



Financial statement release
January—December 2022

Solid performance for the year 2022:

Net sales grew by 21%, EBITDA margin 14%, operating cash flow EUR 3 million

October–December 2022:

- Net sales decreased by 2.6% to EUR 5.8 million (EUR 6.0 million)
- EBITDA was EUR 1.2 million (EUR 1.4 million), 20.7% of net sales
- Operating profit was EUR 0.4 million (EUR 0.7 million), 7.0% of net sales
- Earnings per share was EUR -0.00 (EUR 0.00)

January–December 2022:

- Net sales increased by 21.1% to EUR 19.3 million (EUR 15.9 million)
- EBITDA was EUR 2.7 million (EUR 1.1 million), 13.9% of net sales
- Operating loss was EUR -0.4 million (EUR -1.5 million), -2.3% of net sales
- Deferred revenue increased by 57% to EUR 14.1 million (EUR 9.0 million)
- Earnings per share was EUR -0.05 (EUR -0.10)

Cash flow from operating activities improved by EUR 0.2 million to EUR 3.0 million (EUR 2.8 million). The equity ratio was 46.1% (44.6%). Liquid assets decreased by EUR 2.5 million to EUR 5.7 million (EUR 8.2 million).

Business outlook for 2023

Our business transition from license and support to a recurring-revenue model has continued providing a more stable revenue base. At the end of 2022, our Annual Recurring Revenue was EUR 18.4 million (EUR 15.4 million in 2021). Our net sales grew by 21% to EUR 19.3 million in 2022. Going into 2023, we will continue to focus on increasing the average deal size. We expect net sales to grow during 2023 compared to 2022. We estimate EBITDA and cash flow from operating activities to be positive for 2023.

Key figures

m EUR	10-12/2022	10-12/2021	Change %	1-12/2022	1-12/2021	Change %
Net sales	5.8	6.0	-2.6	19.3	15.9	21.1
EBITDA	1.2	1.4	-13.5	2.7	1.1	138.7
% of net sales	20.7	23.3	-11.2	13.9	7.0	97.2
Operating profit/loss	0.4	0.7	-38.1	-0.4	-1.5	71.1
% of net sales	7.0	11.0	-36.5	-2.3	-9.6	76.1
Profit/loss before taxes	0.0	0.7	-100.0	-0.7	-1.8	62.0
Profit/loss	0.2	0.4	51.3	-0.6	-2.3	74.3
Return on equity, %				-5.2	-22.6	52.3
Return on investment, %				-4.7	-14.2	36.0
Liquid assets				5.7	8.2	-30.3
Gearing (%)				-27.9	-39.8	25.7
Equity ratio (%)				46.1	44.6	-2.7
Earnings per share, EUR	-0.00	0.00		-0.05	-0.10	47.2
Shareholders' equity per share, EUR	0.29	0.30	-1.6	0.28	0.31	-8.7
Recurring revenue, ARR				18.4	15.4	19.4
Subscription revenue, ARR				9.9	7.3	35.8
Invoicing	11.2	7.6	46.3	24.2	15.1	60.3
Deferred revenues				14.1	9.0	56.7
Current				10.6	7.8	35.8
Non-current				3.5	1.2	190.5

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.

Recurring Revenue, ARR: Subscription + maintenance revenue at the end of the last month of the reported period multiplied by 12.

Subscription ARR: Subscription revenue in the last month of a reported period multiplied by 12.

Deferred Revenue: Non-recognized revenues from invoiced maintenance and subscription sales.

CEO review

Dear customers, shareholders, partners, and colleagues,

SSH achieved solid progress during 2022. Net sales grew by 21% to EUR 19.3 million, and EBITDA grew by 139% to EUR 2.7 million, representing 14% of net sales. The fourth quarter sales of EUR 5.8 million (EUR 6.0 million in Q4/2021) almost reached the previous year's level, which included significant license sales.

We have continued on a successful journey of selling innovative and future-proof technologies to major global corporations, increasingly through a subscription model. Deferred revenue increased strongly by 57% to EUR 14.1 million, driven by several major multi-year subscription and maintenance contracts. Subscription Annual Recurring Revenue grew by 36% to EUR 9.9 million, while Total Annual Recurring Revenue, also including maintenance revenues, grew by 19%, reaching EUR 18.4 million.

Operating cash flow was EUR 3.0 million for the year, while cash position decreased due to Deltagon installment and financing costs. We continued to invest in long-term growth, including R&D, sales and marketing, and innovation with key customers, and we remain well-prepared for the future.

SSH won several new customers over the last quarter. Privileged access management solution PrivX gained multiple Managed Service Providers (MSPs) and Operational Technology (OT) customers, and a major Fortune 500 global financial services institution expanded the use of Universal SSH Key Manager to cover their entire corporate network. These wins demonstrate technological excellence as well as an outstanding service level in our professional services and support.

In the fourth quarter, PrivX subscription revenue grew by 96% compared to Q4 2021. We added several new features to our passwordless PAM solution, PrivX, such as real-time connection monitoring, post-quantum cryptography algorithms, and user and behavior analytics. These advancements ensure that PrivX continues to have the most attractive total cost of ownership thanks to its straightforward implementation and broad set of features.

Additionally, as quantum computing becomes a reality, we continue to lead the way in developing post-quantum-safe solutions. In November, we launched the world's first quantum-safe data communications software for mainframes by upgrading Tectia SSH Server for IBM z/OS with quantum-safe capabilities, and we are updating the rest of our solutions to include post-quantum encryption. The NQX encryption solution also continued its quarterly revenue growth by winning public and private sector customers.

Our commitment to providing winning solutions for digital communications between systems, applications, and the people operating them remains unchanged while improving financial performance. I would like to thank all members of SSH and partners for contributing to our all-hands-on-deck approach, delivering outstanding achievements in 2022, and establishing a great base to build upon in 2023.



Consolidated net sales

Consolidated net sales for October–December totaled EUR 5.8 million (EUR 6.0 million).

Consolidated net sales for January–December totaled EUR 19.3 million (EUR 15.9 million), increased by 21.1% year-on-year.

The Americas region accounted for 36.2% (41.4%), the Europe, Middle East, and Africa region 56.0% (48.2%), and the Asia Pacific region 7.8% (10.4%) of reported net sales.

m EUR	10–12/2022	10–12/2021	Change %	1–12/2022	1–12/2021	Change %
By segment						
AMERICAS	1.8	1.8	-0.6	7.0	6.6	6.0
APAC	0.3	0.7	-51.1	1.5	1.7	-9.5
EMEA	3.7	3.5	5.8	10.8	7.7	40.6
Total	5.8	6.0	-2.6	19.3	15.9	21.1
m EUR	10–12/2022	10–12/2021	Change %	1–12/2022	1–12/2021	Change %
By operation						
Subscription sales	2.5	1.7	47.5	8.7	4.7	85.9
License sales	1.1	1.7	-36.4	1.9	3.1	-38.0
Maintenance sales	2.1	2.2	-4.8	8.2	7.6	8.6
Professional services & others	0.1	0.3	-66.0	0.4	0.6	-28.1
Total	5.8	6.0	-2.6	19.3	15.9	21.1

A large part 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 11.0 % compared to 2021. With comparable exchange rates, the net sales increase in 2022 would have been 15.5% compared to 2021.

Results and expenses

Operating profit for October–December was EUR 0.4 million (EUR 0.7 million), with net profit totaling EUR 0.2 million (EUR 0.4 million).

Operating loss for January–December was EUR -0.4 million (EUR -1.5 million), with a net loss totaling EUR -0.6 million (EUR -2.3 million).

Selling, marketing, and customer support expenses for October–December amounted to EUR -2.8 million (EUR -2.5 million), while research and development expenses totaled EUR -2.0 million (EUR -1.8 million) and administrative expenses EUR -1.7 million (EUR -1.4 million).

Selling, marketing, and customer support expenses for January–December amounted to EUR -8.8 million (EUR -8.6 million), while research and development expenses totaled EUR -7.2 million (EUR -5.8 million) and administrative expenses EUR -5.1 million (EUR -4.1 million). Operating expenses increased by 14% 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 December 31, 2022, was EUR 38.1 million (December 31, 2021: EUR 35.9 million), of which liquid assets accounted for EUR 5.7 million (December 31, 2021: EUR 8.2 million), or 15.0% of the balance sheet total. Interest-bearing liabilities were EUR 1.7 million (December 31, 2021: EUR 3.4 million). Interest-bearing liabilities include a premium loan from ELO mutual pension insurance company, EUR 1.7 million (EUR 2.2 million). Subordinated loan of EUR 0.6 million granted by the non-controlling interest holder State Security Networks Group Finland was repaid in June 2022. On December 31, 2022, gearing, or the ratio of net liabilities to shareholders' equity, was -27.9% (December 31, 2021: -39.8%), and the equity ratio stood at 46.1% (December 31, 2021: 44.6%).

The reported gross capital expenditure for January–December totaled EUR 2.5 million (EUR 2.0 million). The reported financial income and expenses of EUR -0.2 million (EUR -0.3 million) consisted mainly of exchange rate gains or losses, interest expenses, sales, and leasing expenses.

During January–December, SSH Communications Security generated a cash flow from operations of EUR 3.0 million (EUR 2.8 million), and investments generated a cash flow of EUR -3.5 million (EUR -4.9 million). Cash flow from investments includes the deferred purchase price of the acquisition of Deltagon Oy EUR -1.7 million (EUR -4.6 million) and received government grants of EUR 0.7 million (EUR 1.8 million).

Cash flow from financing totaled EUR -2.2 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) and a change in debt of EUR -0.5 million (EUR 2.2 million), and the payment of subordinated loan -0.6 million. Total cash flow from operations, investments, and financing was EUR -2.6 million (EUR -0.6 million).

There were no short-term investments during the reporting period.

Research and development

In our target market, the landscape is constantly evolving. We continue to invest in our future to position ourselves as the go-to company for secure communications between people, applications, systems, and networks. Our research and development expenses for October–December increased to EUR -2.0 million (EUR -1.8 million), the equivalent of 33.8% of net sales (29.7%). During October–December, the company has capitalized new product R&D costs of EUR 0.6 million (EUR 0.5 million).

Research and development expenses for January–December totaled EUR -7.2 million (EUR -5.8 million), the equivalent of 37.4% of net sales (36.6%). During January–December, the company capitalized on new product R&D costs in the amount of EUR 1.9 million (EUR 1.4 million). Capitalized product development expenses were reduced by EUR 0.1 million received as funding from the EU in 2022 (EUR 0.4 million). Depreciation from R&D capitalization assets was EUR -1.4 million (EUR -1.2 million).

Human resources and organization

At the end of December, the Group had 144 employees (December 31, 2021: 122). The number of employees increased by 22 persons from the comparison period (18%). The change was mainly driven by an increase in headcounts in R&D and Customer Support functions.

At the end of the period, 53 (46) employees worked in sales, marketing, and customer services, 74 (65) in R&D, and 17 (11) in 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, Sampu 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 Accountant Firm Ernst & Young Oy was re-elected as the auditor of the company. Ernst & Young Oy informed the company that Maria Onnisekka, Authorized Public Accountant, will act as the accountant with the main responsibility.

Group management team

On December 31, 2022, the Group Management Team consisted of the following members:

Teemu Tunkelo, Chief Executive Officer
Niklas Nordström, Chief Financial Officer (until 4.1.2023)
Rami Raulas, Head of EMEA Region

Shares, shareholding, and changes in group structure

The reported trading volume of SSH Communications Security shares totaled 7,229,826 shares (valued at EUR 17,317,925) during the reporting period. The highest quotation was EUR 3.30, and the lowest EUR 1.66. The trade-weighted average share price for the period was EUR 2.40, and the share closed at EUR 2.30 (December 31, 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 17.6%, and Juha Mikkonen holds 5.0% of the company's shares. More information about the shareholding can be obtained from the company's website, www.ssh.com.

Share capital and board authorizations

The company's registered share capital on December 31, 2022, was EUR 1,189,893.18, consisting of 39,663,106 shares.

The Annual General Meeting approved the Board of Director's 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 the 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 Director's proposal to authorize the Board of Directors to decide upon the 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 5.0 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 been reviewed and updated to reflect the current macroeconomic environment.

The largest risks are:

- 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 the USD exchange rate 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 effects caused by the war in Ukraine or a pandemic

Impact of higher inflation and increasing market interest rates which may have an effect on increasing operational and 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

Michael Kommonen has been appointed as the new CFO of SSH Communications Security and a member of the Executive Management Team. Mr. Kommonen will take up his new position on March 1st, 2023, at the latest.

Board of directors proposal for disposal of distributable funds

The Board of Directors proposes to the Annual General Meeting on 24 March 2023 that no dividend or return of capital shall be distributed.

Helsinki, February 23, 2023

SSH COMMUNICATIONS SECURITY

Board of Directors

Teemu Tunkelo
CEO

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Distribution:
NASDAQ Helsinki Ltd.
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Condensed consolidated comprehensive income statement

m EUR	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Net sales	5.8	6.0	19.3	15.9
Cost of sales	0.1	0.0	-0.1	0.0
Gross margin	5.9	6.0	19.2	16.0
Other operating income	1.0	0.3	1.5	1.1
Selling, marketing, and customer support expenses	-2.8	-2.5	-8.8	-8.6
Research and development expenses	-2.0	-1.8	-7.2	-5.8
Administrative expenses	-1.7	-1.4	-5.1	-4.1
Operating profit/loss	0.4	0.7	-0.4	-1.5
Financial income and expenses	-0.4	0.0	-0.2	-0.3
Profit/loss before taxes	0.0	0.7	-0.7	-1.8
Taxes	0.2	-0.3	0.1	-0.5
Profit/loss for the period	0.2	0.4	-0.6	-2.3
Attributable to:				
Owners of the parent company	0.0	0.6	-0.5	-2.1
Non-controlling interests	0.2	-0.2	-0.1	-0.3
	0.2	0.4	-0.6	-2.3
Other comprehensive income				
Items which might be later transferred to profit or loss:				
Foreign subsidiary translation differences	0.5	-0.2	-0.4	-0.1
Total comprehensive income	0.7	0.2	-1.0	-2.5
Attributable to:				
Owners of the parent company	0.5	0.4	-0.9	-2.2
Non-controlling interest	0.2	-0.2	-0.1	-0.3
	0.7	0.2	-1.0	-2.5
Earnings per share				
Earnings per share (EUR)	-0.00	0.00	-0.05	-0.10
Diluted earnings per share (EUR)	-0.00	0.00	-0.05	-0.10

Condensed consolidated balance sheet

m EUR	Dec 31, 2022	Dec 31, 2021
Assets		
Non-current assets		
Property, plant, and equipment	0.3	0.2
Right-of-use assets	0.9	0.6
Goodwill and intangible assets	21.5	21.9
Investments	0.0	0.0
Total non-current assets	22.7	22.6
Current assets		
Inventories	0.3	0.0
Trade and other receivables	9.1	5.1
Income tax receivables	0.3	
Cash and cash equivalents	5.7	8.2
Total current assets	15.5	13.3
Total assets	38.1	35.9
Equity and liabilities		
Equity		
Attributable to parent company's shareholders	5.1	6.0
Non-controlling interest	6.0	6.0
Total equity	11.1	12.0
Non-current liabilities		
Non-current interest-bearing liabilities	1.2	2.3
Lease liabilities	0.5	0.2
Other non-current liabilities	1.7	3.9
Advances received and deferred revenue	3.5	1.2
Deferred tax liabilities	1.4	1.6
Total non-current liabilities	8.3	9.2
Current liabilities		
Trade and other payables	7.3	6.0
Current interest-bearing liabilities	0.5	0.5
Lease liabilities	0.4	0.4

Advances received and deferred revenue	10.5	7.8
Total current liabilities	18.7	14.7
Total equity and liabilities	38.1	35.9

Condensed consolidated statement of changes in equity

Attributable to the owners of the Company

m EUR	Share capital	Hybrid capital securities	Translation difference	Unrestricted invested equity fund	Retained earnings	Total	Non-controlling interests	Total equity
Equity Jan 1, 2021	1.2	12.0	-1.2	22.7	-26.6	8.1	0.4	8.5
Change	0.0	0.0	-0.1	1.0	-0.9	0.0	0.0	0.0
Net profit					-2.1	-2.1	-0.3	-2.3
Acquisition of subsidiary							5.9	5.9
Equity Dec 31, 2021	1.2	12.0	-1.3	23.7	-29.6	6.0	6.0	12.0
Change	0.0	0.0	-0.4	0.7	-0.7	-0.3	0.0	-0.3
Net profit					-0.5	-0.5	-0.1	-0.6
Equity Dec 31, 2022	1.2	12.0	-1.7	24.4	-30.8	5.1	6.0	11.1

Condensed consolidated statement of cash flow

m EUR	1-12/2022	1-12/2021
Cash flow from operations	3.0	2.8
<i>whereof change in working capital</i>	1.7	4.3
Cash flow from investing activities	-3.5	-4.9
Cash flow from financing activities	-2.2	1.5
Increase (+) / decrease (-) in cash	-2.6	-0.6
Cash at period start	8.2	8.5
Effect of exchange rate	0.1	0.3
Cash at period end	5.7	8.2

Notes to the financial statement release

The financial statement release for the twelve months reporting period that ended December 31, 2022, has been prepared in accordance with *IAS 34 Interim Financial Reporting*. This financial statement release 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, 2022. The presented figures have been rounded from the exact figures. The financial year 2022 figures published in this financial statement release are audited.

The accounting policies adopted for this financial statement release are consistent with those applied in 2022 consolidated financial statements, except for the adoption of new standards effective as of January 1, 2023. 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 financial statement release of the SSH Group.

Business combinations

No acquisitions or divestments were done in 2022.

2021

On April 26, 2021, the Group's subsidiary Kyberleijona Oy acquired 100% of the voting shares of Deltagon Oy, an unlisted company based in Finland that develops and sells secure messaging and transaction solutions to various industries, including finance and the public sector. A majority of Deltagon's revenue is generated from the secure email messaging solution Sec@GW which has been certified by the National Cyber Security Authority at the Finnish Transport and Communications Agency (NCSA-FI) for protecting classified information according to the Finnish national (FI) ST III and ST IV security requirements. The Group has acquired Deltagon because it complements SSH's product and services portfolio and creates synergies in product development, developing future quantum resistance, and leveraging international sales and marketing channels. The acquisition has been accounted for using the acquisition method. The consolidated financial statements for 2021 include the results of Deltagon from the acquisition date of April 26 until December 31, 2021.

Details of purchase consideration, the net assets acquired, and goodwill are as follows:

Purchase consideration	m EUR
Cash paid	5.0
Deferred purchase price	4.9
Considerations shares	5.4
Closing adjustments	1.5
Earnout consideration	0.7
Total purchase consideration	17.5

Assets	Fair value recognized on acquisition
Intangible assets	
Customer-related intangible assets	8.1
Technology-related intangible assets	0.4
Trade and other receivables	2.0
Cash	1.4
	11.9
Liabilities	
Trade and other payables	-1.3
Deferred tax liability	-1.7
	-3.0
Total identifiable net assets at fair value	8.8
Goodwill arising on the acquisition	8.6
Purchase consideration transferred	17.4
Analysis of cash flows on the acquisition	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	1.4
Cash paid	-6.0
Net cash flow on acquisition	-4.6

The total purchase price was EUR 17.4 million. A cash component of EUR 5.0 million was paid at closing, EUR 1.0 million in July, and EUR 5.4 million of consideration shares were recognized in equity. The deferred purchase price of EUR 4.9 million consists of the present value of three additional installments of EUR 1.67 million to be paid in the years 2022, 2023, and 2024. The installments have been discounted at the estimated cost of debt (2.1%). A closing adjustment of EUR 1.5 million was based on the net cash position and net working capital adjustment on the closing date.

The goodwill recognized is attributed to Deltagon's profitably growing business with a strong position in the domestic messaging security market, new international business, and a wide customer base.

Transaction costs were not significant and have been expensed and included in the administrative expenses in profit or loss.

Changes in property, plant, and equipment

m EUR	Dec 31, 2022	Dec 31, 2021
Carrying amount at the beginning of the period	0.2	0.1
Increase	0.2	0.1
Depreciation and impairment	-0.1	-0.1
Foreign exchange rate differences	0.0	0.0
Carrying amount at the end of the period	0.3	0.2

Changes in right-of-use assets

m EUR	Dec 31, 2022	Dec 31, 2021
Carrying amount at the beginning of the period	0.6	0.7
Increase	0.9	0.3
Decrease	-0.2	0.0
Depreciation and impairment	-0.4	-0.4
Foreign exchange rate differences	0.0	0.0
Carrying amount at the end of the period	0.9	0.6

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

Changes in goodwill and intangible assets

m EUR	Dec 31, 2022	Dec 31, 2021
Carrying amount in the beginning of the period	21.9	5.4
Increase	2.3	1.5
Acquisition of subsidiary		17.1
Amortization and impairment	-2.6	-2.2
Foreign exchange rate differences	0.0	0.0
Carrying amount at the end of the period	21.5	21.9

Contingent liabilities

m EUR	December 31, 2022	December 31, 2021
Interest on hybrid capital securities	1.4	1.0
Rent security deposits	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

m EUR	1-12/2022	1-12/2021
Net sales	19.3	15.9
EBITDA	2.7	1.1
% of net sales	13.9	7.0
Operating profit/loss	-0.4	-1.5
% of net sales	-2.3	-9.6
Profit/loss before taxes	-0.7	-1.8
% of net sales	-3.5	-11.3
Return on equity (%)	-5.2	-22.6
Return on investment (%)	-4.7	-14.2
Interest-bearing net liabilities	-3.1	-4.8
Equity ratio (%)	46.1	44.6
Gearing (%)	-27.9	-39.8
Gross capital expenditure	-1.0	2.0
% of net sales	-5.2	12.4
R&D expenses	-7.2	-5.8
% of net sales	37.4	36.6
Personnel, period average	132	114
Personnel, period end	144	122

Per share data

EUR	1-12/2022	1-12/2021
Earnings per share undiluted ¹	-0.05	-0.10
Earnings per share diluted ¹	-0.05	-0.10
Equity per share	0.28	0.31
No. of shares at period average (thousand)	39 471	38 927
No. of shares at period end (thousand)	39 663	39 279
Share performance		
Average price	2.40	2.51
Low	1.66	1.60
High	3.30	3.48
Share price period end	2.30	3.01
Market capitalization period end (EUR million)	91.2	118.2
Volume of shares traded (million)	7.2	8.6
Volume of shares traded as % of total	18.2	21.8
Value of shares traded (EUR million)	17.3	21.7
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

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

Reconciliation of alternative performance measures

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

m EUR	1-12/2022	1-12/2021
EBITDA	2.7	1.1
Depreciations and amortizations	-3.1	-2.6
Operating profit/loss	-0.4	-1.5