

2020 Full-Year Results

Analysts Conference

February 24, 2021

Disclaimer

Forward-looking statements

This presentation contains forecasts that may be subject to various risks and uncertainties concerning the Company's future growth and profitability. The Group highlights that signatures of its contracts, which often represent investments for customers, are historically more significant in the second half of the year and may therefore have a more or less favorable impact on full-year performance.

Furthermore, activity during the year and/or actual results may differ from those described in this document as a result of a number of risks and uncertainties set out in the 2019 Universal registration document filed with the French Financial Markets Authority (Autorité des Marchés Financiers, AMF) on April 14, 2020 under number D.20-0289.

The distribution of this document in certain countries may be subject to prevailing laws and regulations. Individuals present in these countries and in which this document is disseminated, published or distributed, should obtain information about such restrictions and comply with them.

2020 Full-Year Results

Agenda

1. Success of the transformation and new business model
2. Hyper focus on our Customers
3. 2020 Financial results
4. 2021 Targets and future ambitions
5. Q&A Session

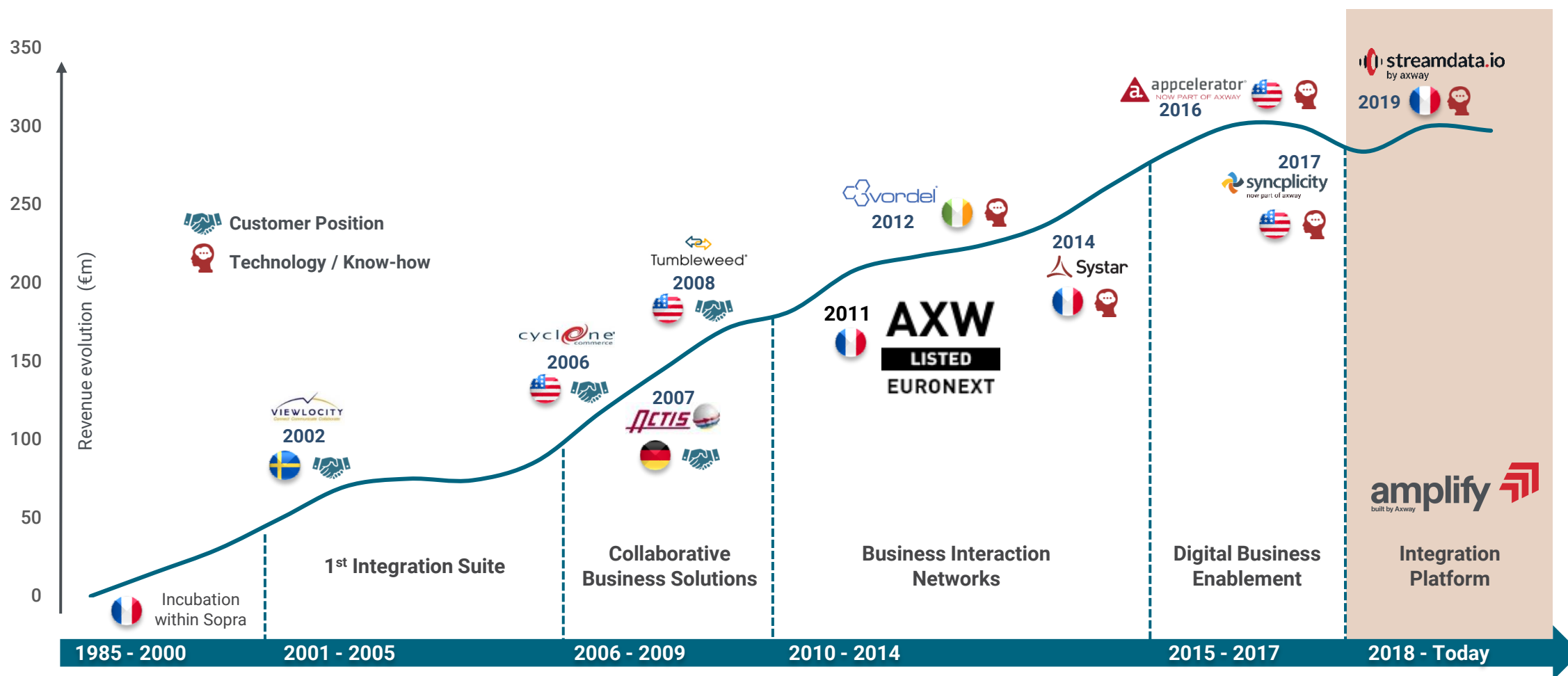


Patrick Donovan
Chief Executive Officer



Roland Royer
Chief Customer Officer

Celebrating 20 years to get to today!



Success of the transformation and new business model



Patrick Donovan
Chief Executive Officer

Success of the 3-year transformation plan



Upgraded product portfolio

Strengthened management team and employee's engagement

Adapted structure, based on customer centricity

Increased awareness for sustainable growth

Resilience in 2020 waves

€297.2m Revenue

*solid performance in difficult times with +0.5% organic growth**

10.4% Profit on Operating activities

or €30.8m, up 19% vs. 2019

+65.8% Subscription Growth

or €97.3m vs. €58.7m in 2019

+79.7% ACV Growth

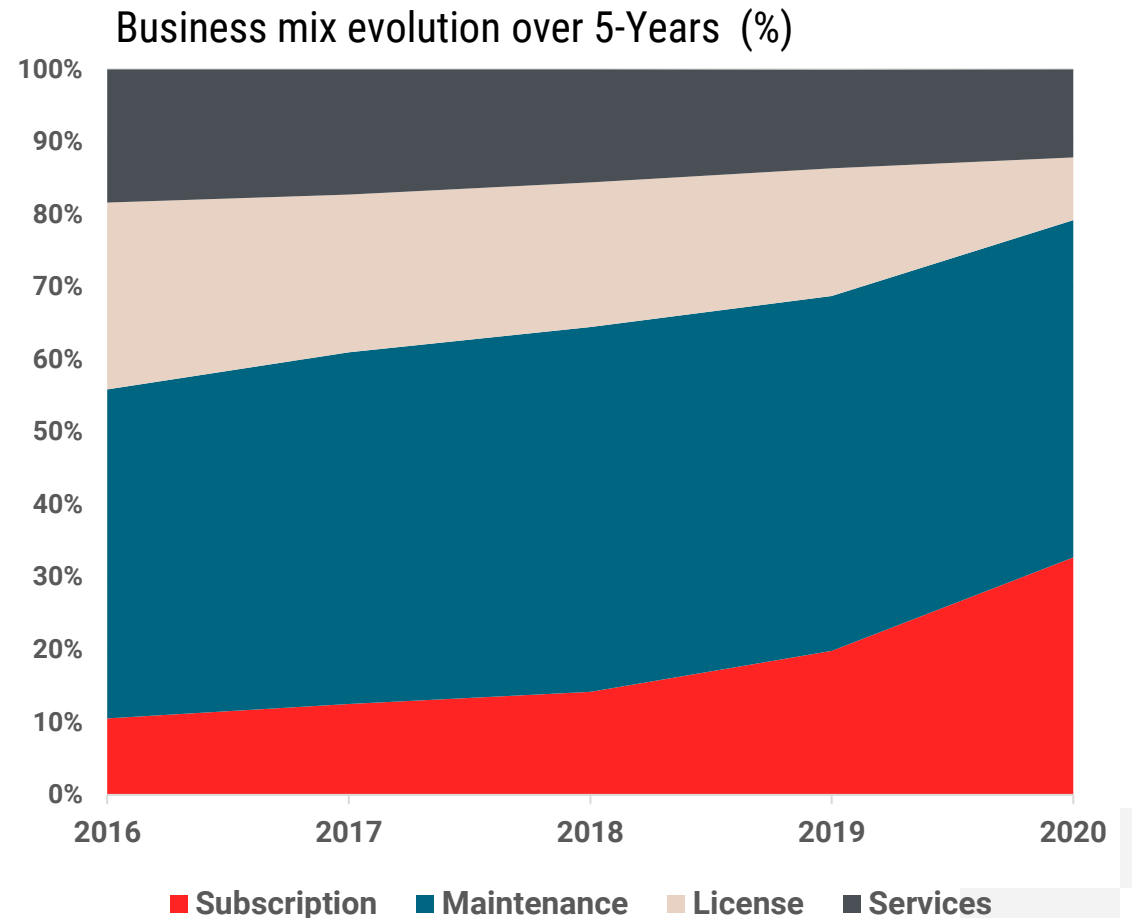
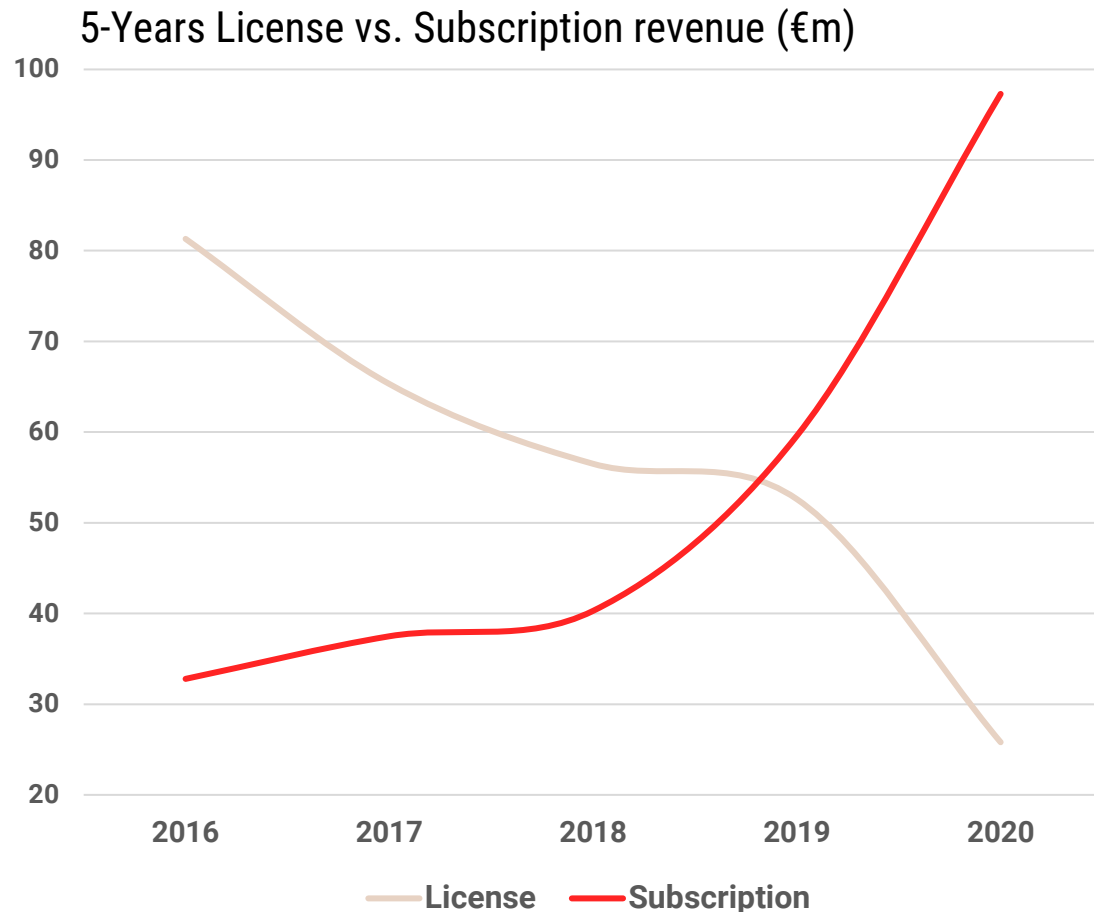
or €31.9m vs. €17.5m in 2019

+15.2% Signature Growth

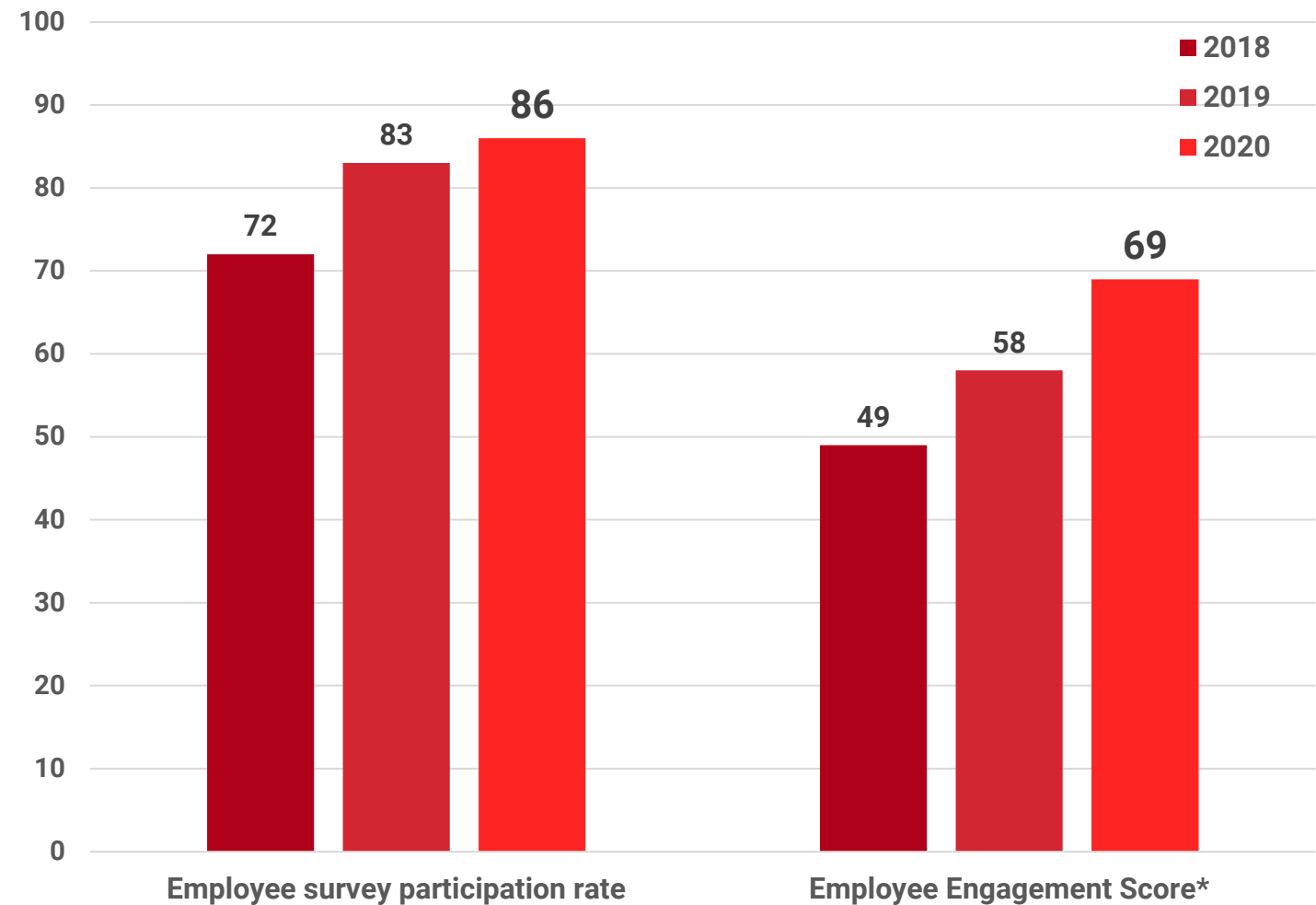
supported by the strong increase in subscription

We closed the loop of our transformation...

...right on time to be able to grow again in 2020



Strengthened Employee Engagement

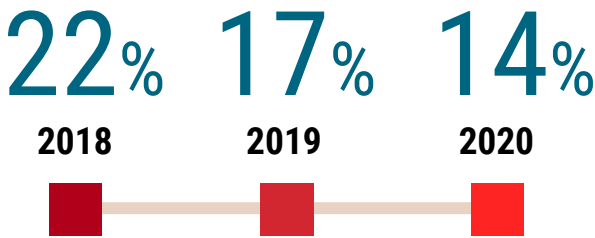


Employee engagement up

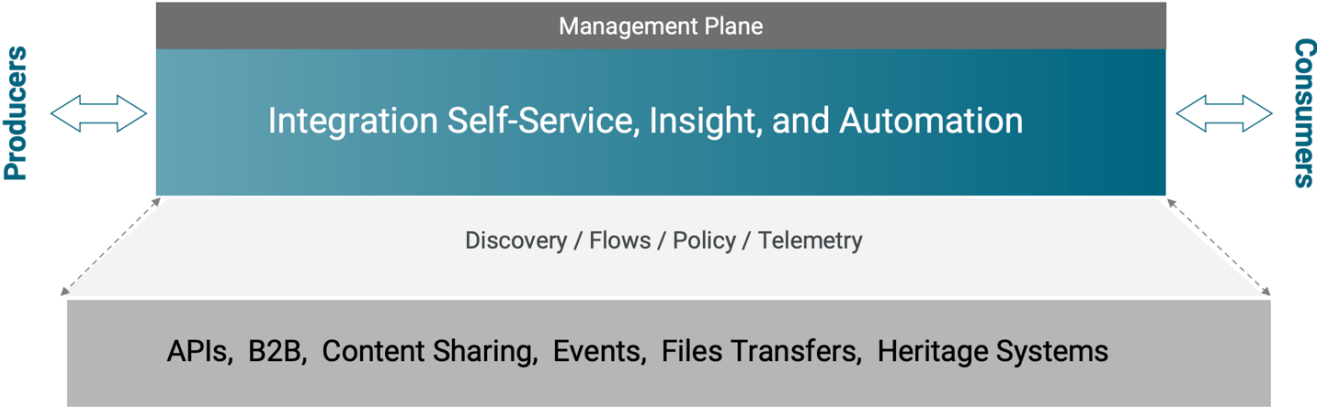
+19%

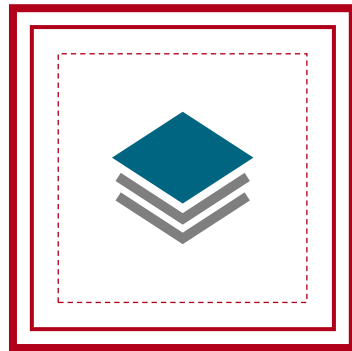
in 2020 vs. 2019

Attrition continues to decline

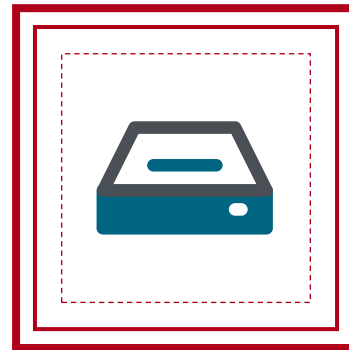


Strengthened Offering

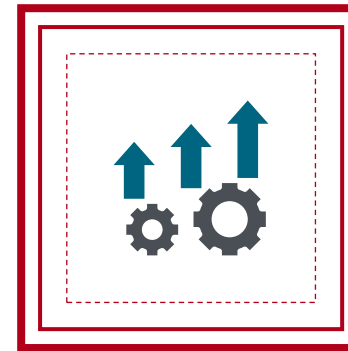




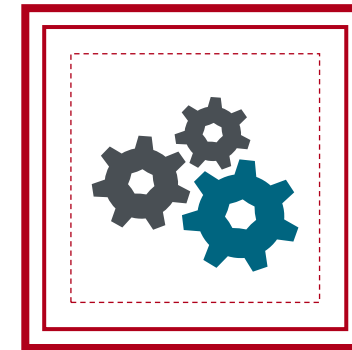
**Open API
Integration Platform**



**One place for
ALL APIs**



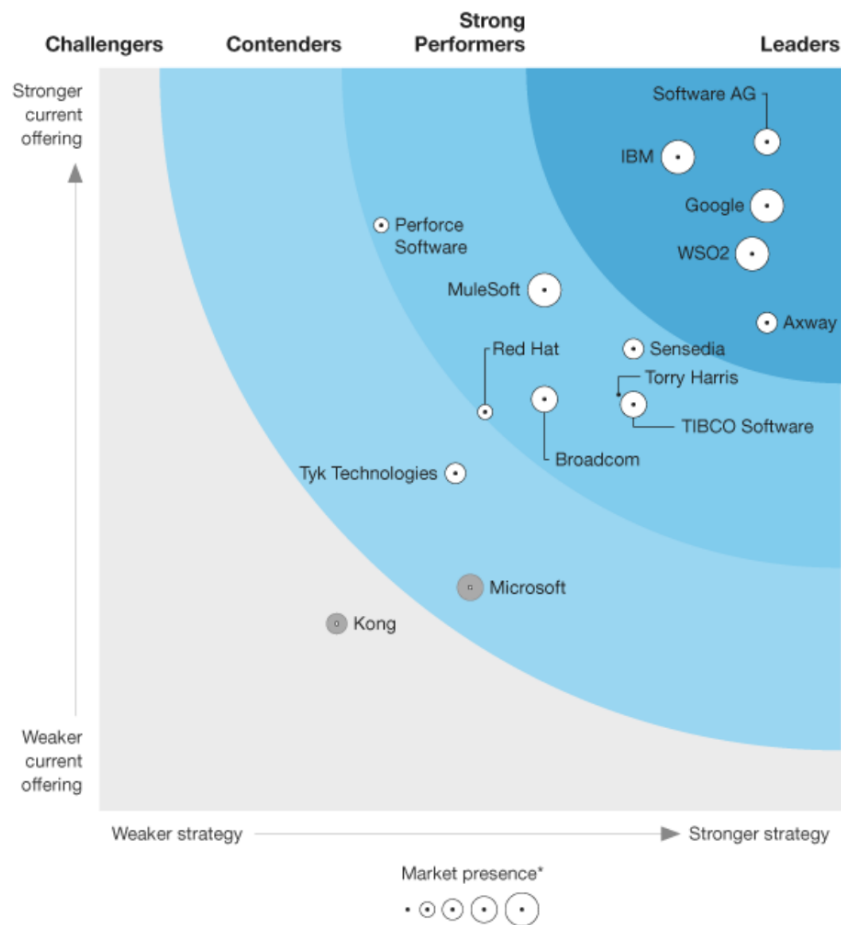
Improve what you have



**Bring control and
independence**

Strengthened Market Position

The Forrester Wave™: API Management Solutions, Q3 2020



Gartner 2020 Magic Quadrant for Full Life Cycle API Management



Source: Gartner (September 2020)

*A gray bubble indicates a nonparticipating vendor.

The world is opening.

Cross-pollenating new ideas, creating new possibilities across geographies, industries, and customers and partners. With every investment, old and new, opportunities for growth are blossoming. So what are you waiting for?

Axway will help turn what you already have into brilliant digital customer experiences. It's time to

Open

Are you open?

Everything

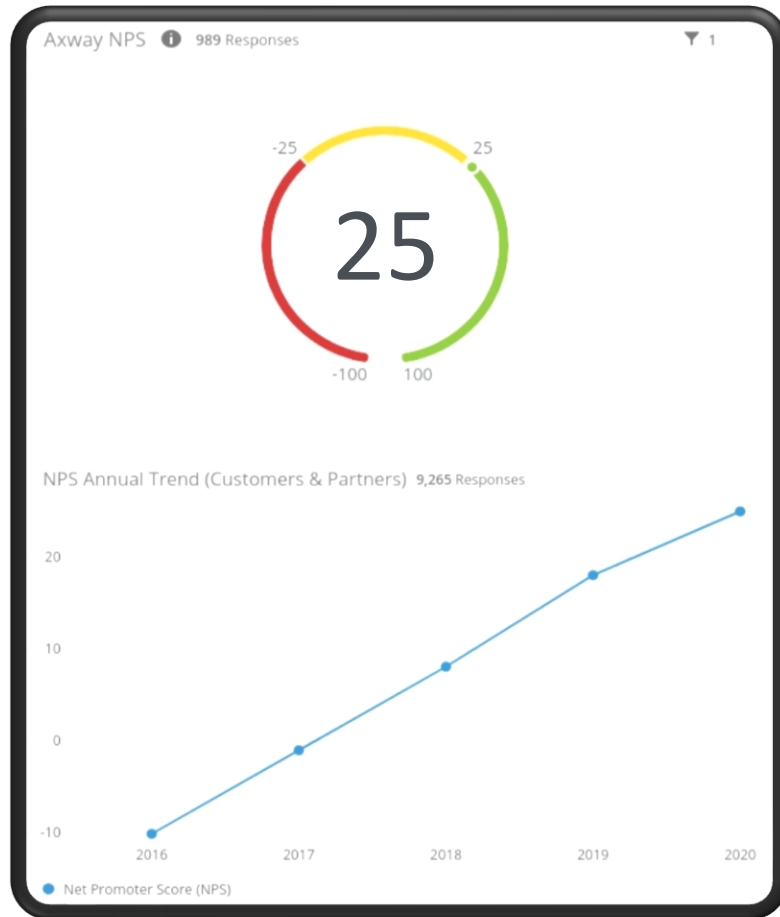




Roland Royer
Chief Customer Officer

Hyper focus on Customers

Building Success on Customer Experience



Net Promoter Score*

+38pts

in 2020 vs. 2017

Successful in land, expand and retain

In 2020

~92%

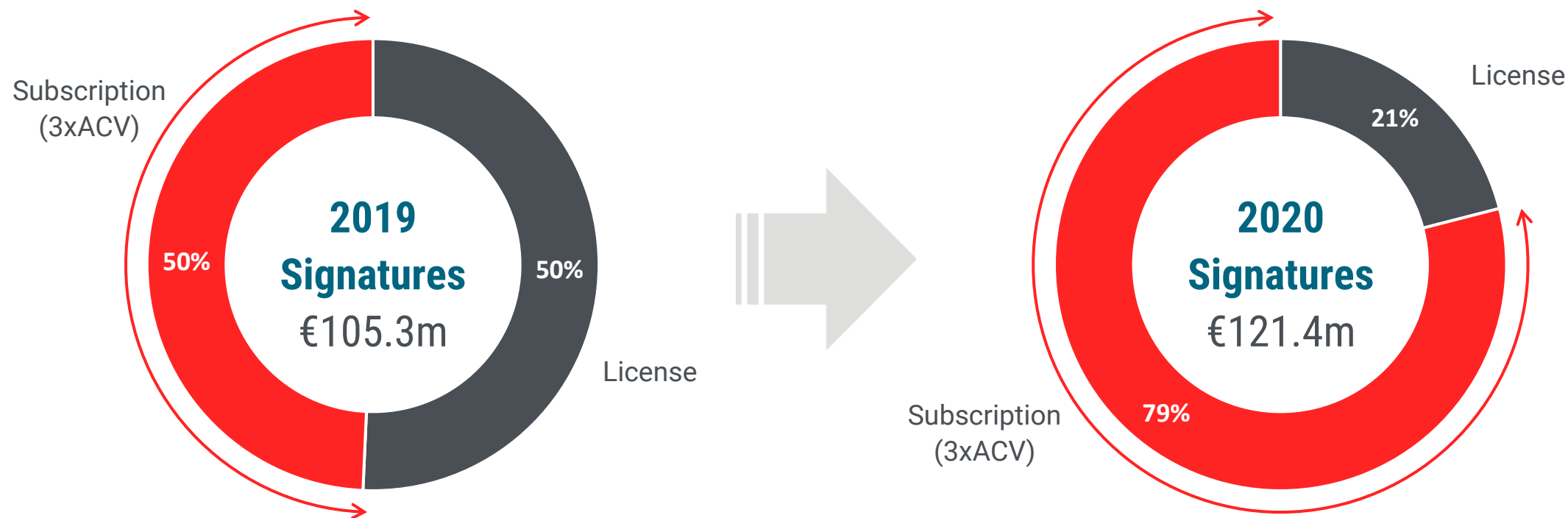
of signature* value with our customer base

In 2020

~90%

Renewal Success Rates

Accelerating the Transition to Subscription



Subscription share of signatures* up 29 points vs. 2019

Accelerating Amplify Share

Amplify-APIM Signatures*

License + (3xACV)

+30%

Amplify Signature Growth

24%

Amplify Signature Share

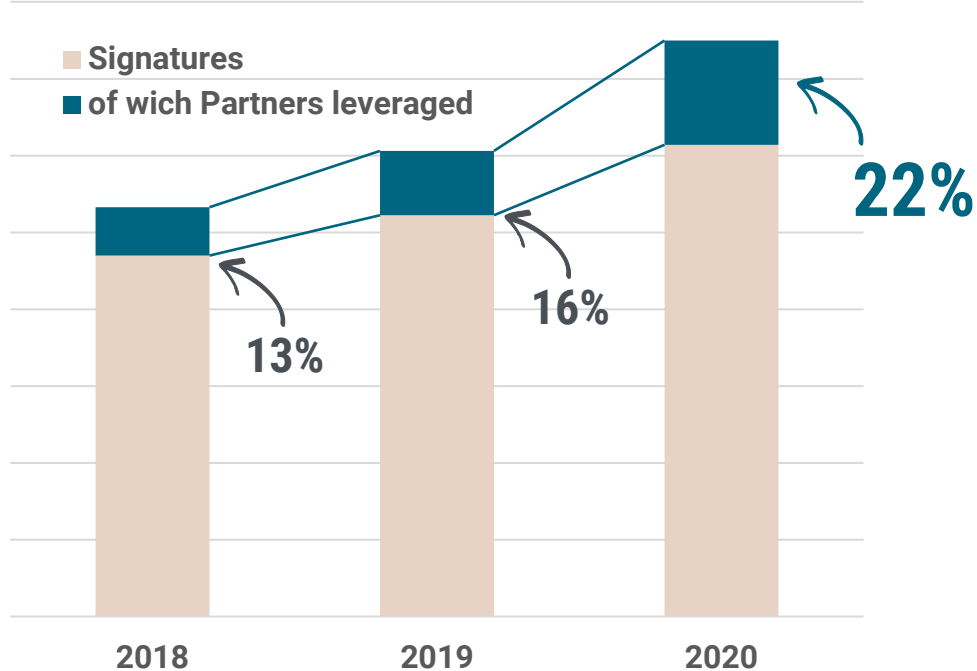
4

Amplify signatures > 1M€

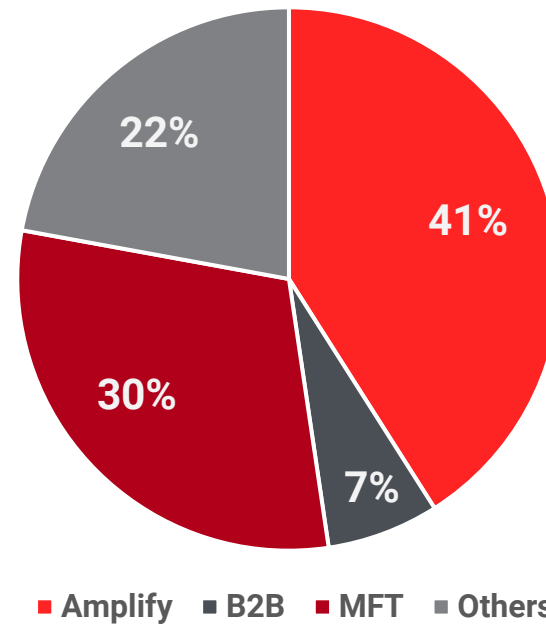
Accelerating Success with Partners

Partners leveraged signatures* grew from 13% to 22% in 3 years

Share of Partners leveraged signatures



Partners leveraged signatures by product



- 41% of Partners leveraged signatures made on Amplify
- Significant success of the “API Boost” program with Sopra Steria, generating a 3-digit signature growth vs. 2019

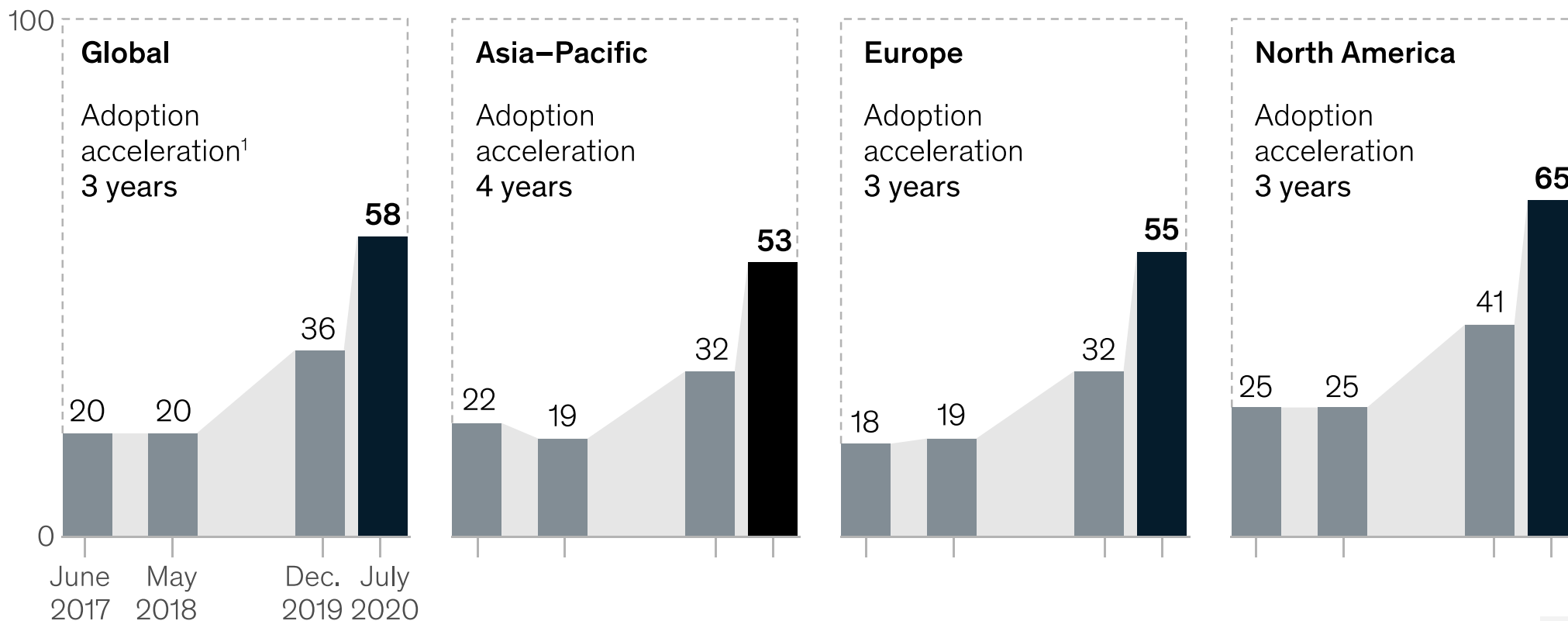
Moving on to 2021

McKinsey estimates that in 2020 the COVID-19 crisis accelerated the digitization of customers' interactions by several years

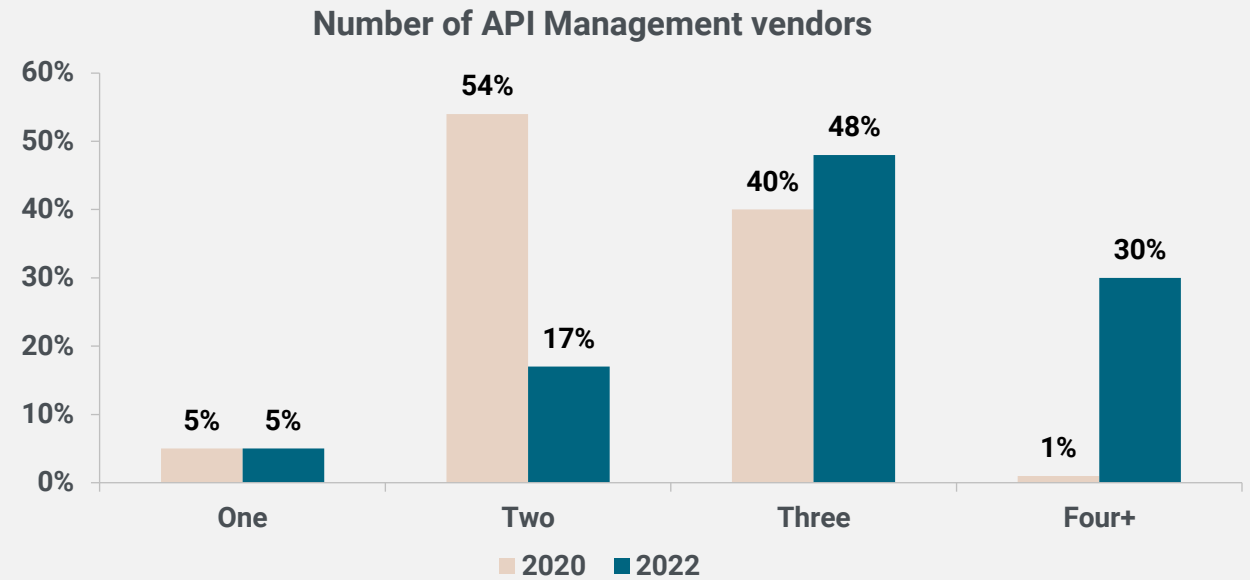
Average share of customer interactions that are digital, %

■ Precrisis

■ COVID-19 crisis



The trend of multiple API management solutions is here to grow



Source: IDC EMEA (2020) - API Management & Integration Survey

One game – Two plays

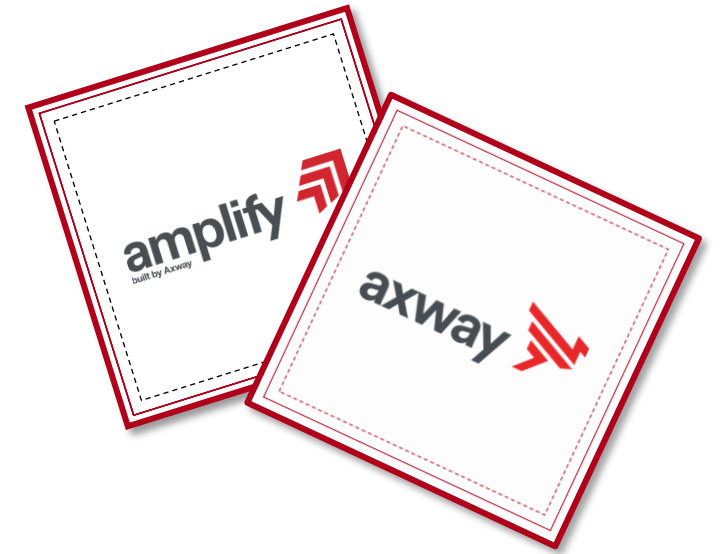


Staying even closer to our historical Customers with Key Account Managers and Customer Success Managers



A dedicated team of specialists to accelerate winning market share for Amplify-APIM Platform

Strengthened Brand & Awareness



One Game. Two plays.



Our path to growth



We continue to leverage
the trust of our customers



Our Amplify offering is
highly differentiated



We are well positioned for
the next three years

2020 Financial Results



Patrick Donovan
Chief Executive Officer

Full-Year 2020 – Income statement

In millions of euros

	2020		2019	
Revenue	297.2		300.0	
Cost of sales	87.6		88.4	
Gross Profit (% of Revenue)	209.7	70.5%	211.5	70.5%
Operating expenses	178.8		185.6	
<i>of which Sales and marketing</i>	92.9		99.1	
<i>of which Research and development</i>	60.4		61.3	
<i>of which General and administrative</i>	25.5		25.1	
Profit on operating activities	30.8	10.4%	25.9	8.6%
Profit from recurring operations	17.6	5.9%	14.6	4.9%
Operating profit	17.6	5.9%	14.3	4.8%
Income taxes	-5.1		-6.8	
Net profit (% of Revenue)	8.5	2.9%	5.4	1.8%
Basic earnings per share (in €)	0.40		0.25	

Organic Growth*

+0.5%

Total Growth

-0.9%

Profit on Op. Activities

€30.8m

or 10.4% of Rev.

Net Profit

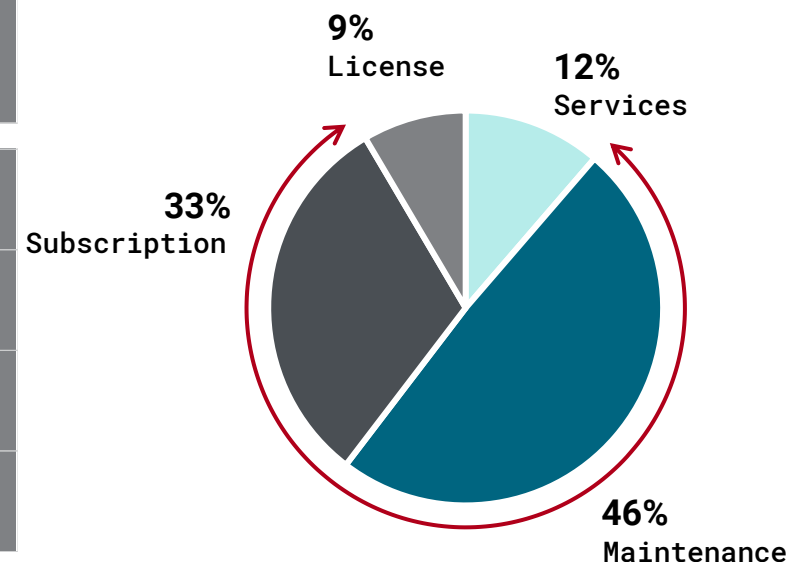
€8.5m

or €0.40 per share

Full-Year 2020 – Revenue by activity

[€m]	2020	2019 Restated*	2019 Reported	Total Growth	Organic Growth*
License	25.8	52.2	52.8	-51.2%	-50.6%
Subscription	97.3	58.7	59.6	+63.2%	+65.8%
Maintenance	138.2	144.7	146.7	-5.8%	-4.5%
Services	36.0	40.2	40.8	-11.9%	-10.6%
Axway	297.2	295.8	300.0	-0.9%	+0.5%

* Alternative performance measures are defined in the glossary at the end of this document



79% Recurring revenue
vs. 69% in 2019

- License under pressure while Subscription continues to grow from customer demand
- Maintenance under pressure with decreasing License and movement to Subscription
- Service revenue hit by COVID-19 challenges

Full-Year 2020 – License & Maintenance

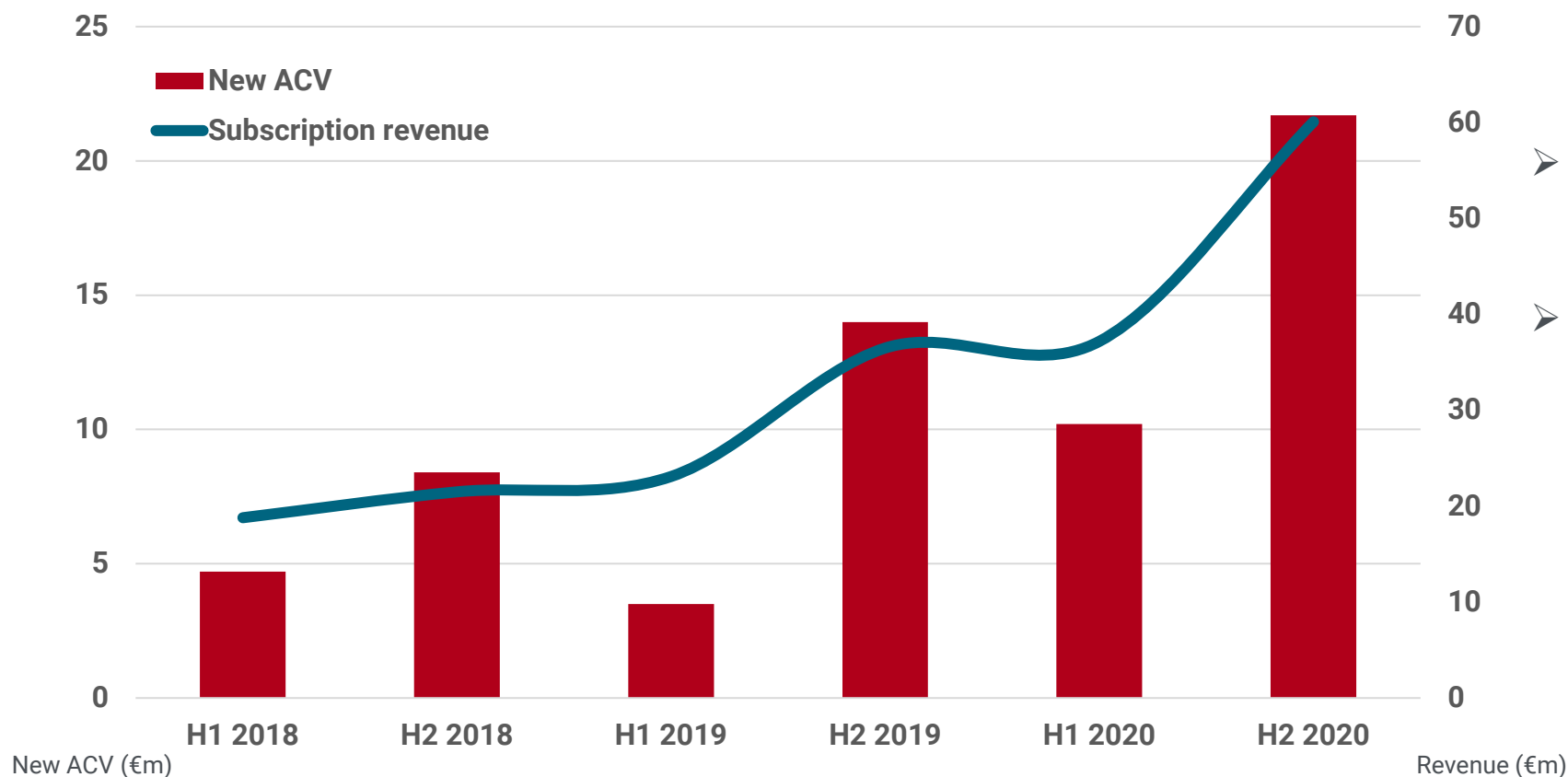
[€m]	2020	2019 Restated*	2019 Reported	Organic Growth*
License	25.8	52.2	52.8	-50.6%
<i>of which Q1 20</i>	<i>3.9</i>	<i>9.2</i>	<i>9.1</i>	<i>-57.4%</i>
<i>of which Q2 20</i>	<i>6.6</i>	<i>12.7</i>	<i>12.7</i>	<i>-48.2%</i>
<i>of which Q3 20</i>	<i>8.3</i>	<i>11.1</i>	<i>11.4</i>	<i>-25.7%</i>
<i>of which Q4 20</i>	<i>7.0</i>	<i>19.2</i>	<i>19.6</i>	<i>-63.5%</i>
Maintenance	138.2	144.7	146.7	-4.5%

* Alternative performance measures are defined in the glossary at the end of this document

- Our License model has been moving to Subscription at a rapid pace
- Although Maintenance revenue renewals were very strong, the conversion to Subscription and dropping License revenue caused a decrease in activity

In difficulties lies opportunities

New ACV* & Subscription Revenue Evolution (€m)



- Our customers are more consistently adopting the subscription models
- We can anticipate a continuous conversion of License/Maintenance into Subscription as we move forward over the next several years

Full-Year 2020 - Subscription

[€m]	2020	2019 Restated*	2019 Reported	Organic Growth*
Subscription	97.3	58.7	59.6	+65.8%
<i>of which Q1 20</i>	<i>15.7</i>	<i>11.1</i>	<i>10.9</i>	<i>+41.4%</i>
<i>of which Q2 20</i>	<i>21.5</i>	<i>12.4</i>	<i>12.3</i>	<i>+73.7%</i>
<i>of which Q3 20</i>	<i>21.9</i>	<i>12.9</i>	<i>13.4</i>	<i>+69.7%</i>
<i>of which Q4 20</i>	<i>38.1</i>	<i>22.2</i>	<i>23.0</i>	<i>+71.4%</i>

* Alternative performance measures are defined in the glossary at the end of this document

- Exceptionally strong Subscription growth over 2020
- Upfront revenue in Subscription was €44.3 million in 2020

Full-Year 2020 – Signature metric

[€m]	2020 Signatures Value	Weighting Factor	Weighted New Signatures
License	25.8	1x	25.8
New Subscription (ACV*)	31.9	3x	95.6

2020 Weighted Signatures	121.4
Organic Growth*	+15.2%

** Alternative performance measures are defined in the glossary at the end of this document*

- Strong ACV growth
- Continuing historical customer conversion
- Business model continually adopted by current and new customers

Main Balance Sheet items at 31/12/2020

Cash and equivalents

€16.2m

vs. €21.1m at 31/12/2019

DSO

95 days

vs. 77 days at 31/12/2019

Total assets

€559.3m

vs. €568.8m at 31/12/2019

Net debt

€24.0m

vs. €22.0m at 31/12/2019

Current deferred revenues

€54.7m

vs. €60.6m at 31/12/2019

Total equity

€355.5m

vs. €362.6m at 31/12/2019

Cash flows & Covenants at 31/12/2020

In millions of euros

	31/12/2020	31/12/2019
Net profit for the period	8.5	5.4
Change in operating working capital requirements	-23.7	-19.3
Net cash from operating activities	12.1	13.6
Free cash flow	-0.7	0.6
Net cash used in investing activities	-8.1	-5.2
Net cash used in financing activities	-7.9	-23.2
Net change in cash and cash equivalents	-4.9	-14.7
Opening cash position	21.1	35.8
Closing cash position	16.2	21.1

- Free cash flow was stable over the year and amounted to €-0.7 million in 2020 compared to €0.6 million in 2019

	31/12/2020	31/12/2019	31/12/2018
<u>EBITDA</u> Cost of debt (covenant > 5)	60.6	43.9	45.2
<u>Net debt</u> EBITDA (covenant < 3)	0.66	0.70	0.31
<u>Net debt</u> Equity (covenant < 1)	0.07	0.06	0.03

2021 Targets and future ambitions



Patrick Donovan
Chief Executive Officer



LIMITED VISIBILITY

HETEROGENEOUS SITUATION
ACROSS GEOGRAPHIES





“

For 2021, Axway's targets are

An organic revenue growth of between 2 and 4%

A profit on operating activities representing 11 to 13% of revenue

Unchanged medium-term ambition

Achieve **revenue of €500 million**
(Organic growth + M&A)

Return to **operating margin on business activity rates above 15%**
and gradually move towards 20%

Sustainably increase **earnings per share to above €1**

Next Events

UPCOMING

- **April 21, 2021:**
Publication of
Q1 2021 Revenue
- **May 25, 2021:**
2021 AGM
- **July 27, 2021:**
Publication of
2021 Half-Year Results

AXWAY'S 21-23 STRATEGY



will detail its 2021-2023 strategic plan on its first

CAPITAL MARKET MEETING

Q2 2021

Thank you!

Let's answer your questions

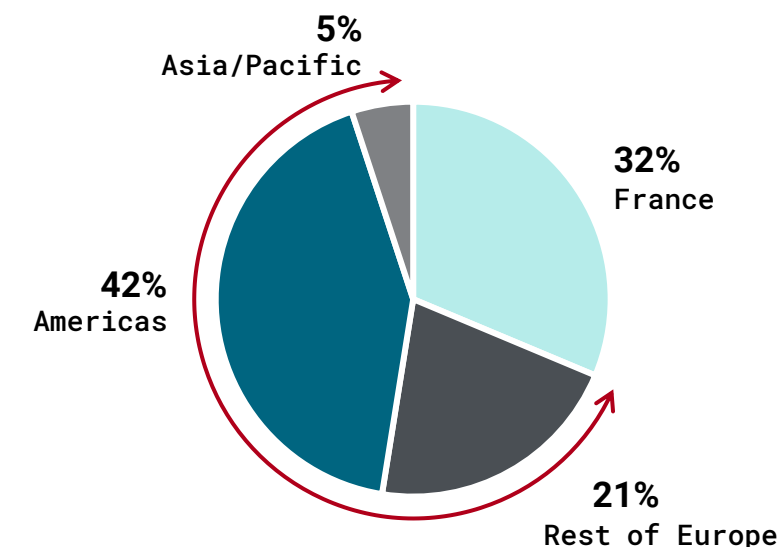


Appendices

Full-Year 2020 – Revenue by geography

[€m]	2020	2019 Restated*	2019 Reported	Total Growth	Organic Growth*
France	93.5	86.4	86.4	+8.2%	+8.2%
Rest of Europe	62.3	67.1	67.3	-7.3%	-7.1%
Americas	125.3	126.2	129.8	-3.5%	-0.7%
Asia/Pacific	16.1	16.1	16.5	-2.3%	+0.3%
Axway	297.2	295.8	300.0	-0.9%	+0.5%

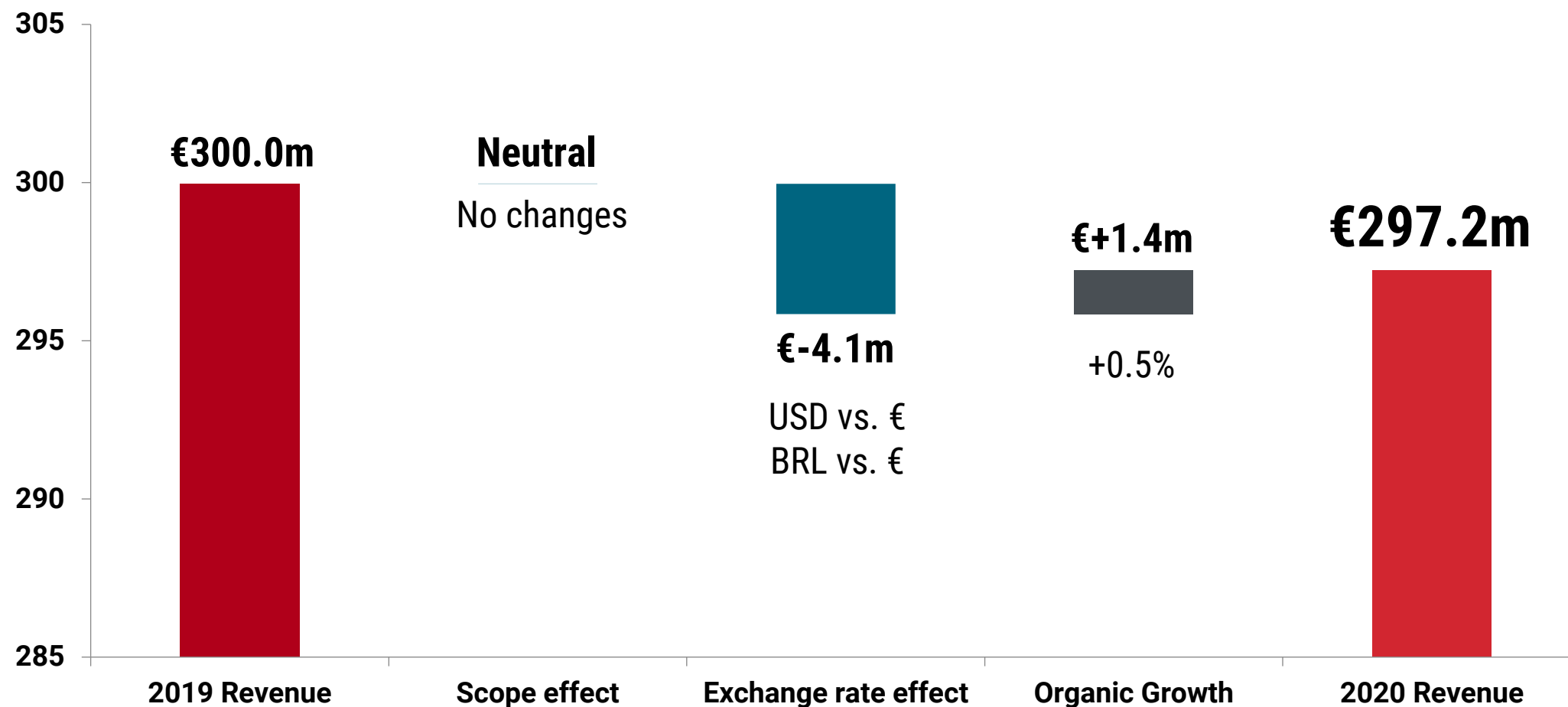
* Alternative performance measures are defined in the glossary at the end of this document



68% International revenue
vs. 71% in 2019

- France grew during the period thanks to years of deep customer relationships
- Americas and APAC remained stable and strong during this challenging year

Full-Year 2020 – Change in Revenue



Simplified Balance Sheet at 31/12/2020

In millions of euros

	31/12/2020	31/12/2019
Assets		
Goodwill	330.3	350.0
Non-current assets	422.9	442.7
Trade receivables	88.1	71.9
Other current assets	32.2	33.2
Cash and cash equivalents	16.2	21.1
Current assets	136.4	126.2
Total Assets	559.3	568.8
Equity and Liabilities		
Equity	355.5	362.6
Financial debt - long-term portion	37.3	39.2
Lease liabilities - long-term portion	32.2	22.9
Other non-current liabilities	13.1	13.6
Non-current liabilities	82.5	75.7
Financial debt - short-term portion	2.9	3.5
Lease liabilities - short-term portion	5.6	6.8
Deferred revenues	54.7	60.6
Other current liabilities	58.1	59.7
Current liabilities	121.4	130.6
Total Liabilities	203.9	206.2
Total Equity and Liabilities	559.3	568.8

- Cash and cash equivalents at €16.6 million
- DSO at 95 days, vs. 77 days at 31/12/2019
- €24.0 million net debt
- Current deferred revenues at €54.7 million

Changes in equity & Earnings per share at 31/12/2020

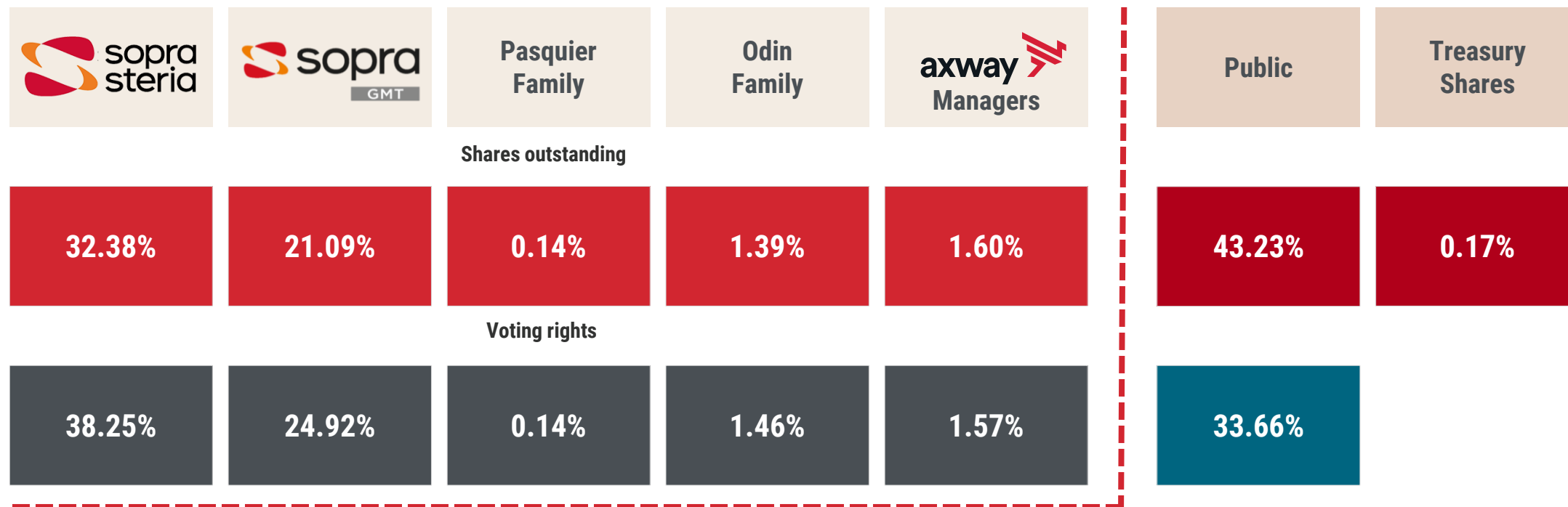
<i>In millions of euros</i>	31/12/2020	31/12/2019	31/12/2018
Equity at Beginning of Period	362.6	362.8	344.1
Profit for the period	8.5	5.4	11.0
Dividends	0.0	-8.5	-4.2
Capital increase	0.6	0.0	0.2
First-time application of IFRS16	0.0	-0.7	0.0
Other	4.2	0.8	1.0
Foreign exchange translation adjustments	-20.5	2.8	10.7
Equity at End of Period	355.5	362.6	362.8

<i>In €</i>	31/12/2020	31/12/2019
Net profit for the period	8.5	5.4
Weighted average number of shares excluding treasury shares	21,3M	21,2M
Basic earnings per share	0.40	0.25
Theoretical potential weighted average number of shares	22,4M	22,2M
Diluted earnings per share (in €)	0.38	0.24

Full-Year 2020 – Headcount

	31/12/2020	31/12/2019
France	483	466
Rest of Europe	835	831
Americas	501	526
Asia/Pacific	69	62
Axway	1 888	1 885

Shareholding structure at 31/12/2020



Shareholders' agreement
 56.60% of shares outstanding / 66.34% of voting rights

21,351,066 Shares outstanding
 36,143,461 Voting rights

Alternative performance measures

- Restated revenue: Revenue for the prior year, adjusted for the consolidation scope and exchange rates of the current year.
- Organic growth: Growth in revenue between the period under review and the prior period, restated for consolidation scope and exchange rate impacts.
- Growth at constant exchange rates: Growth in revenue between the period under review and the prior period restated for exchange rate impacts.
- ACV: *Annual Contract Value* – Annual contract value of a Subscription agreement.
- TCV: *Total Contract Value* – Full contracted value of a Subscription agreement over the contract term.
- Signature metric: Amount of License sales plus three times the annual contract value (3xACV) of new Subscription contracts signed over a given period.
- Net Signature metric: Signature metric net of the Maintenance attrition by migration to new Subscription contracts.
- Profit on operating activities: Profit from recurring operations adjusted for the non-cash share-based payment expense, as well as the amortization of allocated intangible assets.
- NPS: *Net Promoter Score* – Customer satisfaction and recommendation indicator for a company.
- Employee Engagement score: Measurement of employee engagement through an independent annual survey.