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Press release
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Axway Software: Q3 2022 revenue of €67.5m, ARR up 6.6%

- Annual Recurrent Revenue (ARR)¹ of €191.1m, up 6.6% on end-September 2021
- Quarterly revenue down 3.3% overall and 10.7% organically
- Confirmed dynamism of Axway Managed subscription offerings
- Further recognition of Axway's global leadership in API management

During the first 9 months of the year, Axway (Euronext: AXW.PA) confirmed the ramp-up of its cloud-based subscription offerings. This trend, which impacts the Company's revenue compared to the previous year due to lower anticipated revenue recognition, did not prevent the total value of all subscription contracts signed (TCV) from increasing significantly over 9 months (+29%), despite the slippage of several large Customer Managed deals towards the end of the year.

At product level, Axway continued to deploy its strategy focused on its key offerings. At the same time, customer interest in the Company's 4 main product lines remained strong:

- the Amplify API Management platform continued to attract new customers with 31% growth in the value of new customer bookings over the first 9 months of 2022. Additionally, at the end of August, Axway was positioned as a Leader in The Forrester Wave™ API Management Solutions, Q3 2022². This new distinction confirms the relevance of the Company's vision of an open platform and a focus on helping customers expand the use of their APIs.
- MFT new customer bookings have grown 96% since the beginning of the year. Q3 also saw the launch by Axway of a new partnership with Pro2col to help accelerate enterprise MFT adoption across the UK and Ireland,
- the value of new customer bookings for the B2B integration platform continued to grow during the quarter, reaching 782% year-to-date growth. This performance was driven by significant Axway Managed subscription deals, where customers entrusted Axway to run their B2B infrastructure and operations, allowing them to reduce their internal resources and focus on their core competencies,
- A new version of the Axway Financial Accounting Hub offering was launched, enabling Axway to engage in the financial ERP market, which is moving towards the cloud, with a complete SaaS/hybrid platform.

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

"The transition to a stable recurring revenue model from a traditional license business is a significant challenge, as seen again this year with the irregular revenue recognition we're experiencing. Business momentum is moving in the right direction as our total bookings grew 16% over the first 3 quarters of 2022 and our overall subscription bookings have been even more dynamic, with 29% growth over the period. However, our revenue does not yet accurately reflect this commercial success and this is explained by the rise of our cloud Axway Managed subscription offers, whose weight in the total value of our bookings doubled year-on-year, from 13% to 26%. As I had the opportunity to explain when I presented our half-year results last July, our revenue will be more stable and predictable in the future thanks to the accumulation of this type of contract whose total earnings are recognized over time. Besides the good bookings, internal adjustments around our core products help deliver the focus and alignment our customers are looking for. Our product roadmaps continue to tighten, we are speeding up our decision making and further strengthening our engagement with customers. This is bearing results through improved customer satisfaction, better product quality and a more efficient organization."

¹ See Glossary and Alternative Performance Measures

² The Forrester Wave™: API Management Solutions, Q3 2022, Forrester Research, Inc., August 22, 2022. [To learn more and access the study click here](#)

Comments on Q3 2022 activity

Axway Software: Consolidated revenue

3 rd Quarter 2022 (€m)	Q3 2022	Q3 2021 Restated*	Q3 2021 Reported	Total Growth	Organic Growth	Constant Currency Growth
Revenue	67.5	75.6	69.8	-3.3%	-10.7%	-10.7%

* Revenue at 2022 scope and exchange rates

In Q3 2022, Axway's revenue was €67.5 m, down 10.7% organically and 3.3% in total. Currency fluctuations had a positive impact of €5.8m on quarterly revenue, due to the appreciation of the of the US Dollar against the Euro.

Axway Software: Revenue by business line

3 rd Quarter 2022 (€m)	Q3 2022	Q3 2021 Restated*	Q3 2021 Reported	Total Growth	Organic Growth
License	2.3	5.3	4.7	-51.7%	-56.7%
Subscription	27.4	30.2	27.8	-1.7%	-9.5%
Maintenance	28.3	31.8	29.5	-4.2%	-11.1%
Services	9.6	8.3	7.7	23.9%	15.8%
Axway Software	67.5	75.6	69.8	-3.3%	-10.7%

* Revenue at 2022 scope and exchange rates

Revenue from the **License** activity amounted to €2.3m in Q3 2022 (3% of total revenue), representing an organic decline of 56.7%. As expected, the activity is still slowing down significantly due to the availability of Subscription offers that are meeting strong demand for all the key products in Axway's portfolio.

Subscription revenue totaled €27.4m in Q3 2022 (41% of total revenue), down 1.7% overall and 9.5% organically. This trend is explained by the high comparison basis established in Q3 2021 (+27.1%) and the decline in recognized upfront revenue, which Axway Managed revenue growth over the period was insufficient to offset.

In line with expectations, revenue from the **Maintenance** activity amounted to €28.3m (42% of total revenue) in Q3 2022, representing a total decline of 4.2% and an organic decline of 11.1%. The migration of value from certain maintenance operations to Subscription has continued and, on a full-year basis, Axway anticipates a decline in activity similar to that seen over the first 9 months of the year.

At the end of September 2022, Axway's Annual Recurrent Revenue (ARR) was €191.1m, up 6.6% compared to the end of September 2021. Recurring revenue for the quarter, which includes Subscription and Maintenance activities, represented 83% of the Company's revenue for the period, i.e. €55.7m, including upfront revenue of €7.5m recognized on the signing of Customer Managed subscription contracts.

The **Services** activity generated revenues of €9.6m in Q3 2022 (14% of total revenues), with organic growth of 15.8% and 23.9% in total. Still heavily impacted last year by travel restrictions in certain regions, the activity is gradually readjusting with a significant increase compared to the favorable comparison basis from which it benefits.

Axway Software: Revenue by geographic area

3 rd Quarter 2022 (€m)	Q3 2022	Q3 2021 Restated*	Q3 2021 Reported	Total Growth	Organic Growth
France	15.1	19.3	19.3	-21.8%	-21.8%
Rest of Europe	14.7	14.0	14.0	4.5%	4.8%
Americas	32.8	37.5	32.2	1.8%	-12.6%
Asia/Pacific	5.0	4.8	4.3	15.9%	3.5%
Axway Software	67.5	75.6	69.8	-3.3%	-10.7%

* Revenue at 2022 scope and exchange rates

France reported revenue of €15.1m in Q3 2022 (22% of total revenue), a decrease of 21.8% compared to Q3 2021. Growth in Axway Managed subscription contracts and Services did not compensate for the low level of upfront revenue recognized over the quarter.

The **Rest of Europe** region grew organically by 4.8% in Q3 2022 thanks to revenue of €14.7m, representing 22% of total revenue. Strong growth in Subscription and Services offset the decline in revenue from other activities. This trend is due to the signing in the region of several multi-year Customer Managed subscription contracts, with customers wishing to take advantage of the latest versions of Axway's APIM, B2B and MFT offerings.

The **Americas** generated revenue of €32.8m in Q3 2022 (49% of total revenue), up 1.8% overall and down 12.6% organically. In the region, the strong increase in demand for Axway Managed subscription offerings explains the decline in recognized revenue compared to Q3 2021.

The **Asia/Pacific** region saw its revenue grow by 3.5% organically and 15.9% in total to reach €5.0m for the quarter (7% of total revenue). As in the first six months of the year, strong Subscription and Services momentum was the main reason for Axway's satisfactory performance in the region.

Financial position at September 30, 2022

At September 30, 2022, Axway had cash of €24.3m and net debt of €65.6m.

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

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

Financial Calendar

Wednesday, February 22, 2023, after market closing: Publication of 2022 Full-Year Results

Wednesday, February 22, 2023, 6:30 pm (UTC+1): 2022 Full-Year Results Virtual Analyst Conference

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 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: Revenue by business line

YTD - 9 Months 2022 (€m)	9M 2022	9M 2021 Restated*	9M 2021 Reported	Total Growth	Organic Growth
License	8.6	15.1	14.0	-38.5%	-42.9%
Subscription	83.2	84.4	79.6	4.5%	-1.3%
Maintenance	84.3	94.7	89.5	-5.8%	-11.0%
Services	27.8	26.3	25.1	10.9%	5.6%
Axway Software	203.9	220.5	208.2	-2.1%	-7.5%

Axway Software: Revenue by geographic area

YTD - 9 Months 2022 (€m)	9M 2022	9M 2021 Restated*	9M 2021 Reported	Total Growth	Organic Growth
France	52.8	58.6	58.6	-9.9%	-9.9%
Rest of Europe	41.9	48.0	48.0	-12.7%	-12.7%
Americas	93.6	100.6	89.3	4.8%	-6.9%
Asia/Pacific	15.6	13.3	12.3	27.3%	17.6%
Axway Software	203.9	220.5	208.2	-2.1%	-7.5%

* Revenue at 2022 scope and exchange rates

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

YTD - 9 months 2022 (€m)	9M 2022	9M 2021	Growth
Revenue	203.9	208.2	- 2.1%
Changes in exchange rates		+12.3	
Revenue at constant exchange rates	203.9	220.5	- 7.5%
Changes in scope		+0.0	
Revenue at constant scope and exchange rates	203.9	220.5	- 7.5%

Axway Software: Changes in exchange rates

YTD - 9 months 2021	Average rate 9M 2022	Average rate 9M 2021	Change
For 1€			
US Dollar	1.064	1.196	+ 12.4%