



Interim financial statement as at 31 August 2010

Dear Barracuda Networks AG shareholders,

In the course of the first half year 2010, we could, in line with the overall economic development, not yet register a sustainable upward tendency in our customer environment. Although a slight recovery was perceptible, demand remained volatile, that is, characterized by major ups and downs. This also has an impact on the long-term predictability of sales revenues. Their development in the first half year 2010/11 continues to reflect the size of the overall market and can therefore be considered adequate.

However, compared to the first half of the last financial year, earnings could be increased significantly, showing a clearly improved EBITDA which has grown to slightly below zero. Operating income, compared to last years' figures, has also improved massively, due to a clear decrease in depreciation and amortization.

We are also very pleased about the development of the deferred income, that is, future sales revenues already secured at this point. As at 31 August 2010, it amounts to just below 3.7 million Euros.

The former phion AG now operates as Barracuda Networks AG. The decision for the change of name was made at the 3<sup>rd</sup> Ordinary Annual Shareholders' Meeting on 9 July 2010. It also involves the change of the various product names.

The worldwide uniform appearance of the brand Barracuda is positive not only from a marketing point of view but also in regard to our cost management.

As a part of the globally operating Barracuda group we stand for the most comprehensive product portfolio for IT security, network and storage solutions available on the market today. Just to take an example: Barracuda gateways process more than 1.5 billion emails and more than 300 billion web site requests daily. The company sells its products across a global network of wholesalers and retailers.

Having launched our products developed in Innsbruck on the US market in spring 2010, we not only can benefit from an additional market potential. It also means an acknowledgement of the high development quality and the competitiveness of the Innsbruck team and of our whole staff in the DACH region.



Wieland Alge

Günter Klausner

After restructuring our Web Application Security division and, as a consequence, selling the licenses for airlock to Swiss company Ergon, we focused on the NG Firewall product line. When it comes to achieved performance and overall application control, the Barracuda NG Firewall is peerless on the market, since it also integrates high scalability and secure connectivity.

The gradual integration into the worldwide operating group after the majority takeover by Barracuda, which for our customers means clear benefits and an altogether better product and service offer, was, of course, a challenge; but to this day it has been met successfully. The high acceptance also by European customers and sales partners was not least reflected in the high attendance and the great atmosphere at this year's summit conference in Alpbach in October. We would like to thank all contributors for their great commitment.

Wieland Alge, CEO

Günter Klausner, CFO

## Financial information of Barracuda Networks AG (individual financial statement) according to Austrian GAAP (UGB) - 1 March until 31 August 2010

	Austrian GAAP (UGB) 01 March - 31 August 2010 6 months	Austrian GAAP (UGB) 01 April 2009 - 28 February 2010 11 months
	TEUR	TEUR
<b>Revenue</b>	<b>4,301</b>	<b>6,778</b>
Other income (Intercompany etc.)	1,250	131
<b>EBITDA</b>	<b>-43</b>	<b>-2,998</b>
Depreciation and amortization	-231	-734
<b>Operating income (EBIT)</b>	<b>-274</b>	<b>-3,732</b>
<b>Profit before income tax (EBT)</b>	<b>-321</b>	<b>-8,886</b>
 <b>Balance sheet total</b>	 <b>8,530</b>	 <b>8,748</b>
Financial liabilities towards banks	0	1,050
Equity	603	926
Deferred income	3,661	3,682

The interim financial statement of Barracuda Networks AG Innsbruck as at 31 August 2010 was prepared in accordance with the regulations of the Austrian GAAP (UGB).

### Explanations to important positions

#### 1. Investments

In total, investments of TEUR 121 were made in the first half year. No costs of development were activated.

#### 2. Financial liabilities towards banks

The Export fund loan was redeemed entirely by paying off TEUR 1,050. As a consequence, there are no more financial liabilities towards banks.

#### 3. Sales revenue

Sales revenue in the first half year 2010 was TEUR 4,301 (compared to TEUR 6,778, referring to the 11 months period from 1 April 2009 to 28 February 2010). Deferred income, entirely originating from "Updates", in the total amount of TEUR 3,661 is in fact revenue from subscription agreements which is recognized on an accrual basis pro rata temporis according to its duration (thereof TEUR 1,343 long-term and TEUR 2,318 short-term).

#### 4. Trade receivables and other assets

They amount to TEUR 3,215. However, fluctuations may occur due to the recognition at reporting date (half year).

#### 5. Season-related earnings fluctuation

Due to the season-related investment behavior of the customers we have experienced that, on average, the first half of the financial year is usually weaker than the second half. This effect, however, can also be counterbalanced by large individual deals.

#### 6. Other events

9 July 2010 - 3<sup>rd</sup> Ordinary Annual Shareholders' Meeting in Innsbruck

4 August 2010 - Change of company name in "Barracuda Networks AG"

#### Shareholder structure of Barracuda Networks AG

phion AG (now Barracuda Networks AG) is listed on the Vienna Stock Exchange (mid market segment) since 4 July 2007, trading is effected on the Third Market (ISIN: AT0000PHION3).

Share capital of phion is EUR 800,000, divided into 800,000 ordinary bearer shares. At present (as at 11 November 2010), Barracuda holds 80.89% of the company shares, Donau Invest holds 5.04%, the rest (14.07%) is free float.