SSH COMMUNICATIONS SECURITY CORPORATION STOCK EXCHANGE RELEASE FEBRUARY 14, 2020 AT 9:00 A.M

SSH COMMUNICATIONS SECURITY CORPORATION FINANCIAL STATEMENT RELEASE JANUARY 1 – DECEMBER 31, 2019

SALES DECLINED COMPARED TO PREVIOUS YEAR DUE TO AN EXCEPTIONALLY LARGE DEAL IN THE COMPARISON PERIOD – SLIGHT OPERATING LOSS BUT POSITIVE OPERATING CASH FLOW FOR THE QUARTER

September–December 2019: Our software business sales (software fees, professional services, and recurring revenue) decreased -11.8% compared to the previous year. Net sales decreased by -35.8% compared to the previous year mainly due to the end of the patent licensing programme and reduced consulting revenue.

- Net sales totaled EUR 4.1 million (10–12/2018: EUR 6.4 million)
- Operating loss was EUR -0.1 million (EUR 1.3 million)
- Loss for the period was EUR -0.5 million (EUR 1.3 million)
- Earnings per share was EUR -0.02 (EUR 0.03)

January–December 2019: Our software business sales (software fees, professional services, and recurring revenue) decreased -7.8% compared to the previous year. Net sales decreased by -21.6% compared to the previous year mainly due to the end of the patent licensing programme and reduced consulting revenue.

Operating cash flow remained positive for the 3rd consecutive year, and our cash position remained strong.

- Net sales totaled EUR 14.4 million (1–12/2018: EUR 18.3 million)
- Operating loss was EUR -1.2 million (EUR 0.5 million)
- Loss for the year was EUR -1.5 million (EUR 0.5 million)
- Operating cash flow for the year was EUR 0.3 million (EUR 1.2 million)
- Earnings per share was EUR -0.06 (EUR -0.01)

Equity ratio remained good at 78.0 % (December 31, 2018: 81.6 %) and liquid assets were EUR 12.0 million (EUR 13.5 million).

BUSINESS OUTLOOK FOR 2020

For the year 2020, we expect revenue growth of 10-15 percent and an improving operating result. The growth rates and profitability vary significantly between our product lines as the products are in different stages of maturity and investment phases. We expect clearly faster growth rates for PrivX and NQX, steady growth for UKM matching the industry growth rate, and modest growth for Tectia, which is our most mature product. The combined effect of these growth rates will result in moderate short-term growth, which we expect to accelerate over the next several years.

KEY FIGURES

EUR million	10–12/2019	10–12/2018	1–12/2019	1–12/2018	Change %
Net sales	**4.1**	6.4	**14.4**	18.3	-21.6
Operating profit/loss	**-0.1**	1.3	**-1.2**	0.5	-321.9
% of net sales	**-3.2**	20.0	**-8.4**	3.0	-383.0
Profit/loss before taxes	**-0.4**	1.3	**-1.3**	0.6	-339.7
Profit/loss	**-0.5**	1.3	**-1.5**	0.5	-390.8
Return on equity, %			**-11.3**	3.8	-400.2
Return on investment, %			**-9.8**	4.1	-339.7
Liquid assets			**12.0**	13.5	-11.1
Gearing (%)			**-92.3**	-93.5	1.3
Equity ratio (%)			**78.0**	81.6	-4.3
Earnings per share, EUR	**-0.02**	0.03	**-0.06**	-0.01	-509.6
Shareholders' equity per share, EUR	**0.31**	0.37	**0.31**	0.37	-15.3

CEO'S REVIEW

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

The fourth quarter and the whole year 2019 was a challenging one for us – we missed our guidance due to decreased professional services revenue, currency fluctuations, and delayed sales of NQX as announced on November 12, 2019. While we are not satisfied with our performance, we are committed to increasing shareholder value and will focus on improving our results in the coming quarters.

We had a moderate decline in our software business sales (software fees, professional services, and recurring revenue) during the fourth quarter as the corresponding quarter in 2018 was exceptionally strong due to one of the largest UKM license deals in SSH history being recognized during that quarter.

The sales decline was somewhat mitigated by successes in a higher number of smaller deals and expansions in existing installations. As a result of the sales decline and continuing investment in our product portfolio, we also incurred a slight operating loss for the quarter but still had positive operating cash flow.

While license sales were down, our recurring revenue continued strong, and our subscription sales in UKM and PrivX grew by 63 % compared to the previous year. We expect the upward trend in subscription revenue growth to continue as we are transitioning from a perpetual license sales business model towards subscription-based and SaaS business models.

Our business fundamentals are still solid, and we continue executing our Intelligent Access Control driven strategy. We are making progress with our new products, PrivX and NQX, which we expect to start having an increasing impact on our revenue and bottom line in 2020 and beyond.

Financial Performance

Q4 software business sales were EUR 4.1 million (EUR 4.7 million), down 12 %. The decline was mainly due to the smaller initial project size compared to last year (we received one of the largest-ever license deals in our history in Q4/18) as well as reduced consulting revenue.

Net sales (taking patent licensing revenue in the comparison period into account) were 4.1 million (EUR 6.4 million), down 36 % year-on-year. In line with our expectations and as announced earlier, we did not record any patent licensing revenue in the quarter, which accounted for over EUR 1.7 million of the overall sales decline.

Due to careful cost management, the impact of the sales decline on our operating profit was relatively modest. We also continued investing in our product portfolio. Operating loss for the quarter was EUR -0.1 million (EUR 1.3 million).

The loss for the quarter was EUR -0.5 million (EUR 1.3 million). The loss was affected by financial costs of over EUR -0.2 million, mainly due to exchange rate losses and interest expenses from sales and leasing contracts.

Quarterly cash flow from operations was EUR 0.2 million. Our balance sheet and cash position remain strong and allow us to proceed with the execution of our strategy.

Sales Performance

In regional terms, software sales in the EMEA region grew by 20.2% compared to the same quarter in 2018. The APAC region declined by 4.9%, and the AMER region sales were down by 23.2%.

The AMER region sales decline was caused mainly by the timing of some large deals and some customers preferring to start their Universal SSH Key Manager® (UKM) projects on a limited scale pilot basis with the aim of increasing their estate in the future.

In Q4, we received a large new UKM license order with ING-DiBa AG, one of the largest retail banks in Germany. We also received significant new orders from a Hong Kong government agency and a global governmental financial institution. We also received significant expansion orders from existing financial sector customers.

Orders for the CryptoAuditor® product declined as planned as we announced the product would be end-of-lifed at the end of 2019. We are actively migrating existing customers and moving customers in the pipeline towards our PrivX® product.

The sales of our Tectia® product family remained strong and gives us the ability to execute our growth vision. During the quarter, we won a significant Tectia SSH Server for IBM z/OS license order from a major Scandinavian bank.

Our maintenance business remains robust, and we received several large maintenance renewals during the quarter.

PrivX® Business

Supported by the EU Horizon 2020 funding announced earlier, PrivX development progressed well, and we are nearing the pilot launch of the SaaS version of PrivX during H1 of 2020. We anticipate PrivX to be the first true SaaS-based Privileged Account Management (PAM) solution in the market.

Developing and bringing PrivX to the market is a key priority for us. We added several members to the team during the fourth quarter, and we have the equivalent of 27 full-time resources working on R&D, product management, sales, marketing, and support of PrivX.

As announced earlier, the United States Patent and Trademarks Office (USPTO) granted SSH patent number US10523445, which covers secure passwordless access to hosts in hybrid networks comprising on-premise and cloud resources. The patent provides SSH's PrivX offering a sustainable differentiating edge in the market of next-generation Privileged Access Management (PAM) tools in hybrid networks, which are an essential bridge in the current transition from legacy on-premises based computing to cloud-based computing. Additional patent applications for this and other PrivX-related inventions are pending in relevant jurisdictions.

The PrivX Free program continued to attract new customers, and we gained more than 1000 new registrations during the quarter, increasing the total number of registrations to more than 3500. We also accelerated the acquisition of new paying customers for PrivX during the quarter and kept seeing increasing interest from enterprise customers.

Our Zero Standing Privileges approach to PAM is resonating with customers and gives us a clear competitive edge against traditional PAM vendors. However, the paradigm shift in PAM represented by PrivX is still relatively new, and considerable effort will be required to educate customers and analysts about the benefits of PrivX.

Since we have made a strategic decision to sell PrivX with a subscription-based business model, the impact of the product on our revenue during the quarter was still relatively small.

NQX® Business

The technical development of NQX products proceeds well, and we have demonstrated the latest versions to key customers during the fourth quarter. Major governmental agencies have ongoing purchasing processes regarding VPN and firewall devices.

The Finnish National Cyber Security Authority certified a new version of the NQX firewall and virtual private network (VPN) appliance during Q4. The certification covers new features requested by customers as well as a new form factor (NQX Nano), which extends the use cases and sales possibilities of the NQX product family.

Due to the long duration of public tendering processes, however, we did not receive significant revenue from the NQX products in 2019.

Looking forward

The outlook in the cybersecurity segment remains robust. Despite some new macroeconomic uncertainties, the need for cybersecurity solutions keeps growing, and most analysts predict medium-term growth rates of 8 to 12% for the industry. We expect to match or exceed this pace (see section **Business Outlook for 2020** above for detailed guidance) in our overall growth. However, the growth rates will vary between our product lines as the products are in different stages of maturity and market development.

A leading industry analyst, Gartner, named PAM as the #1 priority in the Gartner Top 10 Security Projects for 2019 report. Gartner senior director Felix Gaehtgens was quoted saying: “PAM is all about securing the keys to your kingdom. It is one of the most critical security controls to implement.”

We share this view and strongly believe the investments in PAM will keep increasing at a rapid clip well into the future. With the continuing rise of the Zero Trust movement, SSH's Zero Standing Privileges approach is increasingly relevant and will strengthen the market position of PrivX even further.

UKM's customer base has grown following the trend of increased market awareness relating to the risks of unmanaged SSH Keys. As our customer base continues to expand and diversify, we've observed smaller deals initially with companies expanding deployments over time, supporting revenue growth through new deals as well as renewals. We expect both trends to continue throughout 2020.

Tectia business continues to experience strong renewal rates and we expect it to remain a significant cash generator for SSH in 2020 and beyond.

Finally, NQX sales are projected to materialize during 2020 as the product offering starts to gain momentum within the Finnish public sector.

At the end of 2019, the Group's unrecognized tax losses on deferred tax assets, which have not been booked based on the principle of prudence, were EUR 10.1 million (2018: EUR 11.6 million). In addition, the parent company has EUR 31.6 million (2018: EUR 28.3 million) research and development expenses and depreciations not deducted in taxation. In general, non-deducted research and development expenses and depreciations do not expire.

Kaisa Olkkonen
CEO

NET SALES

Consolidated net sales for October–December totaled EUR 4.1 million (EUR 6.4 million).

Consolidated net sales for January–December totaled EUR 14.4 million (EUR 18.3 million), down by 21.6 %, year on year.

The Americas accounted for 54.3 % (49.1 %), the Europe, Middle East and Africa region (EMEA) 25.3 % (22.9 %), and the Asia Pacific region 20.4 % (13.0 %) of reported consolidated net sales. Global royalty income accounted for 0.0 % (15.0 %) of reported net sales.

CONSOLIDATED NET SALES

EUR million	10–12/2019	10–12/2018	1–12/2019	1–12/2018	Change %
BY GEOGRAPHICAL AREA					
AMERICAS	**2.4**	3.2	**7.8**	9.0	-13.3
APAC	**0.5**	0.5	**2.9**	2.4	22.8
EMEA	**1.2**	1.0	**3.8**	4.2	-13.3
Global royalty income	**0.0**	1.7	**0.0**	2.7	-100.0
Total	**4.1**	6.4	**14.4**	18.3	-21.6
BY OPERATION					
Software fees	**1.8**	2.1	**5.2**	5.6	-7.9
Professional services & other	**0.3**	2.1	**0.6**	4.3	-86.5
Recurring revenue	**2.1**	2.2	**8.6**	8.5	1.9
Total	**4.1**	6.4	**14.4**	18.3	-21.6

Most of the company´s invoicing is U.S. dollar-based. With comparable exchange rates, the software business sales (software fees, professional services, and recurring revenue) decline in January – December would have been -11.4 % compared with the same period in 2018.

RESULTS AND EXPENSES

Operating profit for October–December was EUR -0.1 million (EUR 1.3 million), with net profit totaling EUR -0.5 million (EUR 1.3 million).

Operating profit for January-December was EUR -1.2 million (EUR 0.5 million), with net profit totaling EUR -1.5 million (EUR 0.5 million).

Sales, marketing and customer support expenses for October–December amounted to EUR -2.1 million (EUR -1.9 million), while research and development expenses totaled EUR -1.4 million (EUR -1.5 million) and administrative expenses EUR -0.8 million (EUR -1.0 million).

Sales, marketing and customer support expenses for January–December amounted to EUR -7.5 million (EUR -8.5 million), while research and development expenses totaled EUR -4.9 million (EUR -5.1 million) and administrative expenses EUR -2.9 million (EUR -2.7 million). Operating expenses decreased by 7.2 % compared to the 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 December 31, 2019, stood at EUR 23.8 million (December 31, 2018: EUR 24.2 million), of which liquid assets accounted for EUR 12.0 million (December 31, 2018: EUR 13.5 million), or 50.4 % of the balance sheet total. Interest-bearing liabilities were EUR 0.9 million at the end of the financial year (December 31, 2018: EUR 0.2 million). Interest-bearing liabilities increased by EUR 0.4 million from December 31, 2018, due to the application of IFRS 16 Leases -standard and increase in lease liability. In June 2019, subordinated loan, which Kyberleijona Oy has taken out from the non-controlling interest holder State Security Networks Group Finland, was increased by EUR 0.4 million from EUR 0.2 million to EUR 0.6 million. On December 31, 2019, gearing, or the ratio of net liabilities to shareholders' equity, was -92.3 % (December 31, 2018: -93.5 %) and the equity ratio stood at 78.0 % (December 31, 2018: 81.6 %).

The reported gross capital expenditure for January-December totaled EUR 2.0 million (EUR 2.3 million). The reported financial income and expenses in total to EUR -0.1 million (EUR 0.0 million) consisted mainly of exchange rate gains or losses and interest expenses sales and leasing contracts.

During January–December, SSH Communications Security reported a cash flow of EUR 0.3 million (EUR 1.2 million) from business operations, and investments showed a cash flow of EUR -1.1 million (EUR -2.3 million). Cash flow from investments includes EUR 0.9 million EU funding for the development of the PrivX product. Cash flow from financing totaled EUR -0.8 million (EUR 0.9 million). The decrease in cash totaled EUR -1.6 million (EUR -0.2 million).

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

RESEARCH AND DEVELOPMENT

Research and development expenses for October–December totaled EUR -1.4 million (EUR -1.5 million), the equivalent of 33.1 % of net sales (23.7 %). During October–December, the company has capitalized development costs EUR 0.4 million (EUR 0.6 million).

Research and development expenses for January–December totaled EUR -4.9 million (EUR -5.1 million), the equivalent of 34.0 % of net sales (27.9 %). During January – December, the company has capitalized development costs EUR 1.6 million (EUR 2.3 million). Capitalized product development costs were reduced by the amount of EUR 0.1 million received as funding from the EU (2018: EUR 0.0 million). The depreciation of R&D capitalization assets was EUR -1.3 million (EUR -1.5 million).

HUMAN RESOURCES AND ORGANIZATION

At the end of December, the Group had 90 employees on its payroll (December 31, 2018: 85). The number of employees increased by five persons from the previous year (5.9 %).

At the end of the period, 35.6 % (38.8 %) of the employees worked in sales, marketing and customer services, 51.1 % (48.2 %) in R&D, and 13.3 % (12.9 %) 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 was elected 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 have informed that Erkka Talvinko, Authorized Public Accountant, will continue to act as the principal auditor.

SHARES, SHAREHOLDING, AND CHANGES IN GROUP STRUCTURE

The reported trading volume of SSH Communications Security shares totaled 3,951,350 shares (valued at EUR 5,308,768). The highest quotation was EUR 1.97 and the lowest EUR 0.97. The trade-weighted average share price for the period was EUR 1.34, and the share closed at EUR 1.04 (December 31, 2019).

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.

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 December 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 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 the related compensation, subscription and payment periods and 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 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 canceled. The acquisition of shares reduces the company's distributable non-restricted equity.
A 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

The largest risks that might impact the profitability of the company have remained by and large the same as in the 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
- as a large portion of the company revenue is invoiced in USD currency, possible large fluctuation in USD currency rates during 2020 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 the company´s webpage: www.ssh.com.

RELATED PARTY TRANSACTIONS

During the reporting period, there have not been any significant transactions with the related parties.

EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date, there have not been any significant transactions.

REPORTING

This Financial Statement Release has been prepared in accordance with IAS 34 Interim Financial Reporting. The Financial Statement Release does not include all the information and disclosures required in the Annual Financial Statements. This Financial Statement Release has not been audited.

The accounting policies adopted for this Financial Statement Release 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

The Group has changed its accounting policies as a result of adopting IFRS 16 Leases on January 1, 2019. The impact of the adoption of the leasing standard and the new accounting policies are disclosed below. The other changes in the standards and interpretations did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

IFRS 16 Leases
The new standard replaced IAS 17 standard and related interpretations. The new standard requires a lessee to recognize a leasing contract in the balance sheet as a lease liability and related asset. IFRS 16 does not have an impact on leases where the Group is the lessor.

The Group adopted IFRS 16 standard using the modified retrospective approach, and the comparative information has not been restated. The classifications and adjustments arising from the new accounting rules have been recognized in the opening balance sheet on January 1, 2019. The Group elected to use the recognition exemptions for short-term lease contracts that have a lease term of 12 months or less and do not contain a purchase option and lease contracts for which the underlying asset is of low value.

The Group leases mainly offices. Until the 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 right-of-use assets and a corresponding financial liability at the date at which the leased asset is available for the use by the Group. Each lease payment is allocated between the liability and the 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 of January 1, 2019. The weighted average incremental borrowing 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 of December 31, 2019, and in the income statement for the year 2019 are as follows:

LEASES IN THE BALANCE SHEET

EUR million	31 Dec 2019
ASSETS	
Non-current assets	
Right-of-use assets - property	**0.3**
Total	**0.3**
EQUITY AND LIABILITIES	
Lease liabilities, non-current	**0.1**

Lease liabilities, current	**0.2**
Total	**0.3**

LEASES IN THE INCOME STATEMENT

EUR million	10-12/2019	1-12/2019
Other lease expenses	**-0.0**	**-0.1**
Depreciation of right-of-use assets	**-0.1**	**-0.3**
Interest expense on lease liabilities	**-0.0**	**-0.0**
Total amounts recognized in the income statement	**-0.1**	**-0.4**

TABLES

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR million	10–12/2019	10–12/2018	1–12/2019	1–12/2018
Net sales	**4.1**	6.4	**14.4**	18.3
Cost of sales	**-0.1**	-0.7	**-0.5**	-1.4
Gross margin	**4.1**	5.7	**13.9**	16.9
Other operating income	**0.1**		**0.1**	0.0
Selling, marketing, and customer support expenses	**-2.1**	-1.9	**-7.5**	-8.5
Research and development expenses	**-1.4**	-1.5	**-4.9**	-5.1
Administrative expenses	**-0.8**	-1.0	**-2.9**	-2.7
Operating profit/loss	**-0.1**	1.3	**-1.2**	0.5
Financial income and expenses	**-0.2**	0.0	**-0.1**	0.0
Profit/loss before taxes	**-0.4**	1.3	**-1.3**	0.6
Taxes	**-0.1**	-0.0	**-0.1**	-0.0
Profit/loss for the period	**-0.5**	1.3	**-1.5**	0.5
Attributable to:				
Owners of the parent company	**-0.4**	1.6	**-1.3**	0.8
Non-controlling interests	**-0.1**	-0.3	**-0.2**	-0.3
	-0.5	1.3	**-1.5**	0.5
Other comprehensive income				
Items which might be later transferred to profit or loss:				
Foreign subsidiary translation differences	**0.1**	-0.0	**-0.0**	-0.1
Total comprehensive income	**-0.4**	1.3	**-1.5**	0.4
Attributable to:				
Owners of the parent company	**-0.3**	1.5	**-1.3**	0.7
Non-controlling interest	**-0.1**	-0.3	**-0.2**	-0.3
	-0.4	1.3	**-1.5**	0.4
Earnings per share				
Earnings per share (EUR)	**-0.02**	0.03	**-0.06**	-0.01
Diluted earnings per share (EUR)	**-0.02**	0.03	**-0.06**	-0.01

CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	Dec 31, 2019	Dec 31, 2018
ASSETS		
Non-current assets		
Property, plant, and equipment	**0.1**	0.2
Right-of-use assets	**0.3**	-
Intangible assets	**5.5**	5.2
Investments	**0.0**	0.0
Total non-current assets	**5.9**	5.4
Current assets		
Inventories	**0.0**	0.0
Trade and other receivables	**5.9**	5.4
Financial assets	**0.0**	0.0
Cash and cash equivalents	**12.0**	13.5
Total current assets	**17.9**	18.9
Total assets	**23.8**	24.2
EQUITY AND LIABILITIES		
Equity		
Attributable to parent company's shareholders	**11.4**	13.4
Non-controlling interest	**0.6**	0.8
Total equity	**12.0**	14.2
Non-current liabilities		
Borrowings	**0.6**	0.2
Other non-current liabilities	**0.1**	0.0
Total non-current liabilities	**0.7**	0.2
Current liabilities		
Current liabilities	**11.1**	9.8
Total current liabilities	**11.1**	9.8
Total equity and liabilities	**23.8**	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	0.0		-0.1	0.6	-0.6	-0.1	-	-0.1
Change in Group structure[1]					-0.1	-0.1	1.1	1.0
Net profit					0.8	0.8	-0.3	0.5
Equity December 31, 2018	1.2	12.0	-1.4	22.7	-21.1	13.4	0.8	14.2
Change			0.0		-0.7	-0.7	-	-0.7
Net profit					-1.3	-1.3	-0.2	-1.5
Equity December 31, 2019	**1.2**	**12.0**	**-1.4**	**22.7**	**-23.0**	**11.4**	**0.6**	**12.0**

[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 Group Finland has issued a subordinated loan of EUR 0.6 million to Kyberleijona Oy.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1–12/2019	1–12/2018
Cash flow from operations	**0.3**	1.2
whereof change in working capital	***-0.6***	*-1.2*
Cash flow from investing activities	**-1.1**	-2.3
Cash flow from financing activities	**-0.8**	0.9
Increase (+) / decrease (-) in cash	**-1.6**	-0.2
Cash at period start	**13.5**	13.5
Effect of exchange rate	**0.1**	0.2
Cash at period end	**12.0**	13.5

CONTINGENT LIABILITIES

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

KEY FIGURES AND RATIOS

EUR million	1–12/2019	1–12/2018
Net sales	**14.4**	**18.3**
Operating profit/loss	**-1.2**	**0.5**
% of net sales	**-8.4**	**2.9**
Profit/loss before taxes	**-1.3**	**0.6**
% of net sales	**-9.3**	**3.0**
Return on equity (%)	**-11.3**	**3.8**
Return on investment (%)	**-9.8**	**4.1**
Interest-bearing net liabilities	**-11.1**	**-13.3**
Equity ratio (%)	**78.0**	**81.6**
Gearing (%)	**-92.3**	**-93.5**
Gross capital expenditure	**2.0**	**2.3**
% of net sales	**13.9**	**12.3**
R&D expenses	**-4.9**	**-5.1**
% of net sales	**34.0**	**27.9**
Personnel, period average	**88**	**82**
Personnel, period end	**90**	**85**

PER SHARE DATA

EUR	1–12/2019	1–12/2018
Earnings per share undiluted[2]	**-0.06**	**-0.01**
Earnings per share diluted[2]	**-0.06**	**-0.01**
Equity per share	**0.31**	**0.37**
No. of shares at period average (thousand)	**38 802**	**38 578**
No. of shares at period end (thousand)	**38 802**	**38 802**
Share performance		
Average price	**1.34**	**2.00**
Low	**0.97**	**1.60**
High	**1.97**	**2.27**
Share price period end	**1.04**	**1.68**
Market capitalization period end (EUR million)	**40.2**	**65.2**
Volume of shares traded (million)	**5.3**	**7.8**
Volume of shares traded as % of total	**10.2**	**20.2**
Value of shares traded (EUR million)	**4.0**	**15.6**
Price per earnings ratio (P/E)	**neg.**	neg.
Dividend per share	**0.00**	0.00
Dividend per earnings, %	**0.00**	0.00
Effective return on dividend, %	**0.00**	0.00

[2] Earnings per share is impacted by the unpaid interest of hybrid capital securities.

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SSH Communications Security will release its Interim Report of the first quarter of the year on April 23, 2020.

Helsinki, February 14, 2020

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