

## NET PROFITABILITY - RECORD OF 16%

26 March 2013 — Arkoon Network Security is a major player in IT security solutions, offering communications, data and endpoint protection. The company is listed on Alternext by NYSE-Euronext Paris.

### GROUP: SHARP INCREASE IN GROWTH AND PROFITABILITY

Group figures - in €K	2012	2011	Growth
TURNOVER FROM BUSINESSES	<b>13,029</b>	10,842	<b>+19%</b>
EBITDA	<b>2,931</b>	1,458	<b>+101%</b>
EBIT	<b>839</b>	- 646	<b>Ns</b>
NET INCOME	<b>2,117</b>	243	<b>x 8.7</b>
NET PROFITABILITY	<b>16.2%</b>	2.2%	

Over the financial year, all ARKOON GROUP activities benefited from its strategic reorientation and good control over structural expenses. The Group's consolidated turnover thus reflected a 19% increase in growth reaching a figure of €13,029K.

Deferred revenue amounted to €4.1M, confirming the buoyancy of income in 2013.

Fast, SecurityBox and Stormshield activities performed well during 2012 with accelerated growth in the second half of the year. International business stood at €1,004K (direct turnover excluding export sales via operators in France) also showing a breakthrough up by 16%, in North America in particular.

Operating profitability rose to 6.4% of turnover, a very satisfactory level, compared with an operating loss in the previous year: this was achieved despite the negative impact of €451K resulting from R&D depreciation of €1,675K compared with R&D capitalisation of €1,224K. Net profit amounted to €2,117K, including the positive impact of a research tax credit of €735K. Net profitability for the Group reached a record level, representing 16.2% of turnover.

### ARKOON: NET PROFITABILITY OF 14 %

ARKOON GROUP FIGURES (EXCLUDING SKYRECON) In €K	2012	2011	growth
TOTAL TURNOVER (including intra-Group)	<b>11,452</b>	9,663	<b>+19%</b>
TURNOVER FROM BUSINESSES	<b>10,913</b>	9,048	<b>+21%</b>
EBITDA	<b>2,315</b>	1,255	<b>+84%</b>
EBIT	<b>244</b>	-798	<b>Ns</b>
NET INCOME	<b>1,598</b>	520	<b>x 3.1</b>

Ebitda, up by 84% over 2011, benefited from a sharp increase in the sale of appliances with embedded Fast technology, now one of the top solutions on the market, and SecurityBox activity (encryption of exchanges and sensitive data), the pertinence of which has been confirmed by major national players.

The rise in gross margin in terms of value, prudent operational management and a stable headcount contributed to the high increase in the operating result, now standing at a profit figure of €244K (including the negative impact of €451K for R&D depreciation).

Net after-tax profit rose to €1,598K representing 14% of turnover. This includes a positive financial result of €472K, including €421K for the reversal of Group provisions and a research tax credit of €564K compared with €583K in the previous year.

**SKYRECON: NET PROFITABILITY OF 43%**

SKYRECON SYSTEMS has confirmed its spectacular recovery with an operating profit representing 25% of turnover. In two years, management has therefore managed to generate very profitable growth for this subsidiary, acquired when in difficulty in late 2009. This performance was notably obtained thanks to strategic repositioning on the sensitive major accounts segment, which is being increasingly subjected to targeted IT attacks, and the implementation of an optimised, open-ended operational structure.

SKYRECON FRANCE SCOPE (NOT INCLUDING THE US) - In €K	2012	2011	growth
TOTAL TURNOVER (including intra-Group)	2,164	2,021	+7%
TURNOVER FROM BUSINESSES	1,877	1,735	+8%
EBITDA	555	203	X 2.7
EBIT	534	152	X 3.5
NET INCOME	935	208	X 4.5

With its turnover for the year up by 7% and the benefit of good pooling of Group structural expense, the operating profit of SKYRECON SYSTEMS has been multiplied by 3.5 with net profit, which includes a €171K research tax credit, reaching a record level of €935K.

The US subsidiary, SKYRECON Inc. obtained a turnover of €239K and an operating profit of €61K. In 2013, after two years of thorough commercial efforts, the company is anticipating a sharp rise in business where the StormShield solution for protection against targeted attacks is arousing growing interest among both private and public players.

**SOUND FINANCIAL STRUCTURE**

As of 31 December 2012, the financial structure of ARKOON NETWORK SECURITY was sound, with equity capital of €9,380K, Group cash of €5,777K compared with financial debt of €2,031K (excluding factoring accounts), reduced to €1,530K over the 1<sup>st</sup> quarter of 2013.

**2013 - CONTINUED PROFITABLE GROWTH**

In 2013, the Group will have the benefit of a state and major account environment showing increasing sensitivity to the threat of cyber criminality.

Its recognition as a trusted partner offering complementary solutions puts the ARKOON GROUP in an ideal position to continue its expansion.

This recognition can also be illustrated by the subsidies obtained by the Group to take its innovative development projects to successful completion (Midas, Haka, Orohena) which will ultimately reinforce the technological assets of ARKOON NETWORK SECURITY and SKYRECON SYSTEMS, in a constantly evolving sector of activity.

Backed by its expertise in cyber security, the ARKOON GROUP, while maintaining prudent management in view of the unstable economic climate, is expected to achieve a good performance for the entire 2013 financial year.

*The above results were approved by the Board of Directors and presented to the Company's Supervisory Board at the meeting on 15 March 2013. Account audit procedures have been carried out and the Statutory Auditor's reports will be issued on completion of the examinations required for publication of the annual financial report.*

**Next publication: Turnover for the 1<sup>st</sup> six months 2013, on 16 July 2013 after trading**



### About ARKOON NETWORK SECURITY:

As a recognised pioneer in IT infrastructure protection, ARKOON ([www.arkoon.net](http://www.arkoon.net)) offers certified solutions for protecting sensitive data and infrastructures.

ARKOON solutions are incorporated into the protection system of companies and public entities, regardless of their size, thereby providing a cost-effective response to their security objectives.

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

- The **SecurityBox** software suite preserves the confidentiality, integrity and authenticity of any information stored or shared within the organisation. It can be used to create secure, shared workspaces. SecurityBox encryption is certified Common Criteria EAL4+ by ANSSI, the French IT system security agency.
- The **FAST360** appliance range, integrating native Fast Applicative Shield Technology (FAST), patented by ARKOON, to protect infrastructures and communications against the most complex attacks. FAST360 is also certified Common Criteria EAL3+ by ANSSI.
- **StormShield**, a software solution designed and marketed by SkyRecon, a subsidiary of ARKOON specialising in behavioural security, offers comprehensive protection for the system, its applications, data and peripherals on any desktop computer, laptop or server. StormShield distinguishes itself from other solutions via its one-of-a-kind HIPS, which can proactively block even the most advanced targeted attacks. Used in the most demanding contexts, this solution offers unparalleled security while remaining completely transparent for the user.

Founded in 2000, with its registered office 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 client base is composed of companies listed on Eurostoxx 100, public bodies and thousands of enterprises of all sizes. ARKOON solutions are deployed 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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**Liquidity contract** with brokerage house Oddo Corporate Finance

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