

January-September 2007, Interim Report



October 25th, 2007

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Stonesoft Corporation

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- **Net sales** EUR 4.0 million, a decrease of 9% compared to the corresponding period in 2006.
- **StoneGate sales** EUR 2.0 million, a decrease of 13% compared to 2006.
- **Operating result** EUR 1.6 million negative, compared to EUR 1.3 million negative in the corresponding period in 2006
- **Operative cash flow** EUR 1.8 million negative
- **Liquid assets** EUR 9.1 millions at the end of the reporting period

- **Net sales** EUR 13.2 million, an increase of 9% compared to the corresponding period in 2006
- **StoneGate sales** EUR 7.0 million, an increase of 17% compared to 2006
- **Operating result** EUR 5.3 million negative, compared to EUR 4.7 million negative in the corresponding period in 2006
- **Result after taxes** EUR 3,1 million negative, compared to EUR 4.4 million negative in the corresponding period in 2006

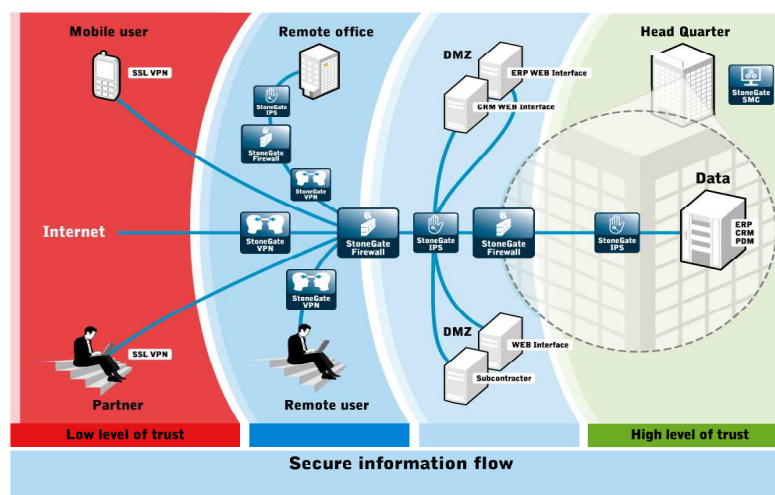
Secure Information Flow

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

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Secure Information Flow



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Highlights for Q3 2007

- Stonesoft announced two patents: Method and device for handling related connections in a firewall and an intrusion detection method and system
- Stonesoft launched new StoneGate Transparent Access Control (TAC) module, which enables transparent segmentation and access control of the network without the need to change the network configurations
- Research company Gartner Inc. listed Stonesoft in their renowned Magic Quadrant research report. The report analyzes the market development of enterprise level firewalls and positions the leading industry vendors by their ability to execute and the completeness of the vision

Customer References



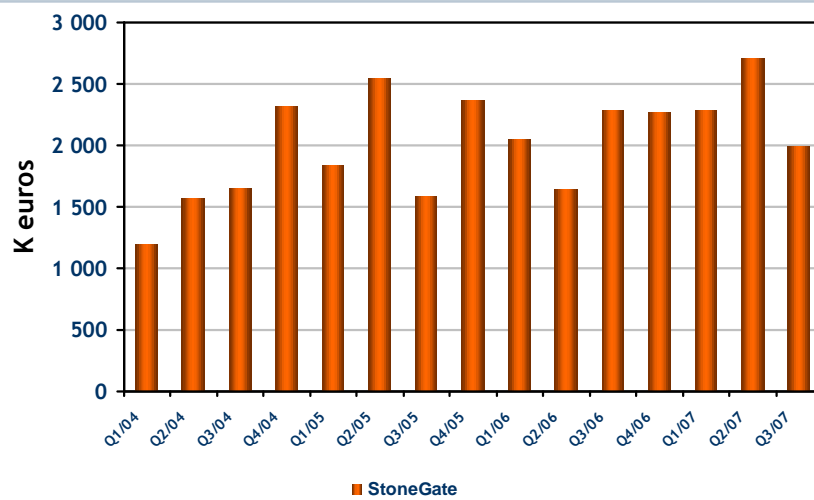
Q3/2007 Financials

- 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

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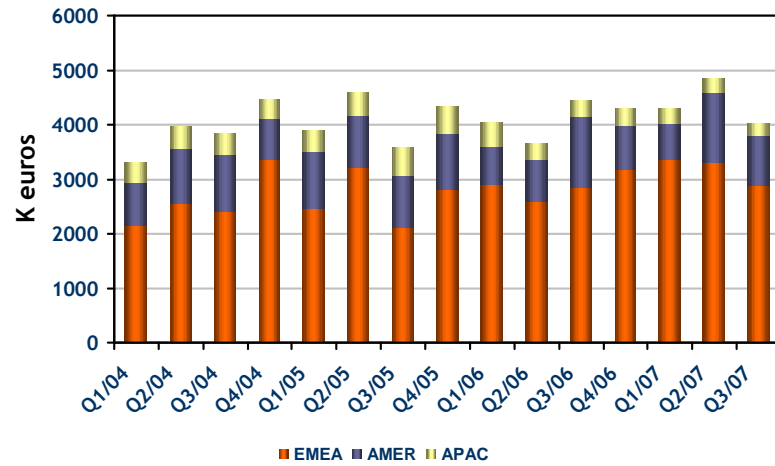
StoneGate Sales by Quarter



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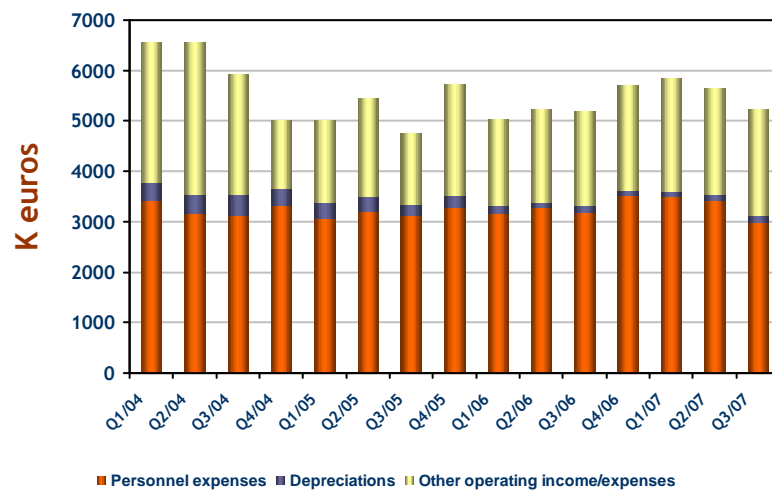
Net Sales by Area



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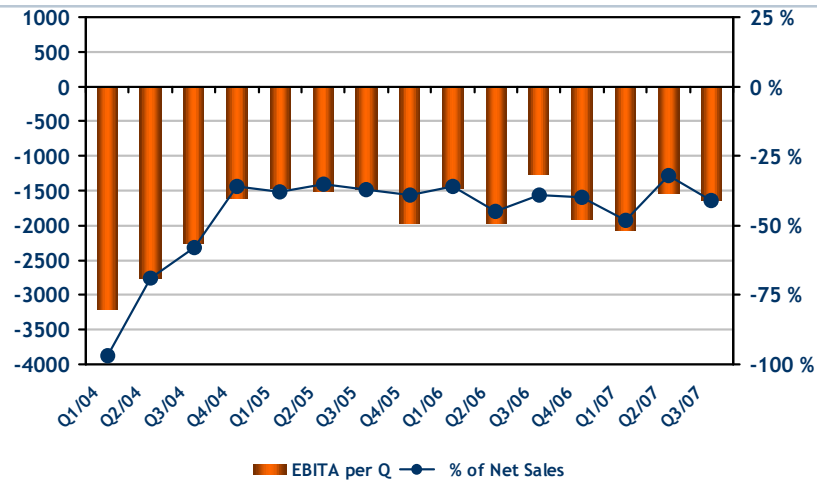
Operating Costs by Quarter



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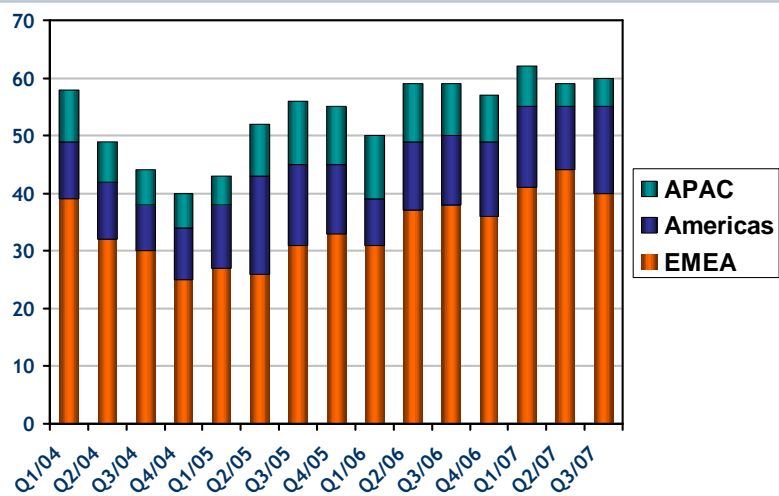
EBITA by Quarter



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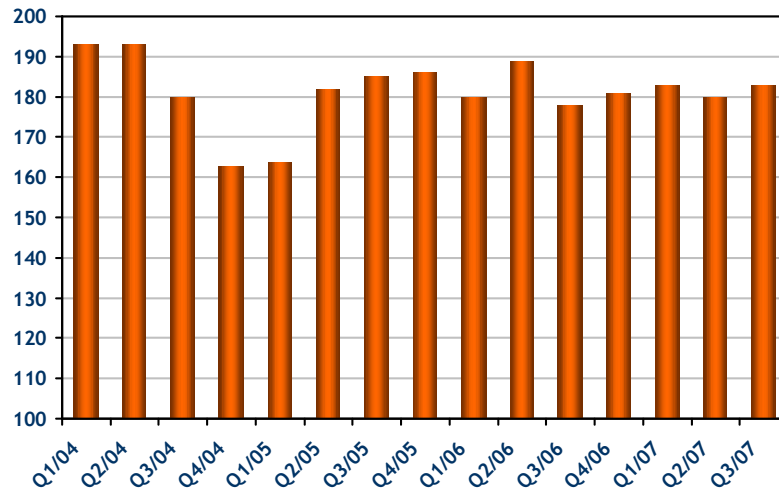
Sales Personnel at the End of Quarter



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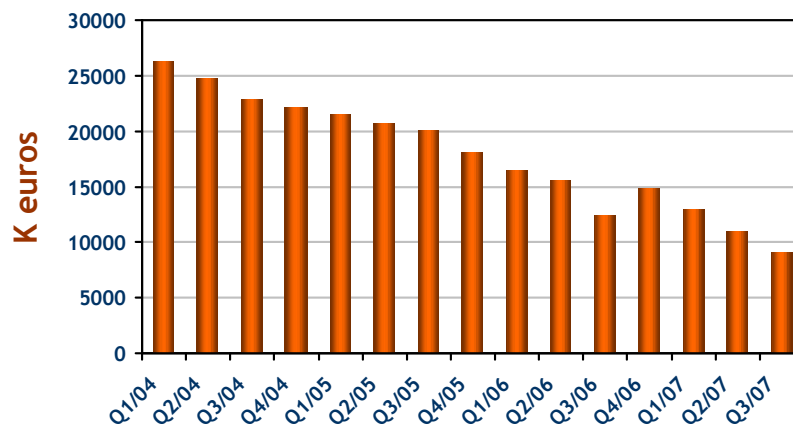
Personnel at the End of Quarter



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Liquid Funds



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Conclusions

- Strong seasonal variation during Q3
 - StoneGate -13 %
 - Net sales -9 %
 - Targets not met in Europe and the USA
 - Good quarter in USA except governmental sales
 - Strong quarter again in Spain
 - Strong growth in the North-Africa
- YTD growths still reasonable,
 - Stonegate +17%, invoicing +8, revenue +9%
- Our future outlook for 2007 is
 - Annual net sales € 19 million +/- 10%
 - Annual costs € 23 million +/- 10 %
 - Operating profit and total result expected to develop favourably
- Drastic growth in the sales funnel - the present pipeline for Q4 and Q1/2008 confirm, that we are on the right track

Strengthening Capital Structure

- During the past year Stonesoft has
 - proceeded consistently and systematically in implementing its global marketing and sales strategy to generate profitable growth
 - changed from a network security provider to a provider of network security and information availability
 - Implemented strategic changes and recruitments in the sales and marketing organizations
 - succeeded in increasing drastically our sales funnel particularly during this year.
- Based on these activities the main shareholders
 - have strong faith on the growth of the company's turnover and the improving development of its operating result
 - are willing to invest in the company at least 3 million euros in form of convertible bond to ensure the continuance of the positive development
- The board of directors
 - has decided to take action to start preparing convertible bond to be addressed to a limited number of investors with a target to ensure additional funding of 3 – 5 million euros to the company if needed

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