CYBER SECURITY

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ACCESS

Annual financial report 2021

WALLIX GROUP

250 Bis rue du Faubourg Saint-Honoré - 75008 PARIS
Paris Trade and Companies Register no. 428 753 149

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CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

“As the person responsible for the annual financial report, I hereby certify that, to the best of my knowledge, the consolidated financial statements for the year ended December 31, 2021 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the WALLIX Group and that the report on the activity and position of the Group and the Company as a whole presents a true and fair view of the information referred to in Article 222-6 of the AMF General Regulations. ”

Jean-Noël de Galzain,
Chairman of the Management Board.

WALLIX GROUP
French corporation with a Management Board and Supervisory Board
With share capital of €589,240.00
Registered office: 250 Bis rue du Faubourg Saint-Honoré - 75008 Paris
Paris Trade and Companies Register no. 428 753 149

MANAGEMENT BOARD'S REPORT TO THE June 15, 2022 COMBINED SHAREHOLDERS' MEETING

Dear Shareholders,

We have called this Combined Shareholders' Meeting to ask you to approve the financial statements for the year ended December 31, 2021 and to vote on the change in the Company's administrative and management structure to a Board of Directors.

The invitations to this meeting have been duly circulated.

The documentation required pursuant to applicable regulations was forwarded or made available to you within the prescribed deadlines.

The main purpose of this report is to present the situation of our Company and Group.

For the first year, this report also contains the policy and achievements of the year regarding CSR issues.

I. GROUP ACTIVITY AND POSITION REVIEW FOR THE YEAR ENDED DECEMBER 31, 2021.

The group whose business is reviewed herein comprises the following companies: WALLIX GROUP, WALLIX, WALLIX US CORP., CYBERSÉCURITÉ WALLIX CANADA, WALLIX IBERICA and WALLIX GmbH (the "**Group**"). The Group specializes in publishing cybersecurity software and, more specifically, in access control and privileged account traceability in corporate information systems.

The Group's consolidated financial statements show turnover of €23,168,634, up 15.43% from consolidated turnover of €20,071,901 for the year ended December 31, 2020, and a net loss (Group share) of €2,949,464 compared to a net loss (Group share) of €7,319,015 for the year ended December 31, 2020.

As of December 31, 2021, Group shareholders' equity stood at €22,612,657, while loans and borrowings amounted to €2,654,406, down €1,136,556 versus December 31, 2020.

In relation to development projects, the Group received research tax credits (CIR) and operating subsidies, which are recognized in an amount of €1,864,001.

We hereby ask you to approve these consolidated financial statements.

Comments on Group business during the year ended:

WALLIX maintained its growth trajectory in 2021 with turnover up 15% to €23.2 million. Sales were brisk 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, 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.

Business growth by region:

- 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. 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).

License sales were up 11% year on year, boosted by strong growth in international markets due to the launch of the partner network.

2021 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.

Combined with the impact of the increase in clients served on maintenance turnover, recurring business rose 31% in 2021 to 48% of total business compared to 42% in 2020, thereby improving visibility of the Group's business.

Recurring business, an area of strategic development for WALLIX, 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. 2021 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.

Turnover from professional services decreased from €2,097,000 in 2020 to €1,552,000 in 2021.

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, an indication of 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. WALLIX estimates its exposure to Russia in terms of turnover at between €1.0 million 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.

Financial risk factors

a. Risks related to research tax credit

The Group is able to fund its activities using the French research tax credit (*Crédit Impôt Recherche* or CIR) awarded to companies making significant investments in research and development. The CIR takes the form of refundable tax relief calculated on the basis of the company's R&D expenditure.

It is awarded for expenditure on scientific or technical research, whether this involves basic research, applied research or experimental development. The law provides an exhaustive list of eligible expenditure items. These include wages and salaries, depreciation of research equipment, technology watch and intellectual property costs.

WALLIX GROUP has applied for this tax credit since 2004 with the assistance of a specialist firm.

WALLIX Sarl was audited in respect of all tax returns filed from January 1, 2012 to December 31, 2014 and in respect of research tax credit received for the 2011-2014 financial years. These audits resulted in a proposed tax adjustment amounting to €586,000.

As of the date of the annual financial report, the Group is contesting this adjustment and proceedings are pending. The Group has also referred the matter to the French corporate ombudsman (*Médiateur des Entreprises*). A €69,000 provision has nonetheless been set aside.

Research tax credit for the following years (2018, 2019, 2020 and 2021) is not subject to reassessment.

b. Risks related to historical losses

Having recorded net losses over the last few years, the Group could record further losses in view of upcoming expenditure, particularly on hiring, sales and marketing development, establishing operations in new countries and penetrating new markets, primarily by launching new offers.

Such further losses could have an adverse impact on the Group's financial position, development and outlook.

c. Risks related to the availability of advances and government subsidies

Since 2008, the Group has pursued a proactive innovation policy in which collaborative research and development projects funded by public authorities play a key role. This policy has enabled the Group to receive significant subsidies, which are spread over the duration of the project. Subsidies are generally received in the form of a 30% advance when the agreement is signed, subsequent installments as the project proceeds and a balance of at least 20% upon completion.

Pursuant to all assistance and financial support agreements signed, the Group has received a total of €1 million in subsidies over the last three years (2019-2021).

The manner in which subsidies are recognized in the accounts is set out in the note on "Research tax credit and operating subsidies" in the Company's consolidated financial statements.

As in the case of all research programs for which government assistance is granted, the Group is exposed to the risk that it may have to repay all or part of such grants, if it fails to meet the relevant commitments, or that it may no longer receive such assistance in the future. Such an occurrence could deprive the Group of funds required to bring its research and development projects to completion.

d. Risk of dilution

As of the date of this annual financial report, the exercise of all equity derivative rights could lead to the issue of 222.383 new shares causing maximum dilution amounting to 3.64% of diluted share capital (see section IX of this report).

Dilution of voting rights is different given the existence of double-voting shares.

In keeping with its policy of incentivizing managers and employees and attracting new talent, the Group may in future decide to issue or grant shares or new equity derivatives that could lead to further, potentially material dilution of current and future shareholders of the Company.

e. Currency risk

In 2021, around 10.7% of Group invoices were denominated in foreign currency, mainly USD or GBP. While the Group pays close attention to currency risk, the impact over the last three years has been non-material and WALLIX GROUP has therefore not implemented any currency hedging arrangements.

Given the expansion of international operations in the Middle East and USA, the Group will probably be required to take precautions against currency risk over the coming years.

As of December 31, 2021, receivables denominated in foreign currencies totaled €1,428,000 versus €772,000 as of December 31, 2020 and €888,000 as of December 31, 2019. No material foreign currency liabilities were shown in the financial statements over the same period.

f. Financing and liquidity risks

Prior to the Company's initial public offering on Alternext (now Euronext Growth) in June 2015, the Group funded its growth with equity by issuing shares to business angels and venture capital firms. The IPO raised around €10 million of funds from existing shareholders and new institutional and individual shareholders, enabling the Company to consolidate its foothold in Europe and step up international expansion. The €36.8 million raised in May 2018 from existing shareholders and new institutional and individual shareholders has enabled the Group to pursue its development.

As of December 31, 2021, gross cash and cash equivalents amounted to €22.7 million versus €23.2 million a year earlier.

The Group has conducted a specific review of liquidity risk and considers that it is able to meet its liabilities over a 12-month period following the date of this annual financial report, as there is no source of finance whose termination could have an impact on the Group's current financing arrangements.

g. Interest rate risk

As of December 31, 2021, the Group's borrowings consisted of six (6) bank loans for a total amount of €2,597,000.

This includes a loan of €3,000,000 taken out on July 9, 2019 at a variable rate of 1.86% (average monthly rate of return on long-term government bonds, increased by 1.5%), with remaining capital due on the closing date of €2,062,000, with a final installment scheduled for July 9, 2024.

The other loans were contracted either on an interest-free basis with Bpifrance Financement or at fixed rates ranging from 0.96% to 2.99% with BNP Paribas and Bpifrance Financement.

Accordingly, the Group does not consider itself exposed to interest rate risk.

h. Credit and counterparty risk

The Group has set up financing arrangements with Bpifrance Financement (former OSEO) and BNP Paribas.

Given the standing of the Group's clients and the credit institutions from which it borrows, the Company considers that counterparty risk is limited.

i. Risks related to shares and other financial instruments

As of the date hereof, the Company holds no equity interests in listed companies and, as such, is not exposed to equity risk.

j. Geopolitical risks

Besides France, the Group has operations in Spain, Germany, Canada and the USA, all countries with a low risk of political instability. In the Europe Middle East Africa region (EMEA), the Group trades with some countries that could experience moments of instability (North Africa and the Arabian Peninsula). The risk would solely concern a fall in turnover in the event of instability and none of the countries in question accounts for a material portion of Group turnover. Furthermore, given that the Group has no direct operations in these countries but operates through resellers, partners and integrators, the Group considers that the risk would be limited to a fall in turnover in the region affected.

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

k. Risks related to impairment of intangible assets

Development costs mainly comprising payroll expenses are capitalized where they meet the relevant capitalization criteria in accordance with accounting principles. Development costs are amortized over 5 years.

As of December 31, 2021, the net book value of these assets stood at €11,300,801 amounting to 21.5% of the consolidated balance sheet total.

If an indication of loss of value were to be identified in the future, an impairment test would be conducted, potentially leading to the recognition of an impairment charge against these intangible assets and a reduction in Group shareholders' equity. The Group has not yet encountered such a situation.

Off-balance sheet commitments

As of February 28, 2022, there are 222,383 bonus shares outstanding which have been granted but still lie within the vesting period, as set out in section IX below.

On July 16, 2019, WALLIX GROUP acquired Simarks, which was renamed WALLIX IBERICA SL (Spain). The acquisition is subject to an unrecognized earnout payment of up to €1.7 million conditional on cumulative revenue targets over a five-year period.

II. NON-FINANCIAL AMBITION

WALLIX Group ensures that its development is responsible and sustainable. WALLIX integrated ESG principles into its culture back in 2018 and has since been implementing concrete actions to strengthen its social, societal, environmental and digital ambitions, including the creation of a CSR project manager position at the end of 2021.
In 2021, WALLIX obtained an non-financial rating of 56 from EthiFinance (for 2020) as well as the Happy At Work certification.

1. Human Resources

WALLIX established a Human Resources Department in 2018 to focus the Company's ambitions around its values of boldness, teamwork and commitment.

WALLIX is committed to the responsible treatment of its employees. It promotes diversity, gender equality and well-being in the workplace and opposes against all forms of discrimination. Our 200 employees, spread over 3 continents and 14 countries, are our most valuable assets in an industry that suffers from a shortage of talent.

WALLIX integrates a wide variety of profiles (nationalities, backgrounds, beginners in apprenticeship and seniors) because we are convinced that our diversity will contribute to our success. Our total workforce (permanent employees, apprentices, trainees) includes 28% women,

a figure we are proud of in a predominantly male industry (women represent only 11% of employees in the cybersecurity industry1).
In 2021, WALLIX received the Happy At Work certification for the second consecutive year.

- **Job creation**

On average, between 2018 and 2021, 24 permanent jobs will be created each year. This means that WALLIX was able to manage the COVID-19 crisis without recourse to short-time working or state aid.

- **Quality of life at work**

WALLIX promotes collaborative work between teams and the well-being of employees.
In order to offer more flexibility and commitment to employees, WALLIX has, with the company's SEC, put in place a WFH charter that has been deployed in France, Spain and Germany and allows employees to benefit from two days of work from home per week.

WALLIX is also accelerating its digital transformation by deploying cloud-based applications that are a response to the transformation of work itself ("Figgo" leave, absence and WFH management software; the launch of "The Willage", our own corporate social network; the automatic addition of a video conferencing link to every meeting to provide for flexible participation, etc.)

At the same time, WALLIX promotes a pleasant and welcoming workplace (fruit basket for employees, pool table, relaxation and meeting area, plants, etc.), and we strive throughout the year to coordinate the life of the company with integration and teamwork events to strengthen the bonds between employees.

WALLIX is firmly committed to fighting discrimination on the basis of disability through:
- a disability diversity awareness campaign accompanied by a diagnostic of the acknowledgment of disabled workers;
- renovation of our offices for greater accessibility by disabled workers (changes to the building entrance, installation of a private disabled elevator);
- encouraging the professional integration of disabled workers by working with service providers such as ANR Service, a government-recognized public interest foundation.

WALLIX supports gender equality in the workplace through:
- equality in parental benefits and childcare assistance, by maintaining men's salaries at 100% during the 28 days of paternity leave;
- in accordance with our values, the signing of the #StOpE charter against everyday sexism in the workplace.

[1] Fact:
- Women make up only 27% of employees in the digital sector, and that rate drops to 11% in the cybersecurity industry. Source: https://www.forbes.fr/technologie/cybersecurite-numerique-femmes-kaspersky-emploi/
- Among cyber experts in France, only 5% are women. Source: https://www.maddyness.com/2020/10/14/parite-cybersecurite-femmes-probleme-alarmant/

- **A policy of skills development**

The ability to retain our talent in a highly competitive job market is a priority for us. For this reason, WALLIX:

- offers its employees the opportunity to develop their skills and provides personalized support throughout their career (technical improvement, management assistance, *language training*, etc.);
- offers a mobility policy for employees by giving them rich and varied employment options (departments, countries);
- encourages promotion from within.

WALLIX also encourages employees to support the Company's long-term growth through its employee shareholding policy.
WALLIX's commitments will increase in the coming years with the retention of the best profiles, the strengthening of gender equality, and WALLIX's desire to introduce the cybersecurity professions to the younger generation through its actions in partnership with schools such as ESIEA, EPITA, INSA Lyon, and Telecom Paris Tech.

2. Environment

WALLIX is an IT security software publisher and, due to the nature of its business, has only a marginal impact on the environment.

The WALLIX access security solution is even part of an eco-responsible approach to corporate IT systems because the product allows for the development of secure mobility in remote work and is part of a sustainable approach to installation and administration.

WALLIX also tries to minimize its own environmental impact through the use of virtualization with careful sizing and the implementation of green policies to automatically turn off unused resources.

- **WALLIX and the carbon footprint of its employees**

We have set ourselves the goal of reducing the carbon footprint of all our employees and have put in place a series of actions for which we conduct regular information campaigns:

- **responsible management of our waste** (glass recycling, WEEE recycling, light bulb and battery recycling, printer and toner cartridge recycling, and the installation of recycling garbage cans for paper and plastic);
- **the elimination of single-use plastic from our offices** (in 2020, plastic cups from coffee machines and water fountains were eliminated and replaced by individual glasses and bottles; coffee in plastic capsules was ended and coffee beans were introduced);
- **distribution of washable masks during COVID** rather than disposable masks and provision of a bin for recycling surgical masks;
- **control of our water, energy and raw material consumption:** installation of hand dryers instead of cloth towels; changing of all washbasin faucets to low-consumption

infrared faucets; changing of our electricity supplier and switch to green electricity; paperless office policies; badge machine with reusable badges at reception.

Finally, to reduce the carbon impact of our employees' business travel, we have implemented a "CAR POLICY", i.e. we offer vehicles with CO_2 emission levels of no more than 138g (hybrid vehicles are offered in all categories), and we encourage the use of videoconferencing to reduce travel by car, train and airplane.

By 2025, WALLIX is committed to continuing its efforts to reduce its carbon impact and the carbon impact of every employee.

3. Governance

It is WALLIX's ambition to become a European leader in cybersecurity. For this reason, it believes in transparency and communication.

WALLIX makes itself available throughout the year and participates in numerous roadshows to meet its shareholders.

WALLIX is also making efforts to improve corporate governance. With this in mind, a proposal will be made to the WALLIX GROUP Annual Shareholders' Meeting on June 15, 2022 to change its administrative and management structure by adopting the form of a French corporation (*société anonyme*) with a Board of Directors and to strengthen that body by the appointment of three new independent directors, two of whom will be women (see section XII of this document)

Listed on the Euronext Growth market since 2015, WALLIX Group regularly provides transparent and reliable financial information in line with the financial communication practices inherent to that market.
Due to its commitment to dialogue with shareholders, the Group pursues a proactive approach, with regular participation in the main forums for meetings with institutional investors (nearly ten per year) and the distribution of letters to shareholders, which began in 2020. The Group regularly assesses the information it deems appropriate to provide to financial audiences and the means of communication used.

4. Quality

WALLIX designs cybersecurity products that by definition ensure the security of its customers, which include public and private organizations from all sectors, in France and internationally, and often Essential Service Operators (ESOs) subject to local or European regulatory obligations such as the ANSSI directives in France or the European NIS directive.

Quality and security requirements are therefore at the heart of our concerns, and we are committed to a process of continuous improvement within all our development, infrastructure and customer relations departments.

With the help of our cybersecurity laboratory and Quality team, we are committed to the following certification processes:

- the CSPN of the ANSSI (Agence Nationale de la Sécurité des Systèmes d'Information, the French National Agency for the Security of Information Systems), the BSZ of the BSI

(Bundesamt für Sicherheit in der Informationstechnik, the German Federal Office for Information Technology Security) for our flagship product WALLIX Bastion,
- ISO 27001 for our managed services.

The WALLIX Academy, our training center, has been Qualiopi-certified since October 2021.

Finally, we carry out an annual satisfaction survey conducted by the service provider Qualitest to monitor developments and improve the satisfaction rate of our customers.

III. ACTIVITY OF THE COMPANY AND ITS SUBSIDIARIES

5. Subsidiaries and shareholdings – Controlled companies

WALLIX GROUP controls the following companies within the meaning of Article L. 233-33 of the French Commercial Code:

- **WALLIX**, a French private limited liability company with share capital of €50,000, registered at 250 Bis rue du Faubourg Saint-Honoré, Paris 75008, identified under the SIREN system by the number 450 401 153 – Paris Trade and Companies Register, whose business is the publishing of software and provision of IT services primarily related to cybersecurity and open source security solutions, via a 100% equity stake in that company;

- **WALLIX US Corp.,** located at 10 Liberty Street, Danvers, Massachusetts, 01923, USA, whose business is the publishing of cybersecurity software, via a 100% equity stake in that company;

- **CYBERSÉCURITÉ WALLIX CANADA INC.**, located at Montreal CoWork Inc., 4388 St-Denis, H2J 2L1, Montreal, Canada, whose business is the publishing of cybersecurity software, via a 100% equity stake in that company;

- **WALLIX IBERICA SL**, located at Calle Copenhague, 12, 28232 Las Rozas, Madrid (Spain), whose business is the publishing of cybersecurity software, via a 100% equity stake in that company;

- **WALLIX GmbH**, located at Prinzregentenstraße 91, 81677 Munich (Germany), whose business is the publishing of cybersecurity software, via a 100% equity stake in that company.

The Company had no branches as of the date hereof.

Business review of subsidiaries:

WALLIX:

WALLIX is a wholly owned subsidiary of WALLIX GROUP engaged in the publishing and implementation of network and system infrastructure security management software solutions. For the 2021 financial year the company posted turnover of €22,490,510, up 13.4% from €19,839,370 in 2020, and a net loss of €562,242 for the year ended December 31, 2021.
WALLIX has recorded a return to better fortune for the WALLIX Group totaling €1,205,930 for 2021.

WALLIX is positioned on the PAM market (Privileged Access Management) as a European software publisher specializing in PAM, access control and traceability.

WALLIX has developed a comprehensive PAM offering and expanded into adjacent market segments in accordance with the strategic plan. As a result, it now boasts a portfolio of four fully complementary offerings that address the new uses and threats posed by digital technologies:

WALLIX Bastion, the Group's core solution, is now recognized in the Gartner Magic Quadrant, the Forrester Wave and by Kuppinger Cole and is distributed worldwide;
WALLIX BestSafe, developed with the acquisition of Simarks (WALLIX Iberica SL), extends WALLIX's offering to include the protection of office and business users against ransomware, malware and cryptoviruses;
WALLIX Trustelem simplifies and controls user access to applications, whether administrators or standard users, in SaaS (Software as a Service) mode;
WALLIX Inside, a dedicated industrial asset protection solution to support companies in their secure digital transformation to Industry 4.0 and the Internet of Things (IoT).

WALLIX had 162 employees as of December 31, 2021.

WALLIX US CORP.:

WALLIX GROUP holds the entire share capital of WALLIX US Corp., a company located at 10 Liberty Street, Danvers, Massachusetts 01923, USA. This company sells cybersecurity software and is tasked with developing this business with clients based in North America.

The company owns offices and employed 5 people as of December 31, 2021.
Turnover for the 2021 financial year amounted to USD 794,000, versus USD 339,000 for 2020.

CYBERSÉCURITÉ WALLIX CANADA INC.:

WALLIX GROUP holds the entire share capital of Cybersécurité WALLIX Canada Inc., a company located at Montreal CoWork Inc., 4388 St-Denis, H2J 2L1, Montreal, Canada. This company sells support services to client users of WALLIX solutions. It provides outsourced support services on behalf of WALLIX.

The company owns offices and employed 4 people as of December 31, 2021.
Turnover for 2021 amounted to CAD 345,000 (CAD 330,000 in 2020) and consisted of intercompany invoicing.

WALLIX IBERICA:

WALLIX GROUP holds the entire share capital of WALLIX IBERICA, a company located at Calle Copenhague, 12, 28232 Las Rozas, Madrid (Spain).
The company develops and sells cybersecurity software.

The company owns offices and employed 9 people as of December 31, 2021.

Turnover for this entity for 2021 was €285,000 versus €162,000 in 2020.

WALLIX GmbH:

WALLIX GROUP owns 100% of the capital of WALLIX GmbH, headquartered at Prinzregentenstraße 91, 81677 Munich (Germany).
The company develops and sells cybersecurity software.
The company owns offices and employed 15 people as of December 31, 2021.
Turnover for this entity (operational since January 1, 2021) for 2021 was €794,000.
The 2021 turnover of WALLIX Gmbh does not include turnover from prepayments for years prior to 2021, which is accounted for in the turnover of WALLIX Sarl.

1. Business activity of WALLIX GROUP

WALLIX GROUP is a company specializing in secure hosting of critical applications covering the following areas: architecture, deployment, exploitation and support. A major portion of the Company's business is related to EDM (electronic document management) projects.

The Company's turnover decreased by 39.8% in the year ended December 31, 2021.

3.1 Overview of the WALLIX GROUP company financial statements

For the financial year ended December 31, 2021:

- turnover excluding tax amounted to **€110,298** versus **€183,164** the previous year;
- operating income totaled **€487,046** versus **€471,176** the previous year;
- operating expenses totaled **€1,769,457** versus **€1,986,723** the previous year;
- net operating loss amounted to **€1,282,411** versus **€1,515,547** the previous year;
- wages and salaries amounted to **€551,184** versus **€574,832** the previous year;
- social security charges amounted to **€279,098** versus **€292,266** the previous year;
- after a net financial expense of **€171,138**, the net loss before tax and recurring items amounted to **€1,211,273** versus **€5,168,841** the previous year;
- taking into account these elements, non-recurring income of **€1,383,791**, consisting mainly of income from the application of the Wallix Sarl return to better fortunes clause for **€1,205,930**, the result for the year was a profit of **€172,367**, compared with a loss of **€5,065,382** for the previous year;
- as of December 31, 2021, the Company's balance sheet total was **€34,798,784** versus **€36,165,489** the previous year.

The Company financial statements for the year ended December 31, 2021 submitted for approval were prepared in accordance with the rules of presentation and measurement methods provided for by applicable regulations.

The balance sheet and profit & loss statement are appended to this report.

The table provided for by Article R. 225-102 of the French Commercial Code showing the Company's earnings for the last five years is also appended to this report.

The average headcount of the Company in 2021 was 3 employees.

3.2 Analysis of WALLIX GROUP’s financial position at December 31, 2021

Loans and borrowings from credit institutions amounted to **€2,108,521** versus **€2,896,848** the previous year.

Trade payables amounted to **€369,591** versus **€617,211** the previous year.

Tax and social security payables amounted to **€201,346** versus **€200,630** the previous year.

Tax and social security payables amounted to **€0** versus **€743,750** the previous year.

Other payables amounted to **€0** versus **€7,928** the previous year.

Prepayments amounted to **€12,676** versus **€0** the previous year.

The Company’s total borrowings amounted to **€2,692,133** versus **€4,466,367** the previous year.

3.3 Appropriation of WALLIX GROUP earnings

It is proposed that the entire net profit for the year ended December 31, 2021 amounting to **€172,366.54** be allocated to the “Retained earnings” account, in which retained losses will increase from **€18,642,099.88** to **€18,469,733.34**.

In accordance with Article 243 *bis* of the French General Tax Code, we hereby remind you that no dividends have been paid out in respect of the last three financial years.

3.4 Non tax-deductible expenses

In accordance with Articles 223 *quater* and 223 *quinquies* of the French General Tax Code (CGI), it is hereby stated that the financial statements for the year ended include expenses and charges classified as extravagant under Article 39-4 of the French General Tax Code, which are not deductible from taxable earnings, amounting to **€12,343** in respect of excess depreciation on passenger vehicles.

3.5 Foreseeable developments in the Company

WALLIX GROUP plans to continue its core business comprising the provision of services and hosting of critical applications.

3.6 Research and development

WALLIX GROUP conducted no research and development in 2021. Group software is developed by WALLIX Sarl, based in Paris and Rennes, and WALLIX Iberica based in Madrid.

POST-BALANCE SHEET EVENTS

WALLIX GROUP has not been impacted by the events in Ukraine since February 24, 2022. However, for the turnover of its subsidiary WALLIX Sarl, the Group estimates that if the events continue until the end of the fiscal year, this could have an impact of around €1 million to €1.4 million.

I. OUTSTANDING TRADE RECEIVABLES AND PAYABLES

In accordance with Articles L. 441-6–1 and D. 441-6 I of the French Commercial Code, a breakdown of outstanding trade receivables and payables held by the Company vis-à-vis non-Group clients and suppliers is presented below (amounts in euros):

	Article D. 441-6 I. 1°: Past due invoices *received* and unpaid as of the balance sheet date						**Article D. 441-6 I. 2°: Past due invoices *issued* and unpaid as of the balance sheet date**					
	0 days *(provisional)*	**1-30 days**	**31-60 days**	**61-90 days**	**> 90 days**	**Total (1 day and over)**	0 days *(provisional)*	**1-30 days**	**31-60 days**	**61-90 days**	**> 90 days**	**Total (1 day and over)**
A) Late payment categories												
Number of invoices concerned	10					20	2					0
Total invoice amount concerned	56,961 incl. tax	3,420 incl. tax		234 incl. tax	9,640 incl. tax	13,294 incl. tax	21,215 incl. tax	0 incl. tax	0 incl. tax		0 incl. tax	0 incl. tax
Percentage of total purchases for the year	5.54% incl. tax	0.33% incl. tax		0.02% incl. tax	0.94% incl. tax	1.29% incl. tax						
Percentage of turnover for the year							% incl. tax	0% incl. tax	0% incl. tax		0% incl. tax	0% incl. tax
B) Invoices excluded from (A) relating to disputed or unrecognized receivables and payables												
Number of invoices excluded							2					
Total invoice amount excluded							4,207 incl. tax					
C) Benchmark payment terms applied (statutory or contractual term – Article L. 441-6 or Article L. 443-1, French Commercial Code)												
Benchmark payment terms used to calculate late payments	☒Contractual terms: *"as per agreed terms"* ☐ Statutory terms: *(specify)*						☒ Contractual terms: *"as per agreed terms"* ☐ Statutory terms: *(specify)*					

II. COMPENSATION OF BOARD MEMBERS

The Combined Shareholders' Meeting of June 3, 2016 allocated a compensation package of €50,000 for the members of the Supervisory Board until further decision. In respect of the year ended December 31, 2021, Mr. Jacques Chatain received €15,000 as Chairman of the Supervisory Board and all other Board members received €10,000 each.

In view of the changes in governance that we are proposing, in particular the proposal to appoint three new independent directors (see section XII of this document), we propose that the compensation package allocated to the members of the Board of Directors (subject to the condition precedent of the resolutions concerning the change in governance of the Company and the adoption of the new text of the Bylaws) be increased to €100,000. This decision would be applicable to the current fiscal year and remain in effect until further decision.

III. REGULATED AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

We hereby notify you that one new agreement as defined by Article L. 225-86 of the French Commercial Code was entered into during the year ended December 31, 2021 and ask you to review it.

The following agreement entered into in previous years continued to apply during the year ended December 31, 2021: On March 26, 2020, the Supervisory Board authorized the execution of a supplemental agreement to Mr. Amaury Rosset's employment contract, whereby his annual gross fixed compensation was increased from €165,000 to €180,000, and modified the calculation of the turnover criterion, whereby bonuses are paid proportionally at or above 66% of the objective reached (instead of 75%), with effect from January 1, 2020. This agreement was approved by the Annual Shareholders' Meeting of June 16, 2021 and is included in the special report of the statutory auditor.

No transactions with related parties occurred during the year ended December 31, 2021.

IV. EMPLOYEE SHAREHOLDINGS AT DECEMBER 31, 2021

As of December 31, 2021, employees held 1.08% of the Company's share capital as defined by Article L. 225-102 of the French Commercial Code.

V. ACQUISITION OF 5, 10, 20, 33.33, 50 OR 66.66% OF THE SHARE CAPITAL OR VOTING RIGHTS OR A CONTROLLING INTEREST

None

VI. TREASURY SHARES AND INTERLOCKING INVESTMENTS

None

VII. NOTICE OF HOLDING OVER 10% OF THE SHARE CAPITAL BY ANOTHER CORPORATION

None

VIII. INTERCOMPANY LOANS

None

IX. COMPANY CAPITAL STRUCTURE AT FEBRUARY 28, 2022

As of February 28, 2022, the capital structure of WALLIX GROUP was as follows:

DISTRIBUTION OF WALLIX GROUP CAPITAL AS OF 02/28/2022

WALLIX GROUP	Nb os shares	Nb voting rights	% of capital	% voting rights	Bonus shares 2019	Bonus shares 2021	Fully diluted	% of capital
Jean-Noël de Galzain*	615 187	1 222 042	10,44%	16,25%	8 336	25 002	648 525	10,61%
Amaury Rosset	227 044	448 384	3,85%	5,96%	5 004	15 003	247 051	4,04%
Didier Lesteven	11 207	19 707	0,19%	0,26%	3 336	10 005	24 548	0,40%
Total Executive Directors	**853 438**	**1 690 133**	**14,48%**	**22,48%**	**16 676**	**50 010**	**870 114**	**14,23%**
TDH - M. Thierry DASSAULT	433 170	866 340	7,35%	11,52%			433 170	7,08%
ACCESS2NET	1 800	3 600	0,03%	0,05%			1 800	0,03%
Total Corporate officers excluding executives	**434 970**	**869 940**	**7,38%**	**11,57%**			**434 970**	**7,11%**
Employees	63 886	88 440	1,08%	1,18%	23 280	132 417	219 583	3,59%
Treasury shares WALLIX GROUP	10 802	-	0,18%	0,00%			10 802	0,18%
Free float	4 529 304	4 870 642	76,87%	64,78%			4 529 304	74,07%
TOTAL	**5 892 400**	**7 519 155**	**100,00%**	**100,00%**	**39 956**	**182 427**	**6 114 783**	**100,00%**

162,845 shares belonging to JNG, 452,342 controlled via its family holding company Jinco Invest (for respectively 317,358 voting rigths and 904,684 voting rights)

Potential share capital

The Company granted bonus shares (2019 and 2021 bonus share allocations), details of which appear below.

As of the date of this report, the vesting of all bonus shares granted would result in the issue of 222.383 new shares of common stock.

	Plan 2019 no. 1	Plan 2019 no. 2	Plan 2021 no. 1	Plan 2021 no. 2
Date of shareholders' meeting	June 6, 2019	June 6, 2019	June 6, 2019	June 6, 2019
Allotment date / Board meeting	July 25, 2019	July 25, 2019	July 27, 2021	July 27, 2021
Total number of bonus shares granted	65,500	98,500	91,683	101,766
O/w total number of shares that may be subscribed by corporate officers *Jean-Noël de Galzain*	-	25,000(3)	-	25,002(6)
Amaury Rosset	500	14,500(3)	501	14,502(6)
Didier Lesteven	500	9,500(3)	501	9,504
Vesting date	July 25, 2020: 21.746(1) July 25, 2021: 21.746(2) July 25, 2022: 22.008(2)	July 25, 2020: 32.818(4) July 25, 2021: 32.818(4) July 25, 2022: 32.864(5)	July 27, 2022: 30,561(1) July 27, 2023: 30,561(2) July 27, 2024: 30,561(2)	July 27, 2022: 33,922(4) July 27, 2023: 33,922(5) July 27, 2024: 33,922(5)
End of lock-in period	(1), (2)	(4), (5)	(1), (2)	(4), (5)
Number of shares vested as of 2/28/2022	18,260 (1st tranche) 14,940 (2nd tranche)	15,493 (1st tranche) 13,661 (2nd tranche)	-	-
Total number of shares canceled or lapsed as of 2/28/2022	19,700	41,990	11,022	-
Remaining bonus shares as of the date of this document	12,600	27,356	80,661	101,766

(1) Subject to the beneficiary's presence in the Group and a one-year lock-in period.
(2) Subject to the beneficiary's presence in the Group; no lock-in period.
(3) On July 25, 2019 the Supervisory Board decided that at least 10% of each tranche of performance shares granted to members of the Management Board should be held in registered form until the end of the respective beneficiaries' term of office as members of the Management Board or any other office held at the Company.
(4) Subject to the beneficiary's presence in the Group, the achievement of performance criteria and a one-year lock-in period.
(5) Subject to the beneficiary's presence in the Group and the achievement of performance criteria; no lock-in period.
(6) On July 27, 2021 the Supervisory Board decided that at least 10% of each tranche of performance shares granted to members of the Management Board should be held in registered form until the end of the respective beneficiaries' term of office as members of the Management Board or any other office held at the Company.

X. NUMBER OF TREASURY SHARES PURCHASED AND SOLD BY THE COMPANY DURING THE FINANCIAL YEAR PURSUANT TO ARTICLES L. 22-10-62 ET SEQ. OF THE FRENCH COMMERCIAL CODE

On June 16, 2021, the Combined Shareholders' Meeting authorized the Management Board for a term of eighteen months to purchase Company shares up to a limit of 10% of the number of shares comprising the share capital.

During the past financial year, the company purchased and sold its treasury shares under the following conditions:

- Number of shares purchased: **52,746**
  Average purchase price: **27.12134**

- Number of shares sold: **52,371**
  Average sale price: **27.37568**

- Total trading fees: **€2,686.53** (incl. tax)

As of December 31, 2021, the Company held 9,324 treasury shares (0.16% of the share capital) valued at €391,841.20 based on the closing share price of €31.30 and having a total par value of €63.20. As of the same date, the Company also held €152,560.63 in cash in the liquidity account and €498,702.89 in the share buyback account.

100% of treasury share purchases made during the year ended (covering 52,746 shares representing 0.90% of the share capital) were carried out in order to stimulate trading. For this purpose, WALLIX GROUP continued to apply the liquidity agreement entered into on July 19, 2015 with Louis Capital Markets and renewed on March 4, 2019. Shareholders are reminded that €200,000 in cash was allocated to the liquidity account upon execution of this agreement.

Given that the authorizations granted by the June 16, 2021 Combined Shareholders' Meeting expire on December 16, 2022, this shareholders' meeting is asked to renew them subject to the following terms.

XI. AUTHORIZATION TO IMPLEMENT A SHARE BUYBACK PROGRAM AND TO REDUCE THE SHARE CAPITAL BY CANCELING TREASURY SHARES (ARTICLE L. 22-10-62 OF THE FRENCH COMMERCIAL CODE)

We propose that you grant the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) the requisite powers, for a term of eighteen months, to purchase shares of the Company, in one or more installments and at such times as it shall see fit, up to a maximum of 10% of the number of shares comprising the share capital, adjusted as applicable in accordance with any share capital increases or reductions carried out during the term of the program.

This authorization would cancel and supersede the authorization granted to the Management Board by the June 16, 2021 shareholders' meeting in its fifth ordinary resolution.

Company shares could be purchased in order to:

- stimulate the secondary market or liquidity of the WALLIX GROUP share pursuant to a liquidity agreement entered into with an investment services provider in compliance with practices authorized under applicable regulations,
- hold the shares and subsequently tender them as consideration or in exchange in relation to potential mergers and acquisitions, provided, however, that shares purchased for this purpose may not represent more than 5% of the Company's share capital,
- cover stock option and/or bonus share plans (or equivalent plans) established for the benefit of employees and/or corporate officers of the Group and all share allotments to employees and/or corporate officers of the Group under a company or group savings plan (or equivalent plan) or profit-sharing scheme and/or in any other form,
- cover equity derivatives conferring entitlement to the allotment of Company shares pursuant to applicable regulations,
- implement any market practice subsequently approved by the AMF and, more generally, execute any other transaction in accordance with applicable regulations,

- cancel purchased shares, provided that the June 15, 2022 shareholders' meeting grants the requisite authorization under the eighteenth extraordinary resolution.

These share purchases may take place by any means, including the acquisition of blocks of shares, and at such times as the Board of Directors (or the Management Board in the event of rejection of the resolutions relating to the change of governance of the Company and the adoption of the new text of the Bylaws) shall determine.

Such transactions may be carried out during the period of a public tender offer.

The Company does not plan to use option arrangements or derivatives.

We propose that the maximum purchase price be set at €60 per share and that, accordingly, the maximum amount of the transaction be set at €35,354,400.

In view of the cancellation objective, we ask you to authorize the the Board of Directors (or the Management Board in the event of rejection of the resolutions relating to the change of governance of the Company and the adoption of the new text of the Bylaws), for a term of 24 months, to cancel treasury shares held by the Company or which it may subsequently acquire through buyback transactions carried out in accordance with the buyback program, at its sole discretion, in one or more installments, up to a maximum of 10% of the share capital as calculated on the day of the decision to cancel the shares, less any shares canceled during the preceding 24 months, and to reduce the share capital accordingly, pursuant to applicable statutory and regulatory provisions.

The Board of Directors (or the Management Board in the event of rejection of the resolutions relating to the change of governance of the Company and the adoption of the new text of the Bylaws) would therefore have the authority to do whatever is necessary in such matters.

XII. PROPOSAL TO MODIFY THE COMPANY'S MODE OF GOVERNANCE, ADOPTION OF THE NEW TEXT OF THE COMPANY'S BYLAWS AND APPOINTMENT OF NEW DIRECTORS

We ask you to vote on the change in the administrative and management structure of your Company by adopting a structure with a Board of Directors provided for in Articles L. 225-17 et seq. of the French Commercial Code.

The change in the administrative and management structure would allow the Company to be more responsive to rapid changes in the business and industry in which it operates.
The current mode of governance functions with a certain intrinsic heaviness. The most important decisions must be approved in principle and in detail by the Management Board, and then submitted to the Supervisory Board for authorization before being implemented by the Chairman of the Management Board.

Under the proposed new organizational structure, the Board of Directors would define the major trajectories and strategy of the company and the Group, and operational decisions would be made by the Chief Executive Officer and Deputy Chief Executive Officers.

Under the structure with a Board of Directors, the Company is administered by a Board of Directors composed of three to eighteen members. The Board of Directors elects from among its members a Chairman, who shall be an individual, to direct the work of the Board and a Chief Executive Officer, who may be chosen from among or outside the directors, to provide general management and representation of the Company.

The Chairman of the Board of Directors may or may not, at the discretion of the Board of Directors, also assume the general management of the Company.

At the end of this Shareholders' Meeting and subject to its adoption of this new mode of governance, it will be proposed to the Board of Directors to decide to combine the functions of Chairman of the Board of Directors and Chief Executive Officer and to appoint a Chairman and Chief Executive Officer accordingly.

Accordingly, the appointment of Mr. Jean-Noël de Galzain, the current Chairman of the Management Board, as Chairman and Chief Executive Officer will be proposed to the Board of Directors at the close of the Shareholders' Meeting.

On the proposal of the Chairman and Chief Executive Officer, the appointment of Mr. Amaury Rosset, currently a member of the Management Board, as Deputy Chief Executive Officer and the appointment of Mr. Frédérique Sarrat as Deputy Chief Executive Officer will be proposed to the Board of Directors at the close of the Shareholders' Meeting.

The Board of Directors would include three independent directors, two of whom would be women.

If you approve our proposal to change the administrative and management structure of your Company, you will be required to amend the bylaws accordingly in accordance with the draft amended bylaws attached to this report.

We also ask you, subject to the condition precedent of the adoption of the resolutions concerning the change of governance of the Company and the adoption of the new text of the Bylaws, to appoint as directors the following persons for a term of three years, expiring at the end of the Shareholders' Meeting held in 2025 to approve the financial statements for the previous year:

- Mr. Jean-Noël de Galzain;
- Mr. Amaury Rosset;
- Mr. Frédéric Sarrat;
- GLX CONSULTING (independent director);
- Ms. Valentine Ferreol (independent director);
- Ms. Amanda Gourbault (independent director);
- TDH;
- Mr. Jacques Chatain and
- Mr. Pierre-Yves Dargaud.

XIII. DELEGATION OF AUTHORITY IN FINANCIAL MATTERS

The Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) wishes to have the necessary delegations of authority to carry out, as it deems appropriate, any issues that may prove necessary in the context of the development of the Company's activities. For this reason, the shareholders are asked to renew the authority delegated to the Management Board, which will soon expire, under the following terms.

1. Delegation of authority to the Board of Directors (or the Management Board if the 5th and/or 6th resolutions are rejected) to increase the share capital by incorporation of reserves, profits and/or premiums

We hereby ask you to renew the delegation of authority to increase the share capital via capitalization of reserves, profits and/or premiums and thereby grant the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws), for a further 26-month term, the requisite authority to increase the share capital via capitalization of reserves, profits, premiums or other capitalizable amounts, by issuing and allotting bonus shares or by raising the par value of existing shares of common stock or via a combination of these two methods.

The nominal amount of the capital increase resulting from the share issues carried out in accordance with this authorization could not exceed €40 million. This amount would not include the total par value of any additional shares of common stock issued to maintain the rights of holders of equity derivatives, as required by law. The aforementioned cap would be independent of all other caps provided for under other delegations of authority by the shareholders' meeting.

2. **Delegation of authority to issue shares of common stock and/or equity securities conferring entitlement to other equity securities or to the allotment of debt instruments and/or securities conferring entitlement to equity securities to be issued**

We hereby ask you to renew the delegations of authority to issue shares of common stock and/or securities against cash contributions with or without preferential subscription rights, under the terms set out below.

Furthermore, the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) would like to have authority to issue shares of common stock and/or securities against cash contributions without preferential subscription rights to a specific category of persons. Accordingly, you are asked to renew such authority to the Management Board under the following terms.

The authority thereby delegated is intended to give the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws), with the option of further delegation (except for delegation for a specific category of persons), full discretion to issue shares of common stock and/or equity securities conferring entitlement to other equity securities or to the allotment of debt instruments and/or securities conferring entitlement to equity securities to be issued, at such times as it shall see fit during a 26-month term (except for the authority to issue securities to a specific category of persons, which is granted for eighteen months).

As provided by law, the securities to be issued could confer entitlement to shares of common stock of any company that directly or indirectly holds over half of the share capital of the Company or of any company of which the Company directly or indirectly holds over half of the share capital.

2.1 Delegation of authority to issue shares of common stock and/or equity securities conferring entitlement to other equity securities or to the allotment of debt instruments and/or securities conferring entitlement to equity securities to be issued <u>with preferential subscription rights</u>

We propose that the total par value of shares liable to be issued under this delegation of authority be capped at €300,000. Where applicable, this cap would be raised by the par value of shares of common stock to be issued, in accordance with the law and, where applicable, contractual terms providing for other cases of adjustment, to maintain the rights of holders of securities conferring entitlement to the Company's share capital.

This amount would be deducted from the share capital increase cap set pursuant to the resolutions delegating authority to increase the share capital without preferential subscription rights via a public offering (including via an <u>offer as referred to in Article L. 411-2 (1) of the French Monetary and Financial Code)</u> or via an offer to a specific category of persons.

The total par value of debt instruments of the Company liable to be issued under the present delegation of authority would be capped at €80 million.

This amount would be deducted from the cap on the total par value of debt instruments set by the resolutions delegating authority to increase the share capital without preferential subscription rights via a public offering (including via an <u>offer as referred to in Article L. 411-2 (1) of the French Monetary and Financial Code)</u> or via an offer to a specific category of persons.

Shares of common stock and/or all securities conferring entitlement to share capital issued under this delegation of authority would be subject to shareholder preferential subscription rights.

If the subscriptions pursuant to shareholders' automatic entitlement and, where applicable, subscriptions of additional shares in excess of their entitlement, do not cover the entire issue, the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) may use the following options:

- limit the issue to the amount of subscriptions, provided that, in the case of an issue of shares of common stock or securities of which the primary security is a share, subscriptions amount to at least three-quarters of the issue decided upon,
- allocate some or all of the unsubscribed securities at its own discretion,
- make a public offering of some or all of the unsubscribed securities.

2.2 Delegation of authority <u>without preferential subscription rights</u>

2.2.1 Delegation of authority to issue shares of common stock and/or equity securities conferring entitlement to other equity securities or to the allotment of debt instruments and/or securities conferring entitlement to equity securities to be issued <u>without preferential subscription rights via a public offering, excluding the offers referred to in Article L. 411-2 (1) of the French Monetary and Financial Code and subject to the option of establishing a priority period</u>

Under this delegation of authority, the issues would be carried out without preferential subscription rights via a public offering, <u>excluding the offers referred to in Article L. 411-2 (1) of the French Monetary and Financial Code</u>.

Shareholder preferential subscription rights to shares of common stock and/or securities conferring entitlement to share capital would be canceled. Where applicable, subject to the conditions provided for by Article L. 225-135 of the French Commercial Code, in respect of all or part of an issue, the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) would be entitled to establish a priority subscription right in favor of the shareholders, in respect of their automatic entitlement and/or additional subscriptions. Such priority would not give rise to tradable rights.

The total par value of shares liable to be issued would be capped at €300,000. Where applicable, this cap would be raised by the par value of shares of common stock to be issued, in accordance with the law and, where applicable, contractual terms providing for other cases of adjustment, to maintain the rights of holders of securities conferring entitlement to the Company's share capital.

This amount would be deducted from the cap on the total par value of shares liable to be issued under the delegation of authority to issue shares and/or other securities with or without preferential subscription rights via an <u>offer as referred to in Article L. 411-2 (1) of the French Monetary and Financial Code</u> or to a specific category of persons.

The total par value of debt instruments of the Company liable to be issued would be capped at €80 million.

This amount would be deducted from the cap on the total par value of debt instruments liable to be issued pursuant to the delegation of authority to issue shares and/or other securities with or without preferential subscription rights via an <u>offer as referred to in Article L. 411-2 (1) of the French Monetary and Financial Code)</u> or to a specific category of persons.

The amount accruing to the Company in respect of each share of common stock issued under this delegation of authority would be set by the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) for each of the ordinary shares issued under this delegation of authority, as follows: the price of shares of common stock issued under this delegation of authority would be at least equal to the average of the volume-weighted average price over the last three trading days prior to the price-setting date, less, where applicable, a discount capped at 20%, after adjustment of said average in the event of different dividend dates, on the understanding that the issue price of securities conferring entitlement to share capital shall be equal to the amount received immediately by the Company plus, where applicable, the amount liable to be received by the Company upon exercise or conversion of the securities, i.e., for each share issued as a result of the issue of these securities, at least equal to the issue price for shares of common stock as defined above.

This 20% discount would allow the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) to enjoy greater flexibility in setting the subscription price of the shares depending on market opportunities.

If the subscriptions do not cover the entire issue, the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) may use the following options:

- limit the issue to the amount of subscriptions, provided that, in the case of an issue of shares of common stock or securities of which the primary security is a share, subscriptions amount to at least three-quarters of the issue decided upon,
- allocate some or all of the unsubscribed securities at its own discretion.

2.2.2 Delegation of authority to issue shares of common stock and/or equity securities conferring entitlement to other equity securities or to the allotment of debt instruments and/or securities conferring entitlement to equity securities to be issued <u>without preferential subscription rights via an offer as referred to in Article L. 411-2 (1) of the French Monetary and Financial Code</u>

Under this delegation of authority, the issues would be carried out without preferential subscription rights via an offer as referred to in Article L. 411-2 (1) of the French Monetary and Financial Code.

Shareholder preferential subscription rights to shares of common stock and/or securities conferring entitlement to share capital would be canceled.

The total par value of shares liable to be issued would be capped at €300,000, on the understanding that it would also be capped at 20% of the share capital per year. Where applicable, this cap would be raised by the par value of shares of common stock to be issued, in accordance with the law and, where applicable, contractual terms providing for other cases of adjustment, to maintain the rights of holders of securities conferring entitlement to the Company's share capital.

This amount would be deducted from the cap on the total par value of shares liable to be issued under the delegation of authority to issue shares and/or other securities with or without preferential subscription rights via a public offering or to a specific category of persons.

The total par value of debt instruments of the Company liable to be issued would be capped at €80 million.

This amount would be deducted from the cap on the total par value of debt instruments liable to be issued under the delegation of authority to issue shares and/or other securities with or without preferential subscription rights via a public offering or to a specific category of persons.

The amount accruing to the Company in respect of each share of common stock issued under this delegation of authority would be set by the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) for each of the ordinary shares issued under this delegation of authority, as follows: the price of shares of common stock issued under this delegation of authority would be at least equal to the average of the volume-weighted average price over the last three trading days prior to the price-setting date, less, where applicable, a discount capped at 20%, after adjustment of said average in the event of different dividend dates, on the understanding that the issue price of securities conferring entitlement to share capital shall be equal to the amount received immediately by the Company plus, where applicable, the amount liable to be received by the Company upon exercise or conversion of the securities, i.e., for each share issued as a result of the issue of these securities, at least equal to the issue price for shares of common stock as defined above.

This 20% discount would allow the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) to enjoy greater flexibility in setting the subscription price of the shares depending on market opportunities.

If the subscriptions do not cover the entire issue, the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) may use the following options:

- limit the issue to the amount of subscriptions, provided that, in the case of an issue of shares of common stock or securities of which the primary security is a share, subscriptions amount to at least three-quarters of the issue decided upon,
- allocate some or all of the unsubscribed securities at its own discretion.

2.2.3 Delegation of authority to issue shares of common stock and/or equity securities conferring entitlement to other equity securities or to the allotment of debt instruments and/or securities conferring entitlement to equity securities to be issued without preferential subscription rights to a specific category of beneficiaries

The authority thereby delegated is intended to give the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) full discretion to issue shares of common stock and/or equity securities conferring entitlement to other equity securities or to the allotment of debt instruments and/or securities conferring entitlement to equity securities to be issued to a specific category of persons for eighteen months.

As provided by law, the securities to be issued could confer entitlement to equity securities to be issued by the company and/or by any company that directly or indirectly holds over half of the share capital of the Company or of any company of which the Company directly or indirectly holds over half of the share capital.

Under this delegation of authority, the issues would be carried out without preferential subscription rights in order to allow the following category of beneficiaries to subscribe to the share issue reserved for them: French or foreign legal entities (including holding companies, entities, investment firms, mutual funds and collective investment funds) or individuals, each having the status of a qualified investor (within the meaning of Article L.411-2 (1) of the French Monetary and Financial Code) regularly investing in listed companies operating in the fields or sectors of information technology, computer systems and networks, telecommunications, network infrastructure, the Internet, cryptography, cybersecurity, hardware manufacture or information systems, subject to a minimum individual subscription amount of €100,000 or equivalent amount per transaction, with the number of investors limited to 50, on the understanding that the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) shall draw up a precise list of beneficiaries within this category of beneficiaries and the number of shares to be allotted to each one.

The total par value of shares of common stock liable to be issued would be capped at €300,000. Where applicable, this cap would be raised by the par value of shares of common stock to be issued, in accordance with the law and, where applicable, contractual terms providing for other cases of adjustment, to maintain the rights of holders of securities conferring entitlement to the Company's share capital.

This amount would be deducted from the cap on the total par value of shares liable to be issued under the delegation of authority to issue shares and/or other securities with or without preferential subscription rights via a public offering (including via an offer as referred to in Article L. 411-2 (1) of the French Monetary and Financial Code).

The total par value of debt instruments of the Company liable to be issued would be capped at €80 million.

This amount would be deducted from the cap on the total par value of debt instruments liable to be issued under the delegation of authority to issue shares and/or other securities with or without preferential subscription rights via a public offering (including via an offer as referred to in Article L. 411-2 (1) of the French Monetary and Financial Code).

The amount accruing to the Company in respect of each share of common stock issued under this delegation of authority would be set by the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) as follows: in accordance with Article L. 225-136 (2) of the French Commercial Code, the price of shares of common stock issued under this delegation of authority would be at least equal to the average of the volume-weighted average price over the last three trading days prior to the price-setting date, less, where applicable, a discount capped at 20%, after adjustment of said average in the event of different dividend dates, on the understanding that the issue price of securities conferring entitlement to share capital would be equal to the amount received immediately by the Company plus, where applicable, the amount liable to be received by the Company upon exercise or conversion of the securities, i.e., for each share issued as a result of the issue of these securities, at least equal to the issue price for shares of common stock as defined above.

This 20% discount would allow the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) to enjoy greater flexibility in setting the subscription price of the shares depending on market opportunities.

If the subscriptions do not cover the entire issue, the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) may use the following options:

- limit the issue to the amount of subscriptions, provided that, in the case of an issue of shares of common stock or securities of which the primary security is a share, subscriptions amount to at least three-quarters of the issue decided upon,
- allocate some or all of the unsubscribed securities at its own discretion.

2.3 Authorization to increase the issue amount in the event of excess demand

With regard to the foregoing delegations of authority with or without preferential subscription rights, we propose that you grant the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) the option to increase the number of shares provided for in the initial issue in accordance with the terms and limits laid down by statutory and regulatory provisions.

3. Delegation of authority to increase the share capital for the benefit of members of a company savings plan (PEE)

We hereby submit this resolution to your vote for the sake of compliance with the provisions of Article L. 225-129-6 of the French Commercial Code, which provides that the Extraordinary Shareholders' Meeting must also vote on a resolution concerning a share capital increase subject to the conditions laid down by Articles L. 3332-18 et seq. of the French Labor Code, in the case that the shareholders' meeting delegates its authority to carry out a cash capital increase.

Under this delegation of authority, we propose that you authorize the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) to increase the share capital in one or more installments via the issue of shares of common stock or securities conferring entitlement to the Company's share capital to the members of one or more company or group savings plans set up by the Company and/or by the French or foreign companies related to the Company as provided by Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code.

In application of Article L. 3332-21 of the French Labor Code, the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) could provide for the allotment, free of charge, of existing or future shares or other securities conferring entitlement to the Company's share capital, in respect of (i) any matching contributions paid in application of the company or group savings plan rules, and/or (ii), where applicable, the discount.

As required by law, the shareholders' meeting would cancel the shareholders' preferential subscription rights.

The nominal amount of capital increases carried out in exercise of this authorization would be capped at 0.50% of the amount of share capital reached upon completion of the capital increase decided by the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws), on the understanding that said amount would be independent of any other cap provided for under all delegation of authority to increase the share capital. Where applicable, this amount would be raised by the additional amount of shares of common stock to be issued, in accordance with the law and any applicable contractual terms providing for other cases of adjustment, to maintain the rights of holders of securities conferring entitlement to the Company's equity securities.

Such authority would be delegated for a 26-month term.

The price of the shares to be subscribed would be set in accordance with the methods laid down by Article L. 3332-20 of the French Labor Code.

The Board of Directors (or the Management Board in the event of rejection of the resolutions relating to the change of governance of the Company and the adoption of the new text of the Bylaws) would have all authority to:

- carry out the required valuation in order to set the subscription price upon each exercise of this authority, under the supervision of the statutory auditor;
- allot shares of the Company or other securities conferring entitlement to share capital, free of charge, within the limits of the benefits provided for by law, and determine the number and value of the securities thus allotted.

Subject to the foregoing limits, the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) would be vested with the required powers, with the option of further delegation, *inter alia*, to set the terms and conditions of the issue(s), record the completion of the ensuing share capital increases, amend the bylaws accordingly, deduct the costs of share capital increases from the amount of the related premiums at its sole initiative, deduct from this amount the amount required to bring the statutory reserve up to one-tenth of the new share capital following each increase, and, more generally, to take all the required steps in such matters.

4. Employee and/or management shareholding

4.1 Authorization to grant stock options

We propose that you authorize the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws), for a period of 38 months, to grant stock options to:

- the employees or certain categories of employees of WALLIX GROUP and, where applicable, of the companies or economic interest groups linked to it under the conditions of Article L. 225-180 of the French Commercial Code; and

- corporate officers who meet the conditions set forth in Article L. 225-185 of the French Commercial Code.

The total number of options that may be granted by the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) under this authorization may not give entitlement to subscribe for or purchase a number of shares exceeding 10% of the share capital existing on the date of their allotment by the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws), it being specified that the total number of shares that may be granted free of charge by the

Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) would be deducted from such ceiling.

The subscription and/or purchase price of the shares by the beneficiaries would be set on the day the options are granted by the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) in accordance with the provisions of Article L. 225-177 paragraph 4 of the French Commercial Code.

The term of the options set by the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) may not exceed a period of 5 years from the date of their grant.

The Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) would thus have full powers, within the limits set above, with the option to subdelegate, to set the other terms and conditions for the allotment of options and the exercise thereof, and in particular to set the conditions under which the options will be granted and to draw up the list or categories of beneficiaries as provided for above set the period or periods for the exercise of the options thus granted, provide for the possibility of temporarily suspending the exercise of options, carry out or arrange for the carrying out of all acts and formalities for the purpose of finalizing the capital increase or increases that may be effected, amend the bylaws accordingly and generally do all that may be necessary.

4.2 Authorization to allot shares to employees (and/or certain corporate officers) free of charge

We propose that you authorize the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws), for a period of 38 months to allot, within the framework of Article L 225-197-1 of the French Commercial Code, free shares resulting from an increase in capital by incorporation of reserves, premiums or profits, or of existing shares.

The recipients of such allotments might be:

- employees of the Company or of companies that are directly or indirectly related to it within the meaning of Article L. 225-197-2 of the French Commercial Code,
- corporate officers who meet the conditions of Article L. 225-197-1 of the French Commercial Code.

The number of shares that may be allotted free of charge by the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) under this authorization may not exceed 10% of the share capital on the date of decision of their allotment by the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws), it being specified that the total number of shares to which options may be granted by the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) under the above authorization would be deducted from such ceiling.

The allotment of shares to the beneficiaries would be definitive at the end of a vesting period, the duration of which would be set by the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) and may not be less than one year. The beneficiaries would then be required to hold these shares for a period set by the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws), it being specified that the holding period may not be less than one year from the date of definitive allotment of said shares. However, the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) would be authorized, insofar as the vesting period for all or part of one or more allotments is at least two years, not to impose any retention period for the shares in question.

As an exception, the final allotment would take place before the end of the vesting period in the event of the beneficiary's disability corresponding to the second and third categories provided for in Article L. 341-4 of the French Social Security Code.

This authorization would automatically entail the waiver of your preferential subscription rights to new shares issued by capitalization of reserves, premiums and profits.

Accordingly, the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) would have full powers, within the limits set above, with the option to subdelegate, to set the conditions and, where applicable, the criteria for the allotment of shares, determine the identity of the beneficiaries of the free allotments among the persons fulfilling the conditions set out above, as well as the number of shares to be allocated to each of them, determine the impact on the rights of the beneficiaries of transactions modifying the capital or likely to influence the value of the shares to be allocated and carried out during the acquisition and retention periods where applicable, to note the existence of sufficient reserves and to transfer to an unavailable reserve account at the time of each allocation the sums required to pay up the new shares to be allocated, to decide on the capital increase(s) by incorporation of reserves, premiums or profits, correlative to the issue of the new shares allocated free of charge, to purchase the shares required under the share buyback program and to allot them to the allotment plan and, in general, to do all that may be necessary to implement this authorization, within the framework of the regulations in force.

4.3 Delegation of authority to issue warrants for new shares (BSA), warrants for new and/or existing shares (BSAANE) and/or redeemable warrants for new and/or existing shares

We have decided to submit to you a draft resolution concerning a delegation to be given to the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) to issue to a category of persons:

- warrants to subscribe for new shares (BSA),
- warrants for new and/or existing shares (BSAANE),
- redeemable warrants for new and/or existing shares (BSAAR).

Such authority would be delegated for a term of eighteen months from the date of the shareholders' meeting and would be subject to the terms set out below.

If this delegation is used by the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws), the latter shall, in accordance with Article L.225-138 of the French Commercial Code, prepare a supplementary report, certified by the statutory auditor, describing the final conditions of the transaction.

- Reasons for delegation of authority to issue BSA, BSAANE and BSAAR equity warrants without preferential subscription rights; definition of the category of persons

You are asked to delegate authority to issue BSA, BSAANE and BSAAR equity warrants for the following reasons: to allow (i) employees and/or corporate officers of the Company or a group company within the meaning of Article L. 233-3 of the French Commercial Code and/or (ii) service providers or consultants that have signed a contract with the Company or a group company within the meaning of Article L. 233-3 of the French Commercial Code to have an interest in the evolution of the share price, provided they agree to assume a risk in subscribing the warrant.

For this purpose, we propose that you resolve to cancel your preferential subscription rights in favor of the category of persons having the following characteristics in accordance with Article L. 225-138 of the French Commercial Code:

(i) employees and/or corporate officers of the Company or a group company within the meaning of Article L. 233-3 of the French Commercial Code; and/or

(ii) service providers or consultants that have signed a contract with the Company or a group company within the meaning of Article L. 233-3 of the French Commercial Code.

Upon exercise of this authority, the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) would be responsible for drawing up a list of beneficiaries within the category of persons defined above and setting the number of warrants to be issued to each one.

Members of the Management Board, Jean-Noël de Galzain, Amaury Rosset and Didier Lesteven shall abstain from voting on this resolution.

- Terms of BSA, BSAANE et BSAAR warrants liable to be issued

The BSA, BSAANE and/or BSAAR warrants could be issued on one or more occasions in the proportions and at the times determined by the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) and would give the right to subscribe for and/or purchase WALLIX GROUP shares at a price set by the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) at the time of the decision to issue according to the pricing procedures defined below.

Accordingly, this delegation of authority would require shareholders to waive their preferential subscription rights to the Company shares liable to be issued upon exercise of the equity warrants, in favor of the holders of BSA, BSAANE and/or BSAAR warrants.

The characteristics of the BSA, BSAANE and/or BSAAR warrants that may be issued pursuant to the delegation would be determined by the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) at the time of their decision to issue.

The Management Board would be vested with all requisite powers, with the option of further delegation, subject to the terms provided for by law and set out above, to issue BSA, BSAANE and/or BSAAR warrants and, *inter alia*, to draw up a precise list of beneficiaries within the category of persons defined above and to determine the type and number of warrants to be issued to each one, the number of shares to which each warrant would confer entitlement, the warrant issue price and the subscription or purchase price of the shares to which the warrants would confer entitlement under the foregoing terms, on the understanding that the warrant issue price shall be established in accordance with market conditions and on the basis of expert appraisal, and to determine the terms and deadlines for subscribing and exercising the warrants, the relevant adjustment procedures and, more generally, all terms and conditions applicable to the issue.

- Share subscription and/or purchase price upon exercise of BSA, BSAANE and/or BSAAR warrants

The subscription and/or purchase price of the shares to which the warrants would confer entitlement would be at least equal to the average closing price of the WALLIX GROUP share over the 20 trading days preceding the date of the decision to issue the warrants.

This price would be determined by the meeting of the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws), with the option to subdelegate, that decides to issue the warrants.

- Cap on share capital increase resulting from the exercise of BSA, BSAANE and/or BSAAR warrants that may be allotted under the delegation of authority

The total par value of the shares to which the warrants issued under this delegation of authority are liable to confer entitlement would be capped at 2% of the share capital as of the date of this shareholders' meeting, on the understanding that this cap shall be independent of all other caps established by this shareholders' meeting. Where applicable, this cap would be raised by the par value of shares of common stock to be issued, in accordance with the law and, where applicable, contractual terms providing for other cases of adjustment, to maintain the rights of holders of BSA, BSAANE and BSAAR warrants.

If the subscriptions do not cover the entire issue, the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) may use the following options:

- limit the issue to the amount of subscriptions,
- allocate some or all of the unsubscribed BSA, BSAANE and BSAAR warrants among the category of persons defined above at its own discretion.

In this respect, the Board of Directors (or the Management Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) would be vested with full powers with the option of further delegation to record any capital increase resulting from the exercise of BSA, BSAANE and/or BSAAR warrants and to amend the bylaws accordingly. At its sole initiative, with the option of further delegation, the Management Board could deduct the costs of the capital increases from the amount of the related premiums at its sole initiative, and deduct from this amount the amount required to bring the statutory reserve up to one-tenth of the new share capital following each increase.

5. Delegation of powers to the Board of Directors (or the Supervisory Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) to bring the Bylaws line with the laws and regulations in force

We propose that you give full powers to the Board of Directors (or the Supervisory Board in the event of rejection of the resolutions concerning the change in the Company's governance and the adoption of the new text of the Bylaws) to bring the Bylaws line with the laws and regulations in force, subject to ratification of such amendments by the next Extraordinary Shareholders' Meeting.

6. Amendments to Company bylaws

We propose that you amend the Company's bylaws to change the procedures for the appointment of non-voting directors.

We propose to modify Article 12-6 paragraph 2 "Board of Directors - Non-voting directors" of the Company's bylaws as follows, with the rest of the article remaining unchanged:

"*The non-voting director(s) shall be appointed by **the Board of Directors, by a simple majority of the directors present or represented, from among or outside the shareholders***".

***

Your Management Board invites you to approve, by your vote, the draft resolutions submitted to you.

The Management Board

APPENDIX 1: TABLE OF EARNINGS FOR THE LAST FIVE FINANCIAL YEARS

	2021	2020	2019	2018	2017
Share capital at year-end					
Share capital	589,240	586,380	581,425	575,250	404,471
Number of shares issued	5,892,400	5,863,799	5,814,247	5,752,502	4,044,710
Number of bonds convertible into shares					
Revenues and earnings					
Turnover excl. tax	110,298	183,164	276,670	481,857	509,982
Earnings before tax, profit-sharing, depr./amort. and provisions	137,542	(4,885,082)	(5,654,238)	(2,213,137)	(900,481)
Income tax	151	780	(830)	3,044	4,541
Earnings after tax, profit-sharing, depr./amort. and provisions	172,367	(5,065,382)	(5,801,090)	(2,060,401)	(1,146,386)
Distributed earnings					
Employee profit-sharing					
Earnings per share					
Earnings after tax and before depr./amort. and provisions					
Earnings after tax, depr./amort. and provisions					
Dividend payout per share					
Human resources					
Average headcount	3	4	4	4	5
Payroll expenses	551,184	574,832	535,876	811,540	545,815
Employer social security charges paid (a/c 645)	279,098	292,266	234,822	488,082	221,368

APPENDIX 2 - SUMMARY TABLE OF SECURITIES TRANSACTIONS EXECUTED BY CORPORATE OFFICERS, SENIOR EXECUTIVES AND RELATED PERSONS IN RESPECT OF THE YEAR ENDED DECEMBER 31, 2021 (Art. L. 621-18-2 of the French Monetary and Financial Code and Art. 223-26 of the AMF General Regulation)

Name	**Didier Lesteven**	**Jean-Noël de Galzain**	**Amaury Rosset**
Positions held in the issuing entity	Senior VP Sales and Member of the Management Board	Chairman of the Management Board	Chief Financial Officer and member of the Management Board
Transaction executed by persons related to the above person	None	JINCO Invest SARL	None
Type of financial instrument	Shares	Shares	Shares

Sale of financial instruments: Total sale amount	**January 5, 2021:** Sale of 620 shares at a unit price of €22.1456. Total transaction amount: €13,730.27 **February 18, 2021:** Sale of 1,400 shares at a unit price of €26.6270; Sale of 968 shares at a unit price of €26.2112; Total transaction amount: €62,650.24 **February 19, 2021:** Sale of 1,000 shares at a unit price of €26.5244; Total transaction amount: €26,524.40	**By JINCO Invest SARL** (legal entity with ties to Jean-Noël de Galzain, Chairman of the Management Board) **February 15, 2021:** Sale of 36,500 shares at a unit price of €26.40. Total transaction amount: €963,600 **By Jean-Noël de Galzain** **February 16, 2021:** Sale of 10,000 shares at a unit price of €26.40; Sale of 20,000 shares at a unit price of €26.50; Total transaction amount: €794,000 **February 17, 2021:** Sale of 5,000 shares at a unit price of €26.50; Sale of 2,000 shares at a unit price of €26.50; Total transaction amount: €185,500	**February 16, 2021:** Sale of 10,000 shares at a unit price of €26.40; Sale of 20,000 shares at a unit price of €26.50; Sale of 5,000 shares at a unit price of €26.50; Total transaction amount: €926,500 **February 17, 2021:** Sale of 2,000 shares at a unit price of €26.50; Sale of 3,000 shares at a unit price of €26.40; Total transaction amount: €132,200 **February 15, 2021:** Sale of 37,500 shares at a unit price of €26.40; Total transaction amount: €990,000
Purchase of financial instruments: Total purchase amount	None	None	None

Consolidated Financial Statements

December 31, 2021

250 Bis rue du Faubourg Saint Honoré

75008 Paris

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CONSOLIDATED BALANCE SHEET

€000

ASSETS	Note	12/31/2021	12/31/2020
Intangible assets	3	15,664	13,755
o/w Goodwill	2	4,189	4,189
Property, plant and equipment	3	906	1,128
Long-term investments	3	472	453
Non-current assets		**17,041**	**15,336**
Inventory		2	2
Trade receivables	4	9,043	9,905
Other receivables and accruals - DTA	4	3,748	4,493
Cash and cash equivalents	CFS	22,719	23,207
Current assets		**35,512**	**37,607**
Total assets		**52,553**	**52,943**

EQUITY & LIABILITIES	Note	12/31/2021	12/31/2020
Share capital		589	586
Additional paid-in capital		49,516	49,528
Consolidated reserves		-24,264	-17,255
Currency reserve		-27	82
Net profit/(loss) - Group share		-2,949	-7,319
Treasury shares		-253	-308
Shareholders' equity	1	**22,613**	**25,315**
Minority interests			
Provisions for contingencies and charges	5	1,064	1,201
Loans and borrowings	6	2,654	3,791
Trade payables	7	1,906	1,640
Other payables and accruals - DTL	7	24,316	20,996
Total equity & liabilities		**52,553**	**52,943**

PROFIT & LOSS STATEMENT

€000

	Note	2021	2020
Turnover	8	**23,169**	**20,072**
Other operating income	9	6,759	5,529
Purchases & inventory		-365	-289
Other operating expenses		-7,087	-7,842
Taxes and duties		-534	-603
Payroll	10	-20,925	-20,941
Depreciation, amortization and provisions		-3,931	-3,237
Operating profit/(loss) before goodwill amortization and impairment		**-2,914**	**-7,312**
Goodwill amortization			
Operating profit/(loss) after goodwill amortization and impairment		**-2,914**	**-7,312**
Financial income/(expense)	11	82	-28
Non-recurring income/(expense)	12	-107	40
Tax expense	13	-10	-20
Net profit/(loss) of consolidated companies		**-2,949**	**-7,319**
Share of earnings of associates			
Consolidated net profit/(loss)		**-2,949**	**-7,319**
Minority interests			
Net profit/(loss) - Group share		**-2,949**	**-7,319**
Earnings per share (€)		-0.502	-1.254
Diluted earnings per share (€)		-0.502	-1.254
Number of shares at year-end		5,892,400	5,863,799
Weighted average number of shares during the year		5,877,631	5,836,594

CASH FLOW STATEMENT

€000

	2021	2020
Net profit/(loss) of consolidated companies	**-2,949**	**-7,319**
- Depreciation, amortization and provisions (1)	3,219	3,169
- Change in deferred taxes		
- Gains on asset disposals	-6	-8
Gross cash flow of consolidated companies	**263**	**-4,158**
- Change in operating working capital (2)	5,977	3,267
Net cash flow from operating activities	**6,240**	**-891**
- Acquisition of non-current assets	-6,009	-5,621
- Disposal of non-current assets	388	414
Net cash flow from investing activities	**-5,621**	**-5,206**
- New borrowings		487
- Repayment of borrowings	-1,136	-600
Net cash flow from financing activities	**-1,136**	**-113**
- Impact of changes in exchange rates	29	99
Cash in cash and cash equivalents	**-487**	**-6,111**
Opening cash and cash equivalents	23,205	29,316
Closing cash and cash equivalents	22,718	23,205

(1) excluding impairment of current assets

(2) mainly comprising changes in trade receivables and payables

Breakdown of closing cash and cash equivalents

Short-term investments	14,949	993
Cash at bank and in hand	7,770	22,214
Bank overdrafts	-1	-2
Net cash and cash equivalents	**22,718**	**23,205**

TABLE OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

		Share capital	Additional paid-in capital	Reserves	Profit/(loss)	Currency reserve	Treasury shares	TOTAL
Net assets at	December 31, 2019	581	49,528	-10,521	-6,845	-9	-580	32,155
Change in consolidating company's share capital		5		-5				
Allocation to reserves				-6,845	6,845			
Profit/(loss)					-7,319			-7,319
Change in currency reserve						91		**91**
Purchase/sale of treasury shares				116			272	**388**
Other changes								
Net assets at	December 31, 2020	586	49,528	-17,255	-7,319	82	-308	25,315
Change in consolidating company's share capital		3	-12	9				
Allocation to reserves				-7,319	7,319			
Net profit/(loss) - Group share					-2,949			-2,949
Change in currency reserve						-109		**-109**
Purchase/sale of treasury shares (1)				318			56	**373**
Changes in accounting policies				-17				**-17**
Other changes								
Net assets at	December 31, 2021	589	49,516	-24,264	-2,949	-27	-253	22,613

(1) The €318,000 corresponds to the reclassification of gains and losses on treasury shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 – Business overview and highlights

Overview of the Group's business

Historically a provider of data security managed services (architecture, deployment, operation and support), the Group is now a publisher of cybersecurity software. The Group provides assistance to companies in managing access to hardware and applications. Its solutions are marketed through a network of trained and accredited resellers and integrators. The Group markets the following solutions:

WALLIX Bastion: a privileged access management software suite for controlling and monitoring actions performed on the information system.

WALLIX Trustelem: a solution that simplifies and controls user access to applications, whether administrators or standard users, in SaaS (Software as a Service) mode.

WALLIX Best Safe*:* a solution that protects endpoints (office workstations and staff PCs) by eliminating the risks associated with overprivileged users and preventing the spread of malware attacks.

WALLIX INSIDE: solutions for securing industrial equipment within IoT systems in order to help companies drive their digital transformation towards Industry 4.0 and the Internet of Things (IoT).

WALLIX GROUP, the parent company, operates the Group's traditional "Services" business activity (secure hosting of sensitive applications). This business line comprises only a small portion of the Group's overall business.

WALLIX Sarl, the French subsidiary, publishes cybersecurity software and markets all of the Group's solutions.

WALLIX US Corp, the US subsidiary, markets all Group solutions in North America.

Cybersécurité WALLIX Canada Inc., the Canadian subsidiary, provides support services to all Group clients.

WALLIX Iberica, the Spanish subsidiary, publishes cybersecurity software and markets all of the Group's solutions in the Spanish-speaking world.

WALLIX GmbH, the German subsidiary, markets all Group solutions in Germany.

Continuity of business and financing

The Group exercises prudent cash management and periodically reviews its sources of finance in order to ensure sufficient liquidity at any given time.

Group debt is presented in Note 6.

To date, the Company's cash requirements have been funded mainly through share issues and bank loans, as well as by the CIR research tax credit.

In view of the Company's diversified sources of finance, revenue growth targets and cash projections, the Company considers that it is able to meet its liabilities over a 12-month period following the closing date of these consolidated financial statements.

Highlights of the year

WALLIX has been "happy at work" certified for the second consecutive year. WALLIX was awarded "Tech at Work" certification, which is particularly significant because it measures the commitment and motivation of technical staff, who represent the majority of the workforce.

WALLIX was again recognized this year as Overall Leader among the international players in PAM (Privileged Access Management) identified by Kuppingercole analyst firm.

WALLIX was named this year as a Challenger in the Magic Quadrant™ for PAM (Privileged Access Management) by Gartner®. WALLIX is very proud to be recognized among the 10 global players selected in this Magic Quadrant, haven risen the ranks from Niche Player to Challenger in under a year.

WALLIX is one of the 11 winners of the French government's Grand Défi Cyber with its "OSCAR" R&D project designed to bring together various security modules to automate the detection and prevention of cyber risks.

Post-balance sheet events

The Group estimates that, if they continue until the end of 2022, the events that have occurred in Ukraine since February 24 could have an impact of around €1 million to €1.4 million on its turnover.

2 – Accounting framework and consolidation methods

Statement of compliance of the Group accounting framework

In accordance with the French principles set out in ANC Regulation 2020-01 on the consolidated financial statements of commercial companies, WALLIX GROUP has prepared consolidated financial statements for the year ended December 31, 2021.

Basis of consolidation

The consolidated financial statements include the financial statements of WALLIX GROUP and its subsidiaries for the years ended December 31, 2021 and December 31, 2020, which were prepared in accordance with consistent accounting policies using the historical cost method.

Changes in accounting policies

ANC Regulation 2020-01 replaces CRC Regulation 99-02.

The change in accounting standards had an impact on the recognition of translation differences for monetary assets and liabilities. Recognition of unrealized currency gains/losses in the income statement is no longer permitted. The impact on shareholders' equity is a €17,000 reduction.

Judgments and estimates made by Group management

In the preparation of the financial statements, management is required to exercise its judgment and employ estimates and assumptions that have an impact on the amounts of assets and liabilities at the balance sheet date and on the items comprising earnings for the period. Such estimates are based on economic data that are subject to contingencies and may change over time.

Estimates and underlying assumptions are based on past experience and other factors deemed reasonable in view of the circumstances. They also form the basis for the exercise of judgment required for determining the book values of assets and liabilities that cannot be obtained directly from other sources. Actual values may differ from estimated values.

Estimates and underlying assumptions are reviewed on an ongoing basis.

The impact of changes in accounting estimates is recorded during the period in which the change occurs and in any subsequent periods affected.

Such changes mainly concern measurements of the value of non-current assets, including capitalized research and development costs in particular, and operating assets.

Consolidation methods

All companies held directly by WALLIX GROUP are consolidated. Control may be exercised exclusively, jointly or through significant influence.

The consolidation method is determined in accordance with the degree of control exercised.

- Exclusive control: control is deemed to be exclusive where the Group directly or indirectly holds a percentage of control of over 50%, unless it can be clearly demonstrated that such holding does not allow control. Exclusive control also exists where the Group holds no more than half of the voting rights of a company but has the power to direct its financial and operating policies and to appoint or remove most of the members of its Board of Directors or equivalent decision-making body. The full consolidation method has been adopted.

All companies included in the Group consolidation scope are fully consolidated.

Important information regarding the consolidation scope

All companies held directly or indirectly by WALLIX GROUP are consolidated.

Companies included in the consolidation scope

The consolidation scope includes the following companies:

Company	Country	Registered office	SIREN	Method	% control December 31, 2021	% control December 31, 2020
Wallix GROUP	France	250 Bis rue du Faubourg Saint-Honoré - 75008 Paris	428,753,149	FC	Parent	Parent
Wallix	France	250 Bis rue du Faubourg Saint-Honoré - 75008 Paris	450,401,153	FC	100%	100%
Wallix CA	Canada	1200-1981 Av McGill College - Montreal, Quebec	1,173,941,643	FC	100%	100%
Wallix US	USA	60 Broad Street - Suite 3502 New York 10004		FC	100%	100%
Wallix IBERICA	Spain	Calle Copenhague, 12, 28232 Las Rozas, Madrid		FC	100%	100%
Wallix GmbH	Germany	Prinzregentenstrasse 91, 81677 München		FC	100%	100%

FC = Full consolidation

All companies are fully consolidated.

Functional and presentation currency

The consolidated financial statements are presented in euros, which is the functional currency of the parent company and its subsidiaries WALLIX Sarl, WALLIX Iberica and WALLIX GmbH. The respective functional currencies of WALLIX US Corp and WALLIX Canada are the US dollar (USD) and the Canadian dollar (CAD).

The amounts shown in the consolidated financial statements are presented in thousands of euros unless otherwise stated.

Accounts closing dates

All consolidated companies publish annual financial statements for the year ended December 31 and half-yearly financial statements for the six months ended June 30.

Translation of accounts denominated in foreign currencies

The balance sheets of foreign companies are translated into euros at the closing exchange rate, except for shareholders' equity which is maintained at the historical exchange rate.

Profit and loss accounts denominated in foreign currencies are translated at the average exchange rate for the year. Translation differences arising from changes in exchange rates are recognized in shareholders' equity under "Currency reserve".

The following exchange rates were applied for **WALLIX US** (euro equivalent):

Closing date	Average rate	Closing rate
12/31/2020	1.1413	1.2271
12/31/2021	1.1835	1.1326

The following exchange rates were applied for **WALLIX Canada** (euro equivalent):

Closing date	Average rate	Closing rate
12/31/2020	1.5294	1.5633
12/31/2021	1.4835	1.4393

Elimination of intercompany transactions

Transactions and reciprocal assets and liabilities between fully consolidated companies are eliminated.

Likewise, internal Group results (provisions for contingencies and charges recognized in respect of losses incurred by consolidated companies) are eliminated. The elimination of internal results is divided between the Group share and minority interests in the company having generated the results.

Losses resulting from intercompany transactions between consolidated companies are only eliminated insofar as they do not require impairment.

3 – Measurement methods and rules

The consolidated financial statements are prepared in accordance with the following accounting principles:

- ✓ going concern,
- ✓ accrual basis of accounting,
- ✓ consistency of presentation.

Intangible assets

General principles

Goodwill:

The Group allocates goodwill relating to acquisitions before the end of the first financial year following the acquisition date, thus giving it the hindsight needed for valuations. As a result, allocations are made towards the end of the period specified.

Acquisitions giving rise to exclusive control are recognized using the general fair value method.

Goodwill equals the difference between acquisition cost and the acquired company's identifiable assets and liabilities measured at fair value.

The acquisition cost of the shares corresponds to the purchase price plus direct costs related to the acquisition, net of tax.

The acquired company's identifiable assets and liabilities, including intangible assets, are liable to be measured separately so that their values may be monitored.

Goodwill must be tested at least annually and whenever there is an indication that it may be impaired. This impairment is defined as the difference between the recoverable amount of goodwill and its book value. The recoverable amount is defined as the higher of the asset's fair value net of costs of disposal and the asset's value in use (sum of the discounted cash flows expected by the company for that asset). The future cash flows are based on assumptions regarding changes in the projected budget for year N+1 approved by management. Discounting of cash flows is based on the Group's cost of capital before tax. These impairment tests are performed once a year.

The impairment tests are designed to ensure that the net book value of goodwill assets does not exceed the recoverable amount. The recoverable amount is the value in use of the assets tested.

Impairment tests were performed as part of the closing of the financial statements. The tests consisted of updating the main assumptions underlying the valuation of goodwill.

Other intangible assets:

Identifiable intangible assets acquired as part of a business combination are recognized and measured at fair value. Intangible assets are considered to be identifiable if they result from contractual or statutory rights or are separable.

Other indefinite life intangible assets are tested for impairment once a year and whenever they show an indication of loss of value.

Intangible assets correspond to research and development costs, concessions, patents, licenses and goodwill. They are recognized at acquisition cost including purchase price and related costs.

These intangible assets are amortized on a straight-line basis over periods corresponding to their expected useful life, as follows:

- for software: 1 to 5 years;

- development costs: 5 years starting from the year following capitalization.

At each closing, the company ensures that there are no indicators that an asset may be impaired.

Any positive difference between the net book value and the current value constitutes the amount of impairment for the year.

Research and development costs

Research costs are expensed as incurred.

They are related to the development of features of Group software destined for commercial use and mainly comprise payroll expenses measured in accordance with the number of hours spent on development projects.

Development expenses related to a given project are capitalized where the feasibility and profitability of the project may reasonably be assumed.

In application of this principle, development costs are capitalized as intangible assets where the Group can demonstrate:

- its intention to complete the asset and its ability to use it or sell it;

- its financial and technical capacity to complete the development project;

- the availability of adequate resources to complete the project;

- that it is likely that the future economic benefits attributable to the development expenses will accrue to the Group; and

- that the cost of the asset can be accurately measured.

Capitalized development costs are amortized over 5 years.

Property, plant and equipment

Property, plant and equipment is measured at cost and depreciated over the following average periods:

- Fixtures and fittings	10 years straight line
- Office equipment and furniture	5-10 years straight line
- Computer hardware	3-5 years straight line

Assets held under finance leases

Assets held under finance leases are recognized under balance sheet assets at the value stated in the lease agreement. They are depreciated in accordance with the rules applicable to fully owned assets.

These assets are treated as if they were purchased on credit: the corresponding debt is recognized under liabilities and gives rise to interest payments.

Long-term investments

Long-term investments are carried at cost on the balance sheet and, if necessary, are subject to impairment in accordance with their fair value at the closing date.

Impairment of assets

Where there is an indication that the value of an item of intangible assets or property, plant and equipment may have to be reviewed at the balance sheet date, an impairment test is carried out.

In such event, the net book value of the asset is compared to its present value and an impairment charge is recorded if the present value is lower than the net book value.

The present value is the higher of fair market value and value in use. Value in use is calculated on the basis of a number of criteria mainly based on future net cash flows expected to be derived from the asset.

Provisions for contingencies

Provisions are recognized where, at the balance sheet date, the Group has an obligation towards a third party arising from a past event and it is likely that an outflow of resources representing economic benefits will be necessary to settle the obligation, without consideration at least equivalent being received from said third party.

The obligation may be legal, regulatory or contractual. It may also arise from Group practices or public undertakings that result in a legitimate expectation on the part of the third parties concerned that the Group will assume certain responsibilities.

The estimate of the amount of the provision corresponds to the outflow of resources the Group will likely incur in order to extinguish the obligation. If the amount cannot be reliably measured, no provision is recorded. In such case, a disclosure is included in the notes.

Inventory

Inventory is measured using the first in, first out (FIFO) method.

The gross value of traded goods and supplies includes the purchase price and related costs.

Where applicable, an impairment charge is recorded against inventory to take into account the net recoverable value at the balance sheet date.

Trade receivables

Receivables are recognized at face value. In the event of objective indications that the asset has lost value, impairment losses equal to the amounts deemed irrecoverable are recognized in profit or loss.

Short-term investments

Investment securities are carried at purchase cost. They are subject to impairment where their realizable value at the balance sheet date, which generally corresponds to the listed share price or net asset value, is lower than their acquisition cost.

Foreign currency transactions

Transactions denominated in foreign currencies are translated at the prevailing exchange rate at the transaction date.

At the balance sheet date, assets and liabilities denominated in foreign currencies are translated at the closing rate..

Pension commitments

Pension commitments are measured using the preferential actuarial method prescribed by French National Accountancy Council (CNC) recommendation 2013-R 02, as amended on November 5, 2021.

The provision for pension commitments recorded on the balance sheet corresponds to the discounted present value of the commitments.

Changes in actuarial assumptions are recognized in profit or loss.

The following criteria have been adopted for the calculations:

- Economic parameters:

- 1.5% annual wage growth

- 0.98% discount rate

- Staff parameters:

- Voluntary retirement at 65

- Average social security charge rate: 42.5%

- Collective bargaining agreement: SYNTEC Bureaux d'études (design & engineering firms)

- Technical parameters:

- Staff turnover table applied: DARES R&D (3% sliding scale)

- Mortality table: INSEE 2016-2018

Retirement indemnities are included in provisions.

Current and deferred tax

The income tax charge includes current tax expense or income and deferred tax expense or income.

Current tax is the estimated tax due based on taxable income for the period.

Deferred tax is recognized based on the liability method in respect of all temporary differences between the book value of assets and liabilities and their tax base. A deferred tax asset is not recorded unless it is probable that the Group will have future taxable income against which this asset can be charged.

Profit or loss for the year is impacted by changes in tax rates and/or changes in tax regulations regarding deferred tax assets and liabilities.

Deferred tax assets and liabilities are offset where the Group is entitled to offset current tax assets and liabilities and where they involve taxes on income levied by the same tax authority and the Group intends to settle current tax assets and liabilities based on their net amount.

Segment information

A business or geographical segment is defined as a homogeneous group of products, services, business lines or countries that is individually identified within the company, its subsidiaries or operating divisions. The segmentation adopted for segment reporting is derived from the segmentation used by management for internal reporting.

Management considers that the Group operates in a single business sector, namely software publishing.

Group consolidated turnover mainly comprises turnover generated by WALLIX Sarl (93.74% of consolidated turnover).

The geographical breakdown of turnover is based on client-based regions, whereas all production facilities are centralized at the head office in Paris. Accordingly, management does not consider it appropriate to produce a breakdown of assets employed or operating profit by region, given that these indicators do not represent the actual organization of Group operations and are not monitored as part of the internal reporting used by management.

Research tax credit and operating subsidies

For the purposes of its development projects, the WALLIX Group benefits from research tax credits (CIR) and operating subsidies.

The research tax credit is recognized as follows:

€000	12/31/2021	12/31/2020
CIR restated under prepayments	1,016	1,094
CIR restated under operating subsidies	587	448
CIR research tax credit	**1,604**	**1,542**

Operating subsidies break down as follows:

€000	12/31/2021	12/31/2020
Subs. restated under prepayments	589	226
Subsidies not restated	328	57
Operating subsidies	**917**	**283**

Research tax credit and other subsidies

The Group has continued to engage in research and development. A portion of the corresponding expenses confers entitlement to research tax credits.

In application of the general principle, applicable to consolidated financial statements, that substance shall prevail over appearance, the Group has elected to recognize research tax credit:

- ✓ as an operating subsidy in respect of the portion not directly attributable to capitalized development costs,
- ✓ as prepayments in respect of the portion directly attributable to capitalized development costs, subsequently transferred to profit or loss in line with the amortization schedule for development costs.

Research tax credits restated under prepayments are as follows:

€000

Year	Total CIR tax credit	Prepayments	Posted to income over 5 years		Prepayments bal. on balance sheet	
			12/31/2021	12/31/2020	12/31/2021	12/31/2020
2015	624	403		81		
2016	851	524	105	105		105
2017	974	727	145	145	145	291
2018	963	673	135	135	269	404
2019	1,209	741	148	148	445	593
2020	1,542	1,094	219		876	1,094
2021	1,604	1,016			1,016	
			752	**614**	**2,751**	**2,487**

Operating subsidies restated under prepayments:

€000

Year	Subsidies	Prepayments	Posted to income over 5 years		Prepayments bal. on balance sheet	
			12/31/2021	12/31/2020	12/31/2021	12/31/2020
2015	246	112		22		
2016	366	150	30	30	0	30
2017	220	151	30	30	30	61
2018	419	272	54	54	109	163
2019	264	183	37	37	110	146
2020	283	226	45		181	226
2021	917	589			589	
			196	**174**	**1,018**	**626**

Operating subsidies directly attributable to capitalized development costs are also reclassified under pre-payments and subsequently transferred to profit or loss in line with the amortization schedule for development costs.

Non-recurring income/(expense)

Income and expenses that by their nature, frequency or materiality fall outside the scope of the Group's normal business are recognized under non-recurring items.

Earnings per share

Earnings per share is calculated by dividing net profit/(loss) Group share by the weighted average number of ordinary shares outstanding during the financial year.

When basic earnings per share is negative, diluted earnings per share is identical to this figure.

When basic earnings per share is positive, diluted earnings per share is determined by taking into account the maximum dilutive effect arising from the exercise of unattached warrants and founders' warrants, the issue of bonus shares and the exercise of all types of options issued.

4 – Notes to the consolidated financial statements

Note 1 - Share capital

Composition of share capital

Composition of share capital	Number	Par value
Shares comprising share capital at start of year	5,863,799	0.10
Shares issued during the year	28,601	0.10
Shares redeemed during the year		
Shares comprising share capital at year-end	5,892,400	0.10

Bonus shares to be issued

At the balance sheet date, bonus shares to be issued by WALLIX GROUP were as follows:

	2019 bonus share plan		2021 bonus share plan	
Beneficiaries	Plan No. 1 Employees and Group employees	Plan 2 Mgmt Board members & other key personnel	Plan No. 1 Employees and Group employees	Plan 2 Mgmt Board members & other key personnel
EGM	06/06/2019	06/06/2019	06/06/2019	06/06/2019
Allotment date / Board meeting	07/25/2019	07/25/2019	07/27/2021	07/27/2021
Balance b/fwd	36,740	62,014	0	0
Number of shares allotted during the year			91,683	101,766
Number of shares canceled	8,528	20,997	9,018	
Number of shares issued during the year	14,940	13,661		
Total number of issuable shares	13,272	27,356	82,665	101,766
Performance criteria	no	Consolidated turnover thresholds (50% of each tranche)	no	Consolidated turnover thresholds (50% of each tranche)
Presence criteria	yes	yes (50% of each tranche)	yes	yes (50% of each tranche)
Vesting period	1/3 in 1 yr 1/3 in 2 yrs 1/3 in 3 yrs	1/3 in 1 yr 1/3 in 2 yrs 1/3 in 3 yrs	1/3 in 1 yr 1/3 in 2 yrs 1/3 in 3 yrs	1/3 in 1 yr 1/3 in 2 yrs 1/3 in 3 yrs
Lock-in period	1 yr / Tranche 1 vesting date	1 yr / Tranche 1 vesting date	1 yr / Tranche 1 vesting date	1 yr / Tranche 1 vesting date
Amount of expense recognized during the year	(€243,934)		81,262 €	
	The performance criterion linked to 2021 consolidated turnover has not been met; 13,676 shares will not vest on July 25, 2022		The performance criterion linked to 2021 consolidated turnover has not been met; 16,961 shares will not vest on July 27, 2022	

Note 2 - Goodwill

GOODWILL

ACQUISITIONS	Acquisition date	Gross value	Amort. during year	Cumulative amortization	Net value
Wallix TRUSTELEM	07/01/2019	1,396			**1,396**
Wallix IBERICA	07/16/2019	2,793			**2,793**
TOTAL		4,189			4,189

Goodwill impairment test:

The recoverable amount of goodwill including the activity generated by Simarks and Trustelem was estimated on the basis of the discounted present value of expected cash flows, using a pre-tax discount rate of 10.7%.

The key assumptions used for the estimation of the recoverable amount are presented below.

The values assigned to key assumptions represent management's estimate of future trends and are derived from historical data and internal sources.

The budgeted operating profit or loss excluding depreciation and amortization is based on projected future results, taking into account projected growth in turnover.

Growth in turnover is based on market forecasts and the projected performance of those activities in relation to the market.

Since the recoverable amount of goodwill exceeds its book value, no impairment loss is required. Accordingly, these tests did not result in the recognition of any impairment losses at 12/31/2021.

Note 3 - Non-current assets, depreciation and amortization

Summary

€000

	12/31/2021			12/31/2020		
	Gross	Depr./amort.	Net	Gross	Depr./amort.	Net
Intangible assets	26,588	-15,114	**11,475**	21,680	-12,114	**9,566**
Property, plant and equipment	2,683	-1,777	**906**	2,552	-1,424	**1,128**
Long-term investments	472		**472**	453		**453**
Total	29,743	-16,891	12,852	24,685	-13,538	11,147

Intangible assets

€000

	12/31/2020	Increase	Decrease	Currency reserve	Other changes	12/31/2021
Intangible assets						
Development costs (see Note 9)	**20,714**	4,911	-3			**25,622**
Concessions, patents and similar rights	**966**					**966**
Non-current assets in progress						
Advances and down payments on intangible assets						
Gross intangible assets	21,680	4,911	-3	0	0	26,588
Amortization of intangible assets						
Development costs	**11,573**	2,749				**14,321**
Concessions, patents and similar rights	**541**	251				**792**
Amortization	12,114	3,000	0	0	0	15,114
Other						
Provisions	0	0	0	0	0	0
Net intangible assets	**9,566**					**11,475**

Property, plant and equipment

€000

	12/31/2020	Increase	Decrease	Currency reserve	Other changes	12/31/2021
Property, plant and equipment						
Other property, plant and equipment	**1,645**	130		1	13	**1,789**
Other property, plant and equipment - finance lease	**894**					**894**
Non-current assets in progress	**13**				-13	
Advances and down payments						
Gross property, plant and equipment	2,552	130	0	1	0	2,683
Depreciation of property, plant and equipment						
Other property, plant and equipment	**668**	255		1		**924**
Other property, plant and equipment - finance lease	**756**	97				**853**
Depreciation	1,424	353	0	1	0	1,777
Provisions	0	0	0	0	0	0
Net property, plant and equipment	**1,128**					**906**

Long-term investments

€000

	12/31/2020	Increase	Decrease	Currency reserve	Other changes	12/31/2021
Long-term investments						
Loans	**6**					**6**
Other long-term investments (1)	**447**	24	-61		56	**466**
Gross long-term investments	453	24	-61	0	56	472
Provisions for long-term investments						
Other long-term investments						
Provisions	0	0	0		0	0
Net long-term investments	**453**					**472**

(1) Long-term investments mainly comprise deposits and guarantees on company premises.

WALLIX TRACE, AUDIT & TRUST

Note 4 - Receivables

€000

	12/31/2021 Gross	12/31/2021 Impairment	12/31/2021 Net	12/31/2020 Net
Trade receivables	9,545	-502	**9,043**	**9,905**
Trade receivables	9,545	-502	9,043	9,905
Advances and payments on account	65		**65**	**43**
Other receivables (1)	2,888		**2,888**	**3,815**
Prepaid expenses	788		**788**	**624**
Deferred expenses	8		**8**	**11**
Other receivables	3,748		3,748	4,493
Operating receivables	13,293	-502	12,791	14,398

All receivables are due in less than one year.

The Group has recorded a €502,000 provision for impairment of trade receivables.

(1) As of December 31, 2021, other receivables mainly comprise the CIR research tax credit (€1,540,000), CII innovation tax credit (€80,000) and subsidies receivable (€495,000).

Impairment of current assets

€000

	12/31/2020	Charges	Reversal	12/31/2021
Trade receivables	**43**	561	-102	**502**
Provisions for investment securities		44		**44**
Total	43	605	-102	546

Note 5 - Provisions

Provisions for contingencies and charges

€000

	12/31/2020	Charges	Reversals used	12/31/2021
Provisions for contingencies (1)	**135**	153	-133	**155**
Provisions for charges (2)	**1,066**	34	-190	**909**
Total	1,201	187	-323	1,064

(1) The French tax authorities carried out an audit on WALLIX in respect of the research tax credit for financial years 2011 to 2014. Following the audit, the tax authorities proposed a €586,000 adjustment out of a total of €1,873,000 already refunded. At the end of the year, the provision was unchanged and amounted to €69,000 as of December 31, 2021.

(2) Provisions for expenses mainly relate to the bonus share plan provision (€146,000) and provisions for pension commitments (€763,000). Provisions for pension commitments have been estimated solely for WALLIX Sarl and WALLIX GROUP; the criteria used to calculate these provisions are explained in Section 3 - Pension commitments.

Note 6 - Borrowings

€000

	12/31/2021	12/31/2020
Borrowings from credit institutions	2,597	3,634
Bank overdrafts	1	2
Finance lease liabilities	42	140
Other loans and borrowings	14	14
Total	2,654	3,791

€000

	12/31/2021	Due in < 1 yr	Due in 1-5 yrs	Due in > 5 yrs
Borrowings from credit institutions (fixed-rate)	2,597	1,004	1,507	85
Bank overdrafts	1	1		
Finance lease liabilities	42	42		
Other loans and borrowings	14	14		
Total	**2,654**	**1,062**	**1,507**	**85**

As of December 31, 2021, Group borrowings were as follows:

- €850,000 interest-free loan contracted by WALLIX GROUP and WALLIX Sarl with Bpifrance Financement on March 22, 2017 to finance the development of a system for protecting privileged access to cloud-based applications and information systems. Outstanding balance: €425,000 - Final installment due June 30, 2024
- €108,000 fixed-rate loan at 1.20% contracted by WALLIX GROUP with BNP Paribas on August 30, 2016 to partly finance the acquisition of Proviciel assets (this loan is part of a broader financing arrangement with Bpifrance Financement, broken down as follows: 60% of the investment financed by BNP Paribas and 40% by Bpifrance Investissement, as described below). Outstanding balance: €12,000 - Final installment due February 28, 2023
- €72,000 fixed-rate loan at 2.99% (average monthly rate of return on long-term government loans plus 2.74 percentage points) contracted by WALLIX GROUP with Bpifrance Financement on July 27, 2016 to post-finance the acquisition of assets from Proviciel (in addition to the aforementioned BNP Paribas loan). Outstanding balance: €24,000 -
  Final installment due April 30, 2023
- €110,000 fixed-rate loan at 1.50% contracted by WALLIX with BNP on June 17, 2019 to finance the works on the premises in Rennes. Outstanding balance: €18,000 - Final installment due June 17, 2022
- €85,000 fixed-rate loan at 1.123% contracted by WALLIX with BNP on July 10, 2020 to finance the renewal of a portion of the IT network. Outstanding balance: €45,000 - Final installment due July 10, 2023.
- €3 million floating-rate loan at 1.86% (average monthly rate of return on long-term government loans plus 1.5 percentage points) contracted by WALLIX GROUP with BNP on July 9, 2019 to finance acquisitions. Outstanding balance: €2,062,000
  Final installment due July 9, 2024.

Note 7 - Operating payables

€000

	12/31/2021	12/31/2020
Trade payables	1,906	1,640
Trade payables	**1,906**	**1,640**
Tax and social security payables	4,809	4,692
Fixed asset payables		944
Other payables	62	11
Prepayments	19,445	15,350
Other payables	**24,316**	**20,996**
Total	**26,222**	**22,636**

Operating payables are due in under one year except for prepayments, of which €8,510,000 is due in over one year.

The Company charges VAT on amounts received. Tax payables include VAT on uncollected trade receivables totaling €1,462,000 at December 31, 2021 compared to €1,469,000 at December 31, 2020.

Prepayments relate to different categories of income as detailed below:

€000

Year	Prepayments bal. on balance sheet	
	12/31/2021	12/31/2020
Prepayments on income	15,676	12,238
Prepayments on CIR research tax credit	2,751	2,487
Prepayments on subsidies (1)	1,018	626
	19,445	**15,350**

(1) See CIR research tax credit and subsidies pages 18-19

Prepayments on income correspond to the share of revenues invoiced and recognized for the financial year but for which the supply or service will occur after the financial year (e.g. maintenance costs paid in advance).

Prepayments on CIR research tax credit and subsidies correspond to the portion of research tax credit representing capitalized development costs and the portion of subsidies attributable to projects.

Note 8 - Turnover

Group turnover is derived from the following operations:

- Software licenses
- Related maintenance services: technical support and updates
- Managed services: secure hosting of critical applications

Licensing revenues are recognized as of the date on which the software is made available.

Maintenance revenues are recognized on a straight-line basis over the maintenance contract term, which ranges from one to six years.

Revenues from provision of services are recognized when the services are provided.

€000

Geographical segments	12/31/2021	%	12/31/2020	%
France	13,902	60.0%	13,211	65.8%
International	9,267	40.0%	6,860	34.2%
Total	**23,169**	**100%**	**20,071**	**100%**

Products	12/31/2021	%	12/31/2020	%
Licenses	10,467	45.2%	9,459	47.1%
Maintenance	9,209	39.7%	7,414	36.9%
Subscription	1,519	6.6%	794	4.0%
Managed services	419	1.8%	307	1.5%
Professional services	1,554	6.7%	2,097	10.4%
Total	**23,169**	**100%**	**20,071**	**100%**

Note 9 - Other operating income

€000

	2021	2020
- Capitalized production (1)	4,370	3,874
- Operating subsidies (2)	1,864	1,292
- Reversals of provisions, depr./amort., reclassification	459	318
- Other income (Note 5)	66	45
Other income	**6,759**	**5,529**

(1) The balance of the capitalized production account mainly comprises payroll expenses capitalized as development costs.

(2) Operating subsidies break down as follows:

	2021	2020
Operating subsidies not restated	328	57
CIR tax credit restated under grants	587	448
Portion of CIR tax credit spread over 5 yrs (prepayments) (1)	752	614
Portion of subsidies spread over 5 yrs (prepayments) (1)	196	174
Operating subsidies	**1,864**	**1,292**

(1) See CIR research tax credit and subsidies pages 18-19

Note 10 - Payroll

€000

Average annual headcount	12/31/2021	12/31/2020
Executives	191	186
Employees	13	13
Total	**204**	**199**

Payroll	12/31/2021	12/31/2020
Salaries and profit-share	15,010	14,968
Social security charges	5,915	5,973
Total	**20,925**	**20,941**

Note 11 - Net financial income/(expense)

€000

	2021	2020
- Other interest and similar income	14	30
- Provision reversals and expense reclassificatic	119	
- Currency gains	64	
FINANCIAL INCOME	**197**	**30**
- Provision charges for financial contingencies	-64	
- Interest and related expenses	-52	-57
FINANCIAL EXPENSES	**-115**	**-57**
NET FINANCIAL INCOME/(EXPENSE)	**82**	**-28**

Note 12 - Non-recurring income/(expense)

€000

	2021	2020
- Operating transactions	3	34
- Capital transactions	22	35
NON-RECURRING INCOME	**25**	**70**
- Operating transactions		-2
- Capital transactions	-132	-28
NON-RECURRING EXPENSES	**-132**	**-30**
NON-RECURRING INCOME/(EXPENSE)	**-107**	**40**

Note 13 - Analysis of tax expense

€000

DEFERRED TAXES RECOGNIZED ON BALANCE SHEET

	12/31/2021	12/31/2020
- Deferred tax assets	0	0
- Deferred tax liabilities	0	0
Total	**0**	**0**

ANALYSIS OF TAX EXPENSE

	2021	2020
- Current tax	10	20
- Deferred tax	0	0
Total	**10**	**20**

€000

	2021
Net profit/(loss) of consolidated companies	-2,949
Effective tax charge/income	10
Profit/(loss) of consolidated companies before tax	-2,940
Theoretical tax charge/income	-735
Impact of permanently non-deductible expenses or non-taxable income	-196
Withholding tax	
DTA cap at amount of DTL	95
Unrecognized losses for the year	1,195
Tax credit	-401
Other	52
Effective tax charge/income	**10**

Theoretical tax rate	25%
Effective tax rate	0%

€000

	12/31/2020	Change in consolidation scope	Change	12/31/2021
Differences between accounting and taxable profit				
Restatement of finance leases	1		-1	
Recognition of pension commitments	188		3	191
Restatement of operating subsidies	156		98	254
DTA cap (1)	-345		-100	-445
Deferred tax assets (1)				
Cancellation of internal provisions				
Deferred tax liabilities (2)				
Net deferred taxes (1)-(2)				

€000

UNRECOGNIZED TAX LOSSES

Company	Amount (1)	Tax rate	Unrecognized deferred tax assets (in local currency)	Unrecognized deferred tax assets (€000)	Max. amount chargeable against future profits
Wallix Group	14,077	25%	3,519	3,519	Unlimited
Wallix	10,046	25%	2,511	2,511	Unlimited
Total (€)				**6,031**	

(1) Tax loss generated in the 2021 financial year

Note 14 - Corporate officer compensation

Compensation awarded to directors in respect of positions held in controlled companies is as follows:

€000

Compensation	12/31/2021	12/31/2020
Corporate officer compensation	679	636
Attendance fees	35	35
Total	**714**	**671**

Note 15 - Statutory auditor fees

€000

Statutory auditor fees	12/31/2021	12/31/2020
Statutory audit	69	65
Other services	39	
Total	**108**	**65**

Note 16 - Off-balance sheet commitments

WALLIX Iberica: The acquisition is subject to an unrecognized earnout payment of up to €1.7 million conditional on cumulative revenue targets over a five-year period.