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Press release

Axway Software (AXW.PA): Continued Strong Revenue Performance in H1 2023

- First-half revenue growth up 11.0% organically and 6.6% overall
- Q2 revenue up 11.7% organically and 5.9% overall
- Annual Recurrent Revenue (ARR) of €203.1m, up 11.2% organically on end-June 2022
- First-half profit on operating activities of 12.2% on track for full-year targets
- Improved free cash flow totaling €16.5m compared to €8.2m in H1 2022

Paris, July 26, 2023 - Axway Software's Board of Directors, chaired by Pierre Pasquier, today approved the financial statements for the first half of 2023, which were subject to a limited review by the statutory auditors¹. As a consequence, Axway's management announces:

Axway Software: 2023 Half-year results

Key income statement items*	Half-year 2023		Half-year 2022	
	(€m)	(% Rev)	(€m)	(% Rev)
Revenue	145.5		136.4	
Organic growth	+ 11.0%			
Growth at constant exchange rates	+ 6.3%			
Total growth	+ 6.6%			
Profit on Operating Activities	17.8	12.2%	6.7	4.9%
Profit from Recurring Operations	14.7	10.1%	2.5	1.8%
Operating Profit	11.2	7.7%	1.1	0.8%
Net Profit attributable to the Group	3.7	2.5%	2.4	1.8%
Basic earnings per share (in €)	0.17		0.11	

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

Patrick Donovan, Chief Executive Officer, declared:

"I'm delighted that Axway has maintained strong organic growth over the last 3 quarters. Our activities, particularly in Europe, are benefiting from the solid, long-term relationships we have built up with our customers, as well as from the relevance of our core offerings, which have met with considerable commercial success over the semester. As I mentioned in Q1, Axway's teams continue to exceed expectations, not only in terms of bookings and sales, but also in a number of key initiatives. Our efforts to adopt a completely customer-centric model, including the changes we have made to our organization over the past 2 years, are producing good results and clearly improving our clients' experience. In the field, this is reflected in our continuously improving NPS, but above all in smoother interactions and stronger partnerships with the companies we accompany daily. While the macroeconomic situation remains uncertain, we see that the need for and commitment to our offerings are stronger than ever. In the first half of 2023, we benefited from a favorable comparison basis to get the year off to a good start, and we're on track, but given the record performance set in Q4 2022, we know the bar is much higher towards the end of the year. At this stage, we are not changing our annual guidance as we still have a lot of work to do, but considering our first-half results, we are well on the way to reach the upper end of our forecasts in terms of both revenue growth and profitability."

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 2023

Axway (Euronext: AXW.PA) recorded a great performance in Q2 2023 contributing to strong overall first-half revenue growth. Following the record performance over the previous 2 quarters, Axway once again set a high mark in terms of revenue in Q2 2023. Over the quarter, as in the first 3 months of the year, the reinvestments made by several major customers in their long-term partnerships with Axway confirmed the full adoption of the subscription-based business model.

Beyond the contractual aspects, the strategy of rationalizing the product portfolio to maximize customer engagement and satisfaction has proved to be effective. To be as close as possible to its customers, Axway concentrates on its core products and targets state-of-the-art technologies and offerings. This ongoing effort, at all levels of the organization, has already resulted in an acceleration in bookings, a lengthening of collaborations and a rise in the NPS, attesting to customers' reinforced confidence. In fact, over H1 2023, bookings were up 130% on the previous year.

In terms of recent M&A operations, the integration of AdValvas, a European expert in e-invoicing processes acquired by Axway in Q2 2023, is nearing completion. The capabilities acquired in the fields of e-invoicing and compliance significantly strengthen several of Axway's core offerings, as evidenced by the growing pipeline. The DXchange cloud integration platform, acquired in mid-2022, has pursued its roadmap evolution and will continue to be integrated into the overall portfolio. The new Amplify Integration Platform offering, based on DXchange technology, has already convinced several early adopters, and will be officially launched on the market in the second half of 2023.

Finally, during Q2 2023, Axway brought its customers and partners together with members of its teams at 3 major regional events in Brussels, Scottsdale and Sao Paulo to present the latest developments in its markets and technologies to the world's most advanced companies and experts in the field. These 3 in-person events were a great success and have since contributed to the creation of several new opportunities.

Comments on operational performance in the first half of 2023

In the first half of 2023, Axway generated revenue of €145.5m, up 11.0% organically and 6.6% in total. The scope effect for the semester was negative by €5.8m following the different product portfolio rationalization operations finalized in H2 2022 and the acquisition of AdValvas finalized at the beginning of Q2 2023. Currency fluctuations had a positive impact on revenue of €0.4m. Profit on operating activities amounted to €17.8m for the period, or 12.2% of revenue, up sharply compared with the first half of 2022 (€6.7m or 4.9% of revenue).

Axway Software: Revenue by business line

Half-year 2023 (€m)	H1 2023	H1 2022 Restated*	H1 2022 Reported	Total Growth	Organic Growth
License	3.0	5.5	6.3	-52.5%	-44.9%
Subscription	78.7	52.3	55.9	40.8%	50.5%
Maintenance	44.6	55.1	56.0	-20.4%	-19.1%
Services	19.2	18.2	18.2	5.3%	5.7%
Axway Software	145.5	131.0	136.4	6.6%	11.0%

* Revenue at 2023 scope and exchange rates

Primarily limited to one of Axway's specialized products, **License** activity revenue was €3.0m for the half-year, down organically by 44.9% on H1 2022 and now representing only 2% of Axway's total revenue.

The **Subscription** activity delivered, as expected, a very good performance in the first half of 2023, and is on track for strong full-year growth for the fourth year in a row. With revenue of €78.7m, up organically by 50.5% over the first 6 months of the year, the activity continues to drive the company's growth, and represented 54% of its total revenue. Axway Managed contracts pursued their sustained and steady growth, with a revenue increase close to 11% compared to H1 2022, while Customer Managed contracts once again reached record levels, with sales growth over 75% generating the recognition of €34.2m in upfront revenue over the period. During the half-year, the annual value of new subscription contracts signed (ACV) reached €18.7m, an increase of 13.2%.

Maintenance revenue amounted to €44.6m in the first half of 2023 (31% of total revenue), down 19.1% organically, in line with forecasts. Customers are continuing to migrate to the new subscription offers, which they now systematically favor.

At the end of June 2023, Axway's ARR (Annual Recurrent Revenue) which combines recurring revenues from all active Maintenance and Subscription contracts, including, where applicable, upfront subscription revenue recalculated monthly, was €203.1m, up 11.2% at constant scope and exchange rates. In addition, revenue from renewable contracts reached a high of 85% of total revenue in H1 2023.

Services generated revenue of €19.2m in H1 2023, up organically by 5.7%, staying in a strategic range of 10 to 13% of Axway's total revenue. The activity continued on the good trend established in 2022 with strong traction in EMEA and North America thanks to recurrent business with several key customers.

Axway Software: Revenue by geographic area

Half-year 2023 (€m)	H1 2023	H1 2022 Restated*	H1 2022 Reported	Total Growth	Organic Growth
France	45.5	37.2	37.7	20.5%	22.1%
Rest of Europe	35.6	26.6	27.2	31.0%	34.2%
Americas	57.2	56.7	60.8	-5.9%	0.9%
Asia/Pacific	7.1	10.5	10.7	-33.6%	-32.6%
Axway Software	145.5	131.0	136.4	6.6%	11.0%

* Revenue at 2023 scope and exchange rates

France had a particularly dynamic first half, with sales of €45.5m over the period. The 22.1% organic growth in revenue was due in particular to the continued conversion of the License and Maintenance customer base to Subscription, allowing greater consumption and maximizing long-term commitment. This resulted in the signature of several Axway Managed contracts, primarily with the Amplify Marketplace offering.

With revenue of €35.6m, the **Rest of Europe** zone enjoyed strong growth over the half-year (+34.2% organically), mainly thanks to Customer Managed subscription offers. Several clients in the region increased their use of Axway's MFT and B2B offerings and the company was able to conclude a major deal through a multi-year MFT contract with one of its long-standing German B2B customers.

The **Americas** (USA & Latin America) generated revenue of €57.2m over H1 2023, with an organic growth of 0.9%. Demand for Axway Managed subscription contracts from new and existing customers was strong in the US, explaining the modest growth over the period as generated revenue is recognized evenly over the duration of the contract.

The trend towards Axway Managed subscription offers was even more marked in **Asia/Pacific**, where more than 50% of first-half bookings were made on this type of contract. Half-year revenue thus totaled €7.1m, representing an organic decrease of 32.6% compared with the first half of 2022, which represented a high basis of comparison with more than €3.0m of upfront revenue recognized at that time.

Comments on net profit for the first half of 2023

Profit from recurring operations was €14.7m in H1 2023, or 10.1% of revenue, up significantly compared to 1.8% (€2.5m) in H1 2022. It includes amortization of allocated intangible assets of €1.7m and a share-based payment expense of €1.4m.

Operating profit for the half-year was €11.2m, or 7.7% of revenue, also up strongly from the €1.1m, or 0.8% of revenue in H1 2022.

Net profit for the period was €3.7m, representing 2.5% of revenue compared to 1.8% in H1 2022.

Basic earnings per share were €0.17 for the period, up from €0.11 in H1 2022.

Financial position at June 30, 2023

At June 30, 2023, Axway's financial position was solid, with cash of €14.2m and bank debt of €87.5m.

As expected, following the transition to a subscription-based business model, Axway's free cash flow started to improve in H1 2023 reaching €16.5m, compared to €8.2m a year earlier.

Shareholders' equity stood at €314.6m at June 30, 2022, compared to €381.1m at the end of June 2022.

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

Change in the workforce

At June 30, 2023, Axway had 1,457 employees compared to 1,525 at December 31, 2022.

2023 Targets & Outlook

For 2023, Axway confirms its annual objectives of organic revenue growth of between 0 and 3% and further improvement of profit on operating activities to reach 15 to 18% of revenue.

Axway's medium-term ambitions remain:

- ➔ to achieve revenue of €500m through organic growth and acquisitions;
- ➔ to deliver a profit on operating activities approaching 20% of revenue.

Today, Wednesday, July 26, 2023, 6.30 p.m. (UTC+2)
2023 Half-Year Results Virtual Analyst Conference

→ **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: +1 786 697 3501

Please note that the meeting will be held in English.

Financial Calendar

Friday, August 4, 2023: Filing of the 2023 Half-Year Financial Report

Thursday, October 26, 2023, before market opening: Publication of Q3 2023 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 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 2023 (€m)	Q1 2023	Q1 2022 Restated*	Q1 2022 Reported	Total Growth	Organic Growth
License	2.1	3.5	3.7	-42.6%	-39.5%
Subscription	37.8	24.7	26.4	43.1%	53.1%
Maintenance	22.5	27.9	27.9	-19.5%	-19.6%
Services	9.5	9.0	9.0	6.1%	5.4%
Axway Software	71.8	65.1	66.9	7.3%	10.3%

2 nd Quarter 2023 (€m)	Q2 2023	Q2 2022 Restated*	Q2 2022 Reported	Total Growth	Organic Growth
License	0.9	1.9	2.6	-66.6%	-54.8%
Subscription	40.9	27.6	29.5	38.7%	48.2%
Maintenance	22.1	27.2	28.1	-21.3%	-18.6%
Services	9.7	9.1	9.3	4.5%	6.0%
Axway Software	73.6	65.9	69.5	5.9%	11.7%

* Revenue at 2023 scope and exchange rates

Axway Software: Revenue by geographic area

1 st Quarter 2023 (€m)	Q1 2023	Q1 2022 Restated*	Q1 2022 Reported	Total Growth	Organic Growth
France	24.7	17.9	18.1	36.2%	38.3%
Rest of Europe	13.5	12.6	13.2	1.7%	6.9%
Americas	30.9	29.3	30.3	1.9%	5.2%
Asia/Pacific	2.8	5.3	5.3	-46.8%	-47.4%
Axway Software	71.8	65.1	66.9	7.3%	10.3%

2 nd Quarter 2023 (€m)	Q2 2023	Q2 2022 Restated*	Q2 2022 Reported	Total Growth	Organic Growth
France	20.8	19.4	19.6	6.0%	7.2%
Rest of Europe	22.2	14.0	14.0	58.7%	58.8%
Americas	26.4	27.4	30.5	-13.6%	-3.6%
Asia/Pacific	4.3	5.2	5.4	-20.7%	-17.3%
Axway Software	73.6	65.9	69.5	5.9%	11.7%

* Revenue at 2023 scope and exchange rates

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

Half-year 2023	H1 2023		H1 2022		Full-year 2022	
	€m	% Rev.	€m	% Rev.	€m	% Rev.
Revenue	145.5		136.4		314.0	
<i>of which License</i>	3.0		6.3		11.6	
<i>of which Subscription</i>	78.7		55.9		154.0	
<i>of which Maintenance</i>	44.6		56.0		111.2	
Sub-total License, Subscription & Maintenance	126.3		118.2		276.7	
Services	19.2		18.2		37.3	
Cost of sales	42.9		45.8		91.4	
<i>of which License and Maintenance</i>	10.8		13.4		26.4	
<i>of which Subscription</i>	14.2		14.5		29.4	
<i>of which Services</i>	17.9		17.9		35.6	
Gross profit	102.6	70.5%	90.6	66.4%	222.6	70.8%
Operating expenses	84.8		83.9		176.4	
<i>of which Sales and marketing</i>	42.1		42.8		93.2	
<i>of which Research and development</i>	29.4		28.2		57.3	
<i>of which General and administrative</i>	13.3		12.9		25.9	
Profit on operating activities	17.8	12.2%	6.7	4.9%	46.3	11.5%
Share-based payment expense	-1.4		-1.3		-3.4	
Amortization of intangible assets	-1.7		-2.9		-5.5	
Profit from recurring operations	14.7	10.1%	2.5	1.8%	37.4	7.0%
Other income and expenses	-3.5		-1.4		-83.8	
Operating profit	11.2	7.7%	1.1	0.8%	-46.4	6.1%
Cost of net financial debt	-2.1		-0.7		-2.1	
Other financial revenues and expenses	0.4		1.0		1.0	
Income taxes	-5.9		1.1		7.4	
Net profit	3.7	2.5%	2.4	1.8%	-40.0	3.4%
Basic earnings per share (in €)	0.17		0.11		-1.85	

Appendices (3/4)
Axway Software: Simplified Balance Sheet

Half-year 2023	30/06/2023 (€m)	30/06/2022 (€m)	31/12/2022 (€m)
Assets			
Goodwill	299.3	383.7	297.8
Intangible assets	6.9	13.0	8.7
Property, plant and equipment	10.4	13.2	12.5
Lease right-of-use assets	12.9	21.7	20.1
Other non-current assets	32.6	26.5	34.9
Non-current assets	362.1	458.2	374.0
Trade receivables	135.2	106.8	148.1
Other current assets	34.0	36.0	30.6
Cash and cash equivalents	14.2	19.5	18.3
Current assets	183.4	162.3	197.1
Total Assets	545.4	620.5	571.1
Equity and Liabilities			
Share capital	43.3	43.3	43.3
Reserves and net profit	271.4	337.8	284.5
Total Equity	314.6	381.1	327.8
Financial debt - long-term portion	83.8	76.1	84.6
Lease liabilities - long-term portion	13.2	25.7	23.5
Other non-current liabilities	14.1	11.7	11.7
Non-current liabilities	111.2	113.4	119.8
Financial debt - short-term portion	3.7	2.3	3.2
Lease liabilities - short-term portion	6.1	5.6	5.8
Deferred Revenues	66.5	78.8	55.6
Other current liabilities	43.3	39.3	58.9
Current liabilities	119.7	126.0	123.5
Total Liabilities	230.8	239.4	243.3
Total Equity and Liabilities	545.4	620.5	571.1

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

Half-year 2023	H1 2023 (€m)	H1 2022 (€m)	Full-year 2022 (€m)
Net profit for the period	3.7	2.4	-40.0
Net charges to amortization, depreciation and provisions	9.4	8.8	16.5
Other income and expense items	-1.0	1.6	85.3
Cash from operations after cost of net debt and tax	12.2	12.8	61.8
Change in operating working capital requirements (incl. employee benefits liability)	4.5	2.3	-41.0
Cost of net financial debt	2.1	0.7	2.1
Income tax paid net of accrual	4.4	-2.7	-10.0
Net cash from operating activities	23.1	13.1	13.0
Net cash used in investing activities	-8.6	-9.7	-11.1
Purchases and proceeds from disposal of treasury shares	-4.4	-8.6	-13.7
Dividends paid	-8.4	-8.5	-8.5
Change in loans	-0.4	10.5	20.7
Change in lease liabilities	-3.5	-3.7	-7.2
Net interest paid	-1.6	-0.4	-1.2
Other flows	-0.3	0.2	0.6
Net cash from (used in) financing activities	-18.6	-10.5	-9.4
Effect of foreign exchange rate changes	-0.1	1.0	0.7
Net change in cash and cash equivalents	-4.2	-6.1	-6.9
Opening cash position	18.3	25.2	25.2
Closing cash position	14.2	19.1	18.3

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

Half-year 2023 (€m)	H1 2023	H1 2022	Growth
Revenue	145.5	136.4	6.6%
Changes in exchange rates		+0.4	
Revenue at constant exchange rates	145.5	136.8	6.3%
Changes in scope		-5.8	
Revenue at constant scope and exchange rates	145.5	131.0	11.0%

Axway Software: Changes in exchange rates

Half-year 2023 For 1€	Average rate H1 2023	Average rate H1 2022	Change
US Dollar	1.081	1.093	+ 1.2%