



2020 Half-Year Results

Analyst Conference

July 27, 2020

Disclaimer

Forward-looking statements

- This presentation contains forecasts that may be subject to various risks and uncertainties concerning the Company's future growth and profitability. The Group highlights that signatures of its contracts, which often represent investments for customers, are historically more significant in the second half of the year and may therefore have a more or less favorable impact on full-year performance.
- 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.
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2020 Half-Year Results

Agenda

1. Operational situation & Strategic developments in times of crisis
2. Customer Success Organisation first-half achievements
3. Financial results for the first half of 2020
4. 2020 Targets & Mid-term Ambitions
5. Q&A Session

Operational situation & Strategic developments in times of crisis



Patrick Donovan
Chief Executive Officer



Highlights of the first half of 2020

Limited decline in revenue despite crisis

€136.6m

Organic growth

-2.0%

Stable profit on operating activities vs. H1 2019

1.9%

or

€2.5m

Strong growth in Subscription activity

+58.5%

or

€37.2m

Major increase in ACV*

+187.6%

or

€10.2m

Significant growth in Signatures*

+26.3%

or

€41.0m

Solid performance in difficult times

Everyone has a plan until they get punched in the mouth.

Mike Tyson

Managing a sudden crisis

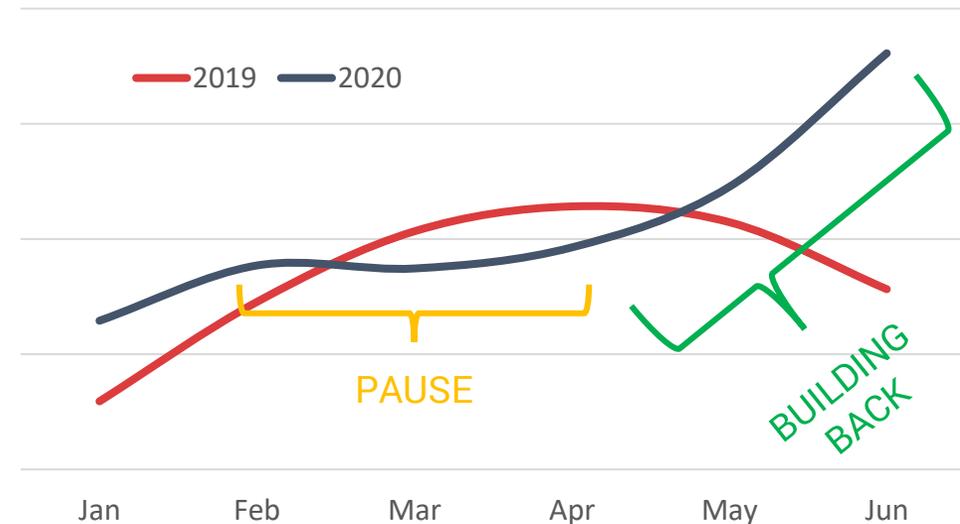
- Safety of employees and stakeholders as a top priority
- Business Continuity plan and strengthened customer engagement
- Rapid adaptation and agility in response to an unprecedented crisis situation

axway

Together we can.
Together we will.



Pipeline growth in H1 2020



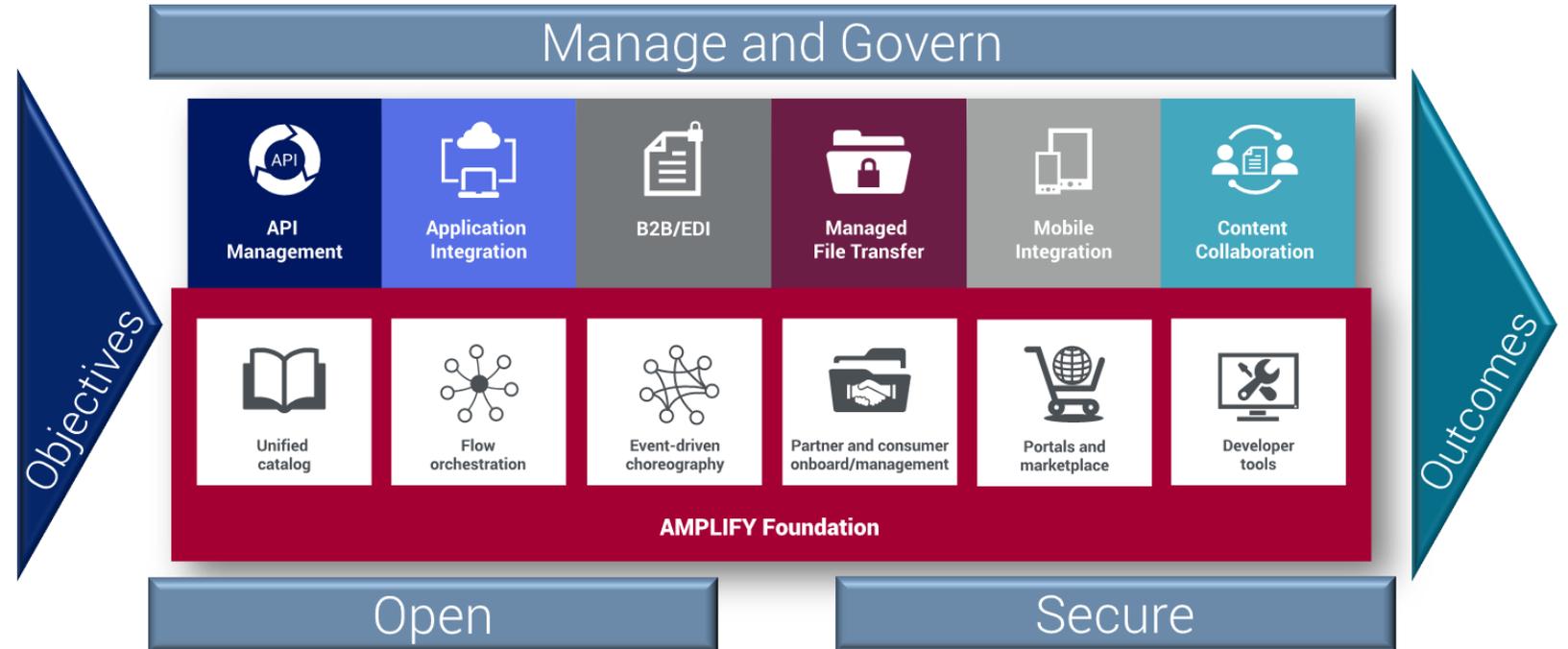
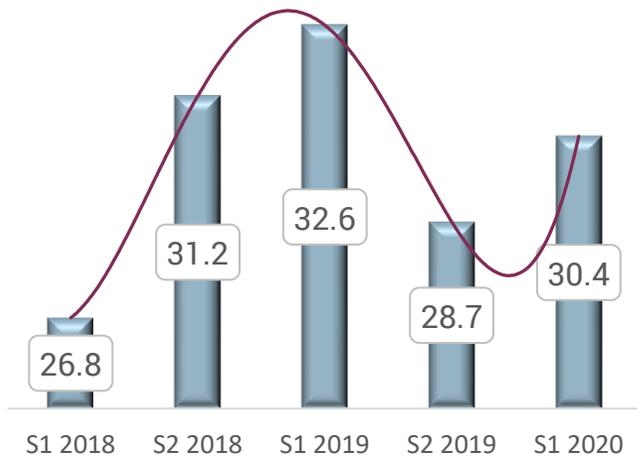
3-year transformation plan finalisation



- ✓ Upgrading the product portfolio
- ✓ Strengthening the management team and engaging employees
- ✓ Implementing a structure adapted to changes in the business model
- ➔ **Increasing awareness and sustaining a growth dynamic**

AMPLIFY: Offer strengthened by recent investments

R&D Investments (€m)



Enterprise
Integration Platform

Unified Governance
and Control

Future Proof,
Open and Flexible

API Platform

Constant strengthening of the teams

Appointments to the Executive Committee



M. Fairbrother
EVP Research & Development



R. Bhatia
EVP Product Management



- Executive team now complete
- Over the past 12 months:
 - Creation of Inside Sales teams
 - Regional alignment and strengthening of sales and Customer Success Management teams
 - Renewed corporate culture based on discipline and rigorous execution

Employee engagement

→ Further improvement in attrition in H1 2020

-13%

i.e. 15.4% attrition in H1 2020

→ Increase in Employee Engagement Score

+18%

58% in 2019 versus 49% in 2018

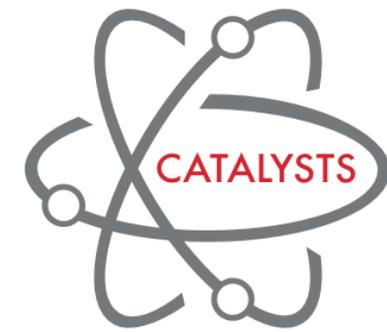
Accelerated transition to virtualized customer engagement



Webinars



Brand & Catalysts



Powered by **axway**

1,975

Registrations

1,100

Attendees

58

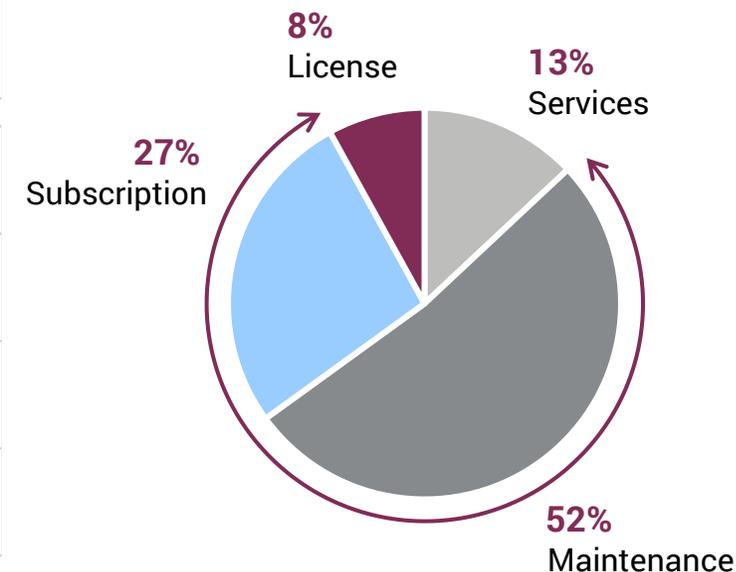
Webinars in H1 2020

7,000

Attendees

Half-Year 2020 – Revenue by activity

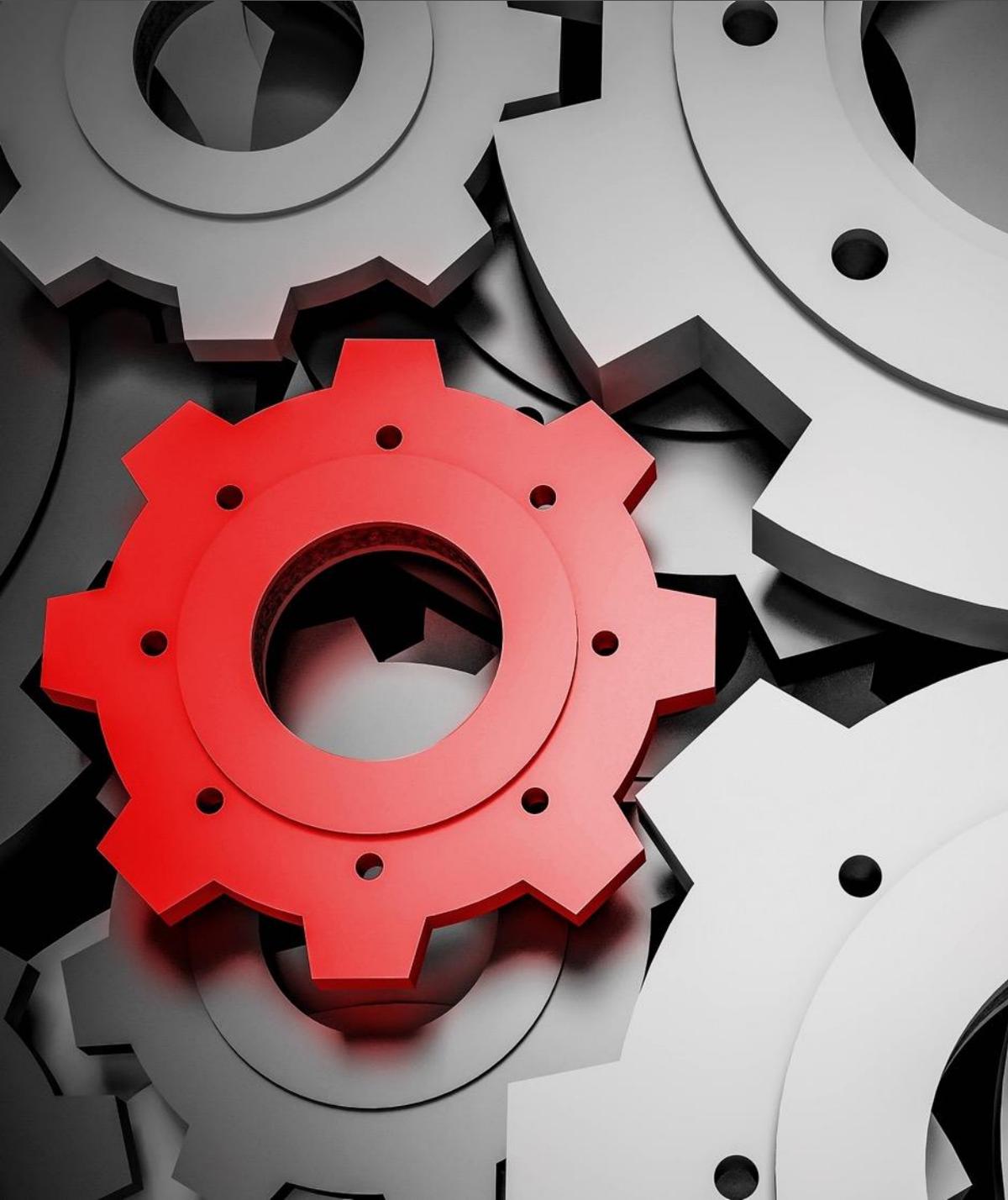
[€m]	H1 2020	H1 2019 Restated*	H1 2019 Reported	Total Growth	Organic Growth*
License	10.5	21.9	21.8	-51.9%	-52.0%
Subscription	37.2	23.5	23.1	+60.9%	+58.5%
Maintenance	70.7	72.5	72.1	-1.9%	-2.5%
Services	18.2	21.5	21.5	-15.7%	-15.7%
Axway	136.6	139.4	138.6	-1.4%	-2.0%



79% Recurring revenue
vs. 69% in H1 2019

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

- Steady growth in the Subscription activity since the beginning of 2017
- Decline in Maintenance activity limited to -2.5% over the first half of the year
- Decrease in License in a crisis environment where customers have favored flexibility
- 10-point increase in the share of recurring revenues to 79% of total Group revenues



Customer Success Organisation first-half achievements

Roland Royer
Chief Customer Officer



Strong growth in Signatures

Signatures* growth by geography

[€m]	H1 2020
France	+14%
Rest of Europe	+18%
Americas	+46%
Asia/Pacific	-11%
Axway	+26%

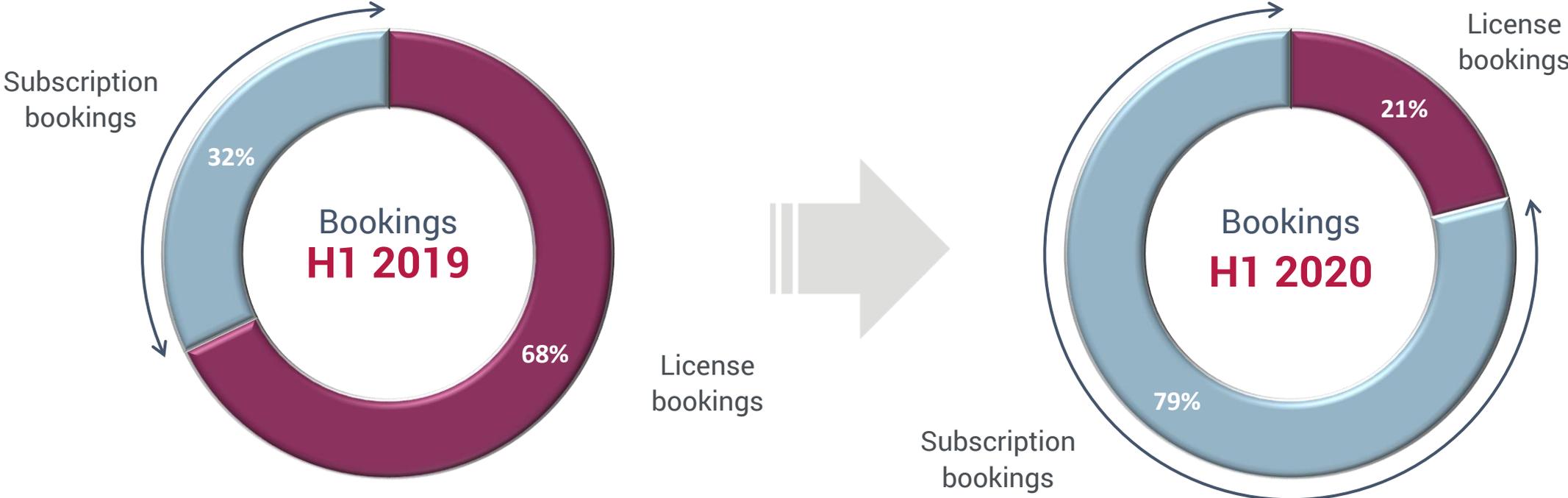
** Alternative performance measures are defined in the glossary at the end of this document*

Signature Metric up

+26%

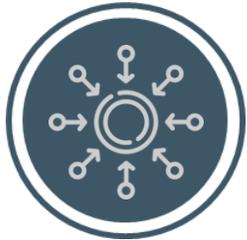
vs. H1 2019

Acceleration of the transition to Subscription



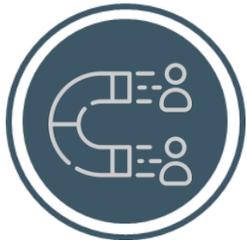
Share of Subscriptions bookings up 47 points vs. H1 2019

A successful half-year thanks to our customer-focused strategy



Customer Centricity

- Focus on improving the customer experience measured by the Net Promoter Score



Engagement

- Virtual User Groups and Virtual Customer Advisory Groups
- Weekly Catalysts' webinars on digital transformation attracting hundreds of people each week



Offering

- Free use of our Content Services solution offered to our customers moving to “working from home” and remote collaboration
- Promoting Subscription based offers

In H1 2020

> 89%

of signatures value with our customer base

A successful half-year thanks to the breadth of our portfolio

MFT

A large financial institution in France...



Migrating to our new MFT solution

5-year subscription

APIM

A major satellite radio broadcaster in the USA ...



Re-Platforming their global infrastructure thanks to AMPLIFY API Management

3-year subscription

B2B

A well-known auto equipment manufacturer in Germany...



Selecting Axway Cloud B2B to accelerate the spin-off of their electric and self-driving technologies

5-year subscription

Content Services

A famous telecommunications and mass media company...



Deploying Syncplicity to generate important cost savings on securely managing unstructured data

3-year subscription

The 4 largest deals in H1 2020 cover the entire product portfolio

Great technology is not enough



Business: Human pharma, animal health & biopharma
Employees: 50,000
2017 Revenue: \$18.2B (Top 20 Pharma, Worldwide)



Accelerate Workshop
Axway catalysts guide the strategy and execution process

Axway Sales, Catalysts, Partnerships/Alliances, Presales & PSO **work together** to create a viable solution to support B.I.'s business objectives

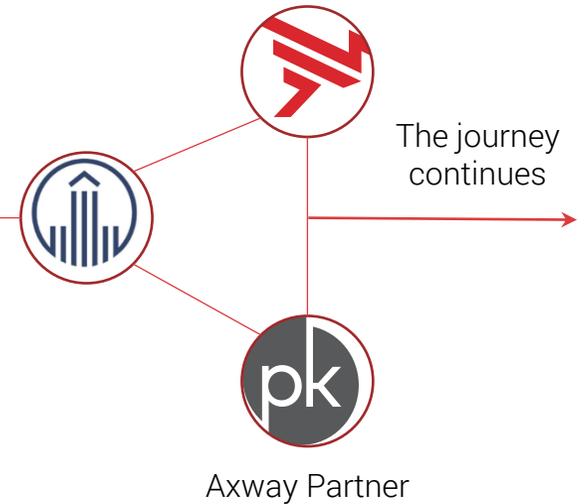
Catalysts → PSO



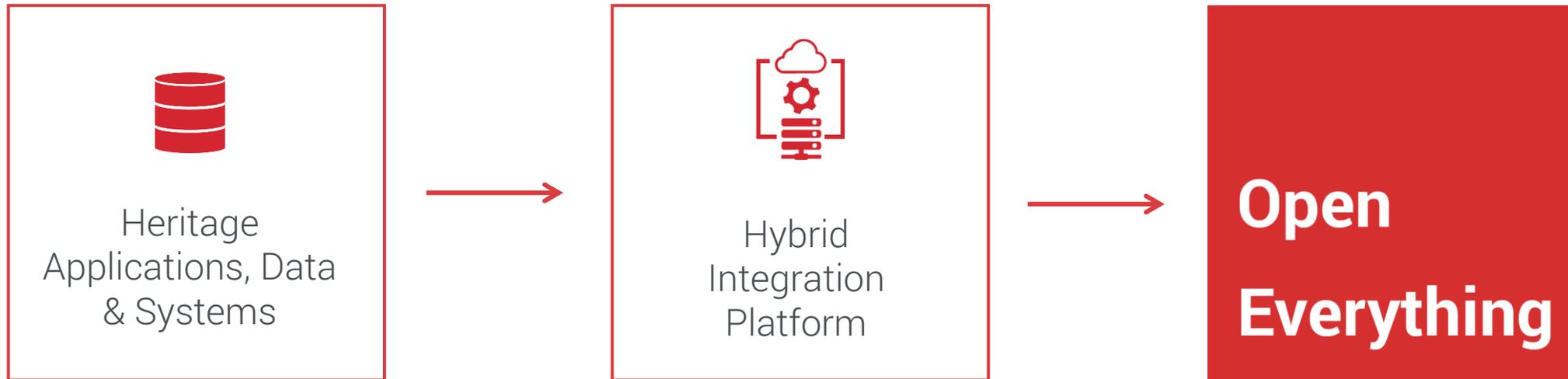
And move from a discussion about improving functionality to a review of **business strategy**

Customer made direct request for

- Recommended partners
- Professional services proposals in MVP mode
- Potential HIP cross-sell of Integration Builder/iPaaS
- Help with Design & other front-end activities that make their offering more robust

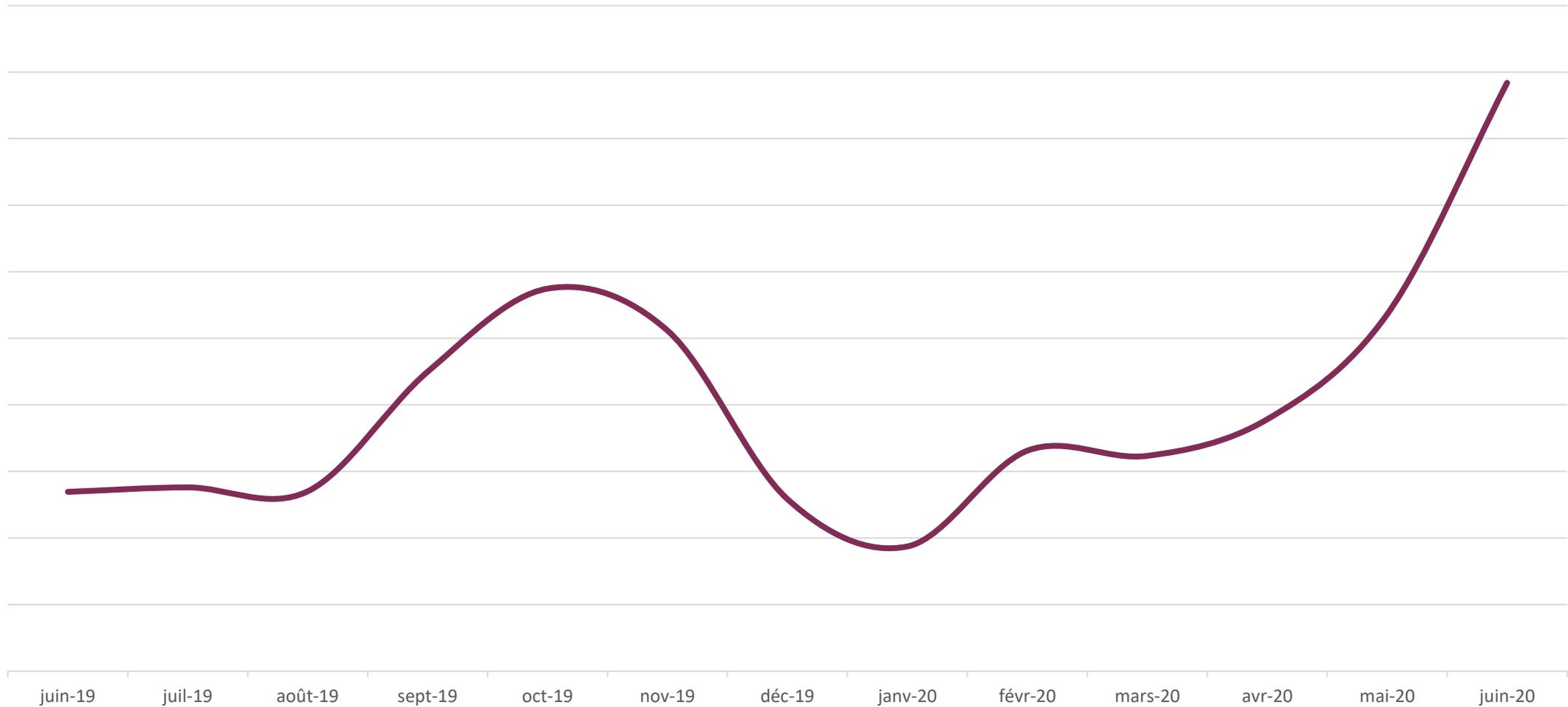


Axway as a critical part of today and tomorrow



2nd half of 2020: In difficulty lies opportunity

Pipeline trend over the past 12 months



Successful Transformation

Strategic focus on Customer Success

→ *Steady improvement of the NPS*

Positive business dynamique

→ *Positive Signature metric despite COVID-19*

Transition to Subscription models

→ *Recurring Group revenue close to 80%*

**Open
Everything**

Financial results for the first half of 2020



Patrick Donovan
Chief Executive Officer



2020 Half-Year Results – Income statement

<i>In millions of euros</i>	H1 2020		H1 2019	
Revenue	136.6		138.6	
Cost of sales	47.3		45.9	
Gross Profit (% of Revenue)	89.3	<i>65.4%</i>	92.6	<i>66.8%</i>
Operating expenses	86.8		90.2	
<i>of which Sales and marketing</i>	<i>43.5</i>		<i>44.3</i>	
<i>of which Research and development</i>	<i>30.4</i>		<i>32.6</i>	
<i>of which General and administrative</i>	<i>12.9</i>		<i>13.3</i>	
Profit on operating activities	2.5	<i>1.9%</i>	2.5	<i>1.8%</i>
Profit from recurring operations	-3.7	<i>-2.7%</i>	-2.7	<i>-1.9%</i>
Operating profit	-3.7	<i>-2.7%</i>	-3.0	<i>-2.1%</i>
Income taxes	0.2		-1.9	
Net profit (% of Revenue)	-6.0	<i>-4.4%</i>	-6.1	<i>-4.4%</i>
Basic earnings per share (in €)	-0.28		-0.29	

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

Organic growth*

-2.0%

Sales & Marketing

-1.9%

Profit on op. activities

€2.5m

or 1.9% of Rev.

Total growth

-1.4%

R&D

-6.6%

Net profit

-€6.0m

or -€0.28 per share

2020 Half-Year Results – Focus on License & Maintenance

[€m]	H1 2020	H1 2019 Restated*	H1 2019 Reported	Organic Growth*
License	10.5	21.9	21.8	-52.0%
<i>of which Q1 20</i>	<i>3.9</i>	<i>9.2</i>	<i>9.1</i>	<i>-57.4%</i>
<i>of which Q2 20</i>	<i>6.6</i>	<i>12.7</i>	<i>12.7</i>	<i>-48.2%</i>
Maintenance	70.7	72.5	72.1	-2.5%

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

- License revenue fell over the entire period and, in all regions, with a strong move to Subscription
- Resilience of the Maintenance activity, supported by contract renewals in a context of declining License sales

2020 Half-Year Results – Focus on Subscription

[€m]	H1 2020	H1 2019 Restated*	H1 2019 Reported	Organic Growth*
Subscription	37.2	23.5	23.1	+58.5%
<i>of which Q1 20</i>	<i>15.7</i>	<i>11.1</i>	<i>10.9</i>	<i>+41.4%</i>
<i>of which Q2 20</i>	<i>21.5</i>	<i>12.4</i>	<i>12.3</i>	<i>+73.7%</i>
New ACV	10.2	3.5	3.5	+187.6%

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

- Significant increase in new ACV during the crisis period
- First half Subscriptions include €11.8m up-front revenue on Customer Managed Subscriptions
- License to Subscription trend continued from the later part of Q1 and throughout all Q2

2020 Half-Year Results – Signature metric

[€m]	New Signatures Value	Weighting Factor	Weighted New Signatures
License	10.5	1x	10.5
New Subscription (ACV*)	10.2	3x	30.5

- Signature metric strong at +26.3% for H1
- New Subscription ACV driving Signature metric growth

Half-year 2020 Weighted Signatures	41.0
Organic Growth*	+26.3%

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

Main balance sheet items at 30/06/2020

Cash and equivalents

€24.3m

vs. €21.1m at 31/12/2019

DSO

70 days

vs. 61 days at 30/06/2019

Total assets

€564.6m

vs. €568.8m at 31/12/2019

Net debt

€17.7m

vs. €22.0m at 31/12/2019

Current deferred revenues

€76.5m

vs. €60.6m at 31/12/2019

Total equity

€360.1m

vs. €362.6m at 31/12/2019

Cash flows & Covenants at 30/06/2020

In millions of euros

	30/06/2020	30/06/2019
Net profit for the period	-6.0	-6.1
<i>Change in operating working capital requirements</i>	<i>5.0</i>	<i>3.0</i>
Net cash from operating activities	10.6	8.6
<i>Free cash flow</i>	<i>4.9</i>	<i>1.2</i>
Net cash used in investing activities	-1.7	-4.5
Net cash used in financing activities	-5.2	-7.8
Net change in cash and cash equivalents	3.3	-3.6
Opening cash position	21.1	35.8
Closing cash position	24.3	32.1

- Free cash flow up to €4.9M
- Cash increase of €3.3m in the first half of 2020

	30/06/2020	31/12/2019	30/06/2019
<u>EBITDA</u> Cost of debt (covenant > 5)	106.8	43.9	45.2
<u>Net debt</u> EBITDA (covenant < 3)	0.50	0.70	0.47
<u>Net debt</u> Equity (covenant < 1)	0.05	0.06	0.03

- All banking covenants well respected in the period



2020 Targets & Mid-term Ambitions

Unchanged technological ambition

BECOME A MARKET LEADER IN
HYBRID INTEGRATION PLATFORMS
BY THE END OF 2020

“By 2022, Gartner predicts at least 65% of large organizations will have implemented an HIP” ⁽¹⁾

Caution in an uncertain environment



**CONTEXT OF PROLONGED UNCERTAINTY
VERY LIMITED VISIBILITY**

Review of 2020 targets

At this stage, while emphasising 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.

2020 \approx 2019

Confirmation of mid-term ambitions

Achieve revenue of €500 million
(Organic growth + M&A)

Return to operating margin on business activity rates above 15%
and gradually move towards 20%

Sustainably increase earnings per share to above €1

Q&A

Open

Everything



Thank You

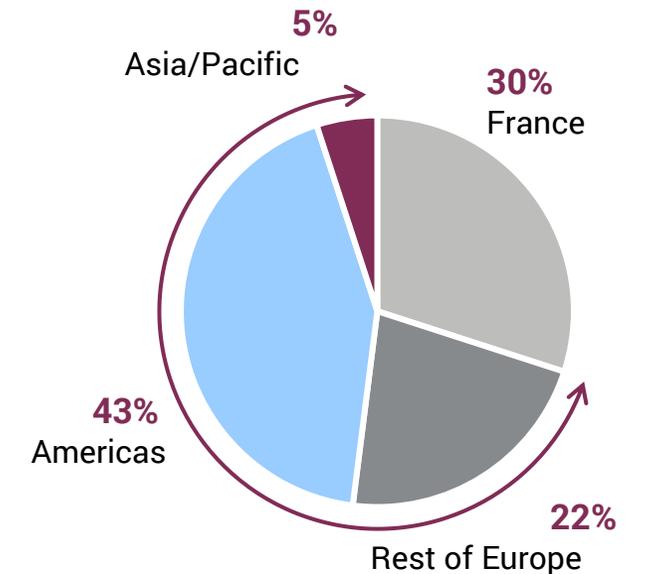


Appendices

2020 Half-Year Results – Revenue by geography

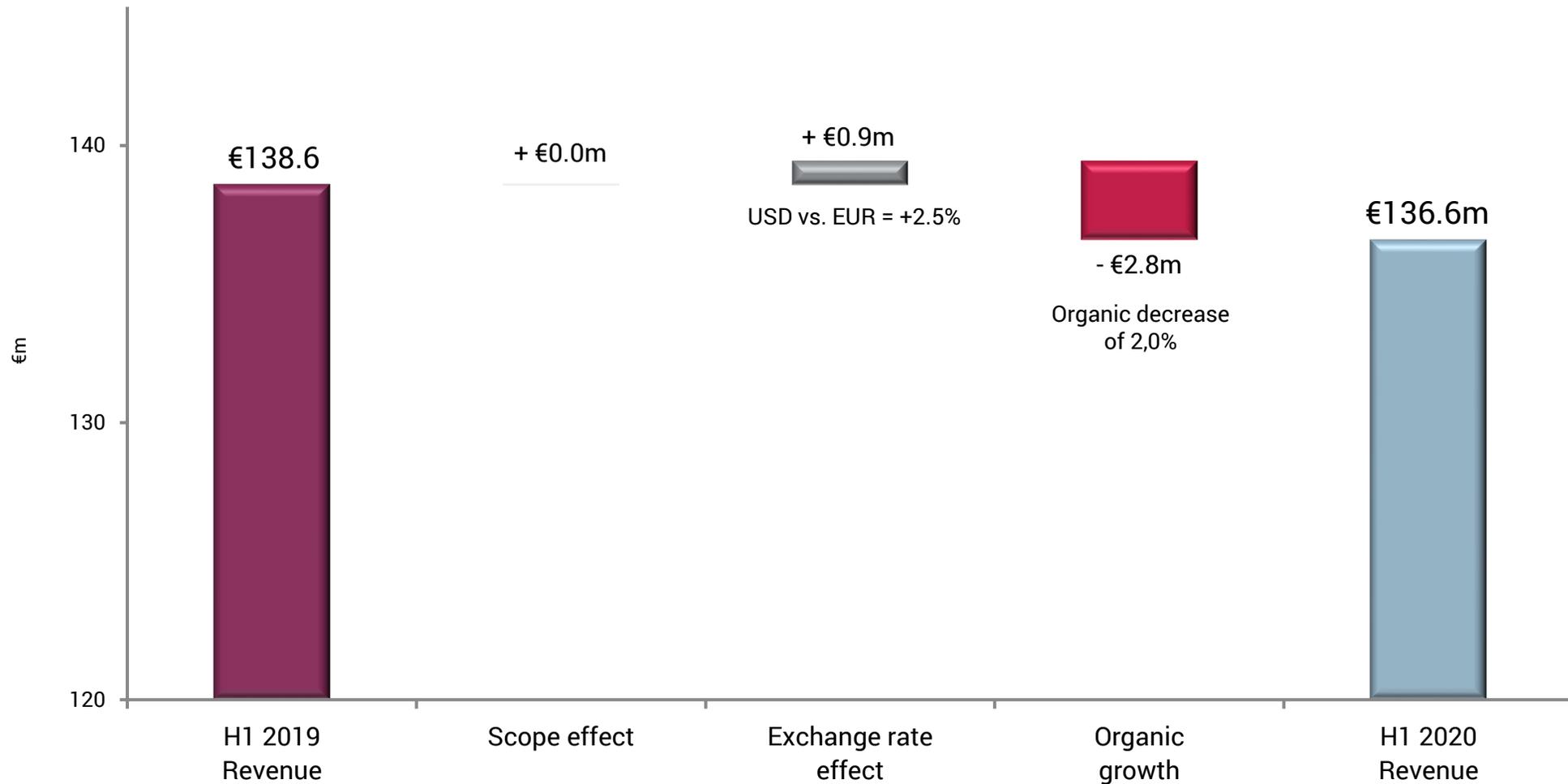
[€m]	H1 2020	H1 2019 Restated*	H1 2019 Reported	Total Growth	Organic Growth*
France	40.9	40.8	40.8	+0.3%	+0.3%
Rest of Europe	29.6	30.9	31.0	-4.5%	-4.4%
Americas	59.3	60.3	59.4	-0.2%	-1.8%
Asia/Pacific	6.9	7.4	7.5	-8.1%	-6.9%
Axway	136.6	139.4	138.6	-1.4%	-2.0%

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



70% International revenue
vs. 71% in H1 2019

2020 Half-Year Results – Change in revenue



Simplified balance sheet at 30/06/2020

In millions of euros

	30/06/2020	30/06/2019
Assets		
Goodwill	350.6	347.2
Non-current assets	437.2	446.0
Trade receivables	64.7	52.8
Other current assets	38.5	38.4
Cash and cash equivalents	24.3	32.3
Current assets	127.5	123.5
Total Assets	564.6	569.5
Equity and Liabilities		
Equity	360.1	356.4
Financial debt - long-term portion	39.2	39.5
Lease liabilities - long-term portion	20.8	22.1
Other non-current liabilities	13.5	10.5
Non-current liabilities	73.5	72.1
Financial debt - short-term portion	2.8	5.0
Lease liabilities - short-term portion	6.2	6.4
Deferred Revenues	76.5	85.6
Other current liabilities	45.5	44.0
Current liabilities	131.1	141.1
Total Liabilities	204.6	213.1
Total Equity and Liabilities	564.6	569.5

- Cash and cash equivalents of €24.3m
- DSO's controlled at 70 days
- Net debt of €17.7m
- Equity remains stable finishing at €360.1m

Changes in equity & EPS at 30/06/2020

In millions of euros

	30/06/2020	30/06/2019	31/12/2019
Equity at Beginning of Period	362.6	362.7	362.7
Profit for the period	-6.0	-6.1	5.4
Dividends	-	-	-8.5
Capital increase	0.2	0.2	0.0
First-time application of IFRS16	-	0.0	-0.7
Other	1.5	-1.3	0.8
Foreign exchange translation adjustments	1.9	0.9	2.8
Equity at End of Period	360.1	356.4	362.6

In €

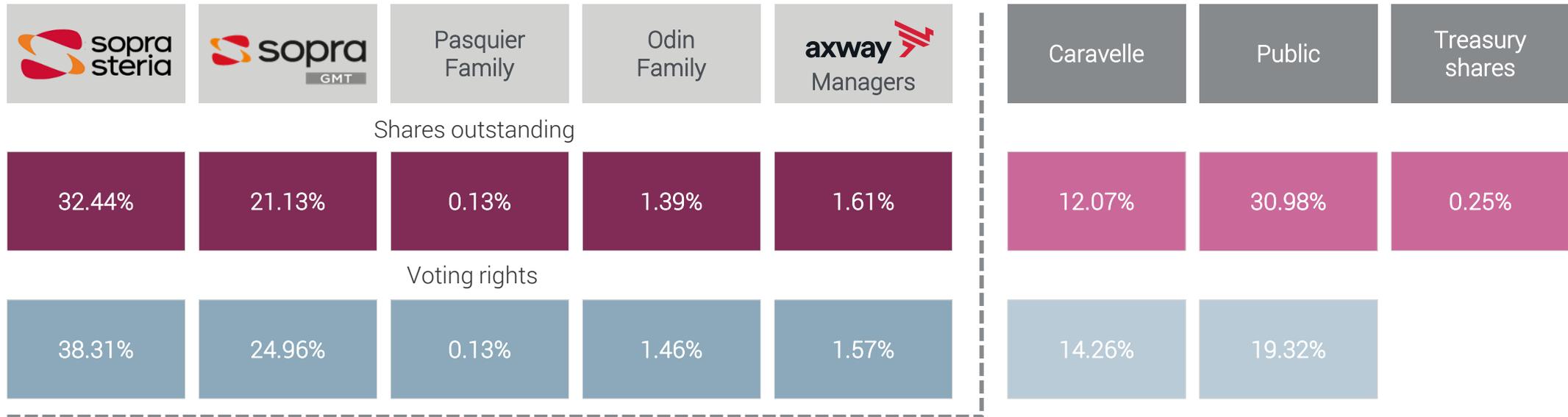
	30/06/2020	30/06/2019
Net profit for the period	-6.0	-6.1
Weighted average number of shares excluding treasury shares	21,27M	21,23M
Basic earnings per share	-0.28	-0.29
Theoretical potential weighted average number of shares	22,08M	21,90M
Diluted earnings per share (in €)	-0.27	-0.28

2020 Half-Year Results – Headcount

	30/06/2020	31/12/2019
France	471	466
Rest of Europe	838	831
Americas	512	526
Asia/Pacific	64	62
Axway	1,885	1,885

→ Attrition rate for the first half of 2020 fell to 15,4% with strong employee engagement

Shareholding structure at 30/06/2020



Shareholders' agreement
56.70% of shares outstanding / 66.42% of voting rights

21,308,766 shares outstanding
36,091,445 voting rights

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.