



 **SSH**

**Annual Report 2023**

## SSH Communications Security —

# Biometric. Passwordless. Keyless. Borderless. Defensive Cybersecurity with Quantum-Safe Encryption.



**Since the release of the SSH protocol to Open Source and the creation of the company in 1995, SSH has played a pivotal role in securing internet connections worldwide. Today, we stand by our customers as they embark on their IT journeys, leveraging modern cryptography technologies to safeguard their critical and sensitive data as it migrates from data centers to cloud environments and into the post-quantum era.**

Trusted by some of the world's largest banks, retailers, and manufacturers, as well as public safety and military organizations, SSH has earned the trust of major European, US, and Asian government offices and leading financial institutions and banks.

SSH specializes in cybersecurity. We provide tighter access controls, secrets management, and communication security across human, network, and system interfaces.

SSH is dedicated to helping execute defensive cybersecurity strategies and mitigating the most significant risks. Our solutions are not only proven in use but also future-proof, ensuring that our customers remain secure in an ever-evolving threat landscape.

**Biometric.  
Passwordless.  
Keyless.  
Borderless.**

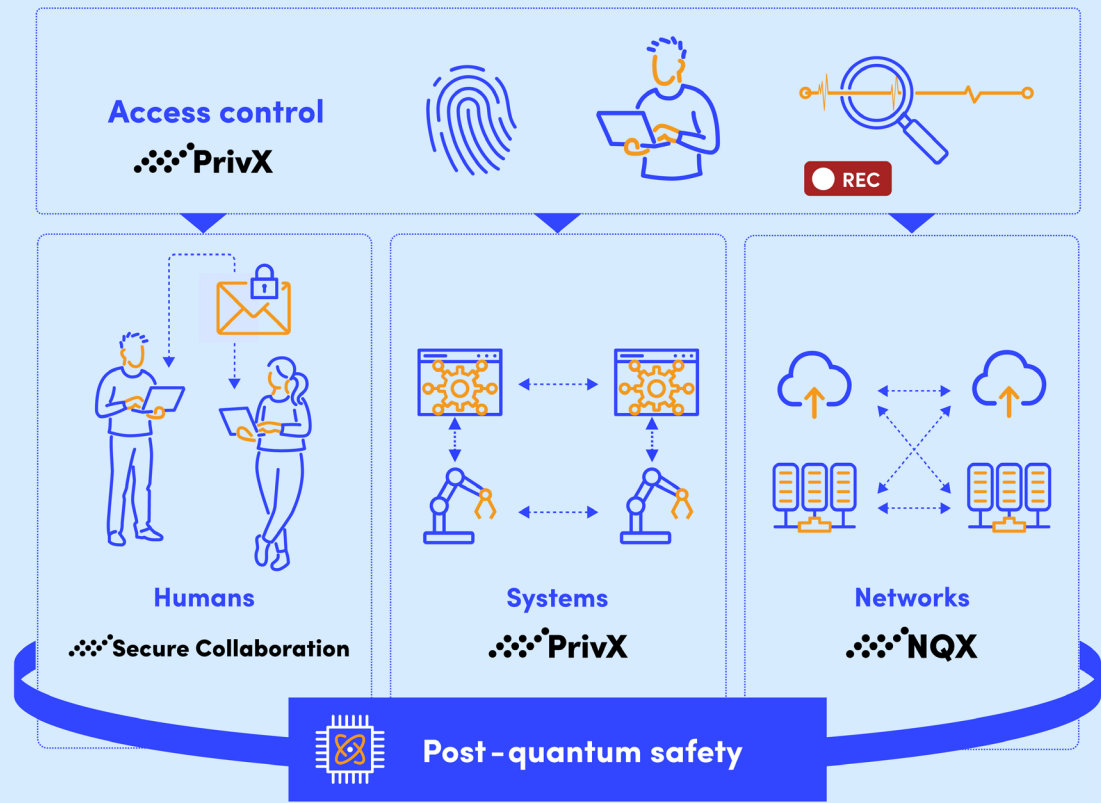
**We secure communications between  
humans, systems, and networks.**

**SSH** | Zero Trust Suite

**Zero Trust Access control.  
Secure connections.  
Human collaboration.**

**Biometric.  
Passwordless.  
Keyless.  
Borderless.**

**Defensive cybersecurity.**



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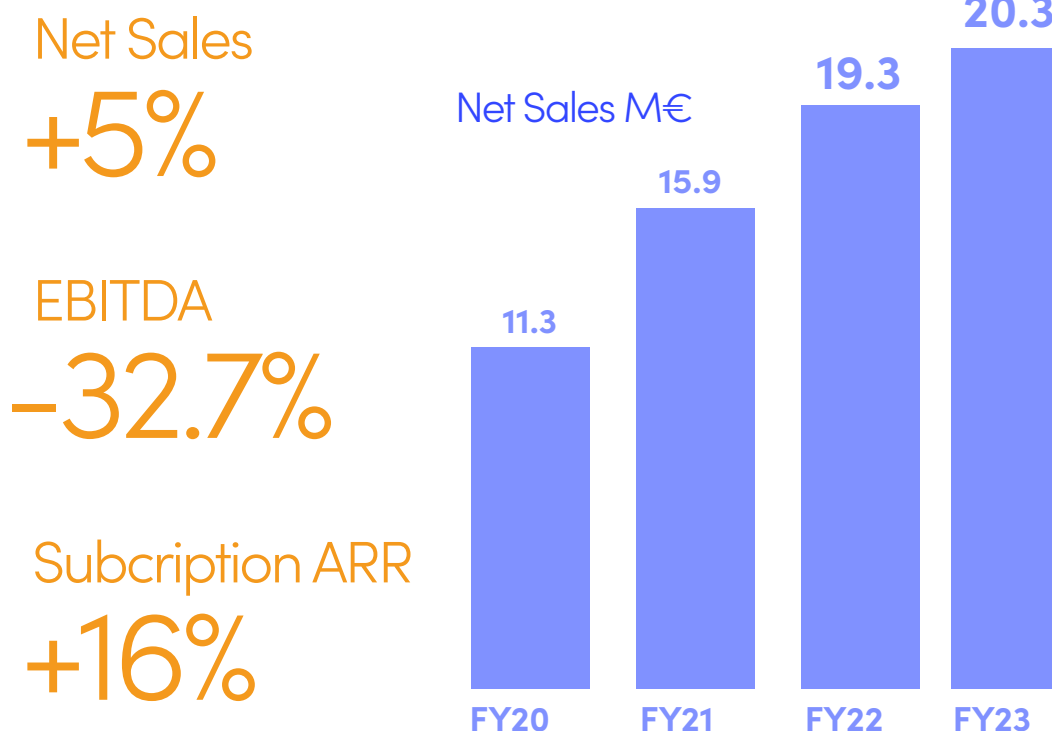
## 2023 KEY FIGURES

SSH succeeded in several initiatives during 2023, withstanding lower license sales in Q4, affecting our financial results.

During 2023, we completed our transition towards a recurring revenue business model, delivering cutting-edge and forward-looking solutions to prominent multinational enterprises, with a growing emphasis on subscription-based offerings.

Deferred revenue decreased by 11% to EUR 12.6 million, due to a reduction in the invoicing of a multi-year subscription and some maintenance contracts.

Subscription Annual Recurring Revenue (ARR) grew by 16% to EUR 11.5 million, and Total Annual Recurring Revenue grew by 5%, reaching EUR 19.3 million.



KEY FIGURES		FY20	FY21	FY22	FY23
Net sales	M€	11.3	15.9	19.3	20.3
EBITDA	M€	-0.4	1.1	2.7	1.8
	%	-3.5%	7.0%	13.9%	8.9%
Operating profit	M€	-2.5	-1.5	-0.4	-1.6
	%	-22.1%	-9.6%	-2.3%	-8.1%
Profit	M€	-3.1	-2.3	-0.6	-2.3
Personnel		94	122	144	158

# CEO Letter



**“The successful transition to a recurring revenue business model was a significant milestone in our progression. This strategic shift not only bolsters the stability and predictability of our revenue streams for the future but also emphasizes our dedication to delivering enduring value to our customers.”**

## DEAR VALUED CUSTOMERS, SHAREHOLDERS, PARTNERS, AND COLLEAGUES,

Reflecting on the past year, I am pleased to share the important milestones of SSH Communications Security Corporation’s journey in 2023. Despite the challenging economic environment and cautious investment landscape, we delivered a solid performance, showcasing our resilience and adaptability. Our net sales demonstrated consistent growth, reaching EUR 20.3 million by the close of Q4, marking a 5% increase compared to the previous year.

The successful transition to a recurring revenue business model was a significant milestone in our progression. This strategic shift not only bolsters the stability and predictability of our revenue streams for the future but also emphasizes our dedication to delivering enduring value to our customers. Notably, our Subscription Annual Recurring Revenue (ARR) grew by 16% to EUR 11.5 million, showcasing the robustness of our subscription-based revenue model.

Throughout 2023, we continued our significant investments in research and development by updating our entire product portfolio. The introduction of the PrivX Zero Trust Suite in the second quarter, leveraging modern cloud-native technology, marked a significant stride in our endeavor to offer comprehensive, integrated cybersecurity solutions to our customers and move away from point solutions. Introducing a modern Zero Trust model with biometric, passwordless, keyless, and borderless capabilities helps customers get rid of all static passwords and keys. In the fourth quarter, we further fortified our Zero Trust Suite and PrivX as robust bolt-on solutions for the Microsoft Entra product family, laying the groundwork for continued advancements in 2024 in the larger IAM (Identity and Access Management) market.

Furthermore, our unwavering mission to secure communications for & between humans, sys-

tems, and networks led to the launch of the Secure Messaging solution, which empowers organizations to communicate securely through encrypted and auditable channels with proper data sovereignty. Emails are a legacy, and chat and video calls are the future, but both need to be encrypted and trackable, auditable, and with proper records.

Throughout the year, we expanded our customer base, acquiring new clients ranging from small and medium-sized enterprises to Fortune 500 listed companies. Our offerings tailored to financial services and operational technology (OT) clients received widespread acclaim, particularly in the EMEA and APAC regions.

Our commitment to technological excellence garnered recognition within the industry. We were privileged to join the esteemed US National Institute of Standards and Technology (NIST) Post-Quantum Cryptography Building Block Consortium, paving the way for quantum-safe solutions on a global scale. Additionally, SSH was distinguished as the overall product leader in KuppingerCole’s leadership Compass on Cloud Infrastructure Entitlement Management (CIEM) software products in 2023, particularly for our privileged access management solution PrivX.

Looking ahead, I am filled with optimism and enthusiasm for the opportunities that lie ahead. Our primary focus is now on enhancing the company’s profitability and growth by increasing awareness of and demand for our products and attaining recognition within our target groups.




**Rami Raulas, Interim CEO**

# THE STRATEGY 2023

During 2023, we undertook a comprehensive overhaul of our entire product portfolio, investing heavily in research and development. In Q2/23, we launched SSH Zero Trust Suite, combining SSH's proven-in-use communications security products into a modern passwordless, keyless, and borderless ecosystem solution.

Furthermore, we introduced SSH Secure Collaboration 2024, a cutting-edge solution for secure human-to-human communications. With modules designed to facilitate the sharing of private and sensitive data through email, calls, video calls, instant messaging, and on-demand data sharing, Secure Collaboration 2024 represents a significant leap forward in ensuring secure collaboration within and beyond organizational boundaries.

Our transition to a subscription-based model has been successful, safeguarding our long-term growth trajectory. We continue to influence the Identity and Access Management (IAM) market by delivering innovative and future-proof technologies based on the subscription model.

IMPLEMENTATION ACTIVITIES	ACTIVITIES AND RESULTS
 <p><b>FROM POINT PRODUCTS TO SOLUTIONS</b></p>	<p>The introduction of the SSH Zero Trust Suite combines all of our best-of-breed products under one suite.</p>
 <p><b>EXPANDING FROM SECURE SYSTEM COMMUNICATIONS TO NETWORK AND HUMAN ASPECTS</b></p>	<p>Launch of Secure Messaging 2024, a secure solution for business communications, offering end-to-end encryption, regulatory compliance, auditability, data sovereignty, and integration with other SSH products.</p>
 <p><b>CONTINUING TO STRENGTHEN OUR SALES AND MARKETING</b></p>	<p>We continued to strengthen marketing and sales efforts, particularly by enhancing content production and delivering tailored content to meet customers' needs throughout the buyer's journey.</p>
 <p><b>PARTNERING ECOSYSTEM WITH UPSTREAM AND DOWNSTREAM PARTNERS AND OPEN-SOURCE ECOSYSTEM</b></p>	<p>We've systematized partner communication, interaction, and collaborative initiatives, fostering greater synergy and alignment in our joint activities.</p>
 <p><b>TRANSITION TO A SUBSCRIPTION-BASED MODEL</b></p>	<p>Successfully transitioned to a subscription-based model, ensuring a seamless shift towards recurring revenue streams and enhanced customer engagement.</p>

**PROVEN IN-USE AND FUTURE-PROOF**

**Mission**

We secure communications between systems, automated applications, and people.

**Guiding principles**

1. Closer to customers
2. Profitable growth
3. Operational excellence

**Vision**

We strive to build future-proof and safe communications for businesses and organizations to grow in the digital world.

**Values**



Customer orientation



Speed & Agility



Growth



Accountability



Cooperation

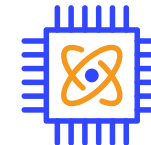
**Solutions**



Passwordless and keyless Zero Trust Security (ZT) solutions



Access Management for Operational Technology (OT)



Quantum-Safe Encryption (QS)



# BOARD OF DIRECTORS

In the 2023 Annual General Meeting, the following members were elected for the Board of Directors: Henri Österlund, Kai Tavakka, Sampo Kellomäki, Christian Fredrikson, and Catharina Candolin.



## HENRI ÖSTERLUND

b. 1971, M.Sc. Economics  
Chairman of the Board

At the organizing meeting of the Board of Directors after the Annual General Meeting, Henri Österlund was elected as the Chairman of the Board of Directors.

Fredrikson, Kellomäki, and Candolin are deemed to be independent of the company and of the significant shareholders of the company.

Österlund and Tavakka are deemed independent of the company.

The company's CFO acts as secretary to the Board Due to the election of the Board of Directors as described in above, the majority of the Board members are considered independent of the company.

Member of the board of directors, Sampo Kellomäki, passed away from a serious illness on 16 May 2023. Board of Directors continued with four members.

Henri Österlund is an expert of international investing and funding. He is the founder of Accendo Capital fund and a partner of the managing company. Accendo Capital creates shareholder value through active ownership. Previously, Österlund has served as a Partner of Conventum Corporate Finance, a Partner of Triton Private Equity investment fund in London, and as an Analyst at Doughty Hanson Private Equity fund in Stockholm.

In addition to SSH board, he is a board member at Remedy (publ) and Doro AB (publ).

Henri owns 148,595 SSH shares (including the controlled companies). He has no option rights.



## KAI TAVAKKA

b. 1986, M.Sc. Economics,  
CFA  
Board Member

Kai Tavakka is a partner at Accendo Capital Management which manages the Accendo Capital fund. He has been working in the firm since 2012. Kai has a strong background and knowledge on corporate finance, for example from PCA Corporate Finance and Danske Corporate Finance. In addition, Tavakka is a member of the Board of Directors at Careium AB.

Kai owns 5,480 SSH shares (including the controlled companies). No option rights.



## SAMPO KELLOMÄKI

b. 1967, M.Sc (Computer  
Science)  
Board Member

Sampo has founded two software startups, Symlabs SA (identity management and directory services), Synergetics SA (privacy and personal data management). He has also been an angel investor and director in other startups.

He has a strong background in cryptography, credential management, identity management, and privacy. Sampo has contributed to identity management and identity federation standards and contributed to several cryptographic protocol implementations. Sampo has acted as Chief Technology Officer (CTO) and leader of architecture and development in various companies. Sampo holds a Master of Science degree in Computer Science from Helsinki University of Technology (currently Aalto University).



## CHRISTIAN FREDRIKSON

b. 1964, M.Sc Technology  
Board Member

Christian is a long-term investor and board professional. He has wide and diverse experience on internationalizing sales of developed technologies (mobile networks and fixed networks, cybersecurity cloud services, companies' cloud services, and biometrics) as well as growing companies. Christian has previously worked as CEO at Fingerprint Cards and F-Secure and in many managerial roles at Nokia Networks and Nokia Siemens Networks, where he worked, for example, as Head of the Asia Pacific Region, Head of Switching Business Unit, and Head of Sales, and also lived in Asia for over 10 years. Additionally, he is a board member of Remedy Entertainment and an advisor at Edge Venture Capital.

Christian owns 10,000 SSH shares. No option rights.



## CATHARINA CANDOLIN

b. 1977, PhD Technology  
Board Member

Catharina is a cyber security and defence expert currently working at OP Group. Previously, she has worked at the Finnish Defence Forces in different positions, for example, as Section Chief of the Cyber Defence Section. Additionally, she has worked as a Policy Advisor at NATO HQ in Brussels. Catharina has been awarded with the Medal for Military Merits in 2015 and The Knight First Class of the Order of the Lion of Finland in 2020. Prior to that, Catharina has worked in academia and in private sector companies. She is an active public speaker. She holds a Doctorate Degree (PhD) from Helsinki University of Technology (currently Aalto University). She studied her minor at the National Defence University of Finland.

Catharina owns 144 SSH shares. No option rights.

# EXECUTIVE MANAGEMENT TEAM December 31, 2023



## TEEMU TUNKELO

b. 1961, M.Sc. Engineering,  
PhD in Economics

Chief Executive Officer

Teemu Tunkelo is an international business leader who has served major companies, such as Voith, Siemens, ABB, Invensys, and Compaq, in global management and technology leadership roles for 25 years in Zurich, London, Munich, Helsinki, and Cleveland (Ohio). His prior experience also includes being CEO of Enfo (prev. Tietosavo), a software company of 300 people, and a board member at Nixu, the largest cybersecurity consulting company in Finland. At Voith, he created Voith digital solutions, a 2000-person strong business that combines IT, automation, and digital solutions. Teemu holds a Master of Science degree from Helsinki University of Technology (currently Aalto University) in Finland and a Doctor of Philosophy degree from the University of Lausanne in Switzerland.

Teemu owns 631,408 shares and has 100,000 option rights.



## MICHAEL KOMMONEN

b. 1982, M.Sc. Economics

Chief Financial Officer

Michael is a seasoned finance leader with a background in financial management, controlling, and analyst roles in several global companies. He has worked in various roles in major companies, including AbbVie, Novo Nordisk, Oriola, and Schindler.

He holds a Master of Science degree in economics from Hanken School of Economics in Helsinki.

Michael owns 5,000 shares and has 50,000 option rights.



## RAMI RAULAS

b. 1961, M.Sc. Economics

Vice President, Sales

Rami is an experienced sales professional who has had multiple managerial roles in sales, marketing, and product control in international companies. He has successfully developed and led many regional and international sales teams for different companies, resulting in significant growth in sales and increased customer satisfaction. He has strong experience from go-to-market strategies and execution, as well as controlling channel sales. Rami has been in managerial positions at Nokia, ICL, Fujitsu, and Ahlström. Rami has a Master's degree in Economics from Aalto University.

Rami does not own SSH shares but has 170,000 option rights.

Niklas Nordström left SSH and the Executive Management Team on January 4th, 2023. Michael Kommonen was appointed to replace him as the CFO and as a member of the Executive Management Team starting on March 1st, 2023.

Teemu Tunkelo left his position as the CEO and the Executive Management Team on February 26th, 2024. The Board of Directors has appointed Rami Raulas as interim CEO of the company. The recruitment process for a new CEO has been initiated.

CTO Miikka Sainio was appointed as a member of Executive Management Team starting on 1 March 2024.

# Financial Statements 2023

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# Report of the Board of Directors for 1 Jan – 31 Dec 2023

NET SALES EUR million	10-12/ 2023	7-9/ 2023	4-6/ 2023	1-3/ 2023	1-12/ 2023	10-12/ 2022	1-12/ 2022
BY GEOGRAPHICAL SEGMENT							
AMERICAS	2.2	1.9	1.9	1.8	<b>7.8</b>	1.8	7.0
APAC	0.4	0.5	0.3	0.3	<b>1.5</b>	0.3	1.5
EMEA	2.9	2.8	2.7	2.7	<b>11.0</b>	3.7	10.8
<b>Total</b>	<b>5.5</b>	<b>5.2</b>	<b>4.9</b>	<b>4.8</b>	<b>20.3</b>	<b>5.8</b>	<b>19.3</b>
BY OPERATION							
Subscription sales	2.9	2.9	2.7	2.6	<b>11.1</b>	2.5	8.7
License sales	0.4	0.2	0.2	0.2	<b>0.9</b>	1.1	1.9
Maintenance sales	1.9	2.0	1.9	1.9	<b>7.8</b>	2.1	8.2
Professional services & others	0.3	0.1	0.1	0.1	<b>0.6</b>	0.1	0.4
<b>Total</b>	<b>5.5</b>	<b>5.2</b>	<b>4.9</b>	<b>4.8</b>	<b>20.3</b>	<b>5.8</b>	<b>19.3</b>

## NET SALES

Consolidated net sales for January–December totaled EUR 20.3 million (EUR 19.3 million), an increase of 5.4%, year on year.

The majority of SSH Communications Security's invoicing is U.S. dollar based. During the financial year, the average exchange rate of the euro against U.S. dollar strengthened by 2.6% compared to 2022. With comparable exchange rates, the net sales increase in 2023 would have been 6.7% compared to 2022.

## PROFIT AND PROFITABILITY TRENDS

Operating loss for the financial year amounted to EUR -1.6 million (EUR -0.4 million), with net loss totaling EUR -2.3 million (EUR -0.6 million).

Sales, marketing, and customer support expenses amounted to EUR -9.4 million (EUR -8.8 million), while research and development expenses totaled EUR -7.9 million (EUR -7.2 million) and administrative expenses EUR -4.8

million (EUR -5.1 million). Operating expenses increased by 5% compared to the previous year.

## BALANCE SHEET AND FINANCIAL POSITION

The financial position of SSH Communications Security was adequate during the financial year. The consolidated balance sheet total on December 31, 2023 stood at EUR 31.4 million (EUR 38.1 million), of which liquid assets accounted for EUR 2.2 million (EUR 5.7 million), or 6.9 % of the balance sheet total. In addition, the company had EUR 1.5 million of short-term liquid investments. Interest-bearing debts were EUR 1.2 million at the end of the financial year (EUR 1.7 million). Interest-bearing liabilities decreased by EUR -0.5 million from December 31, 2022 due to repayments of the premium loan raised from ELO mutual pension insurance company. Interest-bearing liabilities include a premium loan from ELO mutual pension insurance company for EUR 1.2 million. On December 31, 2023, gearing, or the ratio of net liabilities to shareholders' equity, was 3% (-27.9%) and the

equity ratio stood at 49.2% (46.1%).

The reported gross capital expenditure for the period totaled EUR 2.7 million (EUR 2.5 million). Financial income and expenses totaled EUR -0.8 million (EUR -0.2 million), which consisted mainly of exchange rate gains or losses and interest expenses from sales and leasing contracts.

The Group had a cash flow of EUR 3.2 million (EUR 3.0 million) from business operations, and investments showed a cash flow of EUR -5.6 million (EUR -3.5 million) Cash flow from investments includes the deferred purchase price of acquisition of SSH Secure Collaboration (previously Delta-gon Oy) EUR -1.7 million (EUR -1.7 million), investment in financial assets EUR -1.5 million and received government grants of EUR 0.2 million (EUR 0.7 million). Cash flow from financing totaled EUR -1.1 million (EUR -2.2 million). Cash flow from financing includes the payment of the hybrid instrument interest of EUR -1.4 million (EUR -1.4 million), proceeds from shares subscribed with option rights EUR 1.2 million (EUR 0.7 million) and change in debt of EUR -0.5 million (EUR -0.5 million). Total cash flow from operations, investments, and financing was EUR -3.5 million (EUR -2.6 million).

## RESEARCH AND DEVELOPMENT

Research and development expenses for January–December totaled EUR -7.9 million (EUR -7.2 million), the equivalent of 38.6% of net sales (37.4%). During January–December, the company has capitalized new product R&D costs in the amount of EUR 2.1 million (EUR 1.9 million). Depreciation from R&D capitalization assets was EUR -1.6 million (EUR -1.4 million).

## RISKS AND UNCERTAINTIES

Substantial risks that might affect the profitability of the company have been reviewed and updated to reflect the current macroeconomic environment.

The largest risks are:

- Refinancing risk/liquidity risk such as being unable to pay obligations due to insufficient liquidity or difficulties in raising financing
- 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 the year could have unpredictable effects on profitability. The company decides on hedging of USD-based contracts case by case.
- Uncertainty of the macroeconomic environment, such as the COVID-19 pandemic and war in Ukraine
- Impact of higher inflation and increasing market interest rates which may have an effect on increasing operational and financial costs

The principles and organization of risk management of SSH Communications Security can be read from the company's website [www.ssh.com](http://www.ssh.com).

## HUMAN RESOURCES AND ORGANIZATION

SSH Communications Security Group had 158 (144) employees at the end of December, up by 14 people or 9.7% from the previous year. The average age among employees was 41 years (40 years). Approximately 20.3% (16.9%) of the employees were women and 79.7% (83.1%) men. At the end of the period, 38.0% (36.8%) of the employees worked in sales, marketing, and customer services, 48.7% (51.4%) in R&D, and 13.3% (11.8%) in corporate administration.

At the end of the financial period, the parent company had 104 (96) employees on its payroll. On average, the

parent company had 99 (90) employees during the period under review. Parent company salaries, bonuses, and other personnel expenses during the financial period totaled EUR 8.9 million (9.1 million).

## BOARD OF DIRECTORS AND AUDITORS

The Annual General Meeting of SSH Communications Security Oyj was held on March 24, 2023. Henri Österlund, Kai Tavakka, Sampo Kellomäki, Christian Fredrikson, and Catharina Candolin were elected as directors of the company's Board of Directors. At the inaugural meeting of the Board of Directors, Henri Österlund was elected as the Chairman.

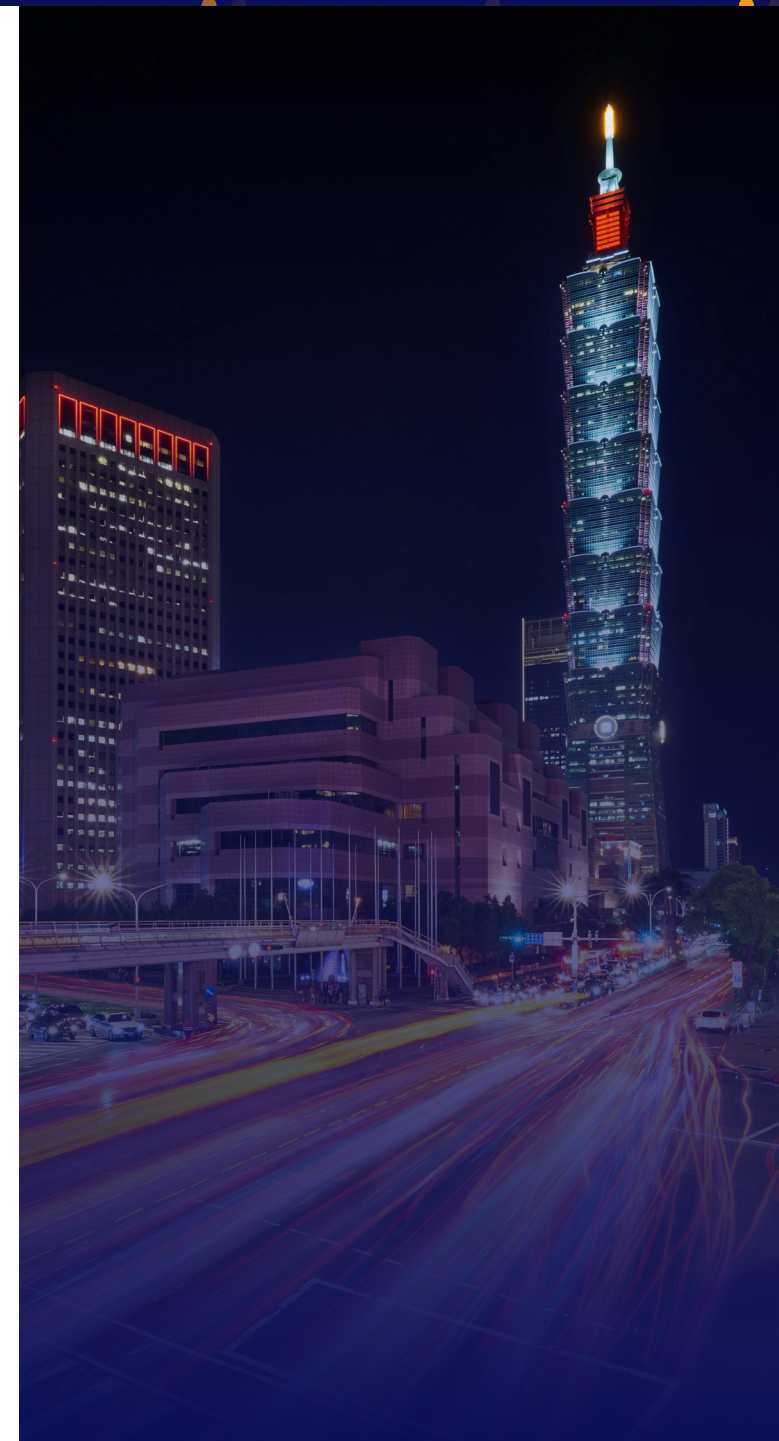
The Authorized Public Accountant Firm Ernst & Young Oy was re-elected as the auditor of the company. Ernst & Young Oy informed the company that Maria Onniselkä, Authorized Public Accountant, will continue as the accountant with the main responsibility.

SSH Communications Security Oyj's member of the board of directors, Sampo Kellomäki, passed away from a serious illness on 16 May 2023. The Company's Board of Directors has consisted of four members since 16 May 2023.

## GROUP MANAGEMENT TEAM

At the end of 2023, the Group Management Team consisted of three members:

Teemu Tunkelo, Chief Executive Officer  
Michael Kommonen, Chief Financial Officer  
Rami Raulas, Head of EMEA Region



## PRINCIPAL PROVISIONS OF THE ARTICLES OF ASSOCIATION

According to the Articles of Association, the highest decision-making power in the company is wielded by the shareholders at the shareholders' meeting. The Annual General Meeting (AGM) is held within six months of the completion of the company's financial period, at a time decided by the Board. The AGM decides the number of members of the Board of Directors and elects them. Additionally, under the Finnish Limited Liability Companies Act, the AGM has the authority to amend the company's Articles of Association, adopt the financial statements, approve the amount of dividends, and select the company's auditors. Each SSH Communications Security Corporation share conveys one vote at the shareholder's meeting. Under the Articles of Association, the CEO is appointed by the Board of Directors.

## CORPORATE GOVERNANCE

SSH Communications Security abides by its Articles of Association as well as principles of transparent and responsible corporate governance, and high ethical standards in its governance and decision-making. The company complies with the Finnish company and securities market legislation, including the market abuse regulation, rules of Nasdaq Helsinki and Finnish Corporate Governance Code 2020 adopted by the Securities Market Association.

For more information see our Corporate Governance Statement that is published annually as a separate report and can be found at SSH's website.

## RESPONSIBILITY AND BUSINESS ETHICS

SSH Communications Security is committed to systematically maintain and develop the responsibility and sustainability of the business through its strategy, operations, and actions. The company is committed to operate in socially and ethically responsible way.

The company's ethical principles emphasize values

that are important to SSH, such as antibribery, position and treatment of employees, and safety and behavioral culture within workplaces.

SSH Communications Security is a responsible employer and treats all employees equally. The company does not approve harassment or discrimination in any form and for that, the company has created internal guidelines and organized training. The company constantly develops the safety and comfort of its workplaces as well as the management of work-related stress and coping with the workload. In addition, the company offers its employees physical, cultural, and other benefits.

SSH Communications Security regards the diversity of its personnel as an essential strength and encourages the appraisal and adoption of diversity throughout the organization including top management.

The company has a separate Anti-Bribery and Anti-Corruption Policy as well as an equality plan focusing on equal and fair treatment of its employees.

The company has also a whistleblowing policy in place to ensure that employees and third parties, if they wish, can report anonymously suspected serious deficiencies, abuses, and crimes within the SSH Group.

SSH has established a Code of Conduct for responsible and transparent activities, employee satisfaction, and ethics for all employees worldwide.

## DISCLOSURE ACCORDING TO THE EU TAXONOMY REGULATION

Companies that have less than 500 employees are exempt from the requirements to disclose information according to Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (the "Taxonomy Regulation"). Therefore, SSH has not disclosed Taxonomy Regulation information in the reports of fiscal year 2023.

## SHARES, SHAREHOLDING, AND CHANGES IN GROUP STRUCTURE

The reported trading volume of SSH Communications Security shares totaled 3,834,820 shares (valued at EUR 6,130,912) during the reporting period. The highest quotation was EUR 2.40, and the lowest EUR 1.20. The trade-weighted average share price for the period was EUR 1.64, and the share closed at EUR 1.33 (December 31, 2023).

Accendo Capital is the largest shareholder of SSH, with 27.9% of the company shares and votes. Tatu Ylönen is the second largest shareholder of SSH, with 17.2%, and Juha Mikkonen holds 5.0% of the company's shares. More information about the shareholding can be obtained from the company's website, [www.ssh.com](http://www.ssh.com).

The company has the following subsidiaries:

- SSH Communications Security, Inc. and SSH Government Solutions, Inc. in the USA
- SSH Communications Security Ltd. in Hong Kong
- SSH Commsec Singapore Pte. Ltd in Singapore
- SSH Communications Security UK Ltd. in the UK
- SSH Operations Ltd., Kyberleijona Ltd., SSH Technology Ltd., and SSH Secure Collaboration Ltd. in Finland. SSH Operations Ltd. has a branch in Germany.

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.

In March 2023 a new subsidiary was incorporated in Singapore. The subsidiary is 100% owned by the parent company SSH Communications Security Oyj.

During 2023 the Swedish and Norwegian Deltagon branches were closed, which had no impact on the business operations in these countries. The operations have been run from SSH Secure Collaboration (ex. Deltagon Oy) in Finland after the closure of the branches.

During the review period, no dividend or return of capital have been distributed.

## INFORMATION ON SHAREHOLDERS

### DISTRIBUTION OF OWNERSHIP BY SECTOR

Type of sector	Number of shares	Percentage of shares and votes, %
Households and private individuals	20,946,656	51.51%
Financial and insurance institutions	993,311	2.44 %
Public sector organizations	3,166,899	7.79%
Companies	1,462,012	3.60%
Foreign shareholders	14,095,444	34.66 %
Non-profit organizations	100	0.00%
<b>Total</b>	<b>40,664,422</b>	<b>100.00%</b>

### DISTRIBUTION OF HOLDINGS BY NUMBER OF SHARES

Shares	Number of shareholders	Percentage of shareholders, %	Number of shares	Percentage of shares, %
1-100	2,007	38.23	96,997	0.24%
101-500	1,394	26.55	402,455	0.99%
501-1,000	604	11.51	496,369	1.22%
1,001-5,000	850	16.19	2,008,036	4.94%
5,001-10,000	161	3.07	1,199,255	2.95%
10,001-50,000	185	3.52	3,932,538	9.67%
50,001-100,000	30	0.57	1,972,310	4.85%
100,001-500,000	9	0.17	1,953,560	4.80%
500,001-999,999,999	10	0.19	28,602,902	70.34%
<b>Total</b>	<b>5,250</b>	<b>100.00%</b>	<b>40,664,422</b>	<b>100.00%</b>
of which nominee-registered	8		14,806,388	36.41%

### THE TEN LARGEST SHAREHOLDERS DEC 31, 2023

Excluding Nominee-Registered except Accendo Capital	Percentage of shares, %	Number of Shares
Accendo Capital	27.86%	11,330,000
Ylönen Tatu Juhani	17.18%	6,987,123
Mikkonen Juha Taneli	5.02%	2,040,000
Elo Mutual Pension Insurance Company	3.37%	1,370,000
Ilmarinen Mutual Pension Insurance Company	2.56%	1,041,599
Varma Mutual Pension Insurance Company	1.86%	755,300
Tunkelo Teemu Mauno	1.55%	631,408
Syrjänen Eva Annika Elisabeth	1.33%	540,000
Kettunen Risto Juhani	1.29%	526,000
Syrjälä Timo Kalevi	0.89%	360,000
<b>Total</b>	<b>62.90%</b>	<b>25,581,430</b>

### SHARE CAPITAL AND BOARD AUTHORIZATIONS

The company's registered share capital on December 31, 2023, was EUR 1,219,932.66, consisting of 40,664,422 shares.

In 2023, share capital increased by EUR 30,039 through subscription of stock options. Stock options were exercised in the financial year 2023 with 1,001,316 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 the issuing of new shares or the transfer of own shares, which the company may have 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 compelling financial reason for the deviation with respect to the share issue against payment.

Furthermore, the authorization includes the Board of Directors' right to decide upon who is 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 expire at the latest on June 30, 2024.

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 5.0 percent of the company's total shares. The shares can also be acquired other 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 by 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 acquisition of own shares must 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 does not exceed 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 expire at the latest on June 30, 2024.

### SHARE-BASED PAYMENTS

The share-based payments of SSH Communications Security are stock options. Stock option programs have been in effect in the reporting period or in the comparison year.

The Board of Directors decided on February 27, 2023 on a new stock option program 2023A. The maximum number of stock options is 980,000. The share subscription period will be from February 23, 2025 to March 31, 2027. The share subscription price for the shares is EUR 2.24.

On February 23, 2022 the Board of Directors decided on a stock option program 2022A. The maximum number of stock options is 980,000. The share subscription period will be from February 23, 2024 to March 31, 2026. The share subscription price for the shares is EUR 2.98.

Each option gives the right to subscribe to one new share at a price and at a time specified in the terms of the stock option plan. The option rights will be canceled in case the employee leaves the company before the subscription time has begun. There are no other conditions to the beginning of the option rights.

The shares subscribed with the granted option rights include the rights to any dividend payable for the reporting period during which the shares were subscribed. Other shareholder rights commence as soon as the increase in the

share capital has been registered in the Trade Register. More information on stock option plans is given in note 20 in the consolidated financial statements.

### RELATED PARTY TRANSACTIONS

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

### EVENTS AFTER THE BALANCE SHEET DATE

On 14 February 2024 SSH Communications Security Oyj announced that it had been selected as supplier for cryptographic solution and services. The total value of the agreement is approximately EUR 1.8 million.

### BUSINESS OUTLOOK FOR 2024

We expect net sales to grow during 2024 compared to 2023. We estimate EBITDA and cash flow from operating activities to be positive for 2024. At the end of 2023, our Annual Recurring Revenue was EUR 19.3 million (EUR 18.4 million in 2022). Our net sales grew by 5.4% to EUR 20.3 million in 2023, and EBITDA was 1.8 million in 2023.

### DIVIDEND AND OTHER DISTRIBUTION OF ASSETS

The parent company's distributable funds are EUR -6,251,248.12, of which the loss for the financial year is EUR -3,414,332.45. The Board of Directors proposes to the Annual General Meeting on 25 March, 2024 that no dividend or return of capital shall be distributed. It is proposed that the loss of the financial year shall be entered to the retained earnings in the shareholders' equity.



## FINANCIAL INDICATORS

		2023	2022	2021
Net sales	EUR	20,321,947	19,284,167	15,929,489
Operating profit/loss	EUR	-1,646,853	-442,918	-1,530,119
% of net sales	%	-8.1	-2.3	-9.6
EBITDA	EUR	1,816,713	2,671,827	1,119,334
% of net sales	%	8.9	13.9	7.0
Profit/loss before taxes	EUR	-2,416,588	-681,647	-1,794,364
% of net sales	%	-11.9	-3.5	-11.3
Return on equity	%	-22.8	-5.2	-22.6
Return on investments	%	-19.1	-4.7	-14.2
Net interest-bearing debt	EUR	279,993	-3,096,641	-4,788,959
Gearing	%	3.0	-27.9	-39.8
Equity ratio	%	49.2	46.1	44.6
Gross investments in tangible and intangible assets	EUR	2,667,457	2,535,450	1,976,713
% of net sales	%	13.1	13.1	12.4
Research and development costs	EUR	-7,850,736	-7,204,987	-5,836,431
% of net sales	%	38.6	37.4	36.6
Average number of personnel		150	132	114
Number of personnel 31 Dec		158	144	122
Salaries and fees	EUR	-12,201,271	-12,502,599	-10,958,262

## INDICATORS PER SHARE

		2023	2022	2021
Earnings per share *	EUR	-0.10	-0.05	-0.10
Earnings per share, diluted <sup>1</sup>	EUR	-0.10	-0.05	-0.10
Equity per share	EUR	0.25	0.28	0.31
Dividends	EUR	0	0	0
Dividends per share	EUR	0.00	0.00	0.00
Dividend payout ratio	%	0	0	0
Effective dividend yield	%	0	0	0
Return of capital	EUR	0	0	0
Return of capital per share	EUR	0	0	0
Adjusted average number of shares during the period	1,000	40,482	39,407	38,927
Adjusted number of shares at the end of the period	1,000	40,664	39,663	39,279
Adjusted number of shares considering dilution effect*	1,000	40,482	39,407	38,927
Price per earnings ratio (P/E)		neg.	neg.	neg.
Market capitalization 31 Dec	mEUR	54.1	91.2	118.2

\* Earnings per share is impacted by unpaid interest of hybrid capital securities. Stock options are excluded from the EPS diluted when the result is negative.

		2023	2022	2021
<b>Share performance at Nasdaq Helsinki</b>				
Average price	EUR	1.64	2.40	2.51
Share price, year end	EUR	1.325	2.30	3.01
Lowest quotation	EUR	1.195	1.66	1.60
Highest quotation	EUR	2.4	3.3	3.48
Volume of shares traded	millions	3.8	7.2	8.6
Volume of shares traded, % of total number	%	9.4	18.2	21.8
Volume of shares traded	mEUR	6.1	17.3	21.7

## ALTERNATIVE PERFORMANCE MEASURE

SSH Communications Security presents an alternative performance measure, which is not defined by IFRS standards. Alternative performance measures should not be considered as substitute for performance measures in accordance with the IFRS.

EBITDA = Operating profit/loss + depreciation, amortization, and impairment

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

<b>kEUR</b>	<b>2023</b>	<b>2022</b>
<b>EBITDA</b>	1,817	2,672
Depreciation, amortization, and impairment	-3,464	-3,115
<b>Operating profit/loss</b>	<b>-1,647</b>	<b>-443</b>

Operating profit = profit/loss for the period + income taxes + financial income and expenses



## CALCULATION OF FINANCIAL RATIOS

Return on Equity, % (ROE)	=	$\frac{\text{Profit/loss for the financial year}}{\text{Equity (average during the financial year)}} \times 100$
Return on Investment, % (ROI)	=	$\frac{\text{Profit/loss before taxes}}{\text{Balance sheet total - Non-interest-bearing debts (average during the financial period)}} \times 100$
Equity Ratio, %	=	$\frac{\text{Equity}}{\text{Balance sheet total - Advance payments received}} \times 100$
Earnings Per Share (EPS)	=	$\frac{\text{Profit/loss for the financial period attributable to owners of the parent company - Interest on hybrid capital securities}}{\text{Average number of outstanding shares during the financial period}}$
Diluted Earnings Per Share (EPS)	=	$\frac{\text{Profit/loss for the financial period attributable to owners of the parent company - Interest on hybrid capital securities}}{\text{Adjusted average number of shares considering dilution effect}}$
Dividend Per Share	=	$\frac{\text{Dividend}}{\text{Number of outstanding shares during the financial period}}$
Dividend Pay-out Ratio, %	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Equity Per Share	=	$\frac{\text{Equity}}{\text{Number of outstanding shares on the financial statement date, adjusted for share issue}} \times 100$
Gearing, %	=	$\frac{\text{Interest bearing debt - Liquid assets}}{\text{Equity}} \times 100$

A nighttime cityscape with a long-exposure photograph of a busy road, creating vibrant light trails in shades of orange, red, and white. The background features several modern skyscrapers with illuminated windows, set against a dark blue twilight sky. The overall scene conveys a sense of dynamic activity and modern urban development.

# Consolidated Financial Statements

## CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR	Note	1 Jan – 31 Dec 2023	1 Jan – 31 Dec 2022
<b>NET SALES</b>	3	<b>20,321,947</b>	<b>19,284,167</b>
Cost of goods sold		-93,711	-115,109
<b>GROSS MARGIN</b>		<b>20,228,237</b>	<b>19,169,058</b>
Other operating income	4	201,517	1,518,146
Sales and marketing costs	5, 6	-9,431,166	-8,841,883
R&D costs	5, 6	-7,850,736	-7,204,987
Administrative costs	5, 6	-4,794,705	-5,083,252
<b>OPERATING PROFIT/LOSS</b>		<b>-1,646,853</b>	<b>-442,918</b>
Finance income	7	15,361	323,549
Finance costs	8	-785,097	-562,278
<b>PROFIT/LOSS BEFORE TAXES</b>		<b>-2,416,588</b>	<b>-681,647</b>
Income tax expense	9	100,978	86,137
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>-2,315,611</b>	<b>-595,510</b>
<b>Profit/loss attributable to:</b>			
Owners of the parent company		-2,707,437	-533,579
Non-controlling interests		391,826	-61,932
<b>TOTAL</b>		<b>-2,315,611</b>	<b>-595,510</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Translation differences		234,433	-404,653
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-2,081,178</b>	<b>-1,000,164</b>
<b>Total Comprehensive income attributable to:</b>			
Owners of the parent company		-2,471,555	-938,980
Non-controlling interests		390,378	-61,184
<b>TOTAL</b>		<b>-2,081,178</b>	<b>-1,000,164</b>
<b>Earnings per share attributable to the owners of the parent company</b>			
Basic earnings per share (EUR)	10	-0.10	-0.05
Diluted earnings per share (EUR)	10	-0.10	-0.05

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	283,158	268,633
Right-of-use assets	12, 23	1,187,874	876,526
Intangible assets	13	21,140,810	21,519,186
Investments		11,000	11,000
<b>Total non-current assets</b>		<b>22,622,841</b>	<b>22,675,345</b>
<b>CURRENT ASSETS</b>			
Inventories	14	380,539	327,149
Trade receivables	15	3,561,839	8,100,578
Other receivables	16	662,507	600,848
Prepaid expenses and accrued expenses		463,564	383,801
Income tax receivables	9		333,821
Current financial assets	19	1,508,254	
<b>Cash and cash equivalents</b>	19	<b>2,153,105</b>	<b>5,719,583</b>
<b>TOTAL CURRENT ASSETS</b>		<b>8,729,808</b>	<b>15,465,781</b>
<b>TOTAL ASSETS</b>		<b>31,352,649</b>	<b>38,141,126</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	31 Dec 2023	31 Dec 2022
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>			
Share capital	17	1,219,933	1,189,893
Translation differences		-1,483,532	-1,719,414
Unrestricted invested equity fund		25,552,743	24,410,412
Hybrid capital securities		12,000,000	12,000,000
Retained earnings		-34,420,997	-30,753,841
<b>Equity attributable to the parent company shareholders</b>		<b>2,868,147</b>	<b>5,127,051</b>
Non-controlling interests		6,350,362	5,959,985
<b>TOTAL EQUITY</b>		<b>9,218,509</b>	<b>11,087,036</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current interest-bearing liabilities	18, 22	745,000	1,245,000
Lease liabilities	18, 23	719,606	497,495
Other non-current liabilities			1,666,796
Advances received and deferred revenue	15	2,429,415	3,535,860
Deferred tax liabilities		1,226,130	1,401,661
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,120,152</b>	<b>8,346,811</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	5,872,577	7,288,510
Current interest-bearing liabilities	2	500,000	500,000
Lease liabilities	18, 23	468,493	380,447
Advances received and deferred revenue	15	10,172,919	10,538,322
<b>TOTAL CURRENT LIABILITIES</b>		<b>17,013,988</b>	<b>18,707,279</b>
<b>TOTAL LIABILITIES</b>		<b>22,134,140</b>	<b>27,054,091</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31,352,649</b>	<b>38,141,126</b>



## CONSOLIDATED CASH FLOW STATEMENT

EUR	Note	1 Jan – 31 Dec 2023	1 Jan – 31 Dec 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	3, 15	22,607,145	20,476,460
Payments to suppliers and employees	5, 21	-19,516,880	-16,554,195
<b>Cash flows from operating activities before financial items and taxes</b>		<b>3,090,265</b>	<b>3,922,265</b>
Interest paid and payments on other financial costs		-135,489	-169,029
Interest received and other financial income		6,861	6,980
Income taxes paid		288,331	-746,511
<b>Net cash flows from operating activities</b>		<b>3,249,969</b>	<b>3,013,704</b>
<i>whereof change in working capital</i>		<i>1,636,393</i>	<i>1,708,556</i>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investments in tangible and intangible assets	11, 13	-2,667,457	-2,535,450
Investments in financial assets		-1,500,000	
Acquisition of a subsidiary, net of cash acquired		-1,670,000	-1,670,000
Receipt of government grants	4	196,941	738,009
<b>Net cash flows from investing activities</b>		<b>-5,640,516</b>	<b>-3,467,441</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Change in current debt		-500,000	-500,000
Proceeds from subordinated debt	19		-582,000
Interest paid on hybrid capital securities		-1,380,000	-1,380,000
Proceeds from shares subscribed with option rights		1,172,370	719,851
Principal portion of finance lease payments	23	-409,805	-431,423
<b>Net cash flows from financing activities</b>		<b>-1,117,435</b>	<b>-2,173,572</b>
<b>Change in cash and cash equivalents</b>		<b>-3,507,981</b>	<b>-2,627,309</b>
<b>Cash and cash equivalents in beginning of period</b>		<b>5,719,583</b>	<b>8,207,229</b>
Exchange rate effect		-58,496	139,663
Change in cash and cash equivalents		-3,507,981	-2,627,309
<b>Cash and cash equivalents at end of period</b>		<b>2,153,105</b>	<b>5,719,583</b>

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Attributable to the owners of the Company									
EUR	Note	Share capital	Hybrid capital securities	Translation differences	Unrestricted invested equity fund	Retained earnings	Total	Non-controlling interests	Total Equity
<b>Equity 1 Jan 2022</b>	17	1,178,367	12,000,000	-1,314,013	23,702,088	-29,561,871	6,004,570	6,021,169	12,025,739
<b>Comprehensive profit/loss</b>									
Profit/loss for the period						-533,579	-533,579	-61,932	-595 510
Other comprehensive items									
Translation differences				-405,401			-405,401	747	-404 653
<b>Comprehensive profit/loss for financial period, total</b>				<b>-405,401</b>		<b>-533,579</b>	<b>-938,979</b>	<b>-61,184</b>	<b>-1,000,164</b>
Hybrid capital securities						-1,380,000	-1,380,000		-1,380,000
Share-based payment plans						721,609	721,609		721,609
Shares subscribed on option rights		11,526			708,324		719,851		719,851
<b>Transactions with shareholders</b>		<b>11,526</b>			<b>708,324</b>	<b>-658,391</b>	<b>61,460</b>		<b>61,460</b>
<b>Equity 31 Dec 2022</b>		<b>1,189,893</b>	<b>12,000,000</b>	<b>-1,719,413</b>	<b>24,410,412</b>	<b>-30,753,841</b>	<b>5,127,051</b>	<b>5,959,985</b>	<b>11,087,035</b>

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Attributable to the owners of the Company									
EUR	Note	Share capital	Hybrid capital securities	Translation differences	Unrestricted invested equity fund	Retained earnings	Total	Non-controlling interests	Total Equity
<b>Equity 1 Jan 2023</b>	17	1,189,893	12,000,000	-1,719,413	24,410,412	-30,753,841	5,127,051	5,959,985	11,087,035
<b>Comprehensive profit/loss</b>									
Profit/loss for the year						-2,707,437	-2,707,437	391,826	-2,315,611
Other comprehensive items									
Translation differences				235,882			235,882	-1,449	234,433
<b>Comprehensive profit/loss for financial period, total</b>				<b>235,882</b>		<b>-2,707,437</b>	<b>-2,471,555</b>	<b>390,378</b>	<b>-2,081,178</b>
Hybrid capital securities						-1,380,000	-1,380,000		-1 380 000
Share-based payment plans						420,281	420,281		420,281
Shares subscribed on option rights		30,039			1,142,331		1,172,371		1,172,371
<b>Transactions with shareholders</b>		<b>30,039</b>			<b>1,142,331</b>	<b>-959,719</b>	<b>212,652</b>		<b>212,652</b>
<b>Equity 31 Dec 2023</b>		<b>1,219,933</b>	<b>12,000,000</b>	<b>-1,483,532</b>	<b>25,552,743</b>	<b>-34,420,997</b>	<b>2,868,147</b>	<b>6,350,362</b>	<b>9,218,509</b>

# Notes to the Consolidated Financial Statements

## 1. GENERAL ACCOUNTING PRINCIPLES

### Basic information about the Group

SSH Communications Security Corporation helps organizations access, secure and control their digital core – their critical data, applications and services. In the rapidly growing global data economy, secure access that enables digital transformation at business velocity is the new competitive advantage.

Our thousands of customers include Fortune 500 companies, the world's largest financial institutions, and major organizations in all verticals. Our solutions guard against the rapidly changing threat landscape that includes both internal and external actors.

We generate shareholder value from a combination of our world-leading expertise, proven enterprise-class solutions, professional services, support offering, and from our strong IP portfolio and well-established licensing operations.

The SSH Communications Security Group consists of SSH Communications Security Corporation and its subsidiaries. SSH Communications Security Corporation (corporate id 1035804-9) is domiciled in Helsinki, Finland and is a publicly traded company, whose share is quoted on NASDAQ Helsinki Oy (SSH1V). SSH Communications Security Corporation has its registered office at address Karvaamokuja 2B, 00380 Helsinki, Finland.

The SSH Communications Security Board of Directors approved this financial statement for publication at its meeting on 21 February 2024. Under the Finnish Limited Liability Companies Act, the shareholders can accept or reject the financial statement at the AGM held after its publication. A copy of the financial statements is published as a part of the company's annual report.

The annual report is available on the company website at [www.ssh.com](http://www.ssh.com), or at the head office of SSH Communications Security Corporation. All stock exchange bulletins are available on the company website [www.ssh.com](http://www.ssh.com).

The iXBRL ESEF report is unaudited. The PDF version of the Financial Statements and report of the Board of Directors report is a voluntary publication.

### Basis of preparation of financial statements

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS). The forementioned standards are the standards and interpretations thereof approved for use in the EU pursuant to Regulation (EC) No. 1606/2002 implemented in the Finnish Accounting Act and legislation based thereon. The notes to the consolidated financial statements are also compliant with Finnish accounting and company legislation.

The consolidated financial statements are based on original acquisition costs unless otherwise noted in the accounting principles. The consolidated financial statements are presented in full euros unless otherwise stated.

### Converting Foreign Currency Transactions

Items of each subsidiary included in the consolidated financial statements are measured using the currency of the operating environment of that subsidiary ('functional currency'). The consolidated financial statements are presented in euros, which is the functional and reporting currency of the parent company.

### Transactions in Foreign Currency

Foreign currency denominated transactions are recognized at the exchange rate of the functional currency on the transaction date. In practice, the exchange rate used is approximately the rate of the transaction date. Outstanding receivables and liabilities in foreign currencies are measured using the exchange rates on the balance sheet date. Exchange rate differences are recorded in the income statement. Exchange rate gains and losses on financing are included in financing income and costs.

### Translation of Financial Statements of Foreign Subsidiaries

The comprehensive income statements and cash flow statements of subsidiaries whose functional currency is other than EUR are translated into euros using the exchange rate of the transaction dates. In practice, the translations are done once a month using the monthly average exchange rate. Balance sheet items are translated into euros with the exchange rate of the balance sheet date. The translation of the comprehensive profit/loss for the financial period using different exchange rates in the comprehensive income statement on the one hand and in the balance sheet on the other causes a translation difference recognized under Group equity under other comprehensive profit/loss items.

Translation differences generated through elimination of the acquisition costs of foreign subsidiaries and translation of equity items accrued after acquisition are recognized under other comprehensive profit/loss items. When a subsidiary is sold, accumulated translation differences are recognized in the income statement as part of the gain or loss on the sale.

### Use of estimates

Preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions affecting the reported amounts of assets, liabilities, income and expenses, as well as the disclosure of contingent assets and liabilities. The estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, which form the basis of making the judgments about carrying values. These estimates and assumptions are reviewed on an ongoing basis and possible effects of changes in estimates and assumptions are recognized during the period they are changed.

The estimates and assumptions that have a significant risk of causing adjustment to the carrying value of assets within next financial year relate to restructuring plans, im-

pairment testing, claims, onerous contracts, pending patent litigations, and the probability of deferred tax assets being recovered against future taxable profits.

### New and amended standards and interpretations

The Group has adopted the new standards and interpretations that took effect during the accounting period and are relevant to its operations. The IFRS standards and the amendments that entered into force in 2023 had no impact on the Group's result, the financial position, or the presentation of the financial statements.

### Changes that become effective later

The Group will adopt new and amended standards and interpretations as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year. The changes are not expected to have a material impact on SSH Communications Security's consolidated financial statements.

## 2. SEGMENT INFORMATION

SSH Communications Security Oyj has one reportable segment; the software business, due to business model, the nature of its operations and its governance structure.

SSH's operations have similar financial characteristic and are similar in terms of the nature of product and service production processes, types of customers, geographical characteristics, methods used in product or service distribution or service provision.

Segment reporting is consistent with the internal reporting submitted to the chief operating decision-maker. The Executive Management Team has been appointed as the chief operating decision-maker, responsible for allocating resources and assessing performance as well as making strategic decisions.

## 3. NET SALES

### Accounting principles

#### Revenue Recognition

SSH Communications Security net sales derive mainly from software license sales and subscriptions, related support and maintenance fees, and consulting fees. Net sales comprise the invoiced value for the sale of goods and services adjusted with any discounts given, sales taxes, and exchange rate differences.

The revenue from product sales is recognized at the time when significant risks and rewards of the product or the right of use of the product have been transferred to the buyer and there is a binding contract between the parties, the delivery has taken place in accordance with the contract, the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will accrue to the Group. Control is transferred to the buyer at the point of time.

Maintenance sales, or revenue from support and maintenance contracts, are recognized evenly on an accrual basis throughout the contract period. Revenues from services are recognized when the service has been delivered and it is probable that the economic benefits associated with the transaction will accrue to the Group. Revenues from subscription contracts are recognized evenly on an accrual basis throughout the contract period. Revenues from hardware sales are recognized at the time when control of the hardware is transferred to the buyer. In case the hardware component is not determined to be distinct from the other performance obligations in the contract, revenue from hardware is recognized over time throughout the contract and classified as revenue from subscription contracts.

The revenue of royalties from licenses is recognized

at the time of payment. Revenue from royalties is not material to the Group.

The Group customarily receives short-term advance payments from customers, but also from time-to-time substantial long-term advance payments for subscription or support and maintenance fees. In these cases, the financing component is accounted for and interest expenses are recorded for the duration of the advance payment.

#### Assets recognized from the costs to fulfil a contract with a customer

The Group recognizes the costs to fulfill a contract with a customer as an asset when expecting to recover the costs, the costs relate directly to a contract that can be identified, and the costs generate resources that are used to satisfy a performance obligation.

Costs recognized as an asset are costs of hardware that relate directly to a contract that is subscription based. Amortization of costs is calculated on a straight-line basis over the period of a contract to which the assets recognized from the costs relates to. Amortized costs are recognized as costs of goods sold.

#### Incremental costs of obtaining a contract

The Group recognizes the incremental costs of obtaining a contract as an asset when expecting to recover the costs, the costs relate directly to a contract that can be identified, and the costs generate resources that are used to satisfy a performance obligation.

Incremental costs recognized as an asset are sales incentive commissions paid to an employee, that relate directly to a contract that is subscription based. Amortization of costs is calculated on a straight-line basis over the period of a contract to which the assets recognized from the costs relates to. Amortized costs are recognized as commission costs in salaries and staff related costs.

EUR	2023	2022
<b>BY OPERATION</b>		
Subscription sales	11,087,410	8,735,935
License sales	868,598	1,916,280
Maintenance sales	7,802,878	8,212,864
Professional services and other	563,060	419,087
<b>Total</b>	<b>20,321,947</b>	<b>19,284,167</b>

EUR	2023	2022
<b>BY GEOGRAPHICAL AREA</b>		
AMERICAS	7,799,041	6,985,617
APAC	1,495,181	1,500,010
EMEA	4,181,656	3,618,492
Finland	6,846,069	7,180,048
<b>Total</b>	<b>20,321,947</b>	<b>19,284,167</b>

In 2023 or 2022, no customer's revenue accounted for more than ten percent of the Group's net sales.

Obligations for returns is defined to cover the value of hardware purchase price when the company is not able to

provide hardware return service based on agreed service level. The return value excludes the value of licenses and other services sold.

The warranty for hardware items is limited to 12 months. Warranty may be extended up to five years by purchasing the warranty service.

Revenues presented based on the basis of customer location and non-current assets presented on the basis of their location:

2023					
EUR	Finland	Rest of Europe	US	Other countries	Group total
Revenue	6,846,069	3,819,376	7,093,945	2,562,557	<b>20,321,947</b>
Assets	22,046,885		528,144	47,812	<b>22,622,841</b>
2022					
EUR	Finland	Rest of Europe	US	Other countries	Group total
Revenue	7,180,048	3,618,492	6,336,074	2,149,554	<b>19,284,167</b>
Assets	22,414,146		233,849	27,350	<b>22,675,345</b>

## 4. OTHER OPERATING INCOME

### Accounting principles

#### Government Grants

Grants received from the government for purchase of tangible assets are entered as a deduction of the book value of the asset when there is reasonable assurance that the company will receive the grant and will comply with the conditions attaching to the grant. Grants are recognized as income over the life of a depreciable asset by way of a reduced depreciation. Government grants that are intended to compensate for costs are recognized as income over the same period as the related costs are recognized. These government grants are presented under other operating income.

Other operating income includes EUR 0.2 million received government grants (EUR 0.8 million). In 2022 other operating income also included EUR 0.7 million resulting from reversal of the earn-out consideration reserve related to the acquisition of SSH Secure Collaboration.

## 5. OTHER OPERATING COSTS

EUR	2023	2022
<b>Employee benefit expenses</b>		
Wages and salaries	-11,785,507	-11,617,635
Pensions, defined contribution plan	-1,604,863	-1,395,149
Other social security costs	-677,644	-815,652
Stock options issued	-420,281	-721,609
<b>Total</b>	<b>-14,488,295</b>	<b>-14,550,044</b>

Information about remuneration of the key management personnel is presented in note 26. *Related party transactions* and information on the options granted is presented in the note 20. *Share-based payments*.

Number of personnel	2023	2022
Average during the financial period	150	132
At the end of the financial period	158	144

Personnel distribution by function on 31 Dec	2023	2022
Sales, marketing, and customer support	60	53
Research and development	77	74
Administration	21	17
<b>Total</b>	<b>158</b>	<b>144</b>

Research and development costs recognized as costs, EUR	2023	2022
<b>Total</b>	<b>-7,850,736</b>	<b>-7,204,987</b>

Other operating costs, EUR	2023	2022
External services	-4,808,608	-4,389,755
Depreciation	-3,463,567	-3,114,745
Other costs	-1,603,161	-1,123,023
<b>Total</b>	<b>-9,875,336</b>	<b>-8,627,522</b>

## Auditor's fees

Auditor's fees categorized into service groups were:

EUR	2023	2022
<b>Principal auditor Ernst &amp; Young Oy</b>		
Statutory auditing	-88,296	-94,158
Other auditing services	-7,400	-21,400
<b>Other auditing firms:</b>		
Statutory auditing	-20,360	-11,436
Other services	-7,465	-7,274
<b>Total</b>	<b>-123,521</b>	<b>-134,267</b>

## 6. DEPRECIATIONS AND IMPAIRMENTS

EUR	2023	2022
<b>By asset category</b>		
Machinery and equipment	147,609	95,288
Right-of-use assets	412,929	414,738
Software & other intangible assets	1,298,709	1,248,270
Capitalized development costs	1,604,320	1,356,448
<b>Total</b>	<b>3,463,566</b>	<b>3,114,745</b>

By function	2023	2022
Sales and marketing	19,354	14,779
Research and development	2,110,350	1,787,598
Administration	1,333,862	1,312,367
<b>Total</b>	<b>3,463,566</b>	<b>3,114,745</b>

## 7. FINANCIAL INCOME

EUR	2023	2022
Interest revenue	6,861	6,980
Net change in fair value of other investments at fair value through profit or loss	8,254	
Exchange rate gains, loans, and other receivables	246	316,570
<b>Total</b>	<b>15,361</b>	<b>323,549</b>

## 8. FINANCIAL COSTS

EUR	2023	2022
Exchange rate losses, loans and other receivables	-85,759	-148,658
Interest arising from revenue contracts	-502,728	-142,675
Interest on lease liabilities	-27,485	-24,046
Other interest costs	-169,124	-246,899
<b>Total</b>	<b>-785,097</b>	<b>-562,278</b>

9. INCOME TAXES

Accounting principles

Income tax

Tax expenses in the income statement comprise tax based on taxable income for the period and deferred tax. Income tax is recognized in the income statement except for taxes related to items recognized under comprehensive profit/loss or directly under equity, in which case the tax impact will be incorporated in the aforementioned items. Tax based on taxable income for the period is calculated using the corporate income tax rate (and tax laws) effective in each country, adjusted for any tax from previous periods.

Deferred taxes are calculated on temporary differences between the book value and taxable value. The largest temporary differences arise from unused tax losses which are deductible later.

Deferred taxes are calculated using the statutory tax bases with confirmed content announced by the closing date or with generally accepted tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable income against which the temporary difference can be applied will materialize in the future.

EUR	2023	2022
Income tax	100,978	86,137
<b>Total</b>	<b>100,978</b>	<b>86,137</b>

Reconciliation of income taxes and profit/loss before taxes

EUR	2023	2022
Profit/loss before taxes	-2,416,588	-681,647
Tax at parent company tax rate (20%)	483,317	136,329
Effect of foreign subsidiaries' differing tax rates	695	3,233
Non-deductible expenses	-7,405	-7,099
Tax exempt revenue	8,925	8,382
Tax deductible hybrid loan interest expenses	276,000	276,000
Use of previously unrecognized tax losses	181,540	325,088
Tax assets not recognized for reported losses	-555,734	-92,559
Tax assets not recognized for unused tax depreciations	-211,895	-550,320
Income taxes from previous years	-1,592	-44,529
Other direct taxes	-877	-1,247
Other temporary differences	-71,997	32,859
<b>Income taxes</b>	<b>100,978</b>	<b>86,137</b>

The amount of Group's unused tax losses, for which no deferred tax asset has been recognized based on the prudence principle, is EUR 5.3 million (EUR 8.7 million). EUR 1.3 million (EUR 1.8 million) of the tax losses are in Finland, and EUR 4.3 million (EUR 6.9 million) in the USA. The tax losses expire in Finland between the years 2024–2031, and in the USA between the years 2024–2038. The amount of unrecognized deferred tax assets from the tax losses is EUR 1.7 million (EUR 1.8 million). The figures include use of losses in 2023 which have not yet been confirmed in taxation.

In addition, the parent company has EUR 42.9 million

(EUR 43.4 million) research and development expenses and depreciations not deducted in taxation and the amount of unrecognized deferred tax assets resulting from those is EUR 8.6 million (EUR 8.7 million).

The Group's subsidiaries do not have earnings that would cause tax consequences when repatriated.

10. EARNINGS PER SHARE

Accounting principles

Earnings per share

Earnings per share

Earnings per share is calculated by dividing the net profit/ loss for the financial year attributable to the owners by the weighted average number of ordinary shares outstanding during the financial year. Earnings per share is impacted by unpaid interest of hybrid capital securities.

Diluted earnings per share

A dilutive effect caused by stock options exists when the subscription price of a share is lower than the fair value of the share. In the calculation of diluted earnings per share, stock options are only considered dilutive when their conversion to ordinary shares would decrease earnings per share or increase the loss per share from continuing operations. In other words, when the Group declares a loss, no dilutive effect will be calculated. Diluted earnings per share is impacted by unpaid interest of hybrid capital securities.



EUR	2023	2022
Profit/loss attributable to shareholders of the parent company	-2,707,437	-533,579
Hybrid loan interest expense	-1,380,000	-1,380,000
Profit/loss considering dilution effect	-4,087,437	-1,913,597
Weighted average number of shares in issue, 1,000	40,482	39,407
Average number of shares outstanding	40,481,569	39,407,304
Earnings per share	-0.10	-0.05
Adjusted average number of shares considering dilution effect, 1,000	40,482	39,407
Av. nr. of shares considering dilution effect*	40,481,569	39,407,304
Earnings per share, diluted	-0.10	-0.05

\*Stock options are excluded when calculating the diluted earnings per share when the result is loss and EPS is negative

## 11. PROPERTY, PLANT AND EQUIPMENT

### Accounting principles

#### Property, Plant, and Equipment

The property, plant, and equipment of Group companies are measured in the balance sheet at cost less accumulated straight-line depreciation and eventual impairment losses. When a part of a non-current assets item is treated as a separate asset, expenses related to its replacement are capitalized and any remaining book value is written off. Expenses incurring later are included in the class of property, plant, and equipment only if it is probable that the property will provide future economic benefits to the Group and that the acquisition cost can be reliably determined. Other repair and maintenance expenses are recognized in profit/loss as and when incurred.

Depreciation is calculated on a straight-line basis to reduce the purchase value of each asset item to its residual value over its estimated useful life.

- Machinery and equipment: 5 years from month of acquisition.
- Computer hardware: 3-5 years from month of acquisition.
- Leasehold improvements of rental premises: According to the lease term, though no more than 7 years from year of acquisition.

The residual value and useful life of assets are reviewed for each financial statement and, if necessary, adjusted to indicate changes expected in the assets' economic benefits.

Capital gains and losses are determined by comparing proceeds received with the book value of sold assets. Impairment losses incurred through transfer are recognized under other operating costs.

EUR	2023	2022
<b>Machinery and equipment</b>		
Acquisition cost 1 Jan	2,432,571	2,211,773
Exchange rate effect	-10,272	16,414
Increase	162,395	204,383
Acquisition cost 31 Dec	2,584,694	2,432,571
Accumulated depreciation 1 Jan	2,176,328	2,069,306
Exchange rate effect	-9,882	11,734
Depreciation for the financial period	142,685	95,288
Accumulated depreciation 31 Dec	2,309,130	2,176,328
Book value 31 Dec	275,563	256,243
<b>Other tangible assets</b>		
Acquisition cost 1 Jan	79,673	76,428
Exchange rate effect	-1,935	3,245
Acquisition cost 31 Dec	77,738	79,673
Accumulated depreciation 1 Jan	67,283	59,241
Exchange rate effect	-1,935	3,245
Depreciation for the financial period	4,796	4,796
Accumulated depreciation 31 Dec	70,144	67,283
Book value 31 Dec	7,594	12,391
<b>Book value of tangible assets 31 Dec</b>	<b>283,158</b>	<b>268,634</b>

## 12. RIGHT-OF-USE ASSETS

EUR	2023	2022
<b>Buildings</b>		
Acquisition cost 1 Jan	2,380,447	1,637,695
Exchange rate effect	-25,880	22,778
Increase	813,713	909,903
Decrease	-83,308	-189,928
Acquisition cost 31 Dec	3,084,972	2,380,447
Accumulated depreciation 1 Jan	1,503,921	1,068,347
Exchange rate effect	-19,752	20,837
Depreciation for the financial period	412,929	414,738
Accumulated depreciation 31 Dec	1,897,098	1,503,922
<b>Book value of right-of-use assets 31 Dec</b>	<b>1,187,874</b>	<b>876,526</b>

Right-of-use assets include mainly leased offices.

The increase in right-of-use assets in 2023 is mainly due to a change in the accounting estimate of lease liabilities and the extension of the US office lease agreement. The management of SSH evaluates lease terms of the agreements that have no fixed expiration date or notice period of less than 12 months.

The lease agreement of the office in the US was extended until January 2027 and from the beginning of October 2023, the company leased new office space to accommodate the new APAC HQ. The lease term in the US is three years, whereas in the APAC, it is a non-fixed term contract. These contracts added right-of-use assets and lease liabilities with EUR 0.4 million in 2023.

More information on leases is presented in the note 23. Leases.

## 13. INTANGIBLE ASSETS

### Accounting principles

#### Intangible Assets

##### Research and Development Costs

Research and development costs are expensed as they are incurred, except for those development costs that are capitalized if the criteria in IAS 38 are met. The most significant development costs to be capitalized constitute R&D personnel costs and sub-contracting costs. Development costs once recognized as costs are not capitalized in subsequent financial periods.

Intangible assets not yet available for use are tested annually for impairment. Subsequently capitalized development costs are measured at cost less accumulated amortization and accumulated impairment losses. They are amortized on a straight-line basis over their useful lives, estimated 5 years.

##### Software

Software includes acquired software licenses. These assets are entered in the balance sheet at cost and depreciated on a straight-line basis over their economic lifetime. The residual value and useful life of assets are reviewed for each financial statement and, if necessary, adjusted to indicate changes expected in the assets' economic benefits. The economic lifetime does not generally exceed 5 years. The depreciation period for software acquired for internal use is 3–5 years.

##### Other Immaterial Rights

Immaterial rights include obtained technology patents, trademarks, customer registers, and technology rights. These are entered in the balance sheet at cost and depreciated on a straight-line basis over their economic

lifetime. The residual value and useful life of assets are reviewed for each financial statement and, if necessary, adjusted to indicate changes expected in the assets' economic benefits. The economic lifetime is generally 5 to 10 years.

### Impairment of Tangible and Intangible Assets

The Group will review on each balance sheet date whether there is any indication of an impaired asset. Whenever indicators of impairment exist, the book value of such an asset is compared with its recoverable amount. The recoverable amount is the fair value of the asset less the costs of its sale, or its value in use, whichever is higher. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. The discount rate used to calculate the above is pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

Whenever the book value of an asset exceeds its recoverable amount, an impairment loss will be recognized for that asset. The impairment loss is recognized immediately in the income statement. After the recognition of an impairment loss, the economic lifetime of an asset subject to depreciation is re-evaluated. An impairment loss recognized in prior period for an asset other than goodwill will be reversed if there is a change in the estimates that have been used in assessing the recoverable amount of that asset.

### Goodwill

Acquisitions are accounted for using the acquisition method. Goodwill represents the excess of acquisition cost over the fair values of identified acquired assets and liabilities of acquired companies. Goodwill is stated

at historical cost less any accumulated impairment losses. Goodwill represents the value of the acquired market share, business knowledge and the synergies obtained in connection with the acquisition. The carrying amount of goodwill is not amortized, but is tested for impairment annually or more frequently if any indication of impairment exists.

The Group assesses the carrying amount of goodwill annually or more frequently if any indication of impairment exists. Goodwill is allocated to the cash generating units (CGUs) of the Group, which are identified according to the country of operation and business unit at the level at which goodwill is monitored for internal management purposes. The recoverable amount of a CGU is determined by value-in-use calculations. In assessing the recoverable amount, estimated future cash flows are discounted to their present value. Cash flow estimates are based on operative managerial estimates. The discount rate is the weighted average cost of capital (WACC) for the main currency area in the location of the CGU (country or business area), which reflects the market assessment of the time value of money and the risks specific in SSH Communications Security's business. Any impairment loss of goodwill is recognized immediately as an expense and is not subsequently reversed.

EUR	2023	2022
<b>Development costs</b>		
Acquisition cost 1 Jan	15,715,539	13,792,363
Increase	2,135,081	1,923,176
Acquisition cost 31 Dec	17,850,620	15,715,539
Accumulated depreciation 1 Jan	11,671,674	10,315,227
Depreciation for the financial period	1,604,320	1,356,447
Accumulated depreciation 31 Dec	13,275,994	11,671,674
Book value 31 Dec	4,574,626	4,043,865

EUR	2023	2022
<b>Customer related intangible assets</b>		
Acquisition cost 1 Jan	8,188,079	8,188,079
Acquisition cost 31 Dec	8,188,079	8,188,079
Accumulated depreciation 1 Jan	1,418,981	605,173
Depreciation for the financial period	813,808	813,808
Accumulated depreciation 31 Dec	2,232,789	1,418,981
Book value 31 Dec	5,955,290	6,769,098

EUR	2023	2022
<b>Other immaterial rights</b>		
Acquisition cost 1 Jan	6,550,223	6,210,006
Increase	382,188	340,217
Acquisition cost 31 Dec	6,932,411	6,550,223
Accumulated depreciation 1 Jan	4,438,624	3,991,726
Depreciation for the financial period	425,690	406,398
Impairment	51,828	40,500

Accumulated depreciation 31 Dec	4,916,142	4,438,624
Book value 31 Dec	2,016,269	2,111,598
<b>Goodwill</b>	<b>8,594,625</b>	<b>8,594,625</b>
<b>Book value of intangible assets 31 Dec</b>	<b>21,140,810</b>	<b>21,519,186</b>

On April 26, 2021, the group's subsidiary Kyberleijona Oy acquired 100% of the voting shares of SSH Secure Collaboration Oy. SSH Secure Collaboration Oy changed its name from Deltagon Oy in 2023. The acquisition increased the group's customer related and technology based intangible assets EUR 8.5 million and goodwill arising on acquisition EUR 8.6 million, the total increase as a result of the acquisition on the intangible assets being EUR 17.1 million. Customer related and technology based intangible assets are amortized over time, whereas goodwill has indefinite useful life. The estimated remaining useful life of customer related intangible assets is 10 years and technology based intangible assets five years.

## Goodwill

Goodwill is not amortized but is tested at least annually for impairment. The group's goodwill from acquisition is allocated to one the cash generating unit (CGU) which is SSH Secure Collaboration. The recoverable amount from CGU is determined with a value in use method, using five-year cash flow projections, based on financial estimates prepared by the management. Cash flows for the period extending over the five-year planning period are calculated using the terminal value method.

The key parameters applied in impairment testing are: increase in net sales during the next year 5% and the following four years 5% to 8%, annual growth rate in projecting terminal value 1% and discount rate 17.9%. The key parameters were determined based on the growth expectations and also the historical growth of the CGU. The discount rate is the weighted average pre-tax cost of capital (WACC). The components

of the WACC are risk-free rate, market risk premium, company-specific risk premium (small stock premium 4.0%), industry specific equity beta, cost of debt and debt to equity ratio. Tested assets include goodwill, customer related and technology based intangible assets, capitalized R&D costs and net working capital.

An asset is impaired when its carrying amount exceeds its recoverable amount. On the basis of the impairment calculations made, there has been no need for impairment for the CGU for the period ended December 31, 2023. The value-in-use amount of SSH Secure Collaboration CGU exceeded the book value by EUR 8.3 million.

Sensitivity analyses of goodwill have been carried out for the valuation of CGU by making downside scenarios for key parameters. If other parameters remain unchanged, increase in discount rate over 10.77%, or more than 2.66% annual decrease in revenue for the next five years would result in impairment.

No goodwill impairment losses were recognized during the accounting period.

### Impairment testing of capitalized development costs

At the end of the year, the company has tested the value of capitalized development costs using a moderate growth rate compared to year 2023 net sales and year 2023 cost structure. The cash flow forecasts of new products in the market are based on year 2024 budget and long-term strategy estimates. The discount rate used in the testing was 11%. As a result of the testing, no impairment risk was detected. According to the sensitivity analyses carried out, even a significant change in key variables (net sales, profitability and discount rate) would not create a situation where the carrying value of an asset would exceed its recoverable amount.

## 14. INVENTORIES

### Accounting principles

#### Inventories

Inventories are valued at cost or at a net realizable value, whichever is lower. Inventories comprise finished goods for sale. Cost is determined using the weighted average method. Inventories are presented net of write-down recognized for obsolete inventories.

EUR	2023	2022
Finished goods	378,628	327,149
Goods in transit	1,910	
<b>Total inventories</b>	<b>380,539</b>	<b>327,149</b>

## 15. TRADE RECEIVABLES AND CONTRACT LIABILITIES

### Accounting principles

#### Impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Credit losses are recognized in the income statement in other operating expenses.

The Group recognizes an impairment loss on trade receivables when it is expected that the receivable will not be recovered in full. Significant financial difficulties, the likelihood of bankruptcy, neglect of payments, or delay of payment by more than 90 days on part of a debtor may be considered to constitute such evidence for an impairment loss on trade receivables.

### Trade receivables

EUR	2023	2022
<b>Total trade receivables</b>	<b>3,561,839</b>	<b>8,100,578</b>

By currency, EUR	2023	2022
EUR	1,531,156	4,724,338
USD	1,658,301	3,028,880
CHF	313,505	281,679
SEK	58,877	65,681
<b>Total</b>	<b>3,561,839</b>	<b>8,100,578</b>

by age, EUR	ECL rate	2023	2022
Non-matured	0.5%	2,916,592	7,592,107
Matured			
< 30 days	2.0%	624,669	405,965
31-60 days	3.0%	35,687	24,215
61-90 days	10.0%	198	101,258
91-120 days	20.0%	4,637	184
121-180 days	30.0%		
> 181 days	100.0%	482	61,409
Allowance for expected credit losses, Dec 31		-20,426	-84,560
<b>Total</b>		<b>3,561,839</b>	<b>8,100,578</b>

Trade receivables' payment terms vary. The majority of trade receivables are sold with payment terms of 30 days net.

The Group does not fully record impairment losses on receivables older than 90 days, as historically credit losses have been very small.

The book value of trade receivables and trade payables equals their fair value because the impact of discounting is not significant considering the maturity of these items.

### Contract liabilities

EUR	2023	2022
Deferred revenue	12,555,190	14,058,833
Government grants received	47,144	15,348
<b>Total advances received and deferred revenue</b>	<b>12,602,334</b>	<b>14,074,182</b>

### 16. OTHER RECEIVABLES

EUR	2023	2022
VAT receivables	64,352	84,190
Deposits	147,728	149,175
Prepaid assets	446,436	356,614
Other current receivables	3,991	10,868
<b>Total</b>	<b>662,507</b>	<b>600,848</b>

#### Prepaid assets

The Group's prepaid assets consist of costs of goods sold and sales commissions. Costs of goods sold that are costs to fulfill a contract with a customer are recognized as an asset when the contract period is 12 months or longer, costs are material, and revenue from the contract is recognized over time.

Sales incentive commissions that are incremental costs of obtaining a contract with a customer are recognized as an asset when the contract period is 12 months or longer, and costs to fulfill the contract are material, and revenue from the contract is recognized over time.

Assets are amortized over time during the contract period in proportion to the revenue from the contract.

The amortized amount of prepaid assets in 2023 is EUR 48,994 (57,734). No impairment of pre-paid assets was recorded in 2023.

### 17. NOTES TO EQUITY

#### Accounting principles

##### Share capital

Share capital consists of ordinary shares of the parent company classified as equity. Dividends paid on ordinary shares are deducted from equity in the period during which the decision to distribute dividends is made in the Annual General Meeting.

##### Share issue cost

Costs directly related to an issue of new shares, other than costs attributable to a business combination, are deducted, net of tax, from the proceeds recognized under equity.

##### Own shares

If SSH Communications Security Corporation or its subsidiaries purchase parent company SSH Communications Security Corporation's shares, the compensation paid, including any related incremental external costs, net of tax, is deducted from total equity as own shares until the shares are canceled or transferred. If own shares are subsequently sold, any compensation received will be recognized under equity. The Group companies held no shares in the parent company on December 31, 2023 or December 31, 2022.

According to the Articles of Association, SSH Communications Security Corporation has a minimum share capital of EUR 600,000 and a maximum share capital of EUR 2,400,000, within which limits the share capital may be raised or lowered without amending the Articles of Association. The nominal value of one share is EUR 0.03; hence, the minimum number of shares is 20 million and maximum number is 80 million. The company has one series of shares;

each share entitles its holder to one vote at the shareholders' meeting. The share capital of the company, registered in the Trade Register and fully paid up as of 31 December 2023 was EUR 1,219,932.66 (EUR 1,189,893.18), and the number of shares was 40,664,422 (39,663,106).

Changes in the share capital:	Number of shares	Share capital, EUR
<b>31 Dec 2022</b>	<b>39,663,106</b>	<b>1,189,893</b>
Subscriptions under stock option plan	1,001,316	30,039
<b>31 Dec 2023</b>	<b>40,664,422</b>	<b>1,219,932</b>

### Description of the equity reserves:

#### Share capital

The share capital includes the share subscription prices from share issues and share subscriptions through options unless the conditions of the share issue stipulate that the subscription price shall be registered in the unrestricted invested equity fund. Expenses related to share issue are deducted from retained earnings.

#### Translation differences

The translation differences fund comprises the exchange rate differences arising from the translation of the financial statements of the foreign subsidiaries.

#### Unrestricted invested equity fund

The unrestricted equity fund consists of the dissolved share premium fund formed by share subscriptions under option rights and includes share subscription prices insofar as not registered as share capital based on a specific decision.

#### Hybrid capital securities

Hybrid capital securities is an instrument that is

subordinated to the Company's other debt obligations and does not have maturity date (i.e. it is perpetual). It is treated as equity in the IFRS financial statements. Hybrid capital securities do not confer to their holders any rights of shareholders and do not dilute the holdings of the current shareholders.

The other equity fund consists of hybrid capital securities of EUR 12 million issued in March 2015, subscribed by institutional investors. The principal owner of the parent company, Mr. Tatu Ylönen, subscribed EUR 500,000 of the hybrid capital securities. The capital securities had a fixed interest rate of 7.5 percent until 30 March 2020, after which the interest rate increased by four percentage points to 11.5 percent. The capital securities have no maturity date, but the issuer had the right to redeem them after 3 but before 5 years from the issue date, upon certain conditions, or after 5 years from the issue date. The investors had the right to convert the capital loan into the Company's shares at EUR 4.76 per share until 30 March 2020.

## 18. CAPITAL MANAGEMENT

### Accounting principles

#### Financial liabilities

The Group's financial liabilities are classified into financing liabilities recognized at fair value through profit/loss or other financial liabilities (financing liabilities recognized at amortized acquisition cost). A financial liability is classified as current if the Group does not have the absolute right to postpone repayment to at least 12 months from the end of the period under review. A financial liability (or part thereof) will not be written off the balance sheet until it has ceased to exist, i.e. when the obligation specified in the agreement has been discharged or reversed and its period of validity has expired.

The Group did not have any derivative contracts during 2023 or 2022.

Other financial liabilities (financing liabilities recognized at amortized cost) include, most significantly, trade payables.

The objective in managing Group capital is to secure the ability to continue operating. The structure of the capital can be managed through decisions concerning, for instance, dividends and other distribution of assets, purchase of the company's own shares, and share issues. Capital management concerns equity recognized in the balance sheet. There are no requirements imposed by outside parties on the Group's capital management. In March 2015 the Group issued hybrid capital securities which are included in the Group's equity.

The indicators depicting the capital structure are the equity ratio and gearing.

EUR	2023	2022
<b>Net liabilities</b>		
Interest-bearing liabilities	1,245,000	1,745,000
Lease liabilities	1,188,099	877,942
Cash and cash equivalents	2,153,105	5,719,583
<b>Net liabilities</b>	<b>279,993</b>	<b>-3,096,641</b>
<b>Equity total</b>	<b>9,218,509</b>	<b>10,467,741</b>
Equity ratio	49.16%	46.07%
Gearing	3.04%	-27.93%

The interest-bearing liabilities consist of a premium loan received from ELO mutual pension insurance company EUR 1.2 million

## 19. FINANCIAL ASSETS

### Accounting principles

#### Financial assets

The Group has classified its financial assets into the following categories: financial assets at fair value through profit or loss, financial assets at fair value through comprehensive income statement, and financial assets at amortized value.

The assets are classified at initial recognition; the classification is based on the business model used in managing the financial assets and contractual terms of the cash flows. The assets are initially recognized at fair value. Transaction costs are included in the original book value of an asset if the asset is not to be recognized at fair value through profit or loss. Financial

assets are written off from the balance sheet when the contractual right to cash flows from an asset included in financial assets ends or when the significant risks and rewards related to the asset are transferred outside the Group. All asset purchases and sales are recognized on the date of the transaction.

Financial assets at fair value through profit or loss include financial assets that are designated as financial assets at fair value through profit and loss upon initial recognition. In SSH this category includes money market investments. Changes in fair values of financial assets and realized and unrealized gains and losses are recognized in the income statement under financial items during the period when they incur.

The Group assesses at each balance sheet date whether an individual financial asset or group of financial assets is impaired.

### Cash and cash equivalents

Cash and cash equivalents include cash on hand, short-term deposits at banks, and other short-term liquid investments. Assets classified as cash and cash equivalents have a maturity of three months or less at the time of acquisition

EUR	2023	2022
Cash and cash equivalents	2,153,105	5,719,583
Financial assets at FVTPL	1,508,254	
Total financial assets	3,661,359	5,719,583

## Cash and cash equivalents

EUR	2023	2022
Cash and short-term deposits	2,153,105	5,719,583

## Financial assets at FVTPL

EUR	2023	2022
Fair value as at Jan 1	0	
Increases	1,500,000	
Change in fair value	8,254	
Fair value as at Dec 31	1,508,254	

The Group's financial assets at fair value through profit or loss consist of low-risk investment basket, which invests its assets in short-term securities. The fair value of investment basket is based on the market values of the investment objects as reported by the asset management company. Changes in the fair value are recognized in the income statement under financial items. The investment basket is classified at fair value hierarchy level 1, meaning that the fair values are based on the quotation at the end of the reporting period of similar assets or liabilities.





## 20. SHARE-BASED PAYMENTS AND EMPLOYEE BENEFITS

### Accounting principles

#### Employee Benefits

##### Pensions

The Group's pension schemes comply with the relevant regulations and practices in each relevant country. Pension security for the Group personnel is handled through external pension insurance companies. The Group applies defined contribution pension plans, in which the Group pays fixed contributions to an outside unit. The Group has no obligation to make additional payments in case the recipient of the contributions cannot discharge its pension payment obligations.

##### Share-based payments

Option rights have been issued to the Group management and personnel. Option rights are issued with a fixed subscription price determined in the terms and

conditions of the option plan.

Option rights are measured at fair value on their date of issue and recognized as a cost in the income statement on a straight-line basis over the vesting period. The expense determined at the time of issuing the stock options is based on the Group's estimate of the number of stock options to which it is assumed that rights will vest by the end of the vesting period. The fair value is determined using the Black-Scholes pricing model. The non-market criteria are not included in the fair value of the option but considered in the number of stock options that are assumed to vest at the end of the vesting period. On the date of each financial statement, the Group updates its estimate of the final amount of the stock options that will vest, and changes in this estimate are recognized in the income statement. When the option rights are exercised, the proceeds received, net of any transaction costs, are recognized under share capital and unrestricted invested equity fund.

In the company's industry, it is common practice internationally that incentives are provided to employees in the form of equity settled share-based instruments, such as options. Personnel of the company belong to options plans. An employee leaving the company before the vesting of the options forfeits their options.

On the balance sheet date, SSH Communications Security had 1,773,809 stock options out-standing (2,302,127), representing 4.4% of shares and 4.4% of votes. The weighted average exercise price of outstanding stock options was EUR 2.3 (EUR 1.0). The weighted average of the remaining subscription period was 2.2 years (1.2 years). The exercise price varies from EUR 0.93 to EUR 2.98, and the remaining subscription period is from 0.2 years to 3.1 years.

A person holding option rights is entitled to subscribe shares if employed by SSH at the beginning of the subscription period.

#### CHANGES IN OUTSTANDING STOCK OPTIONS:

	2023	2022
At the beginning of the financial period	2,302,127	1,915,334
Stock options granted	935,200	914,000
Stock option forfeited	81,000	93,000
Stock options expired	392,202	50,000
Stock options exercised	990,316	384,207
At the end of the financial period	1,773,809	2,302,127
<b>Exercisable option rights at the end of the financial period</b>	<b>1,773,809</b>	<b>2,302,127</b>

The fair value of option programs is determined at the time the options are granted and is recorded as an expense in the profit/loss during the period of inception. The fair value is determined using the Black-Scholes pricing model.

#### INFORMATION ABOUT OPTION PLANS:

Option plan	Option certificate	Release date	Subscription period		Subscription price, EUR	Options not exercised
			Begin	End		
2018	2018	22 Feb 2018	1 Dec 2020	31 Mar 2022	2.09	0
2019 A	2019 A	18 Dec 2018	1 Dec 2021	31 Mar 2023	1.56	823,127
2020 A	2020 A	13 Feb 2020	1 Dec 2022	31 Mar 2024	0.93	980,000
2022 A	2022 A	23 Feb 2022	22 Feb 2024	31 Mar 2026	2.98	980,000
2023 A	2023 A	1 Jan 2023	23 Feb 2024	31 Mar 2027	2.24	980,000
<b>Total</b>						<b>2,615,938</b>

The parameters for options granted in 2023 are:

	2023
Share price at grant, EUR	1.64
Share price at financial period end, EUR	1.32
Exercise price, EUR	2.24
Expected volatility <sup>1</sup>	52.6%
Maturity, years	3.80
Risk-free rate	2.93%
Expected dividends, EUR	0.00
Valuation model	Black-Scholes
Fair value 31 Dec 2023, EUR	470,162

<sup>1</sup> The expected volatility has been determined by calculating the historical volatility of the company's shares using monthly observations over corresponding maturity.

Share-based payments recognized as an expense, EUR	2023	2022
Share-based payments, equity-settled	420,281	721,609

## 21. TRADE AND OTHER PAYABLES

EUR	2023	2022
Trade payables	481,795	680,205
Personnel related	3,169,239	3,911,966
Accruals	43,049	46,404
VAT liabilities	356,371	801,895
Other liabilities	1,822,123	1,848,040
<b>Total</b>	<b>5,872,577</b>	<b>7,288,510</b>

## 22. FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks in its normal business. The purpose of the Group's risk management is to minimize negative impacts of changes on financial markets to Group income.

### Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk, the most significant currency being the U.S. dollar. The company reduces risk based on net position, using foreign exchange forwards or options. Currently the net position is not hedged. The company decides on the hedging on case by case basis. Currently the Group is not using hedge accounting. Any gains or losses realized through hedging actions are thus recognized in profit/loss.

A 10% strengthening of the U.S. dollar against the Euro using with net position on 31 Dec 2023 would increase the pre-tax profit of the Group by 20,000 euros. Similarly, a 10%

### Market Risk Related to Investments

The Group's cash reserves have been invested in accordance with the policy approved by the Board of Directors. Assets available for investing are determined based on cash and liquidity forecasts. The objective is to generate stable positive returns and at minimum ensure that the invested nominal amounts can be redeemed. Market risk arising from investments is managed by defining neutral allocation per asset class. The Board of Directors approves allowed counterparties and issuers for the Group's investment.

### Credit Risk

The Group has no significant concentrations of credit risk. At the end of the financial year, the Group recorded allowance for expected credit losses of EUR 20,426 to cover doubtful receivables. During 2023 the Group recorded credit losses of EUR 167,056 (48,985 euros), which was mainly consisting of one customer case write-off. The aging distribution of trade receivables is presented in note 15. Trade receivables and contract liabilities.

### Liquidity Risk

The Group's cash and cash equivalents on 31 Dec 2023 were 2,153,105 euros (5,719,583 euros). The Group has EUR 1,500,000 in money market investment that can be withdrawn partially or totally at any time.

The Group had trade payables and other short-term debts amounting 4,202,577 euros (5,618,510 euros). The outstanding

weakening of the U.S. dollar against the Euro would decrease the pre-tax profit of the Group by 17,000 euros.

A 10% strengthening of the U.S. dollar against the Euro using with net position on 31 Dec 2023 would increase revenue of the Group by 860,000 euros. Similarly, a 10% weakening of the U.S. dollar against the Euro would decrease the revenue of the Group by 700,000 euros.

### Interest Rate Risk

The interest-bearing debt of the Group at the end of the review period was EUR 1,245,000 and it consisted of a premium loan taken from ELO mutual pension insurance company EUR 1,245,000. The interest rate of the premium loan consists of reference interest rate and added margin 0,50%. During 2023 the calculated annual rate of premium loan was 0,80%.

The money market investments of the Group expose the cash flow to interest rate risk, but their impact is not material.

installments from SSH Secure Collaboration (ex. Deltagon) acquisition and payments of premium loan from ELO mutual pension insurance company maturing less than one year amount 2,170,000 euros.

Agreements concerning credit facilities and loan guarantees include a covenant for the adequate liquidity and subordination of the hybrid loan interest payments to the credit facility guarantee. Non-compliance with the covenant would lead to deferral of the hybrid interest payment until such time the terms and conditions of the covenant would not restrict payment of the interest or when the credit facility is repaid. Breach of covenant would require material deterioration of the liquidity from the current.

The tables below present the Group's maturity of the financial liabilities:

<b>31 DEC 2023</b>				
<b>EUR</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Interest-bearing liabilities	500,000	745,000		<b>1,245,000</b>
Outstanding installments from SSH Secure Collaboration acquisition	1,670,000			<b>1,670,000</b>
Lease liabilities	468,493	719,606		<b>1,188,099</b>
Trade and other payables	4,202,577			<b>4,202,577</b>
<b>Total</b>	<b>6,841,070</b>	<b>1,464,606</b>		<b>8,305,676</b>

<b>31 DEC 2022</b>				
<b>EUR</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Interest-bearing liabilities	500,000	1,245,000		<b>1,745,000</b>
Outstanding installments from SSH Secure Collaboration acquisition	1,670,000	1,666,796		<b>3,336,796</b>
Lease liabilities	380,447	497,495		<b>877,942</b>
Trade and other payables	5,618,510			<b>5,618,510</b>
<b>Total</b>	<b>8,168,957</b>	<b>3,409,291</b>		<b>11,578,248</b>

The tables below present changes in liabilities arising from financing activities:

<b>EUR</b>	<b>1 Jan 2023</b>	<b>Cash flows</b>	<b>Foreign exchange movement</b>	<b>New leases</b>	<b>Other</b>	<b>31 Dec 2023</b>
Current lease liabilities	380,447	-409,805	4,833	41,800	451,217	468,493
Current interest-bearing borrowings	500,000	-500,000			500,000	500,000
Other current liabilities	1,670,000	-1,670,000			1,670,000	1,670,000
Non-current lease liabilities	497,495			698,256	-476,145	719,606
Non-current interest-bearing borrowings	1,245,000				-500,000	745,000
Other non-current liabilities	1,636,364				-1,636,364	
<b>Total liabilities from financing activities</b>	<b>5,929,306</b>	<b>-2,579,805</b>	<b>4,833</b>	<b>740,056</b>	<b>8,708</b>	<b>4,103,099</b>

EUR	1 Jan 2022	Cash flows	Foreign exchange movement	New leases	Other	31 Dec 2022
Current lease liabilities	371,791	-431,423	3,402	91,543	345,135	380,447
Current interest-bearing borrowings	500,000	-500,000			500,000	500,000
Other current liabilities	1,670,000	-1,670,000			1,670,000	1,670,000
Non-current lease liabilities	219,480			402,081	-124,066	497,495
Non-current interest-bearing borrowings	2,327,000	-582,000			-500,000	1,245,000
Other non-current liabilities	3,166,096				-1,529,732	1,636,364
<b>Total liabilities from financing activities</b>	<b>8,254,366</b>	<b>-3,183,423</b>	<b>3,402</b>	<b>493,624</b>	<b>-361,337</b>	<b>5,929,306</b>

The column "Other" includes non-cash movements, such as reclassification from non-current to current.

## 23. LEASES

### Accounting principles

#### Leases

The Group leases mainly offices. Rental contracts are typically made for fixed periods from two to three years but may have extension options. Extension options have not been included in the lease liability, because the Group could replace the asset without significant cost or business disruption. The lease term is reassessed if the option is exercised.

Leases are recognized in the balance sheet as a right-of-use asset and a corresponding financial liability at the date at which the lease asset is available for the use by the Group. Each lease payment is allocated between the liability and 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 right-of-use assets are also subject to impairment.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities are included in interest-bearing loans and borrowings.

The Group applies the short-term lease recognition exemption to the leases of 12 months or less and the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

### Leases in the balance sheet

The Group has recognized the following amounts related to the leases in the balance sheet:

Right-of-use assets		
EUR	2023	2022
Offices	1,172,688	721,261
Software		125,986
Other	15,185	29,278
<b>Total</b>	<b>1,187,873</b>	<b>876,526</b>

Lease liabilities		
EUR	2023	2022
Current	468,493	380,447
Non-current	719,606	497,495
<b>Total</b>	<b>1,188,099</b>	<b>877,942</b>

Additions to the right-of-use assets during 2023 were in total EUR 0.8 million (EUR 0.9 million). Changes in right-of-use assets have been presented in note 12. Right-of-use assets.

The increase in right-of-use assets in 2023 is mainly due to a change in the accounting estimate of lease liabilities and the extension of the US office lease agreement. The management of SSH evaluates lease terms of the agreements that have no fixed expiration date or notice period of less than 12 months.

## Leases in the income statement

The Group has recognized the following amounts related to the leases in the income statement:

EUR	2023	2022
Depreciation charge of right-of-use assets	-412,929	-414 738
Interest expenses (included in financial costs)	-27,783	-24,046
Expense relating to short-term leases (included in other operating costs)	-2,008	-691
Expense relating to leases of low-value assets (included in other operating costs)	-13,842	-36,256

The cash outflow for leases in 2023 was in total EUR 0.4 million (EUR 0.4 million).

## 24. GUARANTEES GIVEN AND OTHER COMMITMENTS

### Accounting principles

#### Hybrid capital securities

Hybrid capital securities is an instrument that is subordinated to the Company's other debt obligations and is treated as equity in the Group balance sheet. Unpaid interest is cumulated but presented in the financial statements only after Board of Directors' interest payment decision.

#### Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that expenditure will be required to settle the obligation, and when a reliable estimate of the amount can be made. If the Group expects an obligation to be partly reimbursed by a third party, the reimbursement is recognized as a separate asset but only when the reimbursement is certain in practical terms. The Group recognizes a provision on loss-making agreements when the expected benefits of an agreement are less than the unavoidable costs of meeting the obligations under the agreement.

Provisions are measured at the current value of the costs required to discharge the obligation. The discount rate is determined to reflect current market assessments of the time value of money and the risks specific to the obligation.

EUR	2023	2022
Rental guarantees (pledged)	145,523	149,175
Hybrid Loan, Interest	1,380,000	1,380,000

## 25. GROUP COMPANIES AND RELATED PARTY TRANSACTIONS

### Accounting principles

#### Subsidiaries

The consolidated accounts include the parent company SSH Communications Security Corporation and all its subsidiaries. Subsidiaries are companies in which the Group has a controlling interest. A controlling interest is created when the Group has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Group's returns. In practice, controlling interest is established when the Group owns more than half of the votes in a company.

Group-internal share ownership is eliminated using the purchase method. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date on which that control ceases. All Group-internal transactions, receivables and debts, unrealized profit, and profit distribution have been eliminated.

The share of the non-controlling interests of the subsidiaries' profits and equity is presented as a separate item in the consolidated income statement, comprehensive income statement, statement of changes in equity, and in the balance sheet.

Group companies Dec 31 2023	Domicile	Group holding, %	Votes, %
SSH Communications Security Oyj, Helsinki	Finland		
SSH Communications Security Inc., New York City	USA	100	100
SSH Operations Oy, Helsinki	Finland	100	100
SSH Communications Security Ltd., Hong Kong	Hong Kong	100	100
SSH CommSec Singapore Pte. Ltd., Singapore	Singapore	100	100
Kyberleijona Oy, Helsinki	Finland	65	65
SSH Secure Collaboration Oy	Finland	65	65
SSH Government Solutions Inc., New York City	USA	100	100
SSH Technology Oy, Helsinki	Finland	100	100
SSH Communications Security UK Ltd, London	United Kingdom	100	100

During the reporting period Deltagon Oy changed its name to SSH Secure Collaboration

## Partly owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

	Country of incorporation and operation	2023	2022
<b>Kyberleijona Oy</b>	Finland	35%	35%
<b>SSH Secure Collaboration Oy</b>	Finland	35%	35%

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

During 2023 the Swedish and Norwegian Deltagon branches were closed. The closure of the branches did not impact SSH Secure Collaboration Oy's (ex. Deltagon Oy) business operations in these countries. The operations will be run

from SSH Secure Collaboration Oy in Finland.

The following key figures presented include Kyberleijona Oy and SSH Secure Collaboration Oy. Intercompany items between the presented entities have been eliminated.

## Summarised statement of consolidated key figures before group intercompany eliminations:

EUR	2023	2022
Net sales	6,386,922	6,188,134
Operating profit/loss	2,237,685	692,315
Profit/loss for the year	2,220,125	644,153
Total assets	32,364,104	30,720,930
Equity	22,718,444	20,502,817
<b>Net cash flow</b>	<b>-2,129,377</b>	<b>337,904</b>

No dividend has been distributed to non-controlling interest during 2023 or 2022.

## 26. RELATED PARTY TRANSACTIONS

SSH Communications Security Corporation, its subsidiaries, its CEO, and its Board members and companies controlled by them belong to related party of the Group. The Group management team is not considered as part of related party as they do not have direct decision-making authority.

### Employee benefits of the management

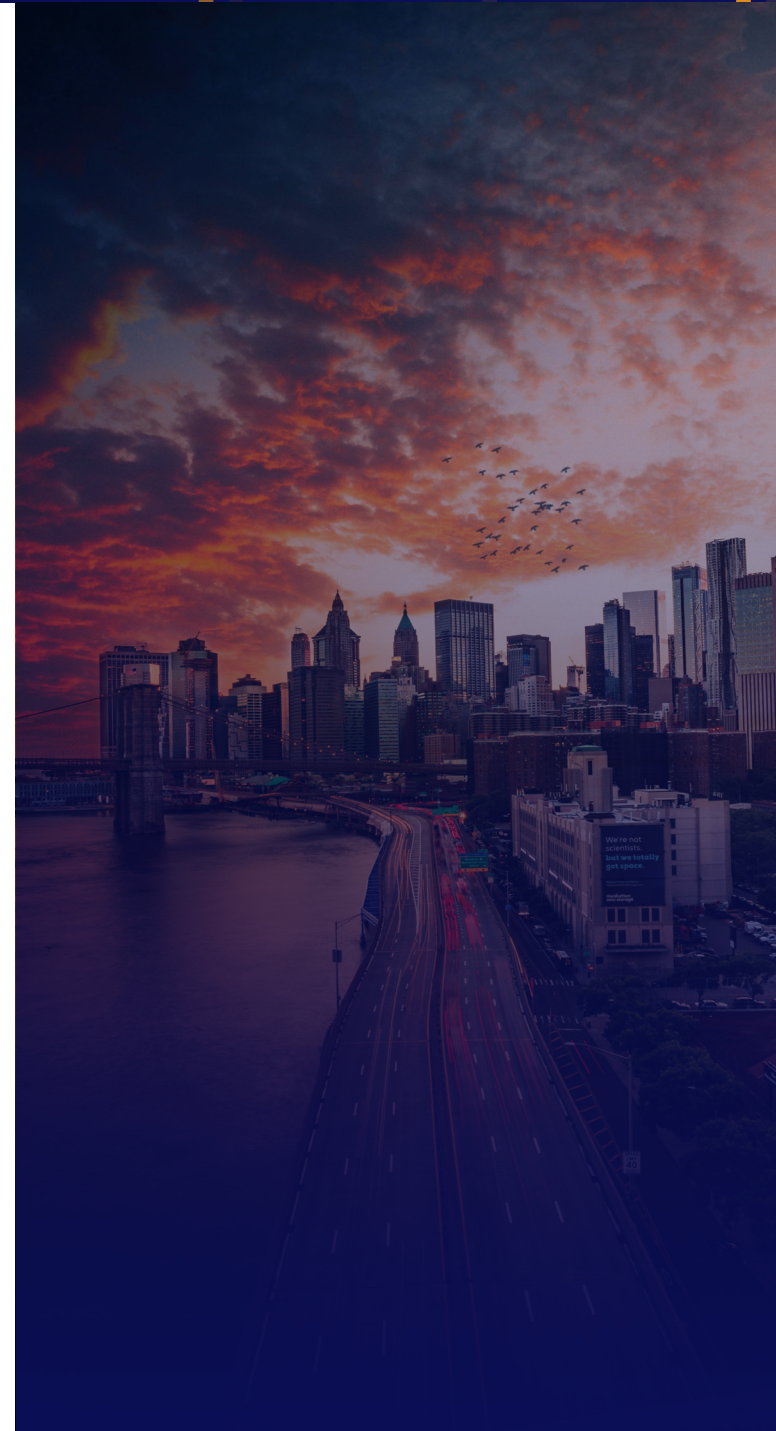
The key management personnel of the Group are defined consisting of the CEO of the parent company. The employee benefits of the CEO are presented in the table below. The sums of employee benefits are shown on an accrual basis. The CEO of SSH Communications Security Corporation has been Mr. Teemu Tunkelo as of 24 March 2020.

<b>Remuneration and fees – CEO</b>		
<b>EUR</b>	<b>2023</b>	<b>2022</b>
Salary and other short-term employee benefits	485,952	325,816
<b>Total</b>	<b>485,952</b>	<b>325,816</b>

Salary and other short-term employee benefits of the CEO are presented as payment based.

<b>Fees to Members of the Board of Directors</b>		
<b>EUR</b>	<b>2023</b>	<b>2022</b>
Candolin Catharina (as of March 2022)	24,000	18,000
Fredrikson Christian	24,000	24,000
Kellomäki Sampo (until 16 May 2023)	9,048	24,000
Tavakka Tai	24,000	24,000
Österlund Henri (Chairman of the Board)		
<b>Total</b>	<b>81,048</b>	<b>90,000</b>

<b>Share and stock option holdings of Board members</b>	<b>31 Dec 2023 Shares</b>	<b>31 Dec 2023 Options</b>	<b>31 Dec 2022 Shares</b>	<b>31 Dec 2022 Options</b>
Candolin Catharina	144		144	
Fredrikson Christian	10,000		10,000	
Kellomäki Sampo				
Tavakka Kai	5,480		5,480	
Österlund Henri	148,595		148,595	
<b>Total</b>	<b>164,219</b>		<b>164,219</b>	



Share and stock option holdings of the key management	31 Dec 2023 Shares	31 Dec 2023 Options	31 Dec 2022 Shares	31 Dec 2022 Options
Tunkelo Teemu	631,408	100,000	177,043	435,000
Michael Kommonen	5,000	50,000		
Raulas Rami		170,000		180,000
<b>Total</b>	<b>636,408</b>	<b>320,000</b>	<b>177,043</b>	<b>615,000</b>

### Compensation of the key management personnel of the group

EUR	2023	2022
Wages and other short-term employee benefits	814,430	791,229
Share-based payments	95,662	

On 31 December 2023, the CEO and members of the Board of Directors of SSH Communications Security owned 29.8% (29.4%) of the shares and votes in the company, either directly or indirectly through companies they own.

Management group members including the CEO directly or indirectly held about 1.5% (0.5%) of company shares and have a total of 320,000 (964,000) option rights.

The key conditions of the option right arrangements are described in note 20. *Share-based payments*.

### Related party transactions

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

## 27. EVENTS AFTER THE BALANCE SHEET DATE

On 14 February 2024 SSH Communications Security Oyj announced that it had been selected as supplier for cryptographic solution and services. The total value of the agreement is approximately EUR 1.8 million.





# Parent Company Financial Statements

## PARENT COMPANY INCOME STATEMENT

EUR	Note	1 Jan-31 Dec 2023	1 Jan-31 Dec 2022
<b>NET SALES</b>	1	11,053,613.37	12,510,576.09
<b>GROSS MARGIN</b>		11,053,613.37	12,510,576.09
Other operating income		196,941.00	811,259.41
Research and development costs	2, 3, 6	-6,912,720.41	-6,435,389.63
Sales and marketing costs	2, 3, 6	-4,389,330.76	-3,921,581.99
Administrative costs	2, 3, 6	-3,177,406.53	-3,388,027.33
<b>OPERATING PROFIT/LOSS</b>		<b>-3,228,903.33</b>	<b>-423,163.46</b>
Financial income	7		
Interest income and other financing income		39,656.73	338,967.46
Interest costs and other financing costs		-237,929.45	-324,494.18
<b>PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES</b>		<b>-3,427,176.05</b>	<b>-408,690.18</b>
Appropriations	8		
Group contribution received		12,843.60	8,696.93
<b>PROFIT/LOSS BEFORE TAXES</b>		<b>-3,414,332.45</b>	<b>-399,993.25</b>
Taxes		0.00	0.00
<b>PROFIT/LOSS FOR THE FINANCIAL PERIOD</b>		<b>-3,414,332.45</b>	<b>-399,993.25</b>

## PARENT COMPANY STATEMENT OF FINANCIAL POSITION

<b>ASSETS</b>				
<b>EUR</b>	<b>Note</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>	
<b>NON-CURRENT ASSETS</b>				
<b>Intangible assets</b>	9			
Immaterial rights		3,649,802.32		3,498,145.60
<b>Intangible assets, total</b>		<b>3,649,802.32</b>		<b>3,498,145.60</b>
Tangible assets	9			
Machinery & equipment		202,020.96		202,824.74
<b>Tangible assets, total</b>		<b>202,020.96</b>		<b>202,824.74</b>
Investments				
Shares in Group companies	9, 19	14,016,037.61		13,816,037.61
Other shares		11,000.00		11,000.00
<b>Investments, total</b>		<b>14,027,037.61</b>		<b>13,827,037.61</b>
<b>NON-CURRENT ASSETS, TOTAL</b>		<b>17,878,860.89</b>		<b>17,528,007.95</b>
<b>CURRENT ASSETS</b>				
<b>Current receivables</b>				
Trade receivables		827,984.01		3,862,583.83
Receivables from Group companies	10	2,239,691.17		5,045,813.30
Prepaid expenses and accrued income	11	388,684.92		311,743.14
Other receivables	12	323,414.57		337,459.26
<b>Current receivables, total</b>		<b>3,779,774.67</b>		<b>9,557,599.53</b>
Cash and cash equivalents		530,668.79		388,083.35
<b>CURRENT ASSETS, TOTAL</b>		<b>4,310,443.46</b>		<b>9,945,682.88</b>
<b>ASSETS, TOTAL</b>		<b>22,189,304.35</b>		<b>27,473,690.83</b>

## PARENT COMPANY STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES			
EUR	Note	31 Dec 2023	31 Dec 2022
<b>EQUITY</b>			
	13		
Share capital		1,219,932.66	1,189,893.18
Unrestricted invested equity fund		25,552,742.63	24,410,411.54
Hybrid capital securities	14	12,000,000.00	12,000,000.00
Retained profit/loss		-25,425,672.39	-23,645,679.14
Profit/loss for financial period		-3,414,332.45	-399,993.75
<b>EQUITY, TOTAL</b>		<b>9,932,670.45</b>	<b>13,554,631.83</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Pension loan	15	745,000.00	1,245,000.00
Loan payables to Group companies	16	2,170,000.00	
Payables to Group companies	16		1,670,000.00
<b>NON-CURRENT LIABILITIES, TOTAL</b>		<b>2,915,000.00</b>	<b>2,915,000.00</b>
<b>CURRENT LIABILITIES</b>			
Advances received		1,979,275.18	2,870,692.78
Trade payables		395,414.41	512,860.81
Payables to Group Companies	16	3,976,386.27	3,576,038.08
Accrued expenses and deferred income	17	2,175,449.24	2,776,499.76
Pension loan	15	500,000.00	500,000.00
Other liabilities		315,108.80	767,967.06
<b>CURRENT LIABILITIES, TOTAL</b>		<b>9,341,633.90</b>	<b>11,004,058.49</b>
<b>LIABILITIES, TOTAL</b>		<b>12,256,633.90</b>	<b>13,919,058.49</b>
<b>EQUITY AND LIABILITIES, TOTAL</b>		<b>22,189,304.35</b>	<b>27,473,690.83</b>

## PARENT COMPANY CASH FLOW STATEMENT

EUR	1 Jan-31 Dec 2023	1 Jan-31 Dec 2022
<b>Cash flow from business operations</b>		
Receipts from customers	14,330,655.60	13,196,277.07
Payments to suppliers and employees	-11,988,096.99	-12,321,537.05
<b>Cash flows from operating activities before financial items and taxes</b>	<b>2,342,558.61</b>	<b>874,740.02</b>
Interest paid and payments on other financial costs	-131,788.26	-152,978.61
Interest received and other financial revenue	317.41	111.81
<b>Cash flow from operating activities</b>	<b>2,211,087.76</b>	<b>721,873.22</b>
<b>Cash flow from investing activities</b>		
Investments in tangible and intangible assets	-1,484,656.75	-1,682,290.88
Investments in subsidiaries	-1,870,000.00	-1,670,000.00
Receipt of government grants	-196,941.00	729,282.87
<b>Cash flow from investing activities</b>	<b>-3,551,597.75</b>	<b>-2,623,008.01</b>
<b>Cash flow from financing activities</b>		
Change in current debt	-500,000.00	-500,000.00
Interest on hybrid capital securities	-1,380,000.00	-1,380,000.00
Loans received from Subsidiaries	2,170,000.00	
Subordinated loan return		1,080,000.00
Proceeds from shares subscribed with option rights	1,172,370.00	719,849.94
Group contribution received	20,725.43	
<b>Cash flow from financing activities</b>	<b>1,483,095.43</b>	<b>-80,150.06</b>
<b>Change in liquid assets</b>	<b>142,585.44</b>	<b>-1,981,284.85</b>
<b>Liquid assets in the beginning of period</b>	<b>388,083.35</b>	<b>2,369,368.20</b>
Change in liquid assets	142,585.44	-1,981,284.85
<b>Liquid assets at the end of period</b>	<b>530,668.79</b>	<b>388,083.35</b>

# Notes to the Parent Company Financial Statements

The financial statement of the parent company, SSH Communications Security Corporation, is drawn up in accordance with the Finnish Accounting Standards. Figures are given to an accuracy of one cent (EUR 0.01). All items in the balance sheet are recognized at original acquisition cost. Information on financial risk management is presented in the consolidated financial statements (*Note 22. Financial Risk Management*).

## Principles of Revenue Recognition

The revenue from product sales is recognized at the time when significant risks and rewards of the product or the right of use of the product have been transferred to the buyer and there is a binding contract between the parties, the delivery has taken place in accordance with the contract, the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will accrue to the company. Control is transferred to the buyer at the point of time.

Revenue from services rendered under maintenance agreements is amortized across the agreement period. Revenues from services are recognized when the service has been delivered and it is probable that the economic benefits associated with the transaction will accrue to the company. Revenue from subscription contracts is amortized across the agreement period.

The revenue of royalties from licenses is recognized according to the actual content of the contract at the point of time. Revenue from royalties is not material to the company.

## Apportioning of Costs to Functions

Costs are apportioned to functions according to the matching principle.

## Leases

The parent company has rental agreement for office premises at Karvaamokuja 2B, Helsinki and minor

other assets. Leasing payments paid pursuant to these agreements are recognized as costs over the rental or leasing period under agreements.

## Income Tax

The income tax in the income statement comprises direct taxes based on the taxable profit for the financial period and adjustments to taxes on previous financial periods. The parent company does not recognize deferred tax receivables or liabilities in its financial statement. The parent company has confirmed tax losses of EUR 1.1 million (EUR 1.9 million). In addition, the parent company has EUR 42.9 million (EUR 41.2 million) research and development expenses and depreciations not deducted in taxation, whereof no deferred tax asset has been recognized.

## Fixed Assets

Fixed assets are recognized in the balance sheet at acquisition cost less planned depreciation and any impairment. Planned depreciations are calculated on a straight-line basis according to the economic life of each asset category.

The asset categories and their depreciation periods are:

Machinery and equipment	5 years from month of acquisition
Computer hardware	3 years from month of acquisition
Immaterial rights	5 years from month of acquisition
Development costs	5 years from month of capitalization
Other capitalized expenditure	5 years from year of capitalization
Leasehold improvements of rental premises	Length of the rental agreement, though no more than 7 years, from year of capitalization

## Research and Development Costs

Research and development costs are recognized as costs in the financial period in which they occurred except for those product development costs which are capitalized once certain criteria have been met. Capitalized development expenses are depreciated systematically over their useful lives.

## Foreign Currency Transactions

Transactions denominated in foreign currencies are recognized at the exchange rate on the transaction date. Outstanding receivables and liabilities in foreign currencies are recognized using the exchange rates on the balance sheet date. Exchange rate gains and losses on actual business operations are considered sales adjustment items or adjustment items to materials and services. Exchange rate gains and losses on financing activities are recognized under financing income and costs.

## Option Rights

Employees of the parent company and its subsidiaries have been granted option rights. The option rights entitle their holders to subscribe shares in the parent company at a fixed subscription price specified in the terms of the option plan. No costs are recognized in the income statement or balance sheet regarding the granting of option rights.

## Hybrid capital securities

Hybrid capital securities is an equity-related instrument that is presented as a separate item in equity. Interest payments on hybrid capital securities are decided by the Board. Unpaid interest accumulated at the balance sheet date is presented in note 18. *Other commitments*.

## 1. NET SALES BY MARKET AREA

EUR	2023	2022
Finland	5,693,482.65	5,200,067.23
Rest of Europe	2,012,102.54	2,074,356.10
Other	3,348,028.18	5,236,152.76
<b>Total</b>	<b>11,053,613.37</b>	<b>12,510,576.09</b>

## 2. OPERATING COSTS

EUR	2023	2022
<b>Other operating costs</b>		
External services	-3,158,142.81	-2,834,933.50
Depreciation	-1,333,804.81	-1,181,529.42
Other	-2,384,317.46	-2,094,113.19
<b>Total</b>	<b>-6,876,263.08</b>	<b>-6,110,576.11</b>

### Auditor's fees

EUR	2023	2022
<b>Principal auditor (Ernst &amp; Young Oy)</b>		
Statutory auditing	-56,561.00	-54,308.00
Other services	-7,400.00	-21,400.00
<b>Total</b>	<b>-63,961.00</b>	<b>-75,708.00</b>

## 3. PERSONNEL COSTS AND AVERAGE NUMBER OF EMPLOYEES

Personnel costs		
EUR	2023	2022
Wages and salaries	-7,363,629.90	-7,464,535.90
Pension costs	-1,273,577.42	-1,128,844.19
Other ancillary personnel costs	-294,698.68	-466,432.63
<b>Total</b>	<b>-8,931,904.00</b>	<b>-9,059,812.72</b>

Average number of employees	2023	2022
	99	90

## 4. PERSONNEL DISTRIBUTION BY BUSINESS AREA AT THE END OF THE FINANCIAL PERIOD

	2023	2022
Research and development	62	60
Sales and marketing	25	21
Administration	17	15
<b>Total</b>	<b>104</b>	<b>96</b>

## 5. SALARIES AND FEES PAID TO MANAGEMENT AND MEMBERS OF THE BOARD OF DIRECTORS

See note 26 in the consolidated financial statements.

## 6. DEPRECIATION AND IMPAIRMENT

EUR	2023	2022
Immaterial rights	238,897.55	228,557.36
Capitalized development costs	985,870.29	876,100.71
Machinery and equipment	109,035.97	76,871.35
<b>Total</b>	<b>1,333,803.81</b>	<b>1,181,529.42</b>

In 2023 the company recorded an impairment of intangible assets EUR 51,828.04. In 2022 the company recorded an impairment of intangible assets EUR 408.58.

## 7. FINANCIAL INCOME AND COSTS

EUR	2023	2022
Interest revenue	9,317.41	25,488.86
Exchange rate gains and losses (net)	-37,629.54	141,963.03
Interest, expenses and other financial costs	-169,960.59	-152,978.61
<b>Total</b>	<b>-198,272.72</b>	<b>14,473.28</b>

## 8. APPROPRIATIONS

EUR	2023	2022
Group contribution from SSH Operations Oy	12,844.60	6,503.99
Group contribution from SSH Technology Oy		2,192.94
<b>Total</b>	<b>12,844.60</b>	<b>8,696.93</b>

## 9. INTANGIBLE AND TANGIBLE ASSETS AND LONG-TERM INVESTMENTS

EUR	2023	2022
<b>Immaterial rights</b>		
Acquisition cost 1 Jan	17,370,556.37	15,958,770.72
Increase	1,376,424.56	1,411,785.65
Acquisition cost 31 Dec	18,746,980.93	17,370,556.37
Accumulated depreciation 1 Jan	13,872,410.77	12,767,752.70
Depreciation for the financial period	1,224,767.84	1,104,658.07
Accumulated depreciation 31 Dec	15,097,178.61	13,872,410.77
<b>Book value 31 Dec</b>	<b>3,649,802.32</b>	<b>3,498,145.60</b>
<b>Tangible assets</b>		
<b>Machinery and equipment</b>		
Acquisition cost 1 Jan	2,084,795.29	1,913,071.60
Increase	108,232.19	171,723.69
Acquisition cost 31 Dec	2,193,027.48	2,084,795.29
Accumulated depreciation 1 Jan	1,881,970.55	1,805,099.19
Depreciation for the financial period	109,035.97	76,871.36
Accumulated depreciation 31 Dec	1,991,006.52	1,881,970.55
<b>Book value 31 Dec</b>	<b>202,020.96</b>	<b>202,824.74</b>
<b>Investments</b>		
Book value 1 Jan	13,827,037.61	14,907,037.61
Increase	200,000.00	
Decrease		-1,080,000.00
<b>Book value 31 Dec</b>	<b>14,027,037.61</b>	<b>13,827,037.61</b>

In 2022 Kyberleijona Oy has repaid a subordinated loan capital EUR 1,080,000.00 and interest EUR 16,377.05 to the parent company. The capital and interest of the subordinated loan can only be repaid in circumstances permitted by Chapter 12 of the Finnish Limited Liability Companies Act. The capital of the subordinated loan can only be repaid to the extent the unrestricted shareholders' equity and the total amount of the subordinated loan at the time of the repayment exceeds the loss that is to be confirmed for the company's latest financial year or is included in the balance sheet of more recent financial statements. The annual interest for the loan is three per cent (3%).

## 10. RECEIVABLES FROM GROUP COMPANIES

EUR	2023	2022
Trade receivables	2,226,847.58	5,037,116.37
Group contribution receivable	12,843.60	8,696.93
<b>Total</b>	<b>2,239,691.18</b>	<b>5,045,813.30</b>

## 11. PREPAID EXPENSES AND ACCRUED INCOME

EUR	2023	2022
Prepaid expenses	388,684.92	311,743.14
<b>Total</b>	<b>388,684.92</b>	<b>311,743.14</b>

## 12. OTHER RECEIVABLES

EUR	2023	2022
Other receivables	323,414.57	337,459.26
<b>Total</b>	<b>323,414.57</b>	<b>337,459.26</b>



## 13. EQUITY

EUR	2023	2022
Share capital 1 Jan	1,189,893.18	1,178,366.97
Increase in share capital	30,039.48	11,526.21
Share capital 31 Dec	1,219,932.66	1,189,893.18
Unrestricted invested equity fund	25,552,742.63	24,410,411.54
Hybrid capital securities	12,000,000.00	12,000,000.00
Retained earnings	-25,425,672.39	-23,645,679.14
Profit/loss for the financial period	-3,414,332.45	-399,993.75
<b>Total</b>	<b>9,932,670.45</b>	<b>13,554,631.83</b>

Statement on Distributable Funds, EUR	2023	2022
Retained earnings	-25,425,672.39	-23,645,679.14
Profit/Loss for the financial period	-3,414,332.45	-399,993.75
Unrestricted invested equity fund	25,552,742.63	24,410,411.54
Capitalized development costs	-2,963,985.91	-2,617,391.51
<b>Total</b>	<b>-6,251,248.12</b>	<b>-2,252,652.86</b>

## 14. HYBRID CAPITAL SECURITIES/ SHAREHOLDERS' EQUITY

A hybrid capital security is an instrument that is subordinated to the Company's other debt obligations, and it does not have maturity date (i.e. it is perpetual). It is treated as equity in the financial statements. Hybrid capital securities do not confer to their holders any shareholder rights and do not dilute the holdings of the current shareholders.

Hybrid capital securities in the amount of EUR 12 million were issued in March 2015 and subscribed by institutional investors. The capital securities bear a fixed interest rate of 11.5 per cent. The capital securities have no maturity date, but the issuer has the right to redeem them after 3 but before 5 years from the issue date, upon certain conditions, or after 5 years from the issue date. The investors had the right to convert the capital loan into the Company's shares at EUR 4.76 per share until 30 March 2020.

Paid interest from hybrid capital securities reduce the amount of retained earnings. Unpaid interest from hybrid capital securities is presented in note 18. *Other commitments*. Paid interest in the financial year 2023 was EUR 1,380,000 (EUR 1,380,000).

## 15. NON-CURRENT LIABILITIES

EUR	2023	2022
<b>Pension loans payable</b>		
Between one and five years	745,000.00	1,245,000.00
<b>Pension loans, total</b>	<b>745,000.00</b>	<b>1,245,000.00</b>
<b>Liabilities to subsidiaries</b>		
Between one and five years	2,170,000.00	1,670,000.00
<b>Liabilities to subsidiaries, total</b>	<b>2,170,000.00</b>	<b>1,670,000.00</b>
<b>Non-current liabilities, total</b>	<b>2,915,000.00</b>	<b>2,915,000.00</b>

In 2021, company received a premium loan from ELO mutual pension insurance company. Total amount of the loan on 31 December, 2023 is EUR 1,245,000 (EUR 1,745,000) of which 745,000 is non-current (EUR 1,245,000). Non-current liabilities to subsidiaries consist of the loans that company received from SSH Secure Collaboration Oy in 2023. In 2022 the non-current liabilities to subsidiaries consisted of the obligation to invest in Kyberleijona EUR 1 670 000, which is covering the installments of SSH Secure Collaboration purchase.

## 16. LIABILITIES TO SUBSIDIARIES

EUR	2023	2022
<b>Non-current liabilities to subsidiaries</b>		
Other liabilities		1,670,000.00
Loan payables to Group companies	2,170,000.00	
<b>Non-current liabilities to subsidiaries, total</b>	<b>2,170,000.00</b>	<b>1,670,000.00</b>
<b>Current liabilities to subsidiaries</b>		
Trade payables	2,284,814.10	1,885,500.66
Other liabilities	1,691,572.17	1,690,537.92
<b>Current liabilities to subsidiaries, total</b>	<b>3,976,386.27</b>	<b>3,576,038.58</b>
<b>Liabilities to subsidiaries, total</b>	<b>6,146,386.27</b>	<b>5,246,038.58</b>

Current other liabilities to subsidiaries include the obligation to capitalize the group company Kyberleijona Oy, which will cover the current portion of the outstanding installment of SSH Secure Collaboration acquisition EUR 1,670,000.

## 17. ACCRUED LIABILITIES AND DEFERRED INCOME

EUR	2023	2022
Personnel related	2,175,449.24	2,776,499.76
<b>Total</b>	<b>2,175,449.24</b>	<b>2,776,499.76</b>

## 18. OTHER COMMITMENTS

EUR	2023	2022
<b>Non-cancellable lease agreements for office facilities – future rent payments</b>		
Within one year	323,784.00*	339,629.34*
Within more than one year but no more than 5 years	15,778.00*	49,071.44*
<b>Other commitments</b>		
Within one year	59,968.93*	47,209.92*
<b>Total</b>	<b>399,530.93</b>	<b>435,910.70</b>

\* Including VAT 24%

EUR	2023	2022
<b>Guarantees given and other commitments</b>		
Rental guarantees (pledged)	128,127.90	128,127.90
Hybrid Loan, Interest	1,380,000.00	1,380,000.00

## 19. GROUP COMPANIES

Parent and subsidiary relationships of the Group 31 December 2023	Domicile	Group Holding, %	Votes, %
SSH Communications Security Oyj, Helsinki	Finland		
SSH Communications Security Inc., New York City	USA	100	100
SSH Operations Oy, Helsinki	Finland	100	100
SSH Communications Security Ltd., Hong Kong	Hong Kong	100	100
Kyberleijona Oy, Helsinki	Finland	65	65
SSH Government Solutions Inc., New York City	USA	100	100
SSH Technology Oy, Helsinki	Finland	100	100
SSH Communications Security UK Ltd, London	United Kingdom	100	100
SSH Commsec Singapore Pte. Ltd., Singapore	Singapore	100	100

## 20. RELATED PARTY

SSH Communications Security Oyj's subsidiaries, its CEO, and its Board members and companies controlled by them belong to related party of SSH Communications Security Oyj.

See note 26 in the consolidated financial statements.

# Dividend Proposal and Signatures

## DIVIDEND PROPOSAL

The parent company's distributable funds are EUR -6,251,248.12, of which the loss for the financial year is EUR -3,414,332.45. The Board of Directors proposes to the Annual General Meeting on 25 March, 2024 that no dividend or return of capital shall be distributed. It is proposed that the loss of the financial year shall be entered to the retained earnings in the shareholders' equity.

## SIGNATURES FOR THE FINANCIAL STATEMENTS AND REPORT OF THE BOARD OF DIRECTORS

Helsinki, 21 February 2024

HENRI ÖSTERLUND  
Chairman of the Board of Directors

KAI TAVAKKA  
Member of the Board of Directors

CATHARINA CANDOLIN  
Member of the Board of Directors

TEEMU TUNKELO  
Chief Executive Officer

CHRISTIAN FREDRIKSON  
Member of the Board of Directors

## AUDITOR'S NOTE

Our auditors' report has been issued today.

Helsinki, 21 February 2024

Ernst & Young Oy  
Authorized Public Accountant Firm

MARIA ONNISELKÄ  
Authorized Public Accountant

# Auditor's Report (Translation of the Finnish original)

To the Annual General Meeting of  
SSH Communications Security Oyj

## Report on the Audit of Financial Statements

### Opinion

We have audited the financial statements of SSH Communications Security Oyj (business identity code 1035804-9) for the year ended 31 December, 2023. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 5 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these

matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Revenue Recognition</b>  <i>We refer to the notes 2 and 3.</i></p> <p>The group has multiple revenue sources including maintenance and subscription sales, license sales and consulting services. The group's revenue for the financial year 2023 amounted to 20,3 million euros, which mostly comprised of maintenance and subscription sales and license sales.</p> <p>According to the group's accounting policies, maintenance and subscription sales are recognized evenly on an accrual basis throughout the contract period, and license sales are recognized when the right of use of the product is granted to the buyer. Consulting sales are recognized when the service has been delivered.</p> <p>There is a risk of incorrect timing of revenue recognition due to the various different terms and conditions included in the group's sales contracts. Revenue recognition was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10 (2).</p>	<p>Our audit procedures to address the risk of material misstatement in respect of revenue recognition included among others the following procedures:</p> <ul style="list-style-type: none"> <li>• We evaluated the revenue recognition principles applied by the group from the perspective of the applicable accounting standards.</li> <li>• We evaluated the revenue recognition of different sources of revenue in relation to the terms and conditions of the sales contracts.</li> <li>• We tested the correctness of the timing of revenue recognition.</li> <li>• We evaluated the appropriateness and sufficiency of the notes related to the group's revenue.</li> </ul>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of goodwill</b>  <i>We refer to the note 13.</i></p> <p>As of balance sheet date 31 December 2023, the book value of goodwill amounted to 8,6 million euros and customer relationships to 6,0 million euros representing 46% of Group's assets and 159% of equity. Goodwill and customer relationships are tested as part of cash generating unit SSH Collaboration Security.</p> <p>Valuation of goodwill and customer relationships was a key audit matter because</p> <ul style="list-style-type: none"> <li>• the annual impairment testing process involves management judgment, the assessment process is complex, and it includes estimates and assumptions,</li> <li>• impairment testing is based on assumptions relating to market and economic conditions, and</li> <li>• book value of goodwill and customer relationships is significant to the financial statements.</li> </ul> <p>The value in use of the cash generating unit is estimated based on a discounted cash flow calculation, and the outcome can vary significantly when the underlying assumptions used in the calculation change. There are number of underlying assumptions used to determine the value in use, such as revenue growth rate, EBIT and the discount rate applied on net cash flows. Any changes in these assumptions may result in an impairment of goodwill.</p> <p>This matter was a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10 (2).</p>	<p>Our audit procedures to address the risk of material misstatement in respect of valuation of capitalized development costs included among others the following procedures:</p> <ul style="list-style-type: none"> <li>• We evaluated with the assistance of EY valuation specialists the underlying assumptions and methods applied by the management in the impairment testing, with regards to the following assumptions: the revenue growth rate, EBIT-% and the discount rate applied on net cash flows.</li> <li>• We evaluated with the assistance of EY valuation specialists the appropriateness of the sensitivity analysis, and whether a reasonably possible change in an underlying assumption could cause the book value of the unit to exceed the value in use.</li> <li>• We compared future estimates to the budget approved by the Board of Directors and to the available historical information, and we tested the mathematical accuracy of the impairment calculation.</li> <li>• We evaluated the appropriateness of the group's disclosures in respect of impairment testing.</li> </ul>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of capitalized development costs</b>  <i>We refer to the note 13.</i></p> <p>As of balance sheet date 31 December 2023, the book value of capitalized development costs amounted to 4,6 million euros representing 15% of Group's assets and 50% of equity.</p> <p>Valuation of capitalized development costs was a key audit matter because impairment testing includes forecasts. Group management exercises judgment determining the assumptions related to future market conditions and economic trends such as the general economic growth and sales and profitability trends.</p> <p>This matter was a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10 (2).</p>	<p>Our audit procedures to address the risk of material misstatement in respect of valuation of goodwill and customer relationships included among others the following procedures:</p> <ul style="list-style-type: none"> <li>• We evaluated the key assumptions used by management including revenue growth rate, profitability development and discount rate.</li> <li>• We compared management estimates to available historical information and we tested the mathematical accuracy of the impairment calculation.</li> <li>• We evaluated the appropriateness of the group's disclosures in respect of impairment testing.</li> </ul>

## Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is

not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or



regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Other Reporting Requirements**

### **Information on our audit engagement**

We were first appointed as auditors by the Annual General Meeting on 20.4.2016, and our appointment represents a total period of uninterrupted engagement of 8 years.

### **Other information**

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report

of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 21 February 2024

Ernst & Young Oy  
Authorized Public Accountant Firm

Maria Onniselkä  
Authorized Public Accountant

# CORPORATE GOVERNANCE

SSH Communications Security is committed to transparent and responsible corporate governance through compliance with laws, regulations, and best practices as well as high ethical standards applied in its governance and decision-making. SSH Communications Security's corporate governance practices are subject to its articles of association, Finnish Limited Liability Companies Act, securities market legislation, including the market abuse regulation, rules of Nasdaq Helsinki, and Finnish Corporate Governance Code 2020. The Corporate Governance Code is available at [www.cgfinland.fi](http://www.cgfinland.fi).

For more information on the governance practices of the company, see our Corporate Governance Statement that is published annually as a separate report and can be found at SSH's website.

SSH implements a one-tier governance model where the management and supervision of the SSH Group is the responsibility of the General Meeting of shareholders, the Board of Directors, and the CEO assisted by Executive Management Team. Duties are defined by the Finnish Limited Liability Companies Act and the company's articles of association.

SSH Communications Security's highest decision-making body is the General Meeting, which is composed of the company's shareholders. The General Meeting makes decisions on matters falling within its competence as stipulated by the Finnish Limited Liability Companies Act and the company's articles of association.

The Annual General Meeting elects the Board of Directors and the auditors. The Board of

Directors is responsible for strategic management and decides on the SSH Group's administrative systems and ensures compliance with applicable legislation and good governance principles.

A Remuneration Policy was presented in AGM 2020 and is intended to be valid until the AGM 2024. A new Remuneration Policy will be presented in the AGM held on 25.3.2024. Remuneration Report will be presented to the Annual General Meeting annually.

The board appoints the CEO, who is in charge of the operative, day-to-day management of the company. CEO is assisted in their work by the Executive Management Team.

More information can be found from the annual Corporate Governance Statement and from the company website.

# SUSTAINABILITY; BUSINESS ETHICS, SOCIAL RESPONSIBILITY, AND ENVIRONMENT

## Introduction to sustainability at SSH

SSH Communications Security was born out of sustainability related issues 28 years ago. Data transfer protocols were taking shape and there were no easy and readily available options to encrypt data in transfer. Out of this real-world problem, Tatu Ylönen created the original SSH protocol and shared it with the rest of the world, for free. It was one of the first widely available mechanisms to ensure communication and data safety and privacy in the internet.

Soon after that, the company was founded.

Over the years, SSH has had a positive impact on IT industry through standardization and interoperation efforts through in IETF and NIST. This work continues and is an important building block in the securely and safely connected, sustainable world. We are also hosting SSH Academy, a large source of information regarding the protocol and the use of it. All this work aims for better data security for everyone, our customer or not.

While sustainability has always been a factor in our company, the journey to better environmental, social and governance awareness has taken multiple steps forward during the last few years. We have made conscious acts to move our physical functions to more environmentally friendly positions. We have moved to more efficient office spaces and given up given up some electricity consuming infrastructure. Our functions in Finland cover roughly 95% of the rented office space and our own server capacity and they only use carbon neutral electricity. In 2019, we wanted to begin to formalize our ESG agenda, and this led us to be certified as Nasdaq ESG Transparency Partner in 2020. This certification is used by Nasdaq to signal engagement in market transparency and in raising environmental standards. The Nasdaq ESG Matrix includes data points from Environmental, Social,

and Corporate Governance as well as Future Sustainability Goals, all of which SSH considers in its operations.

Currently, we are focused on shaping our ESG strategy and gathering data and knowledge to ensure that we will fully comply with the requirements of the EU CSRD directive latest for the reporting year 2026. Our key performance indicators include the environmental impact of equipment and offices, ethical business practices, cybersecurity, the diversity and well-being of the employees, and good people management. SSH will systemize its reporting regarding these indicators and the following of the ESG and environmental standards.

## Helping others to create a better world

SSH works in the cybersecurity field. Defensive Cybersecurity is both our business and the passion that drives us forward. All organizations, both big and small, private and public, can trust our products.

To do this better, we have developed a comprehensive product portfolio to cover different user cases and various kinds of organizations. We actively follow the industry, develop our products, and aspire to be the visionaries that shape the future of cybersecurity. During the last few years, our products have seen multiple quantum proof versions released. We are forerunners in the industry, and we are working every day to maintain this position. This is achieved through multiple different actions:

- Constant development of Personnel at multiple levels.
- Strong co-operation with Governmental and Academic institutions
- Efficient partnerships, both strategic and business
- Closely following the cybersecurity world in e.g., the standardization activities in quantum-

# SUSTAINABILITY; BUSINESS ETHICS, SOCIAL RESPONSIBILITY, AND ENVIRONMENT

safe cryptography algorithms and more

SSH comes from Finland, the democracy that regularly achieves top positions as the least corrupt country and the country of with the highest freedom of the press. We are proud of our roots and the fact that companies and Governments all around the world can and do trust our products.

## Ethical Business practices

SSH operates in a socially and ethically responsible manner, respects the environment and society, promotes internationally proclaimed human rights, and ensures ethical business practices at all times.

SSH has set out a clear Anti-Bribery & Anti-Corruption Policy, which prohibits all forms of bribery and corruption. The policy is communicated to all employees in new employee training. Any allegations of bribery or corruption will be investigated thoroughly. The Anti-Bribery & Anti-Corruption Policy is available at [www.ssh.com](http://www.ssh.com)

SSH has also established a whistle-blower process which is initiated when someone reports suspected internal or external misconduct or violation of law, regulations, human rights, labor practices, or similar within the operations of SSH Group or by its personnel. To ensure the confidentiality and proper management of the issues, the process is now handled on an external whistle-blowing platform.

SSH has introduced a Code of Conduct as a generally applied guideline describing the expected conduct at SSH Communications Security. It is created for the benefit of all employees, partners, and stakeholders to promote a high standard of professional conduct and uniformity within the company. SSH expects professional, honest, and respectful conduct in all business dealings and relationships with colleagues, customers, and any other people.

## Social responsibility

SSH is a responsible employer and ensures that all employees of SSH have the right to a safe and healthy working environment. SSH has zero tolerance for any form of discrimination or harassment. SSH has internal policies for non-discrimination and harassment, and it provides training on these issues to all employees worldwide. Every employee is treated with equal consideration and fairness. All decisions concerning employment are determined by the employee's performance, not on any discriminatory grounds, such as gender, age, nationality, ethnicity, religion, political affiliation, disability, or sexual orientation. All full-time employees had individual development discussions and were part of the performance management program.

Every employee is treated with equality and fairness, and all decisions regarding the employees or employment will be made solely based on the performance of the employee in question. All fulltime employees are under a performance pay policy and participate in individual development discussions. SSH considers diversity as a strength and actively encourages diversity throughout the organization, including top management and the Board of Directors. The principles on diversity are always taken into account when considering nominations to the Board of Directors. SSH aims to have board members representing both genders as well as different professional and educational backgrounds.

At the end of 2023, SSH Communications Security Group had 158 employees, which increased by 14 employees from the end of 2022.

- Approximately 20,3% (2022: 16,9%) of the personnel were female and 79,7% (2022: 83,1%) were male.
- Average age of all employees was 41 years (2022: 40 years). 38,0% (2022: 36,8%) of employees worked in sales, marketing and customer services,

# SUSTAINABILITY; BUSINESS ETHICS, SOCIAL RESPONSIBILITY, AND ENVIRONMENT

48,7% (2022: 51,4%) in R&D and 13,3% (2022: 11,8%) in administration.

- Approximately 37,3% (2022: 51,4%) of the employees had been working at SSH for less than 2 years, 34,8% (2022: 23,6%) for 2-5 years, 19,6% (2022: 16,7%) for 5-10 years, and, 8,2% (2022: 7,6%) for over 10 years.

- The SSH Employees represented 32 different nationalities and spoke 32 different mother tongues

## Environmental sustainability

SSH respects the surrounding environment and aims to make sure that all its offices are green and energy-efficient and that environmental impacts are maintained as low as possible. Our physical office structure has gone through a major change in the last few years. We recognized that with better offices, we can reduce our environmental load and improve work enjoyment, too. We have gone from old and partly inefficient office spaces in Finland and US to modern and environmentally certified working environments. While our employee number has almost doubled during 2016-2023, the rented office space has halved. Our headquarters is in Ultimes Business Garden, a LEED platinum certified business park in Helsinki, Finland. Together with more flexible remote work policies, this has enabled us to also reduce the space per Employee ratio. We gave up German office 2019 and Hong Kong office 2021 and switched to remote work. While having Employees in 7 countries, we only have physical offices in Finland, US and Singapore.

While transforming our offices to a more environmentally sound structure, we have also modernized our server space. From 2020, most of our servers are moved into LEED-certified or Carbon Free certified external server rooms. We have also switched some applicable functions to use cloud services, which are easily scalable based on cur-

rent needs. This has helped us to improve the efficiency of server capacity and increased the resilience of our IT infrastructure, too.

Our headquarters can be easily accessed by public transportation. This, together with the enhanced remote working options makes it possible for Employees to choose more environmental-friendly commuting practices. We promote a bicycle benefit in our headquarters in Helsinki. Today, when a meeting is created in our meeting reservation system, an online participation link is automatically added to the invitation. This further promotes the possibilities for everyone to choose the best suited way to meet others, collaborate, and save time and environment at the same time.

# INFORMATION FOR SHAREHOLDERS

All published investor information, including annual reports, interim reports, and stock exchange releases, are available on the company's website at [www.ssh.com/investors](http://www.ssh.com/investors).

All investor information is published in English. Stock exchange releases, annual general meeting material, and interim reports are also published in Finnish.

Subscriptions to the emailing list for stock exchange releases can be made by sending your contact details to [investor-relations@ssh.com](mailto:investor-relations@ssh.com).

SSH follows a silent period starting 30 days before the publication of its financial reports, during which the company refrains from contact with representatives of the capital markets and financial media.

## ANNUAL GENERAL MEETING

SSH Communications Security Corporation's Annual General Meeting is planned for Monday, March 25, 2024, in Helsinki, Finland.

## FINANCIAL CALENDAR 2024

The company will publish the following financial reports during 2024:

FY 2023 Financial Statements Bulletin	February 22, 2024
FY 2023 Annual Report	released during Week 11
Business Review, January–March (Q1)	April 24, 2024
Half-year report, January–June (Q2)	July 18, 2024
Business Review, January–September (Q3)	October 24, 2024

In its Business Reviews, SSH will publish a summarized report of key financials as well as CEO review.

## SSH COMMUNICATIONS SECURITY SHARE FACTS

Listing since 2000	Nasdaq Helsinki Ltd.
Trading symbol	SSH1V
Number of shares	40,664,422

## INVESTOR RELATIONS CONTACTS

For any inquiries, please contact: [investor-relations@ssh.com](mailto:investor-relations@ssh.com)



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