SSH Communications Security Oyj

Q3 2021 Results

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Niklas Nordström, CFO

October 21, 2021
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Q3 2021 highlights

Strategy implementation progressing well

- Q3 revenue growth +54% compared to 2020
- Annual Recurring Revenue **ARR 14.5M€** (87% of revenues)
- Investment in growth and R&D continued
  - Q3: 36% of revenues invested in R&D
- Addressable market expanded with PrivX JIT* and JEA** technologies:
  - For new customer segments
    - PrivX OT Edition (Operational Technology)
    - PrivX MSP Edition (Managed Service Provider)
  - For installed base
    - UKM Zero Trust Edition (PrivX embedded)
    - Tectia Zero Trust Edition (PrivX embedded)
- Introduced **NQX PQC Edition**, first Post Quantum Cryptography product
- Introduced **SSH Secure e-communication suite** of products containing all Deltagon products

* JIT (Just-in-time)  ** JEA (Just Enough Access)
Q3/21: Sales increased, EBITDA positive

<table>
<thead>
<tr>
<th></th>
<th>Q3/20</th>
<th>Q4/20</th>
<th>Q1/21</th>
<th>Q2/21</th>
<th>Q3/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales (M€)</td>
<td>2.6</td>
<td>3.0</td>
<td>2.6</td>
<td>3.3</td>
<td>3.9</td>
</tr>
<tr>
<td>EBITDA (M€)</td>
<td>0.2</td>
<td>-0.8</td>
<td>-0.9</td>
<td>0.1</td>
<td>0.6</td>
</tr>
<tr>
<td>%</td>
<td>8.8</td>
<td>-25.5</td>
<td>-33.9</td>
<td>2.0</td>
<td>14.0</td>
</tr>
<tr>
<td>Operating profit (M€)</td>
<td>-0.3</td>
<td>-1.3</td>
<td>-1.4</td>
<td>-0.4</td>
<td>-0.3</td>
</tr>
<tr>
<td>%</td>
<td>-9.8</td>
<td>-44.2</td>
<td>-53.5</td>
<td>-13.2</td>
<td>-8.3</td>
</tr>
<tr>
<td>Net profit (M€)</td>
<td>-0.5</td>
<td>-1.6</td>
<td>-1.5</td>
<td>-0.9</td>
<td>-0.3</td>
</tr>
<tr>
<td>Personnel (M€)</td>
<td>82</td>
<td>94</td>
<td>90</td>
<td>123</td>
<td>123</td>
</tr>
</tbody>
</table>

**Net Sales:** increase of 54% in comparison to Q3/20

**EBITDA:** 0.6M€

**Operating Profit:** -0.3M€

**Net profit:** -0.3M€

Second growth quarter in succession with positive and improving EBITDA

ARR revenues (subscriptions and maintenance) accounted for 87% (85% Q2/21) of revenue. License sales also grew

Our subscription revenue grew by 765% compared to Q3/20

PrivX subscription revenue grew by 170% compared to Q3/20

EMEA sales grew 172%, US grew 22%, APAC down -30%

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## Operating cash flow positive, liquidity improving

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>Q1/21</th>
<th>Q2/21</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance Sheet</strong></td>
<td>M€</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Equivalents</td>
<td>M€</td>
<td>8.5</td>
<td>7.5</td>
<td>2.1</td>
</tr>
<tr>
<td>Cash Flow from Operations</td>
<td>M€</td>
<td>-0.2</td>
<td>0.0</td>
<td>-1.9</td>
</tr>
<tr>
<td>ROE</td>
<td>%</td>
<td>-30</td>
<td>-20.9</td>
<td>-9.3</td>
</tr>
<tr>
<td>Equity Ratio</td>
<td>%</td>
<td>70</td>
<td>60.6</td>
<td>46.8</td>
</tr>
<tr>
<td>Gearing</td>
<td>%</td>
<td>-85</td>
<td>-109.4</td>
<td>-8.3</td>
</tr>
<tr>
<td>Profit/loss per share</td>
<td>€</td>
<td>-0.11</td>
<td>-0.05</td>
<td>-0.03</td>
</tr>
<tr>
<td>Equity per share</td>
<td>€</td>
<td>0.22</td>
<td>0.15</td>
<td>0.28</td>
</tr>
</tbody>
</table>

**Cash Flow From Operations**

+0.4M€

**Cash and Equivalents**

4.2M€
NQX and NQX PQC Edition

First Post Quantum Cryptography solution released

• NQX is gaining traction from security critical customers
  • Q3 new orders worth over EUR 0.3M€
  • Good visibility into larger future orders
  • Major contract for cryptographic products and services is soon moving to production rollout

• Released **NQX PQC Edition**, Quantum Safe solution for Data-in-Transit
NQX PQC Edition
Quantum Ready solution for Data-in-Transit

SSH’s first Quantum Ready commercial solution released

- Gradually implementing Post Quantum technology in the rest of SSH solution portfolio
ARR is a rock-solid base for sustainable profitable growth

- Subscription revenue grew by 765% compared to Q3 2020 driven by
  - Secure e-communication suite
  - PrivX
  - NQX
- SSH as Trusted advisor: Professional Services business improves customer intimacy

Annual Recurring Revenue continued to grow

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<tr>
<th></th>
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<th>Q3/21</th>
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<tbody>
<tr>
<td>License sales</td>
<td>0.4</td>
<td>0.1</td>
</tr>
<tr>
<td>Subscription sales</td>
<td>0.4</td>
<td>1.6</td>
</tr>
<tr>
<td>Maintenance sales</td>
<td>0.2</td>
<td>1.8</td>
</tr>
<tr>
<td>Professional services</td>
<td>1.9</td>
<td>0.2</td>
</tr>
</tbody>
</table>
PrivX Zero Trust privileged access management

- No static secrets for users nor applications anymore
- Efficient access between actors based on role-based automation
- Real-time access verification, monitoring and logging
Zero Trust by PrivX with JIT and JEA technologies and role-based automation

PrivX expands from traditional IT to factory digitalisation and SaaS markets

Improved cybersecurity with PrivX

- Connect Factory to Cloud safely
- Sell applications like electricity from the wall safely

- PrivX leading edge JIT* and JEA** technologies with role-based privileged access automation and leading-edge audit capabilities
- PrivX subscription pricing enables customers to start small and expand flexibly over time with “Land and Expand” sales approach

- PrivX OT and PrivX MSP Editions have been well accepted by key customers expanding PrivX’s addressable market beyond Enterprise IT PAM
- PrivX is available for on-premise, cloud, container and SaaS deployment
- PrivX has secured several significant new customers in all SSH regions
- Gradually implementing PrivX Zero Trust technologies to the rest of SSH portfolio

* JIT (Just-in-time)  ** JEA (Just Enough Access)
We foresee a strong Q4 and 2021. Our current year 2021 guidance remains unchanged:

- Net sales to increase significantly during 2021
- EBITDA and cash flow from operations positive for 2021
Thank you!