



# 2021 Half-Year Results

**Analysts Conference**

July 27, 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 Company highlights that signatures of its contracts, which 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 2020 Universal registration document filed with the French Financial Markets Authority (Autorité des Marchés Financiers, AMF) on March 18, 2021, under number D.21-0147.

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# 2021 Half-Year Results

## Agenda

1. Operational commentary on H1 2021
2. H1 2021 Financial Results
3. 2021 Targets and Ambition
4. Q&A Session



**Patrick Donovan**  
Chief Executive Officer



**Cécile Allmacher**  
Chief Financial Officer



# Operational commentary on H1 2021



Patrick Donovan  
Chief Executive Officer

# Vision & Mission

## AXWAY ENABLES ENTERPRISES TO SECURELY OPEN EVERYTHING

We believe that in order to create the most value for your customers, partners, and employees, you need to **Open Everything** by securely integrating and moving data across a complex world of old and new.



# Leveraging our strength

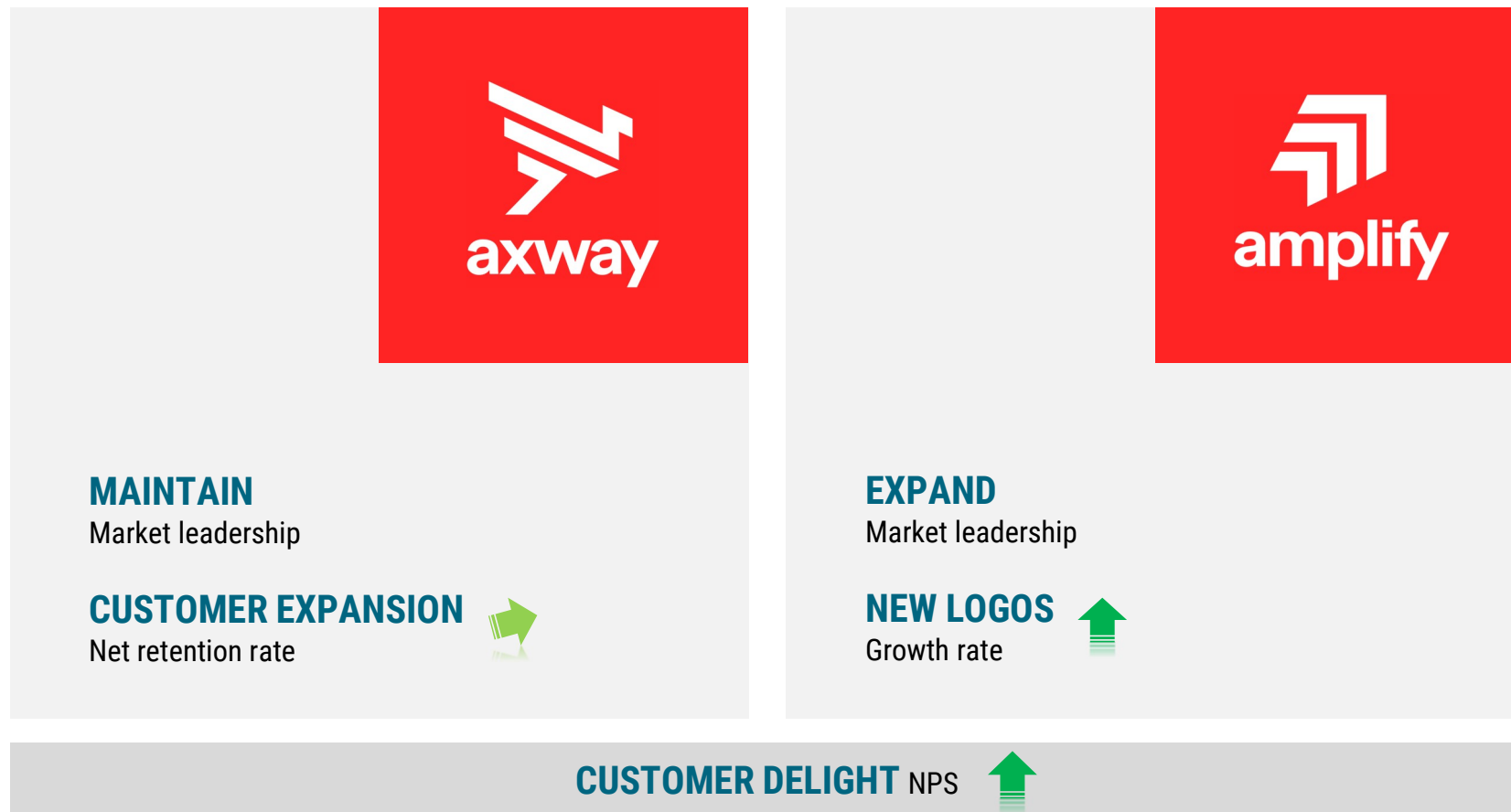


20-years of delivering value with our Core Solutions such as MFT, B2Bi, AISuite, Validation Authority and other specialized products



APIM based platform helping meet our customers needs and outcomes

# Deployment of the new strategy



# Driving operating excellence

**31 Net Promoter Score\***

compared to 25 at the end of 2020

**92% Renewal Rate**

in line with our historic Maintenance Renewal Rates

**15% Converted to Subscription**

supports strong increase in Subscription Revenue

**29% Signature Growth**

showing continued strong performance over 2020





# Early results of focused approach



- 20% Signature Growth
- 7% New and Cross-Sell Signatures



- 50% growth in new customers
- 51% Signature Growth

# Customer examples



15 year North American bank  
agreed to modernize MFT solution



Large German bank expands  
significantly its capabilities and  
usage with their API first approach

# Effective marketing investments

## SUMMIT LEVEL UP

- 900+ customer and partner attendees
- €1.5m pipeline created (to date),  
32% of marketing funnel engaged
- Event NPS = 49



- 13% increase in non-paid web visits
- 100+ customer peer reviews posted
- 20% increase in market awareness

## Dynamic start to the year

**€138.4m Revenue**

compared to €136.6 million in H1 2020, an organic\* growth of 5.2%

**7.6% Profit on Operating activities**

or €10.5m, compared to €2.5m (1.9%) in H1 2020

**+45.0% Subscription Growth**

or €51.8m vs. €35.7m in H1 2020

**+40.6% ACV Growth**

or €14.3m vs. €10.2m in H1 2020



# H1 2021 Financial Results



**Cécile Allmacher**  
Chief Financial Officer

# Half-Year 2021 – Income Statement

*In millions of euros*

	H1 2021		H1 2020	
<b>Revenue</b>	<b>138.4</b>		<b>136.6</b>	
Cost of sales	42.7		47.3	
<b>Gross Profit (% of Revenue)</b>	<b>95.7</b>	69.1%	<b>89.3</b>	65.4%
Operating expenses	85.1		86.8	
<i>of which Sales and marketing</i>	43.3		43.5	
<i>of which Research and development</i>	29.0		30.4	
<i>of which General and administrative</i>	12.9		12.9	
<b>Profit on operating activities</b>	<b>10.5</b>	7.6%	<b>2.5</b>	1.9%
<b>Profit from recurring operations</b>	<b>5.0</b>	3.6%	<b>-3.7</b>	-2.7%
<b>Operating profit</b>	<b>3.1</b>	2.3%	<b>-3.7</b>	-2.7%
Income taxes	-1.1		0.2	
<b>Net profit (% of Revenue)</b>	<b>1.8</b>	1.3%	<b>-6.0</b>	-4.4%
Basic earnings per share (in €)	0.08		-0.28	

Organic Growth\*

**+5.2%**

Total Growth

**+1.3%**

Profit on Op. Activities

**€10.5m**

or 7.6% of Rev.

Net Profit

**€1.8m**

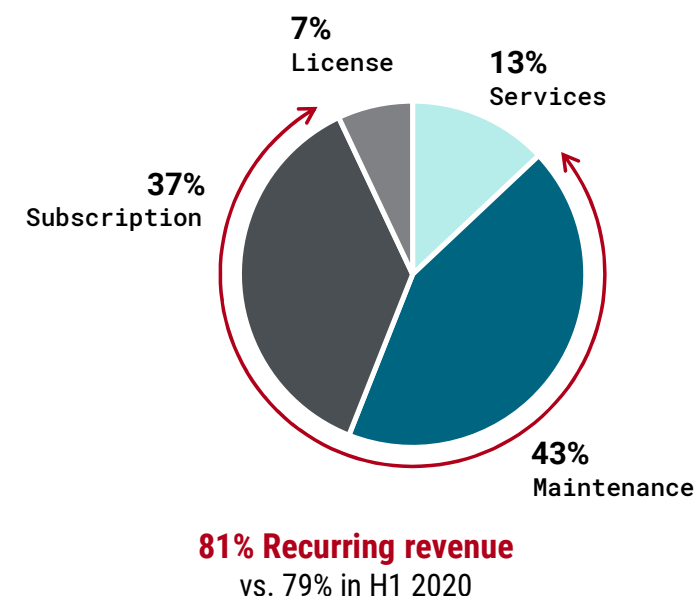
or €0.08 per share

# Half-Year 2021 - Revenue by activity

[€m]	H1 2021	H1 2020 Restated*	H1 2020 Reported	Total Growth	Organic Growth*
License	9.3	10.0	10.5	-11.6%	-7.5%
Subscription	51.8	35.7	37.2	+39.1%	+45.0%
Maintenance	60.0	68.2	70.7	-15.1%	-12.0%
Services	17.3	17.6	18.2	-4.5%	-1.5%
<b>Axway</b>	<b>138.4</b>	<b>131.6</b>	<b>136.6</b>	<b>+1.3%</b>	<b>+5.2%</b>

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

- Strong growth in the Subscription activity for more than 3 years
- Maintenance under pressure with decreasing License and migration to Subscription
- Services almost stable, with very different situations across geographies



# Half-Year 2021 - License & Maintenance

[€m]	H1 2021	H1 2020 Restated*	H1 2020 Reported	Organic Growth*
<b>License</b>	<b>9.3</b>	<b>10.0</b>	<b>10.5</b>	<b>-7.5%</b>
<i>of which Q1 21</i>	<i>3.8</i>	<i>3.7</i>	<i>3.9</i>	<i>+2.8%</i>
<i>of which Q2 21</i>	<i>5.4</i>	<i>6.3</i>	<i>6.6</i>	<i>-13.7%</i>
<b>Maintenance</b>	<b>60.0</b>	<b>68.2</b>	<b>70.7</b>	<b>-12.0%</b>

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

- After benefiting from a favorable basis of comparison in Q1, the License activity was again under pressure in Q2
- As anticipated, Maintenance activity is down significantly due to lower License sales and the migration of value to Subscription



# Half-Year 2021 - Subscription

[€m]	H1 2021	H1 2020 Restated*	H1 2020 Reported	Organic Growth*
<b>Subscription</b>	<b>51.8</b>	<b>35.7</b>	<b>37.2</b>	<b>+45.0%</b>
<i>of which Q1 21</i>	<i>23.7</i>	<i>14.8</i>	<i>15.7</i>	<i>+59.6%</i>
<i>of which Q2 21</i>	<i>28.1</i>	<i>20.9</i>	<i>21.5</i>	<i>+34.6%</i>

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

- **Very strong Subscription growth over H1 2021**
- **Upfront revenue in Subscription was €22.4m vs. €11.8m in H1 2020**

# Half-Year 2021 - Signature Metric

[€m]	H1 2021 Signatures Value	Weighting Factor	Weighted New Signatures
License	9.3	1x	9.3
New Subscription (ACV*)	14.3	3x	42.9
<b>H1 2021 Weighted Signatures</b>	<b>52.2</b>		
<b>Organic Growth*</b>	<b>+ 28.7%</b>		

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

- Strong Signature Metric organic growth over H1 2021
- Strong ACV confirming the move to the subscription business model

# Main Balance Sheet items at 30/06/2021

Cash and equivalents

**€23.7m**

vs. €16.2m at 31/12/2020

DSO

**94 days**

vs. 70 days at 30/06/2020

Total assets

**€561.3m**

vs. €559.3m at 31/12/2020

Net debt

**€15.2m**

vs. €24.0m at 31/12/2020

Current deferred revenues

**€74.4m**

vs. €60.6m at 31/12/2020

Total equity

**€359.6m**

vs. €355.5m at 31/12/2020

# Cash flows & Covenants at 30/06/2021

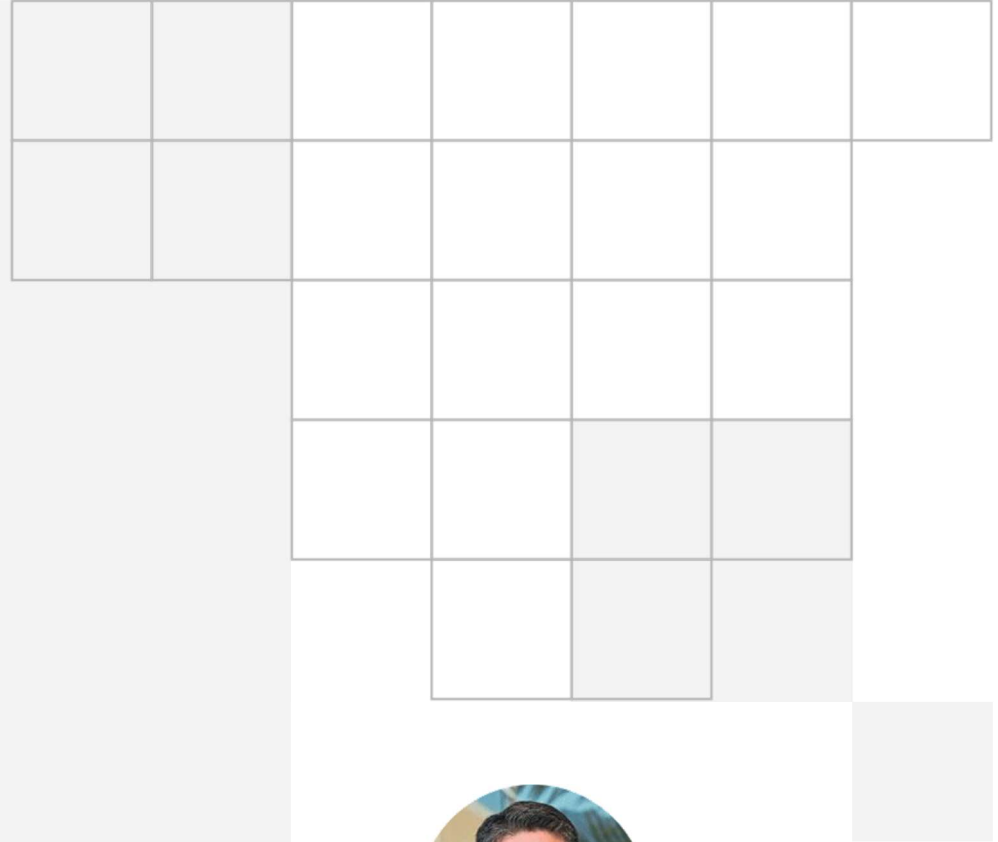
In millions of euros	30/06/2021	30/06/2020
<b>Net profit for the period</b>	1.8	-6.0
<b>Change in operating working capital requirements</b>	7.5	5.0
Net cash from operating activities	22.3	10.6
<b>Free cash flow</b>	<b>16.1</b>	<b>4.9</b>
Net cash used in investing activities	-2.6	-1.7
Net cash used in financing activities	-12.5	-5.2
<b>Net change in cash and cash equivalents</b>	<b>7.6</b>	<b>3.3</b>
Opening cash position	16.2	21.1
<b>Closing cash position</b>	<b>23.7</b>	<b>24.3</b>

- Free cash flow at June 30, 2021, was €16.1m, up €11.2m vs. H1 2020 (€4.9m)

	30/06/2021	31/12/2020	30/06/2020
<b>EBITDA</b> Cost of debt (covenant > 5)	66.6	60.6	106.8
<b>Net debt</b> EBITDA (covenant < 3)	0.41	0.66	0.50
<b>Net debt</b> Equity (covenant < 1)	0.04	0.07	0.05



# 2021 Targets and Ambition



Patrick Donovan  
Chief Executive Officer



## LIMITED VISIBILITY

HETEROGENEOUS SITUATION  
ACROSS GEOGRAPHIES





**Axway confirms its targets for 2021 :**  
**Organic revenue growth of between 2% and 4%**  
**Profit on operating activities representing 11% to 13% of revenue**

# Medium-term ambition

## 2021 Guidance

**Organic Revenue Growth  
between +2% and +4%**

**Profit on Operating Activities  
between 11% to 13% of total revenue**

## 2023 Ambition

**Revenue  $\geq$  €500 million**  
(including M&A)

**Profit on Operating Activities  $\geq$  15%**

**Earnings per share  $\geq$  €1**





# Thank you!

## Let's answer your questions

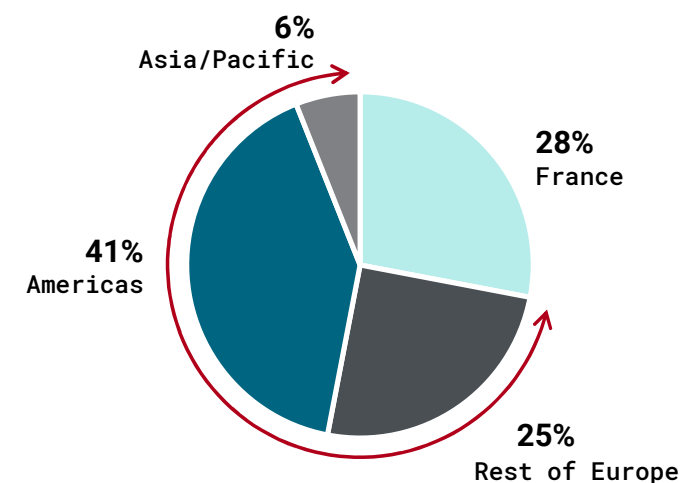


# Appendices

# Half-Year 2021 - Revenue by geography

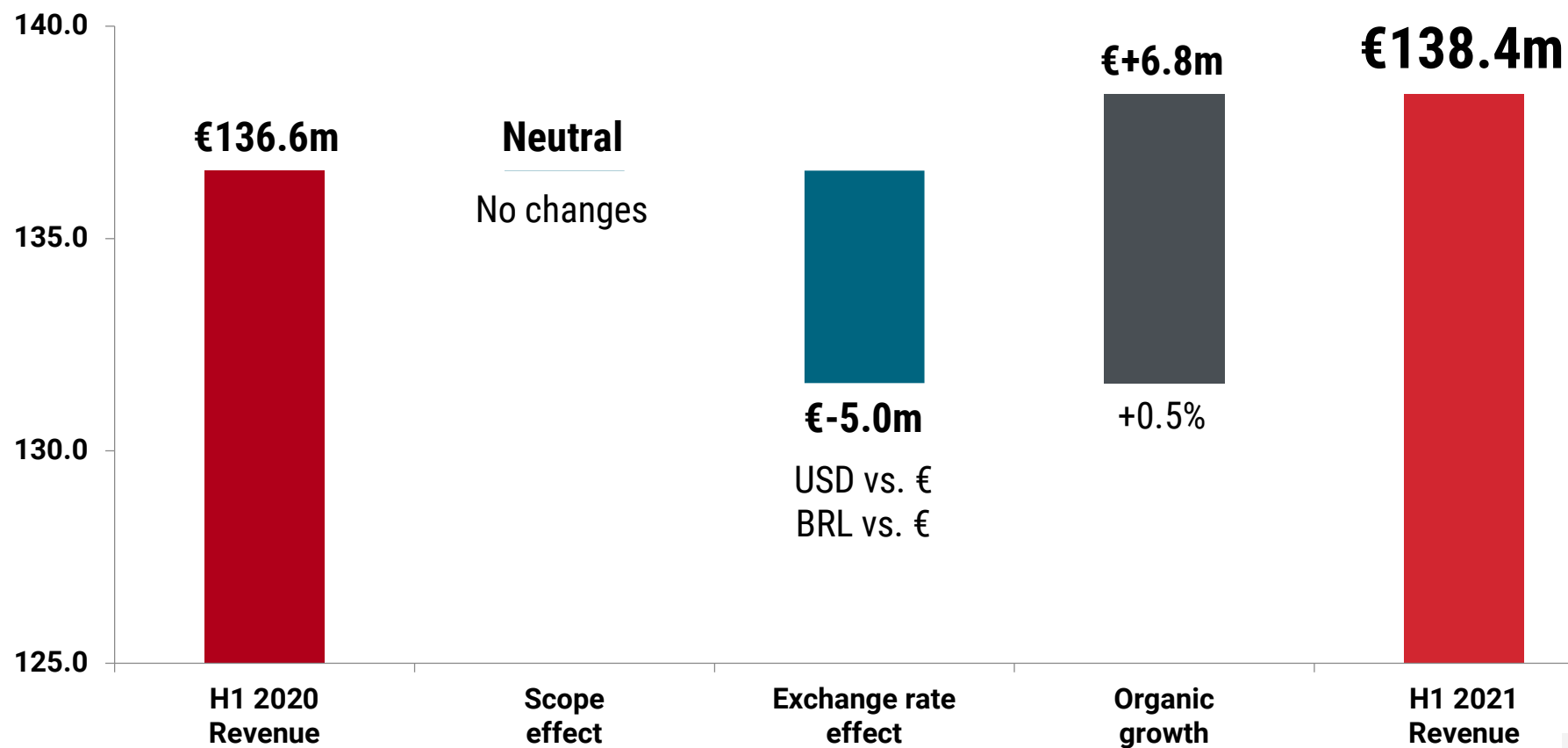
[€m]	H1 2021	H1 2020 Restated*	H1 2020 Reported	Total Growth	Organic Growth*
France	39.4	40.9	40.9	-3.7%	-3.7%
Rest of Europe	33.9	29.7	29.6	+14.8%	+14.2%
Americas	57.1	54.1	59.3	-3.7%	+5.6%
Asia/Pacific	8.0	6.9	6.9	+16.7%	+16.3%
<b>Axway</b>	<b>138.4</b>	<b>131.6</b>	<b>136.6</b>	<b>+1.3%</b>	<b>+5.2%</b>

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



**72% International revenue**  
vs. 70% in H1 2020

# Half-Year 2021 - Change in Revenue



# Simplified Balance Sheet at 30/06/2021

*In millions of euros*

	30/06/2021	30/06/2020
<b>Assets</b>		
Goodwill	337.3	350.6
<b>Non-current assets</b>	<b>424.6</b>	<b>437.2</b>
Trade receivables	86.0	64.7
Other current assets	27.0	38.5
Cash and cash equivalents	23.7	24.3
<b>Current assets</b>	<b>136.7</b>	<b>127.5</b>
<b>Total Assets</b>	<b>561.3</b>	<b>564.6</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>	<b>359.6</b>	<b>360.1</b>
Financial debt - long-term portion	36.8	39.2
Lease liabilities - long-term portion	29.3	20.8
Other non-current liabilities	14.1	13.5
<b>Non-current liabilities</b>	<b>80.2</b>	<b>73.5</b>
Financial debt - short-term portion	2.1	2.8
Lease liabilities - short-term portion	6.1	6.2
Deferred revenues	72.3	76.5
Other current liabilities	41.0	45.5
<b>Current liabilities</b>	<b>121.5</b>	<b>131.1</b>
<b>Total Liabilities</b>	<b>201.7</b>	<b>204.6</b>
<b>Total Equity and Liabilities</b>	<b>561.3</b>	<b>564.6</b>

- Cash and cash equivalents at €23.7 million
- DSO at 94 days, vs. 70 days at 30/06/2020
- €15.2 million net debt
- Current deferred revenues at €74.4 million

# Changes in equity & Earnings per share at 30/06/2021

*In millions of euros*

	30/06/2021	30/06/2020	31/12/2020
<b>Equity at Beginning of Period</b>	<b>355.5</b>	<b>362.6</b>	<b>362.6</b>
Profit for the period	1.8	-6.0	8.5
Dividends	-8.6	-	0.0
Capital increase	1.2	0.2	0.6
Other	2.7	1.5	4.2
Foreign exchange translation adjustments	7.1	1.9	-20.5
<b>Equity at End of Period</b>	<b>359.6</b>	<b>360.1</b>	<b>355.5</b>

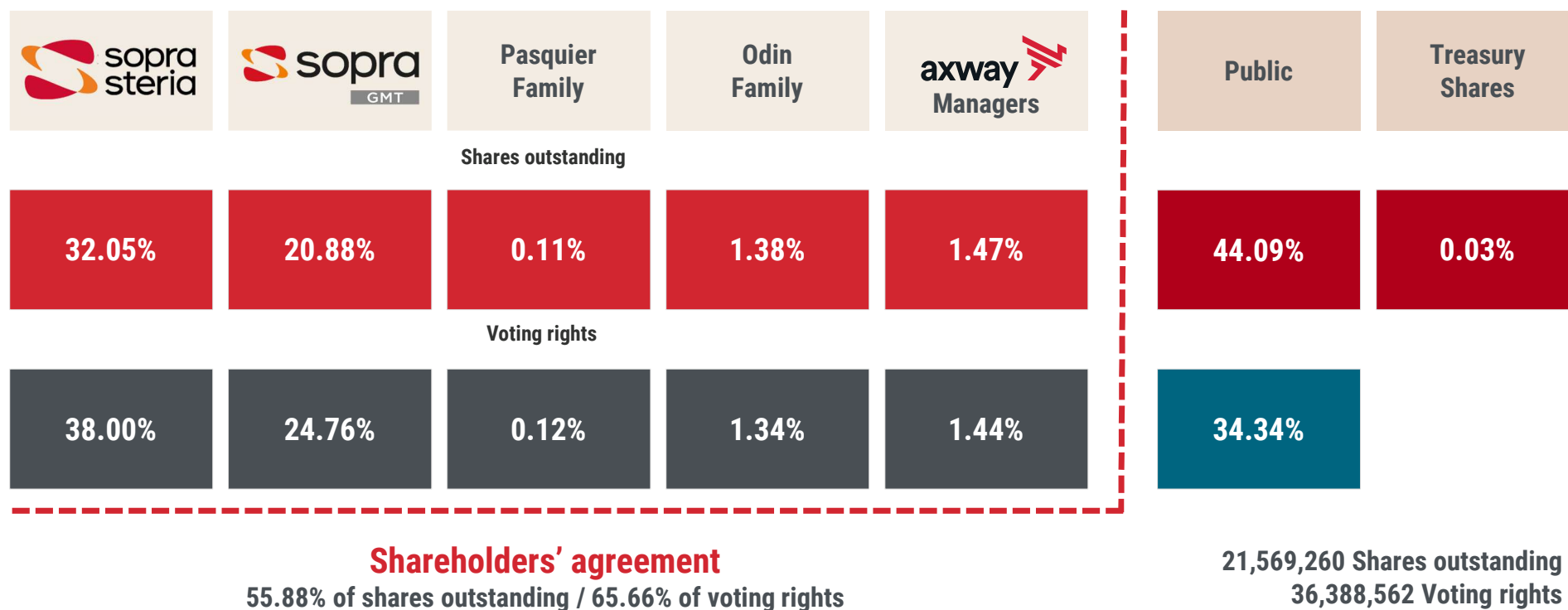
*In €*

	30/06/2021	30/06/2020
<b>Net profit for the period</b>	<b>1.8</b>	<b>-6.0</b>
Weighted average number of shares excluding treasury shares	21,46M	21,27M
<b>Basic earnings per share</b>	<b>0.08</b>	<b>-0.28</b>
Theoretical potential weighted average number of shares	22,35M	22,08M
<b>Diluted earnings per share (in €)</b>	<b>0.08</b>	<b>-0.27</b>

# Half-Year 2021 - Headcount

	30/06/2021	31/12/2020
France	473	483
Rest of Europe	771	835
Americas	485	501
Asia/Pacific	67	69
<b>Axway</b>	<b>1 796</b>	<b>1 888</b>

# Shareholding structure at 30/06/2021





# 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.