

Annual sales slightly up at €12.6M Good results in a difficult environment

Lyon, 27 January 2009 - **ARKOON Network Security is one of the main information system security solutions providers in Europe. The company is listed on the NYSE Alternext market.**

In a difficult environment which deteriorated even further in the 4th quarter, **ARKOON Network Security** has shown solid fundamentals and posted 2008 turnover of €12,562 K, an increase of €167 K on its 2007 performance of €12,395 K.

Including outsourced turnover made through distribution agreements concluded in 2007, revenues would reach €13,100 K, an increase of 5.6%.

Strong presence confirmed with Large Account and local authorities customers.

The fourth quarter was marked by sustained large account activity, demonstrating the company's solid foundation in this segment, but by a reduction in mid-market turnover and even the postponement of some projects. For the year, large account customers represent approximately 50% of turnover.

Analysis of annual turnover by type of sales reveals slight growth in each activity:

- **Network security** sales (UTM appliances and security services) amounted to €9,263 K as opposed to €9,170 K for the previous year. Growth in security services, showing almost double last year's turnover at €954 K, is explained by the ramping up of this offer and superior control of the renewal rate.
- **Data protection** sales (Security Box) amounted to €3,299 K compared to €3,224 K on 31 December 2007, an increase of 2.3%.

In 2008, ARKOON Network Security decided to reinforce its position in voice-data convergence and in mobility, with the launch of two new products: **Security BOX Mobile**, a Smartphone and communicating PDA security solution, and **Security BOX FullCrypt**, which ensures complete confidentiality of information stored on a PC.

For the year, international activity has made strong progress, amounting to €918 K and 7% of turnover, as opposed to 4% in the previous year.

Significant growth in Services

Despite the impact of partial outsourcing of some activities to the reseller network, sales of professional services grew by 56% to reach €1,385 K for the year (as opposed to €886 K in the previous year), thereby validating the strategic orientations the company intends to adopt in its future development plan.

As announced, and despite the deterioration of the economic environment during the last 3 months of the year, when the seasonal effect is at its strongest, ARKOON Network Security worked on protecting its gross margins for the whole financial year.



A robust development project enabled by a wholesome financial situation.

Building on its experience in the information security market, ARKOON Network Security is planning a 2009 launch of two service solutions that will complement its technological solutions perfectly. The two new offers will enable the company to improve its competitive differentiation both with Large Accounts and local authorities via high added-value services, and with mid-market customers by providing solutions that correspond to their deployment and investment needs.

At the same time, due to its solid financial structure and cash position of €6M, almost zero debt and capital equity of €11M (gearing of 3.2%), ARKOON Network Security is in a comfortable position to consider M&A opportunities.

2008 annual results will be published on 24th March 2009 at close of market.

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About ARKOON Network Security

A recognised pioneer in IT infrastructure protection, Arkoon - 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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