

Stonesoft Corporation Stock Exchange Release April 22, 2009 at 9:15 a.m.

STONESOFT CORPORATION'S INTERIM REPORT FOR JANUARY-MARCH 2009

Net sales near to the level of the previous year, cash flow positive

Stonesoft Corporation's operating result for the first quarter improved slightly and was MEUR -1.1 or 8 % better than during the corresponding period in the previous year. The sales of the company's main product portfolio, StoneGate product family, declined and were MEUR 2.4. The net sales were MEUR 5.1 or 3% less than during the first quarter in the previous year. The cash flow was MEUR 0.3 or MEUR 1.4 better than during the corresponding period in the previous year.

Summary

The comparable figures from the corresponding period in the previous year are in brackets and refer to the figures of continuing operations.

January-March 2009

- Stonesoft's core business, the sales of the StoneGate product family, MEUR 2.4 (3.1) million, -26%
- Net sales MEUR 5.1 (5.3), -3%
- Operating result MEUR -1.1 (-1.2)
- Operating result as percentage of net sales -22% (-24%)
- Earnings per share EUR -0.02 (-0.02)
- Cash flow MEUR 0.3 (-1.1). The last part of the selling price of Embe Systems Oy, MEUR 0.8, has been removed from the total cash flow of the previous year
- Interest bearing funds exceeded interest bearing debts by MEUR 7.4 (7.9)

CEO Ilkka Hiidenheimo

The comparable cash flow and net sales of the company as well as the sales of the StoneGate product family have developed positively during the previous five quarters. During the first quarter in 2009 this positive development continued in respect of the cash flow and net sales, but the sales of StoneGate product family declined. The cash flow was MEUR 1.4 better and the net sales MEUR 0.2 less than during the corresponding period in the previous year.

In our main market area, in Europe, the positive development of sales of the StoneGate product family continued. In the Emerging Markets (Russia, North Africa and Middle East) several considerable projects have been postponed, which led to the slight breakage of the company's total net sales.

In April our StoneGate firewall solution was granted a Common Criteria Evaluation Assurance Level EAL 4+ information security classification, which is the highest available certificate for commercial products. The certificate is an important selection criterion for example in the selection and decision processes of financial institutions and military forces.

In April Stonesoft introduced the new StoneGate Management Center 5.0 and StoneGate Firewall 5.0 through which the competitiveness of the company's products will be significantly improved. These products will solve many fundamental problems related to outsourcing of network security, encryption of communication and situation awareness of the network.

Stonesoft is specialized in providing network security solutions to distributed organizations, but also for critical and military-grade network environments. These environments require a different approach from traditional enterprise solutions and set exceptionally high demands to both network architecture and security. Our competitiveness in this area is strong and I believe that the cost-efficiency of our products and the benefits they bring to business of our customers become even more important during economically difficult times.

NET SALES AND RESULT

January-March 2009

The Group's net sales decreased MEUR 0.2 or 3% being MEUR 5.1 (5.3). The operating result (EBIT) was MEUR -1.1 (-1.2) and the result after taxes was MEUR -1.0 (-1.3).

The Group's core business, the sales of the main portfolio StoneGate, which comprises of firewall, VPN, SSL VPN and IPS (intrusion detection and prevention system), were MEUR 2.4 (3.1), or 26% less compared to previous year's corresponding quarter.

The geographical distribution of net sales was as follows: Europe 67% (59%), Emerging Markets (Russia, North Africa and Middle East) 10% (17%) Americas (North and South America) 20% (19%) and APAC (Asia-Pacific) 3% (5%).

Finance and investments

At the end of reporting period, the Group's total assets were MEUR 14.5 (15.7). The equity ratio was 44% (51%) and gearing (the ratio of net debt to shareholder's equity) -2.92 (-1.77). Interest bearing funds exceeded interest bearing debts by MEUR 7.4 (7.9). Investments in tangible and intangible assets were MEUR 0.1 (0.1).

In order to strengthen the company's capital structure and to ensure the continuance of the positive development in the future in line with the company's strategy and growth plan, the main shareholders of the company have confirmed to the Annual General Meeting held on March 26, 2009 their readiness to invest at least three (3) million Euros in the company in form of convertible bond or directed issuance of shares. The commitment is in force until the end of the AGM in 2010.

The company has not executed the convertible bond arrangement or directed issuance of shares.

MAIN BUSINESS EVENTS AFTER THE REPORTING PERIOD

Stonesoft's StoneGate firewall solution was granted a Common Criteria Evaluation Assurance Level EAL 4+ information security classification, which is the highest available certificate for commercial products. This ensures that the solution fulfills the requirements for demanding business network security needs. The importance of the certificate is emphasized in particular in the area of administration and it is an important selection criterion for example in the selection and decision processes in the financial field and by the military forces. For example it is recommended that the agencies of the United States government use commercial products which are EAL4 certified.

In April the company introduced the new StoneGate Management Center 5.0 and StoneGate Firewall 5.0, offering new revenue opportunities and cost savings for MSSPs (Managed Security Service Providers).

REVIEW OF MAJOR RESEARCH AND DEVELOPMENT ACTIVITIES

Stonesoft continued its strong investments in R&D. Investments during the reporting period totaled MEUR 1.3 (1.4) million. This represented 22% (23%) of operating expenses.

R&D employed 66 (68) persons at the end of the reporting period.

SHARE CAPITAL AND STOCK OPTION PROGRAMS

At the end of the reporting period, Stonesoft's share capital recorded in the Trade Register totaled EUR 1 146 054.64 euros. The number of shares was 57 302 732. The share capital remained unchanged.

Stock option programs

The company has two valid stock option programs, Stock Option Program 2004-2010, the subscription price of which is EUR 0.56, and Stock Option Program 2008-2014, the subscription price of which is EUR 0.30. During the reporting period no subscriptions were made on the basis of the stock option programs for the key personnel of the company.

DEVELOPMENT OF SHARE PRICES AND TURNOVER

In the beginning of the reporting period the price of Stonesoft share was EUR 0.32 (0.29). At the end of the reporting period the price was EUR 0.36 (0.27). The highest price was EUR 0.42 (0.34) and the lowest EUR 0.31 (0.24). Share price divided by the earnings per share was -19.4 (-12.2) (P/E) at the end of the reporting period. During the reporting period the total turnover of Stonesoft shares amounted to MEUR 0.52 (0.85). Based on the share price at the end of the reporting period, Stonesoft's market value was MEUR 20.6 (15.5).

NOTICES IN CHANGE OF OWNERSHIP

The company gave no notices in change of ownership during the reporting period.

ACQUISITIONS AND CHANGES IN GROUP STRUCTURE

No acquisitions were made and no other changes in the Group structure were implemented during the reporting period.

PERSONNEL

At the end of the reporting period, the Group's personnel totaled 185 (185).

AUTHORIZATIONS OF THE BOARD OF DIRECTORS

The Annual General Meeting held on March 26, 2009 decided to grant the Board of Directors an authorization, according to which the Board of Directors may decide to issue new shares in one or several issues and to grant option and other special rights. The total number of shares or rights to the shares issued may be 11.450.000 at the maximum.

Based on the authorization, the Board of Directors may decide to issue new shares for subscription according to the shareholders' pre-emptive subscription rights or in deviation from the shareholders' pre-emptive subscription right, or in a directed issue of option rights or other special rights in case the deviation is justified by a weighty financial reason for the company, such as financing of an acquisition, other arrangement concerning the business of the company or development of its capital structure, or incentive to the company's personnel.

The issue may be directed in whole or in part to the main shareholders of the company Ilkka Hiidenheimo and Hannu Turunen, who have confirmed still to be ready to invest at least three (3) million Euros in the company in form of convertible bond or directed issuance of shares in order to strengthen the company's capital structure with an additional cash reserve and to ensure the continuance of the positive development in the future in line with the company's strategy and growth plan. The commitment given by the main shareholders is in force until the end of the AGM in 2010.

The Board of Directors was authorized to decide on other terms and conditions related to the share issues and to the issuance of option or other special rights. The authorization is in force until the end of the 2010 AGM.

The Board of Directors has not used the granted authorization.

The company does not own its shares and the Board of Directors do not have an authorization to acquire its own shares.

CORPORATE GOVERNANCE

Stonesoft complies with the Corporate Governance Code issued by the Securities Market Association (a cooperation body established by the Confederation of Finnish Industries EK, the Central Chamber of Commerce of Finland and NASDAQ OMX Helsinki Ltd) in October 2008, as explained on the web pages of the company.

SHORT-TERM RISKS AND BUSINESS UNCERTAINTIES

During the fiscal year in 2009, Stonesoft's main risks and business uncertainties relate to the realization timetable of the sales projects forming the basis of net sales, possible production disruption of our subcontractors and suppliers and fluctuation of exchange rates. In addition to these factors, the general economic uncertainty has turned into a global depression, and the economical uncertainty may affect the operations of the company. Otherwise there have been no significant changes in these risks and business uncertainties in comparison to what has been announced earlier.

FUTURE OUTLOOK

Companies will continue to network with their partners and subcontractors, and this development will create even higher requirements for network security and availability. At the same time, the demand for outsourcing solutions and services will grow. Managed Security Service Providers (MSSPs) have a growing need to provide their customers with the possibility to track the status of their network security while maintaining an overview of their own data network. According to the company's view combining security and high availability, which is the cornerstone of StoneGate product design, will prove its strength even better in this development.

The convergence of voice, video and data on IP-based networks will create more demand for capacity and drive the adoption of 10 Gbps networks. The growing demand for added bandwidth together with new protocols in the IP networks is expected to increase the general demand for better reporting, monitoring and analysis tools. This development will support Stonesoft in achieving its year 2009 growth plan, since these are the cornerstones in StoneGate Management Center's functionality.

The strong growth of virtualization has created a demand for ensuring network security and business continuity also in virtual environments. StoneGate products are better suited for virtual environments than the competitors' products because they are based on software solutions.

As security threats in the public sector increase, growing number of government organizations have started improving their protection against network attacks and cyber espionage. StoneGate products offer comprehensive, centrally managed protection and suit well to the needs of the public sector.

While the global financial uncertainty continues, companies need to pay attention to the cost efficiency of their operations. This will further strengthen the competitiveness of the StoneGate solutions and emphasize the possibilities the solutions offer for generating considerable cost savings in relation to infrastructure, communications and operating costs.

Stonesoft will continue its decisive and persistent efforts to increase its net sales and to improve its profitability. The company's main target in 2009 is growth of net sales and improved profitability. The measures for growing the net sales and reducing the cost structure will continue with the aim of continuous improvement of the company's economical situation and competitiveness as fast as possible.

Due to the prevailing global economical uncertainty, the company considers it difficult to give any estimates on the future development. The customers of both public and private sector postpone their investment decisions and allocate them for longer period than planned. As a consequence, the predictability of the sales projects has become more difficult both in terms of size and timing. Furthermore, the fluctuation of the

currency exchange rates makes the forecasting more challenging. The impact of this economical uncertainty varies strongly by main territories.

Based on the above, the company does not see it justified to give any estimate on the future development of the net sales and the result.

With regard to the development of the turnover and the operating result, significant variation is expected between the quarters in comparison to the corresponding quarter during the previous year as well as to the previous quarter as a consequence of, among others, long sales cycles, a relatively big impact of individual deals, and the variation between the quarters in the previous year.

Stonesoft Group Income Statement (1000 Euro)	1-3/2009	1-3/2008	1-12/2008
Continuing operations			
Net sales	5 084	5 259	24 427
Other operating income	164	293	1 275
Materials and services	-693	-950	-3 547
Personnel expenses	-3 603	-3 551	-14 796
Depreciation	-115	-111	-483
Other operating expenses	-1 969	-2 177	-9 161
Operating result	-1 133	-1 237	-2 286
Financial income and expenses	104	23	276
Result before taxes	-1 029	-1 214	-2 010
Taxes	-35	-51	-219
Result from continuing operations	-1 064	-1 265	-2 229
Result from discontinued operations	0	186	186
Result for the accounting period	-1 064	-1 079	-2 043
Other comprehensive income			
Exchange differences on translating foreign operations	20	-74	-30
Total other comprehensive income	20	-74	-30
Total comprehensive income	-1 044	-1 153	-2 068
Basic earnings per share (EUR), continuing operations			
Basic earnings per share (EUR), continuing operations	-0,02	-0,02	-0,04
Diluted earnings per share (EUR), continuing operations			
Diluted earnings per share (EUR), continuing operations	-0,02	-0,02	-0,04
Basic earnings per share (EUR), discontinued operations			
Basic earnings per share (EUR), discontinued operations	0,00	0,00	0,00
Diluted earnings per share (EUR), discontinued operations			
Diluted earnings per share (EUR), discontinued operations	0,00	0,00	0,00
Stonesoft Group			

Balance Sheet (1000 Euro) 31.3.2009 31.3.2008 31.12.2008

ASSETS

Non-Current Assets

Tangible assets	633	707	692
Intangible assets	181	79	104
Other investments	10	10	10
Deferred tax assets	0	1	0
Total	824	797	806

Current assets

Inventories	828	848	911
Trade and other receivables	5 353	6 171	7 371
Prepayments	72	62	19
Marketable securities	6 666	6 815	6 310
Cash and cash equivalents	717	1 056	738
Total	13 637	14 951	15 348

Total assets 14 461 15 748 16 154

EQUITY AND LIABILITIES

Equity attributable to equity holders of the parent company

Share capital	1 146	1 146	1 146
Share premium account	76 821	76 821	76 821
Conversion differences	-931	-1 001	-951
Retained earnings	-74 511	-72 541	-73 473
Total	2 525	4 424	3 543

Long-term liabilities

Provisions	0	50	26
Other long-term liabilities (*)	2 398	1 783	2 336
Total	2 398	1 833	2 363

Short-term liabilities

Trade and other payables (*)	9 233	9 285	9 991
Tax liability	101	32	41
Provisions	204	118	214
Short-term interest bearing liabilities	1	54	2
Total	9 538	9 490	10 248

Total liabilities 11 937 11 324 12 611

Total equity and liabilities 14 461 15 748 16 154

*) Other liabilities include customers' pre-paid maintenance agreements periodicity

8 739 7 102 8 372

Stonesoft Group
Statement of changes in equity
(1000 Euro)

Share capital	Share premium	Conversion differences	Retained earnings	Total
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Shareholders' equity at 1.1.2008	1 146	76 821	-927	-71 461	5 579
Comprehensive income			-74	-1 079	-1 153
Stock options		-1			-1
At the closing on 31.12.2008					
transferred stock option expenses					
accumulated retained earnings		1		-1	0
Shareholders' equity at 31.3.2008	1 146	76 821	-1 001	-72 541	4 424

	Share capital	Share premium	Conversion differences	Retained earnings	Total
Shareholders' equity at 1.1.2009	1 146	76 821	-951	-73 473	3 543
Comprehensive income			20	-1 064	-1 044
Stock options				25	25
Shareholders' equity at 31.3.2009	1 146	76 821	-931	-74 511	2 525

Stonesoft Group

Cash flow statement (1000 Euro)

	1.1.-31.3.2009	1.1.-31.3.2008	1.1.-31.12.2008
Cash flow from operating activities			
Operating Result	-1 133	-1 237	-2 286
Adjustments			
Non-cash transactions	53	100	319
Financial expenses	-30	-31	-93
Financial incomes	134	53	375
Change in net working capital	1 410	265	614
Taxes paid	-35	-50	-218
Total cash flow from operating activities	399	-899	-1 288
Cash flow from investing activities			
Investments in tangible assets	-44	-99	-422
Investments in intangible assets	-90	-6	-66
Investments in affiliated company	0	0	0
Investments in other shares	0	-10	-10
Net cash flow investing activities continuing operations	-134	-115	-498
Net cash flow investing activities discontinued operations	0	761	761
Total cash flow investing activities	-134	646	263
Cash flow from financing activities			
Payments of financial leasing liabilities	-1	-20	-72
Total cash flow from financing activities	-1	-20	-72
Change in cash and cash equivalents			
Cash and cash equivalents at beginning of period	7 048	8 210	8 210
Conversion differences	20	-74	-30
Changes in the market value of investments	52	9	-34
Total cash and cash equivalents at end of period *)	7 383	7 871	7 048
*) Total cash and cash equivalents at end of the period contains pledged securities	333	263	315

Stonesoft Group

Geographical segments (1000 Euro)

	1.1.-31.3.2009	1.1.-31.3.2008	1.1.-31.12.2008
Net sales			
Europe	3 402	3 096	14 740

Emerging Market	497	909	4 123
Americas	1 013	973	4 495
APAC	171	280	1 069
Total net sales	5 084	5 259	24 427

Operating profit			
Europe	-461	-665	-1 061
Emerging Market	-102	-158	338
Americas	-569	-375	-1 532
APAC	-1	-39	-31
Total operating profit	-1 133	-1 237	-2 286

Stonesoft Group			
Contingent liabilities (1000 Euro)	1.1.-31.3.2009	1.1.-31.3.2008	1.1.-31.12.2008

Contingent off-balance sheet			
Non-cancelable other leases	2 987	4 323	3 377
Contingent liabilities for the Company	63	20	63

Stonesoft Group			
Related party information (1000 Euro)	1.1.-31.3.2009	1.1.-31.3.2008	1.1.-30.9.2008

Consultation fees paid to the Board of Directors	0	0	0
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Stonesoft Group						
Quarterly development (Euro Millions)	Q1 / 2009	Q4 / 2008	Q3 / 2008	Q2 / 2008	Q1 / 2008	2008
Software	0,4	1,0	0,5	0,7	0,4	2,6
Security appliances	2,0	3,4	2,8	3,4	2,8	12,3
Services	2,6	2,6	2,4	2,3	2,2	9,5
Other products	0,1	0,0	0,1	0,0	-0,1	0,1
Net sales continuing operations	5,1	6,9	5,9	6,4	5,3	24,4
Change-% from previous year	-3	19	45	32	22	28
Sales margin	4,4	6,1	5,1	5,4	4,3	20,9
Sales margin %	86	88	86	85	82	85
Operative expenses	5,7	6,6	5,9	6,0	5,8	24,4
Operating profit (EBITA)	-1,1	-0,2	-0,5	-0,4	-1,2	-2,3
% of net sales	-22	-3	-9	-6	-24	-9
Result before taxes	-1,0	-0,1	-0,4	-0,3	-1,2	-2,0
% of net sales	-20	-2	-7	-4	-23	-8

Stonesoft Group			
Key ratios (1000 Euro)	1.1.-31.3.2009	1.1.-31.3.2008	1.1.-31.12.2008

Net sales, continuing operations	5 084	5 259	24 427
Net sales change-%	-3	22	28

Operating result, continuing operations	-1 133	-1 237	-2 286
% of net sales	-22	-24	-9

Operating result before taxes	-1 029	-1 214	-2 010
% of net sales	-20	-23	-8

ROE - %, annualized, continuing operations	-140	-101	-49
ROI - %, annualized	-123	-90	-40

Equity ratio-%	44	51	46
Net gearing	-2,92	-1,77	-1,99
Total Assets	14 461	15 748	16 154
Capital expenditure	134	105	488
Capital disposals	20	0	0
R&D costs	1 261	1 372	5 230
% of net sales	25	26	21
Number of employees (weighted average)	185	181	183
Number of employees (end of the period)	185	185	185

Share Specific Ratios

Earnings per share, continuing operations	-0,02	-0,02	-0,04
Earnings per share, discontinued operations	0,00	0,00	0,00
Equity per share	0,04	0,08	0,06
Dividend	0,00	0,00	0,00
Dividend per share (EUR)	0,00	0,00	0,00
Dividend / Profit-%	0 %	0 %	0%

Calculation of indicators

Return on equity (ROE) % = $(\text{Profit before taxes} - \text{income taxes}) \times 100 / \text{Shareholders' equity} + \text{minority interest (average)}$

Return on invested capital (ROI)% = $(\text{Profit before extraordinary items} + \text{interest and other financial expenses}) \times 100 / \text{Balance sheet total} - \text{non-interest bearing debt (average)}$

Equity ratio % = $(\text{Equity} + \text{minority interest}) \times 100 / \text{Balance sheet total} - \text{advances received}$

Net gearing = $\text{Interest bearing net debt} - \text{cash in hand and on deposit} - \text{marketable securities} / \text{Equity} + \text{minority interest}$

Earning per share (EPS) = $\text{Profit before taxes} - \text{minority interest} - \text{income taxes} / \text{Average number of shares adjusted for dilutive effect of options}$

Equity per share = $\text{Equity} / \text{Number of shares at end of period}$

ACCOUNTING PRINCIPLES

This interim report is prepared in accordance with IFRS standards. As of January 1, 2009, the Group has applied the following new and revised standards: IFRS 8 Operating Segments and IAS 1 Presentation of Financial Statements. In all other respects the same accounting principles, as in the Financial Statements for 2008, have been applied. The accounting principles for key figures and the related formulas remain unchanged and they have been presented in the Financial Statements for 2008.

FORWARD-LOOKING STATEMENTS

This report contains statements concerning, among other things, Stonesoft's financial condition and the results of operations that are forward-looking in nature. Such statements are not historical facts, but rather represent Stonesoft's future expectations. The company believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions. However, these forward-looking statements involve inherent risks and uncertainties, which could cause actual results or outcomes to differ materially from those anticipated in the statements. These risks and uncertainties may include, among other things, (1) changes in our market position or in the Firewall/VPN and Intrusion detection and protection market in general; (2)

the effects of competition; (3) the success, financial condition, and performance of our collaboration partners, suppliers and customers; (4) our ability to source quality components without interruption and at acceptable prices; (5) our ability to recruit, retain and develop appropriately skilled employees; (6) exchange rate fluctuations, including, in particular, fluctuations between the Euro, which is our reporting currency, and the US dollar; (7) other factors related to sale of products, economic situation, business, competition or legislation affecting the business of Stonesoft or the industry in general and (8) our ability to control the variety of factors affecting our ability to reach our targets and give accurate forecasts.

The presented figures are unaudited.

PRESS CONFERENCE

A press conference for analysts and investors will be held on April 22, 2009 at 10.30 am at the Stonesoft headquarters, street address Itälahdenkatu 22 A, 00210 Helsinki.

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This release and the presentation material related to this report are also available on Stonesoft's web site at www.stonesoft.com.

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