

## Q1 result in line with expectations

SSH reported a Q1 result that was in line with our expectations. New CEO says financial performance was not significantly affected by the COVID-19 outbreak during the first quarter, but they've seen some project delays and it is still too early to assess the full business impact of the pandemic.

- Q1 net sales were EUR 3.1 million (vs. 3.1m our expectation). Net sales increased by 16% compared to the previous driven mainly by strong license sales and supported by growth in subscription revenue.
- Software fees were EUR 0.9 million (0.8m Evli), Professional services were EUR 0.0 million (0.1m Evli), and Recurring revenue was EUR 2.1 million (2.2m Evli)
- Q1 operating loss was EUR – 0.6 million (vs. –0.5m our expectation)
- EPS was –0.02 (vs. –0.02 our estimate)
- Liquid assets were EUR 11.7m (12m Q4/19)
- PrivX update: development of the SaaS version of PrivX is proceeding well, and SSH anticipates the pilot launch during Q2. SSH has started the active conversion of existing CryptoAuditor customers to use PrivX.

Rating	🟡 HOLD
Share price, EUR (Last trading day's closing price)	0.83
Target price, EUR	0.7
Latest change in recommendation	17-Feb-20
Latest report on company	24-Mar-20
Research paid by issuer:	YES
No. of shares outstanding, '000's	38,802
No. of shares fully diluted, '000's	38,802
Market cap, EURm	32
Free float, %	-
Exchange rate EUR/USD	-
Reuters code	SSH1V.HE
Bloomberg code	SSH1V.FH
Average daily volume, EURm	-
Next interim report	21-Jul-20
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🟢 BUY 🟡 HOLD 🟠 SELL

## PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	18.3	0.5	2.7%	-1.1	-0.01	-163.0	3.6	130.6	-1.6	0.00
2019	14.4	-1.2	-8.1%	-2.1	-0.06	-17.4	2.9	-35.9	-5.2	0.00
2020E	13.7	-1.0	-7.7%	-2.2	-0.06	-13.4	2.6	-34.3	-6.9	0.00
2021E	16.2	0.4	2.5%	0.0	-0.03	-30.7	2.2	90.1	0.0	0.00
2022E	18.0	1.5	8.3%	0.7	0.00	1,330.5	2.0	23.5	2.2	0.00
Market cap, EURm				32	BV per share 2020E, EUR	-131.1	CAGR EPS 2019-22, %			0.0
Net debt 2020E, EURm				3	Price/book 2020E	-11.1	CAGR sales 2019-22, %			7.7
Enterprise value, EURm				36	Dividend yield 2020E, %	0.0	ROE 2020E, %			0.0
Total assets 2020E, EURm				21	Tax rate 2020E, %	0.0	ROCE 2020E, %			-8.9
Goodwill 2020E, EURm				0	Equity ratio 2020E, %	46.1	PEG, P/E 20/CAGR			0.0

All the important disclosures can be found on the last pages of this report.

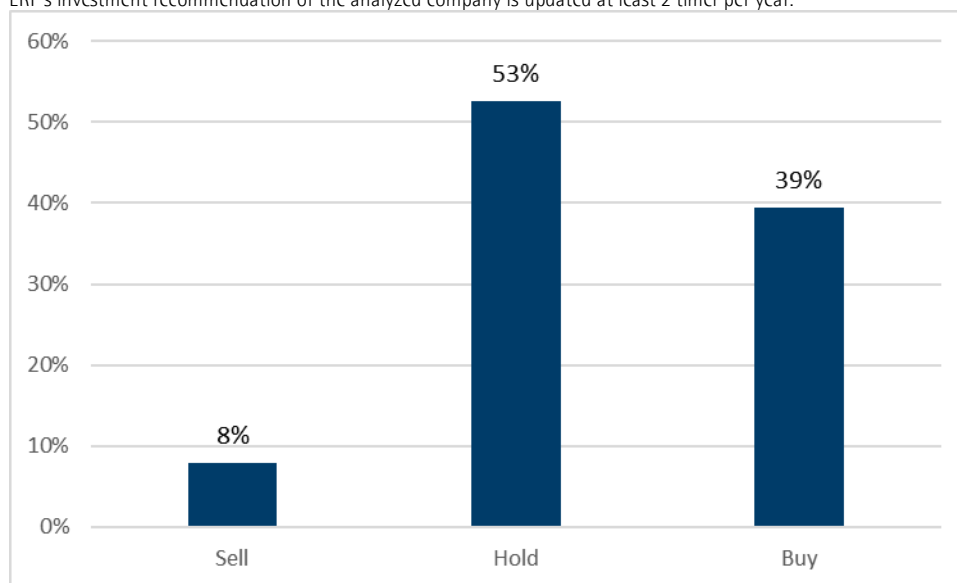
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Forslund

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