

SSH FINANCIAL STATEMENT RELEASE, JANUARY 1 - DECEMBER 31, 2009

October-December

- Net sales totaled EUR 2.9 million, up by 30.7 % year on year (EUR 2.2 million in 10-12/2008).
- Operating profit amounted to EUR 0.4 million, (an operating loss of EUR -0.7 million in 10-12/2008) including EUR 0.2 of non-recurring costs, profit EUR 0.4 million (EUR -0.7 million).

January-December

- Net sales totaled EUR 8.8 million, up by 3.4 % percent year on year (EUR 8.5 million in 1-12/2008).
- Operating loss amounted to EUR -1.5 million (an operating loss of EUR -2.2 million in 1-12/2008) including EUR 1.0 of non-recurring costs, loss EUR -1.2 million (EUR -1.8 million).

The company's financial position remained healthy, with equity ratio 71.4 % (91.3%) and liquid assets at the end of the period EUR 6.4 million (EUR 16.5 million).

KEY FIGURES	10-12/ 2009	10-12/ 2008	1-12/ 2009	1-12/ 2008	Change %
Net sales (MEUR)	2.9	2.2	8.8	8.5	3.4
Operating profit/loss (MEUR)	0.4	-0.8	-1.5	-2.2	31.8
% of net sales	13.9	-34.7	-17.1	-25.9	
Profit/loss before taxes (MEUR)	0.4	-0.7	-1.2	-1.5	22.9
Profit/loss (MEUR)	0.4	-0.7	-1.2	-1.8	33.3
Return on equity, %			-12.4	-10.2	
Return on investment, %			-10.8	-7.4	
Liquid assets			6.4	16.5	-61.0
Gearing (%)			-144.2	-112.8	
Equity ratio (%)			71.4	91.3	
Earnings per share (EUR)			-0.04	-0.06	34.9
Shareholders' equity per share (EUR)			0.15	0.51	-63.9

CEO's BUSINESS REVIEW

During the fourth quarter net sales increased 30.7 percent and the operating profit amounted to EUR 0.4 million. In the second half of 2009 net sales was EUR 5.1 million with an increase of 23 percent compared to the previous year and operations were turned into profits.

In 2009 net sales amounted to EUR 8.8 million with an increase of 3.4 percent compared to the previous year. The fiscal year loss including non-recurring costs was EUR -1.2 million. The loss excluding non-recurring costs was EUR -0.3 million. The company's financial position remained healthy with an equity ratio of 71.4 percent and EUR 6.4 million liquid assets.

SSH core business is securing customer's mission-critical business information on the move.

The key drivers for business-to-business data security are the exponential increase of digital information in fixed and mobile networks and the flexible use of

integrated business applications between multiple enterprises. The need for 24/7 high availability and reliability, as well as auditable and well-managed compliance with data security regulations and legislation drive a global sense of urgency in keeping our businesses safe.

The addressable market for SSH has ten-folded to more than 1 Billion USD with the new SSH offering based on the strategy shift. The key market segments for SSH are the secure applications and protocols market, the managed file transfer market and the mobile identification market. In these markets, we focus on the security, automation, auditing and governance of identity-managed information in fixed, mobile and cloud environments.

The secure applications and protocols market is estimated to grow significantly over the future years with more than 10 percent CAGR (*compound annual growth rate*) from the existing 700 MUSD level. The secure file transfer (SFT) market is mature but several drivers are still creating further growth for the data-in-transit business.

The size of the managed file transfer (MFT) market is estimated to be 450 MUSD and growing at 20 percent CAGR. The MFT business is focusing on the automation and governance of real-time data-in-transit in private networks and across the Internet with virtual data centers. We offer visionary MFT security solutions for businesses that value the world's best automation, as well as audit and governance capabilities in business networks where trusted sharing of information is required.

Year 2009 was a turnaround year for SSH meaning the start of a drastic change from technology firm into a sales and marketing oriented security software house.

Starting from the first quarter, the company initiated new offering development. The balance of R&D resources was targeted at creating value added offering complementing the success of existing data-in-transit security software. SSH signed a contract with Gartner, a market analysis company, to establish new market position and offering.

At the same time the company made a decision towards in-sourcing technologies which would accelerate time-to-market and fulfill the demand from customers.

The second quarter was started with sales review, focusing on the efficiency evaluation of sales and marketing in the company. As a result, part of sales was reorganized. A management audit discovered that the company needs new leadership skills and roles to execute the defined strategy. The Group management team was renewed. At the end of second quarter the company launched new offering for the managed file transfer and governance market segments.

Both the first and the second quarter ended up with loss, thus resulting to a negative first half of 2009. The customers' expectations of economic recovery slowed down decision making and certain U.S. public sector projects from the sales pipeline were postponed due to funding reasons. Turnaround related non-recurring costs actualized by the established contingency plan were increasing the net loss actualized.

The third quarter was the shift in the course of the company. The actions defined by new group management, initiated change towards sales and marketing oriented security software house, increased efforts in key account management and introduced new offering to existing and new customers were becoming the success factors for initial growth. The third quarter was the first profitable growth quarter by net sales.

In order to boost net sales, the management launched a high performance sales initiative. The key objective of the sales program was to ensure that there would be increasing amount of sales estimation accuracy and better hit-rate in signing short-listed sales cases.

The company signed agreements with a major U.S. research agency, one of the largest U.S. banks and a mid-size U.S. retailer chain for their security governance and business security solutions. SSH gained reputation also by Gartner published market research report as a visionary MFT (Managed File Transfer) security vendor.

During the fourth quarter the company signed a global license with one of the largest banks in Europe for their global roll-out of SSH security software. The company continued the development of its business-to-business security solutions offering by enhancing it with new software based identification technologies provided by a technology in-sourcing partner.

Started at the end of the second quarter, SSH continued the cost cutting program. The cost savings were -15% in expenses during second half of 2009 compared to the previous year. In December as part of the cost cutting program the company's headquarters moved to new more cost-efficient premises.

The company initiated brand and communications strategy program with its marketing partner. The results will be launched within the first half of 2010. The company set up the building blocks for the ability to start a journey in creating a new collaboration model among its customer, their partners and end-customers.

The key strategic objective is to continue efforts on developing the company into a sales and marketing oriented technology company with strong value-added offering and customer focus.

For the fiscal year 2010, SSH estimates its net sales to grow from 2009 and expects the net result to be positive.

NET SALES

Consolidated net sales for January-December totaled EUR 8.8 million (EUR 8.5 million), up by 3.4 %, year on year.

The Americas, the 'Europe and Rest of the World' market area and the Asia Pacific region accounted for 62.8 percent (68.5 percent), 28.1 percent (22.7 percent) and 9.1 percent (8.9 percent) of reported net sales, respectively.

SSH NET SALES					
EUR Million	10-12/ 2009	10-12/ 2008	1-12/ 2009	1-12/ 2008	Change %
BY SEGMENT					
AMERICAS	1.4	1.6	5.5	5.8	-5.2
APAC	0.2	0.2	0.8	0.8	6.5
EROW	1.3	0.4	2.5	1.9	28.2
SSH Group Total	2.9	2.2	8.8	8.5	3.4
BY OPERATION					
License sales	1.7	1.0	4.1	4.0	1.0
Maintenance	1.2	1.2	4.7	4.5	5.6
Total	2.9	2.2	8.8	8.5	3.4

During the report period, SSH concluded 5 new license agreements that were worth more than EUR 100,000. The ten largest customers license sales accounted for 22 percent of reported sales, with the largest single customer accounting for approximately 8 percent.

The majority of SSH's invoicing is U.S. dollar based. During the report period, the U.S. dollar's average exchange rate to euro strengthened approximately 5.2 percent compared to the same period a year ago. At constant currency, net sales would have increased 1.3 percent compared to corresponding period in 2008.

RESULTS AND EXPENSES

Operating loss for January-December amounted to EUR -1.5 million (an operating loss of EUR -2.2 million), with net loss totaling EUR -1.2 million (a loss of EUR -1.8 million).

EUR 1.0 million one-time expenses were charged as costs during the reporting period. One-time expenses occurs from personnel related cost EUR 0.7 million, headquarters move EUR 0.1 million and management incentive plan establishment EUR 0.1 million.

Research and development expenses for the report period totaled EUR 3.8 million (EUR 4.0 million), while sales and marketing expenses amounted EUR 4.3 million (EUR 5.0 million) and administrative expenses EUR 2.3 million (EUR 1.9 million).

BALANCE SHEET AND FINANCIAL POSITION

The financial position of SSH remained at a healthy level during the report period, despite the capital returned to shareholders. The consolidated balance sheet total on December 31, 2009 stood at EUR 9.4 million (EUR 19.1 million), of which liquid assets accounted for EUR 6.4 million (EUR 16.5 million), or 68.2 percent of the balance sheet total. On December 31, 2009, gearing, or the ratio of net liabilities to shareholders' equity, was -144.2 percent (-112.8) and the equity ratio stood at 71.4 percent (91.3).

The reported gross capital expenditure for the period totalled EUR 0.1 million (EUR 0.3 million). The reported financial income consisted mainly of interest on fixed-term deposits and exchange rate gains. Financial income and expenses totalled EUR 0.3 million (EUR 0.7 million).

During January-December, SSH reported a negative cash flow of EUR -2.4 million (EUR -2.0 million) from business operations, and investments showed a positive cash flow of EUR 12.0 million (EUR 6.5 million). Cash flow from financing totalled EUR -7.7 million (EUR -4.3 million), mainly consisting of capital returned to shareholders. Total cash flow from operations, investments and financing was positive EUR 1.9 million (EUR 0.2 million) during the period.

RESEARCH AND DEVELOPMENT

Research and development expenses for January-December totaled EUR 3.8 million (EUR 4.0 million), the equivalent of 43.0 percent of net sales (46.6 percent). During the report period SSH did not capitalize any research and development expenses.

HUMAN RESOURCES AND ORGANIZATION

At the end of December, the Group had 64 employees on its payroll, down by 9 from the previous year, a decrease of 12 percent.

At the end of the period, 58 percent of the employees worked in R&D, 22 percent in sales and marketing, and 20 percent in corporate administration.

BOARD AND AUDITORS

The Annual General Meeting (AGM) on March 4, 2009 re-elected Tomi Laamanen, Pyry Lautsuo, Juha Mikkonen and Tatu Ylönen to the Board of Directors. Juho Lipsanen was elected as a new member to the board. He also chairs the board.

The AGM also re-elected PricewaterhouseCoopers Oy, authorized public accountants, as the company's auditor for financial period 2009, with Henrik Sormunen, authorized public accountant, acting as the principal auditor.

SHARES, SHAREHOLDING AND CHANGES IN GROUP STRUCTURE

The reported trading volume of SSH Communications Security Corp. shares totaled 5 087 614 (valued at EUR 4 031 109). The highest quotation was EUR 1.24 and the lowest EUR 0.65 The trade-weighted average share price for the period was EUR 0,79 and the share closed at EUR 0,77 (December 31, 2009).

On 20th of October 2009 The Board of Directors of SSH decided to establish a limited company SSH Management Investment Corp, which purpose is to function as SSH

management incentive plan. Consequently the board decided on a share issue against payment directed to the company to be formed on the basis of authorization granted by the Annual General Meeting of Shareholders of the Company on 4 March 2009 in derogation from the shareholders' pre-emptive subscription rights. The incentive plan will be valid until fall 2013, at which time the plan is intended to be dissolved in a manner to be determined later.

Total of 1,100,000 new shares in SSH was offered for subscription by the company formed in the share issue. The subscription price of the new share was 0.72 EUR (the trade volume weighted average quotation of SSH's share on the NASDAQ OMX Helsinki Ltd. during 22 October–12 November 2009). During December 2009 SSH Management Investment Corp acquired from stock markets total of 337 500 company shares. Share subscription was financed with management group EUR 266,640 investments and loan EUR 792,000 granted by SSH Communications Security Corp. The owned shares will be held in management investment company until it is dissolved.

The management investment plans lead to dissolving the CEO option plan and consequently the company redeemed option plan I/2008 in market value, 53,400 EUR. CEO invested the net gain to subscription of the new shares in SSH Management Investment Corp. Company CEO is part of the management investment plan and according to the company policy the management group is part of only one long-term incentive plan. CEO's indirect ownership is through the incentive plan approximately 1.8%.

During the reporting period, company's principal owner Tatu Ylönen holdings directly and through his company, Tatu Ylönen Oy, decreased under 50%. Tatu Ylönen holds now 48.7 percent of the company's shares, Assetman Oy holds 13.4 percent and Tero Kivinen 4.9 percent. More information about the shareholding can be obtained from the company's web site.

SSH Management Investment Corp is now fourth largest owner holding 4.8 of the company and it is part of the SSH Group due to shareholder agreement.

During reporting period no other changes occurred in SSH group structure.

SHARE CAPITAL AND BOARD AUTHORIZATIONS

The company's registered share capital on December 31, 2009 was EUR 896,953.47 consisting of 29,898,449 shares. During the reporting period SSH increased its share capital four times. The share capital increases are based on subscriptions to the new shares under stock option plans and new shares offered in CEO and management investment plans. In total, 2,600 new SSH shares were subscribed under the I/1999 stock option plan and 143,581 shares under I/2003 stock option plan respectively. In the first quarter CEO incentive plan subscribed 68,493 new shares in subscription price of 0.73 EUR. During the financial period were subscribed total of 1,314,674 new shares. As a result company's share capital increased with 39,440 EUR.

The Annual General Meeting approved the Board of Directors' proposal to authorize the Board of Directors to decide upon the issuing of in total 5,500,000 shares in one or more tranches as share issues against payment or by giving stock options or other special rights defined in Chapter 10 Section 1 of the Finnish Companies Act, which entitle to shares either according to the shareholders' pre-emptive right to share subscription or deviating from this right. The authorization will be valid until the next Annual General Meeting, but will expire on June 30th 2010 at the latest. During the reporting period the Board of Directors exercised this authorization as part of the management investment plan by issuing new shares for SSH Management Investment Corp subscription against payment.

In addition the Annual General Meeting authorized the Board of Directors to decide upon acquiring a maximum of 2,000,000 of the company's own shares in one or more tranches, which amount corresponds approximately to seven (7) per cent of all shares of the company. The compensation to be paid for the acquired shares shall be determined on the date of acquisition on the basis of a trading rate determined for the company's share in a public trading arranged by NASDAQ OMX Helsinki Ltd. The authorization to acquire the shares shall be valid at most for eighteen (18) months after the decision of the Annual General Meeting.

The Annual General Meeting decided upon the distribution of assets from the invested non-restricted equity fund to the shareholders in such a way that assets shall be distributed 0.30 euro per share. The amount to be distributed is in total 8,595,680.40 euro. The return of equity was paid to the shareholders who on the record date on March 9th 2009 were registered in the shareholders' register of the company held by Euroclear Finland Oy, and the payment date was on March 16th 2009. Furthermore, the Annual General Meeting decided to lower the subscription price of the shares that can be subscribed based on the option plans released by the company between years 2000-2008, with an amount corresponding to the distribution of assets, i.e. 0.30 euro per option right. The subscription price of the shares shall, however, always have at least the same value as the par value.

CORPORATE GOVERNANCE

The company complies with the corporate governance recommendations for listed companies issued by the NASDAQ OMX Helsinki, the Central Chamber of Commerce of Finland, and the Confederation of Finnish Industry and Employers. More information on corporate governance is available on the company's Web site (www.ssh.com).

DIVIDEND AND OTHER DISTRIBUTION OF ASSETS

SSH s Board of Directors will propose to the Annual General Meeting that no dividend be distributed. It is proposed that the loss of the financial year shall be entered to the shareholders equity in the profit/loss account. The Board of Directors proposes to the Annual General Meeting that assets from the invested non-restricted equity fund would be distributed to the shareholders of the company at 0.05 euro per share. Payment schedule for the proposed share specific return shall be informed later on the stock exchange release of the invitation to the Annual General Meeting.

Relating to the distribution of assets, the Board of Directors proposes to the Annual General Meeting that at the same time the subscription price of the shares, which can be subscribed for and which belong to the option plans released by the company between years 2000-2002, shall be lowered with an amount corresponding to the distribution of assets, i.e. 0.05 euro per option right. The subscription price of the shares shall, however, always have at least the same value as the par value. Thereby, the amendment of the option terms by lowering the subscription price (with 0.05 euro) concerns the following option plans released by the company: I/2000, Plan July 10th 2000, II/2000, II/2002 ja III/2002.

REPORTING

This financial statement bulletin follows IAS 34 (Interim Financial Reporting) accounting standard. The same accounting principles have been used in the financial statements for 2008. These data are based on audited figures.

The financial statement bulletin also complies with the renewed IAS 1 and IAS 8 standards. Based on IAS 1, the exchange differences on translating foreign subsidiaries are presented as a part of the comprehensive income statement. SSH reports Americas, Asia and pacific and Europe and the rest of the world as its IAS 8 operational segments. In addition licence and maintenance sales are separated from each other.

INCOME STATEMENT					
EUR million					
		10-12 /2009	10-12 /2008	1-12 /2009	1-12 /2008
	Net sales	2.9	2.2	8.8	8.5
	Cost of goods sold	0.0	0.0	-0.1	0.0
	Gross profit	2.9	2.2	8.7	8.5
	Other operating income	0.0	0.0	0.1	0.2

Product development expenses	-1.0	-1.0	-3.8	-4.0
Distribution costs	-1.0	-1.4	-4.3	-5.0
Administrative expenses	-0.6	-0.6	-2.3	-1.9
Operating profit/loss	0.4	-0.8	-1.5	-2.2
Financial income and expenses	0.0	0.1	0.3	0.7
Profit/loss before taxes	0.4	-0.7	-1.2	-1.5
Taxes	0.0	0.0	0.0	-0.3
Net profit/loss for the period	0.4	-0.7	-1.2	-1.8
Other profit and loss account items:				
Foreign subsidiary translation differences	0.0	0.1	-0.1	0.2
Total comprehensive income	0.4	-0.6	-1.3	-1.6

EARNINGS PER SHARE

	1-12/ 2009	1-12/ 2008
Earnings per share (EUR)	-0.04	-0.05
Earnings per share, diluted (EUR)	-0.04	-0.06

BALANCE SHEET		
EUR million		
	12/31/2009	12/31/2008
ASSETS		
Non-current assets		
Tangible assets	0.2	0.3
Intangible assets	0.0	0.0
Investments	0.0	0.0
Total non-current assets	0.3	0.3
Current assets		
Trade and other receivables	2.7	2.3
Short-term financial assets	2.5	14.5
Cash and cash equivalents	3.9	2.0
Total current assets	9.1	18.8
Total assets	9.4	19.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity	4.4	14.5
Non-current liabilities		
Provisions	0.1	0.0
Non-current interest-bearing liabilities	0.0	0.1
Total long-term liabilities	0.0	0.1
Current liabilities		
	4.8	4.5
Total equity and liabilities	9.4	19.1

CASH FLOW STATEMENT			
EUR million			
		1-12/2009	1-12/2008
Cash flow from business operations		-2.4	-2.0
Cash flow from investments		12.0	6.5
Cash flow from financing		-7.7	-4.3
Increase(+) / decrease (-) in liquid assets		1.9	0.2
Liquid assets at period start		2.0	1.7
Adjustment for translation difference		0.0	0.0
Liquid assets at period end		3.9	2.0

STATEMENT ON CHANGES IN SHAREHOLDERS' EQUITY							
EUR million	Share Capital	Share Premium	Fair value reserves	Translation diff.	Fund for own shares	Unrestricted equity funds and retained earnings	Total
Shareholders' equity Jan, 1. 2008	0.9	11.5	0.1	-1.0	0,0	8.9	20.4
Change	0.0	-11.5	0.0	0.2	0,0	7.3	
Net profit						-1.8	
Shareholders' equity Dec, 31. 2008	0.9	0.0	0.1	-0.9	0,0	14.4	14.5
Change	0.0	0.0	0.0	-0.1	0,0	-7.8	
Net profit						-1.2	
Management Incentive plan	0.0	0.0	0.0	0.0	-1,1	0.0	
Shareholders' equity Dec, 31. 2009	0.9	0.0	0.1	-1.0	-1,1	5.5	4,4

NET SALES BY SEGMENT				
EUR million	10-12/2009	10-12/2008	1-12/2009	1-12/2008
AMER	1.4	1.6	5.5	5.8
APAC	0.2	0.2	0.8	0.8
EROW	1.3	0.3	2.5	1.9
SSH Group total	2.9	2.2	8.8	8.5

OPERATING PROFIT/LOSS BY SEGMENT				
EUR million	10-12/	10-12/	1-12/	1-12/

	2009	2008	2009	2008
AMER	0.9	0.8	2.5	2.7
APAC	0.0	-0.1	0.5	0.4
EROW	0.9	0.3	1.1	1.1
Common Group expenses*	-1.4	-1.8	-5.5	-6.4
SSH Group total	0.4	-0.8	-1.5	-2.2

* Common Group expenses include Group administration expenses (e.g. management and finance) and product management and R&D expenses for corporate headquarters.

KEY FIGURES AND RATIOS		
EUR million	1-12/2009	1-12/2008
Net sales	8.8	8.5
Operating profit/loss	-1.5	-2.2
Operating profit/loss, as % of net sales	-16.9	-25.9
Profit/loss before extraordinary items and taxes	-0.3	-1.2
Profit/loss before extraordinary items and taxes, as % of net sales	-2.9	-14.2
Profit/loss before taxes	-1.2	-1.5
Profit/loss before taxes, as % of net sales	-13.3	-18.0
Return on investment (%)	-10.8	-7.4
Return on equity (%)	-12.4	-10.2
Interest-bearing net liabilities	-6.4	-16.4
Equity ratio (%)	71.4	91.3
Gearing (%)	-144.2	-112.8
Gross capital expenditure	0.1	0.1
% of net sales	1.3	1.3
R&D expenses	3.8	4.0
% of net sales	43.0	46.6
Personnel, period average	66	77
Personnel, period end	64	73

PER-SHARE DATA		
EUR	1-12/2009	1-12/2008
Earnings per share, undiluted	-0.04	-0.06
Earnings per share, diluted	-0.04	-0.06
Equity per share	0.15	0.51
No. of shares at period end (thousand)	29 898	28 584
Share performance		
Average price	0.79	1.48
Low	0.65	0.66
High	1.24	1.69
Share price, period end	0.77	0.70
Market capitalization, period end (EUR million)	23.0	20.0
Volume of shares traded (million)	5.1	3.6
Volume of shares traded, as % of total	17.0	12.5
Value of shares traded (EUR million)	4.0	4.5
Price-to-earnings ratio (P/E)		

CONTINGENT LIABILITIES		
EUR million	12/31/2009	12/31/2008
Rent security deposits	0.1	0.0
Leasing commitments outside the balance sheet		
Maturing within 1 year	0.6	0.7
Maturing between 1 and 5 years	1.1	0.6

DISCLAIMER

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SSH Communications Security Corp will release its next interim report and financial statements for January 1st-March 31st, 2010 in 21st of April 2010. Further information will be available on the company's website in due course.

Helsinki, February 3rd 2010

SSH COMMUNICATIONS SECURITY CORP

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