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# Deltagon Acquisition Update



# Safe Harbor Statement

The following information contains, or may be deemed to contain, forward-looking statements. These statements relate to future events or future financial performance, including, but not limited to, expectations regarding market growth and development as well growth and profitability of SSH Communications Security Corporation. In some cases, such forward-looking statements can be identified by terminology such as “expect”, “plan”, “anticipate”, “intend”, “believe”, “estimate”, “predict”, “potential”, or “continue”, or the negative of those terms or other comparable terminology. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree. All forward-looking statements included herein are based on information presently available to SSH and, accordingly, SSH assumes no obligation to update any forward-looking statements, unless obligated to do so pursuant to an applicable law or regulation.

Nothing in this presentation constitutes investment advice and this presentation shall not constitute an offer to sell or the solicitation of an offer to buy any securities of SSH or otherwise to engage in any investment activity.

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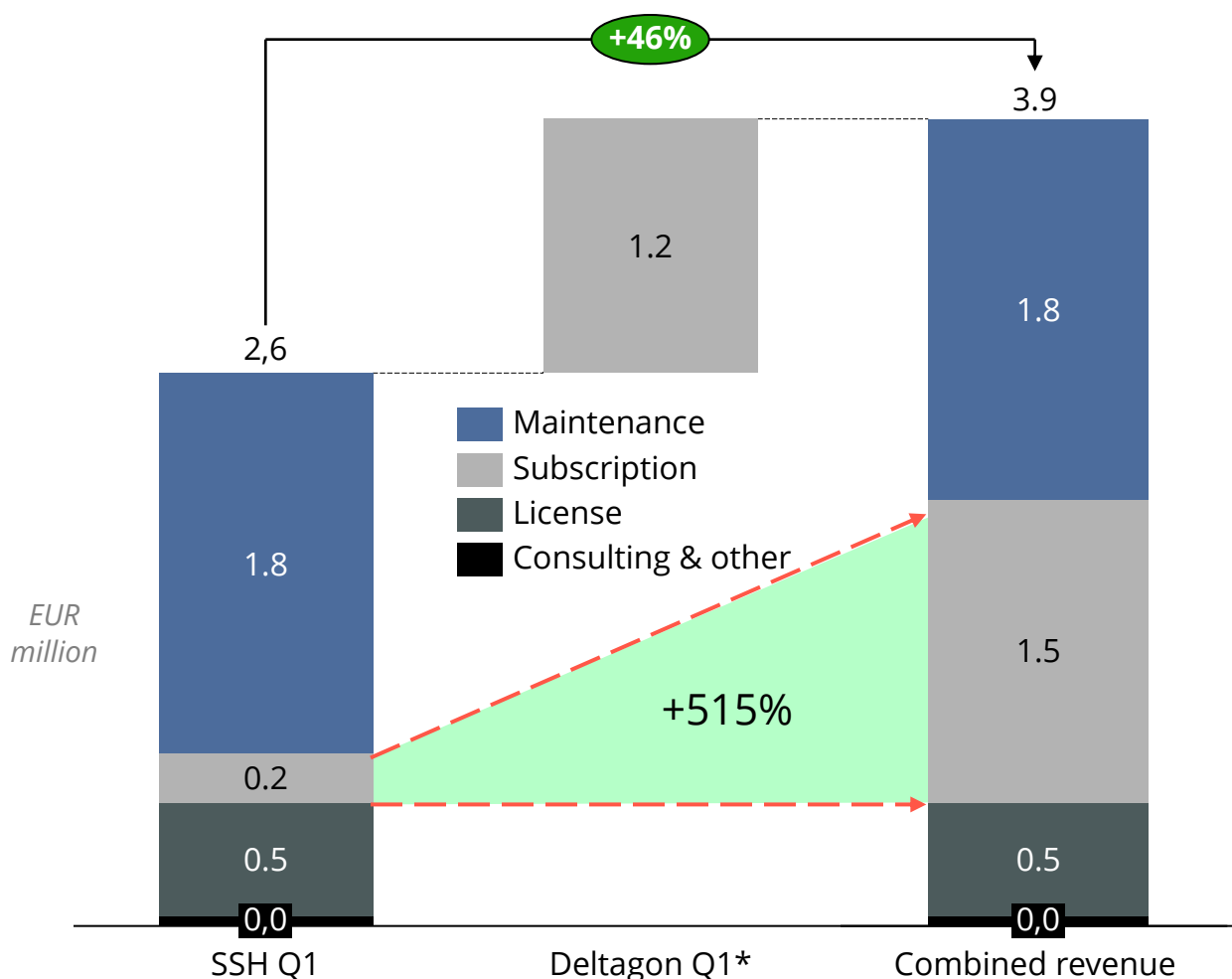


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# Pro forma Financial Simulation



# SSH & Deltagon Combined Pro forma Revenue for Q1/21 46% higher together



**Combined Net Sales:** Deltagon generated 1,2M€ of subscription revenue during Q1 2021. If consolidated to SSH group from the beginning of Q1 (deal signed in January) the consolidated revenue would have been 3,9M€, i.e. 46% higher than the reported revenue.

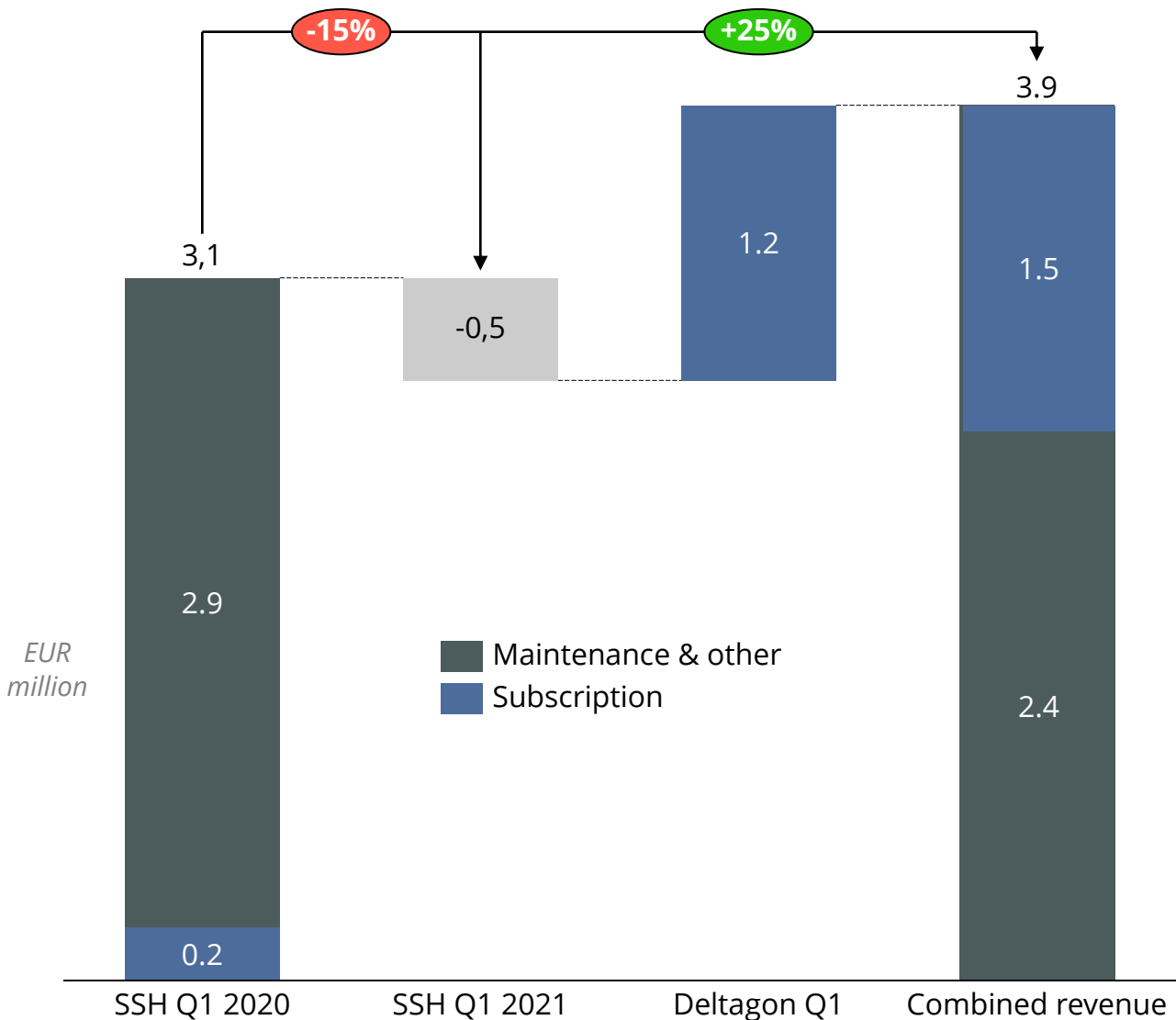
**Combined Subscription revenue:** Consolidation of Deltagon will mean that **SSH's subscription revenue would increase 515%** compared to the Q1 reported subscription revenue

## Deltagon's year started with strong performance:

- 130 new paying customers
- Second largest deal in Deltagon Sweden's history, done in the municipal sector
- Large public sector expansion in Finland
- Good performance in Norway
- Closed total contract value increased 44%

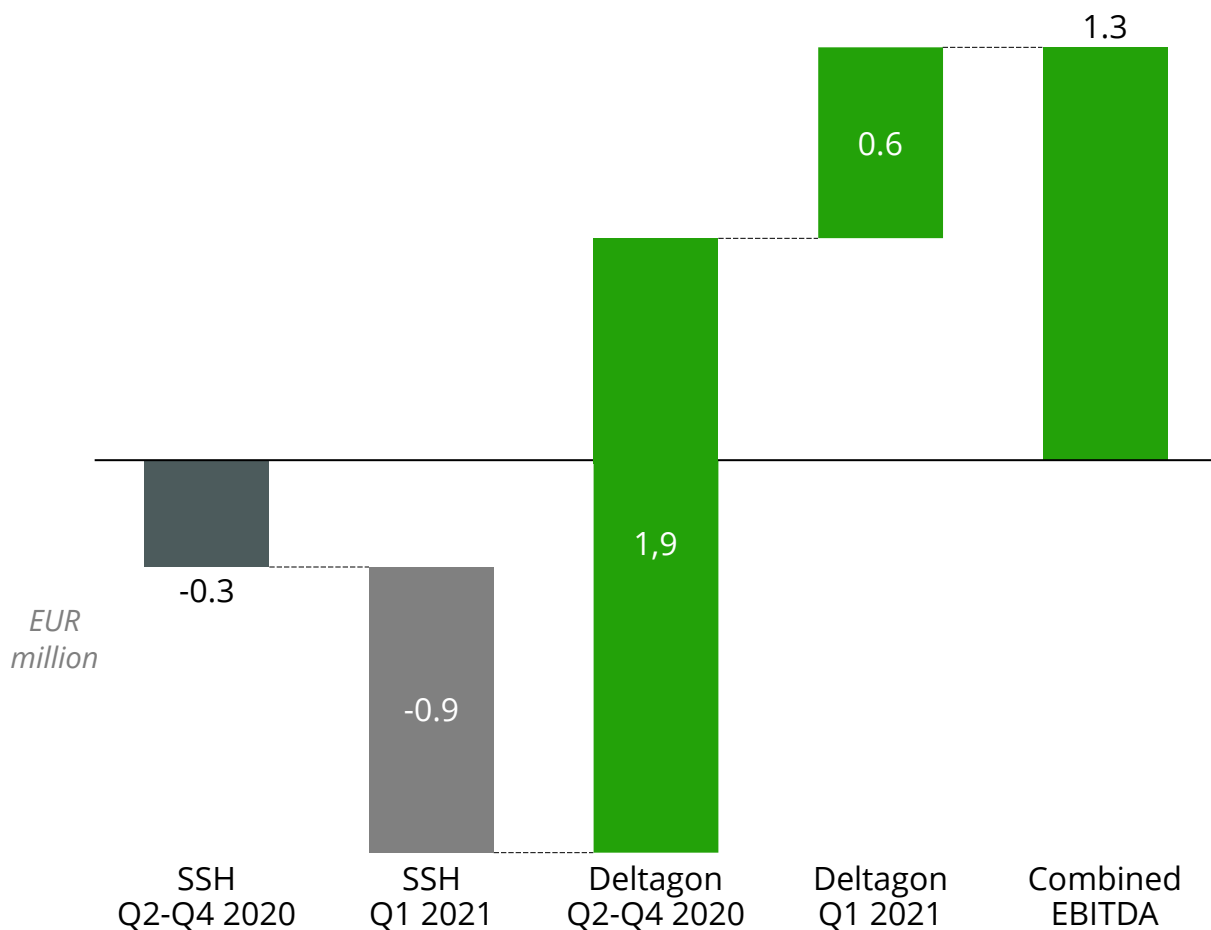
*\*Figures presented are based on non-audited accounts of Deltagon Oy. They have been prepared in accordance with the Finnish Accounting Act and the FAS standard and they have not been adjusted for IFRS. All figures are independently rounded.*

# Pro forma Revenue Q1/2020 vs Q1/2021 – together on solid double digit growth path



**Net Sales Year-on-Year Growth:** If consolidated to SSH group from the beginning of Q1, the consolidated reported revenue would be an increase of 25% in comparison to Q1 2020, instead of the reported -15%

# Clearly Positive Pro Forma Last 12 month (LTM) EBITDA

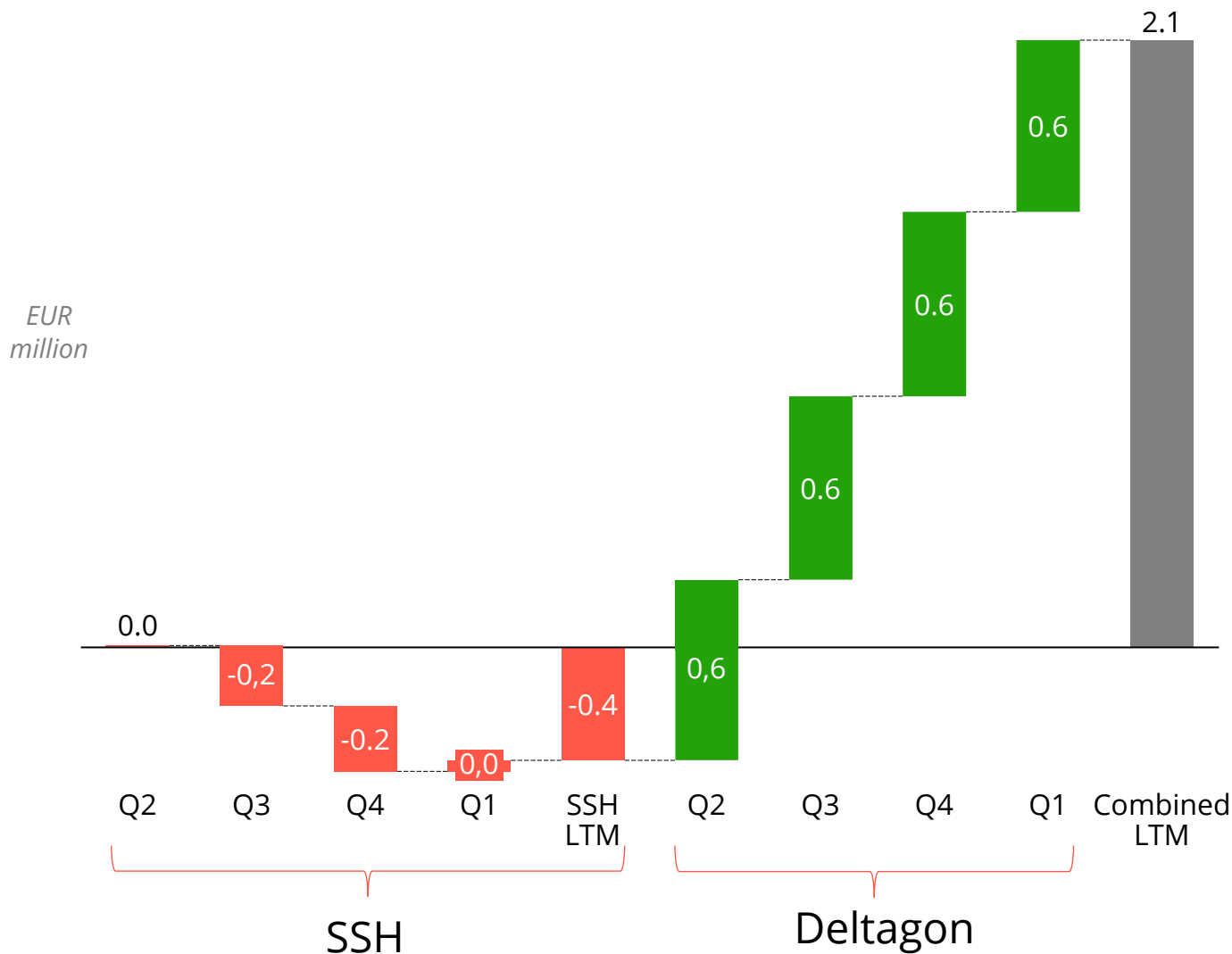


**EBITDA:** To illustrate the effect of Deltagon profitability we use LTM EBITDA which if consolidated would be 1,3M€

The consolidated group LTM EBITDA margin would be 11% vs -4% which was the reported SSH group EBITDA %

Growth investments which started in Q4 and continued in Q1 can be seen in the reported EBITDA of SSH, while Deltagon has proceeded profitably without major investments.

# Clearly Positive Pro Forma Last 12 month (LTM) Cash Flow From Operations



**Cash Flow From Operations (CFFO):** To illustrate the effect of Deltagon's ability to generate cash flow, we use LTM CFFO

The consolidated group LTM CFFO would be 2,1M€ vs -0,4M€ which was the reported SSH group CFFO

Deltagon generates a stable and strong operative cash flow

\* Suomen Erillisverkot Oy group allocations eliminated from Deltagon CFFO



# **SSH & Deltagon Synergies and how to optimize them**



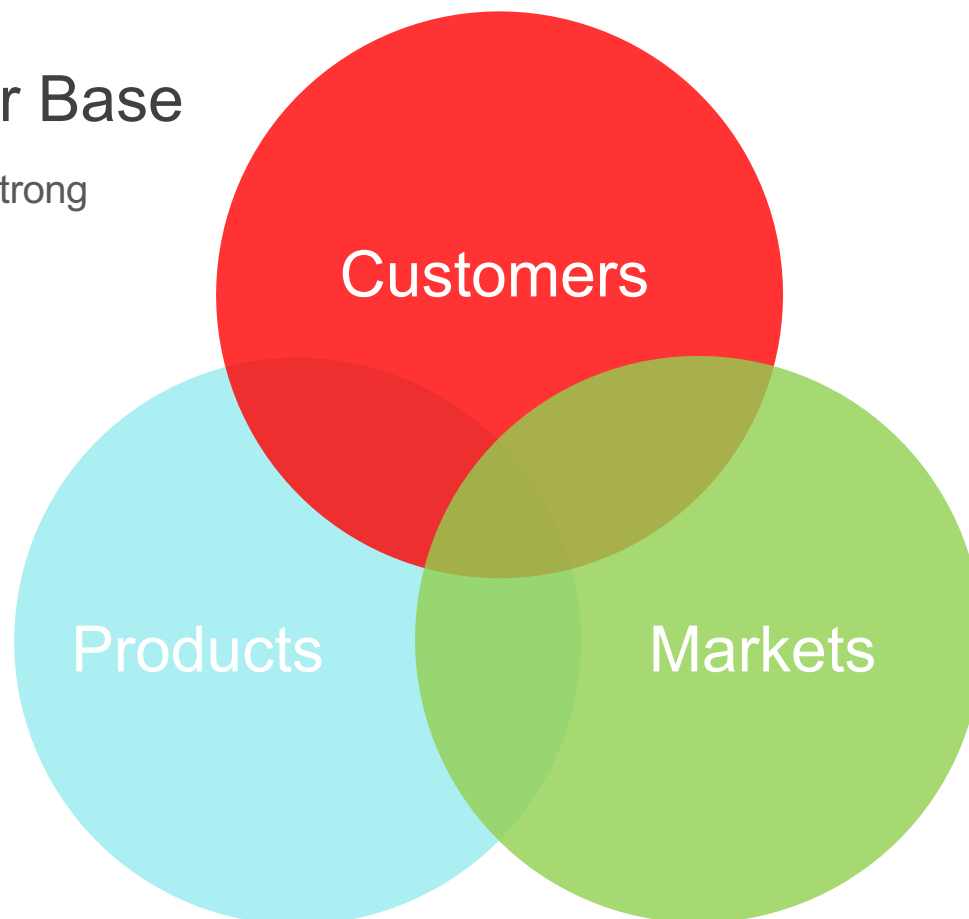
# SSH & Deltagon: Strong Complementary Assets

## Complementary Customer Base

Nearly 5000 customers combined with a strong base for cross-selling.

## Non-Competing Products

Our products have synergies but do not cannibalize each other. Joint portfolio is well balanced.



## Non-overlapping markets

Complementary focus and strengths; truly global reach together.

**Proud heritage of Finnish engineering + complementary skill sets**

# SSH & Deltagon: Sources of Synergy

**Synergies will help increase sales and boost efficiency**

## New markets & channels

- New markets for Deltagon products
- SSH gets better access to Nordic markets

- A larger portfolio helps SSH become a more strategic partner for enterprise customers and offer a wider range of solutions

More comprehensive portfolio

## Cross-selling

- Both companies get new customers for cross-selling
- The potential is considerable as there is little overlap in customer bases

- Deltagon IP increased SSH's Network Protection expertise

Stronger position with the Finnish government

## Increased marketing

- Deltagon has grown with very limited marketing
- SSH can offer increased marketing reach to Deltagon without increasing spending

- The larger combined R&D and support teams provide economies of scale and create flexibility

More skills and better utilization for R&D & support

# Optimizing the Synergies

**Integration will be fast, efficient, and synergies can be optimized quickly**

## New markets & channels

- Training sales teams to sell each others' products has been started
- Sales teams will be fully fluent with all products during Q2

- Key account managers are presenting the wider portfolio to strategic customers

More comprehensive portfolio

## Cross-selling

- First joint proposals have already been made

- We work to strengthen our position with the Finnish government
- We will use Deltagon's position with the Swedish government to crack that market

Stronger position with the Finnish government

## Increased market coverage

- Combined Marketing
- Utilization of SSH's marketing

- Integrated support teams for scale and flexibility

More skills and better utilization for R&D & support



# **Update on the cryptographic products and services agreement announced in December 2020**



# Road to this point

**SSH has  
invested  
several millions  
of EUR into  
developing a  
state-of-the-art  
solution for  
network  
encryption**



## Success

- EUR 20 million light-house customer contract won
- SSH's technological capabilities validated in perhaps the most demanding area of cybersecurity: cryptography
- SSH has been given the vote of confidence as the cryptographic solution provider for critical applications



## Next steps

- The large contract is only the first environment for which we have been selected to deploy the network encryption
- There are several similar governmental customers in Finland and this key lighthouse customer is expected to open doors to them as well

# The cryptographic products and services contract is progressing

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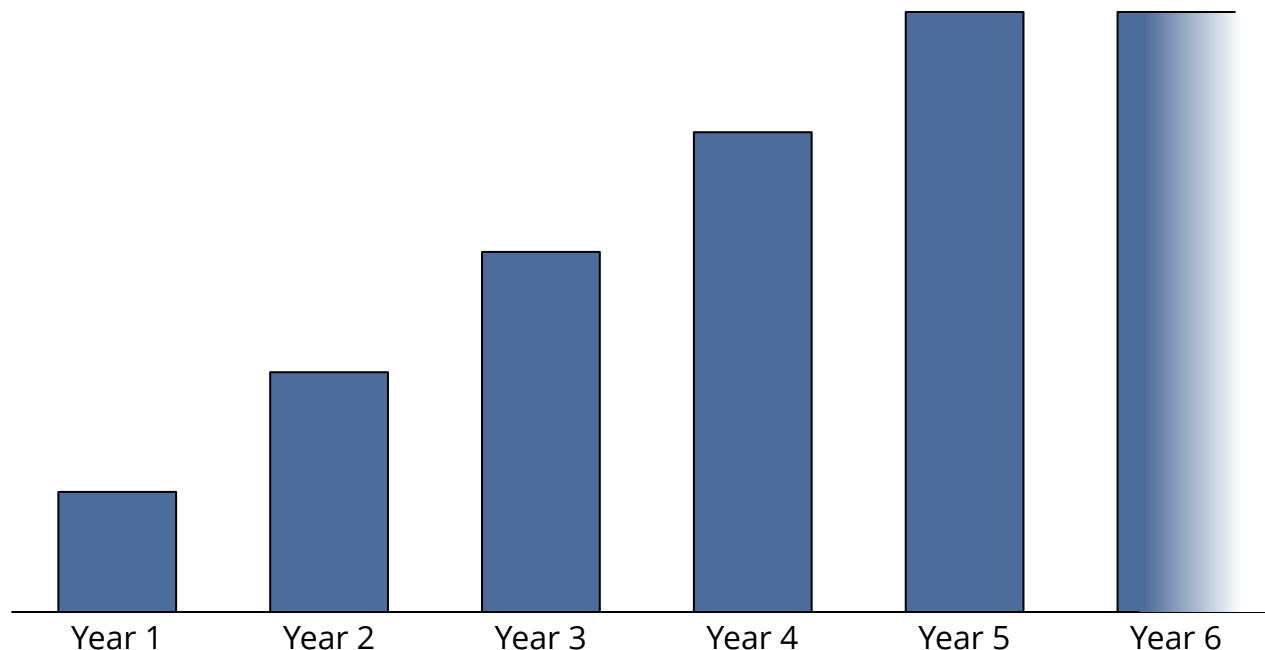
**The value of the agreement, if fully exercised and including all options, will be approximately EUR 20 million.**

- The implementation of the contract has been delayed for reasons outside of SSH's control
- The contract outline and duration are still unchanged, and activities are starting with training and deployment of test environments
- Scope will start growing gradually but we expect meaningful business volume during H2
- The multi-year contract is subscription-based and revenue will be booked over several years

# Predictable revenue stream via subscription-based agreement

**In a subscription model, each subsequent year will have the previous year's revenue as baseline**

**The initial contract value is up to EUR 20 million, but the faster the rollout, the greater the potential for SSH**



*Illustration*



# Overall outlook for 2021



# Guidance for 2021 Remains Unchanged

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**Significant growth,  
positive EBITDA and cash  
flow from operations**

We expect our **net sales to increase significantly during 2021**.

We are accelerating our transition from license and support services sales to a recurring-revenue business model, which we expect will provide more stable revenue in the long term.

Even though the growth strategy will require operational investments, we estimate EBITDA and cash flow from operations to be positive for 2021.

# Both overall and organic growth will be strong

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**We expect growth from both businesses already in Q2**

- Deltagon has grown at a steady 16% p.a. for the past years without the SSH synergies
- Both Deltagon and SSH pipelines are strong
- We expect growth from both businesses in Q2 but the synergies will have a larger effect in H2



# Q&A