

SSH COMMUNICATIONS SECURITY CORPORATION FINANCIAL STATEMENT RELEASE JANUARY 1 – DECEMBER 31, 2018

DOUBLE-DIGIT PERCENTAGE ANNUAL REVENUE GROWTH, RETURN TO ANNUAL PROFITABILITY

October–December 2018: Net sales and profit on the same level as previous year. Software fees and recurring revenue higher than in the previous year.

- Net sales totaled EUR 6.4 million (10–12/2017: EUR 6.4 million).
- Operating profit was EUR 1.3 million (1.4 EUR million).
- Profit for the period was EUR 1.3 million (EUR 1.3 million).
- Earnings per share was EUR 0.03 (EUR 0.03).

January–December 2018: Net sales increased 13 %, first profitable year since 2014. Double-digit sales growth with a stable cost base. Operating cash flow was positive, cash position remained strong.

- Net sales totaled EUR 18.3 million (1–12/2017: EUR 16.2 million), up by 13.0 % year on year.
- Operating profit was EUR 0.5 million (EUR -1.7 million).
- Profit for the period was EUR 0.5 million (EUR -2.2 million).
- Earnings per share was EUR -0.01 (EUR -0.09).

Equity ratio remained good at 81.6 % (82.9 %) and liquid assets were EUR 13.5 million (EUR 13.5 million).

BUSINESS OUTLOOK FOR 2019

For the year 2019, we expect double digit percentage growth from our software business (software fees, professional services, and recurring revenue) at comparable exchange rates, exceeding the projected annual cyber security market growth of approximately 10 %. In the medium term, we expect similar or faster growth and will also explore avenues for accelerated growth through inorganic growth opportunities. Possible significant quarterly variation in revenue growth is still to be expected due to timing of larger deals over the financial year.

KEY FIGURES

EUR million	10–12/2018	10–12/2017	1–12/2018	1–12/2017	Change %
Net sales	6.4	6.4	18.3	16.2	13.0
Operating profit/loss	1.3	1.4	0.5	-1.7	131.6
% of net sales	20.0	21.9	2.9	-10.5	127.9
Profit/loss before taxes	1.3	1.3	0.6	-2.2	124.9
Profit/loss for the period	1.3	1.3	0.5	-2.2	122.5
Return on equity, %			3.8	-21.2	117.8
Return on investment, %			4.1	-21.0	119.5
Liquid assets			13.5	13.5	-0.1
Gearing (%)			-93.5	-104.5	10.6
Equity ratio (%)			81.6	82.9	-1.7
Earnings per share, EUR	0.03	0.03	-0.01	-0.09	88.3
Shareholders' equity per share, EUR	0.37	0.34	0.37	0.34	9.3

CEO REVIEW

Valued shareholders, customers, partners, and co-workers,

The year 2018 was a transformative period for SSH – we continued with our renewal process, launched new sales models, new product versions and a whole new product, and made the organization even more customer-centric.

We also reached our two main financial objectives: we accelerated our growth and returned the company to profitability, both for the fourth quarter and for the full year.

I am especially pleased with our ability to produce double-digit revenue growth while keeping our expenses on the same level as in the previous year resulting in a clearly improved and positive profitability.

These results are further proof that our transformation process that began in late 2016 is working as intended. We have created a predictable and controlled expenditure base as well as laid a solid foundation for future growth. While we are pleased with our achievements in 2018, we aim higher still and will continue our journey to be a major global player in the cloud-era cybersecurity market.

Financial Results

Our annual revenue grew by 13.0 % to EUR 18.3 million (EUR 16.2 million) and we turned the first profitable year since 2014 with a profit of EUR 0.5 million (EUR -1.7 million). EUR 2.7 million (EUR 2.1 million) of our total revenue was attributable to the patent license agreements entered into during the year. Our software business (incl. software fees, professional services, and recurring revenue) grew by 10 % compared to the previous year. Our revenue growth in 2018 compared to 2017 would have been 16.3 % with comparable currency rates.

The fourth quarter was essentially flat with EUR 6.4 million (EUR 6.4 million; 0.9 % year-on-year growth) in revenue and EUR 1.3 million (EUR 1.3 million; 0.4 % year-on-year growth) in profit.

The regional sales split remained roughly similar to last year: Americas 49.1 % (50.9 %), EMEA 22.9 % (21.8 %), APAC 13.0 % (14.3 %), and global royalty license income 15.0 % (12.9 %). Our software business sales grew in all regions.

Our cash position remains very strong thanks to the growing revenue and successful cost controls enabling us to continue making investments in research and development as well as future growth.

Operations

We continued to successfully control costs and improved our operational efficiency throughout the organization – we reached a double-digit percentage revenue growth with an operating cost base that was actually smaller than in 2017. We ended a second consecutive year with a positive cash flow from operations.

Q4 saw the first material sales of PrivX® into enterprises. PrivX online sales did not perform as expected and we are fine-tuning the pricing and licensing models to attract more buyers and shifting more resources to selling to enterprises and to sales through our emerging partnerships with leading players, still also fully utilizing the digital sales model created by the business program.

Universal SSH Key Manager® (UKM) sales were robust and we announced a large license deal to a leading global retailer in Q4 and other major sales earlier in the year.

We launched several new partnerships during the year, covering both PrivX and UKM. These partners, including ForgeRock and Ubisecure for PrivX and Thales and Wipro for UKM significantly increase our ability to reach new customer groups and offer these products to even wider audiences.

We extended the inside sales model built for PrivX to our other products, primarily to UKM, to help us reach a wider audience and build an even stronger sales pipeline.

Patent licensing and IPR protection

We started the year by settling our patent litigation and entering into a cross-licensing agreement with Sony. We ended the year by announcing a patent license agreement with one of the leading providers of patent risk management solutions.

With these agreements and the dismissal of our appeal against patent revocation in the UK, we are entering a new stage in our IPR protection program and shifting focus from litigation to alternative means of value generation, including protecting our freedom to operate and strengthening the position of our software products in the market. As a result of this shift, we do not expect patent license revenue in 2019. This shift will also mean lower and more predictable cost base related to our IPR protection activities.

One of the key rationales for the convertible capital securities emission in 2015 was to provide sufficient liquidity for potential litigation actions related to the patent licensing program. The shift towards protective focus translates into a reduced need for the large cash reserve provided by the convertible capital securities.

Firewall business

After several years of development, the firewall business has entered a new phase. Last year saw some major progress in the business, and we reached three key milestones:

- **Q2:** The Finnish Communications Regulatory Authority (Ficora) certified the SSH NQX firewall and virtual private network (VPN) appliance as a cryptographic product for protecting classified information according to Finnish national (FI) confidential security requirements.
- **Q3:** We formed a joint venture with the State Security Networks Group Finland (Suomen Erillisverkot) commercialize the firewall technology.
- **Q4:** We closed the first sales to Finnish public sector customers.

While the revenue was still very small in 2018, we expect that the firewall business will start generating moderate revenue in 2019 focusing on the latter part of the year when key features for large deployments are in production and certified. We are confident that the long-term investments and capability ramp-up required by the firewall business since 2014 will start bearing fruit this year.

The New SSH

In December, we announced a major organizational change to foster a more customer-centric mindset, accelerate innovation and development, and improve information flow within the company. A key part of the renewal was the formation of a new Customer Experience and Products function with a charter to create strong customer engagements, ensure a consistently excellent customer experience with SSH, and importantly, drive product decisions based on customer and market insight. The new organization was a key milestone in our transformation from an engineering-driven company to a customer need driven company.

The average headcount in 2018 did not increase compared to 2017 and we achieved operational efficiencies through e.g. the adoption of digital tools. Furthermore, we were able to shift our headcount distribution towards marketing and R&D, while reducing the headcount in administration.

As part of the renewal process, the PrivX Business Program was merged with the rest of the organization. The Business Program had been successful in launching a new product line, introducing a new sales model at SSH, and creating a new, fast-paced release planning and management system at SSH. These successes and learnings from the program will now be applied throughout the organization for more agile and efficient operations.

I am also satisfied that we have been able to recruit and retain key talent and that we are getting consistently positive feedback in our regular employee pulse surveys.

Looking forward

With a successful year under our belt, new products, and a renewed and leaner organization we can enter the new year with quiet confidence and improved focus. There is a lot of work to do but we can undertake that work from a strong position and I am looking forward to an eventful and successful year.

While the macro-economic picture is more unsettled than it was a year ago, the cybersecurity market is expected to keep growing for the next several years. Cybersecurity remains a key concern for companies in the age of digital transformation as security and risk management are critical parts of any digital business initiative.

We value our shareholders and strive to improve the perspective, quantity, and quality of available information on SSH. To accomplish this SSH and Inderes, the largest independent equity research and analysis provider in Finland, have signed a cooperation agreement and Inderes will commence analyst coverage of SSH during Q1 shortly after this release. Evli will continue as the second analyst coverage provider for SSH.

Kaisa Olkkonen
CEO

NET SALES

Consolidated net sales for October–December totaled EUR 6.4 million (EUR 6.4 million).

Consolidated net sales for January–December totaled EUR 18.3 million (EUR 16.2 million), up by 13.0 %, year on year.

The Americas accounted for 49.1 % (50.9 %), the Europe, Middle East and Africa region (EMEA) 22.9 % (21.8 %), and the Asia Pacific region 13.0 % (14.3 %) of reported consolidated net sales. Global royalty income accounted for 15.0 % (12.9 %) of reported net sales.

CONSOLIDATED NET SALES

EUR million	10–12/2018	10–12/2017	1–12/2018	1–12/2017	Change %
BY SEGMENT					
AMERICAS	3.2	2.6	9.0	8.3	8.9
APAC	0.5	0.7	2.4	2.3	2.6
EMEA	1.0	1.0	4.2	3.5	18.7
Global royalty income	1.7	2.1	2.7	2.1	30.8
Total	6.4	6.4	18.3	16.2	13.0
BY OPERATION					
Software fees	2.1	1.8	5.6	4.0	38.8
Professional services & other	2.1	2.5	4.3	3.9	8.4
Recurring revenue	2.2	2.1	8.5	8.3	2.5
Total	6.4	6.4	18.3	16.2	13.0

Most of the company's invoicing is U.S. dollar based. With comparable exchange rates, the net sales growth in January - December would have been 16.3 % compared with the corresponding period in 2017.

RESULTS AND EXPENSES

Operating profit for October–December was EUR 1.3 million (EUR 1.4 million), with net profit totaling EUR 1.3 million (EUR 1.3 million).

Operating profit for January-December was EUR 0.5 million (EUR -1.7 million), with net profit totaling EUR 0.5 million (EUR -2.2 million).

Sales, marketing and customer support expenses for October–December amounted to EUR -1.9 million (EUR -2.2 million), while research and development expenses totaled EUR -1.5 million (EUR -1.3 million) and administrative expenses EUR -1.0 million (EUR -0.8 million).

Sales, marketing and customer support expenses for January–December amounted to EUR -8.5 million (EUR -8.2 million), while research and development expenses totaled EUR -5.1 million (EUR -5.5 million) and administrative expenses EUR -2.7 million (EUR -2.8 million). Operating expenses were at the same level as in the previous year.

BALANCE SHEET AND FINANCIAL POSITION

The financial position of SSH Communications Security was good during the reporting period. The consolidated balance sheet total on December 31, 2018 stood at EUR 24.2 million (December 31, 2017: EUR 23.2 million), of which liquid assets accounted for EUR 13.5 million (December 31, 2017: EUR 13.5 million), or 55.6 % of the balance sheet total. Interest-bearing liabilities were EUR 0.2 million at the end of the financial year (December 31, 2017: EUR 0.0 million). On December 31, 2018, gearing, or the ratio of net liabilities to shareholders' equity, was -93.5 % (December 31, 2017: -104.5 %) and the equity ratio stood at 81.6 % (December 31, 2017: 82.9 %).

The reported gross capital expenditure for January–December totaled EUR 2.3 million (EUR 1.5 million). The reported financial income and expenses in total to EUR 0.0 million (EUR -0.5 million) consisted mainly of exchange rate gains or losses and interest expense on the advances from customers with a significant financing component.

During January–December, SSH Communications Security reported a cash flow of EUR 1.2 million (EUR 1.3 million) from business operations, and investments showed a cash flow of EUR -2.3 million (EUR -1.5 million). Cash flow from financing totaled EUR 0.9 million (EUR 6.1 million). Decrease in cash totaled EUR -0.2 million (EUR 5.9 million).

There were no short-term investments at the end of the reporting period.

RESEARCH AND DEVELOPMENT

Research and development expenses for October–December totaled EUR -1.5 million (EUR -1.3 million), the equivalent of 23.7 % of net sales (19.9 %). During October–December, the company has capitalized R&D costs EUR 0.6 million (EUR 0.4 million).

Research and development expenses for January–December totaled EUR -5.1 million (EUR -5.5 million), the equivalent of 27.9 % of net sales (33.6 %). During January – December, the company has capitalized R&D costs EUR 2.3 million (EUR 1.2 million). Depreciation of R&D capitalization assets was EUR -1.5 million (EUR -1.7 million).

HUMAN RESOURCES AND ORGANIZATION

At the end of December, the Group had 85 employees on its payroll (December 31, 2017: 80). The number of employees in R&D, customer services and sales increased by five persons from the previous quarter.

At the end of the period 38.8 % (36.3 %) of the employees worked in sales, marketing and customer services, 48.2 % (43.8 %) in R&D, and 12.9 % (20.0 %) in corporate administration.

BOARD AND AUDITORS

The Annual General Meeting of SSH Communications Security Corporation was held on March 28, 2018. The Annual General Meeting approved the financial statements and discharged the Board of Directors and CEO from liability for the financial year 2017. The AGM decided that the Board of Directors would consist of five members. Mr. Tatu Ylönen, Mr. Timo Syrjälä, and Mr. Petri Kuivala were re-elected and Mr. Sam Curry and Ms. Anne Marie Zettlemoyer were elected as new members of the Board of Directors. Mr. Petri Kuivala was elected as the Chairman of the Board of Directors at the Board's organizing meeting.

The Authorized Public Accountants Ernst & Young Oy was elected as the auditor of the company. Ernst & Young Oy has informed that Mr. Erkkä Talvinko, Authorized Public Accountant, will act as the principal auditor.

SHARES, SHAREHOLDING AND CHANGES IN GROUP STRUCTURE

The reported trading volume of SSH Communications Security shares totaled 7,806,705 shares (valued at EUR 15,628,896). The highest quotation was EUR 2.27 and the lowest EUR 1.60. The trade-weighted average share price for the period was EUR 2.00 and the share closed at EUR 1.68 (December 28, 2018).

The company's principal owner Mr. Tatu Ylönen holds directly 47.2 %, Mr. Timo Syrjälä holds directly and through his company Acme Investments SPF S.a.r.l. 9.2 %, and Mr. Juha Mikkonen holds directly 5.2 % of the company's shares. More information about the shareholding can be obtained from the company's web site www.ssh.com.

No dividend or return of capital has been distributed during the reporting period.

SHARE CAPITAL AND BOARD AUTHORIZATIONS

The company's registered share capital on December 31, 2018 was EUR 1,164,066.99 consisting of 38,802,233 shares.

The Annual General Meeting approved the Board of Directors' proposal to authorize the Board of Directors to decide upon the issuing of a maximum of 6,000,000 shares as a share issue against payment or by giving stock options or other special rights entitling to shares, in accordance with Chapter 10 Section 1 of the Finnish Limited Liability Companies Act, either according to the shareholders' pre-emptive right to share subscription or deviating from this right, in one or more tranches. Based on the authorization, either new shares can be issued or own shares, which the company possibly has in its possession, can be transferred. Based on the authorization, the Board of Directors has the same right as the Annual General Meeting to decide on the issuing of shares against payment and special rights (including stock options) in accordance with Chapter 10 Section 1 of the Finnish Limited Liability Companies Act. Thereby, the authorization to be given to the Board of Directors includes, inter alia, the right to deviate from the shareholders' pre-emptive rights with directed issues providing that the company has a weighty financial reason for the deviation in respect of the share issue against payment.

Furthermore, the authorization includes the Board of Directors' right to decide who are entitled to the shares and/or stock options or special rights in accordance with Chapter 10 Section 1 of the Finnish Limited Liability Companies Act as well as on the related compensation, subscription and payment periods and on the registering of the subscription price into the share capital or invested non-restricted equity fund within the limits of the Finnish Limited Liability Companies Act.

The authorization is valid until the next Annual General Meeting but will however expire at the latest on June 30th, 2019.

The Annual General Meeting approved the Board of Directors' proposal to authorize the Board of Directors to decide upon the acquiring of a maximum of 2,000,000 shares of the company with assets belonging to the company's non-restricted equity. The shares can also be acquired otherwise than in proportion to the holdings of the existing shareholders (directed acquisition). The maximum compensation to be paid for the acquired shares shall be the market price at the time of purchase, which is determined in the public trading.

The Board of Directors proposes that the authorization for the acquiring of the company's own shares would be used, inter alia, to strengthen the company's capital structure, to finance and realize corporate acquisitions and other arrangements, to realize the share-based incentive programs of the company or otherwise to be kept by the company, to be transferred for other purposes or to be cancelled. The acquisition of shares reduces the company's distributable non-restricted equity.

Decision concerning the acquiring of own shares cannot be made so that the combined amount of the own shares which are in the possession of, or held as pledges by, the company or its subsidiaries exceeds one-tenth of all shares. The Board of Directors decides on all other matters related to the acquisition of shares.

The authorization is valid until the next Annual General Meeting but will however expire at the latest on June 30th, 2019.

RISKS AND UNCERTAINTIES

Largest risks that might impact the profitability of the company have remained by and large the same than in previous reporting period and are listed below. Other risks, which are currently either unknown or considered immaterial to SSH Communications Security may, however, become material in the future.

Largest risks:

- uncertainty of the macroeconomic environment
- cybercrime, including e.g. ransomware
- delays in product development and closing new business as well as phasing of new business cases
- ability to execute the strategy
- ability to retain and recruit key personnel

- maintaining the ability to innovate and develop the product portfolio including intellectual property rights (IPR)
- IPR litigation and utilization of the patent portfolio
- large portion of the company revenue is invoiced in USD currency so possible large fluctuation in USD currency rates during 2019 could have unpredictable effects for profitability that are at the time difficult to estimate. The company decides on hedging of USD-based contracts on a case by case basis.

Principles and organization of risk management of SSH Communications Security can be read from company's webpage: www.ssh.com.

RELATED PARTY TRANSACTIONS

SSH Communications Security Corporation entered into a patent license agreement with one of the leading providers of patent risk management solutions in December 2018. Royalty fee of USD 440,000 (approximately EUR 385,000) will be paid to Clausal Computing Ltd from this agreement.

During the reporting period, there have not been any other significant transactions with the related parties.

EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date, there have not been any significant transactions.

REPORTING

This financial statement release has been prepared in accordance with IAS 34 Interim Financial Reporting. The financial statement release does not include all the information and disclosures required in the annual financial statements. The full-year information presented in this financial statement release has been audited.

The accounting policies adopted for this financial statement release are consistent with those applied in 2017 consolidated financial statements except for the adoption of new standards effective as of January 1, 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 15 Revenue from Contracts with Customers

SSH Communications Security Corporation is a leading provider of cyber security solutions for controlling trusted access to information systems and data. SSH technology secures the infrastructure of the digital world. The Group's revenue from contracts with customers generally include software licenses and subscriptions, related support and maintenance fees, and consulting services. The revenue from product sales is recognized at the point of time when control of the asset is transferred to the customer, generally on delivery with the contract. Support and maintenance fees are recognized over time, evenly on an accrual basis. Revenues from services continue to be recognized when the service has been delivered to the customer.

Generally, the Group receives short-term advances from its customer but from time to time also major long-term advance payments for subscriptions or maintenance and support services. In those cases, the financing component is taken into consideration and interest expense is recognized over the duration of the advance payment.

The Group adopted IFRS 15 standard using the modified retrospective approach. The cumulative impact of the adoption was recognized in retained earnings on January 1, 2018 and the comparatives were not restated. Upon adoption of IFRS 15, the Group recognized EUR 0.1 million Contract liabilities for the interest on the advances received from customers with a significant financing component and charged this to Retained earnings.

Other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

TABLES
CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR million	10–12/2018	10–12/2017	1–12/2018	1–12/2017
Net sales	6.4	6.4	18.3	16.2
Cost of sales	-0.7	-0.7	-1.4	-1.5
Gross margin	5.7	5.6	16.9	14.7
Other operating income	0.0	0.0	0.0	0.0
Selling, marketing and customer support expenses	-1.9	-2.2	-8.5	-8.2
Research and development expenses	-1.5	-1.3	-5.1	-5.5
Administrative expenses	-1.0	-0.8	-2.7	-2.8
Operating profit/loss	1.3	1.4	0.5	-1.7
Financial income and expenses	0.0	-0.1	0.0	-0.5
Profit/loss before taxes	1.3	1.3	0.6	-2.2
Taxes	-0.0	-0.0	-0.0	-0.0
Profit/loss for the period	1.3	1.3	0.5	-2.2
Attributable to:				
Owners of the parent company	1.6	1.3	0.8	-2.2
Non-controlling interest	-0.3	0.0	-0.3	0.0
	1.3	1.3	0.5	-2.2
Other comprehensive income				
Items which may be reclassified to profit or loss:				
Foreign subsidiary translation differences	-0.0	0.0	-0.1	0.4
Total comprehensive income	1.3	1.3	0.4	-1.9
Attributable to:				
Owners of the parent company	1.5	1.3	0.7	-1.9
Non-controlling interest	-0.3	0.0	-0.3	0.0
	1.3	1.3	0.4	-1.9
Earnings per share				
Basic earnings per share (EUR)	0.03	0.03	-0.01	-0.09
Diluted earnings per share (EUR)	0.03	0.02	-0.01	-0.09

CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	31 Dec 2018	31 Dec 2017
ASSETS		
Non-current assets		
Property, plant and equipment	0.2	0.1
Intangible assets	5.2	4.8
Investments	0.0	0.0
Total non-current assets	5.4	5.0
Current assets		
Inventories	0.0	-
Trade and other receivables	5.4	4.8
Financial assets	0.0	0.0
Cash and cash equivalents	13.5	13.5
Total current assets	18.9	18.2
Total assets	24.2	23.2
EQUITY AND LIABILITIES		
Equity		
Attributable to parent company's shareholders	13.4	12.9
Non-controlling interest	0.8	0.0
Total equity	14.2	12.9
Non-current liabilities		
Provisions	0.0	0.0
Non-current interest-bearing liabilities	0.2	0.0
Total non-current liabilities	0.2	0.0
Current liabilities		
Current liabilities	9.8	10.3
Total current liabilities	9.8	10.3
Total equity and liabilities	24.2	23.2

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Attributable to the owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Hybrid capital securities	Translation difference	Unrestricted invested equity fund	Retained earnings			
Equity 1 Jan 2017	1.0	12.0	-1.7	15.0	-18.0	8.3	-	8.3
Change	0.1	-	0.4	7.2	-0.8	6.9	-	6.9
Net profit					-2.2	-2.2	-	-2.2
Equity 31 Dec 2017	1.2	12.0	-1.3	22.1	-21.1	12.9	0.0	12.9
Adjustment on adoption of IFRS 15	-	-	-	-	-0.1	-0.1	-	-0.1
Equity 1 Jan 2018	1.2	12.0	-1.3	22.1	-21.2	12.8	0.0	12.8
Change	0.0	-	-0.1	0.6	-0.6	-0.1	-	-0.1
Change in Group structure ¹	-	-	-	-	-0.1	-0.1	1.1	1.0
Net profit					0.8	0.8	-0.3	0.5
Equity 31 Dec 2018	1.2	12.0	-1.4	22.7	-21.1	13.4	0.8	14.2

¹ State Security Networks Group Finland became a non-controlling interest holder of Kyberleijona Oy with 35 % ownership.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-12/2018	1-12/2017
Cash flow from operations	1.2	1.3
<i>whereof change in working capital</i>	<i>-1.2</i>	<i>0.9</i>
Cash flow from investing activities	-2.3	-1.5
Cash flow from financing activities	0.9	6.1
Increase (+) / decrease (-) in cash	-0.2	5.9
Cash at period start	13.5	7.8
Effect of exchange rate	0.2	-0.2
Cash at period end	13.5	13.5

CONTINGENT LIABILITIES

EUR million	31 Dec 2018	31 Dec 2017
Interest on hybrid capital securities	0.7	0.7
Rent security deposits	0.1	0.1
Leasing commitments outside the balance sheet		
Maturing within 1 year	0.3	0.3
Maturing between 1 and 5 years	0.2	0.3

KEY FIGURES AND RATIOS

EUR million	1-12/2018	1-12/2017
Net sales	18.3	16.2
Operating profit/loss	0.5	-1.7
% of net sales	2.9	-10.5
Profit/loss before taxes	0.6	-2.2
% of net sales	3.0	-13.7
Return on equity (%)	3.8	-21.2
Return on investment (%)	4.1	-21.0
Interest-bearing net liabilities	-13.3	-13.5
Equity ratio (%)	81.6	82.9
Gearing (%)	-93.5	-104.5
Gross capital expenditure	2.3	1.5
% of net sales	12.3	9.5
R&D expenses	-5.1	-5.5
% of net sales	27.9	33.6
Personnel, period average	82	82
Personnel, period end	85	80

PER SHARE DATA

EUR	1-12/2018	1-12/2017
Basic earnings per share*	-0.01	-0.09
Diluted earnings per share*	-0.01	-0.09
Equity per share	0.37	0.34
No. of shares at period average (thousand)	38 578	36 570
No. of shares at period end (thousand)	38 802	38 441
Share performance		
Average price	2.00	2.11
Low	1.60	1.72
High	2.27	2.59
Share price period end	1.68	1.77
Market capitalization period end (EUR million)	65.2	68.0
Volume of shares traded (million)	7.8	5.6
Volume of shares traded as % of total	20.2	15.2
Value of shares traded (EUR million)	15.6	11.7
Price per earnings ratio (P/E)	neg.	neg.
Dividend per share	0.00	0.00
Dividend per earnings, %	0.00	0.00
Effective return on dividend, %	0.00	0.00

* Earnings per share is impacted by interest of hybrid capital securities accrued over period.

DISCLAIMER

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SSH Communications Security will release its interim report of the first quarter of the year in April 17, 2019.

Helsinki, February 12, 2019

SSH COMMUNICATIONS SECURITY

Board of Directors

Kaisa Olkkonen
CEO

For further information, please contact:
Kaisa Olkkonen, CEO tel. +358 40 579 5216
Niklas Nordström, CFO tel. +358 50 541 0543

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