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Press release
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Axway Software – 1st Quarter 2020: Signatures up over the period, supported by Subscription activity

- Further acceleration in Subscription revenue and Annual Value of new Contracts (ACV)
- Signature Metric up 5.0% organically over the period
- Business continuity plan effectively implemented in the context of the COVID-19 pandemic
- Resilient Maintenance activity despite a contraction in License sales

As early as mid-March 2020, Axway (Euronext: AXW.PA) implemented an action plan to address the COVID-19 global crisis. The Company immediately ensured strict compliance with local regulations and recommendations in each of the countries where it operates. As a priority, the Group focused on ensuring its ability to continue to provide the solutions, subscriptions and services necessary to its customers.

The first measures put in place consisted of:

- Creating a committee to monitor developments in the health and economic situation, capable of making immediate decisions;
- Implementing appropriate and secure remote working procedures for all employees;
- Closely monitoring cash management and the Company's financial position.

Thanks to Axway's international culture and the remote collaboration solutions that the Company develops, the rapid transition of all employees to remote working was carried out seamlessly, keeping the teams fully operational. However, the annual targets announced by Axway on February 19, 2020, which were based on information available at the time, have been called into question by the uncertainties surrounding the current crisis.

While it is worth recalling that 70% of Axway's annual revenues are recurring business and, to date, the Company has not encountered any particular accounts receivable issues, the highly uncertain economic environment is causing a sharp slowdown in new projects, particularly in License and Services activities.

Nevertheless, the Company is pleased with the dynamism of the Subscription business, which for the fourth consecutive quarter saw its revenue accelerate very significantly (+41.4%). This trend, now confirmed, illustrates the success of Axway's transformation plan, which consists of securing more recurring revenue, providing the Company with the stability it needs to succeed as an independent software leader.

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

"In this period of prolonged uncertainty, our priority is to protect all Axway's stakeholders: Employees, Customers and Shareholders. As a software publisher, we are fortunate to be able to pursue our activities with confidence while ensuring that our employees can work remotely, efficiently and securely. In parallel, Axway has always enjoyed a healthy financial position, based on solid fundamentals, which allows us to move forward with confidence, in anticipation of the situation stabilizing in the near future. In the first quarter, the ramp-up of our Subscription offerings continued, despite a progressively gloomy environment. This significant satisfaction factor, in line with our projections, confirms that our vision is spot on."

Comments on Q1 2020 activity
Axway Software: Consolidated revenue

1 st Quarter 2020 (€m)	Q1 2020	Q1 2019 Restated	Q1 2019 Reported	Total Growth	Organic Growth	Constant Currency Growth
Revenue	64.4	67.7	67.0	-4.0%	-5.0%	-5.0%

In Q1 2020, Axway reported revenue of €64.4 million, down 4.0% in total and 5.0% organically. At constant exchange rates, revenue declined by 5.0%. Currency fluctuations had a positive impact of €0.7 million on revenue for the quarter.

Axway Software: Revenue by business line

1 st Quarter 2020 (€m)	Q1 2020	Q1 2019 Restated*	Q1 2019 Reported	Total Growth	Organic Growth
License	3.9	9.2	9.1	-57.2%	-57.4%
Subscription	15.7	11.1	10.9	44.4%	41.4%
Maintenance	35.4	36.5	36.2	-2.1%	-3.0%
Services	9.3	11.0	10.9	-14.6%	-15.1%
Axway Software	64.4	67.7	67.0	-4.0%	-5.0%

* Revenue at 2020 scope and exchange rates

License revenue totaled €3.9 million in Q1 2020 (6% of Group revenue), down 57.4% organically. In addition to a very high comparison base in the first quarter of 2019, when several exceptional contracts were signed, the business suffered from the major commercial disruptions that gradually emerged during the quarter. While historically License sales momentum is stronger in the second half of the year, Axway anticipates that the activity will remain under pressure for the full year.

The **Subscription** activity grew organically by 41.4 % in Q1 2020 thanks to revenue of €15.7 million (24% of Group revenue). Overall, activity growth amounted to 44.4% over the period. The annual contract value (ACV) of new subscription contracts signed totaled €3.4 million in Q1 2020, an increase of more than 140% compared with the first quarter of 2019. As the Group continues to transform its business mix in line with its strategy, subscription-based models, which are particularly popular with clients, are Axway's main growth drivers.

Given these factors, the signature metric rose 5.0% in the first quarter of 2020 compared to the same period a year earlier.

Maintenance revenue amounted to €35.4 million (55% of Group revenue) in Q1 2020, an organic decrease of 3.0% compared to the previous year. Despite a significant decrease in License sales, the decline in Maintenance activity was relatively limited thanks to the low attrition rate on Maintenance contracts.

Axway's recurring revenue flows, which include multi-year Subscription and Maintenance contracts, contributed 79% of the Group's revenue for the quarter, or €51.1 million.

Services, impacted by the decline in License activity and the contextual slowdown in projects, saw revenue decrease by 15.1% organically over the quarter to €9.3 million (15% of Group revenue).

Axway Software: Revenue by geographic area

1 st Quarter 2020 (€m)	Q1 2020	Q1 2019 Restated*	Q1 2019 Reported	Total Growth	Organic Growth
France	17.9	20.5	20.5	-12.6%	-12.6%
Rest of Europe	13.5	13.7	13.7	-0.9%	-1.0%
Americas	30.1	30.0	29.3	2.5%	0.1%
Asia/Pacific	2.9	3.6	3.6	-19.6%	-18.8%
Axway Software	64.4	67.7	67.0	-4.0%	-5.0%

* Revenue at 2020 scope and exchange rates

France generated revenue of €17.9 million in Q1 2020 (28% of Group revenue), an organic decline of 12.6%. The strong acceleration in Subscription activity was not enough to offset the decline in License activity over the quarter.

The **Rest of Europe** posted an organic decline of 1.0% over the quarter with revenue of €13.5 million (21% of Group revenue). Although the situation varied from one country to another, both Germany and the United Kingdom reported strong growth in Subscription and License activities.

The **Americas** (USA & Latin America) generated revenue of €30.1 million (47% of Group revenue) in Q1 2020, representing an organic increase of 0.1%. Business resilience was mainly due to strong growth in Subscription revenue in the first quarter.

In **Asia/Pacific**, the region impacted earliest by the ongoing pandemic, Axway's revenue was €2.9 million in the quarter (4% of Group revenue), representing an organic decline of 18.8%.

Financial position at March 31, 2020

At March 31, 2020, Axway's cash position was €27.5 million and net debt was limited to €14.6 million.

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

Financial Calendar

Wednesday, June 3, 2020, 2:30pm: Annual General Meeting.

- **Given the current context of the COVID-19 pandemic, the procedures for participating at the General Shareholders' Meeting scheduled for June 3, 2020 could change in line with health and/or legal requirements.**

Shareholders are asked to regularly consult the Shareholders' Meeting section of the Company's website <https://investors.axway.com/en/shareholders-and-investors/shareholders-meeting> for updated information on the developing situation. As a precautionary measure, shareholders are advised to favor voting by mail or online, enabling, where applicable, a proxy to be granted to the Chairman.

Monday, July 27, 2020, after close of trading: Publication of 2020 Half-Year Results.

Tuesday, July 28, 2020, 9:00am: Presentation of 2020 Half-Year Results.

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 consolidated 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 value of a Subscription agreement including both recurring revenue over the contract term and one-time payments.

Signature metric: Amount of License sales plus three times the annual value (3xACV) of new Subscription contracts signed over a given period.

Profit on operating activities: Profit from recurring operations adjusted for the share-based payment expense for stock options and free shares, 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 Group's growth and profitability, notably in the event of future acquisitions. The Group highlights that signatures of License contracts, which often represent investments for clients, 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, the Group 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 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. 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). 11,000 organizations in 100 countries rely on Axway for their data integration challenges. To learn more, visit investors.axway.com/en

Appendices

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

1 st Quarter 2020 (€m)	Q1 2020	Q1 2019	Growth
Revenue	64.4	67.0	-4.0%
Changes in exchange rates		+0.7	
Revenue at constant exchange rates	64.4	67.7	-5.0%
Changes in scope		+0.0	
Revenue at constant scope and exchange rates	64.4	67.7	-5.0%

Axway Software: Changes in exchange rates

1 st Quarter 2020	Average rate	Average rate	Change
For 1€	Q1 2020	Q1 2019	
US Dollar	1.103	1.136	+ 3.0%