

Annual Report 2024



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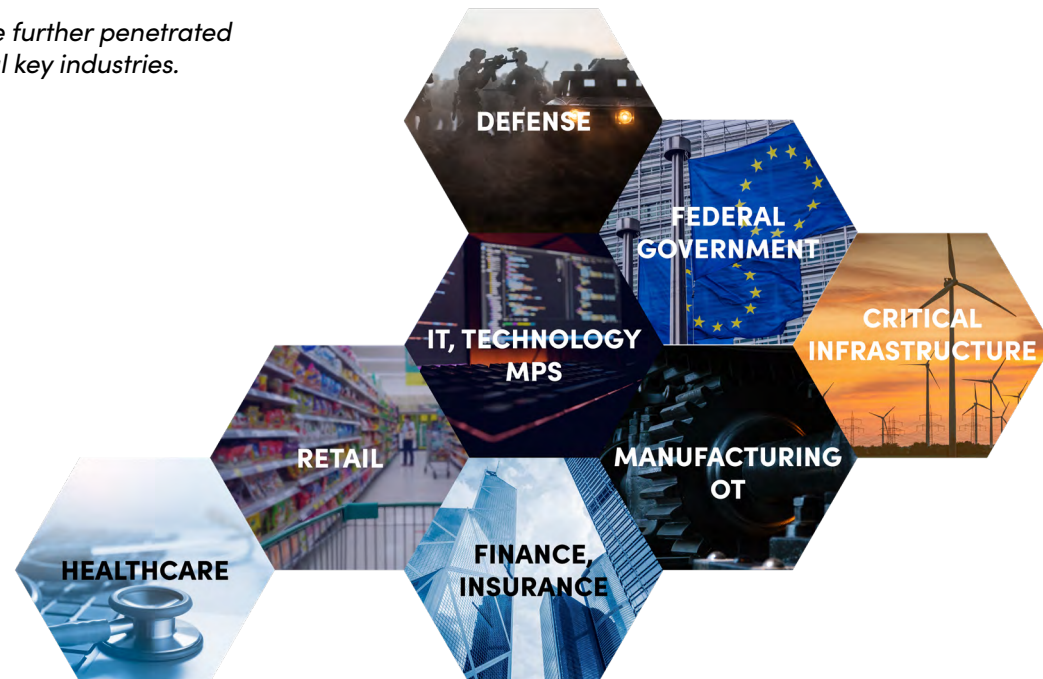
Inventor & origin of the Secure Shell protocol - and beyond

SSH Communications Security: The cybersecurity company for humans, systems, and networks

SSH protects secret and sensitive data and systems, defends access and provides visibility to critical systems, and enables safe communications between humans, systems and networks. Our customers include enterprises from multiple Fortune 500 companies to SMBs across various sectors such as Finance, Retail, Defence, Industrial, Critical Infrastructure, Healthcare, and Government.

We help our customers secure their business in the hybrid cloud and distributed IT and OT infrastructures. Our passwordless and keyless PrivX Zero Trust solutions reduce costs and complexity while quantum-safe encryption keeps critical connections future-proof. Our teams and partners in North America, Europe, and Asia ensure customer success. The company's shares (SSH1V) are listed on Nasdaq Helsinki.

In 2024, we further penetrated into several key industries.



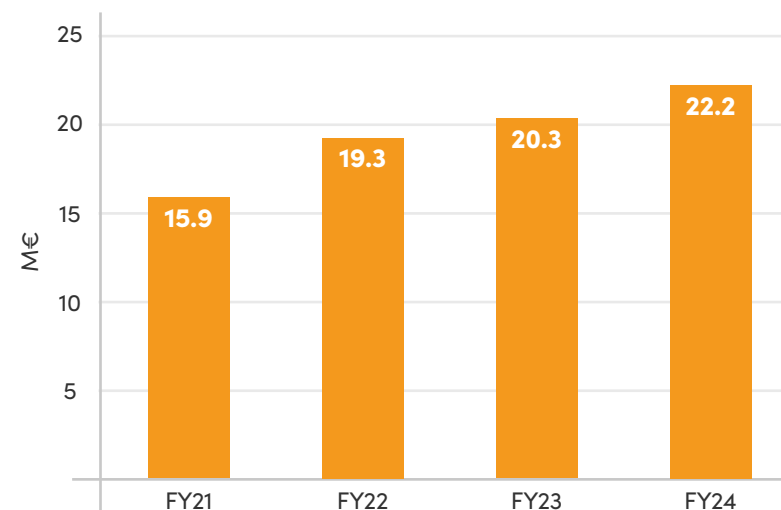
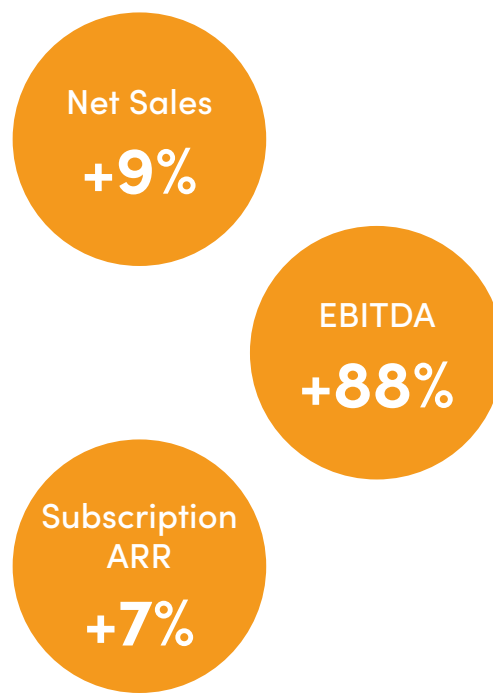
Key Figures

2024

SSH continued solid business growth during 2024, driven in part by strong license sales in the fourth quarter. The recurring revenue sales continued to develop favourably. Profitability improved significantly, as a result of the increased sales growth as well as cost optimization activities during 2024.

We successfully expanded our business in several important growth verticals; defense market, critical infrastructure operators and manufacturing companies (OT).

Deferred revenue increased by 6.0% due to increase in invoicing of multi-year subscription and maintenance contracts. Subscription Annual Recurring Revenue (ARR) grew by 7.4% to EUR 12.3 million and Total Recurring Revenue grew by 6.0% reaching EUR 20.5 million.



Net sales for financial years 2021-2024 (in M€)

KEY FIGURES		FY21	FY22	FY23	FY24
Net sales	M€	15.9	19.3	20.3	22.2
EBITDA	M€	1.1	2.7	1.8	3.4
	%	7.0	13.9	8.9	15.5
Operating profit	M€	-1.5	-0.4	-1.6	-0.3
	%	-9.6	-2.3	-8.1	-1.2
Profit	M€	-2.3	-0.6	-2.0	-0.8
Personnel		122	144	158	134

Key figures for financial years 2021-2024

CEO Letter



Dear valued customers, shareholders, partners, and colleagues,

Reflecting on the past year, I am delighted to share the significant milestones of SSH Communications Security Corporation's journey in 2024. It was a year of solid growth, improved profitability, and new partnerships. We introduced innovative security solutions and product upgrades, setting the stage for even greater achievements in 2025. This year, we are inspired to build on this momentum - delivering more, better, and faster.

We also proudly celebrate SSH's 30th anniversary in 2025. Founded by Tatu Ylönen, SSH Communications Security pioneered cybersecurity with the invention of Secure Shell (SSH) which established the foundation for secure internet communication, enabling safe connections for networks, systems, and humans worldwide.

The year 2024 marked a return to faster growth for SSH Communications Security, driven by strong performance in EMEA and APAC markets and a renewed focus on partner development and activation. A strategic reorganization enabled us to improve profitability while sharpening our focus on key priorities. Our PrivX Zero Trust Suite took center stage, launching as part of the Microsoft Entra ecosystem and establishing itself as a cornerstone and growth opportunity of our portfolio. With enhanced integration capabilities, such as the connection between PrivX and NQX, and tailored features for OT and MSP use cases, PrivX achieved significant traction, particularly in Japan.

We secured a €1.8 million multi-year order for cryptographic solutions, reinforcing the trust and value we provide to our customers. As a result, an introduction of the FQX file encryption product is

taking place, which is set for commercialization in 2025.

We made inroads into expanding our business with our strong customer base and won several new customers in all regions. From a Nordic energy company to an Asian gaming company to a North American digital payments company. Peer recommendations for PrivX rose to 94% and customer satisfaction for support got rated 6,7 out of 7.

To further highlight our commitment to excellence, we achieved ISO/IEC 27001:2022 certification, a testament to our strong dedication to security and trust. We were approved as supplier for NATO's NCI Agency. NQX network security solution received Confidential TL III security rating from NCSA Finland. We started the approval processes for our solutions for EU and NATO Restricted -level security.

Looking ahead to 2025, our focus will be on enhancing profitability and accelerating growth by increasing awareness and demand for our products. We aim to expand our presence in the USA, with particular attention to product marketing and Federal (FIPS) opportunities. We push forward for the adoption of our Zero Trust solutions across OT, critical infrastructure, and defense sectors. Additionally, we are preparing for the commercialization of SalaX Secure Messaging, which we believe will resonate strongly with sectors such as defense, government, healthcare, and commercial enterprises.

As we continue our journey, our commitment to innovation, operational excellence, trustworthiness and customer satisfaction will remain at the heart of everything we do.

Rami Raulas, CEO

Strategy 2025

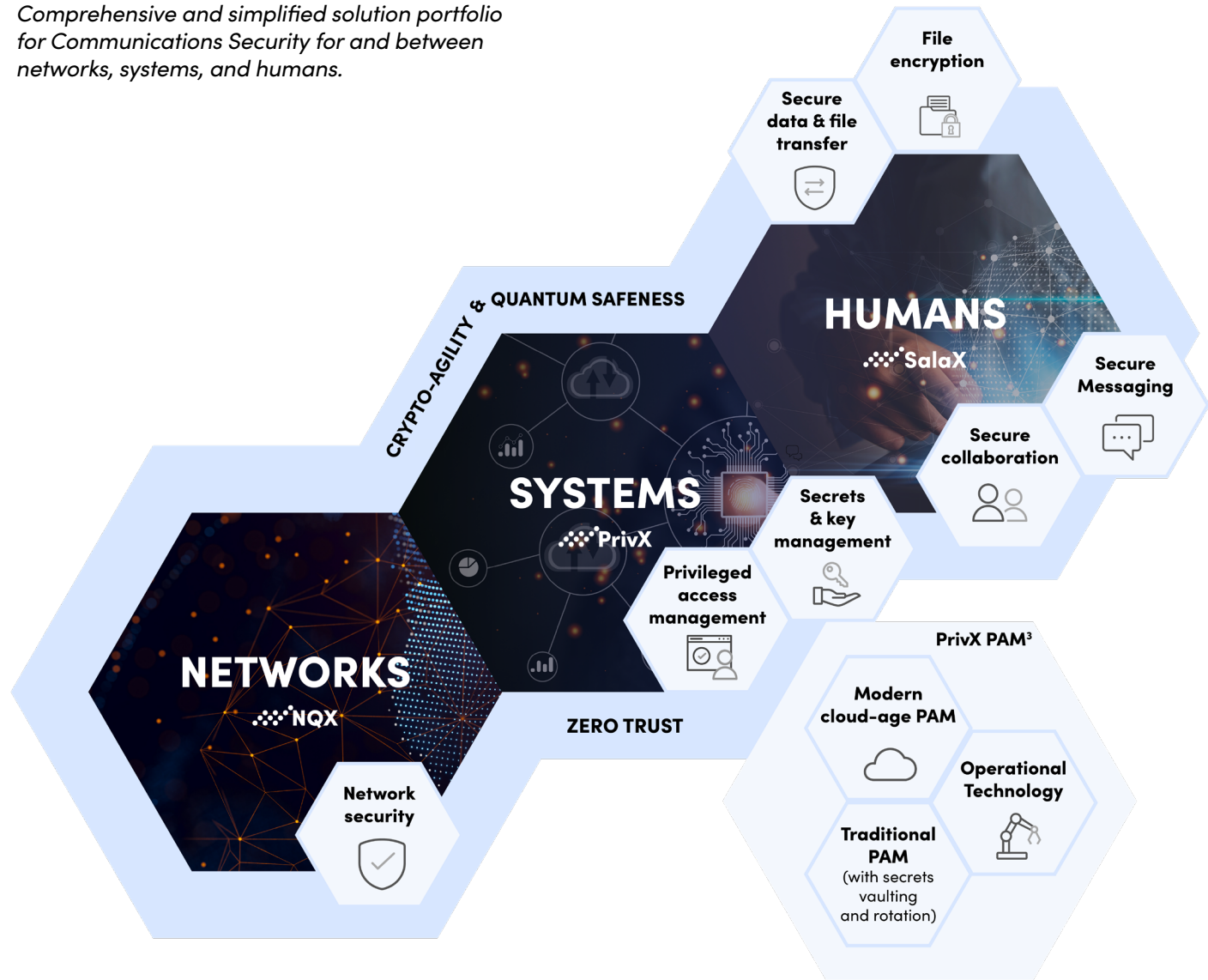
In 2024, we continued to invest in product development, with a strong focus on enhancing our privileged access management solution, PrivX, for enterprise environments and large-scale infrastructures. Additionally, we further integrated our SSH key management solution, UKM, into PrivX as a dedicated module, strengthening our overall holistic security offering.

We promote the transition of Secure Collaboration from Secure Mail to Secure Messaging, effectively modernizing the way secure encrypted communications and file sharings are managed.

The migration to Quantum-Safe accelerates rapidly in 2025, and it is time to act. In network security - originally created for the defense industry - we broaden the business of NQX to wider use cases, such as data centers and industrial site-to-site communications.

We accelerate the growth of our partner network globally.

Comprehensive and simplified solution portfolio for Communications Security for and between networks, systems, and humans.



Board of Directors

In the 2024 Annual General Meeting, the following members were elected for the Board of Directors: Henri Österlund, Kai Tavakka, Christian Fredrikson, Catharina Candolin, and Tuomo Louhivuori.

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, Candolin, and Louhivuori 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.



Henri Österlund

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

Henri Österlund is the founder of Accendo Capital SICAV, which creates shareholder value through active ownership.

Previously, Österlund has served as a Partner of Conventum Corporate Finance, Partner of Triton Private Equity investment fund in London, and as an Analyst at Doughty Hanson Private Equity fund in Stockholm.

Österlund holds a Master's degree in economics from the Helsinki School of Economics (currently Aalto University).

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

Independent in relation to the company, dependent in relation to Accendo Capital, a major shareholder.



Christian Fredrikson

b. 1964, M.Sc Technology, Board Member

Christian Fredrikson is an investor and governance professional with deep knowledge of global commercialization of advanced technologies.

He has formerly served as CEO of F-Secure, CEO of Fingerprint Cards, the Head of the Asia Pacific Region, and Head of Sales for Nokia Siemens Networks.

He currently also serves as a Board member of Remedy Entertainment, Advisor to Edge Venture Capital, and a member of the foundation for Åbo Akademi.

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

Independent in relation to the company and its major shareholders.



Catharina Candolin

b. 1977, PhD Technology, Board Member

Catharina Candolin is a cyber security and defence expert currently working at OP Group.

Previously, Candolin has worked at the Finnish Defence Forces and NATO HQ with cyber security and defence, for which she has been awarded with the Medal for Military Merits (2015) and The Knight First Class of the Order of the Lion of Finland (2020). Prior to that, Candolin has worked in the academia and in private sector companies. She is an active public speaker.

Candolin holds a Doctorate Degree (PhD) from Helsinki University of Technology (currently Aalto University). She studied her minor at the National Defence University in Finland.

Candolin owns 144 SSH shares. No option rights.

Independent in relation to the company and its major shareholders.



Kai Tavakka

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

Kai Tavakka is a partner in Accendo Capital since 2015 after working in the firm since 2012.

Mr. Tavakka has a corporate finance background (PCA Corporate Finance, Danske Corporate Finance). He is a CFA Charterholder and he holds a Master's degree in Economics from Aalto University.

Tavakka owns 5,480 SSH shares (including the controlled companies). He has no option rights.

Independent in relation to the company, dependent in relation to Accendo Capital, a major shareholder.



Tuomo Louhivuori

b. 1976, Board Member

Tuomo Louhivuori is a Senior Technology Executive with experience in successfully leading multibillion-dollar international businesses, building diverse high-performing teams, and creating new business areas. He has a deep understanding of the services business and technology sector with a focus on providing mission-critical solutions for all industries.

Louhivuori has a proven track record of delivering business results and continuous improvements by harnessing emerging technologies to drive digital transformation while leveraging already-made investments. Louhivuori is experienced in working with Private Equity owners and using mergers, acquisitions, and divestments to accelerate turnarounds. Rare combination of sales leadership, technical and security skills and the ability to use them to identify and execute growth opportunities.

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

Independent in relation to the company and its major shareholders.

Executive Management Team

The Board of Directors appointed Rami Raulas as the interim CEO of the company. Rami Raulas was further appointed as the CEO on January 8, 2025.

Teemu Tunkelo left his position as the CEO and a member of the Executive Management Team on February 26, 2024.

Chief Technology Officer, Miikka Sainio, was appointed as a member of the Executive Management Team on March 1, 2024.



Rami Raulas

b. 1961, M.Sc. Economics, Chief Executive Officer

Raulas has been a member of the Executive Management since 2021 (first as the Head of the EMEA Region) and has been with the company since 2016. He is a seasoned sales leader with a background of international leadership positions in sales and business management, marketing, and product management in global companies.

He worked in senior management positions in major companies such as Ahlstrom, Aspocomp, ICL, Fujitsu, Fujitsu-Siemens, and Nokia.

He holds a Master of Science degree in strategic marketing, business economics, and computer science from the Helsinki School of Economics (currently Aalto University).

Raulas owns 70,000 shares and has 150,000 option rights.



Michael Kommonen

b. 1982, M.Sc. Economics, Chief Financial Officer

Kommonen 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.

Kommonen owns 5,000 shares and has 100,000 option rights.



Miikka Sainio

b. 1977, Chief Technology Officer

Sainio has been with SSH since 2016 when he joined as the Head of UX to consolidate and improve the SSH product user experience. Later on, he moved to work as the principal architect and product owner for PrivX.

He has a 25-year-long history of developing software and services in companies ranging from small startups to Nokia.

Product usability and user happiness are close to Miikka's heart, and he has found that the most enticing and positively disruptive product opportunities stem from the intersections of established real-world operational models and the opportunities made possible by digitalization.

Sainio does not own SSH shares but has 78,000 option rights.



SSH Communications Security headquarters office in the Pitäjänmäki area of Helsinki, Finland.

The background features a dark blue, futuristic cityscape with several tall, illuminated skyscrapers. A glowing digital network of white lines and nodes is overlaid on the right side, suggesting a data-driven or technological theme. The overall atmosphere is high-tech and modern.

Financial Statements 2024

Report of the Board of Directors for 1 Jan – 31 Dec 2024

NET SALES (EUR million)	10-12/ 2024	7-9/ 2024	4-6/ 2024	1-3/ 2024	1-12/ 2024	10-12/ 2023	1-12/ 2023
By geographical segment:							
AMERICAS	2.2	1.9	1.9	1.9	7.9	2.2	7.8
APAC	0.6	0.5	0.4	0.4	1.9	0.4	1.5
EMEA	4.0	2.9	2.7	2.7	12.3	2.9	11.0
Total	6.8	5.2	5.1	5.0	22.2	5.5	20.3
By operations:							
Subscription sales	3.1	3.0	3.0	2.9	11.9	2.9	11.1
License sales	1.4	0.1	0.1	0.1	1.8	0.4	0.9
Maintenance sales	2.0	2.0	1.9	1.9	7.8	1.9	7.8
Professional services & others	0.3	0.2	0.1	0.1	0.7	0.3	0.6
Total	6.8	5.2	5.1	5.0	22.2	5.5	20.3

Net Sales

Consolidated net sales for January–December totaled EUR 22.2 million (EUR 20.3 million), an increase of 9.0%, year on year.

A significant part of SSH Communications Security's invoicing is US dollar based. The average exchange rate of the euro against the U.S. dollar was stable compared to 2023. With comparable exchange rates, the year-to-date net sales increase in 2024 would have been 9.0% compared to 2023.

Profit and Profitability Trends

Operating loss for the financial year amounted to EUR -0.3 million (EUR -1.6 million), with net loss totaling EUR -0.8 million (EUR -2.0 million¹).

Sales, marketing, and customer support expenses amounted to EUR -9.2 million (EUR -9.4 million), while research and development expenses totaled EUR -8.9 million (EUR -7.9 million) and administrative expenses EUR -4.6 million (EUR -4.8 million). Operating expenses increased by 3% 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, 2024 stood at EUR 30.1 million (EUR 31.4 million), of which liquid assets accounted for EUR 2.9 million (EUR 2.2 million), or 9.7% of the balance sheet total. In 2024 the company did not have short-term liquid investments. In 2023 the company had EUR 1.5 million of short-term liquid investments. Interest-bearing debts were EUR 0.7 million at the end of the financial year (EUR 1.2 million). Interest-bearing liabilities decreased by EUR -0.5 million from December 31, 2023 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 0.7 million. On December 31, 2024, gearing, or the ratio of net liabilities to shareholders' equity, was -8.9% (2.9%) and the equity ratio stood at 52.8% (50.0%¹).

The reported gross capital expenditure for January–December totaled EUR 1.5 million (EUR 2.7 million). The reported financial income and expenses of EUR -0.3 million (EUR -0.5 million) consisted mainly of exchange rate gains or losses, interest expenses, interest expenses arising from revenue contracts, and interest on lease liabilities.

The Group had a cash flow of EUR 2.7 million (EUR 3.2 million) from business operations, and

investments showed a cash flow of EUR -1.4 million (EUR -5.6 million). Cash flow from investments includes the last installment of deferred purchase price of acquisition of SSH Secure Collaboration EUR -1.7 million (EUR -1.7 million), investment in financial assets EUR 1.5 million (EUR -1.5) and received government grants of EUR 0.3 million (EUR 0.2 million). Cash flow from financing totaled EUR -0.6 million (EUR -1.1 million). Cash flow from financing includes change in debt of EUR -0.5 million (EUR -0.5 million) and proceeds from shares subscribed with option rights EUR 0.3 million (EUR 1.2 million). During 2024 the Group did not pay the hybrid instrument interest (EUR -1.4 million). Total cash flow from operations, investments, and financing was EUR 0.7 million (EUR -3.5 million).

Research and Development

Research and development expenses for January–December totaled EUR -8.9 million (EUR -7.9 million), the equivalent of 40.0% of net sales (38.6%). During January–December, the company has capitalized new product R&D costs in the amount of EUR 1.4 million (EUR 2.1 million). Depreciation from R&D capitalization assets was EUR -1.7 million (EUR -1.6 million).

Intangible Assets

The Group's research and development activities aim to respond to emerging information security threats, improve product competitiveness and quality and usability. Also to increase the mutual integration of products. All product lines have their own R&D team and in addition SSH has a shared technology team that serves all product

lines of the company. Depending on the point of lifecycle of the product how much of research and development costs are activated to balance sheet as intangible assets.

The Group's goodwill is based on the acquisition of SSH Secure Collaboration. The acquisition was closed on 26 April 2021. The transaction strengthened SSH's position as a supplier of encrypted communication solutions broadening SSH's offerings portfolio and customer base. The acquisition also supported the Group's transition to a subscription-based business model.

The Group's customer-related intangible assets are based on the acquisition of SSH Secure Collaboration and were considered as key acquired intangible assets. Other immaterial rights include obtained technology, patents, trademarks, and technology rights. The Group's patent portfolio has been developed since 1997. SSH's key intellectual property is protected with trademarks, copyrights and other available means. Obtained technology was recognized in SSH Secure Collaboration acquisition.

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 in the macroeconomic environment, which can affect both the company's operational costs and financial expenses, as well as customer decision-making and product demand. Factors causing uncertainty include, for example, high inflation and increased market interest rates, a global pandemic such as COVID-19, or an international conflict such as war.

The principles and organization of risk management of SSH Communications Security can be read from the company's website www.ssh.com.

Human Resources and Organization

SSH Communications Security Group had 134 (158) employees at the end of December, down by 24 people or 15.2% from the previous year. The average age among employees was 41 years (41 years). Approximately 20.9% (20.3%) of the employees were women and 79.1% (79.7%) men. At the end of the period, 35.8% (38.0%) of the employees worked in sales, marketing, and customer services, 51.5% (48.7%) in R&D, and 12.7% (13.3%) in corporate administration.

At the end of the financial period, the parent company had 87 (104) employees on its payroll. On average, the parent company had 96 (99) employees during the period under review. Parent company salaries, bonuses, and other personnel expenses during the financial period totaled EUR 9.1 million (8.9 million).

Board of Directors and Auditors

The Annual General Meeting of SSH Communications Security Oyj was held on March 25, 2024. Henri Österlund, Kai Tavakka, Christian Fredrikson, Catharina Candolin and Tuomo Louhivuori (new member) 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.

Group Management Team

At the end of 2024, the Group Management Team consisted of three members:

Rami Raulas, Interim Chief Executive Officer
Michael Kommonen, Chief Financial Officer
Miikka Sainio, Chief Technology Officer

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 2024.

Shares, Shareholding, and Changes in Group Structure

The reported trading volume of SSH Communications Security shares totaled 7,794,424 shares (valued at EUR 11,561,134) during

the reporting period. The highest quotation was EUR 2.24, and the lowest EUR 0.98. The trade-weighted average share price for the period was EUR 1.33, and the share closed at EUR 1.04 (December 31, 2024).

Accendo Capital is the largest shareholder of SSH, with 27.7% of the company shares and votes. Tatu Ylönen is the second largest shareholder of SSH, with 17.1%, and Timo Syrjälä holds 7.4% of the company's shares. More information about the shareholding can be obtained from the company's website.

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 oy, 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.

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 (%)
Private individuals	19,599,077	47.84
Investment & PE	11,330,000	27.66
Private companies and Other	6,944,919	16.96
Pension & Insurance	2,589,777	6.32
Fund companies	13,500	0.03
Unknown owner type	487,508	1.19
Total	40,968,031	100.00

DISTRIBUTION OF HOLDINGS BY NUMBER OF SHARES			
SHARES	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE OF SHARES (%)
1-1000	4500	1,054,524	2.57
1000-5000	918	2,199,266	5.37
5001-10,000	182	1,394,074	3.40
10,001-50,000	181	4,002,878	9.77
50,001-100,000	26	1,750,834	4.27
100,001-500,000	13	2,434,296	5.94
500,001-1,000,000	5	3,252,176	7.94
1,000,001-	5	24,122,842	58.89
Unknown holding size	-	757,141	1.84
Total	5,380	40,968,031	100.00

THE TEN LARGEST SHAREHOLDERS AS OF DEC 31, 2024		
TYPE OF SECTOR	NUMBER OF SHARES	PERCENTAGE OF SHARES (%)
Accendo Capital	11,330,000	27.66
Tatu Ylönen	6,987,123	17.06
Timo Syrjälä	3,025,262	7.39
The Estate of Juha Mikkonen	2,040,000	4.98
Ilmarinen Mutual Pension Insurance Company	1,041,599	2.54
Varma Mutual Pension Insurance Company	755,300	1.84
Elo Mutual Pension Insurance Company	692,000	1.69
Teemu Tunkelo	638,576	1.56
Eva Syrjänen	610,300	1.49
Risto Juhani Kettunen	556,000	1.36
Total	27,676,180	67.57

Share Capital and Board Authorizations

The company's registered share capital on December 31, 2024, was EUR 1,229,040.93, consisting of 40,968,031 shares.

In 2024, share capital increased by EUR 9,108 through subscription of stock options. Stock options were exercised in the financial year 2024 with 303,609 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 4,000,000 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, 2025.

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 4.9 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, 2025.

Hybrid Capital Securities

Hybrid capital securities in the amount of EUR 12 million were issued in March 2015 and subscribed by professional 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.

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 balance sheet in financial statements. Unpaid interest is cumulated but presented in the financial statements only after Board of Directors' interest payment decision. Paid interest on the hybrid capital securities decreases the retained earnings of the parent company. Hybrid capital securities do not confer to their holders any

shareholder rights and do not dilute the holdings of the current shareholders.

Payment of the hybrid loan interest is subject to Board of Directors' decision. The Group's Board of Directors had decided that interest on the hybrid capital securities was not paid in March 2024. The accumulated interest on hybrid capital securities at the end of 2024 was EUR 2,918,700.

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 March 27, 2024 on a new stock option program 2024A. The maximum number of stock options is 980,000. The share subscription period will be from February 23, 2026 to March 31, 2028. The share subscription price for the shares is EUR 1.83.

On March 27, 2023 the Board of Directors decided on a 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.

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, other than agreed remuneration with executive management and board.

Events after the Balance Sheet Date

On January 8, 2025, the Board of Directors of SSH Communications Security appointed Rami Raulas CEO of the company. Mr. Raulas held the role of Interim CEO since February 26, 2024.

Business Outlook for 2025

We expect net sales to grow during 2025 compared to 2024. We estimate EBITDA and cash flow from operating activities to be positive for 2025. At the end of 2024, our Annual Recurring Revenue was EUR 20.5 million (EUR 19.3 million in 2023). Our net sales grew by 9.0% to EUR 22.2 million in 2024, and EBITDA was EUR 3.4 million in 2024.

Dividend and Other Distribution of Assets

The parent company's distributable funds are EUR -7,167,737.99, of which the loss for the financial year is EUR -1,568,616.81. The Board of Directors proposes to the Annual General Meeting on 26 March, 2025 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

		2024	2023	2022
Net sales	EUR	22,150,410	20,321,947	19,284,167
Operating profit/loss	EUR	-261,700	-1,646,853	-442,918
% of net sales	%	-1.2	-8.1	-2.3
EBITDA	EUR	3,423,006	1,816,713	2,671,827
% of net sales	%	15.5	8.9	13.9
Profit/loss before taxes ¹	EUR	-593,477	-2,105,412	-681,647
% of net sales ¹	%	-2.7	-10.4	-3.5
Return on equity ¹	%	-8.7	-19.4	-5.2
Return on investments ¹	%	-5.1	-16.4	-4.7
Net interest-bearing debt	EUR	-805,624	279,993	-3,096,641
Gearing ¹	%	-8.9	2.9	-27.9
Equity ratio ¹	%	52.8	50.0	46.1
Gross investments in tangible and intangible assets	EUR	1,516,110	2,667,457	2,535,450
% of net sales	%	6.8	13.1	13.1
Research and development costs	EUR	-8,862,262	-7,850,736	-7,204,987
% of net sales	%	40.0	38.6	37.4
Average number of personnel		145	150	132
Number of personnel 31 Dec		134	158	144
Salaries and fees		-13,552,174	-12,201,271	-12,502,599

¹ Correction to prior year number according to IAS 8. For more information see note 8.

Indicators per Share

		2024	2023	2022
Earnings per share ^{1,2}	EUR	-0.10	-0.10	-0.05
Earnings per share, diluted ^{1,2}	EUR	-0.10	-0.10	-0.05
Equity per share ¹	EUR	0.23	0.25	0.28
Dividends	EUR	0	0	0
Dividends per share	EUR	0	0	0
Divident payout ratio	%	0.00	0.00	0.00
Effective dividend yield	%	0.00	0.00	0.00
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	40,929	40,482	39,407
Adjusted number of shares at the end of the period	1,000	40,968	40,664	39,663
Adjusted average number of shares considering dilution effect ²	1,000	40,929	40,482	39,407
Price per earnings ratio (P/E)		neg.	neg.	neg.
Market capitalization 31 Dec	mEUR	42.6	54.1	91.2

¹ Correction to prior year number according to IAS 8. For more information see note 8.

² Earnings per share is impacted by the accrued unpaid interest of hybrid capital securities. Stock options are excluded from the EPS diluted when the result is negative.

SHARE PERFORMANCE AT NASDAQ HELSINKI		2024	2023	2022
Average price	EUR	1.33	1.64	2.40
Share price, year end	EUR	1.04	1.33	2.30
Lowest quotation	EUR	0.98	1.20	1.66
Highest quotation	EUR	2.24	2.40	3.30
Volume of shares traded	millions	7.8	3.8	7.2
Volume of shares traded, % of total number	%	19.0	9.4	18.2
Value of shares traded	mEUR	11.6	6.1	17.3

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 substitutes 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.

EUR, thousand	2024	2023
EBITDA	3,423	1,817
Depreciation and amortization	-3,685	-3,464
Operating profit/loss	-0,262	-1,647

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, %	=	$\frac{\text{Interest-bearing debt - Liquid assets}}{\text{Equity}} \times 100$

The background features a dark blue, futuristic cityscape with several tall, illuminated skyscrapers. A glowing digital network of white lines and nodes is overlaid on the right side, suggesting a global or technological theme. The overall atmosphere is high-tech and modern.

Consolidated Financial Statements

Consolidated Comprehensive Income Statement

EUR	NOTE	1 JAN-31 DEC 2024	1 JAN-31 DEC 2023
Net sales	3	22,150,410	20,321,947
Cost of goods sold		-76,519	-93,711
Gross margin		22,073,891	20,228,237
Other operating income	4	346,563	201,517
Sales and marketing costs	5, 6	-9,192,890	-9,431,166
R&D costs	5, 6	-8,862,262	-7,850,736
Administrative costs	5, 6	-4,627,002	-4,794,705
Operating profit/loss		-261,700	-1,646,853
Finance income	7	96,863	15,361
Finance costs ¹	8	-428,640	-473,920
Profit/loss before taxes		-593,477	-2,105,412
Income tax expense	9	-210,806	100,978
Profit/loss for the year		-804,282	-2,004,434
Profit/loss attributable to:			
Owners of the parent company ¹		-1,082,910	-2,505,172
Non-controlling interests ¹		278,628	500,738
Total		-804,282	-2,004,434
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Translation differences		-352,628	234,433
Total comprehensive income for the year		-1,156,910	-1,770,001
Total comprehensive income attributable to:			
Owners of the parent company ¹		-1,435,538	-2,269,290
Non-controlling interests ¹		278,628	499,289
Total		-1,156,910	-1,770,001
Earnings per share			
Basic earnings per share (EUR) ¹	10	-0.10	-0.10
Diluted earnings per share (EUR) ¹	10	-0.10	-0.10

¹ Correction to prior year number according to IAS 8. For more information see note 8.

Consolidated Statement of Financial Position

ASSETS			
EUR	NOTE	31 DEC 2024	31 DEC 2023
Non-current assets			
Property, plant and equipment	11	201,076	283,158
Right-of-use assets	12, 23	1,300,287	1,187,874
Intangible assets	13	19,449,430	21,140,810
Investments		11,000	11,000
Total non-current assets		20,961,793	22,622,841
Current assets			
Inventories	14	352,312	380,539
Trade receivables	15	4,842,207	3,561,839
Other receivables	16	552,570	662,507
Prepaid expenses and accrued expenses		456,084	463,564
Current financial assets	19		1,508,254
Cash and cash equivalents	19	2,923,397	2,153,105
Total current assets		9,126,570	8,729,808
Total assets		30,088,363	31,352,649

EQUITY AND LIABILITIES			
EUR	NOTE	31 DEC 2024	31 DEC 2023
Equity attributable to the parent company shareholders			
Share capital	17	1,229,041	1,219,933
Translation differences		-1,836,160	-1,483,532
Unrestricted invested equity fund		25,825,324	25,552,743
Hybrid capital securities		12,000,000	12,000,000
Retained earnings ¹		-34,924,709	-34,218,733
Equity attributable to the parent company shareholders		2,293,496	3,070,410
Non-controlling interests ¹		6,737,902	6,459,274
Total equity		9,031,398	9,529,685
Non-current liabilities			
Non-current interest-bearing liabilities	18, 22	245,000	745,000
Lease liabilities	18, 23	1,107,425	719,606
Advances received and deferred revenue	15	2,468,629	2,429,415
Deferred tax liabilities		1,047,299	1,226,130
Total non-current liabilities		4,868,352	5,120,152
Current liabilities			
Trade and other payables	21	4,907,826	5,872,577
Current interest-bearing liabilities	18, 22	500,000	500,000
Lease liabilities	18, 23	265,348	468,493
Advances received and deferred revenue ¹	15	10,515,439	9,861,742
Total current liabilities		16,188,614	16,702,811
Total liabilities		21,056,964	21,822,964
Total equity and liabilities		30,088,363	31,352,649

¹ Correction to prior year number according to IAS 8. For more information see note 8.

Consolidated Cash Flow Statement

EUR	NOTE	1 JAN-31 DEC 2024	1 JAN-31 DEC 2023
Cash flows from operating activities			
Receipts from customers	3, 15	22,091,762	22,607,145
Payments to suppliers and employees	5, 22	-19,110,511	-19,516,880
Cash flows from operating activities before financial items and taxes		2,981,251	3,090,265
Interest paid and payments on other financial costs		-104,648	-135,489
Interest received and other financial income		42,188	6,861
Income taxes paid		-190,396	288,331
Net cash flows from operating activities		2,728,396	3,249,969
<i>whereof change in working capital</i>		<i>-229,361</i>	<i>1,636,393</i>
Cash flows from investing activities			
Investments in tangible and intangible assets	11, 13	-1,516,110	-2,667,457
Investments in financial assets	19	1,500,000	-1,500,000
Acquisition of a subsidiary, net of cash acquired	22	-1,670,000	-1,670,000
Receipt of government grants	4	292,254	196,941
Net cash flows from investing activities		-1,393,857	-5,640,516
Cash flows from financing activities			
Change in current debt	18, 22	-500,000	-500,000
Interest paid on hybrid capital securities			-1,380,000
Proceeds from shares subscribed with option rights		281,688	1,172,370
Principal portion of finance lease payments	23	-402,333	-409,805
Net cash flows from financing activities		-620,645	-1,117,435
Change in cash and cash equivalents		713,895	-3,507,981
Cash and cash equivalents in beginning of period		2,153,105	5,719,583
Exchange rate effect		56,396	-58,496
Change in cash and cash equivalents		713,895	-3,507,981
Cash and cash equivalents at end of period		2,923,397	2,153,105

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
Equity 1 Jan 2023	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
Comprehensive profit/loss									
Profit/loss for the year ¹						-2,505,172	-2,505,172	500,738	-2,004,434
Other comprehensive items									
Translation differences				235,882			235,882	-1,449	234,433
Comprehensive profit/loss for financial period, total				235,882		-2,505,172	-2,269,290	499,289	-1,770,001
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
Transactions with shareholders		30,039			1,142,331	-959,719	212,652		212,652
Equity 31 Dec 2023¹		1,219,933	12,000,000	-1,483,532	25,552,743	-34,218,733	3,070,410	6,459,274	9,529,685

¹ Correction to prior year number according to IAS 8. For more information see note 8.

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
Equity 1 Jan 2024 ¹	17	1,219,933	12,000,000	-1,483,532	25,552,743	-34,218,733	3,070,410	6,459,274	9,529,685
Correction relating to prior years						1,582	1,582		1,582
Equity 1 Jan 2024		1,219,933	12,000,000	-1,483,532	25,552,743	-34,217,151	3,071,992	6,459,274	9,531,267
Comprehensive profit/loss									
Profit/loss for the year						-1,082,910	-1,082,910	278,628	-804,282
Other comprehensive items									
Translation differences				-352,628			-352,628		-352,628
Comprehensive profit/loss for financial period, total				-352,628		-1,082,910	-1,435,538	278,628	-1,156,910
Share-based payment plans						375,352	375,352		375,352
Shares subscribed on option rights		9,108			272,580		281,688		281,688
Transactions with shareholders		9,108			272,580	375,352	657,040		657,040
Equity 31 Dec 2024		1,229,041	12,000,000	-1,836,160	25,825,324	-34,924,709	2,293,495	6,737,902	9,031,398

¹ Correction to prior year number according to IAS 8. For more information see note 8.

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 2D, 00380 Helsinki, Finland.

The SSH Communications Security Board of Directors approved this financial statement for publication at its meeting on 13 February 2025. 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, or at the head office of SSH Communications Security Corporation. All stock exchange bulletins are available on the company website www.ssh.com.

In accordance with the European Single Electronic Format (ESEF) reporting requirements, SSH has published the Board of Directors' report and the financial statements as an XHTML file, which is the official version of the report. In line with the ESEF requirements, the primary statements of the consolidated financial statements have been labelled with XBRL tags, and the notes to the financial statements with XBRL block tags.

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, impairment 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

During 2024 there were no changes in the Group's accounting principles.

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.

In 2024 new issued standards were IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures. IFRS 18 Presentation and Disclosure in Financial Statements is effective from 1 January 2027 and applies retrospectively. IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements. Adaptation of IFRS 18 will be mandatory. IFRS 18 aims to enhance transparency and improve comparability of the presentation and disclosure in the financial statements.

SSH planstoadopttheIFRS18accountingstandard initially 1 January 2027, however early adoption is permitted. IFRS 18 will impact income statement presentation and disclosing information in notes. The Group's accounting policies will be amended to include the disclosures for Management performance measures (MPMs) and operating profit according to the IFRS 18. Adaptation of IFRS 18 may impact restructuring income statement including the classification of income and expenses (operating, investing, financing) to ensure that grouping the information in the financial statements is presented according to the standard IFRS 18.

SSH has no plans to apply IFRS 19 Subsidiaries without Public Accountability: Disclosures, which

will be effective from 1 January 2027. Adaptation of IFRS 19 is voluntary.

2. Segment Information

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

SSH's operations have similar financial characteristics 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 Fulfill 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	2024	2023
By operation		
Subscription sales	11,945,458	11,087,410
License sales	1,782,460	868,598
Maintenance sales	7,752,361	7,802,878
Professional services & others	670,131	563,060
Total	22,150,410	20,321,947
By geographical segment		
AMERICAS	7,906,394	7,799,041
APAC	1,926,741	1,495,181
EMEA	4,280,848	4,181,656
Finland	8,036,428	6,846,069
Total	22,150,410	20,321,947

In 2024 or 2023, 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.

Hardware sales amounted to less than 0.5% of total revenues in 2024.

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

2024					
EUR	FINLAND	REST OF EUROPE	US	OTHER COUNTRIES	GROUP TOTAL
Revenue	8,036,428	4,092,638	7,909,189	2,112,155	22,150,410
Assets	20,522,188		389,992	49,612	20,961,792
2023					
EUR	FINLAND	REST OF EUROPE	US	OTHER COUNTRIES	GROUP TOTAL
Revenue	6,846,069	3,819,376	7,093,945	2,562,557	20,321,947
Assets	22,046,885		528,144	47,812	22,622,841

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 0.3 million received government grants (EUR 0.2 million).

5. Other Operating Costs

EUR	2024	2023
Employee benefit expenses		
Wages and salaries	-12,250,393	-11,785,507
Pensions, defined contribution plan	-1,609,391	-1,604,863
Other social security costs	-653,563	-677,644
Stock options issued	-375,352	-420,281
Total	-14,888,699	-14,488,295

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	2024	2023
Average during the financial period	145	150
At the end of the financial period	134	158
Personnel distribution by function on 31 Dec		
Sales, marketing, and customer support	48	60
Research and development	69	77
Administration	17	21
Total	134	158

RESEARCH AND DEVELOPMENT COSTS RECOGNIZED AS COSTS		
EUR	2024	2023
Total	-8,862,262	-7,850,736

OTHER OPERATING COSTS		
EUR	2024	2023
External services	-4,164,123	-4,808,608
Depreciation	-3,684,706	-3,463,567
Other costs	-1,281,151	-1,603,161
Total	-9,129,980	-9,875,336

Auditor's Fees

Auditor's fees categorized into service groups were:

EUR	2024	2023
Principal auditor Ernst & Young Oy		
Statutory auditing	-107,674	-88,296
Other auditing services	-17,900	-7,400
Other auditing firms		
Statutory auditing	-20,443	-20,360
Other services	-408	-7,465
Total	-146,425	-123,521

6. Depreciations and Impairments

EUR	2024	2023
By asset category		
Machinery and equipment	171,550	147,609
Right-of-use assets	489,948	412,929
Software & other intangible assets	1,363,451	1,298,709
Capitalized development costs	1,659,757	1,604,320
Total	3,684,705	3,463,566
By function		
Sales and marketing	20,270	19,354
Research and development	2,224,350	2,110,350
Administration	1,440,085	1,333,862
Total	3,684,705	3,463,566

7. Financial Income

EUR	2024	2023
Interest revenue	33,934	6,861
Net change in fair value of other investments at fair value through profit or loss		8,254
Exchange rate gains, loans, and other receivables	62,929	246
Total	96,863	15,361

8. Financial Costs

EUR	2024	2023
Exchange rate losses, loans, and other receivables	-71,933	-85,759
Interest arising from revenue contracts	-83,945	-344,165
Interest on lease liabilities	-128,359	-27,485
Other financial costs	-144,402	-16,512
Total	-428,640	-473,920

The comparison period 2023 has been corrected according to IAS 8 due to adjusting interest expenses and deferred revenue. The decrease in interest cost was EUR 0.3 million for the full year 2023. Interest costs are included in financial items and the correction of the error affects profit/loss before taxes and net profit for the year, and any key figures derived from net profit. The correction of the error affects advances received and deferred revenue in current liabilities decreasing it by EUR 0.3 million in the end of 2023.

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	2024	2023
Income taxes	-210,806	100,978
Total	-210,806	100,978

RECONCILIATION OF INCOME TAXES AND PROFIT/LOSS BEFORE TAXES		
EUR	2024	2023
Profit/loss before taxes ¹	-593,477	-2,105,412
Tax at parent company tax rate (20%) ¹	118,695	421,082
Effect of foreign subsidiaries' differing tax rates	-1,769	695
Non-deductible expenses	-8,522	-7,405
Tax exempt revenue	11,858	8,925
Tax deductible hybrid loan interest expenses		276,000
Use of previously unrecognized tax losses	97,595	181,540
Tax assets not recognized for reported losses	-312,581	-555,734
Tax assets not recognized for unused tax depreciations	-3,734	-211,895
Income taxes from previous years	-47,066	-1,592
Other direct taxes		-877
Other temporary differences ¹	-62,280	-9,763
Income taxes	-210,806	100,978

¹ Correction to prior year number according to IAS 8. For more information see note 8.

The amount of Group's unused tax losses, for which no deferred tax asset has been recognized based on the prudence principle, is EUR 7.2 million (EUR 5.3 million). EUR 3.2 million (EUR 1.3 million) of the tax losses are in Finland, and EUR 4.0 million (EUR 4.3 million) in the USA. The tax losses expire in Finland between the years 2026–2033, and in the USA between the years 2025–2041. The amount of unrecognized deferred tax assets from the tax losses is EUR 1.7 million (EUR 1.7 million). The figures include use of losses in 2024 which have not yet been confirmed in taxation.

In addition, the parent company has EUR 45.3 million (EUR 42.9 million) research and development expenses and depreciations not deducted in taxation and the amount of unrecognized deferred tax assets resulting from those is EUR 9.1 million (EUR 8.6 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 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	2024	2023
Profit/loss attributable to shareholders of the parent company ¹	-1,082,910	-2,505,172
Hybrid loan interest expense	-2,918,700	-1,380,000
Profit/loss considering dilution effect	-4,001,610	-3,885,172
Weighted average number of shares in issue, 1,000	40,929	40,482
Average number of shares outstanding	40,929,281	40,481,569
Earnings per share ¹	-0.10	-0.10
Adjusted average number of shares considering dilution effect, 1,000	40,929	40,482
Av. nr. of shares considering dilution effect*	40,929,281	40,481,569
Earnings per share, diluted ¹	-0.10	-0.10

¹ Correction to prior year number according to IAS 8. For more information see note 8.

* 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	2024	2023
Machinery and equipment		
Acquisition cost 1 Jan	2,584,694	2,432,571
Exchange rate effect	19,259	-10,272
Increase	88,271	162,395
Acquisition cost 31 Dec	2,692,223	2,584,694
Accumulated depreciation 1 Jan	2,309,130	2,176,328
Exchange rate effect	12,734	-9,882
Depreciation for the financial period	172,080	142,685
Accumulated depreciation 31 Dec	2,493,944	2,309,130
Book value 31 Dec	198,279	275,563

EUR	2024	2023
Other tangible assets		
Acquisition cost 1 Jan	77,738	79,673
Exchange rate effect	3,420	-1,935
Acquisition cost 31 Dec	81,158	77,738
Accumulated depreciation 1 Jan	70,144	67,283
Exchange rate effect	-3,420	-1,935
Depreciation for the financial period	11,637	4,796
Accumulated depreciation 31 Dec	78,360	70,144
Book value 31 Dec	2,798	7,594
Book value of tangible assets 31 Dec	201,076	283,158

12. Right-of-Use Assets

EUR	2024	2023
Acquisition cost 1 Jan	3,084,972	2,380,447
Exchange rate effect	72,515	-25,880
Increase	961,803	813,713
Decrease	-386,347	-83,308
Acquisition cost 31 Dec	3,732,943	3,084,972
Accumulated depreciation 1 Jan	1,897,098	1,503,921
Exchange rate effect	45,611	-19,752
Depreciation for the financial period	489,948	412,929
Accumulated depreciation 31 Dec	2,432,656	1,897,098
Book value of right-of-use assets 31 Dec	1,300,287	1,187,874

Right-of-use assets include mainly leased offices.

The majority of the increase in right-of-use assets during the reporting period is attributed to the company relocating its EMEA headquarters to a new office in Helsinki. This increase includes the addition of a new lease agreement for the office premises, which has a duration of 5 years, as well as a lease for furniture to equip the new workspace.

The decrease in ROU reflects the derecognition of the lease for the old office space following the termination of the previous agreement.

More information on leases is presented in the note [23. Leases](#).

13. Intangible Assets

Accounting Principles

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	2024	2023
Development costs		
Acquisition cost 1 Jan	17,850,620	15,715,539
Increase	1,400,823	2,135,081
Acquisition cost 31 Dec	19,251,443	17,850,620
Accumulated depreciation 1 Jan	13,275,994	11,671,674
Depreciation for the financial period	1,659,757	1,604,320
Accumulated depreciation 31 Dec	14,935,750	13,275,994
Book value 31 Dec	4,315,692	4,574,626
Customer related intangible assets		
Acquisition cost 1 Jan	8,188,079	8,188,079
Acquisition cost 31 Dec	8,188,079	8,188,079
Accumulated depreciation 1 Jan	2,232,789	1,418,981
Depreciation for the financial period	813,808	813,808
Accumulated depreciation 31 Dec	3,046,597	2,232,789
Book value 31 Dec	5,141,482	5,955,290
Other immaterial rights		
Acquisition cost 1 Jan	6,932,411	6,550,223
Increase	56,332	382,188
Decrease	111,734	
Acquisition cost 31 Dec	6,877,009	6,932,411
Accumulated depreciation 1 Jan	4,916,142	4,438,624
Depreciation for the financial period	451,503	425,690
Impairment	33,813	51,828
Accumulated depreciation on decrease	77,921	

EUR	2024	2023
Accumulated depreciation 31 Dec	5,479,378	4,916,142
Book value 31 Dec	1,397,631	2,016,269
Goodwill	8,594,625	8,594,625
Book value of intangible assets 31 Dec	19,449,430	21,140,810

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 4% and the following four years 5% to 9%, annual growth rate in projecting terminal value 1% and discount rate 19.4%. 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, 2024. The value-in-use amount of SSH Secure Collaboration CGU exceeded the book value by EUR 5.4 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 7.74%, or more than 3.85% 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 growth rate compared to year 2024 net sales and year 2024 cost structure. The cash flow forecasts of new products in the market are based on year 2025 budget and long-term strategy estimates. The discount rate used in the testing was 14.2%. 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	2024	2023
Finished goods	351,039	378,628
Goods in transit	1,273	1,910
Total inventories	352,312	380,539

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	2024	2023
Total trade receivables	4,842,207	3,561,839

BY CURRENCY		
EUR	2024	2023
EUR	3,282,485	1,531,156
USD	1,219,184	1,658,301
HKD	9,232	
SGD	215,978	313,505
SEK	115,329	58,877
Total	4,842,207	3,561,839

BY AGE			
EUR	ECL RATE	2024	2023
Non-matured	0.5%	4,715,111	2,916,592
Matured			
< 30 days	2.0%	138,506	624,669
31-60 days	3.0%	7,510	35,687
61-90 days	10.0%	1,013	198
91-120 days	20.0%	472	4,637
121-180 days	30.0%	491	
> 181 days	100.0%	1,482	482
Allowance for expected credit losses, Dec 31		-22,377	-20,426
Total		4,842,207	3,561,839

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	2024	2023
Deferred revenue ¹	12,984,067	12,291,158
Government grants received		47,144
Total advances received and deferred revenue	12,984,067	12,338,302

¹ Correction to prior year number according to IAS 8. For more information see note 8.

16. Other Receivables

EUR	2024	2023
VAT receivables	76,666	64,352
Deposits	113,958	147,728
Prepaid assets	272,620	446,436
Other current receivables	89,326	3,991
Total	552,570	662,507

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 2024 is EUR 64,711 (48,994). No impairment of prepaid assets was recorded in 2024.

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 Costs

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, 2024 or December 31, 2023.

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 2024 was EUR 1,229,040.93 (EUR 1,219,932.66), and the number of shares was 40,968,031 (40,664,422).

CHANGES IN THE SHARE CAPITAL	NUMBER OF SHARES	SHARE CAPITAL, EUR
31 Dec 2023	40,664,422	1,219,932
Subscriptions under stock option plan	303,609	9,108
31 Dec 2024	40,968,031	1,229,041

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 professional 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.

Payment of the hybrid loan interest is subject to Board of Directors' decision. The Group's Board of Directors had decided that interest on the hybrid capital securities was not paid in March 2024. The accumulated interest on hybrid capital securities at the end of 2024 was EUR 2,918,700. Paid interest in the financial year 2023 was EUR 1,380,000. Paid interest on the hybrid capital securities decreases the retained earnings of the parent company.

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 2024 or 2023.

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	2024	2023
Interest-bearing liabilities	745,000	1,245,000
Lease liabilities	1,372,773	1,188,099
Cash and cash equivalents	2,923,397	2,153,105
Net liabilities	-805,624	279,993
Equity total	9,031,398	9,529,685
Equity ratio ¹	52.80%	49.99%
Gearing ¹	-8.92%	2.94%

¹ Correction to prior year number according to IAS 8. For more information see note 8.

The interest-bearing liabilities consist of a premium loan received from ELO mutual pension insurance company EUR 0.7 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	2024	2023
Cash and cash equivalents	2,923,397	2,153,105
Financial assets at FVTPL		1,508,254
Total financial assets	2,923,397	3,661,359

CASH AND CASH EQUIVALENTS

EUR	2024	2023
Cash and short-term deposits	2,923,397	2,153,105

FINANCIAL ASSETS AT FVTPL

EUR	2024	2023
Fair value as at Jan 1	1,508,254	
Increases		1,500,000
Decreases	-1,508,254	
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. Contributions under the defined contribution plan are recognized in the income statement for the financial period during which the contributions were made.

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 2,149,500 stock options outstanding (1,803,809), representing 5.2% of shares and 5.2% of votes. The weighted average exercise price of outstanding stock options was EUR 2.3 (EUR

2.3). The weighted average of the remaining subscription period was 2.2 years (2.2 years). The exercise price varies from EUR 1.83 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.

Information about Option Plans

OPTION PLAN	OPTION CERTIFICATE	RELEASE DATE	SUBSCRIPTION PERIOD		SUBSCRIPTION PRICE, EUR	OPTIONS NOT EXERCISED
			BEGIN	END		
2020 A	2020 A	13 Feb 2020	1 Dec 2022	31 Mar 2024	0.93	0
2022 A	2022 A	23 Feb 2022	23 Feb 2024	31 Mar 2026	2.98	980,000
2023 A	2023 A	27 Mar 2023	23 Feb 2025	31 Mar 2027	2.24	980,000
2024 A	2024 A	27 Mar 2024	24 Feb 2026	31 Mar 2028	1.83	980,000
Total						2,940,000

Changes in Outstanding Stock Options

	2024	2023
At the beginning of the financial period	1,803,809	2,302,127
Stock options granted	889,000	935,200
Stock option forfeited	202,700	51,000
Stock options expired	37,000	392,202
Stock options exercised	303,609	990,316
At the end of the financial period	2,149,500	1,803,809
Exercisable option rights at the end of the financial period	2,149,500	1,803,809

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. The parameters for options granted in 2024 are:

	2024
Share price at grant, EUR	1.30
Share price at financial period end, EUR	1.04
Exercise price, EUR	1.83
Expected volatility ¹	52.21%
Maturity, years	3.8
Risk-free rate	2.76%
Expected dividends, EUR	0
Valuation model	Black-Scholes
Fair value 31 Dec, EUR	326,514

¹ 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	2024	2023
Share-based payments, equity-settled	375,352	420,281

21. Trade and Other Payables

EUR	2024	2023
Trade payables	422,519	481,795
Personnel related	3,272,968	3,169,239
Accruals	93,478	43,049
VAT liabilities	737,132	356,371
Other liabilities	381,729	1,860,560
Total	4,907,827	5,911,014

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.

The Group's internal and external financing and the management of financing risks is concentrated in the finance and financial management unit of the Group's parent company. The unit is responsible for the Group's liquidity, sufficiency of financing, and the management of interest rate and currency risk. The Group is exposed to several financial risks in the normal course of business.

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 2024 would increase the pre-tax profit of the Group by 13,000 euros. Similarly, a 10% weakening of the U.S. dollar against the Euro would decrease the pre-tax profit of the Group by 10,000 euros.

A 10% strengthening of the U.S. dollar against the Euro using with net position on 31 Dec 2024 would increase revenue of the Group by 900,000 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 745,000 and it consisted of a premium loan taken from ELO mutual pension insurance company EUR 745,000. The interest rate of the premium loan consists of reference interest rate and added margin 0.50%. During 2024 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 the impact is not material. At the end of 2024 the Group did not have any funds in money market investments.

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 2024 the Group did not record any credit losses. In 2023 Group recorded credit losses of EUR 167,056, 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 2024 were 2,923,397 euros (2,153,105 euros). During 2024 the Group withdrew EUR 1,500,000 from money market investment.

The Group had trade payables and other short-term debts amounting 4,640,725 euros (4,202,577 euros). Payments of premium loan from ELO mutual pension insurance company maturing less than one year amount 500,000 euros. The last installment of Secure Collaboration (ex. Deltagon) acquisition had been paid during 2024 and there were no outstanding payments related to the acquisition in the end of 2024.

Cash management is centralized to the HQ ensuring optimization of the use of liquid funds between the different units of the Group. The Group's management team follows the entities' liquidity minimum on monthly basis. The cash flows of the Group are forecasted on a current and a non-current level. The Board of Directors monitors Group's liquidity monthly.

In the end of 2024 SSH did not have any agreements with credit facilities or loan guarantees that would include a covenant.

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

31 DEC 2024				
EUR	LESS THAN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Interest-bearing liabilities	500,000	245,000		745,000
Lease liabilities	265,348	1,107,425		1,372,773
Trade and other payables	4,640,725			4,640,725
Total	5,406,073	1,352,425		6,758,498

31 DEC 2023				
EUR	LESS THAN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Interest-bearing liabilities	500,000	745,000		1,245,000
Outstanding installments from SSH Secure Collaboration acquisition	1,670,000			1,670,000
Lease liabilities	468,493	719,606		1,188,099
Trade and other payables	4,202,577			4,202,577
Total	6,841,070	1,464,606		8,305,676

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

EUR	1 JAN 2024	CASH FLOWS	FOREIGN EXCHANGE MOVEMENT	NEW LEASES	OTHER	31 DEC 2024
Current lease liabilities	468,493	-402,333	10,006	116,029	73,152	265,348
Current interest-bearing borrowings	500,000	-500,000			500,000	500,000
Other current liabilities	1,670,000	-1,670,000				
Non-current lease liabilities	719,606		24,688	821,275	-458,143	1,107,425
Non-current interest-bearing borrowings	745,000				-500,000	245,000
Other non-current liabilities						
Total liabilities from financing activities	4,103,099	-2,572,333	34,694	937,304	-384,991	2,117,773

EUR	1 JAN 2023	CASH FLOWS	FOREIGN EXCHANGE MOVEMENT	NEW LEASES	OTHER	31 DEC 2023
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	
Total liabilities from financing activities	5,929,306	-2,579,805	4,833	740,056	8,708	4,103,099

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	2024	2023
Offices	1,186,228	1,172,688
Furniture	114,058	
Other		15,185
Total	1,300,286	1,187,873

LEASE LIABILITIES	2024	2023
Current	265,348	468,493
Non-current	1,107,425	719,606
Total	1,372,773	1,188,099

Additions to the right-of-use assets during 2024 were in total EUR 1.0 million (EUR 0.8 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 2024 is primarily driven by the relocation of the EMEA headquarters to a new office and the addition of a furniture lease agreement for the new workspace. 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	2024	2023
Depreciation charge of right-of-use assets	-489,948	-412,929
Interest expenses (included in financial costs)	-128,359	-27,783
Expense relating to short-term leases (included in other operating costs)	-1,860	-2,008
Expense relating to leases of low-value assets (included in other operating costs)	-28,690	-13,842

The cash outflow for leases in 2024 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	2024	2023
Rental guarantees (pledged)	113,739	145,523
Hybrid Loan, Interest	2,918,700	1,380,000

25. Group Companies

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, 2024

GROUP COMPANY	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, 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

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:

GROUP COMPANY	COUNTRY OF INCORPORATION AND OPERATION	2024	2025
Kyberleijona Oy	Finland	35%	35%
SSH Secure Collaboration Oy	Finland	35%	35%

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.

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	2024	2023
Net sales	6,447,866	6,386,922
Operating profit/loss	1,770,659	2,237,685
Profit/loss for the year	1,476,822	2,220,125
Total assets	28,898,193	32,364,104
Equity	24,199,044	22,718,444
Net cash flow	223,327	-2,129,377

No dividend has been distributed to non-controlling interest during 2024 or 2023.

26. Related Party Transactions

SSH Communications Security Corporation, its subsidiaries, its CEO, its Group management team, and its Board members and companies controlled by them belong to related party of the Group.

Employee Benefits of the Management

The key management personnel of the Group are defined consisting of the CEO and the management team of the parent company. The employee benefits of the CEO are presented in the table below. Mr. Teemu Tunkelo was CEO of SSH Communications Security Corporation until 26 February 2024. From then on, the Board of Directors of SSH appointed Rami Raulas as interim CEO of the company. Mr. Raulas has been appointed CEO, effective 8 January 2025.

REMUNERATION AND FEES - CEO		
EUR	2024	2023
Salary and other short-term employee benefits	203,881	485,952
Termination benefits	145,181	
Total	349,062	485,952

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

FEES TO MEMBERS OF THE BOARD OF DIRECTORS		
EUR	2024	2023
Candolin Catharina	24,000	24,000
Fredrikson Christian	24,000	24,000
Kellomäki Sampo (until May 2023)		9,048
Louhivuori Tuomo (as of March 2024)	18,000	
Tavakka Kai	24,000	24,000
Österlund Henri (Chairman of the Board)	28,800	
Total	118,800	81,048

The Chairman of the Board did not receive any fees for Board duties in 2023.

SHARE AND STOCK OPTION HOLDINGS OF THE BOARD MEMBERS				
	31 DEC 2024		31 DEC 2023	
	SHARES	OPTIONS	SHARES	OPTIONS
Candolin Catharina	144		144	
Fredrikson Christian	10,000		10,000	
Kellomäki Sampo				
Louhivuori Tuomo	10,000			
Tavakka Kai	5,480		5,480	
Österlund Henri	148,595		148,595	
Total	174,219		164,219	

SHARE AND STOCK OPTION HOLDINGS OF THE KEY MANAGEMENT				
	31 DEC 2024		31 DEC 2023	
	SHARES	OPTIONS	SHARES	OPTIONS
Tunkelo Teemu (until February 2024)	638,576	50,000	631,408	100,000
Kommonen Michael	5,000	100,000	5,000	50,000
Raulas Rami	70,000	150,000		170,000
Sainio Miikka (as of March 2024)		78,000		45,000
Total	713,576	378,000	636,408	365,000

COMPENSATION OF THE KEY MANAGEMENT PERSONNEL OF THE GROUP		
EUR	2024	2023
Salary and other short-term employee benefits	620,481	814,430
Share-based payments	27,806	95,662

On 31 December 2024, the CEO and members of the Board of Directors of SSH Communications Security owned 29.8% (29.8%) of the shares and votes in the company, either directly or indirectly through companies they own.

The Executive Management Team, including the CEO, directly or indirectly held about 1.7% (1.6%) of company shares and have a total of 378,000 (365,000) option rights.

Accendo Capital with its significant shareholding of SSH Communications Security is considered as a related party. SSH Communications Security Oyj's Chairman of the Board Henri Österlund and Board member Kai Tavakka are partners in Accendo Capital.

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, other than agreed remuneration with executive management and board.

27. Events after the Balance Sheet Date

On January 8, 2025, the Board of Directors of SSH Communications Security appointed Rami Raulas CEO of the company. Mr. Raulas held the role of Interim CEO since 26, February 2024.





Parent Company Financial Statements

Parent Company Income Statement

EUR	NOTE	1 JAN-31 DEC 2024	1 JAN-31 DEC 2023
Net sales	<u>1</u>	13,042,017.79	11,053,613.37
Purchasing and production costs		0.00	0.00
Gross margin		13,042,017.79	11,053,613.37
Other operating income		300,767.61	196,941.00
Research and development costs	<u>2, 3, 6</u>	-7,607,291.36	-6,912,720.41
Sales and marketing costs	<u>2, 3, 6</u>	-3,988,099.87	-4,389,330.76
Administrative costs	<u>2, 3, 6</u>	-3,064,352.41	-3,177,406.53
Operating profit/loss		-1,316,958.24	-3,228,903.33
Financial income	<u>7</u>		
Interest revenue and other financing income		52,649.31	39,656.73
Interest costs and other financing costs		-311,307.80	-237,929.45
Operating profit/loss before appropriations and taxes		-1,575,616.73	-3,427,176.05
Appropriations	<u>8</u>		
Group contribution received		7,000.00	12,843.60
Profit/loss before taxes		-1,568,616.73	-3,414,332.45
Taxes		0.00	0.00
Profit/loss for the financial period		-1,568,616.73	-3,414,332.45

Parent Company Statement of Financial Position

ASSETS			
EUR	NOTE	31 DEC 2024	31 DEC 2023
Non-current assets			
Intangible assets	9		
Immaterial rights		2,975,026.78	3,649,802.32
Intangible assets, total		2,975,026.78	3,649,802.32
Tangible assets	9		
Machinery & equipment		143,337.90	202,020.96
Tangible assets, total		143,337.90	202,020.96
Investments			
Shares in Group companies	9, 19	14,016,037.61	14,016,037.61
Other shares		11,000.00	11,000.00
Investments, total		14,027,037.61	14,027,037.61
Non-current assets, total		17,145,402.29	17,878,860.89
Current assets			
Current receivables			
Trade receivables		2,428,581.29	827,984.01
Receivables from Group companies	10	3,398,309.16	2,239,691.17
Prepaid expenses and accrued income	11	390,321.76	388,684.92
Other receivables	12	205,618.69	323,414.57
Current receivables, total		6,422,830.90	3,779,774.67
Cash and cash equivalents		56,878.04	530,668.79
Current assets, total		6,479,708.94	4,310,443.46
Assets, total		23,625,111.23	22,189,304.35

EQUITY AND LIABILITIES			
EUR	NOTE	31 DEC 2024	31 DEC 2023
Equity	13		
Share capital		1,229,040.93	1,219,932.66
Unrestricted invested equity fund		25,825,322.85	25,552,742.63
Hybrid capital securities	14	12,000,000.00	12,000,000.00
Retained earnings		-28,840,004.84	-25,425,672.39
Profit/loss for financial period		-1,568,616.72	-3,414,332.45
Equity, total		8,645,742.22	9,932,670.45
Liabilities			
Non-current liabilities			
Pension loan	15	245,000.00	745,000.00
Loan payables to Group companies	16	5,130,000.00	2,170,000.00
Non-current liabilities, total		5,375,000.00	2,915,000.00
Current liabilities			
Advances received		2,881,061.40	1,979,275.18
Trade payables		289,585.16	395,414.41
Payables to Group Companies	16	3,340,609.75	3,976,386.27
Accrued expenses and deferred income	17	2,098,409.74	2,175,449.24
Pension loan	15	500,000.00	500,000.00
Other liabilities		494,702.96	315,108.80
Current liabilities, total		9,604,369.01	9,341,633.90
Liabilities, total		14,979,369.01	12,256,633.90
Equity and liabilities, total		23,625,111.23	22,189,304.35

Parent Company Cash Flow Statement

EUR	1 JAN-31 DEC 2024	1 JAN-31 DEC 2023
Cash flow from business operations		
Receipts from customers ¹	12,433,503.85	15,882,948.69
Payments to suppliers and employees ¹	-13,559,948.29	-13,934,272.08
Cash flows from operating activities before financial items and taxes	-1,126,444.44	1,948,676.61
Interest paid and payments on other financial costs	-92,265.00	-131,788.26
Interest received and other financial revenue	10,478.82	317.41
Cash flows from operating activities	-1 208 230,62	1,817,205.76
Cash flows from investing activities		
Investments in tangible and intangible assets	-642,345.83	-1,484,656.75
Investment in subsidiaries	-1,670,000.00	-1,870,000.00
Receipt of government grants ¹	292,253.61	196,941.00
Cash flows from investing activities	-2 020 092,22	-3,157,715.75
Cash flows from financing activities		
Change in current debt	-500,000.00	-500,000.00
Interest paid on hybrid capital securities		-1,380,000.00
Loans received from Subsidiaries	3,460,000.00	2,170,000.00
Loan repayment to group companies	-500,000.00	
Proceeds from shares subscribed with option rights	281,688.49	1,172,370.00
Group contribution received	12,843.60	20,725.43
Cash flows from financing activities	2,754,532.09	1,483,095.43
Change in liquid assets	-473,790.75	142,585.44
Liquid assets at beginning of period	530,668.79	388,083.35
Change in liquid assets	-473,790.75	142,585.44
Liquid assets at end of period	56,878.04	530,668.79

¹ The comparison period has been corrected. In 2023 government grants were reported as negative number.

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 2D, 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 4.4 million (EUR 1.1 million). In addition, the parent company has EUR 45.3 million (EUR 42.9 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](#).



Notes to the Income Statement

1. Net Sales by Market Area

EUR	2024	2023
Finland	4,611,685.69	5,693,482.65
Rest of Europe	2,294,080.78	2,012,102.54
Other	6,136,251.32	3,348,028.18
Total	13,042,017.79	11,053,613.37

2. Operating Costs

EUR	2024	2023
Other operating costs		
External services	-2,685,936.07	-3,158,142.81
Depreciation	-1,375,803.64	-1,333,804.81
Other	-2,127,915.82	-2,384,317.46
Total	-6,189,655.53	-6,876,263.08

Auditor's Fees

EUR	2024	2023
Principal auditor (Ernst & Young Oy)		
Statutory auditing	-72,210.00	-56,561.00
Other auditing	-17,900.00	-7,400.00
Total	-90,110.00	-63,961.00

3. Personnel Costs and Average Number of Employees

EUR	2024	2023
Wages and salaries	-7,533,264.50	-7,363,629.90
Pension costs	-1,264,488.11	-1,273,577.42
Other ancillary personnel costs	-321,545.89	-294,698.68
Total	-9,119,298.50	-8,931,904.00

AVERAGE NUMBER OF EMPLOYEES	2024	2023
Average number of employees	96	99

4. Personnel Distribution by Business Area at the End of the Financial Period

	2024	2023
Research and development	56	62
Sales and marketing	16	25
Administration	15	17
Total	87	104

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	2024	2023
Immaterial rights	304,290.07	238,897.55
Capitalized development costs	1,030,159.05	985,870.29
Machinery and equipment	119,275.10	109,035.97
Total	1,453,724.22	1,333,803.81

In 2024 the company recorded an impairment of intangible assets EUR 82,786.45. In 2023 the company recorded an impairment of intangible assets EUR 51,828.04.

7. Financial Income and Costs

EUR	2024	2023
Interest revenue	10,478.82	9,317.41
Exchange rate gains and losses (net)	-77,897.79	-37,629.54
Interest and other financial costs	-191,239.52	-169,960.59
Total	-258,658.49	-198,272.72

8. Appropriations

EUR	2024	2023
Group contribution from SSH Operations Oy	7,000.00	12,843.60
Total	7,000.00	12,843.60

Notes to the Balance Sheet

9. Intangible and Tangible Assets and Long-Term Investments

EUR	2024	2023
Immaterial rights		
Acquisition cost 1 Jan	18,746,980.93	17,370,556.37
Increase	693,486.84	1,376,424.56
Decrease	111,733.84	
Acquisition cost 31 Dec	19,328,733.93	18,746,980.93
Accumulated depreciation 1 Jan	15,097,178.61	13,872,410.77
Depreciation for the financial period	1,334,449.12	1,224,767.84
Accumulated depreciation on decreases	77,920.58	
Accumulated depreciation 31 Dec	16,353,707.15	15,097,178.61
Book value 31 Dec	2,975,026.78	3,649,802.32
Tangible assets - Machinery and equipment		
Acquisition cost 1 Jan	2,193,027.48	2,084,795.29
Increase	60,592.04	108,232.19
Acquisition cost 31 Dec	2,253,619.52	2,193,027.48
Accumulated depreciation 1 Jan	1,991,006.52	1,881,970.55
Depreciation for the financial period	119,275.10	109,035.97
Accumulated depreciation 31 Dec	2,110,281.62	1,991,006.52
Book value 31 Dec	143,337.90	202,020.96

EUR	2024	2023
Investments		
Book value 1 Jan	14,027,037.61	13,827,037.61
Increase		200,000.00
Book value 31 Dec	14,027,037.61	14,027,037.61

10. Receivables from Group Companies

EUR	2024	2023
Trade receivables	3,391,309.83	2,226,847.58
Group contribution receivable	7,000.00	12,843.60
Total	3,398,309.83	2,239,691.18

11. Prepaid Expenses and Accrued Income

EUR	2024	2023
Prepaid expenses	390,321.76	388,684.92
Total	390,321.76	388,684.92

12. Other Receivables

EUR	2024	2023
Other receivables	205,618.69	323,414.57
Total	205,618.69	323,414.57

13. Equity

EUR	2024	2023
Share capital 1 Jan	1,219,932.66	1,189,893.18
Increase in share capital	9,108.27	30,039.48
Share capital 31 Dec	1,229,040.93	1,219,932.66
Unrestricted invested equity fund	25,825,322.85	25,552,742.63
Hybrid capital securities	12,000,000.00	12,000,000.00
Retained earnings	-28,840,005.34	-25,425,672.39
Profit/loss for the financial period	-1,568,616.72	-3,414,332.45
Total	8,645,741.72	9,932,670.45

STATEMENT OF DISTRIBUTABLE FUNDS

EUR	2024	2023
Retained earnings	-28,840,005.34	-25,425,672.39
Profit/loss for the financial period	-1,568,616.72	-3,414,332.45
Unrestricted invested equity fund	25,825,322.85	25,552,742.63
Capitalised development costs	-2,584,438.78	-2,963,985.91
Total	-7,167,737.99	-6,251,248.12

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.

Payment of the hybrid loan interest is subject to the Board of Directors' decision. The Group's Board of Directors had decided that interest on the hybrid capital securities was not paid in March 2024. The accumulated interest on hybrid capital securities at the end of 2024 was EUR 2,918,700. Paid interest in the financial year 2023 was EUR 1,380,000. Paid interest from hybrid capital securities reduces the amount of retained earnings.

Unpaid interest from hybrid capital securities is presented in note [18. Other commitments](#).

15. Non-current Liabilities

EUR	2024	2023
Pension loans payable		
Between one and five years	245,000.00	745,000.00
Pension loans, total	245,000.00	745,000.00
Liabilities to subsidiaries		
Between one and five years	5,130,000.00	2,170,000.00
Liabilities to subsidiaries, total	5,130,000.00	2,170,000.00
Non-current liabilities, total	5,375,000.00	2,915,000.00

In 2021, company received a premium loan from ELO mutual pension insurance company. Total amount of the loan on 31 December, 2024 is EUR 745,000 (EUR 1,245,000) of which 245,000 is non-current (EUR 745,000). Non-current liabilities to subsidiaries consist of the loans that company received from SSH Secure Collaboration Oy.

16. Liabilities to Subsidiaries

EUR	2024	2023
Non-current liabilities to subsidiaries		
Loan payables to Group companies	5,130,000.00	2,170,000.00
Non-current liabilities to subsidiaries, total	5,130,000.00	2,170,000.00
Current liabilities to subsidiaries		
Trade payables	2,881,434.35	2,284,814.10
Other liabilities	22,642.51	1,691,572.17
Current liabilities to subsidiaries, total	2,904,076.86	3,976,386.27
Liabilities to subsidiaries, total	8,034,076.86	6,146,386.27

Current other liabilities to subsidiaries include the obligation to capitalize the group company Kyberleijona Oy, which covered the current portion of the outstanding installment of SSH Secure Collaboration acquisition. In the end of 2024, there were no outstanding payments of the acquisition. In the end of 2023, the amount was EUR 1,670,000. Non-current liabilities to subsidiaries consist of the loans that company received from SSH Secure Collaboration Oy.

17. Accrued Liabilities and Deferred Income

EUR	2024	2023
Personnel related	2,098,409.74	2,175,449.24
Total	2,098,409.74	2,175,449.24

18. Other Commitments

EUR	2024	2023
Non-cancellable lease agreements for office facilities - future rent payments		
Within one year	124,200.00	323,784.00
Within more than one year but no more than 5 years	691,979.40	15,778.00
Other commitments		
Within one year	113,024.12	59,968.93
Within more than one year but no more than 5 years	86,165.31	
Total	1,015,368.83	399,530.93

GUARANTEES GIVEN AND OTHER COMMITMENTS

EUR	2024	2023
Rental guarantees (pledged)	94,066.00	128,127.90
Hybrid Loan, Interest	2,918,700.00	1,380,000.00

19. Group Companies

PARENT AND SUBSIDIARY RELATIONSHIPS OF THE GROUP 31 DECEMBER 2024			
GROUP COMPANY	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 Corporation, its subsidiaries, its CEO, its Group management team, and its Board members and companies controlled by them belong to related party of the Group.

See [note 26](#) in the consolidated financial statements.



Dividend Proposal and Signatures

Dividend Proposal

The parent company's distributable funds are EUR -7,167,737.99, of which the loss for the financial year is EUR -1,568,616.72. The Board of Directors proposes to the Annual General Meeting on 26 March, 2025 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, 13 February 2025

Henri Österlund

Chairman of the Board of Directors

Kai Tavakka

Member of the Board of Directors

Catharina Candolin

Member of the Board of Directors

Rami Raulas

Chief Executive Officer

Christian Fredrikson

Member of the Board of Directors

Tuomo Louhivuori

Member of the Board of Directors

Auditor's Note

Our auditors' report has been issued today.

Helsinki, 13 February 2025

Ernst & Young Oy

Authorized Public Accountant Firm

Maria Onniselkä

Authorized Public Accountant



Auditor's Report

Auditor's Report

(Translation of the Finnish original)

To the Annual General Meeting of SSH Communications Security Corporation

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of SSH Communications Security Corporation (business identity code 1035804-9) for the year ended 31 December, 2024. 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>Revenue recognition</p> <p><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 2024 amounted to 22,2 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"> • We evaluated the revenue recognition principles applied by the group from the perspective of the applicable accounting standards. • We evaluated the revenue recognition of different sources of revenue in relation to the terms and conditions of the sales contracts. • We tested the correctness of the timing of revenue recognition. • We evaluated the appropriateness and sufficiency of the notes related to the group's revenue.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of goodwill and customer relationships</p> <p>We refer to the note 13.</p> <p>As of balance sheet date 31 December 2024, the book value of goodwill amounted to 8,6 million euros and customer relationships to 5,1 million euros representing 46 % of Group's assets and 152 % of equity. Goodwill and customer relationships are tested as part of cash generating unit SSH Secure Collaboration.</p> <p>Valuation of goodwill and customer relationships was a key audit matter because</p> <ul style="list-style-type: none"> the annual impairment testing process involves management judgment, the assessment process is complex, and it includes estimates and assumptions, impairment testing is based on assumptions relating to market and economic conditions, and book value of goodwill and customer relationships is significant to the financial statements. <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 goodwill and customer relationships included among others the following procedures:</p> <ul style="list-style-type: none"> 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. 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. 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. We evaluated the appropriateness of the group's disclosures in respect of impairment testing.
<p>Valuation of capitalized development costs</p> <p>We refer to the note 13.</p> <p>As of balance sheet date 31 December 2024, the book value of capitalized development costs amounted to 4,3 million euros representing 14 % of Group's assets and 48 % 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 capitalized development costs included among others the following procedures:</p> <ul style="list-style-type: none"> We evaluated the key assumptions used by management including revenue growth rate, profitability development and discount rate. We compared management estimates to available historical information and we tested the mathematical accuracy of the impairment calculation. We evaluated the appropriateness of the group's disclosures in respect of impairment testing.

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 9 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 compliance with the applicable provisions.

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 compliance with the applicable provisions.

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, 13 February 2025

Ernst & Young Oy

Authorized Public Accountant Firm

Maria Onnisekää

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 2025. The Corporate Governance Code is available at 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.

Remuneration Policy was presented in AGM 2024 and is intended to be valid until the AGM 2028. 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 almost 30 years ago. The Internet was gaining popularity but there was no way to use it securely. Out of this real-world problem, Tatu Ylönen created the original SSH protocol and shared it with the rest of the world, open source, and for free. It was the first widely available and easy to use mechanism to ensure communication and data safety and privacy on the internet.

The protocol gained popularity quickly. In order to provide support and further develop the product, Tatu founded the company at the end of 1995.

Over the years, SSH has had a positive impact on the IT industry through standardization and interoperation efforts through 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 at SSH, 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 both 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 join the Nasdaq ESG Transparency Partner program in 2020. The portal is used by Nasdaq to share data with investors and other stakeholders, 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.

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 and helps other companies, organizations and institutions to secure their data, their customer's data, and fulfill their regulatory requirements, too.

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
- Safe cryptography algorithms and more

SSH comes from Finland, the democracy that regularly achieves top positions as the least corrupt country and the country 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 always ensures ethical business practices.

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.

SSH has also established an anonymous whistleblower 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 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 subjects 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 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 of 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 2024, SSH Communications Security Group had 134 employees, which decreased by 24 employees from the end of 2023.

- Approximately 20.9% (20.3%) of the personnel were female and 79.1% (79.7%) were male.
- Average age of all employees was 41.1 years (40.6 years). 35.8% (38.0%) of employees worked in sales, marketing and customer services, 51.5% (48.7%) in R&D and 12.7% (13.3%) in administration.
- Approximately 18.7% (37.3%) of the employees had been working at SSH for less than 2 years, 46.3% (34.8%) for 2-5 years, 23.1% (19.6%) for 5-10 years, and 11.9% (8.2%) for over 10 years.
- The SSH Employees represented 30 different nationalities and spoke 29 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. Better offices have reduced our environmental load and improved 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 significantly grown during 2016–2024 the rented office space has more than halved. Our headquarters is in BREEAM certified Colony business park in Helsinki, Finland. Together with flexible remote and hybrid 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 data centers. We have also switched some applicable functions to use cloud services, which are easily scalable based on current 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 bicycle benefits in our headquarters in Helsinki and support remote participation in

meetings, both internal and external. 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.





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