



## First half 2024 earnings: success of the subscription model and sound drivers to aim for profitability

- Successful transition to the subscription model: monthly recurring revenue up 30.2% and recurring business accounted for 71.6% of turnover;
- Half-year turnover of €15.1 million, up 8.7%;
- Operating profit and net earnings stable and continuous improvement of the operating expenses/turnover ratio;
- Robust growth drivers to reach hypergrowth in recurring business for full year 2024 and aim for positive operating profit in the second half of the year.

Paris, October 10, 2024 - WALLIX (Euronext ALLIX), a European cybersecurity software developer and expert in identity and access management (IAM) and privileged access management (PAM), announces its earnings for the first half of 2024<sup>1</sup>.

### Hypergrowth of recurring revenue



<sup>1</sup> The first half consolidated financial statements were approved by the Board of Directors on October 10, 2024. The statutory auditors performed a limited review on the consolidated financial statements and the financial report will be published by October 31, 2024.



## P&L statement

€000	H1 2023	H1 2024
French GAAP		
Turnover	13,943	15,149
Other operating income	2,298	2,358
Operating profit/(loss)	(6,100)	(6,243)
Net financial income/(expense)	(20)	(30)
Non-recurring income/(expense)	60	8
Tax income/(expense)	625	671
Net profit/(loss)	(5,435)	(5,595)

**Jean-Noël de Galzain, Chairman and Chief Executive Officer of WALLIX Group, said:** “Bolstered by a further hypergrowth of our annual recurring revenue (ARR) and a new half year of record sales, WALLIX’s value continues to grow, with recurring business now accounting for 72% of turnover, offering exceptional visibility over the coming years. The bulk of the investments required to transform our business model and reach critical mass has been made. We can therefore aim to return to profitability in this second half of the year and achieve tangible profit in 2025.

The first half of the year saw a strategic acceleration in the SaaS segment with the launch of WALLIX One, our zero-trust platform based on WALLIX’s PAM technology, aiming to facilitate our clients’ migration to the subscription model and prepare for the ramp-up in identity and digital access management within companies. The reorganization of our sales and marketing teams, based on a three-tier model, is showing tangible results with a sharp increase in our commercial pipeline since the second quarter. Meanwhile, we continue to extend our strategic distribution partnerships in critical markets such as OT Security, with the signing of new alliances (with Telenor, for instance), and in the mid-market, with CRIS Réseaux in France and Prianto in Germany and the United Kingdom.

We are starting the second half of the year with a new momentum. Besides the strengthening of our sales model and the consistent client-driven momentum (up 22.7%), we have implemented a stricter purchasing and expenses policy. These choices give us the opportunity to derive the full benefits of our sales growth drivers with a view to returning to operating profit in the second half of the current financial year.

Lastly, WALLIX has been recognized as a “Visionary” in the Magic Quadrant for PAM by Gartner. This recognition highlights the innovative approach of WALLIX solutions in an increasingly demanding market, with only nine global businesses selected this year (versus 11 in 2023). WALLIX also stands out as the European representative in this segment, boasting a unique and remarkable positioning in OT Security, namely network and industrial system cybersecurity.

At a time when Europe is adopting the NIS 2 Directive that will see an increase in demand for PAM and IAM solutions among companies, with our top-class solution and a profitable growth model, we wish more than ever to position WALLIX as a European cybersecurity leader that can support clients in adopting more resilient and trusted digital solutions.”



### Recurring business up over 30% and solid business growth

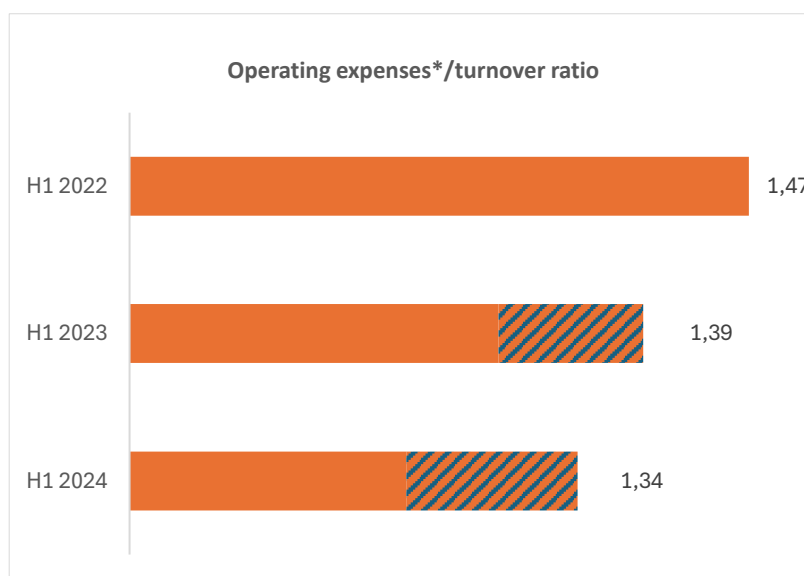
As of June 30, 2024, monthly recurring revenue (MRR) amounted to €1.8 million, up 30.2% over 12 months, driven by small and midsize businesses (SMBs) and the gradual migration of existing clients from a licensing model to a subscription model.

On an annual basis, recurring business amounted to €22.1 million.

Consolidated turnover in the first half of 2024 amounted to €15.1 million, representing an 8.7% increase, underpinned by the significant growth in recurring business (subscriptions + maintenance), which totaled €10.8 million (up 32.2% compared to the first half of 2023) and accounted for 71.6% of first half turnover (compared to 58.8% in the first half of 2023). Due to the delayed signing of a certain number of licenses in the public sector in France as a result of the uncertain political environment, licensing revenue declined by 29.5% over the first half. The Company expects to make up for this by the end of the year.

As of June 30, 2024, the Group held a portfolio of 3,099 active contracts (up 22.7% over a year), with a retention rate of over 95%.

### Continuous improvement in the operating expenses (excl. DAP)/turnover ratio



\* Excl. DAP and expenses not broken down (4% in H1 2024)

In the first half of 2024, WALLIX maintained the gradual improvement of its operating expenses (before depreciation, amortization and provisions) / turnover ratio, which came in at 1.34 compared to 1.39 in the first half of 2023 and to 1.47 in the first half of 2022. This improvement was slowed down by the consolidation of Kleverware (on May 16, 2023), which cost 0.01 percentage points, and the cyclical decline in permanent license sales, mainly in France, which cost 0.12 percentage points. Adjusted for these items, the ratio would stand at 1.21 (compared to 1.28 in the first half of 2023 restated for non-recurring items) under the impact of the optimization of support functions expenses. Investments in sales, innovation and client satisfaction are relatively stable as a percentage of turnover.

Compared to the second half of 2023, operating expenses remain stable. Overall, operating loss, at €6.2 million, and net loss, at €5.6 million, are close to 2023 first half levels.



### **A strong financial position**

At June 30, 2024, WALLIX boasted a solid financial position with gross cash and cash equivalents of €12.8 million, net of a negative free cash flow of €3.8 million in the first half of 2024.

Gross borrowings stood at €8.7 million, of which 87% due in over three years, compared to shareholders' equity of €9.0 million.

The Company therefore has the necessary solid financial position to pursue its strategy and return to profitability.

### **Sales drivers and operational efficiency to target a return to profitability in the second half of 2024**

WALLIX is currently the only European player among the nine international leaders in PAM (Privileged Access Management) identified by Gartner in its 2024 Magic Quadrant. The Group has all the tools and a differentiated position to pursue its growth:

- Its WALLIX One solution, recognized by Gartner as one of the best PAM solutions and available as a SaaS offering since the first half of 2024, is a major asset allowing it to continue the development of the subscriptions portfolio;
- With its OT.security offering, WALLIX is one of the few players to offer solutions specifically dedicated to the security of OT and industrial environments. This differentiation is a major asset, particularly with regard to key accounts;
- The reorganization of the sales team, based on a three-tier model, has already led to a substantial increase in the commercial pipeline in the second quarter of 2024, pointing to a future increase in the Group's revenue;
- The new partnerships signed in the first half of 2024, such as the ones with Telenor and CISCO in OT, CRIS and Prianto in the mid-market and Dicaposte in the small business segment, will open new opportunities in the target markets.

These growth drivers, combined with the expected catch-up of the deferred licensing sales in France in the first half of 2024, seasonal sales patterns (on average 56% of turnover generated in the second half of the year over the last four years), have boosted WALLIX's confidence in its ability to maintain its hypergrowth rates in recurring business and generate a second half turnover that is well above that of the first half of 2024. Thanks to this additional business volume, combined with the policy of workforce stability and cost reduction recently adopted by the Group, the Company can aim to generate operating profit in the second half of 2024.

**Next publication:** Q3 2024 turnover, November 7, 2024



## ABOUT WALLIX

WALLIX is a European cybersecurity software developer operating worldwide. Founded in 2003, WALLIX is now a world leader in identity and access security recognized by the most prestigious analyst firms. Its mission is to provide a simple and secure identified access service, so that our customers can operate securely everywhere in digital and industrial environments.

WALLIX solutions are distributed by a network of over 300 resellers and integrators worldwide, and WALLIX supports over 3,000 organizations across more than 90 countries in securing their digital transformation. OT.security by WALLIX is a brand dedicated to digital access and identity security in industrial environments.

WALLIX affirms its digital responsibility and undertakes to help build a trusted European digital space. In 2023, WALLIX was awarded the gold medal for its non-financial rating, obtaining an Ethifinance score of 72/100, well above the tech sector average of 47/100.

The Company has been listed on Euronext (ALLIX) since 2015. The founders and directors are the major long-standing shareholders alongside investment structure TDH (Thierry Dassault Holding).

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## APPENDICES

### Profit & Loss statement (€000)

	30/06/2024	30/06/2023
	6 mois	6 mois
<b>Chiffre d'affaires</b>	<b>15 149</b>	<b>13 943</b>
Autres produits d'exploitation	2 358	2 298
Achats & variations de stocks	-215	-104
Charges de personnel	-14 775	-13 753
Autres charges d'exploitation	-5 806	-5 287
Impôts et taxes	-299	-273
Dotations aux amortissements et aux provisions	-2 656	-2 925
<b>Résultat d'exploitation avant dotations aux amortissements et dépréciations des écarts d'acquisition</b>	<b>-6 243</b>	<b>-6 100</b>
Dotations aux amortissements des écarts d'acquisition		
<b>Résultat d'exploitation après dotations aux amortissements et dépréciations des écarts d'acquisition</b>	<b>-6 243</b>	<b>-6 100</b>
Charges et produits financiers	-30	-20
Charges et produits exceptionnels	8	60
Impôts sur les résultats	671	625
<b>Résultat net des entreprises intégrées</b>	<b>-5 595</b>	<b>-5 435</b>
Quote-part dans les résultats des entreprises mises en équivalence		
<b>Résultat net de l'ensemble consolidé</b>	<b>-5 595</b>	<b>-5 435</b>
Intérêts minoritaires		
<b>Résultat net (Part du groupe)</b>	<b>-5 595</b>	<b>-5 435</b>
Résultat de base par action (en euros)	-0,866	-0,825
Résultat dilué par action (en euros)	-0,866	-0,825
Nombre d'actions pondéré retenus pour le résultat par action	6 457 582	6 480 670



## Balance sheet (€000)

ACTIF	30/06/2024	30/06/2023	31/12/2023
Immobilisations incorporelles	19 018	18 957	19 211
dont écarts d'acquisition	5 246	5 130	5 158
Immobilisations corporelles	1 623	1 215	1 470
Immobilisations financières	941	595	649
<b>Actif immobilisé</b>	<b>21 582</b>	<b>20 768</b>	<b>21 330</b>
Stocks	6	19	6
Clients et comptes rattachés	10 557	10 352	14 026
Autres créances et comptes de régularisation	6 297	5 708	5 474
Trésorerie et VMP	12 814	20 610	17 629
<b>Actif circulant</b>	<b>29 674</b>	<b>36 689</b>	<b>37 136</b>
<b>Total de l'actif</b>	<b>51 256</b>	<b>57 457</b>	<b>58 465</b>

PASSIF	30/06/2024	30/06/2023	31/12/2023
Capital	655	648	655
Primes	54 691	54 691	54 691
Réserves consolidées	-40 945	-32 371	-32 415
Ecart de conversion	-111	-56	18
<b>Résultat part du groupe</b>	<b>-5 595</b>	<b>-5 435</b>	<b>-8 534</b>
Titres en auto-contrôle	-697	-150	-329
Subventions d'investissement groupe	990		998
Avances conditionnées	46		46
<b>Capitaux propres</b>	<b>9 033</b>	<b>17 327</b>	<b>15 129</b>
<b>Intérêts minoritaires</b>			
Provisions pour risques et charges	1 270	1 616	1 490
Emprunts et dettes financières	8 665	7 034	8 954
Fournisseurs et comptes rattachés	1 961	3 349	1 833
Autres dettes et comptes de régularisation	30 327	28 131	31 059
<b>Total du passif</b>	<b>51 256</b>	<b>57 457</b>	<b>58 465</b>



## Cash-Flow statement (€000)

	30/06/2024	30/06/2023	31/12/2023
<b>Résultat net des sociétés intégrées</b>	<b>-5 595</b>	<b>-5 435</b>	<b>-8 534</b>
- Amortissements et provisions (1)	2 151	2 870	4 886
- Plus-values de cession d'actif		-4	-8
<b>Marge brute d'autofinancement des sociétés intégrées</b>	<b>-3 444</b>	<b>-2 569</b>	<b>-3 655</b>
- Variation du besoin en fonds de roulement lié à l'activité (2)	2 279	2 074	177
<b>Flux net de trésorerie généré par l'activité</b>	<b>-1 165</b>	<b>-495</b>	<b>-3 478</b>
- Acquisitions d'immobilisations	-2 510	-2 042	-4 722
- Cessions d'immobilisations	5	24	31
- Incidence des variations de périmètre (3)	-88	-130	-468
<b>Flux net de trésorerie lié aux opérations d'investissement</b>	<b>-2 592</b>	<b>-2 148</b>	<b>-5 158</b>
- Cession (acquisition) nette d'actions propres	-391		
- Augmentation de capital en numéraire et primes d'émission		5 243	5 243
- Emissions d'emprunts	1	5 037	8 643
- Remboursements emprunts	-673	-571	-1 161
<b>Flux net de trésorerie lié aux opérations de financement</b>	<b>-1 063</b>	<b>9 709</b>	<b>12 724</b>
- Incidence des variations de change	5	-4	-7
<b>Variation de la trésorerie</b>	<b>-4 815</b>	<b>7 062</b>	<b>4 081</b>
Trésorerie d'ouverture	17 627	13 546	13 546
Trésorerie de clôture	12 811	20 608	17 627

(1) hors provisions sur actif circulant

(2) essentiellement variation des créances et des dettes liées à l'activité

(3) Prix d'achat des titres diminué de la trésorerie acquise