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Press Release
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Axway Software: Q1 2022 revenue of €66.9 million, above forecasts

- Total revenue growth of 0.9%, organic¹ decline of 2.4%
- Subscription activity up a further 8.2% despite a high comparison base
- Annual Recurring Revenue (ARR) of €182.3 million, up 2.7% compared to Q1 2021

In Q1 2022, Axway (Euronext: AXW.PA) made a good start to the year by continuing to accelerate its move towards a business model based primarily on subscription contracts. Over the period, new contract signatures exceeded internal forecasts and revenue was above analysts' expectations. While the performance of Q1 2021 established a high comparison base, the company did not anticipate a particular increase in its activity level and is therefore satisfied with the dynamics observed in the first 3 months of the year.

The decrease in revenue compared to Q1 2021 is mainly due to the success of the subscription contracts managed by Axway in the cloud on behalf of its customers, which, unlike subscription contracts managed by the customers themselves, do not result in the early recognition of upfront revenue. As a result, several of the most important subscription deals signed during the period will only have an impact on revenue growth in the coming quarters.

On the product side, the company continued to see strong interest in its 4 key offerings:

- the Amplify platform has been chosen by several major clients in Latin America, Asia/Pacific and Europe thanks to the relevance of its development roadmap,
- in addition to the closing of a significant customer managed subscription contract with a TCV of €3.5 million, over the quarter, the MFT solution was reinforced by a new public cloud offering that quickly resulted in several contract signatures,
- the B2B offering generated the most important Axway managed subscription contract of the quarter thanks to a cloud project with a TCV of €3.1 million,
- the Digital Finance offer has convinced new key business partners in Europe, including, among others, Accenture.

The entire portfolio of offers continues to evolve to always better meet the needs of customers. In addition, during the first quarter of the year, Axway continued to invest in supporting its strategy, particularly in the area of marketing, and observed a growth of nearly 185% in the value of new customers' contracts compared to Q1 2021.

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

"We started 2022 with good cadence on all our major projects. By successfully signing major contracts in each of our four regions of operation, we have been able to exceed our internal quarterly forecasts. This dynamic gives us momentum for the second quarter as we continue to evolve our Amplify platform, which marks our differentiation in the market. While the trend towards subscription offerings accelerates and confirms our vision, we continue to offer a very flexible engagement method to our customers to allow them to move at their own pace, according to their needs. In the first quarter we also began the rationalization of our product portfolio, as announced at the time of the publication of our annual results. We will continue our efforts in this area throughout the year, with the objective of focusing on our core offerings to improve our growth and profitability. Finally, it should be noted that during the first three months of the year, the persistent economic and geopolitical uncertainties did not affect the building of our pipeline, which is a good sign for the rest of the year."

¹ See Glossary and Alternative Performance Measures

Comments on Q1 2022 activity

Axway Software: Consolidated revenue

1 st Quarter 2022 (€m)	Q1 2022	Q1 2021 Restated*	Q1 2021 Reported	Total Growth	Organic Growth	Constant Currency Growth
Revenue	66.9	68.6	66.3	0.9%	-2.4%	-2.4%

* Revenue at 2022 scope and exchange rates

Axway's revenue for Q1 2022 was €66.9 million, representing total growth of 0.9% and an organic decline of 2.4%. Currency fluctuations had a positive impact of €2.2 million on quarterly revenue, mainly due to the appreciation of the US dollar and the Brazilian real against the euro.

Axway Software: Revenue by business line

1 st Quarter 2022 (€m)	Q1 2022	Q1 2021 Restated*	Q1 2021 Reported	Total Growth	Organic Growth
License	3.7	4.0	3.8	-3.2%	-7.4%
Subscription	26.4	24.4	23.7	11.4%	8.2%
Maintenance	27.9	30.8	29.8	-6.3%	-9.5%
Services	9.0	9.3	9.0	-1.0%	-4.0%
Axway Software	66.9	68.6	66.3	0.9%	-2.4%

* Revenue at 2022 scope and exchange rates

License activity generated revenue of €3.7 million in Q1 2022 (6% of total revenue), an organic decline of 7.4 % compared to the previous year. Despite heterogeneous regional situations, overall activity was down on the solid commercial performance of Q1 2021. As for more than 2 years, the flexibility of the subscription-based offerings continues to convince a majority of customers. However, Axway anticipates a clear slowdown in License activity revenue decline over the full year compared to 2021.

In spite of a very high comparison base due to the recognition of significant upfront revenue in Q1 2021, 2022 bookings and deferred revenue from previous quarters enabled the **Subscription** activity to continue its growth. The latter has continued to develop at a satisfactory pace, with organic growth of 8.2% over the period, reaching €26.4 million in revenue (39% of total revenue). Thanks to several major successes of the MFT and B2B offerings, in the quarter, the annual contract value (ACV) of new subscription contracts signed reached €7.0 million, up 22.3% compared to Q1 2021.

Revenue from the **Maintenance** activity amounted to €27.9 million in Q1 2022 (42% of total revenue), an organic decrease of 9.5%. In line with previous quarters, the decline in activity is due to lower demand for licenses, which is explained by a confirmed preference of new customers for subscription-based contracts and the accelerated migration of existing customers to these more flexible offerings.

In Q1 2022, Axway's ARR, which is a key indicator of the future revenue growth potential, was €182.3 million, up 2.7% compared to Q1 2021. Recurring revenue for the quarter which includes Subscription and Maintenance activities, represented 81% of total revenue or €54.3million, of which €8.2 million of upfront revenue recognized on the signature of customer managed subscription contracts.

Services revenue decreased organically by 4.0% in the quarter, to €9.0 million, or 13% of total revenue. This decrease is explained by the continued rise of subscription contracts which generally require a lower level of services.

Axway Software: Revenue by geographic area

1 st Quarter 2022 (€m)	Q1 2022	Q1 2021 Restated*	Q1 2021 Reported	Total Growth	Organic Growth
France	18.1	18.8	18.8	-3.4%	-3.4%
Rest of Europe	13.2	16.7	16.7	-20.7%	-21.0%
Americas	30.3	28.5	26.5	14.3%	6.2%
Asia/Pacific	5.3	4.5	4.4	21.0%	16.2%
Axway Software	66.9	68.6	66.3	0.9%	-2.4%

* Revenue at 2022 scope and exchange rates

France reported revenue of €18.1 million (27% of total revenue) in Q1 2021, an organic decrease of 3.4%. The growth of the License and Subscription activities in the country was not sufficient to compensate for the decline in Maintenance and Services over the period.

With revenue of €13.2 million (20% of total revenue), the **Rest of Europe** region experienced an organic decline of 21.0% in Q1 2022. Whereas at the beginning of last year, several significant migrations to subscription-based offerings had been signed, establishing a

high comparison base, this year the commercial trend proved more buoyant for Axway managed subscription contracts which, by nature, do not generate upfront revenue recognition.

The **Americas** (USA & Latin America) generated revenue of €30.3 million (45% of total revenue) in Q1 2022, representing organic growth of 6.2%. This good performance reflects the dynamism of the Subscription and License activities, both of which showed significant growth (> 20%) over the first 3 months of the year.

The **Asia/Pacific** region saw its revenues grow by 16.2% organically to reach €5.3 million (8% of total revenue) for the quarter. As in 2021, the region was buoyed by the success of the Subscription activity, which grew by nearly 170% in the quarter.

Financial position at March 31, 2022

At March 31, 2022, Axway had cash of €34.6 million and net debt of €27.0 million.

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

2022 Targets & Outlook

For 2022, Axway's objective is to achieve organic revenue growth of between 1% and 3%. The company also aims to improve its profitability, with a margin on operating activities of between 12% and 14% of revenue for the year.

In the medium term, Axway's ambition remain:

- to achieve revenue of €500m through organic growth in sales and through acquisitions,
- to return to operating margin on business activity rates above 15%,
- to sustainably increase earnings per share to above €1.

Financial calendar

Tuesday, May 24, 2022, 2:30 p.m. (UTC+2): Annual Shareholders' Meeting
Tuesday, July 26, 2022, after market closing: Publication of 2022 Half-Year Results
Tuesday, July 26, 2022, 6:30 pm (UTC+2): 2022 Half-Year Results Virtual Analyst Conference
Thursday, October 20, 2022, before market opening: Publication of Q3 2022 Revenue

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.

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.

ARR: Annual Recurring Revenue – Expected annual billing amounts from all active maintenance and subscription agreements.

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 2021 Universal Registration Document filed with the French Financial Markets Authority (*Autorité des Marchés Financiers*, AMF) on March 24, 2022, under number D.22-0145. 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 enables enterprises to securely open everything by integrating and moving data across a complex world of new and old technologies. Axway's API-driven B2B integration and MFT software, refined over 20 years, complements Axway Amplify, an open API management platform that makes APIs easier to discover and reuse across multiple teams, vendors, and cloud environments. Axway has helped over 11,000 businesses unlock the full value of their existing digital ecosystems to create brilliant experiences, innovate new services, and reach new markets. Learn more at axway.com

Appendices

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

1 st Quarter 2022 (€m)	Q1 2022	Q1 2021	Growth
Revenue	66.9	66.3	0.9%
Changes in exchange rates		+2.2	
Revenue at constant exchange rates	66.9	68.6	-2.4%
Changes in scope		+0.0	
Revenue at constant scope and exchange rates	66.9	68.6	-2.4%

Axway Software: Changes in exchange rates

1 st Quarter 2022 For 1€	Average rate Q1 2022	Average rate Q1 2021	Change
US Dollar	1.122	1.205	+ 7.4%
Brazilian Real	5.870	6.599	+ 12.4%