

ROBUST SALES GROWTH WITH STRONG LICENSE AND SUBSCRIPTION SALES PERFORMANCE, POSITIVE OPERATING CASH FLOW

January–March 2020: Our net sales grew 15.9 % compared to the previous year, driven mainly by strong license sales and supported by growth in our subscription revenue.

- Net sales totaled EUR 3.1 million (1-3/2019: EUR 2.7 million).
- EBITDA was EUR -0.1 million (EUR -0.8 million).
- Operating loss was EUR -0.6 million (EUR -1.3 million).
- Loss for the period was EUR -0.4 million (EUR -1.2 million).
- Earnings per share was EUR -0.02 (EUR -0.04).

Operating cash flow was EUR 1.2 million positive (EUR 0.5 million), and our cash position remained strong. Equity ratio remained good 77.7 % (80.3 %). Liquid assets were EUR 11.7 million (EUR 12.5 million).

KEY FIGURES

EUR million	1–3/2020	1–3/2019	Change %	1–12/2019
Net sales	3.1	2.7	15.9	14.4
EBITDA	-0.1	-0.8	92.5	0.9
% of net sales	-1.8	-28.3	93.5	6.0
Operating profit/loss	-0.6	-1.3	54.5	-1.2
% of net sales	-18.5	-47.1	60.7	-8.4
Profit/loss before taxes	-0.4	-1.2	62.8	-1.3
Profit/loss	-0.4	-1.2	64.4	-1.5
Return on equity, %	-3.8	-9.2	58.7	-11.3
Return on investment, %	-3.7	-8.7	57.8	-9.8
Liquid assets	11.7	12.5	-6.2	12.0
Gearing (%)	-102.4	-97.5	-5.0	-92.3
Equity ratio (%)	77.7	80.3	-3.3	78.0
Earnings per share, EUR	-0.02	-0.04	54.3	-0.06
Shareholders' equity per share, EUR	0.28	0.31	-11.9	0.31

SSH Communications Security provides alternative performance measures, which are not defined by IFRS standards. Alternative performance measures should not be considered as substitutes for performance measures in accordance with the IFRS. From the first quarter of 2020 onwards, SSH Communications Security has introduced the following new alternative performance measures:

EBITDA = Operating profit/loss + depreciation and amortization

CEO REVIEW

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

The first quarter of 2020 unrolled against an unprecedented backdrop: during the quarter, the COVID-19 pandemic altered the world as we know it. While the immediate business impact of the pandemic was still relatively minor, the pandemic profoundly changed the way we operate. SSH.COM adopted a remote work posture in early March and will remain in this posture for as long as it is required to ensure the safety of our employees.

I am proud of how the entire SSH.COM team responded to the crisis: productivity has remained high, new product versions were released, and our sales are functioning well.

Our financial performance was not significantly affected by the COVID-19 outbreak during the first quarter. Our net sales grew by 16 % compared to Q1 2019. All other key figures also improved: we improved our gross margin, our operating expenses remained flat despite the growth in sales, and we improved our EBITDA significantly.

Financial Performance

Net sales for the first quarter were EUR 3.1 million (EUR 2.7 million), up 16 % compared to Q1 2019. The increase in revenue was driven by the significant growth of 109 % in SSH software fees. The main driver of the growth was a substantial license sales increase, which was also supported by growth in subscription revenue. Our maintenance sales stayed strong, showing a slight growth compared to Q1 2019.

Due to continued careful cost management, the company's operating expenses stayed flat despite the sales increase. The EBITDA for the quarter improved significantly to EUR -0.1 million (EUR -0.8). Similarly, we narrowed our operating loss and loss considerably to EUR -0.6 million (EUR -1.2 million) and EUR -0.4 million (-1.2 million), respectively.

Operating cash flow for the quarter was EUR 1.2 million (0.5 million). Our balance sheet and cash position remain strong and allow SSH to proceed with the execution of its strategy.

Sales Performance

From a regional perspective, sales in the AMER and EMEA regions stayed flat compared to Q1 2019, while the APAC region showed robust growth of 85 % compared to Q1 2019.

The continued growth in the APAC region shows the company's increasing strength in the South-East Asian market. The highlight of the region was a large Tectia and PrivX license and subscription deal to one of the largest banks in Asia, OCBC Bank, towards the end of the quarter.

For our market-leading SSH key management product, UKM, we saw a license deal expansion to a major US financial institution that we initially signed in 2019. For PrivX, we saw several new deals from the financial services, telco, and consumer goods segments.

The impact of the COVID-19 pandemic was not yet severe during the quarter, but we saw some project delays by customers who are assessing the effects of the pandemic on their business.

PrivX® Business

The development of the SaaS version of PrivX is proceeding well, and we anticipate the pilot launch during Q2.

We continued to see increasing demand for PrivX from the enterprise segment. We had several new deals, and several more opportunities are nearing closing in our sales pipeline. An illustrative example of these new customer cases was Aktia Bank, which chose PrivX to replace its existing Privileged Access Management solutions as they no longer matched Aktia's needs and could not scale with Aktia's needs.

We have started the active conversion of existing CryptoAuditor customers to use PrivX. We saw the first successful conversion projects during the quarter.

We also received further public funding for PrivX development during the quarter. This funding of nearly EUR 750.000 from the EU and Business Finland helps to take PrivX development further and supports, in particular, the development of machine-to-machine, automation, and IIoT (Industrial Internet of Things) features of PrivX.

Looking forward

There were significant changes in our organization during the quarter. At the end of March, I started as the CEO, and our founder and largest shareholder, Tatu Ylönen, returned to the position of Chairman of the Board. I am excited to take the helm of SSH and look forward to working closely with Tatu and the full SSH.COM team.

Our medium and long-term focus is to turn SSH towards a path of sustainable, profitable growth, and to increase our shareholder value significantly. While the full impact and duration of the COVID-19 pandemic remains unknown, we see many opportunities for SSH. Our product portfolio is strong and consists of both mature and up-and-coming products. These products address and solve fundamental cybersecurity challenges that enterprises worldwide face during and after the crisis.

We withdrew our 2020 guidance on March 23 due to the changes in the business environment caused by the COVID-19 pandemic and the difficulty in forecasting their impact on our performance. While I was not yet a part of the team making this decision, I strongly support it. While our performance in the first quarter was not impacted in a significant manner, it is still too early to assess the full business impact of the pandemic accurately. We will issue new guidance only when we have better visibility.

We are preparing for the short-term future with even more rigorous cost controls to make sure we not only survive this crisis but emerge strongly from it, ready to grow and thrive. To ensure our ability to take advantage of the new opportunities presented, we will keep investing in developing our products and our operational capabilities, even during this crisis.

To further safeguard our cash position and ensure we can make sufficient investments in our future, we are also actively pursuing all available support funding options. In addition to the product development funding we announced recently, we have already received a smaller government support grant, and we are in the process of securing more grant and loan-based support funding.

We have on our balance sheet a EUR 12.0 million perpetual convertible capital security, which has carried an interest rate of 7.5 % per annum. According to the terms and conditions of the emission, the instrument had an interest reset date at the end of March, where the per annum interest rate increased 4.0 percentage points to 11.5 %. We have had ongoing negotiations concerning the restructuring of the instrument, but these negotiations were put on hold until the COVID-19 related turmoil on the capital markets subsides. We will evaluate the situation during the coming months. The increased interest rate does not have an immediate impact on the cash flow in 2020, as interest is paid in arrears every March.

To give our investors better visibility into our performance and the health of our core business, we are introducing EBITDA (Operating profit/loss + depreciation and amortization) as a key non-IFRS alternative performance measure in our financial reports. EBITDA is a good measure of SSH's operating performance and improves the visibility into our core business performance.

Again, I am looking forward to working with the SSH.COM team and all of you. This year is likely to be challenging, and the year may be marked by some rough periods. My priorities are ensuring the safety and well-being of our team as well as managing our cash and resources wisely so that we can emerge from this crisis in good shape. Then, we will focus on sustainable, profitable growth and strengthening our position on the cybersecurity market.

Teemu Tunkelo
Chief Executive Officer

CONSOLIDATED NET SALES

Consolidated net sales for January–March totaled EUR 3.1 million (EUR 2.7 million), increased by 15.9 %, year on year.

The Americas region accounted for 51.6 % (58.8 %); the Europe, Middle East, and Africa region 19.4 % (23.0 %); and the Asia Pacific region 29.0 % (18.2 %) of reported net sales.

EUR million	1–3/2020	1–3/2019	Change %	1–12/2019
BY SEGMENT				
AMERICAS	1.6	1.6	1.8	7.8
APAC	0.9	0.5	84.6	2.9
EMEA	0.6	0.6	-2.5	3.6
Total	3.1	2.7	15.9	14.4
BY OPERATION				
Software fees	0.9	0.5	108.7	5.2
Professional services & other	0.0	0.1	-73.3	0.6
Recurring revenue	2.1	2.1	1.3	8.6
Total	3.1	2.7	15.9	14.4

Most of the company's invoicing is U.S. dollar-based. With comparable exchange rates, net sales growth would have been -12.8 % compared with the corresponding period in 2019.

RESULTS AND EXPENSES

Operating loss for January–March was EUR -0.6 million (EUR -1.3 million), with net loss totaling EUR -0.4 million (EUR -1.2 million).

Selling, marketing, and customer support expenses for the January–March reporting period amounted to EUR -1.8 million (EUR -2.0 million), while research and development expenses totaled EUR -1.3 million (EUR -1.1 million) and administrative expenses EUR -0.7 million (EUR -0.6 million).

BALANCE SHEET AND FINANCIAL POSITION

The financial position of SSH Communications Security was good during the reporting period. The consolidated balance sheet total on March 31, 2020, stood at EUR 20.8 million (March 31, 2019: EUR 20.8 million; December 31, 2019: EUR 23.8 million), of which liquid assets accounted for EUR 11.7 million (March 31, 2019: EUR 12.5 million; December 31, 2019: EUR 12.0 million), or 56.2 % of the balance sheet total). Interest-bearing liabilities were EUR 0.8 million (March 31, 2019 EUR 0.7 million, December 31, 2019 EUR 0.9 million). On March 31, 2020, gearing, or the ratio of net liabilities to shareholders' equity, was -102.4 % (March 31, 2019 -97.5 %; December 31, 2019 -92.3 %) and the equity ratio stood at 77.7 % (March 31, 2019 80.3 %; December 31, 2019 78.0 %).

The reported gross capital expenditure for the period totaled EUR 0.6 million (EUR 0.6 million). The reported financial income and expenses amounting in total to EUR 0.1 million (EUR 0.1 million) consisted mainly of exchange rate gains or losses and interest expenses from sales and leasing contracts.

During January–March, SSH Communications Security reported a cash flow of EUR 1.2 million (EUR 0.5 million) from business operations, and investments showed a cash flow of EUR -0.6 million (EUR -0.6 million). Cash flow from financing totaled EUR -1.0 million (EUR -1.0 million). Cash flow from financing includes the payment of hybrid instrument interest of EUR 0.9 million and the cash payment for the principal portion of the lease liability of EUR 0.1 million. Total cash flow from operations, investments, and financing was negative EUR -0.4 million (EUR -1.1 million).

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

RESEARCH AND DEVELOPMENT

Research and development expenses for January–March totaled EUR -1.3 million (EUR -1.1 million), the equivalent of 40.6 % of net sales (42.9 %). During January–March, the company has capitalized new product R&D costs EUR 0.4 million (EUR 0.6 million). Capitalized product development expenses were reduced by the amount of EUR 0.2 million received as funding from the EU in 2019 (EUR 0.0 million). Depreciation from R&D capitalization assets was EUR -0.4 million (EUR -0.4 million).

HUMAN RESOURCES AND ORGANIZATION

At the end of March, the Group had 87 employees on its payroll (March 31, 2019: 88; December 31, 2018: 90). The number of employees decreased by one person from the previous year and by three persons from the year-end (-3.3 %).

At the end of the period, 34.5 % (37.5 %) of the employees worked in sales, marketing and customer services, 52.9 % (50.0 %) in R&D, and 12.6 % (12.5 %) in corporate administration.

BOARD AND AUDITORS

The Annual General Meeting of SSH Communications Oyj was held on March 26, 2020. 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, 2019, and December 31, 2019. Tatu Ylönen was re-elected, and Aino-Mari Kiianmies and Sampo Kellomäki were elected as new members of the Board of Directors. Tatu Ylönen was elected as the Chairman of the Board of Directors at the Board's organizing meeting.

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 1,963,022 shares (valued at EUR 2,100,885). The highest quotation was EUR 1.45 and the lowest EUR 0.65. The trade-weighted average share price for the period was EUR 1.07, and the share closed at EUR 0.80 (March 31, 2020).

The company's principal owner Tatu Ylönen holds directly 47.2 %, Timo Syrjälä holds directly and through his company Acme Investments SPF S.a.r.l. 9.2 % and 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 March 31, 2020, 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 upon 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 upon 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, 2021.

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 cancelled. 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 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, 2021.

CHANGES IN GROUP MANAGEMENT TEAM

Teemu Tunkelo started as Chief Executive officer on March 24, 2020.

Simo Karkkulainen, Chief Marketing Officer and Management Team member, left the company on February 15, 2020.

After these changes, the Group Management Team consists of seven members at the end of March 2020:

Teemu Tunkelo, Chief Executive Officer
Sami Ahvenniemi, Chief Customer Officer
Timo Lilja, VP of Engineering
Jussi Mononen, VP Strategy and Business Development
Niklas Nordström, Chief Financial Officer
Markku Rossi, Chief Technology Officer
Joe Scaff, Chief Sales Officer

RISKS AND UNCERTAINTIES

The ongoing COVID-19 pandemic is a major new macro-level risk that may affect SSH Communications Security. Otherwise, the most substantial 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.

Largest risks:

- uncertainty of the macroeconomic environment, such as the impact of coronavirus disease (COVID-19)
- 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

- a large portion of the company revenue is invoiced in USD currency, and possible significant 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 related parties.

EVENTS AFTER THE BALANCE SHEET DATE

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

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR million	1-3/2020	1-3/2019	1-12/2019
Net sales	3.1	2.7	14.4
Cost of sales	-0.1	-0.2	-0.5
Gross margin	3.0	2.5	13.9
Other operating income	0.1	0.0	0.1
Selling, marketing, and customer support expenses	-1.8	-2.0	-7.5
Research and development expenses	-1.3	-1.1	-4.9
Administrative expenses	-0.7	-0.6	-2.9
Operating profit/loss	-0.6	-1.3	-1.2
Financial income and expenses	0.1	0.1	-0.1
Profit/loss before taxes	-0.4	-1.2	-1.3
Taxes	0.0	-0.0	-0.1
Profit/loss for the period	-0.4	-1.2	-1.5
Attributable to:			
Owners of the parent company	-0.4	-1.2	-1.3
Non-controlling interests	-0.1	-0.1	-0.2
	-0.4	-1.2	-1.5
Other comprehensive income			
Items which might be later transferred to profit or loss:			
Foreign subsidiary translation differences	-0.1	-0.0	-0.0
Total comprehensive income	-0.5	-1.3	-1.5
Attributable to:			
Owners of the parent company	-0.5	-1.2	-1.3
Non-controlling interest	-0.1	-0.1	-0.2
	-0.5	-1.3	-1.5
Earnings per share			
Earnings per share (EUR)	-0.02	-0.04	-0.06
Diluted earnings per share (EUR)	-0.02	-0.04	-0.06

CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	March 31, 2020	March 31, 2019	Dec 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	0.2	0.1	0.1
Right-of-use assets	0.2	0.5	0.3
Intangible assets	5.5	5.3	5.5
Investments	0.0	0.0	0.0
Total non-current assets	5.8	6.0	5.9
Current assets			
Inventories	0.0	0.0	0.0
Trade and other receivables	3.3	2.3	5.9
Financial assets	0.0	0.0	0.0
Cash and cash equivalents	11.7	12.5	12.0
Total current assets	15.0	14.8	17.9
Total assets	20.8	20.8	23.8
EQUITY AND LIABILITIES			
Equity			
Attributable to parent company's shareholders	10.1	11.3	11.4
Non-controlling interest	0.5	0.8	0.6
Total equity	10.7	12.1	12.0
Non-current liabilities			
Borrowings	0.6	0.2	0.6
Lease liabilities	0.0	0.2	0.1
Advances received and deferred revenue	1.4	0.7	2.4
Total non-current liabilities	2.1	1.0	3.0
Current liabilities			
Trade and other payables	2.3	2.3	2.5
Lease liabilities	0.2	0.3	0.2
Advances received and deferred revenue	5.7	5.0	6.0
Total current liabilities	8.1	7.7	8.7
Total equity and liabilities	20.8	20.8	23.8

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, 2019	1.2	12.0	-1.4	22.7	-21.1	13.4	0.8	14.2
Change	-	-	-0.0	-	-0.9	-0.9	-	-0.9
Net profit					-1.2	-1.2	-0.1	-1.2
Equity March 31, 2019	1.2	12.0	-1.5	22.7	-23.1	11.3	0.8	12.1
Change	-	-	0.0	-	0.2	0.2	-	0.2
Net profit					-0.1	-0.1	-0.2	-0.3
Equity Dec 31, 2019	1.2	12.0	-1.4	22.7	-23.0	11.4	0.6	12.0
Change	-	-	-0.1	-	-0.9	-0.9	-	-0.9
Net profit					-0.4	-0.4	-0.1	-0.4
Equity March 31, 2020	1.2	12.0	-1.5	22.7	-24.2	10.1	0.5	10.7

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-3/2020	1-3/2019	1-12/2019
Cash flow from operations	1.2	0.5	0.3
<i>whereof change in working capital</i>	1.3	1.2	-0.6
Cash flow from investing activities	-0.6	-0.6	-1.1
Cash flow from financing activities	-1.0	-1.0	-0.8
Increase(+) / decrease(-) in cash	-0.4	-1.1	-1.6
Cash at period start	12.0	13.5	13.5
Effect of exchange rate	0.2	0.1	0.1
Cash at period end	11.7	12.5	12.0

NOTES TO THE INTERIM REPORT

The interim report for the three months reporting period ended March 31, 2020, has been prepared in accordance with IAS 34 *Interim Financial Reporting*. This 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, 2019. The information presented in this interim report is unaudited.

The accounting policies adopted for this interim report are consistent with those applied in 2019 consolidated financial statements except for the adoption of new standards effective as of January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the SSH Group.

CHANGES IN PROPERTY, PLANT, AND EQUIPMENT

EUR million	31 March 2020	31 March 2019	31 Dec 2019
Carrying amount in the beginning of the period	0.1	0.2	0.2
Increase	0.0	-	0.0
Depreciation and impairment	-0.0	-0.0	-0.1
Foreign exchange rate differences	0.0	0.0	0.0
Carrying amount at the end of the period	0.2	0.1	0.1

CHANGES IN RIGHT-OF-USE ASSETS

EUR million	31 March 2020	31 March 2019	31 Dec 2019
Carrying amount in the beginning of the period	0.3	0.5	0.5
Increase	-	0.1	0.1
Decrease	-	-	0.0
Depreciation and impairment	-0.1	-0.1	-0.3
Foreign exchange rate differences	0.0	0.0	0.0
Carrying amount at the end of the period	0.2	0.5	0.3

Right-of-use assets include leased offices. Helsinki office has moved to new premises in April 2020. The new lease contract is for the period of three years and will add right-of-use assets and lease liabilities with EUR 0.6 million in April 2020.

CHANGES IN INTANGIBLE ASSETS

EUR million	31 March 2020	31 March 2019	31 Dec 2019
Carrying amount in the beginning of the period	5.5	5.2	5.2
Increase	0.4	0.6	2.0
Amortization and impairment	-0.4	-0.4	-1.7
Foreign exchange rate differences	0.0	-0.0	0.0
Carrying amount at the end of the period	5.5	5.3	5.5

CONTINGENT LIABILITIES

EUR million	31 March 2020	31 March 2019	31 Dec 2019
Interest on hybrid capital securities	0.0	0.0	0.7
Rent security deposits	0.2	0.1	0.1

KEY FIGURES AND RATIOS

SSH Communications Security provides alternative performance measures, which are not defined by IFRS-standards. Alternative performance measures should not be considered as substitutes for performance measures in accordance with the IFRS. From the first quarter of 2020 onwards, SSH Communications Security has introduced the following new alternative performance measures:

EBITDA = Operating profit/loss + depreciation and amortization

EUR million	1-3/2020	1-3/2019	1-12/2019
Net sales	3.1	2.7	14.4
EBITDA	-0.1	-0.8	0.9
% of net sales	-1.8	-28.3	6.0
Operating profit/loss	-0.6	-1.3	-1.2
% of net sales	-18.5	-47.1	-8.4
Profit/loss before taxes	-0.4	-1.2	-1.3
% of net sales	-14.5	-45.1	-9.3
Return on equity (%)	-3.8	-9.2	-11.3
Return on investment (%)	-3.7	-8.7	-9.8
Interest-bearing net liabilities	-10.9	-11.8	-11.1
Equity ratio (%)	77.7	80.3	78.0
Gearing (%)	-102.4	-97.5	-92.3
Gross capital expenditure	0.6	0.6	2.0
% of net sales	19.8	20.7	13.9
R&D expenses	-1.3	-1.1	-4.9
% of net sales	40.6	42.9	34.0
Personnel, period average	89	88	88
Personnel, period end	87	88	90

PER SHARE DATA

EUR	1-3/2020	1-3/2019	1-12/2019
Earnings per share undiluted ¹	-0.02	-0.04	-0.06
Earnings per share diluted ¹	-0.02	-0.04	-0.06
Equity per share	0.28	0.31	0.31
No. of shares at period average (thousand)	38 802	38 802	38 802
No. of shares at period end (thousand)	38 802	38 802	38 802
Share performance			
Average price	1.07	1.61	1.34
Low	0.65	1.32	0.97
High	1.45	1.97	1.97
Share price period end	0.80	1.37	1.04
Market capitalization period end (EUR million)	31.0	53.2	40.2
Volume of shares traded (million)	2.0	1.2	5.3
Volume of shares traded as % of total	5.1	3.1	10.2
Value of shares traded (EUR million)	2.1	1.9	4.0
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

¹ Earnings per share is impacted by the unpaid interest of hybrid capital securities

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

The following table presents the reconciliation of EBITDA to the operating profit/loss.

EUR million	1-3/2020	1-3/2019	1-12/2019
EBITDA	-0.1	-0.8	0.9
Depreciations and amortizations	-0.5	-0.5	-2.1
Operating profit/loss	-0.6	-1.3	-1.2

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SSH Communications Security will release its next interim report for the period January 1 – June 30, 2020, on July 21, 2020.

Helsinki, April 23, 2020

SSH COMMUNICATIONS SECURITY

Board of Directors

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