

74Software Strong Momentum Continues in 2025

- Group revenue reaching €170.4 million in Q1 2025, driven by strong organic growth of 6.1%
- Axway contributing €82.5 million in revenue, with organic growth of 6.0%
- SBS contributing €88.3 million, with organic growth of 6.7%
- Annual Recurring Revenues (ARR) continue to show double-digit growth rates with organic growth of 10.9% for Axway and 10.4% for SBS compared to end of Q1 2024

74Software (Euronext: 74SW.PA) showed a confident start into 2025, building on the solid foundation laid during its inception in late 2024. Following a transformative launch in September, the Group remained focused on delivering high-value customer experiences and capitalized on the strong commercial momentum of both Axway and SBS product lines. The Group entered Q1 2025 with a strong commercial pipeline and delivered sustained sales and revenue growth.

Despite the current macroeconomic uncertainty, 74Software delivered a robust operational performance in Q1, marked by the timely execution of major implementations and the acceleration of several strategic deals. The synergies between Axway and SBS have strengthened the Group's position in its core markets and supported revenue growth. Now fully operational, integration has begun to produce tangible results, helping to secure the company's profitability targets for 2025.

The portfolio companies experienced significant developments over the quarter:

- **Axway** kicked off 2025 with a strong performance, adding 23 new customers to its ecosystem (+5 from last year) and securing several strategic wins. Demand for cloud-based solutions remained high, with 28% of total bookings in Q1 coming from Axway Managed offers. Core product lines performed ahead of expectations, supported by increased interest in hybrid integration and API management capabilities. The US showed exceptional performance with strong year-over-year growth, while the APAC region experienced a slower start. Positive dynamics in commercial synergies with SBS in Africa and the UK further bolstered performance.
- **SBS** also delivered a strong Q1, marked by solid revenue growth and significant traction across its modular and component-based offerings. Improved execution pace in the various business units has enhanced the visibility and predictability of business. Strong sales bookings in Q1 showed a 7% year-over-year growth, with a notable outperformance from license sales. The focus remains on the launch of new products, at an advanced stage of development, in collaboration with their first users.

Patrick Donovan, Chief Executive Officer, stated:

"We've made an excellent start to the year, with both Axway and SBS delivering strong Q1 performance. Our teams demonstrated continued focus and agility, securing several key deals earlier than expected and responding effectively to evolving customer priorities in our core markets and offerings. This solid early execution led to a particularly active Q1, front-loading part of the year's commercial activity. While this dynamic naturally results in a lighter pipeline at the start of Q2, it enhances short-term visibility and supports our confidence in delivering on our full-year targets.

Within the Axway scope, we expect the strong momentum to continue in Q2, before stabilizing in the second half of the year. As for SBS, the business model is set to evolve further in 2025, shifting from a services-heavy approach to a more product-centric strategy. This transition will drive growth in product revenue, while services revenue is expected to decline.

As a result, a more moderate pace of growth is expected for SBS in Q2. At the Group level, we are reaffirming 74Software's full-year 2025 guidance, fully aligned with our long-term ambition of achieving profitable and sustainable product-led growth. Group-wide, we remain committed to disciplined execution, operational excellence, and long-term value creation for our stakeholders."

Comments on Q1 2025 Group's Activity

| Revenue Breakdown by Portfolio Company | | | | | |
|--|--------------|------------------|------------------|--------------|----------------|
| €m / % | Q1 2025 | Q1 2024 Proforma | Q1 2024 Restated | Total Growth | Organic Growth |
| Axway Scope | 82.5 | 76.9 | 77.8 | 7.2% | 6.0% |
| SBS Scope | 88.3 | 82.4 | 82.8 | 7.2% | 6.7% |
| Consolidation | -0.4 | 0.0 | 0.0 | | |
| 74Software | 170.4 | 159.4 | 160.6 | 6.9% | 6.1% |

In Q1 2025, the Group achieved total revenue of €170.4 million, representing a total growth of 6.9%, and an organic growth of 6.1%. This performance reflects the continued contribution from Axway, which posted €82.5 million in revenue, up 6.0% organically year on year. It also includes SBS, consolidated over the entire quarter, which contributed €88.3 million in revenue, reflecting an organic growth of 6.7%. Adjusting for 2024 figures, currency fluctuations had a positive impact of €0.9 million, while the change in consolidation scope related to the full inclusion of SBS added €82.8 million. Intra-Group eliminations for the period amounted to €0.4 million.

| Quarterly Revenue Breakdown by Type | | | | | |
|-------------------------------------|--------------|------------------|------------------|---------------|----------------|
| €m / % | Q1 2025 | Q1 2024 Proforma | Q1 2024 Restated | Total Growth | Organic Growth |
| Product revenue | 139.0 | 121.9 | 123.1 | 14.1% | 12.9% |
| Recurring revenue | 129.5 | 116.3 | 117.5 | 11.3% | 10.2% |
| o/w Maintenance & Support | 47.0 | 47.9 | 48.3 | -2.0% | -2.8% |
| o/w Customer-managed Subscription | 48.5 | 40.8 | 41.1 | 19.0% | 18.0% |
| o/w Own-managed Subscription | 34.0 | 27.6 | 28.1 | 23.3% | 21.3% |
| License revenue | 9.5 | 5.6 | 5.6 | 71.6% | 69.3% |
| Services revenue | 31.3 | 37.5 | 37.5 | -16.4% | -16.4% |
| Total revenue | 170.4 | 159.4 | 160.6 | 6.9% | 6.1% |

Product revenue recorded organic growth of 12.9% in Q1, reaching €139.0 million, driven by a solid contribution from Axway (+6.6%) and a marked increase for SBS (+21.8%). As expected, maintenance revenues saw a slight decline, while both customer-managed and own-managed subscriptions delivered robust growth. This performance is fully in line with 74Software's strategy of accelerating its transition to a recurring revenue-based model. Product activities represented 82% of total quarterly revenue, with recurring revenue accounting for 93% of that figure – reflecting the Group's ongoing structural transformation. At the same time, license revenues rose sharply during the quarter, thanks to several significant contracts, although similar levels are not expected over the remainder of the year.

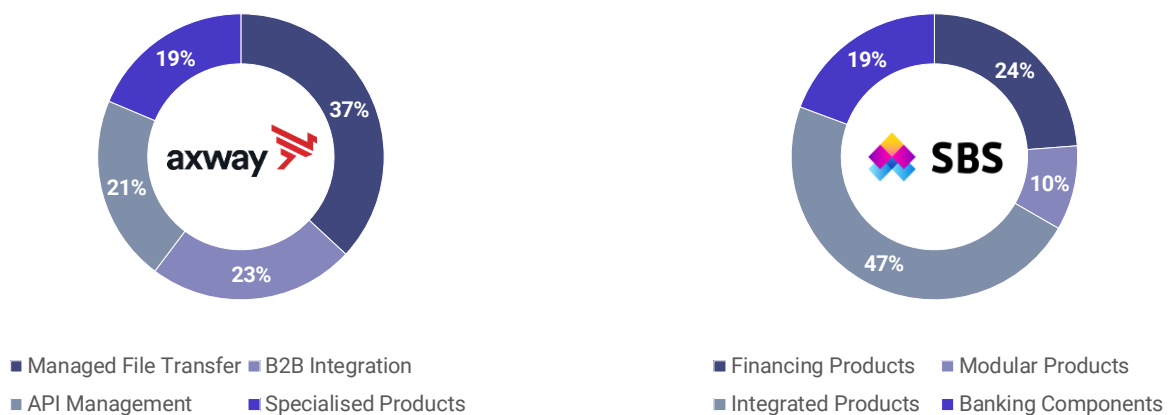
- **Axway's product revenue** reached €73.4 million, up from €67.9 million a year earlier, supported by the steady expansion of subscription-based models. Customer-managed subscriptions rose by 16.8%, and own-managed subscriptions by 10.7%, reflecting ongoing client adoption of flexible deployment options. Customer-managed subscriptions included €26.7 million upfront revenue. Maintenance revenue declined by 17.2%, and license revenue by 7.0%, in line with the shift away from traditional models. Recurring revenue represented 98% of Axway's product revenue, confirming the complete transformation of its business mix.
- **SBS's product revenue** was €66.0 million, up from €54.0 million in Q1 2024, demonstrating strong momentum across its product portfolio. Growth was driven primarily by subscriptions, with customer-managed revenues increasing by 29.7% and own-managed by 33.0%. Maintenance rose by 5.3%, due to the effect of indexation and licenses sold in 2024. The upfront recognition of customer-managed revenues remained insignificant at €1.5 million. License revenue nearly doubled, up 95.4%, supported by favorable contract timing and demand for modular and vertical-specific solutions. Recurring revenue accounted for 88% of SBS's product revenue, reflecting continued progress in its transition to a recurring software-first model.

Services revenue totaled €31.3 million in Q1 2025, down 16.4% year on year, and accounted for 18% of total revenue. Axway’s service revenue grew slightly (+1.2%), representing 11% of its total, while SBS generated €22.4 million, or 25% of its revenue. This contrast reflects the differing business models of the two entities and the higher complexity of banking software deployments. The overall decline, mostly within the SBS perimeter (-21.9%), is consistent with the Group’s strategic intent to reduce reliance on services and accelerate software-led growth.

ARR, a key performance indicator for Axway and SBS, is calculated according to slightly different methodologies in the two companies (see definitions). At the end of Q1 2025, Axway’s ARR reached €262.3 million, up 10.9% organically, while SBS reported a 10.4% organic increase, bringing its ARR to €230.7 million. These double-digit growth rates underscore the successful transition toward recurring revenue models and enhance the overall predictability of the Group’s revenue streams.

Comments on product line performance

Revenue Breakdown by Product Line



Axway, a major player in the application infrastructure and middleware sector, reported notable progress in Q1 2025, as reflected in the performance of its key product lines:

- **Managed File Transfer** experienced a gradual slowdown, in line with expectations. This reflects the continued shift from traditional on-premise licensing to cloud-based delivery models, as well as a return to a more normalized renewal cycle following a period of heightened activity.
- **API Management** maintained its position as Axway’s fastest-growing product line, driven by strong demand linked to ongoing digital transformation programs and the adoption of hybrid API infrastructures – especially in highly regulated industries.
- **B2B Integration** continued its positive momentum, supported by an expanding client base and increasing interest in cloud-native integration solutions.
- **Specialized Products** benefited from sustained demand for upgraded legacy components, with use cases related to compliance, data management, and industry-specific functionality continuing to drive adoption.

SBS, a leading provider of banking and financing software, also delivered a solid quarter, marked by differentiated performance across its product lines:

- **Financing Products** remained stable in a mature market landscape, with activity concentrated in SBS’s historical strongholds. While new clients were secured, slower decision-making tempered growth.
- **Modular Products** showed a clear acceleration, fueled by rising demand for flexible, targeted solutions in digital engagement, digital core, and risk & regulatory next-gen platforms. The broader market shift from monolithic core systems to modular deployment strategies continues to support this trend.
- **Integrated Products** maintained a strong presence, with current activity focused on enhancements and ongoing client support following recent major rollouts. SBS is actively repositioning this suite in synergy with its modular offering to drive future adoption.
- **Banking components** continued to gain traction, particularly among institutions looking to modernize specific capabilities – such as lending, payments, or card services – without undertaking a full core banking replacement.

Group's Financial Position on March 31, 2025

74Software delivered a strong Q1 in terms of cash collections, leading to a significant reduction in net debt as of March 31, 2025. Net debt stood at €179.1 million, reflecting gross debt of €266.1 million (excluding IFRS 16) and a solid cash position of €87.0 million. During the quarter, the Group repaid €25 million in bank debt, marking the beginning of its deleveraging process.

Targets & Ambitions

In 2025, 74Software will continue to focus on expanding its global platform while supporting Axway and SBS in strengthening their respective market positions. Axway aims to accelerate the shift toward subscription-based revenues, progressively phasing out maintenance income. SBS will pursue its transition to a pure software model by increasing the share of SBS-managed solutions and further reducing its reliance on services. Free cash flow generation is expected to be used for the continued reduction of debt.

Activity in Q1 was particularly strong, with several wins secured earlier than initially anticipated, resulting in a front-loaded performance for the first half of the year. A more balanced pacing is expected for the remainder of the year, in line with the Group's execution plan.

In this context, the full-year guidance is confirmed, with targeted revenue growth between 2% and 4%, reaching around €700 million, and an operating margin between 14% and 16%. Financial objectives also include unlevered free cash flow of approximately 10% of revenue and a leverage ratio below 2.0x. Looking further ahead, 74Software continues to aim for revenue above €750 million by 2027 with an operating margin exceeding 17%, and around 20% by 2028.

Financial Calendar

Tuesday, May 20, 2025, 2:30 p.m. (UTC+2): 2025 Annual General Meeting

Thursday, July 24, 2025, after market closing: Publication of 2025 Half-Year Results

Thursday, July 24, 2025, 6:30 p.m. (UTC+2): 2025 Half-Year Results Analyst Conference – [Register here](#)

Thursday, October 30, 2025, before market opening: Publication of Q3 2025 Revenue

About 74Software

74Software is an enterprise software group founded through the combination of Axway and SBS – independently operated leaders with unique experience and capabilities to deliver mission-critical software for a data driven world. A pioneer in enterprise integration solutions for 25 years, Axway supports major brands and government agencies around the globe with its core line of MFT, B2B, API, and Financial Accounting Hub products. SBS empowers banks and financial institutions to reimagine tomorrow's digital experiences with a composable cloud-based architecture that enables deposits, lending, compliance, payments, consumer, and asset finance services and operations to be deployed worldwide. 74Software serves more than 11,000 companies, including over 1,500 financial service customers. To learn more, visit [74Software.com](https://www.74software.com)

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Appendices (1/2)

| Revenue Breakdown by Regions | | | | | | |
|---------------------------------|--------------|--------------|------------------|------------------|--------------|----------------|
| | Q1 2025 | | Q1 2024 Proforma | Q1 2024 Restated | Total Growth | Organic Growth |
| | €m | % of Rev. | | | | |
| Europe | 106.5 | 62.5% | 101.7 | 102.3 | 4.7% | 4.2% |
| o/w France | 51.5 | 30.2% | 54.1 | 54.3 | -4.9% | -5.3% |
| o/w UK | 22.5 | 13.2% | 21.7 | 22.0 | 3.7% | 2.1% |
| Americas | 36.5 | 21.4% | 34.8 | 35.4 | 5.0% | 3.0% |
| Middle East & Africa | 19.8 | 11.6% | 15.3 | 15.3 | 29.2% | 29.2% |
| Asia & Pacific | 7.6 | 4.5% | 7.6 | 7.6 | 0.4% | -0.3% |
| 74Software | 170.4 | | 159.4 | 160.6 | 6.9% | 6.1% |

| Quarterly Revenue Breakdown by Type - Axway | | | | | |
|---|-------------|------------------|------------------|--------------|----------------|
| €m / % | Q1 2025 | Q1 2024 Proforma | Q1 2024 Restated | Total Growth | Organic Growth |
| Product revenue | 73.4 | 67.9 | 68.9 | 8.2% | 6.6% |
| Recurring revenue | 72.1 | 66.5 | 67.5 | 8.4% | 6.9% |
| o/w Maintenance & Support | 14.4 | 17.1 | 17.4 | -15.6% | -17.2% |
| o/w Customer-managed Subscription | 43.7 | 37.0 | 37.4 | 17.9% | 16.8% |
| o/w Own-managed Subscription | 14.0 | 12.4 | 12.7 | 13.1% | 10.7% |
| License revenue | 1.3 | 1.4 | 1.4 | -2.1% | -7.0% |
| Services revenue | 9.0 | 9.0 | 8.9 | 0.3% | 1.2% |
| Total revenue - Axway | 82.5 | 76.9 | 77.8 | 7.2% | 6.0% |

| Quarterly Revenue Breakdown by Type - SBS | | | | | |
|---|-------------|------------------|------------------|---------------|----------------|
| €m / % | Q1 2025 | Q1 2024 Proforma | Q1 2024 Restated | Total Growth | Organic Growth |
| Product revenue | 66.0 | 54.0 | 54.2 | 22.4% | 21.8% |
| Recurring revenue | 57.9 | 49.8 | 50.0 | 16.2% | 15.6% |
| o/w Maintenance & Support | 32.5 | 30.8 | 30.9 | 5.5% | 5.3% |
| o/w Customer-managed Subscription | 4.9 | 3.7 | 3.7 | 29.7% | 29.7% |
| o/w Own-managed Subscription | 20.5 | 15.2 | 15.4 | 34.5% | 33.0% |
| License revenue | 8.2 | 4.2 | 4.2 | 95.5% | 95.4% |
| Services revenue | 22.3 | 28.5 | 28.6 | -21.7% | -21.9% |
| Total revenue SBS | 88.3 | 82.4 | 82.8 | 7.2% | 6.7% |

| Impact on revenue of changes in scope and exchange rate | | | |
|---|--------------|--------------|-----------------|
| €m / % | Q1 2025 | Q1 2024 | Growth |
| Revenue | 170.4 | 76.9 | + 121.5% |
| Changes in exchange rates | | +0.9 | |
| Revenue at constant exchange rates | 170.4 | 77.8 | + 118.9% |
| Changes in scope | | +82.8 | |
| Revenue at constant scope and exchange rates | 170.4 | 160.6 | + 6.1% |

Appendices (2/2)

| Changes in main exchange rates | | | |
|--------------------------------|-------------------------|-------------------------|--------|
| For 1€ | Average Rate Q1 2025 | Average rate Q1 2024 | Change |
| US Dollar | 1.052 | 1.086 | + 3.1% |
| Great Britain Pound | 0.836 | 0.856 | + 2.4% |

Glossary and Alternative Performance Measures

Axway ARR: Annual Recurring Revenue – Expected annual billing amounts from all active maintenance and subscription agreements.

SBS ARR: Annual Recurring Revenue – Monthly recurring revenue (MRR) for the last month of the reporting period multiplied by 12. Where contracts are affected by seasonality or contracted volume-based elements, the last 12 months of revenue are aggregated in determining ARR. Expected recurring revenue from contracts signed but not yet active are not included in ARR.

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.

Proforma: Proforma measures assume the acquisition of SBS happened at the beginning of the respective reporting period.

Restated revenue: Revenue for the prior year, adjusted for the consolidation scope and exchange rates of the current year.

Unlevered free cash flow: Free cash flow before exceptional items and before net interest expense.