

January-June 2007, Interim Report



July 31st, 2007

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- **The net sales** were EUR 4.8 million (EUR 3.7 million) - an increase of 32% compared to the previous year
- **StoneGate sales** were EUR 2.7 million (EUR 1.6 million) - an increase of 65% compared to the previous year
- **The operating result (EBITA)** was EUR –1.5 millions (EUR –2.0 millions)
- **The cash flow** was EUR –2.0 million (EUR -1.1 million)
- **Liquid assets** were EUR 11.0 millions at the end of the reporting period – a significant positive development is expected for the upcoming quarters.

Note: Previous year's comparable figures are in brackets and refer to the figures of continuing operations.

- **The net sales** EUR 9.2 million (EUR 7.7 million) - an increase of 9% compared to the previous year with growth accelerating in Q2.
- **StoneGate sales** were EUR 5.0 (EUR 3.7 million) - an increase of 35% compared to the previous year
- **The operating result (EBITA)** was EUR -3.6 million (EUR –3.4 million) – clear improvement took place in Q2
- **The result after taxes** was EUR –1.3 million (-EUR 3.4 million) - and EUR -3.5 excluding the selling price of Embe Systems Oy

Note: Previous year's comparable figures are in brackets and refer to the figures of continuing operations.

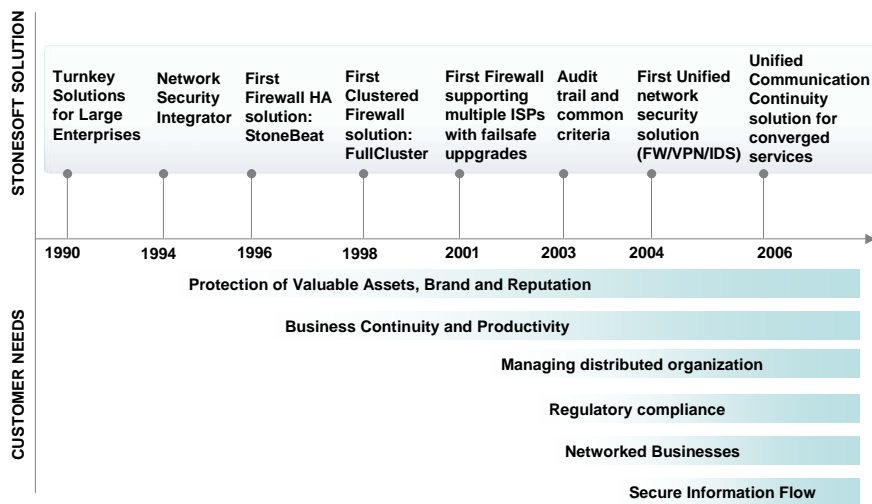
Secure Information Flow

From Network Security Provider to
Provider of Unified Communication
Continuity for Converged Services

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Stonesoft Solutions and Customer Needs

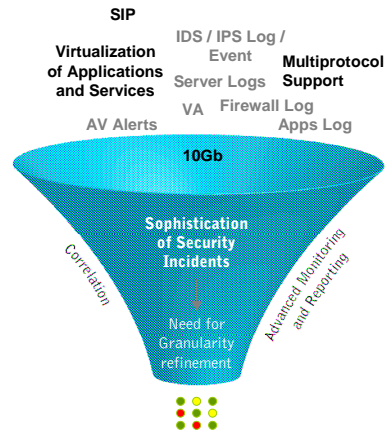


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Business Needs for the Security

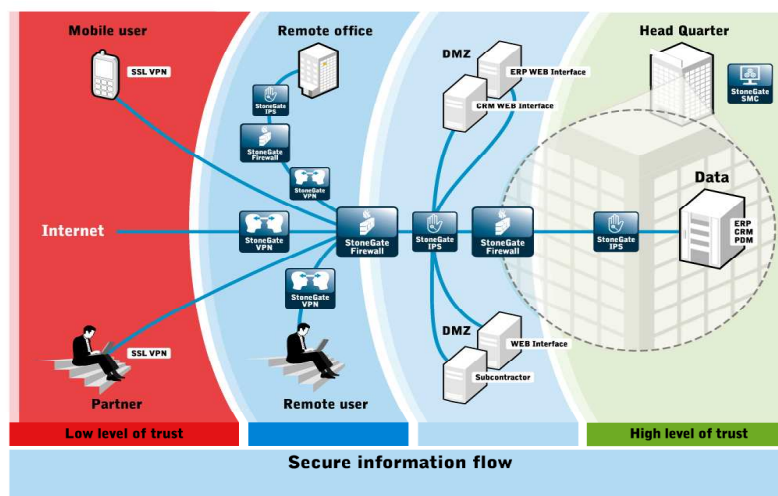
- **Situation awareness is a must**
 - real time info
 - clarity of status
 - data for fast corrective actions
- **Layered security**
- **Resilient connectivity**
 - data and services must be available
- **Centralized management**
 - ease of use and cost efficiency



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Secure Information Flow



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Highlights for Q2 2007

- StoneGate™ IPS-6000 and FW-5100, designed for large and demanding network environments, began shipping to customers in May. StoneGate™ FW-5100 is suited for networks demanding 10 Gbps performance and IPS-6000 meets 2 Gbps capacity needs.
- StoneGate™ SSL VPN solution for mobile users started shipping to customers in June.
- Stonesoft complemented its StoneGate™ secure connectivity solution by new features. StoneGate™ Management Center 4.0 offers advanced navigation, sophisticated log filters and search tools as well innovative disaster recovery.
- Stonesoft launched StoneGate™ IPS 4.0 for intrusion prevention and detection.
- StoneGate™ FW-300 and IPS-400 providing uncompromised security for remote offices were introduced in May.
- Stonesoft extended its StoneGate™ secure connectivity solution with a module that unifies IPS and firewall functionalities without the need to change existing network configurations.

Conclusions

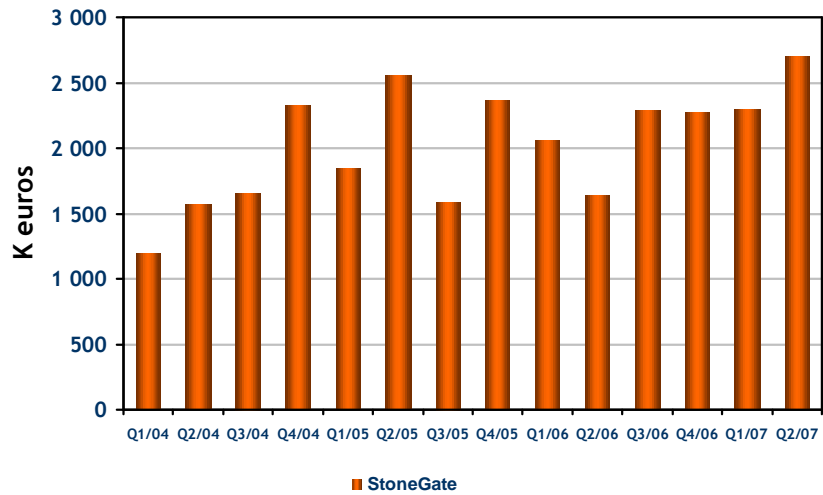
- Clear strong growth achieved during Q2
 - StoneGate 65 %
 - Net sales 32 %
 - Especially in US and Emerging markets were growing
 - Strong quarter in Spain
- Our future outlook for 2007 is
 - Annual net sales roughly EUR 21 million (+/- 10%)
 - Annual costs roughly 23 million euros (+/- 10 %)
- Our present pipeline for Q3 and Q4 confirms, that we are on the right track
- Our H2 cash flow is expected be significantly smaller than H1
- We continue our strategy to expand our market share



Q2/2007 Financials

- All comparative numbers exclude discontinued operations in historic data with the exception of
 - Equity rate at the end of quarter
 - Liquid funds
 - Shareholders equity per share

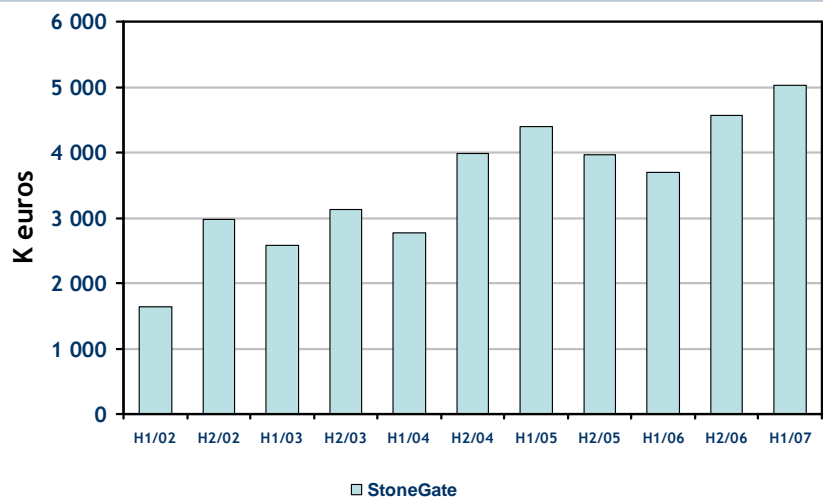
StoneGate Sales by Quarter



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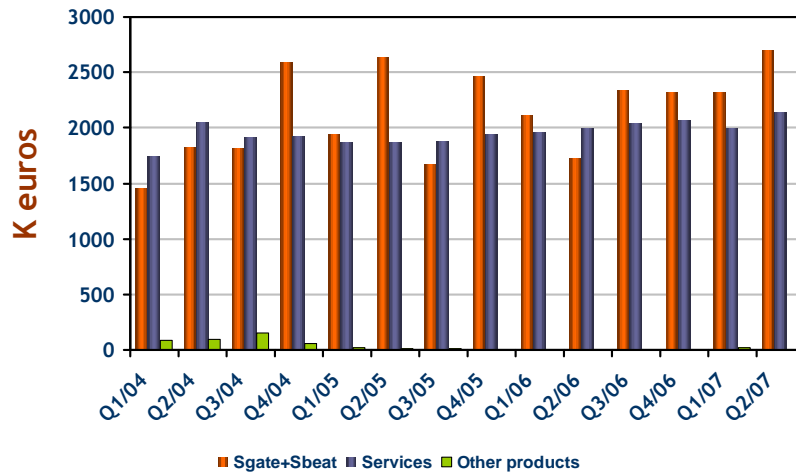
StoneGate Sales by Half Year



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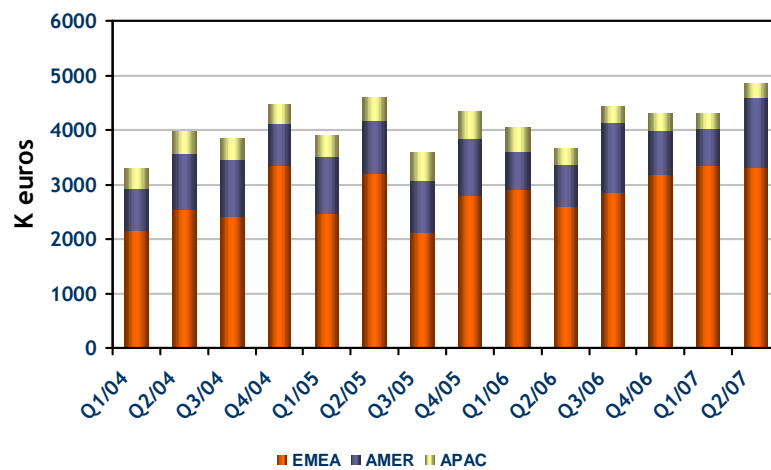
Sales by Product



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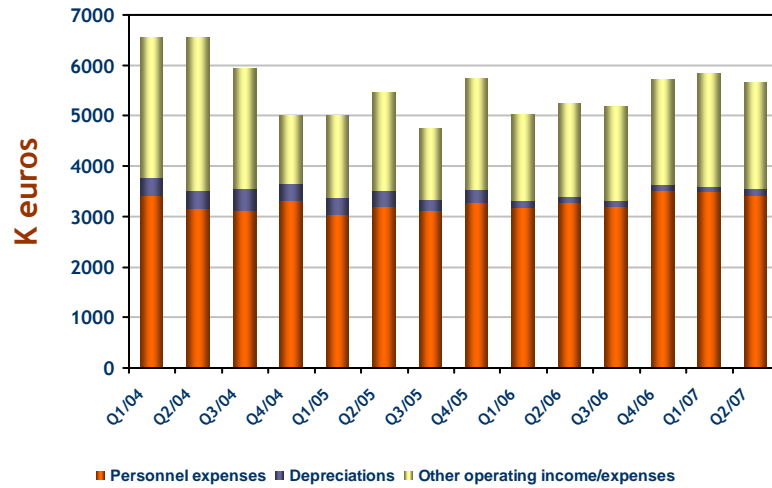
Net Sales by Area



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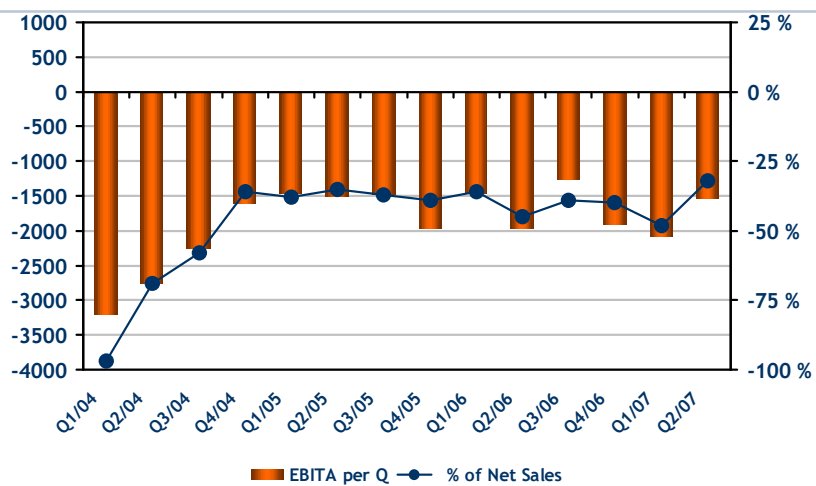
Operating Costs by Quarter



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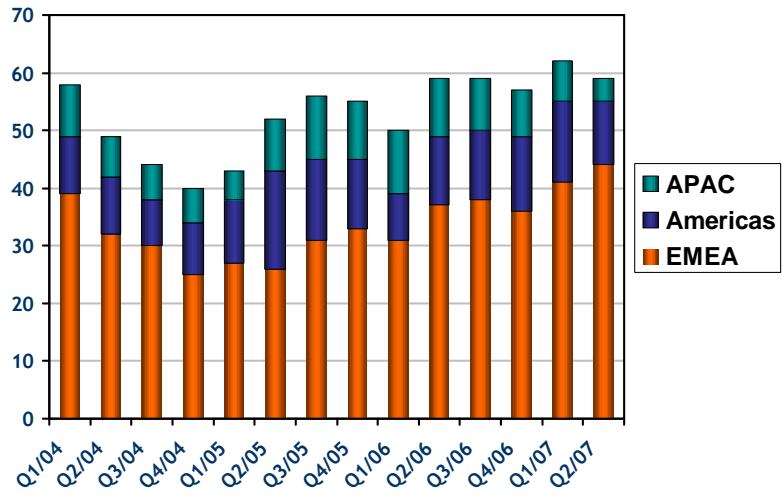
EBITA by Quarter



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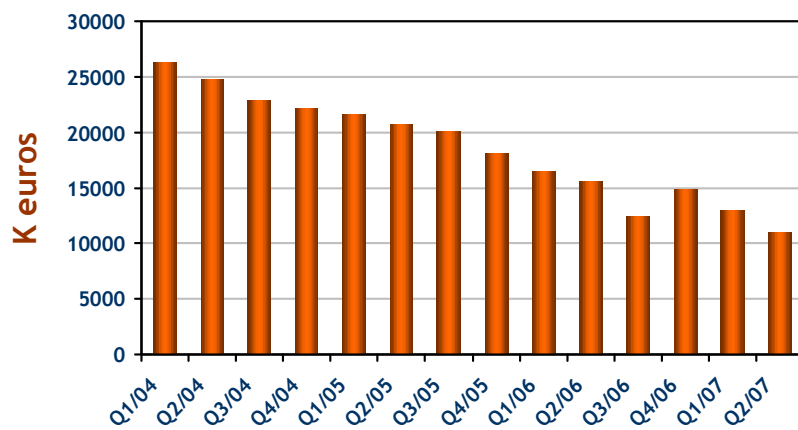
Sales Personnel at the End of Quarter



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Liquid Funds



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