

Growth in H1 2022 turnover despite the wait-and-see approach related to the geopolitical crisis

Sustained increase in recurring business and doubling of activity in the USA

- 7% growth in turnover and 10% growth excluding Russia
- 60% of revenues from recurring business and 27% increase in recurring revenue
- Successful commercial launch in the USA and Rest of world (up 119%)
- WALLIX PAM4ALL recognized as the best PAM solution by the American consulting firm Frost & Sullivan
- Sequential improvement in growth in the next semesters

Paris, July 21, 2022 - WALLIX (Euronext ALLIX), a European cybersecurity software developer and expert in privileged access management (PAM), reports its unaudited H1 2022 turnover.

Unaudited data, €000	H1 2021	H1 2022	Change
France	6,165	6,737	+9%
EMEA outside France	3,916	3,770	-4%
USA and Rest of world	240	527	+119%
Consolidated turnover	10,321	11,034	+7%

Jean-Noël de Galzain, Chairman and Chief Executive Officer of the WALLIX GROUP, said: "After the strong momentum observed at the beginning of the year, the Russian-Ukrainian conflict and the deterioration of the economic environment have made companies cautious about investing, particularly key accounts. In this unfavorable environment and given the significant increase in subscriptions, we are increasing our visibility on future revenues and recurring business, even if this weighs on the turnover recognized in the short term. This trend is positive since our recurring business has more than doubled in three years and now represents 60% of turnover.

In any event, the fundamentals of the cybersecurity industry are very strong. The acceleration of the digital transformation is accompanied by growing needs in terms of cybersecurity risk coverage and expertise. We are therefore confident in WALLIX's ability to increase its market share by playing a leading role in the industry in Europe. With the objective set out in the Unicorn25 strategic plan, the Group is focusing on its development plan by strengthening its international business in Europe, the Middle East, Africa, and more recently North America. Thanks to recent hires in the United States and the recognition of the WALLIX PAM4ALL solution as the best on the market by Frost & Sullivan, WALLIX has become a Cybersecurity Champion, capable of supporting organizations around the world in the deployment of their secure digital access.

With PAM4ALL, WALLIX offers recognized solutions along with a sales network of 300 certified integrator partners and distributors to cover the global market and meet the cyber needs of organizations of all sizes all around the world. With this, we aim to go global and become a leader in our market serving the efficiency and competitiveness of our clients."

Growth in SMEs and the USA, wait-and-see attitude of key accounts in Europe

Despite an uncertain economic and geopolitical environment, WALLIX maintained its growth trajectory in H1 2022 with turnover up 7% to €11.0 million. Excluding business with Russia (down 39% to €359,000), turnover was up 10% in H1 2022.

Momentum remains strong among small and medium-sized companies, with sales activity from the partner network continuing to rise. Key accounts, mainly in Europe, are adopting a wait-and-see approach in the face of a lack of visibility and are also suffering from a shortage of cybersecurity talent, resulting in a slowdown in project deployment. A number of significant contracts have been postponed, notably in France and Germany, but interest in the Group's cybersecurity solutions remains intact and WALLIX anticipates their signature in the second half of the year. As of June 30, 2022, WALLIX crossed the threshold of 2,000 organizations supported worldwide, with a 7% growth of its client portfolio.

Business growth by region was mixed in H1 2022:

- **France** continued to grow with turnover up 9% to €6.7 million in H1 2022. Sales momentum remained positive, particularly with WALLIX Bastion, listed among the ten "priority" cybersecurity solutions recommended by the French National Agency for Information Systems Security (ANSSI).
- The Russian-Ukrainian conflict is generating a significant wait-and-see approach, which is weighing on business in the Europe, Middle East, Africa (**EMEA**) segment outside France, which is down 4% to €3.8 million. Excluding Russia, turnover for the region was up 2%. In addition, the EMEA region is undergoing a significant transition to a subscription model, which is mechanically impacting short-term turnover in return for increased recurring business. These three factors, which are temporarily affecting WALLIX's growth rate, in no way call into question the solidity of its model and the success of its partner network.
- In the **USA and Rest of world** region, WALLIX recorded growth of 119% with turnover of €0.5 million. In the United States, the Group is off to a satisfactory start based on the first commercial negotiations initiated in 2021. The partnership with Arrow Electronics, a leading distributor of IT solutions, should be a powerful catalyst for increasing the distribution of WALLIX solutions in the United States.

Major signed contracts (billing > €100,000) generated invoices totaling €3.5 million over the first half. WALLIX estimates potential turnover of €30.1 million from these key account supply contracts over the next three years (2022-2024) of which 30% outside France.

Continued growth in recurring business

Unaudited data, €000	H1 2021	H1 2022	Change
Licenses ¹	4,203	3,622	-14%
Maintenance & Subscriptions ²	5,200	6,599	+27%
Professional services	918	813	-12%
Consolidated turnover	10,321	11,034	+7%

In H1 2022, the turnover generated by subscription contracts (licenses and managed services) was up 54% to €1.3 million. At the same time, license sales were down 14%, reflecting companies' reluctance to invest but also the transition to a subscription model. At June 30, 2022, the Group estimates that the future value of subscription contracts billed in the first half of 2022 will amount to €7.4 million over a 3-year period.

The growth in subscriptions combined with the significant increase in maintenance activity, driven by the expansion of the client portfolio, brought the share of recurring business (Maintenance & Subscriptions) to 60%, up 10 points compared to H1 2021. Recurring business generated a significant growth of 27% compared to H1 2021. As of June 30, 2022, monthly recurring revenue (MRR) totaled €1.1 million, up 21% compared to the previous year, representing €13.5 million in recurring business on an annual basis.

¹ including equipment sales

² including managed services

Rigorous implementation of the strategic investment plan

In H1 2022, WALLIX began a new round of strategic investments in order to establish the foundation required to achieve its medium-term objectives of sustainable and profitable growth. These investments include the launch of PAM4ALL, the strengthening of governance and the expansion of sales teams in priority growth regions, notably the USA.

This expenditure is being incurred within a controlled framework, as shown by the ratio of operating expenses to turnover, which is in line with that of the initial phases of the two previous strategic plans.

At June 30, 2022, gross cash and cash equivalents amounted to €17.3 million reflecting acceleration in investment expenses. This solid level of cash combined with the progressive slowdown in investments expected in the next semesters give the Group a satisfactory financial visibility to confidently execute its roadmap and take advantage of acquisition opportunities.

WALLIX consolidates the pillars of its future growth with its leading cybersecurity offerings

Although the economic and geopolitical environment and the tight labor market make current market conditions more challenging, the fundamentals of the cybersecurity industry remain particularly strong. The digital transformation of the public and private sectors, the acceleration of the digital transition towards new uses, the intensification and evolution of cyberattacks, and the strengthening of regulatory standards surrounding personal data security and protection require increasing investment in access and identity protection. Gartner expects the PAM market to grow at an average annual rate of 21% over the next four years, reaching \$3.1 billion by 2025.

WALLIX continues to capitalize on its core expertise. To meet the new challenges of the digital era, the Group has developed a concept called "PAM for all" with WALLIX PAM4ALL, a comprehensive solution that combines all WALLIX technologies to ensure a secure digital transformation for all organizations and users. Having been named a global leader in privileged access management by KuppingerCole in 2020 and 2021, and having entered the "challenger" category of the Gartner Magic Quadrant 2021, in June 2022 WALLIX PAM4ALL was ranked as the leading PAM solution on the market in terms of cost, simplicity and flexibility by the prestigious American consulting firm Frost & Sullivan. Through these awards, WALLIX is consolidating its position as the only European developer to feature among the world leaders in PAM.

With WALLIX PAM4ALL, WALLIX offers a comprehensive PAM solution recognized for its consistent quality. WALLIX is also continuing its efforts to optimize its business model with the aim of meeting all technological needs (solutions deployed locally, in hybrid form or on the Cloud) and economic needs (permanent licenses or subscriptions), both for SMEs and key accounts.

Having strengthened its management team and governance, WALLIX is focused on implementing its development plan and continues to lay the groundwork for future growth that will enable it to establish its leadership in secure access and identity security. WALLIX therefore anticipates a continued sequential improvement in its business volume over the next few quarters.

Next publication: First half 2022 earnings, October 13, 2022

A PROPOS DE WALLIX

Éditeur de logiciels de cybersécurité, WALLIX est le spécialiste européen de la sécurisation des accès et des identités. Le portefeuille de solutions unifiées de WALLIX permet aux entreprises de répondre aux enjeux actuels de protection des données. Les solutions WALLIX garantissent la détection et la résilience aux cyberattaques permettant ainsi la continuité d'activité. Elles assurent également la mise en conformité aux exigences réglementaires concernant l'accès aux infrastructures informatiques et aux données critiques. Le portefeuille de solutions unifiées est distribué par un réseau de plus de 300 revendeurs et intégrateurs à travers le Monde. Cotée sur Euronext (ALLIX), WALLIX accompagne plus de 2 000 organisations dans la sécurisation de leur transformation numérique. WALLIX est membre fondateur du groupement HEXATRUST et a été intégré au sein du Futur40, le premier palmarès des sociétés de croissance en Bourse publié par Forbes France, et fait partie de l'indice Tech 40.

WALLIX affirme sa responsabilité numérique et s'engage à contribuer à la construction d'un espace numérique européen de confiance, garant de la sécurité et de la confidentialité des données des organisations mais également pour tout individu soucieux de la protection de son identité numérique et du respect de sa vie privée. Le numérique, qu'il soit pour des usages professionnels ou personnels, doit être éthique et responsable afin de vivre une transformation numérique sociétale sécurisée et respectueuse des libertés individuelles.

www.wallix.com | info@wallix.com

CONTACTS COMMUNICATION FINANCIÈRE

ACTUS Finance & Communication

Relations Investisseurs - Hélène DE WATTEVILLE

01 53 67 36 33 / wallix@actus.fr

Relations Presse - Déborah SCHWARTZ

06 27 09 05 73 / dschwartz@actus.fr

www.wallix.com | info@wallix.com