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Press release

Axway Software (AXW.PA) : Excellent 2022 full-year results supported by record high Q4

- Record revenue in Q4 (€110.1m) and FY 2022 (€314.0m), total annual growth of 10.0% or stated at constant scope and exchange rates, 5.5% organic¹
- Solid ARR growth up 12.5% vs. Q4 2021, supported by both upfront and recurring revenue
- Profit on operating activities at €46.3m or 14.7% of revenue, up significantly compared to last year (+320 basis points)
- Product portfolio refocusing operations executed as planned

Paris, February 22, 2023 - Axway Software's Board of Directors today conducted an in-depth review of the consolidated and annual financial statements² for the year ended December 31, 2022. As a consequence, Axway's management announces:

Axway Software: 2022 Full-year results

Key income statement items*	2022		2021	
	(€m)	(% Rev)	(€m)	(% Rev)
Revenue	314.0		285.5	
Organic growth	+ 5.5%			
Growth at constant exchange rates	+ 4.1%			
Total growth	+ 10.0%			
Profit on Operating Activities	46.3	14.7%	32.9	11.5%
Profit from Recurring Operations	37.4	11.9%	19.9	7.0%
Operating Profit	-46.4	-14.8%	17.3	6.1%
Net Profit attributable to the Group	-40.0	-12.8%	9.6	3.4%
Basic earnings per share (in €)	-1.85		0.45	

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

Patrick Donovan, Chief Executive Officer, declared:

"Axway achieved a remarkable performance in Q4 2022. This success is attributable in particular to the effectiveness of the operational changes deployed during the year and the exemplary execution of our teams, who turned the tables on the field. The value we create for large enterprises through the management of their data flows continues to grow, and naturally translates into a new all-time high in the satisfaction of our solid customer base. While we initially envisioned organic growth of between 1 and 3% in 2022, we have far exceeded our target. The increase in total contract value and average length of subscription signatures played a key role in this success and bodes well for the future. We now enter 2023 confident that these positive trends will continue. Our strategic choices, while sometimes difficult, are always aimed at strengthening the foundations of our project, and in this respect, I am extremely proud of the commitment and efforts of Axway's employees, which are rewarded by these good results."

¹ Details of this computation are available on page 10.

² 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 2022

In 2022, in a complex economic and geopolitical environment, Axway continued to focus on the strategic needs of its customers. There were a number of important developments throughout the year:

- Axway is back to its highest revenue levels in history thanks to the development of its technologies and offerings, as well as to the continued strengthening customer satisfaction (NPS up 21% at 35). After several years of significant investments, the company as a whole is strengthening its efficiency and is more focused on its customers. The organisational adjustments around General Managers and streamlining of the product portfolio executed in 2022 reinforce the focus on Axway's core offerings: Managed File Transfer (MFT), B2B Integration, Amplify API Management and Axway Financial Accounting Hub.
- Once again praised by the most influential analyst firms in 2022 ([learn more](#)), Axway's products and vision, combined with the commitment of its employees, were two key elements in the company's performance over the year. Axway's business model is driven by its ability to deliver best-in-class products and services to establish as a reference partner for its customers, and the Q4 performance confirms the relevance of this strategy.
- The growth in annual revenue was largely driven by the subscription offerings that Axway provides to its customers. Managed by Axway in the cloud or by the customer directly on their own infrastructures, the contractual and technological flexibility of these offerings has both met with great success. In 2022, more than 150 customers committed for a 5 years subscription contract, making Axway a long-term partner in their digital transformation.
- In anticipation of future customer needs, the acquisition strategy was re-engaged with a first transaction completed at the end of June 2022. Axway acquired the India-based start-up, DXChange.io, which offers a cloud integration platform that will be leveraged across the entire core portfolio. This strategic technological acquisition will enable Axway to respond effectively to the convergence of the API Management and IPaaS markets, which are rapidly evolving towards a common framework for integration and management of hybrid and multi-cloud environments.
- During the year, Axway rationalized its product portfolio in line with its strategy to focus on its core products and divest from businesses that are no longer aligned with its growth and profitability ambitions. Thus, the company has disposed of or discontinued several specialized products in 2022.

Comments on operational performance in 2022

In 2022, Axway generated revenue of €314.0m, up 5.5% organically and 10.0% in total. The consolidation scope changed following the different product portfolio rationalization operations carried out, representing a negative scope effect of €4.1m. Exchange rate fluctuations positively impacted revenue by €16.1m, mainly due to the appreciation of the US dollar against the euro. Profit on operating activities improved for the third year in a row, finishing at €46.3m for the period, or 14.7% of revenue, compared to 11.5% in 2021. Operating expenses as a percentage of revenue have significantly decreased thanks to optimized cost management.

Axway Software: Revenue by business line

Full-year 2022 (€m)	2022	2021 Restated*	2021 Reported	Total Growth	Organic Growth
License	11.6	19.6	18.6	- 37.6%	- 40.8%
Subscription	154.0	117.6	114.2	+ 34.8%	+ 31.0%
Maintenance	111.2	125.0	119.0	- 6.6%	- 11.1%
Services	37.3	35.4	33.8	+ 10.3%	+ 5.4%
Axway Software	314.0	297.6	285.5	+ 10.0%	+ 5.5%

* Revenue at 2022 scope and exchange rates

In line with the company's forecasts, revenue from the **License** activity has further contracted to €11.6m in 2022, representing 4% of Axway's total revenue, an organic decline of 40.8%. With most of the activity now based on specialized products that are not available for subscription, licenses sales should start stabilizing from 2023 onwards.

As in the previous three years, the **Subscription** activity showed very strong growth in 2022. With full-year revenue of €154.0m, the activity's growth rate reached 34.8% in total and 31.0% organically. The Subscription activity now represents 49% of Axway's total revenue. While revenue recognized from Axway Managed contracts continued to increase at a dynamic but linear pace, with growth of around 20%, revenue from Customer Managed contracts rose by a very strong 52%. For the year, the annual value of new subscription contracts (ACV) signed reached €49.3m, up 44% compared to 2021. Additionally, upfront revenue from Customer Managed subscription contracts accounted for €78.7m in 2022 (€51.5m in 2021).

Maintenance revenue was €111.2m in 2022, down 6.6% overall and 11.1% organically. With a very good renewal rate of 95% over the year, the planned decline in business was mainly due to the drop in license signatures and the migration of customers to subscription contracts. The annual trend was consistent with forecasts and should continue at a similar pace in 2023.

At the end of December 2022, Axway's ARR (Annual Recurrent Revenue) was €196.5m, up 12.5% at constant scope and exchange rates compared to the end of 2021. This indicator which combines recurring revenues from all active Maintenance and Subscription contracts, including, where applicable, upfront subscription revenue recalculated monthly, gives a clear vision of Axway's business model predictability. Revenue from renewable contracts reached a high of 84% of total revenue in 2022.

The readjustment of the activity level in **Services** compared to the previous year continued in late 2022 and resulted in annual revenue of €37.2m, or 12% of Axway's total revenue. Good control of average selling prices and employees allocations enabled the company to generate organic growth of 5.4% for the year. For 2023, Axway anticipates the Services activity revenue to remain around 12% to 13% of total revenue.

Axway Software: Revenue by geographic area

Full-year 2022 (€m)	2022	2021 Restated*	2021 Reported	Total Growth	Organic Growth
France	91.6	81.2	81.4	+ 12.5%	+ 12.8%
Rest of Europe	68.4	66.6	67.4	+ 1.5%	+ 2.7%
Americas	133.3	131.1	119.4	+ 11.6%	+ 1.6%
Asia/Pacific	20.8	18.6	17.3	+ 19.8%	+ 11.8%
Axway Software	314.0	297.6	285.5	+ 10.0%	+ 5.5%

* Revenue at 2022 scope and exchange rates

France reported revenue of €91.6m in 2022 (29% of total revenue), an organic increase of 12.8%. This excellent performance was made possible by the signing of 15 migration deals worth more than €1m each to MFT and Axway Financial Accounting Hub subscription offers, as well as by the stability of the Services activity.

The **Rest of Europe** region achieved organic growth of 2.7% in 2022, with revenue of €68.4m, representing 22% of total revenue. Axway's performance in Germany was particularly strong thanks to the establishment of a new team that was instrumental in securing several key contracts with Axway's customer base and generated more than 15% of revenue from new customers.

The **Americas** (USA & Latin America) generated revenue of €133.3m over the year (42% of total revenue), with an organic growth of 1.6%. Axway's activity grew strongly in Latin America, driven by strong demand for its Amplify API Management offering, which resulted in the signing of several major new customer contracts. In North America, Axway's subscription-based B2B managed services offerings were also up sharply and will generate revenue growth in the coming months as customers consume the services.

Asia/Pacific achieved annual revenue of €20.8m (7% of total revenue), with organic growth of 11.8%. In 2022, the activity, heavily focused on APIs and MFTs in the region, was driven by new customer business which increased by 28% year-on-year.

Comments on 2022 net profit

Profit from recurring operations was €37.4m in 2022, or 11.9% of revenue, compared to 7.0% the previous year. It includes amortization of allocated intangible assets of €5.5m and a share-based payment expense of €3.4m.

Operating profit for the year was €-46.4m, or -14.8% of revenue, including the previously announced non-cash charge of €82.1m related to the write-off of unamortized intangible asset value or goodwill following the product portfolio rationalization operations carried out in 2022.

In line with this, net profit for the year was €-40.0m, representing -12.8% of revenue. Basic earnings per share were €-1.85. Restated for the impact of the disposals, basic earnings per share would have reached €1.47.

Financial position at December 31, 2022

At December 31, 2022, Axway's financial position was solid, with cash of €18.3m and bank debt of €87.8m.

Free cash flow was €2.2m in 2022, compared to €2.9m a year earlier. The accumulation of annual billed subscription contract signatures will be the base for sustained continuous improvement in net cash from operating activities and thus in free cash flow in the years to come.

Shareholders' equity stood at €327.8m at December 31, 2022, compared to €372.2m at the end of 2021.

Change in the workforce

At December 31, 2022, Axway had 1,525 employees compared to 1,712 at December 31, 2021. This includes the transfer of 53 employees that accompanied the product portfolio rationalization initiatives during the year.

Proposed dividend for fiscal year 2022

At its upcoming Annual General Meeting scheduled for May 11, 2023, Axway will ask shareholders to approve the distribution of a dividend with a value of €0.40 per share.

2023 Targets & Outlook

For 2023, Axway's objective is to maintain organic revenue growth of between 0% and 3%, the company also intends to further improve profit on operating activities to reach 15 to 18% of revenue.

Consequently, Axway's medium-term ambitions will be:

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

Today, Wednesday, February 22, 2023, 6.30 p.m. (UTC+1): 2022 Full-Year Results Virtual Analyst Conference

- **Virtual 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, March 24, 2023: Filing of the 2022 Universal Registration Document
Thursday, April 27, 2023, before market opening: Publication of Q1 2023 Revenue
Thursday, May 11, 2023, 2:30 p.m. (UTC+1): Annual Shareholders' Meeting
Wednesday, July 26, 2023, after market closing: Publication of 2023 Half-Year Results
Tuesday, July 26, 2023, 6:30 pm (UTC+2): 2023 Half-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 (1/5)
Axway Software: Revenue by business line

1 st Quarter 2022 (€m)	Q1 2022	Q1 2021 Restated*	Q1 2021 Reported	Total Growth	Organic Growth
License	3.7	4.0	3.8	-3.2%	-7.4%
Subscription	26.4	24.4	23.7	11.4%	8.2%
Maintenance	27.9	30.8	29.8	-6.3%	-9.5%
Services	9.0	9.3	9.0	-1.0%	-4.0%
Axway Software	66.9	68.6	66.3	0.9%	-2.4%

2 nd Quarter 2022 (€m)	Q2 2022	Q2 2021 Restated*	Q2 2021 Reported	Total Growth	Organic Growth
License	2.6	5.8	5.4	-51.9%	-55.0%
Subscription	29.5	29.7	28.1	4.9%	-0.8%
Maintenance	28.1	32.0	30.2	-7.0%	-12.2%
Services	9.3	8.7	8.3	11.8%	6.3%
Axway Software	69.5	76.3	72.1	-3.6%	-8.9%

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%

4 th Quarter 2022 (€m)	Q4 2022	Q4 2021 Restated*	Q4 2021 Reported	Total Growth	Organic Growth
License	3.0	4.5	4.6	-34.9%	-33.8%
Subscription	70.7	33.2	34.6	+104.6%	+113.2%
Maintenance	26.9	30.3	29.4	-8.8%	-11.4%
Services	9.5	9.1	8.8	+8.5%	+4.6%
Axway Software	110.1	77.1	77.3	+42.4%	+42.8%

* Revenue at 2022 scope and exchange rates

Appendices (2/5)
Axway Software: Revenue by geographic area

1 st Quarter 2022 (€m)	Q1 2022	Q1 2021 Restated*	Q1 2021 Reported	Total Growth	Organic Growth
France	18.1	18.8	18.8	-3.4%	-3.4%
Rest of Europe	13.2	16.7	16.7	-20.7%	-21.0%
Americas	30.3	28.5	26.5	14.3%	6.2%
Asia/Pacific	5.3	4.5	4.4	21.0%	16.2%
Axway Software	66.9	68.6	66.3	0.9%	-2.4%

2 nd Quarter 2022 (€m)	Q2 2022	Q2 2021 Restated*	Q2 2021 Reported	Total Growth	Organic Growth
France	19.6	20.6	20.6	-4.8%	-4.8%
Rest of Europe	14.0	17.2	17.3	-19.0%	-18.8%
Americas	30.5	34.6	30.6	-0.2%	-11.6%
Asia/Pacific	5.4	4.0	3.6	48.1%	36.1%
Axway Software	69.5	76.3	72.1	-3.6%	-8.9%

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%

4 th Quarter 2022 (€m)	Q4 2022	Q4 2021 Restated*	Q4 2021 Reported	Total Growth	Organic Growth
France	38.8	22.6	22.8	+ 70.2%	+ 71.6%
Rest of Europe	26.5	18.7	19.4	+ 36.5%	+ 42.2%
Americas	39.6	30.6	30.1	+ 31.9%	+ 29.7%
Asia/Pacific	5.1	5.3	5.0	+ 1.5%	- 2.8%
Axway Software	110.1	77.1	77.3	+ 42.4%	+ 42.8%

* Revenue at 2022 scope and exchange rates

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

Full-year 2022	2022		2021		2020	
	€m	% Rev.	€m	% Rev.	€m	% Rev.
Revenue	314.0		285.5		297.2	
<i>of which License</i>	11.6		18.6		25.8	
<i>of which Subscription</i>	154.0		114.2		97.3	
<i>of which Maintenance</i>	111.2		119.0		138.2	
Sub-total Products	276.7		251.7		261.3	
Services	37.3		33.8		36.0	
Cost of sales	91.4		83.3		87.6	
<i>of which License and Maintenance</i>	26.4		24.6		24.9	
<i>of which Subscription</i>	29.4		27.0		28.3	
<i>of which Services</i>	35.6		31.7		34.4	
Gross profit	222.6	70.9%	202.3	70.8%	209.7	70.5%
Operating expenses	176.4		169.4		178.8	
<i>of which Sales and marketing</i>	93.2		89.0		92.9	
<i>of which Research and development</i>	57.3		55.3		60.4	
<i>of which General and administrative</i>	25.9		25.0		25.5	
Profit on operating activities	46.3	14.7%	32.9	11.5%	30.8	10.4%
Stock option expense	-3.4		-4.4		-5.1	
Amortization of intangible assets	-5.5		-8.6		-8.2	
Profit from recurring operations	37.4	11.9%	19.9	7.0%	17.6	5.9%
Other income and expenses	-83.8		-2.7		0.0	
Operating profit	-46.4	-14.8%	17.3	6.1%	17.6	5.9%
Cost of net financial debt	-2.1		-1.3		-1.4	
Other financial revenues and expenses	1.0		0.5		-2.7	
Income taxes	7.4		-6.9		-5.1	
Net profit	-40.0	-12.8%	9.6	3.4%	8.5	2.9%
Basic earnings per share (in €)	-1.85		0.45		0.40	

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

Full-year 2022	31/12/2022 (€m)	31/12/2021 (€m)	31/12/2020 (€m)
Assets			
Goodwill	297.8	348.3	330.3
Intangible assets	8.7	15.1	23.4
Property, plant and equipment	12.5	14.3	15.4
Lease right-of-use assets	20.1	23.5	28.9
Other non-current assets	34.9	23.4	24.9
Non-current assets	374.0	424.6	422.9
Trade receivables	148.1	105.1	88.1
Other current assets	30.6	27.8	32.2
Cash and cash equivalents	18.3	25.4	16.2
Current assets	197.1	158.3	136.4
Total Assets	571.1	582.9	559.3
Equity and Liabilities			
Share capital	43.3	43.3	42.7
Reserves and net profit	284.5	328.9	312.8
Total Equity	327.8	372.2	355.5
Financial debt - long-term portion	84.6	60.1	37.3
Lease liabilities - long-term portion	23.5	27.2	32.2
Other non-current liabilities	11.7	13.6	13.1
Non-current liabilities	119.8	100.9	82.5
Financial debt - short-term portion	3.2	1.7	2.9
Lease liabilities - short-term portion	5.8	6.2	5.6
Deferred Revenues	55.6	55.8	54.7
Other current liabilities	58.9	46.0	58.1
Current liabilities	123.5	109.8	121.4
Total Liabilities	243.3	210.7	203.9
Total Equity and Liabilities	571.1	582.9	559.3

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

Full-year 2022	2022 (€m)	2021 (€m)	2020 (€m)
Net profit for the period	-40.0	9.6	8.5
Net charges to amortization, depreciation and provisions	16.5	20.2	19.9
Other income and expense items	85.3	3.9	4.4
Cash from operations after cost of net debt and tax	61.8	33.7	32.8
Change in operating working capital requirements (incl. employee benefits liability)	-41.0	-26.2	-23.7
Cost of net financial debt	2.1	1.3	1.4
Income tax paid net of accrual	-10.0	4.1	1.6
Net cash from operating activities	13.0	12.9	12.1
Net cash used in investing activities	-11.1	-2.8	-8.1
Proceeds from the exercise of stock options	-	2.0	0.6
Purchases and proceeds from disposal of treasury shares	-13.7	-9.5	-0.2
Dividends paid	-8.5	-8.6	0.0
Change in loans	20.7	21.5	-2.4
Change in lease liabilities	-7.2	-6.7	-4.4
Net interest paid	-1.2	-0.6	-0.7
Other flows	0.6	0.1	-0.9
Net cash from (used in) financing activities	-9.4	-1.7	-7.9
Effect of foreign exchange rate changes	0.7	0.7	-1.1
Net change in cash and cash equivalents	-6.9	9.0	-4.9
Opening cash position	25.2	16.2	21.1
Closing cash position	18.3	25.2	16.2

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

Full-year 2022 (€m)	2022	2021	Growth
Revenue	314.0	285.5	+ 10.0%
Changes in exchange rates		+16.1	
Revenue at constant exchange rates	314.0	301.7	+ 4.1%
Changes in scope		-4.1	
Revenue at constant scope and exchange rates	314.0	297.6	+ 5.5%

Axway Software: Changes in exchange rates

Full-year 2022 For 1€	Average rate 2022	Average rate 2021	Change
US Dollar	1.053	1.183	+ 12.3%