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Axway launches a capital increase of approximately €131 million by way of a rights issue to create a new major player in enterprise software, leader in the banking sector and financial services

- Final stage in the financing of the acquisition of Sopra Banking Software with the launch of a share capital increase with shareholders' preferential subscription rights for approximately €131m;
- Birth of a new major player in enterprise software, achieving critical scale with a bold 2025 ambition of c.€700m revenue and c.€100m profit on operating activities.

Key terms of the transaction

- Capital increase with shareholders' preferential subscription rights;
- Subscription price: €16.10 per new share;
- Subscription ratio: 3 new shares for 8 existing shares;
- Theoretical value of the preferential subscription right: €3.11;
- Trading period for preferential subscription rights: from July 24, 2024 to August 16, 2024 included;
- Subscription period: from July 26, 2024 to August 20, 2024 included;
- Settlement and delivery and admission to trading of the new shares: August 27, 2024;
- Subscription commitments by Sopra GMT for approximately 52.8% of the total amount of the capital increase on an irreducible basis and for any new share not subscribed at the end of the subscription period (on an irreducible and reducible basis).

Axway (the "Company") announces today the launch of a share capital increase with shareholders' preferential subscription rights for a gross amount of approximately EUR €131 million to partially finance the acquisition of a significant portion of Sopra Banking Software's activities.

Following the signing of the Sopra Banking Software acquisition agreement announced on June 3, 2024 and on the date of the Prospectus, the Company obtained all regulatory authorizations required to proceed with the closing of the acquisition. In addition, the exemption from the mandatory filing of a tender offer by Sopra GMT for the Company's share capital was granted by the *Autorité des marchés financiers* (the "AMF") on June 4, 2024, under the number 224C0810.

Completion of the acquisition is expected in early September 2024.

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

"With the launch of its capital increase, Axway is taking a new step in the acquisition of Sopra Banking Software announced last February. We are giving birth to one of France's top enterprise software publishers, with unique positions in banking and financial services. The acquisition of Sopra Banking Software represents a major leap forward in our development, and is a perfect illustration of our external growth ambitions. Beyond the change in dimension, I am proud of our success in building an alliance project that creates value for all our stakeholders, with meaningful levers for our customers, employees and shareholders alike."



Rationale of the issue and use of proceeds

The net proceeds of the capital increase will be used to finance part of the purchase price¹ of Sopra Banking Software's activities for an amount of €330m, in addition to new confirmed credit facilities for €200m.

This acquisition will enable Axway to accelerate its strategic project through:

- the birth of a new major player in enterprise software, achieving critical scale with a bold 2025 ambition of c.€700m revenue and c.€100m profit on operating activities²;
- a secured leadership position in a combined total addressable market of c. \$90B, with unique strengths in banking and financial services;
- a diversified product portfolio extending across geographies, clients, and industries, capturing a variety of profitable niche markets to enhance overall stability;
- a substantial opportunity to accelerate shareholder value creation through the combined entity's scale, becoming EPS accretive in 2026;
- a maintained prudent and efficient capital structure with a 40% equity and 60% debt financing mix, with quick deleveraging possibilities;
- a reaffirmed software pure-player project founded on shared DNA, culture, vision, and driven by an experienced management team.

Birth of the 5th largest French Enterprise Software Publisher

Axway Software + SBS	2023 Restated* AXW + 12M SBS	2024 Guidance AXW + 4M SBS	2025 Ambition AXW + SBS	2027 Ambition 3-Years Plan
Revenue	€651m	c. €460m	c. €700m	> €750m
Margin on Operating Activities	12%	13 to 17%	14 to 16 %	> 17%

* Restated items correspond to end-of-contract revenues and intra-group billings with Sopra Steria Group considered as non-recurring.

On a restated from non-recurring items basis, the new combined entity would have generated annual revenue of €651m in 2023, with operating profit representing 12% of revenue.

Sopra Banking Software's consolidation into Axway is scheduled for beginning of September 2024. Axway will therefore include Sopra Banking Software's activities for the last four months of 2024 in its next annual financial statements. On this basis, the combined entity is aiming at 2024 revenue of around €460m and a margin on operating activities of between 13% and 17%.

By 2025, pursuing its development at an annual organic growth rate of between 2% and 4%, Axway targets revenue of around €700m and a margin on operating activities of between 14% (around €100 million) and 16% which will reflect the full materialization of cost optimizations, of the order of €15m, expected on a full-year 2025 basis.

By 2027, Axway ambitions to achieve revenue above €750m and a margin on operating activities of more than 17%. By 2028, the Company is aiming for a margin on operating activities at around 20% of revenue.

In terms of cash generation and debt leverage, Axway has outlined the following ambitions:

Axway Software + SBS	End-2024 Ambition	End-2025 Ambition	End-2027 Ambition
Free Cash Flow / Revenue	≈ 4%	≈ 10%	> 15%
Net Leverage Ratio	> 2.5x	< 2.0x	< 1.0x

¹ At the date of the prospectus, taking into account the factors and adjustments, it is indicated for illustrative purposes that the purchase price of 100% of SBS's share capital and voting rights should be between €113m and €128m and that the current shareholder account to be repaid should be approximately of an amount of €190m.

² Profit from recurring operations adjusted for the non-cash share-based payment expense, as well as the amortization of allocated intangible assets.



Free cash flow should represent around 10% of the new entity's revenue in 2025, gradually improving to over 15% by the end of 2027. This significant improvement in free cash flow will provide the Company with opportunities to rapidly reduce its financial leverage.

At year-end 2024, Axway expects its net debt to EBITDA ratio to exceed 2.5x. By the end of 2025, this ratio should be below 2.0x, and by 2027 it is expected to be below 1.0x.

Main terms of the capital increase

The capital increase will be carried out with shareholders' preferential subscription rights, in accordance with the 18th resolution of Axway's shareholders general meeting held on May 11, 2023, and will result in the issuance of 8 112 597 new shares, at a subscription price of €16.10 per share (i.e. a nominal value of €2.0 plus an issue premium of €14.10), to be fully paid up upon subscription, representing gross proceeds, including the issue premium, of €130,612,811.70.

The preferential subscription rights will be detached from the underlying existing shares on July 24, 2024 and the existing shares will be traded ex-right from July 24, 2024.

Each share that a shareholder holds in its securities account on July 25, 2024 (as close of trading) will entitle it to receive one Right. 8 Rights will entitle the holder to subscribe for 3 new shares, on an irreducible basis.

Subscriptions on a reducible basis will be allowed. Any new share not subscribed on an irreducible basis will be distributed and allocated to the holders of Rights having submitted additional subscription orders on a reducible basis, subject to reduction in the event of oversubscription.

Based on the closing price of Axway's share price on the regulated market of Euronext in Paris on July 19, 2024, i.e. €27.50, the theoretical value of one Right is €3.11, and the theoretical value of the ex-right share is €24.39.

For information purposes, the subscription price of the new shares reflects a discount of 34.0% to Axway's theoretical ex-right share price, based on the closing price on July 19, 2024, and a facial discount of 41.5% to the closing price on July 19, 2024.

These values neither necessarily reflect the value of the Rights during their trading period, nor the value of Axway shares ex-rights, as they will be observed in the market.

The capital increase will be opened to the public in France only.

The capital increase is subject to a placement agreement between the Company and Crédit Agricole CIB and Société Générale as joint global coordinators and joint bookrunners.

Indicative timetable of the share capital increase

The Rights will be detached on July 24, 2024 and will be tradable on Euronext Paris from July 24, 2024 until the close of the preferential subscription rights trading period, i.e. until August 16, 2024 included, according to the indicative timetable, under the ISIN code FR001400QH1.

The subscription period for the new shares will run from July 26, 2024 to August 20, 2024 included, according to the indicative timetable. Any Right not exercised before the end of the subscription period, i.e. on August 20, 2024, shall automatically become null and void.

The settlement and delivery of the new shares and admission of trading on Euronext Paris are expected to take place on August 27, 2024. They will be immediately fungible with the Company's existing shares and will be traded under the same trading line and under the same ISIN code FR0011040500.

Subscription and other commitments by Axway's main shareholders

Under the terms of the purchase agreement entered into between Sopra GMT, as acquirer, and Sopra Steria Group, as seller, dated May 31, 2024, Sopra GMT undertook to acquire:

- 3,619,423 Axway shares, representing 16.73% of Axway's share capital and 10.98% of its theoretical voting rights, from Sopra Steria Group, at a price of €26.50 per Axway share, i.e. a total price of €95,914,709.5 ("Axway Block Acquisition"), which was completed on July 19 2024; and
- all 3,293,637 preferential subscription rights attached to the Axway shares held by Sopra Steria Group following the Axway Block Acquisition, which may be exercised as part of the capital increase, for a total price of €10,243,211.07 (the "Rights Acquisition").



Sopra GMT has irrevocably undertaken to subscribe, on an irreducible basis, to the capital increase by exercising all of its preferential subscription rights, including those acquired as part of the Rights Acquisition from Sopra Steria Group, representing a total of approximately 52.8% of the capital increase.

Moreover, Sopra GMT has irrevocably undertaken to subscribe for new shares not subscribed at the end of the subscription period (either on an irreducible or on a reducible basis), in order to ensure that all new shares are subscribed.

Patrick Donovan, the Company's CEO, has indicated that he intends to exercise all his preferential subscription rights, representing 0.7% of the capital increase.

As of the date of the Prospectus, Axway is not aware of any subscription intentions from shareholders of the Company other than that mentioned above, nor of any subscription intentions from members of its administrative bodies.

Lock-up undertakings

Axway has committed to a lock-up period starting on the signing date of the placement agreement and ending 180 calendar days following the settlement and delivery date of the new shares, subject to certain customary exceptions.

Patrick Donovan, Chief Executive Officer, Sopra GMT and Sopra Steria Group have committed to a lock-up period starting on the date of approval by the AMF of the Prospectus related to the capital increase and ending 180 calendar days following the settlement and delivery date of the new shares, subject to certain customary exceptions (including, with respect to Patrick Donovan, his ability to pledge existing shares for the purposes of benefiting a financing dedicated to the subscription of new shares resulting from the exercise of his preferential subscription rights).

Dilution

For illustrative purposes only, following the issue of the new shares, a shareholder holding 1% of the Company's share capital as of July 22, 2024 and who does not participate in the capital increase, would hold 0.73% of the share capital.

Availability of the Prospectus

Copies of the French language Prospectus approved by the AMF on July 22 2024 under number 24-328, comprising and (i) the 2023 universal registration document filed with the AMF on March 25, 2024 under number D.24-0175 (*Document d'Enregistrement Universel 2023*), (ii) its amendment filed with the AMF on July 22 2024 under number D.24-0175-A01 (*Amendement au Document d'Enregistrement Universel 2023*), and (iii) a securities note (*Note d'Opération*) (including the summary of the Prospectus) is available free of charge from the Company's registered office, PAE Les Glaisins - 3 rue du Pré Faucon, Annecy-le-Vieux - 74940 Annecy, France, as well as on the website of Axway Software (www.investors.axway.com/fr) and the AMF (www.amf-france.org).

Risk factors

Investors' attention is drawn by Axway Software to the chapter 2.1 ("*Risk Factors*") of the 2023 universal registration document filed with the AMF on March 25, 2024 under number D. 24-0175 and its amendment filed with the AMF on July 22 2024 under number D.24-0175-A01 and to section 2 "*Risk factors related to the offering*" of the securities note.

About Sopra Banking Software

Sopra Banking Software (SBS) is a global financial technology company that is helping banks and the financial services industry to reimagine how to operate in an increasingly digital world. SBS is a trusted partner of more than 1,500 financial institutions and large-scale lenders in 80 countries worldwide. Its cloud platform offers clients a composable architecture to digitize operations, ranging from banking, lending, compliance, to payments, and consumer and asset finance. SBS is recognized as a Top 10 European Fintech company by IDC and as a leader in Omdia's Universe: Digital Banking Platforms.

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



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Forward-looking statements:

This document contains certain forward-looking statements about Axway Software and its subsidiaries. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives, intentions and anticipated results as well as events, operations, future services or product development and potential or future performance. Forward-looking statements are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates", "anticipates", "projects", "seeks", "endeavors", "strives", "aims", "hopes", "plans", "may", "goal", "objective", "projection", "outlook" and similar expressions. Although the management of Axway Software believes that these forward-looking statements are reasonably made, investors and holders of the group's securities are cautioned that these forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors, a large number of which are difficult to predict and generally outside the control of Axway Software, that may cause actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied by these forward-looking statements. These risks and uncertainties include those developed or identified in any public documents approved by the French financial markets authority (the *Autorité des marchés financiers* – the "AMF") made or to be made by the group, in particular those described in Chapter 2.1 "Risk Factors" of the 2023 universal registration document filed with the AMF under number D. 24-0175 on March 25, 2024 and in Chapter 3 of the 2023 universal registration document amendment filed with the AMF under number D. 24-0175-A01 on July 22, 2024. These forward-looking statements are given only as of the date of this document and Axway Software expressly declines any obligation or commitment to publish updates or corrections of the forward-looking statements included in this document in order to reflect any change affecting the forecasts or events, conditions or circumstances on which these forward-looking statements are based. Any information relating to past performance contained herein is not a guarantee of future performance. Nothing herein should be construed as an investment recommendation or as legal, tax, investment or accounting advice.