

RETURN TO PROFITABILITY SPECTACULAR RECOVERY AT SKYRECON

Lyon, 27 March 2012 - **ARKOON NETWORK SECURITY** is a major player in IT security solutions, offering network security, data and endpoint protection. The company is listed on Alternext by Euronext Paris.

ARKOON GROUP: INCREASE IN PROFITABILITY

As announced, ARKOON NETWORK SECURITY and its subsidiary SKYRECON SYSTEMS returned to growth and profitability in 2011 and confirm that trends are favourable for 2012.

Group figures - in €000	2011	2010
TURNOVER FROM BUSINESSES	10,842	10,211
EBITDA	1,458	- 1,007
EBIT	- 646	- 3,092
NET INCOME	243	- 2,270

ARKOON: POSITIVE NET INCOME

ARKOON ONLY (UNCONSOLIDATED) in €000	2011	2010*
TOTAL TURNOVER (including intra-Group)	9,663	9,942
TURNOVER FROM BUSINESSES	9,048	9,275
EBITDA	1,255	618
EBIT	- 798	- 1,384
NET INCOME	520	- 5,368

*In 2010, an impairment charge of €4,329 thousand against equity investment in and current account to its subsidiary SKYRECON was recognised as a financial expense, and a provision for bad debts of €474 thousand against SKYRECON receivables was recognised as an exceptional item.

EBITDA rose sharply, doubling compared with 2010, as gross profit increased and operating expenses declined by 6.5% from their 2010 level.

The operating loss followed suit, contracting from €1,384 thousand in 2010 to €798 thousand in 2011. It included amortisation of R&D costs of €1,561 thousand.

Net profit was €520 thousand and represented 5.4% of turnover. It was boosted by structural improvements, net financial income of €55 thousand, a provision reversal of €484 thousand and an R&D tax credit of €583 thousand, vs. €744 thousand in the previous year.

R&D expense totalled €2,917 thousand during the year, or 30% of turnover.

SKYRECON: VERY ROBUST GROWTH IN TURNOVER AND POSITIVE OPERATING PROFITABILITY

Following significant restructuring, carried out in less than a year, the recovery of SKYRECON SYSTEMS has been spectacular. It has come about largely because Skyrecon refocused its solutions around the Critical National Infrastructures (CNI) market segment, composed of sensitive business sectors.



SKYRECON ONLY - in €000	2011	2010
TOTAL TURNOVER (including intra-Group)	2,021	1,271
TURNOVER FROM BUSINESSES	1,794	936
EBITDA	203	- 1,625
EBIT	152	- 1,708
NET INCOME	208	- 1,705

Turnover at SKYRECON SYSTEMS surged by 59% during financial year 2011. The operating line improved by €1,860 thousand and came in at a profit of €152 thousand. The bottom line recovered vigorously in 2011; net profit was €208 thousand, vs. a loss of €1,705 thousand in 2010.

SOUND FINANCIAL STRUCTURE

As of 31 December 2011, ARKOON NETWORK SECURITY'S financial structure was robust, with €8,196 thousand in equity, €4,519 thousand in cash and cash equivalents, and €2,324 thousand in net cash. This cash position does not include €375 thousand in repayable advances granted under "OSEO" terms and conditions.

FAVOURABLE TRENDS FOR 2012

In 2012, ARKOON NETWORK SECURITY'S businesses will continue to receive a boost from expansion in the product ranges in 2011 (P series of FAST 360 appliances, virtualised security services, Security BOX for SharePoint V2.0) and new releases planned over the next few months.

Skyrecon Systems will continue to be active on the sales front, articulating its initiatives in particular around StormShield, the company's suite of endpoint protection solutions that respond to the risk of new targeted attacks and Advanced Persistent Threats (APTs).

In sum, Arkoon's solutions are well positioned, companies are gradually increasing their investment in IT security, and Skyrecon has posted significant recovery. These are all vectors for growth in the Group's businesses in 2012 and will enable it to pursue its strategic objectives: become the provider that companies and organisations in sensitive sectors turn to for IT security, continue to innovate so as to respond to threats and expand the business model geographically.

The above results were approved by the Executive Board and presented to the Supervisory Board at their meeting of 23 September 2012. Audit procedures have been carried out and the Auditors will issue their certification once the verifications required as part of publishing the annual financial report have been finalised.

Next publication: H1 2012 turnover on 17 July 2012 after the market close

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About ARKOON NETWORK SECURITY

As a recognised pioneer in IT infrastructure protection, Arkoon (www.arkoon.net) 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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