Q2 2019 Results Announcement

Kaisa Olkkonen, CEO
July 17, 2019
A leader in cyber security

Over 90% of the world’s data centers use technology developed by us to secure the Internet

Unparalleled pedigree of innovation

We create fundamental innovations, category-leading products, and have over 50 granted patents

Ambitious growth vision

We have the appetite and the plan to grow the company ten-fold in ten years

SSH.COM: Making Digital Safer

Over 3000 demanding customers globally, including 40% of the Fortune 500, secure their most critical digital assets using our products.
## Return to growth and profitability

### Key Figures

<table>
<thead>
<tr>
<th></th>
<th>Q2/18</th>
<th>Q3/18</th>
<th>Q4/18</th>
<th>Q1/19</th>
<th>Q2/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>3.7 M€</td>
<td>3.4 M€</td>
<td>6.4 M€</td>
<td>2.7 M€</td>
<td>4.0 M€</td>
</tr>
<tr>
<td>OPEX</td>
<td>3.6 M€</td>
<td>4.1 M€</td>
<td>4.4 M€</td>
<td>3.8 M€</td>
<td>3.5 M€</td>
</tr>
<tr>
<td>EBIT</td>
<td>-0.1 M€</td>
<td>-0.8 M€</td>
<td>1.3 M€</td>
<td>-1.3 M€</td>
<td>0.4 M€</td>
</tr>
<tr>
<td>%</td>
<td>-2.5%</td>
<td>-22.3%</td>
<td>20.0%</td>
<td>-47.1%</td>
<td>9.3%</td>
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<tr>
<td>Profit</td>
<td>0.0 M€</td>
<td>-0.8 M€</td>
<td>1.3 M€</td>
<td>-1.2 M€</td>
<td>0.2 M€</td>
</tr>
<tr>
<td>Personnel</td>
<td>85</td>
<td>80</td>
<td>85</td>
<td>88</td>
<td>86</td>
</tr>
</tbody>
</table>

### Comments

- **Net Sales**: increase of 8% vs Q2/18, 48% vs Q1/19
- **OPEX**: flat vs Q2/18, -0.2M vs Q1/2019
- **EBIT**: 9%, up 0.5M€ vs Q2/18, up 1.6M€ vs Q1/19
- **Profit**: 6%, up 0.2M€ vs Q2/18, up 1.4M€ vs Q1/19

Decreased OPEX despite sales increase

R&D investments up even with decreasing OPEX; operative efficiency increased
Balance Sheet and Cash Position Remain Strong

- Strong cash position
- Negative cash flow from operations
- Large deals at the end of quarter increased receivables
- Balance sheet enables us to focus on execution of strategy

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>Q2/2019 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance Sheet</td>
<td>M€ 21.8</td>
<td>M€ 23.2</td>
<td>M€ 24.2</td>
<td>M€ 20.6</td>
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<tr>
<td>Cash and Equivalents</td>
<td>M€ 7.8</td>
<td>M€ 13.5</td>
<td>M€ 13.5</td>
<td>M€ 11.2</td>
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<tr>
<td>Cash Flow from Operations</td>
<td>M€ -8.1</td>
<td>M€ 1.3</td>
<td>M€ 1.2</td>
<td>M€ -0.7</td>
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<tr>
<td>ROE</td>
<td>% -112</td>
<td>% -21</td>
<td>% 3.8</td>
<td>% -7.1</td>
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<tr>
<td>Equity Ratio</td>
<td>% 63</td>
<td>% 83</td>
<td>% 82</td>
<td>% 82</td>
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<tr>
<td>Gearing</td>
<td>% -95</td>
<td>% -105</td>
<td>% -94</td>
<td>% -81</td>
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<tr>
<td>Profit/loss per share</td>
<td>€ -0.36</td>
<td>€ -0.09</td>
<td>€ -0.01</td>
<td>€ -0.04</td>
</tr>
<tr>
<td>Equity per share</td>
<td>€ 0.24</td>
<td>€ 0.34</td>
<td>€ 0.37</td>
<td>€ 0.32</td>
</tr>
</tbody>
</table>
Q2
Operations Review
UKM & Tectia Traction
Large expansion deals for UKM; robust performance from Tectia.

PrivX Traction
New customers, including Western Union and other large enterprises.

New Partnerships
Tech Mahindra launched, first roll-out of large customer delivery under way

Start of NPS Scoring
Good to excellent scores, no detractors.

New versions of key products
New versions of all key products. Agile processes from former PrivX Business Program help increase output throughout R&D.

We continued the roll-out of the new customer-focused organization we announced in December 2018
Our latest release of PrivX expands both target host and client-side connection options, opening up a new set of use cases.

We launched a free version of PrivX aimed at startups and young growth companies in June.

Interest in the free version has been robust during the first 4 weeks.

Customer wins and increasing interest from large corporations such as Western Union and a large European manufacturing company.

Due to our strategic decision to focus on the subscription-based sales model, the revenue impact of PrivX was still relatively modest, but these sales build a growing base of stable recurring revenue.
NQX Business
Steady technical progress but slow business-wise

The new features enable large-scale deployments. Even though the decision-making cycles are long, there is increasing pressure on the Finnish public sector to renew their firewall equipment.

New Features
- Certificate support, centralized management, high availability, and support for European-made hardware platforms.

New Nano Version
- Smaller form factor, lower price to empower new applications and customer groups.

Certification of 1.1.0
- Traficom certified version 1.1.0 of NQX with several of the new features as a cryptographic product for protecting classified information according to Finnish national confidential security requirements.
SSH200
Slight Return
THE SSH200 GROWTH VISION

We aim at more than €200M in annual revenue by the end of the 2020s

"A good goal should scare you a little, and excite you a lot."

The vision describes our long-term ambitions and where we want to go and have the potential to reach. Achieving the goal requires systematic long-term work, and results will start showing over time.

The UKM® and PrivX® product families will be the primary growth engines.

The combined market for these product categories will be excess of €8 Billion by 2024.

We aim to grow our business by a factor of 10 over the next decade.

We will achieve this in a changing world that is crying out for more proactive cyber security and intelligent access management.
Cloud is changing the rules

**Customer challenges**
Companies are not only looking at cloud as a platform or a storage.
They see cloud opening new opportunities to save costs, automate manual processes and multiplying the speed of GTM.

**Why today's solutions don't work**

**More security solutions -> No cloud native solutions**
Cloud can not be patched with additional tools. The solution needs to be cloud native. Thinking needs to start from managing access.

**Living without automation -> Cannot keep up with change**
Access management has been seen as a manual layer and done by IT admins. Most of the identity and access management related tasks should be automated

**Storing secrets -> Hacked passwords**
Hacks and breaches change the way companies store passwords in password vaults. Access needs to be real time and ephemeral (just-in-time).

**Cloud 2.0 -> even more dynamic**
The new innovations for the cloud make it impossible for today's solutions to manage the access in ever changing environments. Serverless, containers and others create new rules for access.

**Threat surface growth**
On-prem, data-centers, hybrid, multi-cloud, 3rd party access, SaaS connections, APIs, endpoint's and other types of connections keep growing the threat landscape within corporations.

**Security kills speed**
Companies are looking for faster GTM, lean ways of developing services and faster response times on everything.

**Exponential scale**
In the future digitalization will scale everything exponentially. If the infrastructure is not built to scale up the load it will be impossible to manage.

**Technology shift**
Companies are looking for new ways of working and applying the latest innovations to use in some cases without thinking about security.

**Human trust & mistakes**
People make mistakes that cause huge security issues within company environments. Companies can not have single security policy to match all of the endless scenarios. This is why the need to look at adaptive policies, automation and AI.
PrivX automates cloud access

Administrative, developers & 3rd parties access to critical systems
SSH.COM

We make digital safer