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Press release

Axway Software: Solid revenue growth in H1 2021

- Half-year revenue of €138.4 million, up 5.2% organically
- Half-year profit on operating activities of €10.5m, or 7.6% of revenue, compared to €2.5m (1.9%) in H1 2020
- Signature metric up 28.7% over the half-year
- Q2 organic growth of 3.2%, continued acceleration in Subscription (+34.6%)

Paris, July 27, 2021 - Axway Software's Board of Directors, chaired by Pierre Pasquier, today approved the financial statements for the first half of 2021, which were subject to a limited review by the statutory auditors¹. The Board of Directors welcomed the company's growth and operational performance, in line with ambitions.

Axway Software: 2021 Half-year results

| Key income statement items* | Half-year 2021 | | Half-year 2020 | |
|---------------------------------------------|----------------|-------------|----------------|--------------|
| | (€m) | (% Rev) | (€m) | (% Rev) |
| Revenue | 138.4 | | 136.6 | |
| Organic growth | + 5.2% | | | |
| Growth at constant exchange rates | + 5.2% | | | |
| Total growth | + 1.3% | | | |
| Profit on Operating Activities | 10.5 | 7.6% | 2.5 | 1.9% |
| Profit from Recurring Operations | 5.0 | 3.6% | -3.7 | -2.7% |
| Operating Profit | 3.1 | 2.3% | -3.7 | -2.7% |
| Net Profit attributable to the Group | 1.8 | 1.3% | -6.0 | -4.4% |
| Basic earnings per share (in €) | 0.08 | | -0.28 | |

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

Patrick Donovan, Chief Executive Officer, declared:

"In line with the start of the year, Axway achieved excellent sales performance in the second quarter of 2021. Throughout the first half of 2021, the Subscription business drove Axway's growth and this trend, supported by customers' increasing willingness to adopt flexible contractual models, should continue going forward. As recently presented at our Capital Markets Meeting, our strategy is now based on two fundamental pillars. On the one hand, our core market leading products, where satisfying our existing customers is our top priority and we aim to maintain our leadership. On the other hand, our Amplify offering, based on our recognized API Management solution, which should enable us to accelerate our growth through a more aggressive market share expansion strategy. This vision has led to many changes within our teams, the first effects of which are already visible. Over the last 6 months, new customer signatures have increased, and we further improved our Net Promoter Score. Our operational performance is satisfactory, with a fourfold increase in profit from operating activities compared to the first half of 2020. These good results allow us to secure our annual targets although we expect the second half of the year to remain uncertain, split between the hope of a real return to normal and the risk of new disruptions worldwide."

¹ 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.

First observations on the progressive deployment of the new strategic plan

Axway's business accelerated significantly in the first half of the year. The gradual deployment of the new strategic plan involved focused internal reorganisations with recruitment and the creation of new teams, while efforts to build the business pipeline continued.

Several important developments were observed during the period:

- Investment in marketing created numerous business opportunities, both with existing customers and prospects. The use of digital events for the second consecutive year did not prevent the company from interacting effectively with the various market stakeholders. In H1 2021, the Amplify pipeline grew by around 12% year-on-year.
- Axway's strategy of winning new API customers and market share is bearing fruit. Amplify new customer signings rose 50% in the first half of the year.
- Axway customer satisfaction continues to increase. The company improved its Net Promoter Score once again, attaining 31 as of June 30, 2021, compared to 25 as of December 31, 2020, its previous high.

Comments on business activity and operating performance in the first half of 2021

In H1 2021, Axway generated revenue of €138.4 million, up 5.2% organically and 1.3% overall. While the consolidation scope did not change, currency fluctuations had a negative impact of €5.0 million on first-half revenue, mainly due to the weakening of the U.S. dollar and the Brazilian real against the euro. Profit on operating activities was €10.5 million, representing 7.6% of revenue compared with 1.9% in H1 2020. This significant improvement in profitability is primarily due to higher revenue, but also optimized cost management and the anticipated reduction in research and development expenses after the investment phase that was necessary to ramp up the Amplify offering.

Axway Software: Revenue by business line

| Half-year 2021 (€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% |
| Axway Software | 138.4 | 131.6 | 136.6 | 1.3% | 5.2% |

* Revenue at 2021 scope and exchange rates

License revenue was €9.3 million in H1 2021 (7% of total revenue), down 7.5% organically. While at the beginning of the year activity benefited from a more favourable comparison basis, license sales were again under pressure in the second half of the period. Although past seasonality suggests a slowdown in the decline in the second half of the year, the company nevertheless anticipates a decrease in annual revenue and is unable to confirm at this stage whether a low point has been reached for the activity.

With organic growth of 45.0%, the **Subscription** activity generated revenue of €51.8 million in H1 2021. The activity accounted for 37% of Axway's H1 revenue, with total growth of 39.1%. While the acquisition of new customers accelerated, the company continued to benefit from its extensive existing customer base, which is accelerating its migration to the most flexible contractual models. Sales performance confirmed these trends, as demonstrated by the signing of new subscription contracts with an annual contract value (ACV) of €14.3 million during the first half, up 40.6% year-on-year.

The Signature Metric for January to June 2021 therefore improved 28.7%, while the Net Signature Metric, restated for Maintenance attrition, grew 20.8%.

Maintenance revenue reached €60.0 million in H1 2021, representing 43% of total revenue. As expected, activity declined 12.0% organically for the half-year. As customer adoption of more flexible contractual models leads to the migration of the value of certain maintenance services to the Subscription revenue line, Axway anticipates an annual decline in this activity of over 10%.

Axway's recurring revenue, which includes Subscription and Maintenance activities, represented 81% of revenue in the first half of 2021, i.e., €111.8 million, an increase of 2 points compared to H1 2020. This includes €22.4 million of upfront revenue recognized on the signature of subscription contracts.

Impacted for more than a year now by the travel restrictions imposed by the health crisis, **Services** generated revenue of €17.3 million (13% of total revenue), almost stable organically year-on-year (-1.5%). While business grew in certain regions where remote services are possible, the situation remains very mixed from one country to another. Over the full year, Axway is targeting stable revenue for the activity.

Axway Software: Revenue by geographic area

| Half-year 2021 (€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% |
| Axway Software | 138.4 | 131.6 | 136.6 | 1.3% | 5.2% |

* Revenue at 2021 scope and exchange rates

France reported revenue of €39.4 million in H1 2021 (28% of total revenue), an organic decline of 3.7%. After a dynamic start to the year for both Subscription and License sales, activity fell in Q2 2021 due mainly to a particularly unfavourable comparison basis.

The **Rest of Europe** zone grew organically by 14.2% in H1 2021, with revenue of €33.9 million, representing 25% of total revenue. The excellent Subscription momentum (+98.3%) more than offset the decline in revenue from other activities. This trend is explained by renewals and reinvestments by several of the largest Amplify customers eager to move to subscription-based contracts.

The **Americas** (USA & Latin America) generated revenue of €57.1 million over the half-year (41% of total revenue), with organic growth of 5.6%. After significant operational changes at the end of last year, the Subscription activity has, as expected, accelerated significantly from Q2 2021. This recovery, combined with the resilience of the Services activity, explains the region's performance over the period.

Lastly, in the **Asia/Pacific** region, Axway achieved half-year revenue of €8.0 million (6% of total revenue), with organic growth of 16.3%. Thanks to strong License and Subscription growth, and more generally a return to normal business levels compared to the first half of 2020, Axway reported a good start to the year in the region.

Comments on net profit for the first half of 2021

Profit from recurring operations reached €5.0 million in H1 2021, 3.6% of revenue, including amortization of allocated intangible assets of €3.2 million and the non-cash share-based payment expense of €2.3 million.

Operating profit for the half-year was €3.1 million, or 2.3% of revenue.

Axway's net profit amounted to €1.8 million for the half-year, or 1.3% of revenue.

Finally, basic earnings per share was €0.08 in H1 2021, a significant increase compared to H1 2020 (-€0.28).

Financial position at June 30, 2021

At June 30, 2021, Axway had a solid financial position, with cash of €23.7 million and bank debt of €38.9 million.

Free cash flow amounted to €16.1 million in the first half of 2021 compared to €4.9 million a year earlier.

Shareholders' equity was €359.6 million at June 30, 2021, compared with €360.1 million at end-June 2020.

As a reminder, Axway renegotiated its bank lines until 2026, thereby securing financing of up to €125.0 million.

Change in the workforce

Axway had 1,796 employees at June 30, 2021, vs. 1,888 at December 31, 2020.

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

Today, Tuesday, July 27, 2021, 6.30 p.m. (UTC+1): 2021 Half-Year Results Virtual Analyst Conference

- Virtual conference registration: [Click here](#)

Or join by phone by dialling one of the numbers below and announcing "Axway" at the operator's request:

- International: +44 (0) 33 0551 0200 / France: +33 (0) 1 7037 7166 / USA: +1 212 999 6659

Please note that the meeting will be held in English.

Financial Calendar

Thursday, September 2, 2021: Publication of the 2021 half-year financial report.

Wednesday, October 20, 2021, after close of trading: Publication of Q3 2021 revenue.

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.

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 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 (1/4)
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% |

| 2 nd Quarter 2021 (€m) | Q2 2021 | Q2 2020 Restated* | Q2 2020 Reported | Total Growth | Organic Growth |
|-----------------------------------|-------------|-------------------|------------------|--------------|----------------|
| License | 5.4 | 6.3 | 6.6 | -17.4% | -13.7% |
| Subscription | 28.1 | 20.9 | 21.5 | 30.5% | 34.6% |
| Maintenance | 30.2 | 34.1 | 35.3 | -14.3% | -11.4% |
| Services | 8.3 | 8.6 | 8.8 | -6.0% | -3.1% |
| Axway Software | 72.1 | 69.9 | 72.2 | -0.2% | 3.2% |

* Revenue at 2021 scope and exchange rates

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% |

| 2 nd Quarter 2021 (€m) | Q2 2021 | Q2 2020 Restated* | Q2 2020 Reported | Total Growth | Organic Growth |
|-----------------------------------|-------------|-------------------|------------------|--------------|----------------|
| France | 20.6 | 23.0 | 23.0 | -10.6% | -10.6% |
| Rest of Europe | 17.3 | 16.2 | 16.0 | 7.7% | 6.8% |
| Americas | 30.6 | 26.7 | 29.2 | 4.7% | 14.5% |
| Asia/Pacific | 3.6 | 4.0 | 4.0 | -8.2% | -8.8% |
| Axway Software | 72.1 | 69.9 | 72.2 | -0.2% | 3.2% |

* Revenue at 2021 scope and exchange rates

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

| Half-year 2021 | H1 2021 | | H1 2020 | | Full-year 2020 | |
|-------------------------------------------------------------------|--------------|--------------|--------------|--------------|----------------|--------------|
| | €m | % Rev. | €m | % Rev. | €m | % Rev. |
| Revenue | 138.4 | | 136.6 | | 297.2 | |
| <i>of which License</i> | 9.3 | | 10.5 | | 25.8 | |
| <i>of which Subscription</i> | 51.8 | | 37.2 | | 97.3 | |
| <i>of which Maintenance</i> | 60.0 | | 70.7 | | 138.2 | |
| Sub-total License, Subscription & Maintenance Services | 121.1 | | 118.4 | | 261.3 | |
| Cost of sales | 42.7 | | 47.3 | | 87.6 | |
| <i>of which License and Maintenance</i> | 12.7 | | 12.4 | | 24.9 | |
| <i>of which Subscription</i> | 13.5 | | 14.5 | | 28.3 | |
| <i>of which Services</i> | 16.5 | | 20.3 | | 34.4 | |
| Gross profit | 95.7 | 69.1% | 89.3 | 65.4% | 209.7 | 70.5% |
| Operating expenses | 85.1 | | 86.8 | | 178.8 | |
| <i>of which Sales and marketing</i> | 43.3 | | 43.5 | | 92.9 | |
| <i>of which Research and development</i> | 29.0 | | 30.4 | | 60.4 | |
| <i>of which General and administrative</i> | 12.9 | | 12.9 | | 25.5 | |
| Profit on operating activities | 10.5 | 7.6% | 2.5 | 1.9% | 30.8 | 10.4% |
| Share-based payment expense | -2.3 | | -2.0 | | -5.1 | |
| Amortization of intangible assets | -3.2 | | -4.3 | | -8.2 | |
| Profit from recurring operations | 5.0 | 3.6% | -3.7 | -2.7% | 17.6 | 5.9% |
| Other income and expenses | -1.9 | | 0.0 | | 0.0 | |
| Operating profit | 3.1 | 2.3% | -3.7 | -2.7% | 17.6 | 5.9% |
| Cost of net financial debt | -0.7 | | -0.7 | | -1.4 | |
| Other financial revenues and expenses | 0.4 | | -1.8 | | -2.7 | |
| Income taxes | -1.1 | | 0.2 | | -5.1 | |
| Net profit | 1.8 | 1.3% | -6.0 | -4.4% | 8.5 | 2.9% |
| Basic earnings per share (in €) | 0.08 | | -0.28 | | 0.40 | |

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

| Half-year 2021 | 30/06/2021 (€m) | 30/06/2020 (€m) | 31/12/2020 (€m) |
|----------------------------------------|--------------------|--------------------|--------------------|
| Assets | | | |
| Goodwill | 337.3 | 350.6 | 330.3 |
| Intangible assets | 20.3 | 29.0 | 23.4 |
| Property, plant and equipment | 15.2 | 11.5 | 15.4 |
| Lease right-of-use assets | 25.6 | 21.3 | 28.9 |
| Other non-current assets | 26.2 | 24.7 | 24.9 |
| Non-current assets | 424.6 | 437.2 | 422.9 |
| Trade receivables | 86.0 | 64.7 | 88.1 |
| Other current assets | 27.0 | 38.5 | 32.2 |
| Cash and cash equivalents | 23.7 | 24.3 | 16.2 |
| Current assets | 136.7 | 127.5 | 136.4 |
| Total Assets | 561.3 | 564.6 | 559.3 |
| Equity and Liabilities | | | |
| Share capital | 43.1 | 42.6 | 42.7 |
| Reserves and net profit | 316.4 | 317.5 | 312.8 |
| Total Equity | 359.6 | 360.1 | 355.5 |
| Financial debt - long-term portion | 36.8 | 39.2 | 37.3 |
| Lease liabilities - long-term portion | 29.3 | 20.8 | 32.2 |
| Other non-current liabilities | 14.1 | 13.5 | 13.1 |
| Non-current liabilities | 80.2 | 73.5 | 82.5 |
| Financial debt - short-term portion | 2.1 | 2.8 | 2.9 |
| Lease liabilities - short-term portion | 6.1 | 6.2 | 5.6 |
| Deferred Revenues | 72.3 | 76.5 | 54.7 |
| Other current liabilities | 41.0 | 45.5 | 58.1 |
| Current liabilities | 121.5 | 131.1 | 121.4 |
| Total Liabilities | 201.7 | 204.6 | 203.9 |
| Total Equity and Liabilities | 561.3 | 564.6 | 559.3 |

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

| Half-year 2021 | H1 2021 (€m) | H1 2020 (€m) | Full-year 2020 (€m) |
|--------------------------------------------------------------------------------------|-----------------|-----------------|------------------------|
| Net profit for the period | 1.8 | -6.0 | 8.5 |
| Net charges to amortization, depreciation and provisions | 9.2 | 10.1 | 19.9 |
| Other income and expense items | 2.9 | 1.7 | 4.4 |
| Cash from operations after cost of net debt and tax | 13.9 | 5.8 | 32.8 |
| Change in operating working capital requirements (incl. employee benefits liability) | 7.5 | 5.0 | -23.7 |
| Cost of net financial debt | 0.7 | 0.7 | 1.4 |
| Income tax paid net of accrual | 0.1 | -0.8 | 1.6 |
| Net cash from operating activities | 22.3 | 10.6 | 12.1 |
| Net cash used in investing activities | -2.6 | -1.7 | -8.1 |
| Proceeds on share issues | - | - | - |
| Dividends paid | -8.6 | - | 0.0 |
| Change in loans | -1.3 | -0.5 | -2.4 |
| Change in lease liabilities | -3.4 | -4.1 | -4.4 |
| Net interest paid | -0.3 | -0.3 | -0.7 |
| Other flows | 1.1 | -0.3 | -0.4 |
| Net cash from (used in) financing activities | -12.5 | -5.2 | -7.9 |
| Effect of foreign exchange rate changes | 0.3 | -0.4 | -1.1 |
| Net change in cash and cash equivalents | 7.6 | 3.3 | -4.9 |
| Opening cash position | 16.2 | 21.1 | 21.1 |
| Closing cash position | 23.7 | 24.3 | 16.2 |

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

| Half-year 2021 (€m) | H1 2021 | H1 2020 | Growth |
|-----------------------------------------------------|--------------|--------------|---------------|
| Revenue | 138.4 | 136.6 | + 1.3% |
| Changes in exchange rates | | -5.0 | |
| Revenue at constant exchange rates | 138.4 | 131.6 | + 5.2% |
| Changes in scope | | +0.0 | |
| Revenue at constant scope and exchange rates | 138.4 | 131.6 | + 5.2% |

Axway Software: Changes in exchange rates

| Half-year 2021 For 1€ | Average rate H1 2021 | Average rate H1 2020 | Change |
|--------------------------|-------------------------|-------------------------|---------|
| US Dollar | 1.205 | 1.102 | - 8.6% |
| Brazilian Real | 6.490 | 5.410 | - 16.6% |