

January-December 2005, Annual Report



February 14th, 2006

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- Net sales EUR 22.2 millions, a decrease of 1% compared to 2004.
- The net sales of the core business, network security products and services grew by 6%
- StoneGate sales were EUR 8.4 millions, an increase of +24% compared to 2004. The growth is more than twice as fast as the market growth (estimated by Infonetics to 11%).
- Operating loss (EBITA) of EUR –6.3 millions, a clear improvement compared to the loss in 2004, EUR –9.0 millions.

- Net sales EUR 5.8 millions, a decrease of -9% compared to 2004
- The net sales of the core business, network security products and services declined by 2%
- StoneGate sales were EUR 2.4 millions, an increase of 2% compared to 2004.
- Operating loss (EBITA) of EUR –2.0 millions. The corresponding loss in 2004 was EUR –1.4 millions.
- The costs include an extra charge of 0.2 millions related to future rental income.

- In March the company implemented new sales management system. The system activates sales resources and enables transparent, real-time monitoring on global level with higher granularity.
- In June, the company announced
 - new versions of the StoneGate Management Center, StoneGate FW/VPN and StoneGate IPS products. The new versions further unify the security components of StoneGate offering and deliver new solutions to better and more advanced management functionalities to the complex security solutions.
 - SGI-20A IPS appliance that combines sensor and analyzer.
- In August IBM Global Services and Stonesoft renewed and expanded their partnership agreement in EMEA and USA to cover also Canada
- In September Stonesoft announced SG-4000, a FW/VPN product for large enterprises and distributed networks.

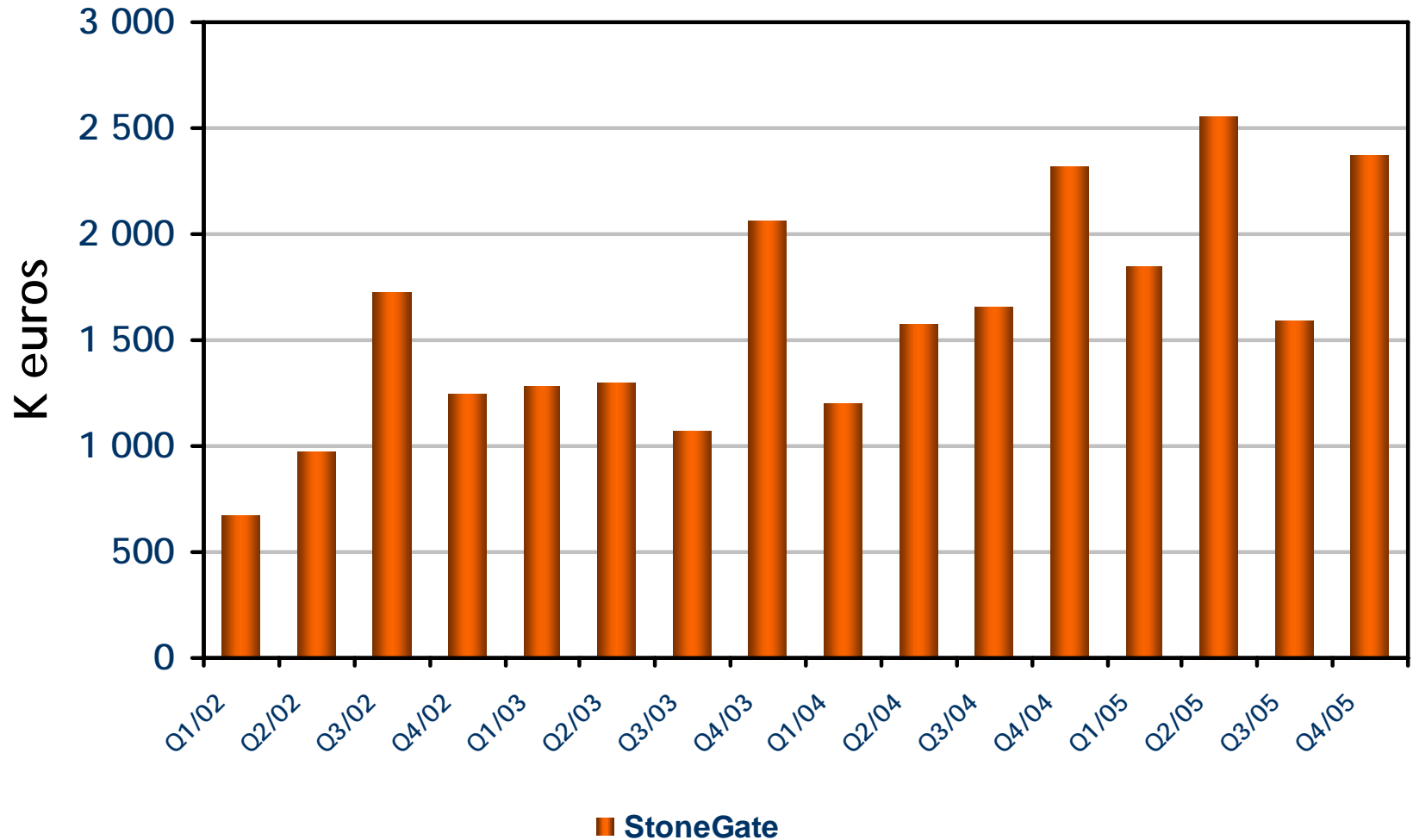
- In October Stonesoft announced four new Stonegate appliances. StoneGate SG-250e, SG-500e50, SG-500e-100 ja SG-570e appliances are targeted for medium sized organizations as well as for corporate remote and branch offices to answer to the future security requirements.
- In November, Stonesoft secured the UN World Summit on the Information Society in Tunis. The Summit had over 17 000 participants and national delegations from over 70 nations. The Summit was organized by ITU. During the Summit Stonesoft took care of network security and network availability.
- In the last fiscal quarter, Stonesoft enforced it's position in France. The company reorganized it's sales operations and made further recruitments.

- Stonesoft was granted
 - an European wide patent for a fail-safe remote upgrade called "a method of managing a network device, a management system, and a network device" (patent number EP 1259028) removes the risk that an error in a firewall configuration may lead to a situation making the network management center no longer able to connect to the firewall node in question, which could only be solved by making a costly visit to the site where the firewall node is located
 - a US patent called "Data Transmission Control Method" (patent number 6,912,200) covering the VPN component of the Multi-Link functionality and the connection selection method when both ends of communication are protected by the StoneGate platform. The patented solution is unique because of the method used to select the connections and the ability to determine a quality factor for each

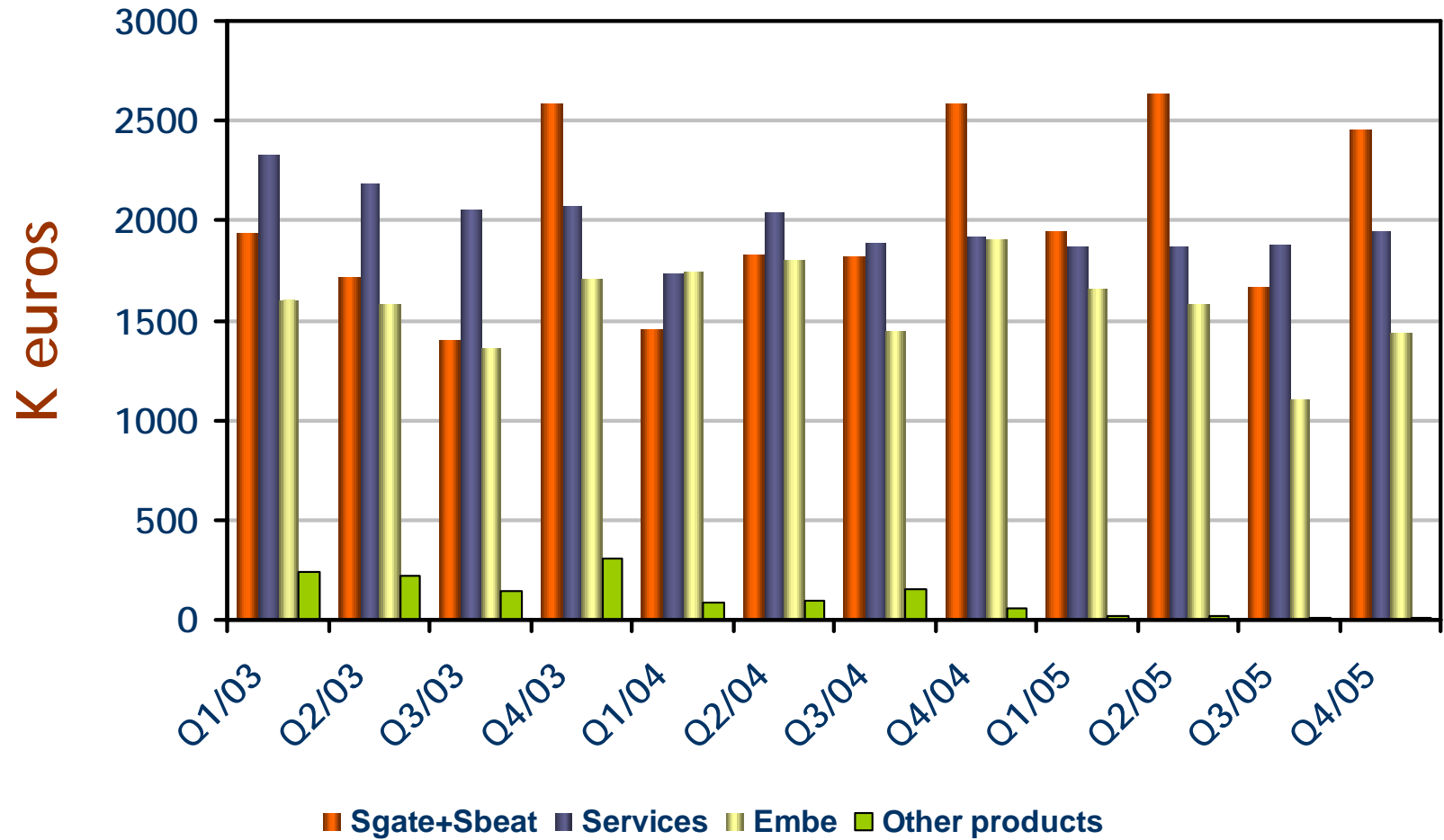
- The main goal for 2006 is to achieve faster growth than the market growth in the sales of StoneGate products, by utilizing the past investments. However, the development of the sales may vary fluctuate during the fiscal quarters.
- The company believes that the improvements in the operating results will materialize as a result of the sales growth. The company will achieve, over time, the right balance between the expenses and the sales.
- The company will enforce the focus to the key markets, develop further the partner community to support sales efforts and to further sharpen the marketing and communications actions to the key interest groups.

Q4/2005 Financials

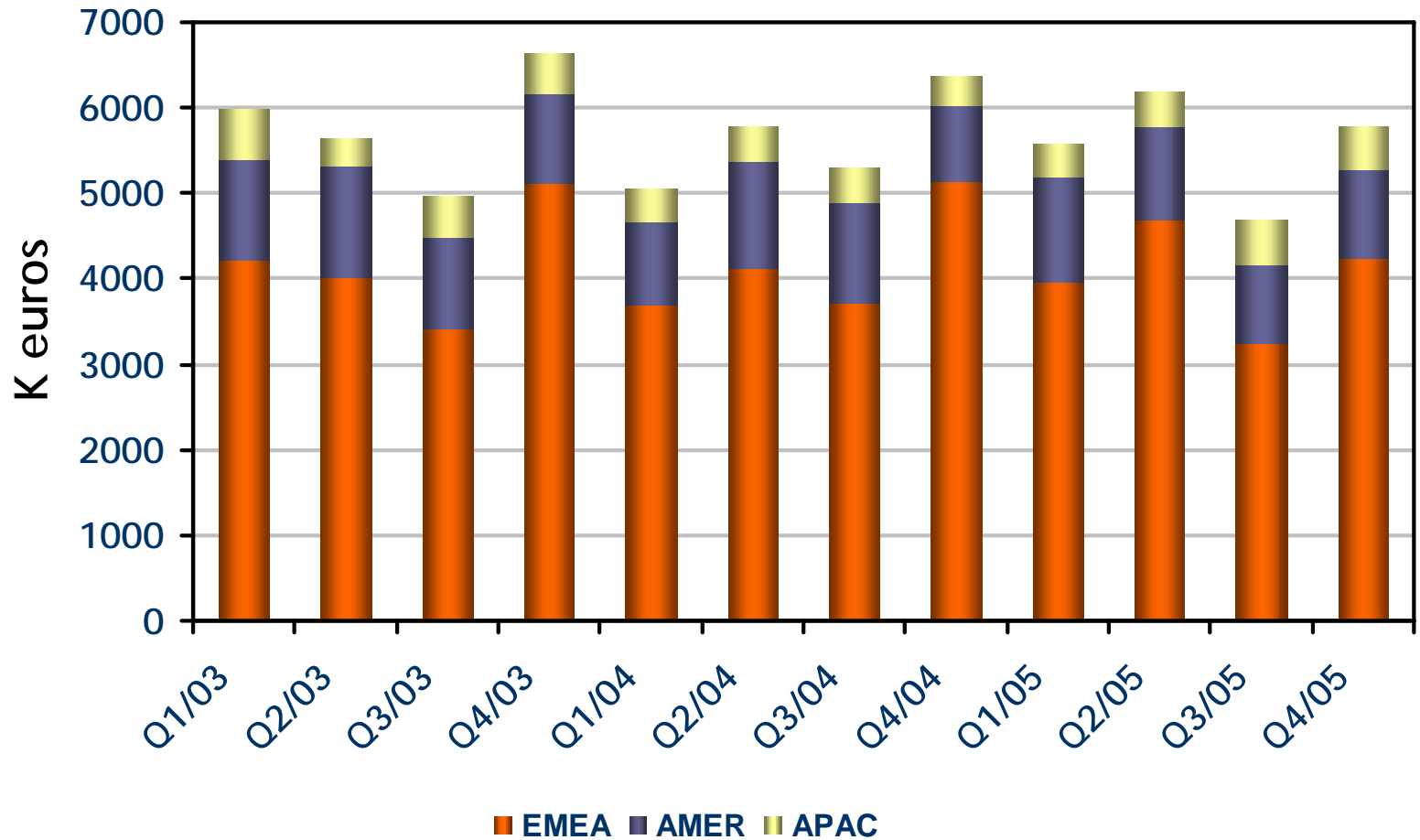
StoneGate Sales by Quarter



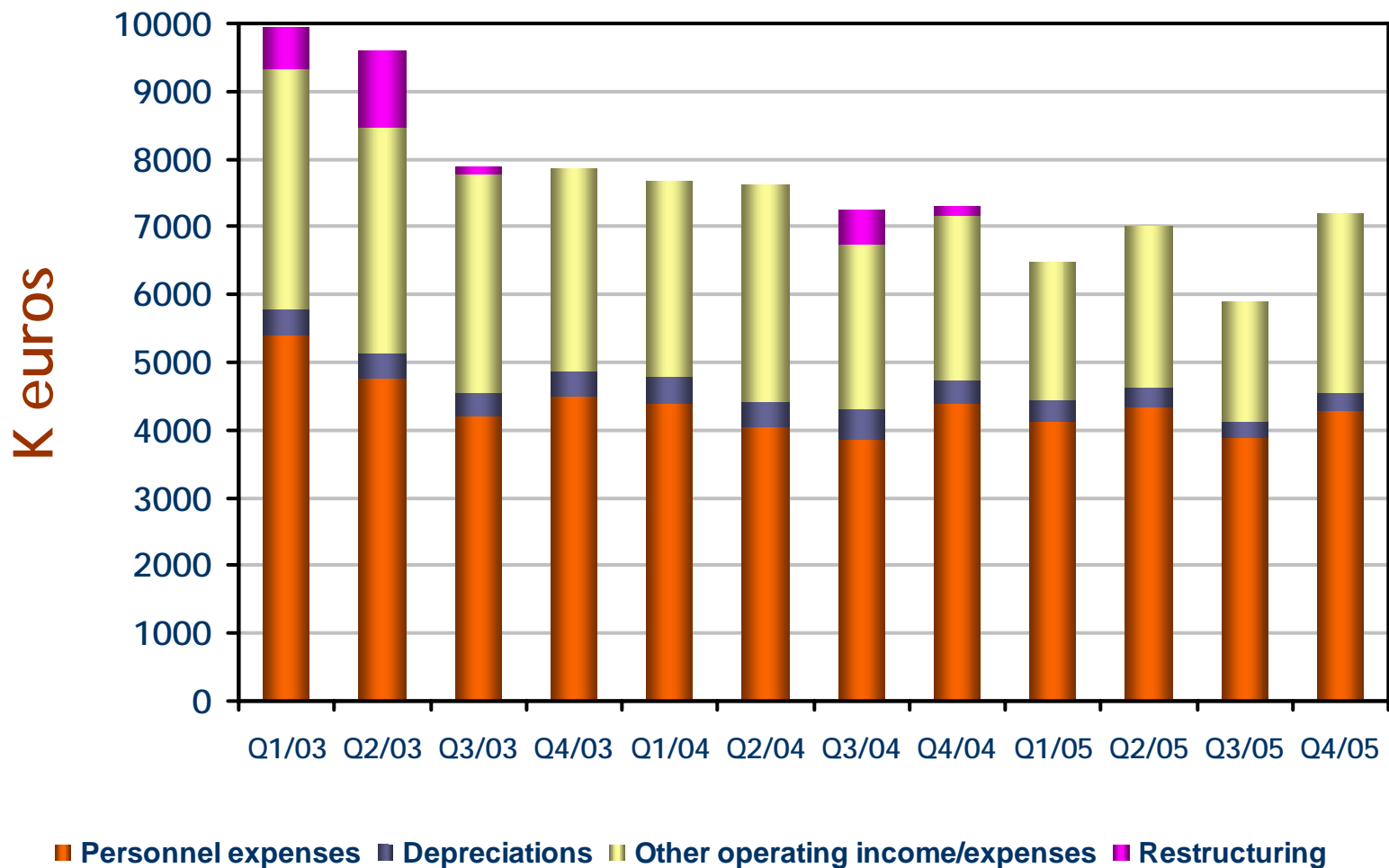
Sales by Product



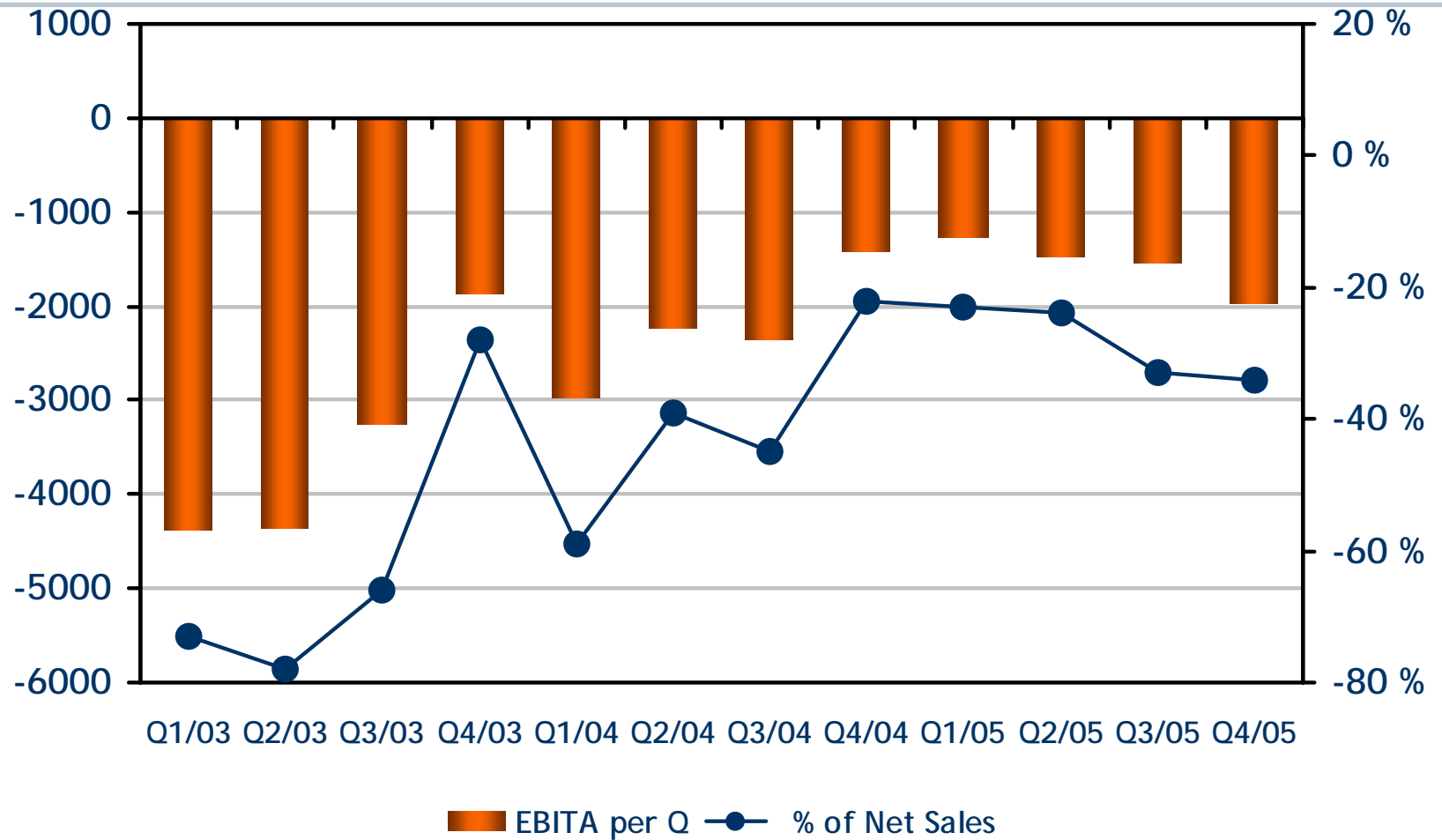
Net Sales by Area



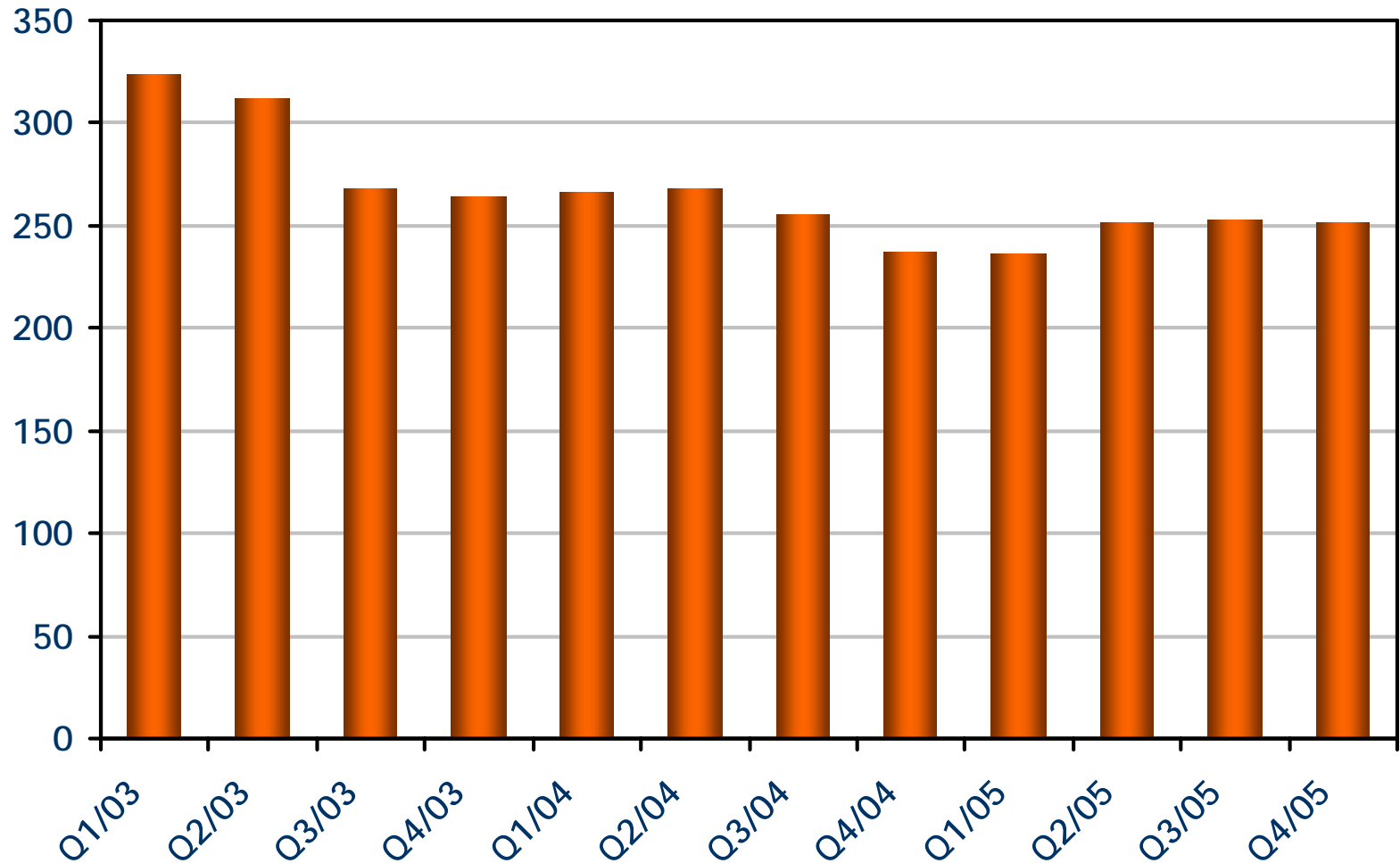
Operating Costs by Quarter Q1/Q4 → IFRS



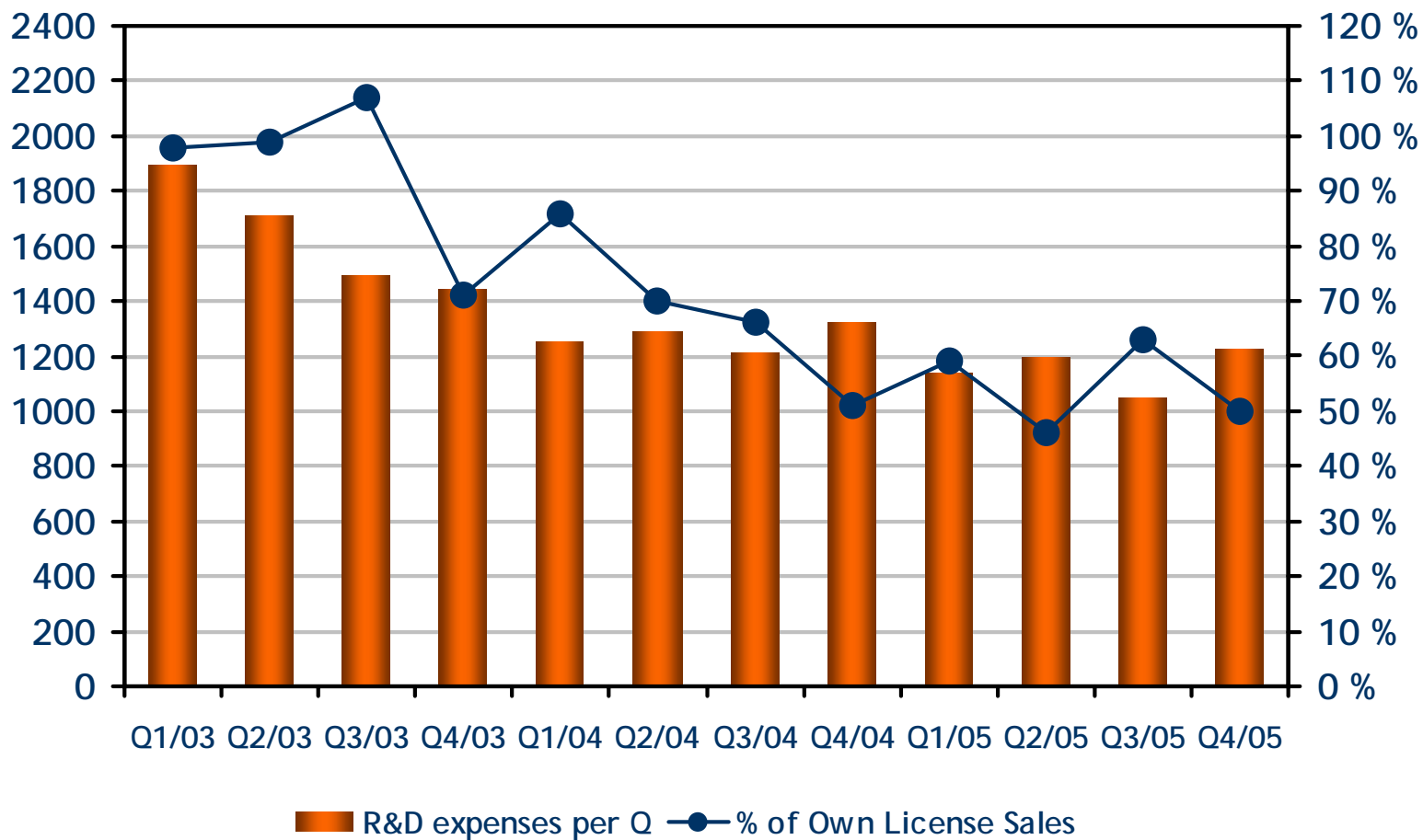
EBITA by Quarter Q1/Q4 → IFRS



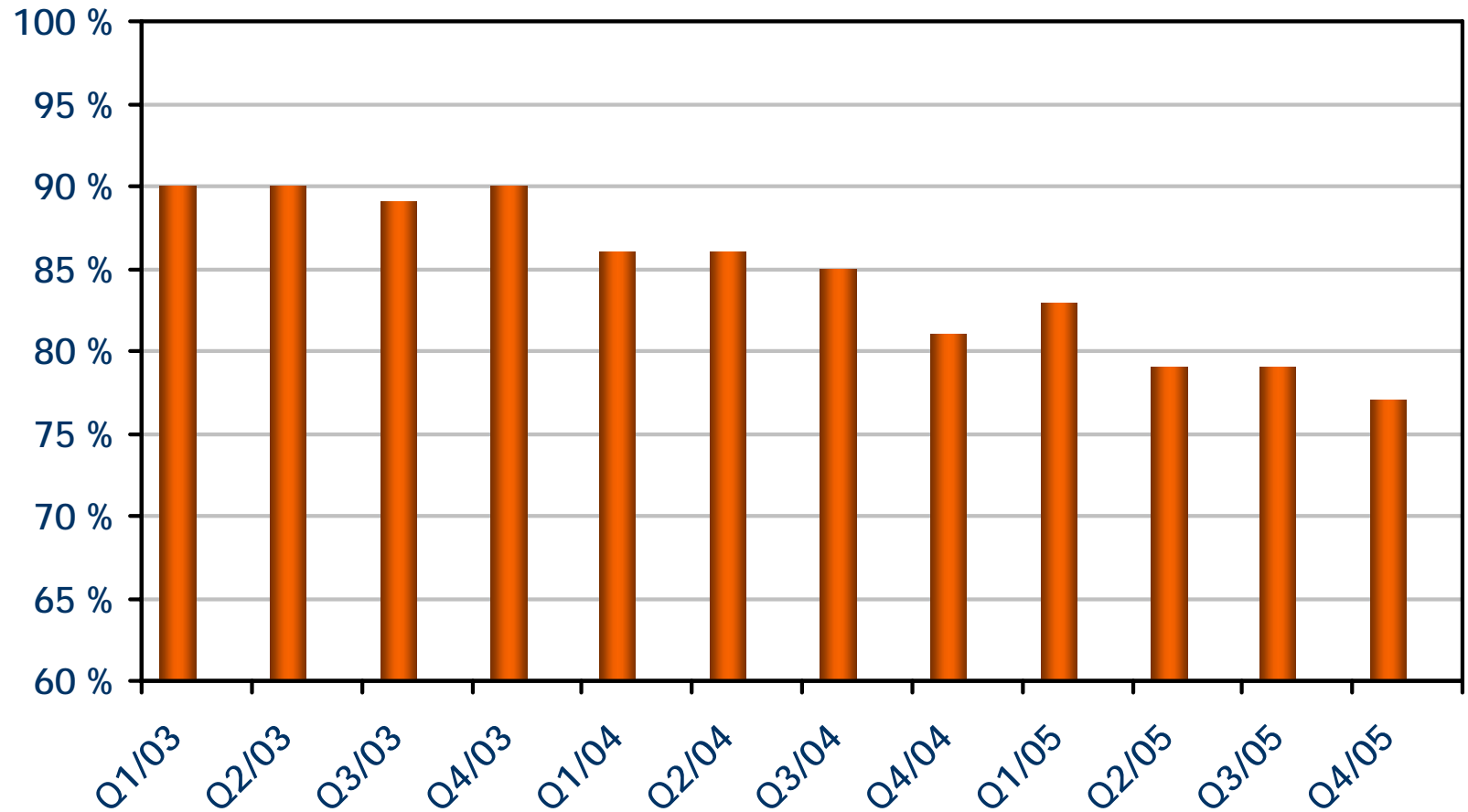
Personnel at the End of Quarter



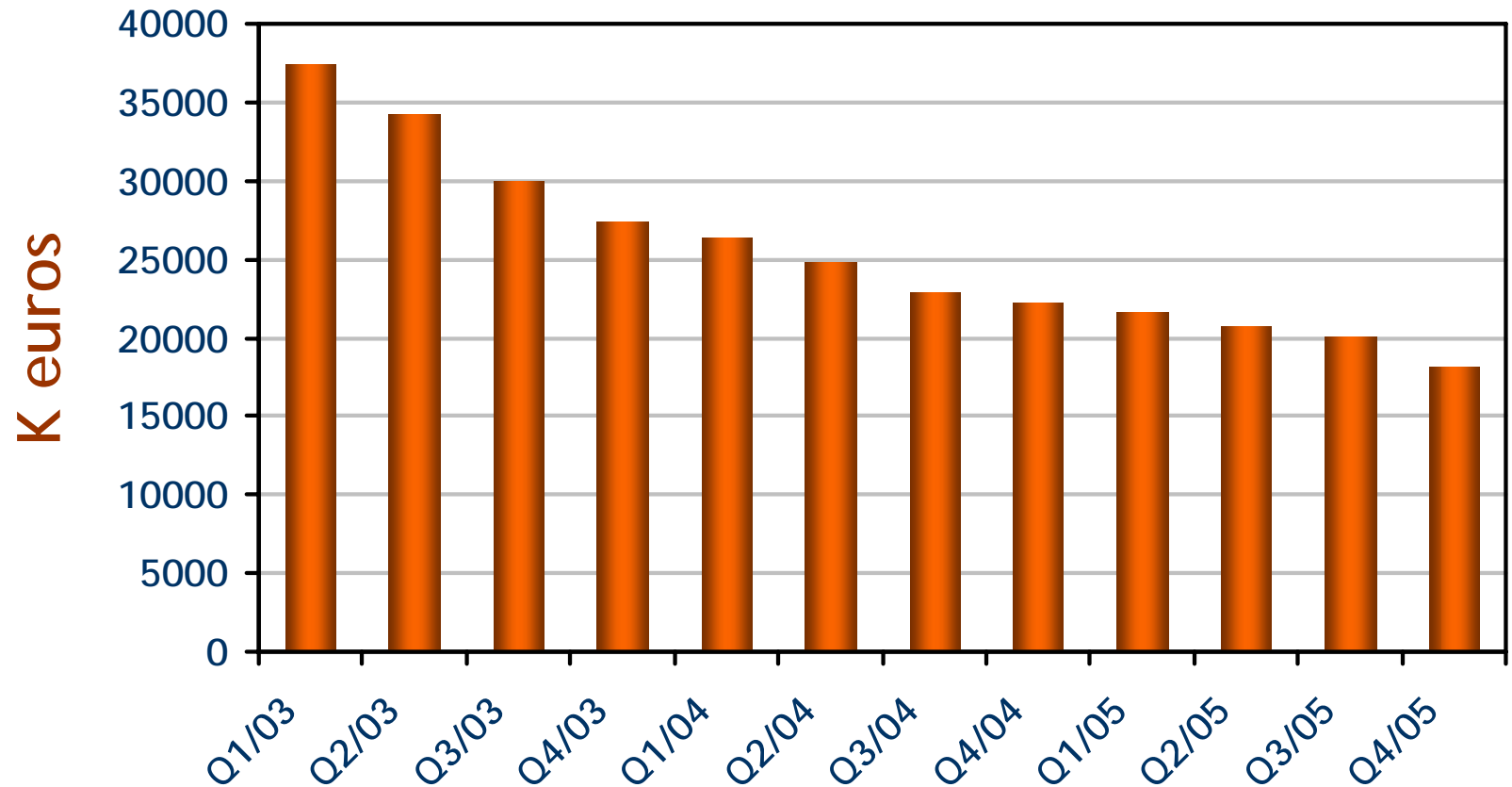
R&D Expenses (Q1/04 → IFRS)



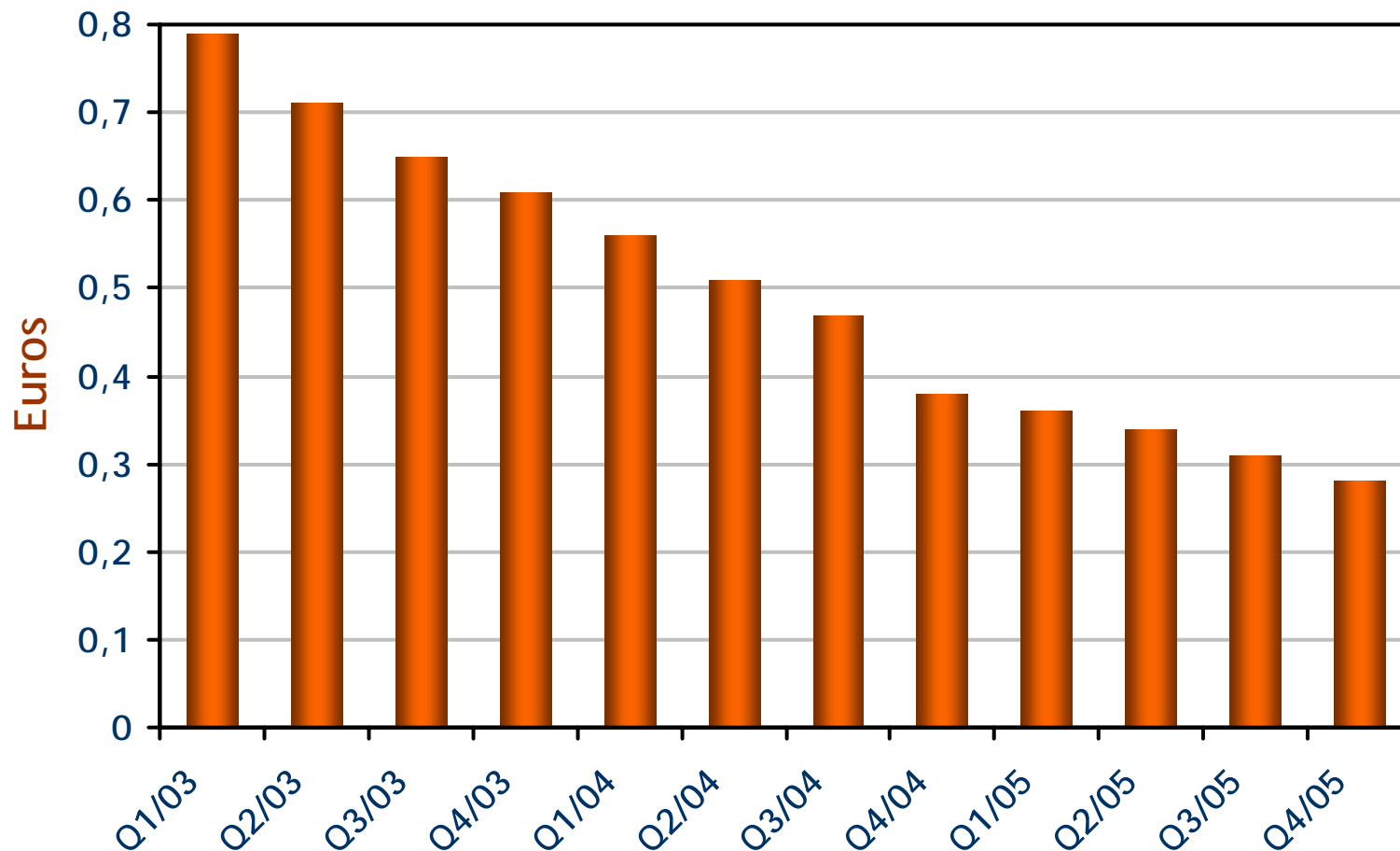
Equity Ratio at the End of QTR (Q1/04 → IFRS)



Liquid Funds (Q1/04 → IFRS)



Shareholders Equity / Share (Q1/04 → IFRS)



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www.stonesoft.com
stonesoft@stonesoft.com