

## Second half growth upswing and sustained increase in recurring business

- Turnover excluding Russia up 19% in the second half and up 15% for the year;
- New record full-year turnover of €25.2 million, multiplied by 12 in 10 years;
- Excellent momentum in the SME segment, offsetting reticence among key accounts;
- Sharp increase in full-year recurring business, up 22% to €14.8 million at the end of 2022;
- Continued implementation of the Unicorn 25 roadmap: enhancement of SaaS offerings and industrial cybersecurity solutions, development of leadership in Europe and business in North America.

**Paris, February 9, 2023** - WALLIX (Euronext ALLIX), a European cybersecurity software developer and expert in privileged access management (PAM), reports its full-year 2022 turnover.

Unaudited data, €000	2021	2022	Change
France	13,951	16,008	+14.7%
EMEA excl. France	8,464	8,277	-2.2%
EMEA excl. France and Russia			+14.4%
USA and Rest of World	753	894	+18.7%
<b>Consolidated turnover</b>	<b>23,169</b>	<b>25,179</b>	<b>+8.7%</b>

**Jean-Noël de Galzain, Chairman and Chief Executive Officer of the WALLIX GROUP, said:** “Amid a persistently tense geopolitical environment, WALLIX’s business made a clear return to dynamic growth in the second half of 2022, up 19% excluding Russia. Overall, WALLIX delivered year-on-year growth of 9%, naturally impacted by the economic climate but driven nonetheless by the strong momentum among medium-sized companies in all our markets. This performance illustrates the strength of the cybersecurity sector, driven by the opening up of information system, the development of mobility within organizations and interconnectivity with the world of machines: OT. The ever-present threat of cybercrime coupled with tightening regulations will continue to fuel corporate investment over the long term. WALLIX is therefore ideally placed as a new leader in Privileged Access Management (PAM) recognized by major consulting firms KuppingerCole, Gartner and Frost & Sullivan.

In 2022, we made the investments required for the successful execution of our Unicorn 25 strategic plan, initially scheduled for two years’ time. The Group has therefore laid the foundations for its future growth based on the enhancement of its offering with the launch of WALLIX PAM4ALL, already recognized as a leading PAM solution, and OT.security, its dedicated industrial cybersecurity solution, the consolidation of its position in Europe, and development in North America.

Most of the investments having been completed, 2023 will be dedicated to leveraging our assets in order to ramp up and reach critical mass in our strategic regions. WALLIX US and our industrial cybersecurity solutions are set to make a significant contribution to the Group’s growth. Acceleration in 2023 will also involve consolidating our leadership in Europe, the Middle East and Africa, with a new support program dedicated to the partners in order to supply companies and their subcontractors in regulated sectors. With solutions recognized for their innovation and adaptability backed by the expertise acquired in sensitive business verticals such as industry, healthcare and MSP/MSSP, by relying on a robust and well-distributed partner network, WALLIX is ideally positioned to continue to gain market share worldwide, and to support the implementation of the NIS 2 directive in Europe from 2024.”

### Significant recovery in the second half, as announced

Business growth accelerated in the second half of the year, with turnover up 10.1% overall and up 19.2% excluding Russia. Full-year turnover was €25.2 million, up 8.7%. Excluding business with Russia (down 65% to €618,000), turnover was up 14.8%.

Momentum remained strong among small and medium-sized companies, with sales activity from the partner network rising sharply. Over the year as a whole, the pace of contract acquisitions remained brisk, with a total of 382 new active contracts (up 20%), nearly 70% of which were acquired in the second half. At December 31, 2022, the Group had a portfolio of nearly 2,300 active contracts. Conversely, key accounts remained cautious and were hampered by a shortage of labor, which slowed the deployment of their cybersecurity projects.

#### Business growth by region:

- **France** saw a significant rebound in activity in the second half (+19.3% vs. +11.9% in the first half). Full-year turnover was up 14.7% to €16.0 million. Business remained brisk, particularly in the most sensitive sectors such as healthcare and industry.
- The Russia-Ukraine conflict weighed on business in the Europe, Middle East, Africa (**EMEA**) segment excluding France, down 2.2% to €8.3 million. Adjusted for the impact of Russia, growth accelerated significantly in the second half, with turnover up almost 27% (vs 3.5% growth in the first half), representing a full-year increase of 12%. This growth is all the more significant as this region is undergoing a significant transition to a subscription model, which is mechanically impacting short-term turnover recognized in the accounts in return for increased recurring business.
- In the **USA and Rest of World** region, turnover rose 18.7% to €0.9 million. Growth in the United States was below the estimated potential due to the delayed hiring of certain employees. The team is now in place to continue the development of the distribution network and support partners in order to optimize business activity.

### Continued growth in recurring business

Unaudited data, €000	2021	2022	Change
Licenses <sup>1</sup>	10,467	9,751	-6.8%
Maintenance & Subscriptions <sup>2</sup>	11,147	13,790	+23.7%
Professional services	1,554	1,638	+5.4%
<b>Consolidated turnover</b>	<b>23,169</b>	<b>25,179</b>	<b>+8.7%</b>
Annual recurring revenue (ARR)	12,180	14,820	+21.7%
% of consolidated turnover	52.6%	58.9%	+6.3 pp

In 2022, turnover from subscription contracts (licenses and managed services) was up 46% to €2.8 million. Meanwhile, license sales were down 7%, impacted by key accounts' reluctance to invest but also by the successful transition of SMEs to the subscription model.

As at 31 December 2022, monthly recurring revenue (MRR) totaled €1.2 million, up 21.7% compared to 31 December 2021, representing €14.8 million in recurring revenue on an annual basis. Hence, WALLIX begins 2023 with recurring revenue accounted for 58.9% of 2022 consolidated turnover. It compares to 52.6% a year before, an increase of 6.3 percentage points in one year.

### 2023 roadmap: leverage existing assets

WALLIX has succeeded in positioning itself as a world leader in Privileged Access Management (PAM) in just a few years. After being named a PAM leader by reputed consulting firms KuppingerCole and Frost & Sullivan, 2022 marked the Group's entry into the PAM Leader category of the Gartner Magic Quadrant ranking compiled by one of the world's most prestigious consulting firms. 2022 was also the first year of the Unicorn 25 strategic plan, during which the necessary investments were made for its successful execution. WALLIX enhanced its offering with the launch of the WALLIX PAM4ALL and OT.security solutions and ramped up its commercial development, in particular via the new operations in the United States.

<sup>1</sup> including equipment sales

<sup>2</sup> including managed services

With these building bricks now in place, the 2023 roadmap aims to optimize existing assets and achieve critical mass in strategic countries, while continuing to enhance solutions and innovate.

WALLIX will therefore continue to consolidate its European leadership focusing on SMEs, “critical” sectors and industrial environments. This consolidation will be achieved by leveraging its network of over 300 partners, providing them with increased support to maximize sales of flagship product WALLIX PAM4ALL and offering them the opportunity to enhance their industrial cybersecurity expertise. WALLIX also aims to assume a key role in implementing the NIS 2 directive due to come into force in 2024. The new directive will act as a strong growth driver, as it will require 150,000 businesses and public administrations to strengthen their cybersecurity, i.e. ten times the number of organizations covered by the NIS directive in effect since 2018. WALLIX’s expertise in key business verticals (healthcare and industry in particular) is a powerful asset that will allow the Group to take full advantage of the expected boom in the European cybersecurity market.

In North America, the Group is now ready to return to significant growth by optimizing the performance of its partner network. By the end of 2023, the North America operation should reach critical mass and represent 10% of order intake, compared to 3% in 2022.

Innovation and an enhanced offering also form an integral part of the Group’s 2023 roadmap. Priority will be given to expanding the SaaS offering centered on PAM4ALL to meet market needs and attract new clients, as well as improving existing SaaS versions in order to maximize client value.

Meanwhile, WALLIX will step up its development in the industrial cybersecurity market. With the increasing digitization of industrial environments involving increasingly connected and open industrial systems, the number of industrial cyberattacks has exploded, leading to major incidents such as production stoppages resulting in significant costs. The security of OT systems is therefore a critical issue, yet it lags behind information system security. With its OT.security offering launched in the second half of 2022, WALLIX is one of the few players to have developed solutions specifically dedicated to the OT environment. In 2023, the Group will work on enhancing its solutions by integrating complementary expertise, either through innovation or acquisitions. The development of the business will leverage the strength of the existing network by increasing partners’ expertise in OT and by developing partnerships with distributors, resellers and integrators specializing in OT. Solutions dedicated to industrial cybersecurity are expected to account for 10% of total order intake in 2023, compared to 5% in 2022.

**Next publication:** Full-year 2022 results, March 23, 2023

## **ABOUT WALLIX**

WALLIX is the European specialist in access and digital identity security and the world leader in PAM (Privileged Access Management). Its technologies enable organizations to meet today's challenges in IT network protection and data security. They also provide detection and resilience to cyberattacks and protect organizations' digital assets in addition to maintaining business continuity of IT systems, in the cloud, and in industrial networks. These technologies simplify compliance with regulatory requirements for access to critical IT infrastructure and data. With its PAM4ALL, PAM4OT, and Trustelem solutions, WALLIX helps its customers modernize their information systems and put cybersecurity at the service of their digital transformation. The company relies on a network of certified distributors, resellers, and integrators to support more than 2,000 organizations worldwide in all sectors of the economy. The company is listed on Euronext (ALLIX). The founders and managers, as well as the investment structure T.D.H (Thierry Dassault Holding) are the historical reference shareholders.

OT.security by WALLIX is a brand dedicated to the security of digital access and identities in industrial environments.

WALLIX affirms its digital responsibility and is committed to contributing to the construction of a trusted European digital space, guaranteeing the security and confidentiality of data for organizations as well as for individuals concerned about the protection of their digital identity and privacy. Digital technology, whether for professional or personal use, must be ethical and responsible in order to pursue a secure societal digital transformation that respects individual freedoms.

[www.wallix.com](http://www.wallix.com) | [info@wallix.com](mailto:info@wallix.com)



## **FINANCIAL COMMUNICATION**

### **ACTUS Finance & Communication**

Investors Relations - Hélène DE WATTEVILLE

+33 1 53 67 36 33 / [wallix@actus.fr](mailto:wallix@actus.fr)

Press Relations - Déborah SCHWARTZ

+33 6 27 09 05 73 / [dschwartz@actus.fr](mailto:dschwartz@actus.fr)