

STONESOFT

Secure Information Flow



Annual General Meeting 22.4.2010

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Stonesoft Corporation in brief

Background

- Leading network security company, in business since 1990
- Listed on the NASDAQ OMX Helsinki exchange
- Corporate HQ in Helsinki, Finland
- Operations in USA, EMEA and Asia

Customer focus

- Enterprise and public sector clients which require advanced network security and always-on connectivity in mission critical applications
- Customers in more than 90 countries
- Global 24/7 support

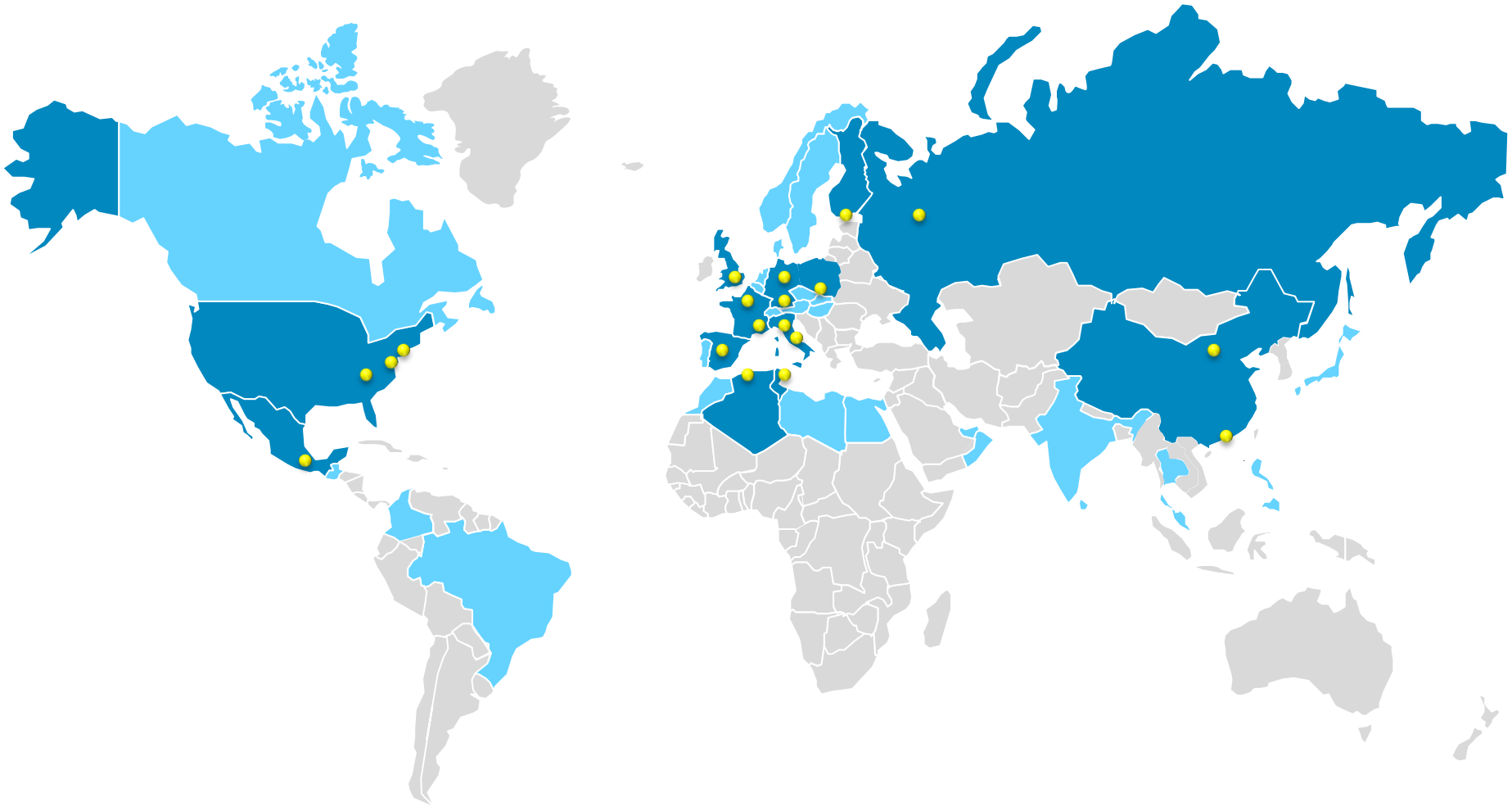
Innovation

- Integrated network security and business continuity solutions
- R&D teams in Finland, France and Poland
- Over 30 patents for key technologies

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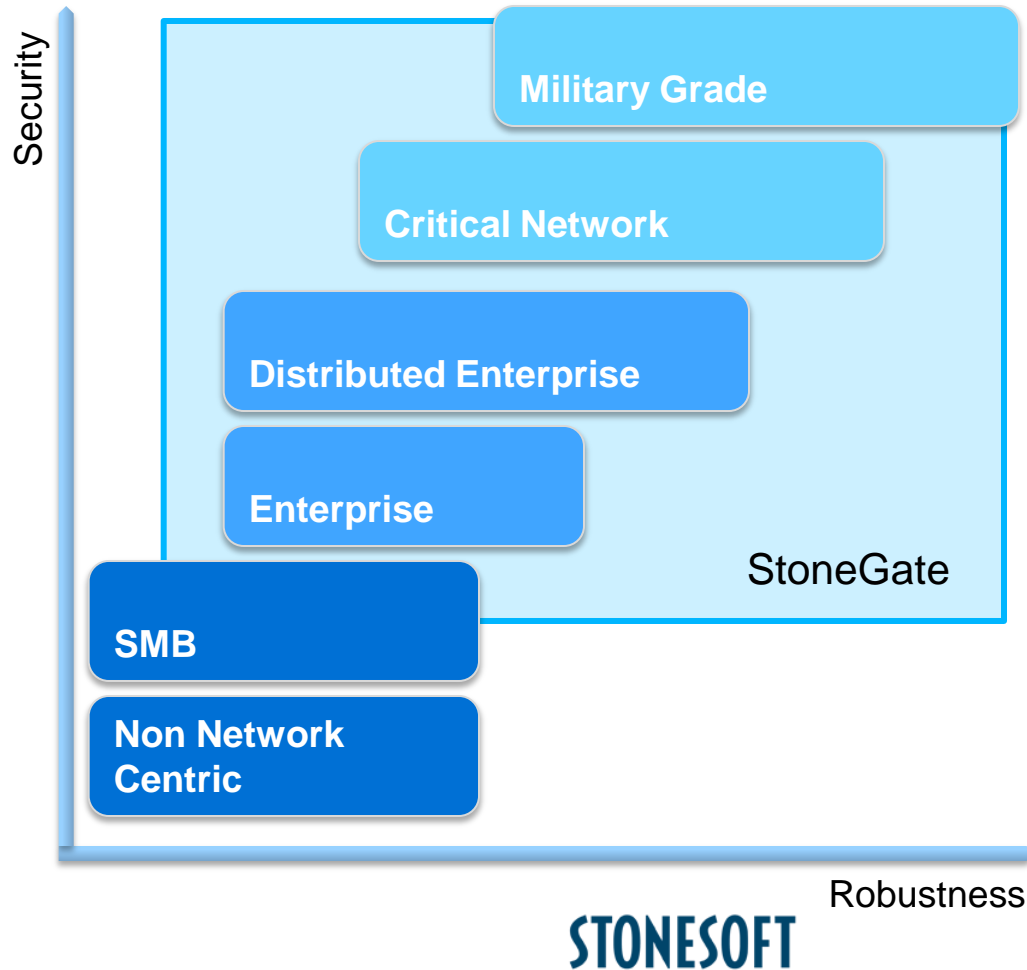
Geographic footprint



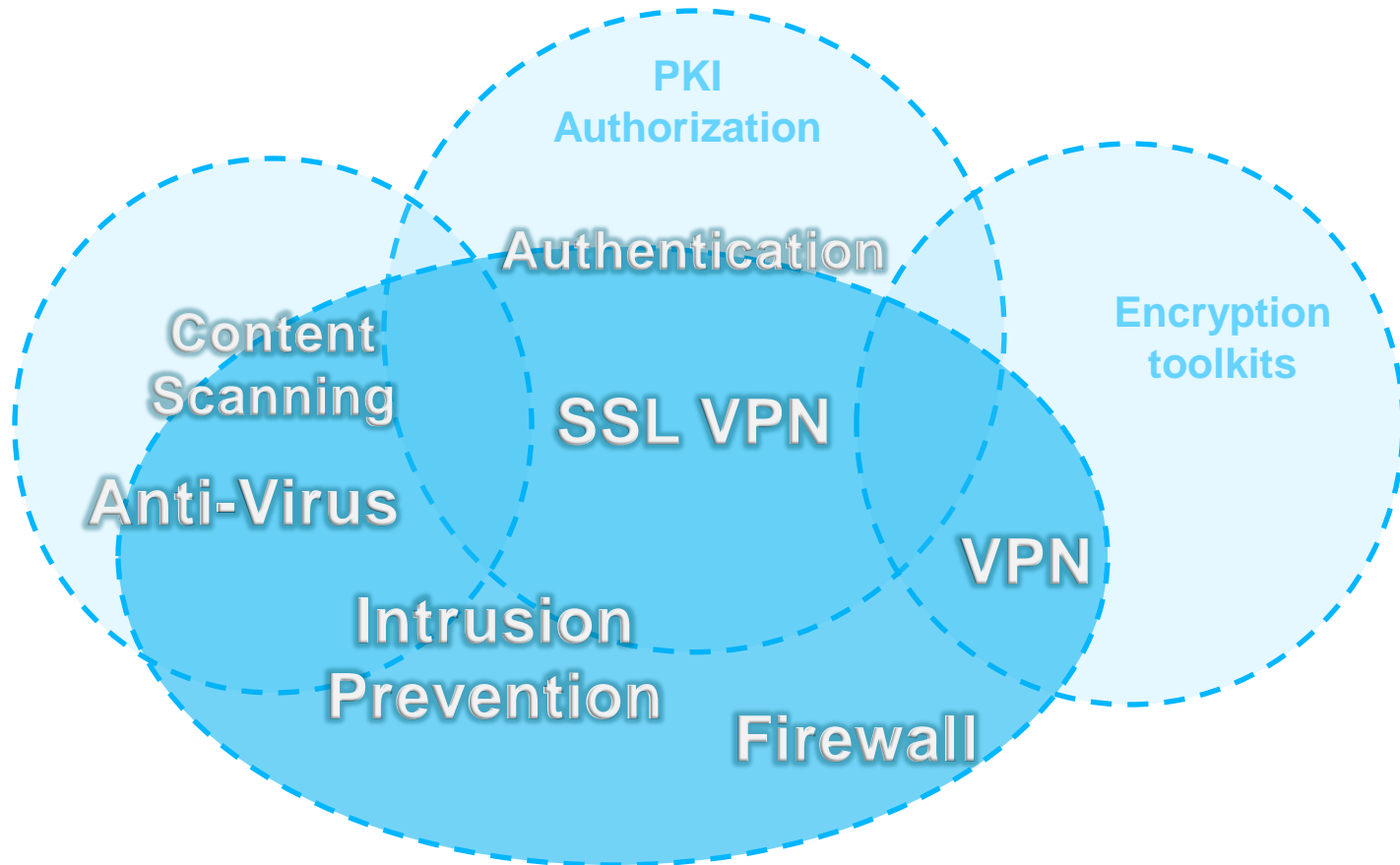
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Core competence - Securing mission critical information flows



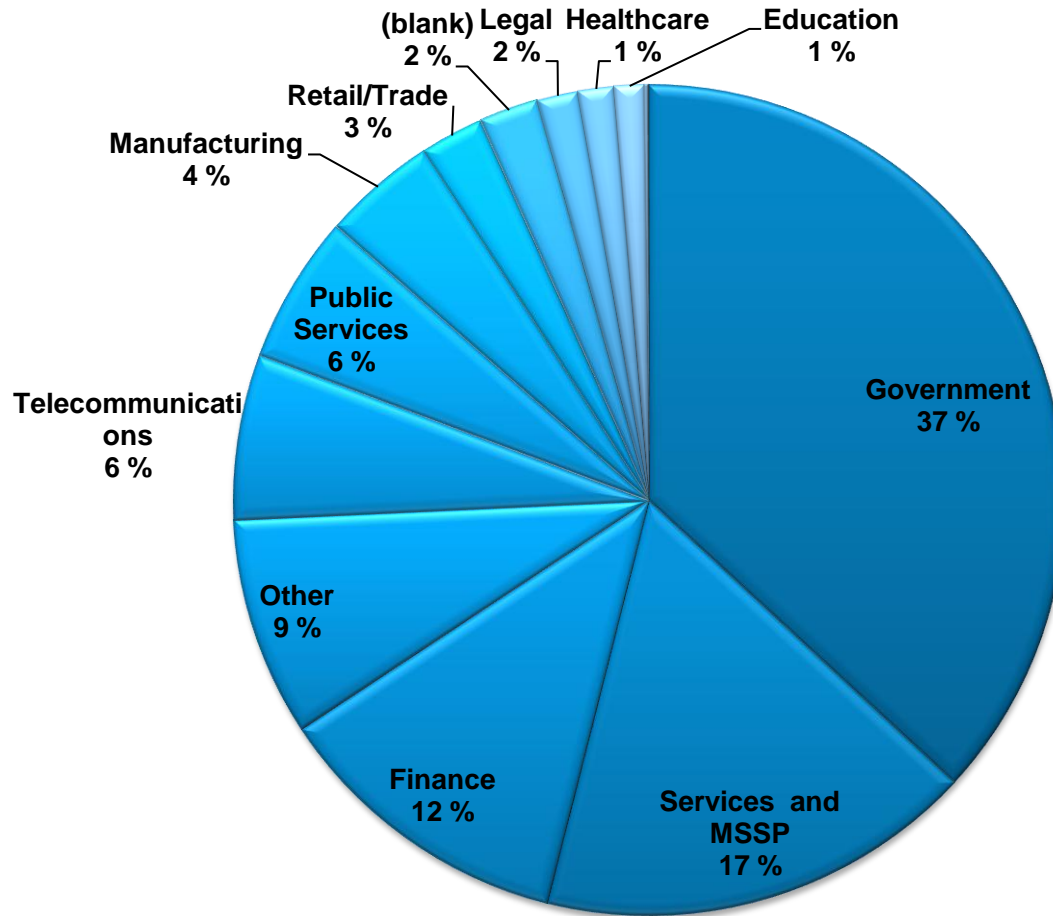
Centralized, scalable management system...



...enabling pro-active defense and distributed security policy

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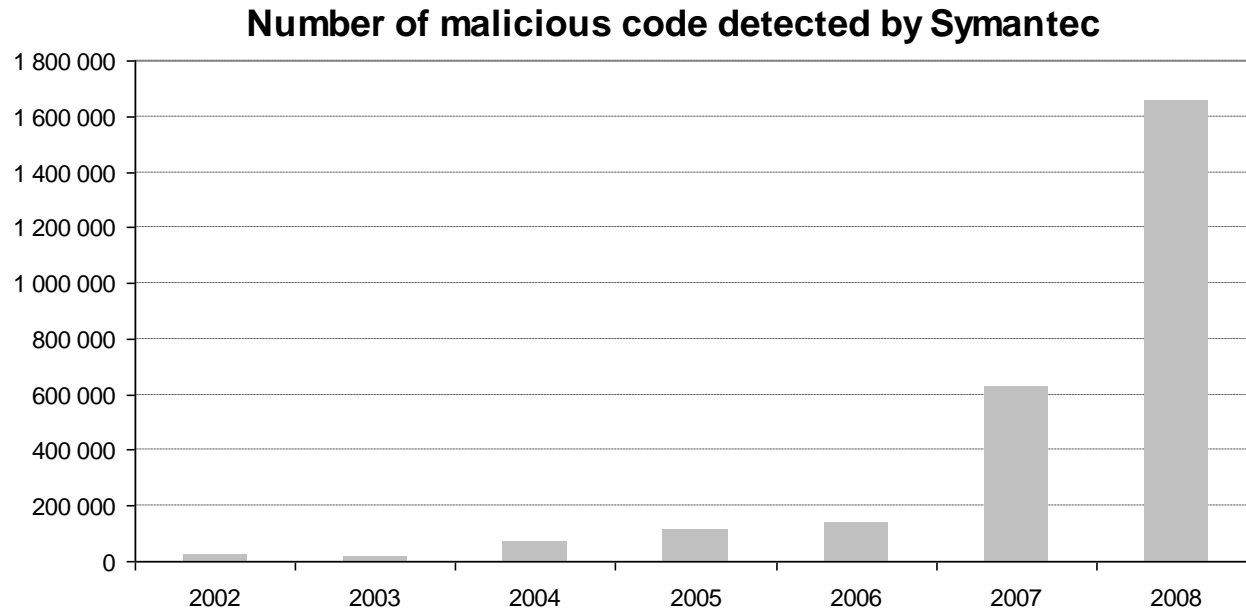
Client segmentation



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The market will continue to grow (1/2)

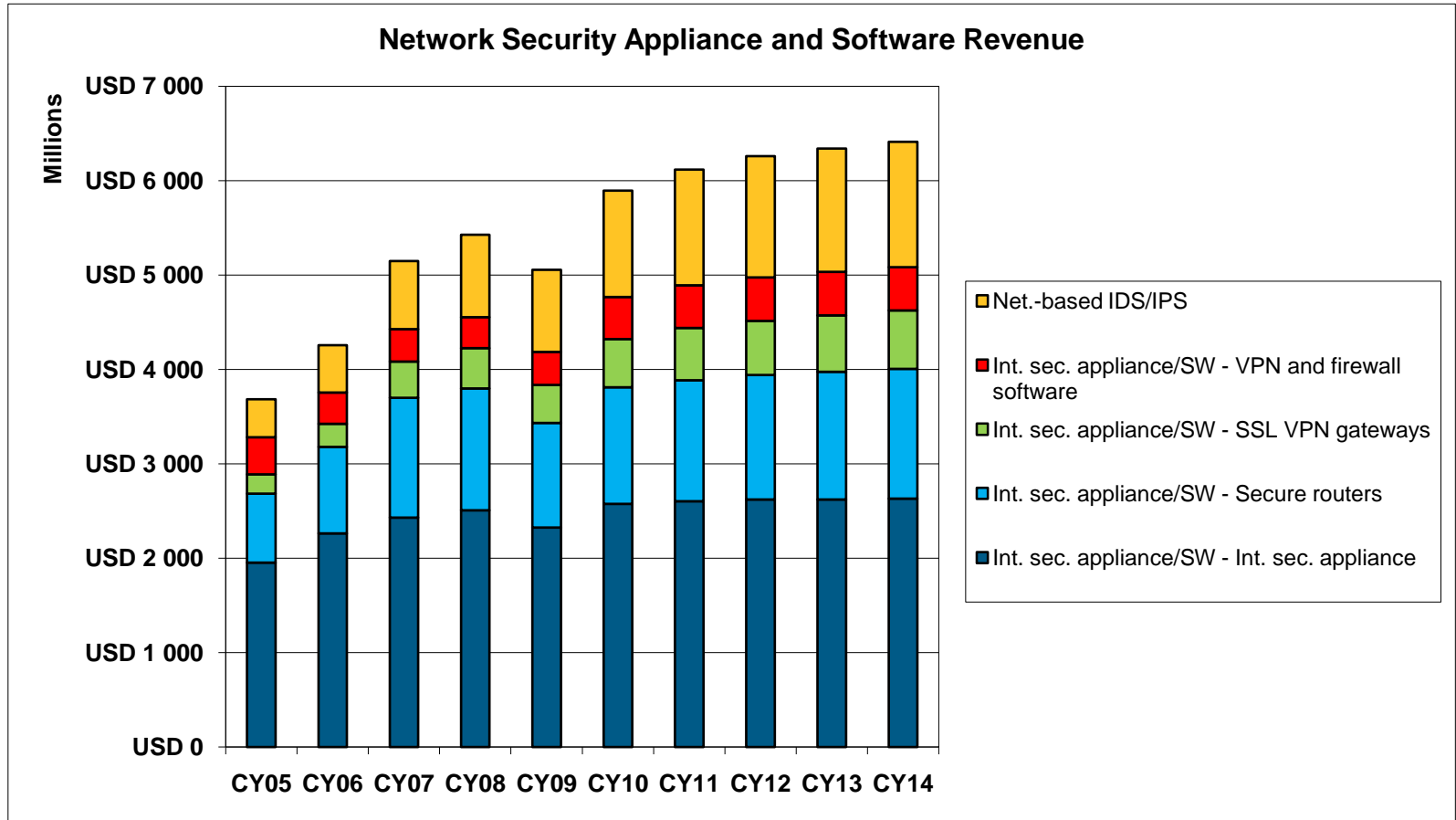


Source: Symantec Global Internet Security Threat Report, April 2009

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The market will continue to grow (2/2)



Source: Infonetics Network Security Appliances and Software Market Share and Forecasts, 4Q09

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Stonesoft will benefit from market drivers (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.
- StoneGate 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.
- StoneGate 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.
- StoneGate 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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Stonesoft will benefit from market drivers (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.
- StoneGate 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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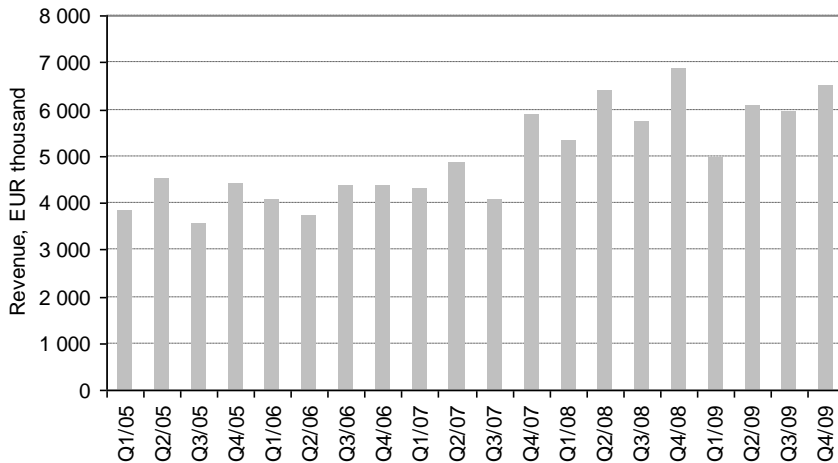
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Financial summary 2009

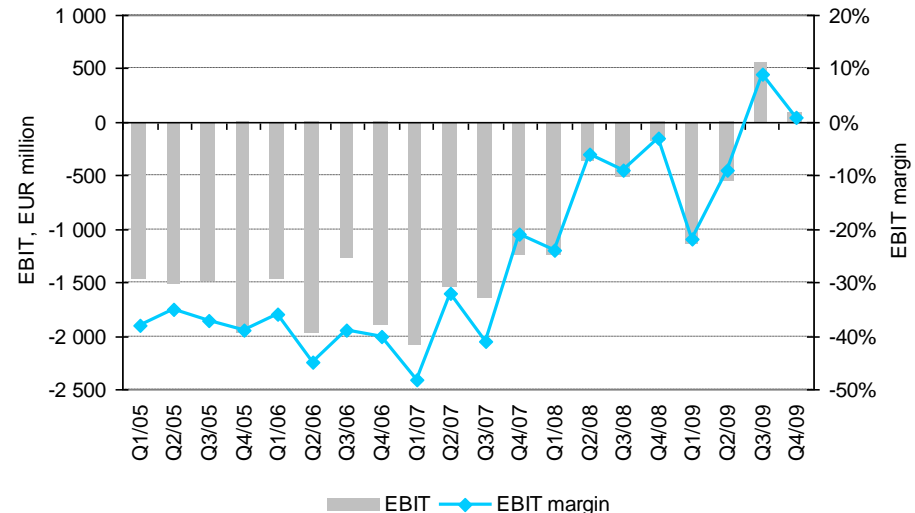
Financial year 2009 in brief

- Net sales EUR 23.6 million, -3% compared to the corresponding period in 2008
- Operating loss (EBITA) of EUR –1.0 million, clearly better than the result of the corresponding period in 2008 (-2.3) in spite of the difficult general economical environment
- Two consecutive quarters of positive operating result in H2/2009
- Equity ratio was 40% at the end of 2009. Consolidated liquid assets totaled EUR 6.2 million. Stonesoft has no interest-bearing debt.

Quarterly net sales



Quarterly EBIT - Positive in H2/2009



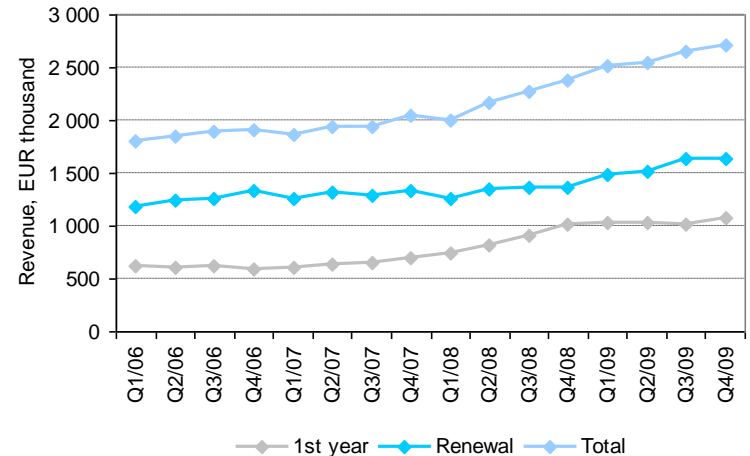
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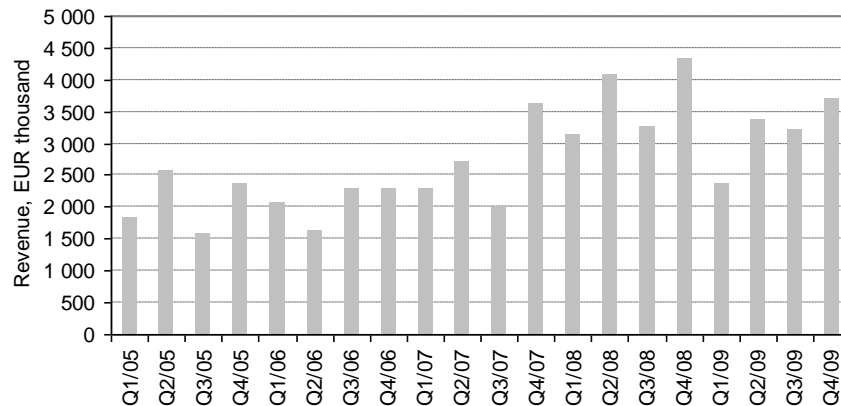
Revenue components

- Stonessoft's revenue consists of
 - Licenses/software (7% of revenue in 2009)
 - Perpetual (except Virtual Appliances)
 - Appliances (47% of revenue in 2009)
 - Max. 5 year support
 - License linked to hardware
 - Services 23 (46% of revenue in 2009)
 - Sold upfront in 1-5 year contracts
 - 90+% support and maintenance = helpdesk and software updates

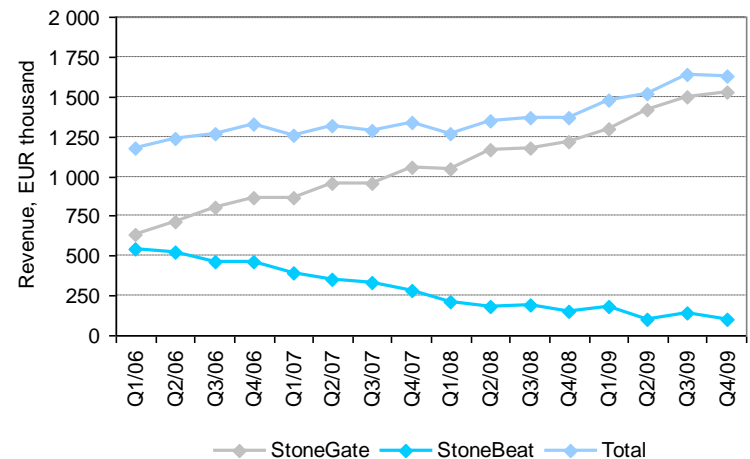
Maintenance revenue



StoneGate, quarterly net sales



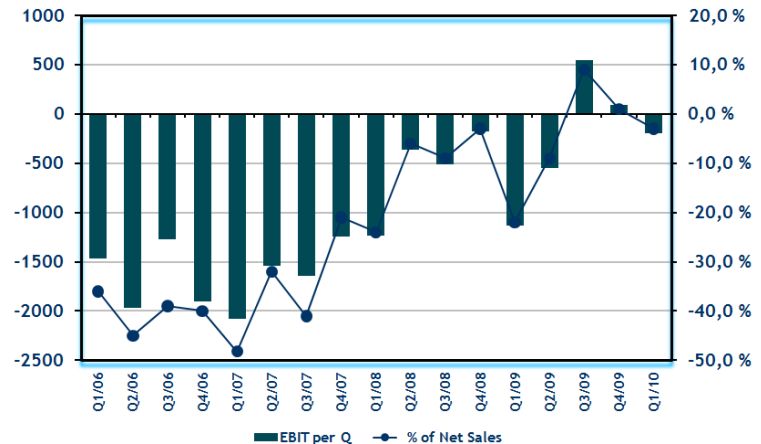
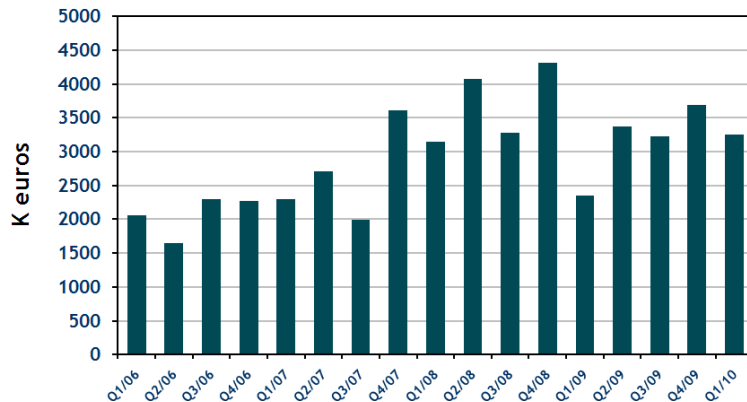
Renewal maintenance revenue



Financial summary Q1/2010

Q1/2010 in brief

- Net sales EUR 6.2 million, +21% compared to the corresponding period in 2009
- Operating loss (EBITA) of EUR –0.2million, clearly better than the result of the corresponding period in 2009 (-1.1)
- Product sales EUR 3.3 million + 38% compared to the corresponding period in 2009
- Positive operating cash flow EUR 0.7 million
- Consolidated liquid assets totaled EUR 11.5 million. Stonessoft has no interest-bearing debt.

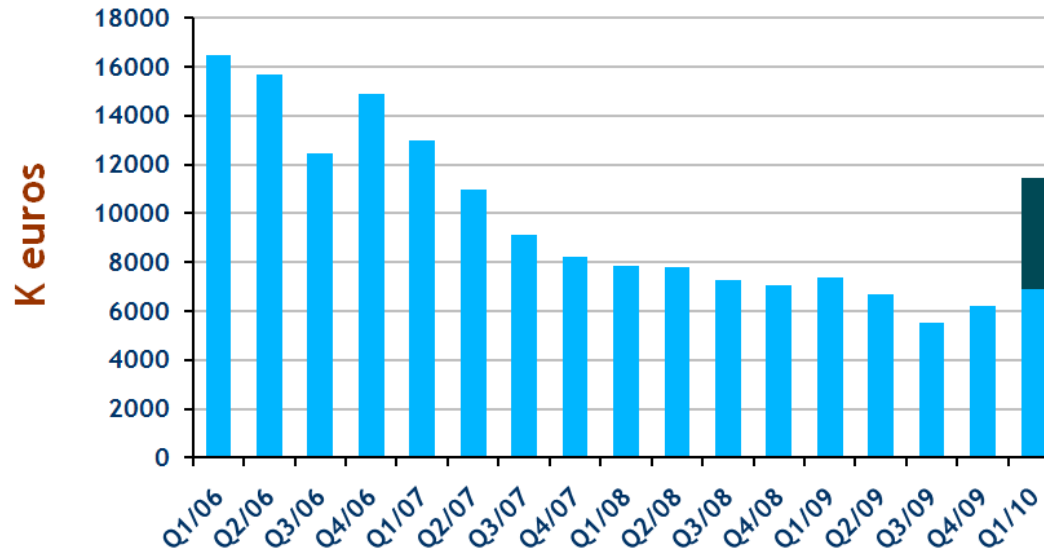


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Share offering implemented Q1/2010

- Stonessoft directed issue of 5.7 million new shares representing approximately 9.95 per cent of the number of Stonessoft's shares immediately prior to the share issue.
- The share issue was directed for a limited number of domestic investors.
- The purpose of the share issue is to strengthen the company's capital structure and to ensure the positive development according to the company's strategy and growth plan.



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Future outlook

The network security market is not falling - it is growing

- Stonesoft has a solid operating platform to support future growth. The company does not need to grow its R&D or back office very much even if sales would double, triple or quadruple.
- There are still untapped markets for Stonesoft out there, both geographical and other.
- As a result of the cumulated tax losses in the mother company (ca. EUR 84 million at the end of 2008) Stonesoft would pay very limited taxes on any future profits.
- Stonesoft sees an excellent opportunity for highly profitable growth in the future.

Outlook for 2010

- Stonesoft will continue its decisive and persistent efforts to increase its net sales and operating result. During the year 2010 the company expects its net sales to grow from the previous year's level and the result to be positive.
- With regard to the development of the turnover and the operating result, variation is expected between the quarters in comparison to the corresponding quarter during the previous year as well as to the previous quarter as a consequence of, among others, long sales cycles, a relatively big impact of individual deals, and the variation between the quarters in the previous year.

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