

## 2008 Results

### Sound position – commitments met

Lyon, March 24, 2009 — **ARKOON Network Security** is one of the main IT system security solutions publishers in Europe. The company is listed on the Paris NYSE-Euronext Alternext market.

#### Simplified profit and loss statement (1<sup>st</sup> January – 31<sup>st</sup> December)

In thousands of euros	2008	2007
Turnover	12,562	12,395
Ebitda	1,645	1,926
Ebit	91	545
Net income	455	263
Operating cash flow	1,960	1,808
Net cash position	5,988	6,382

#### Slight rise in turnover in a very difficult environment

Despite an extremely lively competitive environment and strong deterioration of the economic context in the second half of the year, ARKOON Network Security posted a turnover up by 1.3% to a figure of €12,562K, broken down as follows:

- **Network Security sales** (UTM appliances and security services) amounted to €9,263K, 74% of turnover. For the year as a whole, the increase in sales in terms of volume was masked by pressure on prices.
- **Data Security sales** (Security Box) rose to €3,299K, up by 2.3%, representing 26% of total turnover.

Three significant elements should be underscored for the period:

- The contribution from international sales rose to 7% of turnover, compared with 4% in the previous year;
- Major Account customers accounted for around 50% of total sales;
- Professional Services were up by 56% to a figure of €1,385K and validated the strategic model adopted for the medium term.

Over the year, ARKOON Network Security devoted €3,512K to R&D, a 23% increase in the budget, thus enabling new applications to be developed, both in the fields of voice/data convergence and mobility (Security BOX Mobile for PDA and Smartphone security and Security BOX FullCrypt, for endpoint security), as well as in network infrastructure protection (NPA UTM appliances). Other innovative products will be launched during 2009.

Staffing levels remained stable. The company currently has 84 staff.

#### A very sound balance sheet with financing capability preserved

In a very difficult environment, ARKOON Network Security has endeavoured to preserve its profitability, the quality of its offering and local service to customers. Operating profit was nonetheless affected by two factors:

- The competitive environment affected the gross margin on UTM appliances. The gross margin was down by 3.5% over 2007 in all sectors.

- International expansion investments, with the launch of sales offices in Italy (2nd half of 2007) and Spain (1st half of 2008), had a €305K impact on the result. The pro forma operating margin, restated without this impact, amounted to €395K.

Net financial income amounted to €35K.

The net profit of €455K was up by €192K over 2007. It integrates an exceptional item of -€418K (mainly consisting of an amortization allowance for R&D) and a tax credit of €747K.

The financial structure of ARKOON Network Security as of 31 December 2008 was sound, with €11,893K equity, available cash of €6,325K and financial debt amounting to only 2.8% of its equity.

Moreover, to anticipate the risk of financial tension in the IT sector caused by the downturn in the economy and reduced investment, the company has paid particular attention to its change in working capital, which decreased by €350K (excluding the research tax credit).

### **A conservative strategy and confidence in the future**

For the 2009 financial year, ARKOON Network Security does not anticipate any marked recovery in IT investment in the first six months of the year. In this context, emphasis will be placed on commercial performance which should be sustained by the growing awareness of companies and public services of the need to protect their IT infrastructures and information.

The company will also continue to pay particular attention to the preservation of its margins and maintained financial balance.

With its sound fundamentals and robust financial structure, ARKOON Network Security is expected to emerge from this period in an even stronger position and be able to study any M&A opportunities that may arise.

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### **About ARKOON Network Security**

A recognised pioneer in IT infrastructure protection, Arkoon - [www.arkoon.net](http://www.arkoon.net) – has always striven to offer certified solutions tailored to protect sensitive information and infrastructure.

Arkoon solutions are grouped together in a protective system for its clients, regardless of their size, to meet their security objectives while minimising operational costs.

Arkoon protects information, communication and infrastructure through complementary solutions:

- The Security BOX software suite meets companies' data confidentiality, integrity and authenticity needs. The Security BOX encoding engine is certified Common Criteria EAL4+.

- The range of FAST360 appliances natively integrates FAST (Fast Applicative Shield Technology), patented by Arkoon, to protect infrastructure and communications. FAST360 is certified Common Criteria EAL2+.

Established in 2000, with its head office in Lyon, Arkoon Network Security is listed on NYSE Alternext. Its solutions are marketed worldwide by its certified partner network and subsidiaries. The majority of Arkoon's clients are on Eurostoxx 100, include civil service departments and thousands of medium sized businesses. Arkoon solutions are deployed in more than 60 countries.

**ARKOON Network Security has obtained the OSEO "Entreprise Innovante" label.**

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