



2013

January – March Interim Report

STONESOFT

Ilkka Hiidenheimo, CEO
April 26th, 2013

Stonesoft Corporation

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STONESOFT

saving lives and
businesses in **cyber**
space

Strong Investments in Growth & Technology Approvals

Q1 / 2013 Highlights

- Net sales were EUR 9.2 million, +12% compared to the corresponding period in 2012 (8.3).
- Product sales were EUR 5.4 million, +9% compared to the corresponding period in 2012 (4.9).
- Operating profit (EBIT) was EUR -2.2 million (-0.6).
- The operational cash flow was EUR 1.1 million, compared to EUR 1.4 in the corresponding period in 2012.

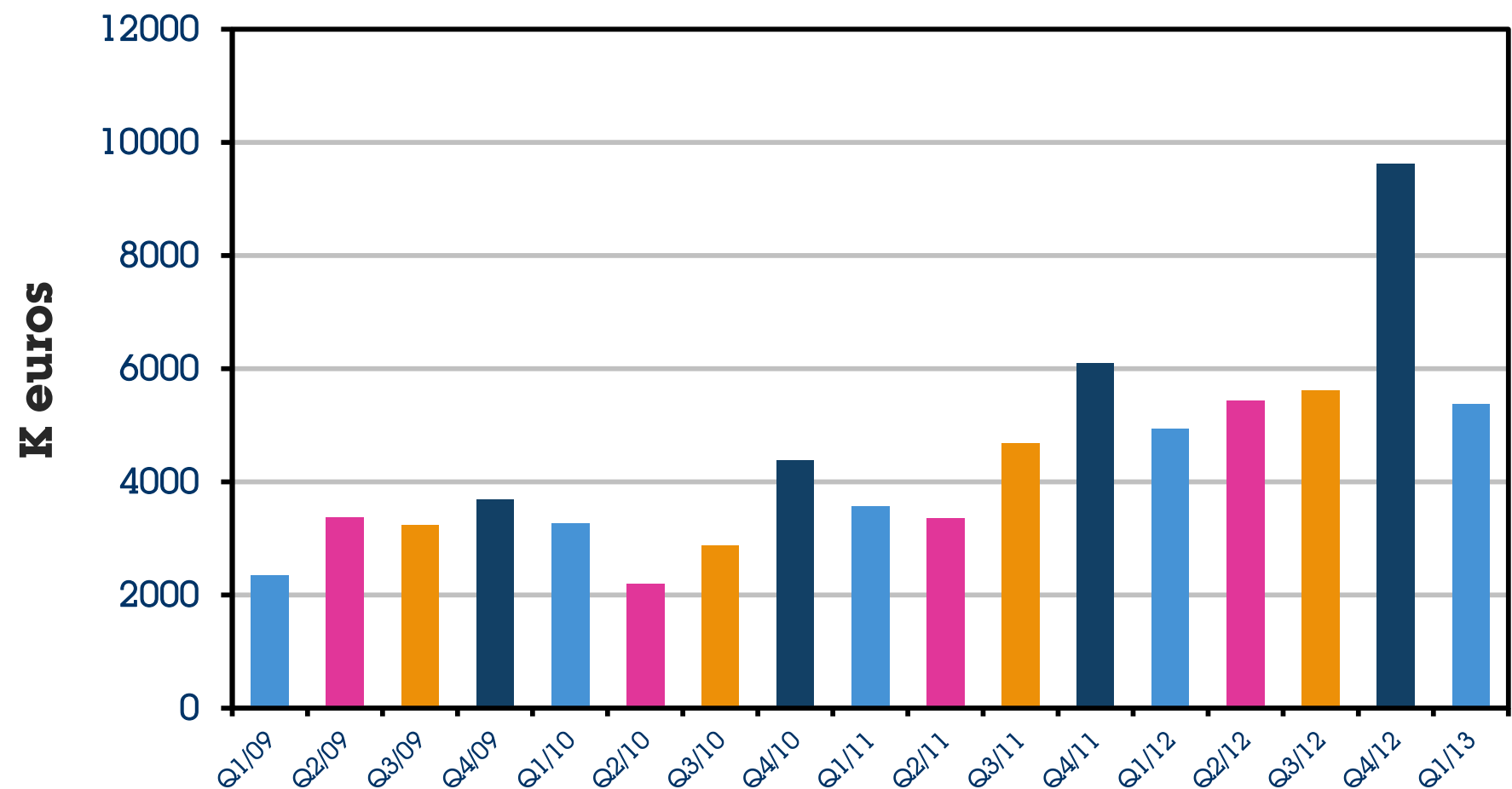
A person in a dark jacket and jeans stands with their back to the camera on a wooden pier. They are looking out over a calm body of water towards a hazy horizon. The pier's wooden planks lead from the bottom of the frame towards the person. The overall tone is serene and contemplative.

January - March 2013

Q1 / 2013

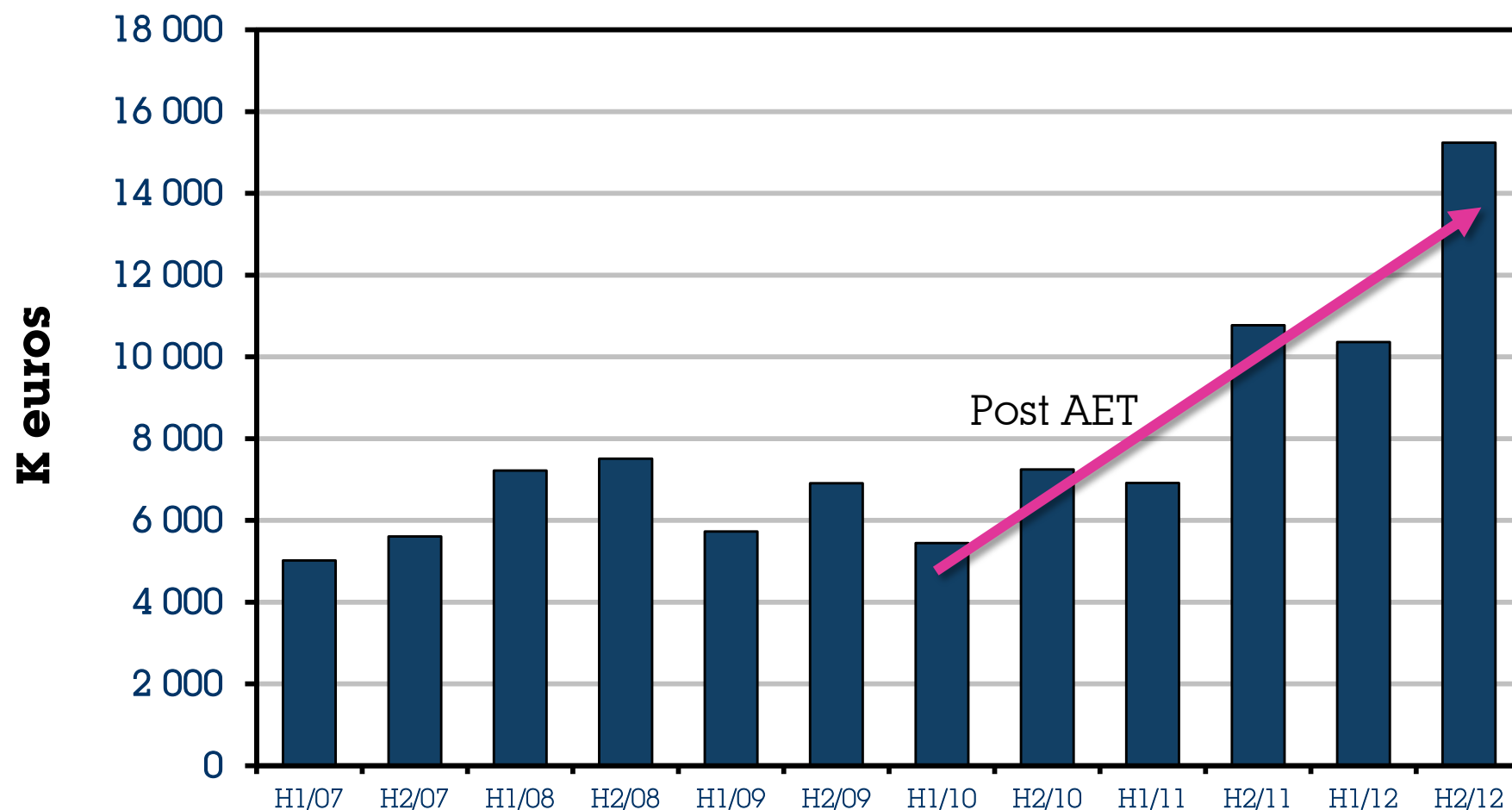
Financials

Product sales by quarter



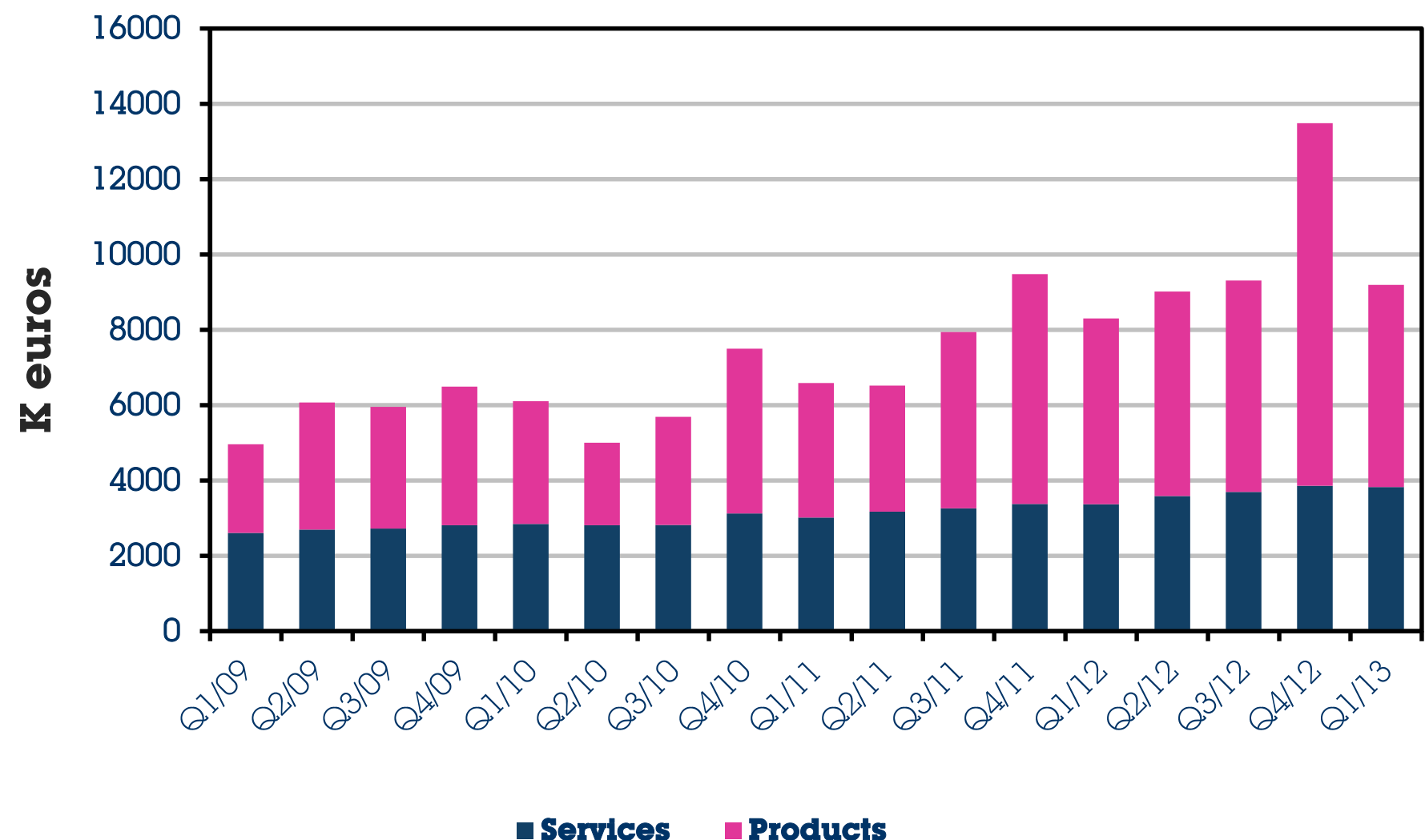
- All-time high
Q1 product
sales

Product sales by half year



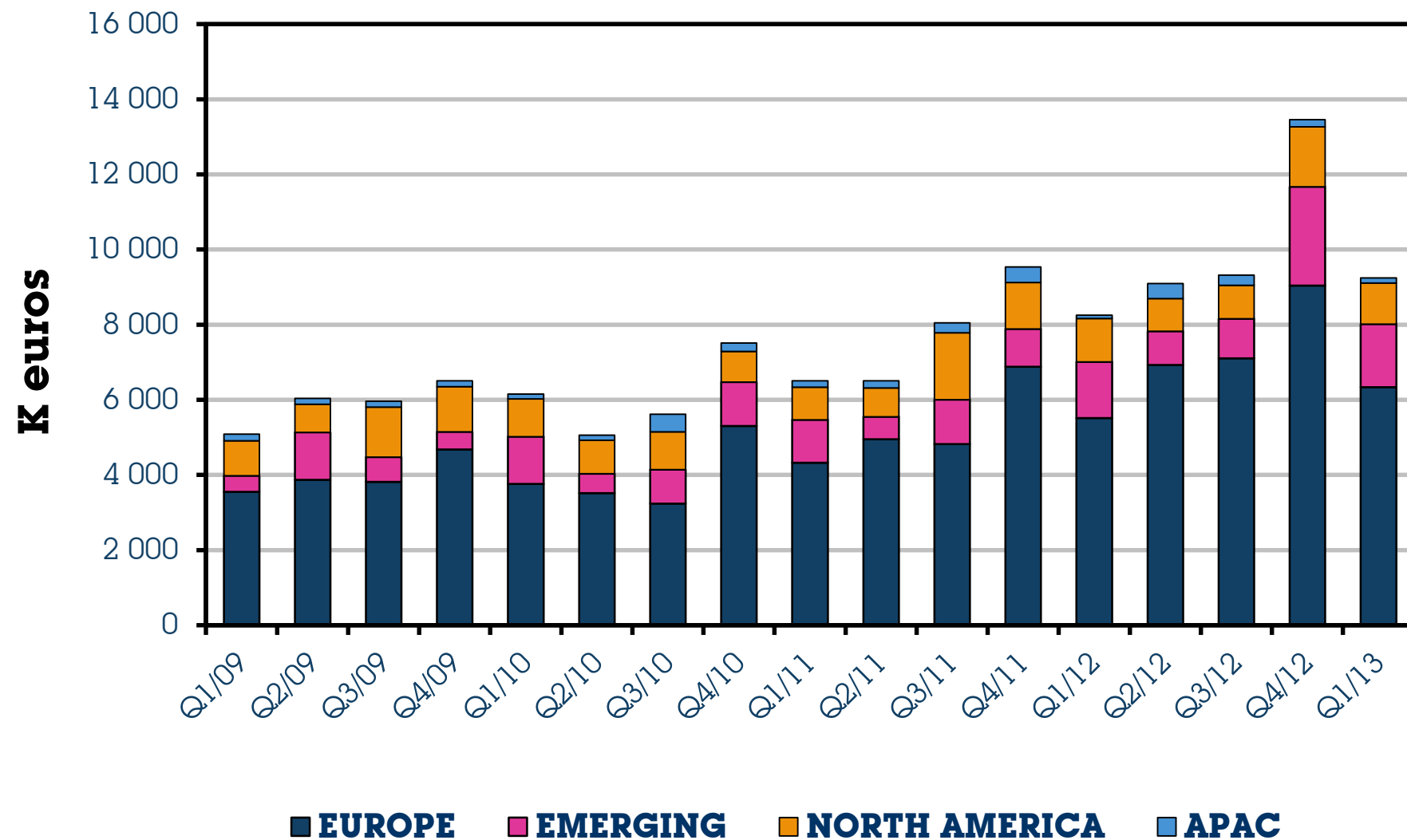
- **Visible change in advanced threat landscape: products with AET protection gaining more traction**
- **Security Engine sales starting to meet expectations**

Sales split



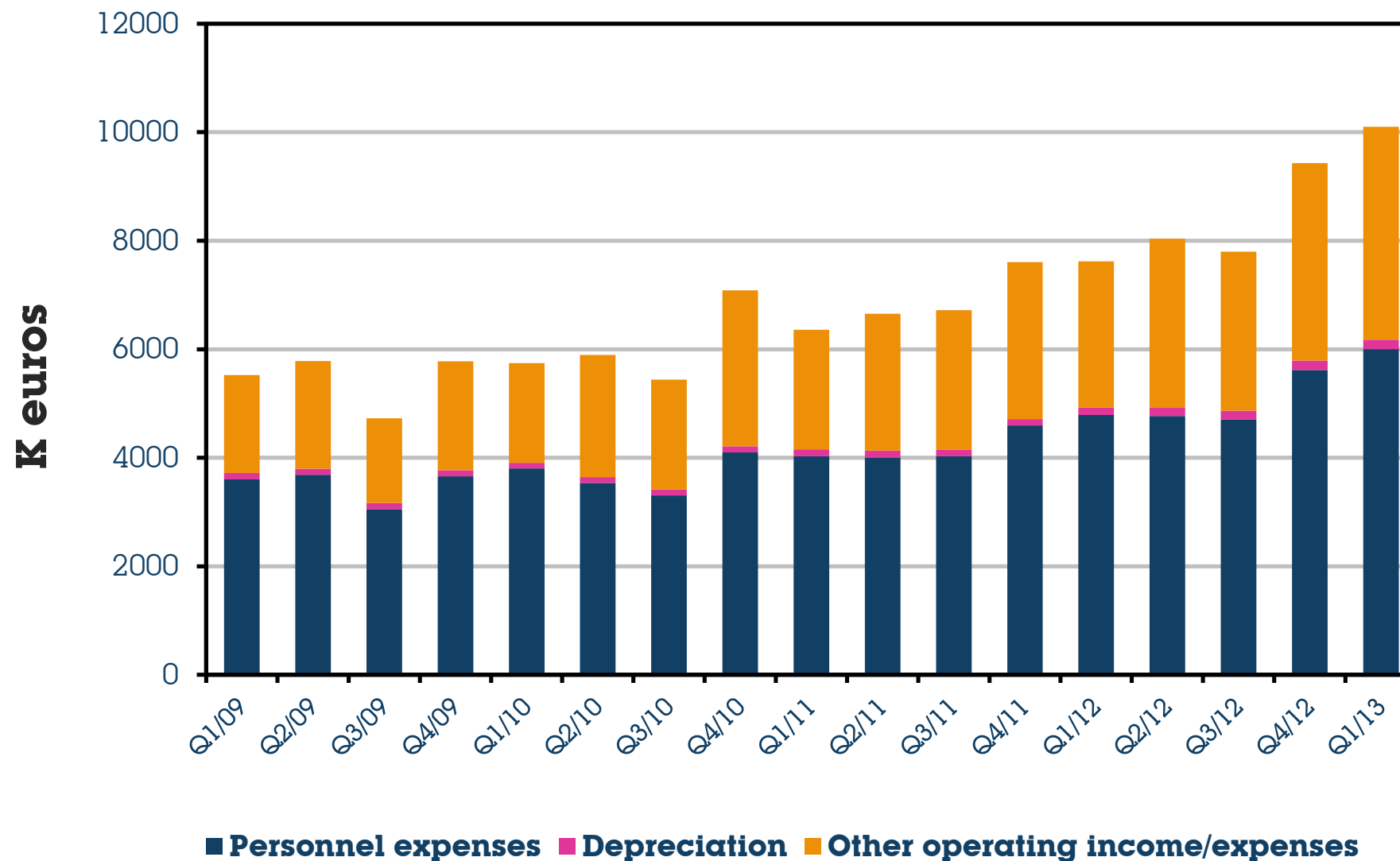
- We were able to maintain the industry's highest retention rate and keep processes on track.

Net sales by area



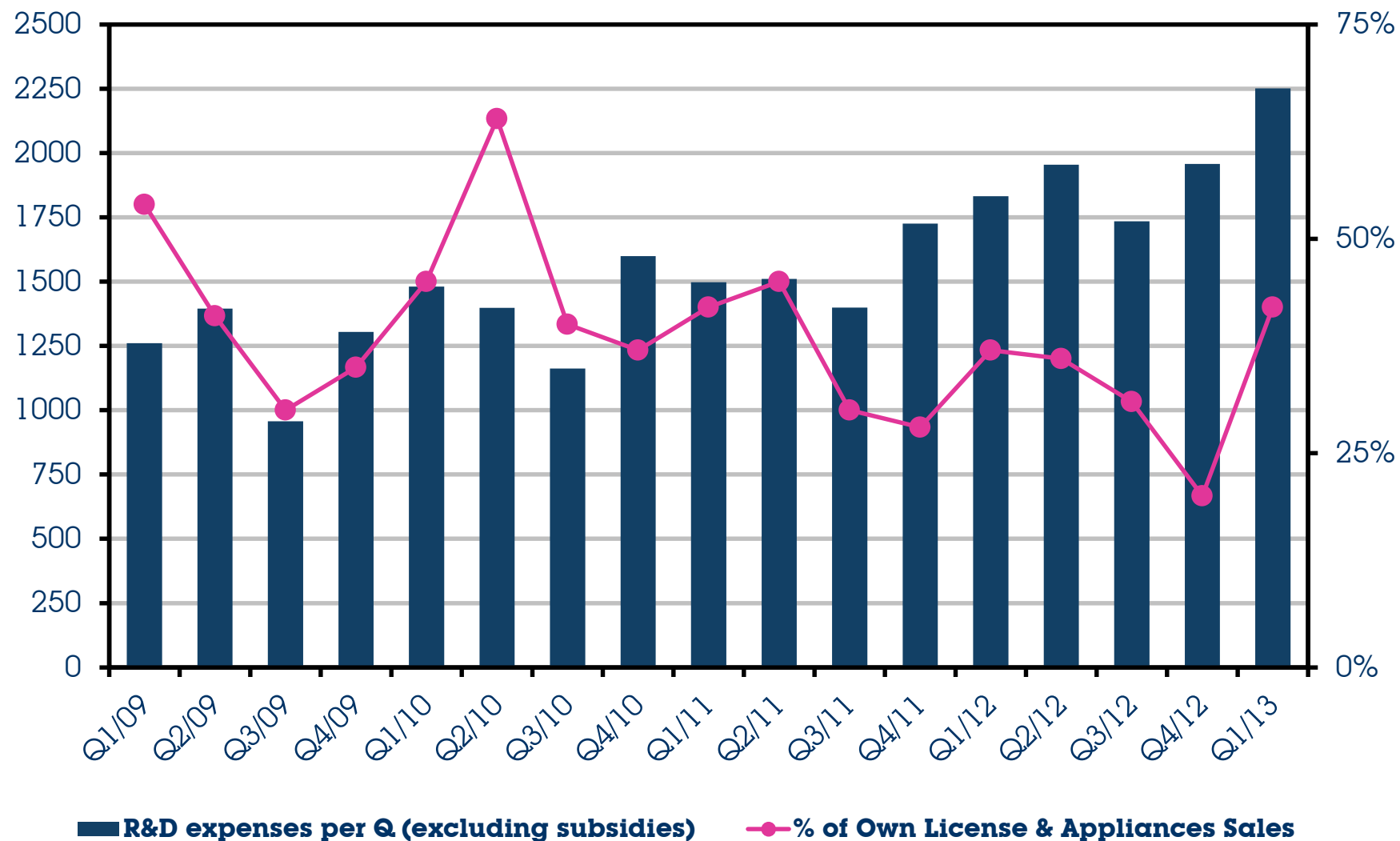
- Europe
growing

Operating costs by quarter



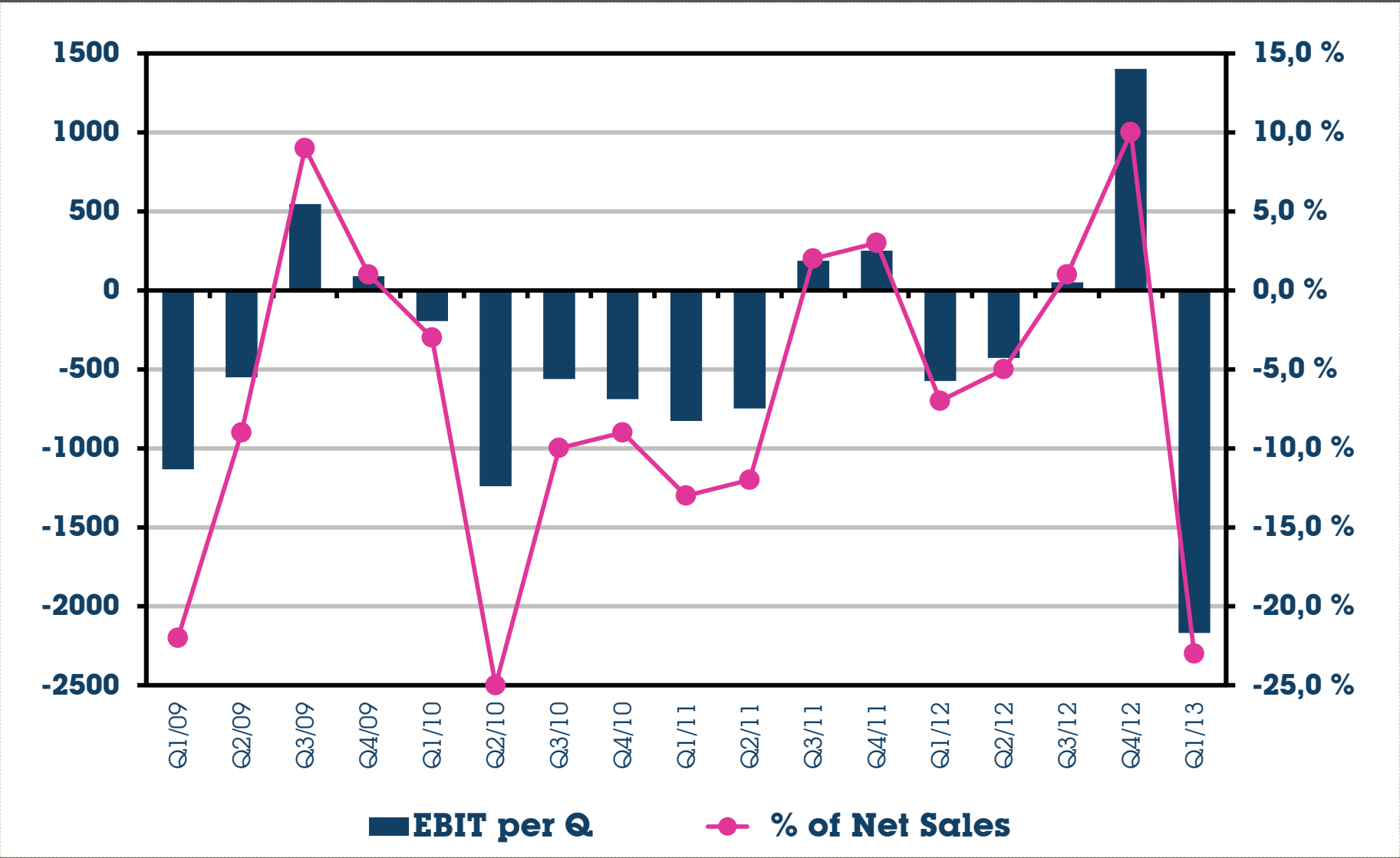
- Targeting globally accelerated growth by investments in sales and marketing
- New customer requirements targeted through added investments in R&D

R&D expenses



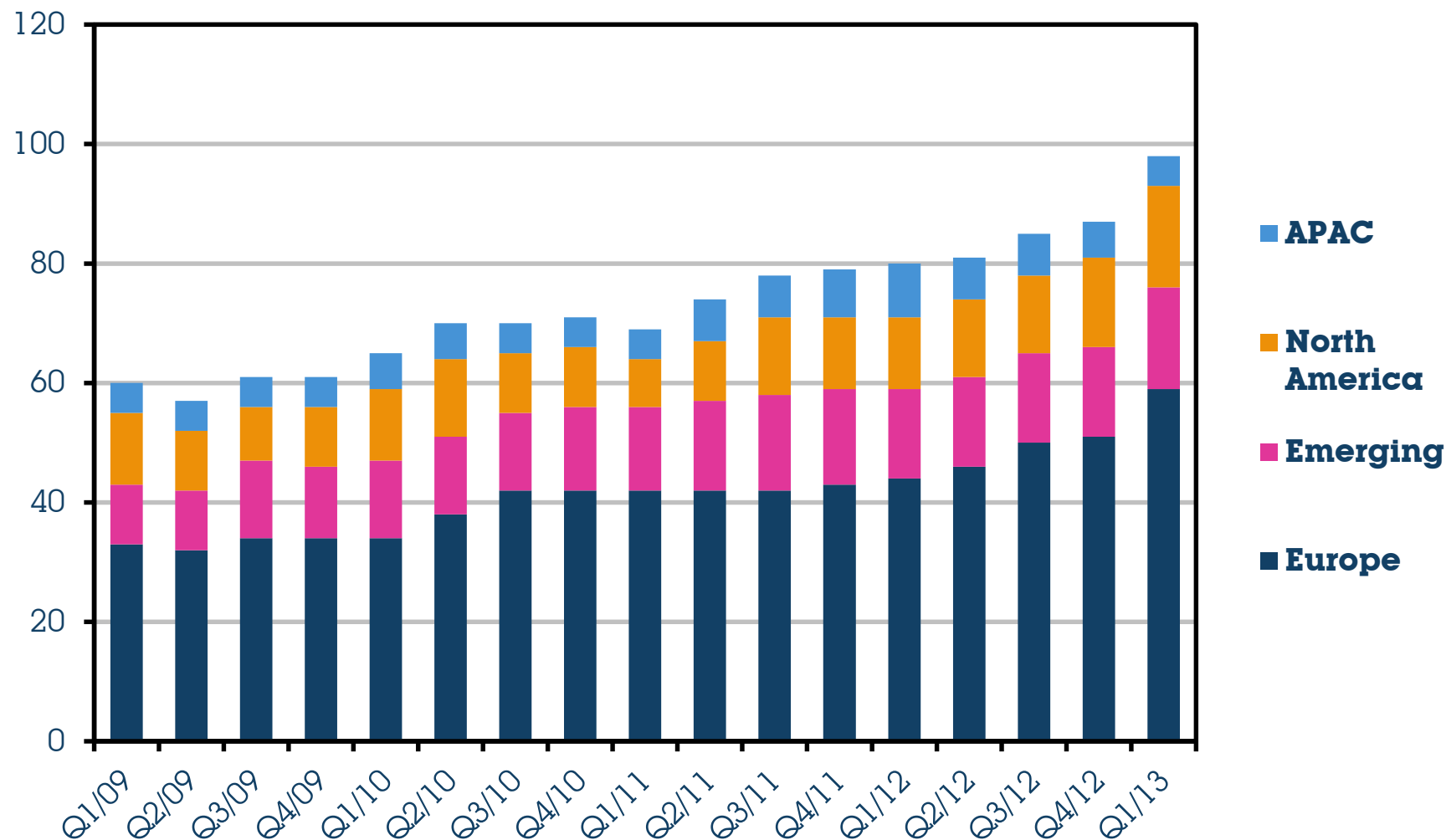
- Virtual FW development aimed at MSSPs, cloud service providers and large demanding organizations.
- User experience development to build on the key benefits of security management efficiency and effectiveness.
- Enhanced POC capabilities to facilitate sales process and enhanced demonstration of product benefits.

EBIT by quarter



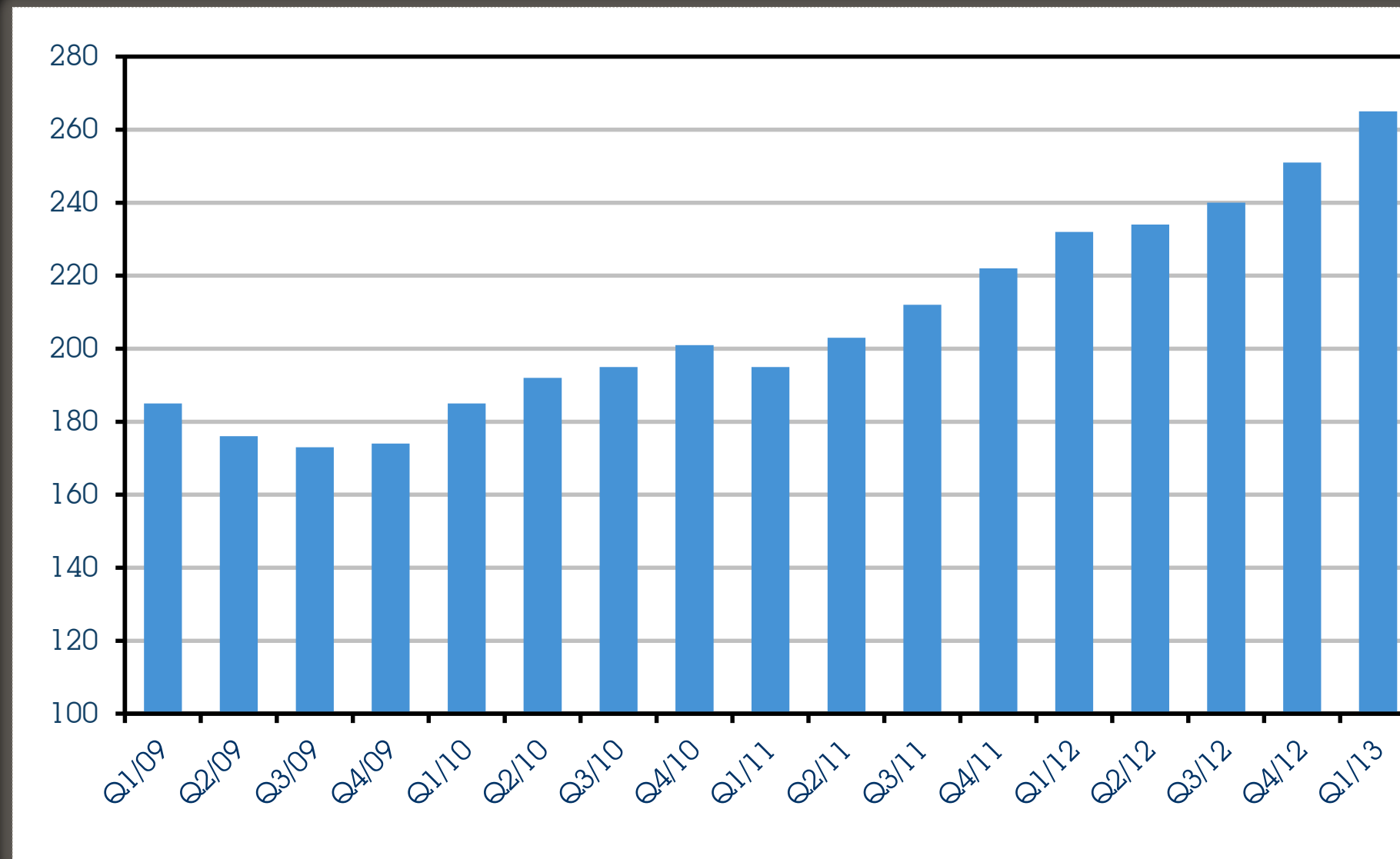
- Investments together with delayed sales made results negative

Sales personnel at the end of quarter



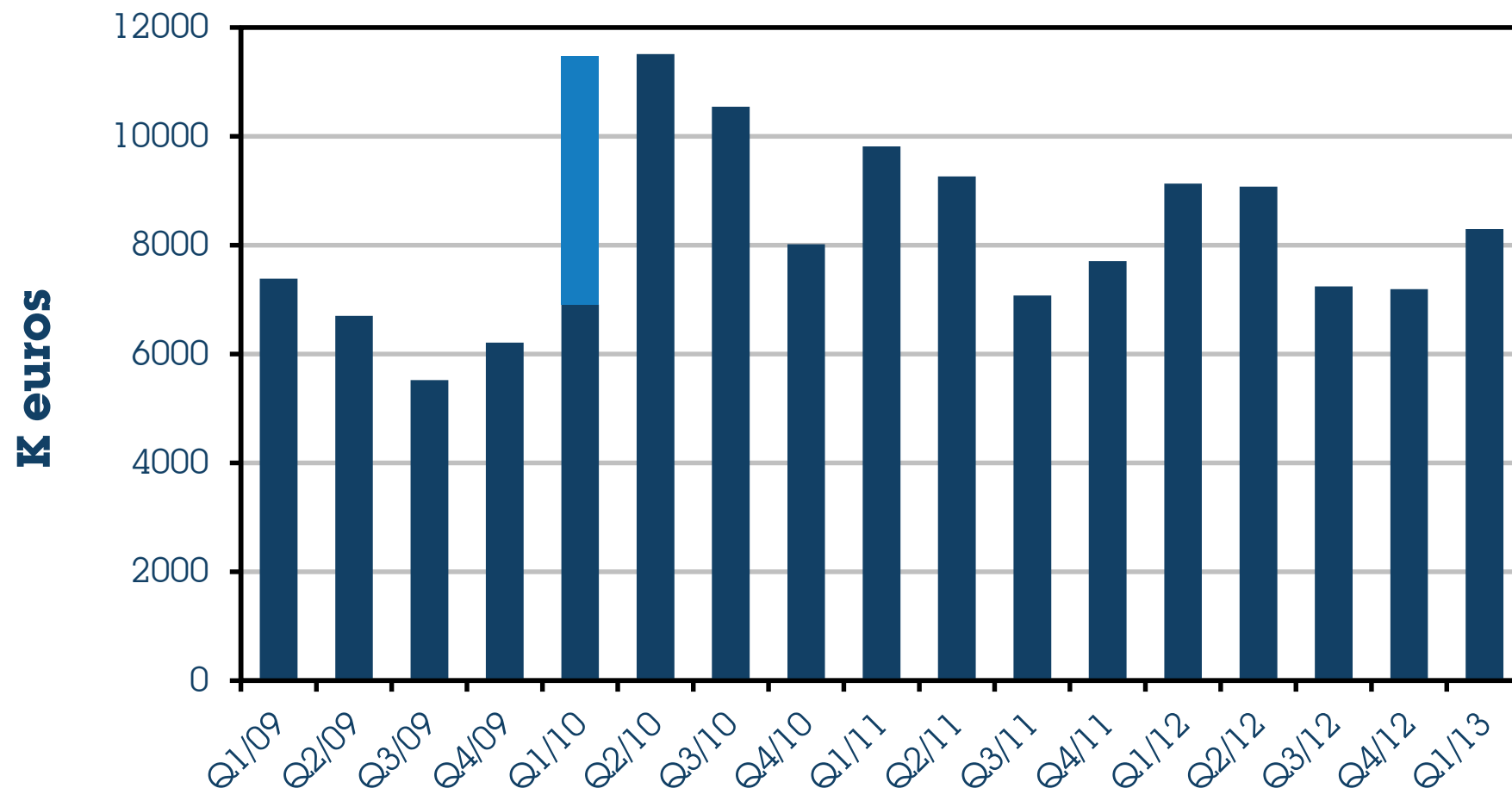
- Investments into hiring new sales personnel continued in Europe, emerging markets and the US
- APAC planning in progress

Personnel at the end of quarter



- Steady growth
in personnel
numbers

Liquid funds



- Liquid funds have been neutral during previous years.
- Good capability to finance growth with current cash flow.



Highlights

Q1 / 2013

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CYBERSTRAT13 Seminar in Helsinki

Gathered around 300 Finland's top decision makers to listen to high level presentations and further enhance Stonesoft's thought leader position in cyber security.

The seminar's keynote speakers included Estonia's President, Toomas Ilves, global bestselling author and journalist Misha Glenny, Editor in Chief of Helsingin Sanomat Mikael Pentikäinen, Forensics Expert Tomi Tuominen; and

Stonesoft's Director of Cyber Security Jarno Limnéll who introduced the Stonesoft "Balanced Cyber Security" - concept

**2013
January**



Stonesoft: Gartner Double Visionary!

Stonesoft was positioned in the Visionaries quadrant of the Gartner Magic Quadrant for Enterprise Network Firewalls

Stonesoft is now a double visionary, positioned in the Visionaries quadrant in both Gartner's IPS MQ and FW MQ!

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**2013
February**



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NSS Labs



RECOMMEND

4th consecutive NSS Labs Recommendation for Security Engine equipped Stonesoft products.

Stonesoft is the only European vendor to ever reach this, and the other of only two vendors in the whole world.

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**2013
February**



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New appliances!

- Increased throughput and excellent price-performance ratio
- Stonesoft 1035 appliance:
 - Best-selling 1000 series is an entry-level, rack mountable model.
 - Designed to meet the performance and scalability needs of small businesses and remote offices.
 - Flexible and modular due to full-scale Security Engine capabilities; until now available only in the larger models.
- Stonesoft 1065 appliance:
 - Designed to meet the performance and scalability requirements of small data centers and medium-sized network central sites.

**2013
February**



RSA Conference 2013

Never before seen attention to
Stonesoft and its offerings

Interest from large scale
potential customers, partners
and analysts

Doubling the number of sales
leads from year back figures

Positive attention to Stonesoft's
Cyber Security messaging and
MIL-320 product (in action)

Over 100 Evader demos during
the event.

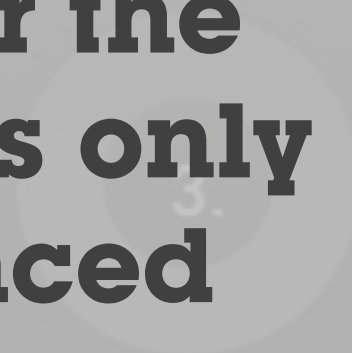
New version of Evader and SMC
user experience introduced

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**2013
March**

EVADER

READY-MADE EVASION TEST LAB



DEVICE UNDER TEST

☐ Next Generation Firewall Layer 3

☒ Intrusion Prevention System Layer 2

STRENGTH



INTERFACE

ETH0 ▼

EVADER IP RANGE

172.16.120.30-172.16.120.45

LAYER 3 DEVICE UNDER TEST IP

10.211.55.1

2.01 Version of Evader the world's only Advanced Evasion Techniques Test Tool

Completely new and more intuitive user experience.

Enhanced reporting and test feedback.

Enhanced usability and visual coherence

Introduced in RSA 2013



Red River and Stonesoft Join Forces to Help US Federal Agencies Counter Cyber Security Challenges

Red River is well known for its ability to exceed the expectations of demanding federal agencies, recently winning contracts with the U.S. Army, Air Force and the U.S. Patent and Trademark Office.

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**2013
March**

- **Stonesoft is expecting strong organic growth also in the future**
- **Cyber Security is a strategic problem, which requires new approaches**
- **Our technology position together with AET capabilities – a unique and strong message, which resonates**

A person in a dark jacket and jeans stands with their back to the camera on a wooden pier, looking out at a calm sea under a pale sky. The pier's wooden planks lead towards the horizon, and the person's reflection is visible on the wet surface.

Conclusion

2013

ACTION PLAN

Recognition

- Infosecurity Europe 2013
- Black Hat US 2013
- Cyber Strat 13 Europe

Higher sales

- C-level targeting events
- Highly commercial direct marketing campaigns
- Carefully targeted actions

Product development

- Virtual FW/Security Engine
- POC development

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Why we do what we do?

Today's advanced threats are tomorrow's basic threats.

Conventional network security devices cannot protect against today's advanced cyber threats.

Stonesoft's mission is to protect and save lives and businesses in cyber space.



Stonesoft in Security Market

- Cyber Security Message
- All dynamic security solutions with AET protection
- Expanding our offering to new markets -> targeting rapid growth

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Saving lives and businesses in cyber space