

# 16% GROWTH IN GROUP TURNOVER IN H1 2011

Lyon, 19 July 2011 — ARKOON NETWORK SECURITY is a major player in end-to-end security solutions, offering communications, data and endpoint protection, as well as secure SaaS and cloud computing. The company is listed on Alternext by Euronext Paris.

### **ROBUST GROWTH IN GROUP TURNOVER**

ARKOON NETWORK SECURITY Group posted strong growth in turnover in the first half of 2011, with an increase of 16% compared with the year-earlier period. This growth represented a continuation of the favourable trend enjoyed in H2 2010, when ARKOON standalone turnover rose 13% compared with H2 2009.

Turnover (in €000)	H1 2011	H1 2010	Growth
ARKOON NETWORK SECURITY	4,602	4,063	+13.3%
SKYRECON SYSTEMS	646	477	+35.6%
Total Group	5,248	4,540	+15.6%

Turnover is shown excluding intra-group sales of products and services.

## **ALL BUSINESSES POSTED GROWTH**

During the first half, ARKOON NETWORK SECURITY's turnover advanced by 13.3% to €4,602K, vs. €4,063K in H1 2010:

- Growth in the "FAST" network security business was driven by version 5 and new product launches. Over the six-month period, this business expanded by 11% (up 25% in billings) and contributed €3,193K to total turnover. Growth was particularly robust in the sale of UTM appliances, which surged 40.4% demonstrating that the launch of new models has injected new vitality into the business.
- The "Security box" data protection business continued to see robust growth, posting an increase of 18.9% to €1,408K, vs. €1,185K in H1 2010. The position of this business vis-à-vis large, long-standing customers was strengthened.

Other operating revenue (intra-group sales and services) totalled €336K vs. €350K in the year-earlier period, bringing **Arkoon's total turnover to €4,938K** vs. €4,413K over the first half of 2010.

Recurrent turnover from maintenance contracts, software updates and subscriptions to security services amounted to 51% of the total. Unearned revenue representing contract invoicing not recognised in first-half turnover totalled €3,581K, up €602K over the period.

The portion of turnover deriving from abroad was up 14.8% from the first half of 2010.

These trends are expected to continue into the second half, which points to a significant increase in turnover for the full year.



### SUCCESSFUL TURNAROUND AT SKYRECON

SKYRECON SYSTEMS was a driver behind the growth in turnover at ARKOON NETWORK SECURITY. This subsidiary is in a redeployment phase; in H1 2011 its turnover grew by 35.6% to €646K and its invoicing climbed by 41%.

Including invoicing for intra-group services of €109K vs. €218K in H1 2010, SKYRECON's total turnover was €755K.

The action taken to inject fresh growth into SKYRECON's StormShield endpoint software protection suite is paying off, with licence sales having tripled over the period. Alongside this growth, operating expenses were reduced by 40% between 2010 and 2011, indicating that a significant improvement in first-half earnings is in store.

### **VERY SOUND BALANCE SHEET STRUCTURE**

As of 30 June 2011, the financial structure of ARKOON NETWORK SECURITY was sound, with stable equity, cash of €4,082K and treasury net of financial debt of €1,766K, up €371K over the period.

### **IMPROVEMENT EXPECTED IN 2011 EARNINGS**

In 2009 and 2010, the company took advantage of slower business conditions to concentrate on longer-term strategy and on developing technology around its "Security-as-a-Service" concept. This enabled it to return to growth and firm up its position as a major player in the field of security.

2011 should see a clear turnaround, with a significant rise in turnover and earnings over the full year, both at ARKOON and its subsidiary Skyrecon.

Earnings in 2011 should see the benefits of initiatives to lower structural costs throughout the group.

In addition, the company will be able to count on a contribution from recently launched products and services:

- P series FAST 360 UTM appliances,
- Smart SSL: secure access service for mobile workstations, including those not controlled by the enterprise,
- Security Box for SharePoint V2.0 to make SharePoint environments secure,
- StormShield Server Side Edition: Windows server security (anti-intrusion),

and from numerous products and services related to virtualisation, online security services and cloud infrastructure security solutions.

The above figures were audited by the Statutory Auditors and presented to the company's Supervisory Board on 18 July 2011.

Next publication: H1 2011 earnings on 27 September 2011

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#### **About Arkoon Network Security**



As a recognised pioneer in IT infrastructure protection, Arkoon (<a href="www.arkoon.net">www.arkoon.net</a>) has made the commitment to offer the appropriate certified solutions for the protection of sensitive data and infrastructures.

Arkoon solutions are incorporated into the protection system of the client organisation, regardless of its size, thereby providing a cost-effective response to its security objectives.

Arkoon protects information, communications, infrastructures and computers with a range of complementary solutions:

- Security BOX software suite, preserving the confidentiality, integrity and authenticity of any information stored or shared within
  the organisation, as required, whether between PCs or a PC and a smartphone. Security BOX encryption is certified Common
  Criteria EAL4+.
- FAST360 appliance range, integrating native Fast Applicative Shield Technology (FAST), patented by Arkoon, to protect infrastructures and communications. FAST360 is certified Common Criteria EAL2+.
- Stormshield software application, designed and marketed by SkyRecon, a subsidiary of Arkoon specialising in behavioural security software solutions, offers comprehensive protection for the system, applications and data on any desktop or laptop computer.

Founded in 2000, its registered office situated in Lyon, Arkoon Network Security is listed on the Paris NYSE Alternext market. Its solutions are marketed all over the world through a network of certified partners and subsidiaries. A large majority of Arkoon's clients are formed of companies listed on Eurostoxx 100, public bodies and thousands of medium-sized enterprises. Arkoon solutions are rolled out in more than 60 countries.

Arkoon Network Security has OSEO "Innovative Enterprise" certification and has been distinguished as a member of the OSEO Excellence network composed of 2,000 companies.



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