Q3 2018 Results Announcement

Kaisa Olkkonen, CEO
The quarter was yet another period of working hard and moving to the right direction and laying the ground-work for future growth and profitability. While the main highlights occurred just after the quarter, they show we are doing the right things successfully.
Contents

1. SSH in Brief
2. Q3 Financial Performance
3. Q3 Operations Review
4. A Brief History of Cyber Security
SSH in Brief
SSH Q3-2018 Results Announcement

**Five Things to Remember**

New, disruptive strategy

A strong product portfolio

More than 100 patents in IPR portfolio

More than 3000 demanding customers globally

More than 20 years of engineering excellence

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A cybersecurity pioneer since 1995

SSH.COM developed the SSH protocol which is still one of the cornerstones of Internet security
Our Product Lines

**Universal SSH Key Manager® (UKM)** – the premier SSH Key Risk Assessment, Management and Automation tool, now enhanced with certificate management.

**Tectia® Client/Server** – the gold standard commercial product in secure access and file transfer from the inventor of the SSH protocol.

**PrivX®** – the next generation secure cloud access gateway.

**CryptoAuditor®** – the easiest-to-deploy secure access and encrypted connection monitoring and auditing tool.

**NQX™** – quantum-ready protection for critical networks.
SSH products are developed in Finland but more than 90% of our sales come from the international markets.
Q3 Financial Review
SSH Q3-2018 Results Announcement

**Q3/18 Financials**

### Key Figures

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<tr>
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<th>Q3/17</th>
<th>Q4/17</th>
<th>Q1/17</th>
<th>Q2/18</th>
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<tbody>
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<td>Net Sales</td>
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<td>OPEX</td>
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<td>EBIT</td>
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<td>Profit</td>
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<td>Personnel</td>
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- **Net Sales**: 3.0 M€, increase of 13% vs. Q3/17
- **OPEX**: 19% increase vs. Q3/17
- **EBIT**: -0.8 M€, flat vs. Q3/17
- **Profit**: -0.8 M€, 0.1 M€ improvement over Q3/17
- **Personnel**: 84, 80, 81, 85, 80

**Comments**

- **Net Sales**: increase of 13% vs. Q3/17
- **OPEX**: 19% increase vs. Q3/17
- **EBIT**: -0.8 M€, flat vs. Q3/17
- **Profit**: -0.8 M€, 0.1 M€ improvement over Q3/17

Negative EBIT mainly due to non-comparable items (patent litigation, Kyberleijona, accruals)

Comparable operating cost levels still sustainable
Balance Sheet and Cash Position Remain Strong

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<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Q3/2018 YTD</th>
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<tr>
<td><strong>Balance Sheet</strong></td>
<td>M€</td>
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<td>Cash and Equivalents</td>
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<td>Cash Flow from Operations</td>
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<td>ROE</td>
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<td>Equity Ratio</td>
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<td>Gearing</td>
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<td>Profit/loss per share</td>
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<td>Equity per share</td>
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- Strong cash position
- Negative cash flow from operations
- In addition to non-comparable items, a significant contributor to this is the renewal cycle of our recurring revenue base
- Balance sheet enables us to focus on execution of strategy
Q3 Operations Review
Key Operational Takeaways

01 Sales & Marketing
Robust pipeline and digital reach growth

02 R&D
New versions of all key products

03 PrivX
Increased focus on partnering

04 NQX
Joint venture finalized, intensifying customer engagements

05 Patents
UK Patent Dismissal appeal unsuccessful
Net Pipeline Growth Continues

Net new pipeline value creation 40% higher in Q3 compared to Q2.
Major UKM Deal
A USD 2M license and maintenance deal with one of the largest retailers in the world.
Partnership with Fujitsu

First major PrivX partnership with Fujitsu announced in October – first milestone in IDaaS and CSP partner direction.
More pageviews than ever

Over 2.5M page views in the quarter; 117% growth YoY
Research and Development

Increasing the capabilities
We are continuing recruitment while keeping a keen eye on costs.

New versions released
UKM, CrA, Tectia, and PrivX with new versions during the quarter.

Progress Throughout
New versions of all major products
Many new features released and about to be released. More focus on partner sales – first major announcement with Fujitsu.

New Features; New Partners

Increased focus on partnerships
Signed agreement with Fujitsu; negotiating with several CSPs and IDaaS players.

PrivX 4 nearing release
Cool new features such as session recording and playback.
NQX™ Firewall Business

Joint venture transaction closed
The joint venture helps us close deals with Finnish government bodies.

Further development based on customer input
The certification and joint venture have allowed for closer cooperation and more customer-driven development.
Further development resources hired.

Taking care of business
Adding resources; deepening discussions with customers.

Deepening discussions with customers
Discussing and negotiating with several customers regarding tests and roll-outs.
Patent Licensing

Continuing licensing negotiations
We continue licensing negotiations with global technology leaders.

UK patent appeal dismissed
UK Court of Appeal dismissed our appeal against the lower court decision from 2017.

NAT Traversal protection period ending
The protection period of the NAT Traversal patents ending in 2019 and 2020.

Re-thinking Value Generation
We will generate value with our 120 granted and filed patents by protecting our products and technologies.
A Brief History of Cyber Security (and Our Place in It)
Simplified Market View

Market category: Secure File Transfer (USD ~1.5 B)
- SSH Tectia Client-Server

Market category: Network Security (USD ~16.9 B)
- SSH NQX

Market category: Enterprise Key Management (USD ~2 B)
- SSH Universal Key Manager

Market category: Privileged Access Management (USD ~3 B)
- SSH CryptoAuditor

Market category: Identity & Access Management (USD ~10+ B)
- SSH PrivX

Number of announced data breaches

But Remember: It Is A Marathon, Not A Sprint

2017: Fix and Plan
We tackled the deepest systemic issues and started our transformation journey.

2018: Launch
Rebuilding sales and marketing, targeting new customer segments with a disruptive new offering.

2019: Grow
Scaling up, further strengthening the organization, and introducing new products and technologies.

2020 and beyond: Leverage
Leveraging our growth, continuing to disrupt the industry from a position of strength.
Access Your Digital Core.