

Contacts

Investor Relations: Arthur Carli – +33 (0)1 47 17 24 65 – acarli@axway.com

Press Relations: Sylvie Podetti – +33 (0)1 47 17 22 40 – spodetti@axway.com

Press Release
Paris, October 20, 2021**Axway Software:
Q3 2021 revenue of €69.8 million, in line with annual targets**

- Year to date revenue of €208.2 million up 2.0% organically¹, Q3 revenue down 3.8% to €69.8 million
- Subscription activity up 27.2% organically in the quarter
- New subscription ACV up 5.2% to €8.5 million in Q3 2021
- Signature metric up 13.1% year to date
- Continued recognition of Axway's global leadership in the API management market

In Q3 2021, Axway (Euronext: AXW.PA) saw its business slow down slightly compared to the previous year. While the company achieved its planned sales performance for the quarter, it suffered from the high basis of comparison established in Q3 2020. The new growth in Subscription activity over Q3 2021 was not sufficient to offset the contraction in License, Maintenance and Service activities. This forecasted slowdown in quarterly activity just confirms the company's annual growth and profitability targets.

Axway continued to deploy its new strategy based on two pillars: its core products (MFT, B2B, AIS and other specialized solutions) and its API management offering, Amplify. During the quarter, the company was able to maintain a historically high level of satisfaction among its existing customers while continuing to make progress in winning new Amplify customers. At the same time, Amplify's pipeline continued to strengthen. While major investments in marketing are still underway, Axway's ambition is to achieve normative growth above market levels for its most buoyant activity, API management.

At the end of September, the excellence of Axway's products and practices in this field was once again recognized by one of the industry's leading research firms². For the sixth time in its history, Axway has been named one of the global market leaders in API management. This recognition, which is of significant business importance, recognizes the company's execution and vision through its Amplify offering. With the Amplify platform, Axway supports its customers' digital transformation objectives by helping them securely open their systems and data to enable the creation of new experiences and access to new markets.

Patrick Donovan, Axway's Chief Executive Officer, said:

"As previously communicated, following a robust H1 2021, we were anticipating a soft Q3 compared to the strong performance of the previous year. The rebound observed in Q3 2020, when the global health situation was gradually improving, represented a high comparison basis for Axway. I am nevertheless satisfied with the reliability of our sales forecasts, which are improving year after year and enable us to better anticipate this type of situation by providing us with greater visibility. As often in the software industry, our performance in the fourth quarter will be important in achieving our annual objectives. We are confidently moving towards this deadline, with a stronger pipeline and a sales organization aligned with our new strategy. Over 9 months, the number of new customers convinced by the Amplify offer is already up by 37% compared to fiscal year 2020, while signatures are up 49%. These trends and the new recognition from market analysts confirm the relevance of our efforts to consolidate our leadership in the API space and reinforce our vision to open everything in our customers' information systems to turn their data into a real competitive advantage."

¹ See Glossary and Alternative Performance Measures

² Gartner, Magic Quadrant for Full Life Cycle API Management, Shameen Pillai | Kimihiko Iijima | Mark O'Neill | John Santoro | Akash Jain | Fintan Ryan, September 28, 2021. [To learn more and access the study click here](#)

Comments on Q3 2021 activity

Axway Software: Consolidated revenue

3 rd Quarter 2021 (€m)	Q3 2021	Q3 2020 Restated*	Q3 2020 Reported	Total Growth	Organic Growth	Constant Currency Growth
Revenue	69.8	72.6	72.8	-4.1%	-3.8%	-3.8%

* Revenue at 2021 scope and exchange rates

Axway's revenue for Q3 2021 was €69.8 million, representing an organic decline of 3.8%. Currency fluctuations had a negative impact of €0.2 million on quarterly revenue, mainly due to the depreciation of the Brazilian real against the euro over the period. Overall, the company's revenue was down 4.1% for the quarter.

Axway Software: Revenue by business line

3 rd Quarter 2021 (€m)	Q3 2021	Q3 2020 Restated*	Q3 2020 Reported	Total Growth	Organic Growth
License	4.7	8.1	8.3	-42.8%	-41.3%
Subscription	27.8	21.9	21.9	26.9%	27.2%
Maintenance	29.5	33.7	33.6	-12.2%	-12.5%
Services	7.7	8.9	8.9	-13.5%	-13.4%
Axway Software	69.8	72.6	72.8	-4.1%	-3.8%

* Revenue at 2021 scope and exchange rates

Revenue from the **License** activity amounted to €4.7 million in Q3 2021 (7% of total revenue), an organic decrease of 41.3%. The decline during the quarter is explained by a significant slowdown in order intake for certain Axway security offerings in the US federal market. As a result of the general transition to subscription-based contracts, Axway anticipates a decline in License revenue over 10% for the full year.

Subscription activity once again posted significant growth in Q3 2021, with organic growth of 27.2% thanks to revenue of €27.8 million (40% of total revenue). The total growth of the activity amounted to 26.9% over the period. During the quarter, the annual contract value (ACV) of new subscription contracts signed reached €8.5 million, up 5.2% compared to Q3 2020.

Given these factors, the Signature Metric was down 6.4% in Q3 2021. However, over the first nine months of the year, it grew by 13.1%. The Net Signature Metric, adjusted for Maintenance attrition, was up 8.7% for the first 9 months of the year.

Maintenance activity generated revenue of €29.5 million in Q3 2021 (42% of total revenue), an organic decline of 12.5% compared to the previous year. In line with the company's forecasts and in continuity with the first six months of the year, this trend is explained by the decrease in license sales and the migration of part of the revenue to the Subscription activity. As a reminder, Axway expects annual revenue of this activity to decline just over 10%.

In Q3 2021, Axway's recurring revenue, which includes Subscription and Maintenance activities, represented 82% of total revenue, or €57.3 million. This includes €11.5 million of upfront revenue recognized on the signature of subscription contracts.

Services revenue decreased organically by 13.4% in the quarter, to €7.7 million, or 11% of total revenue. While the situation remains very heterogeneous depending on the country, overall, the activity suffered from the decrease in new license sales to which it is directly linked.

Axway Software: Revenue by geographic area

3 rd Quarter 2021 (€m)	Q3 2021	Q3 2020 Restated*	Q3 2020 Reported	Total Growth	Organic Growth
France	19.3	20.3	20.3	-4.9%	-4.9%
Rest of Europe	14.0	14.3	14.2	-0.9%	-2.1%
Americas	32.2	32.8	33.2	-2.9%	-1.7%
Asia/Pacific	4.3	5.2	5.2	-17.1%	-17.9%
Axway Software	69.8	72.6	72.8	-4.1%	-3.8%

* Revenue at 2021 scope and exchange rates

France reported revenue of €19.3 million (28% of total revenue) in Q3 2021, an organic decrease of 4.9%. While the country showed sustained growth over the same period a year earlier, this year, the increase in Subscription activity was not sufficient to compensate for the decline in Maintenance and Services.

With revenue of €14.0 million (21% of total revenue), the **Rest of Europe** region experienced an organic decline of 2.1% in Q3 2021. Over the period, a significant lengthening of sales cycles was observed, in particular due to post-crisis reorganizations at several major clients and prospects whose markets were severely disrupted. Operationally, in Germany, the United Kingdom and Southern Europe, Axway continued to improve its positioning by concluding new partnerships with specialized distributors and by strengthening its sales teams.

The **Americas** (USA & Latin America) generated revenue of €32.2 million (46% of total revenue) in Q3 2021, a slight organic decline (-1.7%). While in Brazil the Open Banking initiatives are bearing fruit and have significantly accelerated Amplify signatures, in the USA, where the sales team has now stabilized, activity has remained largely sustained by the migration of major clients to Subscription models.

After a dynamic start to the year, the **Asia/Pacific** region, and more particularly Australia, suffered from new strict lockdown measures in Q3 2021. These measures largely affected the signing of new contracts and the building of the business pipeline. As a result, Axway's revenue for the period totaled €4.3 million (6% of total revenue), representing an organic decline of 17.9%.

Financial position at September 30, 2021

At September 30, 2021, Axway had cash of €18.5 million and net debt of €29.7 million.

Axway highlights that, if necessary, it has access to unutilized financing capacity under its existing revolving credit facility.

2021 Targets & Outlook

For 2021, Axway confirms its objective of achieving organic revenue growth of between 2% and 4%. The company also confirms that it is aiming to improve its profitability with an operating margin of between 11% and 13% of revenue for the year.

In the medium term, Axway's ambitions remain:

- to achieve revenue of €500 million through organic growth in sales and acquisitions
- to return to operating margin on business activity rates above 15% and gradually move towards 20%
- to sustainably increase earnings per share to above €1

Financial calendar

Tuesday, February 22, 2022, after close of trading: Publication of 2021 Full-Year Results.

Tuesday, February 22, 2022, 6.30 p.m. (UTC+1): 2021 Full-Year Results Virtual Analyst Conference.

Glossary and 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.

Disclaimer

This press release contains forward-looking statements that may be subject to various risks and uncertainties concerning the Axway's growth and profitability, notably in the event of future acquisitions. Axway highlights that signature of contracts, which represent investments for customers, are more significant in the second half of the year and may therefore have a more or less favorable impact on full-year performance. In addition, Axway notes that potential acquisition(s) could also impact this financial data. 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. The distribution of this document in certain countries may be subject to prevailing laws and regulations. Natural persons present in these countries and in which this document is disseminated, published, or distributed, should obtain information about such restrictions, and comply with them.

About Axway

Axway (Euronext: AXW.PA) empowers customers to succeed using hybrid integration to connect people, systems, businesses, and digital ecosystems. Axway's hybrid integration platform, Amplify, helps enterprise power users, IT specialists, developers, and partners accelerate digital transformation, create captivating experiences, and innovate new services. Amplify speeds integrations by combining traditional integration patterns with API Management and Application Integration (providing over 150 prebuilt connectors). Over 11,000 organizations in 100 countries rely on Axway for their data integration challenges. To learn more, visit www.investors.axway.com/en

Appendices

Axway Software: Revenue by business line

YTD - 9 Months 2021 (€m)	9M 2021	9M 2020 Restated*	9M 2020 Reported	Total Growth	Organic Growth
License	14.0	18.1	18.8	-25.4%	-22.6%
Subscription	79.6	57.6	59.2	34.6%	38.2%
Maintenance	89.5	101.9	104.3	-14.2%	-12.2%
Services	25.1	26.5	27.1	-7.5%	-5.5%
Axway Software	208.2	204.2	209.4	-0.5%	2.0%

Axway Software: Revenue by geographic area

YTD - 9 Months 2021 (€m)	9M 2021	9M 2020 Restated*	9M 2020 Reported	Total Growth	Organic Growth
France	58.6	61.1	61.1	-4.1%	-4.1%
Rest of Europe	48.0	44.1	43.7	9.7%	8.9%
Americas	89.3	86.8	92.5	-3.4%	2.8%
Asia/Pacific	12.3	12.1	12.0	2.2%	1.5%
Axway Software	208.2	204.2	209.4	-0.5%	2.0%

* Revenue at 2021 scope and exchange rates

Axway Software: Impact on revenue of changes in scope and exchange rates

YTD - 9 months 2021 (€m)	9M 2021	9M 2020	Growth
Revenue	208.2	209.4	-0.5%
Changes in exchange rates		-5.2	
Revenue at constant exchange rates	208.2	204.2	2.0%
Changes in scope		+0.0	
Revenue at constant scope and exchange rates	208.2	204.2	2.0%

Axway Software: Changes in exchange rates

YTD - 9 months 2021 For 1€	Average rate 9M 2021	Average rate 9M 2020	Change
US Dollar	1.196	1.125	- 6.0%
Brazilian Real	6.376	5.710	- 10.5%