

January-June 2005, Interim Report

July 29th, 2005



Stonesoft Corporation

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Results for January-June 2005

- Net sales EUR 11.8 millions, an increase of 9% compared to 2004.
- StoneGate sales were EUR 4.4 millions, an increase of +58% compared to 2004.
- Operating loss (EBITA) of EUR -2.8 millions, a clear improvement compared to the loss in 2004, EUR -5.2 millions.
- The company beat it's budget and is growing towards profitability as per plan

Results for April-June 2005

- Net sales EUR 6.2 millions, an increase of 7% compared to 2004.
- StoneGate sales were EUR 2.6 millions, an increase of +62% compared to 2004.
- Operating loss (EBITA) of EUR -1.5 millions, an improvement compared to the loss in 2004, EUR -2.2 millions.
- Due to a change in booking principles more than 200k less vacation reservation was released in June than last year. This amount will be released in Q3 to better match actual vacations.

Highlights Q2

- StoneGate growth continues strong
- In June Stonesoft launched new versions of StoneGate™ Management Center, StoneGate™ Firewall and VPN, StoneGate™ IPS products. It further unified the security components and provided several enhancements to assist the administration of complex security system.
- In June Stonesoft announced a new IPS appliance product, the SGI-20A that is designed to provide a combination sensor-analyzer for remote offices, permitting both central management and reduced traffic overhead.

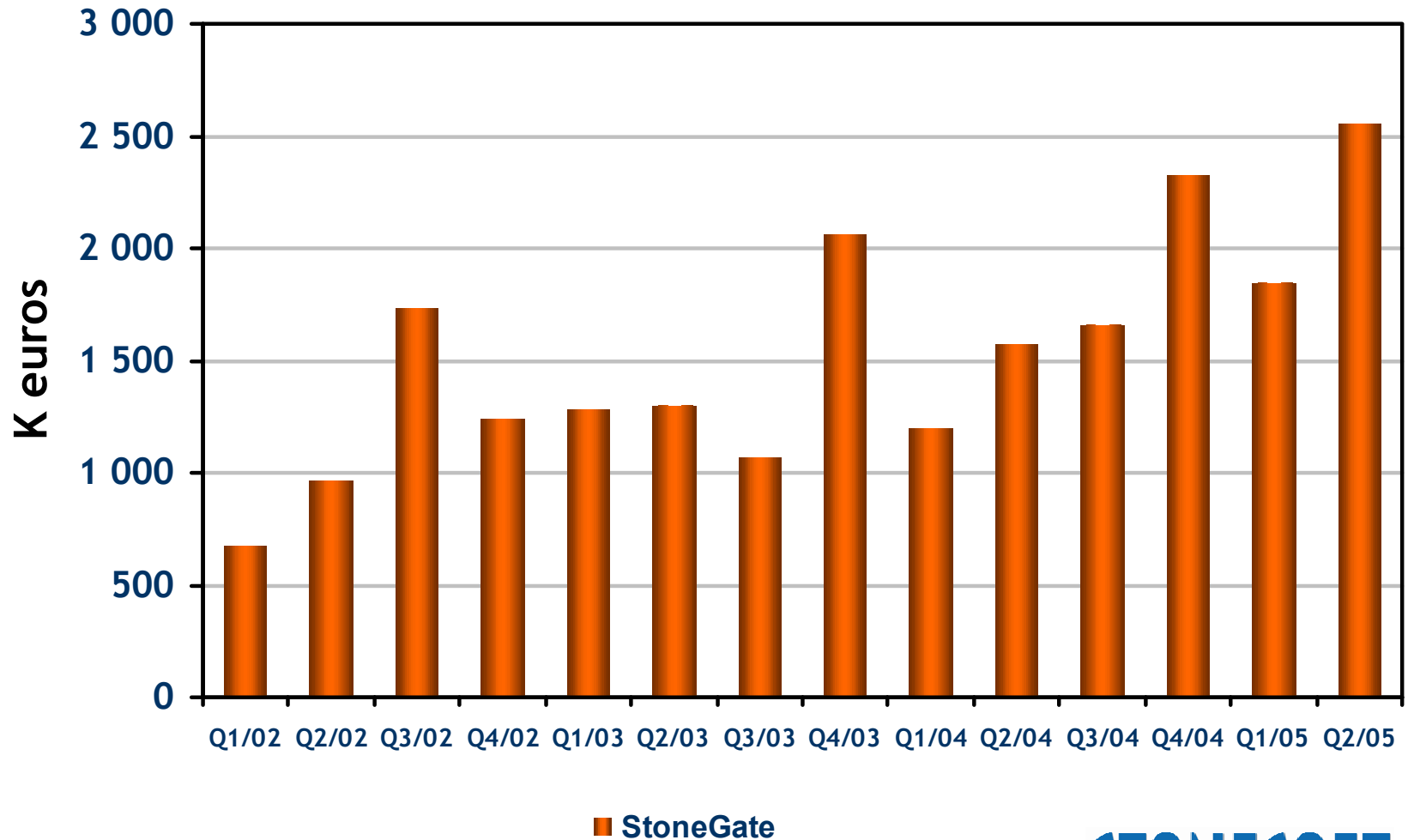
Conclusion

The company believes that its core business, sales of Stone Gate products, will continue to grow significantly faster than the estimated average annual growth of 20% in the network security market

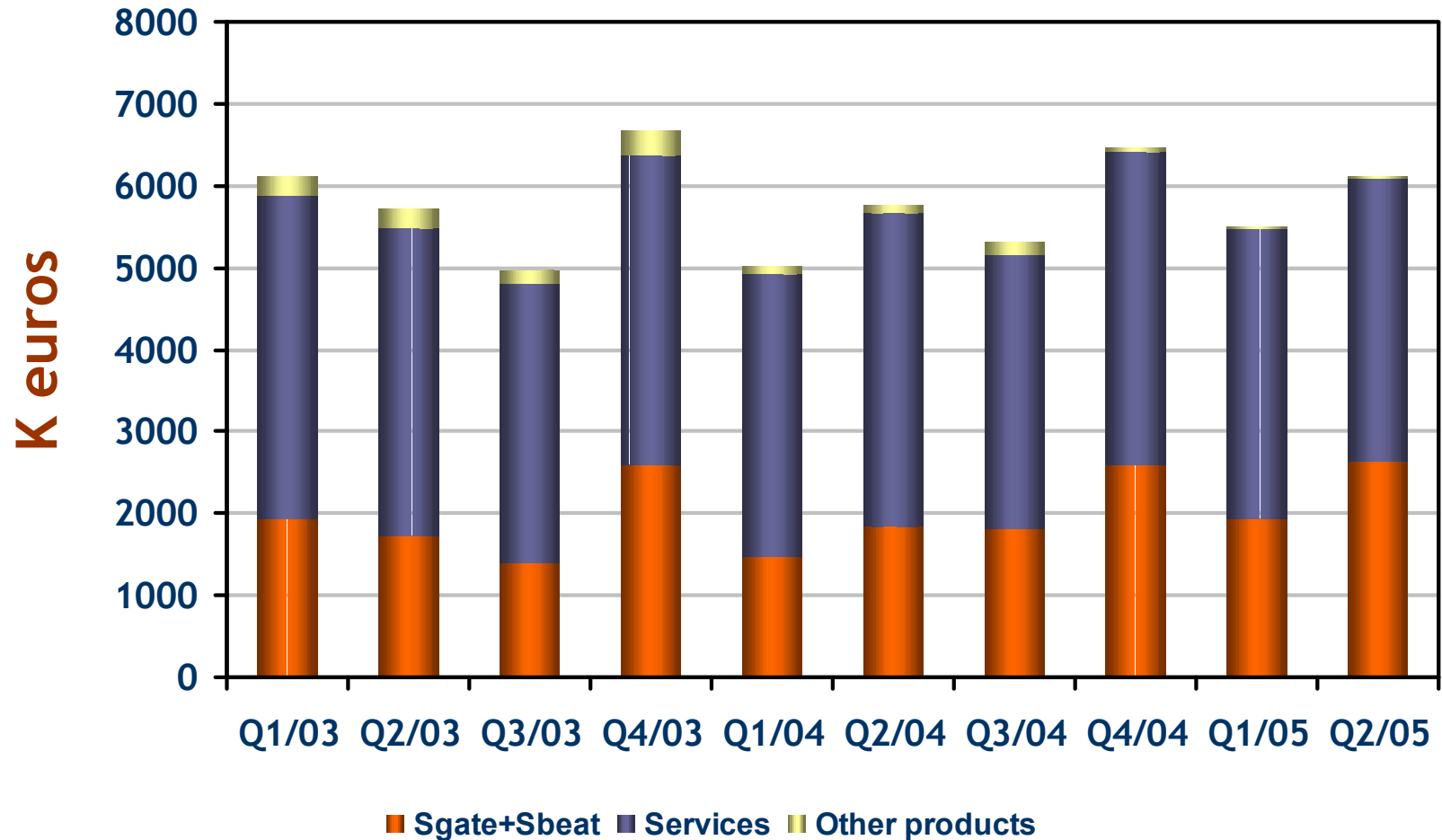
Q2/2005 Financials



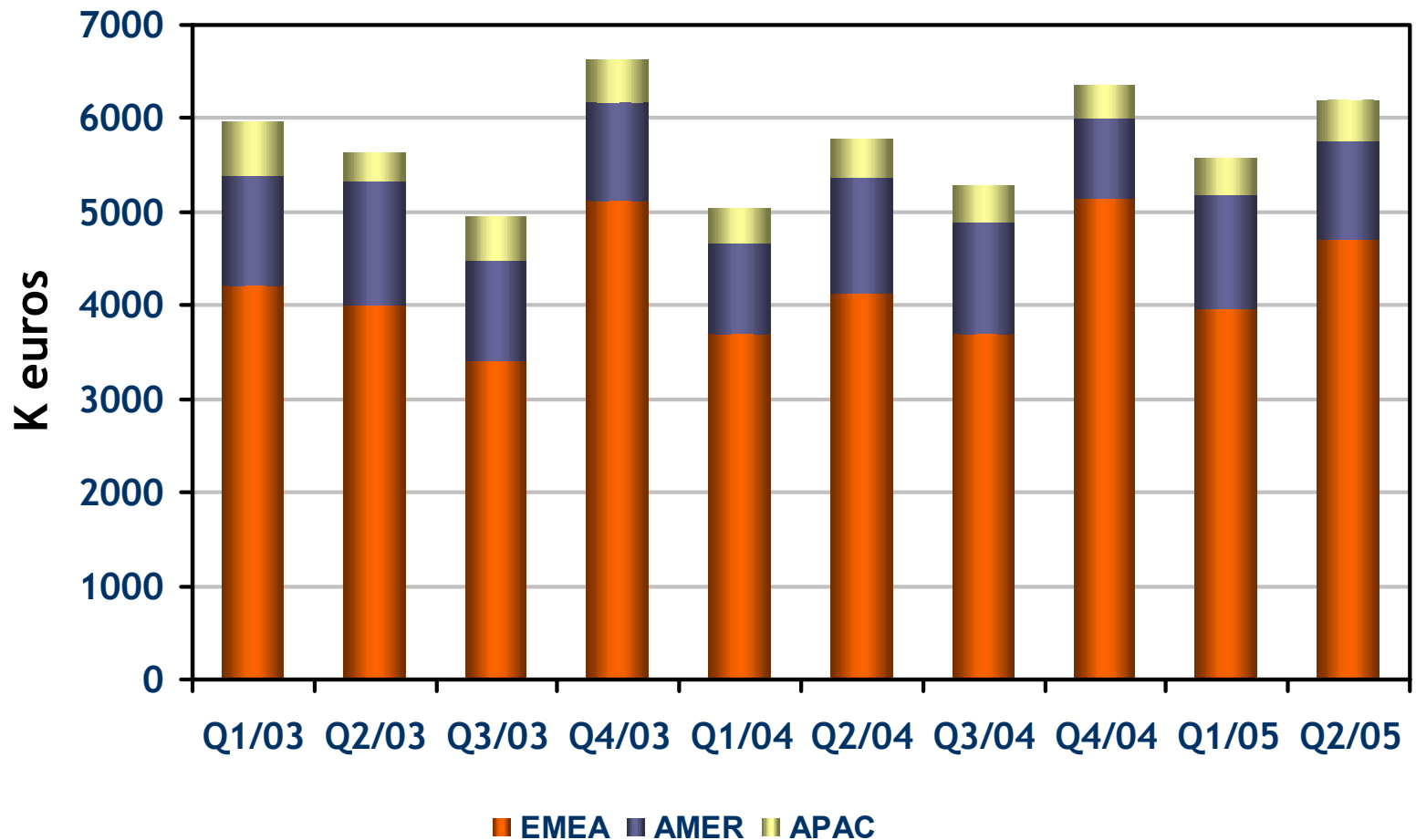
StoneGate Sales by Quarter



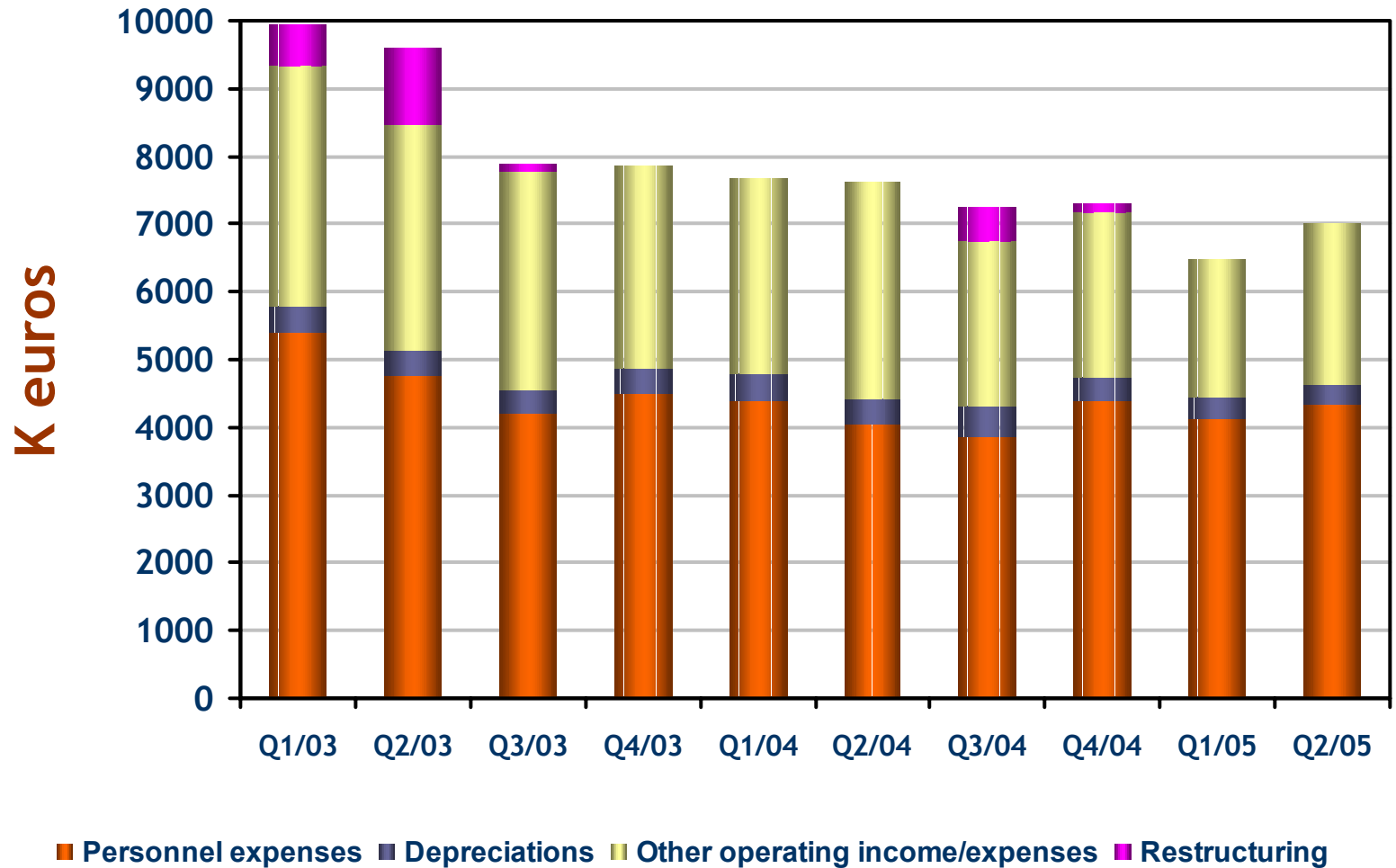
Sales by Product



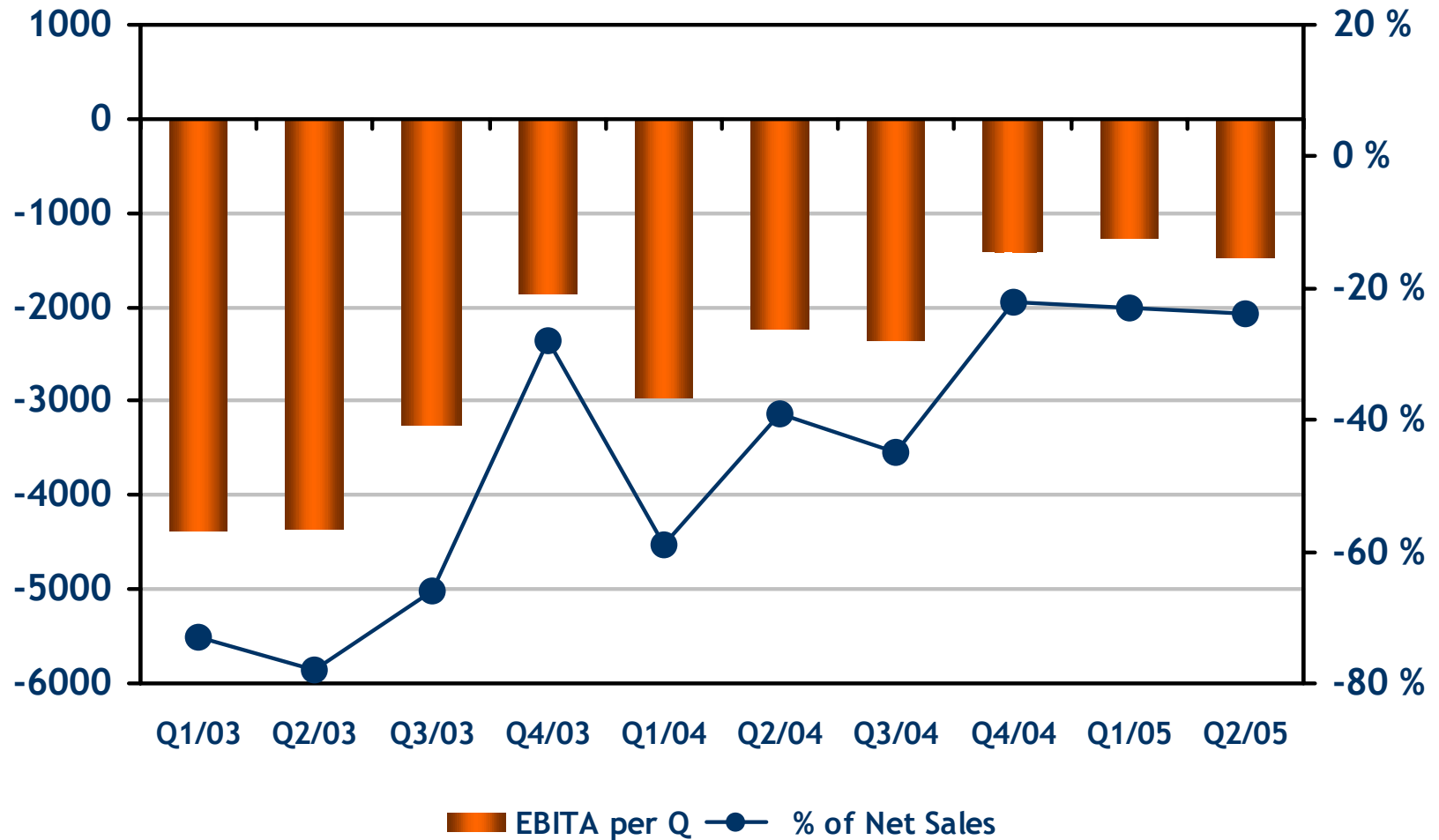
Net Sales by Area



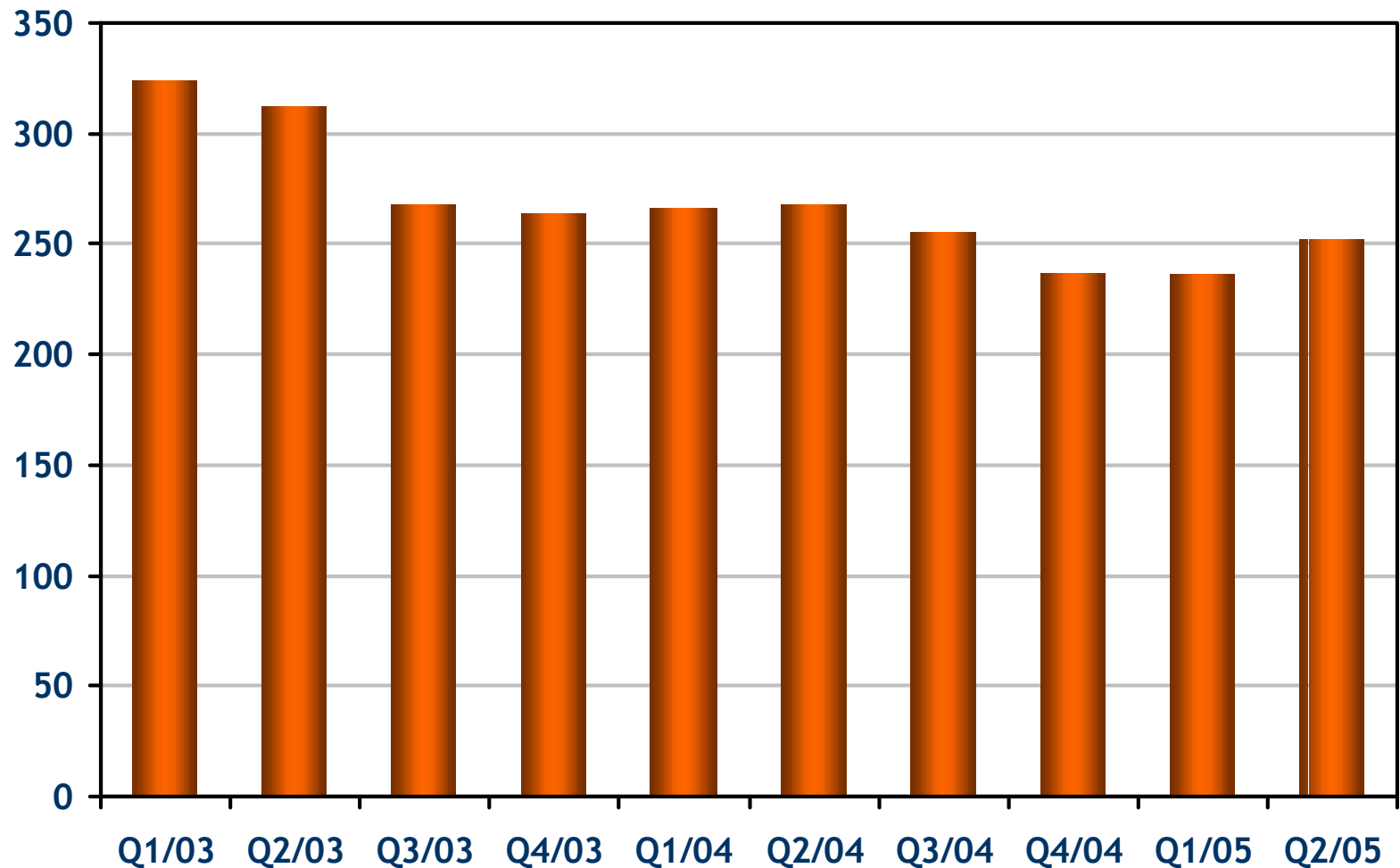
Operating Costs by Quarter (Q1/04 → IFRS)



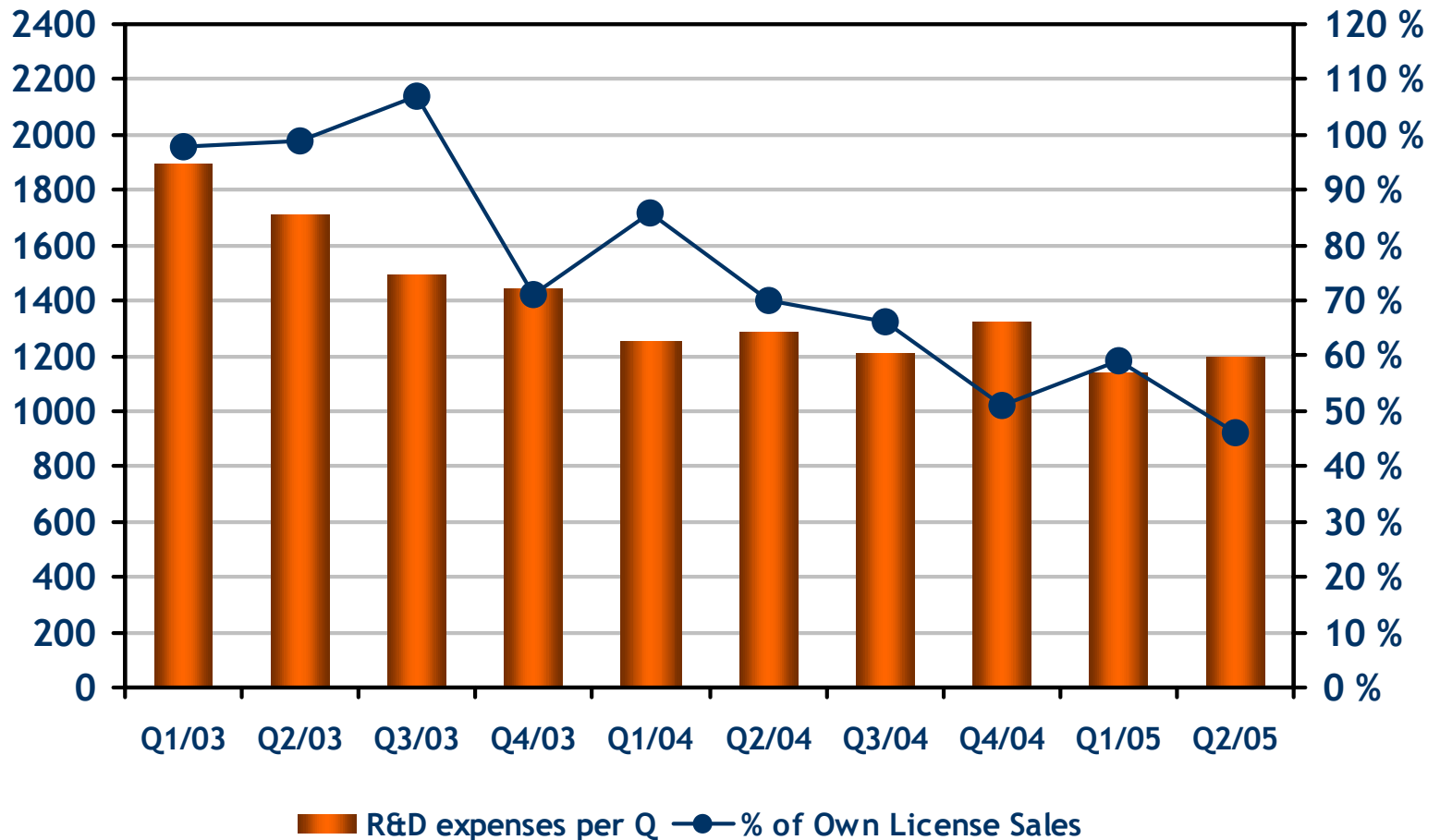
EBITA by Quarter (Q1/04 → IFRS)



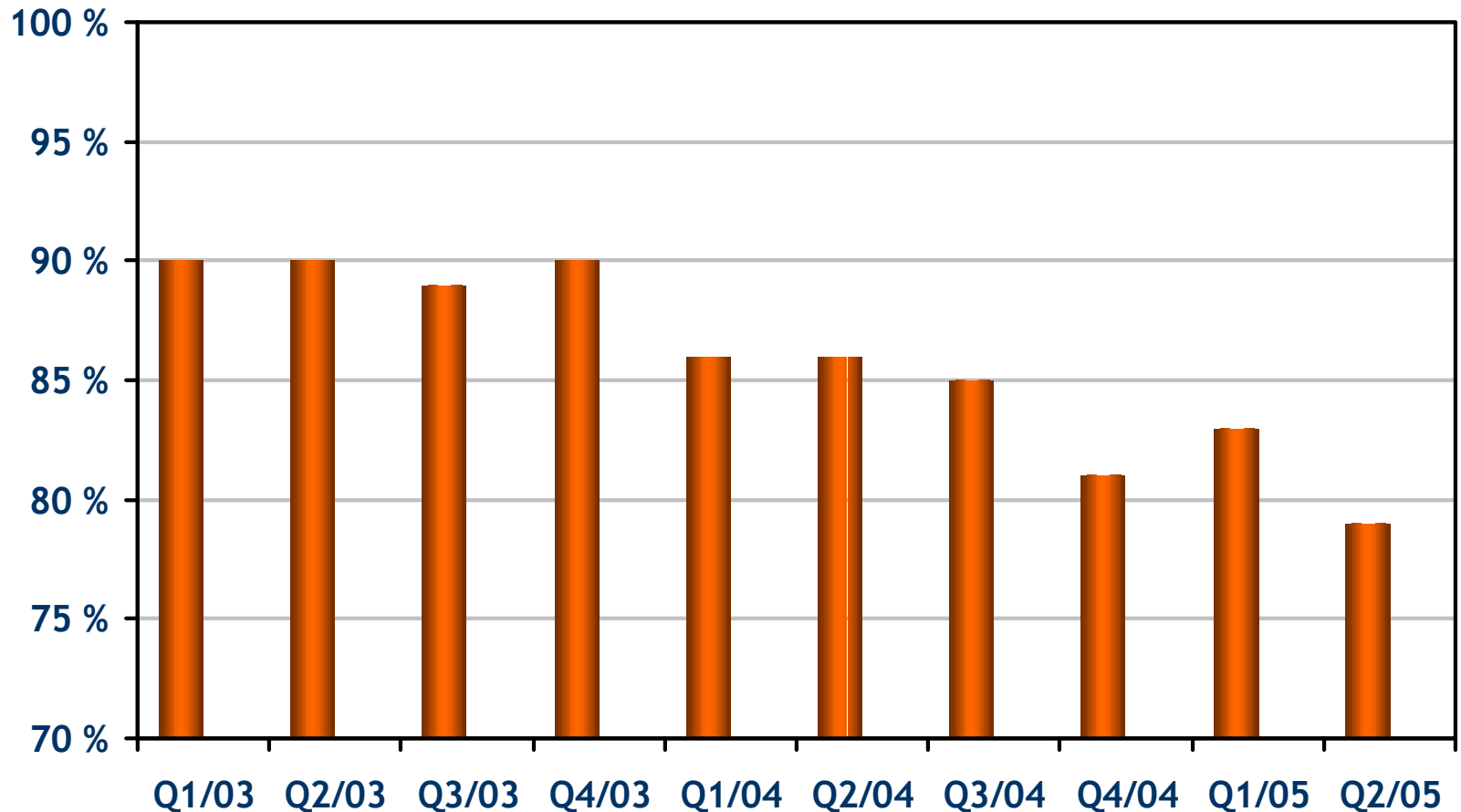
Personnel at the End of Quarter



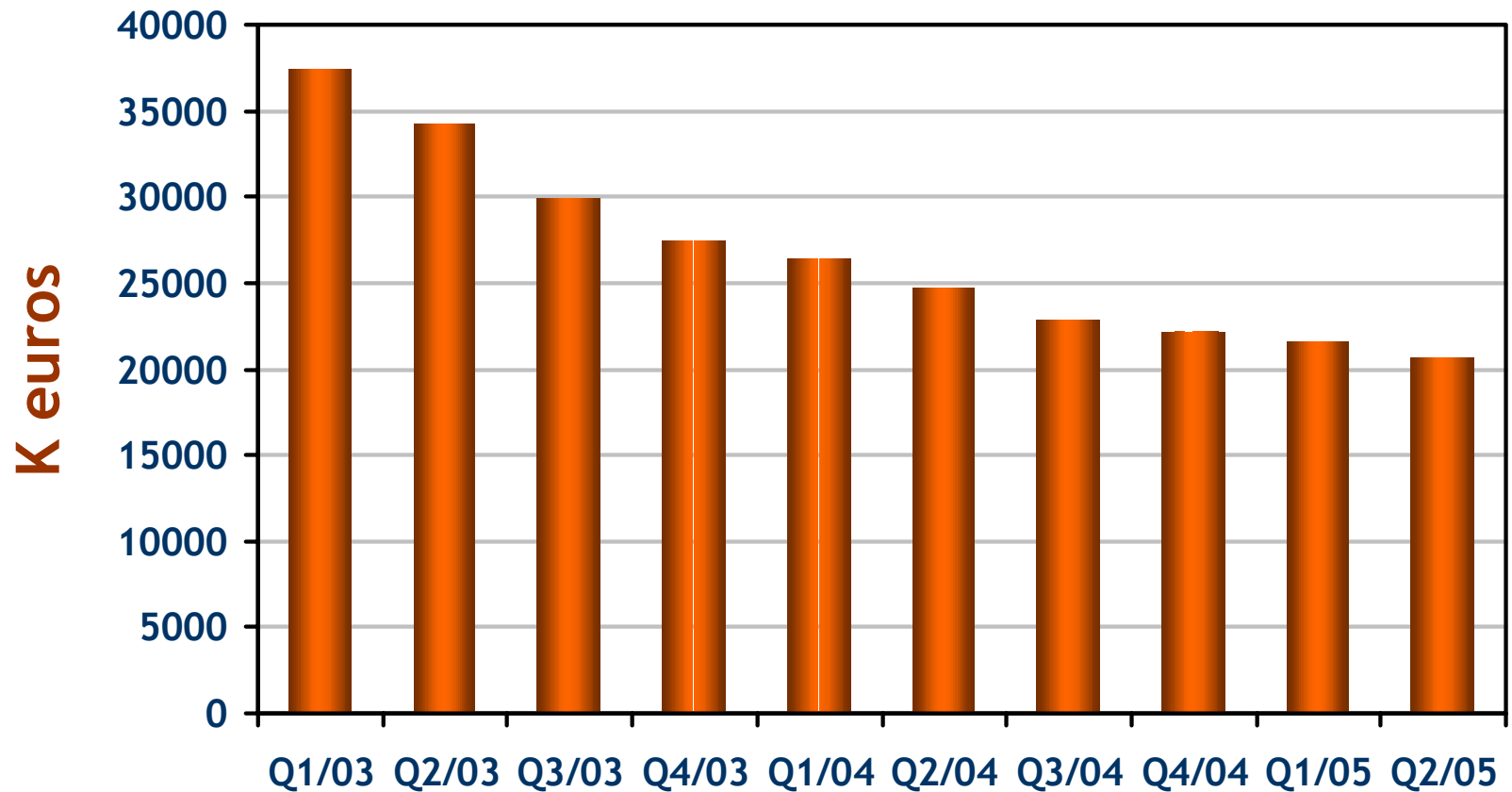
R&D Expenses (Q1/04 → IFRS)



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



Liquid Funds (Q1/04 → IFRS)



Shareholders Equity/Share (Q1/04 → IFRS)

