



## **April-June 2010, Interim Report**

**CEO Ilkka Hiidenheimo**  
**13.8.2010 Helsinki**

# Stonesoft Corporation

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# Results for April - June 2010

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- Net sales EUR 5.1 millions, -16% compared to the corresponding period in 2009 (6.0).
- StoneGate sales were EUR 2.2 millions, -35% compared to the corresponding period in 2009 (3.4).
- Operating profit (EBIT) of EUR -1.2 millions, a disappointing number compared to 2009 (-0.6).
- The operational cash flow was 0.04 million positive, compared to -0.7 in the corresponding period in 2009.



# Results for January - June 2010

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- Net sales EUR 11.2 millions, +1% compared to the corresponding period in 2009 (11.1).
- StoneGate sales were EUR 5.4 millions, -5% compared to the corresponding period in 2009 (5.7).
- Operating profit (EBIT) of EUR -1.4 millions, an improvement compared to 2009 (-1.7).
- The operational cash flow was 0.7 million positive, compared to -0.3 in the corresponding period in 2009.



# Highlights of the 2nd quarter 2010

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- In May, Stonesoft introduced StoneGate IPS-1205 for advanced gigabit network protection.
- In June, Stonesoft announced its StoneGate IPS (Intrusion Prevention System) provides efficient protection against the latest critical vulnerability that exists in Adobe Flash Player, Adobe Reader and Acrobat as well as the Microsoft vulnerability.



# Network Security Trends and Stonesoft's Position (1/2)



Increasing  
threat environment

- Rapidly evolving threats (self-mutating worms, flash threats etc.) create constantly new security risks which must be pro-actively mitigated.
- Stonesoft solutions are used in critical network environments (air traffic control, telecom networks etc.), where real-time detection, situation awareness, troubleshooting and incident management are required.



Cyber warfare

- Cyber-warfare attacks on military infrastructure, government and communications systems, and financial markets have become a recognized and rapidly growing threat to international security.
- Stonesoft solutions are used in multiple military-grade operational environments due to their strong performance against cyber warfare.



Cost effectiveness

- Clients want to maintain the highest levels of security and availability, while significantly streamlining operational costs.
- Stonesoft solutions deliver a low total cost of ownership (in many cases 30-70% lower than with competitors products) thanks to their advanced architecture.



Growing  
bandwidth demand

- The growing bandwidth demand requires increasingly efficient network security management systems.
- Stonesoft provides a new high-end Firewall/VPN appliance with 25 Gbps firewall throughput and IPS appliance with 10 Gbps throughput. With these appliances, Stonesoft can fulfill the requirements of the most demanding enterprise customers and has already started projects with several telecom operators.

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# Network Security Trends and Stonesoft's Position (2/2)



Virtualization

- Virtualization allows running multiple applications and operating systems independently on a single server, which enables reductions in server room space and energy consumption, making IT management easier and less expensive.
- Stonesoft was one of the first companies to offer a virtual Firewall/VPN solution and has since built a strong position in virtualized network security. Stonesoft is the only vendor that provides full visibility and manageability of entire networks (physical, virtual and third-party devices).



Compliance requirements

- Industry, government, and corporate compliance regulations are becoming increasingly complex and expensive.
- Stonesoft solutions include a number of features to help organizations meet the increasing compliance requirements by keeping track of who did what, when and where.



Cloud computing

- The growth of cloud computing (Internet-based computing whereby shared resources, software and information are provided to computers and other devices on-demand) requires high throughput appliances which are able to provide always-on services.
- High availability solutions, including Stonesoft's patented Multi-Link™ and clustering technologies, are one of Stonesoft's widely recognized core competences. Together with virtualization capabilities and high throughput appliances, Stonesoft offers the optimal solution for cloud computing environments.

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# Future Outlook & Conclusions

- Based on the current view, the company still estimates its net sales to grow, but reaching a positive result is uncertain due to increased investments in new business opportunities.

*“The company’s sales project pipeline is strong, and it has developed positively during the whole first half of the year. We have continued our long-standing investments in significant customer accounts and business growth. The growth and improvement of the result will become visible during the second half of the year. “*

President & CEO Ilkka Hiidenheimo





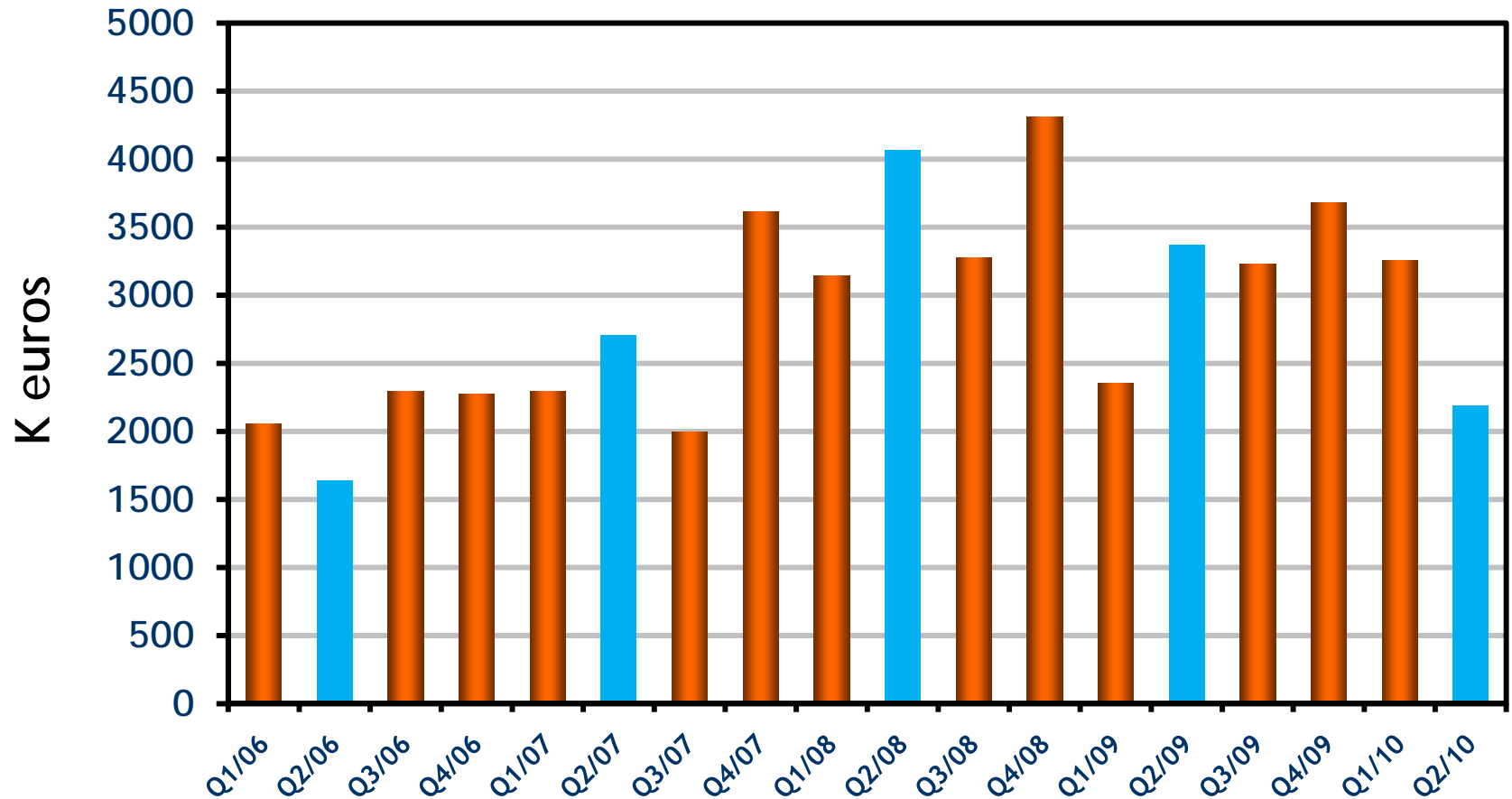
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## Q2/2010 Financials

- All comparative numbers exclude discontinued operations in historic data with the exception of
  - Equity rate at the end of quarter
  - Liquid funds
  - Shareholders equity per share



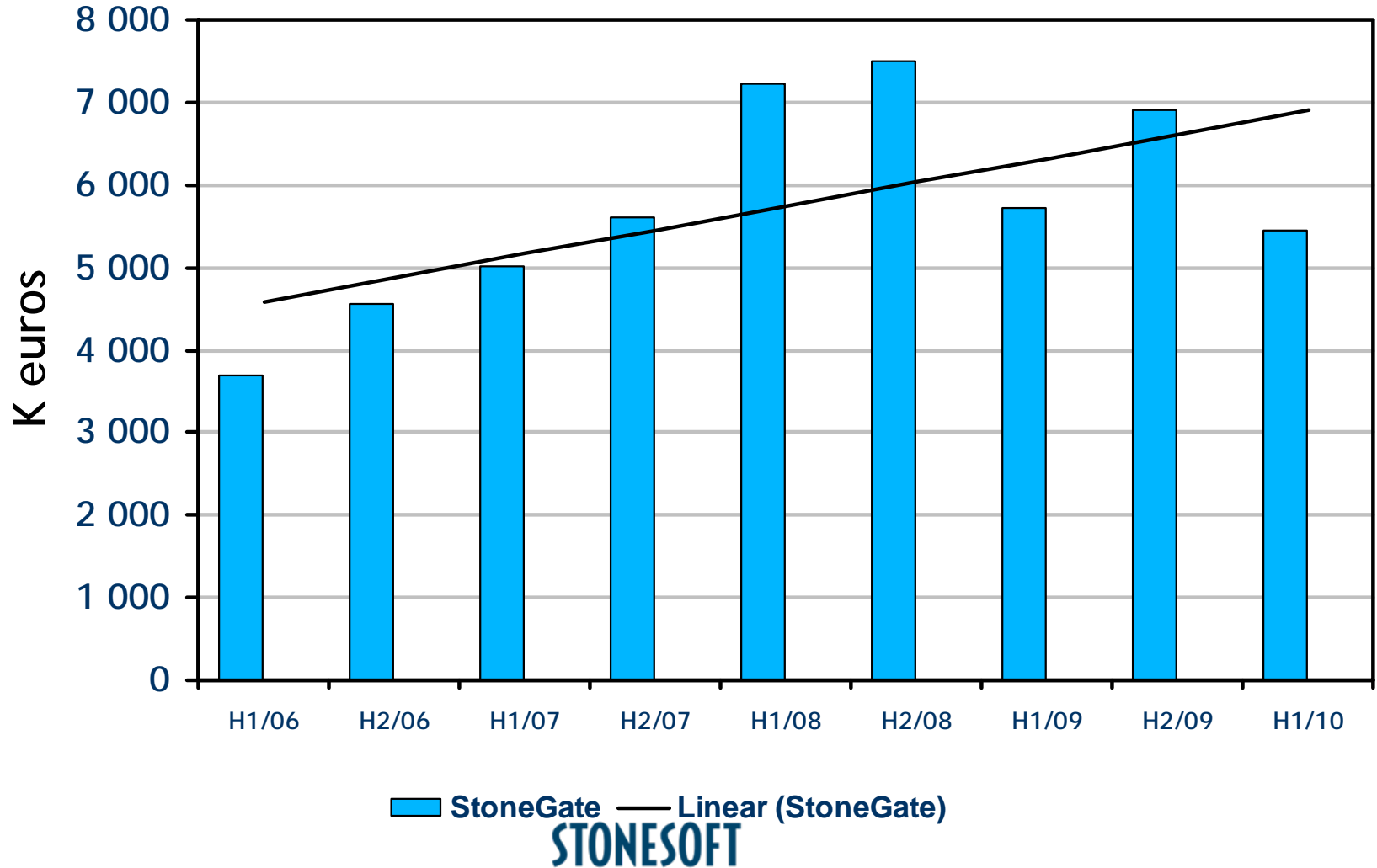
# StoneGate Sales by Quarter



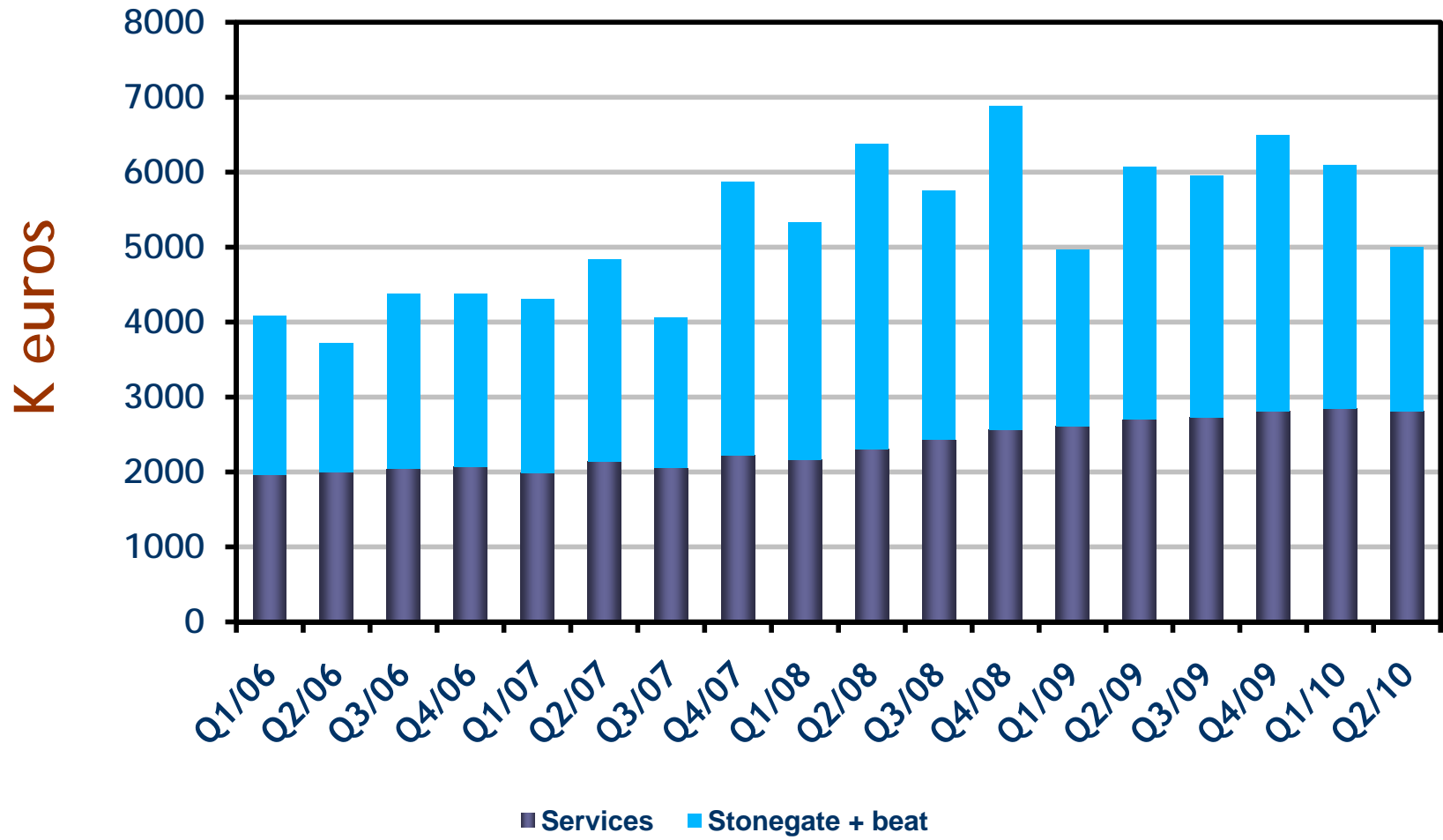
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# StoneGate Sales by Half Year

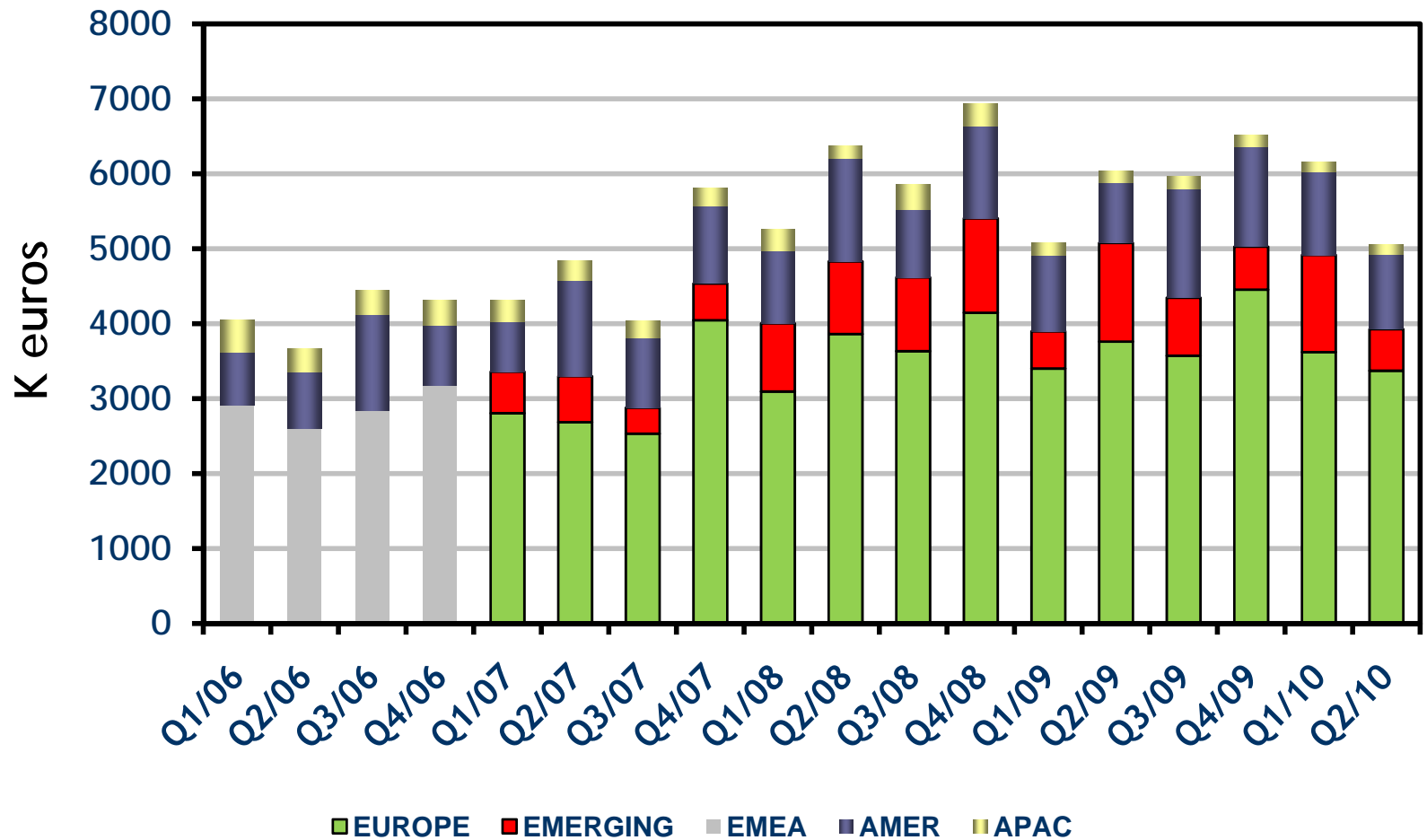


# Sales by Product



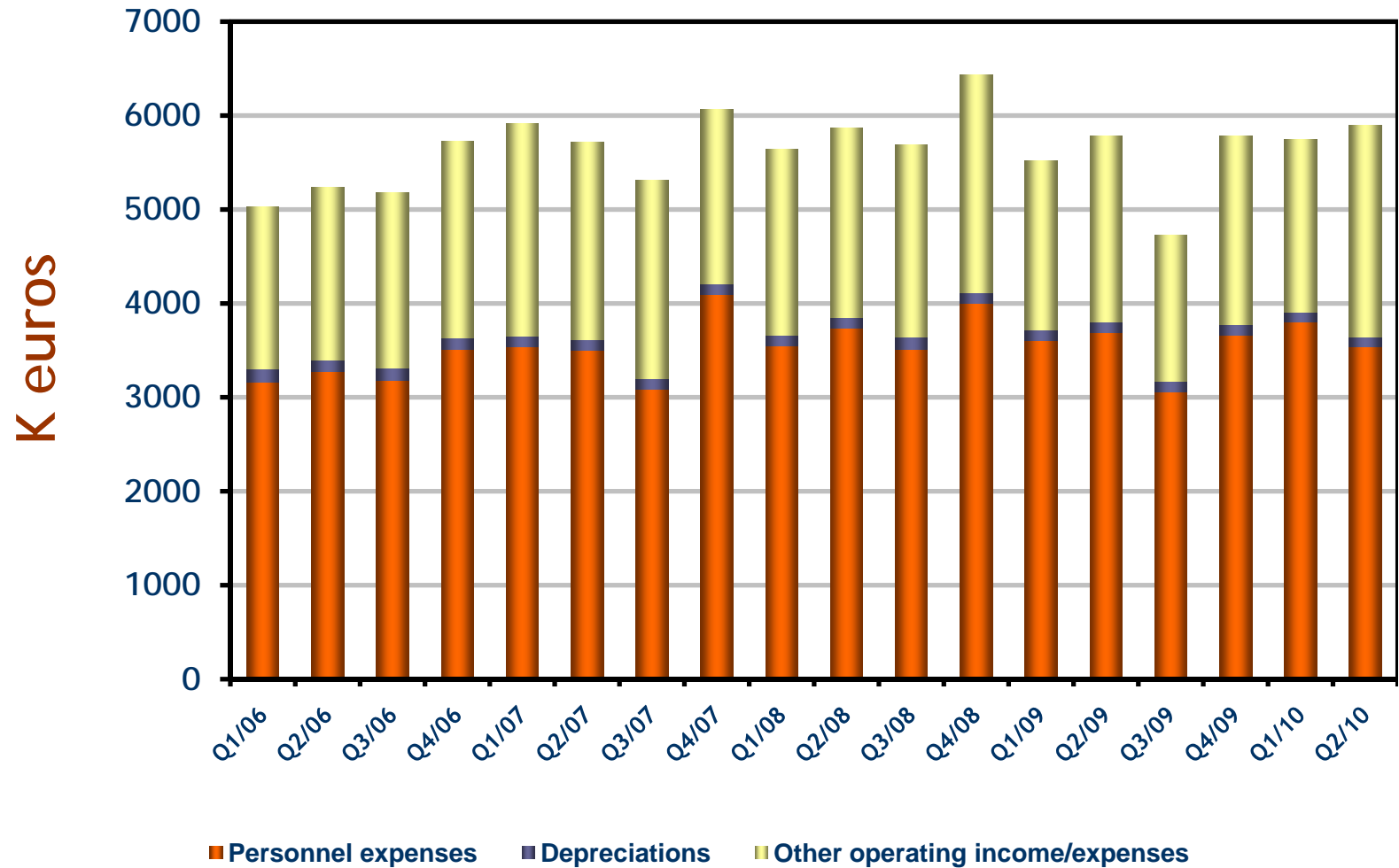
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# Net Sales by Area



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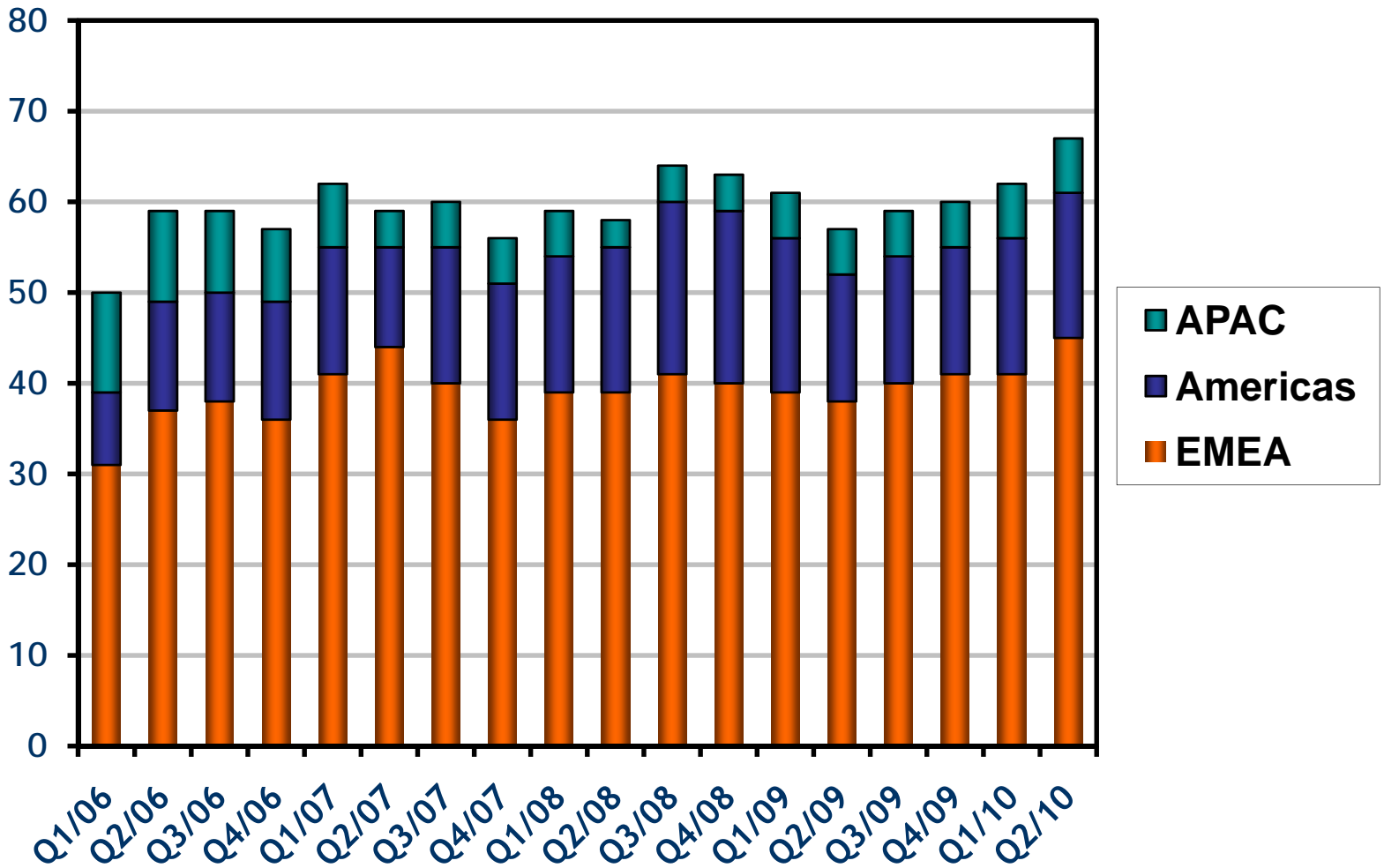
# Operating Costs by Quarter



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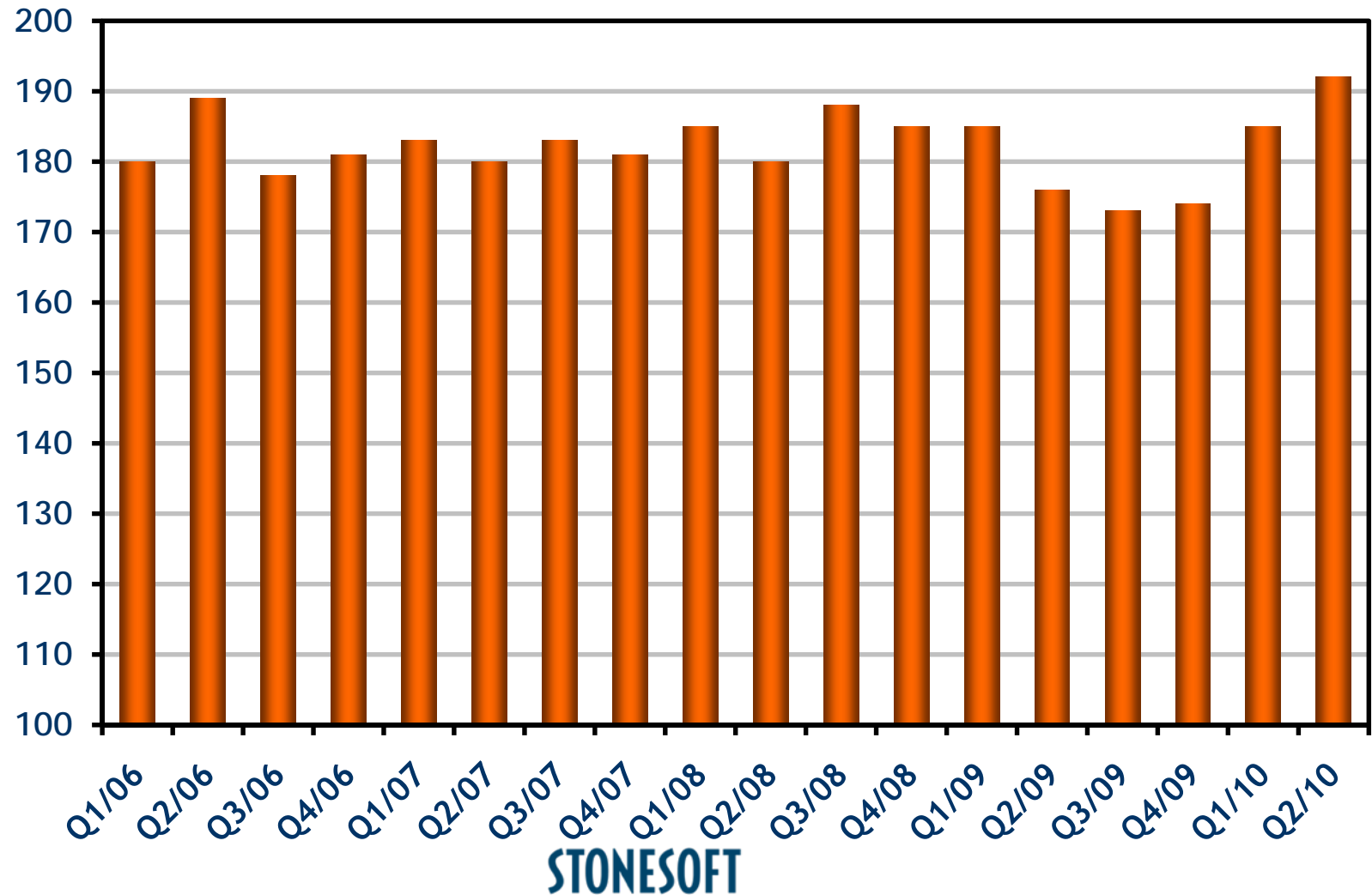
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# Sales Personnel at the End of Quarter



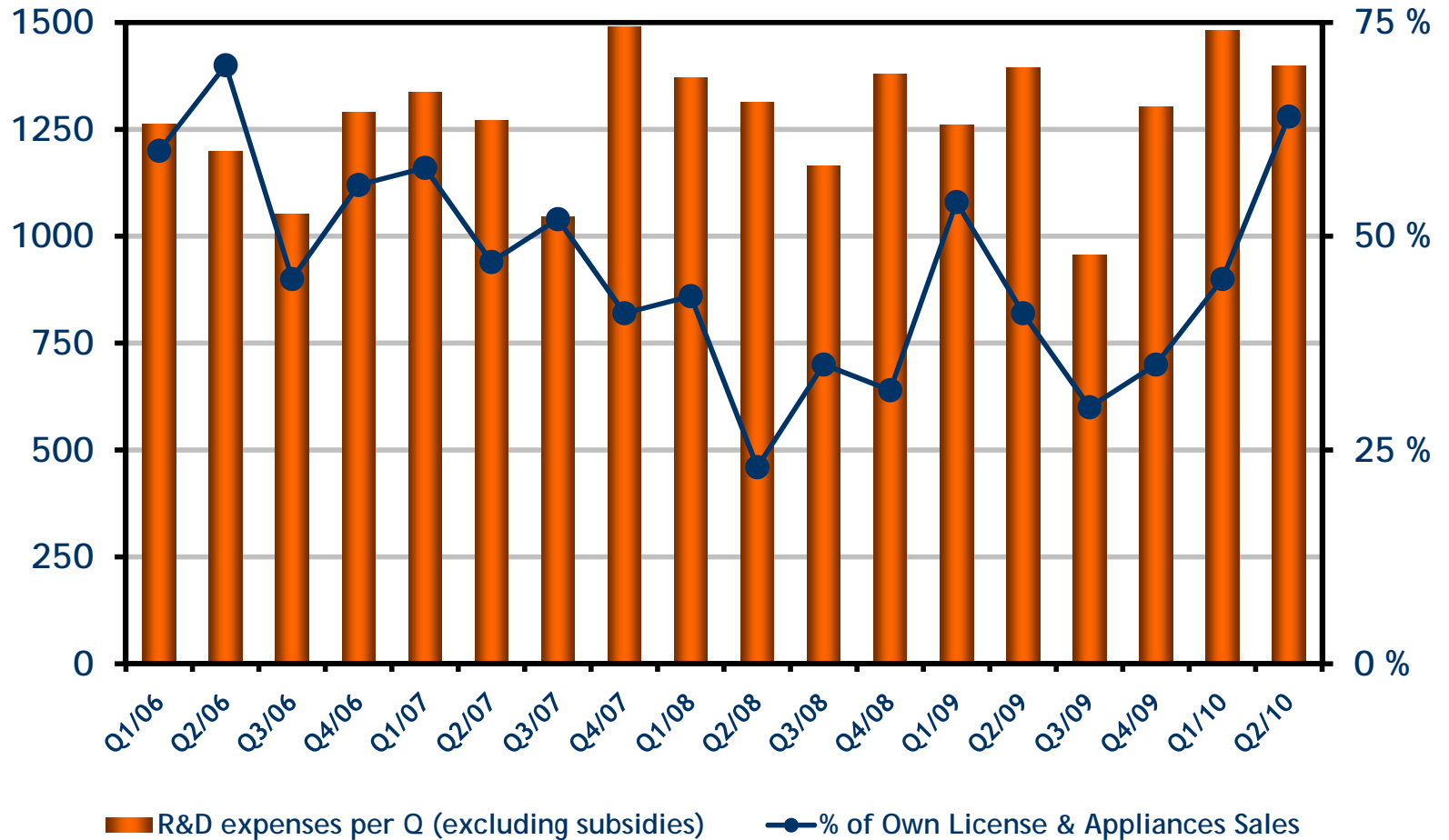
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# Personnel at the End of Quarter



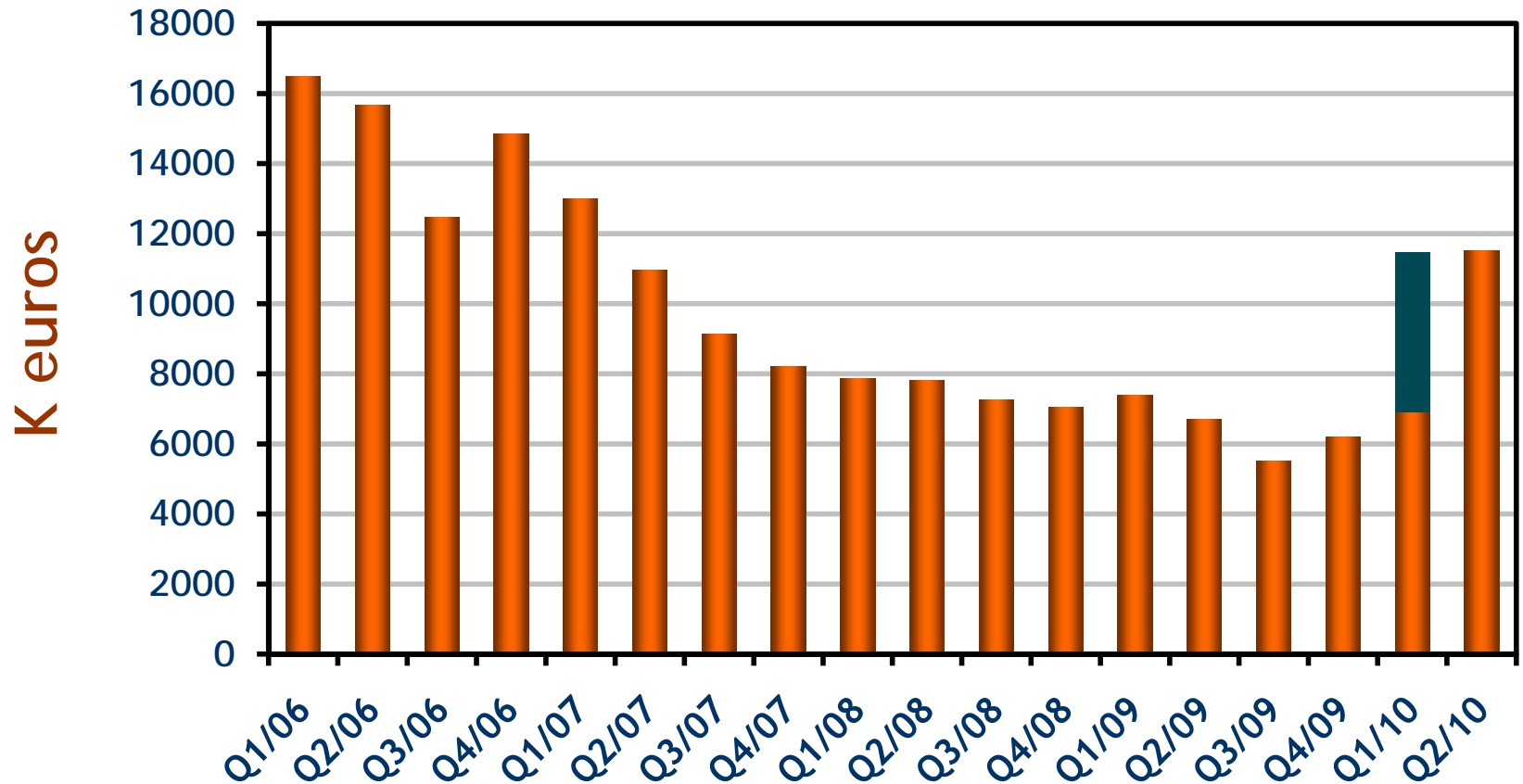


# R&D Expenses



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# Liquid Funds



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