



SSH COMMUNICATIONS SECURITY CORPORATION INTERIM REPORT JANUARY 1 – JUNE 30, 2022

NET SALES INCREASED 34 %, EBITDA CONTINUES POSITIVE MOMENTUM

April–June 2022: Net sales increased 33.8 % compared to the previous year with a positive and improving EBITDA. Subscription revenue increased by 79 % compared to the previous year.

- Net sales totaled EUR 4.5 million (4-6/2021: EUR 3.3 million)
- EBITDA was EUR 0.5 million (EUR 0.1 million)
- Operating loss was EUR -0.2 million (EUR -0.4 million)
- Loss for the period was EUR -0.2 million (EUR -0.9 million)
- Earnings per share was EUR -0.01 (EUR -0.03)

January–June 2022: Net sales increased 47.3 % compared to the previous year.

- Net sales totaled EUR 8.8 million (1-6/2021: EUR 6.0 million)
- EBITDA was EUR 1.1 million (EUR -0.8 million)
- Operating loss was EUR -0.4 million (EUR -1.9 million)
- Loss for the period was EUR -0.4 million (EUR -2.4 million)
- Earnings per share was EUR -0.03 (EUR -0.08)

Operating cash flow was EUR -0.3 million (EUR -1.9 million). Equity ratio was 47.4 % (46.8 %). Liquid assets were EUR 4.4 million (EUR 2.1 million).

KEY FIGURES

EUR million	4– 6/2022	4– 6/2021	Change %	1– 6/2022	1– 6/2021	Change %	1– 12/2021
Net sales	4.5	3.3	33.8	8.8	6.0	47.3	15.9
EBITDA	0.5	0.1	696.5	1.1	-0.8	228.6	1.1
% of net sales	11.9	2.0	494.8	12.1	-13.9	187.2	7.0
Operating profit/loss	-0.2	-0.4	49.4	-0.4	-1.9	75.9	-1.5
% of net sales	-5.0	-13.2	62.2	-5.1	-31.0	83.6	-9.6
Profit/loss before taxes	-0.1	-0.6	80.4	-0.3	-2.1	85.2	-1.8
Profit/loss	-0.2	-0.9	75.2	-0.4	-2.4	84.5	-2.3
Return on equity, %				-3.3	-24.5	86.6	-22.6
Return on investment, %				-2.1	-15.5	86.3	-14.2
Liquid assets				4.4	2.1	110.1	8.2
Gearing (%)				-10.6	-8.3	-27.6	-39.8
Equity ratio (%)				47.4	46.8	1.5	44.6
Earnings per share, EUR	-0.01	-0.03	55.3	-0.03	-0.08	66.2	-0.10
Shareholders' equity per share, EUR	0.29	0.28	0.8	0.27	0.28	-5.4	0.31
Recurring revenue, ARR				16.3	13.8	17.9	15.4
Subscription revenue, ARR				7.9	6.9	14.6	7.3

SSH Communications Security provides alternative performance measures which are not defined by IFRS standards. Alternative performance measures should not be considered substitutes for performance measures in accordance with the IFRS. The alternative performance measures are:

EBITDA = Operating profit/loss + depreciation and amortization

Annual Recurring Revenue: Subscription + maintenance revenue at the end of the last month of the reported quarter multiplied by 12

Subscription ARR (Annual Recurring Revenue): Subscription revenue in the last month of a reported quarter multiplied by 12.

For an exhaustive list of alternative performance measures and formulas used, refer to SSH's Annual Report.

CEO REVIEW

Valued shareholders, customers, partners, and colleagues,

Continued positive demand for our products and services led to another strong quarter, with revenue growing by 33.9% and EBITDA improving by EUR 0.4 million compared to the comparison period. The majority of our revenue growth was driven by subscription orders.

During the second quarter, we received the first significant order (EUR 2.1 million) relating to the major multi-year contract for the delivery of encryption products and services announced in December 2020. This is also the largest single subscription order in our history, although it is not yet reflected in the Q2 figures.

A new strategic partnership (CYESec) was signed during the second quarter, improving our professional services and training offerings. We also partnered with a Ukrainian cybersecurity company ISSP, to assist Ukrainians in using SSH's future-proof technologies and defensive cybersecurity solutions for Operational Technology, which enables secure, uninterrupted operations of electricity production and distribution, water and heat supply as well as other manufacturing and logistics operations critical to the daily life of a society. Cooperation with ISSP also provides us a unique opportunity to learn about cyber security in modern wars.

We see market demand continuing to grow, and we have successfully upgraded our products to meet the next generation of encryption needs with Quantum-Safe and Zero Trust -editions. Entering the commercial phase of our encryption business positions us well both for the short and long term.

Financial Performance

Net sales for the second quarter were EUR 4.5 million (EUR 3.3 million), an increase of 34 % compared to Q2 2021.

EBITDA for Q2 2022 was EUR 0.5 million (EUR 0.1 million), even though we continue significant investments in R&D.

Our operating loss was EUR -0.2 million (EUR -0.4 million), and the loss for the quarter was EUR -0.2 million (EUR -0.9 million).

The operating cash flow for the quarter was EUR -1.1 million (EUR -1.9 million).

Sales Performance

Sales in the EMEA region increased by 41 % compared to Q2 2021. APAC region's sales grew by 16 % compared to Q2 2021, and AMER region's sales increased by 30 % compared to Q2 2021.

Our subscription revenue grew by 79 % compared to Q2 2021. PrivX subscription revenue grew by 172 % compared to Q2 2021.

During the quarter, recurring revenue (subscriptions and maintenance) accounted for over 91 % of total revenue, giving SSH a solid base from which to build further growth.

NQX has been certified by NCSA-FI for security level TL III

SSH has received a TL III-level security certification, equal to the "CONFIDENTIAL" classification in the EU and NATO, for our NQX quantum line encryption software version 2.2 from the Finnish National Cyber Security Center (NCSA). The certification enables the solution to be used to secure networks requiring TL III level encryption for the transmission of confidential and sensitive information. Certification significantly impacts NQX business as it is an enabler for critical infrastructure customers who are increasingly requiring formal certification of our products and solutions.

In addition to the achieved certification, the Post Quantum Cryptography-ready NQX provides high security for non-certified environments.

SSH launched SSHerlock, a free SSH key discovery and audit tool

We launched the SSHerlock tool to help our customers to identify their organization's vulnerabilities and enhance visibility into their SSH key estate. SSHerlock is an SSH key and post-quantum resilience discovery and audit self-service tool that can be used free of charge.

With this effective service, we hope to access new customers while increasing organizations' interest in their cyber security situation.

Outlook

Our current year 2022 guidance remains unchanged:

We continue our business transition from a license and support to a recurring-revenue model, which we foresee will provide more stable revenue in the longer term while reducing our short-term annual growth rate compared to a perpetual license business model. At the end of 2021, our Annual Recurring Revenue was EUR 15.4 million (EUR 8.0 million), which positions us well for continued growth. We expect net sales to grow during 2022 compared to 2021. We estimate EBITDA and cash flow from operating activities to be positive for 2022.

Going Forward

We continue to see increasing interest in our solutions for the rapidly expanding market of defensive cybersecurity. Our software solutions are at the forefront of cybersecurity, offering future-proof technologies with quantum computer-resistant encryption and Zero Trust capabilities of the keyless and passwordless world of the future.

Parallel to expanding the subscription business, we are growing our revenue through determined steps. We have changed our business model from providing point solutions to providing value-adding solutions for customers while leveraging the expertise of our partners and working with them to build new solutions for demanding use cases.

We continue developing our enterprise-level secure file transfer, secure remote access and tunneling solution Tectia, and centralized SSH key management solution UKM, which shall continue to deliver significant value to our customers for years to come.

Our newly established professional services function brings us closer to the customers and solidifies our position as a trusted cybersecurity vendor. Our future emphasis remains on large customers and our land-and-expand approach.

We lead our efforts to continue growth with three themes:

1. Zero Trust (ZT) solutions for all our software product lines
2. Operational Technology (OT) solutions for factories, harbors, ships, electricity producers and distribution and similar use cases
3. Quantum Safe solutions for all our software product lines closely following cryptography algorithm Quantum-Safe standardization activities.

Teemu Tunkelo
CEO

CONSOLIDATED NET SALES

Consolidated net sales for April – June totaled EUR 4.5 million (EUR 3.3 million), increasing by 33.8 % compared to Q2 2021.

Consolidated net sales for January – June totaled EUR 8.8 million (EUR 6.0 million), increasing by 47.3 % year-on-year.

The Americas region accounted for 38.5 % (50.8 %); EMEA region 52.6 % (38.0 %); and APAC region 8.9 % (11.2 %) of reported net sales.

CONSOLIDATED NET SALES

EUR million	4–6/2022	4–6/2021	Change %	1–6/2022	1–6/2021	Change %	1–12/2021
BY SEGMENT							
AMERICAS	1.7	1.3	29.9	3.4	3.0	11.8	6.6
APAC	0.4	0.4	16.4	0.8	0.7	16.6	1.7
EMEA	2.3	1.6	41.1	4.6	2.3	103.9	7.7
Total	4.5	3.3	33.8	8.8	6.0	47.3	15.9
BY OPERATION							
Subscription sales	2.0	1.1	78.9	4.0	1.4	195.3	4.7
License sales	0.3	0.4	-31.4	0.6	0.9	-38.0	3.1
Maintenance sales	2.1	1.7	19.4	4.0	3.6	12.8	7.6
Professional services & others	0.1	0.1	26.7	0.2	0.1	52.1	0.6
Total	4.5	3.3	33.8	8.8	6.0	47.3	15.9

The majority of SSH Communications Security's invoicing is US dollar denominated. During the financial year, the average exchange rate of the US dollar against the euro strengthened by 9.3 % compared to 2021. With comparable exchange rates, the year-to-date net sales increase in 2022 would have been 40.9 % compared to 2021.

RESULT AND EXPENSES

Operating loss for April – June was EUR -0.2 million (EUR -0.4 million), with net loss totaling EUR -0.2 million (EUR -0.9 million).

Operating loss for January – June was EUR -0.4 million (EUR -1.9 million), with net loss totaling EUR -0.4 million (EUR -2.4 million).

Selling, marketing, and customer support expenses for April – June amounted to EUR -1.9 million (EUR -2.1 million), while research and development expenses totaled EUR -1.7 million (EUR -1.2 million) and administrative expenses EUR -1.2 million (EUR -0.8 million).

Selling, marketing, and customer support expenses for January – June amounted to EUR -3.8 million (EUR -4.1 million), while research and development expenses totaled EUR -3.5 million (EUR -2.7 million) and administrative

expenses EUR -2.3 million (EUR -1.7 million). Operating expenses increased by 13 % compared to the previous year.

BALANCE SHEET AND FINANCIAL POSITION

The financial position of SSH Communications Security was satisfactory during the reporting period. The consolidated balance sheet total on June 30, 2022, was EUR 29.8 million (June 30, 2021: EUR 29.0 million; December 31, 2021: EUR 35.9 million), of which liquid assets accounted for EUR 4.4 million (June 30, 2021: EUR 2.1 million; December 31, 2021: EUR 8.2 million), or 14.7 % of the balance sheet total. Interest-bearing liabilities were EUR 3.2 million (June 30, 2021: 1.2 million; December 31, 2021: EUR 3.4 million). Interest-bearing liabilities include a subordinated loan of EUR 0.6 million (June 30, 2021: 0.6 million; December 31, 2021: 0.6 million) granted by the non-controlling interest holder State Security Networks Group Finland, and a premium loan from ELO mutual pension insurance company EUR 2.2 million (December 31, 2021: 2.2 million). On June 30, 2022, gearing, or the ratio of net liabilities to shareholders' equity, was -10.6 % (June 30, 2021: -8.3 %; December 31, 2021: -39.8 %) and the equity ratio stood at 47.4 % (June 30, 2021: 46.8 %; December 31, 2021: 44.6 %).

The reported gross capital expenditure for January–June totaled EUR 1.0 million (EUR 0.9 million). The reported financial income and expenses of EUR 0.1 million (EUR -0.2 million) consisted mainly of exchange rate gains or losses, interest expenses, sales and leasing expenses.

During January – June, SSH Communications Security generated cash flow of EUR -0.3 million (EUR -1.9 million) from business operations, and investments generated cash flow of EUR -2.7 million (EUR -3.1 million). Cash flow from investments includes received government grants of EUR 0.0 million (EUR 1.5 million). Cash flow from financing totaled EUR -1.0 million (EUR -1.5 million). Cash flow from financing includes the payment of hybrid instrument interest of EUR -1.4 million (EUR -1.4 million). Total cash flow from operations, investments, and financing was EUR -4.0 million (EUR -6.5 million). There were no short-term investments at the end of the reporting period.

RESEARCH AND DEVELOPMENT

Research and development expenses for April – June totaled EUR -1.7 million (EUR -1.2 million), the equivalent of 38.6 % of net sales (37.0 %). During April – June, the company has capitalized new product R&D costs EUR 0.4 million (EUR 0.2 million).

Research and development expenses for January – June totaled EUR -3.5 million (EUR -2.7 million), the equivalent of 39.8 % of net sales (44.7 %). During January – June, the company has capitalized new product R&D costs in the amount of EUR 0.8 million (EUR 0.4 million). Capitalized product development expenses were reduced by EUR 0.1 million received as funding from the EU (EUR 0.3 million). Depreciation from R&D capitalization assets was EUR -0.6 million (EUR -0.4 million).

HUMAN RESOURCES AND ORGANIZATION

At the end of June, the Group had 129 employees (June 30, 2021: 123; December 31, 2021: 123). The number of employees increased by 6 persons from the previous year and by 6 persons from the year-end (4.9 %).

At the end of the period, 33.3 % (43.1 %) of the employees worked in sales, marketing, and customer services, 53.5 % (43.9%) in R&D, and 13.2 % (13.0 %) in corporate administration.

BOARD AND AUDITORS

The Annual General Meeting of SSH Communications Security Oyj was held on March 25, 2022. The Annual General Meeting unanimously adopted the consolidated financial statements and discharged from liability the Board members and CEO who have been active during the accounting period between January 1, 2021, and December 31, 2021. Henri Österlund, Kai Tavakka, Sampo Kellomäki, Christian Fredrikson and Catharina Candolin (new member) were elected as directors of the company's Board of Directors. At the inaugural meeting of the Board of Directors, Henri Österlund was elected Chairman.

The Authorized Public Accountants Ernst & Young Oy were re-elected as the auditor of the company. Ernst & Young Oy informed the company that Maria Onniselkä, Authorized Public Accountant, will act as the accountant with the main responsibility.

GROUP MANAGEMENT TEAM

On June 30, 2022, the Group Management Team consisted of the following members:

Teemu Tunkelo, Chief Executive Officer
Niklas Nordström, Chief Financial Officer
Rami Raulas, Head of EMEA Region

SHARES, SHAREHOLDING, AND CHANGES IN GROUP STRUCTURE

The reported trading volume of SSH Communications Security shares totaled 4,837,744 shares (valued at EUR 12,660,322) during the reporting period. The highest quotation was EUR 3.30 and the lowest EUR 2.03. The trade-weighted average share price for the period was EUR 2.62, and the share closed at EUR 2.27 (June 30, 2022).

Accendo Capital is the largest shareholder of SSH, with 28.6 % of the company shares and votes. Tatu Ylönen is the second-largest shareholder of SSH with 17.7 %, and Juha Mikkonen holds directly 5.1 % of the company's shares. More information about shareholding can be obtained from the company's website 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 June 30, 2022, was EUR 1,187,458.17, consisting of 39,581,939 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 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, it can be either issuing of new shares or transfer of own shares, which the company may have in its possession.

Based on the authorization, the Board of Directors shall have the same rights as the Annual General Meeting to decide upon the issuing of shares against payment and special rights (including stock options) in accordance with Chapter 10 Section 1 of the Finnish 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 compelling financial reason for the deviation with respect to the share issue against payment.

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

The authorization will be valid until the next Annual General Meeting but will expire at the latest on June 30, 2023.

The Annual General Meeting approved the Board of Directors' proposal to authorize the Board of Directors to decide upon acquisition of a maximum of 2,000,000 own shares of the company with assets belonging to the company's non-restricted equity, which amounts to approximately 5.2 percent of the company's total shares. The shares can also be acquired other than in proportion to the holdings of the existing shareholders. The maximum compensation to be paid for the acquired shares shall be the market price at the time of purchase, which is determined by public trading.

The Board of Directors proposes that the authorization for the acquiring of the company's own shares would be used, inter alia, in order 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 canceled. The acquisition of shares reduces the company's distributable non-restricted equity.

A decision concerning the acquisition of own shares must be made so that the combined amount of the own shares, which are in possession of, or held as pledges by, the company or its subsidiaries does not exceed one-tenth of all shares. The Board of Directors shall decide upon all other matters related to the acquisition of shares.

The authorization will be valid until the next Annual General Meeting but will expire at the latest on June 30, 2023.

RISKS AND UNCERTAINTIES

Substantial risks that might affect the profitability of the company have remained the same as in the previous reporting period and are listed below.

Largest risks:

- Refinancing risk/liquidity risk such as being unable to pay obligations due to insufficient liquidity or difficulties in raising financing.
- 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
- A large portion of the company revenue is invoiced in USD currency, and possible significant fluctuation in USD currency rates during 2022 could have unpredictable effects on profitability. The company decides on hedging of USD-based contracts case by case.
- Uncertainty of the macroeconomic environment, such as the COVID-19 pandemic and the impact of higher inflation which might have an effect on an increase in financial costs

Principles and organization of risk management of SSH Communications Security are available on the company's web page: www.ssh.com.

RELATED PARTY TRANSACTIONS

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

EVENTS AFTER THE BALANCE SHEET DATE

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

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR million	4- 6/2022	4- 6/2021	1- 6/2022	1- 6/2021	1- 12/2021
Net sales	4.5	3.3	8.8	6.0	15.9
Cost of sales	0.0	0.0	0.0	0.0	0.0
Gross margin	4.5	3.3	8.8	6.0	16.0
Other operating income	0.2	0.4	0.4	0.6	1.1
Selling, marketing and customer support expenses	-1.9	-2.1	-3.8	-4.1	-8.6
Research and development expenses	-1.7	-1.2	-3.5	-2.7	-5.8
Administrative expenses	-1.2	-0.8	-2.3	-1.7	-4.1
Operating profit/loss	-0.2	-0.4	-0.4	-1.9	-1.5
Financial income and expenses	0.1	-0.2	0.1	-0.2	-0.3
Profit/loss before taxes	-0.1	-0.6	-0.3	-2.1	-1.8
Taxes	-0.1	-0.3	-0.1	-0.3	-0.5
Profit/loss for the period	-0.2	-0.9	-0.4	-2.4	-2.3
Attributable to:					
Owners of the parent company	-0.3	-0.8	-0.5	-2.3	-2.1
Non-controlling interests	0.1	-0.1	0.1	-0.1	-0.3
	-0.2	-0.9	-0.4	-2.4	-2.3
Other comprehensive income					
Items which might be later transferred to profit or loss:					
Foreign subsidiary translation differences	-0.4	0.1	-0.5	0.1	-0.1
Total comprehensive income	-0.6	-0.8	-0.9	-2.2	-2.5
Attributable to:					
Owners of the parent company	-0.7	-0.7	-1.0	-2.1	-2.2
Non-controlling interest	0.0	-0.1	0.1	-0.1	-0.3
	-0.6	-0.8	-0.9	-2.2	-2.5
Earnings per share					
Earnings per share (EUR)	-0.01	-0.03	-0.03	-0.08	-0.10
Diluted earnings per share (EUR)	-0.01	-0.03	-0.03	-0.08	-0.10

CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	June 30, 2022	June 30, 2021	Dec 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	0.2	0.1	0.2
Right-of-use assets	0.4	0.5	0.6
Goodwill and intangible assets	21.4	22.1	21.9
Investments	0.0	0.0	0.0
Total non-current assets	22.0	22.7	22.6
Current assets			
Inventories	0.1	0.0	0.0
Trade and other receivables	3.3	4.1	5.1
Cash and cash equivalents	4.4	2.1	8.2
Total current assets	7.8	6.3	13.3
Total assets	29.8	29.0	35.9
EQUITY AND LIABILITIES			
Equity			
Attributable to parent company's shareholders	4.5	4.8	6.0
Non-controlling interest	6.1	6.2	6.0
Total equity	10.6	11.0	12.0
Non-current liabilities			
Non-current interest-bearing liabilities	2.1	0.6	2.3
Lease liabilities	0.1	0.3	0.2
Other non-current liabilities	2.3	3.6	3.9
Advances received and deferred revenue	1.2	0.7	1.2
Deferred tax liabilities	1.5	1.7	1.6
Total non-current liabilities	7.2	6.9	9.2
Current liabilities			
Trade and other payables	4.7	6.1	6.0
Current interest-bearing liabilities	0.8		0.5
Lease liabilities	0.3	0.3	0.4
Advances received and deferred revenue	6.2	4.7	7.8
Total current liabilities	12.0	11.1	14.7
Total equity and liabilities	29.8	29.0	35.9

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 Jan 1, 2021	1.2	12.0	-1.2	22.7	-26.6	8.1	0.4	8.5
Change			0.1		-1.1	-1.0		-1.0
Net profit					-2.3	-2.3	-0.1	-2.4
Acquisition of subsidiary						0.0	5.9	5.9
Equity June 30, 2021	1.2	12.0	-1.0	22.7	-30.0	4.8	6.2	11.0
Change	0.0		-0.3	1.0	0.2	1.0	0.0	1.0
Net profit					0.2	0.2	-0.1	0.1
Equity Dec 31, 2021	1.2	12.0	-1.3	23.7	-29.6	6.0	6.0	12.0
Change	0.0		-0.5	0.6	-1.1	-1.0	0.0	-1.0
Net profit					-0.5	-0.5	0.1	-0.4
Equity June 30, 2022	1.2	12.0	-1.9	24.3	-31.2	4.5	6.1	10.6

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1–6/2022	1–6/2021	1–12/2021
Cash flow from operations	-0.3	-1.9	2.8
<i>whereof change in working capital</i>	-1.7	-0.7	4.2
Cash flow from investing activities	-2.7	-3.1	-4.9
Cash flow from financing activities	-1.0	-1.5	1.5
Increase (+) / decrease (-) in cash	-4.0	-6.5	-0.6
Cash at period start	8.2	8.5	8.5
Effect of exchange rate	0.1	0.1	0.3
Cash at period end	4.4	2.1	8.2

NOTES TO THE FINANCIAL STATEMENT RELEASE

The interim report for the six months reporting period ended June 30, 2022, has been prepared in accordance with IAS 34 *Interim Financial Reporting*. This interim report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021. The information presented in this interim report is unaudited. The accounting policies adopted for this interim report are consistent with those applied in the 2021 consolidated financial statements except for the adoption of new standards effective as of January 1, 2022. The Group has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective. The new standards and amendments had no impact on the interim condensed consolidated financial statements of the SSH Group.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	June 30, 2022	June 30, 2021	December 31, 2021
Carrying amount in the beginning of the period	0.2	0.1	0.1
Increase	0.1	0.0	0.1
Depreciation and impairment	-0.0	-0.0	-0.1
Foreign exchange rate differences	0.0	0.0	0.0
Carrying amount at the end of the period	0.2	0.1	0.2

CHANGES IN RIGHT-OF-USE ASSETS

EUR million	June 30, 2022	June 30, 2021	December 31, 2021
Carrying amount in the beginning of the period	0.6	0.7	0.7
Increase	0.0	0.0	0.3
Decrease		-0.0	0.0
Depreciation and impairment	-0.2	-0.2	-0.4
Foreign exchange rate differences	0.0	0.0	0.0
Carrying amount at the end of the period	0.4	0.5	0.6

Right-of-use assets include mainly leased offices and software.

CHANGES IN GOODWILL AND INTANGIBLE ASSETS

EUR million	June 30, 2022	June 30, 2021	December 31, 2021
Carrying amount in the beginning of the period	21.9	5.4	5.4
Increase	0.9	0.6	1.5
Acquisition of subsidiary		16.8	17.1
Amortization and impairment	-1.3	-0.8	-2.2
Foreign exchange rate differences		0.0	0.0
Carrying amount at the end of the period	21.4	22.1	21.9

CONTINGENT LIABILITIES

EUR million	June 30, 2022	June 30, 2021	December 31, 2021
Interest on hybrid capital securities	0.3	0.3	1.0
Rent security deposits	0.1	0.1	0.1

KEY FIGURES AND RATIOS

SSH Communications Security provides an alternative performance measure EBITDA, which is not defined by IFRS standards. Alternative performance measures should not be considered as substitutes for performance measures in accordance with IFRS.

EBITDA = Operating profit/loss + depreciation and impairment

For an exhaustive list of alternative performance measures and formulas used, refer to SSH's Annual Report.

KEY FIGURES AND RATIOS

EUR million	1-6/2022	1-6/2021	1-12/2021
Net sales	8.8	6.0	15.9
EBITDA	1.1	-0.8	1.1
% of net sales	12.1	-13.9	7.0
Operating profit/loss	-0.4	-1.9	-1.5
% of net sales	-5.1	-31.0	-9.6
Profit/loss before taxes	-0.3	-2.1	-1.8
% of net sales	-3.5	-35.1	-11.3
Return on equity (%)	-3.3	-24.5	-22.6
Return on investment (%)	-2.1	-15.5	-14.2
Interest-bearing net liabilities	-1.1	-0.9	-4.8
Equity ratio (%)	47.4	46.8	44.6
Gearing (%)	-10.6	-8.3	-39.8
Gross capital expenditure	-1.0	0.9	2.0
% of net sales	-11.5	15.5	12.4
R&D expenses	-3.5	-2.7	-5.8
% of net sales	39.8	44.7	36.6
Personnel, period average	124	106	114
Personnel, period end	129	123	123

PER SHARE DATA

EUR	1-6/2022	1-6/2021	1-12/2021
Earnings per share undiluted ¹	-0.03	-0.08	-0.10
Earnings per share diluted ¹	-0.03	-0.08	-0.10
Equity per share	0.27	0.28	0.31
No. of shares at period average (thousand)	39 430	38 802	38 927
No. of shares at period end (thousand)	39 582	38 802	39 279
Share performance			
Average price	2.58	2.50	2.51
Low	2.03	1.60	1.60
High	3.30	3.26	3.48
Share price period end	2.27	2.61	3.01
Market capitalization period end (EUR million)	89.9	101.3	118.2
Volume of shares traded (million)	4.8	5.8	8.6
Volume of shares traded as % of total	12.2	14.9	21.8
Value of shares traded (EUR million)	12.7	14.5	21.7
Price per earnings ratio (P/E)	neg.	neg.	neg.
Dividend per share	0.00	0.00	0.00
Dividend per earnings, %	0.00	0.00	0.00
Effective return on dividend, %	0.00	0.00	0.00

¹ Earnings per share is impacted by unpaid interest of hybrid capital securities

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

The following table presents the reconciliation of EBITDA to the operating profit/loss.

EUR million	1-6/2022	1-6/2021	1-12/2021
EBITDA	1.1	-0.8	1.1
Depreciations and amortizations	-1.5	-1.0	-2.6
Operating profit/loss	-0.4	-1.9	-1.5

DISCLAIMER

The contents of this report are provided by SSH Communications Security and its third-party content providers for your personal information only and do not constitute an offer or invitation to purchase any securities nor does this report provide any form of advice (investment, tax, legal) amounting to investment advice nor make any recommendations regarding particular investments or products. SSH Communications Security does not provide investment advice or recommendations to buy or sell its shares or the shares of others. If you are interested in investing in SSH Communications Security, please contact your financial adviser for further details and information. Past performance of SSH Communications Security shares is not indicative of future results. EXCEPT AS PROVIDED BY APPLICABLE COMPULSORY LAW SSH COMMUNICATIONS SECURITY EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESSED OR IMPLIED. AS TO THE AVAILABILITY, ACCURACY, OR RELIABILITY OF ANY OF THE CONTENT PROVIDED, OR AS TO THE FITNESS OF THE INFORMATION FOR ANY PURPOSE.

SSH Communications Security will release its Business Review for the third quarter of the year on October 27, 2022.

Helsinki, July 21, 2022

SSH COMMUNICATIONS SECURITY

Board of Directors

Teemu Tunkelo
CEO

For further information, please contact:
Teemu Tunkelo, CEO tel. +41 79 227 8362
Niklas Nordström, CFO tel. +358 50 541 0543

Distribution:
NASDAQ Helsinki Ltd.
Major media
www.SSH.com