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Press release

Axway Software: Accelerated migration to cloud offerings

- ARR (Annual Recurrent Revenue)* of €189.8m, up 8.6% year-on-year
- Half-year revenue of €136.4m, an overall decline of 1.4%
- Half-year profit on operating activities of €6.7m, or 4.9% of revenue
- Strong momentum of Axway Managed subscription signatures, up almost 400% over first half 2021

Paris, July 26, 2022 - Axway Software's Board of Directors, chaired by Pierre Pasquier, today approved the financial statements for the first half of 2022, which were subject to a limited review by the statutory auditors¹. Axway reports the following results for H1 2022:

Axway Software: 2022 Half-year results

Key income statement items*	Half-year 2022		Half-year 2021	
	(€m)	(% Rev)	(€m)	(% Rev)
Revenue	136.4		138.4	
Organic growth	- 5.8%			
Growth at constant exchange rates	- 5.8%			
Total growth	- 1.4%			
Profit on Operating Activities	6.7	4.9%	10.5	7.6%
Profit from Recurring Operations	2.5	1.8%	5.0	3.6%
Operating Profit	1.1	0.8%	3.1	2.3%
Net Profit attributable to the Group	2.4	1.8%	1.8	1.3%
Basic earnings per share (in €)	0.11		0.08	

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

Patrick Donovan, Chief Executive Officer, declared:

"In the first half of 2022, I have been very impressed by the momentum generated by our General Manager model. Our focus on our products and customers' needs continues to drive improvement in our NPS and the nature of the deals we sign. Over the first half, our core product-based strategy had a real impact. Thanks to our B2B offering, we were able to sign our largest deal of the period through a multi-million euros Axway Managed cloud contract with a new customer. Our MFT portfolio also continued to attract new customers and grow within its large installed base, while API Management pursued its development through the success of the Amplify Marketplace and Axway Open Finance offerings. We also strengthened our capabilities by acquiring a cloud integration start-up, DXChange.io, at the end of June. While we were anticipating a decline in H1 2022 compared to the good performance of the previous year, the number of Axway Managed subscription contracts signed during the period exceeded our expectations. This shift is disrupting our revenue even though we have achieved our sales forecasts, as evidenced by the satisfactory growth of our ARR. Should this trend continue, our 2022 organic growth target of between 1 and 3% may become difficult to achieve in favor of more stable and predictable revenues in the years to come. At this stage we are looking at a full-year landing in the low end of our guidance, but we will have a better picture of the situation at the end of Q3."

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.

Comments on business activity in the first half of 2022

In the first half of 2022, Axway continued to adapt to its new market paradigms at a good pace. This resulted in Axway Managed subscription growth of almost 400%, which helped ARR growth of 8.6% and builds future revenue stability. Over the first six months of 2022, in an inflationary economic environment, Axway's margin and booking performance was in line with internal forecasts.

While the first half of 2021 represented a high comparison basis, Subscription revenue, which had been growing steadily between 2018 and 2021 with a compound annual growth rate (CAGR) of 41.5%, was slowed by several large new contract signatures for Axway Managed cloud offerings. These contracts, which, as evidenced by the continued increase in ARR over the period, generate more recurring revenue over time and do not result in any early revenue recognition.

On the operational side, the company continues to implement its strategy focusing on its significant product lines and markets. This approach involved several major developments:

- The company moved to an execution model with General Managers ("GM") for each core product: API, MFT, B2B and Digital Finance. Each GM oversees the strategy and budget for a product line and works closely with regional entities allowing teams to continue to get closer to the customer and their needs.
- The initiative to rationalize the product portfolio, which involves 5-7% of the company's 2021 total revenue, has been launched. As such, several specialized products have been put in the process to be sold or discontinued.
- In addition to its product portfolio rationalization, Axway is working to secure its market positions. As part of this plan, it was decided to serve Chinese market with partners and therefore, Axway's subsidiary in China will be closed.
- As mentioned at the beginning of the year, the acquisition strategy was re-engaged with a first transaction completed at the end of June 2022. Axway acquired the India-based start-up, DXChange.io, which offers a cloud integration platform that will be leveraged across the entire core portfolio. This strategic technological acquisition will enable Axway to respond effectively to the convergence of the API Management and IPaaS markets, which are rapidly evolving towards a common framework for integration and management of hybrid and multi-cloud environments.

Finally, over the first six months of the year, customer satisfaction has risen sharply breaking a new record, with a Net Promoter Score of 37 compared with 29 at the end of 2021. Axway's customers continue to be excellent external advocates of the company's offerings and value.

Comments on operational performance in the first half of 2022

In the first half of the year, Axway generated revenue of €136.4 m, down 5.8% organically and 1.4% in total. While there were no changes in the scope of consolidation during the first six months of the year, currency fluctuations had a positive impact on revenue of €6.5 m, mainly due to the appreciation of the US dollar against the euro. Profit on operating activities amounted to €6.7 m for the period, or 4.9% of revenue.

Axway Software: Revenue by business line

Half-year 2022 (€m)	H1 2022	H1 2021 Restated*	H1 2021 Reported	Total Growth	Organic Growth
License	6.3	9.8	9.3	-31.8%	-35.5%
Subscription	55.9	54.1	51.8	7.9%	3.2%
Maintenance	56.0	62.9	60.0	-6.6%	-10.9%
Services	18.2	18.1	17.3	5.1%	1.0%
Axway Software	136.4	144.9	138.4	-1.4%	-5.8%

* Revenue at 2022 scope and exchange rates

License activity revenue was €6.3m for the first half of the year (5% of total revenue), an organic decrease of 35.5%. All major product lines have subscription offerings which are widely adopted and preferred by customers worldwide. License revenue is now primarily limited to one of Axway's specialized products, only available on a license-based model.

In the first half of 2022, the **Subscription** activity generated revenue of €55.9m, representing organic growth of 3.2% and 7.9% in total. The activity represented 41% of Axway's revenue for the first six months of the year. Whereas in the first half of 2021, Subscription revenue posted organic growth of 45.0%, a year later the growth was more moderate due to the decrease in upfront revenue. During the first half of 2022, the acquisition of new logos continued and customers largely opted for Axway Managed subscription contracts. These signatures will, however, only have a real impact on revenue in the coming quarters.

Maintenance revenue amounted to €56.0m in H1 2022 (41% of total revenue), an organic decline of 10.9%, in line with expectations. Following on from previous semesters, the migration of the value of certain maintenance services to the Subscription activity has continued as clients adopt the most flexible contractual models.

At the end of June 2022, Axway's ARR (Annual Recurrent Revenue), which is a key indicator of future revenue growth potential, reached €189.8m, up 8.6% compared to H1 2021. Recurring revenue for the semester, which includes Subscription and Maintenance activities, represented 82% of total revenue or €111.9m, including upfront revenue of €18.3m recognized on the signature of Customer Managed subscription contracts.

The **Services** activity generated revenue of €18.2m (13% of total revenue) in H1 2022, up organically by 1.0% and by 5.1% in total. The activity's revenue is gradually stabilizing at between 12 and 15% of total revenue in line with the company's forecasts. Activity rose significantly (+6.3% organically) in Q2 2022.

Axway Software: Revenue by geographic area

Half-year 2022 (€m)	H1 2022	H1 2021 Restated*	H1 2021 Reported	Total Growth	Organic Growth
France	37.7	39.4	39.4	-4.1%	-4.1%
Rest of Europe	27.2	34.0	33.9	-19.9%	-19.9%
Americas	60.8	63.0	57.1	6.5%	-3.5%
Asia/Pacific	10.7	8.5	8.0	33.4%	25.5%
Axway Software	136.4	144.9	138.4	-1.4%	-5.8%

* Revenue at 2022 scope and exchange rates

Revenue in **France** amounted to €37.7m in the first half of the year, representing 28% of Axway's total revenue. Organically, activity fell 4.1% in H1 2022. The nearly 20% growth in the Subscription activity in France over the first half of the year was not enough to compensate for the anticipated drop in Maintenance.

With revenue of €27.2m (20% of total revenue), the **Rest of Europe** zone experienced an organic decrease of 19.9% over the half-year. In the region and particularly in Germany, the B2B Axway Managed solution met with great success with both new and existing customers, generating a good increase in ARR that will materialize into revenue in the upcoming semesters.

In the first half of the year, the **Americas** (USA & Latin America) generated revenue of €60.8m representing 44% of Axway's revenue with total growth of 6.5% and an organic decrease of 3.5%. As in Europe, there was a stronger than expected increase in demand for Axway Managed cloud solutions. This resulted in the signing of the largest contract of the semester in North America with a new customer, for a total value of more than €5m, while in Latin America, API management continued its dynamic trend.

Asia/Pacific generated half-year revenue of €10.7m (8% of total revenue), representing organic growth of 25.5%. Thanks to very strong growth in Subscription and Services activities through API Management and MFT offerings, Axway recorded robust half-year results in the region.

Comments on net profit for the first half of 2022

Profit from recurring operations was €2.5m in H1 2022, or 1.8% of revenue. It includes amortization of allocated intangible assets of €2.9m and a share-based payment expense of €1.3m.

Operating profit for the half-year was €1.1m, or 0.8% of revenue.

Net profit for the period was €2.4m, representing 1.8% of revenue compared to 1.3% (€1.8m) in H1 2021.

Basic earnings per share were €0.11 for the period, up from €0.08 in H1 2021.

Financial position at June 30, 2022

At June 30, 2022, Axway's financial position was solid, with cash of €19.5m and bank debt of €78.3m as existing credit lines were utilized to fund the acquisition strategy.

Free cash flow was €8.2m in 2022, compared to €16.1m a year earlier. This difference is mainly due to a delay in the financing of the French R&D tax credit (CIR) which, this year, will be effective in the second half. However, the accumulation of subscription contract signatures should lead to an improvement in net cash from operating activities over the full year.

Shareholders' equity stood at €381.1m at June 30, 2022, compared to €359.6m at the end of June 2021.

As a reminder, Axway renegotiated its bank lines until 2027, thereby securing financing of up to €125.0m.

Change in the workforce

At June 30, 2022, Axway had 1,648 employees compared to 1,712 at December 31, 2021.

2022 Targets & Outlook

Axway maintains its objective of achieving organic revenue growth of between 1% and 3% in 2022. 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 ambitions remain:

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

Today, Tuesday, July 26, 2022, at 6.30 p.m. (UTC+2): 2022 Half-Year Results Analyst Conference

- ➔ **Virtual conference registration:** [Click here](#)
 - Or join by phone by dialing one of the numbers below and announcing "Axway" at the operator's request:
 - International: +44 (0) 33 0551 0200 / France: +33 (0) 1 70 37 71 66 / USA: +1 212 999 6659

Please note that the meeting will be held in English.

Financial Calendar

Friday, August 5, 2022: Filing of the 2022 half-year financial report

Thursday, October 20, 2022, before market opening: Publication of Q3 2022 Revenue

Glossary and Alternative Performance Measures

ACV: *Annual Contract Value* – Annual contract value of a subscription agreement.

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

Employee Engagement Score: Measurement of employee engagement through an independent annual survey.

Growth at constant exchange rates: Growth in revenue between the period under review and the prior period restated for exchange rate impacts.

NPS: Net Promoter Score – Customer satisfaction and recommendation indicator for a company.

Organic growth: Growth in revenue between the period under review and the prior period, restated for consolidation scope and exchange rate impacts.

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.

Restated revenue: Revenue for the prior year, adjusted for the consolidation scope and exchange rates of the current year.

TCV: *Total Contract Value* – Full contracted value of a subscription agreement over the contract term.

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 (1/4)
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%

2 nd Quarter 2022 (€m)	Q2 2022	Q2 2021 Restated*	Q2 2021 Reported	Total Growth	Organic Growth
License	2.6	5.8	5.4	-51.9%	-55.0%
Subscription	29.5	29.7	28.1	4.9%	-0.8%
Maintenance	28.1	32.0	30.2	-7.0%	-12.2%
Services	9.3	8.7	8.3	11.8%	6.3%
Axway Software	69.5	76.3	72.1	-3.6%	-8.9%

* Revenue at 2022 scope and exchange rates

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%

2 nd Quarter 2022 (€m)	Q2 2022	Q2 2021 Restated*	Q2 2021 Reported	Total Growth	Organic Growth
France	19.6	20.6	20.6	-4.8%	-4.8%
Rest of Europe	14.0	17.2	17.3	-19.0%	-18.8%
Americas	30.5	34.6	30.6	-0.2%	-11.6%
Asia/Pacific	5.4	4.0	3.6	48.1%	36.1%
Axway Software	69.5	76.3	72.1	-3.6%	-8.9%

* Revenue at 2022 scope and exchange rates

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

Half-year 2022	H1 2022		H1 2021		Full-year 2021	
	€m	% Rev.	€m	% Rev.	€m	% Rev.
Revenue	136.4		138.4		285.5	
<i>of which License</i>	6.3		9.3		18.6	
<i>of which Subscription</i>	55.9		51.8		114.2	
<i>of which Maintenance</i>	56.0		60.0		119.0	
Sub-total License, Subscription & Maintenance	118.2		121.1		251.7	
Services	18.2		17.3		33.8	
Cost of sales	45.8		42.7		83.3	
<i>of which License and Maintenance</i>	13.4		12.7		24.6	
<i>of which Subscription</i>	14.5		13.5		27.0	
<i>of which Services</i>	17.9		16.5		31.7	
Gross profit	90.6	66.4%	95.7	69.1%	202.3	70.8%
Operating expenses	83.9		85.1		169.4	
<i>of which Sales and marketing</i>	42.8		43.3		89.0	
<i>of which Research and development</i>	28.2		29.0		55.3	
<i>of which General and administrative</i>	12.9		12.9		25.0	
Profit on operating activities	6.7	4.9%	10.5	7.6%	32.9	11.5%
Share-based payment expense	-1.3		-2.3		-4.4	
Amortization of intangible assets	-2.9		-3.2		-8.6	
Profit from recurring operations	2.5	1.8%	5.0	3.6%	19.9	7.0%
Other income and expenses	-1.4		-1.9		-2.7	
Operating profit	1.1	0.8%	3.1	2.3%	17.3	6.1%
Cost of net financial debt	-0.7		-0.7		-1.3	
Other financial revenues and expenses	1.0		0.4		0.5	
Income taxes	1.1		-1.1		-6.9	
Net profit	2.4	1.8%	1.8	1.3%	9.6	3.4%
Basic earnings per share (in €)	0.11		0.08		0.45	

Axway Software: Simplified Balance Sheet

Half-year 2022	30/06/2022 (€m)	30/06/2021 (€m)	31/12/2021 (€m)
Assets			
Goodwill	383.7	337.3	348.3
Intangible assets	13.0	20.3	15.1
Property, plant and equipment	13.2	15.2	14.3
Lease right-of-use assets	21.7	25.6	23.5
Other non-current assets	26.5	26.2	23.4
Non-current assets	458.2	424.6	424.6
Trade receivables	106.8	86.0	105.1
Other current assets	36.0	27.0	27.8
Cash and cash equivalents	19.5	23.7	25.4
Current assets	162.3	136.7	158.3
Total Assets	620.5	561.3	582.9
Equity and Liabilities			
Share capital	43.3	43.1	43.3
Reserves and net profit	337.8	316.4	328.9
Total Equity	381.1	359.6	372.2
Financial debt - long-term portion	76.1	36.8	60.1
Lease liabilities - long-term portion	25.7	29.3	27.2
Other non-current liabilities	11.7	14.1	13.6
Non-current liabilities	113.4	80.2	100.9
Financial debt - short-term portion	2.3	2.1	1.7
Lease liabilities - short-term portion	5.6	6.1	6.2
Deferred Revenues	78.8	72.3	55.8
Other current liabilities	39.3	41.0	46.0
Current liabilities	126.0	121.5	109.8
Total Liabilities	239.4	201.7	210.7
Total Equity and Liabilities	620.5	561.3	582.9

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

Half-year 2022	H1 2022 (€m)	H1 2021 (€m)	Full-year 2021 (€m)
Net profit for the period	2.4	1.8	9.6
Net charges to amortization, depreciation and provisions	8.8	9.2	20.2
Other income and expense items	1.6	2.9	3.9
Cash from operations after cost of net debt and tax	12.8	13.9	33.7
Change in operating working capital requirements (incl. employee benefits liability)	2.3	7.5	-26.2
Cost of net financial debt	0.7	0.7	1.3
Income tax paid net of accrual	-2.7	0.1	4.1
Net cash from operating activities	13.1	22.3	12.9
Net cash used in investing activities	-9.7	-2.6	-2.8
Proceeds on share issues	-	-	2.0
Purchases and proceeds from disposal of treasury shares	-8.6	-	-9.5
Dividends paid	-8.5	-8.6	-8.6
Change in loans	10.5	-1.3	21.5
Change in lease liabilities	-3.7	-3.4	-6.7
Net interest paid	-0.4	-0.3	-0.6
Other flows	0.2	1.1	0.1
Net cash from (used in) financing activities	-10.5	-12.5	-1.7
Effect of foreign exchange rate changes	1.0	0.3	0.7
Net change in cash and cash equivalents	-6.1	7.6	9.0
Opening cash position	25.2	16.2	16.2
Closing cash position	19.1	23.7	25.2

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

Half-year 2022 (€m)	H1 2022	H1 2021	Growth
Revenue	136.4	138.4	- 1.4%
Changes in exchange rates		+6.5	
Revenue at constant exchange rates	136.4	144.9	- 5.8%
Changes in scope		+0.0	
Revenue at constant scope and exchange rates	136.4	144.9	- 5.8%

Axway Software: Changes in exchange rates

Half-year 2022 For 1€	Average rate H1 2022	Average rate H1 2021	Change
US Dollar	1.093	1.205	+ 10.2%
Brazilian Real	5.556	6.490	+ 16.8%