

2021 RESULTS: GROWTH COMBINED WITH SHARP REDUCTION IN OPERATING LOSS

- Growth driven by a 44% expansion of the client base and 35% increase in international business;
- Operating loss divided by 2.5 and close to breakeven in H2 2021 thanks to tight control of expenses;
- Positive free cash flow and increase in net cash;
- €22.7m gross cash and cash equivalents at December 31, 2021 to support growth investments;
- Encouraging early 2022 growth trend and operational rollout of strategic roadmap;
- Governance strengthened.

Paris, March 24, 2022 - WALLIX (Euronext ALLIX), a European cybersecurity software developer and expert in privileged access management (PAM¹), announces its 2021 full-year earnings².

€000 French GAAP	2020	H1 2021	H2 2021	2021
Turnover	20,072	10,321	12,848	23,169
Other operating income (capitalized production, subsidies, etc.)	5,529	3,426	3,333	6,759
Total operating income	25,601	13,747	16,181	29,928
Total operating expenses	(32,913)	(16,414)	(16,428)	(32,842)
o/w Other operating expenses	(7,842)	(3,538)	(3,549)	(7,087)
o/w Payroll	(20,941)	(10,505)	(10,420)	(20,925)
o/w Depreciation, amortization and provisions	(3,237)	(1,881)	(2,050)	(3,931)
Operating profit/(loss)	(7,312)	(2,667)	(247)	(2,914)
Net financial income/(expense)	(28)	74	8	82
Non-recurring income/(expense)	40	(115)	8	(107)
Tax	(20)	(2)	(8)	(10)
Net profit/(loss)	(7,319)	(2,710)	(239)	(2,949)

Jean-Noël de Galzain, Chairman of the WALLIX GROUP Management Board, said: “2021 confirmed the encouraging trend we have seen since the second half of 2020. In 2021, we posted strong business growth and made significant progress on key indicators for the Group’s future developments, including a record client acquisition rate, strong international momentum and an increase in recurring business. This excellent performance triggered a sharp improvement in earnings, with operating loss divided by 2.5 over the full year and coming close to breakeven in the second half. Backed by the investments made since 2018, we have developed a robust business model that generates profitability across the Group’s current scope. Lastly, 2021 ended with an improvement in our net cash position compared to 2020.

This strong momentum and financial strength bolster our confidence as we enter a new phase of growth driven by a bold strategy aimed at meeting the cybersecurity challenges related to omnipresent digital transformation. In keeping with our vision of “PAM

¹ Privileged Access Management

² The full-year consolidated financial statements were approved by the Management Board and reviewed by the Supervisory Board on March 23, 2022. The statutory auditors have audited the financial statements and the financial report will be published by April 30, 2021.

for all”, we are supporting these structural changes with innovative technology, providing companies worldwide with solutions to safeguard digital access for all users, including WFH employees, sensitive users both inside and outside the IT system, access to industrial systems and, in the future, connected objects.

As economic tensions persist, we are focusing on implementing our development plan and roadmap, particularly in the United States with our new partner Arrow. Elsewhere, we continue to support key accounts and the deployment of WALLIX solutions across all sectors through our network of 300 VADs, VARs and integrators. We are confident in the Group’s ability to generate growth in a buoyant market driven by the exponential increase in cyberattack risk. We are determined to make WALLIX a world leader in digital transformation security with the capacity to structure the cybersecurity sector in Europe, help build a safer, more responsible trusted digital world, and make it accessible to as many people as possible.”

2021 turnover up 15% to €23.2 million including strong growth in the international market

WALLIX maintained its growth trajectory in 2021 with turnover up 15% to €23.2 million. Sales were brisk throughout the year and a record number of new accounts were opened (581 new clients expanding the client base by 44%). However, this excellent performance was curbed, in terms of turnover, by the postponement of a number of major contracts from the second half of December, mostly in France, to 2022 due to the year-end resurgence of the health crisis (Omicron). WALLIX estimates orders carried over to the current financial year at around €2.0 million.

In France, still impacted by the health crisis, turnover rose 5% to €13.9 million. Growth in France was significantly curtailed by the year-end contract deferrals. Major contracts previously signed in France generated invoices totaling €6.5 million over the year. WALLIX estimates potential turnover of €24.3 million from these key account supply contracts over the next three years (2022-2024).

International turnover rose 35% to €9.2 million in 2021, accounting for 40% of total business versus 34% in 2020. On the international front, WALLIX continued to invest in expanding its partner network in target markets (approx. 230 international partners) and observed a sharp upswing in the commercial pipeline provided by partners. WALLIX posted strong growth over the year in the European Union, UK and Africa-Middle East region. The Group signed an increased number of major contracts (billing > €100,000) in the international market, which generated invoices totaling €3.2 million for the year. WALLIX estimates potential turnover from supply contracts at €9.8 million over the next three years (2022-2024).

Recurring business grew 31% in 2021 and accounted for 48% of annual turnover compared to 42% in 2020, thereby providing greater visibility of the Group’s business. Turnover from subscription contracts (SaaS licenses and managed services) totaled €1.5 million, up over 90% from €0.8 million in 2020 demonstrating the growing success of this type of contract. As of December 31, 2021, the Group estimates the future value of subscription contracts billed in 2021 at €6.6 million over three years, versus €3.9 million as of December 31, 2020.

Sharp improvement in earnings driven by business growth and tight control of operating expenses

After several years of major growth investments (establishing foreign operations, hiring staff), total operating expenses and payroll expenses leveled out in 2021 compared to 2020, reflecting judicious scaling of Group resources to drive growth. Other operating expenses fell 10% to €7.1 million thanks to prudent cost management. This decrease was offset by an increase in depreciation, amortization and provision charges; in particular, the Group recognized €0.5 million in provisions for trade receivables.

As a result, the Group posted an operating loss of €2.9 million for 2021, thereby dividing its 2020 loss of €7.3 million by 2.5. Operating earnings improved significantly in the second half and amounted to a loss of only €200,000, close to breakeven. Net loss Group share was equal to the €2.9 million net operating loss.

Free cash flow of €0.6 million generated over the year, improvement in net cash position

Operating cash flow improved sharply to €6.2 million (2020: €0.9 million outflow), reflecting the significant reduction in the operating loss and a favorable €5.9 million change in working capital. Cash flows from investing activities amounted to a €5.6 million outflow, primarily related to product development R&D costs. Free cash flow was therefore positive at €0.6 million. As of December 31, 2021, gross cash and cash equivalents amounted to €22.7 million versus €23.2 million as of December 31, 2020. The Group repaid €1.1 million in bank loans during the year. With €20.1 million net cash and cash equivalents, up from €19.4 million as of December 31, 2020, and €22.6 million equity, WALLIX has the financial resources it needs to pursue its development and continue to invest in growth over the coming years. As a reminder, WALLIX plans to invest around €10 million in organic growth, nearly half of which will be completed in 2022.

Encouraging start to 2022 underpinned by solid fundamentals for driving growth and the operational rollout of the strategic roadmap

Trends are currently favorable on WALLIX's market and turnover for the first two months of the year is up on 2021, boosted by the signing of a number of contracts postponed from late December 2021. Although WALLIX is currently focusing on key account deployment, its solutions are scoring a resounding success among mid-tier clients. Some sectors, including healthcare and local authorities, are benefiting from government support measures for cyber equipment. Subscription offers are also buoyed by this trend.

However, WALLIX is keeping a sharp eye on geopolitical developments (such as conflict in Ukraine) that could impact the Group's growth trajectory. For information, WALLIX estimates its exposure, in terms of turnover, to Russia at between €1.0 and €1.4 million.

WALLIX's market is particularly buoyant over the medium term and industry analysts are forecasting average annual growth of 21% and a market value of USD 3.1 billion in 2025. The acceleration of the digital transition towards new uses requires growing investment in access and identity protection to respond to the proliferation of cyberattacks and manage exponential growth in the number of individuals and objects.

Backed by an expanded "PAM for all" offering (PAM4ALL) and its technological leadership in PAM, the Group is ideally placed to take advantage of the opportunities identified on the market. The Group is focusing on a number of operational priorities for 2022: strengthening cooperation with the "Channel" network (300 resellers and value-added distributors) to improve the promotion and distribution of WALLIX solutions, and developing the practice of Global Account Management launched in late 2021. The Group also intends to continue to work on the North American market and boost the major partnership signed with Arrow Electronics in order to ramp up sales from the second half of 2022 onwards.

Strengthening of the governance

To support the Group's growth ambition, Frédéric SARRAT joins WALLIX as Deputy Managing Director to take charge of the operational execution of the strategic plan, covering Marketing, Sales, Support & Services, Product and R&D departments. Frédéric brings 20 years of successful development and transformation experience in the Telecom, Software and Security sectors. After starting his career as a development engineer, he has held business management positions in international environments and multiple roles, including entrepreneur, consultant and executive.

Most recently, Frédéric led the integration and transformation of IDEMIA, a global leader in security and identity technologies, and managed the consolidation and development of the group's digital activities. He is a graduate of Ecole Polytechnique, and holds a Master of Science from Stanford and an MBA from INSEAD.

The Group will also propose, at the next General Meeting, the transformation of the company into a public limited company with a Board of Directors and the appointment of three independent directors

WALLIX is boldly and confidently stepping forward into a new development phase that will enable it to consolidate its leadership in access and identity security and play a unifying role as a cybersecurity player guaranteeing protection for organizations in a digital world. WALLIX already nurtures the ambition to meet the future needs of a fully digital world.

Next publication: H1 2022 turnover, July 21, 2022

ABOUT WALLIX

A software company providing cybersecurity solutions, WALLIX is the European specialist in Identity and Access Security Solutions. WALLIX's unified solutions portfolio enables companies to meet today's data protection challenges. WALLIX solutions guarantee detection and resilience to cyberattacks, thus enabling business continuity. They also ensure compliance with regulatory requirements regarding access to IT infrastructure and critical data. The unified solutions portfolio is distributed through a network of more than 316 resellers and integrators around the world. Listed on Euronext (ALLIX), WALLIX supports more than 1,900 organizations in securing their digital transformation. WALLIX is a founding member of the HEXATRUST group and was included in Futur40, the first ranking of growth companies on the stock market published by Forbes France and is part of the Tech 40 index.

WALLIX affirms its digital responsibility and undertakes to contribute to the construction of a European digital space of trust, guarantor of the security and confidentiality of organizations' data but also for any individual concerned about the protection of their digital identity and the respect for his private life. Digital technology, whether for professional or personal use, must be ethical and responsible in order to experience a secure societal digital transformation that respects individual freedoms.

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