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**Press release**

## Axway Software – Half-Year 2020: Strong growth in Subscription thanks to continued customer trust and commitment

- Return to growth, strategic progress, and acquisition of new customers in Q2 2020
- Q2 2020 revenue up 0.7%, with a further acceleration in Subscription (+73.7%)
- Significant growth of 26.3% in the Signature Metric in H1 2020
- Half-year profit on operating activities of €2.5 million, or 1.9% of revenue

Paris, July 27, 2020 – Axway Software's Board of Directors, chaired by Pierre Pasquier, today approved the financial statements for the first half of 2020, which were subject to a limited review by the statutory auditors<sup>1</sup>.

**Axway Software: 2020 Half-year results**

Key income statement items*	Half-year 2020		Half-year 2019	
	(€m)	(% Rev)	(€m)	(% Rev)
<b>Revenue</b>	<b>136.6</b>		<b>138.6</b>	
<i>Organic growth</i>	-2.0%			
<i>Growth at constant exchange rates</i>	-2.0%			
<i>Total growth</i>	-1.4%			
<b>Profit on Operating Activities</b>	<b>2.5</b>	<b>1.9%</b>	<b>2.5</b>	<b>1.8%</b>
Profit from Recurring Operations	-3.7	-2.7%	-2.7	-1.9%
Operating Profit	-3.7	-2.7%	-3.0	-2.1%
<b>Net Profit attributable to the Group</b>	<b>-6.0</b>	<b>-4.4%</b>	<b>-6.1</b>	<b>-4.4%</b>
Basic earnings per share (in €)	-0.28		-0.29	

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

Patrick Donovan, Chief Executive Officer, declared:

"Axway wasn't spared by the unprecedented context of the first half of 2020. The COVID-19 pandemic had a significant impact on our activity levels, forcing us to rapidly adapt our working practices to support our customers under the best possible conditions. In addition to our return to growth in the second quarter, we are very proud that in an uncertain environment:

- our Subscription activity continued its strong growth, as did new customer acquisition,
- customer confidence is growing, with customers continuing to rely on us to help them succeed in their critical integration projects,
- our NPS<sup>2</sup> reached an all-time high, reflecting the effectiveness of our strategy focused on operational success.

Our brand image continues to build in value. At a time when market analysts believe that companies are ready to invest record amounts to continue accelerating their digital transformation, Axway launched its "Open Everything" campaign in the second quarter of 2020. The aim is to position Axway as a major innovation and competitiveness player in the evolution of existing infrastructures, which must be able to keep pace with the rapid transformation of consumer expectations."

<sup>1</sup> The interim consolidated financial statements were subject to limited review procedures. The limited review report is in the process of being issued by the auditors.

<sup>2</sup> NPS: Net Promoter Score - See glossary

## Response to the weakened economic environment and continued strategic development

Following the implementation of a priority action plan to address the COVID-19 crisis in mid-March 2020, Axway rapidly adapted its sales and marketing and, more generally, its customer engagement practices in the second quarter to limit the impact of restrictions imposed by the pandemic. Due to travel restrictions and the inability to bring together the various market stakeholders, all commercial events that usually punctuate the first half of the year were held virtually. This included the Imagine Summit, which brings together Axway's customers and partners each year.

These developments did not stop the Imagine Summit from attracting a record number of participants and boosting customer engagement. The digital events proved particularly effective in rebuilding the business pipeline, which was initially impacted by the suddenness of the crisis.

In addition, as announced on July 16, the Company welcomed two new key members to its executive management team. Rahim Bhatia and Mark Fairbrother joined the Group as EVP Product Management and EVP R&D, respectively, and are responsible for Axway's product portfolio roadmap and ensuring the portfolio's development.

## Comments on business activity and operating performance in the first half of 2020

In the first half of 2020, Axway generated revenue of €136.6 million, down 2.0% organically and 1.4% overall. While the scope of consolidation changed only marginally due to the integration of Streamdata.io on 1 April 2019, currency fluctuations had a positive impact of €0.9 million on the Group's half-year revenue. Profit from operating activities totaled €2.5 million for the period, representing 1.9% of revenue, compared with 1.8% for the first half of 2019. While the good commercial momentum observed by the Company in the second half of 2019 and early 2020 was abruptly interrupted by the emergence of the global health crisis, Axway demonstrated agility and vigilance in controlling its cost base. Profitability was held stable in the first half of 2020 year-on-year.

### Axway Software: Revenue by business line

Half-year 2020 (€m)	H1 2020	H1 2019 Restated*	H1 2019 Reported	Total Growth	Organic Growth
License	10.5	21.9	21.8	-51.9%	-52.0%
Subscription	37.2	23.5	23.1	60.9%	58.5%
Maintenance	70.7	72.5	72.1	-1.9%	-2.5%
Services	18.2	21.5	21.5	-15.7%	-15.7%
<b>Axway Software</b>	<b>136.6</b>	<b>139.4</b>	<b>138.6</b>	<b>-1.4%</b>	<b>-2.0%</b>

\* Revenue at 2020 scope and exchange rates

**License** revenue was €10.5 million (8% of Group revenue) in the first half of 2020, representing an organic decrease of 52.0%. While market trends for several semesters have largely favored Subscription models, the License activity, which involves a significant initial investment by customers, remained under pressure in Q2 2020 as anticipated. Whereas License sales are historically concentrated in the second half of the year, the unprecedented situation in the first half of 2020 seems to have played a role in accelerating the shift in customers' needs, as they favor flexibility in an uncertain environment.

The **Subscription** activity, which has been growing steadily since the beginning of 2017, continued to make significant progress and generated revenue of €37.2 million in the first half of 2020, representing organic growth of 58.5%. The activity accounted for 27% of Axway's half-year revenue and grew 60.9% overall. This performance is mainly due to the significant progress achieved by the Company in the past two years in customer satisfaction, a key pillar of a successful Subscription model. While AMPLIFY's offerings continue to convince more and more companies seeking to accelerate their digital transformation while capitalizing on their existing software infrastructures, the Group's ambition to become a leader in the HIP market is gradually taking shape. The API Management offering is a preferred route to hybrid integration and clearly accelerated over the period. Its success illustrates this trend well and confirms the relevance of the Group's recent investments in R&D, Sales, Marketing and Go-to-Market.

The Annual Contract Value (ACV) of new Subscription contracts signed reached €10.2 million in the first half of 2020, representing organic growth of 187.6% year-on-year. Following Q1 growth of around 140%, ACV increased over 200% in Q2 2020.

Thus, between January and June 2020, the Signature Metric grew by 26.3% organically, mainly driven by strong momentum in new Subscription contract signatures, which offset the decline in License sales.

**Maintenance** activities generated revenue of €70.7 million in the first half of 2020, representing nearly 52% of Axway's revenue for the period. Despite lower License sales, the Group is pleased to have been able to limit the decline in Maintenance revenue to -2.5% organically.

Axway's recurring revenue, which includes Subscription and Maintenance contracts, represented 79% of the Group's total revenue for the first six months of the year, an increase of 10 points compared with the first half of 2019.

**Services** revenue reached €18.2 million in the first half of 2020, representing 13% of Group revenue. As in the first three months of the year, business continued to suffer in Q2 2020 from the decline in License sales and the contextual slowdown in projects due to COVID-19 restrictions.

#### Axway Software: Revenue by geographic area

Half-year 2020 (€m)	H1 2020	H1 2019 Restated*	H1 2019 Reported	Total Growth	Organic Growth
France	40.9	40.8	40.8	0.3%	0.3%
Rest of Europe	29.6	30.9	31.0	-4.5%	-4.4%
Americas	59.3	60.3	59.4	-0.2%	-1.8%
Asia/Pacific	6.9	7.4	7.5	-8.1%	-6.9%
<b>Axway Software</b>	<b>136.6</b>	<b>139.4</b>	<b>138.6</b>	<b>-1.4%</b>	<b>-2.0%</b>

\* Revenue at 2020 scope and exchange rates

While all of the geographic regions where Axway operates were impacted by the health crisis as it spread across the globe, Q2 trends were more positive in France and the Asia/Pacific region than in the Rest of Europe and the Americas.

**France** generated revenue of €40.9 million in the first half of 2020 (30% of Group revenue), representing organic growth of 0.3% despite a high comparison basis in the first half of 2019. This good performance is explained by the signature of several major Subscription contracts with existing customers in the second quarter.

The **Rest of Europe** fell 4.4% organically over the first half of the year, with revenue of €29.6 million, 22% of Group sales. Strong Subscription growth in all countries in the region was insufficient to offset the decline in License and Services sales. In the United Kingdom and Germany, where Axway generates more than 60% of the region's revenue, two strategic plans were launched to accelerate growth.

The **Americas** (USA & Latin America) generated revenue of €59.3 million (43% of Group revenue) over the period, down 1.8% organically. After a stable Q1, driven by growth in the Subscription business, the region was more heavily impacted by the health crisis in Q2 2020.

Finally, in the **Asia/Pacific** region, which was hit first and hardest by the health crisis, Axway generated revenue of €6.9 million in the first half of 2020, representing 5% of Group revenue. This 6.9% organic decline was reported despite a clear recovery in business in the second quarter.

#### Comments on net profit for the first half of 2020

The loss from recurring operations was -€3.7 million in the first half of 2020, i.e. -2.7% of revenue, including amortization of allocated intangible assets of €4.3 million.

The operating loss amounted to -€3.7 million for the first six months of 2020, i.e. -2.7% of revenue.

Axway reported a net loss of -€6.0 million for the first half of 2020, i.e. -4.4% of revenue.

Basic earnings per share amounted to € -0.28 for the half year, stable compared with the first half of 2019.

#### Financial position at June 30, 2020

At June 30, 2020, Axway had a solid financial position, with cash of €24.3 million and bank debt limited to €42.0 million.

Free cash flow totaled €4.9 million in the first half of 2020 compared with €1.2 million a year earlier.

Shareholders' equity was €360.1 million at June 30, 2020 compared with €356.4 million at end-June 2019.

As previously announced at the beginning of 2019, the Group renegotiated its bank credit lines for 5 years (with a possible extension until 2026), thereby securing financing of up to €125.0 million.

### **Change in the workforce**

Axway had 1,885 employees at June 30, 2020, stable on December 31, 2019.

### **2020 Targets & Outlook**

The 2020 targets, announced on February 19 on the basis of the information available at this time, have been called into question by the health and economic crisis linked to COVID-19.

In the current context of prolonged uncertainty and given the Company's very limited visibility of the real impact of the current crisis on its customers, the reliability of financial projections is limited.

At this stage, while emphasizing the historical importance of the fourth quarter in its annual performance, Axway is targeting revenue and operating profit for 2020 within the same range as 2019.

Axway confirms its mid-term ambitions:

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

## Financial Calendar

Monday, July 27, 2020 at 6.30 p.m.: Virtual conference to present the 2020 Half-Year Results.

***As announced on June 29, 2020, given the persistent health risks associated with the COVID-19 epidemic, Axway has changed its usual face-to-face event, initially scheduled for Tuesday, July 28, 2020 in Paris, into a virtual conference, held today, Monday, July 27, at 6.30 p.m. via webcast.***

*Practical information about the virtual conference is available below and at <http://www.investors.axway.com/en>*

Wednesday, September 2, 2020: Publication of the 2020 Half-Year financial report.

Wednesday, October 21, 2020, after close of trading: Publication of Q3 2020 Revenue.

## 2020 Half-Year Results Presentation Meeting

The results for the first half of 2020 will be presented to the financial community during a virtual conference scheduled for today, Monday, July 27, 2020 at 6.30 p.m., Paris time. The meeting will be held in English with simultaneous translation into French.

**Webcast registration:** [Click here](#)

Or by phone:

- From France: +33 (0)1 76 70 07 94
- From the United States: +1 631 510 7495
- From the United Kingdom: +44 (0)207 192 8000
- Other countries: [Click here](#)

For the choice of language please use the following PIN codes: English = 3095896 / French = 1738638

## 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 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.

**NPS: Net Promoter Score** – Customer satisfaction and recommendation indicator for a product or a service.

## Disclaimer

This presentation 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 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, 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 [www.investors.axway.com/en](http://www.investors.axway.com/en)

**Appendices (1/4)**
**Axway Software: Revenue by business line**

1 <sup>st</sup> 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%
<b>Axway Software</b>	<b>64.4</b>	<b>67.7</b>	<b>67.0</b>	<b>-4.0%</b>	<b>-5.0%</b>

  

2 <sup>nd</sup> Quarter 2020 (€m)	Q2 2020	Q2 2019 Restated*	Q2 2019 Reported	Total Growth	Organic Growth
License	6.6	12.7	12.7	-48.3%	-48.2%
Subscription	21.5	12.4	12.3	75.7%	73.7%
Maintenance	35.3	36.0	35.9	-1.8%	-2.0%
Services	8.8	10.6	10.6	-17.1%	-16.8%
<b>Axway Software</b>	<b>72.2</b>	<b>71.7</b>	<b>71.5</b>	<b>0.9%</b>	<b>0.7%</b>

\* Revenue at 2020 scope and exchange rates

**Axway Software: Revenue by geographic area**

1 <sup>st</sup> 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%
<b>Axway Software</b>	<b>64.4</b>	<b>67.7</b>	<b>67.0</b>	<b>-4.0%</b>	<b>-5.0%</b>

  

2 <sup>nd</sup> Quarter 2020 (€m)	Q2 2020	Q2 2019 Restated*	Q2 2019 Reported	Total Growth	Organic Growth
France	23.0	20.3	20.3	13.2%	13.2%
Rest of Europe	16.0	17.3	17.3	-7.4%	-7.2%
Americas	29.2	30.3	30.0	-2.8%	-3.6%
Asia/Pacific	4.0	3.8	3.9	2.6%	4.3%
<b>Axway Software</b>	<b>72.2</b>	<b>71.7</b>	<b>71.5</b>	<b>0.9%</b>	<b>0.7%</b>

\* Revenue at 2020 scope and exchange rates

**Appendices (2/4)**
**Axway Software : Consolidated Income Statement**

Half-year 2020	H1 2020		H1 2019		Full-year 2019	
	€m	% Rev.	€m	% Rev.	€m	% Rev.
<b>Revenue</b>	<b>136.6</b>		<b>138.6</b>		<b>300.0</b>	
<i>of which License</i>	10.5		21.8		52.8	
<i>of which Subscription</i>	37.2		23.1		59.6	
<i>of which Maintenance</i>	70.7		72.1		146.7	
<b>Sub-total License, Subscription &amp; Maintenance</b>	<b>118.4</b>		<b>117.1</b>		<b>259.1</b>	
Services	18.2		21.5		40.8	
<b>Cost of sales</b>	<b>47.3</b>		<b>45.9</b>		<b>88.4</b>	
<i>of which License and Maintenance</i>	12.4		11.9		23.4	
<i>of which Subscription</i>	14.5		13.0		26.7	
<i>of which Services</i>	20.3		21.1		38.3	
<b>Gross profit</b>	<b>89.3</b>	<b>65.4%</b>	<b>92.6</b>	<b>66.8%</b>	<b>211.5</b>	<b>70.5%</b>
<b>Operating expenses</b>	<b>86.8</b>		<b>90.2</b>		<b>185.6</b>	
<i>of which Sales and marketing</i>	43.5		44.3		99.1	
<i>of which Research and development</i>	30.4		32.6		61.3	
<i>of which General and administrative</i>	12.9		13.3		25.1	
<b>Profit on operating activities</b>	<b>2.5</b>	<b>1.9%</b>	<b>2.5</b>	<b>1.8%</b>	<b>25.9</b>	<b>8.6%</b>
Stock option expense	-2.0		-0.9		-2.7	
Amortization of intangible assets	-4.3		-4.3		-8.6	
<b>Profit from recurring operations</b>	<b>-3.7</b>	<b>-2.7%</b>	<b>-2.7</b>	<b>-1.9%</b>	<b>14.6</b>	<b>4.9%</b>
Other income and expenses	0.0		-0.3		-0.3	
<b>Operating profit</b>	<b>-3.7</b>	<b>-2.7%</b>	<b>-3.0</b>	<b>-2.1%</b>	<b>14.3</b>	<b>4.8%</b>
Cost of net financial debt	-0.7		-0.9		-1.6	
Other financial revenues and expenses	-1.8		-0.3		-0.6	
Income taxes	0.2		-1.9		-6.8	
<b>Net profit</b>	<b>-6.0</b>	<b>-4.4%</b>	<b>-6.1</b>	<b>-4.4%</b>	<b>5.4</b>	<b>1.8%</b>
Basic earnings per share (in €)	-0.28		-0.29		0.25	



**Appendices (3/4)**
**Axway Software: Simplified Balance Sheet**

Half-year 2020	30/06/2020 (€m)	30/06/2019 (€m)	31/12/2019 (€m)
<b>Assets</b>			
Goodwill	350.6	347.2	350.0
Intangible assets	29.0	37.7	33.9
Property, plant and equipment	11.5	13.3	12.5
Lease right-of-use assets	21.3	23.9	23.5
Other non-current assets	24.7	23.9	22.8
<b>Non-current assets</b>	<b>437.2</b>	<b>446.0</b>	<b>442.7</b>
Trade receivables	64.7	52.8	71.9
Other current assets	38.5	38.4	33.2
Cash and cash equivalents	24.3	32.3	21.1
<b>Current assets</b>	<b>127.5</b>	<b>123.5</b>	<b>126.2</b>
<b>Total Assets</b>	<b>564.6</b>	<b>569.5</b>	<b>568.8</b>
<b>Equity and Liabilities</b>			
Share capital	42.6	42.5	42.5
Reserves and net profit	317.5	313.9	320.1
<b>Total Equity</b>	<b>360.1</b>	<b>356.4</b>	<b>362.6</b>
Financial debt - long-term portion	39.2	39.5	39.2
Lease liabilities - long-term portion	20.8	22.1	22.9
Other non-current liabilities	13.5	10.5	13.6
<b>Non-current liabilities</b>	<b>73.5</b>	<b>72.1</b>	<b>75.7</b>
Financial debt - short-term portion	2.8	5.0	3.5
Lease liabilities - short-term portion	6.2	6.4	6.8
Deferred Revenues	76.5	85.6	60.6
Other current liabilities	45.5	44.0	59.7
<b>Current liabilities</b>	<b>131.1</b>	<b>141.1</b>	<b>130.6</b>
<b>Total Liabilities</b>	<b>204.6</b>	<b>213.1</b>	<b>206.2</b>
<b>Total Equity and Liabilities</b>	<b>564.6</b>	<b>569.5</b>	<b>568.8</b>

**Appendices (4/4)**
**Axway Software: Cash Flow Statement**

Half-year 2020	H1 2020 (€m)	H1 2019 (€m)	Full-year 2019 (€m)
<b>Net profit for the period</b>	-6.0	-6.1	5.4
Net charges to amortization, depreciation and provisions	10.1	10.1	20.5
Other income and expense items	1.7	1.0	2.8
<b>Cash from operations after cost of net debt and tax</b>	<b>5.8</b>	<b>4.9</b>	<b>28.7</b>
Change in operating working capital requirements (incl. employee benefits liability)	5.0	3.0	-19.3
Cost of net financial debt	0.7	0.9	1.6
Income tax paid net of accrual	-0.8	-0.2	2.6
<b>Net cash from operating activities</b>	<b>10.6</b>	<b>8.6</b>	<b>13.6</b>
<b>Net cash used in investing activities</b>	<b>-1.7</b>	<b>-4.5</b>	<b>-5.2</b>
Dividends paid	-	-	-8.5
Change in loans	-0.5	-2.3	-3.6
Change in lease liabilities	-4.1	-2.9	-7.7
Net interest paid	-0.3	-0.8	-0.8
Other flows	-0.3	-1.9	-2.7
<b>Net cash from (used in) financing activities</b>	<b>-5.2</b>	<b>-7.8</b>	<b>-23.2</b>
Effect of foreign exchange rate changes	-0.4	0.0	0.1
<b>Net change in cash and cash equivalents</b>	<b>3.3</b>	<b>-3.6</b>	<b>-14.7</b>
Opening cash position	21.1	35.8	35.8
<b>Closing cash position</b>	<b>24.3</b>	<b>32.1</b>	<b>21.1</b>

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

Half-year 2020 (€m)	H1 2020	H1 2019	Growth
<b>Revenue</b>	<b>136.6</b>	<b>138.6</b>	<b>-1.4%</b>
Changes in exchange rates		+0.9	
<b>Revenue at constant exchange rates</b>	<b>136.6</b>	<b>139.4</b>	<b>-2.0%</b>
Changes in scope		+0.0	
<b>Revenue at constant scope and exchange rates</b>	<b>136.6</b>	<b>139.4</b>	<b>-2.0%</b>

**Axway Software: Changes in exchange rates**

Half-year 2020	Average rate	Average rate	Change
For 1€	H1 2020	H1 2019	
US Dollar	1.102	1.130	+ 2.5%