

January-March 2005, Interim Report

May 20th, 2005



Stonesoft Corporation

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Results for January-March 2005

- Net sales EUR 5.6 millions, an increase of 10% compared to 2004.
- StoneGate sales were EUR 1.8 millions, an increase of +54% compared to 2004.
- Operating loss (EBITA) of EUR -1.3 millions, a clear improvement compared to the loss in 2004, EUR -3.0 millions.
- The cost saving program resulted in a EUR 1.2 million saving compared to 2004, 6.6 vs 7.8.

Highlights Q1

- Recruitment and initiation of new sales resources.
- Introduction of a new sales control system. The system improves the efficiency of salespersons' activities and enables global, real-time monitoring of sales projects at a more detailed level.
- Juha Kivikoski, Marketing Director, who joined the company in late 2004, was invited as a new member of the Management Team.

April 2005

- Net sales EUR 1.77 millions (EUR 1.51 millions), an increase of 17% compared to 2004.
- StoneGate sales were EUR 0.64 millions (EUR 0.28 millions), an increase of +132% compared to 2004.

Conclusion

According to the current plans of the company the EBITA of the last quarter of the year will be positive. However, reaching this target may be challenging due to delays occurred in sales force recruitments.

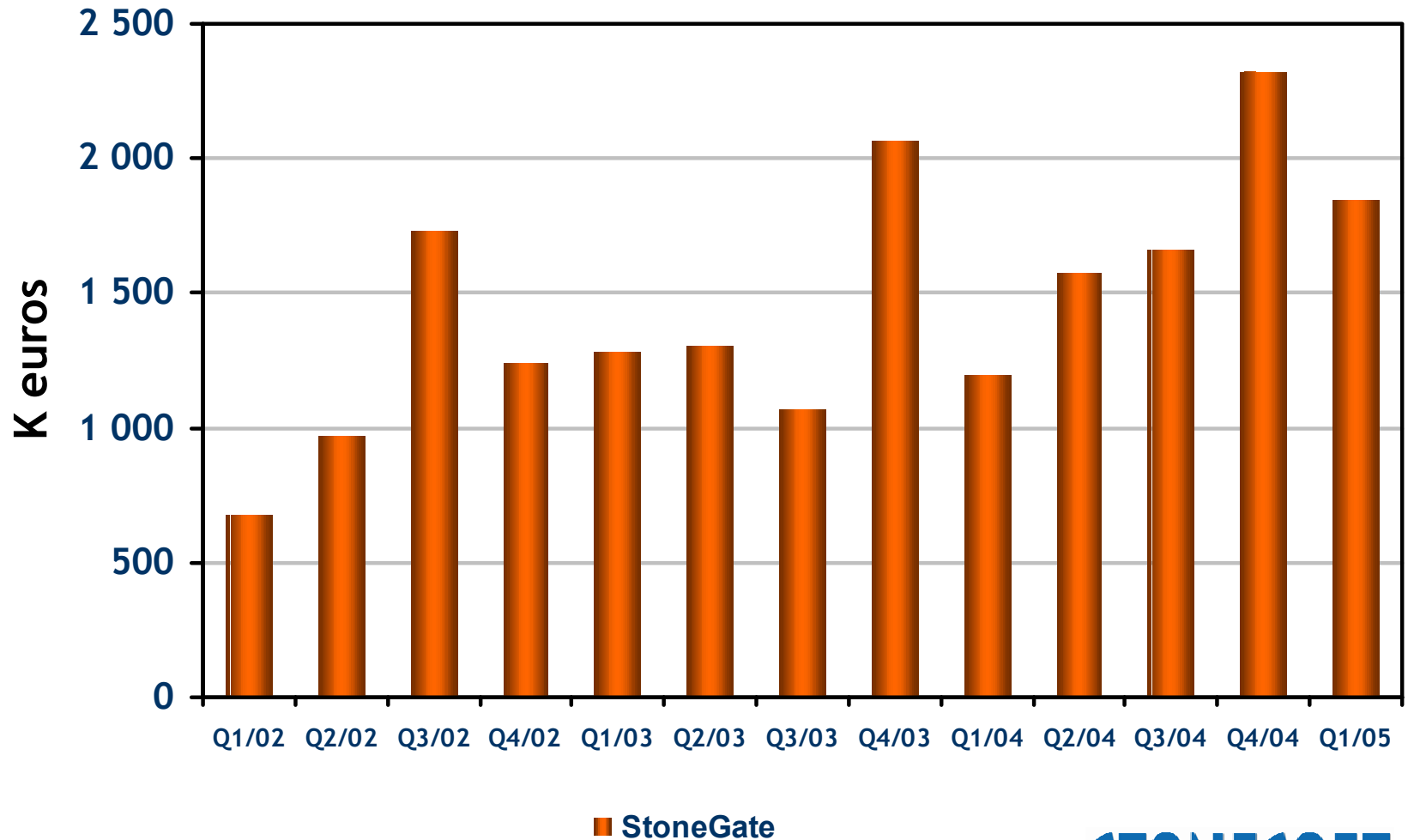
Q1 / 2005 Financials



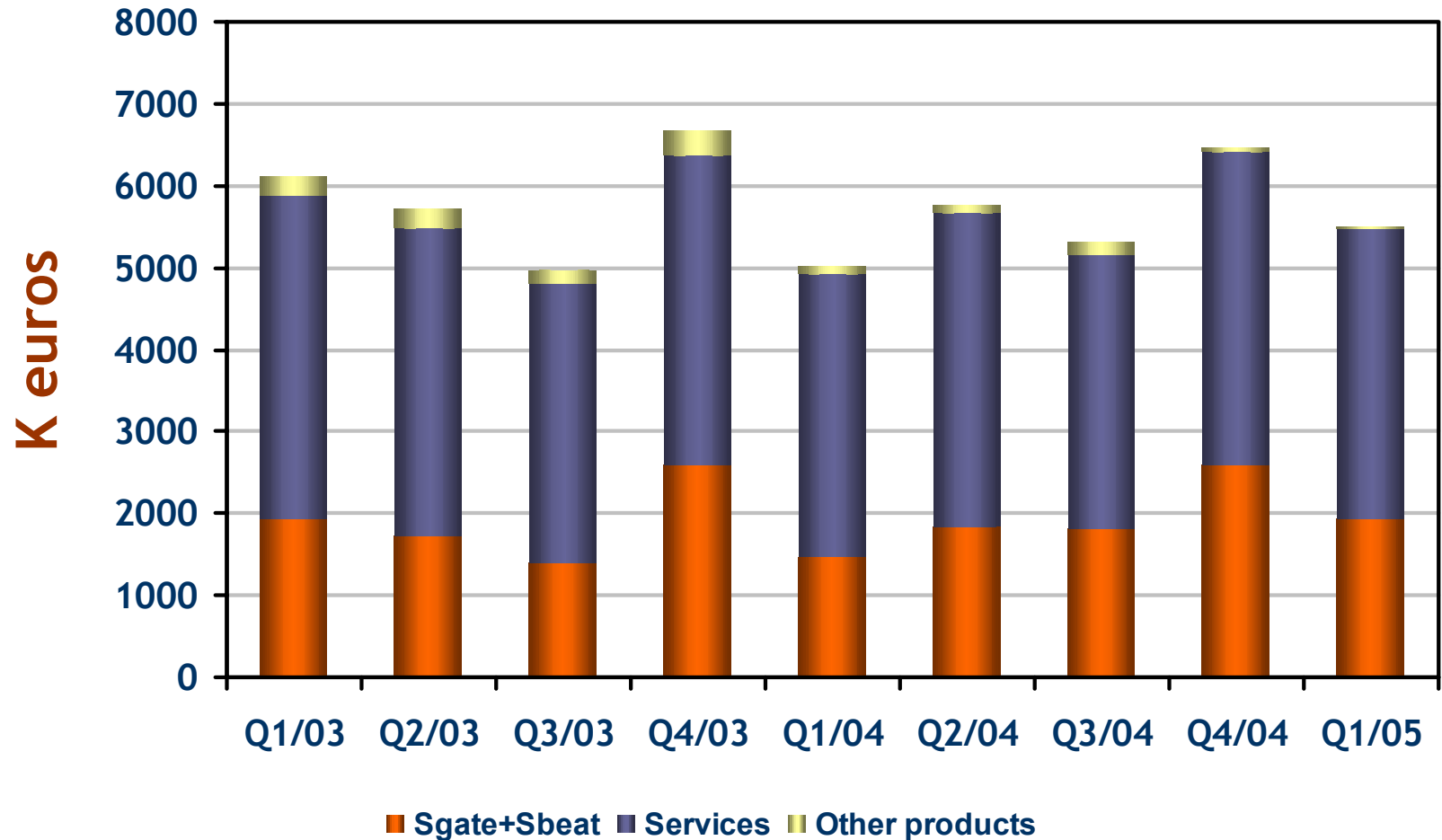
IFRS

- IFRS grows the balance for year end 2004 by 1,9 m euro through bringing back 1,2 m depreciation on goodwill, adding 0,5 m euro in leases and showing 0,2 m euro of interest on short term investments
- Impacts on Q1 p&l in 2005 are minimal, only major difference is in interest on short term investments which grows by 105k
- R&D costs are not activated
- Cost of options programs < 5k
- Tax receivables not booked - yet
- Stonesoft uses geographical areas as primary segmentation
- "A lot of noise for very little"

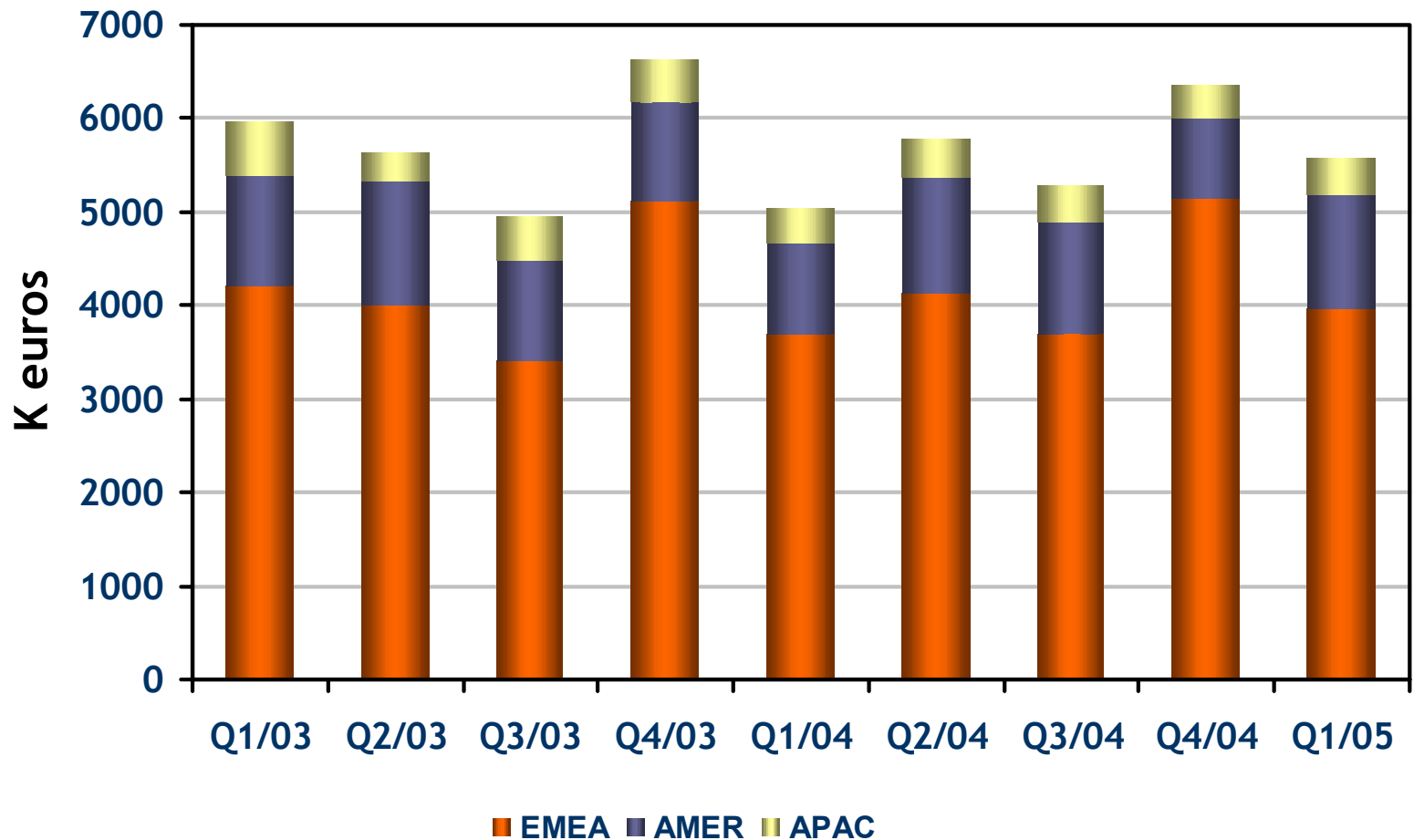
StoneGate Sales by Quarter



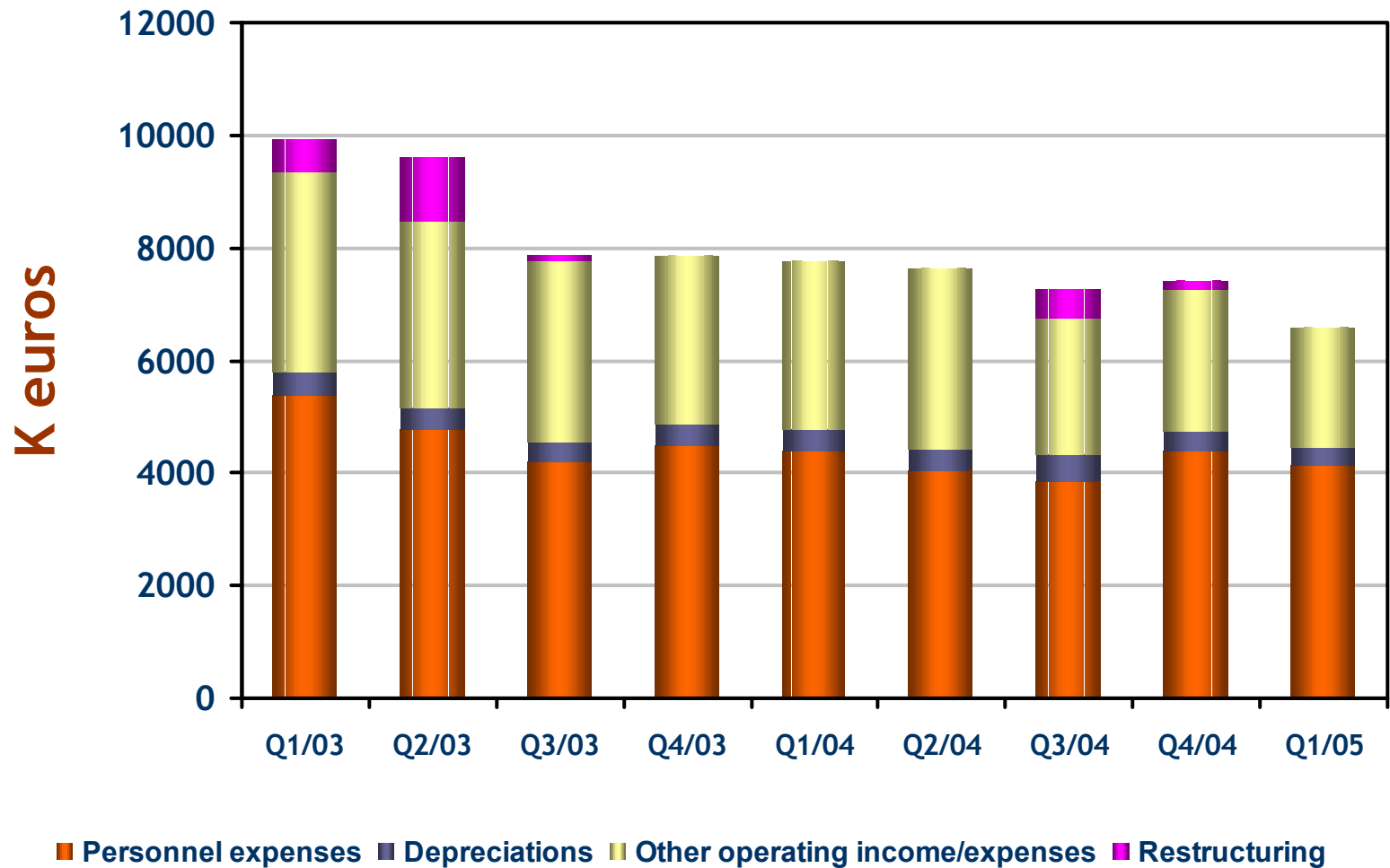
Sales by Product



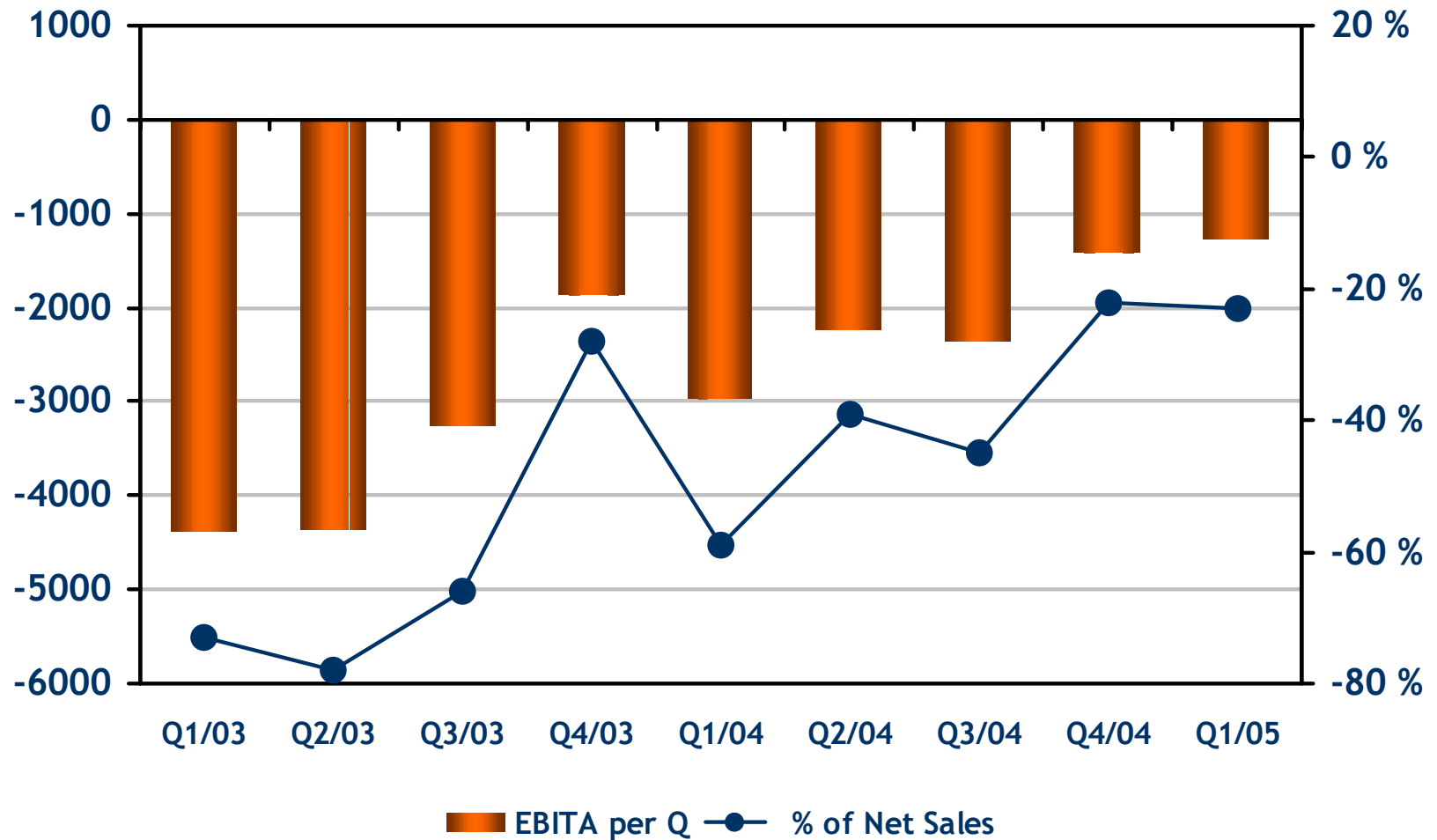
Net Sales by Area



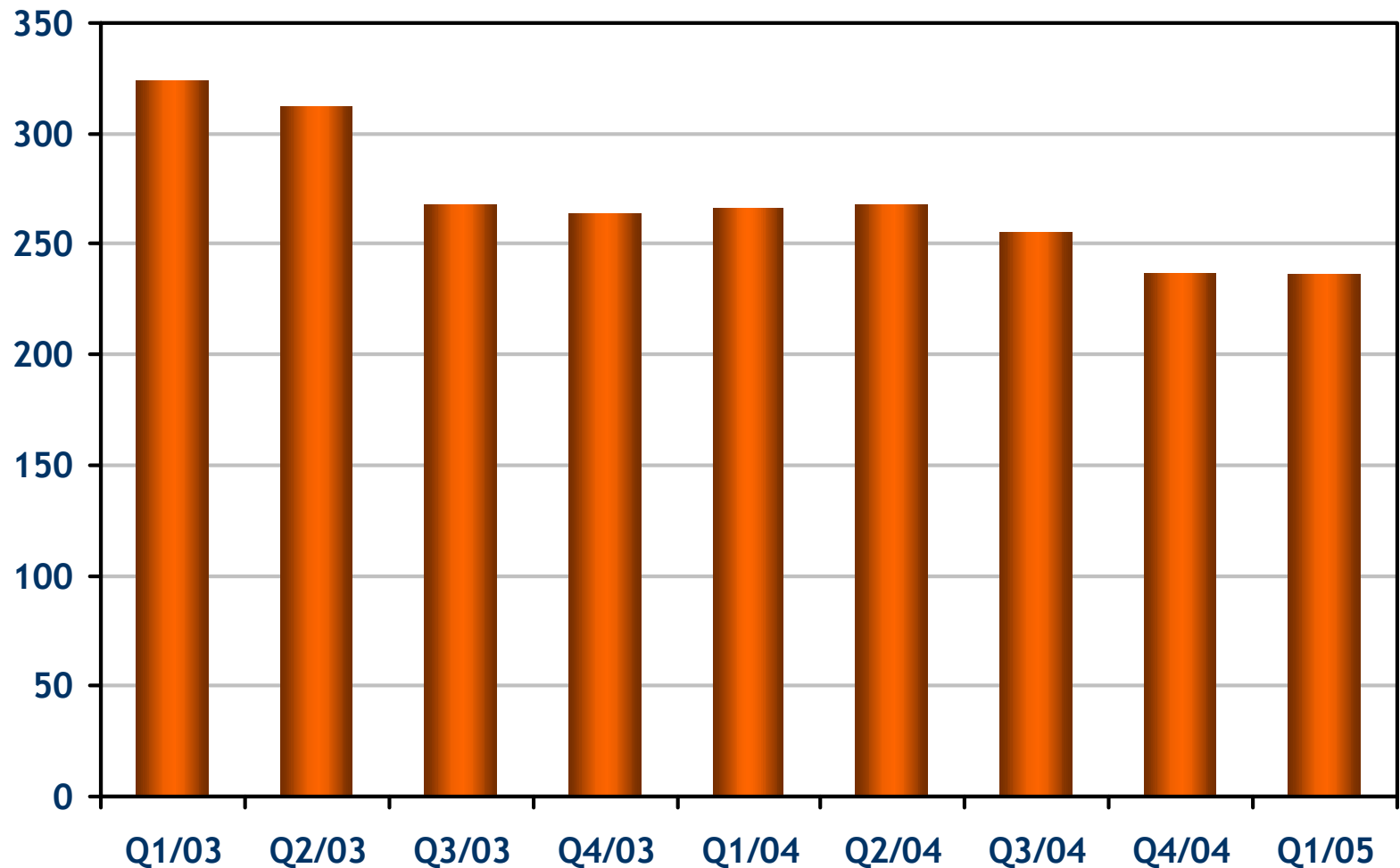
Operating Costs by Quarter (Q1/04 → IFRS)



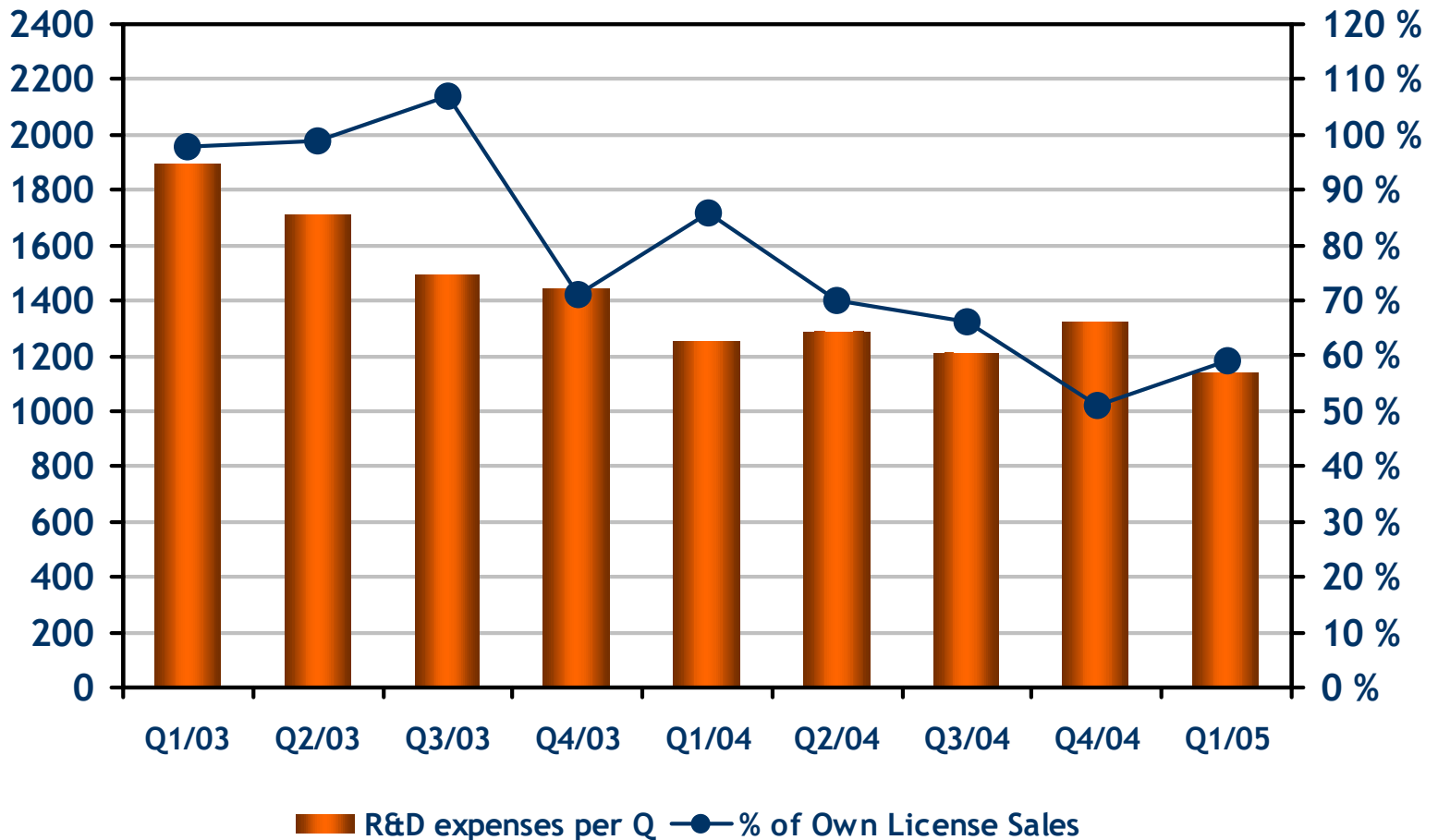
EBITA by Quarter (Q1/04 → IFRS)



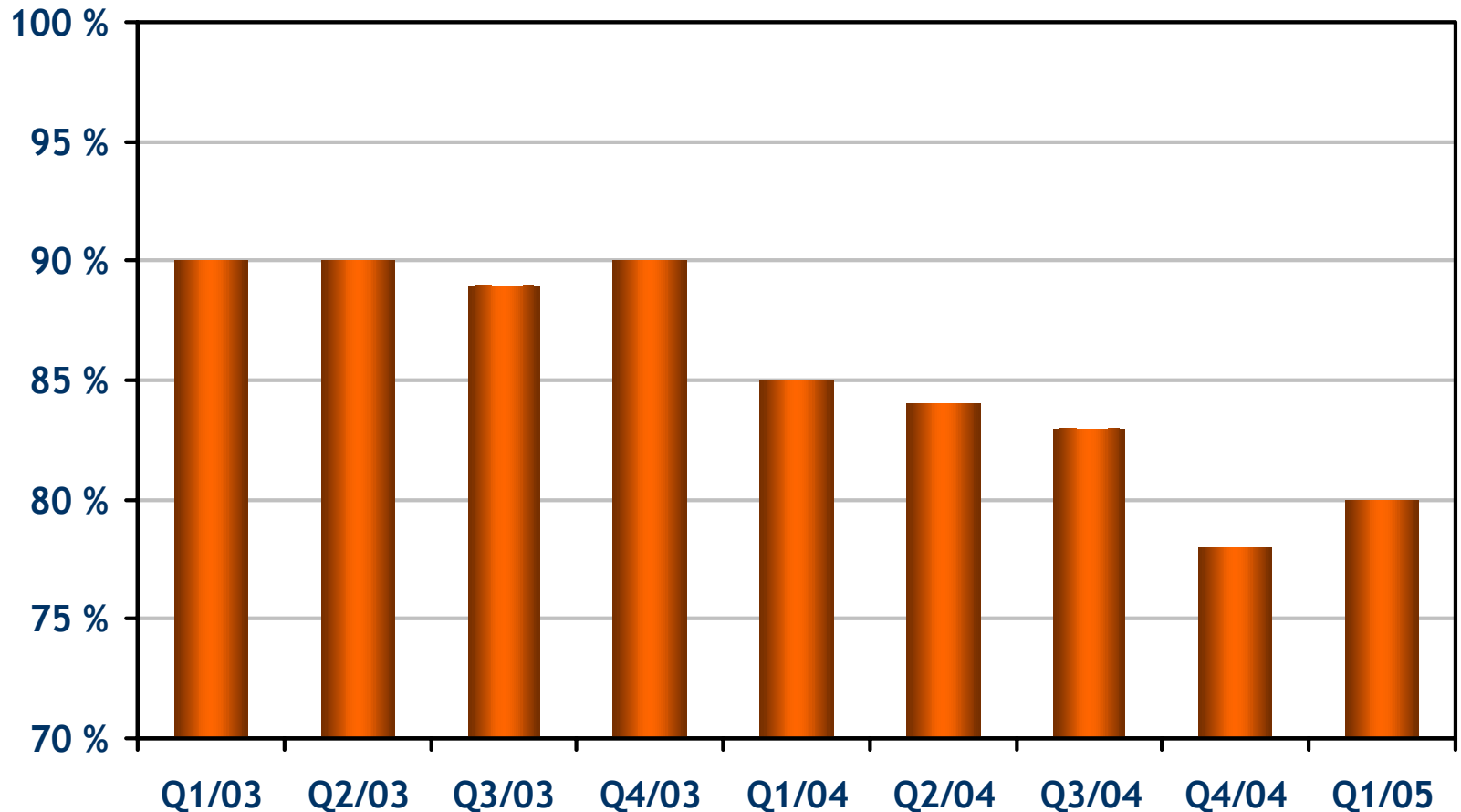
Personnel at the End of Quarter



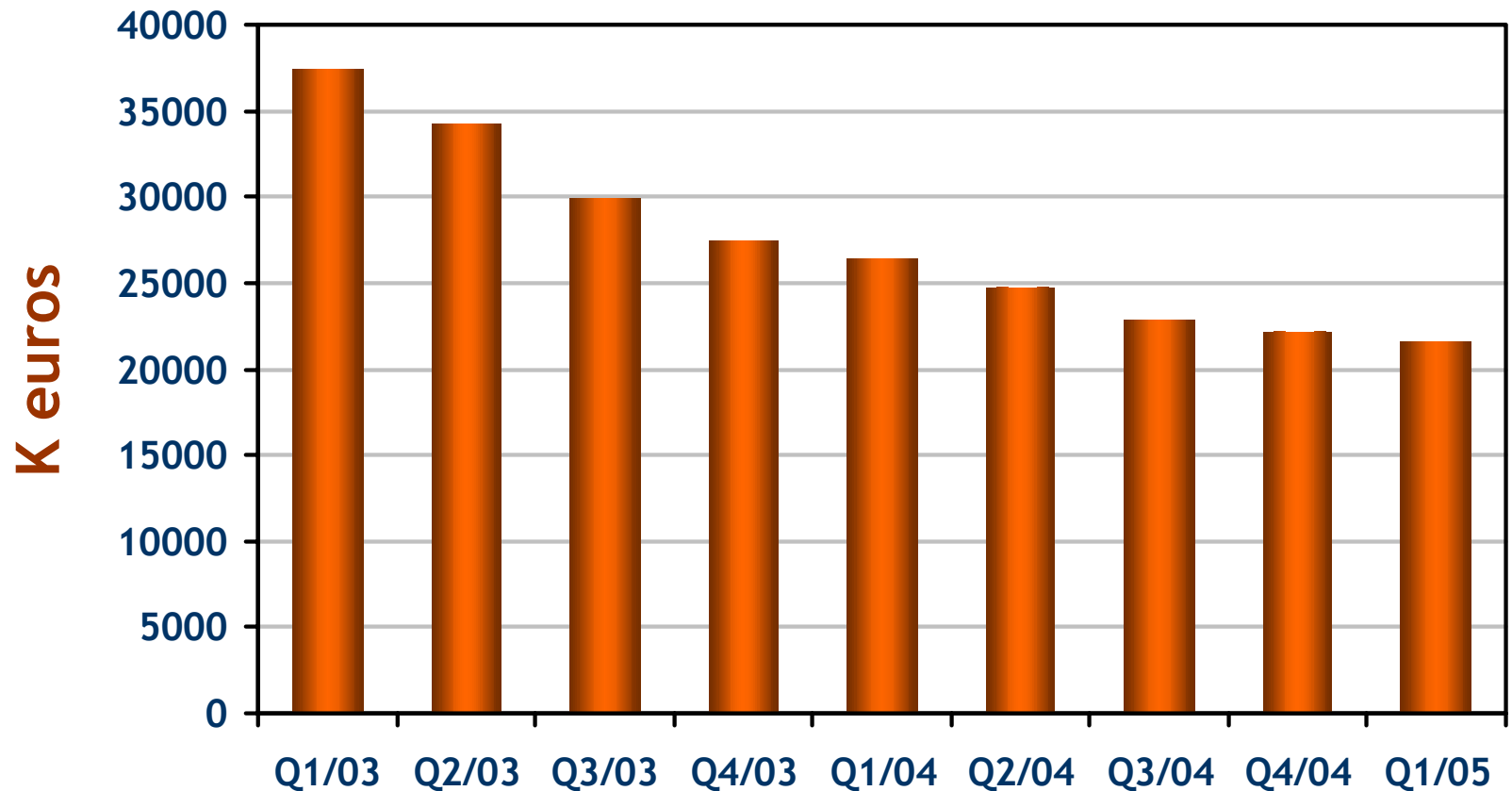
R&D Expenses (Q1/04 → IFRS)



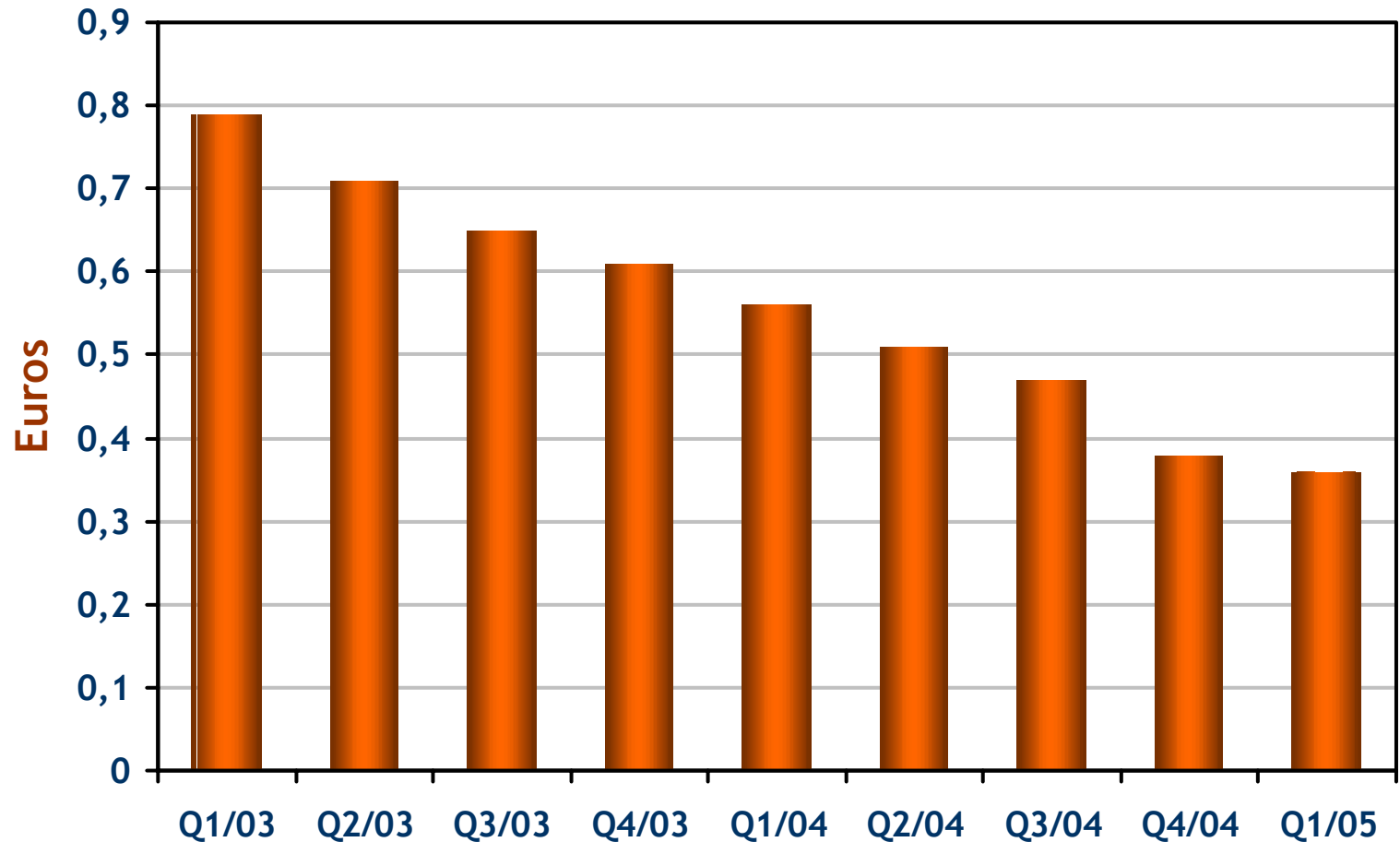
Equity Ratio in the End of Quarter (Q1/04 → IFRS)



Liquid Funds (Q1/04 → IFRS)



Shareholders Equity/Share (Q1/04 → IFRS)



StoneGate Sales by Quarter

