SSH COMMUNICATIONS SECURITY Q3 2017 RESULTS PRESENTATION

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WHAT SSH IS ABOUT

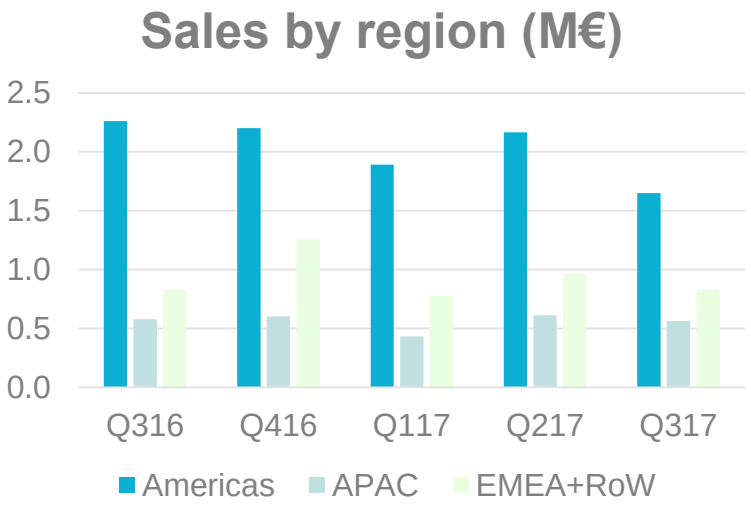
1. Inventor of the SSH protocol – the backbone of Internet security
2. 3000+ demanding customers worldwide
3. 100+ patents
4. Industry-leading products
5. 20+ years of engineering excellence

Q3 FINANCIAL PERFORMANCE

Q3/17 KEY FINANCIALS

Key financials

		3Q16	4Q16	1Q17	2Q17	3Q17
Sales	M€	3,7	4,1	3,1	3,7	3,0
OPEX	M€	5,5	7,8	4,5	4,2	3,5
EBIT	M€	-2,3	-4,6	-1,7	-0,7	-0,8
% EBIT	%	-63,8	-113,7	-53,8	-18,1	-24,8
Personnel		115	84	80	86	84



Comments

Disappointing net sales

- Decrease of 17% YoY
- Decrease of 17% QoQ

Regional performance varied

- EMEA still sluggish, invoicing better
- Americas net sales weaker
- APAC normalized after very strong Q2

Cost controls are working

- Operating loss decrease 65% YoY
- Opex decrease 17% QoQ

STRONG CASH POSITION

		2014	2015	2016	YTD Q3 2017
Balance Sheet	M€	17,5	21,8	21,8	20,6
Cash and cash equivalents	M€	6,1	11,3	7,8	11,4
Cash flow from operations	M€	1,8	0,3	-8,1	-1,4
ROE	%	4	-40	-112	-36
Equity ratio	%	63	67	63	87
Gearing	%	-77	-99	-95	-99
Profit/loss per share	EUR	-0,00	-0,15	-0,36	-0,12
Equity per share	EUR	0,25	0,36	0,24	0,30

- Cash flow from operations improving
  - YTD negative
  - Q3 slightly positive
- Strong cash position

HIGHLIGHTS FROM Q3

Improving sales fundamentals

- Open pipeline increase of 40% during Q3
- Strong customer interest for PrivX® On-Demand Access Manager
  - sales cycles still long
- Several enterprise deals progressing
  - largest YTD license deal closed on October 4

Focused marketing

- Use-case (GDPR, 3rd party access) driven CryptoAuditor marketing
- Release of ISACA* compliance white paper
- Continued increase of web site traffic

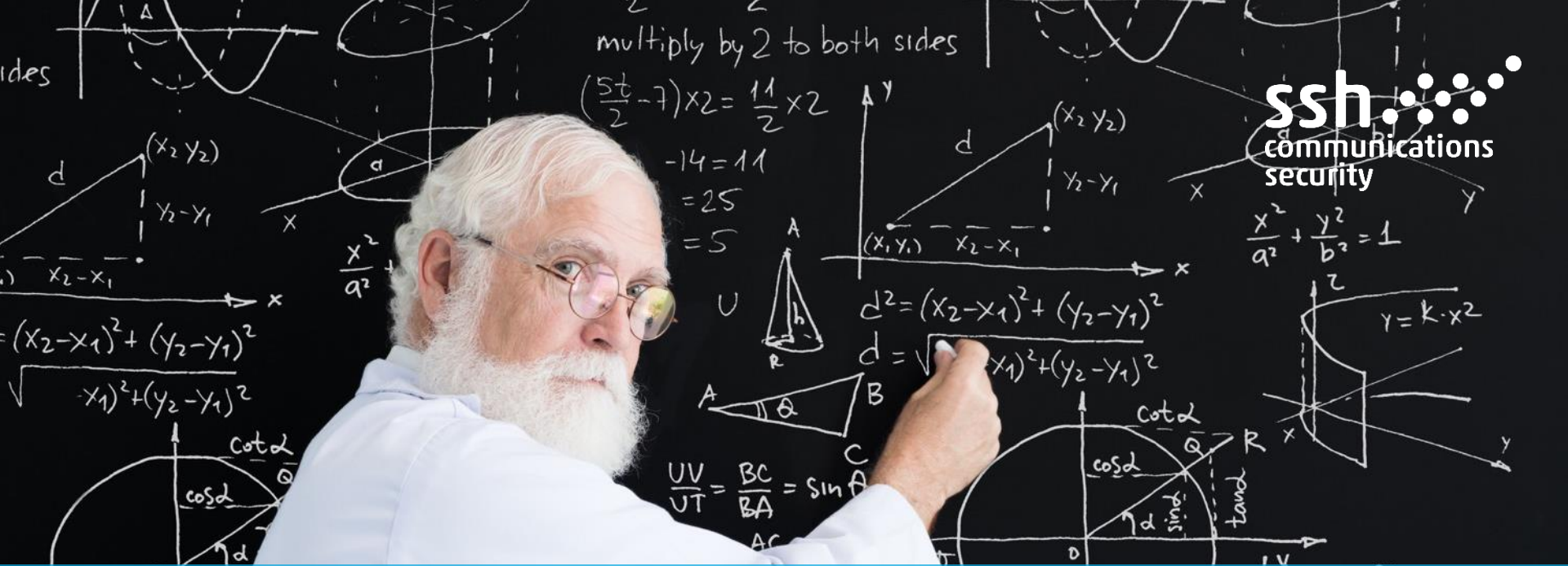
Improving cash flow

- Positive cash flow from operations during quarter

Firewall

- Good progress in certification
- Good results from performance testing

** Leading international professional association focused on IT governance*



IPR UPDATE

OUR IPR PORTFOLIO

OUR PORTFOLIO	PRODUCT COVERAGE	VALUE CREATION
• We have a strong IPR portfolio, based on our 20+ years of industry leading expertise • 100+ patents and patent applications globally • Strong portfolio especially in US and Europe	• Core Internet communications • Universal Key Manager® • CryptoAuditor® • Firewall • PrivX® On-Demand Access Manager	• Active patent licensing program for revenue • Differentiation & barrier to entry for competitors • Freedom to operate

PATENT LICENSING SITUATION

- Several licensing negotiations ongoing
- No material new developments in litigation

EXECUTING OUR STRATEGIC DIRECTION

KEY ACTIONS: PRIVX

Completed Actions	Ongoing Actions
• PrivX® organized as a separate Business Program • Jussi Löppönen appointed as head of Business Program and member of Executive Management Team • Hiring of new competence for the Business Program • A new go to market plan defined	• New version of PrivX® On-Demand Access Manager (Q1/18) • Start of online sales during H1/18 • Development of a SaaS version of PrivX® On-Demand Access Manager
Better execution capability, clearer responsibilities	**Reaching new customer segments and a broader customer base**

KEY ACTIONS: INCREASING CURRENT PRODUCT TOP LINE

Q4 Key Actions

- Continued customer dialogue through Customer Advisory Board and individually regarding PrivX
- Customer satisfaction survey in Q4
- Strengthening technical support in the US
- Repackaging of CryptoAuditor as a product for defined use cases to reduce customization work and to shorten sales cycles
- Use the ISACA paper to push awareness of the SSH key management
- Work with auditing companies to include the SSH key issue in their security auditing processes
- Start turning the website traffic into sales

Ever-growing customer focus, facilitating faster sales cycles

ssh
communications
security