segments.

The geographical split of the revenue is disclosed in the Revenue section.

The non-current assets (excluding financial instruments and deferred tax assets) by geographical location are shown in the following table.

EUR thousand	31.12.2022	31.12.2021
Finland	3,958	4,384
Sweden	5,595	6,498
Benelux	319	516
Denmark	5,562	5,700
Total	15,434	17,098

2.3 Materials and services

EUR thousand	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Subcontracting	5,303	3,282
Hosting and technology resell related expenses	12,498	9,662
Total	17,801	12,944

Materials and services provided include technology resell cost like license fees and, production costs related to managed services, and other direct costs associated with the provision of the services of the Group.

2.4 Other operating income and expenses

Other operating income includes mainly grants received. The amount of grants for the financial year ended December 31, 2022 was EUR 42 (-283) thousand.

Accounting policy

Government grants received as cash are recognized when there is a reasonable assurance that the grant will be received and the Group will comply with the attached conditions. Government grants are recognized in the income statement in the period necessary to match them with the costs they are intended to compensate.

The table below shows the other operating expenses of the company:

EUR thousand	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Marketing expenses	696	631
Personnel related expenses	1,950	1,409
ICT expenses	1,461	1,239
Facilities	451	413
External services	1,297	1,254
Other operating expenses	573	533
Total	6,429	5,479

Other operating expenses include general expenses such as marketing expenses, fees of experts and consultants, as well as costs related to telecommunications and information technology. Other operating expenses include the auditor's fees as per the attached specification.

Auditors' fees

EUR thousand	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Statutory audit	157	157
Other services	19	21
Total	175	179

Accounting policy

Research and development costs are expensed as incurred, except for certain development costs, which are capitalized as they generate future economic benefits, and Nixu can measure the cost reliably.

Nixu does not have any capitalized development costs in its financial statements. In the financial year ended December 31, 2022, the Group recognized EUR 724 (747) thousand in research and development expenses through profit or loss.

2.5 Income taxes

EUR thousand	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Current tax on result for the period	-26	-146
Adjustments in respect of prior years	-10	-4
Total current income tax expense	-35	-150
Deferred tax		
Change in deferred tax assets	-230	-253
Change in deferred tax liabilities	325	377
Total deferred tax	94	124
Income tax expense	59	-26

The following is a reconciliation between the tax expense and the tax payable:

EUR thousand	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Result before taxes	-17	-958
Tax calculated at Finnish tax rate 20%	3	192
Tax effect of:		
Effect of other tax rates for foreign subsidiaries	-8	19
Expenses not deductible for tax purposes ¹	-42	-2
Utilization of previously unrecognized tax losses ²	109	0
Unrecognized deferred tax assets on tax losses ²	0	-226
Other items	6	10
Adjustment in respect of prior years	-10	-19
Income tax expense in income statement	59	-26

¹ Non-deductible expenses mainly include expenses related to share based payments.

² The operations of the Group's subsidiaries Nixu B.V and Nixu AB, have been unprofitable and the Group has not recognized any deferred tax assets for these losses. In 2022, unrecognized confirmed losses from previous years were recognized EUR 567 thousand. Comparison year 2021, the amount of losses for which no deferred tax asset was recognized is EUR 1,096 thousand. This has a significant impact on the Group's effective tax rate. Further information on the Group's deferred taxes is presented in Note 8.1.

Accounting policy

The income tax expense or income for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group companies operate and generate taxable income. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.6 Earnings per share

	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Result for the period attributable to the owners of the parent	41,887	-983,760
Weighted average number of shares, undiluted	7,437,797	7,418,602
Earnings per share, basic (EUR)	0.01	-0.13
Impact of shares related to share based incentive plan	28,208	0
Weighted average number of shares, fully diluted	7,466,005	7,418,602
Earnings per share, diluted (EUR)	0.01	-0.13

Diluted earnings per share is not shown for the comparative period, because earnings / share was negative.

Accounting policy

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the reporting period (excluding any treasury shares).

Diluted earnings per share adjusts the figures used in the determination of the basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Section 3: Personnel

This section includes information how Nixu rewards its employees and key management personnel. The section includes details of employee benefits, share-based incentive plans and related party information related to the remuneration of key management personnel as follows:

- Employee benefits
- Share-based payments
- Key management personnel disclosures

3.1 Employee benefits

EUR thousand	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Wages and salaries	27,546	25,841
Social security expenses	1,895	2,017
Share-based payments	133	82
Pension expenses – defined contribution plans	4,052	3,850
Total	33,626	31,791
	2022	2021
Number of employees at the end of period	393	389
Average number of employees during the period	392	385

Nixu has employees in Finland, Sweden, Denmark, the Netherlands and Romania. The company's pension arrangements in all its countries of operation are defined contribution plans.

Group employees are included in the performance-based annual bonus scheme. The annual bonus is based on the financial ratios of the group, the unit and the team and the achievement of personal performance targets. In Finland, annual bonuses are transferred to the Personnel Fund if the person so wishes to increase the commitment of the personnel to long-term goals and promote its interest in the Group's financial success. The Personnel Fund is a personnel fund owned and managed by the employees in accordance with the Employees Fund Act, which owned 122,513 Nixu shares on December 31, 2022. The amount of annual bonuses transferred to the Personnel Fund in 2022 was EUR 22 thousand. The Personnel Fund was established in October 2016.

Accounting policy

Liabilities related to short-term employee benefits

Short-term employee benefits include salaries including fringe benefits, vacation pays payable within 12 months and annual bonuses. Short-term employee benefits are recognized as other liabilities in respect of employee service up to the reporting date and measured at the amounts expected to be paid when the liabilities are settled.

A liability is recognized for the amount expected to be paid under short-term bonus plan if the criteria for paying such bonuses are met.

Defined contribution plans

For defined contribution plans, contributions are paid to pension insurance companies. Once the contributions have been paid, there are no further payment obligations. Contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate.

3.2 Employee share-based incentive plan

The 2019 share-based incentive plan

Nixu established a matching share plan, the All-Employee Matching Share Plan 2019–2021 (the Plan), which was aimed at all permanent employees of Nixu Corporation and its subsidiaries in 2019.

The Plan consisted of a directed share issue against payment ("Share Issue 1/2019") offering Nixu regular employees the option to subscribe for a minimum of 50 and a maximum of 2,000 Nixu new shares per employee ("New Shares") and entitlement of one (1) additional share (gross) (together the "Additional Shares") for gratuitous rights of employees participating in the Plan after a restriction period of approximately two years, for each of the two New Shares subscribed in the Issue 1/2019 as per the terms of the Plan. Additional shares will be issued to the participants on the day of their delivery as determined by Nixu Corporation. Employees participating in the Plan had the opportunity to participate in the financing of the company on separate terms.

The maximum number of shares to be subscribed for in the share issue 1/2019 was 100,000, representing approximately 1.4 per cent of the Company's fully diluted shares. The Board of Directors of the Company determined the subscription price of the New Shares based on the volume-weighted average price of the share traded on Nasdaq Helsinki Oy from April 1 to April 30, 2019. 99,071 new shares were subscribed for in the share issue 1/2019. The subscription period for the New Shares ended on May 23, 2019 and the subscription price was EUR 12.09 per share.

Directed share issue 1/2022 and Matching Share Plan

The Board of Directors of Nixu Corporation has resolved a directed share issue and a matching share plan "Matching Share Plan 2022" ("Plan") to the new CEO, Teemu Salmi.

The plan consisted of a directed share issue against payment (Share Issue 1/2022) whereby the CEO subscribes maximum 22 000 new shares (New Shares) of Nixu Corporation, combined with the right of receiving, after a three years retention period, two matching shares free of consideration for each full one New Shares subscribed in the Share Issue 1/2022. A total of 22,000 shares were subscribed for.

The subscription price was the average weighted price of the share of Nixu Corporation in Nasdaq Helsinki Oy during the period between 14 February–14 March 2022. The Board of Directors of Nixu Corporation confirmed that the subscription price for the New Shares was EUR 5.67 per share.

The table below presents basic information on the share-based incentive plan and changes during the period.

Share-based incentive plan 2019–2021

Plan	All-Employee Matching Share Plan 2019–2021
Annual General Shareholders' Meeting date	25 Apr 2018
Initial amount, pcs	50,000
Dividend adjustment	No
Grant Date	6 Jun 2019
Beginning of earning period	6 Jun 2019
End of Earning period	31 Mar 2021
End of restriction period	31 Mar 2021
Vesting Conditions	Own investment and Continued Employment
Maximum contractual life, yrs	1.8
Remaining contractual life, yrs	0
Number of persons at the end of reporting year	135
Payment method	Cash and Equity (tax share)

Changes during the period

1 Jan 2022

Outstanding in the beginning of the period	0
Reserve in the beginning of the period	0

Changes during period

Granted	0
Forfeited	0
Earned (gross)	0
Delivered (net)	0

31 Dec 2022

Outstanding at the of the period	0
Reserved at the of the period	0

The incentive plan is classified as an equity-settled share-based incentive plan. On the review period ended December 31, 2022, the plan increased the company's employee benefit expenses and retained earnings by EUR 0 (51) thousand.

The table below presents basic information on the share-based incentive plan and changes during the period.

Share-based incentive plan 2022

Plan	Matching Share Plan 2022
Annual General Shareholders' Meeting date	30 Mar 2021
Initial amount, pcs	44,000
Dividend adjustment	No
Grant Date	27 Feb 2022
Beginning of earning period	22 Aug 2022
End of Earning period	21 Aug 2025
End of restriction period	21 Aug 2025
Vesting Conditions	Own investment and Continued Employment
Maximum contractual life, yrs	3.5
Remaining contractual life, yrs	2.6
Number of persons at the end of reporting year	1
Payment method	Cash and Equity (tax share)

Changes during the period

1 Jan 2022

Outstanding in the beginning of the period	0
Reserve in the beginning of the period	0

Changes during period

Granted	44,000
Forfeited	0
Earned (gross)	0
Delivered (net)	0

31 Dec 2022

Outstanding at the of the period	0
Reserved at the of the period	0

The fair value of share-based incentives is determined on the date of issue and the fair value is recorded as expenses until vesting. The pricing of share-based incentives granted during the period was determined based on the following information:

Valuation parameters for instruments granted during period

Share price at grant, €	6,18
Share price at reporting period end, €	7,32
Expected dividends, €	0
Valuation model	Discounted dividends
Fair Value 31.12.2022	271 920

The incentive plan is classified as an equity-settled share-based incentive plan. On the review period ended December 31, 2022, the plan increased the company's employee benefit expenses and retained earnings by EUR 31 (0) thousand.

Issuance of stock options to key employees

Based on the authorization granted by the AGM held on April 25, 2018, the Board of Directors of Nixu Corporation decided to issue stock options.

The stock options will be issued to selected key personnel of Nixu Group. There is a weighty financial ground for the Company for the issuance of the stock options since the stock options are intended to form part of the incentive and commitment program of the key persons and to motivate the key personnel to work on a long-term basis to increase the shareholder value of the company in accordance with the growth strategy.

The total maximum number of Stock Options issued is 345,000 and they entitle their holders to subscribe for a total maximum number of 345,000 shares of the Company. Each Stock Option entitles to subscribe for one (1) share in the Company.

Of the Stock Options, 115,000 Stock Options are marked with the symbol 2019A, 115,000 with the symbol 2019B and 115,000 with the symbol 2019C.

A condition of receiving the 2019A stock options was that the key employee participated in a directed share issue to the personnel. Also the other Stock Option series may be made conditional on an investment in the Company's shares, such as participation in a share issue directed to personnel.

The Stock Option holders' right to keep the Stock Options until the commencement of the share subscription period, is conditional on the fulfillment of performance targets of employee and customer satisfaction and revenue growth on terms separately determined by the company. The stock options are issued free of charge.

The share subscription price shall be the following: 2019A EUR 12.09, 2019B EUR 9.48 and 2019C EUR 9.95.

If the Company after the end of the share subscription price determination period, before the share subscription, distributes dividends or funds from the reserve of unrestricted equity, the share subscription price with the Stock Option shall be

reduced with the amount of such distribution per share. The share subscription price shall, nevertheless, always amount to at least EUR 0.01. The share subscription price shall be booked in the reserve for invested unrestricted equity.

The share subscription period with the Stock Options shall be for Stock Options 2019A October 1, 2021 – May 31, 2023; for Stock Options 2019B October 1, 2022 – May 31, 2024; for Stock Options 2019C October 1, 2023 – May 31, 2025. The maximum number of shares 345,000 which may be subscribed with the stock options is approximately 4.5 per cent of the company's shares on a fully diluted basis.

The Board of Directors of the Company decided for Stock Options 2019A that the subscription period and the fulfillment of performance targets shall be moved to begin December 31, 2022 and end August 8, 2024. The subscription period for Stock Options 2019A was originally decided to be October 1, 2021 – May 31, 2023. Previously determined fulfillment of performance targets remain the same.

Accounting policy

Share-based incentive plans are accounted for either as equity or cash settled share-based payments. In Nixu's share-based incentive plan the employees (including senior executives) of the Group receive shares in exchange for employee services. Nixu may obtain the necessary shares by using its treasury shares or may purchase shares from the market.

Share based incentives during the period 1.1.2022 – 31.12.2022

Plan	Nixu Corporation Stock Options 2019A	Nixu Corporation Stock Options 2019B	Nixu Corporation Stock Options 2019C	Total
Annual General Shareholders` Meeting date	Apr 25, 2018	Apr 25, 2018	Apr 25, 2018	
Initial amount, pcs	115,000	115,000	115,000	345,000
The subscription ratio for underlying shares, pcs	1	1	1	
Initial exercise price, €	12.09	9.48	9.95	
Dividend adjustment	Yes	Yes	Yes	
Current exercise price, €	12.09	9.48	9.95	
Initial allocation date	Jun 14, 2019	Jan 4, 2021	Oct 29, 2021	
Vesting date	Dec 31, 2022	Oct 1, 2022	Oct 1, 2023	
Maturity date	Aug 31, 2024	May 31, 2024	May 31, 2025	
Vesting conditions		-	-	
Own Investment in Nixu shares, performance targets in; Revenue, Employee Net Promoter Score and Customer Satisfaction				
Maximum contractual life, yrs	5.2	3.4	3.6	4.1
Remaining contractual life, yrs	1.7	1.4	2.4	1.8
Number of persons at the end of reporting year	30	52	23	
Payment method	Shares	Shares	Shares	
Changes during period	Nixu Corporation Stock Options 2019A	Nixu Corporation Stock Options 2019B	Nixu Corporation Stock Options 2019C	Total
1 Jan 2022				
Outstanding in the beginning of the period	87,300	93,000	110,000	290,300
Reserve in the beginning of the period	27,700	22,000	5,000	54,700
Changes during period				
Granted	0	0	10,000	10,000
Forfeited	23,500	25,000	32,500	81,000
Invalidated during period	0	0	0	0
Exercised	0	0	0	0
Weighted average subscription price, €	0	0	0	0
Weighted average price of shares, € *)	0	0	0	0
Expired	0	0	0	0
31 Dec 2022				
Exercised at the end of period	0	0	0	0
Outstanding at the of the period	63,800	68,000	87,500	219,300
Vested and outstanding at the of the period	63,800	68,000	0	131,800
Reserved at the of the period	51,200	47,000	27,500	125,700

*weighted average price for the company share during the reporting period or partial instrument term

The incentive plan is classified as an equity-settled share-based incentive plan. On the review period ended December 31, 2022, the plan increased the company's employee benefit expenses and retained earnings by EUR 135 (31) thousand.

3.3 Information on key management personnel disclosures

Key management personnel include Nixu's Board of Directors, CEO and Corporate Leadership Team.

Remuneration of the Members of the Board

EUR thousand	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Salaries, remuneration and benefits		
Jari Niska	45	19
Kimmo Rasila	11	41
Marko Kauppi	38	32
Jaya Baloo	6	21
Kati Hagros	24	22
Joakim Karske	18	0
Anders Silwer	25	22
Tuija Soanjärvi	0	5
Total	167	162

There are 5 members on the Board of Nixu. In 2022, Nixu's Annual General Meeting decided remuneration for the Board as follows: The Chairman of the Board receives a fixed yearly fee of EUR 48,000 (4,000 per month), Deputy Chairman EUR 33,000 (2,400 per month) and other members of the Board of Directors EUR 22,000 (1,600 per month). 30% of the fixed annual remuneration mentioned above, shall be paid in the company's shares repurchased from the marketplace and 70% in cash. In addition to the annual remunerations, a meeting specific remuneration of EUR 300 shall be paid in cash for attendance at meeting outside of the Member's country of residence. Travel expenses are reimbursed in accordance with the Company's travel policy.

In 2022, the Audit Committee has consisted of the following members: Marko Kauppi (Chair), Jari Niska (member) and Anders Silwer (member). The Chair of the Audit Committee is paid an annual remuneration of EUR 4,000 (4,000), while the Committee's members are paid EUR 2,000 (2,000) per year. In 2022, the Personnel and Remuneration Committee has consisted of the following members: Kati Hagros (Chair), Joakim Karske (member) and Jari Niska (member). The Chair of the Personnel and Remuneration Committee is paid an annual remuneration of EUR 2,000 (2,000), while the Committee's members are paid EUR 1,000 (1,000) per year.

Corporate Leadership Team salaries and fees

EUR thousand	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Management team remuneration (except CEO)		
Wages, salaries and benefits	776	914
Share-based payments	0	13
Pension expenses		
– defined contribution plans	107	159
Total	882	1,086

Members of the Nixu Corporate Leadership Team include the chief executive officer, the chief financial officer, chief personnel officer and business area leaders.

The remuneration of the CEO

EUR thousand	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Wages, salaries and benefits	327	243
Share-based payments	31	3
Pension expenses		
– defined contribution plans	58	41
Total	416	287

The mutual term of notice of the CEO contract is three (3) months. If the Company terminates the contract, the CEO is also entitled to compensation pay equivalent to six months' salary. The CEO does not have additional pension plans.

Board and management shareholdings

Below are the holdings of Nixu's Board of Directors, CEO, and the Corporate Leadership team's members in Nixu:

Name	Role	Shares
Jari Niska	Chairman of the Board	2,753
Marko Kauppi	Vice-Chairman of the Board	18,424
Through Tenendum Oy		248,800
Kati Hagros	Member of the Board	4,854
Joakim Karske	Member of the Board	9,000
Anders Silwer	Member of the Board	1,615
Through Anders Silwer AB		750
Teemu Salmi	CEO	22,000
Janne Kärkkäinen	CFO, deputy CEO	7,922
Björn-Erik Karlsson	SVP Expert Services	1,211
Jan Mickos	SVP Managed Services	2,062
Nathalie van Delden	CPO	0
Valtteri Peltomäki	SVP Client Experience	9,254
Pietari Sarjakivi	SVP Labs	8,074

Section 4: Acquisitions and group structure

This section provides information on Nixu's group structure, the acquisitions done during the reporting period, the assets acquired and liabilities assumed as well as the goodwill and other intangible assets recognized related to the acquisitions.

- Acquisitions
- Intangible assets including goodwill impairment testing
- Group structure

4.1 Acquisitions

There were no acquisitions during the review period.

4.2 Intangible assets, including goodwill impairment testing

EUR thousand	Goodwill	Customer relationships	Other intangible assets	Total
2022				
Cost at 1 January	15,066	4,626	393	20,086
Disposals			-8	-8
Exchange differences	-476	-162	0	-629
Cost at 31 December	14,599	4,464	385	19,448
Accumulated amortization and impairment at 1 January	2,453	2,541	385	5,380
Amortization	0	387	0	387
Exchange differences	-81	-89	0	-170
Accumulated amortization and impairment at 31 December	2,372	2,840	385	5,597
Net book amount at 1 January	12,613	2,085	8	14,706
Net book amount at 31 December	12,227	1,624	0	13,851
2021				
Cost at 1 January	15,192	4,670	385	20,247
Additions			8	8
Exchange differences	-126	-43	0	-169
Cost at 31 December	15,066	4,626	393	20,086
Accumulated amortization and impairment at 1 January	2,476	2,160	385	5,021
Amortization	0	399	0	399
Exchange differences	-22	-18	0	-40
Accumulated amortization and impairment at 31 December	2,453	2,541	385	5,380
Net book amount at 1 January	12,716	2,509	0	15,226
Net book amount at 31 December	12,613	2,085	8	14,706

The Group's intangible assets comprise goodwill, customer relationships and other intangible assets such as licenses for computer software. Nixu utilizes in its cybersecurity services and continuous services mainly licensed technology and software provided by third parties.

Accounting policy

Goodwill represents the excess amount the Group has paid in acquiring a business over the fair value of the assets and liabilities acquired. Goodwill is carried at cost less any accumulated impairment losses and is considered as having an indefinite useful economic life. It is allocated to the cash generating unit of which the acquisition forms part. Goodwill is not amortized and is tested for impairment at least annually or when there is an indication of impairment.

Customer relationships, which are considered separately identifiable, are acquired assets obtained through business combinations and they are measured at fair value at the date of acquisition. Customer relationships are subsequently carried at cost less accumulated amortization and impairment losses. Customer relationships are amortized in 5 to 12 years. Amortization period of customer relationships is based on the Nixu's historical length of customer relationships and customer churn. All other intangible assets are carried at cost less any accumulated amortization and impairment losses. Other intangible assets are amortized in 3 to 5 years.

Key solutions and estimates based on judgment

Nixu's management has estimated the useful life of the customer relationships recognized on the acquisitions. Useful lives are estimated at each balance sheet date and adjusted when necessary.

Goodwill impairment testing

The following table shows the goodwill allocated to each cash-generating unit of Nixu:

EUR thousand	31.12.2022	31.12.2021
Finland	3,157	3,157
Sweden	4,540	4,926
Denmark	4,530	4,530
Total goodwill	12,227	12,613

The key assumptions used in determining the recoverable cash flow of cash-generating units are as follows:

- The long-term growth rate of 2% (2%) has been used for all CGUs and reported periods.
- The pre-tax discount rates are shown below:

	Finland	Sweden	Denmark
31.12.2022	12%	11%	12%
31.12.2021	10%	10%	11%

- The long-term EBITDA percentages are shown below:

	Finland	Sweden	Denmark
31.12.2022	11%	11%	8%
31.12.2021	11%	10%	9%

- Other key assumptions used in the periods presented were the average annual growth rate of net sales (10%-19%) and the average EBITDA margin (5%-10%).

The recoverable cash flow based on value in use in 2022 exceeded the book value by EUR 45.9 (41.9) million in Finland, EUR 8.7 (5.0) million in Sweden and EUR 3.3 (3.6) million in Denmark. The terminal period's share of the accumulated cash flows was 76% in Sweden and 78% in Denmark.

The company has followed caution in its forecasts by lowering the growth rate of 2023 due to the general economic situation.

Sensitivity

The recoverable amount of the cash-generating unit in Sweden would be equal to its book value as of December 31, 2022 if any of the key assumptions changed as follows (with other assumptions remaining unchanged):

- the average annual growth rate of revenue would have dropped from 19% to -2%; or
- the long-term EBITDA margin would have dropped from 11% to 5%

The recoverable amount of the cash-generating unit in Denmark would be equal to its book value as of December 31, 2022 if any of the key assumptions changed as follows (with other assumptions remaining unchanged):

- the average annual growth rate of revenue would have dropped from 12% to 1%; or
- the long-term EBITDA margin would have dropped from 8% to 5%

Goodwill arose from the acquisitions carried out in previous financial years.

Key solutions and estimates based on judgment

Management makes significant estimates and judgements in determining the level at which the goodwill is allocated to and in assessing the carrying value of goodwill. Nixu tests goodwill annually and other intangible assets when there is an indication that the assets may be impaired (assessed at least each reporting date). The goodwill is allocated to groups of cash-generating units, which are the operating segments of Nixu, reflecting the lowest levels at which the goodwill is monitored for internal management purposes. The recoverable amount is the higher of CGU's fair value less costs of disposal and value in use. The value in use calculations are based on discounted cash flows expected to arise from the goodwill.

Key estimates and judgement related to value in use calculations is presented below:

- forecasting of future cash flows – these are based on the Nixu's latest approved internal five year forecasts and reflect expectations of revenue growth, operating expenses, EBITDA margin, capital expenditure and cash flows, based on past experience and management's expectation of future market changes.
- discount rates applied to those cash flows - pre-tax discount rates used are the weighted average expense of capital determined by current market inputs and adjusted for the risks specific to the CGU. The adjusted after-tax discount rate is translated to a pre-tax rate for each cash generating unit (CGU) based on the specific tax rate applicable to where the CGU operates.
- the expected long-term growth rates - cash flows beyond the five year period (after year 2028) are extrapolated using estimated growth rates. The growth rates are based on the expected long-term performance of each CGU in their respective market and are consistent with the long-term average growth rates of the cyber security service market.

Estimates and judgements are subject to change as a result of changing economic and operational conditions. Actual cash flows may therefore differ from forecasts and could result in changes in the recognition of impairment charges in future periods.

Goodwill's carrying amount is written down to its recoverable amount if goodwill's carrying amount is greater than its estimated recoverable amount. An impairment loss recognized for goodwill is not reversed in a subsequent period. Any impairment charge is recognized in the income statement if the carrying amount of a CGU exceeds its recoverable amount.

Other intangible assets are tested by assessing the recoverable amount of each individual asset or, if this is not possible, then the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the lowest levels at which assets are grouped and generate separately identifiable cash flows.

4.3 Group structure

	Parent Proportion, %	Group Proportion, %
Subsidiaries:		
Nixu Certification Oy	100%	100%
Nixu B.V.	100%	100%
Nixu Cybersecurity SRL	4%	100%
Nixu AB	100%	100%
Nixu A/S	100%	100%

Subsidiaries are all acquired in 2016, 2017 and 2019, excluding Nixu Certification Oy and Nixu B.V., the company's own subsidiaries.

Subsidiaries: Accounting policy

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has the rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Assets and liabilities in subsidiaries are translated into euro at the rate prevailing on the balance sheet date. Income and expenses in subsidiaries are translated into euro using an average rate. Translation differences that arise when translating the financial statements of subsidiaries are recognized in other comprehensive income and accumulated in a separate component of equity, called translation differences.

Foreign currency denominated transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or if items have been revalued, at the measurement dates exchange rates. Foreign exchange gains and losses arising in respect of business operations, such as sales and purchases, are recognized in operating result. Foreign exchange differences arising from financial instruments are recognized in finance expenses.

Non-controlling interests in the net assets of consolidated entities are allocated their share of net profit after tax in the income statement, and are identified separately from the Group's equity in those entities.

Section 5: Interest-bearing net debt and equity

This section provides information how the Group manages its capital structure and financing, including its exposure to risks:

- Borrowings
- Derivative financial instruments
- Cash and cash equivalents
- Finance income and expenses
- Financial risk and capital management
- Equity

5.1 Net interest-bearing debt

Nixu's Net Debt Position:

EUR thousand	31 Dec 2022 Carrying value	31 Dec 2021 Carrying value
Non-current borrowings		
Loans from financial institutions	1,622	2,365
Lease liabilities	531	900
Total non-current borrowings	2,153	3,265
Loans from financial institutions	3,690	2,686
Lease liabilities	918	1,366
Total current borrowings	4,608	4,052
Total borrowings	6,762	7,317
Less cash and cash equivalents	3,562	4,080
Net debt	3,199	3,237

Borrowings

On December 31, 2022, Nixu's loans from financial institutions consisted of variable and fixed-rate loans amounting to EUR 5,900 thousand, drawn in connection with the 2017 financing arrangement, and a variable-rate loan of EUR 2,500 thousand drawn in 2019. Nixu renegotiated the financing agreement for a EUR 2,065 thousand bullet loan withdrawn in 2017 in April 2022. EUR 1,032 thousand of this loan will remain as a bullet loan whose maturation date has been postponed until May 30, 2026, while EUR 1,033 thousand of the loan will be paid off in quarterly instalments. In the financing agreement, an interest rate collar connected to a reference rate was agreed on for the loan. At the same time, the credit facility of EUR 4,000 thousand was extended until April 30, 2023.

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

EUR thousand	Drawn down	Maturity	Interest rate	Installment	Remaining debt 31 Dec 22	Remaining debt 31 Dec 21
Loan 1 a	2022/2017	5/30/26	3.95%+6 month euribor	quarterly	895	0
Loan 1 b	2022/2017	5/30/26	3.95%+6 month euribor	bullet	1,032	2,065
Loan 2	2019	3/28/23	2.75%+6 month euribor	half-on-year	313	938
Loan 3	2017	5/30/23	3.8%+3.8%	bullet	2,130	2,052
Total					4,370	5,055

The interest rates on the loans ranged from 2.75% to 3.95%, with the capitalized interest rate for a EUR 2,230 thousand portion at 3.80% on the period ended December 31, 2022.

The company has a total of two credit facilities of EUR 1,500 thousand and EUR 4,000 thousand. The EUR 4,000 thousand credit facility matures on April 30, 2023. A total of EUR 981 thousand of the credit facilities were in use at the end of the accounting period on December 31, 2022.

The loan drawn in 2019 is being paid in half-yearly instalments and will mature on March 28, 2023. As of December 31, 2022, the outstanding amount was EUR 313 (938) thousand. The most significant covenants for the loans and credit facilities are as follows: equity ratio at least 32%. The formula for calculating the equity ratio differs from the official calculation formula. The Group's interest-bearing net debt/EBITDA indicator will be reviewed every six months on June 30 and December 31. The net debt-to-EBITDA ratio may not exceed 3.25 up to the review date of December 31, 2022, and 3.0 up to subsequent review dates. Formula for calculating net debt and equity ratio deviates from the official definition in the covenant calculation in that loan three is counted as equity instead of debt.

The Group met the covenant conditions related to the loans on December 31, 2022. As the covenant conditions were met on December 31, 2022, the loans were classified as non-current and current. The loan of EUR 2,130 thousand drawn in 2017 (loan 3) is maturing within 12 months, which is classified under current liabilities. According to management's estimation, the liquidity level is sufficient. For more information on short-term loans and covenants related to loan agreements, see Section 5.3 of the notes. Financial risk and capital management - liquidity risk.

The fair value of the loans does not materially differ from their book value because the financing agreement of loans maturing in 2026 was renegotiated in spring 2022. The company's risk premium has not changed significantly after taking out loans. The fair values of Nixu loans are based on cash flows discounted using the current loan rate. The different terms of the loans (maturity, seniority, collateral) are taken into account when determining the value. Loans are classified in Level 2 of the fair value hierarchy because the fair value measurement is mainly based on a market interest rate curve.

Accounting policy

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Derivative financial instruments

As part of its business operations, the Group is a party to derivative contracts designed to hedge against exposure to interest rate fluctuations in accordance with the Group's financial risk management principles (see "Financial risk and capital management").

At the point of the Financial Statement, the Group has an interest rate collar connected to a reference rate agreed on for the loan which is valid for 4 years starting from May 30, 2022. The interest rate collar concerns loan (loan 1a and 1b) which was renegotiated in 2022. During the term of the interest rate collar, the minimum level of the reference interest rate on the debt is 1.12% and the maximum level is 2.80%. The interest rate cap does not have a protective effect in the 2022 financial year. At the point of the Financial Statement, the Group does not have an interest rate swap on December 31, 2022 (December 31, 2022 one interest swap contract).

Accounting policy

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Derivatives are classified as held for trading.

The fair value of interest rate swaps is determined by discounting estimated future cash flows based on the terms and maturity of each contract and using market rates at the measurement date.

Cash and cash equivalents

Nixu's cash and cash equivalents consist of cash and demand deposits with MFIs. Nixu's cash and cash equivalents as of December 31, 2022 amounted to EUR 3,562 (4,080) thousand.

Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Net Debt Reconciliation

EUR thousand	Cash and cash equivalents	Other borrowings due within 1 year	Other borrowings due after 1 year	Lease liabilities due within 1 year	Lease liabilities due after 1 year	Total net debt
1 Jan 2021	6,031	621	4,971	1,237	1,447	2,244
Cash flows	-1,921	-625		-1,398		-102
Foreign exchange adjustment	-30					30
Other non-cash movements		2,690	-2,606	1,527	-547	1,064
31 Dec 2021	4,080	2,686	2,364	1,367	900	3,237
Cash flows	-415	218		-1,397		-764
Foreign exchange adjustment	-103					103
Other non-cash movements		786	-742	949	-368	624
31 Dec 2022	3,562	3,690	1,622	918	531	3,199

5.2 Financial income and expenses

EUR thousand	31 Dec 2022	31 Dec 2021
Finance income		
Interest income	1	21
Other finance income	0	6
Finance income total	1	27
Finance expenses		
Foreign exchange losses on financing activities	-1	-15
Interest on borrowings	-444	-377
Fair value losses on derivatives	0	20
Other finance costs	-76	-81
Finance expenses total	-521	-453
Interest expenses on lease payments		
Interest expenses on lease payments	-61	-87
Interest expenses on lease payments total	-61	-87
Finance income and expenses total	-580	-514

5.3 Financial Risk and Capital Management

Nixu's activities expose it to foreign currency risk, interest rate risk, credit risk and liquidity risk. Nixu's financial team manages the risk by identifying, evaluating and hedging financial risk arising from financial markets, customer transactions and liquidity requirements.

The Board of Directors provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and use of derivative financial instruments.

Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from primarily with respect to the Swedish krona and US dollar. The Group has a subsidiary in Denmark, but the Danish krone is pegged to the euro at a fixed rate that can only fluctuate slightly. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. For-

ign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. Exposure to foreign exchange risk has been limited and Nixu's finance team monitors the changes in the situation.

Group companies' sales and purchases are mainly denominated in the Group's operating currencies. The Group's exposure to currency risk arising from business transactions has been limited. The Group is exposed to currency changes in the U.S. Dollar, especially as a result of USD sales to the US by Nixu's Denmark subsidiary and the parent company. There are some pound sterling purchases mainly by Danish subsidiary. The Group does not actively use derivative instruments to hedge against currency risk.

If the euro had weakened / strengthened against the US dollar by 10% on December 31, 2022, with all other factors remaining unchanged, the recalculated net profit after taxes would have been EUR 3 (4) thousand higher / lower, mainly due to USD trade receivables of 476 (35) thousand dollars and of a USD 2 (29) in bank account balance in the parent company and Danish subsidiary.

On December 31, 2022, the parent company had SEK 5,209 (737) thousand domestic receivables. The Group's Swedish subsidiary had euro-denominated liabilities EUR 1,270 (1,273) thousand on December 31, 2022. Exposure to Swedish krona foreign exchanges on December 31, 2022 has been noted in profit or loss.

Cash flow and fair value interest rate risk

Nixu's interest rate risk arises from variable rate long-term borrowings. Loans with variable interest rate exposes the Group to cash flow interest rate risk. In April 2022, in the re-negotiated financing agreement interest rate swap contract (December 31, 2021, one interest rate swap contract) was changed to interest rate collar. Fixed-rate loans expose Nixu to fair value interest rate risk.

The figures presented in the table are contract-based, undiscounted figures.

Interest rate risk

EUR thousand	31 Dec 2022	31 Dec 2021
Variable interest rate borrowings	2,240	3,003
Fixed interest rate borrowings	2,130	2,052
Total	4,370	5,055

EUR thousand	31 Dec 2022	31 Dec 2021
Variable interest rate borrowings	2,240	3,003
Interest rate hedged portion of variable interest rate borrowings	1,927	0
Interest rate swaps (notional principal amount)	0	2,065
Net exposure to cash flow interest rate risk	313	938

In the financial periods presented in the financial statements, the Group's loans were mainly denominated in Euros.

If interest rates on December 31, 2022 had been higher than 100 basis points, all other factors remaining unchanged, the result for the period after taxes would have been EUR 5 (14) thousand as a result of higher interest expenses on floating rate loans and lower. The interest rate sensitivity has been determined by shifting the interest rate curve by 100 basis points. In the sensitivity analysis, it has been noted that on December 31, 2022, interest rate hedged portion of variable interest rate borrowings is a total value of EUR 1,927 (0) thousand and interest rate swaps had a total nominal value of EUR 0 (2,065) thousand which reduced sensitivity to interest rate fluctuations. The interest rate position includes all external floating rate liabilities.

Credit risk

Credit risk arises mainly from cash and cash equivalents and credit exposures to customers from outstanding receivables. Credit risk on cash and cash equivalents is managed at group level. Cash and cash equivalents are held mainly in reputable Nordic banks. Each local entity is responsible for managing the credit risk for their accounts receivable balances. The local entities have the responsibility to analyze the credit standing of clients with revenue less set limit before standard payment and delivery terms and conditions are offered.

Credit risk countering payment methods such as advance payments are used in high risk clients. Historically credit losses have been insignificant.

The maximum exposure to the credit risk at the reporting dates are the carrying values of each class of financial assets mentioned above.

For information regarding the credit losses recognized and the ageing of the trade receivables, refer to 7.1 Trade and other receivables.

Liquidity risk

Nixu monitors the Group's liquidity needs monthly to ensure that sufficient cash is available to meet the needs of the business and, at the same time, to constantly maintain a sufficient number of undrawn committed credit facilities. The amount of cash and cash equivalents on December 31, 2022 was EUR 3,562 (4,080) thousand. In addition, the Group has unutilized committed credit facilities totaling EUR 4,519 (5,500) thousand as of December 31, 2022. In terms of future payments, the most important source of financing is cash flows from operations and liquid assets, combined with potential new or equity financing.

The Group's additional cash reserves are not actively invested. Nixu's goal is both organic and structural growth, and cash is used for this purpose.

The most significant covenants for the credit facility and loans are as follows: equity ratio at least 32%. The formula for calculating the equity ratio differs from the official calculation formula. According to the calculation formula used in cov-

enants, the equity ratio December 31, 2022 was 36% (36,5%). The Group's interest-bearing net debt/EBITDA covenant the net debt-to-EBITDA ratio may not exceed 3.25 up to the review date of December 31, 2022, and 3.0 up to subsequent review dates. Formula for calculating net debt and equity ratio deviates from the official definition. According to the calculation formula used in covenants, the ratio December 31, 2022, was 0.4 (0.8). Formula for calculating net debt and equity ratio deviates from the official definition in the covenant calculation in that loan three is counted as equity instead of debt.

The Group met the covenant conditions related to the loans on December 31, 2022. As the covenant conditions were met on December 31, 2022, the loans were classified as non-current and current. The EUR 2,130 thousand bullet loan (loan 3) raised in 2017 matures in accordance with the agreement within 12 months, in which case it is classified as fully current. According to management's assessment Nixu's liquidity level is sufficient.

Capital management

The Group's objectives when managing capital are to finance the growth in line with Nixu's strategy, provide returns for shareholders and safeguard the Group's ability to continue as a going concern.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, re-

turn capital to shareholders and issue new shares.

The Group monitors capital on the basis of the equity ratio. The equity ratio is calculated as shareholders' equity divided by total assets less advances received. As at December 31, 2022 Nixu's equity ratio was 30.6% (31.5%). Company's goal is to keep equity ratio at least in level of 30%.

The capital structure shall secure Nixu's debt financing being in line with covenants. Planned structure should take into account both current and future business needs, as well as en-

sure competitive cost of financing.

Cooperation with banks is based on long-term banking relationships. In the long term the goal is to service Nixu's loan obligations by operating cash flow. During the phase of rapid growth, capital may be acquired both equity and debt financing term.

The following table shows the Group's non-derivative financial liabilities and derivative liabilities broken down by relevant maturity groupings based on the amount of remaining contractual maturity at the balance sheet date. The figures presented in

the table are contract-based, undiscounted figures.

EUR thousand	Under 1 year	1–2 years	2–5 years	Over 5 years	Contractual undiscounted cash flows	Carrying value
31 Dec 2022						
Non-derivatives						
Loans from financial institutions	3,699	275	1,377		5,351	5,342
Lease liabilities	956	416	135		1,506	1,449
Trade payables and other payables*	4,249				4,249	4,249
Total	8,904	691	1,511	0	11,106	11,041
Estimated interest payments	185	96	106		386	
Total	9,088	787	1,617	0	11,492	11,041

* Excluding non-financial items

EUR thousand	Under 1 year	1–2 years	2–5 years	Over 5 years	Contractual undiscounted cash flows	Carrying value
31 Dec 2021						
Non-derivatives						
Loans from financial institutions	2,690	2,365			5,055	5,055
Lease liabilities	1,400	802	151		2,353	2,266
Trade payables and other payables*	4,812				4,812	4,812
Total	8,902	3,167	151	0	12,220	12,133
Estimated interest payments	192	87			279	
Total	9,094	3,254	151	0	12,499	12,133
Derivatives						
Interest rate swaps	10				10	10
Total	10	0	0	0	10	10

* Excluding non-financial items

5.4 Equity

Nixu has one share series. Each share entitles the holder to equal voting and dividend rights. The company's shares are listed on the Official List of Nasdaq Helsinki.

The table below shows the number of outstanding shares during the reporting periods:

	Number of shares
1 Jan 2021	7,402,814
Transfer of own shares	20,879
31 Dec 2021	7,423,693
Purchase of shares	22,000
31 Dec 2022	7,445,693

The table below shows the changes in the company's own shares:

EUR thousand	2022	2021
At 1 January	1,526	22,405
Purchase of own shares	0	0
Transfer of own shares	0	-20,879
At 31 December	1,526	1,526

During the financial year 2021, transfer of own shares were related to MSP program of the personnel.

The invested unrestricted equity reserve

On February 28, 2022, the Board of Directors of Nixu Corporation has resolved a directed share issue and a matching share plan "Matching Share Plan 2022" to the new CEO, Teemu Salmi. The CEO subscribed for 22,000 new shares of Nixu Corporation with the subscription price, confirmed by the Board of Directors of Nixu Corporation, of EUR 5.67 per share. The total subscription price of the new shares, EUR 125 thousand, was recorded in its entirety to the invested unrestricted equity of the company. The new Nixu Corporation shares have been registered in the Trade Register on May 12, 2022. Further information on the directed share issue and a matching share plan "Matching Share Plan 2022" is presented in Note 3.2.

Accumulated translation differences

This reserve includes the foreign currency differences arising from the translation of foreign operations.

Accounting policy

Ordinary shares are classified as equity. Incremental expenses directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the parent company's shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of tax), is deducted from equity attributable to the owners of the parent company until the shares are canceled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the parent company.

Invested unrestricted equity fund includes, subject to the Companies Act, the subscription price of the investments made by the shareholders to the Company unless otherwise decided by the Company.

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Section 6: Non-financial assets and liabilities

This section provides information about the group's non-financial assets and liabilities, including;

- Tangible assets, right-of-use-assets including depreciations and finance leases
- Lease liabilities

6.1 Tangible assets, including depreciation

EUR thousand	Machinery and equipment	Other tangible assets	Right-of-use assets	Total
2022				
Cost at 1 January	1,983	572	6,452	9,006
Additions	0	9	752	762
Disposals	0	0	-357	-357
Exchange differences	-7	0	-109	-116
Cost at 31 December	1,976	581	6,737	9,294
Accumulated depreciation and impairment at 1 January	1,753	549	4,313	6,615
Depreciation	103	11	1,344	1,458
Disposals	0	0	-277	-277
Exchange differences	-7	0	-78	-85
Accumulated depreciation and impairment at 31 December	1,849	560	5,302	7,711
Net book amount at 1 January	230	23	2,139	2,392
Net book amount at 31 December	127	21	1,435	1,583

EUR thousand	Machinery and equipment	Other tangible assets	Right-of-use assets	Total
2021				
Cost at 1 January	1,991	572	5,731	8,294
Additions	10	0	1,206	1,215
Disposals	-20	0	-461	-481
Exchange differences	2	0	-24	-22
Cost at 31 December	1,983	572	6,452	9,006
Accumulated depreciation and impairment at 1 January	1,620	539	3,176	5,335
Depreciation	131	9	1,376	1,517
Disposals	0	0	-225	-225
Exchange differences	2	0	-15	-13
Accumulated depreciation and impairment at 31 December	1,753	549	4,313	6,615
Net book amount at 1 January	372	32	2,555	2,959
Net book amount at 31 December	230	23	2,139	2,392

Accounting policy

Tangible assets are measured at cost less accumulated depreciation and possible impairment. The useful lives of tangible assets are 3–10 years. The useful life of an asset is reviewed at least at the end of each financial year and adjusted, if appropriate. Sales gains and losses on disposal or transfer of tangible assets are presented in other operating income and expenses. Sales gains or losses are calculated as the difference between the sales price and the remaining acquisition cost.

Right-of-use assets are capitalized at the commencement date of the lease and comprise the initial amount of the lease liability adjusted by lease payments made at or before the commencement date. Direct costs incurred from obtaining the lease are deducted, as well as any rent-free months or other discounts.

Right-of-use assets are subsequently depreciated on a straight-line basis from the commencement date of the lease either by the end of the estimated useful life of the right-of-use asset or by the end of the lease term, whichever is the earlier. Right-of-use assets are additionally adjusted for certain remeasurements of the lease liability.

Lease liabilities are initially measured at the commencement date at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate. The applicable lease term corresponds to the period during which the lease is non-cancellable, except when the Group is reasonably certain to exercise the renewal option or extend the contract. Lease liabilities are recognized at amortized cost using the effective interest method. Lease liabilities are mainly remeasured when future lease payments change due to index or interest rate changes, or when the Group's estimate of the use of a possible extension option changes. When a lease liability is remeasured, the carrying amount of the right-of-use asset is usually adjusted accordingly.

6.2 Leased assets

Nixu's leased assets consist of leased office premises. The lengths of leases vary from country to country. Company employees are entitled to a leased car as an employee benefit. The leases are typically for three to four years. In Benelux, some cars are leased for less than a year and are not capitalized on the balance sheet. Laptops are generally leased, with a typical lease period of two years.

Mobile devices are classified as low-value and are not capitalized on the balance sheet. Contracts classified as service contracts are not treated as right-of-use assets.

Managerial discretion

The Group has decided not to record right-of-use assets and lease liabilities for short-term leases with a maximum contract term of 12 months, and contracts with low value assets. The Group interprets low-value asset relief to apply to contracts in which the asset is not material to Nixu a straight-line basis as

permitted by IFRS 16. Low-value items mainly include mobile phones, small office spaces, and other low value items. The Group recognizes the lease payments related to these contracts as expenses in equal installments over the lease term. In addition, the Group has made an ex-post evaluation of the lease term if the lease includes an option to extend.

Accounting policy

Short-term leases with a maximum contract term of 12 months, and contracts with low value assets are not recorded in right-of-use assets and lease liabilities.

The portion paid for the interest of the lease liability is presented as part of the cash flow from operating activities and the portion paid for the capital of the lease liability is presented as part of the financing cash flow.

EUR thousand	Properties	Cars	IT equipment	Total right-of-use assets
1 Jan 2022	3,522	1,579	1,351	6,452
Increases	159	347	246	752
Decreases		-355	-2	-357
Exchange differences	-91	-8	-10	-109
31 Dec 2022	3,590	1,563	1,585	6,737
Accumulated depreciations:				
1 Jan 2022	2,277	1,028	1,008	4,313
Depreciation for the period	826	280	238	1,344
Accumulated depreciations on disposals		-277		-277
Exchange differences	-64	-6	-8	-78
31 Dec 2022	3,039	1,025	1,239	5,302
Net book amount at 1 January	1,246	551	343	2,139
Net book amount at 31 December	552	538	346	1,435

The Consolidated Statement of Profit or Loss shows the following depreciation charges relating to these leases:

EUR thousand	31 Dec 2022	31 Dec 2021
Properties	826	827
Cars	280	323
IT equipment	238	226
Depreciation charge right-of-use assets	1,344	1,376

Amounts recognised in the income statement:

EUR thousand	31 Dec 2022	31 Dec 2021
Interest on lease liabilities	-61	-87
Expenses relating to short-term or low value assets	-187	-193

Amounts recognised in the statement of cash flows:

EUR thousand	31 Dec 2022	31 Dec 2021
Interest expenses (cash flows from operating activities)	-61	-87
Lease liability payment (cash flows from financing activities)	-1,397	-1,398

Section 7: Operating Assets and Liabilities

This section provides information on the operating assets used and the operating liabilities incurred by the Group

- Trade and other receivables
- Trade and other payables

7.1 Accounts receivable and other receivables

Current receivables

EUR thousand	31 Dec 2022	31 Dec 2021
Trade receivables and other receivables		
Trade receivables	10,811	10,568
Prepaid expenses and accrued income	10,926	7,987
Rental deposits	1	0
Other receivables	167	178
Total	21,905	18,734
Prepaid expenses and accrued income		
Employer's statutory insurance premiums	26	92
Work in progress	1,650	1,250
Maintenance charges related to licenses	6,885	5,761
Other items	2,366	2,134
Total	10,926	9,237

The age distribution of the Group's trade receivables as of December 31, 2022 and December 31, 2021: The share of prepayments EUR 1,874 thousand have not been deducted from the age distribution of trade receivables table below. Prepayments are included in prepaid expenses and accrued income.

EUR thousand	31 Dec 2022	31 Dec 2021
Not due	10,399	10,216
Overdue by		
1–30 days	1,810	1,491
31–60 days	239	105
61–90 days	186	317
over 90 days	50	92
Total	12,685	12,221

Impairment on trade receivables amounted to EUR 0 (-10) thousand on December 31, 2022.

Accounting policy

Trade receivables are initially recorded at the transaction price, and later they are valued at amortized cost determined using the effective interest method, less expected credit losses. The expected credit losses of trade receivables are estimated based on an independent and comprehensive review of the receivables at the end of the year using a forward-looking provision model for expected credit losses. Regarding trade receivables, the simplified approach in accordance with IFRS 9 is followed, according to which expected credit losses are recorded on the basis of probable lifetime credit losses in the income statement under other business expenses. For those receivables whose payments have not been neglected, expected credit losses are estimated based on data describing customer credit loss probabilities produced by an external service provider, which is used in the expected credit loss calculation model.

The model of expected credit losses in accounts receivable also takes into account a macroeconomic indicator, which takes into account macroeconomic development and includes predictive information in the calculation model. The calculation model has applied the assumption that the customer's insolvency is interpreted as occurring no earlier than 90 days after the receivable is due, and insolvency is estimated to normally occur when the payment of the trade receivable is at least 90 days late or when there is other independent evidence of insolvency. Generally, accounts receivable is due for payment within 30 to 90 days. They are classified as current assets, unless they are expected to be paid more than 12 months after the balance sheet date.

7.2 Accounts payable and other debts

EUR thousand	31 Dec 2022	31 Dec 2021
Trade payables and other payables		
Trade payables	4,137	4,700
Accrued expenses	14,913	12,490
Derivative financial instruments	0	10
Other current liabilities	2,533	2,880
Total	21,583	20,080
Material items under accrued expenses		
Accrued personnel expenses	5,211	4,429
Accrued interests	112	112
Contract liabilities	9,043	7,481
Other accruals	547	469
Total	14,913	12,490
Material items under current liabilities		
Value added tax	1,701	1,581
Withholding tax and social insurance contributions	673	825
Other current liabilities	159	474
Total	2,533	2,880

Accounting policy

Accounts payable and other financial liabilities included in the item are classified as financial liabilities valued at amortized cost. They are initially recorded at fair value and later valued at amortized cost using the effective interest method. The accounting values of accounts payable and other liabilities are seen to correspond to their fair value due to their short maturity. Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost. They represent liabilities for goods and services provided to the Group prior to the end of the reporting period that are unpaid. The amounts are unsecured and are paid in accordance with the Group's terms of trade. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period.

Section 8: Other notes

This section contains information that the Group needs to present in order to comply with accounting standards, but which are not considered significant for understanding the Group's financial position and performance:

- Deferred tax assets and liabilities
- Related party transactions
- Contingent items and commitments, including leases
- New standards
- Later events

8.1 Deferred tax assets and liabilities

Accounting policy

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and debts

EUR thousand	At 1 Jan	Recognized in profit or loss	Additions of lease agreements during the period	Exchange rate differences	At 31 Dec
2022					
Deferred tax assets					
Lease liabilities	459	-302	144	-7	294
Tax losses	393	66			459
Other items	21	5			27
Total	873	-230	144	-7	780
Netting of deferred taxes	-704				-511
Deferred tax assets, net	170				269

EUR thousand	At 1 Jan	Recognized in profit or loss	Additions of lease agreements during the period	Exchange rate differences	At 31 Dec
2022					
Deferred tax liabilities					
Intangible assets	438	-36		-17	385
Right-of-use assets	434	-280	144	-6	292
Borrowings	1	7			8
Other items	26	-16			10
Total	899	-325	144	-23	696
Netting of deferred taxes	-704				-511
Deferred tax liabilities, net	195				185

EUR thousand	At 1 Jan	Recognized in profit or loss	Additions of lease agreements during the period	Exchange rate differences	At 31 Dec
2021					
Deferred tax assets					
Borrowings	541	-326	246	-2	459
Tax losses	323	70		0	393
Other items	18	3		0	21
Total	883	-253	246	-2	873
Netting of deferred taxes	-821				-704
Deferred tax assets, net	62				170

EUR thousand	At 1 Jan	Recognized in profit or loss	Additions of lease agreements during the period	Exchange rate differences	At 31 Dec
2021					
Deferred tax liabilities					
Intangible assets	479	-36		-5	438
Tangible assets	516	-326	246	-2	434
Borrowings	3	-2		0	1
Other items	39	-13		0	26
Total	1,036	-377	246	-6	899
Netting of deferred taxes	-821				-704
Deferred tax liabilities, net	215				195

The Group's operations in the Netherlands and Sweden have been unprofitable. On 31 December 2022, realized losses amounted to EUR 9,220 (9,639) thousand, of which unrecognized deferred tax assets amounted to EUR 1,529 (1,947) thousand. The losses will not due. In previous years, Nixu A/S has been unprofitable. Deferred tax assets of EUR 209 (393) thousand have been recognized.

Key solutions and estimates based on judgment: recognition of deferred tax assets

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet. Deferred tax assets are recognized only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows that relate among others to the amount

of future revenue, operating costs and finance costs. The Group's ability to generate taxable income depends also on factors related to general economy, finance, competitiveness and regulations that the Group is unable to control. These estimates and assumptions are subject to risk and uncertainty, hence it is possible that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the balance sheet and the amount of other tax losses and temporary differences not yet recognized.

8.2 Related Party Transactions

Related parties of the Group consist of the parent company and Group companies mentioned in note 4.3. Related parties are also key management personnel and their close family members as well as entities controlled by them. Key management personnel are the members of the Board of Directors, CEO and Group's Corporate Leadership Team. The remuneration of the key management personnel including their ownership in Nixu is presented in note 3.3. For information on loans granted to personnel in connection with a share issue 2019, see note 3.2 Employee share-based incentive plan.

Purchase of goods and services

EUR thousand	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Purchases of services	2	2

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

8.3 Contingent items and commitments, including leases**Guarantees and contingent liabilities granted**

EUR thousand	31 Dec 2022	31 Dec 2021
Mortgages given on own behalf:		
Business mortgages	10,118	10,118
Loan amount ¹⁾	4,370	4,938
Other commitments		
EUR thousand	31 Dec 2022	31 Dec 2021
Rental deposits	265	265

¹⁾ Business mortgages of Nixu Oyj and shares of Nixu Ab (100 pcs) and Nixu A/S (100pcs) were used as collateral for Nixu Corporation's 4.4 MEUR financial institution loan and 5.5 MEUR credit limit. At the end of the review period, a total of EUR 981 thousand of the credit facilities were in use.

8.4 New and amended standards and interpretations adopted in 2022

The Group has applied new and amended standards and interpretations which are effective from 1 January 2022. The IFRS standards and amendments thereto that took effect in 2022 did not have a material impact on the result or the financial position of the Group or on the presentation of the financial statements.

8.5 Events After the Accounting Period

Nixu updated its financial targets and refined its strategy. (Stock Exchange Release, on February 9, 2023).

DNV announced a voluntary recommended public cash tender for all shares and stock options in Nixu.

8.6 Company information

Name of reporting entity or other means of identification	Nixu Corporation
Explanation of Change in name of reporting entity	N/A
End of reporting period	31 Dec 2022
Domicile of entity	Espoo
Legal form of entity	Public limited Company
Country of incorporation	Finland
Address of entity's registered office	Keilaranta 15 B, 02150 ESPOO
Principal place of business	Espoo
Name of parent entity	Nixu Corporation
Name of ultimate parent of Group	Nixu Corporation

Parent Company's Income Statement

	Notes	1 Jan – 31 Dec 2022 EUR	1 Jan – 31 Dec 2021 EUR
REVENUE	1.	39,370,233.49	35,100,034.08
Other operating income	2.	152,719.55	687,815.23
Materials and services	3.		
Materials and services		-11,170,216.90	-9,150,310.29
Materials and services in total		-11,170,216.90	-9,150,310.29
Personnel costs	4.		
Wages and salaries		-18,750,855.04	-17,133,753.44
Social security costs			
Pension costs		-3,217,548.74	-2,933,098.08
Other social security costs		-650,433.72	-597,496.30
Personnel costs in total		-22,618,837.50	-20,664,347.82
Amortization and depreciation			
Amortization and depreciation according to plan		-375,335.70	-392,629.10
Amortization and depreciation in total		-375,335.70	-392,629.10
Other operating expenses	5.	-7,581,925.20	-5,614,078.83
OPERATING PROFIT		-2,223,362.26	-33,516.73
Financial income and expenses	6.		
From group companies		0.00	42,495.97
Receivables from non-group companies		365.90	6,394.46
Reduction in value of investments held as non-current assets			0.00
Interest expenses and other financial expenses			
Payables to non-group companies		-542,649.56	-399,858.26
Financial income and expenses in total		-542,283.66	-350,967.83
PROFIT BEFORE APPROPRIATIONS AND TAXES		-2,765,645.92	-384,484.56
Appropriations			
Change in cumulative accelerated depreciation		0.00	0.00
Intra-group financial transfer	7.	1,200,000.00	700,000.00
Income taxes	8.	5,315.98	-147,358.58
PROFIT FOR THE ACCOUNTING PERIOD		-1,560,329.94	168,156.86

Parent Company Financial Statements

Parent Company's Balance Sheet

	Notes	31 Dec 2022 EUR	31 Dec 2021 EUR
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9.		
Other long-term expenditure		733,466.39	1,044,827.10
Intangible assets in total		733,466.39	1,044,827.10
Tangible assets	10.		
Machinery and equipment		82,619.73	145,198.75
Tangible assets in total		82,619.73	145,198.75
Investments	11.		
Shares in group companies		16,994,235.19	14,772,122.06
Other shares		70,900.00	30,133.15
Investments in total		17,065,135.19	14,802,255.21
NON-CURRENT ASSETS IN TOTAL		17,881,221.31	15,992,281.06
CURRENT ASSETS			
Receivables	12.		
Long-term receivables			
Inter-company receivables		0.00	1,447,113.13
Other non-current receivables		210,578.80	210,578.80
Non-current receivables in total		210,578.80	1,657,691.93
Current receivables			
Accounts receivable		7,035,452.73	5,682,688.74
Inter-company receivables		2,715,178.85	3,569,944.68
Other receivables		37,992.69	229,811.72
Prepayments and accrued income		5,926,061.09	4,621,724.89
Current receivables in total		15,714,685.36	14,104,170.03
Receivables in total		15,925,264.16	15,761,861.96
Cash in hand and at bank		209,979.68	1,388,750.02
CURRENT ASSETS IN TOTAL		16,135,243.84	17,150,611.98
ASSETS IN TOTAL		34,016,465.15	33,142,893.04

	Notes	31 Dec 2022 EUR	31 Dec 2021 EUR
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	13.		
Share capital		94,821.20	94,821.20
Invested unrestricted equity reserve		19,497,088.40	19,372,348.40
Retained profit		-3,199,273.28	-3,320,648.55
Profit for the accounting period		-1,560,329.94	168,156.86
SHAREHOLDERS' EQUITY		14,832,306.38	16,314,677.91
LIABILITIES	14.		
Non-Current			
Loans from financial institutions		1,651,996.36	2,364,958.31
Non-current liabilities in total		1,651,996.36	2,364,958.31
Current			
Loans from financial institutions		3,699,263.51	2,690,000.00
Accounts payable		3,104,519.85	3,182,172.55
Inter-company liabilities		1,564,322.34	953,807.70
Other liabilities		1,435,823.14	1,465,554.24
Accruals and deferred income		7,728,233.57	6,171,722.33
Current liabilities in total		17,532,162.41	14,463,256.82
LIABILITIES		19,184,158.77	16,828,215.13
EQUITY AND LIABILITIES IN TOTAL		34,016,465.15	33,142,893.04

Parent Company's Cash Flow Statement

	EUR 1 Jan – 31 Dec 2022	EUR 1 Jan – 31 Dec 2021
Profit/loss before appropriations and taxes	-2,764,963	-394,040
Depreciation, amortization and write-downs	375,336	392,629
Unrealized foreign exchange differences	40,951	0
Other non-cash income and expenses	-62,081	-1,859
Financial income and expenses	541,601	354,016
Change in working capital	-505,050	205,060
Interest and other financial expenses paid	-460,156	-363,099
Interest from operations received	366	275,507
Taxes paid	179,201	-907,101
Cash flow from operations	-2,654,796	-438,887
Investments	-767,219	-424,368
Cash flow from investments	-767,219	-424,368
Proceeds from issues of shares	124,740	0
Proceeds from loans	980,976	0
Repayments of non-current loans	-762,668	-625,000
Group contribution received	1,900,000	500,000
Repurchase of own shares	0	0
Net cash flow from financing	2,243,048	-125,000
Change in liquid assets	-1,178,968	-988,255
Liquid assets at the beginning of the accounting period	1,388,750	2,379,356
Net increase/decrease in liquid assets	197	-2,351
Liquid assets at the end of the accounting period	209,980	1,388,750

Accounting principles

Principles of valuation

Tangible assets

Fixed assets are capitalized in the balance sheet at direct acquisition cost less planned depreciation. The depreciation of the fixed assets is based on the depreciation schedule.

Depreciation is calculated on a straight-line basis over the estimated useful life of the fixed assets.

Intangible assets

Intangible rights	3 years
Other long term expenses	5 years
Goodwill	10 years

Tangible assets

Machinery and equipment	5 years
Furniture	5 years
Vehicles	5 years

Research and development expenses

R&D expenses are entered as expenses during the financial year in which they are incurred.

Foreign currency transactions

The valuation of the receivables and liabilities denominated in foreign currencies is based on the exchange rates quoted by the European Central Bank on the reporting date.

Derivative contracts and hedge accounting

Hedging instruments related to interest rates on finance company loans are measured at their fair value. Interest derivatives are presented in financial items to the extent recognized in the income statement.

Revenue

Annual support service agreements are accrued over the financial year.

The principle of recognition according to the degree of completion shall be used for the recognition of long-term projects, provided that the separate margin of the contract can be assessed with sufficient accuracy. Part-recognition is made for the contract period according to the maturity of the project, which is determined by cost monitoring. If estimates of the project's end result change, the income-adjusted sales will be changed in the financial year in which the change is first known and estimated.

Impact in the financial reporting of the war in Ukraine, high inflation and increasing interest rates

The Group has estimated the possible effects of the war in Ukraine, high inflation and rising interest rates on financial reporting. In general, the war in Ukraine has not had a significant impact on Nixu's figures and asset values in the 2022 period. Nixu does not have any business in Russia, Belarus or in Ukraine, however some of Nixu's clients are present in those countries.

General economic uncertainty, such as increasing interest rates and inflation, may have an effect on the demand of Nixu's services, the company's personnel costs and other costs.

The financial statements are available at the company's office at Keilaranta 15, Espoo.

Notes to Parent Company Financial Statements

Notes to the income statement

	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
1. REVENUE BY MARKET AREA		
Finland	33,387,399.77	29,413,828.56
Foreign markets	5,982,833.72	5,686,205.52
Total	39,370,233.49	35,100,034.08
Partial revenue recognition	2,820,873.83	3,525,844.94
% of revenue	7.16%	10.05%
2. OTHER OPERATING INCOME		
Grants from Business Finland and EU	55,240.00	53,811.00
Other income	97,479.55	634,004.23
Total	152,719.55	687,815.23
3. MATERIALS AND SERVICES		
Externally sourced materials and services	-11,170,216.90	-9,150,310.29
Total	-11,170,216.90	-9,150,310.29
4. PERSONNEL COSTS		
MANAGEMENT WAGES AND SALARIES		
Members of the Board and CEO's	442,035.93	449,000.00
NUMBER OF PERSONNEL		
Number of personnel	274	257
	274	257
5. OTHER OPERATING EXPENSES		
Rent payments	-697,642.13	-664,840.72
Purchased services	-942,328.48	-925,025.11
ICT costs	-1,279,518.24	-1,043,322.12
Marketing costs	-565,500.98	-411,363.07
Other operating costs, group companies	-1,190,504.51	0.00
Other operating expenses	-2,906,430.86	-2,569,527.81
Total	-7,581,925.20	-5,614,078.83
Auditors' fees		
Audit fees billed by PWC	-123,319.49	-100,932.30
Consulting fees billed by PWC	-13,478.33	-21,422.51
Tax consultancy by PWC	0.00	0.00
Total	-136,797.82	-122,354.81

	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
6. FINANCIAL INCOME AND EXPENSES		
Write-downs on long term investments	0.00	0.00
Other interest income and financial income from group companies	0.00	42,495.97
Other interest income and financial income from non-group companies	365.90	6,394.46
Other interest expenses	-542,649.56	-399,858.26
Total	-542,283.66	-350,967.83
7. APPROPRIATIONS		
Extra-ordinary costs		
Intra-group contributions	1,200,000.00	700,000.00
Total	1,200,000.00	700,000.00
8. INCOME TAXES		
Income taxes in the accounting period	0.00	-134,803.52
Income taxes from previous accounting periods	5,315.98	-12,555.06
Total	5,315.98	-147,358.58

Notes to the balance sheet

2022

EUR

9. INTANGIBLE ASSETS	Other intangible assets	Intangible rights	Total
Acquisition cost at the start of the accounting period	3,164,720.11	385,000.00	3,549,720.11
Increases	1,395.97		1,395.97
Acquisition cost at the end of the accounting period	3,166,116.08	385,000.00	3,551,116.08
Accumulated amortization and impairments at the start of the accounting period	-2,119,893.01	-385,000.00	-2,504,893.01
Amortization during the accounting period	-312,756.68	0.00	-312,756.68
Accumulated amortization at the end of the period	-2,432,649.69	385,000.00	-2,817,649.69
Book value at the end of the period	733,466.39	0.00	733,466.39

10. TANGIBLE ASSETS	Machinery and equipment	Total
Acquisition cost at the start of the accounting period	1,634,160.58	1,634,160.58
Increases	0.00	0.00
Acquisition cost at the end of the accounting period	1,634,160.58	1,634,160.58
Accumulated depreciation and impairments at the start of the accounting period	-1,488,961.83	-1,488,961.83
Depreciation during the accounting period	-62,579.02	-62,579.02
Accumulated depreciation at the end of the period	-1,551,540.85	-1,551,540.85
Book value at the end of the period	82,619.73	82,619.73

11. INVESTMENTS	Other shares	Shares in subsidiaries	Total
Acquisition cost at the start of the accounting period	30,133.15	24,612,858.06	24,642,991.21
Increases	52,016.13	2,222,113.13	2,274,129.26
Decreases	-11,249.28	0.00	-11,249.28
Acquisition cost at the end of the accounting period	70,900.00	26,834,971.19	26,905,871.19
Accumulated depreciation and impairments at the start of the accounting period	0.00	-9,840,736.00	-9,840,736.00
Accumulated depreciation at the end of the period	0.00	0.00	0.00
Book value at the end of the period	70,900.00	16,994,235.19	17,065,135.19

Parent Company Financial Statements

12. RECEIVABLES	31 Dec 2022	31 Dec 2021
INTER-COMPANY RECEIVABLES		
Non-current		
Loans receivable, non-current	0.00	1,447,113.13
Current		
Accounts receivable	2,715,178.85	2,869,944.68
Current prepayments and accrued income	0.00	700,000.00
Current receivables in total	2,715,178.85	3,569,944.68
KEY PREPAYMENT AND ACCRUED INCOME ITEMS		
Partial revenue recognition related income	118,430.67	182,549.08
License fee deferral	2,306,053.44	2,193,772.88
Production license	290,107.18	263,216.76
Production licenses, charged from customers	1,112,894.99	552,617.17
Deferred purchase invoices	774,658.68	591,841.86
Income tax receivable	0.00	174,567.27
Other prepayments and accrued income	59,006.00	8,184.00
Total	4,661,150.96	3,966,749.02

13. SHAREHOLDER'S EQUITY	31 Dec 2022	31 Dec 2021
Restricted shareholders' equity:		
Share capital at the start of the accounting period	94,821.20	94,821.20
Share capital at the end of the accounting period	94,821.20	94,821.20
Restricted shareholders' equity in total	94,821.20	94,821.20
Unrestricted equity:		
Invested unrestricted equity reserve at the start of the accounting period	19,372,348.40	19,372,348.40
Directed issue	124,740.00	0.00
Invested unrestricted equity reserve at the end of the accounting period	19,497,088.40	19,372,348.40
Retained profit at the start of the accounting period	-3,152,491.69	-3,268,387.25
Directed issue	0.00	0.00
Purchase of own shares	-46,781.59	-52,261.30
Retained profit at the end of the accounting period	-3,199,273.28	-3,320,648.55
Profit for the accounting period	-1,560,329.94	168,156.86
Unrestricted equity in total	14,737,485.18	16,219,856.71
Shareholders' equity in total	14,832,306.38	16,314,677.91
Calculation of assets subject to profit distribution		
Profit subject to profit distribution		
Retained earnings	-3,152,491.69	-3,268,387.25
Purchase of own shares	-46,781.59	-52,261.30
Directed issue	0.00	0.00
Result for the period	-1,560,329.94	168,156.86
Profit subject to profit distribution	-4,759,603.22	-3,152,491.69
Other assets subject to profit distribution		
Reserve for invested non-restricted equity	19,497,088.40	19,372,348.40
Other assets subject to profit distribution	19,497,088.40	19,372,348.40
Assets subject to profit distribution in total	14,737,485.18	16,219,856.71

Parent Company Financial Statements

14. LIABILITIES	31 Dec 2022	31 Dec 2021
CURRENT LIABILITIES		
Loans from financial institutions	3,699,263.51	2,690,000.00
Total	3,699,263.51	2,690,000.00
Other liabilities		
Other current liabilities	1,435,823.14	1,465,554.24
Total	1,435,823.14	1,465,554.24
Material items included in accrued expenses		
Advances received, partial revenue recognitions	0.00	0.00
Advances received, other	3,262,836.19	2,506,657.79
Annual leave pay, including statutory social security contributions	2,569,416.81	2,523,835.15
Accrued payroll	971,474.90	375,140.67
Other accruals and deferred income	924,505.67	766,088.72
Total	7,728,233.57	6,171,722.33
15. COLLATERAL, CONTINGENT LIABILITIES AND OTHER COMMITMENTS	31 Dec 2022	31 Dec 2021
Leasing liabilities		
Amounts payable for leasing contracts		
Maturing within the next 12 months	568,937.44	644,077.86
Maturing in more than 12 months	662,845.01	555,006.26
Total	1,231,782.45	1,199,084.12
Other commitments		
Rent liabilities	176,258.31	1,037,534.50
Mortgages	18,118,644.29	10,118,644.29
Deposits and pledged funds	210,578.80	210,578.80
Total	18,505,481.40	11 366 757.59

16. HOLDINGS IN OTHER UNDERTAKINGS

Name	Domicile	Ownership interest
Nixu Certification Oy	Espoo, Finland	100%
Nixu B.V.	Netherlands	100%
Nixu AB	Sweden	100%
Nixu A/S	Denmark	100%
Nixu Cybersecurity SRL	Romania	4%

Business mortgages of Nixu Oyj and shares of Nixu Ab (100 pcs) and Nixu A/S (100 pcs) were used as collateral for Nixu Corporation's 4.4 MEUR financial institution loan and 5.5 MEUR credit limit. At the end of the review period, the credit limit was in use in the amount of 981 KEUR.

Signatures to the Financial Statements and Annual Report

THE BOARD OF DIRECTORS AND CEO

In Espoo 7th of March 2023

Jari Niska
Chairman of the Board

Marko Kauppi
Vice Chairman of the Board

Kati Hagros
Member of the Board

Joakim Karske
Member of the Board

Anders Silwer
Member of the Board

Teemu Salmi
CEO

AUDITOR'S NOTE

Our auditors' report has been issued today.

In Espoo 7th of March 2023

PricewaterhouseCoopers Oy

Authorized Public Accountants

Panu Vänskä
Authorised Public Accountant (KHT)

Auditor's Report

To the Annual General Meeting of Nixu Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Nixu Oyj (business identity code 0721811-7) for the year ended 31 December 2022. The financial statements comprise:

- the consolidated statement of financial position, comprehensive income, cash flows, changes in equity and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

Basis for Opinion

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

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

Independence

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

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 2.4 to the Financial Statements.

Our Audit Approach

Overview

- Overall group materiality: EUR 420 thousand, which represents 0.7% of consolidated revenue
- Audit scope: We have audited Nixu Group companies (incl. parent company) that are most significant from the group's financial position and result point of view. In addition, we have performed group level analytical and other audit procedures to assess unusual movements across other group companies.
- Revenue recognition
- Valuation of goodwill

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from

material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality

EUR 420 thousand

How we determined it

0.7% of revenue

Rationale for the materiality benchmark applied

We chose revenue as the benchmark because, in our view, it is the benchmark against which the performance of the group is commonly measured by users, and is a generally accepted benchmark. We chose 0.7% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope

Nixu Group has operations in Finland, Sweden, Denmark, Netherlands and Romania. We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls.

We have audited Nixu Group companies (incl. parent company) that are most significant from the group's financial position and result point of view. In addition, we have performed group level analytical and other audit procedures to assess unusual movements across other group companies.

By performing the procedures above at legal entities, combined with additional procedures at the Group level, we have obtained sufficient and appropriate evidence regarding the financial information of the Group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group

Revenue recognition

Refer to note 2.1 to the consolidated financial statements for the related disclosures.

The Group's revenue consists of

- projects and assignments
- managed services
- continuous services
- technology resale

Due to materiality and judgment associated with the timing of revenue recognition we have considered revenue recognition as key audit matter in the audit of the Group.

How our audit addressed the key audit matter

We obtained an understanding of the group's revenue recognition process, evaluated the design and tested the operating effectiveness of certain internal controls over revenue recognition.

Our audit procedures over revenue recognition included, among others:

- Assessment of the appropriateness of the Group's accounting policy for revenue recognition;
- Testing a sample of revenue translations and sales contracts; and
- Assessment the appropriateness of the disclosures related to revenue recognition.

Valuation of goodwill

Refer to note 4.2 to the consolidated financial statements for the related disclosures.

During the years Nixu Group has entered new markets through business acquisitions. As a result, the consolidated statement of financial position includes a significant amount of goodwill.

Group management carries out impairment testing of goodwill at least annually. Impairment testing result is dependent on management estimates, e.g. expected short-and long term growth and profitability rates, discount rates and other.

Due to materiality and judgment associated with the valuation of goodwill we have considered it as key audit matter in the audit of the Group.

We obtained an understanding of the group's goodwill impairment testing process.

Our audit procedures over goodwill impairment testing included, among others,

- Evaluation of the methodology adopted by management;
- Testing the mathematical accuracy of the impairment testing model;
- Assessment of the discount rates applied;
- Assessment of the other key assumptions;
- Validation of key inputs and data used in the impairment testing model including revenue growth and profitability assumptions; and
- Assessment of the appropriateness of the disclosures related to impairment testing.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain profes-

sional skepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

Nixu Oyj became a public interest entity in 2 July 2018. We were first appointed as auditors by the annual general meeting on 5 July 1999 and our appointment represents a total period of uninterrupted engagement of 24 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

In our opinion

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

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

Helsinki 7 March 2023

PricewaterhouseCoopers Oy

Authorised Public Accountants

Panu Vänskä

Authorised Public Accountant (KHT)

Independent Auditor's Reasonable Assurance Report on Nixu Oyj's ESEF Financial Statements

To the Management of Nixu Oyj

We have been engaged by the Management of Nixu Oyj (business identity code 0721811-7) (hereinafter also "the Company") to perform a reasonable assurance engagement on the Company's consolidated IFRS financial statements for the financial year 1 January – 31 December 2022 in European Single Electronic Format ("ESEF financial statements").

Management's Responsibility for the ESEF Financial Statements

The Management of Nixu Oyj is responsible for preparing the ESEF financial statements so that they comply with the requirements as specified in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF requirements"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of ESEF financial statements that are free from material noncompliance with the ESEF requirements, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality

control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express an opinion on the ESEF financial statements based on the procedures we have performed and the evidence we have obtained.

We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the ESEF financial statements are free from material noncompliance with the ESEF requirements.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the ESEF financial statements compliance with the ESEF requirements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material noncompliance of the ESEF financial statements with the ESEF requirements, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Company's preparation of the ESEF financial statements.

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

Opinion

In our opinion, Nixu Oyj's ESEF financial statements for the financial year ended 31 December 2022 comply, in all material respects, with the ESEF requirements.

Our reasonable assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except for Nixu Oyj for our work, for this report, or for the opinion that we have formed.

Helsinki 7th of March, 2023

PricewaterhouseCoopers Oy

Authorised Public Accountants

Panu Vänskä

Authorised Public Accountant (KHT)

Information for Shareholders

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

February 9, 2023	Financial statements release 2022
Week 10, 2023	Annual report 2022
April 20, 20223	CEO's review, revenue and adjusted EBIT information Q1/2023
August 10, 20223	Half-year financial report
October 18, 2023	CEO's review, revenue and adjusted EBIT information Q3/2023

Annual General Meeting 2023

Nixu's Annual General Meeting 2022 is scheduled to be held on April 27, 2023. The company's Board of Directors will send out an official call for the Annual General Meeting at a later stage. Additional instructions on registering and the AGM documents are available on the company website at <https://www.nixu.com/investors/general-meeting>

Dividend payment

On December 31, 2022, the parent company's assets subject to profit distribution amounted to EUR 14,737,485.18 of which the loss for the year amounts to EUR 1,560,329.94. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2022.

Basic information on shares

Listing of NASDAQ OMX Helsinki Oy

Trade symbol: NIXU

Number of shares: 7,445,693

IR contact

Nixu CEO, Teemu Salmi

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