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Q2 2021 Results

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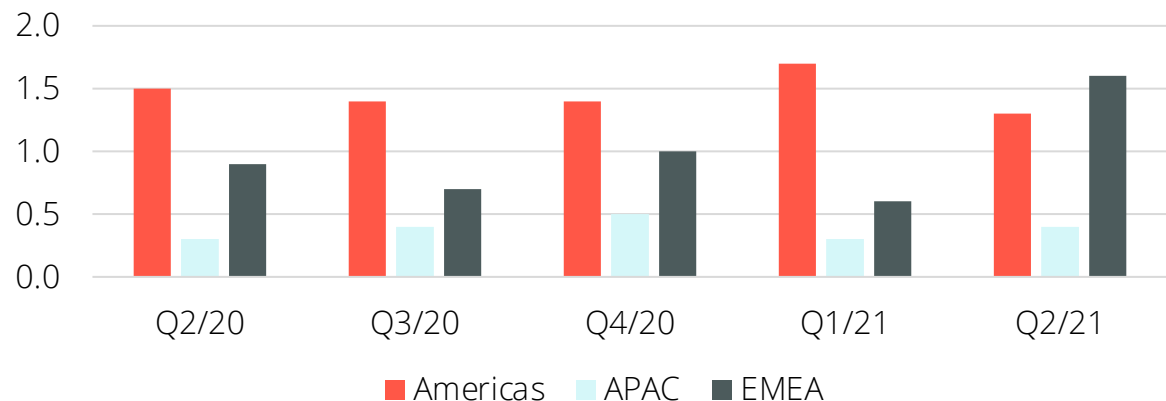
July 20, 2021



Q2/21: Sales increase, EBITDA back in black

		Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
Net Sales	M€	2.6	2.6	3.0	2.6	3.3
EBITDA	M€	0.2	0.2	-0.8	-0.9	0.1
	%	7.3	8.8	-25.5	-33.9	2.0
Operating profit	M€	-0.4	-0.3	-1.3	-1.4	-0.4
	%	-13.5	-9.8	-44.2	-53.5	-13.2
Profit	M€	-0.5	-0.5	-1.6	-1.5	-0.9
Personnel		92	82	94	90	123

Sales by region (M€)



Net Sales: increase of 27% vs Q2/20

EBITDA: 0.1M€, back in black after two red quarters

Operating Profit: -0.4M€, improved compared to Q1&Q4

Profit: -0.9M€

Recurring revenue (subscriptions and maintenance) accounted for over 85% of total revenue, building a solid base for further growth.

Our subscription revenue grew by 512% compared to Q2/20. PrivX subscription revenue grew by 168% compared to Q2/20.

In June, our monthly subscription revenue surpassed maintenance revenue.

APAC and EMEA sales slightly up, US down.

Balance sheet put to profitable use

		2018	2019	2020	Q2 2021
Balance Sheet	M€	24.2	23.8	18.6	29.0
Cash and Equivalents	M€	13.5	12.0	8.5	2.1
Cash Flow from Operations	M€	1.2	0.3	-0.2	-1.9
ROE	%	4	-11	-30	-24.5
Equity Ratio	%	82	78	70	47
Gearing	%	-94	-92	-85	-8
Profit/loss per share	€	-0.01	-0.06	-0.11	-0.08
Equity per share	€	0.37	0.31	0.22	0.28

- The Deltagon acquisition was made with our existing balance sheet

Q2 2021 highlights

The second quarter of 2021 was key in the renewal of SSH

- We reached a significant strategic milestone in revenue development: our growing subscription revenue surpassed maintenance revenue in June
- We consolidated Deltagon results into the Group results from late April.
- We gained a new significant PrivX customer with a US Fortune 500 technology company.
- We launched new industry-focused Editions of PrivX for the rapidly expanding OT (Operational Technology) and MSPs (Managed Service Providers) markets.
- We made first product and services deliveries on the large cryptography contract announced in Q4 of 2020.
- We delivered NQX to new demanding public sector customers.
- We expanded the use of Zero Trust design principles to all our products.
- We won further favorable analyst recognition for our products and business moving forward.

Subscription sales and recurring revenue growing fast

Subscription sales grew sharply and, for the first time, exceeded maintenance sales in June

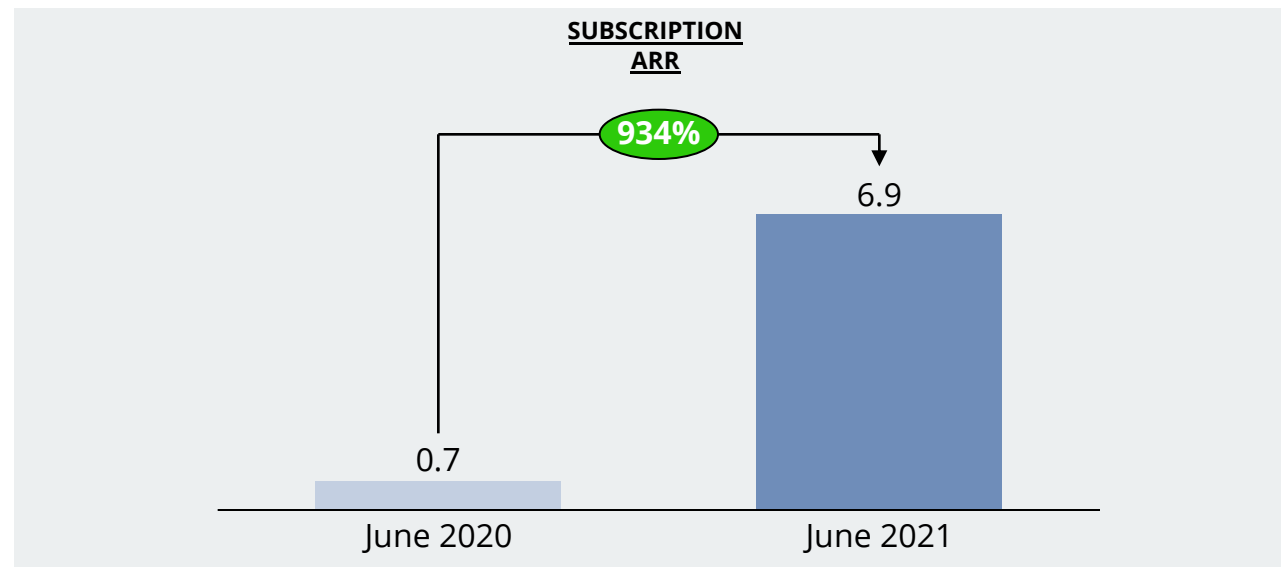
- Our subscription revenue grew by 512% compared to Q2 2020.
- PrivX subscription revenue grew by 168% compared to Q2 2020.
- Tectia subscription revenue also grew significantly compared to Q2 2020.

- Recurring revenue forms the vast majority (over 85%) of our business.

A new Alternative Performance Measure

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To measure the development of our transition towards a recurring revenue-based business model, we publish a new alternative performance measure: Subscription ARR.

- Q2 2021 **Subscription ARR** (*Subscription revenue in the last month of the quarter multiplied by 12*) was EUR 6.9 million, showing 934% growth over Q2 2020.



PrivX expands beyond PAM

We reached several important milestones with PrivX during the quarter

- Key win to deliver PrivX to a US Fortune 500 technology company, proving the scalability and reliability of PrivX and our ability to beat large competitors.
- We also announced two new industry-focused PrivX editions during the quarter:
 - PrivX MSP (Managed Service Providers)
 - PrivX OT (Operational Technology)
 - We received the first orders for both editions during the quarter.
- PrivX MSP and PrivX OT Editions provide SSH with a potential growth market that is significantly larger than the traditional Enterprise IT PAM market alone.

NQX enters operational phase

We achieved solid progress on both the technical and commercial front

- We started first system and professional services deliveries for the previously announced major multi-year agreement for cryptographic products and services.
- We received new orders and started deliveries of NQX to new security-critical customers in non-certified environments.
- These deliveries were not yet reflected in Q2 reported numbers.

Zero Trust all the way

“The Federal Government must adopt security best practices; advance toward Zero Trust Architecture; accelerate movement to secure cloud services...”

Joe Biden’s Executive Order, 21st May 2021

- PrivX supports Zero Trust by design, and we are now architecting our whole portfolio in the same fashion. Zero Trust is based on dynamic, real-time verification instead of traditional static credentials. This improves our customers' security posture and better fulfills the needs of the cloud and digital era.
- We are launching Zero Trust Editions for the whole SSH portfolio. For example, UKM Zero Trust enables our customers to transition from their traditional on-premise infrastructure with traditional passwords to cloud infrastructure with JIT Zero Trust access control and management.

Looking forward

With new major customer wins, increasing demand especially in Europe, Deltagon getting access to global markets, and new PrivX Editions already selling, we foresee a strong H2.

Our current year 2021 guidance remains unchanged:

We expect our net sales to increase significantly during 2021. We are accelerating our transition from license and support services sales to a recurring revenue business model, which we expect will provide more stable revenue in the long term.

Even though the growth strategy will require operational investments, we estimate EBITDA and cash flow from operations to be positive for 2021.

Thank you!

