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### 2019 Results:

Investment boosted to expand the offer and deploy the international network under the strategic plan

- **Consolidated growth of 29%** up sharply thanks to France;
- **Creation of a four-solution portfolio** through R&D and acquisitions;
- **International operating capacity bolstered** by strong indirect sales network;
- **Robust balance sheet** capable of absorbing growth investments;
- **Strategic plan objectives confirmed.**

**WALLIX (Euronext – ALLIX), a software company providing cyber-security solutions and the European specialist in privileged access management, today announces its 2019 results.**

Jean-Noël de Galzain, Chairman of the WALLIX GROUP Management Board, said: "In 2019, WALLIX resumed its steady growth in France and secured the resources required to step up its worldwide development over the coming years. We have expanded teams and the partner network, broadened our geographical scope and made our first-ever acquisitions, which will bolster our portfolio of cybersecurity solutions.

As 2020 kicks off, WALLIX is therefore in prime position to scale up and maintain the trajectory outlined in its Ambition 21 strategic plan. We're also keeping a very close eye on the economic consequences of the current Covid-19 health crisis. Teams are at the ready to support our clients' essential operations and the additional protections required to ensure the success of their business continuity plans, through the widespread introduction of remote working solutions. This crisis demonstrates the importance of cybersecurity solutions in preventing a digital pandemic and protecting corporate assets.

Although investments inevitably weighed on profitability in 2019, WALLIX's rigorous management has enabled it to handle the current situation with confidence, maintain a customer-focused approach and secure the resources required to ensure its development through organic growth and acquisitions.

Flanked by its network of partners, WALLIX has also joined in the war effort by helping prepare for the reconstruction that will strengthen and secure the digital foundation of our entire society."



€000, French GAAP*	2018	2019
<b>Turnover</b>	<b>12,640</b>	<b>16,335</b>
Other operating income (capitalized production, subsidies, etc.)	4,047	4,196
<b>Total operating income</b>	<b>16,687</b>	<b>20,531</b>
<b>Total operating expenses</b>	<b>(19,969)</b>	<b>(27,369)</b>
o/w Other operating expenses	(5,425)	(7,158)
o/w Payroll	(11,678)	(16,304)
o/w Depreciation, amortization and provisions	(2,148)	(3,317)
<b>Operating profit/(loss)</b>	<b>(3,281)</b>	<b>(6,837)</b>
Net financial income/(expense)	(5)	(5)
Non-recurring income/(expense)	-	(2)
Tax	(3)	-
<b>Net profit/(loss)</b>	<b>(3,288)</b>	<b>(6,845)</b>

### Strong growth and increase in recurring business

WALLIX posted 2019 turnover of €16.3 million, up 29% year-on-year thanks to the symbolic crossing of the 1,000-customer mark.

**France** posted a strong performance with sales up 36%, **benefiting from** the renewed ANSSI certification for its WALLIX Bastion solution and its capacity to forge alliances with major partners, including Atos, Orange Cyberdéfense and Schneider Electric, and position its solutions within global offerings with very high value-added.

**In the international segment** (up 18%), WALLIX developed its distribution network considerably by forming ties with strategic partners in priority regions, representing a major step towards achieving its medium-term goals. The Group also hired 21 new employees during the year.

**Revenues from recurring business** comprising maintenance, subscriptions and the recurring portion of managed services increased sharply, up 40% year-on-year. Recurring turnover now represents over 39% (up 3 points year-on-year) and is expected to benefit from the development of new SaaS offers and subscriptions (managed services).

WALLIX also boosted its 2019 sales growth by strengthening its offering. The Group made its first two acquisitions – technology marvels Trustelem and Simarks – which bring with them a cutting-edge offer in privileged access management (PAM) and extended to other cybersecurity segments, where demand for User identity management (IDaaS<sup>1</sup>, the IAM<sup>2</sup> market segment with the most potential) is growing rapidly.

### Increase in operating expenses in line with the strategic plan

The Group's investments to bolster its offering and expand its international footprint naturally resulted in an increase in operating expenses. Operating expenses were up 37%, mainly due to the increase in staff costs (45 new hires during the year) and in depreciation and amortization charges on products reaching commercial maturity, reflecting the steady pace of R&D. The operating loss ultimately came

<sup>1</sup> Identity as a service

<sup>2</sup> Identity and Access Management



to €6.8 million, up from €3.3 million in 2018, reflecting the ramp-up of the 2021 Ambition plan. Given the company's healthy balance sheet, Group share was equal to the operating loss of €6.8 million.

### Robust balance sheet maintained following acquisitions

WALLIX generated operating cash outflow of €3.1 million, kept under control thanks to a positive change in working capital (up €900,000). Investment cash outflows amounted to €6.2 million, including €2.4 million relating to the Simarks and Trustelem acquisitions and €500,000 in share buybacks. Excluding these operations, recurring capital expenditure was kept under control at €3.4 million, compared to €3.2 million in 2018, with a focus on R&D to develop new offers. As of December 31, 2019, the Group had free cash flow of €29.3 million, net cash of €25.7 million, and shareholders' equity of €32.2 million.

### Ambitions confirmed

The Group's achievements in 2019 have laid the groundwork for strong medium-term growth, in line with its strategic plan.

In France, the ramp-up of framework agreements resulted in 2019 turnover of €3.7 million and represent 2020 sales potential of some €8 million. Worldwide, the Group is aiming to gain a foothold on 80% of its target markets, up from 60% in 2019, and will draw on its solid network of partners to further its commercial reach.

In the short term, disruptions appear inevitable during the epidemic. The company has implemented a business continuity plan involving the widespread roll-out of remote office solutions in order to protect its employees. Although WALLIX hasn't recorded any order cancellations to date, it is anticipating deployment delays.

The widespread roll-out of remote work solutions in order to comply with lockdown orders in France has made secure access to sensitive corporate data even more vital, and highlights the essential nature of WALLIX's easy-to-deploy software solutions. As such, and in order to prevent Covid-19 from generating a digital pandemic, the Group has decided to make WALLIX Bastion remote access licenses available free of charge during the lockdown.

Thanks to its new, comprehensive offering, an enhanced sales network, solid cash position and high-growth market, WALLIX has confirmed its ambition to rapidly position itself as a leading European cyber-security provider.

### About WALLIX

WALLIX is a cybersecurity software vendor dedicated to defending and fostering organizations' success and renown against the cyberthreats they are facing. For over a decade, WALLIX has strived to protect companies, public organizations, as well as service providers' most critical IT and strategic assets against data breaches. Founded in 2003, WALLIX is the first European cybersecurity software vendor to be publicly traded in 2015 (EuroNext ALLIX code).

WALLIX accompanies more than 1 000 worldwide companies and organizations on a day-to-day basis. WALLIX is being named among the PAM leaders in the Product categories of the KuppingerCole 2018 Leadership Compass report. In 2017 and 2018, WALLIX was included in Forbes France's Futur40 ranking of fastest-growing listed companies.

For more information, visit the WALLIX website at: [www.wallix.com](http://www.wallix.com)

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