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Press release

Axway Software (AXW.PA): Renewed robust performance in 2023

- Annual revenue of €319.0m in 2023, with organic growth of 5.8% compared to 2022
- Solid ARR growth up 6.6% vs. end 2022, reaching €228.7m
- Margin on operating activities up 500 basis points year-on-year to 19.7% of revenue, or €62.8m
- Progressive increase in free cash flow, in line with forecasts, representing 6% of revenue over the year

Paris, February 21, 2024 - Axway Software's Board of Directors today conducted an in-depth review of the consolidated and annual financial statements¹ for the year ended December 31, 2023. As a consequence, Axway's management team announces:

Axway Software: 2023 Full-year results

Key income statement items*	2023		2022	
	(€m)	(% Rev)	(€m)	(% Rev)
Revenue	319.0		314.0	
Organic growth	+ 5.8%			
Growth at constant exchange rates	+ 3.0%			
Total growth	+ 1.6%			
Profit on Operating Activities	62.8	19.7%	46.3	14.7%
Profit from Recurring Operations	55.4	17.4%	37.4	11.9%
Operating Profit	47.6	14.9%	-46.4	-14.8%
Net Profit attributable to the Group	35.8	11.2%	-40.0	-12.8%
Basic earnings per share (in €)	1.71		-1.85	

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

Patrick Donovan, Chief Executive Officer, declared:

"For Axway, 2023 marked the conclusion of a strategic plan that has focused the efforts of our teams over the last 3 years. Today, I can proudly say that together we have been successful in Axway's development over this period. This positive dynamic is the fruit of several fundamental evolutions. We have built a high-performance, subscription-based business model focused on our main product lines. Around our products, we have put in place an aligned organization, by product and by region, which has not only improved customer satisfaction, but also strengthened the engagement of our employees. These elements are reflected in a significant improvement in our results, which not only exceed our commitments, but above all enable us to project ourselves towards the next stage of our enterprise project, supported by a strong financial situation. Although the comparison basis of Q4 2022 was not matched in Q4 2023, the company exceeded its internal forecasts at the end of the year. Bookings, in particular of Customer Managed subscription contracts, were higher than anticipated and accelerated our revenue recognition. While this accounting effect turned out to be favorable in 2023, on a like-for-like basis, Axway's normative performance projections remain unchanged."

¹ Audit procedures have been carried out on the financial statements. The Statutory Auditors' report is in the process of being issued.

Comments on business activity in 2023

In 2023, in a market that is steadily accelerating towards the cloud, Axway has taken advantage of its renewed business model to consolidate its position as a leading publisher in the management of critical data flows. The company has continued to offer large enterprises high-performance, secure software solutions capable of supporting their development over the long term.

Axway's year was punctuated by several highlights, including :

- A new revenue and profitability high for the company, which for the year benefited from a record level of customer satisfaction, with a Net Promoter Score of 37, compared with 35 at the end of the prior year. This performance is a direct result of the day-to-day commitment of Axway's employees who, in a context of major organizational evolution, have been focusing for several years on continuous improvement of customer experience with Axway's products and services.
- The maximization of customer use of Axway's products and the extension of contract durations were confirmed. These trends perfectly reflect the consistency of the matrix structure that the company has adopted, with management by product and by geography. Over the year, the total value of bookings increased by 5.1% compared with 2022, while more than 100 new customers chose Axway to accompany them in their digital transformation projects.
- Axway's products and vision in its different technology markets have once again been awarded in 2023. For the 8th time in its history, Axway has been recognized among the world leaders in the API Management market in the 2023 edition of the Gartner Magic Quadrant™ for API Management. In parallel, the API Management, B2B Integration and MFT offerings, which make up 3 of Axway's 4 main product lines, were each named leaders in their respective categories in the Winter 2024 reports of the G2 global evaluation platform for enterprise solutions.
- After refocusing its product portfolio in 2022 by disengaging from activities that were no longer aligned with its growth and profitability objectives, Axway adopted a more offensive strategy in 2023 by consolidating 2 new companies within its scope. In late March, Axway acquired Belgian company AdValvas, a European expert in electronic invoicing processes, whose offerings immediately strengthened the B2B product line. Over a 9-month period, the order book grew steadily, reflecting strong interest in certified expertise in the PEPPOL network. Then, in mid-October, Axway finalized the acquisition of French company Cycom Finances and its accounting mapping solution, PaE. This acquisition, which complements Axway's Financial Accounting Hub (AFAH) offering, led to the establishment of a strategic partnership with KPMG in France, and generated, just a few weeks after its completion, a first significant signature with a leading European banking institution.

At a time when Axway has set itself ambitious external growth targets for the coming years, the company's objective is to maintain an agile portfolio of high-performance products, capable of keeping pace with the rapid evolution of its industry.

Comments on operational performance in 2023

In 2023, Axway's revenue totaled €319.0m, up 5.8% organically and 1.6% in total. Changes in the consolidation scope, mainly due to the rationalization of the product portfolio in 2022, had a negative impact of €8.2m for the year. Currency fluctuations, notably the depreciation of the US dollar against the euro, also had a negative impact of €4.4m on full-year revenue. Profit on operating activity rose once again, reaching €62.8m for the year, or 19.7% of revenues, compared with 14.7% in 2022.

Axway Software: Revenue by business line

Full-year 2023 (€m)	2023	2022 Restated*	2022 Reported	Total Growth	Organic Growth
License	8.8	10.2	11.6	- 23.8%	- 13.7%
Subscription	186.6	146.5	154.0	+ 21.2%	+ 27.4%
Maintenance	87.0	107.9	111.2	- 21.7%	- 19.4%
Services	36.5	36.8	37.3	- 2.1%	- 0.6%
Axway Software	319.0	301.4	314.0	+ 1.6%	+ 5.8%

* Revenue at 2023 scope and exchange rates

License activity revenue totaled €8.8m for the year, down 13.7% organically. In line with expectations, after several years of contraction linked to the rise of subscription-based offers, license sales gradually stabilized during the year, and are now mainly driven by a specialized product. It is reported that revenue returned to growth in Q3 and Q4, although this was not enough to offset the decline recorded in H1. Nevertheless, the trend reversal observed points to a more balanced 2024 outlook.

The **Subscription** activity maintained a very solid momentum throughout 2023. With organic growth of over 50% in the first 9 months of the year, the activity was faced with a record comparison basis at the end of the year. This did not prevent further organic growth of 1.8% in Q4 2023, enabling the activity to achieve annual revenue of €186.6m, up 27.4% on 2022. Several major Customer Managed signatures enabled the company to exceed its revenue forecast in year-end. For the full year, upfront revenue from Customer Managed subscription contracts amounted to €93.4m, compared with €78.7m in 2022. The annual value of new subscription contracts (ACV) signed reached €49.9m in 2023, an increase of 1.4%.

Maintenance revenue reached €87.0m in 2023, down 21.7% overall and 19.4% organically. While the contract renewal rate reached 94%, the decline in activity was mainly due to lower license sales and the continued migration of customers to subscription-based offers.

At the end of December 2023, Axway's ARR (Annual Recurring Revenue) which combines recurring revenues from all active Maintenance and Subscription contracts, including, where applicable, upfront subscription revenue recalculated monthly, was €228.7m, up 6.6%² at constant scope and exchange rates. In addition, revenue from renewable contracts reached 86% of total revenue in 2023.

The **Services** activity was virtually stable compared with the previous year, with annual revenue of €36.5m (-0.6%). The activity was mainly supported by several major MFT migration projects across Europe. As expected, Services are now stabilizing at between 10 and 15% of Axway's total revenue.

Axway Software: Revenue by geographic area

Full-year 2023 (€m)	2023	2022 Restated*	2022 Reported	Total Growth	Organic Growth
France	99.9	90.9	91.6	+ 9.0%	+ 9.9%
Rest of Europe	76.1	67.8	68.4	+ 11.2%	+ 12.1%
Americas	126.4	123.1	133.3	- 5.1%	+ 2.7%
Asia/Pacific	16.6	19.6	20.8	- 20.0%	- 15.3%
Axway Software	319.0	301.4	314.0	+ 1.6%	+ 5.8%

* Revenue at 2023 scope and exchange rates

In **France**, Axway achieved revenue of €99.9m in 2023 thanks to dynamic organic growth of 9.9%. In the country, activity was driven by the acceleration of migrations to subscription-based offers, and by a significant increase in usage across all product lines in the portfolio. Proof of the excellent sales momentum, the value of bookings from new customers rose by 43% over the year.

The **Rest of Europe** region also reported a marked increase in revenue in 2023. Sales reached €76.1m, up 12.1% on the previous year. This good performance was made possible by growth in the region's largest countries, particularly Germany, where the new organization and focus on sales continue to produce excellent results.

The **Americas** (USA & Latin America) recorded revenue of €126.4m in 2023, representing 40% of Axway's total annual revenue. In the region, business grew organically by 2.7% over the year. While in North America, Axway once again benefited from its leadership in the MFT market to strengthen its positions against its main competitors, in Latin America the Amplify API management offering underpinned performance.

In **Asia/Pacific**, Axway posted annual revenue of €16.6m, down 15.3% organically. In contrast to the previous year, in 2023 customers in the region favored Axway Managed subscription contracts, which represented 55% of bookings. Although these contracts do not generate immediate revenue recognition, they do generate income throughout their term.

Comments on 2023 net profit

Profit from recurring operations was €55.4m in 2023, or 17.4% of revenue, compared to 11.9% the previous year. It includes amortization of allocated intangible assets of €3.2m and a share-based payment expense of €4.2m.

Operating profit for the year was €47.6m, or 14.9% of revenue.

Net profit for the year was €35.8m, representing 11.2% of revenue. Basic earnings per share were €1.71.

Financial position at December 31, 2023

At December 31, 2023, Axway's financial position was solid, with cash of €16.7m and bank debt of €92.3m.

Free cash flow was €18.8m in 2023, compared to €2.2m a year earlier. As anticipated, the accumulation of annually-billed subscription contracts improved net cash flow from operating activities.

Shareholders' equity stood at €346.3m at December 31, 2023, compared to €327.8m at the end of 2022.

Change in the workforce

At December 31, 2023, Axway had 1,465 employees compared to 1,525 at December 31, 2022.

Proposed dividend for fiscal year 2023

Axway's Board of Directors will not propose the payment of a dividend in respect of the 2023 financial year.

² Axway's ARR to end 2022 has been restated to take account of a change in methodology, and thus amounts to €214.5m.

2024 Targets

For 2024, Axway anticipates organic growth of between 1% and 3%, and a profit on operating activity of around 20% of revenue.

Today, Wednesday, February 21, 2024, 6.30 p.m. (UTC+1):
2023 Full-Year Results Virtual Analyst Conference

→ **Virtual Conference Registration:** [Click here](#)

Or join by phone by dialing one of the numbers below:

- France: +33 (0) 1 70 37 71 66
- USA: +1 786 697 3501
- International: +44 (0) 33 0551 0200

Please note that the meeting will be held in English.

Financial calendar

Monday, March 25, 2024: Filing of the 2023 Universal Registration Document
Thursday, April 25, 2024, before market opening: Publication of Q1 2024 Revenue
Thursday, May 16, 2024, 2:30 p.m. (UTC+2): Annual Shareholders' Meeting
Tuesday, July 23, 2024, after market closing: Publication of 2023 Half-Year Results
Tuesday, July 23, 2024, 6:30 p.m. (UTC+2): 2023 Half-Year Results Virtual Analyst Conference
Thursday, October 24, 2024, before market opening: Publication of Q3 2024 Revenue

Glossary & 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 (1/5)
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%

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%

4 th Quarter 2023 (€m)	Q4 2023	Q4 2022 Restated*	Q4 2022 Reported	Total Growth	Organic Growth
License	3.2	2.9	3.0	+ 6.6%	+ 9.1%
Subscription	71.0	69.7	70.7	+ 0.3%	+ 1.8%
Maintenance	21.3	26.1	26.9	- 20.8%	- 18.5%
Services	8.8	9.4	9.5	- 7.9%	- 6.5%
Axway Software	104.2	108.1	110.1	- 5.4%	- 3.6%

* Revenue at 2023 scope and exchange rates

Appendices (2/5)
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%

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%

4 th Quarter 2023 (€m)	Q4 2023	Q4 2022 Restated*	Q4 2022 Reported	Total Growth	Organic Growth
France	34.7	38.8	38.8	- 10.4%	- 10.4%
Rest of Europe	24.7	26.7	26.5	- 6.8%	- 7.5%
Americas	39.3	37.7	39.6	- 0.8%	+ 4.4%
Asia/Pacific	5.3	4.9	5.1	+ 4.7%	+ 9.4%
Axway Software	104.2	108.1	110.1	- 5.4%	- 3.6%

* Revenue at 2023 scope and exchange rates

Appendices (3/5)
Axway Software : Consolidated Income Statement

Full-year 2023	2023		2022		2021	
	€m	% Rev.	€m	% Rev.	€m	% Rev.
Revenue	319.0		314.0		285.5	
<i>of which License</i>	8.8		11.6		18.6	
<i>of which Subscription</i>	186.6		154.0		114.2	
<i>of which Maintenance</i>	87.0		111.2		119.0	
Sub-total Products	282.4		276.7		251.7	
Services	36.5		37.3		33.8	
Cost of sales	87.2		91.4		83.3	
<i>of which License and Maintenance</i>	24.1		26.4		24.6	
<i>of which Subscription</i>	28.2		29.4		27.0	
<i>of which Services</i>	34.9		35.6		31.7	
Gross profit	231.7	72.7%	222.6	70.9%	202.3	70.8%
Operating expenses	168.9		176.4		169.4	
<i>of which Sales and marketing</i>	81.6		93.2		89.0	
<i>of which Research and development</i>	60.1		57.3		55.3	
<i>of which General and administrative</i>	27.2		25.9		25.0	
Profit on operating activities	62.8	19.7%	46.3	14.7%	32.9	11.5%
Stock option expense	-4.2		-3.4		-4.4	
Amortization of intangible assets	-3.2		-5.5		-8.6	
Profit from recurring operations	55.4	17.4%	37.4	11.9%	19.9	7.0%
Other income and expenses	-7.9		-83.8		-2.7	
Operating profit	47.6	14.9%	-46.4	-14.8%	17.3	6.1%
Cost of net financial debt	-4.6		-2.1		-1.3	
Other financial revenues and expenses	-0.2		1.0		0.5	
Income taxes	-7.0		7.4		-6.9	
Net profit	35.8	11.2%	-40.0	-12.8%	9.6	3.4%
Basic earnings per share (in €)	1.71		-1.85		0.45	

Appendices (4/5)
Axway Software: Simplified Balance Sheet

Full-year 2023	31/12/2023 (€m)	31/12/2022 (€m)	31/12/2021 (€m)
Assets			
Goodwill	302.1	297.8	348.3
Intangible assets	5.1	8.7	15.1
Property, plant and equipment	9.3	12.5	14.3
Lease right-of-use assets	17.8	20.1	23.5
Other non-current assets	33.2	34.9	23.4
Non-current assets	367.6	374.0	424.6
Trade receivables	178.0	148.1	105.1
Other current assets	32.3	30.6	27.8
Cash and cash equivalents	16.7	18.3	25.4
Current assets	227.0	197.1	158.3
Total Assets	594.6	571.1	582.9
Equity and Liabilities			
Share capital	43.3	43.3	43.3
Reserves and net profit	303.0	284.5	328.9
Total Equity	346.3	327.8	372.2
Financial debt - long-term portion	88.0	84.6	60.1
Lease liabilities - long-term portion	19.7	23.5	27.2
Other non-current liabilities	16.5	11.7	13.6
Non-current liabilities	124.2	119.8	100.9
Financial debt - short-term portion	4.3	3.2	1.7
Lease liabilities - short-term portion	4.0	5.8	6.2
Deferred Revenues	49.1	55.6	55.8
Other current liabilities	66.7	58.9	46.0
Current liabilities	124.1	123.5	109.8
Total Liabilities	248.3	243.3	210.7
Total Equity and Liabilities	594.6	571.1	582.9

Appendices (5/5)
Axway Software: Cash Flow Statement

Full-year 2023	2023 (€m)	2022 (€m)	2021 (€m)
Net profit for the period	35.8	-40.0	9.6
Net charges to amortization, depreciation and provisions	19.3	16.5	20.2
Other income and expense items	1.4	85.3	3.9
Cash from operations after cost of net debt and tax	56.6	61.8	33.7
Change in operating working capital requirements (incl. employee benefits liability)	-32.9	-41.0	-26.2
Cost of net financial debt	4.6	2.1	1.3
Income tax paid net of accrual	3.9	-10.0	4.1
Net cash from operating activities	32.1	13.0	12.9
Net cash used in investing activities	-12.6	-11.1	-2.8
Proceeds from the exercise of stock options	-	-	2.0
Purchases and proceeds from disposal of treasury shares	-4.8	-13.7	-9.5
Dividends paid	-8.4	-8.5	-8.6
Change in loans	3.4	20.7	21.5
Change in lease liabilities	-7.2	-7.2	-6.7
Net interest paid	-3.7	-1.2	-0.6
Other flows	-0.4	0.6	0.1
Net cash from (used in) financing activities	-21.1	-9.4	-1.7
Effect of foreign exchange rate changes	-0.2	0.7	0.7
Net change in cash and cash equivalents	-1.8	-6.9	9.0
Opening cash position	18.3	25.2	16.2
Closing cash position	16.5	18.3	25.2

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

Full-year 2023 (€m)	2023	2022	Growth
Revenue	319.0	314.0	+ 1.6%
Changes in exchange rates		-4.4	
Revenue at constant exchange rates	319.0	309.6	+ 3.0%
Changes in scope		-8.2	
Revenue at constant scope and exchange rates	319.0	301.4	+ 5.8%

Axway Software: Changes in exchange rates

Full-year 2023 For 1€	Average rate 2023	Average rate 2022	Change
US Dollar	1.081	1.053	- 2.6%