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Press Release
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Axway Software – 1st Quarter 2021: Further acceleration of Subscription

- Quarterly revenue of €66.3m, representing organic growth¹ of 7.5%
- Subscription activity with organic growth of 59.6% to €23.7 million, i.e., 36% of total revenue
- ACV of new subscription contracts up by 71.6%
- Signature metric up 45.2% for the quarter

In Q1 2021, despite a global health and economic context that remained uncertain, Axway's (Euronext: AXW.PA) business greatly accelerated compared to the previous year. While the quarter enabled the company to initiate internal reorganisations useful to its new strategic projections, it was above all a period of significant commercial momentum. In line with the company's ambitions and market trends, the Subscription business continued to grow at a very strong pace.

In line with 2020, a significant portion of business in Q1 2021 stemmed from Axway's broad existing customer base, but there was also a marked improvement in the acquisition of new logos. This was particularly true for the Amplify platform, which was adopted by three times as many customers in Q1 2021 as in the previous year over the same period.

With the Amplify API management platform set to be Axway's main growth driver for the coming years, an organisation specifically dedicated to capturing API market share was created. This new structure, which has led to a reorganisation of teams and targeted recruitment in the different regions where Axway operates, is part of a global initiative by the company to specialise its operational teams by product and customer portfolio. While there is no doubt that Axway plans to maintain a leadership position in its historical markets (MFT, B2Bi, AI Suite and others) by offering an exceptional customer experience and reliable, innovative solutions to its 11,000 customers, the company also seeks to continue accelerating its development and recognition in the API market, where it enjoys a particularly robust technological leadership status.

The company has continued to invest in marketing. Its Open Everything campaign has been effective in feeding the business pipeline, which has grown steadily over the first three months of the year. While in many countries it is still not possible to bring together the various market stakeholders under good conditions, Axway continues to evolve its business practices, marketing approach and engagement methods to better meet its customers' needs. A key event of the year, the Axway Summit 2021, during which the company traditionally brings together its customers and partners, will therefore be held virtually in May for the second year in a row. This event will feature a series of regionalized virtual meetings that will allow Axway to showcase its customer-focused strategy and the value created by its various offerings.

Patrick Donovan, Axway Chief Executive Officer, declared:

"Following a successful 2020, during which we were able to complete Axway's transformation cycle focused on business model and product development, the company delivered an excellent business performance in Q1 2021, which is very encouraging for the rest of the year. Furthermore, we have started making our first important strategic moves for the next stage in the company's development. We will soon be able to present more detailed medium-term objectives and a clearer roadmap, but Axway's focus is now on strengthening its position in its fastest-growing market, that of the Amplify platform. We want to continue to be the trusted partner that we have been for our customers for over 20 years now, and we also wish to set Axway on a path of sustainable and ambitious growth."

¹ See Glossary – Alternative Performance Measures

Comments on Q1 2021 activity

Axway Software: Consolidated revenue

1 st Quarter 2021 (€m)	Q1 2021	Q1 2020 Restated*	Q1 2020 Reported	Total Growth	Organic Growth	Constant Currency Growth
Revenue	66.3	61.7	64.4	3.1%	7.5%	7.5%

* Revenue at 2021 scope and exchange rates

In Q1 2021, Axway's revenue amounted to €66.3 million, reflecting organic growth of 7.5%. Currency fluctuations had a negative impact of €2.7 million on revenue, mainly due to the depreciation of the US dollar against the euro during the period (-8.5%). Thus, total revenue growth was 3.1% for the first 3 months of the year.

Axway Software: Revenue by business line

1 st Quarter 2021 (€m)	Q1 2021	Q1 2020 Restated*	Q1 2020 Reported	Total Growth	Organic Growth
License	3.8	3.7	3.9	-2.0%	2.8%
Subscription	23.7	14.8	15.7	50.9%	59.6%
Maintenance	29.8	34.1	35.4	-15.9%	-12.7%
Services	9.0	9.0	9.3	-3.1%	0.1%
Axway Software	66.3	61.7	64.4	3.1%	7.5%

* Revenue at 2021 scope and exchange rates

License activity revenue was €3.8 million in Q1 2021 (6% of total revenue), representing organic growth of 2.8%. Despite the continued positive market dynamics for subscription models, the activity benefited from a more favourable comparison basis in regions already severely impacted by the COVID-19 epidemic in Q1 2020. While the company does not expect growth in license sales for the full year, the coming quarters will confirm whether or not the business has reached a low point, as its offerings are still in demand from certain major customers operating in highly regulated markets.

With organic growth of 59.6%, **Subscription** revenue reached €23.7 million in Q1 2021. In total, over the period, the business grew by 50.9%. While business had already improved significantly in Q1 2020, sales once again reached a record level in Q1 2021, during which the activity represented 36% of Axway's total revenue. This better-than-expected performance reflects the success of Axway's strategy to offer its customers flexible and, technology-agnostic solutions that can meet their operational needs quickly and efficiently. In addition to revenue growth, the business trend was also very positive, as demonstrated by the signing of new subscription contracts for an Annual Contract Value (ACV) of € 5.4 million, up 71.6% compared to Q1 2020.

Given these factors, the Signature Metric was up 45.2%, while the Net Signature Metric, restated for maintenance attrition, grew 41.3%.

Maintenance activity generated revenue of €29.8 million (45% of total revenue) in Q1 2021, an organic decline of 12.7% compared to the previous year. Although the activity has been relatively resilient, the slight growth in license sales during the quarter was not sufficient to compensate for the migration of a portion of revenues to Subscription, where customers take out "all-inclusive" offers. While these migrations, ultimately beneficial to Axway, are accelerating, Maintenance should, as anticipated, remain under strong pressure throughout 2021.

In Q1 2021, Axway's recurring revenue, which includes Subscription and Maintenance activities, represented 81% of total revenue, or €53.4 million. This includes upfront revenues of €8.8 million recognized on the signature of subscription contracts.

Still impacted by the travel restrictions imposed by the health crisis, **Services** nevertheless generated revenue of €9.0 million (14% of total revenue), stable organically compared to the previous year. In some regions where remote services are standard practice, the activity grew significantly, and the company noted a remarkable increase in business value through additional achievements with several major customers.

Axway Software: Revenue by geographic area

1 st Quarter 2021 (€m)	Q1 2021	Q1 2020 Restated*	Q1 2020 Reported	Total Growth	Organic Growth
France	18.8	17.9	17.9	5.1%	5.1%
Rest of Europe	16.7	13.6	13.5	23.2%	22.9%
Americas	26.5	27.4	30.1	-11.8%	-3.1%
Asia/Pacific	4.4	2.9	2.9	50.7%	50.8%
Axway Software	66.3	61.7	64.4	3.1%	7.5%

* Revenue at 2021 scope and exchange rates

Revenue in **France** was €18.8 million (28% of total revenue) in Q1 2021, up 5.1% organically. In addition to the return to growth in license sales, the country once again reported a very strong ramp-up in Subscription activity (+126%).

Rest of Europe, with revenue of €16.7 million (25% of total revenue), reported strong growth over the quarter. The 22.9% increase in sales was mainly due to the significant growth in Subscription activity in all countries. Belgium, the Netherlands, the Nordics, and Southern Europe all posted triple-digit organic growth in subscription sales. This excellent performance compensated for the decline in License and Maintenance activities over the period.

The **Americas** (USA & Latin America) generated revenue of €26.5 million (40% of total revenue) in Q1 2021, an organic decrease of 3.1% compared to the same period last year. Except for Services, which were very dynamic (+18%), business was down overall in the region. Following major operational changes at the end of last year, Subscription activity should accelerate as from Q2 2021.

In **Asia/Pacific**, Axway's revenue amounted to €4.4 million (7% of total revenue) in Q1 2021, representing organic growth of 50.8%. Thanks to very strong growth in License and Subscription, and more generally to a return to normal business levels compared to the previous year, Axway made a very good start to the year in the region.

Financial position at March 31, 2021

At March 31, 2021, Axway had cash of €26.3 million and net debt of €13.3 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's objective is to achieve organic revenue growth of between 2% and 4%. The company also aims to improve its profitability and has a target of achieving an operating margin on business activity rate between 11% and 13% of revenues in 2021.

Axway confirms its previously announced mid-term ambitions:

- 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

The company will set-out its 2021-2023 strategic plan at its first Capital Market Meeting, scheduled for June 2, 2021 at 3.30pm CEST.

Financial calendar

Tuesday, May 25, 2021, 2.30 p.m. (CEST): 2021 Combined General Meeting

- Due to the health context, the 2021 Combined General Meeting will be held in closed session, without the physical presence of shareholders, and streamed live. Shareholders will be able to follow the meeting and ask questions via the internet or by phone. All practical guidance on streaming the meeting will shortly be available on Axway's website:
<https://investors.axway.com/en/shareholders-and-investors/shareholders-meeting>

Wednesday, June 2, 2021, 3.30 p.m. (CEST): Capital Market Meeting – Details to come

Tuesday, July 27, 2021, after close of trading: Publication of 2021 Half-Year Results

Tuesday, July 27, 2021, 6.30 p.m. (CEST): 2021 Half-Year Results Virtual Analyst Conference

Glossary – 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.

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 signatures of license contracts, which often represent investments for customers, are more significant in the second half of the year and may therefore have a more or less favourable 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: Impact on revenue of changes in scope and exchange rates

1 st Quarter 2021 (€m)	Q1 2021	Q1 2020	Growth
Revenue	66.3	64.4	3.1%
Changes in exchange rates		-2.7	
Revenue at constant exchange rates	66.3	61.7	7.5%
Changes in scope		+0.0	
Revenue at constant scope and exchange rates	66.3	61.7	7.5%

Axway Software: Changes in exchange rates

1 st Quarter 2021 For 1€	Average rate Q1 2021	Average rate Q1 2020	Change
US Dollar	1.205	1.103	- 8.5%
Brazilian Real	6.599	4.917	- 25.5%