

Interim Report

January-September 2011

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CEO

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Stonesoft Corporation

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Results for July – September 2011

- Net sales EUR 8.0 millions, +43% compared to the corresponding period in 2010 (5.6).
- StoneGate sales were EUR 4.7 millions, +63% compared to the corresponding period in 2010 (2.9).
- Operating profit (EBIT) was EUR 0.2 millions (-0.6).
- The operational cash flow was EUR -2.2 million, compared to EUR -1.0 in the corresponding period in 2010. Low Q2 invoicing combined with some payment delays resulted in this lower than expected CF.

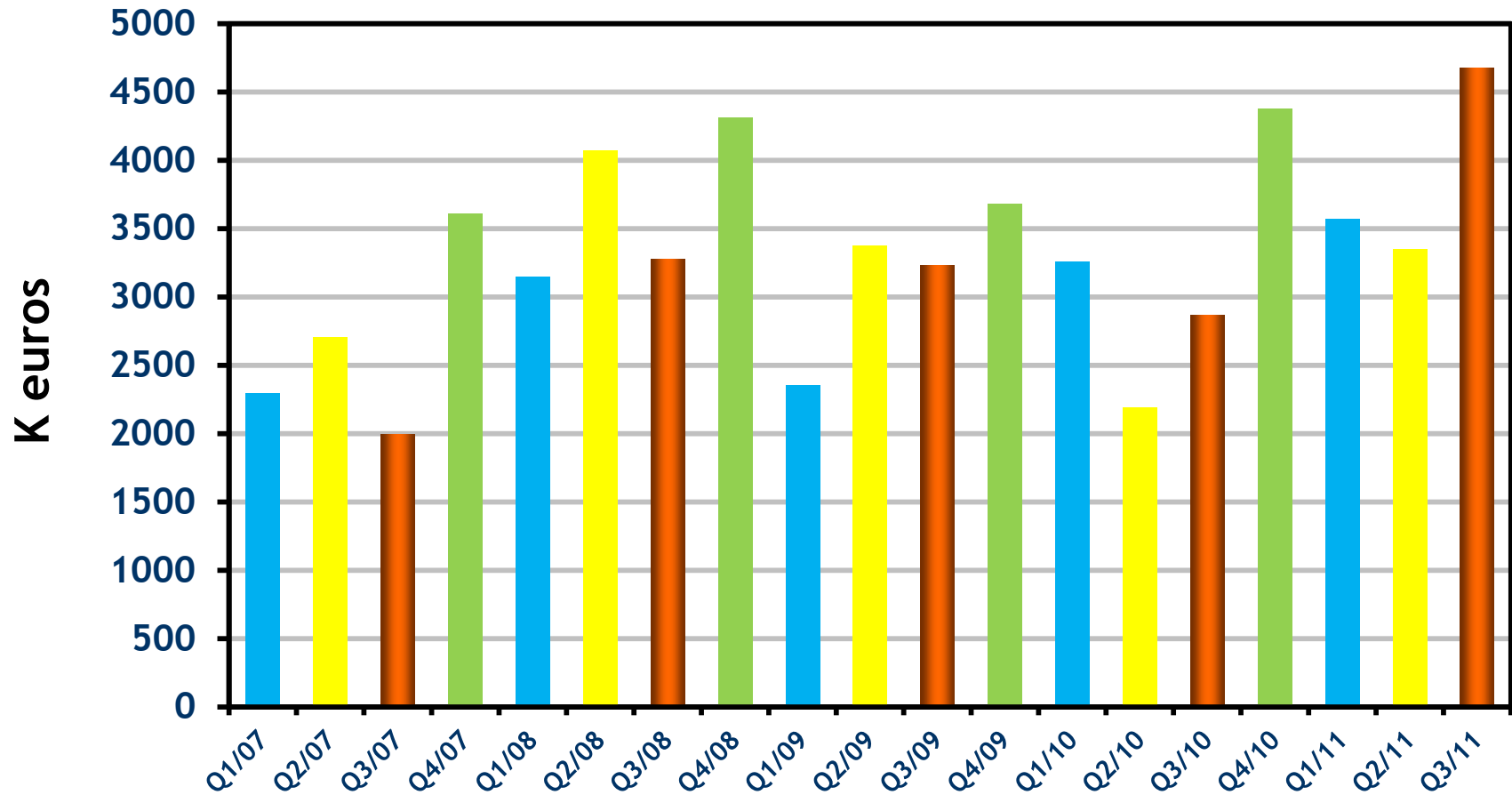
Results for January - September 2011

- Net sales EUR 21.1 millions, +25% compared to the corresponding period in 2010 (16.8).
- StoneGate sales were EUR 11.6 millions, +39% compared to the corresponding period in 2010 (8.3).
- Operating profit (EBIT) was EUR -1.4 millions (-2.0).
- The operational cash flow was EUR -0.9 million, compared to EUR -0.2 in the corresponding period in 2010.

Q3/2011 Financials

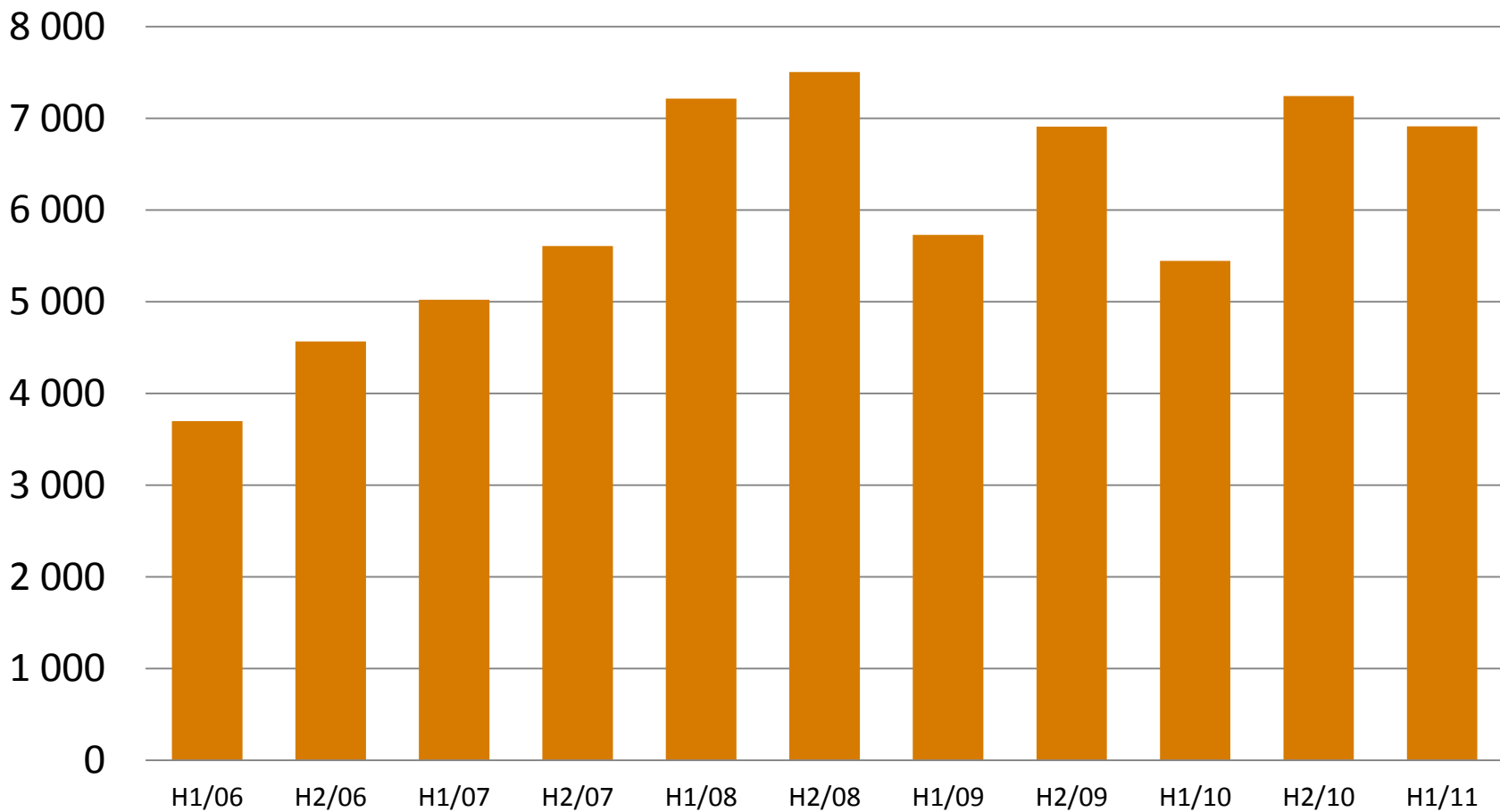
- ALL COMPARATIVE NUMBERS EXCLUDE DISCONTINUED OPERATIONS IN HISTORIC DATA WITH THE EXCEPTION OF
 - Liquid funds

StoneGate Sales by Quarter

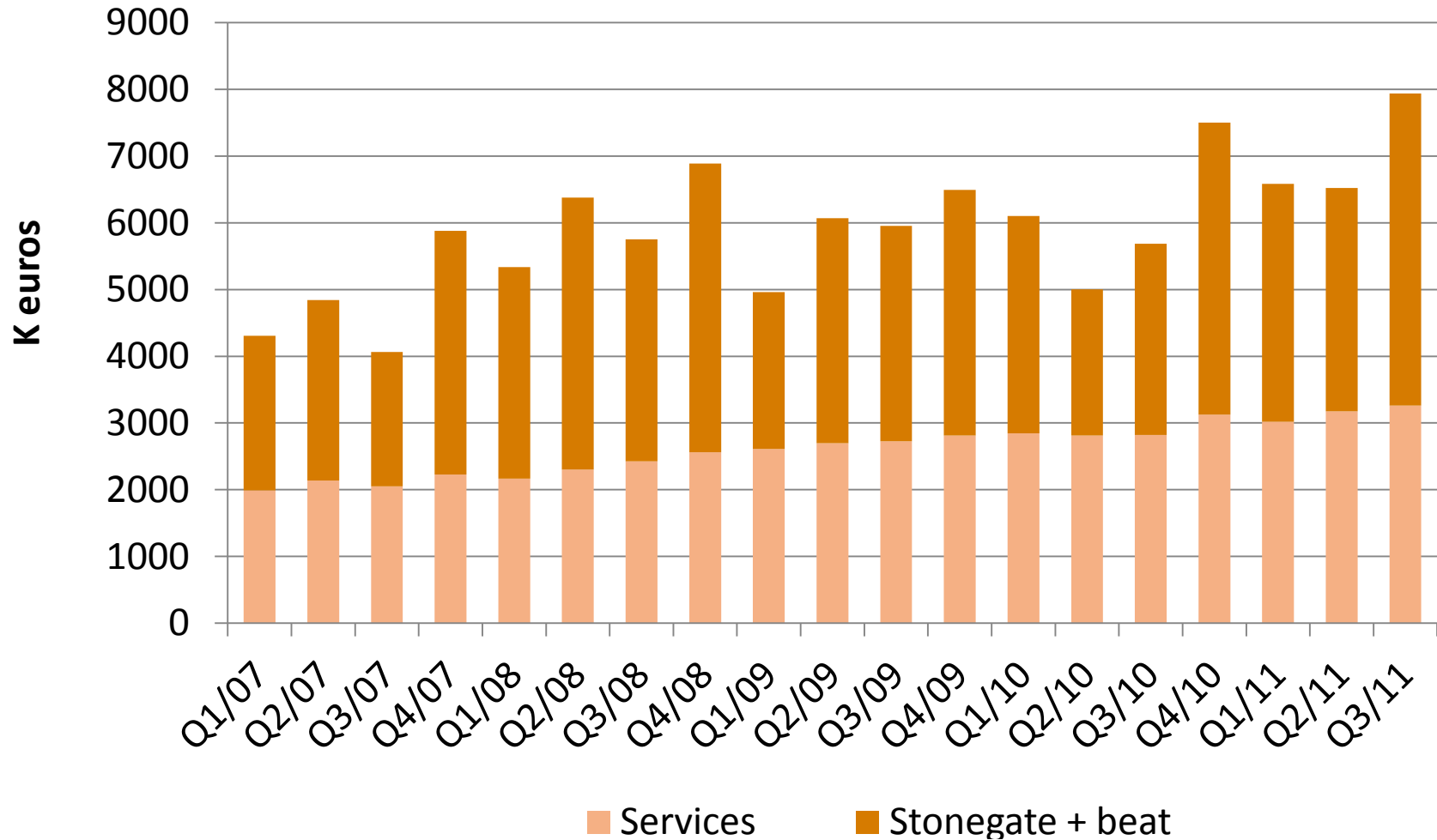


StoneGate Sales by Half Year

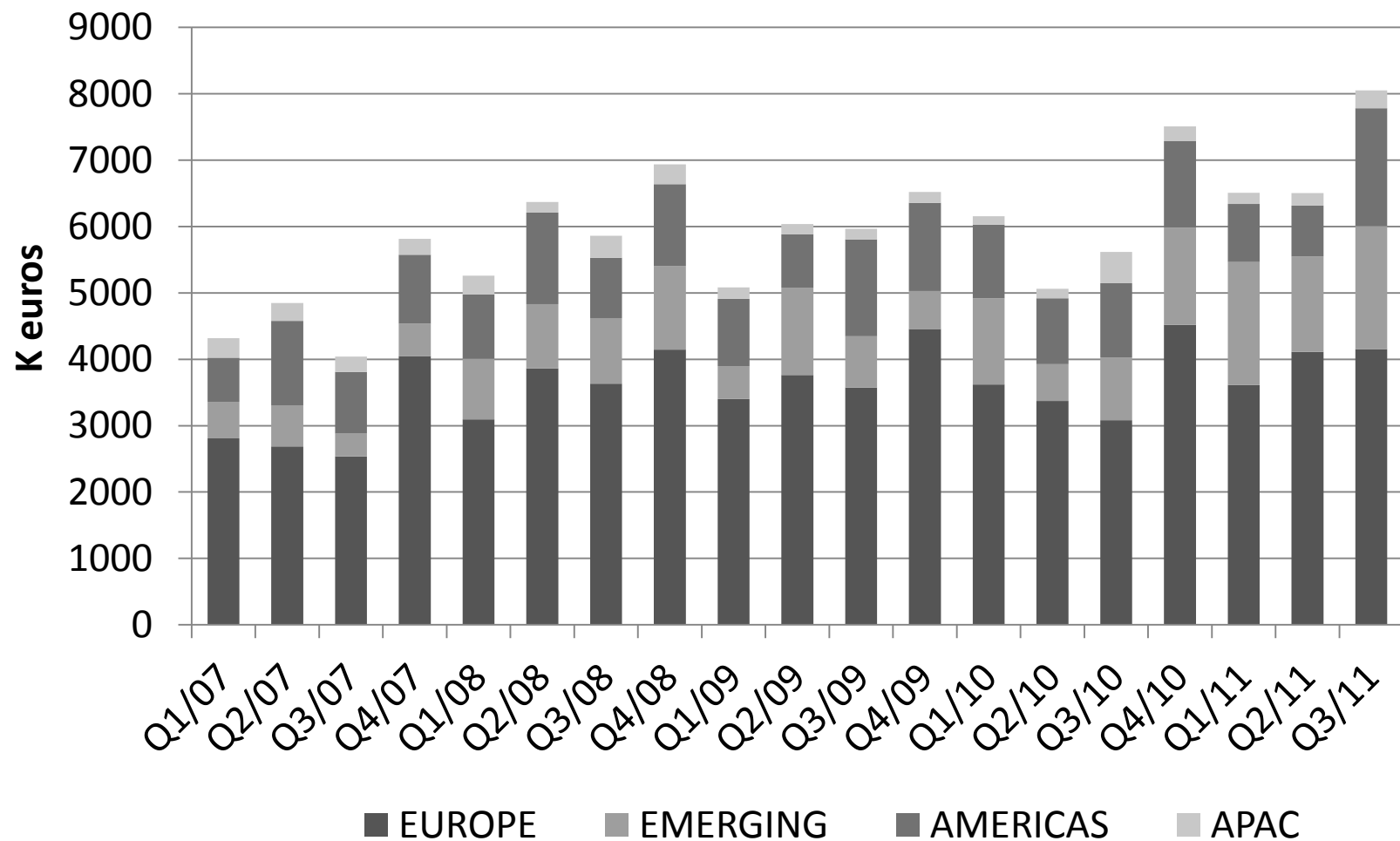
Chart Title



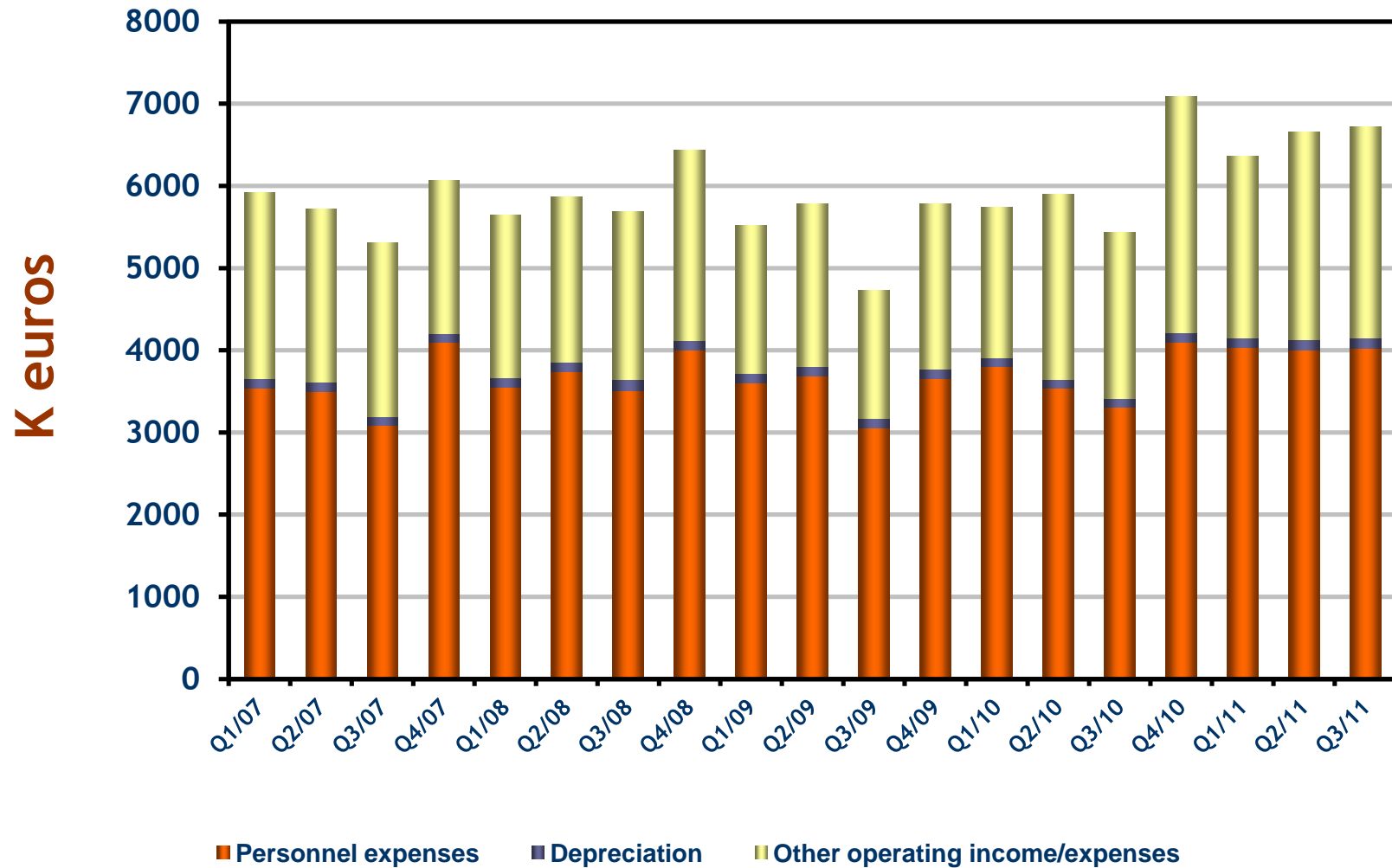
Sales by Product



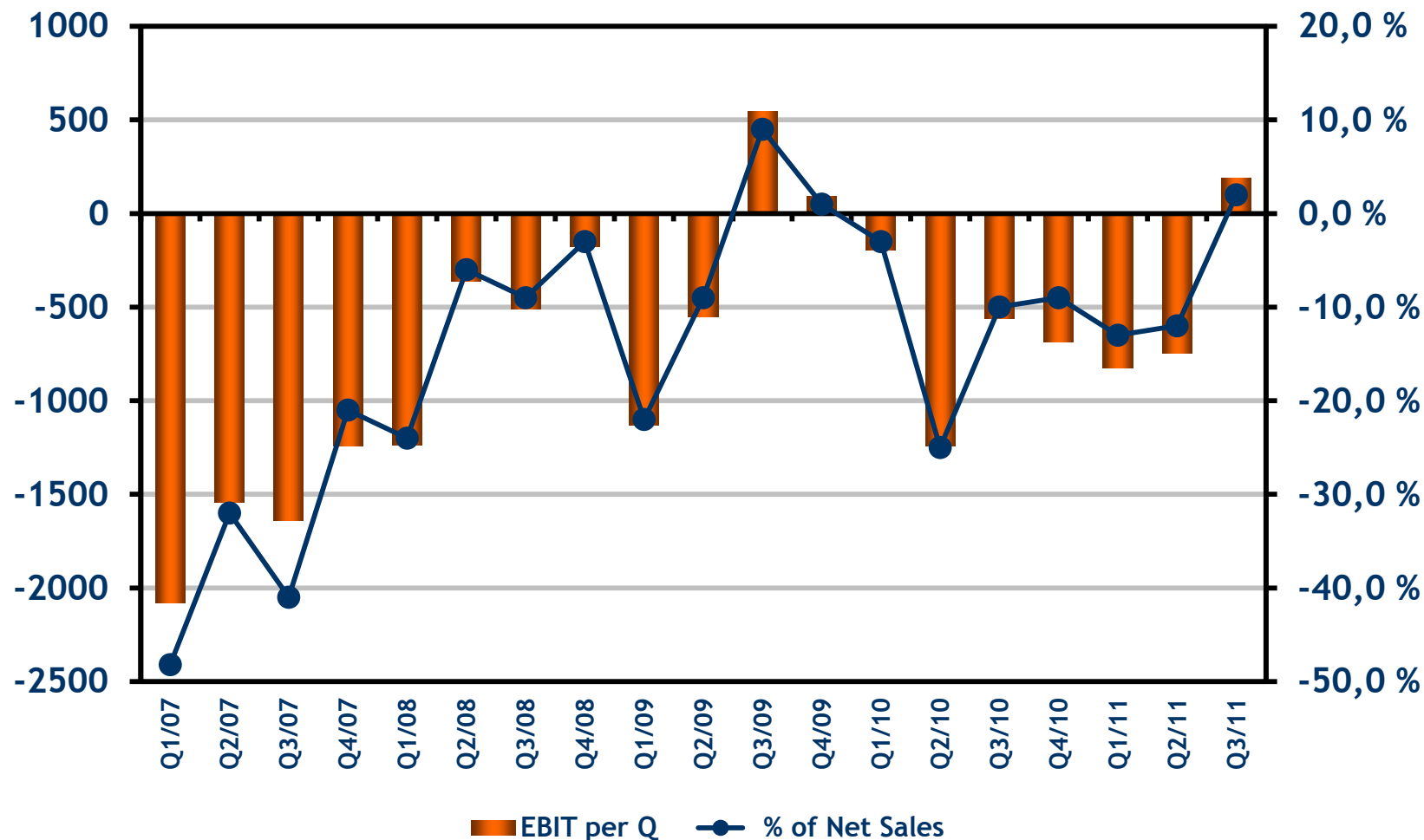
Net Sales by Area



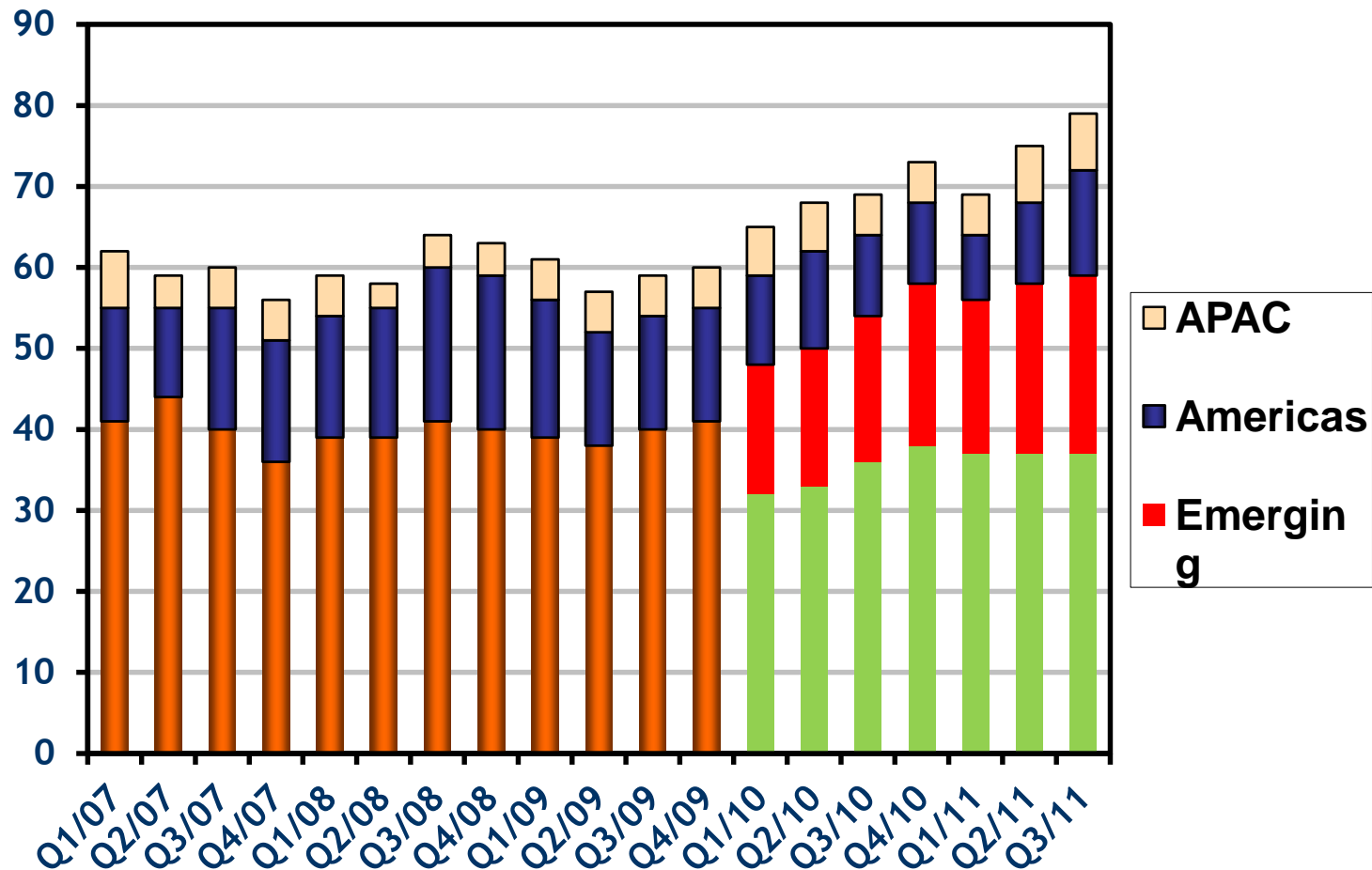
Operating Costs by Quarter



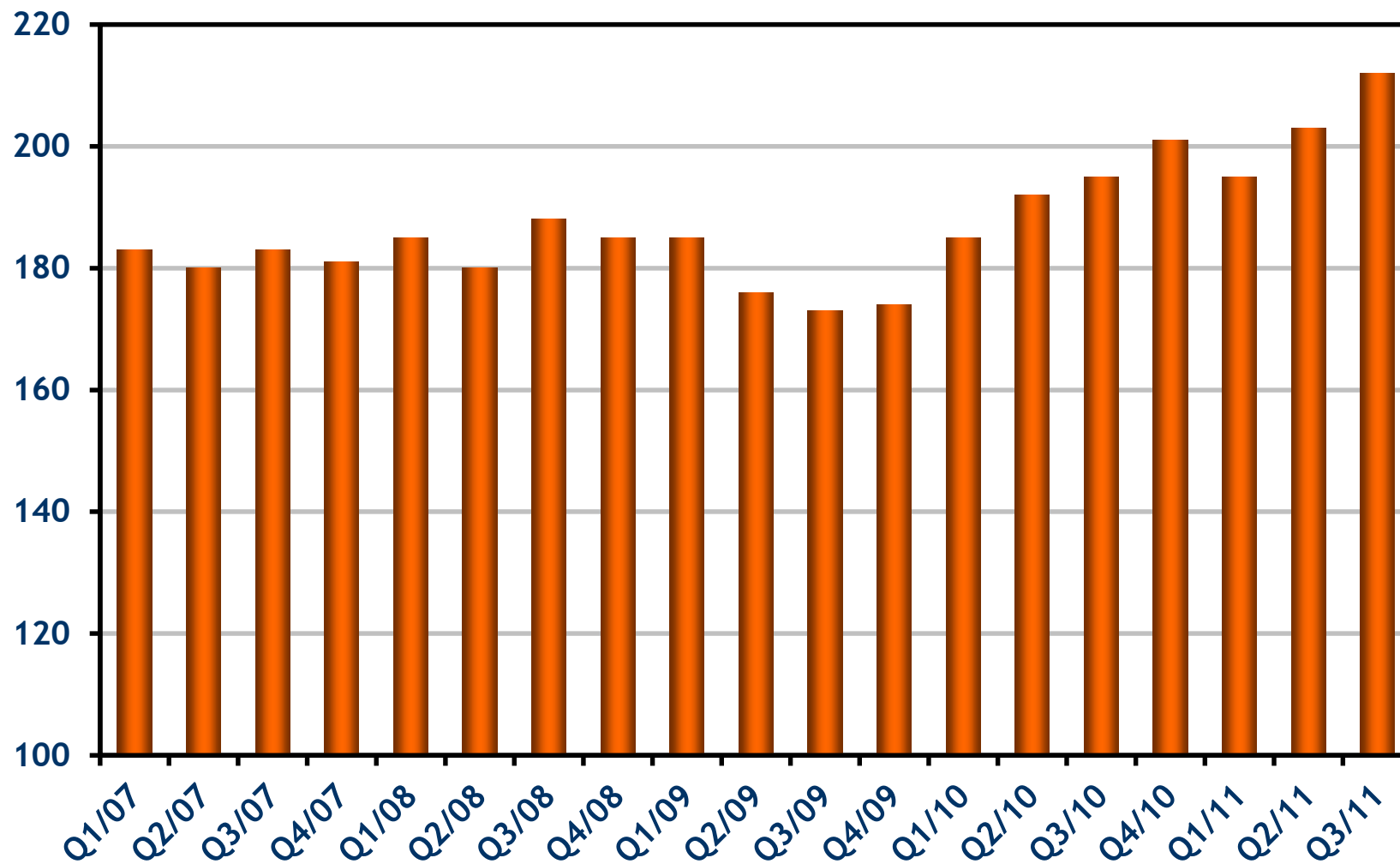
EBIT by Quarter



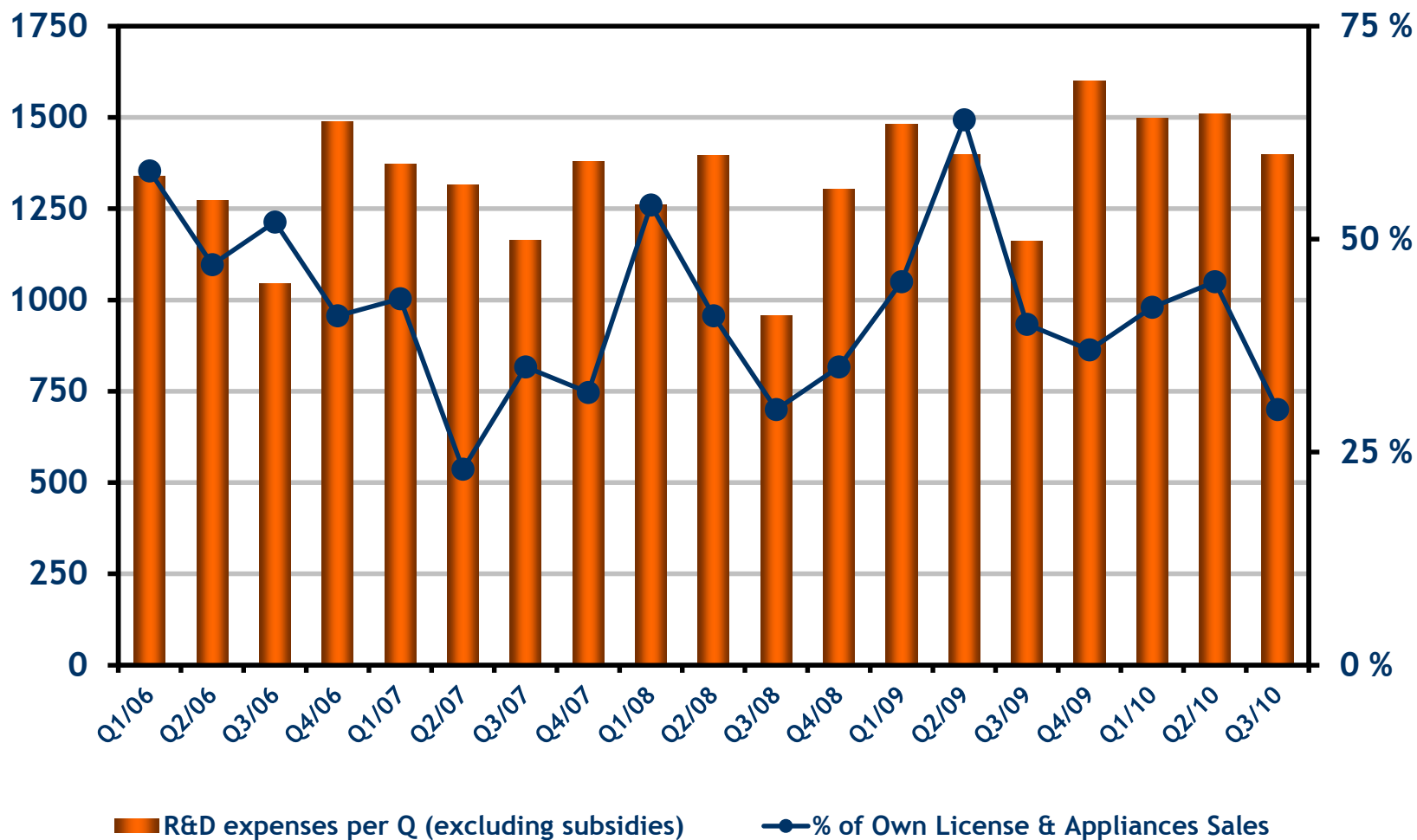
Sales Personnel at the End of Quarter



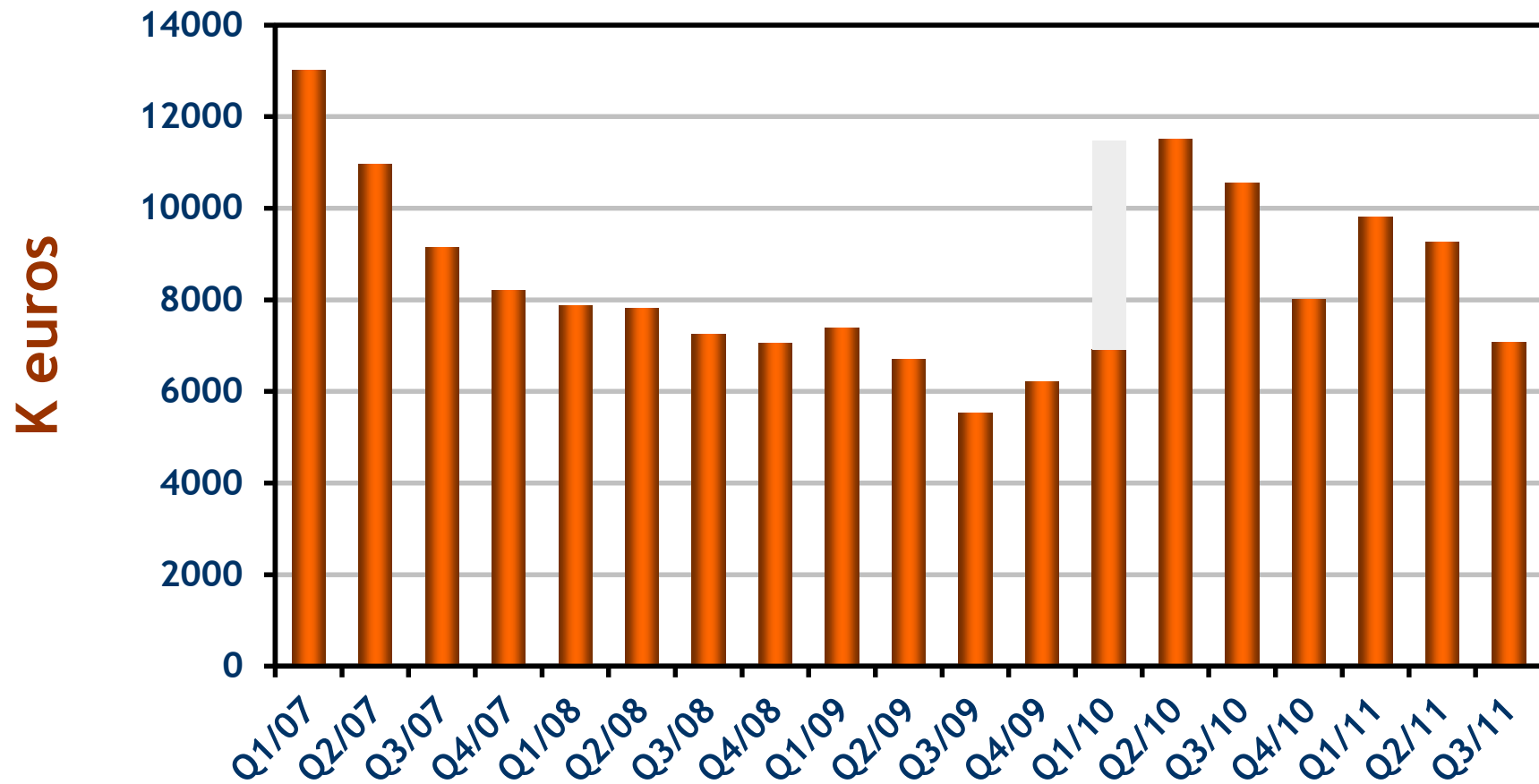
Personnel at the End of Q



R&D Expenses



Liquid Funds



WE ARE A GROWTH COMPANY.


What is actually growing...?

- New Product sales
- Customer size
- Deal size
- Channel partner quality
- Face time with key decision makers in larger organizations

WE ARE A FUTURE COMPANY

Why do we fit into future security ...?

- Dynamic security design
- Ultimate Management experience
- Control and Situational awareness
- Low OPEX
- Agile and Adaptive
- Strong in-house R&D
- Technological integrity and compatibility
- Independency



“As I research into the future of adaptive security infrastructure, I am convinced that the future of information security lies in software, not hardware”

Neil MacDonald
VP & Gartner Fellow
15 years at Gartner
25 years IT industry

Cybersecurity Coming to Board Tables

- SUCCEFUL HACKING HAS AFFECTED IN REGULATORY COMPLIANCE REQUIREMENTS
 - A bill introduced in the US Senate would force businesses to conduct mandatory risk assessments or face hefty fines. As part of the programs, businesses would be required to conduct risk assessments and regularly conduct vulnerability tests on key controls and systems
 - SEC(US) outlines requirement that public companies will now be required to disclose cyber theft and attack that could affect investors
 - **These requirements will affect also companies outside US**

Highlights of Q3/2011



Stonesoft announced it has signed a cooperation agreement with ECCT, a leading managed security services provider (MSSP). ECCT will deploy the StoneGate IPS across 50 regional and community banks and credit unions by end of year.



August 2011

Stonesoft announced that Perket Technologies will begin to provide the Anti-Evasion Readiness Test service to its customers.



August 2011

Stonesoft announced the new Stonesoft a2Cloud solution for authentication and access management. The solution makes cloud services more secure and easier to use with minimized TCA (Total Cost of Administration) and TCO (Total Cost of Ownership).



September 2011


- All-time-high StoneGate sales
- IPS sales development
- Positive EBIT



Q3/2011

Partnership with the University of Glamorgan in United Kingdom to conduct research into AETs.

Stonesoft announced that its StoneGate IPS device was the best performing product in a network intrusion prevention systems (IPS) test conducted by ICSA Labs.



After Q3/2011

Stonesoft announced it has delivered 163 new advanced evasion technique (AET) samples for global vulnerability coordination. The new samples include AETs over a number of various protocols, including IPv4, IPv6, TCP and HTTP. The capability to use evasions over the HTTP protocol makes them a very real and credible threat to the security of organisations worldwide.

After Q3/2011

Conclusion

**WE ESTIMATE THE MENTIONED
HIGHLIGHTED OPERATIONS AND
ACHIEVEMENTS TO STRENGTHEN THE
COMPANY'S COMPETITIVENESS.**

**OUR VIEW ABOUT THE NECESSITY OF
DYNAMIC SECURITY IS STRENGTHENED
AND WE SEE THERE IS THE POSSIBILITY
OF STRONG ORGANIC GROWTH FOR
STONESOFT**