

STONESOFT
Secure Information Flow



July-September 2010, Interim Report

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Stonesoft Corporation

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Results for July - September 2010

- Net sales EUR 5.6 million, -6% compared to the corresponding period in 2009 (6.0).
- StoneGate sales were EUR 2.9 million, -11% compared to the corresponding period in 2009 (3.2).
- Operating profit (EBIT) of EUR -0.6 million, a disappointing number compared to 2009 (+0.5).
- The operational cash flow was EUR -1.0 million, compared to -EUR 1.2 million in the corresponding period in 2009.

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Results for January - September 2010

- Net sales EUR 16.8 million, -1% compared to the corresponding period in 2009 (17.1).
- StoneGate sales were EUR 8.3 million, -7% compared to the corresponding period in 2009 (9.0).
- Operating profit (EBIT) of EUR -2.0 million compared to 2009 (-1.1).
- The operational cash flow was EUR -0.2 million, compared to EUR -1.5 million in the corresponding period in 2009.

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Highlights of the 3rd quarter 2010 and after

- Stonesoft announces modular appliances
- Stonesoft Receives FSTEK Certification in Russia
- Accuvant (USA) reseller agreement signed
- Stonesoft research found Advanced Evasion Techniques (AET), a new species of evasion techniques that can be altered or combined in any order to avoid detection by security systems. AETs are, by nature, dynamic, unconventional, virtually limitless in quantity and unrecognizable by conventional detection methods. They can work on all levels of the TCP/IP stack and work across many protocols or protocol combinations. The number of new AETs is growing exponentially, and thus creating an everlasting and ever-changing challenge for the information security industry and organizations around the world
 - All StoneGate appliances are **Anti-evasion Ready**
 - More information available www.antievasion.com

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Press Coverage

US (almost 300 media hits)

- BusinessWire
- Yahoo Finance
- Reuters
- AOL DailyFinance
- MarketWatch
- Forbes

UK

- SC Magazine UK
- ZDNet UK
- The Tech Herald
- V3.co.uk

Germany

- Der Spiegel
- Süddeutsche Zeitung
- Welt

France

- AFP
- Le monde informatique.fr

Spain

- Antena3
- ABC.com
- El Mundo
- Qué!!
- Onda Cero

Italy

- Corriere delle Comunicazioni
- cwi.it
- eweekeurope.it
- giornaleinformatico.it
- informazione.it

Russia

- Astera.ru
- It-top.ru
- Connect.ru
- lksmedia.ru
- Bytemag.ru

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Conclusions

After the accounting period we announced (Stock Exchange Release 4 October 2010, Stock Exchange Release and Press Release on 18 October 2010) that we have discovered a significant network security threat category, advanced evasion techniques (AET), which put the functionality of organizations' data capital and systems at risk. Evasion techniques indicate that the security field has focused too much on the speed and marketability of products while compromising the most important – real security. The finding has received global publicity in IT and financial media.

Unlike most traditional network security solutions, Stonesoft's software-based solutions offer comprehensive protection also against these previously unknown and constantly evolving advanced evasion techniques. This will improve our competitiveness on the market, open new business opportunities and have a positive effect on the company's net sales and profitability. However, at this point it is too early to estimate the magnitude nor the schedule of this effect.

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Q3/2010 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

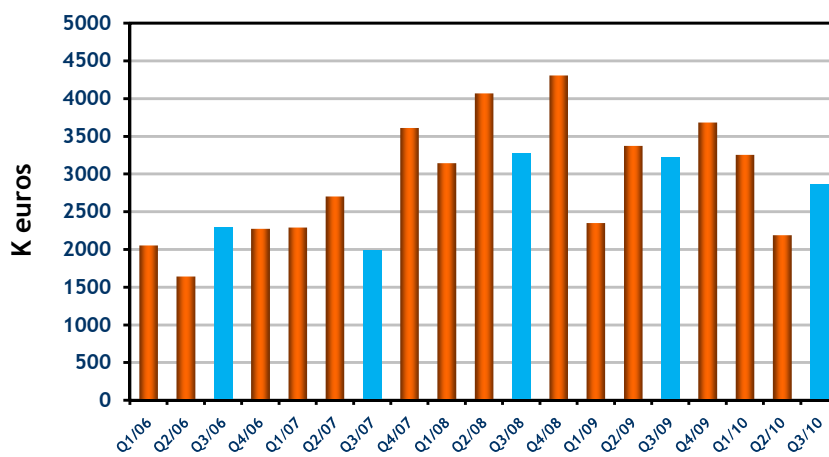
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StoneGate Sales by Quarter



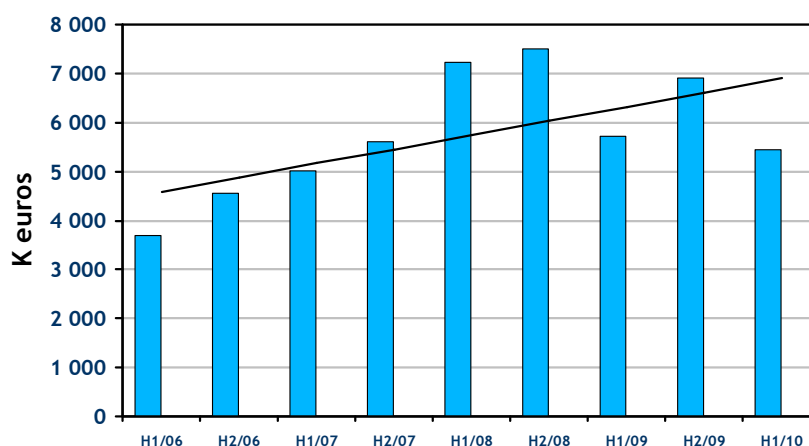
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StoneGate Sales by Half Year



StoneGate Linear (StoneGate)

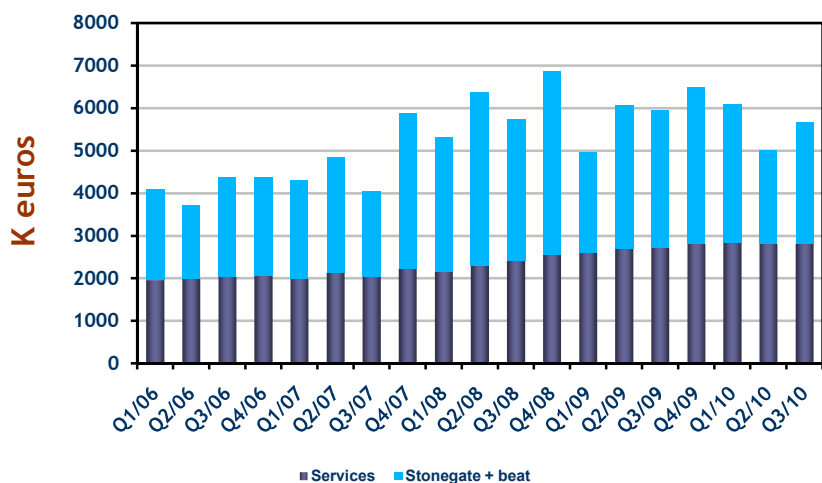
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Sales by Product



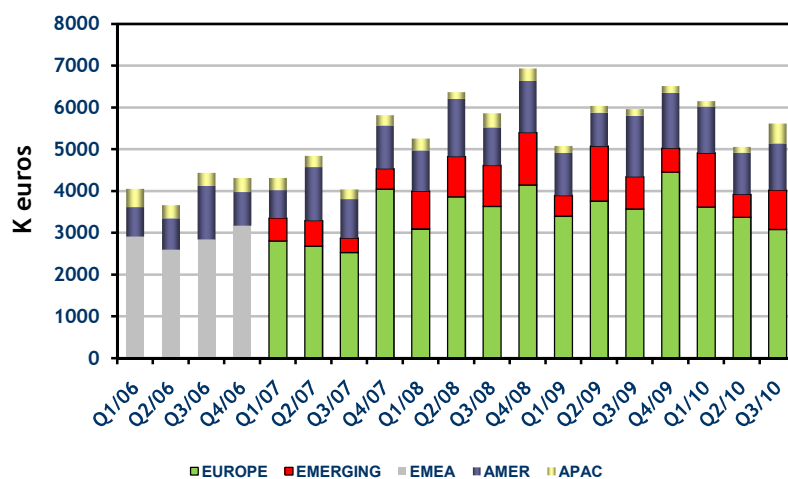
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Net Sales by Area



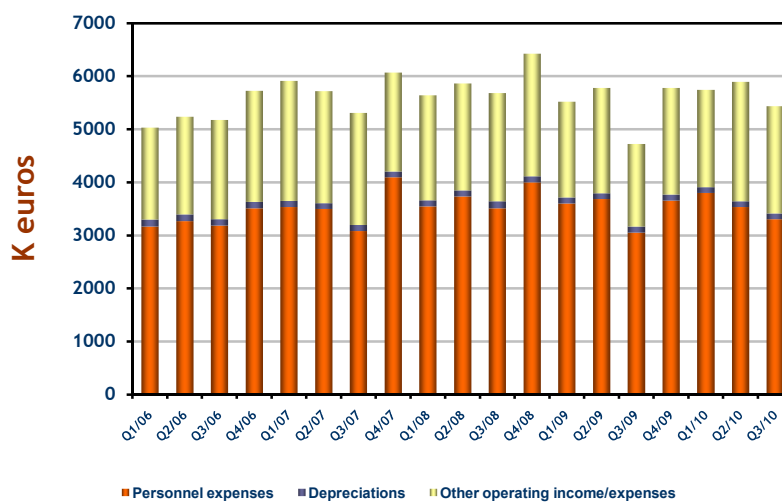
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Operating Costs by Quarter



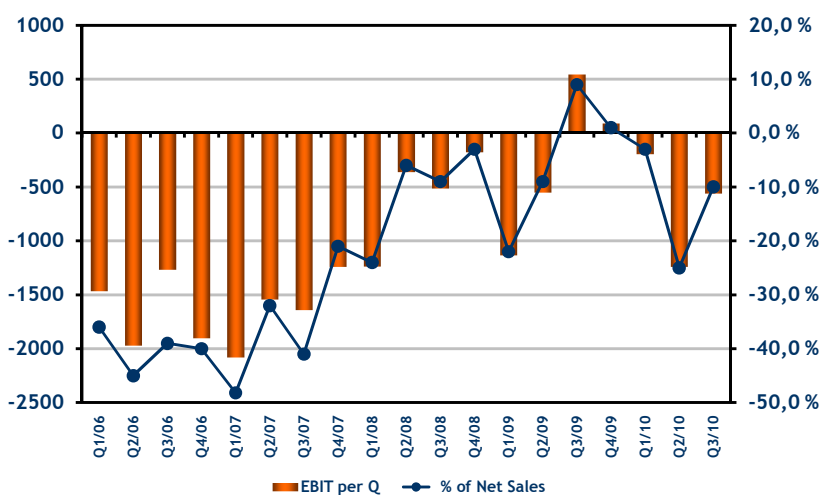
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EBIT by Quarter



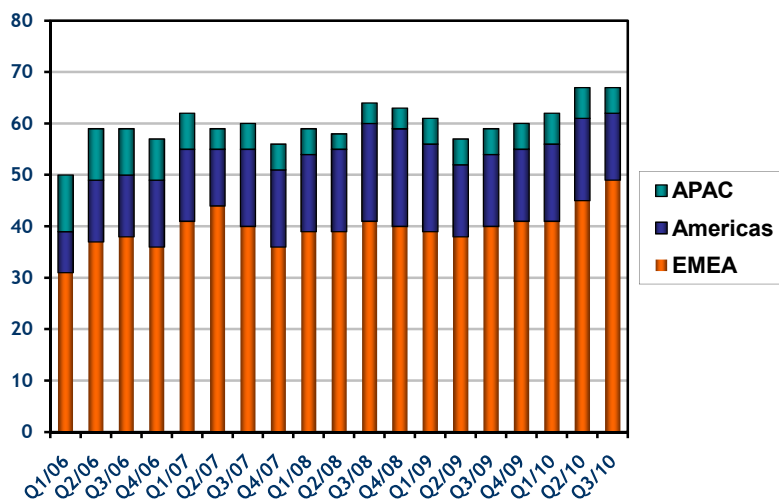
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Sales Personnel at the End of Quarter



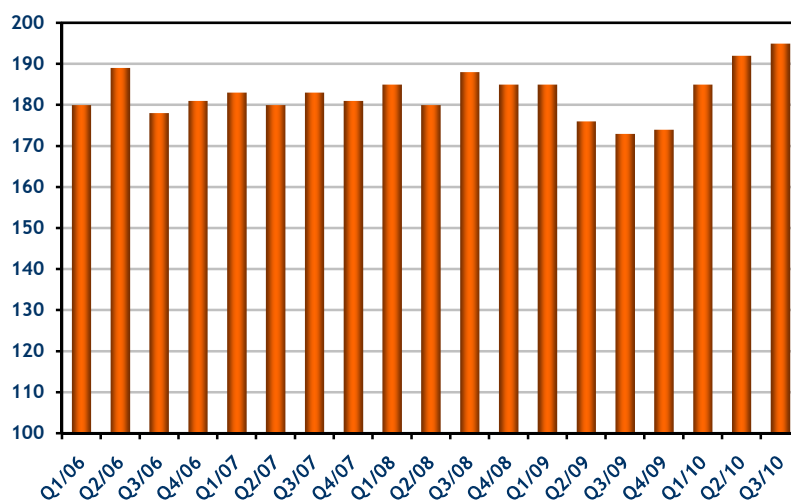
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Personnel at the End of Quarter



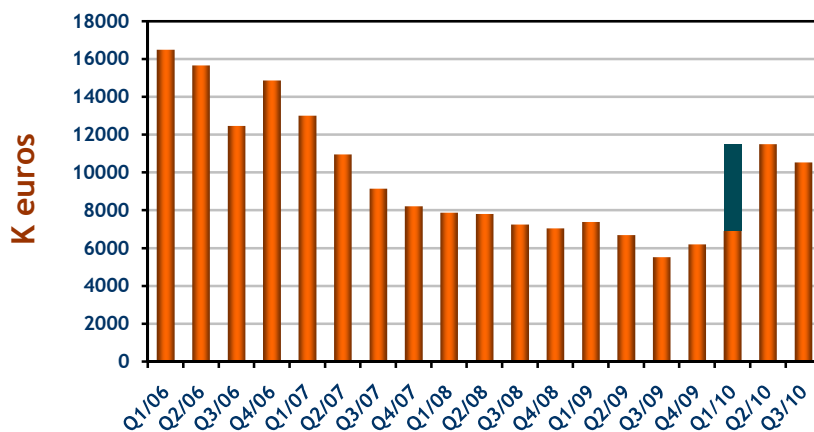
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Liquid Funds



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