SSH COMMUNICATIONS SECURITY CORP

FINANCIAL RESULTS
January 1 – June 30, 2007

WELCOME!

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Agenda

- Business Review - Arto Vainio
- Financial report 1-6/2007 - Mika Peuranen

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2nd Quarter Business Review

Arto Vainio
CEO
SSH Communications Security Corp

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1H highlights

- Net Sales EUR 4.1 million, down by 6% year-to-year
- EBIT EUR -1.1 million (EUR -0.9 million 1H2006)
- Loss EUR -0.8 million (EUR -0.5 million 1H2006)

- Signed SSH's largest ever sales agreement after the period, total value about EUR 4.5 million (licenses 4 million, maintenance 0.5 million). Invoicing during the 3rd quarter after final acceptance.
  - Several other large sales cases for 2H 2007

- Agreements in hand, running maintenance revenue, plus YTD actual already exceed Full Year 2006 revenue
  - Solid basis for significant full year growth

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SSH Tectia overview

- SSH Tectia is a data security solution for large corporations, financial institutions and government organizations
  - Evolving legislation and standards impact our target customers
- A system level product with versatile expansion potential in existing and new accounts
  - Multi-year frame agreements, multi-year maintenance revenue
- SSH Tectia upgrades the data security without costly and complex changes of the IT infrastructure
  - Centrally managed for very large scale deployments
  - Seamless cross-platform security for all essential enterprise operating systems

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SSH Tectia sales cases and projects

- SSH Tectia is one part in large IT infrastructure programs
  - Several projects have been triggered by SOX or PCI audits
  - US leading the trend, Europe and Asia in the next phase
- New regulations and cost of operating data security drive customers to commercially supported platforms
  - SSH Tectia helps customers comply with the regulations and policies
- Projects procured and deployed in several phases
  - Winning a frame agreement starts a long-term business relationship
  - Customers choose us for solution value and long-term support
- Timing of orders and project deployment of very large customers affects our quarterly revenue

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2007 business foundation sound

- Target customers in active evaluation and preparation of new projects in all markets
  - Strong portfolio of sales cases with new and existing accounts
  - Growing portfolio of agreements for maintenance and expansions
- New products and applications expand our available market
  - Security solutions for IBM mainframes
  - Enabling automatic migration to integrated, secure file transfer, and enhanced file transfer solutions
  - Seamless cross-platform security suite for very large users
- Expanding market coverage by partnering
  - Wider coverage: geographic, customer segment & vertical

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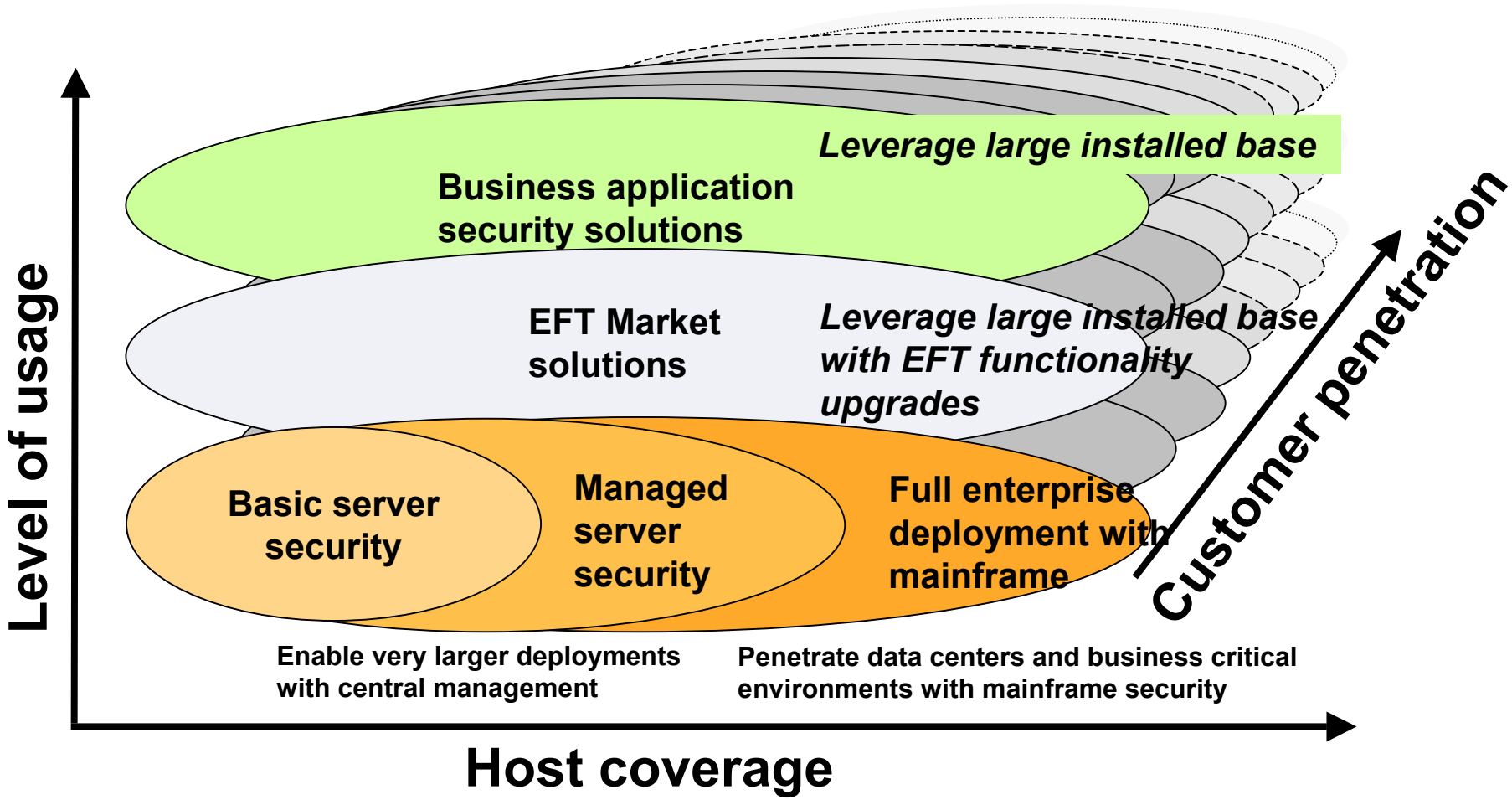
Product Strategy update



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FINANCIALS
January 1 – June 30, 2007

Mika Peuranen
CFO
SSH Communications Security Corp

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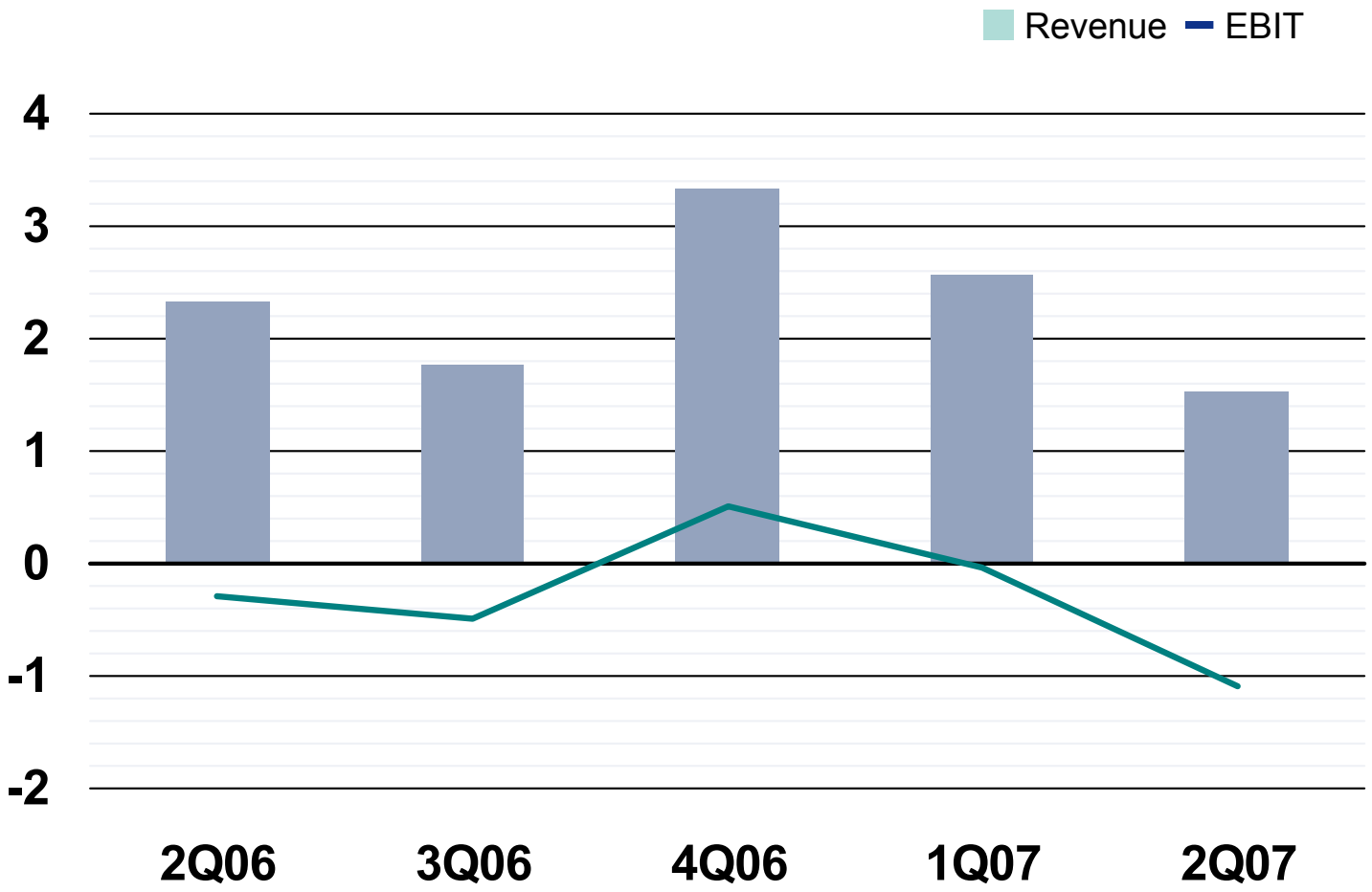
Revenue and EBIT by quarter



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Financial Highlights 1-2Q07

- Net sales EUR 4.1 million (EUR 4.4 million in 2006)
- Operating loss EUR –1.1 million (EUR –0.9 in 2006)
- During the first two quarters revenue decreased –6% compared to the last year's first two quarters
- Fixed costs remained at the same level as in the last year's first two quarters
- Strong balance sheet and financial position
  - **Equity ratio 93.5 % (95.2 %)**

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Key Financials 1-2Q07

EUR 1000	1-2Q07	% of sales	1-2Q06	% of sales
Revenues	4 099		4 357	
Purchasing and Production Costs	13	0.3 %	29	0.7 %
Gross Margin	4 085	99.7 %	4 328	99.3 %
Research and Development	1 794	43.8 %	1 688	38.8 %
Sales and Marketing	2 625	64.7 %	2 875	66.0 %
Administration	862	21.0 %	849	19.5 %
Other Operating Income	93	2.3 %	146	0.0 %
EBIT	-1 130	-27.6 %	-938	-21.5 %
Financial Income and Expenses	357		391	
Profit before taxes	-772	-18.8 %	-547	-12.6 %
Personnel	80		85	

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Quarterly Financials 1Q06–2Q07

EUR 1000	2Q07	1Q07	4Q06	3Q06	2Q06	1Q06	2006
Revenues	1 524	2 575	3 329	1 770	2 320	2 037	9 456
Gross Margin	1 518	2 568	3 321	1 752	2 306	2 022	9 401
Research and Development	896	898	933	749	825	863	3 370
Sales and Marketing	1 350	1 302	1 562	1 244	1 534	1 340	5 680
Administration	389	473	425	354	381	468	1 628
Other Operating Income	27	66	106	106	146	-	358
EBIT	-1 090	-39	506	-488	-289	-649	-920
Personnel	80	79	80	78	85	82	80
SSH Tectia revenues*	1 524	2 575	3 329	1 770	2 320	2 037	9 456

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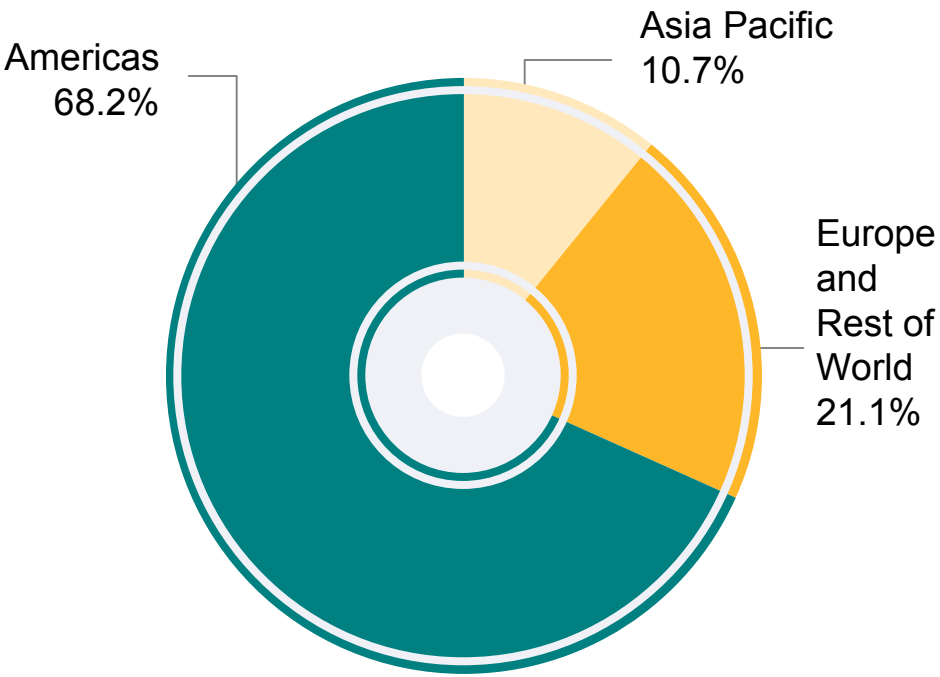
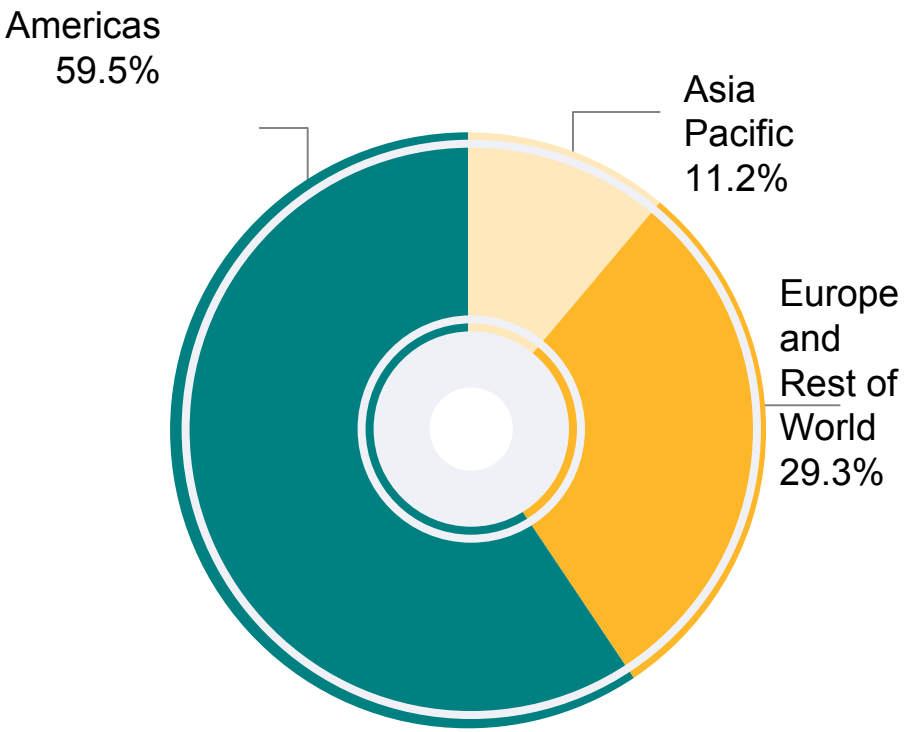
Net Sales by Market in 1-2Q07



1-2Q07 EUR 4.1 million



1-2Q06 EUR 4.4 million

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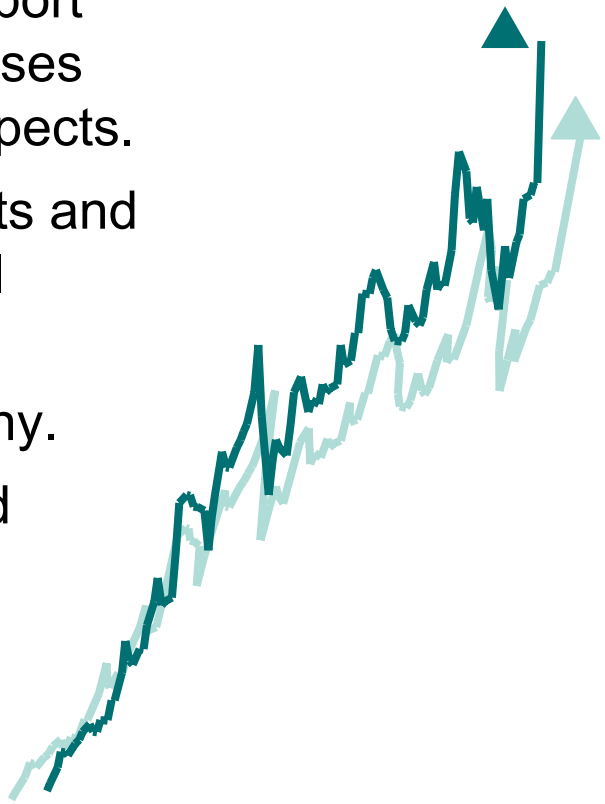
Outlook for 2007

- The large EUR 4.5 million licensing and support agreement signed in July significantly increases our confidence in our near-term growth prospects.
- The company's strong backlog of agreements and tenders provides a solid basis for substantial growth of the full year revenue.
- In 2007, SSH aims to be a profitable company.
- Due to the large size of individual orders and uncertainty of timing, significant variance of revenue per quarter may occur.



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http://www.ssh.com/investors/

THANK YOU!

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