

January-December 2006, Annual Report



February 16th, 2007

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Stonesoft Corporation

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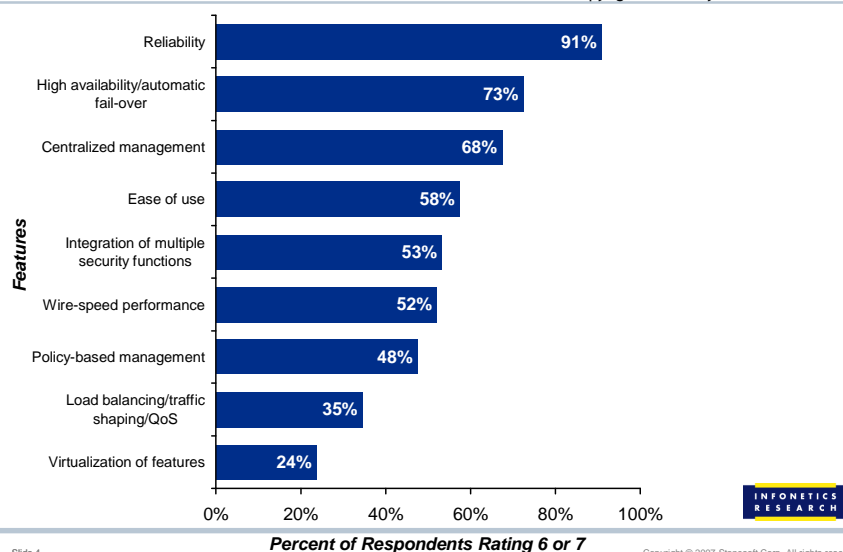
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- Net sales EUR 5.8 millions, +1% compared to the corresponding period in 2005.
- StoneGate sales were EUR 2.3 millions, an decrease of 4% compared to 2005.
- Operating loss (EBITA) of EUR –2.0 millions, equal to the loss in the corresponding period in 2005, this included 0,2 million extra ordinary costs from EMBE sales
- The cash flow was 2,4 millions positive, primarily due to the prepayment related to the sale of Embe Systems Oy
- Strong positive development in the prospect pipeline during the second half of the year, which lets us anticipate positive sales development particularly from the second quarter of 2007 onwards

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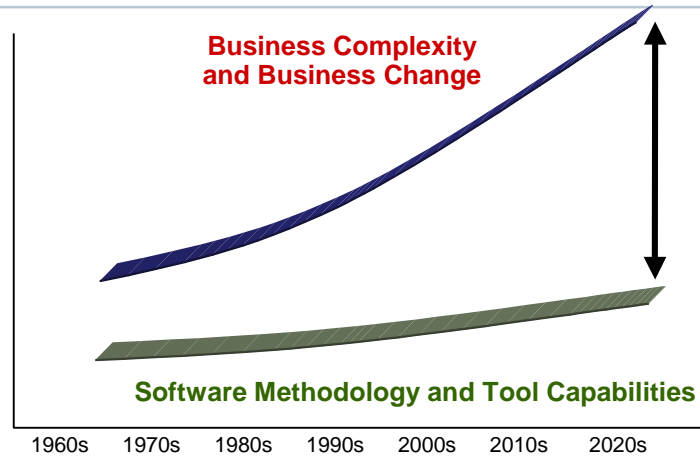
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IT Lags Business Complexity and Change



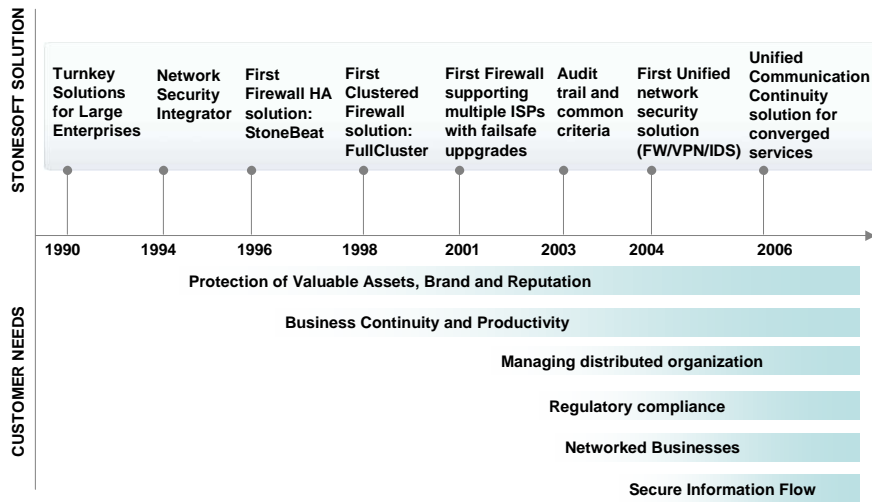
That's why "70% of senior executives at large corporations agree that IT is relevant to growth, 60% say IT is actually inhibiting their growth efforts."

Position on the Market

Secure Information Flow

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

Stonesoft Solutions and Customer Needs

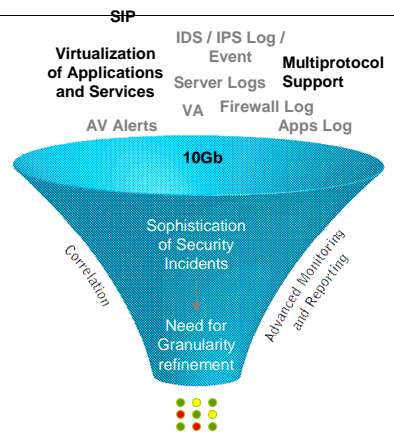


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Business Needs for the Security

- **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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- Finnish Defence Forces selected Stonesoft's firewalls to protect the transition network.
- Technical university RWTH Aachen chose Stonesoft's network security products to protect its IT network.
- StoneGate firewall was selected the best in Europe in two categories in competition of respected Secure Computing Magazine in April.
- Cern announced agreement on cooperation in research and development with Stonesoft. Cern is using Stonesoft's technology to protect its grid network.
- Stonesoft launched the new generation StoneGate Platform providing secured, optimised and resilient connectivity for converged services while preventing damage of attacks.
- Global agreement with the United Nations for the provision of StoneGate products and services.
- Gartner included Stonesoft in its Magic Quadrant report and described it as innovative network security company.

- We signed multiple new partnership agreements, For example following:
 - Stonesoft established a partner agreement with Fujitsu Services Oy. The contract covers product, maintenance and service sales o Stonesoft's network security products to Fujitsu's offering in Nordics and Baltic countries.
 - TietoEnator Oyj and Stonesoft signed a partner agreement. According to the agreement TietoEnator includes Stonesoft offering to their service offering.
 - Partnership with ITPS in UK
 - Siemens and Stonesoft signed a partner agreement in Spain. The agreement broadens the geographical scope of the agreement signed earlier with Siemens that covers Scandinavia and Central Europe.
 - Partnership with Noxs in Italy

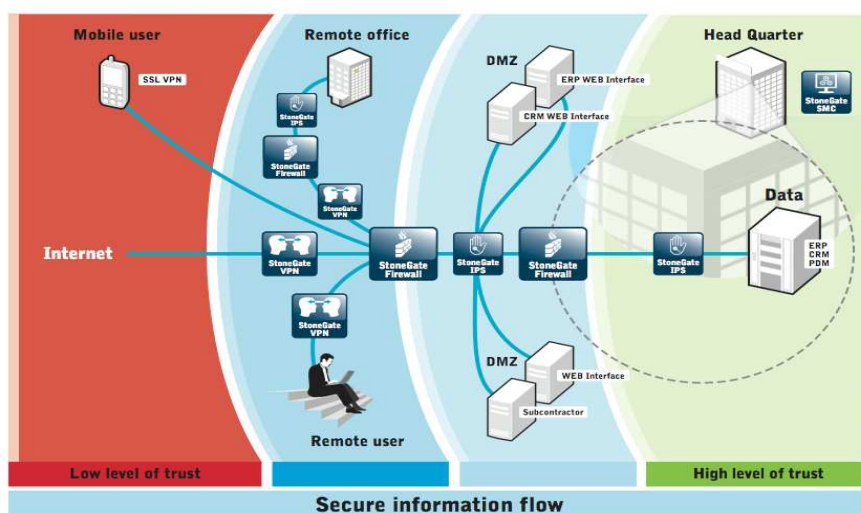
Major Events After Financial Year

- **Stonesoft partners with PortWise to provide advanced SSL VPN and Secure Application Access**
 - to provide enhanced security for distributed organizations with mobile and remote users, which are looking for lower cost of maintenance and greater richness in end user platform support
- **The new StoneGate™ product line provides multi-layered security with 10 Gbps performance**
 - StoneGate FW-5100 firewall delivers performance of 10 Gbps
 - StoneGate IPS-6000 Intrusion Prevention System is the ideal solution for large enterprises and MSP (Managed Service Provider) environments where 2 Gbps capacity and flexible configuration is required.

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Secure Information Flow



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- Net sales EUR 21.9 millions, 0.4 millions less than in 2005.
- Net sales H2 +8 %
- The net sales of the core business, network security products and services was EUR 16,5 millions, equal to last year
- StoneGate sales were EUR 8.3 millions to be compared to 8,4 in 2005.
- H2 StoneGate sales + 15%
- Operating loss (EBITA) of EUR –6.5 millions, compared with a loss of EUR –6.3 millions in 2005

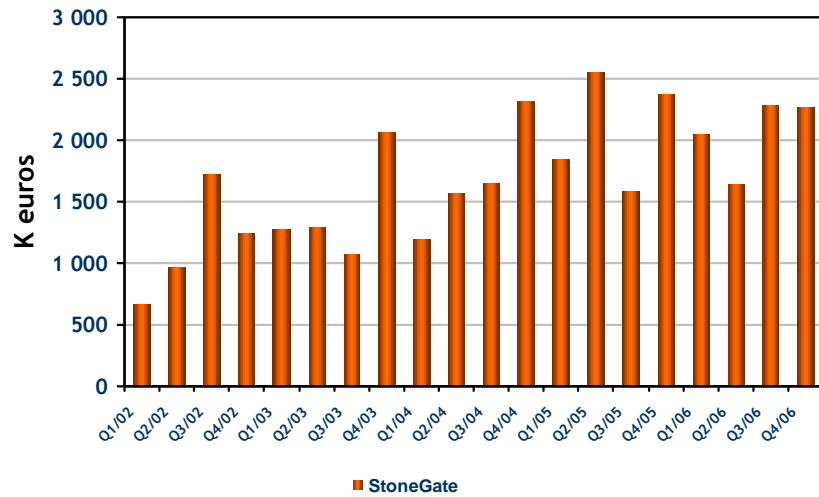
- Continue the achievement of the growth strategy
 - Customer orientation is a key to enforce this development
- Boost the sales on several markets
- Further strengthen the co-operations with partners
- Continue marketing and pr activities
- Strong positive development in the prospect pipeline during the second half of the year
- Year 2007 estimated annual net sales roughly 25 million euros (+/- 10%) the comparable sales figure during the previous financial year was 16,5 million euros. The annual costs are expected to be 24,5 million euros (+/- 10 %). The comparable cost during the previous financial year was 22,6 million euros

Customer References



Q4/2006 Financials

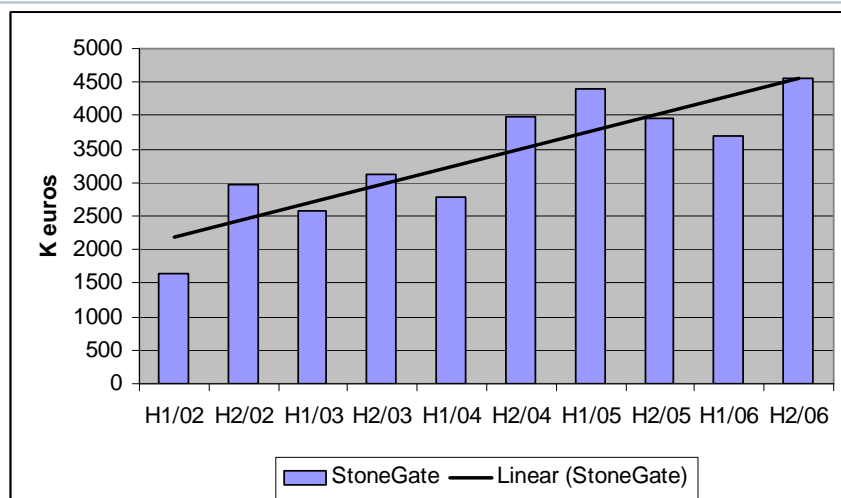
StoneGate Sales by Quarter



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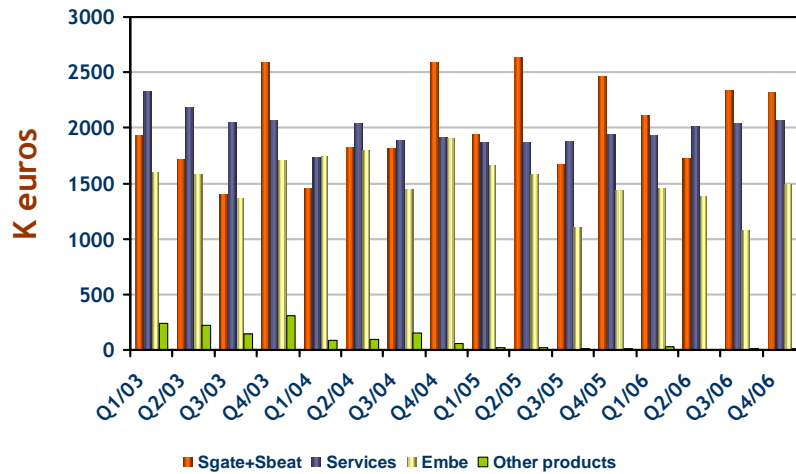
StoneGate Sales by Half Year



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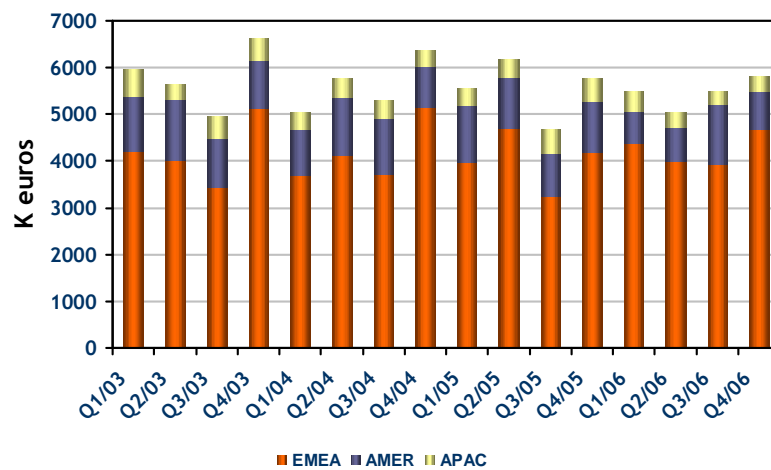
Sales by Product



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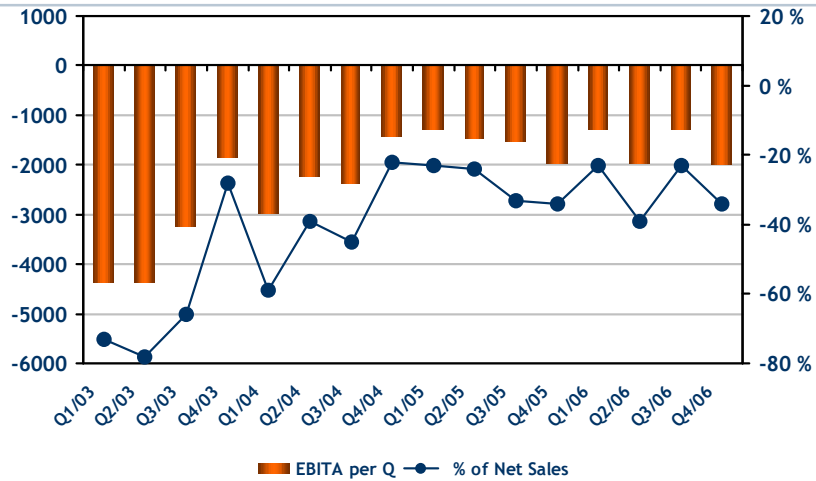
Net Sales by Area



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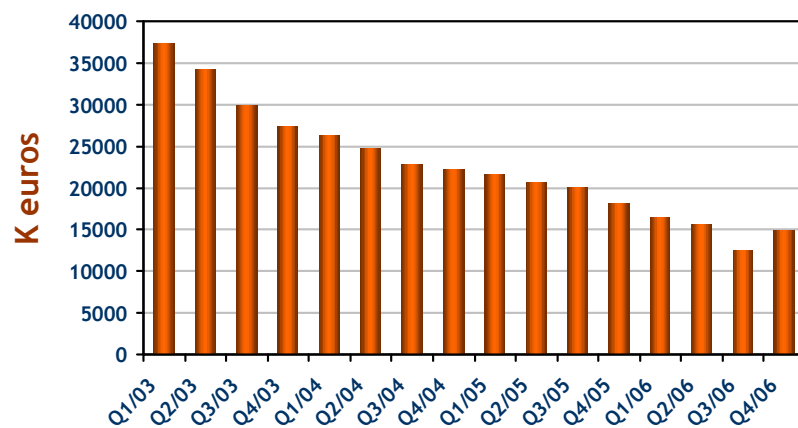
EBITA by Quarter Q1/04 → IFRS



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Liquid Funds (Q1/04 → IFRS)



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