One-Sentence Summary

Moving to the right direction despite the loss

The quarter was yet another period of working hard and moving to the right direction and laying the ground-work for future growth and profitability. While the main high-lights occurred just after the quarter, they show we are doing the right things successfully.

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Contents

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SSH in Brief

Five Things to Remember

New, disruptive strategy

A strong product portfolio

More than 100 patents in IPR portfolio

More than 3000 demanding customers globally

More than 20 years of engineering excellence

A cybersecurity pioneer since 1995

SSH.COM developed the SSH protocol which is still one of the cornerstones of Internet security

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Our Product Lines

**Universal SSH Key Manager®
(UKM)** – the premier SSH Key Risk
Assessment, Management and
Automation tool, now enhanced
with certificate management.

PrivX® – the next generation
secure cloud access gateway.

Tectia® Client/Server – the gold
standard commercial product in
secure access and file transfer from
the inventor of the SSH protocol.

CryptoAuditor® – the easiest-to-
deploy secure access and
encrypted connection monitoring
and auditing tool.

NQX™ – quantum-ready protection
for critical networks.

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Our Locations

Rooted in Finland, present globally

SSH products are developed in Finland but more than 90% of our sales come from the international markets.
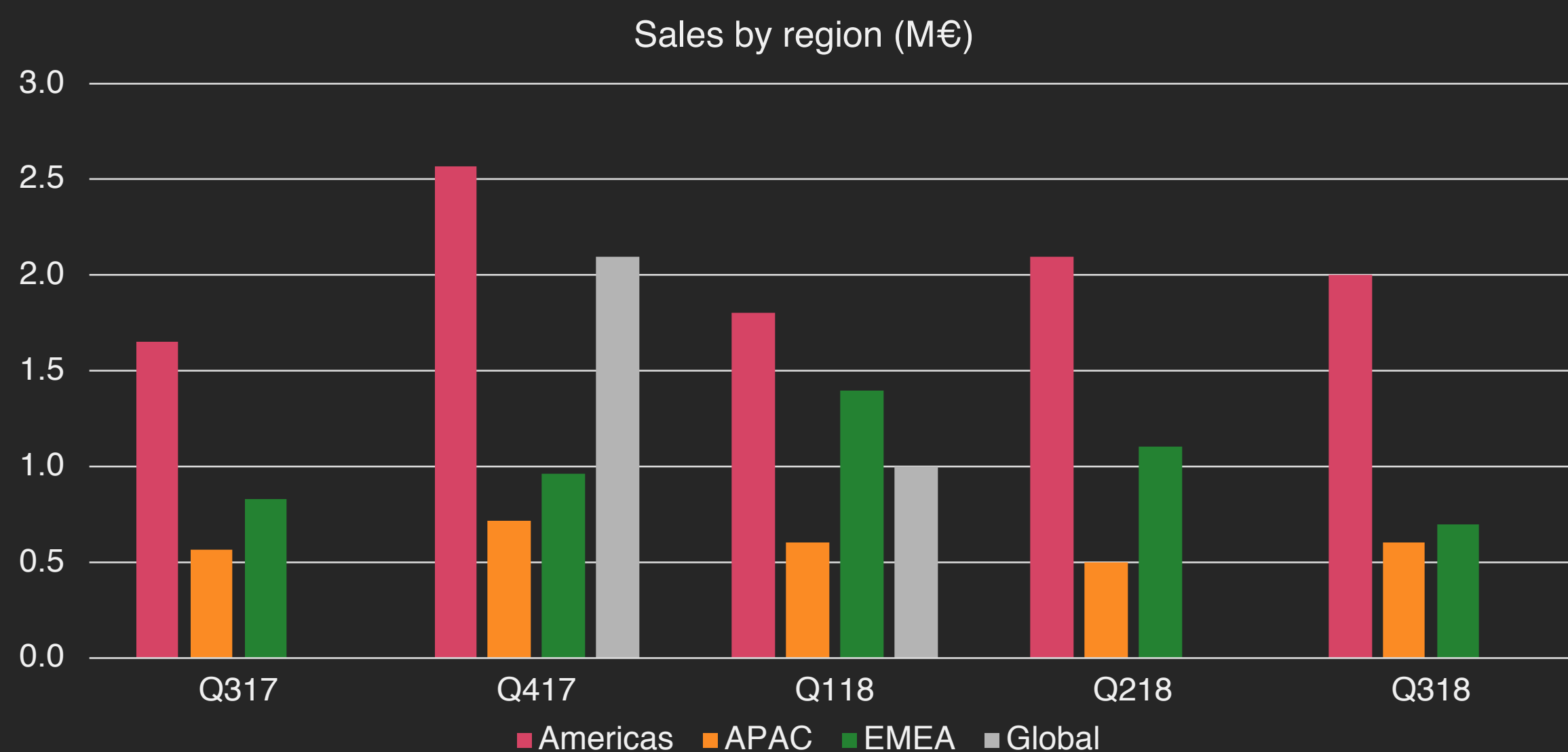
Helsinki (HQ)

Munich

London

Boston

Hong Kong

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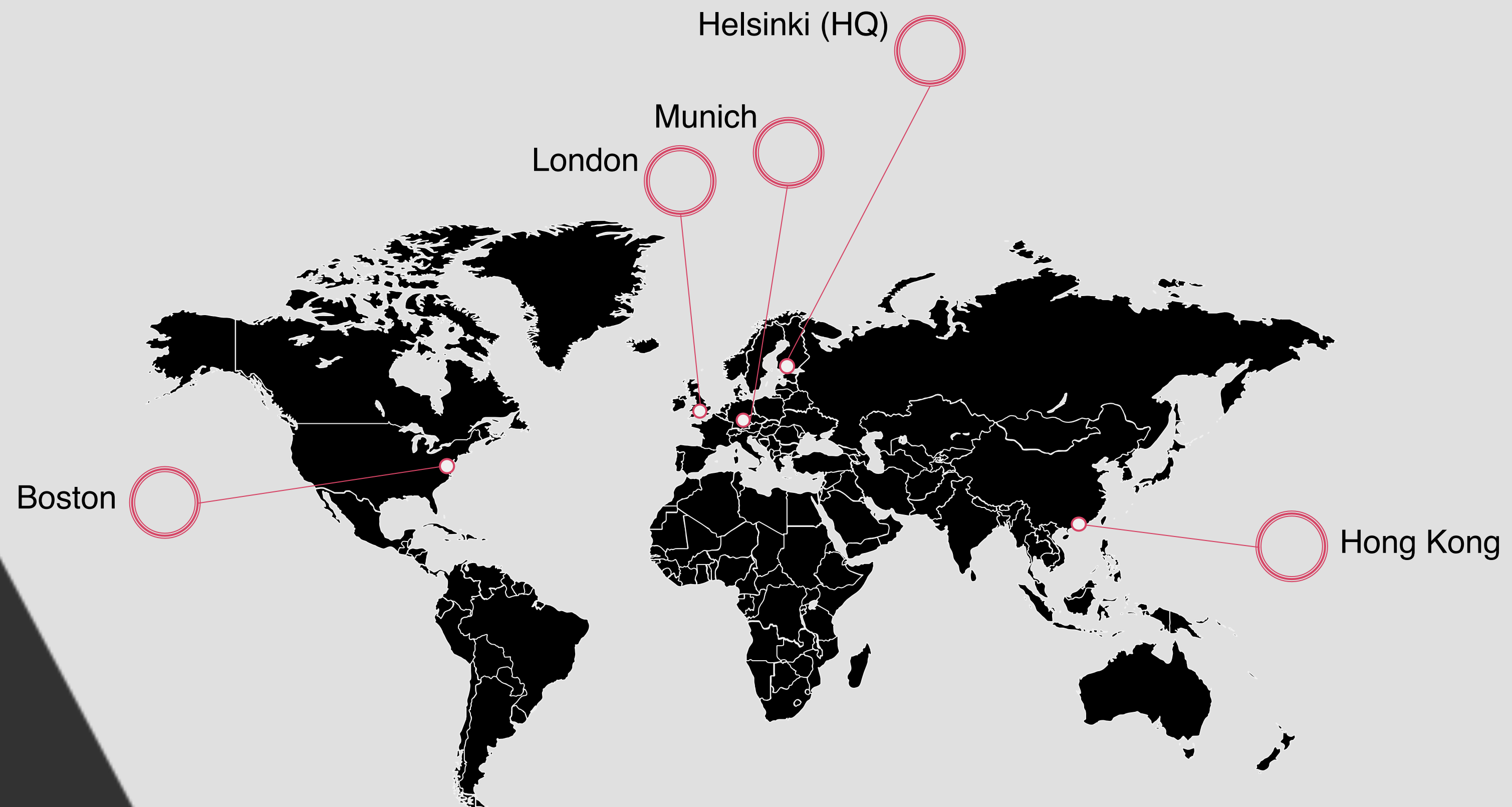
Q3 Financial Review

Q3/18 Financials

Key Figures

		Q3/17	Q4/17	Q1/17	Q2/18	**Q3/18**
Net Sales	M€	3.0	6.4	4.8	3.7	**3.4**
OPEX	M€	3.5	4.3	4.3	3.6	4.1
EBIT	M€	-0.8	1.4	0.1	-0.1	-0.8
	%	*-24.8*	*21.9*	*2.3*	*-2.5*	*-22.3*
Profit	M€	-0.9	1.3	0.0	0.0	-0.8
Personnel		84	80	81	85	80

Sales by region (M€)

Americas · APAC · EMEA · Global

Comments

Net Sales: increase of 13% vs. Q3/17

OPEX: 19% increase vs. Q3/17

EBIT: -0.8M€, flat vs. Q3/17

Profit: -0.8M€, 0.1M€ improvement over Q3/17

Negative EBIT mainly due to non-comparable items (patent litigation, Kyberleijona, accruals)

Comparable operating cost levels still sustainable

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Balance Sheet and Cash Position Remain Strong

		2015	2016	2017	Q3/2018 YTD
Balance Sheet	M€	21.8	21.8	23.2	**21.0**
Cash and Equivalents	M€	11.3	7.8	13.5	**11.5**
Cash Flow from Operations	M€	0.3	-8.1	1.3	**-1.5**
ROE	%	-40	-112	-21	**-6.1**
Equity Ratio	%	67	63	83	**86**
Gearing	%	-99	-95	-105	**-88**
Profit/loss per share	€	-0.15	-0.36	-0.09	**-0.04**
Equity per share	€	0.36	0.24	0.34	**0.33**

- Strong cash position
- Negative cash flow from operations
  - In addition to non-comparable items, a significant contributor to this is the renewal cycle of our recurring revenue base
- Balance sheet enables us to focus on execution of strategy
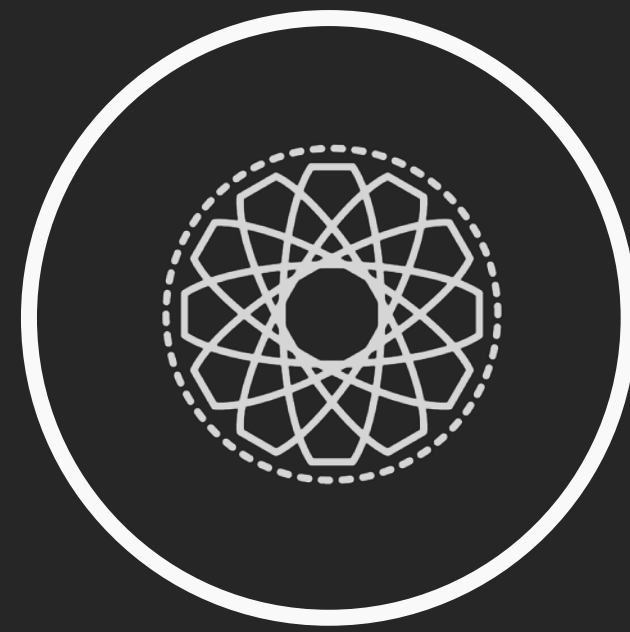
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Q3 Operations Review

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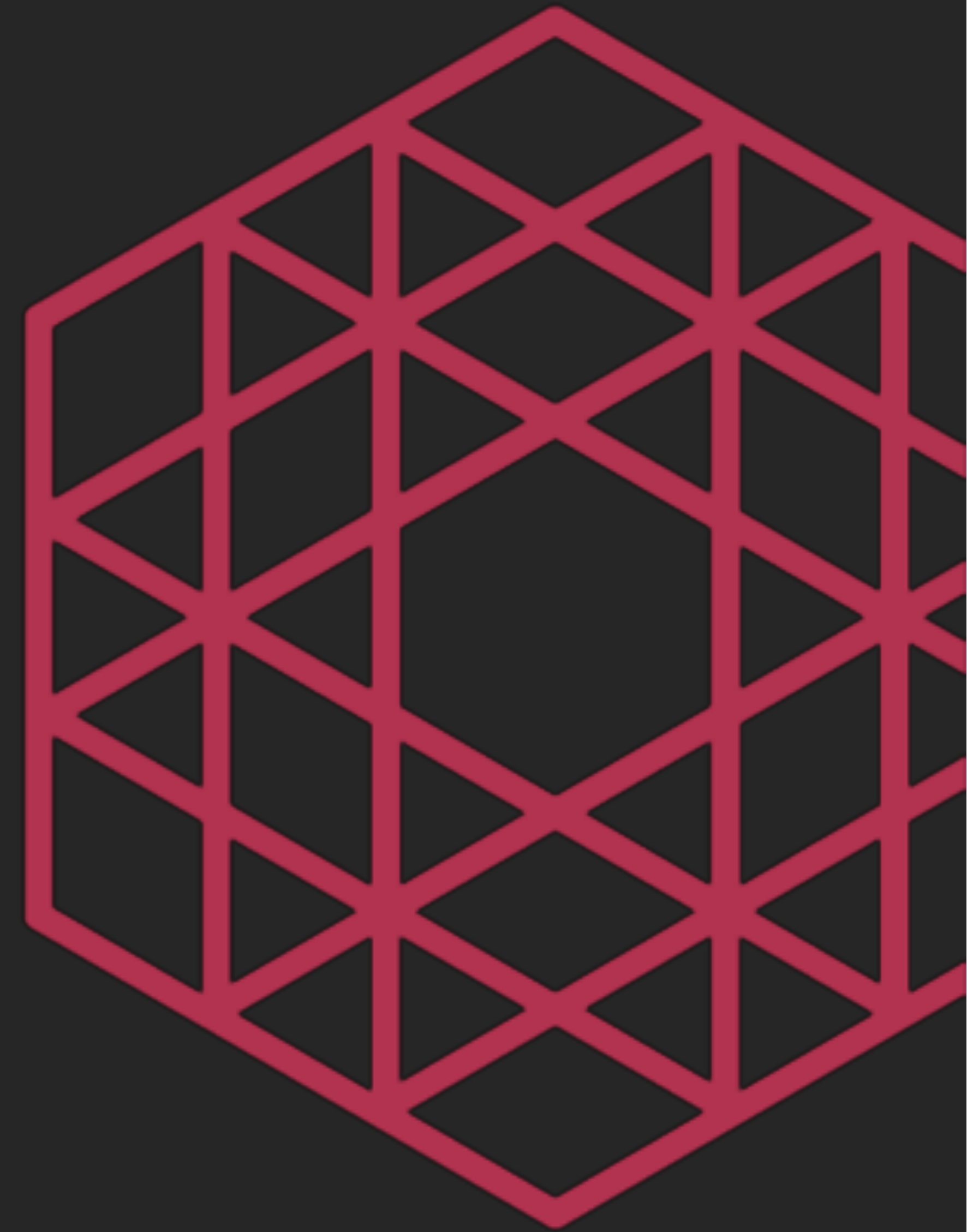
Key Operational Takeaways

01

Sales & Marketing

Robust pipeline and digital reach growth

02

R&D

New versions of all key products

03

PrivX

Increased focus on partnering

04

NQX

Joint venture finalized, intensi-fying customer engaments

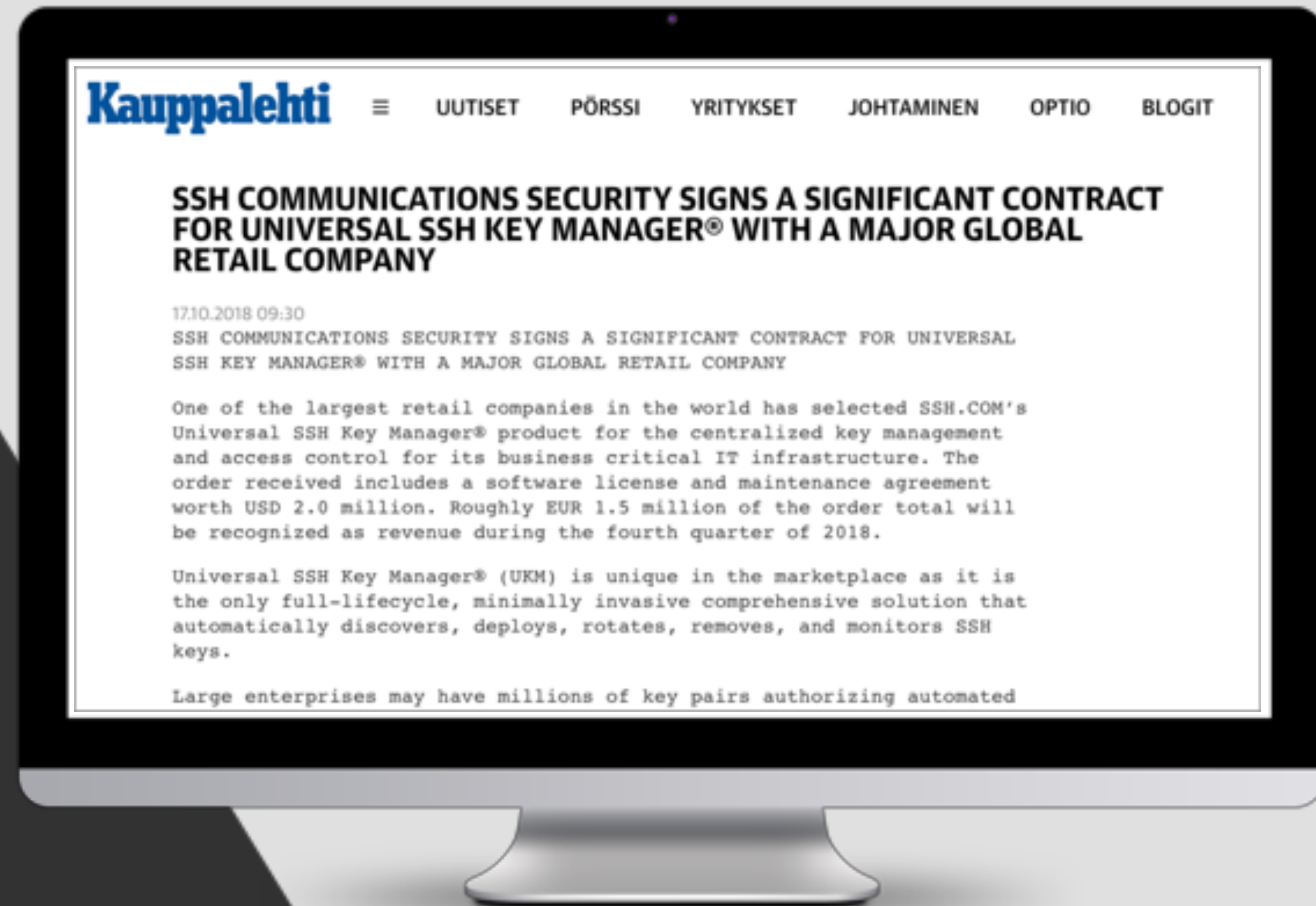**05**

Patents

UK Patent Dismissal appeal unsuccessful

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Major UKM Deal

A USD 2M license and maintenance deal with one of the largest retailers in the world.

Kauppalehti   ☰   UUTISET   PÖRSSI   YRITYKSET   JOHTAMINEN   OPTIO   BLOGIT

SSH COMMUNICATIONS SECURITY SIGNS A SIGNIFICANT CONTRACT FOR UNIVERSAL SSH KEY MANAGER® WITH A MAJOR GLOBAL RETAIL COMPANY

17.10.2018 09:30

SSH COMMUNICATIONS SECURITY SIGNS A SIGNIFICANT CONTRACT FOR UNIVERSAL SSH KEY MANAGER® WITH A MAJOR GLOBAL RETAIL COMPANY

One of the largest retail companies in the world has selected SSH.COM's Universal SSH Key Manager® product for the centralized key management and access control for its business critical IT infrastructure. The order received includes a software license and maintenance agreement worth USD 2.0 million. Roughly EUR 1.5 million of the order total will be recognized as revenue during the fourth quarter of 2018.

Universal SSH Key Manager® (UKM) is unique in the marketplace as it is the only full-lifecycle, minimally invasive comprehensive solution that automatically discovers, deploys, rotates, removes, and monitors SSH keys.

Large enterprises may have millions of key pairs authorizing automated

:::SSH.COM

Sales III

Partnership with Fujitsu

First major PrivX partnership with Fujitsu announced in October – first milestone in IDaaS and CSP partner direction.

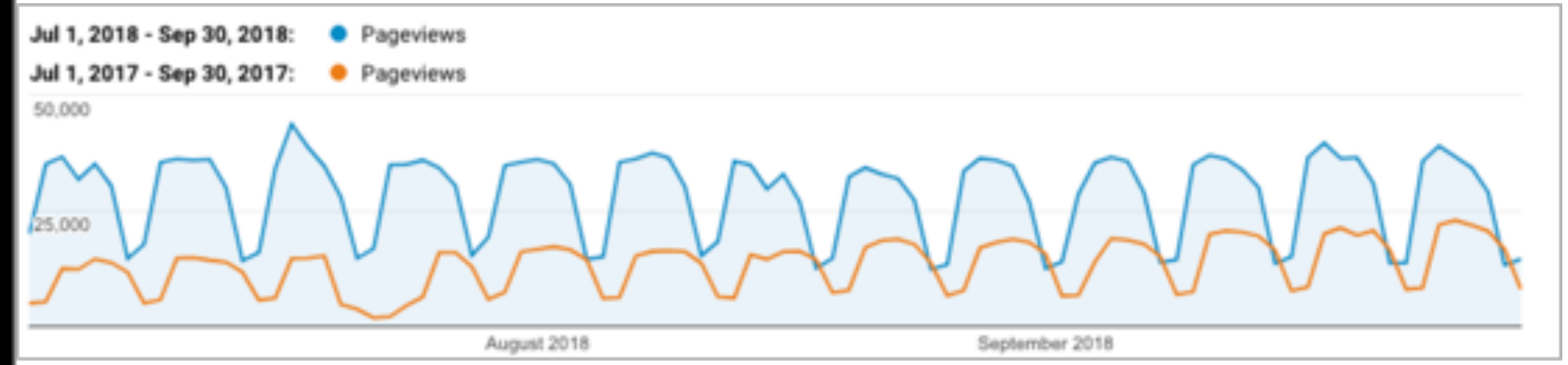**FUJITSU**

EMEIA | Change

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    > 2015

Fujitsu and SSH.COM Remove Password Challenge with Privileged Access-as-a-Service

Fujitsu EMEIA

News facts:
- Fujitsu integrates SSH.COM PrivX® Cloud Access Gateway with Identity-as-a-Service (IDaaS) offering
- Solves a major challenge for CIOs, replacing passwords with cost-effective, secure management of multiple access credentials – with nothing to lose or change
- Creates flexible, keyless, cloud-based, next-generation privileged access management as a consumption-based service

Munich, October 22, 2018 – Fujitsu today announces a new solution that removes the need for employees to manage multiple, individual passwords to access on-premises and cloud services, solving a major challenge for CIOs. Available immediately, Fujitsu has integrated SSH.COM's[1] PrivX Cloud Access Gateway within its Identity-as-a-Service (IDaaS) solution.
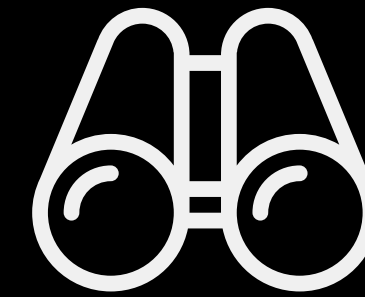
:::SSH.COM

Research and Development

Increasing the capabilities
We are continuing recruitment while
keeping a keen eye on costs.

Progress Throughout

New versions of all major products

New versions released
UKM, CrA, Tectia, and PrivX
with new versions during the quarter.

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PrivX® Business Program

Increased focus on partnerships

Signed agreement with Fujitsu; negotiating with several CSPs and IDaaS players.
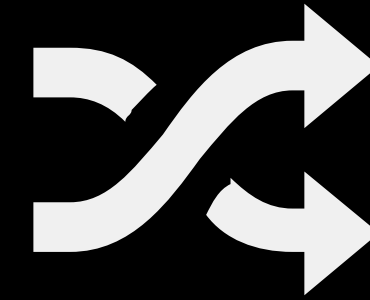
PrivX 4 nearing release

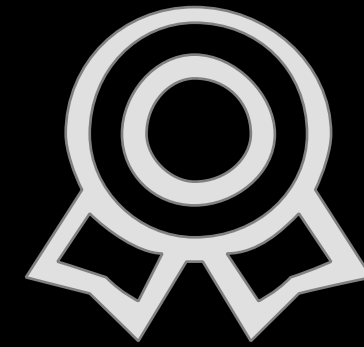Cool new features such as session recording and playback.

New Features; New Partners

Many new features released and about to be released. More focus on partner sales – first major announcement with Fujitsu.

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NQX™ Firewall Business

Joint venture transaction closed
The joint venture helps us close deals with Finnish government bodies.

Further development based on customer input
The certification and joint venture have allowed for closer cooperation and more customer-driven development. Further development resources hired.

Taking care of business
Adding resources; deepening discussions with customers.

Deepening discussions with customers
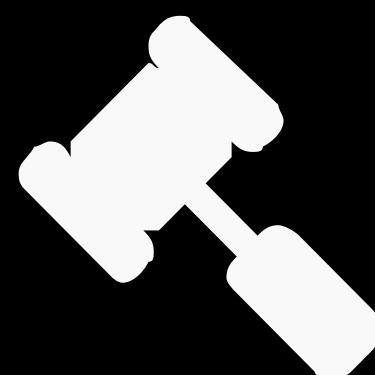Discussing and negotiating with several customers regarding tests and roll-outs.

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A Brief History of Cyber Security (and Our Place in It)

Simplified History of Cyber Security

Security Automation & Orchestration

Identity and
Access Management

SSH PrivX

Privileged Password
Management

Privileged Session
Management

SSH CryptoAuditor

Enterprise Key &
Certificate Management

SSH Universal Key Manager

Application Layer Security

Kerberos v4 Kerberos v5

SSH   SFTP

Telnet   *FTP (TCP/IP)*

SSH Tectia Client-Server

Transport Layer Security

OAuth - - - - - - - - → *OAuth 2.0*

SAML -▸ *SAML 2.0*

HTTPS   *SOAP*   *REST*

SSL 2.0 - -▸ *TLS 1.0* - - - - - - - - - → *TLS 1.1   TLS 1.2* - - - - - - - - - - - - → *TLS 1.3*

SSH Certifier

Network Layer Security

IPSec

SSH IPSec
Express Toolkit - - - - - → IKEv2

Next Generation
Firewalls

SSH NQX

| Encryption Algorithms & Standards | DES | RSA Diffie-Hellman | | X.509 PKI | | 3DES | AES | 1st MD5 collision | RSA-1024 transition | PQC | 1st SHA-1 collision |

| 1972 | 1975 | 1978 | 1981 | 1984 | 1987 | 1990 | 1993 | 1996 | 1999 | 2002 | 2005 | 2008 | 2011 | 2014 | 2017 |

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Simplified Market View

Market category: Identity & Access Management (USD ~10+ B)

SSH PrivX

Market category: Privileged Access Management (USD ~3 B)

SSH CryptoAuditor

Market category: Enterprise Key Management (USD ~2 B)

SSH Universal Key Manager

Market category: Secure File Transfer (USD ~1.5 B)

SSH Tectia Client-Server

Number of announced data breaches

Market category: Network Security (USD ~16.9 B)

SSH NQX

2005 2006 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

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But Remember: It Is A Marathon, Not A Sprint

I

II

III

IV

2017: Fix and Plan

We tackled the deepest systemic issues and started our transformation journey.

2018: Launch

Rebuilding sales and marketing, targeting new customer segments with a disruptive new offering.

2019: Grow

Scaling up, further strengthening the organization, and introducing new products and technologies.

2020 and beyond: Leverage

Leveraging our growth, continuing to disrupt the industry from a position of strength.

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Access Your Digital Core.