

Continued growth
annual revenues up 13%
with 22% for the "appliances" business

29 January 2008 - **ARKOON Network Security is positioned as one of the main publishers of IT system security solutions on the European market. The company has been listed on Alternext Paris since July 2007.**

Appliances and security-services business up 22%

ARKOON Network Security recorded another increase in its business activity, with annual revenues at €12,395k compared to €10,975k in 2006, or an organic growth of 13%. The company had an excellent fourth quarter with revenues at €4,792k -- a historical quarterly high -- up 44% from last year.

The 2007 financial year was also marked by accelerated sales of solutions related to the security of networks and infrastructures, communications and information:

- Revenues for "UTM appliances and security services", a core business representing 81% of product sales, posted a 22% increase to €5,781k from €4,755k last year.
- Sales of Security Box licenses rose 8% to €1,356k, which is proof of the successful integration of the company MSI absorbed in January 2007.
- Maintenance and customer support activities recorded a 12% increase to €4,372k, despite the gradual transfer of first-rank contracts to partners (resellers and distributors).
- The other activities accounted for €886k with a slight decline (€-179k) following the decision to outsource certain professional services activities to partners.

Several significant developments marked the 2007 financial year

Over the financial year, ARKOON Network Security adopted strategic choices aimed at reinforcing its distribution channels, improving its product mix and paving the way for its international development.

- A reorganisation of the sales and marketing entities was carried out with a view to gradually moving to a "two-tiered" distribution mode and decreasing the costs of sales. In this context, two distribution contracts were signed with companies specializing in IT security (IT-Way and Afina).
- Refocusing on major-account clients furthered a qualitative upgrade of the product mix. This decision had a direct positive impact on gross margin.
- In June 2007, a sales office opened in Milan. The partnerships entered into with local distributors and the contracts already signed are heralding a gradual increase in importance of this new office right from 2008. Based on these first results, ARKOON Network Security is today able to start planning the opening of a new office in Spain in the 1st half of 2008.

All these factors combined with a sustainably buoyant IT systems security market represent a solid basis for an accelerated organic as well as external growth.

Results trend for 2007: further improved profitability

In addition to these actions, ARKOON Network Security ensured rigorous management of its entities; this enabled it to support its growth while stabilising its workforce. The good level of activity along with curbed overhead expenses have made it possible to anticipate continued improvement in terms of profitability over the financial year.

ARKOON Network Security will release its 2007 annual results on 26 March 2008 after market.



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About ARKOON Network Security

ARKOON Network Security was established at the end of 1999. The company has been able to meet the needs of the information systems security market by developing innovative and diversified solutions, notably for protecting networks and infrastructures, communications and information. For each of these segments, ARKOON Network Security offers complementary, compatible and modular product lines, tailored to clients' computer architecture.

- Infrastructure protection: FAST 360 range – UTM appliances: voice/data server, network and network perimeter protection.
- Communications protection: SSL 360 range – SSL VPN appliances: remote-user links securisation.
- Information protection: Security Box software suite: digital vaults and encryption of information on the terminal (Laptop, PDA, Smartphone).

The company targets mid-market & TOP 100 companies at European and global levels through a network of more than 150 partners.

With more than 4,000 clients, 5,000 appliances and 500,000 Security Box licenses installed each year in 57 countries throughout the world, ARKOON Network Security has a high rate of growth in a rapidly expanding market.

ARKOON Network Security has been awarded OSEO's seal of approval, "Innovative Company"

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