

# January-June 2004, Interim Report

July 23rd, 2004

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# Stonesoft Corporation

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# Results for January-June 2004

- Net sales EUR 10.8 millions, a decrease of -7% compared to Jan-June 2003.
- StoneGate sales were EUR 2.8 millions, an increase of +7% compared to Jan-June 2003.
- StoneBeat sales totaled EUR 0.5 millions, a decrease of -51% compared to Jan-June 2003.
- Operating loss (EBITA) of EUR -5.2 millions, comparable loss in Jan-June 2003 EUR -7.0 millions.

## Results for April-June 2004

- Net sales EUR 5.8 millions, an increase of +3% compared to Q2/2003.
- StoneGate sales were EUR 1.6 millions, an increase of +21% compared to Q2/2003.
- StoneBeat sales totaled EUR 0.25 millions, a decrease of -38% compared to Q2/2003.
- Operating loss (EBITA) of EUR -2.2 millions, comparable loss in Q2/2003 EUR -3.2 millions.

## Highlights Q2

- Two new products became commercially available during Q2: StoneGate IPS and StoneGate for IBM eServer iSeries.
- Stonesoft's product portfolio and target market are now larger than ever.
- The sales of StoneGate Security Appliances has developed positively in Q4/2003, Q1/2004 and Q2/2004. Appliances are the driving force of Firewall and VPN sales.

# Highlights Q2 - StoneGate IPS

- StoneGate IPS became commercially available on May 31st, 2004.
- During Q2 the product was sold in all market areas (EMEA, APAC, AMER).
- First reference customers have been confirmed.
- Prospect base looks promising.



## Highlights Q2 - iSeries

- General availability of StoneGate for IBM eServer iSeries was announced May 3rd, 2004.
- First commercial deals were made during Q2.
- Sales channel development proceeding according to the plans (12 partners at the end of Q2).
- New channel for StoneGate Firewall/VPN



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Real World Business Security

# Highlights Q2 - Appliances

- In Q2 the sales of StoneGate Security Appliances continued to grow
- StoneGate Security Appliances achieved recognition in third party testings and certifications:
  - In April: Checkmark Certification for Firewall Levels 1 and 2 plus VPN.
  - In May: five-star rating for StoneGate Appliance model SG3000 from SC Magazine





# Highlights Q2 - StoneGate Platform

- During Q2 Stonesoft announced the availability of the StoneGate Management Center 3.0.
- StoneGate Management Center 3.0 unifies the management of StoneGate Firewall, StoneGate VPN and the new StoneGate IPS into a single system, StoneGate Security Platform.



# Stonesoft's Platform Approach

- Customer benefits of the StoneGate Platform
  - More security: enabling companies to create layered defense that goes beyond mere perimeter security and also assures the security of the internal networks.
  - Unification of network management, high availability and security management tasks: simplicity, consistency and faster reactions, no downtime.

# Our Growth Markets in Security

1. Appliances annual growth 10-20 % → we have an excellent solution
2. IBM i- and zSeries clients → we have a unique solution
3. Managed security services annual growth 20-40% → we have excellent technology
4. IDS/IPS annual growth 15-20 % → we will have a unique solution

(sources for market growth: IDC, Gartner, Broadview, Ubizen)

# Key Measures for Growth in 2004

- StoneGate for IBM i-and zSeries sales
- StoneGate IPS sales
- Government projects (Common criteria, EAL4+)
- Service provider sales
- Keeping the appliance offering competitive
- Successful roll-out of other big projects

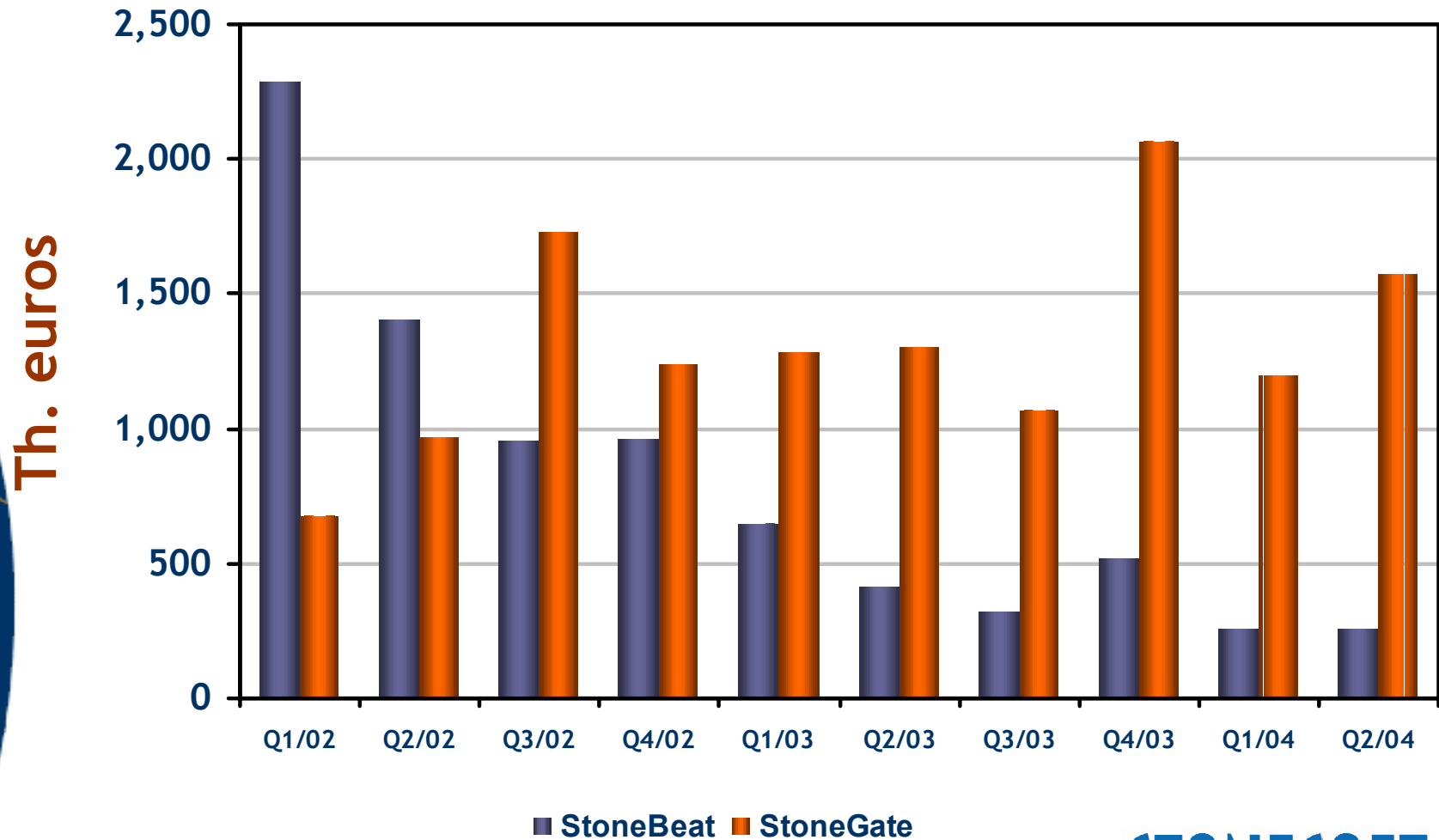
## Conclusion

The company believes that, due to the improving prospects for sales, EBITA will continue to improve during 2004 and will reach a better level in the second half of the year than in the first half. The company continues to evaluate opportunities to accelerate achieving profitability.

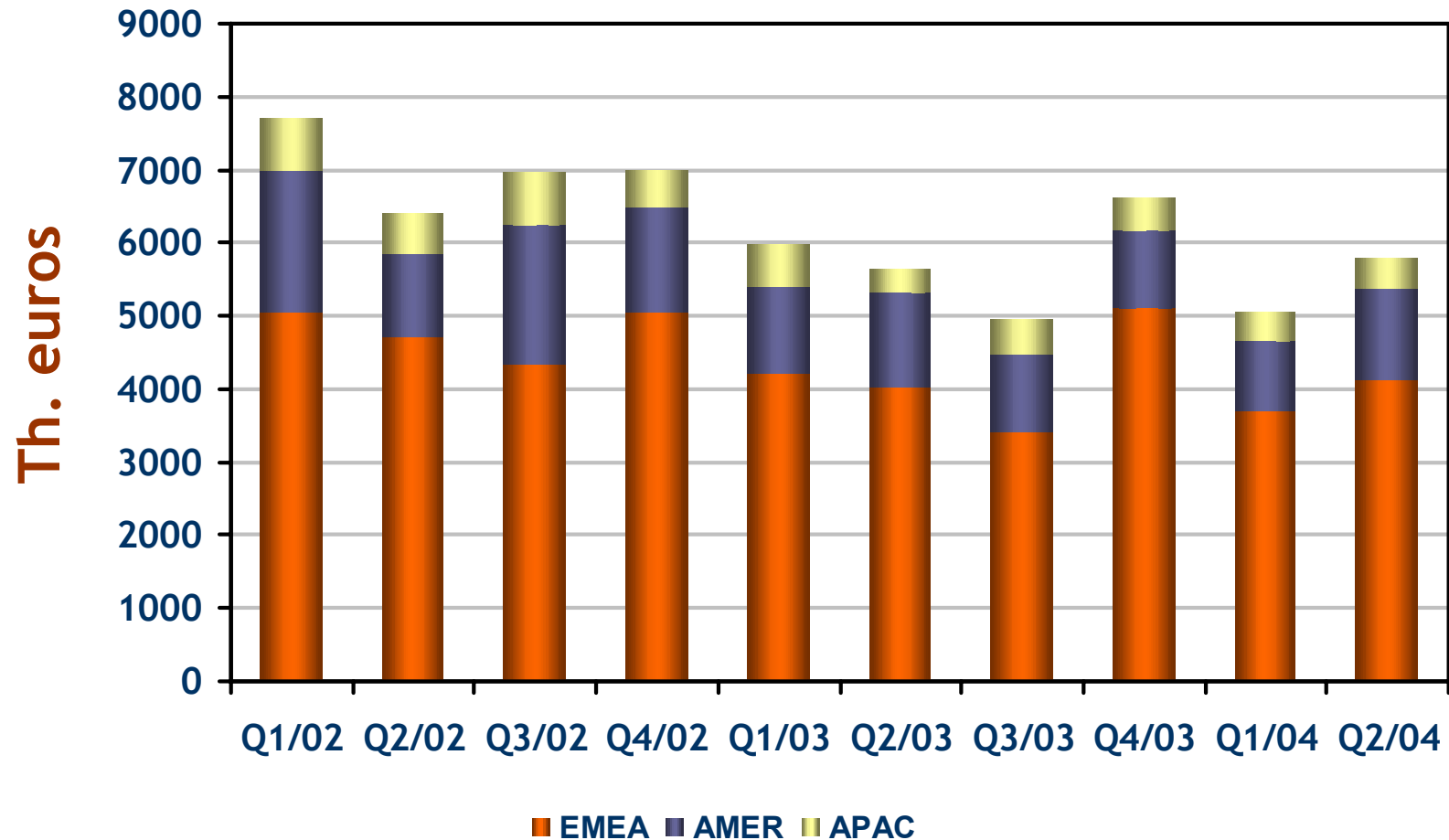
## Q2/2004 Financials

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# StoneGate and StoneBeat Sales by Quarter

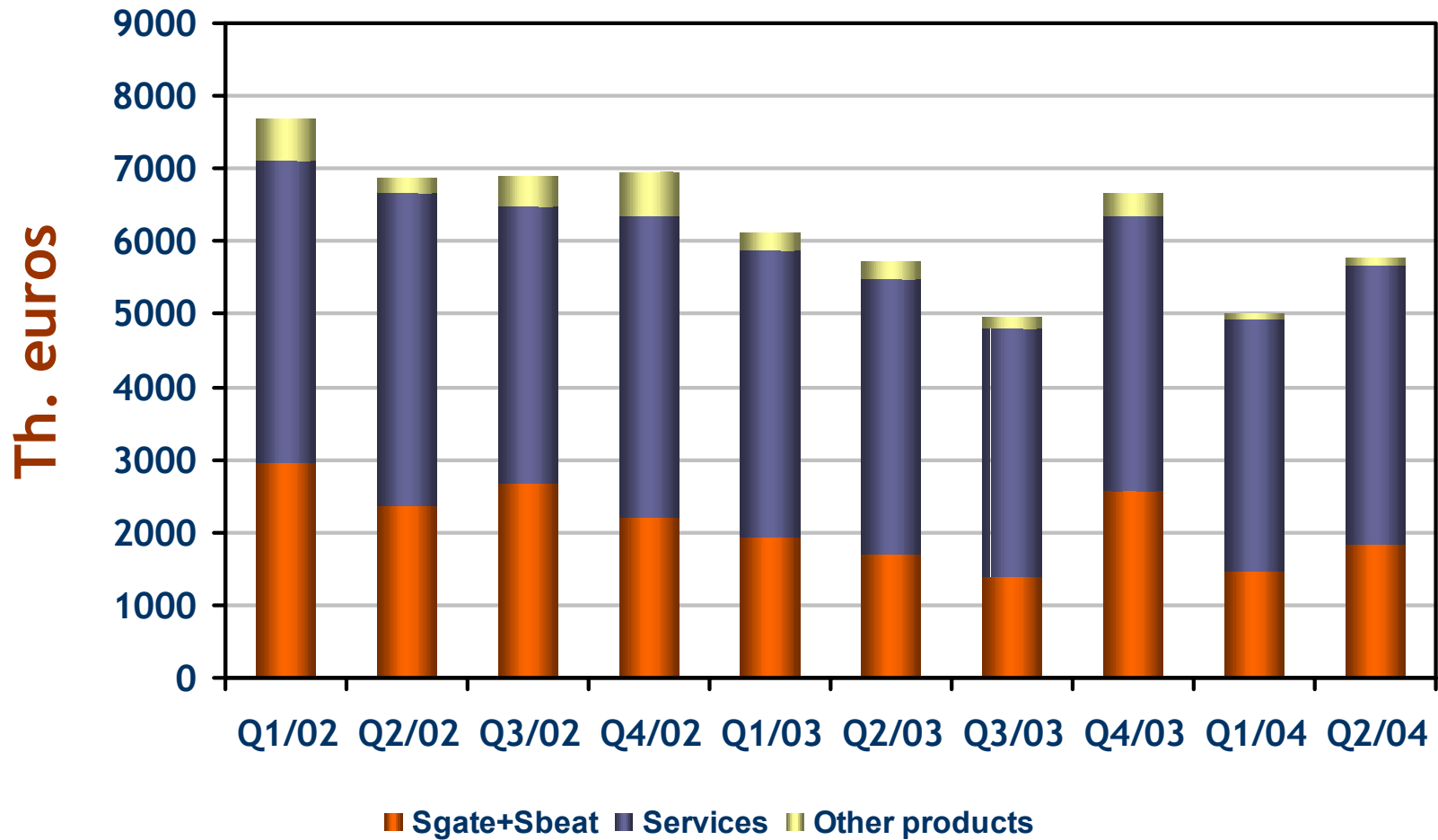


# Net Sales by Area

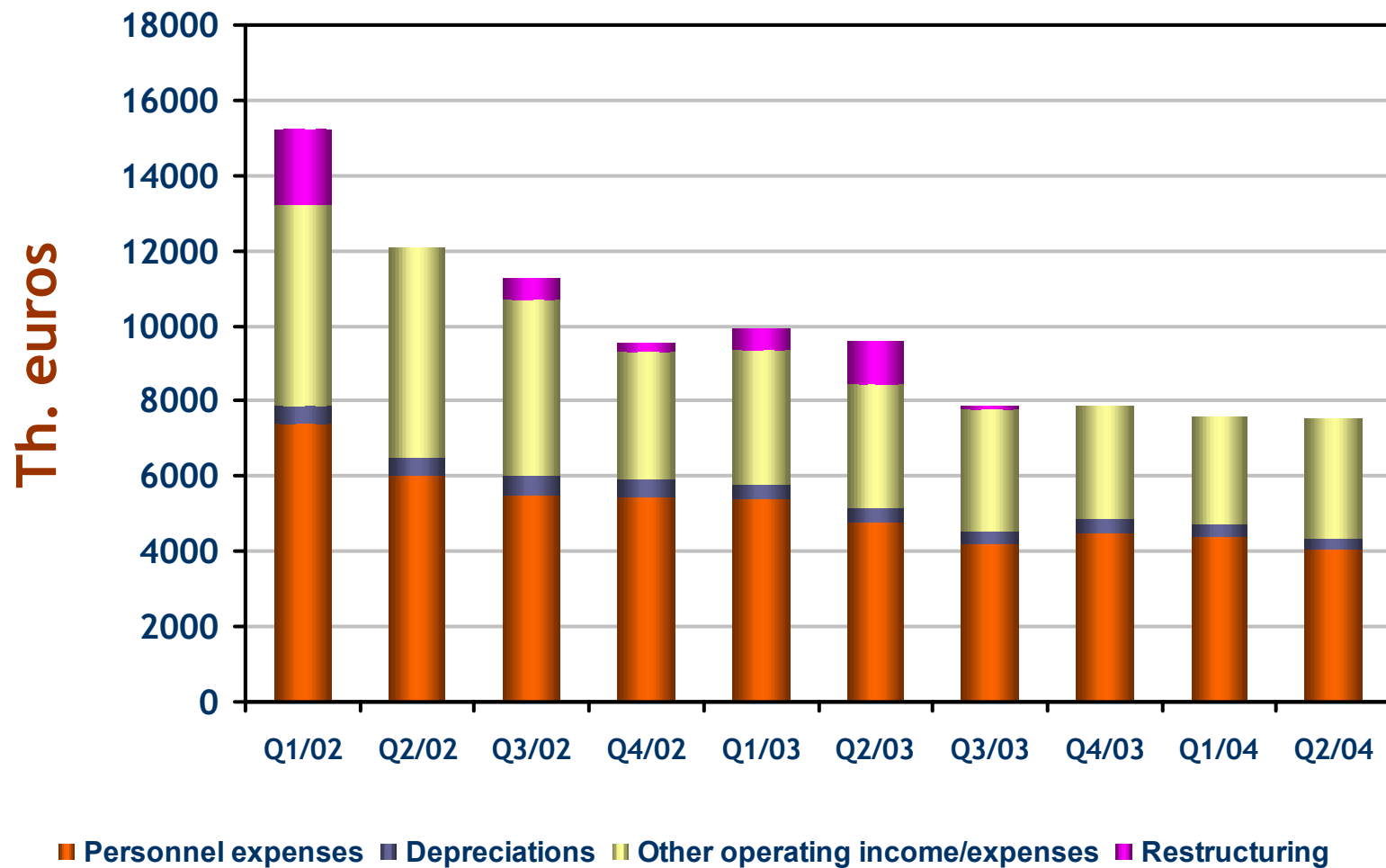




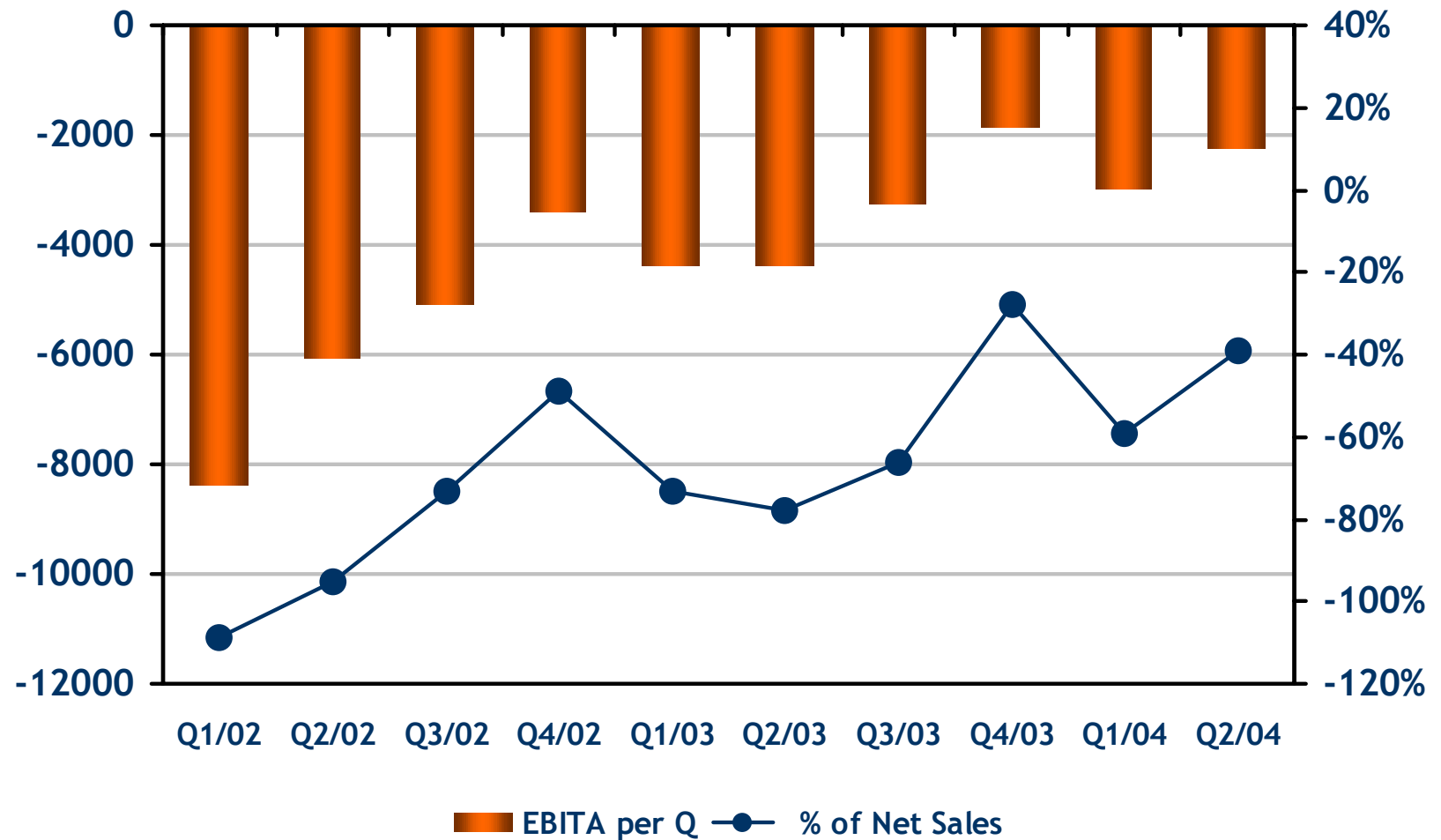
# Sales by Product



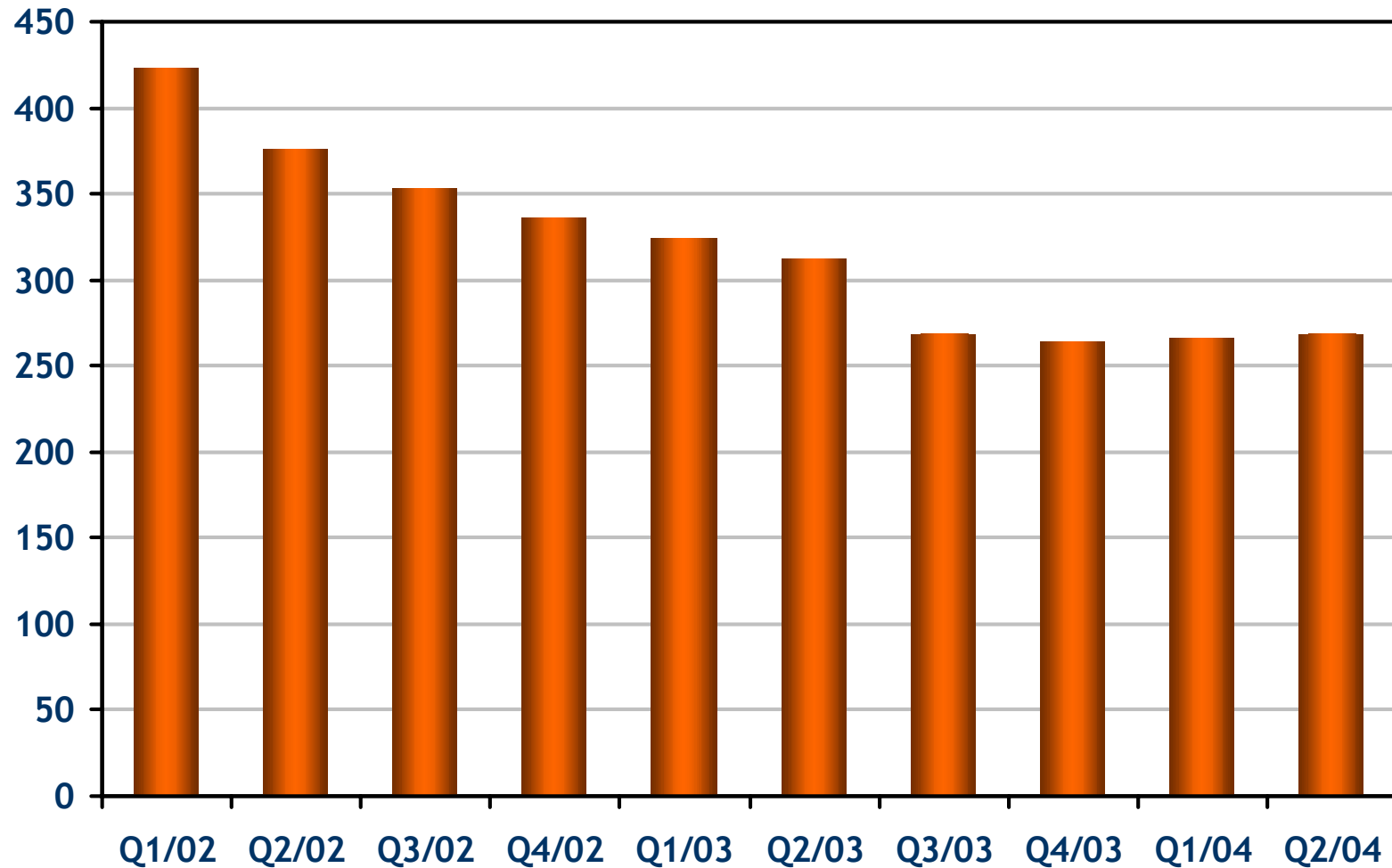
# Operating Costs by Quarter



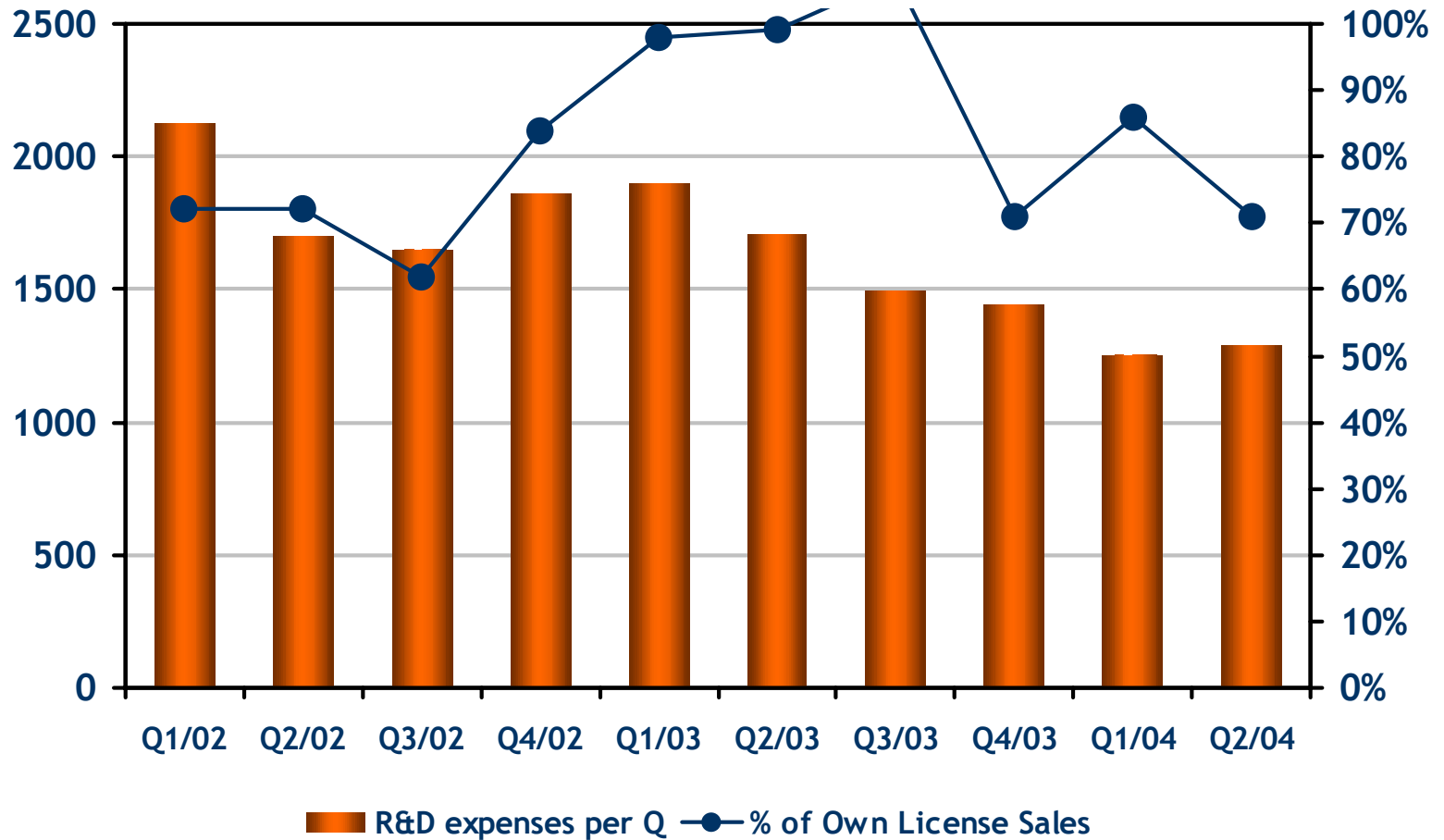
# EBITA by Quarter



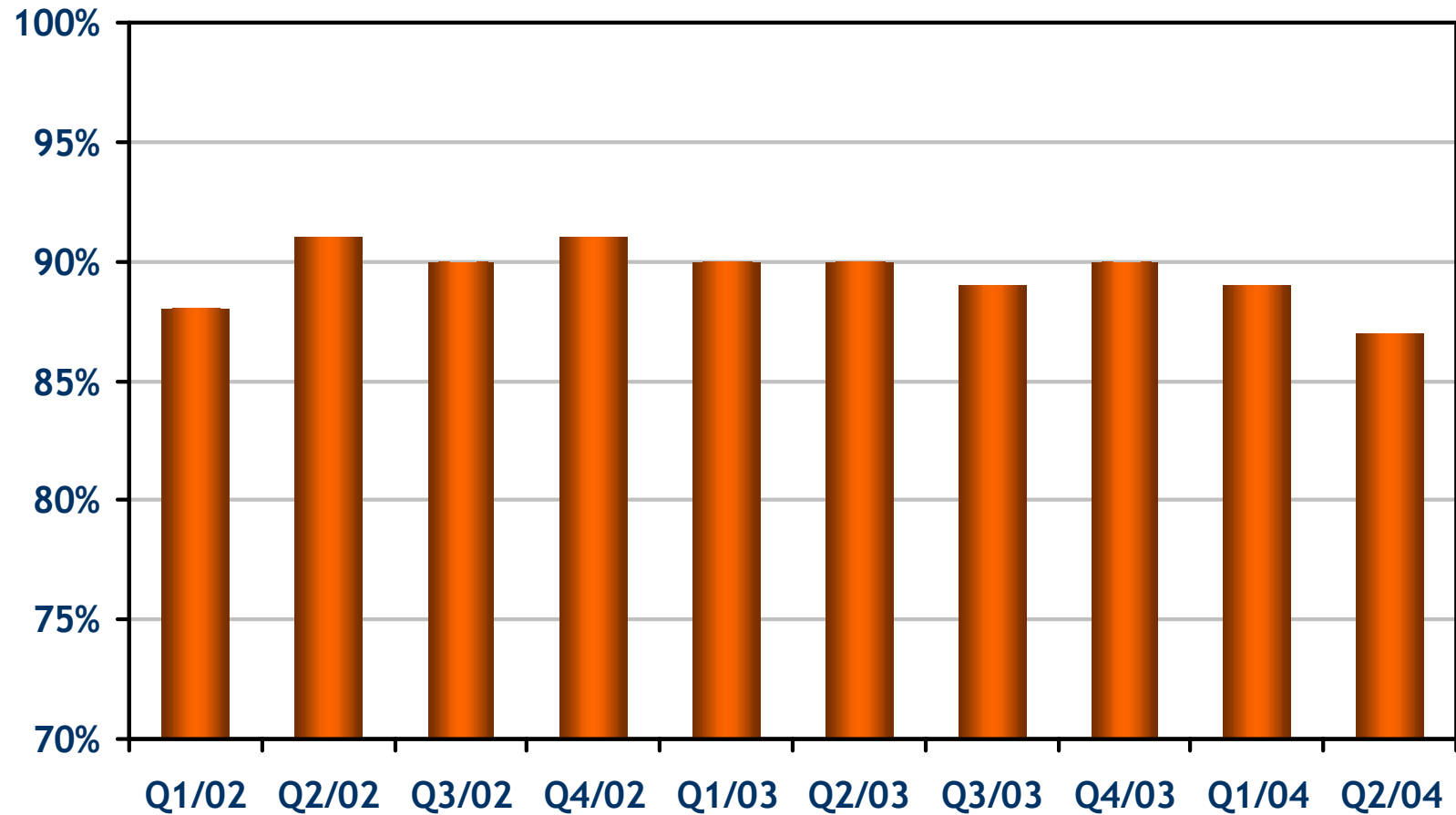
# Personnel in the End of Quarter



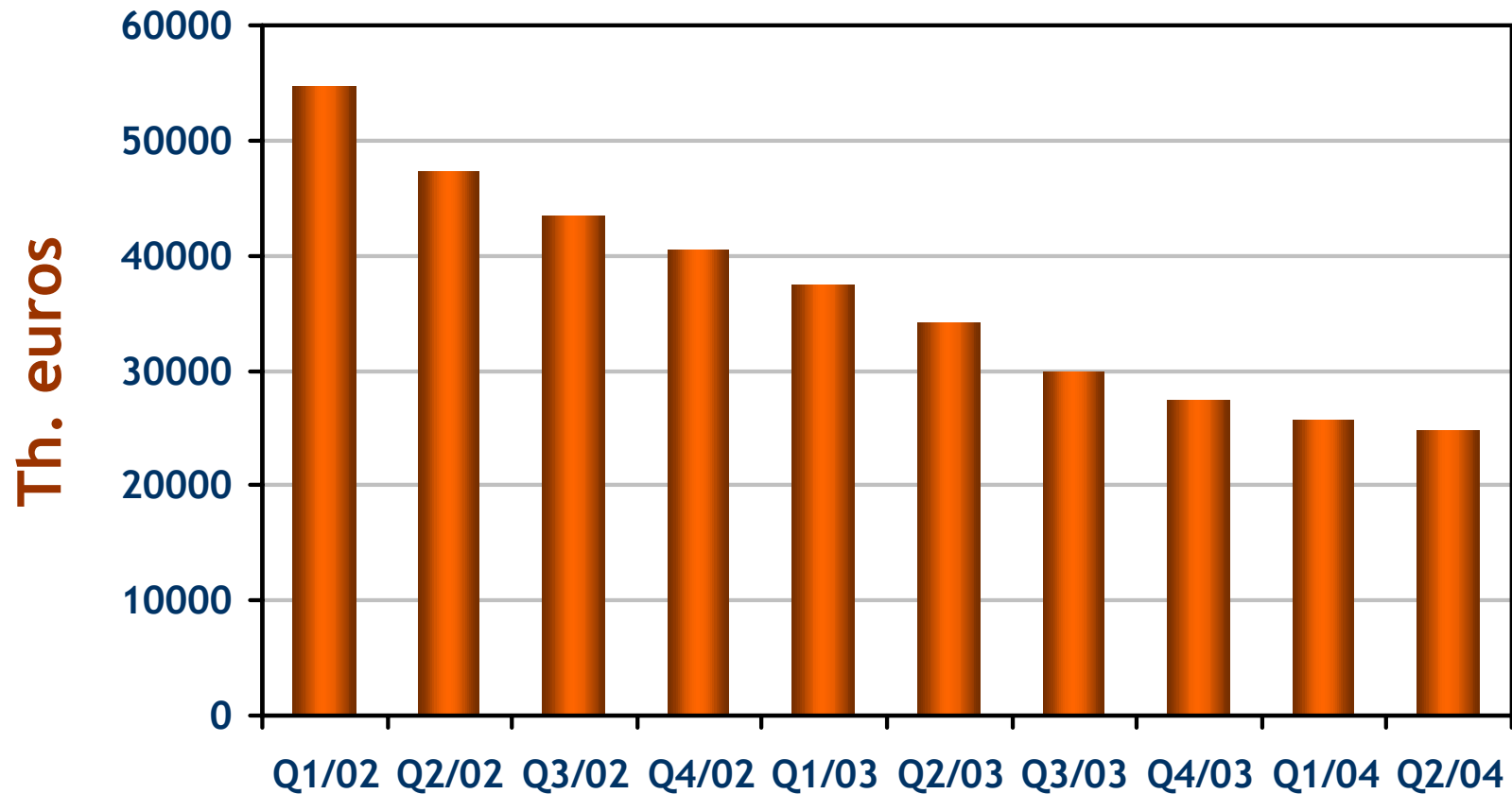
# R&D Expenses



# Equity Ratio in the End of Quarter



# Liquid Funds



# Shareholders Equity/Share

