CONTENTS

1. Q4/16 and FY16 Financial Performance
2. New Leadership: First 100 Days
FY 2016: A YEAR OF STARK CONTRASTS

Poor overall performance

• Significantly reduced revenue
• Unacceptable Operating loss
• Setbacks in patent licensing

Confidence for the future

• Several new key customers won
• Good feedback from existing customers
• Powerful existing products and exciting roadmap
• Increase in license sales
• Subscription sales complementing license sales
• Highly competent technical teams
• Decisive restructuring and cost-cutting
• New leadership and management team
• Customer needs remain, urgency increasing due to compliance
### Key Financials

<table>
<thead>
<tr>
<th></th>
<th>4Q15</th>
<th>1Q16</th>
<th>2Q16</th>
<th>3Q16</th>
<th>4Q16</th>
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</thead>
<tbody>
<tr>
<td><strong>Sales</strong> (M€)</td>
<td>4,2</td>
<td>2,6</td>
<td>4,7</td>
<td>3,7</td>
<td>4,1</td>
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<tr>
<td><strong>OPEX</strong> (M€)</td>
<td>4,9</td>
<td>4,8</td>
<td>5,8</td>
<td>5,5</td>
<td>7,8</td>
</tr>
<tr>
<td><strong>EBIT</strong> (M€)</td>
<td>-1,3</td>
<td>-2,2</td>
<td>-1,6</td>
<td>-2,3</td>
<td>-4,6</td>
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<tr>
<td><strong>% EBIT</strong></td>
<td>-29,5</td>
<td>-84,0</td>
<td>-33,1</td>
<td>-63,8</td>
<td>-113,7</td>
</tr>
<tr>
<td><strong>Personnel</strong></td>
<td>109</td>
<td>112</td>
<td>114</td>
<td>115</td>
<td>84</td>
</tr>
</tbody>
</table>

### Comments

4Q revenue decreased by -5% YOY

- Two large subscription deals -> little recognizable 2016 revenue

**Exceptionally large cost:**

- Patent litigation costs
- Restructuring costs
## FY16 KEY FINANCIALS

### Key financials

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
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<tr>
<td><strong>Sales</strong></td>
<td>M€</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY13</td>
<td>13.3</td>
<td>16.2</td>
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<td>15.1</td>
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<tr>
<td>OPEX</td>
<td>M€</td>
<td></td>
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<tr>
<td>FY13</td>
<td>11.4</td>
<td>12.7</td>
<td>16.7</td>
<td>23.9</td>
</tr>
<tr>
<td>EBIT</td>
<td>M€</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY13</td>
<td>0.2</td>
<td>0.2</td>
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<td>-10.8</td>
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<tr>
<td>% EBIT</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY13</td>
<td>1.3</td>
<td>1.3</td>
<td>-23.2</td>
<td>-71.1</td>
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<tr>
<td>Personnel</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>FY13</td>
<td>99</td>
<td>95</td>
<td>109</td>
<td>84</td>
</tr>
</tbody>
</table>

### Comments

**Revenue decreased by -20%**
- Poor 1Q
- Lower service volume (as planned)
- Subscription sales

**License revenue grew by +20%**
- Plus subscription sales growth

**Very large losses**
- Increased costs throughout – investment in R&D and sales continued
- Patent litigation costs
- Restructuring costs

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**Sales by region (M€)**

- **Europe & Others**
- **APAC**
- **Americas**

![Sales by region chart](chart.png)
### Balance Sheet Still Strong

- **Negative cash flow from operations**
- **Q4 savings program ensuring cash position**
- **Good cash position remaining**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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</thead>
<tbody>
<tr>
<td><strong>Balance Sheet</strong></td>
<td>M€</td>
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</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>M€</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash flow from operations</strong></td>
<td>M€</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>%</td>
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<td>4</td>
<td>-40</td>
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<tr>
<td><strong>Equity ratio</strong></td>
<td>%</td>
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<td>67</td>
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<tr>
<td><strong>Gearing</strong></td>
<td>%</td>
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<td>-77</td>
<td>-99</td>
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<tr>
<td><strong>Profit/loss per share</strong></td>
<td>EUR</td>
<td>-0,00</td>
<td>-0,00</td>
<td>-0,15</td>
</tr>
<tr>
<td><strong>Equity per share</strong></td>
<td>EUR</td>
<td>0,24</td>
<td>0,25</td>
<td>0,36</td>
</tr>
</tbody>
</table>
**HIGHLIGHTS FROM Q4**

**Key deals closed**
- CryptoAuditor license deal with a Top 30 European bank
- UKM multi-year subscription with a Top 10 Global retailer
- UKM multi-year subscription with a Top 5 Global Financial Services firm
- UKM license deal with a South American central bank
- UKM license extension deal with a leading global credit card network
- UKM extension deal with a Top 10 Global bank

**Move towards subscription model**
- Two major multi-year subscription deals with leading global customers

**UKM & CrA**
- Platform integration and cloud transformation development ongoing

**Firewall:**
- Nearing feature-complete stage (Q1)
- Advanced negotiations for pilot projects
FY16 OVERALL PERFORMANCE – AND COUNTER-MEASURES

Poor financial performance
- Lower than expected revenue
- Higher than expected costs
- Unacceptable operative losses
- Key reasons:
  • Sales execution
  • Continued R&D investment
  • Patent litigation setbacks
  • Shift towards subscription deals

Measures taken and planned
- Significant cost reduction in Q4
- Renewed management team with increased sales focus
- Key sales hires in Q4
- More streamlined R&D organization
- Move towards comprehensive platform offering
- Introduction of new performance culture
- New offerings for 2017
Aims and execution

- Aimed for annual savings of 6 to 8 million Euro
- Improved operational and sales focus
- Simplified organization structure
- Mandatory employee consultations from November 9 to December 5

Results

- Estimated 7 million Euro annual savings
- Head count reduction of 20 people
- Significant reduction in use of consultants
- Consolidation of APAC ops to Hong Kong
- Flatter, more streamlined organization
**UK Infringement Case**
- SSH has sought permission to appeal

**German Infringement Case**
- German first instance ruling against SSH
- SSH appealed the decision
- Oral hearing scheduled for May 2017

**German Validity Case**
- Decision expected in H2/17
- Separate from infringement case

**USPTO Inter Partes Review**
- Oral hearing in January 2017
- Decision expected in April 2017

**Other licensing negotiations ongoing**
GOING FORWARD

Back to basics
• Sound business with strong customer focus
• Continue growing mind and market share
• Increase SSH thought leadership

Focus on product sales and bookings growth
• Focus on high-margin product sales
• Continuing the shift towards subscription-based deals

Multiple new revenue streams
• New Trusted Access Management solutions to enter the market to increase cloud relevance
• Firewall commercial deliveries to start

Terminating guidance
• SSH Communications Security Corporation has decided to cease giving revenue and earnings guidance.
• This is due to the nature of our business, where a major share of the revenue consists of a few large deals, and the growing share of multi-year subscription agreements.
• Therefore, our revenue can be very volatile and results in significant uncertainties in our ability to give revenue and earnings guidance.
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NEW LEADERSHIP: THE FIRST 100 DAYS

New CEO
• Kaisa Olkkonen became CEO on Jan 1
• Tatu Ylönen continues as SSH Fellow, concentrating on market-making in the US

New Exec Management Team
• Strong senior sales expertise
• Product management stronger in exec team

Initiatives for the transition period
• Design and implement new performance culture
• Improve management processes
• Review strategy and focus on execution capability

Confidence for the future
• Several new key customers won
• Good feedback from existing customers
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