

2020 turnover up 23% with a record second half and a favorable outlook

- *Strong acceleration of growth in the second half (+33%) after a first half slowed by the health crisis (+10%);*
- *Continued high client acquisition rate with 265 new accounts in 2020;*
- *International sales up 29% year-on-year, the result of investment in strategic markets and the first contract over €1m outside France;*
- *Adequate positioning of the offering in access security and development of high-potential business solutions in healthcare and industry;*
- *Gross cash of €23 million at December 31, 2020, thanks to efficient management of expenditure;*
- *Sustained growth trend and profitability outlook of the second half reaffirmed for 2021.*

Paris, February 11, 2021 - WALLIX (Euronext ALLIX), a European cybersecurity software developer and expert in privileged access management (PAM), reports its full-year 2020 turnover.

Unaudited results, €000	2019	2020	Variation
France	11,002	13,212	+20%
International	5,333	6,860	+29%
Consolidated turnover	16,335	20,072	+23%

Jean-Noël de Galzain, Chairman of the WALLIX GROUP Management Board, said: “2020 began and ended with a sharp increase in business volumes. The health crisis undeniably slowed our annual growth rate, but we ultimately delivered overall performance superior to many of our peers. Business growth of 23% in 2020, and a 25% increase in new accounts, reflects the growing attractiveness of Wallix solutions and the resilience of our model, with an increasing proportion of recurring business and highly promising underlying trends for the cybersecurity industry. Despite the challenging environment, we maintained our growth investments and workforce fully mobilized to support our range of solutions in digital access security and to pursue the roll-out of our commercial networks abroad, whilst retaining significant cash flow for the future.

This strategy contributed to the sharp increase in turnover in the second half and will continue to sustain this momentum in 2021. We are pleased with the successes achieved by the Group in critical areas such as essential services, healthcare and industry that have a particular reliance on digital to sustain their operations. We intend to continue our efforts in these areas, through strategic partnerships such as the one we recently announced with the Fives Group, or the signing of a contract with Tech Data in Germany, in order to include Wallix’s trusted cybersecurity solutions within broader offers and secure Industry 4.0.

In a “world after” in which companies and individuals are more dependent than ever on digital technologies, cybersecurity is becoming a priority sector in terms of investment in Europe to create a trusted digital territory with the guarantees of autonomy and sovereignty we all expect. We have no doubt that WALLIX can play a driving and unifying role in the construction of this alternative international-standard European cybersecurity offering.”

2020 turnover up 23% to €20.1 million, with growth accelerating in the second half

WALLIX recorded sales of €20.1 million in 2020, up 23% from 2019. This strong performance, within an environment still impacted by the health crisis, reflects dynamic momentum in the second half (+33%), driven by international operations and key sectors such as healthcare and industry. Although full-year growth was slowed by the impact of the health crisis, particularly in the second quarter, with deferment of project implementation schedules in key accounts, we achieved our target of posting full-year growth significantly above that of the first half (+10%).

International turnover rose 29% to €6.9 million. Amid an economic downturn, France continued to grow with turnover up +20% to €13.2 million.

Business growth by region:

- In France, the Group benefited from increasing interest in its offerings among small and mid-sized businesses and a number of key sectors such as healthcare and industry. Key accounts, which had adopted a wait-and-see approach at the peak of the health crisis, gradually gained momentum at the end of the year with the implementation of projects under major contracts signed previously, representing €6.9 million in billings in 2020. Wallix estimates the potential turnover from these key account equipment contracts to be worth €18.1 million over the next three years (2021-2023).
- With regard to its international operations, WALLIX started to reap the rewards of the investments made under the strategic plan (developing the office network in Germany, UK and Spain and expanding the partner network in target markets). The Germany/Central Europe region, with nearly €2 million in annual turnover for the first time, and the United Kingdom, where the first contract over €1 million outside France was signed, in particular saw robust growth. Growth outside the European Union was very strong (+34%), mainly in the Africa Middle East zone where WALLIX recorded notable developments.

Continued growth in recurring business

Unaudited results, €000	2019	2020	Variation
Licenses	8,914	9,459	+6%
Maintenance & Subscriptions ¹	6,415	8,516	+33%
Professional services	1,006	2,097	+108%
Consolidated turnover	16,335	20,072	+23%

Sales of licenses were up 6% over the year to reach €9.5 million, reflecting the rebound in sales in the second half (+27%). This highly positive trend, evident among both key accounts and small and mid-sized businesses, reflects the increasing demand among companies to address new digital challenges. It offsets the negative impact of the health crisis (slowed solutions roll-out in key accounts) observed in the first half.

A key strategic development driver for WALLIX, recurring business grew sharply in 2020, up 33% to €8.5 million. The share of recurring business thus represents 42% of 2020 turnover compared to 39% in 2019. In addition to the impact on maintenance activities, generated by the increase in the number of clients equipped, WALLIX posted an 80% increase in turnover from subscription solutions (SaaS mode license subscriptions) and a doubling of the turnover generated by managed services.

At December 31, 2020, the Group estimates the future value of the subscription contracts billed in 2020 to be €3.9 million over three years.

Strategy underpinned by financial strength

At December 31, 2020, gross cash and cash equivalents amounted to €23.2 million versus €29.3 million at December 31, 2019. The Group pursued its organic growth investments in 2020 (workforce increased from 172 to 210 over the period) and the commercial roll-out of its new offerings.

This financial capacity affords the Group the flexibility required to continue its development and seize new external growth opportunities.

¹ o/w Managed services

Major growth and profitability targets for 2021 and goal of European cybersecurity leadership

Due to the health crisis, organizations and individuals have completely transformed their relationship with digital technology and its uses, opening the door to new risks with a proliferation of cyberattacks. Interactions and exchanges are instantaneous and mobile, and the security of access to information and data is becoming a key element in ensuring a successful digital transformation. To ensure the long-term viability of these new uses, users and companies must make investment in cybersecurity a priority, as underlined by leading market analysts such as KuppingerCole or Gartner, which predict an average annual increase of 10.7% for PAM² over the 2020-2024 period (i.e., a global market of \$2.9 billion in 2024).

WALLIX is ideally positioned to capitalize on the growth of the sector, which features among the strategic priorities of the digital recovery plan presented by the French government in September 2020. Thanks to the structural investments carried out over the last 18 months, WALLIX has a comprehensive PAM² offering (WALLIX Bastion) expanded into adjacent market segments (WALLIX BestSafe launched in February 2020 and WALLIX Trustelem launched in May 2020), enabling it to address all the threats posed by the implementation of new technologies (IoT, Cloud, etc.) and new digital services (telemedicine, WFH, smart city, predictive maintenance, etc.). Its leadership in Zero Trust cybersecurity architecture and By Design cybersecurity for the industry of the future make it a partner of choice for companies anxious to properly address the challenges posed by their digital transformation.

WALLIX confirmed a new rapid growth phase in the second half of 2020, with excellent sales momentum and notable success in the automotive sector (signing of a large-scale contract with a leading European manufacturer outside France), aerospace (first order from a major contractor) and healthcare (private European hospital group). Backed by an installed base of more than 1,300 clients and an increase in recurring business, the Group intends to maintain its growth trajectory in 2021. Recent partnerships, particularly with Fives targeting the industrial sector, should also increase the rapid development of Group's offering and turnover.

As the Group nears the end of its growth investment cycle, operating margins should gradually improve and WALLIX confirms its aim to turn an operating profit by the second half of 2021.

Against the backdrop of the significant challenges at the European level involved in creating a trusted digital territory in Europe, with guarantees of independence and sovereignty, the Group foresees the creation of a standardized regulatory and legislative framework to "process and host Europeans' data in Europe" (Digital Services Act (DSA) and Digital Market Act (DMA), GDPR). This will be supported in the years ahead by the emergence of a trusted digital product and service offering, certified and recognized as such by European states (similar to GAIA X) and the creation of multinational cyber industry players. The only European developer among the 7 global leaders (KuppingerCole PAM survey, 2020), WALLIX reaffirms its desire and capacity to establish itself as one of the key players in European cybersecurity.

Next publication: full-year 2020 results, March 25, 2020

ABOUT WALLIX

A software company providing cybersecurity solutions, WALLIX is the European specialist in Identity and Access Security Solutions. WALLIX's unified solutions portfolio enables companies to respond to today's data protection challenges. WALLIX solutions guarantee detection of and resilience to cyberattacks, which enables business continuity. The solutions also ensure compliance with regulatory requirements regarding access to IT infrastructures and critical data. The portfolio of unified solutions is distributed through a network of more than 180 resellers and integrators worldwide. Listed on the Euronext (ALLIX), WALLIX supports more than 1,300 organizations in securing their digital transformation. WALLIX is a founding member of the HEXATRUST group and has been included in the Futur40, the first ranking of growth companies on the stock exchange published by Forbes France and is part of the Tech 40 index.

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² Privileged Access Management



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