

HEALTHY 20.6% SALES GROWTH, OPERATING PROFIT NEGATIVE DUE TO NON-COMPARABLE COSTS AND DEAL TIMING

July–September 2018: Net sales increased 12.5 %. Operating result was negative. Quarter end cash position improved compared to previous year and remained strong.

- Net sales totaled EUR 3.4 million (EUR 7–9/2017: 3.0 million).
- Operating loss was EUR -0.8 million (EUR -0.8 million).
- Loss for the period was EUR -0.8 million (EUR -0.9 million).
- Earnings per share was EUR -0.03 (EUR -0.03).

January–September 2018: Net sales grew 20.6 % compared to previous year and profitability improved significantly, however ending up moderately negative. Operating cash flow was slightly negative, but cash position remained strong at the end of the period, improving slightly from previous year.

- Net sales totaled EUR 11.9 million (EUR 1–9/2017: 9.9 million), up by 20.6 % year on year.
- Operating loss was EUR -0.7 million (EUR -3.1 million).
- Loss for the period was EUR -0.8 million (EUR -3.5 million).
- Earnings per share was EUR -0.04 (EUR -0.12).

Equity ratio remained good at 87.7 % (September 30, 2017: 86.7 %) and liquid assets were EUR 11.5 million (EUR 11.4 million).

KEY FIGURES

EUR million	7–9/2018	7–9/2017	1–9/2018	1–9/2017	Change %	1–12/2017
Net sales	3.4	3.0	11.9	9.9	20.6	16.2
Operating profit/loss	-0.8	-0.8	-0.7	-3.1	76.0	-1.7
% of net sales	-22.3	-24.8	-6.2	-31.4	80.1	-10.5
Profit/loss before taxes	-0.8	-0.9	-0.8	-3.5	78.6	-2.2
Profit/loss for the period	-0.8	-0.9	-0.8	-3.5	77.7	-2.2
Return on equity, %			-6.1	-35.7	82.9	-21.2
Return on investment, %			-5.8	-35.5	83.7	-21.0
Liquid assets			11.5	11.4	0.7	13.5
Gearing (%)			-87.7	-98.6	11.0	-104.5
Equity ratio (%)			86.4	86.7	-0,3	82.9
Earnings per share, EUR	-0.03	-0.03	-0.04	-0.12	67.6	-0.09
Shareholders' equity per share, EUR	0.33	0.30	0.33	0.30	10.4	0.34

CEO'S REVIEW

Valued customers, partners, co-workers, and shareholders,

In the third quarter of 2018, our net sales grew 13% and operating loss stayed level compared to the same period in 2017. For the full nine-month period our net sales grew 21% and operating loss narrowed by 76% compared to 2017.

We incurred a quarterly operating loss for the first time in 2018. This was mainly the result of non-comparable costs (including patent litigation costs, Kyberleijona joint venture transaction costs, and bonus payment accruals) and temporary increase in the use of external expert resources for specialist tasks in R&D. We plan to add resources to key product development roles but will also keep a keen eye on our cost levels. Despite the loss, our cash position remains strong, improving from the comparable period in 2017.

From a regional perspective, APAC clearly exceeded its targets and our expectations, and the Americas performed essentially on target. EMEA struggled and we started reorganizing our EMEA sales with an increased focus on inside sales and more efficient sales execution. Despite the disappointing record in the EMEA region, the pipeline showed strong growth even there.

During the quarter, we recorded several large maintenance renewals with key customers in e.g. the banking, manufacturing, and retail segments, creating steady base revenue and indicating these demanding customers' continued trust in us. We also signed expansions of UKM license deals and new services deals with large financial sector customers and closed several medium-sized CryptoAuditor license deals with new international customers, including a Fortune Global 100 company.

On the sales front, two major events took place shortly after the end of the review period:

- We closed a USD 2 million UKM license and maintenance deal with one of the largest retailers in the world. Roughly EUR 1.5 million of this deal will be recognized as revenue in 2018. This deal is further proof of the importance of our solution and expertise to some of the largest companies in the world and solidifies our leadership position in the SSH key management market.
- We signed and announced our first major PrivX partnership with an IDaaS (Identity as a Service) vendor. Fujitsu, one of the leading information technology equipment and services companies in the world (over EUR 30 billion in total revenue) has integrated PrivX with its Identity-as-a-Service (IDaaS) offering, creating a flexible, keyless, cloud-based, next-generation privileged access management as a consumption-based service. One concrete, early result of this partnership is that PrivX and the Fujitsu IDaaS solution will be presented to over 12,000 Fujitsu customers at the Fujitsu Forum in November.

Sales pipeline growth accelerated again during the quarter. Compared to the previous quarter, net pipeline growth was over 40 % faster. Likewise, our web traffic kept increasing and we exceeded 2.5 million pageviews per quarter for the first time in company history. This shows that the development actions we have taken in our sales processes are bearing fruit.

Product development continued on track. We released new versions of all our key products during the quarter. We hired new product development professionals to further accelerate the development of our UKM, PrivX, and NQX products.

As announced earlier in October, the UK Court of Appeal dismissed SSH's appeal against the first instance court's (High Court of England and Wales) 2017 decision to revoke SSH patent EP (UK) 2 254 311 in the UK. We estimate that this decision upholding the lower court's earlier decision and thus maintaining the status quo has no or very limited short-term net profit impact for SSH. With nearly 120 granted patents and pending patent applications worldwide, SSH has a wealth of intellectual property to draw on. As the expiration term of protection available for the NAT Traversal patent family is drawing closer, SSH is continuing to shift the focus of its patent licensing program towards utilizing the SSH patent portfolio for strongly protecting the technologies used in SSH's current and future products and enhancing our competitive position.

The Kyberleijona joint venture supporting NQX Firewall development and sales was successfully closed on schedule during the quarter. Sales efforts have been ramped up and we are deep in discussions about deploying the product with new customers and partners in Finland. Revenue and profitability impact of Kyberleijona is expected to be minor during 2018 and the development of firewall related business will be separately commented in future quarterly results announcements and annual reports.

This quarter was yet another period of working hard and moving to the right direction and laying the groundwork for future growth and profitability. While the main highlights of this review occurred after the ending of the quarter, they indicate that

we are doing the right things and doing them successfully: the announced UKM deal was our largest license deal in nearly 2½ years and the Fujitsu partnership was a major milestone in the commercialization of PrivX.

Kaisa Olkkonen
CEO

NET SALES

Consolidated net sales for July–September totaled EUR 3.4 million (EUR 3.0 million).

Consolidated net sales for January–September totaled EUR 11.9 million (EUR 9.9 million), up by 20.6 %, year on year.

The Americas accounted for 49.1 % (57.7 %), the Europe, Middle East and Africa region (EMEA) 26.6 % (26.1 %), and the Asia Pacific region 15.9 % (16.2 %) of reported consolidated net sales. Global royalty income accounted for 8.4 % of reported net sales.

CONSOLIDATED NET SALES

EUR million	7–9/2018	7–9/2017	1–9/2018	1–9/2017	Change %	1–12/2017
BY SEGMENT						
AMERICAS	2.0	1.6	5.8	5.7	2.6	8.3
APAC	0.6	0.6	1.9	1.6	18.1	2.3
EMEA	0.7	0.8	3.2	2.6	23.4	3.5
Global royalty income	-	-	1.0	-		2.1
Total	3.4	3.0	11.9	9.9	20.6	16.2
BY OPERATION						
Software fees	1.0	0.6	3.5	2.3	52.5	4.0
Professional services & other	0.2	0.4	2.1	1.4	52.2	3.9
Recurring revenue	2.2	2.0	6.3	6.2	1.7	8.3
Total	3.4	3.0	11.9	9.9	20.6	16.2

Most of the company's invoicing is U.S. dollar based. With comparable exchange rates, the net sales growth in January–September would have been 26.5 % compared with the corresponding period in 2017.

RESULTS AND EXPENSES

Operating loss for July–September was EUR -0.8 million (EUR -0.8 million), with net profit totaling EUR -0.8 million (EUR -0.9 million).

Operating loss for January–September was EUR -0.7 million (EUR -3.1 million), with net profit totaling EUR -0.8 million (EUR -3.5 million).

Sales, marketing and customer support expenses for July–September amounted to EUR -2.3 million (EUR -1.9 million), while research and development expenses totaled EUR -1.2 million (EUR -1.1 million) and administrative expenses EUR -0.6 million (EUR -0.5 million). Compared to July–September 2017 operating expenses increased by 19 % and compared to previous quarter by 15 %.

Sales, marketing and customer support expenses for January–September amounted to EUR -6.6 million (EUR -6.4 million), while research and development expenses totaled EUR -3.6 million (EUR -4.4 million) and administrative expenses EUR -1.8 million (EUR -1.4 million). Operating expenses decreased by 2 % compared to previous year.

BALANCE SHEET AND FINANCIAL POSITION

The financial position of SSH Communications Security was good during the reporting period. The consolidated balance sheet total on September 30, 2018 stood at EUR 21.0 million (September 30, 2017: EUR 20.6 million; December 31, 2017: EUR 23.2 million), of which liquid assets accounted for EUR 11.5 million (September 30, 2017: EUR 11.4 million; December 31, 2017: EUR 13.5 million), or 54.6 % of the balance sheet total. On September 30, 2018, gearing, or the ratio of net liabilities to shareholders' equity, was -87.7 % (September 30, 2017: -98.6 %; December 31, 2017: -104.5 %) and the equity ratio stood at 86.4 % (September 30, 2017: 86.7 %; December 31, 2017: 82.9 %).

The reported gross capital expenditure for January–September totaled EUR 1.5 million (EUR 1.1 million). The reported financial income and expenses in total to EUR -0.0 million (EUR -0.4 million) consisted mainly of exchange rate gains or losses and interest expense on the advances from customers with a significant financing component.

During January–September, SSH Communications Security reported a cash flow of EUR -1.5 million (EUR -1.3 million) from business operations, and investments showed a cash flow of EUR -1.5 million (EUR -1.1 million). Cash flow from financing totaled EUR 0.9 million (EUR 6.1 million). Decrease in cash totaled EUR -2.1 million (EUR 3.8 million).

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

RESEARCH AND DEVELOPMENT

Research and development expenses for July–September totaled EUR -1.2 million (EUR -1.1 million), the equivalent of 33.9 % of net sales (37.0 %). During July–September, the company has capitalized R&D costs EUR 0.5 million (EUR 0.3 million).

Research and development expenses for January–September totaled EUR -3.6 million (EUR -4.4 million), the equivalent of 30.1 % of net sales (44.2 %). During January – September, the company has capitalized R&D costs EUR 1.4 million (EUR 0.8 million). Depreciation of R&D capitalization assets was EUR -1.3 million (EUR -1.2 million).

HUMAN RESOURCES AND ORGANIZATION

At the end of September, the Group had 80 employees on its payroll (September 30, 2017: 84; December 31, 2017: 80). The number of employees in sales, customer services, and administration decreased by five persons from the previous quarter.

At the end of the period 38.8 % (39.3 %) of the employees worked in sales, marketing and customer services, 46.3 % (41.7 %) in R&D, and 15.0 % (19.0 %) in corporate administration.

BOARD AND AUDITORS

The Annual General Meeting of SSH Communications Security Oyj was held on March 28, 2018. The Annual General Meeting approved the financial statements and discharged the Board of Directors and CEO from liability for the financial year 2017. The AGM decided that the Board of Directors would consist of five members. Mr. Tatu Ylönen, Mr. Timo Syrjälä, and Mr. Petri Kuivala were re-elected and Mr. Sam Curry and Ms. Anne Marie Zettle-moyer were elected as new members of the Board of Directors. Mr. Petri Kuivala was elected as the Chairman of the Board of Directors at the Board's organizing meeting.

The Authorized Public Accountants Ernst & Young Oy was elected as the auditor of the company. Ernst & Young Oy has informed that Mr. Erkkä Talvinko, Authorized Public Accountant, will act as the principal auditor.

SHARES, SHAREHOLDING AND CHANGES IN GROUP STRUCTURE

The reported trading volume of SSH Communications Security shares totaled 11,117,668 shares (valued at EUR 22,592,862). The highest quotation was EUR 2.27 and the lowest EUR 1.72. The trade-weighted average share price for the period was EUR 2.03 and the share closed at EUR 1.87 (September 28, 2018).

The company's principal owner Mr. Tatu Ylönen holds directly 47.2 %, Mr. Timo Syrjälä holds directly and through his company Acme Investments SPF S.a.r.l. 9.2 %, and Mr. 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.

State Security Networks Group Finland (Suomen Erillisverkot Oy) became a non-controlling interest holder of Kyberleijona Oy on August 14, 2018 with 35 % ownership. SSH Communications Security Oyj owns 65 % of the shares in Kyberleijona Oy.

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 June 30, 2018 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 Limited Liability 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, either new shares can be issued or own shares, which the company possibly has in its possession, can be transferred. Based on the authorization, the Board of Directors has the same right as the Annual General Meeting to decide on the issuing of shares against payment and special rights (including stock options) in accordance with Chapter 10 Section 1 of the Finnish Limited Liability 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 who are entitled to the shares and/or stock options or special rights in accordance with Chapter 10 Section 1 of the Finnish Limited Liability Companies Act as well as on the related compensation, subscription and payment periods and on the registering of the subscription price into the share capital or invested non-restricted equity fund within the limits of the Finnish Limited Liability Companies Act.

The authorization will be valid until the next Annual General Meeting but will however expire at the latest on June 30th, 2019.

The Annual General Meeting approved the Board of Directors' proposal to authorize the Board of Directors to decide upon the acquiring of a maximum of 2,000,000 shares of the company with assets belonging to the company's non-restricted equity. The shares can also be acquired otherwise than in proportion to the holdings of the existing shareholders (directed acquisition). 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, 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 decides on 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 30th, 2019.

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 2018 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 July–September 2018, there have not been any significant transactions with related parties.

EVENTS AFTER THE BALANCE SHEET DATE

On October 11, 2018 the company announced that the UK Court of Appeal dismissed SSH's appeal against the first instance of court's (High Court of England and Wales) 2017 decision to revoke SSH patent EP (UK) 2 254 311 in the UK. SSH estimates that the decision has no or very limited short-term net profit impact for SSH. However, the decision may impact the longer-term earnings potential of the patent licensing program, especially for NAT Traversal patents.

On October 17, 2018 the company announced that it has signed a significant contract for Universal SSH Key Manager® with a major global retail company. The order received includes a software license and maintenance agreement worth USD 2.0 million (approximately EUR 1.7 million). Roughly EUR 1.5 million of the order total will be recognized as revenue during the fourth quarter of 2018.

On October 22, 2018 the company issued a press release announcing a partnership with Fujitsu to integrate SSH.COM's PrivX cloud access management solution with Fujitsu's Identity-as-a-Service (IDaaS) offering.

REPORTING

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The 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, 2017. The information presented in this interim report is unaudited.

The accounting policies adopted for this interim report are consistent with those applied in 2017 consolidated financial statements except for the adoption of new standards effective as of January 1, 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 15 Revenue from Contracts with Customers

SSH Communications Security Corporation is a leading provider of cyber security solutions for controlling trusted access to information systems and data. SSH technology secures the infrastructure of the digital world. The Group's revenue from contracts with customers generally include software licenses and subscriptions, related support and maintenance fees, and consulting services. The revenue from product sales is recognized at the point of time when control of the asset is transferred to the customer, generally on delivery with the contract. Support and maintenance fees are recognized over time, evenly on an accrual basis. Revenues from services continue to be recognized when the service has been delivered to the customer.

Generally, the Group receives short-term advances from its customer but from time to time also major long-term advance payments for subscriptions or maintenance and support services. In those cases, the financing component is taken into consideration and interest expense is recognized over the duration of the advance payment.

The Group adopted IFRS 15 standard using the modified retrospective approach. The cumulative impact of the adoption was recognized in retained earnings on January 1, 2018 and the comparatives were not restated. Upon adoption of IFRS 15, the Group recognized EUR 0.1 million Contract liabilities for the interest on the advances received from customers with a significant financing component and charged this to Retained earnings.

The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

TABLES

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR million	7-9/2018	7-9/2017	1-9/2018	1-9/2017	1-12/2017
Net sales	3.4	3.0	11.9	9.9	16.2
Cost of sales	-0.1	-0.3	-0.7	-0.8	-1.5
Gross margin	3.3	2.7	11.2	9.1	14.7
Other operating income	0.0	0.0	0.0	0.0	0.0
Selling, marketing and customer support expenses	-2.3	-1.9	-6.6	-6.4	-8.8
Research and development expenses	-1.2	-1.1	-3.6	-4.4	-5.6
Administrative expenses	-0.6	-0.5	-1.8	-1.4	-2.1
Operating profit/loss	-0.8	-0.8	-0.7	-3.1	-1.7
Financial income and expenses	-0.0	-0.1	-0.0	-0.4	-0.5
Profit/loss before taxes	-0.8	-0.9	-0.8	-3.5	-2.2
Taxes	-0.0	-0.0	-0.0	-0.0	-0.0
Profit/loss for the period	-0.8	-0.9	-0.8	-3.5	-2.2
Attributable to:					
Owners of the parent company	-0.8	-0.9	-0.8	-3.5	-2.2
Non-controlling interest	-0.0	0.0	-0.0	0.0	0.0
	-0.8	-0.9	-0.8	-3.5	-2.2
Other comprehensive income					
Items which may be reclassified to profit or loss:					
Foreign subsidiary translation differences	0.0	0.1	-0.1	0.4	0.4
Change in fair value of available-for-sale financial assets	0.0	0.0	0.0	0.0	0.0
Total comprehensive income	-0.8	-0.7	-0.9	-3.1	-1.9
Attributable to:					
Owners of the parent company	-0.8	-0.7	-0.8	-3.1	-1.9
Non-controlling interest	-0.0	0.0	-0.0	0.0	0.0
	-0.8	-0.7	-0.9	-3.1	-1.9
Earnings per share					
Basic earnings per share (EUR)	-0.03	-0.03	-0.04	-0.12	-0.09
Diluted earnings per share (EUR)	-0.03	-0.03	-0.04	-0.12	-0.09

CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	September 30, 2018	September 30, 2017	Dec 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	0.1	0.1	0.1
Intangible assets	4.9	4.9	4.8
Investments	0.0	0.0	0.0
Total non-current assets	5.0	5.0	5.0
Current assets			
Inventories	0.0	-	-
Trade and other receivables	4.5	4.2	4.8
Financial assets	0.0	0.0	0.0
Cash and cash equivalents	11.5	11.4	13.5
Total current assets	16.0	15.6	18.2
Total assets	21.0	20.6	23.2
EQUITY AND LIABILITIES			
Equity			
Attributable to parent company's shareholders	12.0	11.5	12.9
Non-controlling interest	0.9	0.0	0.0
Total equity	12.9	11.5	12.9
Non-current liabilities			
Provisions	0.0	0.0	0.0
Non-current interest-bearing liabilities	0.2	0.0	0.0
Total non-current liabilities	0.2	0.0	0.0
Current liabilities			
Current liabilities	7.9	9.0	10.3
Total current liabilities	7.9	9.0	10.3
Total equity and liabilities	21.0	20.6	23.2

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Attributable to the owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Hybrid capital securities	Translation difference	Unrestricted invested equity fund	Retained earnings			
Equity Jan 1, 2017	1.0	12.0	-1.7	15.0	-18.0	8.3	-	8.3
Change	0.1	-	0.4	7.2	-0.9	6.8	-	6.8
Net profit					-3.5	-3.5	-	-3.5
Equity September 30, 2017	1.2	12.0	-1.3	22.1	-22.4	11.5	0.0	11.5
Change	0.0	-	-0.0	-0.0	0.1	0.1	-	0.1
Net profit					1.3	1.3	-	1.3
Equity Dec 31, 2017	1.2	12.0	-1.3	22.1	-21.1	12.9	0.0	12.9
Adjustment on adoption of IFRS 15		-	-	-	-0.1	-0.1	-	-0.1
Equity Jan 1, 2018	1.2	12.0	-1.3	22.1	-21.2	12.8	0.0	12.8
Change	0.0	-	-0.1	0.6	-0.7	-0.2	-	-0.2
Change in Group structure ¹					0.1	0.1	0.9	1.0
Net profit					-0.8	-0.8	-0.0	-0.8
Equity September 30, 2018	1.2	12.0	-1.4	22.7	-22.5	12.0	0.9	12.9

¹ State Security Networks Group Finland became a non-controlling interest holder of Kyberleijona Oy with 35 % ownership.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-9/2018	1-9/2017	1-12/2017
Cash flow from operations	-1.5	-1.3	1.3
<i>whereof change in working capital</i>	-2.2	-0.2	0.9
Cash flow from investing activities	-1.5	-1.1	-1.5
Cash flow from financing activities	0.9	6.1	6.1
Increase (+) / decrease (-) in cash	-2.1	3.8	5.9
Cash at period start	13.5	7.8	7.8
Effect of exchange rate	0.1	-0.2	-0.2
Cash at period end	11.5	11.4	13.5

CONTINGENT LIABILITIES

EUR million	September 30, 2018	September 30, 2017	Dec 31, 2017
Interest on hybrid capital securities	0.5	0.5	0.7
Rent security deposits	0.1	0.1	0.1
Leasing commitments outside the balance sheet			
Maturing within 1 year	0.3	0.5	0.3
Maturing between 1 and 5 years	0.3	0.4	0.3

KEY FIGURES AND RATIOS

EUR million	1-9/2018	1-9/2017	1-12/2017
Net sales	11.9	9.9	16.2
Operating profit/loss	-0.7	-3.1	-1.7
% of net sales	-6.2	-31.4	-10.5
Profit/loss before taxes	-0.8	-3.5	-2.2
% of net sales	-6.3	-35.6	-13.7
Return on equity (%)	-6.1	-35.7	-21.2
Return on investment (%)	-5.8	-35.5	-21.0
Interest-bearing net liabilities	-11.3	-11.4	-13.5
Equity ratio (%)	86.4	86.7	82.9
Gearing (%)	-87.7	-98.6	-104.5
Gross capital expenditure	1.5	1.1	1.5
% of net sales	12.5	10.8	9.5
R&D expenses	-3.6	-4.4	-5.6
% of net sales	30.1	44.2	34.3
Personnel, period average	82	83	82
Personnel, period end	80	84	80

PER SHARE DATA

EUR	1-9/2018	1-9/2017	1-12/2017
Basic earnings per share*	-0.04	-0.12	-0.09
Diluted earnings per share*	-0.04	-0.12	-0.09
Equity per share	0.33	0.30	0.34
No. of shares at period average (thousand)	38,506	35,957	36,570
No. of shares at period end (thousand)	38,802	38,395	38,441
Share performance			
Average price	2.03	2.16	2.11
Low	1.72	1.87	1.72
High	2.27	2.59	2.59
Share price period end	1.87	2.02	1.77
Market capitalization period end (EUR million)	72.6	77.6	68.0
Volume of shares traded (million)	11.1	4.6	5.6
Volume of shares traded as % of total	28.9	12.7	15.2
Value of shares traded (EUR million)	22.6	9.9	11.7
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

* Earnings per share is impacted by interest of hybrid capital securities accrued over the period

DISCLAIMER

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SSH Communications Security will release its financial reporting calendar for 2019 later during the year.

Helsinki, October 23, 2018

SSH COMMUNICATIONS SECURITY

Board of Directors

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