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Annual financial report 2022

WALLIX GROUP

250 Bis rue du Faubourg Saint-Honoré - 75008 PARIS
Paris Trade and Companies Register no. 428 753 149

CONTENTS

CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

“As the person responsible for the annual financial report, I hereby certify that, to the best of my knowledge, the consolidated financial statements for the year ended December 31, 2022 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the WALLIX Group and that the report on the activity and position of the Group and the Company as a whole presents a true and fair view of the information referred to in Article 222-6 of the AMF General Regulations. ”

Jean-Noël de Galzain,
Chairman and Chief Executive Officer

WALLIX GROUP
French corporation with a Board of Directors
With share capital of €595,580.80
Registered office: 250 Bis rue du Faubourg Saint-Honoré - 75008 Paris
Paris Trade and Companies Register no. 428 753 149

REPORT OF THE BOARD OF DIRECTORS TO THE COMBINED SHAREHOLDERS' MEETING OF JUNE 8, 2023

Dear Shareholders,

We have invited you to a Combined Shareholders' Meeting primarily to ask you to approve the parent company and consolidated financial statements for the year ended December 31, 2022 approved by the Board of Directors on March 23, 2023.

The invitations to this meeting have been duly circulated.

The documentation required pursuant to applicable regulations was forwarded or made available to you within the prescribed deadlines.

The main purpose of this report is to present the situation of our Company and Group.

For the first year, this report also gives details of the CSR policy and achievements for the year.

I. GROUP BUSINESS REVIEW AND STATEMENT OF POSITION FOR THE YEAR ENDED DECEMBER 31, 2022.

The group whose business is reviewed herein comprises the following companies: WALLIX GROUP, WALLIX, WALLIX US CORP., CYBERSÉCURITÉ WALLIX CANADA, WALLIX IBERICA and WALLIX GmbH (the "**Group**"). The Group specializes in publishing cybersecurity software and, more specifically, in access control and privileged account traceability in corporate information systems.

The Group's consolidated financial statements show turnover of €25,179,136, up 8.68% from consolidated turnover of €23,168,634 for the year ended December 31, 2021, and a net loss (Group share) of €6,002,276 compared to a net loss (Group share) of €2,949,464 for the year ended December 31, 2021.

As of December 31, 2022, Group shareholders' equity stood at €17,503,610, while loans and borrowings amounted to €1,956,127, down €698.279 versus December 31, 2021.

In relation to development projects, the Group received research tax credits (CIR) and operating subsidies, which are recognized in an amount of €1,527,020 in tax credits, less €569,613 for the adjustment of the 2011-2014 CIR research tax credits, and €1,188,018 in operating subsidies.

We hereby ask you to approve these consolidated financial statements.

Comments on consolidated Group business during the year ended:

WALLIX maintained its growth trajectory in 2022 with turnover up +9% to €25.2 million. The Group experienced highly favorable sales momentum, and 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.

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.

In 2022, monthly recurring revenue (MRR) totaled €1.2 million, up 21.7% versus 2021, representing €14.8 million in recurring business on an annual basis.

WALLIX accordingly starts 2023 with annual recurring revenue accounting for 58.9% of 2022 consolidated turnover. This represents an increase of 6.3 percentage points from 52.6% in 2021.

Professional services turnover increased from €1, 552,000 in 2021 to €1,638,000 in 2022.

Investment plan under control

The investment phase of the UNICORN 25 plan was focused on 2022 and resulted in a 17% increase in operating expenses to €33.9 million (excluding depreciation, amortization and provisions). The ratio of operating expenses to turnover is slightly better than in the investment phases of the previous plans initiated in 2015 and 2018 (1.35 versus 1.41 under the Ambition plan and 1.43 under the IPO plan), despite business being hampered by the geopolitical environment in the first half.

Consequently, the Group posted a 2022 net operating loss of €7.1 million compared to a €2.9 million loss for last year. Net loss Group share was equal to the €6.0 million net operating loss.

Cash and cash equivalents of €14 million covering the organic plan financing requirements

Against the backdrop of accelerated expenditure necessary for the proper execution of the new strategic plan, and with a first half slowed by the conflict in Ukraine, operating cash flow amounted to a €2.3 million outflow. Cash flows from investing activities, primarily related to capitalized development costs, amounted to a €5.8 million outflow. As a result, free cash flow amounted to a €8.1 million outflow.

As of December 31, 2022, gross cash and cash equivalents amounted to €13.6 million, versus €22.7 million as of December 31, 2021. With net cash and cash equivalents of €11.5 million and shareholders' equity of €17.5 million, the Group's financial capacity is in line with the organic requirements of the strategic plan.

2023 roadmap: leverage existing assets and increase the value proposition for clients

2022 was a key phase of the UNICORN 25 plan, during which the Group focused on establishing and strengthening the four pillars of its future growth:

- By offering an end-to-end solution: the Group has developed a concept called "PAM for all" with the launch of WALLIX PAM4ALL, a comprehensive solution that combines all WALLIX technologies to ensure a secure digital transformation for all organizations and users. This offer has enabled the Group to position itself among the global PAM leaders by entering the PAM Leader category of the Gartner Magic Quadrant ranking compiled by one of the world's most prestigious consulting firms;
- By consolidating its leadership in Europe, with a focus on SMEs, "critical" sectors and industrial environments;
- By conquering the North American market: in accordance with the announced plan, WALLIX has significantly strengthened its assets in the North American market with the recruitment of a sales team and the creation of one Channel per region, which now has nearly 30 partners. North America is a strategic priority and is expected to account for 10% of order intake in 2023;
- By positioning itself in the industrial cybersecurity market: WALLIX has launched OT.security, a comprehensive solution offering both access and identity security for industrial companies (PAM4OT) and security-by-design for industrial engineering players (WALLIX Inside). This market segment is expected to grow by more than 30% per year to €320 million by 2025 and WALLIX expects it to generate 10% of its order intake in 2023.

With these markers in place, the 2023 roadmap aims to make existing assets profitable and to increase growth. The Group plans to leverage its network of over 300 partners by strengthening their support in order to maximize sales of its flagship product WALLIX PAM4ALL and its OT.security solution by offering them the chance to increase their skills in industrial cybersecurity, targeting small and medium-sized companies and "critical" sectors.

Innovation and an enhanced offering also form an integral part of the Group's 2023 roadmap, through both internal and external growth. The strategy is to continue to develop and enrich solutions by adding complementary technological building blocks, but also to develop expertise and talents to ensure the future growth of WALLIX.

WALLIX is looking into various acquisition opportunities in France that would bring complementary technologies to WALLIX PAM4ALL, including IAG (Identity and Access Governance), which reduces risk thanks to an identity-based approach, access rights mapping and detection of risky or suspicious authorizations. The aim is to improve the user experience and achieve broader coverage of the Identity and Access Management (IAM) market. This external growth strategy, which is perfectly in line with the UNICORN 25 plan, is also aimed at the industrial cybersecurity market, where WALLIX stands out, according to Gartner, as one of the few players to have developed PAM solutions specifically dedicated to the OT environment. In this context, the Group is seeking to strengthen its talent in order to seize the growth opportunities offered by this segment with its OT.security solution. Priority is given to profitable start-ups/SMEs that can have a rapid impact on the Group's outlook.

After a return to sustained growth in the second half of 2022, the Group expects organic growth to increase in 2023. With capital expenditure largely completed during 2022, the ramp-up will come with a significant improvement in earnings as operating expenses gradually return to normal. By pursuing this trajectory, the WALLIX Group expects to break even at operating level in 2024.

Financial risk factors

a. Risks related to research tax credit

The Group is able to fund its activities using the French research tax credit (*Crédit Impôt Recherche* or CIR) awarded to companies making significant investments in research and development. The CIR takes the form of refundable tax relief calculated on the basis of the company's R&D expenditure.

It is awarded for expenditure on scientific or technical research, whether this involves basic research, applied research or experimental development. The law provides an exhaustive list of eligible expenditure items. These include wages and salaries, subcontracting expenses incurred by certified organizations, depreciation of research equipment, technology watch and intellectual property costs.

WALLIX GROUP has applied for this tax credit since 2004 with the assistance of a specialist firm.

WALLIX Sarl was audited in respect of all tax returns filed from January 1, 2012 to December 31, 2014 and in respect of research tax credit received for the 2011-2014 financial years. These audits resulted in a proposed tax adjustment amounting to €586,000.

As of the date of the annual financial report, the Paris Administrative Court rejected WALLIX SARL's challenge and ordered it to pay €570,000. WALLIX SARL paid and booked the tax expense in fiscal year 2022. However, WALLIX has appealed this decision seeking to instigate a new investigation and a complete review of the case.

The research tax credit for years 2018, 2019, 2020, 2021 and 2022 is not subject to reassessment.

b. Risks related to historical losses

Having recorded net losses over the last few years, the Group could record further losses in view of upcoming expenditure, particularly on hiring, sales and marketing development, establishing operations in new countries and penetrating new markets, primarily by launching new offers.

Such further losses could have an adverse impact on the Group's financial position, development and outlook.

c. Risks related to the availability of advances and government subsidies

Since 2008, the Group has pursued a proactive innovation policy in which collaborative research and development projects funded by public authorities play a key role. This policy has enabled the Group to receive significant subsidies, which are spread over the duration of the project. Subsidies are generally received in the form of a 30% advance when the agreement is signed, subsequent installments as the project proceeds and a balance of at least 20% upon completion.

The Group has received a total of €1.3 million in subsidies over the last three years (2020-2022) from all the assistance and financial support agreements it has signed.

The manner in which subsidies are recognized in the accounts is set out in the note on "Research tax credit and operating subsidies" to the Company's consolidated financial statements.

As in the case of all research programs for which government assistance is granted, the Group is exposed to the risk that it may have to repay all or part of such grants, if it fails to meet the relevant commitments, or that it may no longer receive such assistance in the future. Such an occurrence could deprive the Group of funds required to bring its research and development projects to completion.

d. Risk of dilution

As of the date of this annual financial report, the exercise of all rights conferring eligibility to the Group's capital could lead to the issue of 246,127 new shares, a maximum dilution of 3.97% of the diluted share capital (see section IX of this report).

Dilution of voting rights is different given the existence of double-voting shares.

In keeping with its policy of incentivizing managers and employees and attracting new talent, the Group may in future decide to issue or grant shares or new instruments conferring eligibility to the Group's capital that could lead to further, potentially material dilution of current and future shareholders of the Company.

e. Currency risk

In 2022, around 8.28% of Group invoices were denominated in foreign currency, mainly USD or GBP. While the Group pays close attention to currency risk, the impact over the last three years has been non-material and WALLIX GROUP has therefore not implemented any currency hedging arrangements.

Given the expansion of international operations in the Middle East and USA, the Group will probably be required to take precautions against currency risk over the coming years.

As of December 31, 2022, receivables denominated in foreign currencies totaled €2,081,000 versus €1,428,000 as of December 31, 2021 and €772,000 as of December 31, 2020. No material foreign currency liabilities were shown in the financial statements over the same period.

f. Financing and liquidity risks

Prior to the Company’s initial public offering on Alternext (now Euronext Growth) in June 2015, the Group funded its growth with equity by issuing shares to business angels and venture capital firms. The IPO raised around €10 million of funds from existing shareholders and new institutional and individual shareholders, enabling the Company to consolidate its foothold in Europe and step up international expansion. The €36.8 million raised in May 2018 from existing shareholders and new institutional and individual shareholders has enabled the Group to pursue its development.

As of December 31, 2022, gross cash and cash equivalents amounted to €13.5 million versus €22.7 million a year earlier.

The Group has conducted a specific review of liquidity risk and considers that it is able to meet its liabilities over a 12-month period following the date of this annual financial report, as there is no source of finance whose termination could have an impact on the Group’s current financing arrangements.

g. Interest rate risk

As of December 31, 2022, the Group’s financial liabilities consist of four (4) bank loans for a total amount of €1,640,000.

This includes a loan of €3,000,000 taken out on July 9, 2019 at a variable rate of 1.86% (average monthly rate of return on long-term government bonds, plus 1.5%), with principal outstanding at the closing date of €1,312,000 and a final maturity date of July 9, 2024.

The other loans were contracted either on an interest-free basis with Bpifrance Financement or at fixed rates ranging from 0.96% to 2.99% with BNP Paribas and Bpifrance Financement.

Accordingly, the Group does not consider itself exposed to interest rate risk.

h. Credit and counterparty risk

The Group has set up financing arrangements with Bpifrance Financement (former OSEO) and BNP Paribas.

Given the standing of the Group's clients and the credit institutions from which it borrows, the Company considers that counterparty risk is limited.

i. Risks related to shares and other financial instruments

As of the date hereof, the Company holds no equity interests in listed companies and, as such, is not exposed to equity risk.

j. Geopolitical risks

Besides France, the Group has operations in Spain, Germany, Canada and the USA, all countries with a low risk of political instability. In the Europe Middle East Africa region (EMEA), the Group trades with some countries that could experience moments of instability (North Africa and the Arabian Peninsula). The risk would solely concern a fall in turnover in the event of instability and none of the countries in question accounts for a material portion of Group turnover. Furthermore, given that the Group has no direct operations in these countries but operates through resellers, partners and integrators, the Group considers that the risk would be limited to a fall in turnover in the region affected.

The Group is keeping a sharp eye on geopolitical developments (such as the conflict in Ukraine) that could impact the growth trajectory. WALLIX estimates its exposure to Russia in terms of turnover at between €1.0 million and €1.4 million.

k. Risks related to impairment of intangible assets

Development costs mainly comprising payroll expenses are capitalized where they meet the relevant capitalization criteria in accordance with accounting principles. Development costs are amortized over 5 years.

As of December 31, 2022, the net book value of these assets stood at €13,063,209 amounting to 25.6% of the consolidated balance sheet total.

If an indication of loss of value were to be identified in the future, an impairment test would be conducted, potentially leading to the recognition of an impairment charge against these intangible assets and a reduction in Group shareholders' equity. The Group has not yet encountered such a situation.

Off-balance sheet commitments

As of February 28, 2022, there are 246,127 bonus shares outstanding which have been granted but still lie within the vesting period, as set out in section IX below.

On July 16, 2019, WALLIX GROUP acquired Simarks, which was renamed WALLIX Ibérica SL (Spain). The acquisition is subject to an unrecognized earnout payment of up to €87,500 conditional on cumulative revenue targets over a five-year period.

II. NON-FINANCIAL AMBITION

WALLIX Group is committed to responsible and sustainable development. WALLIX integrated ESG principles into its culture back in 2018 and has since taken a number of actions to strengthen its corporate, social, environmental and digital ambition, including the creation of a CSR project manager position at the end of 2021. Monitoring and leadership of these actions was made a top-level responsibility for the company in June 2022 with the creation of a CSR committee chaired by a new independent director.

In 2022, WALLIX was recognized for its progress in non-financial performance in the EthiFinance survey (for 2021).

WALLIX's 2022 Gaïa Research score was 70/100, well above the average of 54/100 for 66 companies in the Information Technology industry.

Through continuous improvement of its CSR policy, WALLIX has increased its score by 23 points in three years. This achievement earned WALLIX the Gaïa silver medal for its non-financial performance.

The full WALLIX CSR report is attached to this management report."

III. ACTIVITY OF THE COMPANY AND ITS SUBSIDIARIES

1. Subsidiaries and shareholdings – Controlled companies

WALLIX GROUP controls the following companies within the meaning of Article L. 233-33 of the French Commercial Code:

- **WALLIX**, a French private limited liability company with share capital of €50,000, registered at 250 Bis rue du Faubourg Saint-Honoré, Paris 75008, identified under the SIREN system by the number 450 401 153 – Paris Trade and Companies Register, whose business is the publishing of software and provision of IT services primarily related to cybersecurity and open source security solutions, via a 100% equity stake in that company;

- **WALLIX US Corp.,** located at 10 Liberty Street, Danvers, Massachusetts, 01923, USA, whose business is the publishing of cybersecurity software, via a 100% equity stake in that company;

- **CYBERSÉCURITÉ WALLIX CANADA INC.**, located at Montreal CoWork Inc., 4388 St-Denis, H2J 2L1, Montreal, Canada, whose business is the publishing of cybersecurity software, via a 100% equity stake in that company;

- **WALLIX IBERICA SL**, located at Calle Copenhague, 12, 28232 Las Rozas, Madrid (Spain), whose business is the publishing of cybersecurity software, via a 100% equity stake in that company;

- **WALLIX GmbH**, located at Prinzregentenstraße 91, 81677 Munich (Germany), whose business is the publishing of cybersecurity software, via a 100% equity stake in that company.

The Company had no branches as of the date hereof.

Business review of subsidiaries:

WALLIX:

WALLIX is a wholly owned subsidiary of WALLIX GROUP engaged in the publishing and implementation of network and system infrastructure security management software solutions. For the 2022 financial year the company posted turnover of €24,054,980, up 7.1% from €22,460,994 in 2021, and net loss of €528,899 for the 2022 financial year.

WALLIX is positioned in the PAM (Privileged Access Management) market as a European software publisher specializing in PAM, access control and traceability.

In 2023, 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 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.

WALLIX had 191 employees as of December 31, 2022.

WALLIX US CORP.:

WALLIX GROUP holds the entire share capital of WALLIX US Corp., a company located at 10 Liberty Street, Danvers, Massachusetts 01923, USA. This company sells cybersecurity software and is tasked with developing this business with clients based in North America.

The company owns offices and employed 7 people as of December 31, 2022.
Turnover for the 2022 financial year amounted to USD 884,000, versus USD 671,000 for 2021.

CYBERSÉCURITÉ WALLIX CANADA INC.:

WALLIX GROUP holds the entire share capital of Cybersécurité WALLIX Canada Inc., a company located at Montreal CoWork Inc., 4388 St-Denis, H2J 2L1, Montreal, Canada. This company sells support services to client users of WALLIX solutions. It provides outsourced support services on behalf of WALLIX.

The company owns offices and employed 6 people as of December 31, 2022.
Turnover for 2022 amounted to CAD 288,000 (CAD 232,000 in 2021) and consisted of intercompany invoicing.

WALLIX IBERICA:

WALLIX GROUP holds the entire share capital of WALLIX Ibérica, a company located at Calle Copenhague, 12, 28232 Las Rozas, Madrid (Spain).
The company develops and sells cybersecurity software.

The company owns offices and employed 14 people as of December 31, 2022.
Turnover for this entity for 2022 was €318,000 versus €285,000 in 2021.

WALLIX GmbH:

WALLIX GROUP owns 100% of the capital of WALLIX GmbH, headquartered at Prinzregentenstraße 91, 81677 Munich (Germany).
The company develops and sells cybersecurity software.
The company owns offices and employed 12 people as of December 31, 2022.
Turnover of this entity (which has been operational since January 1, 2021) for 2022 was €950,000, compared with €794,000 for 2021.
The 2022 and 2021 turnover of WALLIX Gmbh does not include the turnover from prepayments for the years prior to 2021, which is recorded in the turnover of WALLIX Sarl.

1. Business activity of WALLIX GROUP

WALLIX GROUP is a company specializing in secure hosting of critical applications covering the following areas: architecture, deployment, exploitation and support. A major portion of the Company's business is related to EDM (electronic document management) projects.

The Company's turnover increased by 49.43% in fiscal year 2022.

3.1 Overview of the WALLIX GROUP company financial statements

For the financial year ended December 31, 2022:

- turnover excluding tax amounted to **€164,816** versus **€110,298** the previous year;
- operating income totaled **€426,394** versus **€487,046** the previous year;
- operating expenses totaled **€1,882,169** versus **€1,769,457** the previous year;
- net operating loss amounted to **€1,455,775** versus **€1,282,411** the previous year;
- wages and salaries amounted to **€552,764** versus **€551,184** the previous year;
- social security charges amounted to **€289,461** versus **€279,098** the previous year;
- after a net financial expense of **€1,802,345**, the net loss before tax and recurring items amounted to **€3,258,120** versus **€1,211,273** the previous year;
- finally, after net non-recurring income of **€179,774**, the Company posted a net loss of **€3,438,612** for the year versus a profit of **€172,367** for the previous year;
- as of December 31, 2022, the Company's balance sheet total was **€30,914,013** versus **€34,497,617** the previous year.

The Company financial statements for the year ended December 31, 2022 submitted for approval were prepared in accordance with the rules of presentation and measurement methods provided for by applicable regulations.

The balance sheet and profit & loss statement are appended to this report.

The table provided for by Article R. 225-102 of the French Commercial Code showing the Company's earnings for the last five years is also appended to this report.

The average headcount of the Company in 2022 was 3 employees.

3.2 Analysis of WALLIX GROUP's financial position at December 31, 2022

Loans and borrowings from credit institutions amounted to **€1,326,053** versus **€2,108,521** the previous year.

Trade payables amounted to **€567,609** versus **€369,591** the previous year.

Tax and social security payables amounted to **€266,551** versus **€201,346** the previous year.

Tax and social security payables amounted to **€367,500** versus **€0** the previous year.

Other payables amounted to **€0** versus **€0** the previous year.

Prepayments amounted to **€0** versus **€12,676** the previous year.

The Company's total borrowings amounted to **€2,528,632** versus **€2,692,133** the previous year.

3.3 Appropriation of WALLIX GROUP earnings

It is proposed that the entire net loss for the year ended December 31, 2022 amounting to **€3,438,611.90** be allocated to the "Retained earnings" account, in which retained losses will increase from **€18,469,733.34** to **€21,908,345.24**.

In accordance with Article 243 *bis* of the French General Tax Code, we hereby remind you that no dividends have been paid out in respect of the last three financial years.

3.4 Non tax-deductible expenses

In accordance with Articles 223 *quater* and 223 *quinquies* of the French General Tax Code (CGI), it is hereby stated that the financial statements for the year ended include expenses and charges classified as extravagant under Article 39-4 of the French General Tax Code, which are not deductible from taxable earnings, amounting to **€12,343** in respect of excess depreciation on passenger vehicles.

3.5 Foreseeable developments in the Company

WALLIX GROUP plans to continue its core business comprising the provision of services and hosting of critical applications.

3.6 Research and development

WALLIX GROUP conducted no research and development in 2022. Group software is developed by WALLIX Sarl, based in Paris and Rennes, and WALLIX IBERICA based in Madrid.

POST-BALANCE SHEET EVENTS

For the third consecutive year, WALLIX has been recognized as an Overall Leader by the analyst firm KuppingerCole in its Leadership Compass 2022 report, which ranks the global players in PAM (Privileged Access Management).

I. OUTSTANDING TRADE RECEIVABLES AND PAYABLES

In accordance with Articles L. 441-14 and D. 441-6 I of the French Commercial Code, a breakdown of outstanding trade receivables and payables held by the Company vis-à-vis non-Group clients and suppliers is presented below (amounts in euros):

	Article D. 441-6 I. 1°: Past due invoices *received* and unpaid as of the balance sheet date						**Article D. 441-6 I. 2°: Past due invoices *issued* and unpaid as of the balance sheet date**					
	0 days *(provisional)*	**1-30 days**	**31-60 days**	**61-90 days**	**> 90 days**	**Total (1 day and over)**	0 days *(provisional)*	**1-30 days**	**31-60 days**	**61-90 days**	**> 90 days**	**Total (1 day and over)**
A) Late payment categories												
Number of invoices concerned	21					29	0					0
Total invoice amount concerned	78,332 incl. tax		1,799 incl. tax	4,902 incl. tax	10,189 incl. tax	16,891 incl. tax	0 incl. tax	0 incl. tax	0 incl. tax		0 incl. tax	0 incl. tax
Percentage of total purchases for the year	9.56% incl. tax		0.22% incl. tax	0.60% incl. tax	1.24% incl. tax	2.06% incl. tax						
Percentage of turnover for the year							% incl. tax	0% incl. tax	0% incl. tax		0% incl. tax	0% incl. tax
B) Invoices excluded from (A) relating to disputed or unrecognized receivables and payables												
Number of invoices excluded							2					
Total invoice amount excluded							4,207 incl. tax					
C) Benchmark payment terms applied (statutory or contractual term – Article L. 441-6 or Article L. 443-1, French Commercial Code)												
Benchmark payment terms used to calculate late payments	☒Contractual terms: *"as per agreed terms"* ☐ Statutory terms: *(specify)*						☒ Contractual terms: *"as per agreed terms"* ☐ Statutory terms: *(specify)*					

II. COMPENSATION OF BOARD MEMBERS

The Combined Shareholders' Meeting of June 15, 2022 set a budget of €100,000 for compensation of members of the Board of Directors until decided otherwise.

For the first half of 2022, Mr. Jacques Chatain received €7,500 in his capacity as Chairman of the Supervisory Board, while the other two non-employee members each received €5,000.

For the second half of 2022, Mr. Guy Lacroix, Chairman of the Appointments and Compensation Committee, received €6,500. Ms. Valentine Ferreol, Chair of the CSR/CDR Committee, received €6,500. The other four non-employee members each received €5,000 for their membership of the Board of Directors and for attending 100% of the H2 2022 meetings of the Board of Directors.

III. REGULATED AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

We hereby notify you that one new agreement covered by Article L. 225-86 of the French Commercial Code, was entered into during the year ended December 31, 2022 and ask you to duly note it.

On February 2, 2022 the Supervisory Board authorized the execution of a supplemental agreement to Mr. Amaury Rosset's employment contract whereby his annual gross fixed compensation was increased from €180,000 to €191,000 with effect from January 1, 2022.

No regulated agreements entered into in prior years remained in force during the year ended December 31, 2022
We hereby inform you that no transactions with related parties occurred during the year ended December 31, 2022, other than that mentioned above.

IV. EMPLOYEE SHAREHOLDINGS AT DECEMBER 31, 2022

As of December 31, 2022, employees held 1.98% of the Company's share capital as defined by Article L. 225-102 of the French Commercial Code.

V. ACQUISITION OF 5, 10, 20, 33.33, 50 OR 66.66% OF THE SHARE CAPITAL OR VOTING RIGHTS OR A CONTROLLING INTEREST

None

VI. TREASURY SHARES AND INTERLOCKING INVESTMENTS

None

VII. NOTICE OF HOLDING OVER 10% OF THE SHARE CAPITAL BY ANOTHER CORPORATION

None

VIII. INTERCOMPANY LOANS

None

IX. COMPANY CAPITAL STRUCTURE AT FEBRUARY 28, 2023

As of February 28, 2023, the capital structure of WALLIX GROUP was as follows:

WALLIX GROUP CAPITAL STRUCTURE AT 2/28/2023

WALLIX GROUP	No. of shares	No. of voting rights	% capital	% voting rights	2021 bonus share plan	2022 bonus share plan	Total no. of shares after exercise of dilutive instruments	% capital
Jean-Noël de Galzain*	623,522	1,234,543	10.47%	16.21%	20,835	50,000	694,357	11.20%
Amaury Rosset	232,214	456,676	3.90%	6.00%	12,419	30,000	274,633	4.43%
Total executive corporate officers	**855,736**	**1,691,219**	**14.37%**	**22.21%**	**33,254**	**80,000**	**855,736**	**13.80%**
TDH - Mr. Thierry Dassault	433,170	866,340	7.27%	11.38%			433,170	6.98%
Total non-executive corporate officers	**433,170**	**866,340**	**7.27%**	**11.38%**			**433,170**	**6.98%**
Employees	117,772	172,269	1.98%	2.26%	87,873	45,000	250,645	4.04%
WALLIX GROUP treasury shares	13,476	-	0.23%	0.00%			13,476	0.22%
FLOAT	4,535,654	4,885,330	76.16%	64.15%			4,535,654	73.13%
TOTAL	**5,955,808**	**7,615,158**	**100.00%**	**100.00%**	**121,127**	**125,000**	**6,201,935**	**100.00%**

* 171,180 shares held by JNG, 452,342 controlled via family holding company Jinco Invest (carrying 329,859 and 904,684 voting rights respectively)

Potential share capital

The Company granted bonus shares (2019, 2021 and 2022 bonus share allocations), details of which appear below.

As of the date of this report, the vesting of all bonus shares granted would result in the issue of 246,127 new shares of common stock.

	Plan 2019 no. 1	Plan 2019 no. 2	Plan 2021 no. 1	Plan 2021 no. 2	Plan 2022 no. 1
Date of shareholders' meeting	June 6, 2019	June 6, 2019	June 6, 2019	June 6, 2019	June 6, 2019
Management Board / Board of Directors grant date	July 25, 2019	July 25, 2019	July 27, 2021	July 27, 2021	July 21, 2022
Total number of bonus shares granted	65,500	98,500	91,683	101,766	155,000
O/w total number of shares that may be subscribed by corporate officers *Jean-Noël de Galzain*	-	25,000(3)	-	25,002(6)	50,000(7)
Amaury Rosset	500	14,500(3)	501	14,502(6)	30,000(7)
Didier Lesteven	500	9,500(3)	501	9,504	
Vesting date	July 25, 2020: 21,746(1) July 25, 2021: 21,746(2) July 25, 2022: 22,008(2)	July 25, 2020: 32,818(4) July 25, 2021: 32,818(4) July 25, 2022: 32,864(5)	July 27, 2022: 30,561(1) July 27, 2023: 30,561(2) July 27, 2024: 30,561(2)	July 27, 2022: 33,922(4) July 27, 2023: 33,922(5) July 27, 2024: 33,922(5)	July 21, 2023: 51,666(8) July 21, 2024: 51,666(8) July 21, 2025: 51,668(8)
End of lock-in period	(1), (2)	(4), (5)	(1), (2)	(4), (5)	(4), (5)
Number of shares vested as of 2/28/2023	18,260 (1st tranche) 14,940 (2nd tranche) 11,760 (3rd tranche)	15,493 (1st tranche) 13,661 (2nd tranche) 12,760 (3nd tranche)	23,881 (1st tranche)	15,007 (1st tranche)	-
Total number of shares canceled or lapsed as of 02/28/2023	20,540	56,586	21,710	11,724	30,000
Remaining bonus shares as of the date of this document	0	0	46,092	75,035	125,000

(1) Subject to the beneficiary's presence in the Group and a one-year lock-in period.
(2) Subject to the beneficiary's presence in the Group; no lock-in period.
(3) On July 25, 2019 the Supervisory Board decided that at least 10% of each tranche of performance shares granted to members of the Management Board should be held in registered form until the end of the respective beneficiaries' term of office as members of the Management Board or any other office held at the Company.
(4) Subject to the beneficiary's presence in the Group, the achievement of performance criteria and a one-year lock-in period.
(5) Subject to the beneficiary's presence in the Group and the achievement of performance criteria; no lock-in period.

(6) On July 27, 2021 the Supervisory Board decided that at least 10% of each tranche of performance shares granted to members of the Management Board should be held in registered form until the end of the respective beneficiaries' term of office as members of the Management Board or any other office held at the Company.
(7) On July 21, 2022, the Board of Directors decided that at least 10% of each tranche of performance shares granted to executive corporate officers should be held in registered form until the end of the respective beneficiaries' term of office as members of the Management Board or any other office held at the Company.
(8) Subject to the beneficiary's presence in the Group and the achievement of performance criteria; no lock-in period for the first tranche only.

X. SHARE BUYBACK PROGRAM (DESCRIPTION OF THE SHARE BUYBACK PROGRAM)

- **Implementation of the share buyback program.**

On June 15, 2022, the Combined Shareholders' Meeting authorized the Board of Directors for a term of eighteen months to purchase Company shares up to a limit of 10% of the number of shares comprising the share capital.

During the past financial year, the company purchased and sold its treasury shares under the following conditions:

Reasons for acquisitions	% of program
Market making	100%
Employee shareholding plan	-
Securities granting entitlement to shares	-
Mergers and acquisitions	-
Cancellation	-

In the context of the share buyback program, the Company carried out the following purchases and sales of its own shares between January 1, 2022, when the share buyback program began, and December 31, 2022:

Number of shares purchased	68,688
Average purchase price	€16.7686
Number of shares sold	67,323
Average sale price	€16.4818
Number of shares registered at year-end	10,689
Value at purchase price	€126,130.20
Nominal value at year-end	€1,068.90
Trading fees	€2,504.90 (incl. taxes)

As of December 31, 2022, the Company held 10,689 treasury shares (0.18% of the share capital) valued at €126,130.20 based on the closing share price of €11.80 and having a total par value of €1,068.90. As of the same date, the Company also held €107,530.29 in cash in the liquidity account and €498,597.21 in the share buyback account.

100% of treasury share purchases made during the year (68,688 shares representing 1.15% of the share capital) were done for market-making purposes. For this purpose, WALLIX GROUP continued to apply the liquidity agreement entered into on July 19, 2015 with Louis Capital Markets and renewed on March 4, 2019. Shareholders are reminded that €200,000 in cash was allocated to the liquidity account upon execution of this agreement.

Given that the authorizations granted by the June 15, 2022 Combined Shareholders' Meeting expire on December 15, 2023, this shareholders' meeting is asked to renew them subject to the following terms.

- **New share buyback program**

- **Program authorization**: June 8, 2023 Combined Shareholders' Meeting

- **Securities affected**: ordinary shares

- **Maximum portion of capital authorized to be bought back**: 10% of the capital (i.e. 595,580 shares at the time of writing), calculated as of the date of each buyback to take into account any capital increases or reductions that may occur during the program. The number of shares that count towards this limit is the number of shares purchased, less the number of shares sold during the program to maintain liquidity.

- **Maximum purchase price**: €60

- **Maximum program amount**: €35,734,800

- **Terms of buybacks**: shares may be purchased by any means on the market or over-the-counter, including in block trades. The resolution put to the vote of shareholders does not limit the portion of the program that may be implemented by block purchases. Such transactions may be conducted during the period of a public tender offer. The Company does not plan to use option arrangements or derivatives.

- **Goals**:

- stimulate the secondary market or liquidity of the WALLIX GROUP share pursuant to a liquidity agreement entered into with an investment services provider in compliance with practices authorized under applicable regulations,
- hold the shares and subsequently tender them as consideration or in exchange in relation to potential mergers and acquisitions, provided, however, that shares purchased for this purpose may not represent more than 5% of the Company's share capital,
- cover stock option and/or bonus share plans (or equivalent plans) established for the benefit of employees and/or corporate officers of the Group and all share allotments to employees and/or corporate officers of the Group under a company or group savings plan (or equivalent plan) or profit-sharing scheme and/or in any other form,
- cover equity derivatives conferring entitlement to the allotment of Company shares pursuant to applicable regulations,
- implement any market practice subsequently approved by the AMF and, more generally, execute any other transaction in accordance with applicable regulations,
- cancel purchased shares, provided that the June 8, 2023 shareholders' meeting grants the requisite authorization under the sixth extraordinary resolution.

- **Duration of program**: 18 months from the June 8, 2023 Shareholders' Meeting, i.e. until December 8, 2024.

XI. SUMMARY OF THE DRAFT RESOLUTIONS FOR THE JUNE 8, 2023 SHAREHOLDERS' MEETING

I. ORDINARY RESOLUTIONS TO BE SUBMITTED TO THE SHAREHOLDERS

1. Approval of the parent company and consolidated financial statements for the year ended December 31, 2022 - Approval of non-tax-deductible expenses and charges *(first and second resolutions)*

Having read this presentation and explanations, we ask that you approve the parent company financial statements for the year ended December 31, 2022, as presented, showing a loss of €3,438,611.90, and the consolidated financial statements for the year ended December 31, 2022, showing a loss (group share) of €6,002,276.

We also ask you to approve the total amount of expenses and charges referred to in Article 39, paragraph 4 of the French General Tax Code, in the amount of €12,343, and the corresponding tax.

2. Allocation of income for the year *(third resolution)*

It is proposed that the loss of €3,438,611.90 for the year ended December 31, 2022 be allocated to "Retained earnings", which would increase the cumulative retained loss from €18,469,733.34 to €21,908,345.24.

We remind you that, in accordance with the provisions of Article 243 *bis* of the French General Tax Code, no dividend has been paid for the three previous fiscal years, nor any income within the meaning of the first paragraph of the same article.

3. Special report of the Statutory Auditor on regulated agreements and commitments and approval of a new agreement *(fourth resolution)*

The special report of the Statutory Auditor on regulated agreements referred to in Articles L. 225-38 et seq. of the French Commercial Code has been read to you.

You are asked to approve a new agreement covered by Article L. 225-38 of the French Commercial Code mentioned in the Statutory Auditor's special report.

4. Authorization for the company to buy back its own shares (Article L. 22-10-62 of the French Commercial Code) (*fifth resolution*)

We propose that you grant the Board of Directors the requisite powers, for a term of eighteen months, to purchase shares of the Company, in one or more installments and at such times as it shall see fit, up to a maximum of 10% of the number of shares comprising the share capital, adjusted as applicable in accordance with any share capital increases or reductions carried out during the term of the program.

This authorization would cancel and supersede the authorization granted to the Board of Directors by the June 15, 2022 Shareholders' Meeting in its seventeenth ordinary resolution.

Company shares could be purchased in order to:

- stimulate the secondary market or liquidity of the WALLIX GROUP share pursuant to a liquidity agreement entered into with an investment services provider in compliance with practices authorized under applicable regulations,
- hold the shares and subsequently tender them as consideration or in exchange in relation to potential mergers and acquisitions, provided, however, that shares purchased for this purpose may not represent more than 5% of the Company's share capital;
- cover stock option and/or bonus share plans (or equivalent plans) established for the benefit of employees and/or corporate officers of the Group and all share allotments to employees and/or corporate officers of the Group under a company or group savings plan (or equivalent plan) or profit-sharing scheme and/or in any other form;
- cover equity derivatives conferring entitlement to the allotment of Company shares pursuant to applicable regulations;
- implement any market practice subsequently approved by the AMF and, more generally, execute any other transaction in accordance with applicable regulations;
- cancel purchased shares, provided that the Shareholders' Meeting grants the requisite authorization under the sixth extraordinary resolution.

The aforementioned share purchases may be carried out by any means, including via block trades, and at such times as the Board of Directors shall see fit.

Such transactions may be carried out during the period of a public tender offer.

The Company does not plan to use option arrangements or derivatives.

We propose that the maximum purchase price be set at €60 per share and that, accordingly, the maximum amount of the transaction be set at €35,734,800. In the event of a capital transaction, in particular a stock split or reverse stock split, or the granting of bonus shares, the above-mentioned amount would be adjusted in the same proportions (multiplied by the ratio between the number of shares making up the capital before the transaction and the number of shares after the transaction).

II. EXTRAORDINARY RESOLUTIONS TO BE SUBMITTED TO THE SHAREHOLDERS

5. Authorization granted to the Board of Directors to cancel shares bought by the company under the terms of Article L. 22-10-62 of the Commercial Code *(sixth resolution)*

We ask that you:

1) Authorize the Board of Directors to cancel treasury shares held by the Company or which it may subsequently acquire through buyback transactions in accordance with Article L. 22-10-62 of the French Commercial Code, at its sole discretion, in one or more installments, up to a maximum of 10% of the share capital as calculated on the day of the decision to cancel the shares, less any shares canceled during the preceding 24 months, and to reduce the share capital accordingly, pursuant to applicable statutory and regulatory provisions.
2) Set the period of validity of this authorization at twenty-four months from the date of this Meeting,
3) Give full powers to the Board of Directors to carry out the transactions necessary for such cancellations and the corresponding reductions in the share capital, amend the Company's bylaws accordingly and carry out all necessary formalities.

6. Delegation of authority to the Board of Directors to issue ordinary shares and/or securities giving access to the capital and/or entitling the holder to the allotment of debt securities, without preferential subscription rights for a category of persons meeting specified characteristics *(seventh resolution)*

Under this delegation of authority, the issues would be carried out without preferential subscription rights in order to allow the following category of beneficiaries to subscribe to the share issue reserved for them: French or foreign legal entities (including holding companies, entities, investment firms, mutual funds and collective investment funds) or individuals, each having the status of a qualified investor (within the meaning of Article L. 411-2 (1) of the French Monetary and Financial Code) regularly investing in listed companies operating in the fields or sectors of information technology, computer systems and networks, telecommunications, network infrastructure, the Internet, cryptography, cybersecurity, hardware manufacture or information systems, subject to a minimum individual subscription amount of €100,000 or equivalent amount per transaction, on the understanding that the Board of Directors shall draw up a precise list of beneficiaries within this category of beneficiaries and the number of shares to be allotted to each one.

The total par value of the capital increases liable to be conducted would be capped at €300,000. Where applicable, this cap would be raised by the par value of shares of common stock to be issued, in accordance with the law and, where applicable, contractual terms providing for other cases of adjustment, to maintain the rights of holders of securities conferring entitlement to the Company's share capital.

The total par value of debt instruments of the Company liable to be issued would be capped at €80,000,000.

The ceilings referred to above would be independent of all ceilings provided for by the other resolutions of this Meeting and those set at the June 15, 2022 Combined Shareholders' Meeting.

The amount to be received by the Company for each of the ordinary shares issued under this delegation of authority would be set by the Board of Directors and would be at least equal to the volume-weighted average prices for the last three trading days prior to the setting of the issue price, reduced if appropriate by a maximum discount of 20%, taking into account, if applicable, the date from which the shares carry dividend rights, and it being specified that the issue price of the securities giving access to the capital, if any, issued pursuant to this resolution shall be such that any amount received immediately by the Company plus the amount to be received by it on the exercise or conversion of said securities, shall be, for each share issued as a result of the issue of such securities, at least equal to the minimum amount referred to above.

The aforementioned 20% discount would provide the Board of Directors with more leeway to set the share subscription price in accordance with market opportunities.

If subscriptions do not cover the entire issue, the Board of Directors would be able to exercise the following options:

- limit the issue to the amount of subscriptions, provided that, in the case of an issue of shares of common stock or securities of which the primary security is a share, subscriptions amount to at least three-quarters of the issue decided upon,
- freely distribute all or part of the unsubscribed securities among the category of persons defined above.

This delegation would be for a period of 18 months from the date of the June 8, 2023 Shareholders' Meeting.

7. Authorization to increase the issue amount in the event of excess demand *(eighth resolution)*

We propose, in the context of the aforementioned delegation, that you grant the Board of Directors the power to increase, within thirty days of the closing of the subscription, the number of securities provided for in the initial issue by up to 15% of the initial issue and at the same price as the initial issue.

8. Delegation of authority to increase the share capital for the benefit of members of a company savings plan (PEE) *(ninth resolution)*

We hereby submit this resolution to your vote for the sake of compliance with the provisions of Article L. 225-129-6 of the French Commercial Code, which provides that the Extraordinary Shareholders' Meeting must also vote on a resolution concerning a share capital increase subject to the conditions laid down by Articles L. 3332-18 et seq. of the French Labor Code, in the case that the shareholders' meeting delegates its authority to carry out a cash capital increase.

Under this delegation of authority, we propose that you authorize the Board of Directors, with the option of further delegation, to increase the share capital in one or more installments via the issue of shares of common stock or securities conferring entitlement to the Company's capital securities to be issued to the members of one or more company or group savings plans set up by the Company and/or by the French or foreign companies related to the Company as provided by Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code.

As required by law, the shareholders' meeting would cancel the shareholders' preferential subscription rights.

The par value of capital increases carried out in exercise of this authorization would be capped at 0.5% of the amount of share capital reached upon completion of the capital increase decided by the Board of Directors, on the understanding that said amount would be independent of any other cap provided for under any other delegation of authority to increase the share capital. Where applicable, this amount would be raised by the additional amount of shares of common stock to be issued, in accordance with the law and any applicable contractual terms providing for other cases of adjustment, to maintain the rights of holders of securities conferring entitlement to the Company's equity securities.

The price of the shares to be subscribed would be set in accordance with the methods laid down by Article L. 3332-20 of the French Labor Code. The Board would be vested with all powers to carry out the required valuation in order to set the subscription price upon each exercise of this authority, under the supervision of the Statutory Auditors. It would also have full powers to grant free shares in the company or other securities giving access to the capital and to determine the number and value of the securities to be granted subject to the legal limit for such benefits-in-kind.

Such authority would be delegated for a 26-month term.

Subject to the foregoing limits, the Board of Directors would be vested with the required powers, *inter alia*, to set the terms and conditions of the issue(s), record the completion of the ensuing share capital increases, amend the bylaws accordingly, deduct the costs of share capital increases from the amount of the related premiums at its sole initiative, deduct from this amount the amount required to bring the statutory reserve up to one-tenth of the new share capital following each increase, and, more generally, to take all the required steps in such matters.

9. Delegation of authority to issue warrants for new shares (BSA), warrants for new and/or existing shares (BSAANE) and/or redeemable warrants for new and/or existing shares *(tenth resolution)*

We have decided to submit to you a draft resolution providing for delegation of authority to the Board of Directors to issue the following securities to a specific category of persons:

- warrants to subscribe for new shares (BSA),
- warrants for new and/or existing shares (BSAANE),
- redeemable warrants for new and/or existing shares (BSAAR).

Such authority would be delegated for a term of eighteen months from the date of the shareholders' meeting and would be subject to the terms set out below.

If this authority is exercised by the Board of Directors, the Management Board shall prepare an additional report setting out the final terms of the transaction and certified by the Statutory Auditors, in accordance with Article L. 225-138 of the French Commercial Code.

- Reasons for delegation of authority to issue BSA, BSAANE and BSAAR equity warrants without preferential subscription rights; definition of the category of persons

You are asked to authorize the issue of BSA, BSAANE and/or BSAAR warrants to enable certain employees of the Company or of a Group company to become shareholders of the Company or to increase their shareholding, provided that they agree to take a capital risk by subscribing to the warrant.

For this purpose, we propose that you resolve to cancel your preferential subscription rights in favor of the category of persons having the following characteristics in accordance with Article L. 225-138 of the French Commercial Code:

i. employees and/or corporate officers of the Company or a group company within the meaning of Article L. 233-3 of the French Commercial Code; and/or
ii. service providers or consultants that have signed a contract with the Company or a group company within the meaning of Article L. 233-3 of the French Commercial Code.

Upon exercise of this authority, the Board of Directors would be responsible for drawing up a list of beneficiaries within the category of persons defined above and setting the number of warrants to be issued to each one.

- Terms of BSA, BSAANE and BSAAR warrants liable to be issued

The BSA, BSAANE and/or BSAAR warrants could be issued in one or more installments, in such proportions and at such times as the Board of Directors shall see fit, and would confer entitlement to subscribe and/or purchase WALLIX

GROUP shares at a price to be set by the Board of Directors when it decides upon the issue, in accordance with the price-setting procedure set out below.

Accordingly, this delegation of authority would require shareholders to waive their preferential subscription rights to the Company shares liable to be issued upon exercise of the equity warrants, in favor of the holders of BSA, BSAANE and/or BSAAR warrants.

The terms of the BSA, BSAANE and/or BSAAR warrants liable to be issued under this delegation of authority would be determined by the Board of Directors when it decides upon the issue.

The Board of Directors would be vested with all requisite powers, subject to the terms provided for by law and set out above, to issue BSA, BSAANE and/or BSAAR warrants and, *inter alia*, to draw up a precise list of beneficiaries within the category of persons defined above and to determine the type and number of warrants to be issued to each one, the number of shares to which each warrant would confer entitlement, the warrant issue price and the subscription or purchase price of the shares to which the warrants would confer entitlement under the foregoing terms, and to determine the terms and deadlines for subscribing and exercising the warrants, the relevant adjustment procedures and, more generally, all terms and conditions applicable to the issue.

- **Share subscription and/or purchase price upon exercise of BSA, BSAANE and/or BSAAR warrants**

The subscription and/or purchase price of the shares to which the warrants would confer entitlement would be at least equal to the average closing price of the WALLIX GROUP share over the 20 trading days preceding the date of the decision to issue the warrants.

The price would be set by the Board of Directors deciding on the warrant issue.

- **Cap on share capital increase resulting from the exercise of BSA, BSAANE and/or BSAAR warrants that may be allotted under the delegation of authority**

The total par value of the shares to which the warrants issued under this delegation of authority are liable to confer entitlement would be capped at 2% of the share capital as of the date of the decision to grant by the Board of Directors. Where applicable, this cap would be raised by the par value of shares of common stock to be issued, in accordance with the law and, where applicable, contractual terms providing for other cases of adjustment, to maintain the rights of holders of BSA, BSAANE and BSAAR warrants. The aforementioned cap would be independent of all other caps provided for under other resolutions of this Meeting.

If subscriptions do not cover the entire issue, the Board of Directors will be able to exercise the following options:

- limit the issue to the amount of subscriptions,
- allocate some or all of the unsubscribed BSA, BSAANE and BSAAR warrants among the category of persons defined above at its own discretion.

In this respect, the Board of Directors would be vested with full powers to record any capital increase resulting from the exercise of BSA, BSAANE and/or BSAAR warrants and to amend the bylaws accordingly. At its sole initiative, the Management Board could deduct the costs of the capital increases from the amount of the related premiums at its sole initiative, and deduct from this amount the amount required to bring the statutory reserve up to one-tenth of the new share capital following each increase.

10. Delegation to harmonize the Company’s bylaws *(eleventh resolution)*

We ask you to delegate authority to the Board of Directors to bring the Company's bylaws into line with statutory and regulatory provisions, subject to ratification of such amendments by the next Extraordinary Shareholders’ Meeting.

***

Your Board of Directors invites you to approve, by your vote, the draft resolutions submitted to you.

The Board of Directors

APPENDIX 1: TABLE OF EARNINGS FOR THE LAST FIVE FINANCIAL YEARS

	2022	2021	2020	2019	2018
Share capital at year-end					
Share capital	595,581	589,240	586,380	581,425	575,250
Number of shares issued	5,955,808	5,892,400	5,863,799	5,814,247	5,752,502
Number of bonds convertible into shares					
Revenues and earnings					
Turnover excl. tax	164,816	110,298	183,164	276,670	481,857
Earnings before tax, profit-sharing, depr./amort. and provisions	(3,459,862)	137,542	(4,885,082)	(5,654,238)	(2,213,137)
Income tax	718	151	780	(830)	3,044
Earnings after tax, profit-sharing, depr./amort. and provisions	(3,438,612)	172,367	(5,065,382)	(5,801,090)	(2,060,401)
Distributed earnings					
Employee profit-sharing					
Earnings per share					
Earnings after tax and before depr./amort. and provisions					
Earnings after tax, depr./amort. and provisions					
Dividend payout per share					
Human resources					
Average headcount	3	3	4	4	4
Payroll expenses	552,765	551,184	574,832	535,876	811,540
Employer social security charges paid (a/c 645)	289,461	279,098	292,266	234,822	488,082

APPENDIX 2 - SUMMARY TABLE OF SECURITIES TRANSACTIONS EXECUTED BY CORPORATE OFFICERS, SENIOR EXECUTIVES AND RELATED PERSONS IN RESPECT OF THE YEAR ENDED DECEMBER 31, 2022 (Art. L. 621-18-2 of the French Monetary and Financial Code and Art. 223-26 of the AMF General Regulation)

None.

Consolidated Financial Statements

December 31, 2022

250 Bis rue du Faubourg Saint Honoré

75008 Paris

CONTENTS

WALLIX TRACE, AUDIT & TRUST

CONSOLIDATED BALANCE SHEET

€000

ASSETS	Note	31/12/2022	31/12/2021
Intangible assets	3	17,879	15,664
o/w Goodwill	2	4,802	4,189
Property, plant and equipment	3	1,170	906
Long-term investments	3	600	472
Non-current assets		**19,648**	**17,041**
Inventory		25	2
Trade receivables	4	12,721	9,043
Other receivables and accruals - DTA	4	5,133	3,748
Cash and cash equivalents	CFS	13,547	22,719
Current assets		**31,426**	**35,512**
Total assets		**51,074**	**52,553**

EQUITY & LIABILITIES	Note	31/12/2022	31/12/2021
Share capital		596	589
Additional paid-in capital		49,501	49,516
Consolidated reserves		-26,356	-24,264
Currency reserve		-108	-27
Net profit/(loss) - Group share		-6,002	-2,949
Treasury shares		-127	-253
Shareholders' equity	1	**17,504**	**22,613**
Minority interests			
Provisions for contingencies and charges	5	865	1,064
Loans and borrowings	6	1,956	2,654
Trade payables	7	2,249	1,906
Other payables and accruals - DTL	7	28,501	24,316
Total equity & liabilities		**51,074**	**52,553**

PROFIT & LOSS STATEMENT

€000

	Note	31/12/2022	31/12/2021
Turnover	8	25,179	23,169
Other operating income	9	5,777	6,759
Purchases & inventory		-326	-365
Other operating expenses		-9,113	-7,087
Taxes and duties		-631	-534
Payroll	10	-23,805	-20,925
Depreciation, amortization and provisions		-4,214	-3,931
Operating profit/(loss) before goodwill amortization and impairment		-7,133	-2,914
Goodwill amortization			
Operating profit/(loss) after goodwill amortization and impairment		-7,133	-2,914
Financial income/(expense)	11	-285	82
Non-recurring income/(expense)	12	418	-107
Tax expense	13	998	-10
Net profit/(loss) of consolidated companies		-6,002	-2,949
Share of earnings of associates			
Consolidated net profit/(loss)		-6,002	-2,949
Minority interests			
Net profit/(loss) - Group share		-6,002	-2,949
Earnings per share (€)		-1.013	-0.502
Diluted earnings per share (€)		-1.013	-0.502
Number of shares at year-end		5,955,810	5,892,400
Weighted average number of shares during the year		5,924,105	5,877,631

CASH FLOW STATEMENT

€000

	31/12/2022	31/12/2021
Net profit/(loss) of consolidated companies	**-6,002**	**-2,949**
- Depreciation, amortization and provisions (1)	3,649	3,219
- Change in deferred taxes		
- Gains on asset disposals	-7	-6
Gross cash flow of consolidated companies	**-2,361**	**263**
- Change in operating working capital (2)	71	5,977
Net cash flow from operating activities	**-2,289**	**6,240**
- Acquisition of non-current assets	-5,743	-6,009
- Disposal of non-current assets	178	388
- Impact of changes in consolidation scope (3)	-245	
Net cash flow from investing activities	**-5,810**	**-5,621**
- New borrowings	11	
- Repayment of borrowings	-1,098	-1,136
Net cash flow from financing activities	**-1,088**	**-1,136**
- Impact of changes in exchange rates	15	29
Change in cash and cash equivalents	**-9,172**	**-487**
Opening cash and cash equivalents	22,718	23,205
Closing cash and cash equivalents	13,546	22,718

(1) excluding impairment of current assets

(2) mainly comprising changes in trade receivables and payables

(3) purchase price of shares less cash acquired

Breakdown of closing cash and cash equivalents		
Short-term investments	993	14,949
Cash at bank and in hand	12,554	7,770
Bank overdrafts	-1	-1
Net cash and cash equivalents	**13,546**	**22,718**

TABLE OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

		Share capital	Additional paid-in capital	Reserves	Profit/(loss)	Currency reserve	Treasury shares	TOTAL
Net assets at	**December 31, 2020**	**586**	**49,528**	**-17,255**	**-7,319**	**82**	**-308**	**25,315**
Change in consolidating company's share capital		3	-12	9				
Allocation to reserves				-7,319	7,319			
Profit/(loss)					**-2,949**			**-2,949**
Change in currency reserve						-109		**-109**
Purchase/sale of treasury shares				318			56	**373**
Changes in accounting policies				-17				**-17**
Other changes								
Net assets at	**December 31, 2021**	**589**	**49,516**	**-24,264**	**-2,949**	**-27**	**-253**	**22,613**
Change in consolidating company's share capital		6	-16	9				
Allocation to reserves				-2,949	2,949			
Net profit/(loss) - Group share					**-6,002**			**-6,002**
Change in currency reserve						-81		**-81**
Purchase/sale of treasury shares (1)				-168			126	**-42**
Changes in accounting policies (2)				1,016				**1,016**
Other changes								
Net assets at	**December 31, 2022**	**596**	**49,501**	**-26,356**	**-6,002**	**-108**	**-127**	**17,504**

(1) The amount of (€168,000) corresponds to the reclassification of gains and losses on treasury shares.

(2) The amount of (€1,016,000) corresponds to the change in accounting policies for the tax credit following the implementation of ANC Regulation 2020.01 (see Changes in accounting policies, page 10)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 – Business overview and highlights

Overview of the Group's business

Historically a provider of data security managed services (architecture, deployment, operation and support), the Group is now a publisher of cybersecurity software. The Group provides assistance to companies in managing access to hardware and applications. Its solutions are marketed through a network of trained and accredited resellers and integrators. The Group markets the following solutions:

WALLIX Bastion: a privileged access management (PAM) software suite for controlling and monitoring actions performed on the information system.

WALLIX Trustelem: a solution that simplifies and controls user access to applications, whether administrators or standard users, in SaaS (Software as a Service) mode.

WALLIX Best Safe: a solution that protects endpoints (office workstations and staff PCs) by eliminating the risks associated with overprivileged users and preventing the spread of malware attacks.

WALLIX INSIDE: solutions for securing industrial equipment within IoT systems in order to help companies drive their digital transformation towards Industry 4.0 and the Internet of Things (IoT).

WALLIX GROUP, the parent company, operates the Group's traditional "Services" business activity (secure hosting of sensitive applications). This business line comprises only a small portion of the Group's overall business.

WALLIX Sarl, the French subsidiary, publishes cybersecurity software and markets all of the Group's solutions.

WALLIX US Corp, the US subsidiary, markets all Group solutions in North America.

Cybersécurité WALLIX Canada Inc., the Canadian subsidiary, provides support services to all Group clients.

WALLIX Iberica, the Spanish subsidiary, publishes cybersecurity software and markets all of the Group's solutions in the Spanish-speaking world.

WALLIX GmbH, the German subsidiary, markets all Group solutions in Germany.

Continuity of business and financing

The Group exercises prudent cash management and periodically reviews its sources of finance in order to ensure sufficient liquidity at any given time.

Group debt is presented in Note 6.

To date, the Company's cash requirements have been funded mainly through share issues and bank loans, as well as by the CIR research tax credit.

In view of the Company's diversified sources of finance, revenue growth targets and cash projections, the Company considers that it is able to meet its liabilities over a 12-month period following the closing date of these consolidated financial statements.

Highlights of the year

WALLIX estimates that the war in Ukraine has had an impact of around €1M to €1.4M on its turnover for FY 2022.

WALLIX changed its governance structure at the Shareholders' Meeting of June 15, 2022 from a model with a Management Board and a Supervisory Board to a single tier structure with a Board of Directors.

WALLIX has developed a vision called "PAM for all", marketed as its unified WALLIX PAM4ALL solution that combines all WALLIX technologies for secure access to all users, human or machine, in an organization, based on the principle of least privilege.

Frost and Sullivan gave WALLIX the 2022 Customer Value Leadership Award for its WALLIX PAM4ALL solution. The award acknowledges that WALLIX PAM4ALL technology optimally meets the needs of organizations.

According to Frost & Sullivan analysts, this is the best solution on the market in terms of cost, simplicity and flexibility.

WALLIX has also been named a Leader in the Privileged Access Management (PAM) Magic Quadrant compiled by Gartner, which maps the leading players in the market.

In three years, WALLIX has gone from Niche Player to Challenger to Leader. It is important to note that WALLIX is the only European publisher in the Magic Quadrant.

Post-balance sheet events

For the third consecutive year, **WALLIX** has been recognized as an Overall Leader by the analyst firm KuppingerCole in its Leadership Compass 2022 report, which ranks the global players in PAM (Privileged Access Management).

2 – Accounting framework and consolidation methods

Statement of compliance of the Group accounting framework

In accordance with the French principles set out in ANC Regulation 2020-01 on the consolidated financial statements of commercial companies, WALLIX GROUP has prepared consolidated financial statements for the year ended December 31, 2022. The Group has not yet reached the mandatory thresholds for the preparation of consolidated financial statements. This presentation of consolidated financial statements is voluntary.

Basis of consolidation

The consolidated financial statements include the financial statements of WALLIX GROUP and its subsidiaries for the years ended December 31, 2022 and December 31, 2021, which were prepared in accordance with consistent accounting policies using the historical cost method.

Changes in accounting policies

The Group has applied ANC Recommendation 2022-02 of May 13, 2022, which clarifies the accounting treatment of research tax credits in connection with the first-time application of Regulation 2020-01 to consolidated financial statements. Consequently, as from January 1, 2022, 100% of the research tax credit is recognized as a deduction from income tax in accordance with French GAAP, with €1,558,000 being deducted from income tax in 2022, and €1,016,000 relating to the tax credit obtained in 2021 and not yet recognized in income being recognized in shareholders' equity. Note that research tax credits obtained before 2021 and previously spread over five years continue to be amortized in accordance with their original schedule.

Judgments and estimates made by Group management

In the preparation of the financial statements, management is required to exercise its judgment and employ estimates and assumptions that have an impact on the amounts of assets and liabilities at the balance sheet date and on the items comprising earnings for the period. Such estimates are based on economic data that are subject to contingencies and may change over time.

Estimates and underlying assumptions are based on past experience and other factors deemed reasonable in view of the circumstances. They also form the basis for the exercise of judgment required for determining the book values of assets and liabilities that cannot be obtained directly from other sources. Actual values may differ from estimated values.

Estimates and underlying assumptions are reviewed on an ongoing basis.

The impact of changes in accounting estimates is recorded during the period in which the change occurs and in any subsequent periods affected.

Such changes mainly concern measurements of the value of non-current assets, including capitalized research and development costs in particular, and operating assets.

Consolidation methods

All companies held directly by WALLIX GROUP are consolidated. Control may be exercised exclusively, jointly or through significant influence.

The consolidation method is determined in accordance with the degree of control exercised.

- Exclusive control: control is deemed to be exclusive where the Group directly or indirectly holds a percentage of control of over 50%, unless it can be clearly demonstrated that such holding does not allow control. Exclusive control also exists where the Group holds no more than half of the voting rights of a company but has the power to direct its financial and operating policies and to appoint or remove most of the members of its Board of Directors or equivalent decision-making body. The full consolidation method has been adopted.

All companies included in the Group consolidation scope are fully consolidated.

Important information regarding the consolidation scope

All companies held directly or indirectly by WALLIX GROUP are consolidated.

Companies included in the consolidation scope

The consolidation scope includes the following companies:

Company	Country	Registered office	SIREN	Method	% control December 31, 2022	% control December 31, 2021
Wallix Group	France	250 Bis rue du Faubourg Saint-Honoré - 75008 Paris	428,753,149	FC	Parent	Parent
Wallix	France	250 Bis rue du Faubourg Saint-Honoré - 75008 Paris	450,401,153	FC	100%	100%
Wallix CA	Canada	1200-1981 Av McGill College - Montreal, Quebec	1,173,941,643	FC	100%	100%
Wallix US	USA	60 Broad Street - Suite 3502 New York 10004		FC	100%	100%
Wallix Iberica	Spain	Calle Copenhague, 12, 28232 Las Rozas, Madrid		FC	100%	100%
Wallix GmbH	Germany	Prinzregentenstrasse 91, 81677 München		FC	100%	100%

FC = Full consolidation

All companies are fully consolidated.

Functional and presentation currency

The consolidated financial statements are presented in euros, which is the functional currency of the parent company and its subsidiaries WALLIX Sarl, WALLIX Iberica and WALLIX GmbH. The respective functional currencies of WALLIX US Corp and WALLIX Canada are the US dollar (USD) and the Canadian dollar (CAD).

The amounts shown in the consolidated financial statements are presented in thousands of euros unless otherwise stated.

Accounts closing dates

All consolidated companies publish annual financial statements for the year ended December 31 and half-yearly financial statements for the six months ended June 30.

Translation of accounts denominated in foreign currencies

The balance sheets of foreign companies are translated into euros at the closing exchange rate, except for shareholders' equity which is maintained at the historical exchange rate.

Profit and loss accounts denominated in foreign currencies are translated at the average exchange rate for the year. Translation differences arising from changes in exchange rates are recognized in shareholders' equity under "Currency reserve".

The following exchange rates were applied for **WALLIX US** (euro equivalent):

Closing date	Average rate	Closing rate
31/12/2021	1.1835	1.1326
31/12/2022	1.0539	1.0666

The following exchange rates were applied for **WALLIX Canada** (euro equivalent):

Closing date	Average rate	Closing rate
31/12/2021	1.4835	1.4393
31/12/2022	1.3703	1.4440

Elimination of intercompany transactions

Transactions and reciprocal assets and liabilities between fully consolidated companies are eliminated.

Likewise, internal Group results (provisions for contingencies and charges recognized in respect of losses incurred by consolidated companies) are eliminated. The elimination of internal results is divided between the Group share and minority interests in the company having generated the results.

Losses resulting from intercompany transactions between consolidated companies are only eliminated insofar as they do not require impairment.

3 – Measurement methods and rules

The consolidated financial statements are prepared in accordance with the following accounting principles:

- ✓ going concern,
- ✓ accrual basis of accounting,
- ✓ consistency of presentation.

Intangible assets

General principles

Goodwill:

The Group allocates goodwill relating to acquisitions before the end of the first financial year following the acquisition date, thus giving it the hindsight needed for valuations. As a result, allocations are made towards the end of the period specified.

Acquisitions giving rise to exclusive control are recognized using the general fair value method.

Goodwill equals the difference between acquisition cost and the acquired company's identifiable assets and liabilities measured at fair value.

The acquisition cost of the shares corresponds to the purchase price plus direct costs related to the acquisition, net of tax.

The acquired company's identifiable assets and liabilities, including intangible assets, are liable to be measured separately so that their values may be monitored.

Goodwill must be tested at least annually and whenever there is an indication that it may be impaired. This impairment is defined as the difference between the recoverable amount of goodwill and its book value. The recoverable amount is defined as the higher of the asset's fair value net of costs of disposal and the asset's value in use (sum of the discounted cash flows expected by the company for that asset). The future cash flows are based on assumptions regarding changes in the projected budget for year N+1 approved by management. Discounting of cash flows is based on the Group's cost of capital before tax. These impairment tests are performed once a year.

The impairment tests are designed to ensure that the net book value of goodwill assets does not exceed the recoverable amount. The recoverable amount is the value in use of the assets tested.

Impairment tests were performed as part of the closing of the financial statements. The tests consisted of updating the main assumptions underlying the valuation of goodwill.

Other intangible assets:

Identifiable intangible assets acquired as part of a business combination are recognized and measured at fair value. Intangible assets are considered to be identifiable if they result from contractual or statutory rights or are separable.

Other indefinite life intangible assets are tested for impairment once a year and whenever they show an indication of loss of value.

Intangible assets correspond to research and development costs, concessions, patents, licenses and goodwill. They are recognized at acquisition cost including purchase price and related costs.

These intangible assets are amortized on a straight-line basis over periods corresponding to their expected useful life, as follows:

- for software: 1 to 5 years;

- development costs: 5 years starting from the year following capitalization.

At each closing, the company ensures that there are no indicators that an asset may be impaired.

Any positive difference between the net book value and the current value constitutes the amount of impairment for the year.

Research and development costs

Research costs are expensed as incurred.

They are related to the development of features of Group software destined for commercial use and mainly comprise payroll expenses measured in accordance with the number of hours spent on development projects.

Development expenses related to a given project are capitalized where the feasibility and profitability of the project may reasonably be assumed.

In application of this principle, development costs are capitalized as intangible assets where the Group can demonstrate:

- its intention to complete the asset and its ability to use it or sell it;

- its financial and technical capacity to complete the development project;

- the availability of adequate resources to complete the project;

- that it is likely that the future economic benefits attributable to the development expenses will accrue to the Group; and

- that the cost of the asset can be accurately measured.

Capitalized development costs are amortized over 5 years.

Property, plant and equipment

Property, plant and equipment is measured at cost and depreciated over the following average periods:

- Fixtures and fittings	10 years straight line
- Office equipment and furniture	5-10 years straight line
- Computer hardware	3-5 years straight line

Assets held under finance leases

Assets held under finance leases are recognized under balance sheet assets at the value stated in the lease agreement. They are depreciated in accordance with the rules applicable to fully owned assets.

These assets are treated as if they were purchased on credit: the corresponding debt is recognized under liabilities and gives rise to interest payments.

Long-term investments

Long-term investments are carried at cost on the balance sheet and, if necessary, are subject to impairment in accordance with their fair value at the closing date.

Impairment of assets

Where there is an indication that the value of an item of intangible assets or property, plant and equipment may have to be reviewed at the balance sheet date, an impairment test is carried out.

In such event, the net book value of the asset is compared to its present value and an impairment charge is recorded if the present value is lower than the net book value.

The present value is the higher of fair market value and value in use. Value in use is calculated on the basis of a number of criteria mainly based on future net cash flows expected to be derived from the asset.

Provisions for contingencies

Provisions are recognized where, at the balance sheet date, the Group has an obligation towards a third party arising from a past event and it is likely that an outflow of resources representing economic benefits will be necessary to settle the obligation, without consideration at least equivalent being received from said third party.

The obligation may be legal, regulatory or contractual. It may also arise from Group practices or public undertakings that result in a legitimate expectation on the part of the third parties concerned that the Group will assume certain responsibilities.

The estimate of the amount of the provision corresponds to the outflow of resources the Group will likely incur in order to extinguish the obligation. If the amount cannot be reliably measured, no provision is recorded. In such case, a disclosure is included in the notes.

Inventory

Inventory is measured using the first in, first out (FIFO) method.

The gross value of traded goods and supplies includes the purchase price and related costs.

Where applicable, an impairment charge is recorded against inventory to take into account the net recoverable value at the balance sheet date.

Trade receivables

Receivables are recognized at face value. In the event of objective indications that the asset has lost value, impairment losses equal to the amounts deemed irrecoverable are recognized in profit or loss.

Short-term investments

Investment securities are carried at purchase cost. They are subject to impairment where their realizable value at the balance sheet date, which generally corresponds to the listed share price or net asset value, is lower than their acquisition cost.

Foreign currency transactions

Transactions denominated in foreign currencies are translated at the prevailing exchange rate at the transaction date.

At the balance sheet date, assets and liabilities denominated in foreign currencies are translated at the closing rate..

Pension commitments

Pension commitments are measured using the preferential actuarial method prescribed by French National Accountancy Council (CNC) recommendation 2013-R 02, as amended on November 5, 2021.

The provision for pension commitments recorded on the balance sheet corresponds to the discounted present value of the commitments.

Changes in actuarial assumptions are recognized in profit or loss.

The following criteria have been adopted for the calculations:

- Economic parameters:

- 1.5% annual wage growth

- 3.77% discount rate

- Staff parameters:

- Voluntary retirement at 65

- Average social security charge rate: 42.5%

- Collective bargaining agreement: SYNTEC Bureaux d'études (design & engineering firms)

- Technical parameters:

- Staff turnover table applied: DARES R&D (3% sliding scale)

- Mortality table: INSEE 2016-2018

Retirement indemnities are included in provisions.

Current and deferred tax

The income tax charge includes current tax expense or income and deferred tax expense or income.

Current tax is the estimated tax due based on taxable income for the period.

Deferred tax is recognized based on the liability method in respect of all temporary differences between the book value of assets and liabilities and their tax base. A deferred tax asset is not recorded unless it is probable that the Group will have future taxable income against which this asset can be charged.

Profit or loss for the year is impacted by changes in tax rates and/or changes in tax regulations regarding deferred tax assets and liabilities.

Deferred tax assets and liabilities are offset where the Group is entitled to offset current tax assets and liabilities and where they involve taxes on income levied by the same tax authority and the Group intends to settle current tax assets and liabilities based on their net amount.

Segment information

A business or geographical segment is defined as a homogeneous group of products, services, business lines or countries that is individually identified within the company, its subsidiaries or operating divisions. The segmentation adopted for segment reporting is derived from the segmentation used by management for internal reporting.

Management considers that the Group operates in a single business sector, namely software publishing.

Group consolidated turnover mainly comprises turnover generated by WALLIX Sarl (91.71% of consolidated turnover).

The geographical breakdown of turnover is based on client-based regions, whereas all production facilities are centralized at the head office in Paris. Accordingly, management does not consider it appropriate to produce a breakdown of assets employed or operating profit by region, given that these indicators do not represent the actual organization of Group operations and are not monitored as part of the internal reporting used by management.

Research tax credit and operating subsidies

For the purposes of its development projects, the WALLIX Group benefits from research tax credits (CIR) and operating subsidies.

The research tax credit is recognized as follows:

€000	31/12/2022	31/12/2021
CIR restated under prepayments		1,016
CIR restated under operating subsidies		587
CIR research tax credit	**0**	**1,604**

Operating subsidies break down as follows:

€000	31/12/2022	31/12/2021
Subs. restated under prepayments	19	589
Subsidies not restated	257	328
Operating subsidies	**275**	**917**

Research tax credit and other subsidies

The Group has continued to engage in research and development. A portion of the corresponding expenses confers entitlement to research tax credits.

Since January 1, 2022, the Group has recorded the CIR research tax credit as a deduction from corporate income tax. At December 31, 2022, the CIR research tax credit was composed of the 2022 CIR for an amount of €1,558,000 and a correction of the CIR for previous years of €560,000.

Research tax credits obtained in previous years are accounted for as follows:

- ✓ as an operating subsidy in respect of the portion not directly attributable to capitalized development costs,
- ✓ as prepayments in respect of the portion directly attributable to capitalized development costs, subsequently transferred to profit or loss in line with the amortization schedule for development costs.

Research tax credits restated under prepayments are as follows:

€000

Year	Total CIR tax credit	Prepayments	Posted to income over 5 years		Prepayments bal. on balance sheet	
			31/12/2022	31/12/2021	31/12/2022	31/12/2021
2015	624	403				
2016	851	524		105		
2017	974	727	145	145		145
2018	963	673	135	135	135	269
2019	1,209	741	148	148	296	445
2020	1,542	1,094	219	219	657	876
2021	1,604	1,016				1,016
2022						
			647	752	1,088	2,751

Operating subsidies restated under prepayments:

€000

Year	Subsidies	Prepayments	Posted to income over 5 years		Prepayments bal. on balance sheet	
			31/12/2022	31/12/2021	31/12/2022	31/12/2021
2015	246	112				
2016	366	150		30		
2017	220	151	30	30		30
2018	419	272	54	54	54	109
2019	264	183	37	37	73	110
2020	283	226	45	45	136	181
2021	917	589	118		471	589
2022	275	19			19	
			284	196	753	1,018

Operating subsidies directly attributable to development costs capitalized before January 1, 2022 are also reclassified under prepayments and subsequently transferred to profit or loss according to the same amortization schedule as the corresponding development costs. New subsidies are included in shareholders' equity.

Non-recurring income/(expense)

Income and expenses that by their nature, frequency or materiality fall outside the scope of the Group's normal business are recognized under non-recurring items.

Earnings per share

Earnings per share is calculated by dividing net profit/(loss) Group share by the weighted average number of ordinary shares outstanding during the financial year.

When basic earnings per share is negative, diluted earnings per share is identical to this figure.

When basic earnings per share is positive, diluted earnings per share is determined by taking into account the maximum dilutive effect arising from the exercise of unattached warrants and founders' warrants, the issue of bonus shares and the exercise of all types of options issued.

4 – Notes to the consolidated financial statements

Note 1 - Share capital

Composition of share capital

Composition of share capital	Number	Par value
Shares comprising share capital at start of year	**5,892,400**	**0.10**
Shares issued during the year	63,410	0.10
Shares redeemed during the year		
Shares comprising share capital at year-end	**5,955,810**	**0.10**

Bonus shares to be issued

At the balance sheet date, bonus shares to be issued by WALLIX GROUP were as follows:

	2019 bonus share plan		2021 bonus share plan		2022 bonus share plan
Beneficiaries	Plan No. 1 Employees and Group employees	Plan 2 Mgmt Board members & other key personnel	Plan No. 1 Employees and Group employees	Plan 2 Mgmt Board members & other key personnel	Plan 1 Executive officers and members of the Management Committee
EGM	06/06/2019	06/06/2019	06/06/2019	06/06/2019	06/06/2019
Allotment date / Board meeting	25/07/2019	25/07/2019	27/07/2021	27/07/2021	27/07/2022
Balance b/fwd	13,272	27,356	82,665	101,766	
Number of shares allotted during the year					155,000
Number of shares canceled	1,512	14,596	12,692	11,724	30,000
Number of shares issued during the year	11,760	12,760	23,881	15,007	
Total number of issuable shares			46,092	75,035	125,000
Performance criteria	no	Consolidated turnover thresholds (50% of each tranche)	no	Consolidated turnover thresholds (50% of each tranche)	Consolidated turnover thresholds (50% of each tranche)
Presence criteria	yes	yes (50% of each tranche)	yes	yes (50% of each tranche)	yes (50% of each tranche)
Vesting period	1/3 in 1 yr 1/3 in 2 yrs 1/3 in 3 yrs	1/3 in 1 yr 1/3 in 2 yrs 1/3 in 3 yrs	1/3 in 1 yr 1/3 in 2 yrs 1/3 in 3 yrs	1/3 in 1 yr 1/3 in 2 yrs 1/3 in 3 yrs	1/3 in 1 yr 1/3 in 2 yrs 1/3 in 3 yrs
Lock-in period	1 yr / Tranche 1 vesting date	1 yr / Tranche 1 vesting date	1 yr / Tranche 1 vesting date	1 yr / Tranche 1 vesting date	1 yr / Tranche 1 vesting date
Amount of expense recognized during the year	(€31,547)		(€31,354)		€61.455
	The performance criterion linked to 2021 consolidated turnover has not been met; 13,676 shares will not vest on July 25, 2022		The performance criterion linked to 2021 consolidated turnover has not been met; 16,961 shares will not vest on July 27, 2022		

Note 2 - Goodwill

ACQUISITIONS	Acquisition date	Gross value	Amort. during year	Cumulative amortization	Net value
Wallix Trustelem	01/07/2019	1,396			**1,396**
Wallix Iberica	16/07/2019	3,405			**3,405**
TOTAL		**4,802**			**4,802**

Goodwill impairment test:

The recoverable amount of goodwill including the activity generated by Simarks and Trustelem was estimated on the basis of the discounted present value of expected cash flows, using a pre-tax discount rate of 10.7%.

The key assumptions used for the estimation of the recoverable amount are presented below.

The values assigned to key assumptions represent management's estimate of future trends and are derived from historical data and internal sources.

The budgeted operating profit or loss excluding depreciation and amortization is based on projected future results, taking into account projected growth in turnover.

Growth in turnover is based on market forecasts and the projected performance of those activities in relation to the market.

Since the recoverable amount of goodwill exceeds its book value, no impairment loss is required. Accordingly, these tests did not result in the recognition of any impairment losses at December 31, 2022.

In the absence of any indication of impairment, no impairment test has been performed as of December 31, 2022.

Note 3 - Non-current assets, depreciation and amortization

Summary

€000

	31/12/2022			31/12/2021		
	Gross	Dep./Am.	Net	Gross	Dep./Am.	Net
Intangible assets	36,508	-18,629	**17,879**	30,777	-15,114	**15,664**
Property, plant and equipment	3,277	-2,107	**1,170**	2,683	-1,777	**906**
Long-term investments	600		**600**	472		**472**
Total	**40,385**	**-20,737**	**19,648**	**33,932**	**-16,891**	**17,041**

Intangible assets

€000

	31/12/2021	Increase	Decrease	Other changes	31/12/2022
Intangible assets					
Goodwill	**4,189**	613			**4,802**
Development costs (see Note 9)	**25,622**	5,118			**30,740**
Concessions, patents and similar rights	**966**				**966**
Gross intangible assets	30,777	5,730	0	0	36,508
Amortization of intangible assets					
Development costs	**14,321**	3,356			**17,677**
Concessions, patents and similar rights	**792**	160			**952**
Amortization	15,114	3,515	0	0	18,629
Provisions	0	0	0	0	0
Net intangible assets	**15,664**				**17,879**

Property, plant and equipment

€000

	31/12/2021	Increase	Decrease	Other changes	31/12/2022
Property, plant and equipment					
Other property, plant and equipment	**1,789**	275			**2,065**
Other property, plant and equipment - finance lease	**894**	309			**1,203**
Non-current assets in progress		10			**10**
Gross property, plant and equipment	2,683	594	0	0	3,277
Depreciation of property, plant and equipment					
Other property, plant and equipment	**924**	269			**1,193**
Other property, plant and equipment - finance lease	**853**	61			**915**
Depreciation	1,777	330	0	0	2,107
Provisions	0	0	0	0	0
Net property, plant and equipment	**906**				**1,170**

Long-term investments

€000

	31/12/2021	Increase	Decrease	Other changes	31/12/2022
Long-term investments					
Loans	**6**				**6**
Other long-term investments (1)	**466**	173	-171	126	**594**
Gross long-term investments	472	173	-171	126	600
Provisions for long-term investments					
Provisions	0	0	0	0	0
Net long-term investments	**472**				**600**

(1) Long-term investments mainly comprise deposits and guarantees on company premises.

Note 4 - Receivables

€000

	31/12/2022			31/12/2021
	Gross	Impairment	Net	Net
Trade receivables	13,317	-596	**12,721**	**9,043**
Trade receivables	13,317	-596	12,721	9,043
Advances and payments on account				**65**
Other receivables (1)	4,096		**4,096**	**2,888**
Prepaid expenses	1,032		**1,032**	**788**
Deferred expenses	5		**5**	**8**
Other receivables	5,133		5,133	3,748
Operating receivables	18,450	-596	17,854	12,791

All receivables are due in less than one year.

(1) As of December 31, 2022, other receivables mainly comprise the CIR research tax credit (€2,450,000), CII innovation tax credit (€159,000) and subsidies receivable (€827,000).

Impairment of current assets

€000

	31/12/2021	Charges	Reversal	31/12/2022
Trade receivables	**502**	93		**596**
Provisions for investment securities	**44**	10	-54	
Total	546	103	-54	596

Note 5 - Provisions

Provisions for contingencies and charges

€000

	31/12/2021	Charges	Reversals used	31/12/2022
Provisions for contingencies (1)	**155**	96	-45	**206**
Provisions for charges (2)	**909**	162	-413	**658**
Total	1,064	258	-457	865

(1) Provisions for contingencies consist mainly of labor disputes.

(2) Provisions for expenses relate mainly to the provision for AGA of €107,000 and provisions for pensions and retirement of €551,000. Provisions for pension commitments have been estimated solely for WALLIX Sarl and WALLIX GROUP; the criteria used to calculate these provisions are explained in Section 3 - Pension commitments.

Note 6 - Borrowings

€000

	31/12/2022	31/12/2021
Borrowings from credit institutions	1,640	2,597
Bank overdrafts	1	1
Finance lease liabilities	290	42
Other loans and borrowings	25	14
Total	**1,956**	**2,654**

€000

	31/12/2022	Due in < 1 yr	Due in 1-5 yrs	Due in > 5 yrs
Borrowings from credit institutions (fixed-rate)	1,640	950	690	
Bank overdrafts	1	1		
Finance lease liabilities	290	59	188	43
Other loans and borrowings	25	25		
Total	**1,956**	**1,036**	**878**	**43**

As of December 31, 2022, Group borrowings were as follows:

- €850,000 interest-free loan contracted by WALLIX GROUP and WALLIX Sarl with Bpifrance Financement on March 22, 2017 to finance the development of a system for protecting privileged access to cloud-based applications and information systems. Outstanding balance: €297,000 - Final installment due June 30, 2024
- €85,000 fixed-rate loan at 1.123% contracted by WALLIX with BNP on July 10, 2020 to finance the renewal of a portion of the IT network. Outstanding balance: €17,000 - Final installment due July 10, 2023.
- €72,000 fixed-rate loan at 2.99% (average monthly rate of return on long-term government loans plus 2.74 percentage points) contracted by WALLIX GROUP with Bpifrance Financement on July 27, 2016 to post-finance the acquisition of assets from Proviciel (in addition to the aforementioned BNP Paribas loan). Outstanding balance: €8,000 -
  Final installment due April 30, 2023

- €3 million floating-rate loan at 1.86% (average monthly rate of return on long-term government loans plus 1.5 percentage points) contracted by WALLIX GROUP with BNP on July 9, 2019 to finance acquisitions. Outstanding balance: €1,312,000
  Final installment due July 9, 2024.

Note 7 - Operating payables

€000

	31/12/2022	31/12/2021
Trade payables	2,249	1,906
Trade payables	**2,249**	**1,906**
Tax and social security payables	6,197	4,809
Fixed asset payables	368	
Other payables	93	62
Prepayments	21,844	19,445
Other payables	**28,501**	**24,316**
Total	**30,750**	**26,222**

Operating payables are due in under one year except for prepayments, of which €8,781,000 is due in over one year.

The Company charges VAT on amounts received. Tax payables include VAT on uncollected trade receivables totaling €2,359,000 at December 31, 2022 compared to €1,462,000 at December 31, 2021.

Prepayments relate to different categories of income as detailed below:

€000

Year	Prepayments bal. on balance sheet	
	31/12/2022	31/12/2021
Prepayments on income	20,003	15,676
Prepayments on CIR research tax credit (	1,088	2,751
Prepayments on subsidies (1)	753	1,018
	21,844	**19,445**

(1) See CIR research tax credit and subsidies pages 18-19

Prepayments on income correspond to the share of revenues invoiced and recognized for the financial year but for which the supply or service will occur after the financial year (e.g. maintenance costs paid in advance).

Prepayments on CIR research tax credit and subsidies correspond to the portion of research tax credit representing capitalized development costs and the portion of subsidies attributable to projects.

Note 8 - Turnover

Group turnover is derived from the following operations:

- Software licenses
- Related maintenance services: technical support and updates
- Managed services: secure hosting of critical applications

Licensing revenues are recognized as of the date on which the software is made available.

Maintenance revenues are recognized on a straight-line basis over the maintenance contract term, which ranges from one to six years.

Revenues from provision of services are recognized when the services are provided.

€000

Geographical segments	31/12/2022	%	31/12/2021	%
France	16,008	63.6%	13,902	60.0%
International	9,171	36.4%	9,267	40.0%
Total	**25,179**	**100%**	**23,169**	**100%**

Products	31/12/2022	%	31/12/2021	%
Licenses	9,751	38.7%	10,467	45.2%
Maintenance	10,959	43.5%	9,209	39.7%
Subscription	2,540	10.1%	1,519	6.6%
Managed services	291	1.2%	419	1.8%
Professional services	1,638	6.5%	1,554	6.7%
Total	**25,179**	**100%**	**23,169**	**100%**

Note 9 - Other operating income

€000

	31/12/2022	31/12/2021
- Capitalized production (1)	3,800	4,370
- Operating subsidies (2)	1,188	1,864
- Reversals of provisions, depr./amort., reclassification	692	459
- Other income	97	66
Other income	**5,777**	**6,759**

(1) The balance of the capitalized production account mainly comprises payroll expenses capitalized as development costs.

(2) Operating subsidies break down as follows:

	31/12/2022	31/12/2021
Operating subsidies not restated	257	328
CIR tax credit restated under grants		587
Portion of CIR tax credit spread over 5 yrs (prepayments) (1)	647	752
Portion of subsidies spread over 5 yrs (prepayments) (1)	284	196
Operating subsidies	**1,188**	**1,864**

(1) See CIR research tax credit and subsidies pages 18-19

Note 10 - Payroll

€000

Average annual headcount	31/12/2022	31/12/2021
Executives	213	191
Employees	20	13
Total	**233**	**204**

Payroll	31/12/2022	31/12/2021
Salaries and profit-share	17,090	15,010
Social security charges	6,715	5,915
Total	**23,805**	**20,925**

Note 11 - Net financial income/(expense)

€000

	31/12/2022	31/12/2021
- Other interest and similar income	1	14
- Provision reversals and expense reclassificatic	64	119
- Currency gains	116	64
FINANCIAL INCOME	**180**	**197**
- Provision charges for financial contingencies		-64
- Interest and related expenses	-35	-52
- Currency losses	-4	
- Net losses on disposal of short-term investmen	-426	
FINANCIAL EXPENSES	**-465**	**-115**
NET FINANCIAL INCOME/(EXPENSE)	**-285**	**82**

Note 12 - Non-recurring income/(expense)

€000

	31/12/2022	31/12/2021
- Operating transactions	431	3
- Capital transactions	8	22
NON-RECURRING INCOME	**439**	**25**
- Operating transactions	-12	
- Capital transactions	-9	-132
NON-RECURRING EXPENSES	**-21**	**-132**
NON-RECURRING INCOME/(EXPENSE)	**418**	**-107**

Note 13 - Analysis of tax expense

€000

DEFERRED TAXES RECOGNIZED ON BALANCE SHEET

	31/12/2022	31/12/2021
- Deferred tax assets	0	0
- Deferred tax liabilities	0	0
Total	**0**	**0**

ANALYSIS OF TAX EXPENSE

	31/12/2022	31/12/2021
- Current tax	-998	10
- Deferred tax	0	0
Total	**-998**	**10**

€000

	31/12/2022
Net profit/(loss) of consolidated companies	-6,002
Effective tax charge/income	-998
Profit/(loss) of consolidated companies before tax	-7,000
Theoretical tax charge/income	-1,750
Impact of permanently non-deductible expenses or non-taxable income	52
Withholding tax	
DTA cap at amount of DTL	-122
Unrecognized losses for the year	1,985
Tax credit	-1,161
Other	-2
Effective tax charge/income	**-998**

Theoretical tax rate	25%
Effective tax rate	0%

€000

	31/12/2021	Change in consolidation scope	Change	31/12/2022
Differences between accounting and taxable profit				
Restatement of finance leases				
Recognition of pension commitments	191		-53	138
Restatement of operating subsidies	254		-66	188
DTA cap (1)	-445		119	-326
Deferred tax assets (1)				
Cancellation of internal provisions				
Deferred tax liabilities (2)				
Net deferred taxes (1)-(2)				

€000

UNRECOGNIZED TAX LOSSES

Company	Amount (1)	Tax rate	Unrecognized deferred tax assets (in local currency)	Unrecognized deferred tax assets (€000)	Max. amount chargeable against future profits
Wallix Group	15,738	25%	3,934	3,934	Unlimited
Wallix	13,603	25%	3,401	3,401	Unlimited
Total (€)				**7,335**	

(1) Tax loss generated in the 2022 financial year

Note 14 - Corporate officer compensation

Compensation awarded to directors in respect of positions held in controlled companies is as follows:

€000

Compensation	31/12/2022	31/12/2021
Corporate officer compensation	764	679
Attendance fees	18	35
Total	**781**	**714**

Note 15 - Statutory auditor fees

€000

Statutory auditor fees	31/12/2022	31/12/2021
Statutory audit	83	69
Other services	49	39
Total	**132**	**108**

Note 16 - Off-balance sheet commitments

WALLIX Iberica: The acquisition is subject to an unrecognized earnout payment of up to €87,500 conditional on cumulative revenue targets over a five-year period.