SSH COMMUNICATIONS SECURITY CORPORATION INTERIM REPORT JANUARY 1 – MARCH 31, 2019

RECURRING REVENUE REMAINS STRONG, LICENSING REVENUE SUFFERS FROM VOLATILITY

January–March 2019:

- Net sales totaled EUR 2.7 million, down by 44.8 % year on year (EUR 4.8 million in 1–3/2018).
- Operating profit was EUR -1.3 million (EUR 0.1 million in 1–3/2018). Loss was EUR -1.2 million (EUR 0.0 million)
- Earnings per share EUR -0.04 (EUR -0.01).

Equity ratio remained good 80.3 % (86.3 %). Liquid assets were EUR 12.5 million (EUR 12.6 million).

KEY FIGURES

EUR million	1–3/2019	1–3/2018	Change %	1–12/2018
Net sales	**2.7**	4.8	-44.8	18.3
Operating profit/loss	**-1.3**	0.1	-1 225.1	0.5
% of net sales	**-47.1**	2.3	-2 137.4	3.0
Profit/loss before taxes	**-1.2**	0.0	-13 686.8	0.6
Profit/loss	**-1.2**	0.0	-17 847.7	0.5
Return on equity, %	**-9.2**	0.1	-16 997.7	3.8
Return on investment, %	**-8.7**	0.1	-12 413.4	4.1
Liquid assets	**12.5**	12.6	-0.8	13.5
Gearing (%)	**-97.5**	-103.2	5.5	-93.5
Equity ratio (%)	**80.3**	86.3	-6.9	81.6
Earnings per share, EUR	**-0.04**	-0.01	-550.2	-0.01
Shareholders' equity per share, EUR	**0.31**	0.32	-1.5	0.37

CEO REVIEW

CEO'S REVIEW

Valued shareholders, customers, partners and co-workers.

In the first quarter of 2019, our recurring revenue showed a slight growth, whereas we had a disappointing quarter in license sales which demonstrates the volatility of the perpetual license model that dominates our Universal SSH Key Manager® business. As expected, we did not gain patent license revenue, and these two factors combined lead to a significant decrease in our revenue compared to the stronger Q1 in 2018.

Through synergies achieved by digitalization of administrative processes as well as the end of the active patent related litigations we are starting to realize material cost savings. According to our gated approach to our cost development, i.e. tight cost control linked to the topline development, we were able to manage costs efficiently and decrease our cost base by EUR 0,6 million compared to the previous year. We will monitor the revenue development closely and refrain from increasing the cost level unless the topline development allows us to increase our investment in our growth. At the same time, the focus in any expenditure investments is on our critical R&D efforts.

The operative cash flow for Q1 was positive despite the challenges in license sales, and our cash position remains strong.

From a regional perspective, APAC reached its targets and our expectations. The Americas suffered from some expected UKM deals moving to a later time during the year. EMEA showed particularly good traction for PrivX®.

In our pipeline we have a good number of new Universal Key Manager opportunities approaching the proof of concept stage, typically starting with smaller deployments and then growing in number over time. The PrivX enterprise pipeline also has a healthy number of opportunities across the regions, through our own sales force and our partners.

During the quarter, we focused on bringing PrivX to the enterprise market and saw a steady increase in subscription revenue from PrivX. As PrivX is a ramp-up product, we are able to show significant percentage growth rates while the overall revenue for PrivX in Q1 is not yet material. We saw a very positive development in the pipeline creation for PrivX and were able to initiate dozens of sales negotiations with individual customers across industries. We also have several new partnership negotiations with companies willing to offer PrivX as an integral part of their cloud offering. As a number of global IT service providers have already either integrated PrivX to their product offering or are selling it as a standalone solution, we have been able to expand the reach of our sales force considerably. Furthermore, our well-established enterprise sales model is proving out to work well also with PrivX, and we have several ongoing negotiations with a diverse group of companies that are interested in acquiring PrivX to secure their cloud transformation operations.

PrivX is a lean but scalable privileged access management solution that is fast to deploy and easy to maintain in multi-cloud and on-premise environments. We continue our efforts to add more features that make PrivX a standout and future-proof PAM solution as companies move to the cloud era as part of their digital transformation journey. The development of PrivX is progressing well and we released two new versions of the product by this quarterly report.

During the quarter, we signed a new UKM license deal with a major global technology company. The customer is starting the deployment with a limited-scope pilot project and with the intention of broadening the use of the solution later on. This is an operational model we have seen becoming more common over the past two years already.

The NQX™ team has been fully engaged in the development of the Centralized Management feature set that enables larger-scale deployments of the solution in the critical infrastructure of our customer base. We estimate that the feature will be commercially ready during the first half of the year. We expect that the Finnish NCSC (Traficom) certification will be completed during the latter part of the year. Furthermore, we received a national facility security clearance certificate from the defense force intelligence department including an extensive trustworthiness and commitment handling reliability audit and enabling confidential operation with a particular customer segment reinforcing our belief that after the centralized management feature is completed the demand will start materializing.

During this quarter we conducted a pulse survey to measure the employee engagement and received results that tell about an excellent level of commitment and energy in the organization. Based on analysis of the feedback we continue building SSH as an attractive employer for people with passion for cybersecurity.

Taking into account the volatility of our license sales and the status of the pipeline for the rest of the year, we repeat the guidance given:

For the year 2019, we expect double digit percentage growth from our software business (software fees, professional services, and recurring revenue) at comparable exchange rates, exceeding the projected annual cyber security market growth of approximately 10 %. In the medium term, we expect similar or faster growth and will also explore avenues for accelerated growth through inorganic growth opportunities. Possible significant quarterly variation in revenue growth is still to be expected due to timing of larger deals over the financial year.

In revenue terms the growth according the guidance would mean recognized revenue for our software business greater than 17.1 MEUR.

We continue implementing our strategy with focus and dedication, building our future in the evolving cybersecurity market with PrivX and NQX. At the same time, we are maximizing value creation based on our established products: Universal Key Manager, Tectia® SSH Client/Server, Tectia® SSH Server z/OS and CryptoAuditor®. The privileged access management market is ripe for products with high performance, fast deployment, excellent usability, and strong return on investment (ROI). Transforming the SSH business model from the perpetual license model to the subscription model will at the early stages slow down the topline growth, but with a longer view it is providing more stable cash flow and increased shareholder value. We are now clearly seeing traction in the markets for PrivX as an alternative for traditional privileged access management solutions. We are also getting recognition from independent analyst organizations, and inbound interest from different types of cloud service providers with a willingness to partner with us. These factors help us build customer trust and make customer's decision-making easier.

An increasing number of traditional perimeter security operators are moving towards the access management business. During Q1 we saw increased M&A activity in the cloud PAM market where large players acquired cloud access providers, which reinforces our belief in our strategy, enabling us to increase shareholder value SSH delivers. To ensure that we remain competitive against bigger players, we have established several partnerships and continue engaging more partners. Our aim is not only in our current markets, but also in the identity and access management market that is being reshaped by cloudficiation and digital transformation.

Kaisa Olkkonen
CEO

NET SALES

Consolidated net sales for January–March totaled EUR 2.7 million (EUR 4.8 million), down by 44.8 %, year on year.

The Americas accounted for 58.8 % (36.4 %), the Europe, Middle East and Africa 23.0 % (29.7 %) and the Asia Pacific region 18.2 % (13.2 %) of reported net sales. Global royalty income accounted for 0.0 % (20.6 %) of reported net sales.

CONSOLIDATED NET SALES

EUR million	1–3/2019	1–3/2018	Change %	1–12/2018
BY SEGMENT				
AMERICAS	**1.6**	1.8	-10.9	9.0
APAC	**0.5**	0.6	-23.7	2.4
EMEA	**0.6**	1.4	-57.3	4.2
Global royalty income	**0.0**	1.0	-100.0	2.7
Total	**2.7**	4.8	-44.8	18.3
BY OPERATION				
Software fees	**0.5**	1.8	-74.3	5.6
Professional services & other	**0.1**	1.0	-87.1	4.3
Recurring revenue	**2.1**	2.1	1.5	8.5
Total	**2.7**	4.8	-44.8	18.3

The majority of the company´s invoicing is U.S. dollar based. With comparable exchange rates, net sales reduction would have been -48.0 % compared with 2018 corresponding period.

RESULTS AND EXPENSES

Operating loss for January–March was EUR -1.3 million (EUR 0.1 million), with net profit totaling EUR -1.2 million (EUR 0.0 million).

Selling, marketing and customer support expenses for the January–March reporting period amounted to EUR -2.0 million (EUR -2.3 million), while research and development expenses totaled EUR -1.1 million (EUR -1.3 million) and administrative expenses EUR -0.6 million (EUR -0.7 million).

BALANCE SHEET AND FINANCIAL POSITION

The financial position of SSH Communications Security was good during the reporting period. The consolidated balance sheet total on March 31, 2019 stood at EUR 20.8 million (March 31, 2018 EUR 20.7 million; December 31, 2018 EUR 24.2 million), of which liquid assets accounted for EUR 12.5 million (March 31, 2018 EUR 12.6 million; December 31, 2018 EUR 13.5 million), or 60.0 % of the balance sheet total). Interest-bearing liabilities were EUR 0.7 million (March 31, 2018 EUR 0.0 million, December 31, 2018 EUR 0.2 million). Interest-bearing liabilities increased by EUR 0.5 million from December 31, 2018 due to the application of IFRS 16 Leases -standard and increase in lease liability. On March 31, 2019, gearing, or the ratio of net liabilities to shareholders' equity, was -97.5 % (March 31, 2018 -103.2 %; December 31, 2018 -93.5 %) and the equity ratio stood at 80.3 % (March 31, 2018 86.3 %; December 31, 2018 81.6 %).

The reported gross capital expenditure for the period totaled EUR 0.6 million (EUR 0.5 million). The reported financial income and expenses amounting in total to EUR 0.1 million (EUR -0.1 million) consisted of exchange rate gains and losses, interest expenses on advances from customers with a significant financing component and interest expenses on lease liability.

During January–March, SSH Communications Security reported a cash flow of EUR 0.5 million (EUR 0.4 million) from business operations, and investments showed a cash flow of EUR -0.6 million (EUR -0.5 million). Cash flow from financing totaled EUR -1.0 million (EUR -0.8 million). Cash flow from financing includes the payment of hybrid instrument interest of EUR 0.9 million and the cash payment for the principal portion of the lease liability of EUR 0.1 million. Total cash flow from operations, investments and financing was negative EUR -1.1 million (EUR -0.9 million).

There were no short-term investments at the end of the reporting period.

RESEARCH AND DEVELOPMENT

Research and development expenses for January–March totaled EUR -1.1 million (EUR -1.3 million), the equivalent of 42.9 % of net sales (26.9 %). During January–March, the company has capitalized new product R&D costs EUR 0.6 million (EUR 0.5 million). Depreciation from R&D capitalization assets was EUR -0.4 million (EUR -0.5 million).

HUMAN RESOURCES AND ORGANIZATION

At the end of March, the Group had 88 employees on its payroll (March 31, 2018: 81; December 31, 2018: 85). The number of employees increased by 7 persons from the previous year and by 3 persons from the year end (3.5 %).

At the end of the period, 37.5 % (39.5 %) of the employees worked in sales, marketing and customer services, 50.0 % (43.2 %) in R&D, and 12.5 % (17.3 %) in corporate administration.

BOARD AND AUDITORS

The Annual General Meeting of SSH Communications Oyj was held on March 26, 2019. The Annual General Meeting unanimously adopted the financial statement and consolidated financial statement and granted discharge from liability to the Board members and CEO who have been active during the accounting period between January 1, 2018 and December 31, 2018. In the meeting it was decided that the Board of Directors would consist of six members. Petri Kuivala, Tatu Ylönen, Timo Syrjälä, Anne Marie Zettlemoyer and Sam Curry were re-elected and Sauli Kiuru was elected as a new member of the Board of Directors. Petri Kuivala was elected as the Chairman of the Board of Directors at the Board´s organizing meeting and Sauli Kiuru as the Vice Chairman of the Board of Directors.

The Authorized Public Accountants Ernst & Young Oy was re-elected as the auditor of the company. Ernst & Young Oy has informed that Erkka Talvinko, Authorized Public Accountant, will continue to act as the principle auditor.

SHARES, SHAREHOLDING AND CHANGES IN GROUP STRUCTURE

The reported trading volume of SSH Communications Security shares totaled 1,183,521 shares (valued at EUR 1,903,892). The highest quotation was EUR 1.97 and the lowest EUR 1.32. The trade-weighted average share price for the period was EUR 1.61 and the share closed at EUR 1.37 (March 29, 2019).

The company's principal owner Tatu Ylönen holds directly 47.2 %, Timo Syrjälä holds directly and through his company Acme Investments SPF S.a.r.l. 9.2 % and Juha Mikkonen holds directly 5.2 % of the company's shares. More information about the shareholding can be obtained from the company´s web site 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 March 31, 2019 was EUR 1,164,066.99 consisting of 38,802,233 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 possibly has 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 weighty financial reason for the deviation in respect of the share issue against payment.

Furthermore, the authorization includes the Board of Directors’ right to decide upon who are 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 upon 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 however expire at the latest on June 30, 2020.

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 otherwise 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 in the 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 cancelled. The acquisition of shares reduces the company’s distributable non-restricted equity.

Decision concerning the acquiring of own shares cannot be made so that the combined amount of the own shares, which are in the possession of, or held as pledges by, the company or its subsidiaries exceeds 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 however expire at the latest on June 30, 2020.

RISKS AND UNCERTAINTIES

Largest risks that might impact the profitability of the company have remained by and large the same than in previous reporting period and are listed below. Other risks, which are currently either unknown or considered immaterial to SSH Communications Security may, however, become material in the future.

Largest risks:
- uncertainty of the macroeconomic environment
- 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
- large portion of the company revenue is invoiced in USD currency so possible large fluctuation in USD currency rates during 2019 could have unpredictable effects for profitability that are at the time difficult to estimate. The company decides on hedging of USD based contracts case by case.

Principles and organization of risk management of SSH Communications Security can be read from company´s webpage: 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.

REPORTING

The interim report for the three months reporting period ended March 31, 2019 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, 2018. The information presented in this interim report is unaudited.

The accounting policies adopted for this interim report are consistent with those applied in 2018 consolidated financial statements except for the adoption of new standards effective as of January 1, 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New and amended standards adopted

A few new standards and amendments to standards are effective for the annual period beginning on January 1, 2019 and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting IFRS 16 *Leases*.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed below. The other changes in standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

Changes in accounting policies

The Group has adopted new IFRS 16 standard using modified retrospective approach and the comparative information has not been restated. The reclassifications and adjustments arising from the new accounting rules have been recognized in the opening balance sheet on January 1, 2019.

The Group leases mainly offices. Rental contracts are typically made for fixed periods from two to three years but may have extension options. The Group continues to treat leases of 12 months or less and leases of low-value assets as other leases.

Until year 2018 leases of property, plant and equipment were classified as operating leases. Payments made under operating leases were recognized in the income statement on a straight-line basis over the period of the lease.

From January 1, 2019 according to the new IFRS 16 Leases -standard, leases are recognized in the balance sheet as a right-of-use asset and a corresponding financial liability at the date at which the lease asset is available for the use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is recognized in the income statement over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease liabilities were discounted at the borrowing rate as at January 1, 2019. The weighted average discount rate was 7.5 %.

The change in accounting policy affected the following items in the balance sheet on January 1, 2019:

- right-of-use asset – increase by EUR 0.5 million
- non-current liabilities – increase by EUR 0.2 million
- current liabilities - increase by EUR 0.3 million

The recognized leases in the balance sheet as at March 31, 2019 and in the income statement for the first quarter of the year are as follows:

LEASES IN THE BALANCE SHEET

EUR million	31 March 2019
ASSETS	
Non-current assets	
Right-of-use assets - property	**0.5**
Total	**0.5**
EQUITY AND LIABILITIES	
Lease liabilities, non-current	**0.2**
Lease liabilities, current	**0.3**
Total	**0.5**

LEASES IN THE INCOME STATEMENT

EUR million	31 March 2019
Other lease expenses	**-0.0**
Depreciation of right-of-use assets	**-0.1**
Interest expense on lease liabilities	**-0.0**
Total amounts recognized in the income statement	**-0.1**

TABLES

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR million	1–3/2019	1–3/2018	1–12/2018
Net sales	**2.7**	4.8	18.3
Cost of sales	**-0.2**	-0.4	-1.4
Gross margin	**2.5**	4.4	16.9
Other operating income	**0.0**	0.0	0.0
Selling, marketing and customer support expenses	**-2.0**	-2.3	-8.5
Research and development expenses	**-1.1**	-1.3	-5.1
Administrative expenses	**-0.6**	-0.7	-2.7
Operating profit/loss	**-1.3**	0.1	0.5
Financial income and expenses	**0.1**	-0.1	0.0
Profit/loss before taxes	**-1.2**	0.0	0.6
Taxes	**-0.0**	-0.0	-0.0
Profit/loss for the period	**-1.2**	0.0	0.5
Attributable to:			
Owners of the parent company	**-1.2**	0.0	0.8
Non-controlling interests	**-0.1**	0.0	-0.3
	-1.2	0.0	0.5
Other comprehensive income			
Items which might be later transferred to profit or loss:			
Foreign subsidiary translation differences	**0.0**	0.1	-0.1
Total comprehensive income	**-1.3**	0.1	0.4
Attributable to:			
Owners of the parent company	**-1.2**	0.1	0.7
Non-controlling interest	**-0.1**	0.0	-0.3
	-1.3	0.1	0.4
Earnings per share			
Earnings per share (EUR)	**-0.04**	-0.01	-0.01
Diluted earnings per share (EUR)	**-0.04**	-0.01	-0.01

CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	March 31, 2019	March 31, 2018	Dec 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	**0.1**	0.1	0.2
Right-of-use assets	**0.5**	-	-
Intangible assets	**5.3**	4.9	5.2
Investments	**0.0**	0.0	0.0
Total non-current assets	**6.0**	4.9	5.4
Current assets			

Inventories	**0.0**	0.0	0.0
Trade and other receivables	**2.3**	3.2	5.4
Financial assets	**0.0**	0.0	0.0
Cash and cash equivalents	**12.5**	12.6	13.5
Total current assets	**14.8**	15.8	18.9
Total assets	**20.8**	20.7	24.2
EQUITY AND LIABILITIES			
Equity			
Attributable to parent company's shareholders	**11.3**	12.2	13.4
Non-controlling interest	**0.8**	0.0	0.8
Total equity	**12.1**	12.2	14.2
Non-current liabilities			
Borrowings	**0.2**	0.0	0.2
Other non-current liabilities	**0.2**	-	-
Total non-current liabilities	**0.4**	0.0	0.2
Current liabilities			
Current liabilities	**8.3**	8.5	9.8
Total current liabilities	**8.3**	8.5	9.8
Total equity and liabilities	**20.8**	20.7	24.2

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the owners of the Company							
EUR million	Share capital	Hybrid capital securities	Translation difference	Unrestricted invested equity fund	Retained earnings	Total	Non-controlling interests	Total equity
Equity Jan 1, 2018	1,2	12,0	-1,3	22,1	-21,2	12,8	-	12,8
Change			0,1	0,1	-0,8	-0,6	-	-0,6
Net profit					0,0	0,0	-	0,0
Equity March 31, 2018	1,2	12,0	-1,2	22,2	-22,0	12,2	0,0	12,2
Change	0,0		-0,2	0,5	0,2	0,5		0,5
Change in Group structure[1]					-0,1	-0,1	1,1	1,0
Net profit					0,8	0,8	-0,3	0,5
Equity Dec 31, 2018	1,2	12,0	-1,4	22,7	-21,1	13,4	0,8	14,2
Change			-0,0		-0,9	-0,9		-0,9
Net profit					-1,2	-1,2	-0,1	-1,2
Equity March 31, 2019	**1,2**	**12,0**	**-1,5**	**22,7**	**-23,1**	**11,3**	**0,8**	**12,1**

[1] State Security Networks Group Finland became a non-controlling interest holder of Kyberleijona Oy with 35 % ownership. The amount of investment was EUR 1.0 million and additionally, State Security Networks Gorup Finland issued a subordinated loan of EUR 0.2 million to Kyberleijona Oy.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1–3/2019	1–3/2018	1–12/2018
Cash flow from operations	**0.5**	0.4	1.2
whereof change in working capital	***1.2***	*-0.1*	*-1.2*
Cash flow from investing activities	**-0.6**	-0.5	-2.3
Cash flow from financing activities	**-1.0**	-0.8	0.9
Increase(+) / decrease(-) in cash	**-1.1**	-0.9	-0.2
Cash at period start	**13.5**	13.5	13.5
Effect of exchange rate	**0.1**	-0.0	0.2
Cash at period end	**12.5**	12.6	13.5

CONTINGENT LIABILITIES

EUR million	31 March 2019	31 March 2018	31 Dec 2018
Interest on hybrid capital securities	**0.0**	0.0	0.7
Rent security deposits	**0.1**	0.1	0.1
Leasing commitments outside the balance sheet			
Maturing within 1 year	**0.0**	0.3	0.3
Maturing between 1 and 5 years	**0.0**	0.2	0.2

KEY FIGURES AND RATIOS

EUR million	1–3/2019	1–3/2018	1–12/2018
Net sales	**2.7**	4.8	18.3
Operating profit/loss	**-1.3**	0.1	0.5
% of net sales	**-47.1**	2.3	3.0
Profit/loss before taxes	**-1.2**	0.0	0.6
% of net sales	**-45.1**	0.2	3.0
Return on equity (%)	**-9.2**	0.1	3.8
Return on investment (%)	**-8.7**	0.1	4.1
Interest-bearing net liabilities	**-11.8**	-12.6	-13.3
Equity ratio (%)	**80.3**	86.3	81.6
Gearing (%)	**-97.5**	-103.2	-93.5
Gross capital expenditure	**0.6**	0.5	2.3
% of net sales	**20.7**	10.1	12.3
R&D expenses	**-1.1**	-1.3	-5.1
% of net sales	**42.9**	26.9	27.9
Personnel, period average	**88**	82	82
Personnel, period end	**88**	81	85

PER SHARE DATA

EUR	1–3/2019	1–3/2018	1–12/2018
Earnings per share undiluted[2]	**-0.04**	-0.01	-0.01
Earnings per share diluted[2]	**-0.04**	-0.01	-0.01
Equity per share	**0.31**	0.32	0.37
No. of shares at period average (thousand)	**38 802**	38 441	38 578
No. of shares at period end (thousand)	**38 802**	38 441	38 802
Share performance			
Average price	**1.61**	2.04	2.00
Low	**1.32**	1.72	1.60
High	**1.97**	2.22	2.27
Share price period end	**1.37**	2.10	1.68
Market capitalization period end (EUR million)	**53.2**	80.7	65.2
Volume of shares traded (million)	**1.2**	1.4	7.8
Volume of shares traded as % of total	**3.1**	3.7	20.2
Value of shares traded (EUR million)	**1.9**	2.9	15.6
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

[2] earnings per share is impacted by unpaid interest of hybrid capital securities

DISCLAIMER

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SSH Communications Security will release its next interim report for the period January 1 – June 30, 2019 on July 17, 2019.

Helsinki, April 17, 2019

SSH COMMUNICATIONS SECURITY

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