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Press release

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Axway Software: Strong Revenue Performance in Q3 2023

- Quarterly revenue up 11.3% organically¹ and 2.7% overall
- Annual Recurrent Revenue (ARR) of €202.5m, up 10.4% on end-September 2022
- Subscription activity revenue up 50.7% over the quarter
- Acquisition of French company Cycom Finances and its PaE solution
- Full-year targets confirmed towards upper end in terms of both growth and profitability

In Q3 2023, as in the first 9 months of the year, Axway (Euronext: AXW.PA) recorded an excellent sales performance characterized by the dynamism of its subscription offerings which continued to grow at a sustained pace, both through the strengthening of long-term partnerships between Axway and several of its major customers, and through the acquisition of new references. Bookings were up 22% as compared to Q3 2022, driven by an increase in the number of transactions with new customers and a major 5-year expansion contract with a leading international financial institution on the Axway Financial Accounting Hub offering.

This uninterrupted momentum translated into organic revenue growth of 11.1% over the first 9 months of the year, validating the effectiveness of the optimized sales organization and the relevance of the more concentrated product portfolio. In recent months, several major developments have taken place:

- The MFT product line, designed to meet the growing demand of large organizations for a reliable, high-performance managed file transfer solution, has seen a surge in adoption. The recognized security and efficiency of Axway's offering was reflected in Q3 by a 15% increase in the number of new customers worldwide, and a remarkable 27% jump in North America. This trend perfectly translates Axway's dedication to deliver a top-tier MFT solution to meet its customers' critical security needs;
- Axway's B2B integration offering has continued to expand and is firmly established as one of the most comprehensive on the market. The product line now includes the VAN capabilities of the Axway Business Network and the e-invoicing functionalities of Advalvas, an acquisition finalized last March. With regard to e-invoicing, the pipeline has grown strongly over the last 6 months, due in particular to the interest shown by many service providers in certified expertise around the PEPPOL network;
- Axway has, for the 8th time in its history, been recognized among the world leaders in the APIM market in the Gartner Magic Quadrant™ for API Management 2023 study. Axway stood out for the completeness of its vision of the market, recognized as the most advanced, thanks to an approach based on an open, vendor-agnostic platform combined with a strategy that treats APIs as products. Over the quarter, the recently launched Amplify Enterprise Marketplace accounted for 75% of new APIM opportunities;
- Mid-October saw Axway's acquisition of Cycom Finances, a French company and its PaE solution specialized in financial data referencing and accounting mapping. Through this transaction, Axway strengthens its Axway Financial Accounting Hub offering and has entered into a strategic partnership with KPMG France to offer a complete financial systems modernization solution to major banking institutions.

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

"I am proud to observe that Axway's activity grew for the 4th consecutive quarter in Q3 2023. We are achieving good progress on our most important product lines, and customer satisfaction is once again high. As we enter the final stretch of our 3-year strategic plan, we are well positioned to continue moving forward based on a sustainable, growing and profitable business model. At this stage of the year, I can reconfirm that we should achieve the upper end of our annual targets, both in terms of organic revenue growth and margin. This performance will recognize the remarkable work of Axway's teams, once again rewarded by the recognition of the quality of our solutions and our vision of the market by leading analysts, as well as by our renewed ability to regularly enrich our product portfolio and our offering catalog. Full-year results to be published next February will enable us to assess our progress and project the future development of our strategy in more detail, but in the meantime, a year-end full of challenges and opportunities awaits us!"

¹ See Glossary and Alternative Performance Measures

Comments on Q3 2023 activity

Axway Software: Consolidated revenue

3 rd Quarter 2023 (€m)	Q3 2023	Q3 2022 Restated*	Q3 2022 Reported	Total Growth	Organic Growth
Revenue	69.4	62.3	67.5	2.7%	11.3%

* Revenue at 2023 scope and exchange rates

In Q3 2023, Axway's revenue was €69.4m, up 11.3% organically and 2.7% in total. Currency fluctuations had a negative impact of €2.9m on quarterly revenue, mainly due to the depreciation of the US Dollar against the Euro. The scope effect for the quarter was negative by €2.3m following the different product portfolio rationalization operations finalized in H2 2022.

Axway Software: Revenue by business line

3 rd Quarter 2023 (€m)	Q3 2023	Q3 2022 Restated*	Q3 2022 Reported	Total Growth	Organic Growth
License	2.7	1.9	2.3	16.2%	41.8%
Subscription	37.0	24.6	27.4	35.2%	50.7%
Maintenance	21.1	26.6	28.3	-25.3%	-20.7%
Services	8.6	9.2	9.6	-10.4%	-7.2%
Axway Software	69.4	62.3	67.5	2.7%	11.3%

* Revenue at 2023 scope and exchange rates

The **License** activity generated revenue of €2.7m in Q3 2023 (4% of total revenue), up 41.8% organically on the same period last year. Over the quarter, sales were boosted by the success of a license-only specialized product, aimed at a specific customer base, and by several upsells on existing license contracts.

Subscription revenue came to €37.0m over the quarter, representing organic growth of 50.7% compared with Q3 2022. While the activity accounted for 53% of the company's total revenue in the period, bookings continued to grow at a sustained pace, in line with the first 6 months of the year. Revenue from Axway Managed contracts continued to rise at a steady and strong rate of over 15% versus Q3 2022, while Customer Managed sales once again increased sharply. Over the quarter, the annual value of new subscription contracts signed (ACV) reached €8.8m, up 18% year-on-year. Upfront revenue from new and renewed Customer Managed contracts amounted to €13.1m for the quarter.

Maintenance revenue totaled €21.1m in Q3 2023 (30% of total revenue), down 20.7% organically. Customers continued to accelerate their migration to new subscription offers, particularly when extending their contracts to meet additional usage or functionality needs.

At the end of September 2023, Axway's ARR (Annual Recurring Revenue) was €202.5m, up 10.4% on a like-for-like basis compared to the end of September 2022. During the quarter, revenue from renewable contracts represented 83% of total revenue.

Services activity saw an organic decline of 7.2% over the quarter, with revenue of €8.6m (13% of total revenue). Several major contracts launched in Asia/Pacific and Latin America in Q3 2022 established a high comparison basis. For the full year, Axway anticipates a slight decline in the Services activity, but an improvement of its profitability.

Axway Software: Revenue by geographic area

3 rd Quarter 2023 (€m)	Q3 2023	Q3 2022 Restated*	Q3 2022 Reported	Total Growth	Organic Growth
France	19.7	14.8	15.1	30.4%	32.4%
Rest of Europe	15.7	14.6	14.7	7.0%	7.9%
Americas	29.8	28.7	32.8	-9.1%	4.0%
Asia/Pacific	4.2	4.2	5.0	-15.9%	-0.7%
Axway Software	69.4	62.3	67.5	2.7%	11.3%

* Revenue at 2023 scope and exchange rates

In **France**, Axway's revenue reached €19.7m over the quarter, representing 28% of total revenue. The activity continued to progress strongly, with quarterly organic growth of 32.4%, driven by the buoyancy of the Subscription business, up almost 130% compared with Q3 2022, on the back of significant Customer Managed bookings over the period.

The **Rest of Europe** zone generated organic growth of 7.9% in Q3 2023, with revenues of €15.7m, representing 23% of total revenue. The region saw strong growth in Subscription and Services activities, particularly in Germany, offsetting a contraction in business in the UK.

The **Americas** (USA and Latin America) posted revenue of €29.8m between July and September 2023 (43% of total revenue), thanks to organic growth of 4.0%. While the region benefited from historic contracts that kept License sales stable year on year, the Subscription activity stood out with organic growth of around 30% over the quarter.

In **Asia/Pacific**, Axway recorded revenue of €4.2m in Q3 2023 (6% of total revenue), virtually stable organically compared to the previous year (-0.7%). In this geographic zone, customers largely favored Axway Managed Subscription contracts thus limiting revenue growth despite good sales momentum.

Financial position at September 30, 2023

At September 30, 2023, Axway had cash of €15.1m and net debt of €76.6m.

Axway's bank lines, in place through 2027, provide financing of up to €125.0m. Axway highlights that, if necessary, it has access to additional financing capacity under its existing revolving credit facility.

2023 Targets & Outlook

For the full year, Axway expects to achieve the upper end of its targets for both organic revenue growth (between 0 and 3%) and profit on operating activities (15 to 18% of revenue).

Axway's medium-term ambitions remain:

- to achieve revenue of €500m through organic growth and acquisitions;
- to deliver an operating margin on business activity approaching 20% of revenue.

Financial Calendar

Wednesday, February 21, 2024, after market closing: Publication of 2023 Full-Year Results

Wednesday, February 21, 2024, 6:30 pm (UTC+1): 2023 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 2022 Universal Registration Document filed with the French Financial Markets Authority (*Autorité des Marchés Financiers*, AMF) on March 24, 2023. 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 (1/1)
Axway Software: Revenue by business line

YTD - 9 Months 2023 (€m)	9M 2023	9M 2022 Restated*	9M 2022 Reported	Total Growth	Organic Growth
License	5.7	7.3	8.6	-34.3%	-22.7%
Subscription	115.7	76.8	83.2	38.9%	50.6%
Maintenance	65.7	81.8	84.3	-22.0%	-19.6%
Services	27.8	27.4	27.8	-0.1%	1.4%
Axway Software	214.8	193.3	203.9	5.3%	11.1%

* Revenue at 2023 scope and exchange rates

Axway Software: Revenue by geographic area

YTD - 9 Months 2023 (€m)	9M 2023	9M 2022 Restated*	9M 2022 Reported	Total Growth	Organic Growth
France	65.1	52.1	52.8	23.4%	25.1%
Rest of Europe	51.3	41.1	41.9	22.6%	24.9%
Americas	87.1	85.4	93.6	-7.0%	2.0%
Asia/Pacific	11.3	14.7	15.6	-28.0%	-23.5%
Axway Software	214.8	193.3	203.9	5.3%	11.1%

* Revenue at 2023 scope and exchange rates

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

YTD - 9 months 2023 (€m)	9M 2023	9M 2022	Growth
Revenue	214.8	203.9	5.3%
Changes in exchange rates		-2.5	
Revenue at constant exchange rates	214.8	201.4	6.6%
Changes in scope		-8.1	
Revenue at constant scope and exchange rates	214.8	193.3	11.1%

Axway Software: Changes in exchange rates

YTD - 9 months 2023	Average rate	Average rate	Change
For 1€	9M 2023	9M 2022	
US Dollar	1.083	1.064	-1.8%