A French public limited company (*société anonyme*) with share capital of €43,267,194
Registered office: PAE Les Glaisins - Annecy-le-Vieux - 74940 Annecy, France
Registered with the Annecy Trade and Companies Register under number 433 977 980.

AMENDMENT TO 2023 UNIVERSAL REGISTRATION DOCUMENT

This amendment to the 2023 Universal Registration Document was filed on July 22, 2024, with the French Autorité des marchés financiers (the "**AMF**") in its capacity as the competent authority within the meaning of Regulation (EU) 2017-1129, without prior approval, in accordance with Article 9 of that regulation.

The 2023 Universal Registration Document may be used for the offer to the public or the admission to trading of securities on a regulated market, provided it is accompanied by a securities note and, if applicable, a summary and all amendments made to the 2023 Universal Registration Document. These documents are approved by the AMF in accordance with Regulation (EU) 2017-1129.

This amendment (the "**Amendment**") supplements and should be read together with Axway's 2023 Universal Registration Document, filed with the AMF on March 25, 2024, under number D.24-0175 (the "**2023 Universal Registration Document**").

A correspondence table is provided in this Amendment to facilitate locating the information incorporated by reference and the information being updated or modified.

In the Amendment, "Axway" and the "Company" mean Axway Software SA, and the "Group" means the Company and all of its consolidated subsidiaries.

The 2023 Universal Registration Document and the Amendment are available on the Company's website (www.investors.axway.com/en) and on the AMF's website (www.amf-france.org). Copies may be obtained free of charge at the Company's registered office.

NOTICE

Market and Competition Information

This Amendment contains information on the Company's markets and competitive position. This information is taken in part from studies carried out by outside sources. The publicly available information, which the Company considers reliable, has not been verified by an independent expert, and the Company cannot guarantee that a third party using different methods to compile, analyze or calculate data about these markets would obtain the same results.

Forward-Looking Information

This Amendment contains information about the Company's medium-term outlook and growth strategies. Such information is sometimes identified by the use of the future or conditional tense or by the use of forward-looking terms such as "consider," "envisage," "think," "aim," "expect," "intend," "should," "hope," "estimate," "believe," "wish," and "could," or, if applicable, the negative form of such terms and similar expressions or terminology. It is not historical data, and should not be interpreted as a guarantee that the facts and data set forth will occur. This information is based on data, assumptions and estimates that the Company considers to be reasonable. It is subject to change or modification based on uncertainties in the economic, financial, competitive, and regulatory environments. It includes information about the Company's intentions, estimates, and objectives, in particular with respect to its market, strategy, growth, results, financial position, cash position, and forecasts. The forward-looking information included in this Prospectus is given only as of the date of this Prospectus.

Risk Factors

Investors should carefully read the risk factors described in Section 2.1, "Risk Factors" of the 2023 Universal Registration Document before making a decision to invest. The occurrence of all or some of these risks could have a material adverse effect on the Company's business, financial position, results, and medium-term outlook. Furthermore, additional risks that have not yet been identified or that the Company does not consider material as of the date of this Amendment could also have a material adverse effect.

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1. RESPONSIBLE PERSONS

1.1. Person responsible for the Amendment

Patrick Donovan
Chief Executive Officer

Axway Software
PAE Les Glaisins - Annecy-le-Vieux
74,940 Annecy, France

1.2. Declaration of the person responsible for the Amendment

For Axway:

"I hereby declare that the information contained in this Amendment to the 2023 Universal Registration Document is, to my knowledge, accurate and contains no omission that might alter its scope."

Paris, France, July 22, 2024

Patrick Donovan
Chief Executive Officer, Axway

For Sopra Software Banking SA:

"I hereby declare that the information contained in Section 7 of this Amendment to the 2023 Universal Registration Document is, to my knowledge, accurate and contains no omission that might alter its scope."

Paris, France, July 22, 2024

Eric Bierry
Chief Executive Officer, Sopra Banking Software

2. DESCRIPTION OF THE TRANSACTION TO ACQUIRE SOPRA BANKING SOFTWARE SA

Section 1.9, "Recent Developments" of the 2023 Universal Registration Document is hereby amended and supplemented as follows:

2.1. Description of the Transaction

Background of the Transaction

In accordance with the press release dated February 21, 2024, in which the Company announced its entry into exclusive discussions relating to the potential acquisition of a significant portion of the business of Sopra Banking Software[1] (which to date has been consolidated in the Sopra Steria Group), and following discussions among Sopra Steria Group[2], Sopra Banking Software, and Axway, on February 21, 2024, Axway's Board of Directors approved the principle of Axway's acquisition of Sopra Banking Software, as well as the entry into a Memorandum of Understanding, providing as follows:

- The acquisition by Sopra GMT, a public liability company (*société anonyme*) with a board of directors, having its registered office at PAE Les Glaisins - Annecy-le-Vieux - 74940 Annecy, registered with the Trade and Companies Register of Annecy under number 348 940 263 ("**Sopra GMT**") of 3,619,423 shares of Axway, representing 16.73% of its share capital and 10.98% of its theoretical voting rights, from Sopra Steria Group, at a price of €26.50 per Axway share, for a total price of €95,914,709.50 (the "**Axway Block Acquisition**");

- The acquisition by Sopra GMT of all of the 3,293,637 preferential subscription rights (*droits préférentiels de souscription*) detached from the Axway shares held by Sopra Steria Group following the Axway Block Acquisition, to be used by Sopra GMT in connection with the Capital Increase (as defined below);

- A capital increase by Axway with preferential subscription rights for its shareholders, for an approximate amount of €130 million (the "**Capital Increase**"), which will be used to finance a portion of the Acquisition (as defined below); and

- The acquisition by Axway of 100% of the share capital and voting rights of Sopra Banking Software, subject to customary conditions precedent, in particular regarding financing. (In addition to the Capital Increase, Axway intends to enter into a new Bank Loan (as defined below) in order to finance the acquisition (the "**Acquisition**").

  (together, the "**Transaction**").

In order to secure the Capital Increase and to ensure the long-term independence of the new combined entity, Sopra GMT (Axway's controlling shareholder), undertook to:

- Carry out the Axway Block Acquisition;
- Subscribe on an irreducible basis for the Capital Increase, in the amount of its rights and those

[1] Sopra Banking Software, a public liability company (*société anonyme*) with its registered office at PAE Les Glaisins - Annecy-le-Vieux - 74940 Annecy, registered with the Annecy Trade and Companies Register under number 450 792 999, and a subsidiary of the Sopra Steria Group.

[2] Sopra Steria Group, a public liability company (*société anonyme*) with its registered office at PAE Les Glaisins - Annecy-le-Vieux - 74940 Annecy, registered with the Annecy Trade and Companies Register under number 326 820 065, the shares of which are admitted to trading on the regulated market of Euronext Paris under ISIN Code FR0000050809 – SOP.

acquired from Sopra Steria Group, representing approximately 53% of the total planned Capital Increase; and

- To secure the balance of the planned Capital Increase by subscribing for any shares that remain unsubscribed following the allocation process[3].

It is noted that Sopra GMT, the Odin and Pasquier family groups, and certain individual executives are bound by a shareholders' agreement relating to Sopra Steria Group dated December 7, 2009. By amendment dated April 27, 2011, this shareholders' agreement was extended to apply to Axway as well. As a result, the parties to the shareholders' agreement and Sopra Steria Group have reported that they are acting in concert with regard to Axway.

On May 31, 2024, in order to finance the Axway Block Acquisition, One Equity Partners, Sopra GMT, the Odin family group, and the Pasquier family group entered into an investment agreement pursuant to which the One Equity Partners investment fund would acquire a €200 million stake in Sopra GMT. Following the completion of this investment on July 18, 2024, and the entry into a new shareholders' agreement concerning Sopra GMT among One Equity Partners[4], Sopra GMT, and the Odin and Pasquier family groups, the group acting in concert (within the meaning of Article L. 233-10 of the French Commercial Code) with respect to Axway is now composed of One Equity Partners, Sopra GMT, the Odin and Pasquier family groups, and certain individual executives[5].

On May 31, 2024, Sopra Steria Group and Axway entered into a share purchase agreement (the "**Share Purchase Agreement**") with respect to the Acquisition.

Prior to the parties' entry into the Share Purchase Agreement, (i) the necessary information and consultation procedures were carried out with the bodies representing the employees of the parties affected by the transactions described herein, and (ii) the boards of directors of Axway (on May 16, 2024) and of Sopra Steria (on May 21, 2024) authorized its execution.

In addition to the conditions precedent relating to the Acquisition's financing, the Share Purchase Agreement includes regulatory conditions precedent. In that regard, it is specified that:

- The French Competition Authority issued a decision on May 22, 2024 (No. 24-DCC-103) authorizing the Acquisition;

- The Moroccan Competition Authority issued a decision on June 5, 2024, authorizing the Acquisition;

- On June 4, 2024, the AMF issued a decision waiving the requirement for Sopra GMT to file a tender offer in connection with the Axway Block Acquisition and with its subscription for the Capital Increase, on the basis of Articles 234-8, 234-9 6°, and 234-10 of its General Regulation (No. 224C0810). As of the date of this Amendment, the decision granting the waiver is final and cannot be appealed.

[3] Thus, Sopra GMT has irrevocably undertaken to subscribe for a number of shares such that, together with the other subscriptions, the Capital Increase will be subscribed for a total of €130 million.

[4] One Equity Partners has governance rights that are limited to the protection of its investment in Sopra GMT.

[5] It is noted that this investment by One Equity Partners will not affect the definition of Axway's control set forth in Section 7.2.5 of the 2023 Universal Registration Document.

The financial terms of the Transaction have been reviewed by an independent expert, Finexsi, at Axway's voluntary request. A copy of Finexsi's report, dated May 16, 2024, as made public on June 3, 2024, is attached as **Annex 1** to this Amendment.

It is specified in that regard that the acquisition price for 100% of the share capital and voting rights of Sopra Banking Software (the "**Acquisition Price**") will be determined on the basis of an enterprise value of €330 million, less the Company's net debt at the date of completion of the Acquisition, such net debt taking into account the amount of the current shareholders' account due to Sopra Steria Group, which will be repaid by Axway on the closing date of the Acquisition (the "Current Account"). In order to determine the Acquisition Price, other adjustments will be made, in particular on the basis of Sopra Banking Software's normative working capital requirements. The Acquisition Price will therefore be calculated on an estimated basis as at the date of completion of the Acquisition and will be adjusted afterward, in order to determine the price definitively on the basis of the aggregates referred to above, as finalized as of the closing date of the Acquisition. As of the date of this Prospectus, taking into account these criteria and adjustments, it is expected, for informational purposes only, that the Acquisition Price should be between €113 million and €128 million, and that the Current Account should be approximately €190 million.

In order to ensure the continuity of the Sopra Banking Software subgroup, Axway and certain entities of the Sopra Steria Group have entered into temporary service agreements and an overall collaboration agreement[6]. Other agreements may be entered into for a transitional period in order to best ensure the operational continuity of the Sopra Banking Software subgroup.

The Axway Block Acquisition was completed on July 19, 2024.

Advantages of the Acquisition for Axway and its shareholders

The purpose of the Acquisition is to combine Sopra Banking Software's software activities with those of Axway in order to create a new, multi-specialist software vendor of critical scale, capable of addressing both banking application and integration needs thanks to an expanded product portfolio and the expertise of some 5,000 employees throughout the world. The combined entity would serve customers on 5 continents through offices in 26 countries, and would join the top 5 French software companies in terms of revenue[7]. In addition, the Acquisition would result in the emergence of a competitive player on the European scale, with approximately €700 million in revenue and €100 in profit on operating activities expected by 2025.

The new combined group's product portfolio would combine complementary product lines from the specialties of both groups: Axway's integration software and Sopra Banking Software's banking applications.

The Acquisition should enable Axway to accelerate its growth and benefit from a scaling effect on its global revenue. Sopra Banking Software would benefit from Axway's experience and methodology to accelerate the transformation of its operating model towards a subscription-based business model, that will improve the recurrence and predictability of revenues and gradually reinvigorate operating margins.

Axway and Sopra Banking Software already share a large part of their DNA. Both companies were born within Sopra Steria Group and were built around an independent enterprise project and a strong commitment to creating sustainable value for their stakeholders. The loyalty of their many mutual customers demonstrates the solidity of this relationship. In addition, Axway is an OEM (original equipment manager) partner of

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[6] These agreements are described in Section 2.2 of this Amendment.

[7] Source: *Top 250 des éditeurs de logiciels français* Top 250 French software vendors, *Numeum – EY 2023*.

Sopra Banking Software through its API Management offering and has for years enriched the functionalities of SBS application with its integration solutions. This shared culture and the long-term strategic relationship between Axway and Sopra Banking Software will facilitate a smooth integration.

The combination of the two entities is expected to generate cost savings of approximately €15 million, which should begin to be seen during the 2025 fiscal year.

In that regard, Patrick Donovan, Axway's Chief Executive Officer, stated in the Company's first quarter earnings release on April 25, 2024: *"As Axway enters a new era that will make it a key player in the world of enterprise software thanks to its well-respected products and brands, offering our customers crucial competitive advantages will remain our priority. It is the cornerstone of our day-to-day business, and we are eager to welcome the Sopra Banking Software team to share this mission with us. The logic of this strategic approach is reflected in our robust combined portfolio of leading products in their markets. The next stage of Axway's growth promises to be exciting, and we will be sure to keep all of our stakeholders informed about our progress."*

2.2. Principal components of the Acquisition

The April 2024 restructuring transactions and related agreements

On May 31, 2024, Sopra Steria Group conducted a number of transfers and trimming relating to the Target Perimeter (as defined below). In particular, (i) the shares of Sopra Solutions SAS (with its subsidiaries SBS Singapore Pte. Ltd. and Beijing Sopra Science Tech Ltd.), SBS Brazil Ltda., and Sopra Banking Software GmbH, which had previously been held by Sopra Banking Software, were transferred to Sopra Steria Group or certain of its subsidiaries, and (ii) Sopra Banking Software, SBS Belgium, SBS Iberia, SBS Ltd., SBS Netherlands, SBS US, and SBS India carried out specific trimming transactions affecting their services divisions, resulting in a transfer of some assets and some employees to Sopra Steria Group and certain of its subsidiaries (the "**Restructuring Transactions**").

In order to ensure the business continuity of the Sopra Banking Software subgroup and Sopra Steria Group, the following agreements will be entered into in connection with the Acquisition:

- Sopra Steria Group and Axway will enter into a license agreement for the "Sopra" name, enabling the Sopra Banking Software subgroup to continue using the "Sopra" name at no cost for a one-year transitional period;
- Sopra Steria Group and Sopra Banking Software will enter into a services agreement to enable the entities of the Sopra Banking Software subgroup to continue their activities for a transitional three-month period, automatically renewable for additional one-month periods; and
- Sopra Steria Group and Sopra Banking Software will enter into a strategic partnership agreement to formalize their preferred partnership with respect to certain significant customers, for an initial transition period of five years, automatically renewable for additional one-year periods.

Simplified organization chart of the principal entities affected by the Acquisition

Following the Restructuring Transactions that took place on May 31, 2024, the Sopra Banking Software subgroup that is the subject of the Acquisition includes the following entities (the "**Target Perimeter**"):

COMPANIES[8]	**SHAREHOLDERS**
Sopra Banking Software (France)	Sopra Steria Group (99%)[9]
Sopra Banking Software Ireland Ltd. (Ireland)	Sopra Banking Software Ltd. (100%)
Sopra Banking Software Senegal (Senegal)	SBS (100%)
Sopra Banking Software Morocco (Morocco)	SBS (100%)
Sopra Banking Software Tunisia (Tunisia)	SBS (99.99%)
Sopra Software Cameroon (Cameroon)	SBS (95%)[10]
Sopra Banking Ivory Coast (Ivory Coast)	SBS (100%)
Sopra Financial Solutions Lebanon (Lebanon)	SBS (98%)
Sopra Financial Solutions FZCO (United Arab Emirates)	SBS (100%)[11]
Sopra Banking Software Belgium (Belgium)	SBS (100%)
Sopra Financial Solutions Iberia SL (Spain)	SBS (100%)
Sopra Banking Software Ltd. (United Kingdom)	SBS (100%)
Sopra Banking Software Netherlands BV (Netherlands)	SBS Belgium (100%)
Sopra Banking Software Luxembourg (Luxembourg)	SBS (100%)
Sopra Banking Software US (United States)	SBS (100%)
Sopra Banking Software Solutions India Private Ltd. (India)	SBS (99.95%)
Other[12]	SBS (100%)

[8] It is noted that Sopra Banking Software has a secondary establishment in French Polynesia and a branch in South Korea, now inactive, and Sopra Banking Software Belgium has a branch in Iceland.

[9] The remaining shares are held by Pierre Pasquier (one share), Jean-Paul Bourbon (one share), Eric Pasquier (one share), and Pierre-Yves Commanay (one share), in connection with a *prêt de consommation d'actions* ("simple loan of shares") for the benefit of certain executives.

[10] 5% of the share capital is held by a minority shareholder.

[11] Assuming that the sale of Sopra Financial Solutions FZCO to Sopra Banking Software has closed by the publication date of this Amendment (currently, SBS GmbH holds 99% of Sopra Financial Solutions FZCO, with Sopra Banking Software already holding the remainder).

[12] Some direct and indirect subsidiaries of Sopra Banking Software are inactive and/or in the process of winding up or liquidation. These include Banking Software Morocco SARL, Steria Medshore SAS, SAB Atlas. Sopra Banking Gabon, Field Solutions Ltd., Cassiopae Ltd., Apak Group ltd., O.R. System Polska, and SA Monaco International Computer (SAMIC).

Financing of the Acquisition

Axway intends to finance the Acquisition through (i) the Capital Increase, for €130 million, and (ii) the entry into and a drawdown of syndicated bank loan (the "**Bank Loan**") in the amount of €200 million entered into on May 23, 2024, with three arranging banks (Crédit Agricole Corporate and Investment Bank, Société Générale, and Crédit Lyonnais).

The Bank Loan is composed of a €120 million, five-year, amortizable term loan (with 60% payable at maturity) ("**Tranche A**") and an €80 million, three-year, non-amortizable loan ("**Tranche B"**). It also includes an unconfirmed, non-amortizable tranche in a maximum amount of €100 million with a five-year minimum maturity, available for 36 months and for the purpose of financing an acquisition.

The terms and conditions of the Bank Loan, including its legal and financial covenants and its events of default, are similar to those of the €125 million multicurrency Revolving Credit Facility ("**RCF**") that Axway entered into in 2014, as amended and extended on April 25, 2022 (see page 157 of the 2023 Universal Registration Document). The unpaid Tranche A and Tranche B principal will bear interest at an annual rate of EURIBOR plus the applicable margin (*i.e*., 2.60% per annum for Tranche A and 2.20% per Annum for Tranche B). The applicable margins will be revised at the end of each six-month period on the basis of the ratio of net indebtedness to gross operating surplus. In addition, there will be a non-usage fee of 35% of the margin. The financial terms of the unconfirmed tranche, when confirmed, must be approved by the participating banks, which remain free to refuse or to participate. The draw-down terms for this tranche include the absence of an event of default and compliance with the required ratio of net indebtedness to gross operating surplus.

Axway, on a consolidated basis, is required to comply with the following two bank covenants:

- the "net debt/gross operating surplus [13]" ratio must be lower than 3.25 on the test date of December 31, 2024, and lower than 3.00 on all subsequent test dates; and

- the "net debt/shareholders' equity" ratio must be lower than 1.00 throughout the term of the Bank Loan.

The Bank Loan was entered into on the basis of certainty of funds; its availability will not be affected by the occurrence of any material adverse effects specific to the Group or the markets, and the events of default that the lenders could use to refuse to advance funds are limited to major defaults such as a payment default or bankruptcy proceedings against Axway or Sopra Banking Software. The documentary conditions precedent are also limited and standard.

To the extent necessary, it is specified that funds drawn down from the Revolving Credit Facility will not be used to finance the Acquisition Price, but will continue to be dedicated to financing the Group's general needs.

[13] Gross operating surplus is defined as EBITDA in Note 15.3 to Axway's consolidated financial statements as of December 31, 2023: profit on operating activities plus allocations to depreciation, amortization, provisions, and impairment, minus net expense for post-employment and similar benefit obligations (provision for retirement commitments), other operating income and expense, consolidation capital loss on intangible assets (non-cash) and lease payments (IFRS impact).

3. RISK FACTORS

The Company's risk factors are described in Section 2.1 of the 2023 Universal Registration Document. The principal risks and uncertainties that the Company could encounter in the coming months are identical to those described in the 2023 Universal Registration Document, as supplemented by the risk factors below.

3.1. Risks Relating to the Acquisition

Risks relating to the limited due diligence carried out regarding Sopra Banking Software's business and to unforeseen liabilities:

Because Axway conducted only limited due diligence on Sopra Banking Software and its subsidiaries prior to entering into the Share Purchase Agreement, it is possible that the information provided to Axway and its advisors was incomplete. As a result, after the completion of the Acquisition, unanticipated operational difficulties and/or significant liabilities regarding Sopra Banking Software and its subsidiaries could arise and have a significant negative effect on Axway's business, reputation, operating results, financial position, medium-term outlook, and/or its share price. It is possible that such difficulties and/or liabilities might have been identified by Axway if more exhaustive diligence had been conducted. Similarly, operating difficulties or other risks identified during due diligence could ultimately be insufficiently covered by provisions or be more significant than Axway initially anticipated, which might not be able to overcome them. As a result, the Group could be forced to impair or even to write off assets, to restructure its activities, or to bear other costs that could lead to losses that might not be covered under the Share Purchase Agreement's indemnification undertakings, which apply only up to limited amounts and for a limited period of time.

All of these could have an adverse effect on the Group's results, cash flows, profitability, financial position, medium-term outlook, and reputation.

Risks relating to the integration of Sopra Banking Software's activities and failure to achieve expected synergies

The expected benefits of the proposed Acquisition will partly depend upon the successful integration of Axway's activities with those of Sopra Banking Software and its subsidiaries.

The group of companies in question could face significant difficulties in implementing an integration plan. Some of these difficulties may have been unforeseeable or are beyond Axway's and Sopra Banking Software's control, including with respect to differences in standards, controls, procedures and rules, the Group's organization, and the need to integrate and harmonize the various operational systems and specific procedures, such as financial and accounting systems and other IT systems.

In connection with the integration process, Axway will have to deal with the problems inherent to the management and integration of a larger number of employees, which could affect its ability to manage its business and retain key employees following the Acquisition.

Moreover, the integration process will be long and complex, and will require significant time, resources, and expense (in particular in the event that restructuring operations need to be implemented). That could take management's attention and resources away from other strategic opportunities and from day-to-day operational management during the integration process. Any failure in the expected integration could have a negative impact on Axway's business, financial position, profitability, and medium-term outlook.

Finally, Axway expects the Acquisition to create significant value through the synergies realized but there can be no assurance of the existence or achievement of the synergies within the expected time frames, as the realization and potential scope of any expected synergies depend on a number of factors and assumptions, many of which are outside of Axway's and Sopra Banking Software's control. In addition, costs incurred in order to obtain these synergies may be higher than expected, or additional unexpected costs could arise that may even exceed the value of the expected synergies, leading to a loss of value for Axway's shareholders.

Risk relating to future operating results and financial position presented in the unaudited pro forma financial information

The unaudited pro forma financial information for the fiscal year ended December 31, 2023, included in this Amendment has been prepared to show the Acquisition's impact (i) as of December 31, 2023, with respect to the unaudited *pro forma* consolidated balance sheet[14] and (ii) as of January 1, 2023 for the unaudited *pro forma* consolidated income statement.

This unaudited *pro forma* financial information is based on preliminary estimates and assumptions that Axway believes reasonable and that are provided only for illustrative purposes. The estimates and assumptions used to prepare the unaudited pro forma financial information set forth in this document may differ substantially from the Group's current and future results. As a result, the unaudited pro forma financial information included in this Amendment is not intended to indicate the results that would actually have been achieved if the transactions had been completed on the assumed date or during the periods presented, or that would have been recorded in the future. In addition, the unaudited pro forma financial information reflects no events other than those mentioned in such unaudited pro forma financial information and the notes thereto.

Moreover, by definition, the unaudited pro forma financial information included in this Amendment covers only accounting information (excluding non-accounting information).

There may be differences between the accounting methods used by Sopra Banking Software and Axway. The two companies may not have been able to share the necessary relevant information in order to make reliable estimates and to identify, estimate, and record all of the relevant adjustments in the unaudited *pro forma* financial information[15].

Risk relating to Axway's recording of significant goodwill

The Acquisition will result in Axway recording goodwill[16] that will be measured as the difference between the price to acquire Sopra Banking Software and the fair value of the net assets as of the acquisition date. This goodwill will be added to the goodwill previously recorded on Axway's balance sheet/ Because the Group has grown in part by external growth in recent years, goodwill represents a significant portion of Axway's balance sheet[17].

For the purposes of the unaudited pro forma financial information as of December 31, 2023, provisional goodwill of €32.3 million was recorded following completion of the Acquisition. This amount is provisional, and the final amount will be calculated at its fair value on the acquisition date.

[14] It should be noted that *ad hoc* due diligence was performed with respect to the pro forma financial information, and the Company's statutory auditors issued a report pursuant to Annex 20, Section 3, of Delegated Regulation (EU) No. 2019/980.

[15] For more detail on (i) how Axway records goodwill, see Notes 8.1, "Goodwill," and 8.2, "Impairment testing," in Section 5.6, "Notes to the consolidated financial statements," of the 2023 Universal Registration Document, and on (ii) the differences between the accounting methods used, see Annex 2.1 to this Amendment (Note 6, "Adjustment relating to accounting methods and rules").

[16] Goodwill is valued annually and whenever a change in circumstances indicates that its book value may not be recoverable, in order to determine whether there has been impairment.

[17] The consolidated balance sheet as of December 31, 2023, includes total goodwill of €302,122,000 out of total assets of €594,593,000.

In addition, after the final amount of goodwill is recorded, Axway could subsequently encounter unexpected problems in connection with the acquired activities, or market conditions could deteriorate, which could negatively affect their anticipated productivity or the value of their intangible assets and lead to impairment of the goodwill recorded and the recoverable value of intangible assets for a given activity.

In accordance with IFRS, goodwill is not amortized, but is tested for impairment pursuant to IAS 36 at least once a year and whenever there is an indication of a potential loss of value. If the recoverable value is less than the goodwill's book value, impairment is recorded, in particular if events or circumstances arise concerning material adverse effects of a continuing nature and affecting the economic environment or the assumptions or objectives used as of the acquisition date.

Although impairment does not affect cash flow recorded, a decrease in the estimated recoverable amount and the corresponding expense recorded in the income statement could have a material adverse effect on the Group's results, financial position, and share price.

Risks relating to the financing of the Acquisition

The increased debt resulting from the entry into and the draw-down from the Bank Loan in order to finance the Acquisition could potentially:

- Increase the Group's vulnerability to unfavorable economic and sectoral situations;

- Force the Group to allocate a significant portion of its cash flow from operations to servicing its debt, which would thus reduce the cash available to finance the Group's investments and other general expenses; and

- Limit its ability to obtain new loans, due to its debt covenants.

As indicated in Section 2.2, the terms and conditions of the Bank Loan, including its legal and financial covenants and its events of default, are similar to those of the €125 million multicurrency Revolving Credit Facility ("**RCF**") that Axway entered into in 2014, as amended and extended on April 25, 2022 (see page 157 of the 2023 Universal Registration Document). The loan agreements relating to these debts include customary legal and financial covenants and provide for acceleration in the event the covenants are breached. In particular, the financial covenants include a requirement that the Group maintain, throughout the term of the loans referred to above and on a consolidated basis, a ratio of net indebtedness to gross operating surplus[18] that is lower than 3.25 on the testing dates of June 30, 2024, and December 31, 2024, and 3.00 on all subsequent testing dates, and a ratio of net indebtedness to shareholders' equity of less than 1.0.

In addition, although the Company has reviewed its future payments and believes that it is capable of meeting them, Axway could encounter difficulties in accessing the necessary liquidity to meet the Group's financial obligations, including an increase in the Group's financing costs following an increase in the interest rate. The Company might consider entering into hedging agreements, in particular in the form of swaps, in order to guard against a potential increase in the EURIBOR under the Bank Loan. Other than this risk of an increase in the cost of financing, the loan agreements and financial liabilities do not contain any specific clauses that could significantly modify their terms.

[18] Gross operating surplus is defined as EBITDA in Note 15.3 to Axway's consolidated financial statements as of December 31, 2023: profit on operating activities plus allocations to depreciation, amortization, provisions, and impairment, minus net expense for post-employment and similar benefit obligations (provision for retirement commitments), other operating income and expense, consolidation capital loss on intangible assets (non-cash) and lease payments (IFRS impact).

In order to guard against exchange rate risk, the Group will enter into currency hedges in the geographic areas where there is significant currency risk.

3.2. Table of principal risks

Therefore, the table of the principal risks that Axway faces is modified in the following manner:

Risk categories	Main risks	Criticity
Risks relating to Axway's market	• Risks of lack of innovation and failure to anticipate market trends	■ High
	• Risks of customer base erosion and non-renewal of Maintenance or Subscription contracts	■ High
	• Risks relating to the go-to-market of products and solutions	■ Medium
Risks relating to Axway's business and organisation	• Risks relating to attracting, developing, engaging, recognising, and retaining talents	■ Medium
	• Risks of technical defects in product development and production errors	■ Medium
Security risks	• Information, software, and internal applications security risks	■ High
Legal and compliance Risks	• Intellectual property protection risks	■ Medium
	• Regulatory compliance risks	■ Medium
Risks relating to the Acquisition of Sopra Banking Software	• Risks relating to the limited due diligence carried out regarding Sopra Banking Software's business and to unforeseen liabilities	■ High
	• Risks relating to the integration of Sopra Banking Software's activities and failure to achieve expected synergies	■ High
	• Risk relating to future operating results and financial position presented in the unaudited pro forma financial information	■ Medium
	• Risk relating to Axway's recording of significant goodwill	■ Medium
	• Risks relating to the financing of the Acquisition	■ Medium

4. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited consolidated pro forma financial information for the combined group for the fiscal year ended December 31, 2023 (the "**Unaudited Pro Forma Financial Information**") has been prepared in accordance with Annex 20 of Delegated Regulation (EU) 2019/980 and ESMA guidelines (ESMA32-382-1138 of March 4, 2021), as well as the provisions of AMF position-recommendation No. 2021-02 on pro forma financial information. The Unaudited Pro Forma Financial Information is a part of the prospectus and should be read together with the other information contained therein.

The purpose of the Unaudited Pro Forma Financial Information is to provide information that will enable readers, whether investors or shareholders, to understand the impact that the Acquisition (including its related financing transactions) would have on its balance sheet as of December 31, 2023, and on its income statement for the period running from January 1, 2023, to December 31, 2023, as if the Acquisition had been completed prior to its real date, *i.e.*, on December 31, 2023 (with respect to the unaudited pro forma balance sheet) or on January 1, 2023 (with respect to the unaudited pro forma income statement).

The Unaudited Pro Forma Financial Information is presented for illustrative purposes only. By its nature, it is neither representative nor indicative of the real operating results that the Group would have achieved, nor of the real financial position that the Group would have recorded if the Acquisition had been completed as of the dates mentioned above. There can be no assurances that the trends indicated by the Unaudited Pro Forma Financial Information will be representative of the Group's future results or performance.

Therefore, the Group's results and financial position may differ significantly from the results and financial position presented in the Unaudited Pro Forma Financial Information, because they depend on a number of variables, including the fair value of the acquired assets and liability as well as market assumptions.

In addition, the Group was not involved in preparing Sopra Banking Software's financial statements and has not verified the accuracy or completeness of the information included in those financial statements, such as any failure by Sopra Banking Software to include information on events that may have occurred unbeknownst to the Group that could affect the completeness or accuracy of the information contained in the financial statements. Sopra Banking Software's financial statements for the fiscal years ended December 31, 2022, and 2023 were the subject of an audit report by Forvis Mazars SA and Nexia S&A, Sopra Banking Software's statutory auditors.

The Unaudited Pro Forma Financial Information for the fiscal year ended December 31, 2023, can be found in **Annex 2.1** to this Amendment.

The report of Axway's statutory auditors on the Unaudited Pro Forma Financial Information for the fiscal year ended December 31, 2023, can be found in **Annex 2.2** to this Amendment.

Sopra Banking Software's financial information for the fiscal years ended December 31, 2023 and December 31, 2022, and the report of Sopra Banking Software's statutory auditors relating thereto can be found in **Annex 3** to this Amendment.

5. SHARE CAPITAL

Section 7.2, "Current share ownership" of the 2023 Universal Registration Document is hereby amended and supplemented as follows:

5.1. Breakdown of share capital

	Number of shares	% of share capital	Number of voting rights	% of theoretical voting rights (1)	% of exercisable voting rights
Sopra Steria Group SA	3,293,637	15.22%	6,587,274	19.88%	20.27%
Sopra GMT (2)	8,122,744	37.55%	12,626,065	38.10%	38.85%
Pasquier family group (2)	25,886	0.12%	48,082	0.15%	0.15%
Odin family group (2)	290,242	1.34%	514,503	1.55%	1.58%
Management (3)	307,316	1.42%	510,842	1.54%	1.57%
Total shareholders acting in concert (4)	**12,039,825**	**55.65%**	**20,286,766**	**61.21%**	**62.42%**
Public (5)	8,952,439	41.38%	12,214,321	36.85%	37.58%
Treasury shares	641,333	2.96%	641,333	1.94%	0.00%
Total	**21,633,597**	**100.00%**	**33,142,420**	**100.00%**	**100.00%**

(1) Theoretical voting rights, calculated on the basis of all shares bearing voting rights, including treasury shares. Number of real voting rights exercisable as of July 19, 2024 (excluding treasury shares): 32,501,087.

(2) Sopra GMT, the Pasquier family group, and the Odin family group are referred to collectively as the "Founders".

(3) Managers who have signed the shareholders' agreement with Sopra GMT, and the Pasquier and Odin family groups.

(4) Following the entry into a shareholders' agreement relating to Sopra GMT on July 18, 2024, among One Equity Partners, Sopra GMT, and the Odin and Pasquier family groups, the group acting in concert is composed of Sopra Steria Group SA, the Founders, certain individual managers referred to above, and One Equity Partners. In connection with the group acting in concert, Axway is controlled, directly or indirectly, by Sopra GMT, the lead holding company.

(5) Calculated by subtraction.

To the Company's knowledge, as of the date of this Amendment, only Caravelle and Long Path Partners hold more than 5% of the share capital, with, respectively, 2,572,458 and 1,510,500 shares, representing 11.89% and 6.98% of the share capital.

By letter received on February 27, 2024, Lazard Frères Gestion[19] declared that it had crossed (downward) the threshold of 5% of Axway's share capital on February 23, 2024. As of that date, Lazard Frères Gestion held 1,070,323 shares, representing 4.95% of Axway's share capital and 2.93% of its voting rights.

It is noted that Sopra GMT, the Odin and Pasquier family groups, and certain individual executives are parties to a shareholders' agreement relating to Sopra Steria Group dated December 7, 2009. By amendment dated April 27, 2011, this shareholders' agreement was extended to apply to Axway as well. As a result, the parties to the shareholders' agreement and Sopra Steria Group have reported that they are acting in concert with regard to Axway.

As indicated in Section 2.1 of this Amendment, on May 31, 2024, in order to finance the Axway Block Acquisition, One Equity Partners, Sopra GMT, the Odin family group, and the Pasquier family group entered into an investment agreement pursuant to which the One Equity Partners investment fund would acquire a €200 million stake in Sopra GMT. Following the completion of that investment on July 18, 2024, and the entry into a new shareholders' agreement concerning Sopra GMT among One Equity Partners[20], Sopra GMT, and the Odin and Pasquier family groups, the group acting in concert (within the meaning of Article L. 233-

[19] Ultimately controlled by Compagnie Financière Lazard Frères SAS. Lazard Frères Gestion declared that it was acting independently of the person controlling it, as required under Articles L. 233-9 II of the French Commercial Code and 223-12 and 223-21-1 of the AMF General Regulation.

[20] One Equity Partners has governance rights that are limited to the protection of its investment in Sopra GMT.

10 of the French Commercial Code) with respect to Axway is now composed of One Equity Partners, Sopra GMT, the Odin and Pasquier family groups, and certain individual executives.[21]

With the exception of the information presented above, no significant changes in the Company's capital structure occurred in 2024.

5.2. Shares shared by the Company or on its behalf – share buyback program and liquidity agreement

As of July 19, 2024, Axway held 641,333 treasury shares, representing 2.96% of the share capital. As of that date, Axway held 22,050 of its own shares through a liquidity agreement and 619,283 additional shares arising out of a stock buyback program.

Transactions carried out in 2024 pursuant to the stock buyback program

During the 2024 fiscal year, Axway acquired 100,000 of its own shares at various times under its stock buyback program, pursuant to the authorizations given to its Board of Directors by the General Shareholders' Meeting of May 16, 2023[22]. These shares were acquired at an average price of €25.9165, for a total cost of €2,591,649. The transaction fees that Axway incurred totaled 0.1% of the total gross cost, to which the financial transactions tax is added.

These buybacks were carried out in order to meet Axway's obligations in connection with the creation of performance share plans for its employees.

Transactions carried out in 2024 pursuant to the liquidity agreement

On June 14, 2011, Axway entered into an agreement with Kepler Cheuvreux, renewable automatically for 12-month terms, to implement a liquidity program in accordance with the various resolutions approved by the general shareholders' meetings. In connection with that agreement, Kepler Cheuvreux acts on Axway's behalf on the stock market to promote transactional liquidity and the listing's stability, and to avoid price gaps that are not justified by market trends.

As of July 19, 2024, Axway held 22,050 shares for use in connection with its liquidity agreement; In 2024, the Company did not enter into any derivatives transactions relating to its shares and did not buy or sell any of its shares through the exercise or maturity of derivatives products.

The liquidity agreement was amended following the entry into force of Regulation (EU) 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuses, Commission Delegated Regulation (EU) 2016/908 of February 26, 2016, supplementing Regulation 596/2014, Articles L. 225-209 *et seq*. of the French Commercial Code, and AMF Decision No. 2018-01 of July 2, 2018, making the use of liquidity agreements on equity securities a permitted practice.

Renewal of the authorization given to the Company's Board of Directors

On May 16, 2024, the General Shareholders' Meeting decided to renew for a period of 18 months the authorization given to the Board of Directors to cause the Company to buy back its own shares pursuant to Article L. 22-10-62 of the French Commercial Code. The maximum buyback price for the Company's shares under the share buyback program is €47 per share, for an overall maximum of €101,677,873, which the Company may use to acquire shares (excluding acquisition costs).

[21] It is noted that this investment by One Equity Partners will not affect the definition of Axway's control set forth in Section 7.2.5 of the 2023 Universal Registration Document.

[22] Authorizations renewed by the General Shareholders Meeting of May 16, 2024.

5.3. Authorizations granted by the General Shareholders' Meetings to increase the share capital

Set forth below is a summary of authorizations in effect as of the date of this Amendment that were granted by the general shareholders' meeting in accordance with Article L. 225-37-4 3° of the French Commercial Code.

- **Authorizations granted by the Combined Shareholders' Meeting on May 25, 2022**

Authorization granted to the Board of Directors to grant free shares, either existing or to be issued, to eligible employees and company officers (19th resolution).

Date of the General Shareholders' Meeting that granted the authorization	**May 25, 2022**
Duration of the authorization	38 months
Expiration Date	July 24, 2025
Total amount authorized	4% of the Company's share capital as of the date on which the Board of Directors decides to grant the shares
Use of the authorization during the fiscal year	1.30% of the Company's share capital as of the date on which the Board of Directors decided to grant the shares
Balance	1.47% of the Company's share capital as of the date on which the Board of Directors decides to grant the shares

Authorization granted to the Board of Directors to grant share subscription or purchase options to employees and company officers (20th resolution).

Date of the General Shareholders' Meeting that granted the authorization	**May 25, 2022**
Duration of the authorization	38 months
Expiration Date	July 24, 2025
Total amount authorized	1% of the number of shares making up the Company's share capital as of the date on which the Board of Directors decides to grant the shares
Use of the authorization during the fiscal year	-
Balance	1% of the number of shares making up the Company's share capital as of the date on which the Board of Directors decides to grant the shares

Authorization granted to the Board of Directors to increase the share capital through the issuance of ordinary shares reserved for Axway group employees who are members of company savings plan (21st resolution).

Date of the General Shareholders' Meeting that granted the authorization	**May 25, 2022**
Duration of the authorization	26 months
Expiration Date	July 24, 2024
Total amount authorized	3% of the share capital as of the date of the General Shareholders' Meeting (1)
Use of the authorization during the fiscal year	-
Balance	3% of the share capital as of the date of the General Shareholders' Meeting (1)

(1) This cap is independent and distinct from the caps on capital increases that may result from the issuance of ordinary shares or securities giving access to the share capital authorized by the other resolutions of the Combined General Shareholders' Meeting of May 24, 2022.

- **Authorizations granted by the Combined Shareholders' Meeting on May 11, 2023:**

Authorization granted to the Board of Directors to increase the share capital by incorporation of reserves, profits, premiums or other sources (17th resolution).

Date of the General Shareholders' Meeting that granted the authorization	May 11, 2023
Duration of the authorization	26 months
Expiration Date	July 11, 2025
Total amount authorized (in euros)	20,000,000 (1)
Use of the authorization during the fiscal year	—
Balance (in euros)	20,000,000

(1) This cap is independent from the caps provided for in the other resolutions of the Combined General Shareholders' Meeting of May 11, 2023

Authorization granted to the Board of Directors to increase the share capital through the issuance of ordinary shares and/or securities giving access to ordinary shares, with preservation of the shareholders' preferential subscription rights, and/or of securities giving the right to a grant of debt securities (18th resolution).

Date of the General Shareholders' Meeting that granted the authorization	May 11, 2023
Duration of the authorization	26 months
Expiration Date	July 11, 2025
Total amount authorized (in euros)	20,000,000 (1), 200,000,000 (debt securities)
Use of the authorization during the fiscal year	—
Balance (in euros)	20,000,000 200 000 000

(1) It being specified that this amount counts towards the cap on capital increases provided for in the 18th resolution of the Combined General Shareholders' Meeting of May 16, 2024.

Authorization granted to the Board of Directors to increase the amount of the initial issuance, in the case of the issuance of ordinary shares or of securities giving access to ordinary shares, with preservation of shareholders' preferential subscription rights, in accordance with the 18th resolution of the Shareholders' Meeting of May 11, 2023 (19th resolution).

Date of the General Shareholders' Meeting that granted the authorization	May 11, 2023
Duration of the authorization	26 months
Expiration Date	July 11, 2025
Total amount authorized (in euros)	Limit of the caps provided for in the 18th resolution
Use of the authorization during the fiscal year	—
Balance (in euros)	20,000,000 200,000,000

Authorization granted to the Board of Directors to issue ordinary shares and/or securities giving access to ordinary shares as consideration for contributions in kind made to the Company and consisting of equity securities or securities giving access to the share capital, other than in a public exchange offer (20th resolution).

Date of the General Shareholders' Meeting that granted the authorization	**May 11, 2023**
Duration of the authorization	26 months
Expiration Date	July 11, 2025
Total amount authorized	10% of the share capital (1)
Use of the authorization during the fiscal year	—
Balance	10% of the share capital

(1) This amount counts towards the cap provided for in the 18th resolution of the Combined General Shareholders' Meeting of May 16, 2024.

Overall cap on authorizations to issue securities, with or without preferential subscription rights for shareholders (21st resolution).

Date of the General Shareholders' Meeting that granted the authorization	**May 11, 2023**
Duration of the authorization	26 months
Expiration Date	July 11, 2025
Total amount authorized	20,000,000, 200,000,000 (debt securities) (1)
Use of the authorization during the fiscal year	—
Balance	20,000,000

(1) Overall sum of the maximum nominal amount of the capital increases that may be carried out on the basis of the 15th and 16th resolutions of the Combined General Shareholders' Meeting of May 24, 2022, and the 18th and 20th resolutions of the Combined Shareholders' Meeting of May 11, 2023.

Authorization granted to the Board of Directors to increase the share capital through the issuance of ordinary shares reserved for Axway group employees who are members of company savings plan (22nd resolution).

Date of the General Shareholders' Meeting that granted the authorization	**May 11, 2023**
Duration of the authorization	26 months
Expiration Date	July 11, 2025
Total amount authorized	3% of the share capital (1)
Use of the authorization during the fiscal year	—
Balance	3% of the share capital (1)

(1) This cap is independent and distinct from the caps on capital increases that may result from the issuance of ordinary shares or securities giving access to the share capital authorized by the other resolutions of the Combined General Shareholders' Meeting of May 11, 2023.

- **Authorizations granted by the Combined Shareholders' Meeting on May 16, 2024:**

Authorization granted to the Board of Directors to increase the share capital through the issuance of ordinary shares and/or securities potentially giving access to ordinary shares, or to the grant of debt securities and/or securities giving access to ordinary shares, without preferential subscription rights for shareholders, by means of an offer pursuant to Article L. 411-2 1° of the French Monetary and Financial Code (15th resolution).

Date of the General Shareholders' Meeting that granted the authorization	**May 16, 2024**
Duration of the authorization	26 months
Expiration Date	July 16, 2026
Total amount authorized	10,000,000 (1) 100,000,000 (1) (debt securities)
Use of the authorization during the fiscal year	-
Balance	10,000,000 (1) 100,000,000 (1) (debt securities)

(1) This amount counts towards the cap on the nominal amount of capital increases provided for in the 18th resolution of the Combined General Shareholders' Meeting of May 16, 2024.

Authorization granted to the Board of Directors to issue ordinary shares and/or securities giving access to the share capital and/or to debt securities, without preferential subscription rights for shareholders, by means of an offering to the public (other than offers pursuant to Article L. 411-2 1° of the French Monetary and Financial Code and/or in consideration of securities in connection with a public exchange offer (16th resolution).

Date of the General Shareholders' Meeting that granted the authorization	**May 16, 2024**
Duration of the authorization	26 months
Expiration Date	July 16, 2026
Total amount authorized	20,000,000 (1) 200,000,000 (1) (debt securities)
Use of the authorization during the fiscal year	-
Balance	20,000,000 (1) 200,000,000 (1) (debt securities)

(1) This amount counts towards the cap on the nominal amount of capital increases provided for in the 18th resolution of the Combined General Shareholders' Meeting of May 16, 2024.

Authorization granted to the Board of Directors to increase the amount of the initial issuance, in the case of the issuance of ordinary shares or of securities giving access to the share capital, without preferential subscription rights for shareholders, in accordance with the 15th and 16th resolutions of this Shareholders' Meeting (17th resolution).

Date of the General Shareholders' Meeting that granted the authorization	**May 16, 2024**
Duration of the authorization	26 months
Expiration Date	July 16, 2026
Total amount authorized	Limit of the caps provided for in the 18th resolution
Use of the authorization during the fiscal year	-
Balance	20,000,000(1) 200,000,000(1) (debt securities)

(1) This amount counts towards the cap on the nominal amount of capital increases provided for in the 18th resolution of the Combined General Shareholders' Meeting of May 16, 2024.

Overall cap on authorizations to issue securities, with or without preferential subscription rights for shareholders (18th resolution).

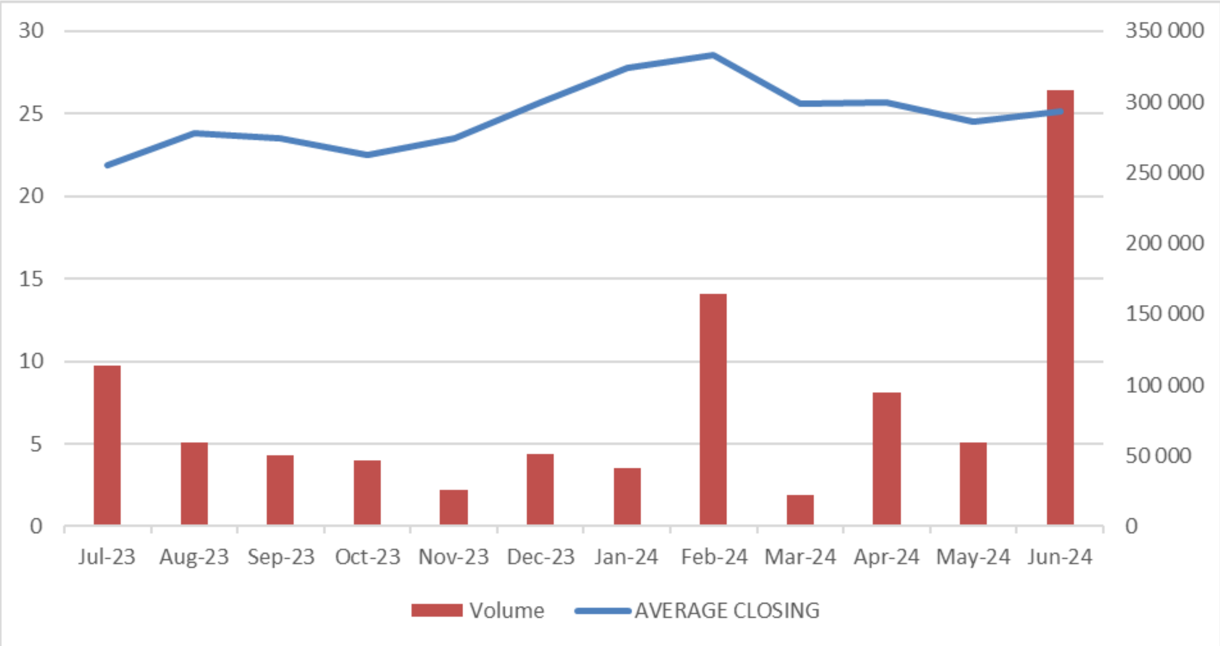
Date of the General Shareholders' Meeting that granted the authorization	**May 16, 2024**
Duration of the authorization	26 months
Expiration Date	July 16, 2026
Total amount authorized (in euros)	20,000,000 (1) 200,000,000 (1) (debt securities)
Use of the authorization during the fiscal year	-
Balance	20,000,000 (1) 200,000,000 (1) (debt securities)

(1) Overall sum of the maximum nominal amount of the capital increases that may be carried out on the basis of the 15th and 16th resolutions of the Combined General Shareholders' Meeting of May 16, 2022, and the 18th and 20th resolutions of the Combined Shareholders' Meeting of May 11, 2023.

(2) Overall sum of the maximum nominal amount of the capital increases that may be carried out on the basis of the 15th and 16th resolutions of the Combined General Shareholders' Meeting of May 16, 2022, and the 18th resolution of the Combined Shareholders' Meeting of May 11, 2023.

5.4. Stock price and trading volumes

Average stock price and monthly volumes of the AXW.PA shares



Change in stock price in 2024

Month	Highest	Date of Highest	Lowest	Date of Lowest	Last Price	Average opening price	Average closing price	Monthly volume	Capital exchanged (in euros)	Number of listed days
January 2024	€30.90	January 26, 2024	€25.80	January 3, 2024	€29.70	€27.54	€27.75	41,120	€1,159,126	22
February 2024	€30.00	February 6, 2024	€24.80	February 22, 2024	€26.00	€28.51	€28.52	163,984	€4,509,277	21
March 2024	€26.30	March 28, 2024	€24.80	March 11, 2024	€26.30	€25.65	€25.65	22,294	€571,385	20
April 2024	€26.30	April 4, 2024	€24.10	April 25, 2024	€25.00	€25.67	€25.68	94,992	€2,436,696	21
May 2024	€25.00	May 14, 2024	€23.50	May 24, 2024	€24.50	€24.47	€24.51	59,228	€1,448,452	22
June 2024	€26.50	June 25, 2024	€24.10	June 3, 2024	€26.20	€25.09	€25.16	308,339	€7,713,089	20

5.5. Dividends

Axway paid dividends in the amount of (i) €8,540,426 (*i.e.*, €0.40 per share) in respect of the fiscal year ended December 31, 2020; (ii) €8,653,439 (*i.e.*, €0.40 per share) in respect of the fiscal year ended December 31, 2022; and (iii) €8,653,439 (*i.e.*, €0.40 per share) in respect of the fiscal year ended December 31, 2022.

The Company has chosen not to follow a particular dividend policy but rather to have the Board of Directors conduct an evaluation each year. Due to the Acquisition, the Company's Board of Directors did not propose to pay dividends in respect of the 2023 fiscal year.

Thus, Axway's General Shareholders' Meeting, which met on May 16, 2024, decided to carry forward the fiscal year's loss, totaling €12,463,786, such that retained earnings went from a loss of €18,866,429 to a loss of €31,330,215.

6. GOVERNANCE

Section 4, "Corporate Governance," of the 2023 Universal Registration Document is hereby amended and supplemented as follows:

6.1. Composition of the Board of Directors

The General Shareholders' Meeting of May 16, 2024, decided to appoint Dominique Illien as an independent director. Mr. Illien's four-year term will end at the close of the General Shareholders' Meeting called to approve the financial statements for the 2027 fiscal year.

Information about Mr. Illien:

Dominique Illien, member of the Board of Directors

Address:

30 avenue du Nord
94100 Saint-Maur-Des-Fossés

Date of first appointment:

Shareholders' Meeting of May 16, 2024

Date of most recent renewal:

Not applicable

Appointment at the Shareholders' Meeting of May 16, 2024

Experience

After beginning his career as an IT specialist, and then at Deloitte, where he created the IT audit department, Mr. Illien has worked in Europe, the United States, and Asia in the information technology sector, at Cap Gemini, Atos (as co-founder and CEO until 2007) and Sopra, as CEO from 2007 to 2010.

He also chaired the Management Board of the legal database publishing group Lefebvre-Sarrut, developing its subscription-based online digital services.

He now works as an independent consultant.

Mr. Illien is a graduate of the ESCP and a certified public accountant.

Positions occupied

- Member of the Supervisory Board of 21 Invest SA (France)
- Member of the Advisory Board of Rocket Lawyer Inc. (USA)
- Member of the Advisory Board of Sky Republic Inc. (USA)
- Member of the strategic committee of Sismo SA (France)
- Member of the strategic committee of Oralde SA (France)
- Chair of DBI Consulting SAS (France)

Positions held within the last five years but no longer held:

- Member of the strategic committee of Evolucare (France)
- Member of the Board of NG Data (Belgium)

As of the date of this Amendment, the Company’s Board of Directors is composed of ten voting members directly appointed by the Shareholders’ Meeting. 40% of the members of the Board are female and 60% are independent directors.

The members of the Board of Directors are as follows:

		Age	Nationality	Independent director	Number of positions with other listed companies	Audit Committee	Nominating, governance and corporate	Compensation Committee	Expiration of term of the position (date of the General	Number of shares held personally
Pierre Pasquier		88	French		1		M		2027	0
Kathleen Clark		56	American and French		1		P	M	2027	7,355
Pierre-Yves Commanay		58	French		0		M	M	2026	2,816
Nicole-Claude Duplessix		64	French		0			M	2025	1,540
Emma Fernandez		60	Spanish	I	1	M		P	2027	0
Michael Gollner		64	American and British		1	M	M		2025	100
Yann Metz-Pasquier		35	French		0	M			2026	11,877
Marie-Hélène Rigal		53	French		1	P			2026	0
Yves de Talhouët		65	French		0		M	M	2027	0
Dominique Illien		70	French	I	0	P			2028	60,000

Below is a table showing the areas of expertise represented on the Board of Directors:

AREAS OF EXPERTISE	Knowledge of the software publishing business	Entrepreneurial experience	Finance, Control Risk Management — Expertise	Finance, Control Risk Management — Mastery	CSR – Human resources and social relations	CSR – Environmental and societal challenges	International experience
Kathleen Clark	✓			✓		✓	✓
Pierre-Yves Commanay	✓			✓	✓		✓
Nicole Claude Duplessix	✓			✓	✓		✓
Emma Fernandez	✓		✓		✓	✓	✓
Michael Gollner		✓	✓				✓
Yann Metz-Pasquier	✓	✓	✓				✓
Pierre Pasquier	✓	✓		✓	✓		✓
Marie-Hélène Rigal			✓		✓	✓	
Yves de Talhouët	✓	✓		✓	✓		✓
Dominique Illien	✓		✓		✓		✓

6.2. Information relating to securities transactions by management and the persons referred to in Article L. 621-18-2 of the French Monetary and Financial Code

In accordance with Article 223-26 of the AMF General Regulation, set forth below are the transactions referred to in Article L. 621-18-2 of the French Monetary and Financial Code over the period running from December 31, 2023, and the date of this Amendment relating to Axway's shares:

Category(1)	Name	Position	Type of transaction (2)	Transaction date	Number of shares	Price per share	Transaction amount
CEO	Patrick Martin Donovan	CEO	C	April 2, 2024	6,702	€26	€174,252

(1) Category a. The members of the Board of Directors, Chief Executive Officer, Sole Executive Officer, Managing Director
(2) Type of transaction: A. Acquisition; C. Sale; S. Subscription; E. Exchange

It is specified that this transaction was carried out in connection with a free share grant plan exercise, which necessitates the sale of some of Patrick Donovan's shares to cover the flat rate tax applicable in the United States.

7. DESCRIPTION OF SOPRA BANKING SOFTWARE

7.1. Description of Sopra Banking Software's business

General

Sopra Banking Software was formed in 2012 following the spinoff of the banking software business initially developed by the Sopra group in the 1980s and strengthened by several acquisitions. Since its formation, Sopra Banking Software has gradually developed its product portfolio and expanded its geographic presence (in particular through a number of acquisitions) to become an international player in retail banking and asset finance software. Sopra Banking Software strategic goal is to become a profitable vendor and operator of SaaS software for the retail banking and asset finance sectors, while continuing to be a trusted partner for its customers. Following the Restructuring Transactions, Sopra Banking Software is a subsidiary of which 99.99% is held by Sopra Steria Group.[23]

Identification information

Legal and commercial name	SOPRA BANKING SOFTWARE
RCS	450 792 999 Annecy
Date of Formation	First registration with the Nanterre RCS on November 14, 2003, and transfer to the Annecy RSC on June 29, 2010.
Duration	Until November 14, 2102
Registered Office	PAE Les Glaisins Annecy-le-Vieux 74940 Annecy
Legal form	Public liability company (*société anonyme*) with a board of directors
Website	https://www.soprabanking.com/

Business

Prior to completion of the Restructuring Transactions, Sopra Banking Software's business and that of certain of its subsidiaries were split between software publication, on the one hand, and integration and maintenance services for solutions developed to serve the specific needs of its customers. The Restructuring Transactions enabled the transfer of "solutions" activities as well as the integration activity aimed at large French banking customers to Sopra Steria Group, so that only the software publishing activity evolving toward an SaaS model will be transferred to Axway as a result of the Acquisition.

The Target Perimeter is organized around five business lines:

- "Integrated Core" includes traditional integrated banking software for banking institutions in Europe and in Africa (contributing 49% of the Target Perimeter's revenue in 2023);

- "Banking Components" primarily includes banking components for large (Tier 1) French banking institutions (contributing 18% of the Target Perimeter's revenue in 2023);

- "Specialized Markets" includes dedicated specialized products for the UK market (contributing 12% of the Target Perimeter's revenue in 2023);

- "Specialized Finance" is dedicated to the specialized asset financing market, primarily in Europe and in the United States (contributing 11% of the Target Perimeter's revenue in 2023); and

- "Modular" brings together products designed to be distributed and operated using the "software as a service" (SaaS) model (contributing 9% of the Target Perimeter's revenue in 2023).

[23] The remaining shares are held by Pierre Pasquier (1 share), Jean-Paul Bourbon (1 share), Eric Pasquier (1 share), and Pierre-Yves Commanay (1 share).

Markets

Sopra Banking Software does business with a diversified portfolio of customers composed of banks and financial institutions.[24] Its customer portfolio includes retail banks, investment banks, online banks, fintechs, microfinance companies, captive finance companies, and independent finance companies. In all, Sopra Banking Software has over 650 customers, including 211 in France, 177 in the Middle East and Africa, and 103 in the United Kingdom.

The banking software market is a dynamic one, characterized by sustained growth since the Covid-19 pandemic, generated by:

- A growing need for IT infrastructure in the banking sector;
- The need for traditional banks to modernize to compete with new players in the sector (in particular fintechs and online banks); and
- The transition made by the main players in the sector towards the SaaS model.

This growth is expected to continue due to the increase in revenues generated by the banking sector in the current economic environment (including, in particular, the increase in interest rates). In addition, the evolution of the competitive model towards a model that is fully digitized enables banking software companies to increase their market shares.

Sopra Banking Software's principal competitors in the banking software industry are Temenos, Avaloq, Finastra FIS, and EdgeVerve. In the specialized financing business, its principal competitors are Finastra, FIS, Solifi, Alfa, NetSol, and DataScan.

Organizational Structure

With close to 5,000 experts and more than 50 offices around the world, Sopra Banking Software covers its customers' needs in all geographic zones and in numerous business areas, including product distribution channels, customer relations, bank production (particularly with respect to loans, savings, and payments), and regulatory reporting.

In 2023, the entities that contributed the most to revenue were Sopra Banking Software (France), with 59% of the Target Perimeter's revenues, Sopra Banking Software Ltd., with 24% of the Target Perimeter's revenue, and Sopra Banking Software Belgium SA, with 12% of the Target Perimeter's revenue. Thus, these three entities alone contribute more than 95% of Target Perimeter revenues.

Geographic presence

Sopra Banking Software serves customers in more than 80 countries, through offices located in 20 countries. As of December 31, 2023, the Target Perimeter had 3,586 employees based in 17 countries, mainly in France (1,095 employees) and in India (897 employees).

[24] Sopra Banking Software's major customers include Société Général, BNP Paribas, Barclays Transactis, Pagonxt, and NS&I.

7.2. Sopra Banking Software's financial information

Sopra Banking Software's financial information for the fiscal years ended December 31, 2023 and December 31, 2022 and the report of Sopra Banking Software's statutory auditors relating thereto can be found in **Annex 3** to this Amendment.

Axway did not review or conduct any audit of this financial information, and, as such, Axway may not be held liable for the accuracy and completeness of these financial statements.

8. COMPANY FINANCIAL INFORMATION FOR THE CURRENT FISCAL YEAR AND GROUP FORECASTS FOR 2024 YEAR AND OUTLOOK FOR 2027

8.1. Financial information for the first half of 2024

This information is taken from the financial press release on the 2024 half-year results, published on the Company's website on July 19, 2024, and supplementing Section 1.4, "Key figures and comments on the 2023 consolidated financial statements," and Section 5, "Consolidated financial statements," of the 2023 Universal Registration Document.

It is noted that Axway's financial report for the 2024 half-year results is included in **Annex 4** to this Amendment (the "**2024 Half-Year Financial Report**"). The 2024 Half-Year Financial Report includes (i) the management report relating to the condensed half-yearly consolidated financial statements for the six months ended June 30, 2024; (ii) the condensed half-yearly consolidated financial statements for the six months ended June 30, 2024; and (iii) the statutory auditors' report on the financial information for the six months ended June 30, 2024.

8.2. Forecasts for the 2024 fiscal year

The paragraph entitled "2024 Objectives" in Section 1.3.3, "Strategic priorities and ambitions," of the 2023 Universal Registration Document is replaced as follows:

8.2.1 Group forecasts for the fiscal year ending December 31, 2024

The forecasts for the twelve months ending December 31, 2024, presented below were prepared on the basis of data, assumptions and estimates that the Group considers to be reasonable as of the date of this Amendment. These data, assumptions and estimates may change or be modified as a result of uncertainties relating to the economic, financial, competitive, legal, regulatory, accounting or tax environment, or based on other factors of which the Group is not aware as of the date of this Amendment. Moreover, the occurrence of certain risks described in Section 2.1, "Risk Factors," of the 2023 Universal Registration Document and in Section 3, "Risk Factors," of this Amendment, could have an adverse effect on the Group's business, competitive position, financial position, market position, results, or medium-term outlook, and therefore on its ability to achieve the forecasts presented below. As a result, the Group makes no undertaking and give no guarantees as to the accuracy of the forecasts included in this section.

The forecasts presented below, as well as the assumptions underlying them, have been prepared in accordance with Delegated Regulation (EU) No. 2019/980 and with the ESMA guidelines of March 4, 2021, on disclosure requirements under the Prospectus Regulation.

(a) Assumptions

The profit forecasts for the fiscal year ending December 31, 2024, were prepared using the accounting principles and methods that Axway used to prepare its consolidated financial statements for the fiscal year ended December 31, 2023, on the basis of the IFRS standards and interpretations published by the International Accounting Standards Board (IASB), as adopted in the European Union and mandatory as of January 1, 2023.

These forecasts include the planned Acquisition of Sopra Banking Software as described in Section 2.1, "Description of the Transaction," of this Amendment.

The Group prepared its forecasts for the year ending December 31, 2024, on the basis of its actual data as of December 31, 2023, and the following principal external and internal hypotheses:

External assumptions:

- Growth in revenue will be aligned with historical performance and there will be no significant impact from any changes in the macroeconomic environment, in particular in the financial services sector;

- There will be no unexpected increases during the period and costs will be controlled;

- There will be no significant change in the competitive environment that could affect the Group's ability to achieve its revenue objectives;

- The average annual euro/dollar exchange rate will be in line with that for the fiscal year ended December 31, 2023, namely €1 to USD 1.08127; and

- With respect to expenditures, inflation rates in 2024 in the euro zone and North America will be in line with those seen over the fiscal year ended December 31, 2023.

Internal Group assumptions:

- The historical growth in revenue will continue in the coming years;

- The cost optimizations of €15 million expected over the 18 months following the Acquisition, in particular investments in research and development, which had been high in the past for both Axway and Sopra Banking Software, have been adjusted downward;

- Expense levels as a percentage of revenue will be in line with the average expense levels in periods previously presented, namely, approximately 80% for the historical Axway scope and greater than 90% for the perimeter of the Acquisition;

- Subscription and maintenance contracts will include progressive indexation for inflation, and prices for services and licenses will evolve due to inflation; and

- With the exception of the acquisition of Sopra Banking Software during the second half of 2024, two de-consolidations, of Axway Softway China (in China) and DxChange (in India) are accounted for as of June 30, 3024. The de-consolidations have no material impact.

(b) Group projections for September through December 2024 including Sopra Banking Software (the "Combined Group")

Revenue

On the basis of the above assumptions, the Combined Group expects to record revenue of approximately €460 million in the 2024 fiscal year. For informational purposes only, pro forma revenue for the 12 months ended December 31, 2023, adjusted for non-recurring items,[25] would have been €651 million. Revenue in

[25] Non-recurring items adjusted for forecast purposes consist of exceptional end-of-contract revenues and intragroup invoicing with Sopra Steria Group, which were considered non-recurring.

2024 has been sustained by the Combined Group's principal business activities, and in particular by the growth in revenue from its subscription business worldwide, both by acquiring new customers and by increasing the penetration of its solutions and services within its existing customer base. The Combined Group expects to see revenue growth in most regions, in particular in North America for historical Axway base. This growth is measured over the whole year for the Axway scope of consolidation, and for September through December 2024 for the Sopra Banking Software scope of consolidation.

Profit on operating activities[26]

The Combined Group expects its profit on operating activities to be between 13% and 17% of its total revenue for the fiscal year ending December 31, 2024. For informational purposes only, pro forma profit on operating activities for the 12 months ended December 31, 2023, adjusted for non-recurring items,[27] would have been 12% of revenue. It should be noted that Axway and Sopra Banking Software have significantly higher profits in the second half of each year, due to the size of the fourth quarter's revenue as compared with the three previous quarters. In connection with the new scope following the Acquisition and its entry into the scope of consolidation in the second half of 2024, the Group expects that its expenses relating to cost of sales will remain stable as a percentage of total revenue over the course of the fiscal year ending December 31, 2024, as compared with the fiscal year ended December 31, 2023. The Group also expects its research and development expenses and its sales and marketing expenses to decrease slightly as a percentage of total revenue for the Combined Group. With respect to general and administrative expenses, the Group expects the proportion of these expenses as a percentage of revenue to begin, first, to increase in 2024 in order to manage the integration, and then to decrease progressively in early 2025 due to overall economies of scale and the evolution of its governance structure.

Free cash flow

The Combined Group's free cash flow is expected to be approximately €19 million as of December 31, 2024, *i.e.* about 4% of revenue, due to a negative contribution from Sopra Banking Software. Free cash flow is then expected to improve significantly, as described in Section 8.3 of this Amendment.

[26] Profit from recurring operations adjusted for the non-cash share-based payment expense, as well as the amortization of allocated intangible assets.
[27] Non-recurring items adjusted for forecast purposes consist of exceptional end-of-contract revenues and intragroup invoicing with Sopra Steria Group, which were considered non-recurring.

8.2.2 Report of the statutory auditors on the profit forecast (profit from operating activity) for the fiscal year ending December 31, 2024.

This is a free translation into English of the auditors' report issued in the French language and is provided solely for the convenience of English speaking readers.

This report should be read in conjunction with, and is construed in accordance with, French law and professional standards applicable in France.

To the Chief Executive Officer of Axway Software,

In our capacity as statutory auditors of your company and in response to your request we hereby report to you on the profit forecasts (profit on operating activities) of Axway Software (the "**Company**") set out in section 8.2.1 of the amendment to the universal registration document.

It is your responsibility to compile the profit forecasts, together with the material assumptions upon which they are based, in accordance with the requirements of Commission Regulation (EU) 2017/1129 supplemented by Commission Delegated Regulation (EU) 2019/980 and ESMA's guidelines on profit forecasts.

Our role is to to express an opinion, based on our work, as to the proper compilation of these forecasts on the basis stated.

We performed those procedures that we deemed necessary in accordance with the professional guidance of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes* or "CNCC") applicable to such engagement. Our work included an assessment of the procedures undertaken by management to compile the profit forecasts as well as the implementation of procedures to ensure that the accounting policies used are consistent with the policies applied by the Company for the preparation of the historical financial information. Our work also included gathering information and explanations that we deemed necessary in order to obtain reasonable assurance that the profit forecasts have been properly compiled on the basis stated.

Since profit forecasts, by nature, are uncertain and may differ significantly from actual results, we do not express an opinion as to whether the actual results reported will correspond to those shown in the profit forecasts.

In our opinion:

a) the profit forecasts have been properly compiled on the basis stated; and
b) the basis of accounting used for the profit forecasts is consistent with the accounting policies of the Company.

This report has been issued solely for the purpose of:

- the filing of the amendment to the universal registration document with the French financial markets authority (*Autorité des marchés financiers* or "AMF");
- and, if applicable, the admission to trading on a regulated market, and/or a public offer, of securities of the Company in France and in other EU member states in which the prospectus approved by the AMF is notified,

and cannot be used for any other purpose.

French original signed by

The statutory auditors
Courbevoie and Paris, July 22, 2024

Forvis Mazars SA	Nexia S&A
Jérôme Neyret Partner	Olivier Juramie Partner

8.3. Medium-term outlook for the Combined Group through 2027

As from 2025, the Combined Group expects organic revenue growth of between 2% and 4% in each of the coming years through 2027. In 2025, the Combined Group aims to realize revenues of approximately €700 million for its first full year of combined operations, and profit on operating activities[28] of between 14% (*i.e.*, approximately €100 million) and 16%.

The Combined Group expects the transaction to have an accretive effect on its profit per share starting as early as 2026.

At the end of 2027, the Combined Group is expected to reach more than €750 million in revenues and profit on operating activities[28] of greater than 17%. More generally, from 2028, the Combined Group aims for profit on operating activities[28] of around 20%.

Free cash flow is expected to represent 10% of the Combined Group's revenues in 2025 and to improve progressively to greater than 15% of revenues by the end of the 2027 fiscal year. This significant cash flow as a percentage of revenue should enable the Combined Group to reduce its financial leverage. As of the end of the 2024 fiscal year, the Combined Group expects its ratio of net indebtedness to gross operating surplus (the "**Debt-Equity Ratio**") to exceed 2.5x. However, at year-end 2025, the Debt-Equity Ratio should be lower than 2.0x, and by 2027, it is expected to be lower than 1.0x, in line with the Group's historical leverage effect ratios, excluding potential mergers and acquisitions.

Capital distribution plan

As announced at the General Shareholders' Meeting on May 16, 2024, the Group did not declare a dividend in respect of the fiscal year ended December 31, 2023. The Group's capital distribution strategy prioritizes reducing its financial leverage. As a result, Axway does not plan to pay dividends for 2024 or 2025. Depending on the results in fiscal year 2026 and the Debt-Equity Ratio at that time, the Board of Directors will review its dividend policy. In addition, the Group plans to regularly use its share buyback authorizations, in particular for purposes of the Company's free share grant plans.

8.4. Significant change in financial position

As of the date of this Amendment, the Company is not aware of any significant change in the Group's financial position that has occurred between the publication date of its financial information for the first half of 2024 and the date of this Amendment.

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

9. SIGNIFICANT EVENTS OF THE BEGINNING OF THE 2024 FISCAL YEAR

The 2024 Half-Year Financial Report (which can be found in **Annex 4**) and more specifically the information given in page 4, in section "Key events in the first half of 2024", and in page 7, section "Events after the reporting period", supplement section 1.9 "Recent developments" of the 2023 Universal Registration Document.

10. ERRATUM

On page 6 of the 2023 Universal Registration Document, under the heading "Operating Indicators," in the bar graph entitled "Profit on operating activities," profit on operating activities as a percentage of revenue for the 2021 fiscal year is 11.5% (rather than 10.4%, as initially indicated).

On page 6 of the Universal Registration Document, under the heading "Operating Indicators," in the bar graph entitled "Investments – Research and Development," investments in R&D as a percentage of revenue for 2022 is 18.2% (rather than 19.2%, as initially indicated).

On page 24 of the 2023 Universal Registration Document, in Section 1.4.2, "Comments on the 2023 consolidated financial statements," of Chapter 1, "Axway and its business activities," in the paragraph entitled, "Cost of sales and gross margin", the gross margin of License and Maintenance as a percentage of revenue is 78.5% (rather than 76.2%, as initially indicated) for the 2022 fiscal year, and 74.8% (rather than 72.3%, as initially indicated) for the 2023 fiscal year. The sentence should read: "*The License and Maintenance gross margin fell from 78.5% in 2022 to 74.8% in 2023*."

On page 26 of the 2023 Universal Registration Document, in Section 1.5, "Comments on the Axway Software SA 2023 annual financial statements" located in Chapter 1 "Axway and its business activities", in section 1.5.2 entitled "Balance sheet", in the ninth paragraph, the decrease of tax receivables is €1.3 million (rather than €1.1 million, as initially indicated).

On page 26 of the 2023 Universal Registration Document, in Section 1.5, "Comments on the Axway Software SA annual financial statements," of Chapter 1, "Axway and its business activities," in Section 1.5.2, "Balance sheet," in the tenth paragraph, bank balances increased by +€0.1 million (rather than +€0.3 million, as initially indicated).

11. AVAILABLE DOCUMENTS

The documents listed below may be viewed on the Company's website (www.investors.axway.com/en):

- The 2023 Universal Registration Document;
- The 2023 Universal Registration Document Amendment;
- The 2024 Half-Year Financial Report;
- The Company's bylaws; and
- All reports, letters, and other documents, valuations, and declarations prepared by an expert at the Company's request and of which a portion is included in the 2023 Universal Registration Document or the 2023 Universal Registration Document Amendment.

12. CONCORDANCE TABLE

The concordance table below reproduces the main headings that make up the 2023 Universal Registration Document as required by Annexes I and II to Commission Delegated Regulation (EU) 2019/980 of March 14, 2019, which supplemented Regulation (EU) 2017/1129 of June 14, 2017, and provides the page numbers and sections of the 2023 Universal Registration Document and of this Amendment on which the information required under each such heading may be found.

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Annex 1 - Report of the independent expert

FINEXSI
EXPERT & CONSEIL FINANCIER

Free translation of the original « *Attestation d'équité - Projet d'acquisition par Axway des actions de Sopra Banking Software auprès de Sopra Steria Group* » issued by the Independent Expert, dated April 27, 2024.

In the event of any discrepancies in translation or interpretation, the French version should prevaill.

axway

Fairness opinion

Proposed acquisition by Axway of Sopra Banking Software shares from Sopra Steria Group SA

[27] May 2024 based on procedures completed on 16 May 2024

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Société de commissariat aux comptes
Société d'expertise comptable inscrite au tableau de Paris Ile-de-France
Membre de l'organisation A.T.H.
S.A. au capital de 353 654 € - RCS Paris B 415 195 189

Our procedures and our conclusion were presented to the Special Purpose Committee responsible for their supervision on 15 May 2024, and then to the Board of Directors on 16 May 2024 based on a detailed report.

This public report is the same report submitted to the Board redacted for confidential business information deemed sensitive by Company management.

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1. Presentation of the transaction

1.1 Context and terms of the Transaction

AXWAY SOFTWARE (hereinafter "AXWAY") is a French software publisher specialising in secure managed file transfer (*MFT*), B2B integration and API management (*APIM Amplify Platform)*.

It was founded as a subsidiary in 2001 from the merger of the SOPRA group software infrastructure divisions. The company is now 55% owned, directly and indirectly, under a shareholders' agreement composed mainly of SOPRA GMT (c. 32%) and SOPRA STERIA GROUP (c. 21%).

AXWAY has been listed on the Paris Euronext stock exchange (AXW) since 2011.

SOPRA BANKING SOFTWARE, a wholly-owned subsidiary of SOPRA STERIA, is a provider of financial solutions for retail banks in Europe and Middle East Africa, as well as specialised financial institutions worldwide.

On 21 February 2024, AXWAY and SOPRA STERIA GROUP announced they had entered into exclusive discussions regarding the potential acquisition of most of SOPRA BANKING SOFTWARE's ("SBS") activities, which are currently part of SOPRA STERIA GROUP (hereinafter "the Transaction" or "the Acquisition").

In the context of the proposed Transaction, it is planned to:

- Carve-out SOPRA BANKING SOFTWARE activities remaining within the scope of SOPRA STERIA GROUP. The SBS activities concerned by the transaction represent approximately 80% of the subsidiary's total revenue. The activities and subsidiaries carved-out will be sold to SOPRA STERIA GROUP;

- The acquisition by SOPRA GMT, AXWAY's controlling shareholder, of a block of approximately 3.6 million AXWAY shares from SOPRA STERIA GROUP, representing approximately 16.7% of the company's share capital, at a price per share of €26.5, and, subject to the launch of the share capital increase defined below, the acquisition of all residual preferential subscription rights held by SOPRA STERIA GROUP;

- A share capital increase by AXWAY of €130 million, with retention of preferential subscription rights (hereinafter the "Share capital increase"). SOPRA GMT would subscribe as of right to the AXWAY Share capital increase, in the amount of its rights and those acquired from SOPRA STERIA GROUP, representing approximately 53% of the planned share capital increase; the remaining share capital increase will also be secured by subscribing the shares not subscribed at the end of the allocation process;

- Obtain bank financing of €200 million to finance the remainder of the Acquisition.

This merger was formally documented in an initial draft of the Share Purchase Agreement, dated 13 May 2024 (hereinafter the SPA), to which we refer for this Fairness opinion.

To address any conflicts of interest with SOPRA STERIA GROUP and to demonstrate that the transaction is in AXWAY's best interests, AXWAY decided to appoint an independent expert pursuant to the provisions of Recommendation no. 2015-05 issued by the *Autorité des Marchés Financiers* (AMF, French Financial Markets Authority) on disposals and acquisitions of significant assets[1]. As such, FINEXSI was appointed as an Independent Expert by AXWAY's Board of Directors on 14 February 2024, on the recommendation of the Special Purpose Committee set up the same day. FINEXSI was tasked with valuing the assets acquired, and preparing a Fairness opinion on the financial terms and conditions of the Transaction.

In the performance of our engagement, we used public documents and read a range of accounting and financial information (financial statements, releases, etc.) that were either published or communicated to us by AXWAY. These documents and information were considered to be accurate and complete and we did not perform any specific verification procedures. We did not seek to validate the historical and forecast data used, but merely confirmed its plausibility and consistency. This engagement did not involve an audit of the financial statements, contracts, litigation or any other documents that were communicated to us.

1.2 FINEXSI engagement

FINEXSI EXPERT ET CONSEIL FINANCIER (hereinafter "FINEXSI") was appointed by AXWAY's Board of Directors on 14 February 2024 as an Independent Expert to assess the fairness of the financial terms and conditions of the Transaction, on the basis of Article 261-3 of the AMF General Regulation.

FINEXSI EXPERT & CONSEIL FINANCIER and its partners,

- Are independent within the meaning of Articles 261-1 *et seq.* of the AMF General Regulation, are in a position as such to issue the declaration of independence provided for in Article 261-4 of this General Regulation, and are not in any of the cases of conflict of interest referred to in Article 1 of AMF Instruction 2006-08;
- Have on a permanent basis the human and material resources necessary to carry out their engagement, as well as insurance or sufficient financial capacity with regard to the potential risks associated with this engagement;
- Are members of the French Professional Association of Independent Experts (APEI), an association recognised by the AMF pursuant to Articles 263-1 *et seq.* of its General Regulation.

FINEXSI EXPERT & CONSEIL FINANCIER attests to the absence of any past, present or future link known to it with the persons concerned by the Transaction and their advisory services, likely to affect its independence and the objectivity of its judgement in the context of the present engagement.

[1] Likely to substantially change the profile of a company.

1.3 Procedures conducted

A detailed breakdown of our procedures is presented in Appendix 1.

Our procedures mainly comprised:

- Understanding the context and the terms and conditions of the Transaction;
- Familiarising ourselves with the report on historical and forecast aggregates for the SBS carve-out, (draft Finance Vendor Due Diligence Report of 2 May 2024);
- Analysing the transferred SOPRA BANKING SOFTWARE activities: analysis of pro forma historical accounts and forecast business plans;
- Implementing a multi-criteria approach to value SOPRA BANKING SOFTWARE post carve-out;
- Analysing the consequences of the Transaction for AXWAY and its shareholders, including, in particular, familiarising ourselves with the strategic interest of the Transaction and analysing possible synergies;
- Analysing any related agreements;
- Preparing a fairness opinion outlining the procedures performed by the independent expert, the valuation of SOPRA BANKING SOFTWARE and the positioning of the envisaged price in relation to these values.

As part of our engagement, we familiarised ourselves with all accounting and financial information (financial statements, releases, etc.) published by SBS in respect of recent financial years.

We conducted procedures on the legal documentation made available, within the strict limit and for the sole purpose of collecting information useful to our engagement.

Regarding comparables valuation methods (transactions and trading multiples), we examined publicly available information on companies and comparable transactions using our financial databases.

We also held discussions with the members of the AXWAY Special Purpose Committee.

A quality review was conducted by Olivier Courau, a partner of the Firm, who did not work on the file.

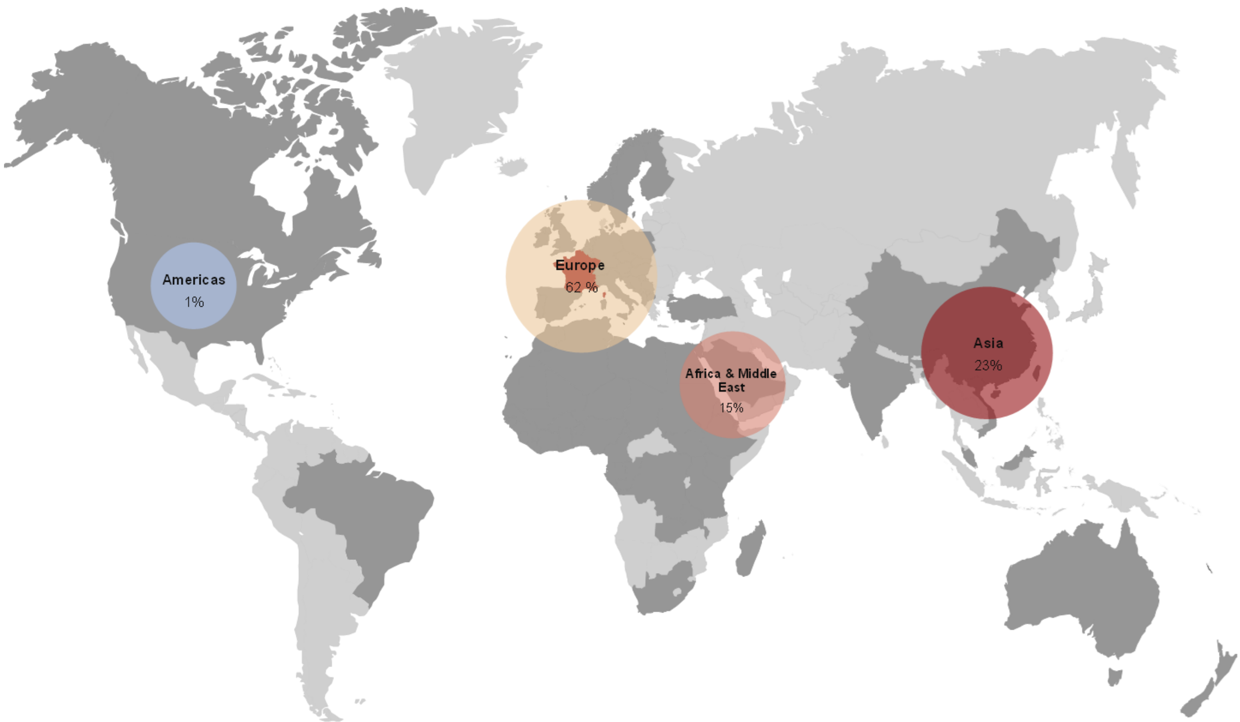
2. Presentation of SOPRA BANKING SOFTWARE activities and its economic environment

2.1 Presentation of SOPRA BANKING SOFTWARE

SOPRA BANKING SOFTWARE is a subsidiary of the SOPRA STERIA group founded in 2011. It is a global technology solutions provider for financial institutions worldwide.

The company supports more than 650 customers in 80 countries. Its international activity is organised through a network of specialised subsidiaries by geographic area. The company's employees are located in the following geographic regions: Europe (62%), Asia (23%), Africa and the Middle East (15%) and the Americas (1%).

Figure 1 - Geographic distribution of employees in 2023



SOPRA BANKING SOFTWARE customers fall into two categories:

- Banks in Europe and Africa, mainly network and private retail and direct banks, microfinance institutions and payment and credit companies;

- Financial and credit institutions present on all continents, offering services to both individuals and companies and operating in a range of sectors such as the automotive and equipment industry, real and moveable property leasing and market finance.

The company has more than 4,000 experts in nearly 50 offices.

In 2021, SOPRA BANKING SOFTWARE was recognised as one of the top 10 European Fintechs by IDC / Gartner and as the number 1 provider of banking and financial sector solutions in Africa and Europe.

The company's activities are of two kinds (i) solutions (*Software*) and (ii) services (*Service*). 2023 revenue of the Company's transferred scope breaks down by business segment and product mix as follows:

Figure 2 - Breakdown of SOPRA BANKING SOFTWARE 2023 pro-forma revenue by activity

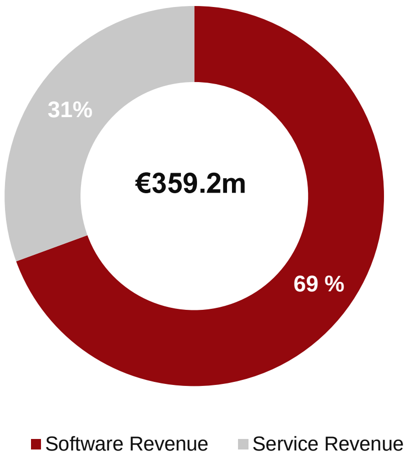
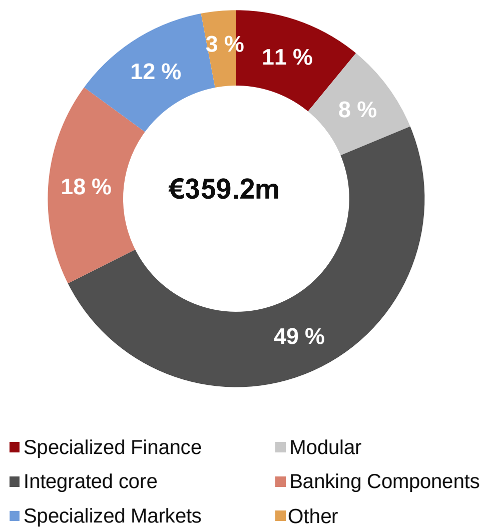


Figure 3 - Breakdown of SOPRA BANKING SOFTWARE 2023 pro-forma revenue by product mix



Source: Management

2.1.1 Solutions (Software)

Sopra Banking Platform is a banking sector solution. The platform offers many features for day-to-day bank activities, including:

- ***Core Banking***, an essential IT solution that runs in the background and is implemented by financial institutions to centralise all items necessary to managing customer financial transactions. In concrete terms, it is a set of APIs[2] built on a processing engine. Some banks go even further by integrating advanced data automation processes to optimise transactions and deliver an optimal customer experience.
  In short, **Core Banking** supports various everyday banking transactions, such as (i) account opening and management, (ii) deposit and savings management, (iii) payments and cards,

[2] *Application Programming Interface*: allows different software solutions to communicate and integrate.

(iv) interest calculation, (v) customer relationship management (CRM), and (vi) setting criteria, such as the minimum balance, interest rates or the number of authorised withdrawals. In addition, it facilitates loan management, including loan generation and tracking, as well as the recording of all banking transactions and regulatory reporting, through efficient data processing.

- ***Digital Banking:*** the Digital Banking Suite is a flexible platform for online banking. It offers various functions, such as multi-channel bank access and cloud-hosted software. These solutions integrate seamlessly with existing SBS systems while allowing customers to retain their Core Banking system. They can be implemented gradually, at different levels of the system, from the customer interface to basic banking transactions, whether for a specific aspect or a simple module. It offers comprehensive features such as Quick Checkout, Apple Pay, and Google Pay, and can be used on AWS, taking advantage of the benefits of the AXWAY API. The platform ensures regulatory compliance and produces reports for KYC, AML, PSD2[3] and GDPR requirements.

- ***Open Banking*** offers a compliance budget management service, including:
    - A service that adapts to different banking standards and changes therein;
    - The use of premium APIs, with a transition from PSD2[3] to PSD3[4], considered basic, to premium opportunities proposed by Open Banking*;*
    - Cost savings including product entry costs and the total cost of ownership, through the implementation of SaaS software;
    - Access to data from more than 3,400 banks, providing customers and employees with crucial information to tailor their offerings.

Sopra Financing Platform is a comprehensive solution meeting the financing needs of financial institutions. The platform comprises three business lines:

- ***Auto Finance:*** The Sopra Financing Platform is an asset-based automotive financing platform offering modular cloud components. These modules can be used individually or in combination to strengthen the commercial capabilities of automotive lenders/lessors and reduce time-to-market. It increases value creation and enables better management of credit risks relating to the financial position of dealers or funded assets. Customers are mainly captives[5], banks and independent financial institutions.

- ***Assets and Equipment Finance:*** The equipment and material financing platform facilitates the front-to-back lending cycle for several asset types, including agricultural equipment, heavy or specialty vehicles, precious metals, industrial equipment, medical equipment, etc.

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[3] PSD2 (Payment Services Directive 2) is an EU directive, which came into force in 2015, aimed at regulating payment services to promote innovation, enhance the security of electronic payments and protect consumers. It requires banks to open their interfaces to third-party payment service providers, thereby fostering new and innovative financial services.

[4] PSD3 updates the previous directives and will gradually replace PSD2. It promises increased transparency, allowing users to actively monitor the consents granted to banks to access their data, as well as better protection against fraud.

[5] A captive finance company is a financing business that is connected to a parent company whose main activity is not finance related.

SOPRA BANKING SOFTWARE plays a key role as organiser in the partners ecosystem. Cloud-native and fully scalable, the platform is supported by world-class partners and offers significant scope for integration thanks to open APIs.

- ***Commercial Finance:*** The platform offers tools to optimise the management of commercial loans issued by financial institutions, whether simple or complex. These automation features improve efficiency and reduce the risks associated with these transactions.

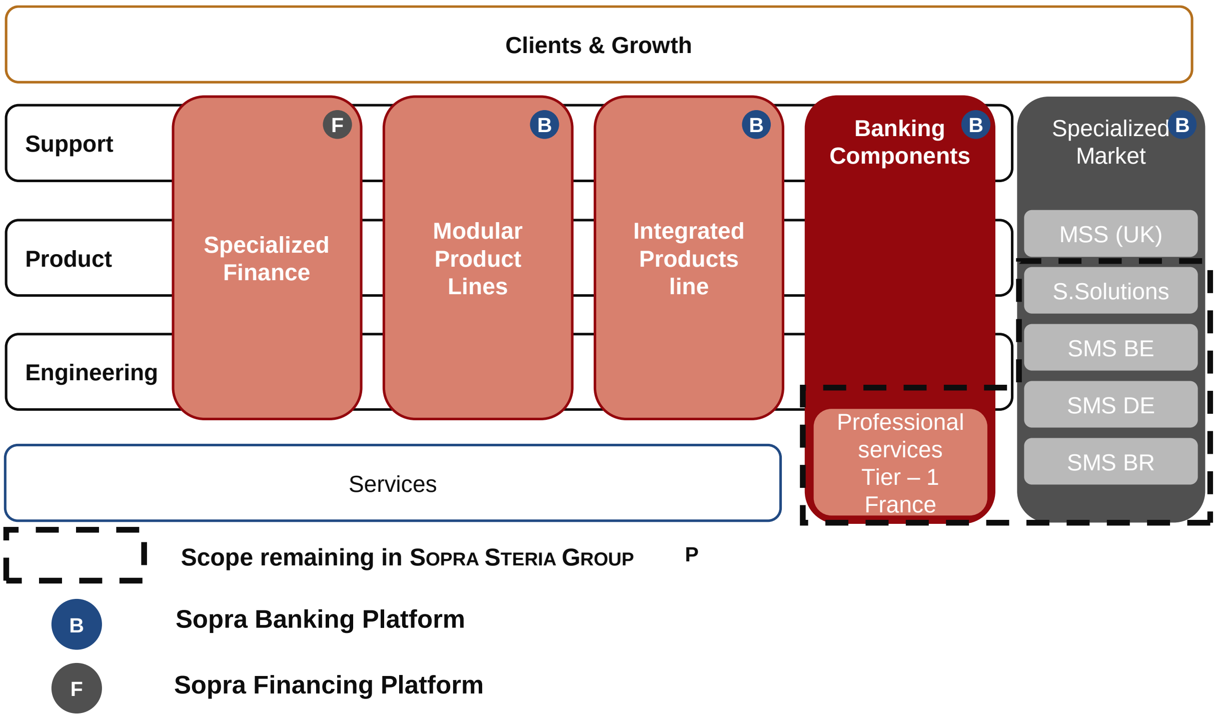
Services

SOPRA BANKING SOFTWARE also provides consulting, implementation, maintenance and training services. The main customers of this business line are financial institutions seeking to accelerate innovation and the digitalisation of their tools.

2.1.2 Presentation of the activity by product-mix of the transferred scope

The Sopra Banking Platform and Sopra Financing Platform offer features and a wide range of services thanks to their various business units. This structure allows them to offer personalised services tailored to the profiles and challenges facing their customers.

Figure 4 - New SOPRA BANKING SOFTWARE scope



Source: Company

It is important to note that the SOPRA BANKING SOFTWARE scope transferred to AXWAY does not include Banking Components activities, in addition to the Sopra Solutions and Specialized Market Software activities in Belgium, Germany and Brazil which will remain within SOPRA STERIA GROUP.

We will therefore examine here SBS's activity through its various business lines, focusing on the product lines that are part of the transferred scope, that is:

Sopra Financing Platform Divisions

- ***Specialized Finance***: This business line uses primarily an SaaS approach to manage the lifecycle of E2E[6] products. The division addresses both the specialized finance market, as well as the SFP Wholesale (APAK financing platform for dealers), Digital Audit (audit of digital assets) and Credit Risk (portfolio management for lenders) sectors, with services already fully delivered under a subscription model.

Sopra Banking Platform Divisions

- ***Modular product lines[7]***: This line provides modular products that can be combined to form a cloud-native[8] banking platform delivered using an SaaS approach. It comprises three distinct products:
  - *Digital Engagement:* SOPRA BANKING SOFTWARE's Digital Banking Engagement Platform (DBEP) offers banks a comprehensive solution to meet Open Banking and European Union PSD2 Payment Services Directive requirements. By connecting to a wider ecosystem and sharing data with customer consent, DBEP enables banks to improve their customer service.
  - *Next Gen CBS:* This product line offers a next-generation, modular and fully cloud-based core banking solution, enabling banks to modernise their outdated banking infrastructures by adopting a state-of-the-art SaaS solution and to meet new challenges in their Core Banking services.
  - *Regulatory:* This product line offers solutions to facilitate and optimise the quality of regulatory reporting by banks through automation, enabling the management of large data volumes to meet the increasing information requirements of banking authorities. In addition, credit risk calculation solutions for internal bank models as well as risk weighting and mitigation solutions for Basel 3 standard methods are also available.
- ***Integrated Core product lines[9]***: This line manages integrated products using a traditional approach and will be gradually replaced by modular products. It comprises three main product lines:
  - *Amplitude*: Delivers Core Banking products and solutions for banking institutions mainly in Africa.

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[6] Concept that refers to the provision of a service or solution encompassing the entire value chain from end-to-end, without any external intervention.

[7] Modular software comprises separate modules, each of which performs a specific function. The modules are developed separately and then assembled to form a complete system. Each module may be used alone or combined with others as required. This approach offers increased flexibility and scalability, as modules can be reused in various contexts.

[8] Cloud-native computing is a software development approach that capitalises fully on cloud computing to design and deploy scalable applications. These applications are specifically designed to perform optimally in dynamic and modern environments, such as public, private, and hybrid clouds.

[9] Integrated software is a computer program designed to perform a specific task or set of related tasks. All required functionalities are bundled into a single program, often designed to run on a specific hardware system.

    - *SAB*: Delivers Core Banking products and solutions for Tier 3 and 4 banking institutions, mainly in France.
    - *Thaler CBS*: Delivers Core Banking products and solutions for banking institutions in Benelux and the United Kingdom.

- ***Banking Components*:** This line delivers current banking component offerings for major French banks (Tier 1) and other institutions that wish to retain their licenses. These solutions can be built from their own components and/or those developed by the business divisions mentioned above, then assembled and adjusted to meet the specific needs of key customers.
- **MSS (Mortgage and Savings Suite):** this line offers solutions through a digital mortgage platform mainly to UK customers.

2.2 Presentation of SOPRA BANKING SOFTWARE'S economic and competitive environment

In line with the industry and markets in which SOPRA BANKING SOFTWARE operates, this section will primarily focus on the software publishing markets for banks and finance companies.

2.2.1 Introductory remarks on the software publishing sector

The global market for infrastructure software publishing, which includes software for financial customers (presented below in Section 2.2.2), totalled $350 billion in 2021 and is expected to grow by 12.3% annually until 2026, to reach $623 billion[10]. Western Europe, SOPRA BANKING SOFTWARE'S main market, grew 9.8% in 2023[11].

The digitalisation of the economy is the main growth driver in this sector with, in particular, the increasing adoption by companies of cloud-based technologies, requiring software solutions adapted to their digital transformation needs.

2.2.2 Presentation of the software publishing sector for financial customers

Global addressable market and trends

The global software publishing market for financial customers[12] was valued at $127.4 billion in 2023 and is expected to grow at a rate of around 13% per year to 2029[13].

Main players in the software publishing sector for financial customers

The global software market for financial customers (including banks and finance companies) can be divided into three main categories:

[10] Source: AXWAY 2022 URD (GARTNER data)

[11] Source: AXWAY 2022 URD (GARTNER data)

[12] Including mainly banks, finance companies, asset managers, insurers, investment funds, private wealth managers and fund managers.

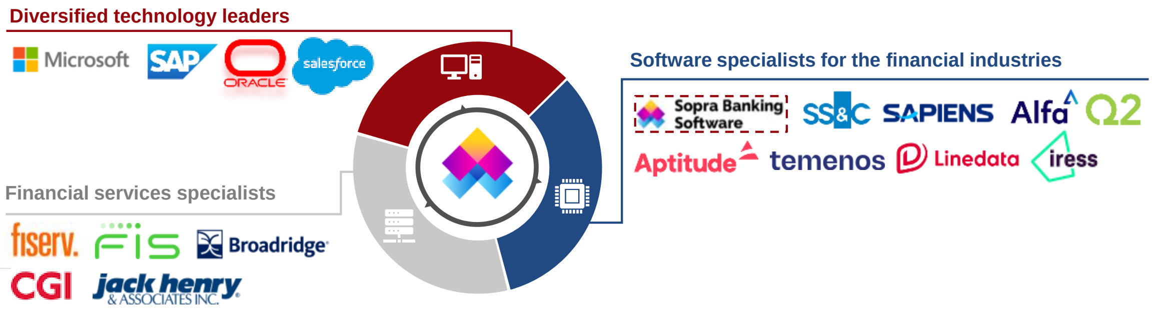
[13] Source: MORDOR INTELLIGENCE

- *Diversified technology leaders:* global experts in management software/software package publishing and business application hosting, that market software to financial customers (without this representing a significant part of their activities);

- *Financial services specialists:* companies specialising mainly in a wide range of support services for financial customers (transaction management, data processing, pension savings plan management, securities clearing, etc.), including software solutions (without this representing a significant part of their activities);

- *Software specialists for the financial industries:* software publishing specialists for one or more financial industries (banking, financing, insurance, asset management, etc.), such as SOPRA BANKING SOFTWARE.

Figure 5 - Presentation of the main financial software publishers



Source: FINEXSI analyses

2.2.3 Presentation of the banking software market (SBS's primary market)

2.2.3.1 Key features of the banking software market

Global addressable market and trends

The 1st generation of banking software dates back to 1959 with the creation of the programming language "COBOL" (Common Business Oriented Language) based on a monolithic architecture (i.e. composed of a single independent technological block deployed as a single code base) for programming all types of commercial and administrative applications.

Between 1990 and 2005, a 2nd generation of banking software was developed, again based on a monolithic architecture, but far more "product-centric". It sought to address the specific needs of banks, that evolved with the growth of the global digital market and in particular transaction and payment volumes.

Beginning 2005, banking software underwent a fundamental shift: publishers began developing software built on a modular architecture, where components interact with each other (unlike a monolithic architecture, where components have self-contained functionalities and upgrades are extremely costly, complex and time consuming). This 3rd generation software aimed to be "customer-centric", delivering, in particular, improved digital graphic interfaces.

Finally, 4th generation banking software has appeared more recently: "process-centric", it focuses more on the mobility needs of banking institutions, notably through increased use of cloud solutions to easily migrate from one ecosystem to another.

Currently, many banks still rely on IT systems developed in the 1970s to 1990s and, moreover, with a monolithic architecture, capable of delivering only fairly basic functions (such as opening and configuring bank accounts, transaction processing, deposit and loan processing), while the needs of customers have expanded.

The banking software publishing sector therefore seeks to address this important need to modernise bank technological infrastructures. The market is significant and growing considerably due to the increasing adoption of new solutions by banks: the global addressable market for banking software was $23 billion in 2022 and is expected to grow by around 11% per year between 2022 and 2026, to $34 billion[14].
Banking software is divided into three segments depending on the configuration of the customer's solution, with distinct business models and market dynamics:

- *"On premise" solutions:* physically installed on a bank's computer servers (with payment of a user subscription licence), these solutions provide the bank with enhanced control (as it manages the entire system itself), but involve high costs for installation, maintenance, updates, backup, and renewal. For these reasons, and while this remains the most common deployment method in banks (86% of the market in 2022[14]), the popularity of these solutions is declining, with an expected annual growth rate of 5% over the period 2022-2026[14];

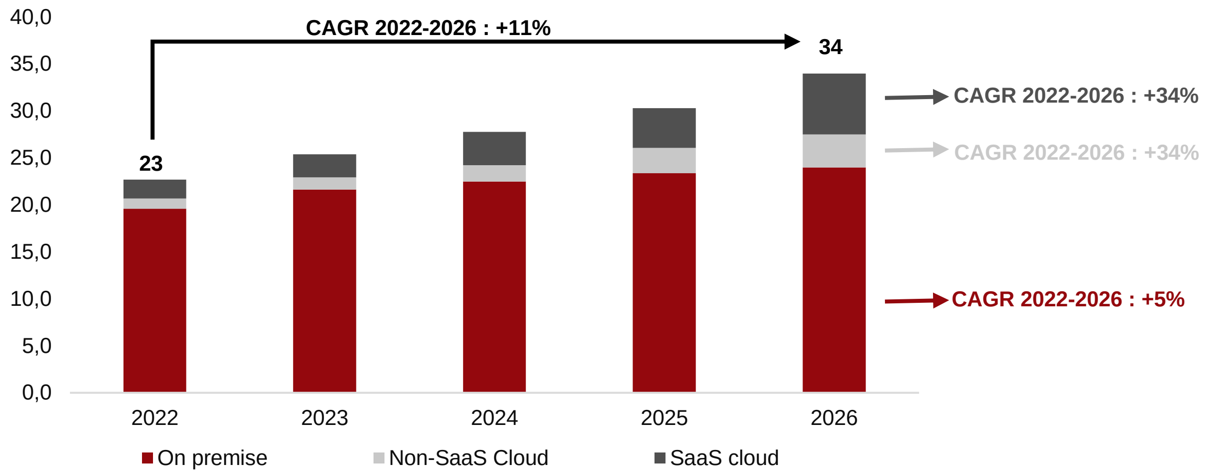
- *Non-SaaS cloud solutions:* in this configuration, in return for payment of a subscription the software publisher provides the bank with the solution, either in a public cloud (in which case the bank is responsible for managing its system) or in a hybrid cloud via a partner of the publisher (in which case the publisher manages the system for the bank). These solutions are becoming increasingly popular thanks to the flexibility provided to banks and the lack of physical data storage. They are expected to grow at an average annual rate of 34% over the period 2022-2026[14];

- *SaaS cloud solutions:* in this configuration, the publisher provides the bank with the software solution and remotely manages all the required operations (development, maintenance, updates) in return for payments by the bank on a per use basis. These solutions are increasingly popular with banks because they allow them to deploy and update their systems faster while predicting costs with greater precision. As for non-SaaS cloud solutions, they are expected to grow at an average annual rate of 34% over the period 2022-2026[14].

[14] Source: IDC, OVUM, MCKINSEY, S&P CAP IQ, CB INSIGHTS

The following graph summarises the main trends set-out above.

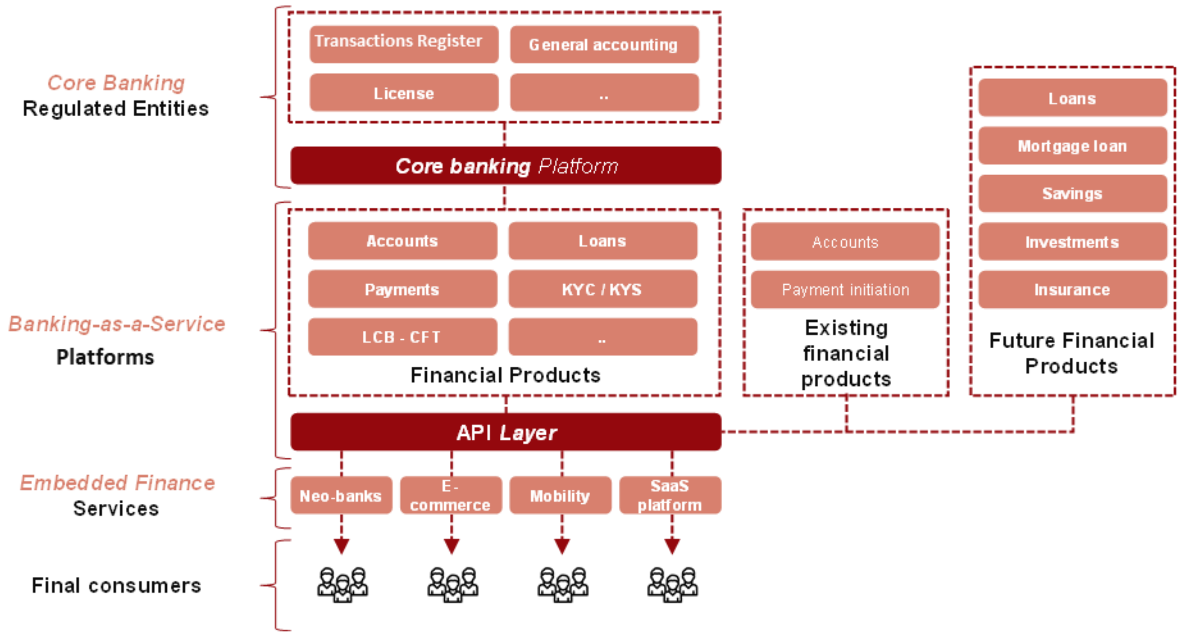
Figure 6 – Banking software global market trends (in $ billion)



Source: TEMENOS 2022 Annual Report

Value chain of the different types of banking software marketed

Figure 7 - Value chain of the different types of banking software



Source: SKALEET

Core Banking is an IT solution implemented by banks to bundle all the components needed to manage their customers' financial transactions. Core Banking comprises APIs[15] built on a central processing unit and can support a wide range of daily banking transactions.

[15] An API (Application Programming Interface) is a software interface that "connects" software or services to another software or service in order to exchange data and functionalities.

Banking-as-a-Service (BaaS) is a model where banks provide their banking infrastructure and services to third-party companies for use and integration into their own products and services without them having to build the underlying banking infrastructure. The bank provides the services, while the third party provides the front-end interface and customer experience. Apple Pay is an example of a functionality using the BaaS model.

Finally, Embedded finance refers to the integration of financial services and products into non-financial platforms, such as e-commerce, social media or mobile applications.
BaaS and Embedded Finance are closely linked since the second is made possible by the first. Embedded Finance focuses on the integration of financial services in non-financial platforms, while BaaS gives businesses the opportunity to offer banking services by connecting with existing banking systems.

2.2.3.2 Main growth drivers and challenges for banking software publishers

The main factors driving growth in IT spending by banks in the coming years, and by extension in banking software sales for publishers, will be:

- *Competitiveness compared to other banks and fintechs:* the adoption of state-of-the-art software is more than ever necessary to enable banks to stand out from fintechs and create an immersive banking experience for customers, which is not possible with a monolithic architecture.

- *Optimisation of costs and processes:* while digital transformation projects represent an investment, this investment is recovered through the increased ability of banks to reduce the risk of errors and flaws inherent in outdated IT architectures.

- *Cybersecurity challenges:* developments in digital technologies and regulatory frameworks have opened up many opportunities and vulnerabilities for the financial sector[16], and is accompanied by increased investment in cybersecurity.

The main challenges facing banking software publishers are:

- *Legal compliance:* in recent years, regulators have applied restrictions to major European BaaS providers, negatively impacting their business[17], as increased customer numbers have attracted more attention from regulators.

- *Increasing competitive pressure:* entry barriers have lowered in recent years with more and more entrants into the software publishing sector for financial customers.

- *Sector consolidation:* new market requirements for faster and more flexible products is pushing major players in financial software publishing to innovate on a large scale through buyouts, partnerships and joint ventures[18].

[16] Financial services are the second sector most compromised by cyber-attacks, with an average cost of $5.7 million per data breach for each institution.

[17] In October 2023, the UK FINANCIAL CONDUCT AUTHORITY imposed restrictions on MODULR, an embedded finance solutions publisher (provider of the platform used by the fintech Revolut among others) until it complied with the new regulations.

[18] SOPRA BANKING SOFTWARE acquired CASSIOPAE (in 2017), SWORD APAK (in 2018) and FIDOR SOLUTIONS (in 2020).

2.2.4 Presentation of the financing software market (SBS's secondary market)

Global addressable market and trends

Financing software refers to software intended for financing entities, in particular leasing companies (mainly automotive and equipment).

The global leasing market, which includes the leasing software segment, was $1,360 billion in 2019 and grew by 6.6% the same year. The largest markets are the United States (36%) followed by Europe (33%), which recorded growth of 4.5% in 2021[19].

In terms of assets financed, over half the global leasing market finances equipment ($535 billion in 2020, with an CAGR estimated at 9% to 2025[19]) and the automotive sector ($248 billion in 2020, with an CAGR estimated in the range of 8 to 18% to 2028[19]).

Between 2022 and 2025, the global leasing market is expected to grow by around 8% per year, led in particular by Africa, which has the smallest addressed market ($7.5 billion) but is the fastest growing (expected compound annual growth rate of 21.8%)[19].
The global software market for the asset finance industry (automotive and equipment), in which SBS is positioned, was estimated at $3.4 billion in 2021 and is expected to grow until at least 2026[19].

[19] DELOITTE STUDY – "*A Deloitte view of the asset finance software industry*"

3. Financial analysis of SOPRA BANKING SOFTWARE

We present below the combined accounts of the SOPRA BANKING SOFTWARE transferred scope for financial years 2022 and 2023 (hereinafter the "SBS pro forma accounts").

3.1 Pro-forma combined income statement

Table 1 - SOPRA BANKING SOFTWARE combined income statement

31/12 - In €M	31/12/2022	31/12/2023
Revenues	**334.9**	**359.2**
Staff costs	(227.2)	(237.8)
Purchases and external costs	(68.0)	(80.1)
Taxes	(3.1)	(3.2)
Depreciation, amortisation and provisions	(7.5)	(7.1)
Depreciation of right-of-use assets	(8.8)	(8.3)
Other operating income / expenses	5.4	3.5
Operating income from activity	**25.7**	**26.3**
as % of sales	*7.2 %*	*7.3 %*
Cost related to stock options	(2.7)	(3.7)
Amortisation of allocated intangible assets	(9.9)	(9.1)
Current operating income	**13.1**	**13.5**
as % of sales	*3.7 %*	*3.8 %*
Other operating income and expenses	(8.3)	(59.8)
Operating income / (loss)	**4.8**	**(46.3)**
as % of sales	*1.3 %*	*(12.9)%*
Cost of net financial debt	(8.5)	(20.1)
Other financial income and expenses	(2.3)	(2.4)
Corporate income tax	(13.2)	(7.9)
Net income / (loss)	**(19.2)**	**(76.6)**

Source: Company

SOPRA BANKING SOFTWARE combined **revenue** increased 7% year-on-year (+€24.3 million) from €334.9 million in 2022 to €359.2 million. This growth is partly due to the payment by BPCE of compensation of €6.5 million, in accordance with the SPA following the acquisition of the fintech FIDOR in 2020. Adjusted for this compensation, growth is therefore 4% and can be explained by three factors:

- Higher revenue from maintenance and support services, up 6% over the period, mainly due to sales of additional services for SAB software maintenance and services provided to Société Générale for the DALI license;
- A 7% increase in professional services revenue mainly due to IT migration services carried out for CRELAN following the acquisition of AXA BELGIUM as well as the migration of CO-OPERATIVE BANK to the brokerage platform developed by SOPRA BANKING SOFTWARE;
- The increase in SaaS sales to the business line's main customers, including SANTANDER, ROYAL BANK OF SCOTLAND and ATOS - NS&I. Major new contracts were also signed with customers such as ORANGE and DAIMLER.

From a business unit perspective, Company growth was driven by the development of the Specialized Finance solution (SaaS revenue +€3.0 million and professional services revenue +€3.3 million), as well as Integrated Core solutions (SAB, Amplitude and CBS V4) and Banking Components, which increased slightly by €1.4 million and €1.3 million, respectively, despite a fall in licensing revenues of €6.2 million.

Staff and subcontracting costs increased in line with revenue. Higher staff costs were partly due to a €3.5 million increase in bonuses, attributable in part to the impact on earnings of the €6.5 million BPCE compensation. The rise in staff costs was however contained by capacity building in India.

Operating income therefore remained relatively stable at 7.3% between 2022 and 2023.

Other operating income and expenses (-€59.8 million) include the impairment of SBS France goodwill for €53.2 million in 2023. This impairment was determined based on a business outlook consistent with the business plan examined as part of our valuation work.

In 2023, SOPRA BANKING SOFTWARE reported a ***net loss*** of -€76 million compared to net income of €4.8 million in 2022. This downturn was largely due to the impairment of goodwill in France.

3.2 2022 and 2023 pro-forma combined balance sheet

We present below the combined balance sheet of the Company for the last two financial years.

Table 2 - SOPRA BANKING SOFTWARE 2022 and 2023 combined balance sheet

31/12 - In €M	31/12/2022	31/12/2023
Goodwill	305.1	254.1
Intangible assets	53.8	61.3
Tangible assets	9.1	7.6
Right-of-use assets	21.1	33.7
Other non-current financial assets	2.0	1.8
Deferred tax assets	2.9	6.0
Non-current assets	**394.0**	**364.5**
Account receivables	94.3	97.7
Other current assets	25.1	26.2
Cash and cash equivalents	9.0	4.0
Current assets	**128.4**	**127.8**
Total assets	**522.4**	**492.3**
Shareholders' equity	**(45.7)**	**(85.7)**
Borrowings and financial debt	398.0	387.4
Lease debt	22.3	35.4
Provisions	24.5	23.6
Trade payables and related accounts	21.6	27.4
Other liabilities	101.7	104.3
Total liabilities	**522.4**	**492.3**

Source: Company

These combined balance sheets do not anticipate (i) the impact of the prior restructuring transactions, or (ii) the impact of the planned capitalisation of part of the SOPRA STERIA GROUP current account to restore SBS France's equity.

We have the following key comments on these balance sheets:

Non-current assets mainly consist of ***goodwill*** (€254.1 million), notably in France (€143.4 million) and the United Kingdom (€108.6 million). The decrease in this heading between 2022 and 2023 is mainly due to the impairment of goodwill in France (€53.2 million).

Intangible assets include €35.9 million of capitalised R&D costs.

Other current assets (€26.1 million) mainly consist of tax receivables, including research tax credit receivables in France (€9.3 million), and income tax receivables (€7.2 million).

Equity is negative (-€87.5 million), but will be restored prior to the Transaction by capitalising part of the SOPRA STERIA GROUP current account in the amount of €150 million.

Provisions (€23.6 million) mainly concern retirement benefit and similar commitments (91% in France), which totalled €19.7 million at 31 December 2023, as well as a provision for tax risks relating to research tax credits in France of €1.4 million.

At 31 December 2023, ***borrowings and financial debt*** amounted to €387.4 million and mainly comprised the current account with SOPRA STERIA GROUP (€339.2 million).

Other current debt (€103.2 million) comprised tax and employee-related payables (€68.6 million) and customer contract liabilities (€25.8 million).

3.3 SWOT

Strengths

- Fast-growing addressable market, driven by increasing digital spending by banks and financial customers
- Presence in high-growth market segments and geographical areas
- Strong presence in Africa, where 50% of banks use SOPRA BANKING SOFTWARE solutions
- Resilience of sales due to customers' limited ability to change service providers

Weaknesses

- Relatively cyclical business
- Lower historical operating profitability than comparable companies operating in the financial software sector
- Weak presence in the American and Asian markets
- Limited market share gains

Opportunities

- Constantly evolving customer needs linked to the digitalisation of the economy, synonymous with new vectors of regular growth for SBS
- Proliferation of cyber attacks, making it increasingly necessary to implement state-of-the-art architectures
- Growth of the BaaS segment linked to the proliferation of fintechs
- Sector consolidation opportunities

Threats

- Strong competitive intensity (presence in the sector of diversified technology leaders, multiple software publishers and financial services specialists)
- Increasing regulation of the banking software sector weighing on software publishers
- Risk of new entrants as barriers to entry are lowered
- The rise of SaaS is generating increasingly high costs for software editors

4. Summary of the SPA terms and conditions and presentation of the purchase price calculation

The terms and conditions for the purchase of SBS shares are set out in a draft Share Purchase Agreement (hereinafter SPA). The latest version dated 13 May 2024 should be referred to for further information.

Certain key SPA terms and conditions are summarised hereunder.

4.1 Scope of the Transaction

The Transaction involves the sale by SOPRA STERIA GROUP SA of 100% of the share capital and voting rights of SOPRA BANKING SOFTWARE to AXWAY SOFTWARE SA.

Prior to the Transaction, SOPRA STERIA GROUP will conduct Restructuring Transactions within SOPRA BANKING SOFTWARE to transfer, within the Sopra Group, and exclude from the transferred scope, Services activities as well as certain Specialized Market Solutions and integration activities for SBS's tier 1 French banks. The transferred scope corresponds to the Software business for SBS's banks, representing approximately 80% of SBS's 2023 revenue.

The prior Restructuring Transactions will mainly involve divestments and the proceeds will be recorded in the SOPRA STERIA GROUP current account.

Unless otherwise specified, our valuation work was performed on the transferred scope, i.e. post carve-out.

4.2 Purchase price

The Initial Purchase Price comprises (i) an enterprise value for SOPRA BANKING SOFTWARE of €330 million, less (ii) the Estimated Net Debt Amount, (iii) the Estimated Working Capital Adjustment and (iii) Estimated Other Adjusted Items. The Working Capital Adjustment Amount is equal to estimated working capital at the closing date (determined 10 days prior to closing) minus normative working capital, calculated on a LTM basis at 30 June 2023.

Following completion of the Transaction, the Initial Purchase Price will be adjusted to take account of the final aggregates (net debt and working capital adjustment) at the closing date. These final aggregates should be determined within 70 working days of the closing in order to calculate the final purchase price.

We agree with the principle and definition of the items selected to adjust the enterprise value and determine the purchase price, which are standard and do not call for any specific comments on our part.

In this context, and considering that the amounts of net debt, working capital and other adjusted items cannot be precisely determined as of the date of this report, we will estimate the purchase price by referring to the enterprise value.

At this stage, the potential tax savings arising from tax loss carryforwards have not been taken into account in the purchase price calculation.

4.3 Conditions precedent and warranties

The Transaction remains subject to the following conditions precedent:

- Completion of all restructuring transactions as defined in Appendix F (iii) of the SPA;
- Approval of the Transaction by competition authorities in France and Morocco;
- AMF decision regarding exemption from the obligation to file a draft public offer, cleared of any claims;
- Completion of the sale of AXWAY shares by SOPRA STERIA GROUP to SOPRA GMT;
- AMF approval of the prospectus filed by AXWAY;
- Completion of AXWAY's €130 million share capital increase;
- Securing by AXWAY of bank financing of €200 million.

Furthermore, Article 10 of the SPA provides for vendor warranties covering any damage effectively and directly suffered by AXWAY or the companies whose securities are sold, as a result of any inaccuracies, violations or omissions in representations made by the vendors. AXWAY's management has confirmed that the warranties provided in connection with the Acquisition are consistent with the results of the various due diligence procedures and its knowledge of the acquired activity.

4.4 Ancillary agreements

The reading of the SPA did not reveal any specific provisions likely to concern a given shareholder, in particular the SOPRA STERIA group, which was also confirmed by AXWAY. Under these circumstances, we did not identify any ancillary agreements within the meaning of the AMF General Regulation.

4.5 Financing of the Transaction

As stated above, the SPA provides for, prior to the Transaction, (i) the completion of AXWAY's €130 million share capital increase and (ii) the securing by AXWAY of bank financing of €200 million. These two financing sources will cover the SBS enterprise value of €330 million.

The share capital increase will be performed pursuant to the 18th resolution voted by the AXWAY General Shareholders' Meeting of 11 May 2023, and be open to all shareholders in proportion to their rights (i.e. with retention of preferential subscription rights). It will be proposed with a subscription price per new share determined according to standard market practices, with a discount on the theoretical ex-rights price (TERP) within the limit of a maximum subscription price (including the discount) of €26.50.

SOPRA GMT has agreed to underwrite this share capital increase, without this granting any specific benefit to it which we would have to consider, providing shareholder preferential subscription rights are retained.

The €200 million bank financing will be provided by a banking pool comprising three banks: CA-CIB, Société Générale and LCL. The interest rate will be 3-month Euribor +3%, i.e. higher than the current AXWAY RCF[20] financing rate (3-month Euribor + 1.75%).

[20] Revolving Credit Facility

5. Determination of the SOPRA BANKING SOFTWARE enterprise value

The purchase price comprises (i) the enterprise value, (ii) the net debt amount (iii) and (iv) the working capital adjustment.

The net debt amount as defined in the draft SPA corresponds to the standard definition:

"Net debt" means, for all SBS Sold Companies aggregated, Financial Indebtedness less Cash […]

"Financial indebtedness" shall mean, with respect to all SBS companies, the aggregate of the following items:

- *(i) all obligations for borrowed money, including as evidenced by notes, bonds, debentures, derivatives or similar instruments;*
- *(ii) any current account or any other debt (including, for the avoidance of doubt, the Intercompany Loan and any cash pooling arrangement) made available by any shareholder and/or any of their Affiliates (including, for the avoidance of doubt, the Seller and the Main Shareholder);*
- *(iii) any vendor financed arrangements;*
- *(iv) trapped cash [NTD: deletion to be confirmed];*
- *(v) Income Tax Indebtedness; and;*
- *(vi) If applicable, outstanding fees payable to external advisors listed in Schedule 1(ii).*

All of the above items are to include any accrued interest payable as relevant.

[…]

"Cash" shall be equal to aggregate of the following items (if applicable):

- *(i) currency at hand;*
- *(ii) demand deposits with banks or other financial institutions;*
- *(iii) any cash equivalents such as deposits, cash used as guarantees, money markets and/or marketable securities;*
- *(iv) discounted cash value of R&D tax credits (CIR) [NTD: to be further defined];*
- *(v) Income Tax Receivables;*
- *(vi) The BPCE Receivable; and*
- *(vii) The positive value of any mark to market on foreign exchange hedging.*

All of the above items are to include any accrued interest receivable as relevant.

We have no comments on the net debt amount as defined, which will therefore be transferred at its present value.

The other adjustments defined in the draft SPA mainly correspond to provisions (retirement benefits, provisions for restoration, provisions for disputes with customers and/or employees, provisions for taxes, as well as 50% of budgeted annual bonuses for all employees) that are not considered in the business plan flows.

These items are usually included in the enterprise value to equity value bridge in addition to the net debt amount and do not call for any other specific comment on our part.

The working capital adjustment defined in the draft SPA is equal to the difference between the level of working capital as observed at the closing date and the normalised level of working capital corresponding to the LTM average at 30 June 2023. This adjustment with respect to average working capital is standard and does not call for any specific comment on our part, since the analyses performed revealed strong similarities between the reference amount used at 30 June 2023 and the estimate at 30 June 2024.

Given the principles used to determine the net debt amount and the working capital adjustment, the present values of these two price inputs were adopted according to standard definitions. Under these circumstances, the assessment of the purchase price is primarily based on the assessment of the enterprise value.

In accordance with the provisions of Article 262-1 of the AMF General Regulation, we performed our own multi-criteria valuation of SOPRA BANKING SOFTWARE's enterprise value, the methods and results of which are set out hereunder.

Note that SOPRA BANKING SOFTWARE was valued following the carve-out of the activities that remain within SOPRA STERIA GROUP.

5.1 Discarded valuation methods

5.1.1 Consolidated net asset value

Consolidated net asset value is generally not considered to be representative of a company's intrinsic value. It does not include growth and profitability outlooks or any capital gains on assets. For information purposes, the consolidated net asset value of SOPRA BANKING SOFTWARE PROFORMA at 31 December 2023 is -€85.7 million based on the combined financial statements, it being specified that SOPRA BANKING SOFTWARE is set to be recapitalised in the amount of €150 million following completion of the restructuring transactions.

5.1.2 Adjusted net asset value

The adjusted net asset value method consists in adjusting the net asset value for unrealised capital gains or losses identified in assets, liabilities or off-balance sheet. This method, which is often used to value companies in certain sectors (holding companies, real estate firms), is particularly suitable for companies whose primary assets have market value and whose operating activities involve the purchase and sale of such assets, which is not the case for SOPRA BANKING SOFTWARE.

5.1.3 Net asset value

We did not consider it necessary to adopt this method as it is not relevant in a context where only going concern-based approaches are to be used to value SOPRA BANKING SOFTWARE PROFORMA shares.

5.1.4 Discounting of future dividends

This method, which consists in discounting future dividends, depends on the distribution policy decided by management and tends to provide better valuations for companies with the highest distribution rates, without taking into account the medium-term impact of trade-offs between distribution, self-financing and investment.

Since the Company has not paid out dividends in the last three fiscal years or more, nor has it announced or determined a distribution policy, this method will not be used.

5.1.5 Comparable transactions

The comparable transactions method is based on an analysis of the multiples generated by total or partial takeovers of companies in the business sector of the entity being valued.

This criteria, which generally includes a control premium and/or the consideration of synergies, does not seem appropriate in the context of an intra-group sale in the presence of minority shareholders. We did not therefore adopt this method in this instance.

For information purposes, the analysis of comparable transactions would have resulted in values and therefore premiums on the €330 million price, much higher than those under the other methods considered.

5.2 Adopted valuation methods

We adopted a multi-criteria approach including the following valuation references and methods.

- The intrinsic discounted cash flow (DCF) method based on the Company's 2023E-2027E business plan;
- The comparables valuation method based on trading multiples.

As part of our analysis, we assessed the relevance of each of these criteria.

5.3 Implementation of the valuation

5.3.1 Discounted cash flows (principal method)

This method consists of determining a company's intrinsic value by discounting the cash flows resulting from its business plan at a rate that reflects the rate of return required by the market for the company, taking into account an exit value at the end of the plan.

This method takes into account the growth outlook specific to the company, and represents the basic value that can be recovered by the buyer if the plan is successfully implemented.

The projected cash flows were determined using the standalone 2023e-2027e business plan (BP) prepared by SBS management, with the help of some 30 managers, and updated in October 2023.

Presentation of management's 2023E-2027E business plan

The business plan includes SBS's strategic plan, which aims for (i) a gradual transition from an integration model to a SaaS model using cloud-based modular software and (ii) the development of new service lines based on standardised and scalable products.

The main defining assumptions are as follows:

- No external growth within the business plan timeframe or major asset divestments expected;
- 2024e-2027e revenue growth mainly driven by the gradual transition of products to an SaaS model and the development of new, more complex products;
- A significant improvement in operating margin between 2023 and 2027, thanks to the development of higher added value modular solutions (Digital Engagement, Next Gen CBS and Regulatory) to gradually replace Integrated Core traditional activities (SAB, Amplitude and Thaller), as well as cost containment at the end of the plan, mainly via the restructuring plan already under way;
- Significant restructuring costs in 2024, already well advanced in the 1st quarter of 2024, which should return to normal in subsequent years at levels consistent with those observed in the past.

As stated above, the BP is a standalone BP, i.e. it does not include any synergies or dis-synergies generated at the end of the Transaction. The forecasts incorporate management fees reflecting the current conditions applied by SOPRA STERIA GROUP. We understand that the management fees will be replaced by service agreements (TSA) with SOPRA STERIA GROUP comprising equivalent financial terms and conditions.

SBS management considers this business plan to be relatively balanced and prudent in terms of revenue, while being realistic in terms of profitability. The success of this plan depends primarily on the ability to effectively roll out the operational strategy within the allotted timeframes.

AXWAY's management considers the forecasts to be optimistic on a stand-alone basis and without any strategic changes, in light of SBS's past performance, and that it can undertake the necessary changes to improve SBS's profitability and align it with its own standards.

This assessment appears to be shared by the controlling shareholder, Pierre Pasquier, who considers that SBS has the potential and ability to enhance its profitability and align it with those of its peers, with the sole uncertainty being the timeframe required to achieve this improvement.

Under these circumstances, the stand-alone business plan is, in our opinion, a solid reference that can be used to value SBS in its current state of development, without taking into account any improvements expected from its merger with AXWAY.

Cash flow calculation

Compared to the BP we received, we made the following adjustments, which have a limited impact on cash flows:

- We factored in the tax effect on the restructuring costs that are presented pre-tax in the business plan;
- We restated the Research Tax Credit in the taxable base;
- We eliminated the impact of IFRS 16 in the cash flows to use pre-IFRS 16 cash flows.

Cash flow extrapolation

We extended the business plan by two additional years (2028e-2029e) to align the plan-end growth rate with a normative growth rate of 2.2% (terminal value) and the operating margin with a normative EBIT margin corresponding to the average operating margin for the last two years of the business plan (2026e and 2027e).

Normative cash flow

A perpetual growth rate of 2.2% was applied to normative cash flow, reflecting the Company's long-term growth outlook, in line with expected long-term inflation rates in France.

Normative cash flow was calculated using an operating margin rate deemed sustainable in the long term, corresponding to the average of the 2026 and 2027 EBIT margins in the business plan.

Normative cash flow incorporates recurring restructuring costs in line with the costs observed over the historical period.

A normative investment cash flow representing 1.2% of annual revenue was adopted in the terminal cash flow. This reflects the average level observed over the entire business plan timeframe.

Capitalised R&D costs corresponding to the normative level of D&A for capitalised R&D costs were used in the terminal cash flow.

The normative tax rate was 25.0%. We did not take into account any tax savings that could result from the utilisation of loss carryforwards given the uncertainties surrounding their use and the related timing. The fact that these potential savings were not taken into account when performing our calculations and setting the price is beneficial to the buyer AXWAY.

Discount rate

We used the weighted average cost of capital to discount cash flows. This cost was estimated at 10.1% based on:

- A risk-free rate of 3.0% corresponding to the OAT TEC 10 (French government bond rate) average rate (1-year average, calculated at 30 April 2024, source: BANQUE DE FRANCE);
- An equity market risk premium of 5.4% (1-year average for risk premiums under the FINEXSI® model at 30 April 2024);

- A deleveraged beta of 1.08 corresponding to the beta observed in the software (system & application) sector (source: DAMODARAN);
- A size premium of 1.3%, corresponding to the difference in size between SOPRA BANKING SOFTWARE and the peers selected for the valuation using the trading multiples method (source: KROLL);
- A cost of debt before corporate income tax of 7.0%, corresponding to the estimated refinancing rate of the Acquisition;
- A gearing of 6.2% corresponding to the average Debt/Equity ratio of the peers;
- A normative tax rate of 25.0%.

The valuation was performed at 31 December 2023, and the financial cash flows were updated mid-year.

Valuation results

Based on these inputs, the enterprise value of SOPRA BANKING SOFTWARE is €333 million.

A sensitivity analysis of this value to a combined change in the discount rate (from -1 point to +1 point) and the perpetual growth rate (from -0.5 points to +0.5 points), and in the discount rate (from -1 point to +1 point) and the EBIT margin rate (from -2 points to + 2 points), is presented below.

Table 3- Analysis of sensitivity to a combined change in the perpetual growth and discount rates

	EV	WACC				
		9.1%	9.6%	10.1%	10.6%	11.1%
Perpetual growth (%)	1.70%	362	338	316	297	281
	1.95%	373	347	325	305	287
	2.20%	385	357	333	312	294
	2.45%	397	368	343	320	301
	2.70%	411	380	353	329	308

Table 4 - Analysis of sensitivity to a combined change in the margin and discount rates

	EV	WACC				
		9.1%	9.6%	10.1%	10.6%	11.1%
EBIT Margin (%)	6.91%	312	290	272	255	241
	7.91%	348	324	303	284	267
	8.91%	385	357	333	315	294
	9.91%	421	391	364	341	320
	10.91%	458	424	395	369	346

At the end of this analysis, we will select a range of values between **€303 million and €364 million** with a median of €333 million.

5.3.2 Trading multiples (secondary method)

The trading multiples method consists in determining a company's value by applying multiples observed for a sample of other listed companies in the same sector to aggregates deemed relevant.

The effectiveness of this method is founded mainly on the availability of a representative sample of similar companies, taking into account criteria such as business sector, size, risk profile, geographic distribution and profitability.

We identified six listed companies specialising in software publishing for financial and banking institutions (banking, insurance, asset management), with revenues mostly generated in the EMEA zone.

We selected EBIT. This is the most relevant aggregate as the impact of R&D capitalisation policies can be incorporated and IFRS 16 impacts can be smoothed out.

In our opinion, this method is less relevant as companies may differ in size and product mix, due to the fact that the sample is composed of "self-supporting" companies and not subsidiaries as is the case for SOPRA BANKING SOFTWARE. The companies in our sample are those we consider most comparable to SOPRA BANKING SOFTWARE, although the majority generate higher profit margins. Under these circumstances, this method was only implemented on a secondary basis.
The sample comprises the following six companies:

- **TEMENOS AG,** a Swiss company that develops and markets integrated banking software systems. These services comprise a digital banking platform, payment technology and banking software for the retail industry. The company operates mainly in Europe (30%), America (28%), Middle East and Africa (20%) and Asia (18%). In 2023, TEMENOS reported revenue of €928.9 million and operating income of €291 million, representing an operating margin of 31.3%.

- **ALFA FINANCIAL SOFTWARE HOLDINGS PLC,** a UK software solutions and consulting services company for the automotive financing and equipment industry. The group's activities are mainly based in Europe (60%) and the United States (33%). In 2023, ALFA FINANCIAL SOFTWARE HOLDINGS PLC reported revenue of €119 million and operating income of €35 million, representing an operating margin of 29.5%.

- **APTITUDE SOFTWARE GROUP PLC,** a UK company specialising in financial scanning and subscription management software. It offers a wide range of services including cloud, delivery, trust-centric security, support and training. The Company is mainly present in the United Kingdom (55%) and the rest of the world (45%). In 2023, APTITUDE SOFTWARE GROUP PLC reported revenue of €86 million and operating income of €11 million, representing an operating margin of 13.0%.

- **IRESS LIMITED,** a New Zealand tech company providing financial services to financial institutions. It provides data on the market, transactions, compliance, order management, portfolio systems and related tools to financial market and wealth management participants. It is also active in the UK mortgage industry, providing mortgage arrangement software and consulting services to banks. The group's operational activities are mainly based in Asia (56%) and Europe (33%). In 2023, IRESS LIMITED reported revenue of €356 million and an operating loss of -€65 million, representing an operating margin of -18.1%.

- **SAPIENS INTERNATIONAL CORPORATION N.V** is an Israeli company specialising in software solutions for the property, casualty, corporate and personal insurance, life and pension insurance, and reinsurance sectors. It operates in Europe (50%), the United States (41%) and the rest of the world (9%). In 2023, SAPIENS INTERNATIONAL CORPORATION N.V reported revenue of €466 million and operating income of €71 million, representing an operating margin of 15.3%.

- **LINEDATA SERVICES S.A,** an SaaS software package publishing company operating in the asset management (67%) and insurance and financing (33%) sectors. It provides software for fund accounting, automobile financing, consumer credit and capital goods financing. The company operates mainly in Europe (49%) and America (46%). In 2023, LINEDATA SERVICES S.A reported revenue of €183 million and operating income of €38 million, representing an operating margin of 20.7%.

Table 5 - Pre-IFRS 16 operating margins and multiples observed for the peer sample

Peers	Country	Revenue 2023 (€m)	EV (€m)	EBIT Margin		xEBIT	
				2024e	2025e	2024e	2025e
Temenos AG	Switzerland	905	5,880	33.1 %	34.0 %	19.6x	17.7x
Alfa Financial Software Holdings PLC	United Kingdom	118	562	28.0 %	28.0 %	15.9x	14.9x
Aptitude Software Group plc	United Kingdom	86	179	14.4 %	15.4 %	15.1x	13.3x
Iress Limited	Australia	386	1,098	13.7 %	17.0 %	21.0x	16.5x
Sapiens International Corporation N.V.	Israel	466	1,434	18.3 %	18.7 %	15.0x	13.7x
Linedata Services S.A.	France	183	333	19.9 %	19.9 %	8.7x	8.4x
Average				**21.2 %**	**22.2 %**	**15.9x**	**14.1x**
Median				**19.1 %**	**19.3 %**	**15.5x**	**14.3x**

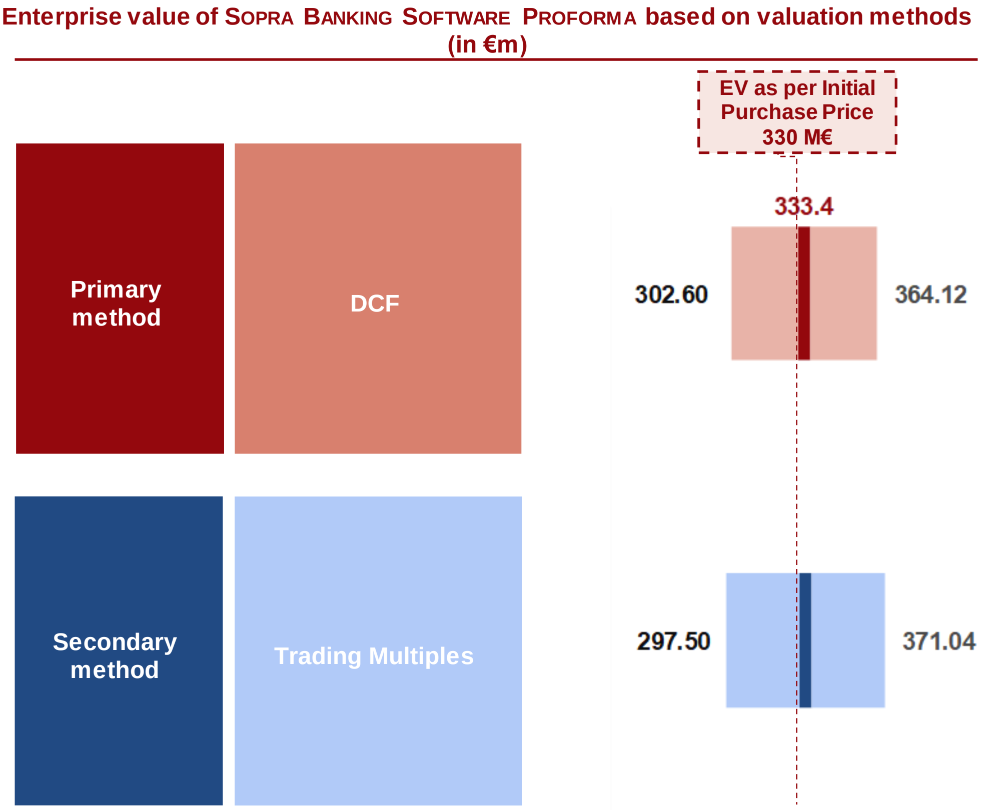
* Multiples induced by (i) an enterprise value calculated on the basis of the 3-month VWAP and an average number of shares over 3 months
Source: Capital IQ

Sources: CAPITAL IQ, FINEXSI ANALYSES

We selected pre-IFRS 16 EBIT median multiples for 2024E (15.5x) and 2025E (14.3x). Applied to the SOPRA BANKING SOFTWARE estimated aggregates from the stand-alone business plan, the enterprise value of SOPRA BANKING SOFTWARE ranges **from €297.5 million to €371.0 million.**

5.4 Summary of our work and assessment of the enterprise value

Figure 8 - Summary of the valuation work performed by FINEXSI



The purchase price therefore reflects a slight premium of 1.2% compared to the median derived from the discounted cash flow method. This method was applied using the business plan drawn up by management based on optimistic assumptions compared to past performance, but which are considered achievable compared to those of its competitors.

The various valuation approaches implemented revealed a valuation range for SBS of between **€298 million** and **€371 million,** with a median of **€333 million** (corresponding to the DCF median).

The adopted enterprise value (€330 million) falls in the mid-range under the discounted cash flow method. This is the principal method used because it reflects the company's own growth outlook based on the management business plan incorporating the strategic plan and ongoing restructuring.

It also falls within the range of values resulting from the trading multiples method, which generated an enterprise value for the Company of between **€297.5 million** and **€371 million**.

On this basis, the enterprise value of SBS adopted in the SPA to determine the Initial Purchase Price, i.e. €330 million, is, in our opinion, representative of the intrinsic enterprise value of SOPRA BANKING SOFTWARE, corroborated by the trading multiples method.

6. Consequences of the Transaction for the Company

According to AXWAY's press release of 21 February 2024:

"*This acquisition would fit perfectly Axway's medium-term strategic roadmap, as outlined by the company over the last few years, creating a new enterprise software house with critical scale*.

[…]

the acquisition of most of SBS activities would represent a unique opportunity for Axway to expand its product portfolio and continue its development by capitalizing on its recent performance. SBS, a recognized provider of banking and financial software, would benefit from the scale and experience of a global software structure that has already transitioned to a subscription-based business model.

[…]

If completed, the combination would give rise to a new enterprise software house with critical scale, able to meet banking application and integration needs with increased firepower and visibility thanks to the expertise of around 5,000 employees worldwide.

The SBS activities concerned by the operation generated revenue of around €340m in 2023, representing around 80% of the subsidiary's total revenue. The combined entity would achieve revenue of around €650m, well beyond Axway's medium-term ambition as the company will be more than doubling its current revenue. "

For financial purposes, we understand that the three indicators monitored by AXWAY are revenue, operating income and operating cash flow.

In terms of revenue, the acquisition will enable AXWAY to achieve its strategic targets with a combined 2023 revenue of around €650 million, while diversifying its operational risk with a sector in which it does not currently operate.

Regarding operating income and operating cash flow, the company has not, at this stage, conducted any accretion/dilution analyses. However, management has drawn up a combined business plan incorporating expected "operational efficiencies" and the related implementation costs. We conducted simulations of the acquisition's impact on operating income and operating cash flow per share according to various assumptions, particularly with regard to the number of shares created.

Given the lower operating margins observed for SBS, the combined entity's operating margin will decline in the coming years, returning to a level close to the AXWAY standalone level at the end of the business plan (i.e. in 2028).

Based on management forecasts and our analyses, the transaction will be dilutive in terms of operating income per share and operating cash flow per share in 2024, primarily due to the estimated restructuring costs.

Overall, these unit aggregates will gradually improve, becoming accretive between 2025 and 2027 according to the current assumptions.

We also simulated net earnings per share, which takes into account the impact of the acquisition's financing terms and conditions. It will be accretive from fiscal 2027.

7. Summary of our procedures and assessment of the fairness of the financial terms and conditions of the transaction

This Transaction consists of the acquisition by AXWAY of all SBS's securities.

The purchase price comprises (i) an enterprise value, set at €330 million, and (ii) precisely defined adjustments used to determine the Initial Purchase Price. These adjustments, which involve factoring in SBS's debt position, other adjusted items and a working capital adjustment, will be calculated on the Transaction completion date to determine the Final Purchase Price on that date.

(i) The enterprise value of €330 million falls within the range of values obtained using our multi-criteria valuation approach for SBS (i.e. between €297.5 million and €371 million) and is very close to the median produced by the DCF method, which is representative of the intrinsic value of the acquired activities.

(ii) The amount of adjustments that will impact the Initial Purchase Price will only become known on the Transaction date. Nevertheless, these adjustments are precisely defined, standard and corroborated in principle and based on the accounting data representative of their value at the Transaction date.

Accordingly, the proposed price is at the mid-range of our enterprise value assessment and incorporates the value on the purchase date of SBS's remaining assets.

Furthermore, although SBS's current margin is lower than that of AXWAY and the transaction will initially generate restructuring costs, it is consistent with the roll-out of AXWAY's growth strategy and should gradually become accretive in terms of operating income, operating cash flow and earnings per share based on management's combined business plan.

In conclusion, based on our procedures and as of the date of this report, the financial terms and conditions of the Transaction as set-out in the draft Share Purchase Agreement of 13 May 2024 attached to our report to the Board of Directors, are, in our opinion, fair from a financial perspective for AXWAY and its shareholders.

Paris, 24 May 2024

FINEXSI EXPERT & CONSEIL FINANCIER

Lucas Robin
Partner

Olivier Peronnet
Partner

Appendix 1 - Presentation of FINEXSI and its engagement

Presentation of FINEXSI EXPERT ET CONSEIL FINANCIER:

The activities of FINEXSI EXPERT ET CONSEIL FINANCIER fall within the scope of the professions regulated by the *Ordre des Experts Comptables* and the *Compagnie Nationale des Commissaires aux Comptes*. They mainly includes the following activities:

- Company acquisitions and divestments;
- Contributions and mergers;
- Independent valuations and appraisals;
- Assistance with disputes and litigation.

To perform these tasks, most staff members employed by the firm have a high level of experience and expertise in each of these specialities.

Finexsi is independent and does not belong to any group or network.

List of independent appraisals performed by FINEXSI over the past 18 months:

Date	Target	Initiator	Presenting bank(s)	Operation
Oct-22	Bluelinea	Apicil	CIC Market Solutions	Simplified Public Tender Offer
Oct-22	EDF	Etat français	Goldman Sachs, Société Générale	Simplified tender offer followed by a squeeze-out
Dec-22	Somfy	J.P.J.S., JP3	Rothschild Martin Maurel, Crédit Agricole Corporate and Investment Bank, Natixis, Portzamparc BNP Paribas et Société Générale	Simplified tender offer followed by a squeeze-out
Dec-22	Groupe Flo	Groupe Bertrand	BNP Paribas	Public buyout offer followed by a squeeze-out
Dec-22	Manutan International	Spring holding SAS	Degroof Petercam et CIC Market Solutions	Simplified tender offer followed by a squeeze-out
Feb-23	CS Group	Sopra Steria	Société Générale	Simplified tender offer followed by a squeeze-out
Mar-23	Lisi	Lisi	Degroof Petercam et BNP Portzamparc	Public buyout offer
May-23	Vilmorin & Cie	Limagrain	Lazard, CIC, Crédit Agricole, Société Générale	Simplified tender offer followed by a squeeze-out
Jun-23	Olympique Lyonnais Groupe	Eagle Football Holdings Bidco Limited	Natixis	Simplified tender offer
Jul-23	Rothschild & Co	Concordia	Natixis, Crédit Agricole Ile-de-France	Simplified tender offer
Aug-23	Paragon ID	Genadier Holdings Plc	Banque Palatine	Simplified tender offer followed by a squeeze-out
Nov-23	ESI Group	Keysight Technologies	JP Morgan, BNP Paribas	Simplified tender offer followed by a squeeze-out
Dec-23	Altur Investissement	Suffren Holding	Invest Securities	Simplified tender offer followed by a squeeze-out
Feb-24	Compagnie Industrielle et Financière d'Entreprises (C.I.F.E)	Spie batignolles	Oddo BHF	Simplified tender offer

Membership of a professional association recognised by the Financial Markets Authority (AMF):

FINEXSI EXPERT & CONSEIL FINANCIER is a member of the APEI (*Association Professionnelle des Experts Indépendants*), a professional association recognised by the *Autorité des Marchés Financiers* (AMF, French Financial Markets Authority) in application of Article 263-1 of its General Regulation.

In addition, FINEXSI EXPERT & CONSEIL FINANCIER implements procedures intended to protect the firm's independence, avoid situations of conflict of interest and monitor the quality of the completed work and reports before they are issued for each engagement.

Amount of compensation received

Our compensation for this engagement is €110,000, excluding taxes, costs and disbursements.

Description of completed due diligence procedures:

The following detailed work programme was implemented:

1 - Familiarisation with the transaction and its terms and conditions and acceptance of the engagement;

2 - Identification of risks and coordination of the engagement;

3 - Collection of information and data required for the engagement:

- Familiarisation with analysis reports on the sector, the Company's peers and comparable transactions;

4 - Assessment of the context of the Transaction:

- Understanding of the process leading to the Transaction: discussions with Management and its advisors;

- Familiarisation with the Company's market and activity using sectoral analyses;

5 - Analysis of the transaction and related legal documentation, in particular:

- Draft SPA

- Three - GMT non-binding agreement

6 - Familiarisation with the accounting and financial documentation of SOPRA BANKING SOFTWARE and AXWAY;

7 – Development and implementation of a multi-criteria valuation approach for SOPRA BANKING SOFTWARE including the following steps:

- Discussions with Management on the business plan and key assumptions used to model flows.
- Implementation of a valuation using the discounted cash flow (DCF) method
- Implementation of comparables methods (trading multiples)

- Analysis of opportunities and risks pertaining to SOPRA BANKING SOFTWARE that may affect the value presented, using a SWOT matrix

8 – Reasoned selection of valuation criteria adopted (primary, secondary or indicative) and excluded;

9 – Progressive reporting on our work to the Special Purpose Committee;

10 – Analysis of the valuation components provided by advisory banks;

11 – Independent review;

12 – Drafting of the report for the AXWAY Board of Directors on the fairness of the financial terms and conditions governing the sale of SOPRA BANKING SOFTWARE to AXWAY.

Engagement timetable:

8 February 2024	First meeting with SOPRA BANKING SOFTWARE Management on the presentation of the Company, its activity and the business plan review
8 February 2024	Meeting with Mr. Donovan on his view of the SOPRA BANKING SOFTWARE business plan and strategy
8 February 2024	Meeting presenting the valuation work conducted by SOCIÉTÉ GÉNÉRALE, SOPRA BANKING SOFTWARE's advisor
15 February 2024	Work meeting with AXWAY teams
19 February 2024	1st briefing with the Special Purpose Committee: presentation of our preliminary valuation procedures
19 February 2024	Discussion of valuation procedures with CRÉDIT AGRICOLE CIB, AXWAY's advisor
26 February 2024	2nd briefing with the Special Purpose Committee
4 March 2024	3rd briefing with the Special Purpose Committee
25 March 2024	4th briefing with the Special Purpose Committee
22 April 2024	5th briefing with the Special Purpose Committee
2 May 2024	Work meeting with Mrs. C. Allmacher
6 May 2024	6th briefing with the Special Purpose Committee
6 May 2024	Meeting with Mr. Patrick Donovan and Mrs. C. Allmacher on the combined business plan and the consequences of the transaction for AXWAY
7 May 2024	Meeting with SOPRA STERIA GROUP (Mr. Etienne du Vignaux) and SBS (Mr. J. Courault) on certain VDD matters
13 to15 May 2024	Independent review of the FINEXSI report
15 May 2024	Presentation of our conclusions to the Special Purpose Committee
16 May 2024	Receipt of representation letters
16 May 2024	Submission of the valuation report
24 May 2024	Preparation of this public version of the valuation report

List of individuals met or contacted:

AXWAY

- Mr. Patrick Donovan, CEO
- Mrs. Cécile Allmacher, CFO
- Mr. Franck Keloglanian, Corporate Secretary

SPECIAL PURPOSE COMMITTEE

- Mrs. Emma Fernandez, independent member
- Mr. Hervé Dechelette

SOPRA STERIA GROUP

- Mr. Pierre Pasquier, Chairman
- Mr. Etienne du Vignaux, Group CFO

SOPRA GMT

- Mrs. Flora Farges, CFO

SOPRA BANKING SOFTWARE:

- Mr. Eric Bierry, CEO
- Mr. Philippe Buisson, Executive Vice-President, Corporate Secretary
- Mr. Jerome Courault, CFO

CRÉDIT AGRICOLE CIB, AXWAY advisor

- Benjamin Maufras, Managing Director TMT
- Maxence Desarbres, M&A Vice President TMT

SOCIÉTÉ GÉNÉRALE CIB, SOPRA STERIA GROUP advisor

- Mr. Michael Nebot, Managing Director
- Mr. Gatien Poirier, Associate

Main information sources used:

Information communicated:

- Presentation of CRÉDIT AGRICOLE CIB's THREE project to the Board of Directors on 21 February 2024 "2024 02 19 - P3_BoD Presentation";
- Three - GMT - SSG - AXWAY non-binding agreement
- Draft Share Purchase Agreement (SPA) of 13 May 2024
- SOPRA BANKING SOFTWARE combined appendices
- SOPRA BANKING SOFTWARE standalone business plan
- AXWAY and SOPRA BANKING SOFTWARE combined business plan
- "Project Three - Financial VDD - Working Draft" - 2 May 2024
- "Project Three - Information pack"
- "SBS investors presentation EN - Dec 2023"
- "Axway Presentation_december2023"
- "2023.12 Axway Valuation Modeling v1 - Audit Committee 2024.01 - SSG version VF"
- SOPRA STERIA GROUP analysis reports

Market information:

- Trading multiples: CAPITAL IQ, MERGERMARKET, EPSILON RESEARCH, annual reports and peers;
- Market data (risk-free rate, risk premium, beta, etc.): CAPITAL IQ, EPSILON RESEARCH, BANQUE DE FRANCE.
- XERFI economic studies, "*Software publishing*", January 2024
- Deloitte study – "A Deloitte view of the asset finance software industry"

Database

- CAPITAL IQ;
- MERGERMARKET
- EPSILON RESEARCH
- XERFI

Personnel associated with the completion of the engagement:

The signatories, Messrs. Olivier Péronnet (Partner) and Lucas Robin (Partner), were assisted by Mrs. Adeline Burnand (Associate Director), Mr. Saliou Sylla (Senior Analyst) and Mr. Pierre-Alexandre Ravoire (Analyst).

The independent review was conducted by Mr. Olivier Courau, Partner of the firm.

He was appointed at the beginning of the engagement and was kept informed of key matters or difficulties identified during the engagement up until the report was issued. His role was to ensure that the work was of the appropriate quality and that good valuation practices were applied. His work principally involved:

- Reviewing the engagement acceptance procedure and the assessment of the firm's independence;

- Reviewing the valuation work performed by the team and the findings resulting from that work;

- Reviewing the documents on which the opinion of the signatory partners is based and assessing the format and findings of the report.

His work was formally documented and discussed with the signatory partners.

Annex 2.1 - Unaudited Pro Forma Financial Information

The Axway Software IT services group ("**Axway**" or the "**Axway Group**") plans to acquire the majority of Sopra Steria Group SA's banking software division by acquiring 100% of the share capital and voting rights of Sopra Banking Software ("**SBS**" and, with the Axway Group, the "**Combined Group**") (hereinafter, the "**Acquisition**").

On February 21, 2024, Axway announced that it had entered into exclusive discussions regarding the potential acquisition of a significant portion of SBS's activities, which until then had been part of the Sopra Steria group. The announcement was made in a press release entitled "Axway announces entering into exclusive discussions to acquire most of Sopra Banking Software activities", issued on February 21, 2024.

On May 31, 2024, Sopra Steria Group SA and Axway entered into a share purchase agreement for the Acquisition (the "**Share Purchase Agreement**"), on the basis of an SBS enterprise value of €330 million. It is specified that the price for the shares and the total amount of SBS's current account with Sopra Steria Group to be repaid by Axway will be determined at the date of completion of the Acquisition (the "**Current Account**"), and that the share price may be adjusted following the date of completion. The share price will be paid entirely in cash. The Acquisition is subject to the following conditions precedent:

- SBS's legal restructuring transactions initiated in 2023 (the "**2023 Preliminary Restructuring Transactions**") and which continued in 2024 (the "**2024 Preliminary Restructuring Transactions**" and, together with the 2023 Preliminary Restructuring Transactions, the "**Preliminary Restructuring Transactions**"). Following the Preliminary Restructuring Transactions, the assets and liabilities not connected with Sopra Banking Software will have been transferred to Sopra Steria Group. These Preliminary Restructuring Transactions will take place prior to June 30, 2024;

- The acquisition by Sopra GMT ("**Sopra GMT**") of Axway shares from Sopra Steria Group SA (the "**Axway Block Acquisition**") and the acquisition by Sopra GMT of all of the preferential subscription rights detached from the Axway shares held by Sopra Steria Group SA following the Axway Block Acquisition;

- Obtaining a decision by the French *Autorité des marchés financiers* ("**AMF**") that Sopra GMT and Sopra Steria Group are not required to file a tender offer for Axway's shares, and obtaining the required competition law authorizations in France and in Morocco;

- Obtaining funds in the amount of €200 million pursuant to a bank loan from three partnering arranging banks (Crédit Agricole, Société Générale, and LCL), formalized by the conclusion of a syndicated loan agreement dated May 23, 2024 (the "**Bank Loan**"); and

- The completion of a capital increase in the amount of €130 million, with maintenance of preferential subscription rights and the AMF's approval of the related prospectus. The subscription price per new Axway share will be determined in accordance with standard market practices when the capital increase is launched, and will include a standard discount from the Theoretical Ex-Rights Price, or TERP (the "**Capital Increase**"). In light of this discount, the subscription price is not expected to be higher than €26.50 per share.

Axway is financing the Acquisition by using the Bank Loan (in order to repay the Current Account - see Note 3) and the completion of the Capital Increase (in order to pay the price for the SBS shares).

The purpose of the Axway unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") is to provide information that will enable readers, whether investors or shareholders, to understand the impact that the Acquisition (including its related financing transactions) would have on Axway's balance sheet as of December 31, 2023, and on its income statement for the period running from January 1, 2023, to December 31, 2023, if the Acquisition had been completed prior to its real date.

The Unaudited Pro Forma Financial Information is presented for illustrative purposes only. It describes a hypothetical situation and is not necessarily representative of the results or the future financial position that the Combined Group would have achieved if the Acquisition had been completed as of the dates mentioned above. There can be no assurances that the trends indicated by the Unaudited Pro Forma Financial Information will be representative of the Combined Group's future results or performance.

Therefore, the future Combined Group's results and financial position may differ significantly from the results and financial position presented in the Unaudited Pro Forma Financial Information.

1. Basis of presentation

1.1. Regulatory framework

The Unaudited Pro Forma Financial Information is required by Annex 1 to Delegated Regulation (EU) 2019/980 on prospectuses and ESMA guidelines (ESMA32-382-1138 of March 4, 2021) for acquisitions with an impact of greater than 25% on the acquirer's revenue or net profit, or its total balance sheet.

The Unaudited Pro Forma Financial Information has been prepared pursuant to Annex 20 to Delegated Regulation (EU) 2019/980, ESMA guidelines (ESMA32-382-1138 of March 4, 2021), and the provisions of the AMF's Position-Recommendation DOC 2021-02 on Unaudited Pro Forma Financial Information.

1.2. Accounting treatment of the Acquisition

The business combination will be accounted for using the "acquisition method" in accordance with IFRS 3, "Business Combinations", as revised ("**IFRS 3**"). The Axway Group's management has determined that the Axway Group is the acquirer and SBS is the acquired company for accounting purposes. Pursuant to IFRS 3, since SBS is the acquired entity, its identifiable assets and liabilities being acquired were recorded at their fair value on the acquisition date, as defined in accordance with IFRS 3 (the "**Closing Date**"). The valuations of the Axway Group's assets and liabilities are not affected by the Acquisition (see Note 3).

2. Basis of preparation of the Unaudited Pro Forma Financial Information

The Unaudited Pro Forma Financial Information has been prepared in thousands of euros, the functional currency and the reporting currency of the historical consolidated financial statements of the Axway Group and of SBS.

The Unaudited Pro Forma Financial Information includes the following:

- A pro forma income statement for the fiscal year ended December 31, 2023;
- A pro forma balance sheet as of December 31, 2023; and
- Explanatory notes.

This financial information reflects the Acquisition using the acquisition method as if it had occurred on December 31, 2023, for the purposes of the pro forma balance sheet, and on January 1, 2023, for the purposes of the pro forma income statement (see Note 3).

The Unaudited Pro Forma Financial Information has been prepared on the basis of the following:

The statement of financial position and the income statement from Axway's audited consolidated financial statements for the year ended December 31, 2023, produced using IFRS accounting standards as adopted in the European Union and included in Axway's 2023 universal registration document filed with the AMF on March 25, 2024, under number D.24-0175. The audit report by Forvis Mazars SA and Nexia S&A, the Axway Group's statutory auditors, with respect to Axway's consolidated financial statements for the year ended December 31, 2023, contains no qualifications or observations.

- The combined statement of financial position and the combined profit for the year taken from SBS's audited combined financial statements for the fiscal year ended December 31, 2023, established for the purposes of the Acquisition and reflecting the 2023 Preliminary Restructuring Transactions, based on the audited consolidated financial statements of Sopra Steria Group for the fiscal year ended December 31, 2023, established using IFRS standards as adopted in the European Union and included in Sopra Steria Group's universal registration document for the 2023 fiscal year, filed with the AMF on March 15, 2024, under number D.24-0121. The audit report by Forvis Mazars SA and Nexia S&A, SBS's statutory auditors, with respect to SBS's combined financial statements prepared on the basis of IFRS standards as adopted in the European Union for the fiscal years ended December 31, 2022 and 2023, included in Annex 3 of the amendment to the universal registration document with the corresponding combined financial statements, contains the following observation: *"Without calling into question the opinion expressed above, we draw your attention to Note 6.2, 'Basis of preparation of the combined financial statements,' and 6.3, 'Combination principles,' of the Combined Financial Statements, which specify the conventions and principles of combination."*

The 2024 Preliminary Restructuring Transactions (effects of the transfer of the legal entities transferred to Sopra Steria Group and the recapitalization of SBS) should modify the financing structure of Sopra Banking Software's activities, as reflected in the combined financial statements as of December 31, 2023. The effects of the 2024 Preliminary Restructuring Transactions are reflected in the pro forma adjustments (see Note 1).

In connection with the preparation of the pro forma information and the payment of the components of the Acquisition price (namely, the price of the shares and repayment of the Current Account), the Group has assumed an initial purchase price of €130 million and a Current Account repayment of €200 million , as a basis for the preparation of the Unaudited Pro Forma Financial Information.

Without access to SBS's detailed information, it was impossible to proceed with the following adjustments in preparing the Unaudited Pro Forma Financial Information:

- The restatement of any disputes and potential liabilities; and
- The revaluation to fair value of the identifiable assets and liabilities (see Note 3).

The pro forma adjustments recorded in order to determine the Unaudited Pro Forma Financial Information were limited to impacts:

- directly attributable to the Acquisition; and
- supported by facts on the basis of the available information.

The pro forma adjustments do not take into account the impacts of deferred taxes, as Axway does not recognize any deferred assets on losses that may be carried forward in France as of December 31, 2023.

The Unaudited Pro Forma Financial Information was established on the basis of available information and assumptions that the group considers to be reasonable as of the date of the universal registration document amendment and in line with the Acquisition.

The following items, which will be due only to changes in the future, were not adjusted in the Unaudited Pro Forma Financial Information:

- The new costs resulting from the restructuring and future changes (change in strategy or organization); and

- Synergies and economies of scale, since they are considered as forecasts.

In addition, Axway Group and SBS have preexisting connections (meeting the definition of reciprocal transactions) prior to the effective completion of the Acquisition. As a result, restatements were performed in that regard in the Unaudited Pro Forma Financial Information (see Note 5).

The Unaudited Pro Forma Financial Information has been prepared on the basis of the assumptions described in Notes 1 to 6 of Paragraph 3 below.

3. Financial information and pro forma adjustments

3.1. Unaudited pro forma consolidated income statement for the fiscal year ended December 31, 2023

(in thousands of euros)	**Historical information about the Axway Group**	**Historical information about SBS**	**Aggregation of historical financial information**	**Pro forma adjustment, "Financing of the Acquisition" Note 2**	**Pro forma adjustment, "Transaction costs" Note 4**	**Pro forma adjustment, "Cancellation of reciprocal transactions" Note 5**	**Adjustments relating to accounting rules and methods Note 6**	**Pro forma financial information**
Revenue:	**318,976**	**359,228**	**678,204**	**-**	**-**	**(2,027)**	**-**	**676,177**
Employee costs	(179,558)	(237,797)	(417,355)	-	-	-	-	(417,355)
External expenses	(63,778)	(80,114)	(143,892)	-	-	2,027	-	(141,865)
Taxes and duties	(2,876)	(3,178)	(6,054)	-	-	-	-	(6,054)
Depreciation and amortization, provisions, and impairment	(11,832)	(15,348)	(27,180)	-	-	-	(5,018)	(32,198)
Other current operating income and expenses	1,881	3,468	5,349	-	-	-	-	5,349
Profit on operating activities	**62,813**	**26,259**	**89,072**	**-**	**-**	**-**	**(5,018)**	**84,054**
As a % of total revenue, excl. tax	*20%*	*7%*	*13%*	-	-	-	-	*12%*
Share-based payment expenses	(4,183)	(3,688)	(7,872)	-	-	-	-	(7,872)
Amortisation of allocated intangible assets	(3,197)	(9,060)	(12,257)	-	-	-	-	(12,257)
Profit from recurring operations	**55,432**	**13,511**	**68,943**	**-**	**-**	**-**	**(5,018)**	**63,925**
as % of total revenue, excl. tax	*17%*	*4%*	*10%*	-	-	-	-	*9%*
Other operating income and expenses	(7,862)	(59,771)	(67,634)	-	(3,235)	-	-	(70,869)
Operating profit	**47,570**	**(46,261)**	**1,309**	**-**	**(3,235)**	**-**	**(5,018)**	**(6,944)**
as % of total revenue, excl. tax	*15%*	*(13)%*	*0.2%*	-	-	-	-	*(1%)*
Cost of net financial debt	(4,624)	(20,058)	(24,682)	(14,061)	-	-	-	(38,744)
Other financial income and expenses	(161)	(2,442)	(2,603)	-	-	-	-	(2,603)
Income tax expenses	(6,951)	(7,884)	(14,834)	-	-	-	-	(14,834)
Profit for the year from continuing operations	**35,834**	**(76,644)**	**(40,810)**	**(14,061)**	**(3,235)**	**-**	**(5,018)**	**(63,124)**
Profit of the year	**35,834**	**(76,644)**	**(40,810)**	**(14,061)**	**(3,235)**	**-**	**(5,018)**	**(63,124)**
as % of total revenue, excl. tax	*11%*	*(21%)*	(6%)	-	-	-	-	(9%)
of which attributable to non-controlling interests	6	-	6	-	-	-	-	6
of which attributable to owners of the Company	**35,828**	**(76,644)**	**(40,816)**	**(14,061)**	**(3,235)**	**-**	**(5,018)**	**(63,131)**

3.2. Unaudited pro forma statement of financial position as of December 31, 2023

(in thousands of euros)	**Historical information about the Axway Group as of 12/31/23**	**Historical information about SBS as of 12/31/23**	**Effects of the 2024 Preliminary Restructuring Transactions Note 1**	**Aggregation of historical financial information as of the transaction date**	**Pro forma adjustment, "Financing of the Acquisition" Note 2**	**Pro forma adjustment, "Acquisition of SBS" Note 3**	**Pro forma adjustment, "Transaction costs" Note 4**	**Pro forma adjustment, "Cancellation of reciprocal transactions" Note 5**	**Adjustments relating to accounting rules and methods Note 6**	**Pro forma financial information**
Goodwill	302,122	254,120	-	556,242	-	32,359	-	-	-	588,601
Intangible assets,	5,138	61,313	-	66,451	-	-	-	-	-	66,451
Property, plant and equipment	9,289	7,561	-	16,851	-	-	-	-	-	16,851
Lease right-of-use assets	17,820	33,676	-	51,496	-	-	-	-	-	51,496
Non-current financial and other assets	13,098	1,777	-	14,875	-	-	-	-	-	14,875
Deferred tax assets	20,104	6,025	-	26,128	-	-	-	-	-	26,128
Non-current assets	**367,571**	**364,472**	**-**	**732,043**	**-**	**32,359**	**-**	**-**	**-**	**764,402**
Trade receivables	178,009	97,665	-	275,674	-	-	-	(24)	(5,018)	270,632
Other current receivables	32,331	26,170	-	58,501	-	-	-	-	-	58,501
Cash and cash equivalents	16,682	4,011	-	20,694	323,063	(330,000)	(3,235)	-	-	10,522
Current assets	**227,022**	**127,847**	**-**	**354,869**	**323,063**	**(330,000)**	**(3,235)**	**(24)**	**(5,018)**	**339,655**
Total assets	**594,593**	**492,318**	**-**	**1,086,911**	**323,063**	**(297,641)**	**(3,235)**	**(24)**	**(5,018)**	**1,104,057**
Share capital	43,267	0	-	43,267	9,811	-	-	-	-	53,079
Capital reserves	113,380	0	-	113,380	117,520	-	-	-	-	230,900
Consolidated and other reserves	153,785	(9,083)	183,368	328,069	-	(174,285)	-	-	-	153,785
Profit for the year	35,828	(76,644)	-	(40,816)	-	76,644	(3,235)	-	(5,018)	27,575
Equity – share attributable to owners of the Company	**346,260**	**(85,727)**	**183,368**	**443,901**	**127,331**	**(97,641)**	**(3,235)**	**-**	**(5,018)**	**465,338**
Non-controlling interests	11	-	-	11	-	-	-	-	-	11
Total equity	**346,271**	**(85,727)**	**183,368**	**443,912**	**127,331**	**(97,641)**	**(3,235)**	**-**	**(5,018)**	**465,349**
Financial debt – long-term portion	87,995	8,456	-	96,451	183,732	(8,456)	-	-	-	271,727
Lease liabilities – long-term portion	19,689	28,653	-	48,341	-	-	-	-	-	48,341
Deferred tax liabilities	4,378	1,078	-	5,457	-	-	-	-	-	5,457
Other non-current liabilities, including long-term provisions	12,154	23,468	-	35,622	-	-	-	-	-	35,622
Non-current liabilities	**124,217**	**61,655**	**-**	**185,871**	**183,732**	**(8,456)**	**-**	**-**	**-**	361,147
Financial debt – short-term portion	4,278	378,923	(183,368)	199,833	12,000	(191,544)	-	-	-	20,289
Lease liabilities – short-term portion	4,037	6,768	-	10,805	-	-	-	-	-	10,805
Trade accounts payables	11,313	27,369	-	38,682	-	-	-	(24)	-	38,658
Deferred income	49,060	25,813	-	74,873	-	-	-	-	-	74,873
Other current liabilities	55,418	77,518	-	132,936	-	-	-	-	-	132,936
Current liabilities	**124,105**	**516,391**	**(183,368)**	**457,128**	**12,000**	**(191,544)**	**-**	**(24)**	-	**277,560**
Total liabilities	**248,322**	**578,046**	**(183,368)**	**642,999**	**195,732**	**(200,000)**	**-**	**(24)**	-	**638,708**
Total equity and liabilities	**594,593**	**492,318**	**-**	**1,086,911**	**323,063**	**(297,641)**	**(3,235)**	**(24)**	**(5,018)**	**1,104,057**

3.3. Notes to the Unaudited Pro Forma Financial Information

Preliminary Note: Construction of historical pro forma information about SBS

The presentation formats for the pro forma income statement and the pro forma statement of financial position are those used by the Axway Group in presenting its historical consolidated accounts.

Axway's and Sopra Banking Software's management carried out a preliminary comparison of their accounting methods. The evaluation identified significant differences (see Note 6).

Note 1: Effects of the 2024 Preliminary Restructuring Transactions

In connection with the preparation of the Unaudited Pro Forma Financial Information, the Group assumed that SBS's current account with Sopra Steria Group would be reduced as of the transaction date and would total approximately €200 million.

In connection with the preparation of the Unaudited Pro Forma Financial Information as of December 31, 2023, current borrowings and financial liabilities were adjusted by €183,368 thousand, offset by consolidated and other reserves, as shown below:

(in thousands of euros)	**SBS 12/31/2023**
Financial debt – short-term portion	378,923
Financial debt – long-term portion	8,456
Cash and cash equivalents	(4,011)
Net financial debt as of December 31, 2023	**383,368**
Effects of the 2024 Preliminary Restructuring Transactions	(183,368)
Net financial debt as of the transaction date	**200,000**

Note 2: Financing of the Acquisition

Axway is financing the Acquisition through:

- A capital increase with preferential subscription rights in the amount of €130 million (the above-mentioned Capital Increase). The subscription price will be determined in accordance with standard market practices when the capital increase is launched, and will include a standard discount from the Theoretical Ex-Rights Price, or TERP. In light of this discount, the subscription price will not be higher than €26.50 per share. In connection with the preparation of the Unaudited Pro Forma Financial Information, a subscription share price of €26.50 and a par value of €2.00 per share were used, for a capital increase of €9,811 thousand and an issuance premium of €120,189 thousand. Expenses relating to the capital increase (compensation of financial intermediaries and legal and administrative costs) amount to €2,669 thousand. These costs are recorded as a deduction from the issuance premium for the Combined Group.

- A Bank Loan consisting of a €120 million, five-year, amortizable term loan ("**Tranche A**") and an €80 million, three-year, non-amortizable loan ("**Tranche B**"). Tranche A will be amortized over five years in accordance with the following timetable: €12 million each year, and €72 million at maturity.

The contractually agreed interest rates are calculated on the basis of Euribor plus a margin of 2.60% (for Tranche A) and 2.20% (for Tranche B). In calculating interest to be recorded on the pro forma income statement, the Euribor three-month rates as of April 30, 2024, were used, plus the margin, for interest rates of 6.46% (for Tranche A) and 6.06% (for Tranche B).

As of December 31, 2023, the credit line obtained by the Axway Group in connection with the Acquisition, for €200,000 thousand, would be fully drawn down, with a current portion of €12,000 thousand and a non-current portion of €188,000 thousand, *i.e.*, €183,732 thousand net of bank fees.

Interest expense recorded on the basis of the effective interest rate method pursuant to IFRS 9 for purposes of the unaudited pro forma consolidated income statement for the fiscal year ended December 31, 2023, for a period of 12 months, would be €14,061 thousand. A change of plus or minus 50 basis points in interest rates would change interest rate expense by respectively €+1,047 thousand and €-1,043 thousand. The change between the rates used as of April 30, 2024, and those used as of June 30, 2024, is -0.08 basis points, which is lower than the 50 basis-point change indicated above.

The financing is also subject to all of the standard restrictions such as baskets and thresholds, including but not limited to acquisitions, sales, indebtedness, guarantees and pledges, and dividend payments, as well as the standard early repaymentclauses, including a change of control, illegality, proceeds from sales or issuance of new debts (the proceeds from which will be allocated solely to the repayment of Tranche B).

It should be noted that SBS is financed solely through its current accounts with Sopra Steria Group. Thus, there are no credit lines with change of control clauses.

The pro forma adjustments relating to the financing of the Acquisition are set forth below:

(in thousands of euros)	*Financing of the Acquisition through the Capital Increase*	*Financing of the Acquisition through the Bank Loan*	**Pro forma adjustment, “Financing of the Acquisition” (Note 2)**
Cash and cash equivalents	127,331	195,732	323,063
Current assets	**127,331**	**195,732**	**323,063**
Total assets	**127,331**	**195,732**	**323,063**
Share capital	9,811	-	9,811
Capital reserves	117,520	-	117,520
Consolidated and other reserves	-	-	-
Profit for the year	-	-	-
Equity - share attributable to owners of the Company	**127,331**	**-**	**127,331**
Non-controlling interests		-	-
Total equity	**127,331**	**-**	**127,331**
Financial debt – long-term portion	-	183,732	183,732
Non-current liabilities	**-**	**183,732**	**183,732**
Financial debt – short-term portion	-	12,000	**12,000**
Current liabilities	**-**	**12,000**	**12,000**
Total liabilities	**-**	**195,732**	**195,732**
Total equity and liabilities	**127,331**	**195,732**	**323,063**

(in thousands of euros)	**Financing of the Acquisition through the Bank Loan**	**Pro forma adjustment, “Financing of the Acquisition” (Note 2)**
Profit on operating activities	-	-
Profit from recurring operations	-	-
Operating profit	-	-
As a % of revenue	0%	0%
Cost of net financial debt	(14,061)	(14,061)
Other financial income and expenses	-	-
Income tax expenses	-	-
Profit for the year from continuing operations	(14,061)	(14,061)
Profit for the year	**(14,061)**	**(14,061)**

Note 3: Acquisition of SBS

As explained in the introductory paragraph, the Acquisition of SBS involves the application of the acquisition method in accordance with IFRS 3 – Business Combinations, and the determination of goodwill by difference between the consideration transferred, at fair value, and total identifiable assets and liabilities at fair value (with certain exceptions). However, in connection with the pro forma financial information, and in the absence of available information concerning the fair value of the identifiable assets and liabilities as of the date of the amendment to the Universal Registration Document, goodwill was determined as the difference between the consideration transferred and the net book value of the assets and liabilities recorded in SBS's statement of financial position as of December 31, 2023. As a result, the "provisional" goodwill as determined below is not the goodwill that will be recorded in Axway's consolidated financial statements prepared after the Acquisition. The definitive valuations will be performed and the accounting for the Acquisition will be finalized on the basis of valuations and other studies undertaken with the external support of valuation specialists, after the effective completion of the Acquisition.

This provisional calculation is intended only for preparing the Unaudited Pro Forma Financial Information, and is thus hypothetical and liable to be revised. The Acquisition date will be different from that used in the Unaudited Pro Forma Financial Information and the stock price may change.

The determination of the fair value of the acquired assets and liabilities could result in the recording of certain identifiable acquired assets that will have a limited lifespan and will be amortized. As a result, the Group's future results could be materially affected by the amortization expense relating to these identifiable acquired assets.

In connection with the preparation of the pro forma information and the payment of the components of the Acquisition price (namely, the price of the shares and repayment of the Current Account), the Group assumed that the initial acquisition price for the shares would be €130 million, plus a Current Account of €200 million (see Note 1).

Provisional goodwill was determined as follows:

(in thousands of euros)	**12/31/2023**
Net fixed assets (excluding goodwill of Sopra Banking Software)	102,550
Other assets	135,648
Other liabilities	(578,046)
Net consolidated assets	**(339,848)**
Effect of the Preliminary Restructuring Transactions (Note 1)	183,368
Net acquired assets	**(156,480)**
Consideration transferred	**130,000**
Provisional goodwill	**286,480**

The impact of the business combination and of the repayment of SBS's current account on the Unaudited Pro Forma Financial Information is as follows:

(in thousands of euros)	**Elimination of Sopra historical goodwill**	**Provisional goodwill**	**Repayment of SBS current account**	**Pro forma adjustment, "Acquisition of Sopra (Note 3)"**
Goodwill	(254,120)	286,480	-	32,359
Non-current assets	**(254,120)**	**286,480**	**-**	**32,359**
Cash and cash equivalents	-	(130,000)	(200,000)	(330,000)
Current assets	**-**	**(130,000)**	**(200,000)**	**(330,000)**
Total assets	**(254,120)**	**156,480**	**(200,000)**	**(297,641)**
Consolidated and other reserves	(254,120)	79,836 (1)	-	(174,285)
Profit for the year	-	76,644	-	76,644
Equity - share attributable to owners of the Company	**(254,120)**	**156,479**	**-**	**(97,641)**
Non-controlling interests	-	-	-	0
Total equity	**(254,120)**	**156,479**	**-**	**(97,641)**
Financial debt – long-term portion	-	-	(8,456)	(8,456)
Lease liabilities – long-term portion	-	-	-	0
Deferred tax liabilities	-	-	-	0
Other non-current liabilities, including long-term provisions	-	-	-	0
Non-current liabilities	**-**	**-**	**(8,456)**	**(8,456)**
Financial debt – short-term portion	-	-	(191,544)	(191,544)
Lease liabilities – short-term portion	-	-	-	0
Trade accounts payables	-	-	-	0
Deferred income	-	-	-	0
Other current liabilities	-	-	-	0
Current liabilities	**-**	**-**	**(191,544)**	**(191,544)**
Total liabilities	**-**	**-**	**(200,000)**	**(200,000)**
Total equity and liabilities	**(254,120)**	**156,479**	**(200,000)**	**(297,641)**

(1) The €79,936 thousand impact represents the full elimination of SBS's "Consolidated and other reserves" This line item, before the elimination, was impacted by various adjustments in the following manner:

i.	*The amount of "Consolidated and other reserves" of SBS pre-transaction was*	*€-9,083 thousand.*
ii.	*Effects of the 2024 Preliminary Restructuring Transactions (see Note 1):*	*€+183,368 thousand*
iii.	*Impact of the elimination of SBS's historical goodwill (see Note 3):*	*€-254,120 thousand*
	Balance of "Consolidated and other reserves" to be eliminated (see table above):	*€-79,835 thousand*

Note 4: Transaction costs

Axway's estimated costs directly attributable to the Acquisition, excluding financing of the Acquisition (see Note 2), and not yet recorded as of the end of December 2023 amount to €3,235 thousand and primarily include legal and advisory costs relating to the Acquisition. By their nature, these costs should not have recurring impacts on the Combined Group's performance in the future. In addition, as of December 31, 2023, no costs relating to this transaction had been recorded in Axway's financial statements.

No transaction costs were recorded in SBS's combined accounts as of December 31, 2023, or in 2024, since all of the costs will be borne by Sopra Steria Group.

Note 5: Cancellation of reciprocal transactions

The elimination of reciprocal transactions between Axway and SBS is broken down as follows:

In thousands of euros	Axway to SBS	SBS to Axway	Adjustment, "Cancellation of reciprocal transactions" (Note 5)
Sales of goods and services	1,983	44	(2,027)
Purchases of goods and services	(44)	(1,983)	2,027
Trade receivables	5	18	(24)
Trade accounts payables	(18)	(5)	24

Note 6: Adjustments relating to accounting rules and methods

Axway's and Sopra Banking Software's management carried out a preliminary comparison of their accounting methods. The evaluation identified a significant difference in accounting for impairment of accounts receivable in certain countries. The adjustment consists of additional impairment in the amount of €5,018 thousand as of December 31, 2023. To date, the Group has not identified any other adjustments relating to accounting rules and methods.

In addition, after the completion of the Acquisition, Axway will carry out an in-depth analysis of SBS's accounting principles, which could lead to reclassifications or additional adjustments to Axway's consolidated financial statements, in accordance with applicable IFRS standards.

Annex 2.2 - Report of the statutory auditors on the Unaudited Pro Forma Financial Information for the fiscal year ended December 31, 2023

Statutory auditors' report on the Pro Forma Financial Information for the year ended December 31, 2023

This is a free translation into English of the auditors' report issued in the French language and is provided solely for the convenience of English-speaking readers.
This report should be read in conjunction with, and is construed in accordance with, French law and professional standards applicable in France.

To the Chief Executive Officer of Axway Software,

In our capacity as statutory auditors of your company and in accordance with Regulation (EU) 2017/1129 supplemented by the Commission Delegated Regulation (EU) 2019/980, we hereby report to you on the pro forma financial information of Axway Software SA (the "**Company**") for the year ended December 31, 2023 set out in Appendix 2.1 of the amendment to the universal registration document (the "**Pro Forma Financial Information**").

The Pro Forma Financial Information has been prepared for the sole purpose of illustrating the impact that the acquisition of Sopra Banking Software (including the financing of the acquisition) might have had on the consolidated statement of financial position at December 31, 2023 and the consolidated income statement of the Company for the year ended December 31, 2023 had it taken place with effect at December 31, 2023 for the consolidated statement of financial position and from January 1, 2023 for the consolidated income statement. By its very nature, this information is based on a hypothetical situation and does not represent the financial position or performance that would have been reported, had the operation or event taken place at an earlier date than the actual or contemplated date.

It is your responsibility to prepare the Pro Forma Financial Information in accordance with the provisions of Regulation (EU) 2017/1129 and ESMA's guidelines on pro forma financial information.

It is our responsibility to express a conclusion, based on our work, in accordance with Annex 20, section 3 of Commission Delegated Regulation (EU) 2019/980, as to the proper compilation of the Pro Forma Financial Information on the basis stated.

We performed those procedures that we deemed necessary in accordance with the professional guidance of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes* or "CNCC") applicable to such engagement. These procedures, which did not include an audit or a review of the financial information used as a basis to prepare the Pro Forma Financial Information, mainly consisted in ensuring that the information used to prepare the Pro Forma Financial Information was consistent with the underlying financial information, as described in the notes to the Pro Forma Financial Information, reviewing the evidence supporting the pro forma adjustments and conducting interviews with the management of the Company to obtain the information and explanations that we deemed necessary.

In our opinion:

a) the Pro Forma Financial Information has been properly compiled on the basis stated;

b) that basis is consistent with the accounting policies of the Company.

This report has been issued solely for the purposes of:

- the filing of the amendement to the universal registration document with the French financial markets authority (Autorité des marchés financiers or "AMF");
- and, if applicable, the admission to trading on a regulated market, and/or a public offer, of securities of the Company in France and in other EU member states in which the prospectus approved by the AMF is notified,

and cannot be used for any other purpose.

French original signed by

The statutory auditors

Courbevoie and Paris, July 22, 2024

Forvis Mazars SA	Nexia S&A
Jérôme Neyret	Olivier Juramie
Partner	Partner

Annex 3 - Sopra Banking Software financial information

Sopra Banking Software

Combined financial statements

Years ended 31 December 2022 and 31 December 2023

Contents

1. Combined statement of net income

(in thousands of euros)	Notes	Financial year 2023	Financial year 2022
Revenue	2.1	**359,228.1**	**334,879.1**
Staff costs	3.1	-237,797.1	-227,169.8
External expenses and purchases	2.2	-80,113.7	-68,019.5
Taxes and duties		-3,178.3	-3,105.2
Depreciation, amortisation, provisions and impairment		-7,078.2	-7,526.6
Depreciation of right-of-use assets		-8,269.8	-8,752.1
Other current operating income and expenses	2.3	3,467.6	5,388.5
Operating profit on business activity		**26,258.5**	**25,694.4**
as % of revenue		7%	8%
Expenses related to stock options and related items	3.4	-3,688.4	-2,652.7
Amortisation of allocated intangible assets		-9,059.6	-9,893.1
Profit from recurring operations		**13,510.6**	**13,148.7**
as % of revenue		4%	4%
Other operating income and expenses	2.4	-59,771.3	-8,303.0
Operating profit		**-46,260.8**	**4,845.7**
as % of revenue		-13%	1%
Cost of net financial debt	9.1	-20,057.7	-8,541.0
Other financial income and expenses	9.1	-2,441.6	-2,289.2
Tax expense	4.1	-7,883.7	-13,219.9
Combined net profit (a)		**-76,643.8**	**-19,204.5**
of which attributable to shareholders of the parent company		*-76,643.8*	*-19,204.5*
of which attributable to non-controlling interests		-	-

(a) *Earnings per share are not relevant at the date of writing of this document given that the terms and conditions of the target legal structure of Sopra Banking Software is still being defined.*

2. Combined statement of comprehensive income

(in thousands of euros)	Notes	Financial year 2023	Financial year 2022
Combined net profit		**-76,643.8**	**-19,204.5**
Other comprehensive income:			
Actuarial gains and losses on pension plans	3.3	-677.4	9,757.9
Tax impact		141.5	-2,558.4
Subtotal of items recognised in equity and not reclassifiable to profit or loss		**-535.6**	**7,199.5**
Translation differences	6.4.3	467.6	-4,342.6
Subtotal of items recognised in equity and reclassifiable to profit or loss		**467.6**	**-4,342.6**
Other comprehensive income, total net of tax		**-68.1**	**2,856.9**
Comprehensive income		**-76,711.9**	**-16,347.6**

3. Combined statement of financial position

Assets *(in thousands of euros)*	**Notes**	**31/12/2023**	**31/12/2022**
Goodwill	6.1	254,120.3	305,131.4
Intangible assets	6.2	61,312.8	53,753.6
Property, plant and equipment	6.3	7,561.3	9,095.1
Right-of-use assets	7.1	33,675.8	21,140.6
Other non-current financial assets	5.1	1,776.9	1,968.3
Deferred tax assets	4.3	6,024.7	2,873.4
Non-current assets		**364,471.7**	**393,962.3**
Trade receivables and related accounts	5.2	97,664.9	94,321.0
Other current assets	5.3	26,170.3	25,120.8
Cash and cash equivalents	9.2	4,011.3	8,986.8
Current assets		**127,846.6**	**128,428.6**
Total assets		**492,318.3**	**522,390.9**

Liabilities and equity *(in thousands of euros)*		**31/12/2023**	**31/12/2022**
Equity		**-85,727.2**	**-45,659.2**
Financial debt – Non-current portion		8,456.0	8,456.0
Lease liabilities – Non-current portion	7.2	28,652.5	17,006.8
Deferred tax liabilities	4.3	1,078.1	2,525.4
Retirement benefits and similar obligations	3.3	19,711.3	17,755.4
Non-current provisions	8.1	3,756.5	5,293.7
Non-current liabilities		**61,654.5**	**51,037.2**
Financial debt – Current portion		378,923.3	389,533.7
Lease liabilities – Current portion	7.2	6,768.0	5,292.2
Current provisions	8.1	108.9	1,405.8
Trade payables		27,368.9	21,576.4
Other current liabilities	5.4	103,221.9	99,204.9
Current liabilities		**516,391.0**	**517,012.9**
Total liabilities		**578,045.5**	**568,050.1**
Total liabilities and equity		**492,318.3**	**522,390.9**

4. Combined statement of changes in equity

(in thousands of euros)	Stock options and other share-based payments	Other comprehensive income	Other equity	Total equity
Balance at 01/01/2022	**-753.4**	**-**	**713.4**	**-40.0**
Net profit for the 2022 fiscal year	-	-	-19,204.5	-19,204.5
Other comprehensive income	-	7,199.5	-	7,199.5
Comprehensive income for the period	**-**	**7,199.5**	**-19,204.5**	**-12,005.0**
Share-based compensation	2,652.7	-	-	2,652.7
Shareholders' contribution	-	-	-36,266.9	-36,266.9
Balance at 31/12/2022	**1,899.3**	**7,199.5**	**-54,758.0**	**-45,659.2**
Net profit for the 2023 fiscal year	-	-	-76,643.8	-76,643.8
Other comprehensive income	-	-535.6	-	-535.6
Comprehensive income for the period	**-**	**-535.6**	**-76,643.8**	**-77,179.4**
Share-based compensation	3,688.4			3,688.4
Shareholders' contribution			33,423.1	33,423.1
Balance at 31/12/2023	**5,587.7**	**6,663.8**	**-97,978.8**	**-85,727.2**

5. Combined cash flow statement

(in thousands of euros)	Notes	Financial year 2023	Financial year 2022
Combined net profit (including non-controlling interests)		**-76,643.8**	**-19,204.5**
Net increase in depreciation, amortisation and provisions		78,999.6	30,723.4
Expenses and income related to stock options and related items		3,688.4	2,652.7
Gains and losses on disposal		0.0	714.2
Cost of net financial debt (*including cost related to lease liabilities*)		21,634.8	9,069.4
Tax expense		7,883.7	13,219.9
Cash from operations before change in working capital requirement (A)		**35,562.7**	**37,175.2**
Tax paid (B)		-13,118.0	-13,809.9
Change in operating working capital requirement (C)		7,492.6	1,416.8
Net cash from operating activities (D) = (A + B + C)		**29,937.4**	**24,782.0**
Purchase of property, plant and equipment and intangible assets		-23,607.2	-23,776.0
Proceeds from sales of property, plant and equipment and intangible assets		16.1	31.0
Cash impact of changes in scope		56.1	47.4
Proceeds from/(Payments on) loans and advances granted		189.6	46.1
Net cash from/(used in) investing activities (E)		**-23,345.4**	**-23,651.6**
Proceeds from/(payments on) borrowings		0.0	-102.3
Lease payments		-9,423.9	-9,065.7
Net interest paid (excluding interest on lease liabilities)		-20,057.7	-8,528.6
Shareholders' contribution		18,845.2	6,486.4
Net cash from/(used in) financing activities (F)		**-10,636.5**	**-11,210.1**
Impact of changes in foreign exchange rates (G)		-895.5	2,883.8
Net change in cash and cash equivalents (D+E+F+G)		**-4,940.0**	**-7,195.9**
Opening cash position		8,879.3	16,075.2
Closing cash position		3,939.3	8,879.3

6. Notes to the combined financial statements

6.1 Presentation of the business and background to the preparation of the combined financial statements

Digital services enterprise Sopra Steria Group (hereinafter referred to as the "Group" or "SSG") is considering its plan to sell a majority interest in its banking software division Sopra Banking Software (hereinafter "Sopra Banking Software" or "the combined group") to Axway Software (hereinafter referred to as the "Transaction").

Ahead of the Transaction, the combined group will carry out legal reorganisation transactions (hereinafter referred to as the "Prior Reorganisation Transactions"). Once the Prior Reorganisation Transactions have been completed, the assets and liabilities unrelated to Sopra Banking Software will have been transferred to the Group.

The combined financial statements of Sopra Banking Software are prepared to reflect the Prior Reorganisation Transactions launched by SSG in its capacity as majority shareholder of the combined group in connection with the sale plan and before those transactions have been completed. They use the historical carrying amounts of Sopra Banking Software's assets, liabilities, income and expense items as recognised in SSG's consolidated financial statements.

The combined financial statements may not be indicative of the future performance of Sopra Banking Software, and they do not necessarily reflect what its comprehensive income, financial position and cash flows would have been had Sopra Banking Software operated as a standalone group with financial statements separate from those of SSG in the periods presented.

The combined financial statements are presented in thousands of euros (€ thousand) and rounded off to one decimal place unless stated otherwise, and so there may be rounding differences.

The following sections set out the basis of preparation and the accounting principles adopted in the combined financial statements for the years ended 31 December 2023 and 31 December 2022.

6.2 Basis of preparation of the combined financial statements

The combined financial statements for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) as published by the IASB and adopted by the European Union at 31 December 2023. These standards are available on the European Commission website: http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_en.htm. They present the combined financial position of Sopra Banking Software and combined comprehensive income, the changes in combined equity and combined cash flow as extracted from SSG's historical financial statements. They use the historical carrying amounts of the assets and liabilities of Sopra Banking Software as presented in SSG's historical financial statements.

In preparing the combined financial information, certain accounting policies commonly used to prepare historical combined financial information have been applied as set out below.

The financial statements of the combined group cover the 12-month periods ended 31 December 2023 and 31 December 2022. Those financial statements were approved by the Board of Directors on 30 April 2024.

6.2.1 Application of IFRS 1

As a combined group, the combined group has not previously prepared any financial statements under IFRSs or any other reporting standards. Sopra Banking Software's combined financial statements ending 31 December 2023 are thus the first to have been prepared under IFRSs for this scope. They have been prepared in accordance with the provisions of IFRS 1 (*First-time Adoption of International Financial Reporting Standards)*. Since the combined financial statements include a comparative year (financial year 2022), the "date of transition" to IFRSs is 1 January 2022, i.e., the start of the first comparative period.

As a general rule, IFRS 1 requires retrospective restatement of assets and liabilities as if IFRSs had always been applied. Nonetheless, the standard provides for a number of options allowing all or some of items in the statement of financial position not to be restated retrospectively.

Pursuant to paragraph D16(a) of IFRS 1, Sopra Banking Software has elected to measure the assets and liabilities attributable to Sopra Banking Software on the basis of the carrying amounts that would be included in SSG's financial statements if no adjustment was made under the consolidation procedures and for the effects of business combinations during the course of which the SSG parent company (or SSG subsidiaries outside the scope of the combination) took control of legal entities or activities included in the scope of the combination, such as fair value adjustments to identified assets and liabilities or the recognition of goodwill. However, in the absence of any such business combinations in the years ended 31 December 2023 and 31 December 2022, no entries resulting from this provision were identified. This comment also applies to the period prior to 1 January 2022.

As Sopra Banking Software has not previously prepared financial statements in any other standards for this scope, the combined financial statements presented do not include any reconciliation with other standards in connection with the first-time adoption of IFRS 1.

6.2.2. Application of new standards and interpretations

New standards and amendments to existing standards adopted by the European Union, the application of which is mandatory for accounting periods beginning on or after 1 January 2022, mainly consist of the amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets on Onerous Contracts – Cost of Fulfilling a Contract*. The Sopra Banking Software combined group has not identified any impact resulting from the application of this amendment.

The Sopra Banking Software combined group has not identified any new standards or amendments to existing standards adopted by the European Union, the application of which is mandatory after 31 December 2022 and which may be applied in advance.

New standards and amendments to existing standards adopted by the European Union, the application of which is mandatory for accounting periods beginning on or after 1 January 2023, mainly consist of amendments to the following standards:

- IAS 1 *Presentation of Financial Statements: Disclosure of Accounting Policies*;
- IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors; Definition of Accounting Estimates*;
- IAS 12 *Income Taxes: Deferred Tax Related to Assets and Liabilities arising from a Single Transaction*.

The application of these new requirements does not have any impact on the combined financial statements or their notes.

IAS "12 *Income Taxes"* was also amended to take into account international tax reform and the OECD Pillar Two rules. In addition, in the first half of 2023 the IFRS Interpretations Committee (IFRS IC) published a final decision on the definition of a lease and substitution rights under IFRS 16 "*Leases"*. This amendment and this decision have no impact on the Sopra Banking Software combined group's financial statements.

The combined group has not elected for early application of any new standards or amendments to existing standards adopted by the European Union, the application of which is mandatory after 31 December 2023 and which may be applied in advance.

6.2.3 Scope of combination and definition of the reporting entity

The scope of Sopra Banking Software's combined financial statements for the periods ended 31 December 2023 and 31 December 2022 has been determined in accordance with the principles of the legal reorganization approach using the principles. The rationale for this is that the economic activities that will form the new Sopra Banking Software combined group were not managed as a single standalone group in the past, but that the relevant entities and activities are related from a legal standpoint as part of a reorganisation process.

During the periods shown in the combined financial statements, the combined group was under SSG's control. Sopra Banking Software's business was historically operated as part of Sopra Steria Group's activities rather than as a standalone group. The scope making up the Sopra Banking Software combined group had no separate legal existence in the past but reflects the target legal transactions that will be in place at the time of the Transaction.

Inter-company transactions between entities of the Sopra Banking Software combined group have been discarded, while transactions between Sopra Banking Software and SSG have been reported as related-party transactions.

The scope of the combined financial statements includes:

- legal entities fully transferred to Sopra Banking Software;
- legal entities transferred to the Sopra Banking Software scope, in respect of which solely the Sopra Banking Software activities have been included in the combined financial statements;
- legal entities that have not been transferred to the Sopra Banking Software scope, but the Sopra Banking Software activities of which have been included in the combined financial statements;

a. Legal entities fully transferred in their entirety to Sopra Banking Software, and whose business activities are fully transferred to Sopra Banking Software

Entity	Country	% holding
Sopra Banking Software Morocco	Morocco	100.00%
Sopra Software Cameroun	Cameroon	95.00%
Sopra Banking Gabon	Gabon	100.00%
Sopra Banking Ivory Coast	Ivory Coast	100.00%
Cassiopae Ltd	United Kingdom	100.00%
Sopra Banking Software Iceland	Iceland	100.00%
Steria Medshore Morocco	Morocco	100.00%
Field Solutions Ltd	United Kingdom	100.00%
Sopra Banking Software Tunisia	Tunisia	99.99%
Sopra Banking Software Senegal	Senegal	100.00%
Apak Group Ltd	United Kingdom	100.00%
SAMIC	Monaco	99.60%
SAB Tunisie	Tunisia	99.99%
Sopra Financial Solutions FZCO	United Arab Emirates	100.00%
Sopra Banking Software Ireland Ltd	Ireland	100.00%
SAB Atlas(1)	Morocco	100.00%
SAB Pacifique(2)	Polynesia	100.00%
SAB Méditérranée	Lebanon	98.00%

(1) SAB Atlas merged with Sopra Banking Software Morocco in December 2022
(2) SAB Pacifique merged with Sopra Banking Software France in June 2023

b. Legal entities transferred to the Sopra Banking Software scope and only for which the Sopra Banking Software business activities are included in the combined financial statements

Entity	Country	% holding
Sopra Banking Software France	France	100.00%
Sopra Banking Software Belgium	Belgium	100.00%
Sopra Banking Software Solutions India Private Ltd	India	99.95%
Sopra Banking Iberia SI	Spain	100.00%
Sopra Banking Software US Inc.	US	100.00%
Sopra Banking Ltd	United Kingdom	100.00%
Sopra Banking Lux.	Luxembourg	100.00%
Sopra Financial Solutions Netherlands BV	Netherlands	100.00%

c. Legal entities not transferred to the Sopra Banking Software scope and for which the Sopra Banking Software business activities are included in the combined financial statements

Entity	Country	% holding
Sopra Banking Software GmbH	Germany	100.00%

6.3 Basis of consolidation

The following sections show the combination principles that have been applied to prepare Sopra Banking Software's combined financial statements.

Sopra Banking Software's combined financial statements include the assets, liabilities, income, expense and cash flow, cost allocations and indirect charges related to the combined group's business activities. The accounting policies set out below have been applied consistently to all the periods presented, including the opening financial position at 1 January 2022.

These combined financial statements at 31 December 2023 and 31 December 2022 do not take into account subsequent events or information that arose after the publication date of SSG's 2023 and 2022 consolidated financial statements (respectively 22 February 2023 and 21 February 2024) and prior to publication of these combined financial statements (i.e., 22 February 2023 and 21 February 2024).

6.3.1 Combined statement of net income

Sopra Banking Software's combined statement of net income shows the historical income and expenses attributable to Sopra Banking Software's business activities. They have been determined from Sopra Steria Group's historical consolidated financial statements. The figures used for the carve-out came from management reports used internally within Sopra Banking Software.

Revenue

The Sopra Banking Software scope's revenue has been identified and recognised in the statement of income based on the historical business activities generated by Sopra Banking Software's Software, Solutions and Systems Integration activities.

Revenue has been allocated to Sopra Banking Software based on the projects and products attributable to the Sopra Banking Software scope.

Where transactions have been entered into with other legal entities of the combined group, the revenue reflected in Sopra Banking Software's combined financial statements has been determined, project by project, based on the commercial transactions carried out historically and determined using the transfer pricing mechanism historically applied by SSG.

Where the sales have been made within a same legal entity, the revenue allocated to Sopra Banking Software has been determined as if the transactions had taken place between separate legal entities based on the transfer pricing policy as applied historically by SSG to similar transactions.

Staff costs

Sopra Banking Software's staff costs represent the transferred staff costs. They have been determined using management reports provided by SBS' finance department. The total payroll directly costs attributable to operational sub-projects (products and solutions) have been carved out in the same manner as for revenue. An allocation key has been used to assign by products and solutions the fixed charges that could not be allocated directly to sub-projects and solutions.

These include:

- Salaries and bonuses, including social contributions, post-employment benefits and other long-term benefits;
- Expense related to share-based payment plans determined by reference to existing equity-settled share-based payment plans granted by SSG to employees belonging to Sopra Banking Software's business activities and to Sopra Banking Software's workforce insofar as the Sopra Banking Software combined group does not represent a separate legal scope;
- Employee profit-sharing and incentives.

The salary contribution of the SSG workforce not transferred but benefiting Sopra Banking Software's business activities is taken into account in the total cost of the central services incurred by Sopra Steria Group and allocated to Sopra Banking Software according to the principles set out in the following section.

External expenses and purchases

External expenses and purchases related to Sopra Banking Software's business activities reflect the historical cost of External expenses and purchases.
To reflect the total historical cost of Sopra Banking Software's business activities, the SSG resources and infrastructure shared with Sopra Banking Software have been allocated based on their use by Sopra Banking Software.
The allocation principles have been adapted to the nature of the underlying expenses to ensure they are relevant and applied consistently in the periods presented. These principles have thus been determined according to the relevant service.

The staff costs related to Sopra Banking Software's business activities have been considered relevant for the allocation of expenditure of the combined group's global functions and chiefly reflect:

- the support functions such as legal affairs, finance, information systems, communication services, human resources and services related to management of the property portfolio and those related to the management of commercial relationship, order administration and the purchases and procurement department,
- insurance and risk hedging programmes

In addition, since the separation costs arising from the transaction to sell Sopra Banking Software's activities are borne by the seller, they have no impact on the combined group's financial statements throughout the periods presented.

Taxes and duties (other than on corporate income tax)

Taxes and duties reflected in Sopra Banking Software's financial statements correspond to the historical taxes and duties of the legal entities transferred to Sopra Banking Software. Where they are taxes and duties partially attributable to the Sopra Banking Software scope, an allocation key consistent with the underlying category has been applied to reflect a portion of the expense for the Sopra Banking Software scope.

Depreciation amortisation, provisions and impairment

The expenses reflect depreciation and amortisation in respect of the assets transferred to Sopra Banking Software.

Expenses related to stock options

Expenses related to stock options consist of benefits granted to employees in respect of free performance share plans and of the WeShare employee share ownership plan.

Other operating income and expenses

Other operating income and expenses allocated to Sopra Banking Software consist of operating income and expenses that are unusual, abnormal, infrequent or unpredictable, presented separately in order to give a clearer picture of performance based on ordinary activities.

Cost of net financial debt

The cost of net financial debt originating from legal entities fully dedicated to Sopra Banking Software has been allocated in full to Sopra Banking Software except for effects arising from hedging instruments insofar as the hedging policy is managed by Sopra Steria Group.

Other financial income and expense

Other financial income and expenses have been reflected in the combined financial statements in line with the financial liabilities recognised in Sopra Banking Software's statement of financial position and have been analysed using management system data.

Tax expense and deferred tax

Current and deferred tax have been determined as if the companies and business activities within the Sopra Banking Software combination represented separate taxable entities.

Deferred tax loss carryforwards of entities exiting the French consolidated tax group and those of entities not contributed in connection with the corporate reorganisations (Germany) has not been transferred to Sopra Banking Software.

Deferred tax of other types has been allocated based on the allocation of the tax base allocated to the Sopra Banking Software scope.

Intragroup transactions and related-party transactions

Transactions with subsidiaries over which the combined group exercises control or significant influence, with joint ventures, with the main top management or principal shareholders have been considered as related-party transactions as soon as they did not form part of the intragroup transactions within the confines of Sopra Banking Software and they have been analysed using management system data.

6.3.2 Combined statement of financial position

The combined financial statements include the assets and liabilities directly attributable to the Sopra Banking Software combined group and also the assets and liabilities arising from related-party transactions. The figures used for the carve-out are taken from management reports used internally within Sopra Banking Software.

Goodwill

Goodwill has been allocated to Sopra Banking Software based on underlying business activities.

Property, plant and equipment, and intangible assets

Property, plant and equipment and intangible assets fully dedicated to Sopra Banking Software's business activities are those held by legal entities transferred to the scope.
Should the non-current assets be mixed and partially used by Sopra Banking Software, a portion of the depreciation and amortisation reflecting this use by Sopra Banking Software has been recognised under Other current operating income and expenses in the combined statement of net income:

- In income where the non-current asset is partially used by Sopra Banking Software and has been transferred to the Sopra Banking Software scope
- In expenses where the non-current asset is partially used by Sopra Banking Software, but has not been transferred (see Note 2.3)

Right-of-use assets

The right-of-use assets related to IT premises and equipment relate to those owned by legal entities transferred.
Right-of-use assets related to vehicles have been allocated based on the allocation of staff.
The lease liabilities related to these assets have been treated in the same manner in Sopra Banking Software's combined financial statements.

Other non-current financial assets

Other non-current financial assets mainly consist of deposits and guarantees related to the historical entities transferred.

Deferred tax

Deferred tax assets and liabilities have been recognised when there is a timing difference attributable to Sopra Banking Software between the carrying amount of assets and liabilities and their tax base. A deferred tax position has been recognised in the combined financial statements where the underlying asset or liability has been considered as entirely attributable to Sopra Banking Software.
The deferred taxes recognised as assets in respect of tax losses arising from tax consolidation with SSG have not been reflected in the combined financial statements since such tax losses have already been used by SSG and will not be transferred to Sopra Banking Software.

Inventories

Inventories are reflected in Sopra Banking Software's combined financial statements where they are considered as entirely attributable to Sopra Banking Software's business activities based on an analysis per project.

Trade receivables and payables

Trade receivables and payables are reflected in Sopra Banking Software's combined financial statements where they are considered as entirely attributable to the Sopra Banking Software scope. They have been determined based on management accounting for projects in a manner consistent with the amounts shown in the combined statement of income. Where management accounting was not available, a cost allocation key has been used to reflect the proportion of trade receivables and payables attributable to the Sopra Banking Software scope.

Other receivables and current liabilities

Employee-related receivables have been allocated to Sopra Banking Software using an allocation key based on the payroll costs of the Sopra Banking Software scope.
Tax receivables have been allocated to Sopra Banking Software based on the legal entities transferred for legal purposes to Sopra Banking Software.
Prepaid expenses and income have been determined based on management accounting for projects in a manner consistent with the amounts shown in the combined statement of income. Where management accounting was not available, a cost allocation key has been used to reflect the proportion of trade receivables and payables attributable to the Sopra Banking Software scope.

Cash and cash equivalents, financial liabilities

For legal entities transferred to Sopra Banking Software, cash and cash equivalents have been allocated in full in the combined financial statements.

Equity and financing

The combined equity of Sopra Banking Software consists of the net assets attributable to the combined group. Since Sopra Banking Software did not form a legal group during the periods presented, the combined equity did not include any share capital.

Since, prior to the Transaction, SSG held 100% of the shares of the legal entities forming the Sopra Banking Software scope other than Sopra Banking Software Solutions India Private Ltd, the entirety of the combined equity is attributable to the Sopra Banking Software combined group. The combined equity represents the accumulated equity, including the net profit attributable to Sopra Banking Software's business activities, the other comprehensive income and the additional net contributions made by Sopra Steria Group's shareholders to the Sopra Banking Software combined group.

Changes in the combined equity have arisen from the comprehensive income in the period and net contributions from Sopra Steria Group's shareholders, reflecting the cash flows from Sopra Banking Software's operations.

Given the absence of any non-controlling interests, the equity is entirely attributable to the combined group.

SSG's funding of Sopra Banking Software's operations throughout the periods presented is reflected in Sopra Banking Software's combined financial position:

- through net contributions from SSG's shareholders to legal entities that have not been transferred to the Sopra Banking Software scope, but whose Sopra Banking Software activities have been included in the combined financial statements, and
- through the holding of short-term financial assets and liabilities vis-à-vis SSG for legal entities transferred to Sopra Banking Software that are parties to the pooling agreement in place at SSG.

The Prior Reorganisation Transactions may lead to changes in the funding structure of Sopra Banking Software's activities as reflected in the combined financial statements. The combined financial statements presented below have been prepared without anticipating the effects of this corporate reorganisation that will take place in 2024.

Post-employment benefits and other long-term benefits

The pension plans and other post-employment benefits for employees to be transferred to Sopra Banking Software have been reflected in the combined financial statements.

Provisions for contingencies and losses

The provisions for contingencies and losses reflected in Sopra Banking Software's have been allocated based on the underlying breakdown.

6.4 Accounting methods and principles

6.4.1 Changes and accounting methods

The combined financial statements for the years ended 31 December 2023 and 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as published by the IASB and adopted by the European Union. These standards are available on the European Commission website: http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_en.htm.

6.4.2 Estimates and accounting judgements

The Sopra Banking Software combined group has to make estimates and use assumptions that affect the carrying amount of certain assets and liabilities, income and expenses, as well as the information provided in certain notes to the combined financial statements. These combined financial statements have been prepared using estimates by the Sopra Banking Software combined group, including:

- Revenue recognition
- Post-employment employee benefits
- Measurement of deferred tax assets
- The recoverable amount of intangible assets and of property, plant and equipment, in particular goodwill
- Lease terms and the measurement of right-of-use assets and lease liabilities
- Provisions for contingencies

6.4.3 Format of the financial statement and foreign currency translation

a. Format of the financial statements

With regard to the presentation of its combined financial statements, Sopra Banking Software applies Recommendation 2013-03 of the French Accounting Standards Authority (*Autorité des Normes Comptables* – ANC) of 7 November 2013 on the format of the statement of income, cash flow statement and statement of changes in equity. The format of the income statement has been adapted to improve the presentation of the combined group's performance, with the addition of a financial aggregate known as Operating profit on business activity before Profit from recurring operations. This indicator is used internally by management to assess performance. It corresponds to Profit from recurring operations before:

- The expense relating to the costs and benefits granted to the recipients of the stock option, free share and employee share ownership plans;
- The amortisation of allocated intangible assets.

Operating profit is then obtained by taking Profit from recurring operations and subtracting Other operating income and expenses. The latter contains any material items of operating income and expenses that are unusual, abnormal, infrequent or unpredictable, presented separately in order to give a clearer picture of performance based on ordinary activities.

b. Foreign currency translation

Functional and presentation currencies

Items included in the financial statements of each Sopra Banking Software entity are measured using the currency of the primary economic environment in which that entity operates, i.e. its "functional currency". The combined financial statements are presented in euros, the functional and presentation currency of the Sopra Steria Group parent company.

Translation of the financial statements of foreign subsidiaries

The accounts of all Sopra Banking Software entities whose functional currency differs from the Group's presentation currency are translated into euros as follows:

- Assets and liabilities are translated at the end-of-period exchange rate;
- Income, expenses and cash flows are translated at the average exchange rate for the period;
- All resulting foreign exchange differences are recognised as a distinct equity component under Other comprehensive income and included in Accumulated translation reserves within equity.

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, translation gains and losses arising from the translation of net investments in foreign operations are recognised as a distinct component of equity. Translation gains and losses in respect of intragroup loans are considered an integral part of Sopra Banking Software's net investment in the foreign subsidiaries in question.
When a foreign operation is divested, the cumulative translation difference is recycled to profit or loss as part of the gain or loss arising on disposal.
Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and, as such, are translated at the end-of-period exchange rate.

The applicable exchange rates for the translation of the main foreign currencies used within Sopra Banking Software are as follows:

	Average rate for the period		Year-end rate	
€1/Foreign currency	**Financial year 2023**	**Financial year 2022**	**31/12/2023**	**31/12/2022**
Tunisian dinar	3.3556	3.2568	3.3969	3.3289
Moroccan dirham	10.9532	10.6438	10.9017	11.1608
US dollar	1.0813	1.0530	1.1050	1.0666
Pound sterling	0.8698	0.8528	0.8691	0.8869
Brazilian real	5.4010	5.4399	5.3618	5.6386
Indian rupee	89.3001	82.6864	91.9045	88.1710

Translation of transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated to the functional currency at the exchange rate applying on the transaction date. Foreign exchange gains and losses arising on settlement, as well as those arising from the translation of monetary assets and liabilities that are denominated in foreign currencies at the end-of-period exchange rate, are recognised in profit or loss under Other current operating income and expenses for transactions hedged against foreign exchange risk and under Other financial income and expenses for all other transactions.

Hyperinflation in Lebanon

The Lebanese economy is a hyperinflationary economy. IAS 29 *Financial Reporting in Hyperinflationary Economies* lays down the restatements that need to be carried out in such circumstances. The US dollar is the functional currency of the combined group's subsidiary in Lebanon. As a result, the standard does not require any adjustments.

6.4.4 Presentation of the combined financial statements

Basis of measurement

The combined financial statements have been prepared using the historical cost convention except for certain categories of assets and liabilities in accordance with the rules laid down in the IFRSs. These categories are outlined in the notes provided hereinafter.

NOTE 1 SEGMENT REPORTING

1.1 Results by operating segment

Under IFRS 8, Banking Software is Sopra Banking Software's only operating segment.

(in thousands of euros)	2023	2022
Revenue	359,228.1	334,879.1
Operating profit on business activity	26,258.5	25,692.0
Profit from recurring operations	13,510.6	13,146.2
Operating profit	-46,260.8	4,843.3

1.2 Revenue by geographic area

(in thousands of euros)	France	Other	TOTAL
Financial year 2022	190,073.1	144,806.0	334,879.1
Financial year 2023	**196,418.2**	**162,809.9**	**359,228.1**

1.3 Non-current assets by geographic area

	2023			2022		
(in thousands of euros)	France	Other	TOTAL	France	Other	TOTAL
Goodwill	143,447.2	110,673.1	**254,120.3**	196,647.2	108,484.2	305,131.4
Intangible assets	47,680.9	13,631.9	**61,312.8**	39,569.4	14,184.3	53,753.6
Property, plant and equipment	422.9	7,138.4	**7,561.3**	614.1	8,481.0	9,095.1

NOTE 2 – Other operating income and expenses included in operating profit

2.1. Breakdown of revenue by reporting unit

Revenue comprised revenue from services for which revenue is recognised at a specific time (mainly when licences are sold) and from other sources (e.g. application maintenance) for which revenue is recognised according to the percentage-of-completion method.

Revenue recognition

The most material issue in the combined group's application of IFRSs is the proper application of IFRS 15 *Revenue from Contracts with Customers*. Revenue recognition should reflect the transfer of control of goods or services promised to the customer in connection with projects for the amount of the consideration the combined group expects in return.

a. In general, separate contracts are entered into with customers for licences and maintenance on the one hand, and ancillary services on the other hand

In this case, the various elements comprising contracts are accounted for as follows:

- licence revenue is recognised immediately on delivery, as licence sale agreements constitute, in substance, a sale of rights. Delivery is considered to have taken place when all contractual obligations have been fulfilled, i.e. when any remaining services to be provided are insignificant and are not likely to challenge the customer's acceptance of goods supplied or services rendered;
- maintenance revenue is recognised *prorata temporis*, and is generally invoiced in advance;
- services revenue is generally recognised on a time-spent basis and is recognised when the services are performed. Services are sometimes provided under fixed-price contracts, in which case they are recognised using the percentage-of-completion method described in paragraph e. below.

b. Services provided under a Software as a Service contract

The supplier transfers control of the service progressively to the customer and hence, recognises revenue progressively: “the customer simultaneously receives and consumes all of the benefits provided by the entity’s performance as the entity performs”.

c. Contracts comprising separate services (licence, maintenance, ancillary services, etc.) may sometimes be negotiated on a fixed-price basis

In this case, the contract transaction price is allocated to each service as follows: revenue attributable to the licence is equal to the difference between the total contract amount and the fair value of its other services, i.e. maintenance and ancillary services. The fair value of the other components is determined when possible based on list prices applied in the case of a separate sale or alternatively, based on selling prices determined by management founded on best estimates. The residual amount attributed to the licence is recognised at the time of delivery.

d. In fairly rare instances, ancillary services may be considered essential to the operation of a software package or the delivery of the Software as a Service solution.

This may arise on the sale of software packages for very complex projects, where completion may be subject to particular risks. The project is then examined as a whole and is the focus of specific monitoring by the Quality Department. It is accounted for using the percentage-of-completion method described in paragraph e. below.

e. Technical assistance, consulting, training and projects provided on an ongoing contract basis

These services are recognised when performed.

Operations are reviewed at each reporting date:

- services rendered but not yet, or only partially, invoiced are measured on the basis of billable time and the contractual billing rates. They are recognised in revenue and are recorded in the balance sheet under Trade receivables in Customer contract assets;
- services already billed but not yet entirely performed are deducted from invoiced revenue and recorded in the balance sheet under Other current liabilities in Deferred income.

f. Services covered by fixed-price contracts

Under these contracts, the combined group commits itself to a price, a result and a deadline. Revenue and profit generated by a contract are recognised based on a technical assessment, in line with applicable quality procedures, of the contract’s percentage of completion.

2.2 External expenses and purchases included in operating profit on business activity

(in thousands of euros)	**Financial year 2023**	**Financial year 2022**
Project subcontracting purchases	-52,172.7	-45,893.8
Purchases held in inventory of equipment and supplies	-1,516.4	-1,243.7
Goods purchases and change in inventory	-1,208.5	-1,700.1
Leases	-1,860.4	-1,617.4
Maintenance and repairs	-1,688.5	-1,806.9
Subcontracting	-737.6	-1,146.5
Remuneration of intermediaries and fees	-4,904.0	-3,222.6
Advertising and public relations	-4,963.8	-3,029.0
Travel and entertainment	-9,344.6	-7,446.7
Telecommunications	-851.0	-850.0
Other expenses	-866.2	-62.8
TOTAL	**-80,113.7**	**-68,019.5**

2.3 Other current operating income and expenses included in operating profit on business activity

Other current operating income and expenses amounting to income of €3,468 thousand (income of €5,388 thousand in 2022) mainly amounts invoiced to SSG for the use of shared assets owned and leased by Sopra Banking Software totalling €1,330 thousand in 2023, along with net foreign exchange gains of €1,117 thousand (€2,139 thousand in 2022), which covered the foreign exchange impact of other components of operating profit on business activity.

2.4 Other operating income and expenses included in operating profit

(in thousands of euros)	Financial year 2023	Financial year 2022
Net restructuring and reorganisation costs	-5,035.1	-5,082.1
Asset impairment	-53,200.0	-177.3
Other operating expenses	-2,422.0	-3,173.2
Total other operating expenses	**-60,657.0**	**-8,432.5**
Other operating income	885.7	129.5
Total other operating income	**885.7**	**129.5**
TOTAL	**-59,771.3**	**-8,303.0**

In 2023, other operating expenses included €53,200 thousands of additions to impairment provisions following the impairment of goodwill in France.
Other operating income and expenses also consist of restructuring costs, mainly in France, in amounts of €5,035 thousand in 2023 and €5,082 thousand in 2022.

NOTE 3 –Employee benefits and share-based payments

3.1 Employee costs

(in thousands of euros)	Financial year 2023	Financial year 2022
Wages and salaries	-183,910.0	-175,222.7
Social security contributions	-50,906.2	-50,055.3
Net expense for post-employment and similar benefit obligations	-2,980.9	-1,891.8
TOTAL	**-237,797.1**	**-227,169.8**

Short-term employee benefits, as well as the contributions due in respect of its pension plans, are recognised under staff costs. As there is no commitment beyond making these contributions, no provision was recognised for these plans.
The principles applicable to post-employment benefit expenses and similar items are presented in Note 3.2 for other long-term employee benefits and Note 3.3 for post-employment benefits.

3.2 Workforce

Workforce at period-end	**Financial year 2023**
France	1,095
International	2,491
TOTAL	**3,586**

3.3 Employee benefits

(in thousands of euros)	31/12/2023	31/12/2022
Plan assets	-223.3	-208.5
Post-employment benefit liabilities	16,962.3	15,834.9
Net post-employment benefits	**16,739.0**	**15,626.4**
Other long-term employee benefits	2,972.4	2,129.0
TOTAL	**19,711.3**	**17,755.4**

Retirement benefits and similar obligations mainly consist of the following:

3.3.1 Post-employment benefits

Post-employment benefits mainly concern the combined group's obligations towards its employees to provide retirement bonuses in France (91% of the combined group's total obligations) and defined-benefit pension plans in Germany (5% of the combined group's total obligations).

In France, the defined-benefit plan concerns the payment of retirement bonuses. The combined group recognises provisions for its employee benefit obligations, principally in accordance with the terms of voluntary and compulsory retirement under the Syntec collective bargaining agreement.
The resulting liability fluctuates according to demographic assumptions such as mortality rates (public statistics) and the discount rate (iBoxx eurozone index).
This plan is exposed to interest rate risk, inflation risk and the risk of changes in demographic assumptions.

The method for calculating retirement bonuses changed. This change took effect in the first quarter of 2023, in the month after the date of publication of the order by the French Ministry of Labour to extend an amendment to the Syntec collective bargaining agreement. This amendment aims to align the method for calculating retirement bonuses with that used for termination benefits, which had the effect of adding employee bonuses to the base salary. This plan amendment increased the value of liabilities. At 31 December 2022, its cost was anticipated and recognised under Other operating expenses within Operating profit, and amounted to €3,300 thousand.

In 2023, the French pension reform resulting from the Amending Social Security Financing Act for 2023 (Act 2023-270 of 14 April 2023) amended the institutional framework governing pensions by changing the conditions under which pension rights may be exercised: specifically, raising the retirement age and lengthening contribution periods. The measures arising from the reform constitute a plan amendment. The impact of this amendment is recognised directly in the income statement under Other operating expenses within Operating profit. It amounted to income of €900 thousand.

In Germany, a plan exists and a provision is recognised in respect of it because it is not funded. The purpose of the plan is to pay a minimum pension. This plan is exposed to interest rate risk, inflation risk and the risk of changes in demographic assumptions.

Changes in net liabilities arising from the main post-employment benefit plans in financial years 2023 and 2022:

(in thousands of euros)	**Retirement bonuses France**	**Defined-benefit pension funds - Germany**	**Total France and Germany**
Calculation assumptions for actuarial liabilities			
Discount rate	3.59%	4.05%	
Salary increase rate	2.50%	2.00% to 2.75%	
Amounts recognised in the balance sheet			
Present value of the obligation at 31/12/2023	15,518.0	363.4	15,881.5
Fair value of plan assets at 31/12/2023	223.3	0.0	223.3
Net liabilities on the balance sheet at 31/12/2023	**15,294.7**	**363.4**	**15,658.1**
Net liability cost components			
Current service cost	816.5	2.7	819.2
Past service cost	-620.1	0.0	-620.1
Interest on obligation	520.9	13.8	534.7
Interest on plan assets	-8.1	0.0	-8.1
Total expenses recognised in the income statement	**709.2**	**16.5**	**725.7**
Effect of net liability remeasurements	880.3	-25.0	855.2
l Return on plan assets (excluding amounts included in interest income)	-1.1	0.0	-1.1
l Experience adjustments	-29.1	-25.0	-54.1

I Impact of changes in demographic assumptions	-224.0	0.0	-224.0
I Impact of changes in financial assumptions	1,134.5	0.0	1,134.5
I Impact of limits set on assets	0.0	0.0	0.0
Total expenses recognised directly in equity	**880.3**	**-25.0**	**855.2**
Changes in scope	-904.5	388.3	-516.2
Net expense recognised in the income statement	709.2	16.5	725.7
Net expense recognised in equity	880.3	-25.0	855.2
Benefits provided	-559.9	-16.3	-576.3
Net assets/liabilities at 31 December 2023	**15,294.7**	**363.4**	**15,658.1**

(in thousands of euros)	**Retirement bonuses – France**	**Defined-benefit pension funds – Germany**	**Total France and Germany**
Calculation assumptions for actuarial liabilities			
Discount rate	3.77%	3.63%	
Salary increase rate	2.50%	2.00% to 2.75%	
Amounts recognised in the balance sheet			
Present value of the obligation at 31/12/2022	15,383.9	248.2	15,632.1
Fair value of plan assets at 31/12/2022	214.2	0.0	214.2
Net liabilities on the balance sheet at 31/12/2022	**15,169.6**	**248.2**	**15,417.9**
Net liability cost components			
Current service cost	1,162.5	2.9	1,165.5
Past service cost	2,291.6	0.0	2,291.6
Interest on obligation	173.0	2.4	175.4
Interest on plan assets	-2.1	0.0	-2.1
Total expenses recognised in the income statement	**3,625.0**	**5.4**	**3,630.4**
Effect of net liability remeasurements	-5,893.8	-112.0	-6,005.8
I Return on plan assets (excluding amounts included in interest income)	-1.9	0.0	-1.9
I Experience adjustments	-1,159.1	-6.6	-1,165.7
I Impact of changes in demographic assumptions	0.0	0.0	0.0
I Impact of changes in financial assumptions	-4,732.8	-105.4	-4,838.2
I Impact of limits set on assets	0.0	0.0	0.0
Total expenses recognised directly in equity	**-5,893.8**	**-112.0**	**-6,005.8**
Changes in scope	0.0	0.0	0.0
Net expense recognised in the income statement	3,625.0	5.4	3,630.4
Net expense recognised in equity	-5,893.8	-112.0	-6,005.8
Benefits provided	-759.3	-10.2	-769.5
Net assets/liabilities at 31 December 2022	**15,169.6**	**248.2**	**15,417.9**

The retirement bonus obligation in France breaks down as follows by maturity:

(in thousands of euros)	**31/12/2023**	**31/12/2022**
Present value of theoretical benefits payable by the employer in:		
• Less than 1 year	192.9	681.2
• 1 to 5 years	1,551.0	2,463.0
• 5 to 10 years	4,300.6	4,255.8
• 10 to 20 years	6,844.2	6,039.0
• More than 20 years	2,405.3	1,730.7
TOTAL OBLIGATION	**15,294.0**	**15,169.7**

3.3.2 Other long-term employee benefits

Other long-term employee benefits consist of retirement bonuses in India, Germany, Senegal and Lebanon in an amount of €2,972 thousand at 31/12/2023 (€2,129 thousand at 31/12/2022).

3.4 Share-based payments

The cost of the benefits granted to employees under stock option, free performance share and employee share ownership plans, which amounted to €3,688 thousand (€2,653 thousand in 2022), is charged to Profit from recurring operations.

In 2023, as in 2022, it consisted of a charge corresponding to benefits granted to employees in respect of free performance share plans and a charge related to the “We Share” employee share ownership plan.

3.4.1 Free performance share plans

Expenses related to free share plans totalled €2,500 thousand in 2023 (compared with €1,000 thousand in 2022).

	May 2021 plan	**June 2022 plan**	**May 2023 plan**
Date set up by General Management and/or the Board of Directors	26 May 2021	1 June 2022	24 May 2023
Number of shares that may be granted	22,600	20,740	14,200
Performance measurement period	1 January 2021 to 31 December 2023	1 January 2022 to 31 December 2024	1 January 2023 to 31 December 2025
Vesting period	26 May 2021 to 30 June 2024 inclusive	1 June 2022 to 30 June 2025	24 May 2023 to 30 June 2026
Mandatory holding period following the grant of shares	None	None	None
Financial performance conditions	1) Consolidated revenue growth in 2021, 2022 and 2023	1) Consolidated revenue growth in 2022, 2023 and 2024	1) Consolidated revenue growth in 2023, 2024 and 2025
	2) Level of consolidated operating profit on business activity in financial years 2021, 2022 and 2023	2) Level of consolidated operating profit on business activity in financial years 2022, 2023 and 2024	2) Level of consolidated operating profit on business activity in financial years 2023, 2024 and 2025
	3) Level of consolidated free cash flow in financial years 2021, 2022 and 2023	3) Level of consolidated free cash flow in financial years 2022, 2023 and 2024	3) Level of consolidated free cash flow in financial years 2023, 2024 and 2025
CSR condition	Proportion of women in the senior management positions at 31 December 2023	Proportion of women in the senior management positions at 31 December 2024	Proportion of women in the senior management positions at 31 December 2024
Number of potential shares that could have been granted as at 1 January 2023	**203,000**	**199,060**	**-**
Number of shares granted in 2023	-	-	136,880
Number of shares cancelled in 2023	7,382	7,057	3,100

	May 2021 plan	June 2022 plan	May 2023 plan
Number of shares vested at 31 December 2023	-	-	-
Number of potential shares that could have been granted as at 31 December 2023	**195,618**	**192,003**	**133,780**
Share price	149.50	162.00	183.30
Risk-free rate	-	-	-
Dividends	2.3%	2.6%	3.0%
Volatility	N/A	N/A	N/A

Awards of free Sopra Steria Group shares are granted to some staff members, subject to their continued employment within the combined group at the grant date, and either subject or not subject to conditions relating to the combined group's performance. Benefits granted under free share award plans constitute additional compensation and are measured and recognised in the financial statements.

At the end of each reporting period, the combined group reviews the potential number of shares that could be awarded based on the recipients present and estimates regarding the achievement of non-market performance conditions provided for under the plans. The impact of this re-estimate is recognised in profit or loss as an offset against equity.

The value of free shares in awards granted to employees as compensation for services rendered is measured by reference to the fair value of the equity instrument at the grant date. This fair value is based on the share price at this same date. Non-market vesting conditions must not be taken into account when estimating the fair value of the shares at the measurement date. When these equity instruments are subject to conditions of non-transferability, the cost of non-transferability is taken into account in their fair value. Where appropriate, the inability to collect dividends is also taken into account in the fair value calculation. Lastly, the cumulative expense recognised also takes into account the estimated number of shares that will eventually vest.

The expense related to share-based payments made to employees under free share plans is recognised on a straight-line basis in profit or loss over the vesting period, under Expenses related to stock options and related items, which enters into the calculation of Profit from recurring operations. Since this is an equity-settled plan, the double-entry for this expense is recognised in equity under the Consolidated reserves and other reserves heading.

3.4.2 Employee share ownership plan

The combined group launched its We Share employee share ownership programme in the first half of 2023. Employees were once again able to purchase Sopra Steria Group shares, under certain conditions, from 27 March to 12 April 2023 inclusive.

The main characteristics of the offer were as follows:
- offer open to all active employees and eligible retired employees;
- investment in Sopra Steria Group shares via the FCPE (employee mutual investment fund), the performance of which follows changes in the share price as it increases or decreases);
- matching contribution of one free Sopra Steria Group share per share purchased;
- authorised investment amount of between the price of one share (minimum) and €3,000 (maximum);
- dividends reinvested in the FCPE;
- favourable tax treatment under the Group Savings Plan (PEG);
- investment locked in for five years, available from 11 May 2028, except in cases that justify early release.

The offer resulted in 6,547 shares being subscribed and paid up by employees as matching contributions. To transfer shares for the matching contribution, Sopra Steria Group used its stock of treasury shares, corresponding either to existing shares or to shares bought back in advance under a share buyback programme authorised at the General Meeting of Shareholders held on 1 June 2022.

The fair value of free shares was set at €172.07 each. An expense of €3,688 thousand (€2,653 thousand in 2022) in respect of IFRS 2 was recognised within Profit from recurring operations in 2023.

NOTE 4 – Corporate income tax

4.1 Tax expense

(in thousands of euros)	2023	2022
Current tax	-10,908.9	-11,769.2
Deferred tax	3,025.2	-1,450.7
TOTAL	**-7,883.7**	**-13,219.9**

a. Current tax

The combined group determines its current tax expense by applying the tax laws in force in countries where its subsidiaries and associates conduct their business and generate taxable revenues. The tax legislation applied is that enacted or substantially enacted at the reporting date.

b. Deferred tax

Deferred tax is recognised on all temporary differences between the tax base and the carrying amount of assets and liabilities on consolidation.

Deferred tax assets are only recognised if it is probable that they will be recovered as a result of taxable profit expected in future periods within a reasonable time frame.

They are reviewed at the end of each reporting period.

Tax assets and liabilities are measured based on the tax rates enacted or substantively enacted applicable to the reporting period during which the asset will be realised or the liability settled. Their effect is recognised in profit or loss as Deferred tax unless it relates to items recorded under Other comprehensive income, in which case the effect is also included among gains and losses recognised directly in equity. Deferred tax assets and liabilities, regardless of their expiry date, are offset when:

- the combined group has the legal right to settle current tax amounts on a net basis; and
- the deferred tax assets and liabilities relate to the same tax entity.

4.2 Reconciliation of statutory and effective tax expense

(in thousands of euros)	2023	2022
Net profit	**-76,643.8**	**- 19,204.5**
Adjustment for:		
Tax expense	-7,883.7	-13,219.9
Profit before tax	**-68,760.6**	**-5,984.1**
Statutory tax rate	**25.83%**	**25.83%**
Statutory tax expense	**17,760.9**	**1,545.69**
Permanent differences	-19,300.3	-1,453.3
Change in uncapitalised loss carryforwards	-5,665.3	-4,672.5
Impact of tax credits	1,382.2	1,109.7
Prior-year tax adjustments	756.1	-6,501.9
Withholding tax	-1,165.4	-3,016.3
Other tax	-1,652.0	-231.3
Actual tax expense	**-7,883.7**	**-13,219.9**
Effective tax rate	-11.5%	221.6%

The reconciliation between the statutory tax expense and the effective tax expense is conducted using the statutory tax rate in France for the combined group's parent company. This statutory tax rate consists of the 25.0 % corporate tax rate plus the 0.83% Contribution Sociale de Solidarité des Sociétés (C3S) social security tax.

The Cotisation sur la Valeur Ajoutée des Entreprises (CVAE) – a tax on corporate value added, which is a component of the Contribution Économique Territoriale (CET) regional business tax in France – is recognised as part of the corporate income tax expense.

The combined group operates in countries with differing tax laws and tax rates. Within each country, tax rates may also vary depending on the tax policies implemented by local governments and can lead to differences between the current and deferred tax rates. Local weighted average tax rates applicable to the combined group's companies can therefore vary from year to year depending on the relative level of taxable profit. These movements are reflected in Tax rate differences. This item also includes the difference between the aforementioned theoretical tax rate of 25.83% and actual tax rates applicable within jurisdictions where the combined group operates.

4.3 Deferred tax assets and liabilities

4.3.1 Change in deferred tax

(in thousands of euros)	31/12/2022	Change through profit or loss	Change through OCI	31/12/2023
Deferred tax arising from:				
Intangible assets	-8,244.2	2,052.2	2,202.2	-3,988.9
Property, plant and equipment	456.0	231.9	0.0	689.1
Non-current financial assets	370.0	-71.8	0.0	298.2
Inventories, services in progress and outstanding invoices	-83.9	82.9	0.0	-1.0
Other current assets	141.1	-51.6	6.4	95.6
Retirement benefit obligations	5,417.7	309.8	-603.4	5,123.1
Provisions	562.7	-243.9	-6.4	312.4
Assets and liabilities related to leased assets	49.1	103.4	0.0	150.7
Other current liabilities	248.5	-82.4	0.0	165.9
Tax loss carryforwards	1,405.5	694.6	0.0	2,100.0
NET DEFERRED TAX ASSET/(LIABILITY) REPORTED IN THE BALANCE SHEET	**322.4**	**3,025.2**	**1,598.8**	**4,946.4**

4.3.2. Deferred tax assets not recognised by the combined group

(in thousands of euros)	31/12/2023	31/12/2022
Tax losses carried forward	-17,897.8	-17,107.3
Temporary differences	-4.6	748.2
TOTAL	**-17,902.4**	**-16,359.1**

4.3.3. Change in tax loss carryforwards

(in thousands of euros)	France	Morocco	Monaco	Ivory Coast	Tunisia	Other countries	TOTAL
31 December 2022	**34,244.3**	**14,824.4**	**4,521.5**	**4,205.7**	**3,358.9**	**14,857.8**	**76,012.6**
Changes in scope	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Created	0.0	881.7	107.2	0.0	0.0	1,261.5	2,250.5
Used	0.0	0.0	0.0	0.0	-233.6	-232.3	-465.9
Expired	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Translation adjustments	0.0	356.6	0.0	0.0	-64.5	-101.8	190.3
Other movements	0.0	0.0	0.0	0.0	0.0	0.0	0.0
31 DECEMBER 2023	**34,244.3**	**16,062.7**	**4,628.8**	**4,205.7**	**3,060.9**	**15,785.1**	**77,987.5**
Deferred tax basis – Activated	0.0	885.9	0.0	0.0	1,292.6	6,492.4	8,670.9
Deferred tax basis – Non-Activated	34,244.3	15,176.8	4,628.8	4,205.7	1,768.3	9,292.7	69,316.6
Deferred tax - Activated	0.0	265.8	0.0	0.0	193.9	1,640.4	2,100.0
Deferred tax – Non-Activated	8,843.6	4,553.1	1,195.6	1,472.0	265.2	1,568.3	17,897.8

NOTE 5 – Components of the working capital requirement and other financial assets and liabilities

5.1 Other non-current financial assets

(in thousands of euros)	31/12/2023	31/12/2022
Deposits and other receivables	1,771.7	1,993.3
Equity-accounted investments	36.8	36.8
Impairment of equity-accounted investments and other receivables	-40.5	-70.5
Other	8.9	8.7
TOTAL	**1,776.9**	**1,968.3**

The combined group classifies its financial assets into the following categories:

- assets measured at fair value through other comprehensive income;
- assets measured at fair value through profit and loss; and
- assets measured at amortised cost.

Classification depends on the purposes for which financial assets were acquired. According to its management model, management determines the appropriate classification of its financial assets upon their initial recognition, and performs a reassessment at each interim and annual reporting date.

The financial assets recognised by the combined group are as follows:

a. Assets measured at fair value through other comprehensive income

This category includes investments in equity instruments that the combined group has chosen to irrevocably place in this category.

Changes in the fair value of these assets are recognised directly in equity and are not reclassifiable to profit or loss. These assets are not impaired.

The combined group has included in this category its investments in unconsolidated entities over which it exercises no control or significant influence.

b. Assets at amortised cost (loans and receivables)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They comprise the financial assets arising when the combined group transfers funds, or provides goods and services, to an individual or entity. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The combined group distinguishes between:

- long-term loans and receivables classified as non-current financial assets;
- short-term trade receivables and other equivalent receivables. Short-term trade receivables continue to be measured at the nominal amount originally invoiced, which usually equates to the fair value of the consideration to be received.

c. Assets measured at fair value through profit and loss

These are non-derivative financial assets that the combined group has chosen not to measure through other comprehensive income.

This category comprises financial assets held for trading (i.e. acquired with a view to resale in the near term). They are mostly marketable securities and other cash equivalents.

Changes in the fair value of assets of this category are recognised in profit or loss within Other financial income and expenses.

d. Impairment of financial assets

At each balance sheet date, the combined group assesses whether or not there exists objective evidence that a financial asset or group of financial assets may be impaired.

The combined group assesses the credit risk associated with loans and receivables when they are issued. They may be subsequently impaired if the combined group expects that their estimated recoverable amount is less than their net carrying amount.

For trade receivables, these write-downs are charged to profit or loss as part of Operating profit on business activity and reversed in the event of an improvement in the recoverable amount. For loans and deposits, they are recorded within Other financial income and expenses.

Deposits and other non-current financial assets mainly include security deposits paid for leased premises.

5.2 Trade receivables and related accounts

(in thousands of euros)	31/12/2023	31/12/2022
Trade receivables – Gross value	79,049.4	79,894.0
Impairment of trade receivables	-8,673.5	-7,620.4
Trade receivables – Net value	**70,375.9**	**72,273.7**
Customer contract assets	**27,289.1**	**22,047.3**
TOTAL	**97,664.9**	**94,321.0**

An analysis of credit risk in light of the provisions of IFRS 9 *Financial Instruments* does not show any material impact. Changes during the period resulted in part from the appearance of billable amounts transforming assets into trade receivables, and in part from the recognition of revenue leading to the appearance of new customer contract assets.

5.2.1 Aged trade receivables

(in thousands of euros)	Carrying amount	Of which: not past due at the balance sheet date	Of which: past due, with the following breakdown			
			Less than 30 days	Between 30 and 90 days	Between 90 and 120 days	More than 120 days
Trade receivables at 31/12/2023	79,049.4	54,855.0	5,864.3	4,630.4	905.3	12,794.4

(in thousands of euros)	Carrying amount	Of which: not past due at the balance sheet date	Of which: past due, with the following breakdown			
			Less than 30 days	Between 30 and 90 days	Between 90 and 120 days	More than 120 days
Trade receivables at 31/12/2022	79,894.0	53,066.5	6,738.5	5,920.4	1,665.5	12,503.2

5.2.2. Changes in provision for trade receivables

(in thousands of euros)	31/12/2023	31/12/2022
Impairment of trade receivables at beginning of period	**-7,620.4**	**-9,314.1**
Additions net of reversals	-1,053.1	1,693.7
IMPAIRMENT OF TRADE RECEIVABLES AT END OF PERIOD	**-8,673.5**	**-7,620.4**

5.3 Other current assets

(in thousands of euros)	31/12/2023	31/12/2022
Inventories and work in progress	2,089.5	516.4
Advances and payments on account	308.5	1,100.2
Staff and social security	1,047.1	1,052.2
Tax receivables	9,312.3	7,833.0
Corporate income tax	7,234.0	7,480.9
Other receivables	2,366.1	2,460.1
Impairment of other receivables	-295.7	-291.7
Prepaid expenses	4,108.5	4,968.9

(in thousands of euros)	31/12/2023	31/12/2022
TOTAL	**26,170.3**	**25,120.1**

Inventories and work in progress essentially result from the costs of fulfilling contracts and preparatory phases for licences in SaaS mode, as described in Note 4.1. Their increase results from the signature of new contracts.

Tax receivables (other than corporate income tax) include those relating to the CIR (R&D tax credit) in France.

5.4 Other current liabilities

(in thousands of euros)	31/12/2023	31/12/2022
Liabilities on fixed assets – Portion due in less than one year	38.6	70.5
Advances and payments on account received for orders	0.0	0.5
Dividends payable	0.0	0.0
Employee-related liabilities	50,176.6	39,623.6
Tax liabilities	18,430.7	20,220.5
Corporate income tax	5,898.4	6,781.1
Customer contract liabilities	25,813.1	29,993.4
Other liabilities	2,864.5	2,515.4
Total	**103,221.9**	**99,204.9**

The change in customer contract liabilities arose in part from the transformation of former liabilities into revenue, and in part from the appearance of new liabilities due to services that have been invoiced but not yet performed. The majority of these liabilities existing at 31 December 2022 were converted into revenue during 2023.

NOTE 6 – Property, plant and equipment and intangible assets

6.1. Goodwill

6.1.1. Statement of changes in goodwill

Movements in 2023 were as follows:

(in thousands of euros)	01/01/2023	Impairment	Translation adjustments	31/12/2023
France	196,647.2	-53,200.0		143,447.2
UK	106,392.1		2,188.9	108,581.1
Ireland	2,092.0			2,092.0
TOTAL	**305,131.4**	**-53,200.0**	**2,188.9**	**254,120.3**

6.1.2. Impairment testing

The combined group performed impairment tests at 31 December 2023 and 31 December 2022 in line with the requirements of IAS 36 *Impairment of Assets*.
The tests were performed using the following parameters:

	Discount rate		Perpetual growth rate	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Banking	10.75%	9.15%	2.13%	2.2%

For each business combination, the combined group may elect to recognise under its balance sheet assets either partial goodwill (corresponding only to its percentage of ownership interest) or full goodwill (also including the goodwill corresponding to minority interests) according to the method for business combinations presented in Note 6.2.4. This decision is made on an acquisition-by-acquisition basis. Should the calculation of goodwill result in a negative difference (bargain purchase), the combined group recognises the resulting gain entirely in profit or loss, after reassessing whether all assets and liabilities have been correctly identified. Impairment tests are performed when there is an indication of impairment, and in any event at the balance sheet date of 31 December.

At 31 December 2023, the combined group then applied the 2023 parameters to its cash flow projections. The test failed to justify the value of the assets of cash-generating units (CGUs) held by the Banking Software reporting segment. This led the combined group to recognise impairment of €53,200 thousand, mainly relating to goodwill, in France in 2023.

At 31 December 2022, the combined group applied the 2022 parameters to its cash flow projections. These tests justified the value of the assets of cash-generating units (CGUs) held by the Banking Software reporting segment. Finally, additional testing was also performed in 2022 to measure sensitivity to key assumptions (such as the discount rate, perpetual growth rate, operating margin and revenue growth rate):

- a 0.55-point increase in the discount rate; or
- a 0.7-point increase in the perpetual growth rate; or
- a 0.9-point decrease in the projected operating margin.

These additional tests did not indicate any impairment at 31 December 2022.

IAS 36 *Impairment of Assets* requires that an entity assess at each reporting date whether there is any indication that an asset may be impaired.

If any such indication exists, the entity must estimate the asset's recoverable amount.

Irrespective of whether there is any indication of impairment, an entity must also:

- test annually intangible assets with indefinite useful lives;
- test the impairment of goodwill acquired in a business combination.

Impairment testing is performed at the level of the cash-generating units (CGUs) to which assets are allocated.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The combined group's segmentation into CGUs is consistent with the operating structure of its businesses, its management and reporting system, and its segment reporting. The Sopra Banking Software combined group's segmentation into CGUs is consistent with the operating structure of its businesses, its management and reporting system, and its segment reporting. Impairment testing involves comparing CGUs' carrying amounts with their recoverable amounts. A CGU's recoverable amount is the higher of its fair value (generally market value) less costs of disposal and its value in use.

6.2 Other intangible assets

(in thousands of euros)	Gross value	Amortisation	31/12/2023	31/12/2022
Enterprise software/Technology	65,464.6	-48,935.6	16,529.1	22,853.1
Customer relationships	26,031.5	-17,793.5	8,238.0	10,403.5
Favourable contracts	0.0	0.0	0.0	0.0
Brands	2,416.4	-1,797.9	618.5	944.3
Capitalised R&D costs and other intangible assets	60,370.2	-24,443.7	35,926.5	19,552.0
Other	730.5	-729.8	0.7	0.7
TOTAL	**155,013.2**	**-93,700.4**	**61,312.8**	**53,753.6**

Other intangible assets comprise technologies, customer relationships, favourable contracts, order backlogs and brands allocated as part of the purchase price allocation process for a business combination. Expenses relating to the amortisation of allocated intangible assets enter into the calculation of Profit from recurring operations.

Changes in intangible assets are set out in the table below:

(in thousands of euros)	Gross value	Amortisation and impairment	Carrying amount
31 December 2021	**125,811.0**	**-80,157.6**	**45,653.4**
Changes in scope	0.0	0.0	0.0

(in thousands of euros)	Gross value	Amortisation and impairment	Carrying amount
Allocated intangible assets	0.0	0.0	0.0
Acquisitions	19,208.3	0.0	19,208.3
Disposals – Scrapping	-5,868.2	5,868.2	0.0
Other movements	7,784.3	-4,174.4	3,609.9
Translation adjustments	-2,211.2	1,394.1	-817.1
Net increase in amortisation and impairment	0.0	-13,900.9	-13,900.9
31 December 2022	**144,724.2**	**-90,970.6**	**53,753.6**
Changes in scope	0.0	0.0	0.0
Allocated intangible assets	0.0	0.0	0.0
Acquisitions	22,683.4	0.0	22,683.4
Disposals – Scrapping	-12,600.5	12,600.5	0.0
Other movements	-608.0	-159.6	-767.7
Translation adjustments	814.2	-525.4	288.8
Net increase in amortisation and impairment	0.0	-14,645.3	-14,645.3
31 DECEMBER 2023	**155,013.2**	**-93,700.4**	**61,312.8**

Development expenditures for software and solutions with a net value of €22,683 thousand have been recognised under intangible assets in 2023 (€19,208 thousand in 2022). They relate to the accelerating digitalisation of Sopra Banking Software's offering.

a. Assets acquired separately

These are software assets recorded at cost. They are amortised using the straight-line method over one to ten years, depending on their estimated useful lives.

b. Assets acquired in connection with business combinations

These are software assets, customer relationships, brands and distributor relationships measured at fair value as part of a purchase price allocation for entities acquired in business combinations. They are amortised using the straight-line method over three to fifteen years, depending on their estimated useful lives. Acquired brands whose useful lives cannot be estimated are not amortised.

c. Internally generated assets

Pursuant to IAS 38 *Intangible Assets*:

- research and development costs are expensed in the financial year in which they are incurred;
- software development costs are capitalised if all of the following can be demonstrated:
  - technical feasibility of completing the intangible asset for use or sale;
  - intent to complete the intangible asset and use or sell it;
  - ability to use or sell the intangible asset;
  - generation of probable future economic benefits;
  - availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
  - ability to reliably measure the expenditure attributable to the intangible asset during its development.

6.3 Property, plant and equipment

(in thousands of euros)	Land and buildings	Fixtures and fittings, furniture and sundry equipment	IT equipment	Total
Gross value				
31 December 2021	**6.6**	**18,013.1**	**18,014.3**	**36,034.0**
Changes in scope	0.0	0.0	0.0	0.0
Acquisitions	0.0	2,776.7	1,157.2	3,933.9
Disposals – Scrapping	0.0	-4,396.5	-4,304.2	-8,700.6
Other movements	0.0	0.0	0.0	0.0
Translation adjustments	0.0	-434.0	-408.7	-842.7
31 December 2022	**6.6**	**15,959.4**	**14,458.6**	**30,424.6**
Changes in scope	0.0	8.5	5.2	13.6
Acquisitions	0.0	389.4	488.6	878.1

(in thousands of euros)	Land and buildings	Fixtures and fittings, furniture and sundry equipment	IT equipment	Total
Disposals – Scrapping	0.0	-127.0	-349.9	-476.9
Other movements	0.0	2.6	11.0	13.6
Translation adjustments	0.0	128.8	26.7	155.5
31 DECEMBER 2023	**6.6**	**16,361.7**	**14,640.2**	**31,008.4**
Depreciation				
31 December 2021	**-6.6**	**-12,641.8**	**-15,123.3**	**-27,771.7**
Changes in scope	0.0	0.0	0.0	0.0
Charges	0.0	-1,284.9	-1,405.8	-2,690.7
Disposals – Scrapping	0.0	4,288.4	4,272.3	8,560.7
Other movements	0.0	0.0	0.0	0.0
Translation adjustments	0.0	232.5	339.8	572.3
31 December 2022	**-6.6**	**-9,405.9**	**-11,917.0**	**-21,329.4**
Changes in scope	0.0	-14.1	-25.1	-39.2
Charges	-0.3	-1,206.7	-1,160.5	-2,367.6
Disposals – Scrapping	0.0	91.0	347.2	438.2
Other movements	0.3	-14.3	-25.2	-39.2
Translation adjustments	0.0	-68.1	-41.8	-109.9
31 DECEMBER 2023	**-6.6**	**-10,618.1**	**-12,822.5**	**-23,447.2**
Net value				
31 December 2022	**0.0**	**6,553.5**	**2,541.6**	**9,095.1**
31 DECEMBER 2023	**0.0**	**5,743.6**	**1,817.7**	**7,561.3**

The combined group's investments in property, plant and equipment (€7,561 thousand) mainly consisted of €5,650 thousand for fixtures and fittings and office equipment in France and abroad and €1,800 thousand for IT equipment.

Property, plant and equipment essentially consists of land and buildings, fixtures and fittings, office furniture and equipment, and IT equipment.

Property, plant and equipment is measured at acquisition cost (excluding any borrowing costs) less accumulated depreciation and any impairment losses. No amounts have been remeasured.

Depreciation is calculated using the straight-line method over the expected useful lives of each of the following fixed asset categories:

- buildings: 25 to 30 years;
- fixtures and fittings: 4 to 10 years;
- IT hardware and equipment: 3 to 8 years;
- vehicles: 4 to 5 years;
- office furniture and equipment: 4 to 10 years.

Depreciation is applied against assets' acquisition cost after deducting any residual value. Assets' residual values and expected useful lives are reviewed at each balance sheet date.

NOTE 7 – Leases

7.1 Right-of-use assets by category of leased assets

(in thousands of euros)	Premises	Vehicles	IT equipment	Other property, plant and equipment	Total
Gross value					
31 December 2021	**42,433.0**	**8,101.9**	**6,542.7**	**862.4**	**57,939.9**
Changes in scope	0.0	8.3	0.0	0.0	8.3
Acquisitions	8,045.6	1,635.7	2,570.5	0.0	12,251.8
Disposals – Scrapping	-17,720.7	-1,600.4	-1,612.1	0.0	-20,933.1

(in thousands of euros)	Premises	Vehicles	IT equipment	Other property, plant and equipment	Total
Other movements	-605.7	-346.9	0.0	0.0	-952.7
Translation adjustments	-664.0	-195.2	0.0	-19.2	-878.4
31 December 2022	**31,488.2**	**7,603.4**	**7,501.1**	**843.1**	**47,435.9**
Changes in scope	0.2	0.0	0.0	0.0	0.2
Acquisitions	18,951.1	1,998.6	0.0	0.0	20,949.7
Disposals – Scrapping	-4,499.8	-2,159.3	0.0	-612.6	-7,271.7
Other movements	0.0	-102.9	0.0	-239.1	-342.0
Translation adjustments	-57.8	55.8	0.0	8.6	6.5
31 DECEMBER 2023	**45,882.0**	**7,395.5**	**7,501.1**	**0.0**	**60,778.6**
Depreciation and impairment					
31 December 2021	**26,009.6**	**4,740.2**	**3,686.0**	**630.0**	**35,065.9**
Changes in scope	0.0	7.1	0.0	0.0	7.1
Charges	5,809.9	1,846.9	1,193.0	193.0	9,042.8
Disposals – Scrapping	-13,632.1	-1,562.7	-1,172.7	0.0	-16,367.5
Other movements	-600.6	-355.4	0.0	0.0	-956.0
Translation adjustments	-364.5	-108.3	0.0	-24.0	-496.8
31 December 2022	**17,222.2**	**4,567.8**	**3,706.4**	**798.9**	**26,295.3**
Changes in scope	0.1	0.0	0.0	0.0	0.1
Charges	5,351.7	1,816.7	1,084.6	43.6	8,296.7
Disposals – Scrapping	-4,479.5	-2,073.6	0.0	-612.6	-7,165.8
Other movements	-99.0	-36.1	0.0	-239.1	-374.2
Translation adjustments	44.8	-2.5	0.0	9.2	51.5
31 DECEMBER 2023	**18,040.2**	**4,272.4**	**4,791.0**	**0.0**	**27,103.6**
Net value					
31 December 2022	**14,266.0**	**3,035.6**	**3,794.8**	**44.2**	**21,140.6**
31 DECEMBER 2023	**27,841.8**	**3,123.1**	**2,710.1**	**0.0**	**33,675.0**

7.2 Breakdown of lease liabilities by maturity

(in thousands of euros)	Carrying amount	Current	Non-current	Breakdown of non-current portion				
				1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
2022	22,299.0	5,292.2	17,006.8	4,545.9	3,763.0	2,562.0	1,778.9	4,357.0
2023	35,420.5	6,768.0	28,652.5	5,655.9	4,494.3	3,584.8	3,369.3	11,548.2

NOTE 8 – Provisions

8.1. Non-current provisions

(in thousands of euros)	01/01/2023	Charges	Reversals (used)	Reversals (not used)	31/12/2023
Disputes	3,631.3	357.3	-1,809.2	-1,285.0	894.4
Losses on contracts	0.0	0.0	0.0	0.0	0.0
Tax risks other than income tax	0.0	1,425.0	0.0	0.0	1,425.0
Restructuring	0.0	0.0	0.0	0.0	0.0
Cost of renovating premises	1,408.6	0.0	-125.3	0.0	1,283.4
Other contingencies	253.8	97.7	-197.7	0.0	153.8

Total	**5,293.7**	**1,880.0**	**-2,132.2**	**-1,285.0**	**3,756.5**

Provisions for disputes mainly cover disputes before employment tribunals and customer disputes (€894 thousand at 31 December 2023, €3,631 thousand at 31 December 2022).

Provisions for tax risks other than income tax mainly concern risks relating to the R&D tax credit in France (€1,425 thousand at 31 December 2023).

(in thousands of euros)	01/01/2022	Charges	Reversals (used)	Reversals (not used)	31/12/2022
Disputes	3,592.6	462.1	0.0	-423.5	3,631.3
Losses on contracts	0.0	0.0	0.0	0.0	0.0
Tax risks other than income tax	400.0	0.0	0.0	-294.2	105.8
Restructuring	0.0	0.0	0.0	0.0	0.0
Cost of renovating premises	1,353.3	55.4	0.0	0.0	1,408.6
Other contingencies	356.9	0.0	-103.2	0.0	253.8
Total	**5,595.6**	**517.5**	**-103.2**	**-717.7**	**5,292.2**

Provisions for disputes did not change materially between 2021 and 2022.

Present obligations resulting from past events involving third parties are recognised in provisions only when it is probable that such obligations will give rise to an outflow of resources to third parties without consideration from said parties that is at least equivalent, and if the outflow of resources can be reliably measured.

Since provisions are estimated based on future risks and expenses, such amounts include an element of uncertainty and may be adjusted in subsequent periods. The impact of discounting provisions is taken into account if significant.

In the specific case of restructuring, an obligation is recognised as soon as the restructuring has been publicly announced and a detailed plan presented or the plan implementation has commenced. This cost mainly corresponds to severance payments, early retirement, costs related to notice periods not worked, training costs for departing employees and other costs relating to site closures. A provision is recognised for the rent and related costs to be paid, net of estimated subleasing income, in respect of any property if the asset is subleased or vacant and is not intended to be used in connection with main activities.

Scrapped assets and impairment of inventories and other assets directly related to the restructuring measures are also recognised in restructuring costs.

NOTE 9 Financing and financial risk management

9.1 Financial income and expenses

Cost of debt

(in thousands of euros)	2023	2022
Interest income	8.6	-12.1
Income from cash and cash equivalents	**8.6**	**-12.1**
Interest expenses	-20,066.4	-8,528.9
Cost of gross financial debt	**-20,066.4**	**-8,528.9**
Cost of net financial debt	**-20,057.7**	**-8,541.0**

The €11,518 thousand increase in interest expenses reflects the rise in average debt and the higher interest rates in 2023.

Other financial income and expenses

(in thousands of euros)	2023	2022

Foreign exchange gains and losses	**122.9**	**-1,175.4**
Other financial income	**23.5**	**21.1**
Net interest expense on lease liabilities	-1,577.1	-528.4
Net interest expense on retirement benefit obligations	-555.2	-199.9
Accretion expense on non-current liabilities	-189.7	-90.5
Other financial expenses	-266.1	-316.2
Total other financial expenses	**-2,588.1**	**-1,135.0**
Total other financial income and expenses	**-2,441.7**	**-2,289.2**

9.2 Cash and cash equivalents

(in thousands of euros)	**31/12/2023**	**31/12/2022**
Cash equivalents	120.1	116.6
Cash	3,891.2	8,870.2
Cash and cash equivalents	**4,011.3**	**8,986.8**

Cash and cash equivalents include available liquid funds (cash at bank and in hand), liquid marketable securities that meet the definition of cash equivalents, bills of exchange presented for collection and falling due before the balance sheet date, and temporary bank overdrafts.

NOTE 10 – Related-party transactions

10.1 Compensation of senior executives (related parties)

The senior executives are the Chairman of the Board of Directors and the Chief Executive Officer of the combined group. The roles of the Chairman of the Board of Directors and the Chief Executive Officer of the combined group are unpaid with respect to the Sopra Banking Software scope.

10.2. Transactions with equity-accounted associates and non-consolidated entities

Transactions with subsidiaries over which SSG has control or significant influence, joint ventures, senior executives and/or their close friends and family, and the main shareholders, usually recognised as inter-company transactions and eliminated as part of the consolidation procedures applied when preparing SSG's consolidated financial statements, have been considered as related-party transactions where they do not constitute inter-company transactions within respect to the Sopra Banking Software scope. They have been presented as such in the combined financial statements of Sopra Banking Software in accordance with IAS 24 *Related-Party Disclosures*.

Related-party transactions between Sopra Banking Software and SSG include the following types of transactions:

- Sales of services and development of certain joint projects between Sopra Banking Software and Sopra Steria Group;
- Purchases of development and other services;
- Other purchases of general services necessary for the running of Sopra Banking Software's activities, corresponding to the cost of Sopra Steria Group staff employed on behalf of Sopra Banking Software.

In addition to current accounts with SSG and bank overdrafts, the combined balance sheet includes the following positions with related parties:

Trade receivables with related parties

- Trade receivables resulting from commercial transactions with SSG.

Trade payables with related parties

- Trade payables corresponding to purchases of services by Sopra Banking Software from SSG and reflecting internal payment terms in force within SSG.

As specified in the section relating to combined equity, settlements of transactions between related parties ultimately result in cash flows from financing activities and are recognised in the combined group's equity as net contributions made by shareholders to the Sopra Banking Software combined group.

(in thousands of euros)	**31/12/2023**	**31/12/2022**
Transaction between Sopra Banking Software and Sopra Steria Group and its subsidiaries		
Sales of goods and services	25,536.2	18,966.6
Purchases of goods and services	-27,547.5	-30,178.0
Operating receivables	22,958.8	18,879.0
Operating payables	-21,077.3	-14,786.0
Financial expenses	-20,058.1	-8,474.6
Financial receivables (current account) (a)	-383,290.2	-393,423.0
Transactions between Sopra Steria Group and the Axway Software group		
Sales of goods and services	43.8	307.7
Purchases of goods and services	-1,982.9	-1,569.4
Operating receivables	18.1	40.8
Operating payables	-5.4	-108.0

(a) This amount represents the net balance at the balance-sheet date of current accounts and bank overdrafts resulting from cash pooling by Sopra Banking Software entities that are members of the cash pooling agreement in place within SSG.

NOTE 11 – Off-balance sheet commitments

11.1 Commitments given related to current operations

(in thousands of euros)	**31/12/2023**	**31/12/2022**
Bank guarantee on a customer contract	966.4	990.3
TOTAL	**966.4**	**990.3**

11.2 Commitments received

No off-balance sheet commitment was received in 2022 or 2023.

NOTE 12 – Subsequent events

No other subsequent events occurred after the balance-sheet date.

Annex 4 – 2024 Half-Year Financial Report

2024
Interim Financial Report

Contents

01

Half-year management report

Key events in the first half of 2024

The key events in the first half of 2024 were as follows:

- First-half revenue of €148.7 million, up 1.9% organically and 2.2% in total;
- Annual Recurring Revenue (ARR) at €229.9 million, up 7.2% compared with end-June 2023;
- Profit on operating activities consistent with expectations at 11.5%, in line with first-half 2023;
- Sopra Banking Software acquisition project well on track to complete fully in Q3 2024.

Axway Software: Half-year performance in line with annual targets

Patrick Donovan, Chief Executive Officer, declared:

"In the first half of 2024, we maintained a measured pace, achieving 1.9% organic growth, aligned with our guidance range, while rigorously managing expenses to maintain a healthy 11.5% margin on operating activities, consistent with our full-year ambitions. Unlike the exceptional start in 2023, H1 2024 has reflected a more balanced outlook. Higher-than-expected bookings on Axway Managed offerings, which will drive future Subscription revenue but had minimal impact in the first half, hindered our ability to sustain a stronger growth momentum. Axway Managed offerings represented over 42% of our bookings in the first six months of the year, indicating a trend likely to persist. As Axway advances towards its annual objectives, we are steadfast in our commitment and eager to complete the acquisition of Sopra Banking Software during the third quarter."

Comments on business activity in the first half of 2024

In the first half of 2024, Axway's performance aligned with its annual objectives. After experiencing a robust Q1, the company saw a deceleration in growth during Q2 due to delays in finalising some key contracts. The Americas region maintained steady mid-digit growth throughout the entire first half, and the Asia-Pacific region continued to progress. France and Europe, which had shown significant growth over the past two years, faced a downturn in Q2 due to a high comparison basis. Nevertheless, Axway continued to successfully attract new customers, which accounted for 25% of bookings during the period.

Several highlights marked Axway's recent news. In February, the company announced its project to acquire Sopra Banking Software, that will more than double Axway's revenue and strengthen the company's position in the financial services and banking industries, while diversifying its product portfolio, geographical coverage and customer base. Simultaneously, the company continued its efforts to further enhance the relevance of its offerings and customer satisfaction. To this end, Axway Summits in North America, Brazil and Europe, held between April and June, were a great success, attracting several hundred customers, all eager to discover Axway's vision and new capabilities.

On the product side, Axway's Amplify API Management platform's robustness continued to support customer transaction growth, leading to strong performance for the product line in H1 2024. This highlights the platform's crucial role in enhancing customer success and satisfaction, especially for those with the most advanced systems. The MFT offering was also in high demand over the half-year, buoyed by the success of Axway's Managed offerings, which provide customers with high-end, reliable and secure cloud services, designed to meet all their expectations and challenges.

Finally, Axway was positioned as a Leader in The Forrester Wave™: : API Management Software(1) by Forrester Research. This new recognition testifies to the company's relentless efforts in delivering innovative, customer-centric solutions that drive digital transformation and business growth for its customers. The API Management, B2B Integration and MFT offerings, were also each named leaders in their respective categories of the Summer 2024 reports of the G2(2) evaluation platform for enterprise solutions.

(1) The Forrester Wave™: API Management Software, Q3 2024, Forrester Research, Inc., 1 July 2024. To learn more click here
(2) To learn more about Axway's G2 evaluations click here.

Comments on operational performance in the first half of 2024

In H1 2024, Axway's revenue totalled €148.7 million, up 1.9% organically and 2.2% in total. Within the H1 2023 restated figures, currency fluctuations had a negligible impact while changes in the consolidation scope, resulting from the 2023 acquisitions, had a positive impact of €0.4 million. Profit on operating activities amounted to €17.1 million for the period, or 11.5% of revenue.

Axway Software: Revenue by business line

(in million of euros)	H1 2024	H1 2023	2023 restated (1)	Total Growth	Organic Growth
Subscription	93.2	78.7	79.0	18.5%	18.0%
of which Axway Managed	*25.9*	*22.3*	*22.6*	*16.5%*	*14.8%*
of which Customer Managed	*67.3*	*56.4*	*56.4*	*19.3%*	*19.3%*
Maintenance	34.6	44.6	44.6	-22.3%	-22.3%
Subtotal - Renewable Contracts	**127.9**	**123.3**	**123.6**	**3.7%**	**3.4%**
License	2.6	3.0	3.0	-12.2%	-12.1%
Services	18.2	19.2	19.3	-5.4%	-5.7%
Axway	**148.7**	**145.5**	**145.9**	**2.2%**	**1.9%**

(1) At comparable scope and exchange rates.

The **Subscription** activity continued to perform strongly in H1 2024, achieving organic growth of 18.0% to €93.2 million. Axway Managed offerings revenue saw organic growth of 14.8%, supported by the full impact of deals signed in 2023 in addition to those concluded in H1 2024, while Customer Managed offerings revenue soared by 19.3%. Upfront revenue from Customer Managed contracts signed in the first 6 months of the year represented €39.4 million. Axway continued to win new business, as illustrated by the annual value of new subscription contracts (ACV) signed in H1 2024, which totalled €15.9 million. Axway Managed offerings once again attracted a growing number of customers, accounting for 42% of total bookings in H1 2024, which will boost future revenue for the activity. This trend is expected to continue for the foreseeable future.

In H1 2024, **Maintenance** generated €34.6 million in revenue, making up 23% of Axway's overall revenue. The activity experienced an organic decline of 22.3%, due to the continued shift of customers to subscription models, yet maintained a high renewal rate of around 91%.

At the end of June 2024, Axway's Annual Recurring Revenue (ARR) reached €229.9 million, up 7.2% on a like-for-like basis, compared to €214.5 million at the end of June 2023. In H1 2024, revenue from renewable contracts represented 86% of total revenue.

License revenue for the first half amounted to €2.6 million, reflecting a 12.1% organic decline. Q2 revenue showed a strong recovery with a 44.3% increase compared to the previous year, partially offsetting Q1's sharp decline. Axway expects the full-year activity revenue to remain consistent with last year's figures, contributing 2 to 4% of the company's total revenue.

The **Services** activity, representing approximately 12% of Axway's total revenue, experienced a slight organic decrease in H1 2024, with revenue of €18.2 million, marking a 5.7% drop from the same period last year. Full-year revenue is expected to be slightly down on the previous year, due to the higher than expected proportion of Axway Managed contracts signed in H1.

Axway Software: Revenue by geographic area

(in million of euros)	H1 2024	H1 2023	2023 restated (1)	Total Growth	Organic Growth
France	41.7	45.5	45.6	-8.3%	-8.4%
Rest of Europe	38.6	35.6	36.1	8.4%	7.0%
Americas	60.2	57.2	57.2	5.2%	5.2%
Asia-Pacific	8.1	7.1	7.0	14.4%	16.0%
Axway	**148.7**	**145.5**	**145.9**	**2.2%**	**1.9%**

(1) At comparable scope and exchange rates.

France posted first-half revenue of €41.7 million in H1 2024, representing an expected organic decline of 8.4%. This contraction is attributable to the high comparison basis resulting from the previous year's strong performance, which made growth difficult, notably due to significant upfront revenues recorded last year when major subscription migration projects were signed.

Across the **Rest of Europe**, Axway maintained a robust growth trajectory, reporting revenue of €38.6 million in H1 2024, with a solid organic growth rate of 7.0%. This positive trend was driven by good performances in key markets such as Germany and Southern Europe, leveraging the Amplify API Management and MTF offerings. Axway's strategic commitment to enhancing customer value and expanding its market reach played a pivotal role across the region.

Axway continued its upward trajectory in the **Americas** (USA and Latin America), reporting €60.2 million in revenue over H1 2024, reflecting a strong 5.2% organic growth rate. Thanks to a solid reputation for security, Axway has seen several new customers choose its MFT and APIM offerings to replace competing solutions. The region remains a cornerstone of Axway's global strategy, accounting for 40% of its overall revenue in the first half.

Axway achieved promising results in **Asia/Pacific** with revenue totalling €8.1 million in H1 2024, reflecting a very solid organic growth rate of 16.0%, driven by the ramp-up of major deals contracted in 2023.

Comments on net profit for the first half of 2024

Profit from recurring operations was €12.5 million in H1 2024, or 8.4% of revenue, compared to 10.1% (€14.7 million) in H1 2023. It includes amortisation of allocated intangible assets of €1.7 million and a share-based payment expense of €2.9m.

Operating profit for the half-year was €8.3 million, or 5.6% of revenue, compared to €11.2 million or 7.7% of revenue in H1 2023.

Net profit for the period was €2.8 million, representing 1.9% compared to 2.5% in H1 2023.

Basic earnings per share were €0.13 for the period, down from €0.17 in H1 2023.

	H1 2024		H1 2023	
	(en millions d'euros)	*(% CA)*	*(en millions d'euros)*	*(% CA)*
Revenue	**148.7**	**100.0 %**	**145.5**	**100.0 %**
Cost of sales				
Licence and Maintenance	-6.3	4.3 %	-6.4	4.4 %
Subscription	-19.4	13.1 %	-18.6	12.8 %
Services	-18.1	12.2 %	-17.9	12.3 %
Total Cost of sales	**-43.9**	**29.5 %**	**-42.9**	**29.5 %**
Gross profit	**104.7**	**70.5 %**	**102.6**	**70.5 %**
Operating expenses				
Sales and marketing	-41.8	28.1 %	-42.1	28.9 %
Research & Development	-31.2	21.0 %	-29.4	20.2 %
General and administrative	-14.6	9.8 %	-13.3	9.1 %
Total operating expenses	**-87.6**	**58.9 %**	**-84.8**	**58.3 %**
Profit on operating activities	**17.1**	**11.5 %**	**17.8**	**12.2 %**
Share-based and similar payment expense	-2.9		-1.4	
Amortisation of intangible assets	-1.7		-1.7	
Profit from recurring operations	**12.5**	**8.4 %**	**14.7**	**10.1 %**
Other operating income and expenses	-4.1		-3.5	
Operating profit	**8.3**	**5.6 %**	**11.2**	**7.7 %**
Cost of net financial debt	-2.7		-2.1	
Other financial income and expense	-0.9		0.4	
Income taxes	-2.0		-5.9	
Net profit	**2.8**	**1.9 %**	**3.7**	**2.5 %**
Basic earnings per share (in euros)	**0.13**		**0.17**	

Change in the workforce

At 30 June 2024, Axway had 1,471 employees compared to 1,465 at December 31, 2023.

Financial position at 30 June 2024

At 30 June 2024, Axway's financial position was solid, with cash of €16.9 million and bank debt of €87.7 million.

Free cash flow was €6.7 million in H1 2024, compared to €16.5 million a year earlier. Due to the timing of some collections and payments that will recover in H2, Axway expects that 2024 full-year free cash flows will improve compared to the 2023 level.

Shareholders' equity stood at €355.9 million at 30 June 2024, compared to €314.6 million at the end of June 2023.

Update on the Sopra Banking Software acquisition project

On 10 July 2024 Axway announced that all regulatory conditions precedent to the completion of the acquisition were satisfied, with the exception of the AMF's approval of the prospectus to be submitted by Axway in connection with the contemplated rights issue to help finance the transaction.

Axway's intention is to launch the rights issue before the end of July 2024. The indicative timetable for the rights issue will be set out in the operation prospectus, which is expected to be approved by the AMF in the next few days. The rights issue constitutes the final step in the project to acquire Sopra Banking Software, which is expected to be finalised in Q3 2024.

Main risks and uncertainties for the second half of 2024

The level and nature of risks to which the Group is exposed are unchanged compared to the risk factors set out in pages 33 to 48 of the 2023 Universal Registration Document, as updated by the amendment to the 2023 Universal Registration Document.

In addition, the level and nature of the risks to which the Group would be exposed after the acquisition of Sopra Banking Software's activities are presented in the amendment to the 2023 Universal Registration Document.

2024 Targets & Outlook

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

These confirmed targets apply to Axway's current structure. Guidance including Sopra Banking Software will be disclosed to the market at the time of the launch of the rights issue.

Events after the reporting period

Between 1 July 2024 and the Board of Directors' meeting of 18 July 2024, the acquisition of Sopra Banking Software's activities and the share capital increase to complete the transaction financing received the necessary regulatory authorisations, including the AMF's decision on the exemption from the obligation to file a draft public offering.

The AMF is expected to approve the prospectus filed by Axway for the share capital increase after the Board of Directors' meeting.

Between 1 July 2024 and the date of the Board of Directors' meeting, there were no other significant events likely to impact the financial statements.

Glossary – Alternative Performance Measures

- **ACV:** Annual Contract Value – annual contract value of a Subscription agreement.
- **ARR:** Annual Recurring Revenue – annual invoicing amount forecast for all Subscription and asset maintenance contracts.
- **Employee Engagement Score:** employee engagement measured by 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 product or a service.
- **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 share-based payment expense for stock-options and free shares, as well as the amortisation of allocated intangible assets.
- **Restated revenue:** revenue for the prior year, adjusted for the consolidation scope and exchange rates of the current year.

02

Condensed interim consolidated financial statements

Consolidated income statement

(in thousands of euros)	Notes	H1 2024	H1 2023
Revenue	3 and 4	**148,658**	**145,456**
Employee costs	5.1	-89,628	-88,921
External expenses	6	-35,764	-32,296
Taxes and duties		-1,457	-1,761
Depreciation and amortisation, provisions and impairment		-5,910	-6,286
Other current operating income and expenses		1,225	1,623
Profit on operating activities		**17,124**	**17,815**
As a % of revenue		***11.5%***	***12.2%***
Share-based payment expense	7	-2,933	-1,405
Amortisation of allocated intangible assets		-1,739	-1,730
Profit from recurring operations		**12,453**	**14,681**
As a % of revenue		***8.4%***	***10.1%***
Other operating income and expenses	8	-4,116	-3,461
Operating profit		**8,337**	**11,220**
As a % of revenue		***5.6%***	***7.7%***
Cost of net financial debt	9.1	-2,669	-2,103
Other financial income and expenses	9.2	-927	446
Income tax expense	10	-1,953	-5,877
Profit for the year from continuing operations		**2,788**	**3,686**
Profit for the year		**2,788**	**3,686**
As a % of revenue		***1.9%***	***2.5%***
of which attributable to non-controlling interests		-1	1
of which attributable to owners of the Company		**2,789**	**3,685**

Net income per share – attributable to owners of the Company

(in euros)	Notes	H1 2024	H1 2023
Basic earnings per share	11	0.13	0.17
Diluted earnings per share	11	0.13	0.17

Statement of comprehensive income

(in thousands of euros)	H1 2024	H1 2023
Consolidated profit for the year	**2,788**	**3,686**
Other comprehensive income:		
Actuarial gains and losses on pension plans	130	-770
Tax impact	-34	199
Sub-total items that will not be reclassified subsequently to profit or loss	**97**	**-571**
Share attributable to non-controlling interests	—	—
Exchange differences on translating foreign operations	6,322	-5,157
Sub-total items that may not be reclassified subsequently to profit or loss	**6,323**	**-5,157**
Total other comprehensive income, net of tax	**6,419**	**-5,728**
Total comprehensive income	**9,207**	**-2,042**
of which attributable to non-controlling interests	-1	1
of which attributable to owners of the Company	**9,208**	**-2,043**

Consolidated statement of financial position

ASSETS

(in thousands of euros)	Notes	30/06/2024	31/12/2023
Goodwill	12.1	302,704	302,122
Intangible assets		9,379	5,138
Property, plant and equipment		10,244	9,289
Lease right-of-use assets	13.1	15,541	17,820
Non-current financial and other assets		10,868	13,098
Deferred tax assets		20,381	20,104
Non-current assets		**369,119**	**367,571**
Trade receivables	14	166,313	178,009
Other current receivables		38,767	32,331
Cash and cash equivalents	16	16,914	16,682
Current assets		**221,995**	**227,022**
Total assets		**591,114**	**594,593**

EQUITY AND LIABILITIES

(in thousands of euros)	Notes	30/06/2024	31/12/2023
Share capital		43,267	43,267
Capital reserves		113,380	113,380
Consolidated and other reserves		196,409	153,785
Profit for the year		2,789	35,828
Equity – share attributable to owners of the Company		**355,845**	**346,260**
Non-controlling interests		**11**	**11**
Total equity	**15**	**355,856**	**346,271**
Financial debt – long-term portion	16	83,311	87,995
Lease liabilities – long-term portion	13.2	18,920	19,689
Deferred tax liabilities		4,828	4,378
Other non-current liabilities including long-term provisions		11,519	12,154
Non-current liabilities		**118,579**	**124,217**
Financial debt – short-term portion	16	4,363	4,278
Lease liabilities – short-term portion	13.2	2,534	4,037
Trade accounts payable		10,652	11,313
Deferred income	17	60,077	49,060
Other current liabilities	18	39,053	55,418
Current liabilities		**116,679**	**124,105**
Total liabilities		**235,257**	**248,322**
Total equity and liabilities		**591,114**	**594,593**

Consolidated statement of changes in equity

(in thousands of euros)	Share capital	Capital reserves	Treasury shares	Reserves and consolidated profit	Other comprehensive income	Attributable to: owners of the Company	Attributable to: non-controlling interests	Total
At 30/06/2023	**43,267**	**113,380**	**-12,719**	**137,372**	**33,324**	**314,624**	**10**	**314,634**
Capital transactions	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	2,370	—	2,370	—	2,370
Transactions in treasury shares	—	—	-433	58	—	-375	—	-375
Ordinary dividends	—	—	—	—	—	—	—	—
Changes in scope of consolidation	—	—	—	—	—	—	—	—
Other movements	—	—	—	-39	40	1	-5	-4
Transactions with shareholders	**—**	**—**	**-433**	**2,389**	**40**	**1,998**	**-5**	**1,993**
Profit for the year	—	—	—	32,142	—	32,142	5	32,147
Other comprehensive income	—	—	—	—	-2,503	-2,503	0	-2,503
Total comprehensive income for the period	**—**	**—**	**—**	**32,142**	**-2,503**	**29,638**	**5**	**29,644**
At 31/12/2023	**43,267**	**113,380**	**-13,152**	**171,903**	**30,861**	**346,260**	**11**	**346,271**
Capital transactions	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	2,518	—	2,518	—	2,518
Transactions in treasury shares	—	—	-210	-2,040	—	-2,250	—	-2,250
Ordinary dividends	—	—	—	—	—	—	—	—
Changes in scope of consolidation	—	—	—	—	—	—	—	—
Other movements	—	—	—	110	—	110	1	111
Transactions with shareholders	**—**	**—**	**-210**	**587**	**—**	**377**	**1**	**378**
Profit for the year	—	—	—	2,789	—	2,789	-1	2,788
Other comprehensive income	—	—	—	—	6,419	6,419	0	6,419
Total comprehensive income for the year	**—**	**—**	**—**	**2,789**	**6,419**	**9,208**	**-1**	**9,207**
At 30/06/2024	**43,267**	**113,380**	**-13,362**	**175,280**	**37,280**	**355,845**	**11**	**355,856**

Consolidated statement of cash flows

(in thousands of euros)	Notes	H1 2024	H1 2023
Consolidated profit (including share attributable to non-controlling interests)		**2,788**	**3,686**
Net charges to depreciation, amortisation and provisions		3,289	9,429
Share-based payment expense	7	2,518	1,261
Gains and losses on disposal		1,548	-2,221
Cash from operations after cost of net financial debt and tax		**10,142**	**12,155**
Cost of net financial debt	9.1	2,669	2,103
Income tax expense (including deferred tax)	10	1,953	5,877
Cash from operations before cost of net financial debt and tax (A)		**14,764**	**20,134**
Tax paid (B)		-2,292	-1,508
Changes to operating working capital requirements (including liabilities related to employee benefits) (C)		2,550	4,519
Net cash from operating activities (D) = (A + B + C)		**15,022**	**23,145**
Purchases of intangible assets and PP&E		-2,929	-1,529
Proceeds from sale of intangible assets and PP&E		12	14
Impact of changes in the scope of consolidation	12	-15	-5,997
Change in loans and advances granted		141	-1,092
Other cash flows from investing activities		44	29
Net cash from (used in) investing activities (E)		**-2,747**	**-8,575**
Proceeds from the exercise of stock options		—	—
Purchases and proceeds from disposal of treasury shares	7	-2,152	-4,367
Dividends paid to shareholders of the parent company		—	-8,402
Proceeds from borrowings	16	63,000	18,000
Repayment of borrowings	16	-68,135	-18,439
Change in lease liabilities	13	-3,231	-3,463
Net interest paid (including finance leases)		-2,202	-1,627
Other cash flows relating to financing activities		96	-314
Net cash from (used in) financing activities (F)		**-12,624**	**-18,611**
Effect of foreign exchange rate changes (G)		**142**	**-118**
Net change in cash and cash equivalents (D + E + F + G)		**-206**	**-4,158**
Opening cash position		16,530	18,309
Closing cash position		16,323	14,150

The closing cash position is equal to Cash and cash equivalents less bank overdrafts.

Notes to the condensed consolidated financial statements

Contents of the financial statements notes

Note 1 Accounting principles

The condensed interim consolidated financial statements for the half-year ended 30 June 2024, together with the accompanying notes, were prepared under the responsibility of the Board of Directors and approved at its meeting of 18 July 2024.

1.1 Basis of preparation of the condensed interim consolidated financial statements

The consolidated financial statements for the half-year ended 30 June 2024 were prepared in accordance with IAS 34, Interim financial reporting, the IFRS published by the IASB (International Accounting Standards Board) and adopted by the European Union. This standard is available on the European Commission website: *http://ec.europa.eu/finance/company-reporting/ifrs-financial- statements/index_en.htm*

The accounting policies underlying the preparation of the condensed interim consolidated financial statements for the half-year ended 30 June 2024 are identical to those adopted for the consolidated financial statements for the year ended 31 December 2023 and described in Chapter 5, Note 1 of the 2023 Universal Registration Document filed on 25 March 2024 with the French Financial Markets Authority (AMF) under no. D. 24-0175 and available on the Company's website at *http://www.investors.axway.com*, except for the new standards and interpretations applicable from 1 January 2024 and presented in Note 1.2.

These condensed interim consolidated financial statements are presented in thousands of euros, unless indicated otherwise.

1.2 Application of new standards and interpretations

The new standards, amendments to existing standards and interpretations adopted by the European Union and of mandatory application in fiscal years beginning on or after 1 January 2024 are as follows:

- amendments to IAS 1, *Presentation of the financial statements: Non-current liabilities with covenants*, of mandatory application from 1 January 2024, addressing the classification of a liability as current or non-current;
- amendments IAS 7 and IFRS 7, *Reverse factoring – Supplier finance arrangements*, of mandatory application from 1 January 2024, addressing improvements to the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk;
- amendment to IFRS 16, *Lease liability in a sale and leaseback*, of mandatory application from 1 January 2024, clarifying the subsequent measurement of a liability resulting from such a transaction.

The amendments to IFRS 7 and IFRS 16 have no material impact on the condensed interim consolidated financial statements and no disclosures are therefore provided in the notes to the consolidated financial statements.

The amendments to IAS 1 are presented in Note 1.5, Impacts of the amendments to IAS 1, Presentation of the financial statements: Non-current liabilities with covenants.

1.3 Acquisition of most of Sopra Banking Software's activities

Further to the press release of 21 February 2024, Axway announced the signature on 31 May 2024 of an agreement to acquire most of Sopra Banking Software's activities, representing, on a stand-alone basis, revenue of €359 million[(1)]. The following press release was published on 3 June 2024:

https://investors.axway.com/sites/default/files/related_files/03062024_Axway_SigningSBS_EN_VFinal.pdf

Axway's Board of Directors approved the signing of the purchase agreement on the basis of a review by an independent expert (Cabinet Finexsi, whose report is linked at the end of this press release) of the valuation of Sopra Banking Software's activities at €330 million.

Axway has secured the financing of this acquisition through the combination of new debt facilities confirmed by Crédit Agricole Corporate and Investment Bank, Société Générale and Crédit Lyonnais, and a share capital increase with preferential subscription rights of around €130 million, benefitting from a subscription and underwriting commitment from the Company's controlling shareholder, Sopra GMT.

Indeed, as part of the share capital increase, in order to secure funding and guarantee the long-term independence of the new combined entity, Sopra GMT has undertaken to:

- acquire a block of 3,619,423 Axway shares from Sopra Steria Group, representing approximately 16.73% of Axway's capital, at a price per share of €26.50, for an amount of €95.9 million and all of Sopra Steria Group's residual preferential subscription rights;
- subscribe to the capital increase on an irreducible basis to the extent of its rights and those acquired from Sopra Steria Group, representing approximately 53% of the capital increase;
- secure the remainder of the capital increase by subscribing any shares that would remain unsubscribed at the end of the allocation process (after orders on irreducible and reducible basis have been allocated).

The financing of Sopra GMT undertakings as described above will be carried out with the support of One Equity Partners[(2)], a financial partner with which Sopra GMT has also concluded a binding agreement.

All transactions will be completed by the end of the 3rd quarter 2024

Note 20, Off-balance-sheet commitments and contingent liabilities, to the 2024 interim financial report sets out the agreements signed during the first half of 2024 concerning the acquisition of Sopra Banking Software's activities and not recognised in the Statement of financial position at 30 June 2024.

(1) *Revenue including inter-company transactions with Sopra Steria of €24 million.*
(2) *One Equity Partners will hold around 20% of Sopra GMT's capital.*

Between 1 July 2024 and the Board of Directors' meeting of 18 July 2024, the acquisition of Sopra Banking Software's activities and the share capital increase to complete the transaction financing received the necessary regulatory authorisations, including the AMF's decision on the exemption from the obligation to file a draft public offering. The prospectus filed by Axway for the share capital increase is expected to receive AMF approval after the Board of Directors' meeting.

1.4 Estimated impact of the International tax reform – Pillar 2

The Axway Group's initial conclusions are presented in Note 1.4, International tax reform – Pillar 2, of Chapter 5 "Consolidated Financial Statements" of the 2023 Universal Registration Document.

The aim of this international tax reform is to impose a 15% minimum tax on profits in regions where international groups operate. At this stage, the Axway Group would be impacted by this tax reform through its holding company Sopra GMT whose consolidated revenue exceeds €750 million.

As described in Note 7.2.5 of Chapter 7 "Axway Software share capital and shares" of the 2023 Universal Registration Document, Sopra GMT is the holding company of Axway Software and Sopra Steria Group. It exercises control over the Axway Group due to its direct and indirect holding (under the shareholders' agreement) of over half of the share capital (52.77%) and 63.55% of exercisable voting rights.

The transaction described in Note 1.3, Acquisition of most of Sopra Banking Software's activities, of the interim financial report does not change the conclusions reached at 31 December 2023.

This reform enters into effect in fiscal years beginning on or after 1 January 2024 as follows:

• **during the Transition period encompassing fiscal years 2024, 2025 and 2026:** the transitional CbCR safe harbour would be applied by combining Axway Group entities with Sopra Stéria Group entities in each jurisdiction where the groups operate. Axway Group does not expect the financial impact to be material during this period;

• **after the Transition period:** based on the regulation as it currently stands, the transitional safe harbour will no longer apply from fiscal year 2027. Axway Group anticipates the payment of additional tax in Ireland as this jurisdiction benefits from a low nominal tax rate. The Axway Group anticipates the payment of additional tax in Bulgaria and Romania of a non-material amount. These countries benefit from either a low nominal tax rate or special tax deductions but would qualify for exclusion measures due to their payroll and investment levels. With the exception of these three jurisdictions, the Group's entities are located in jurisdictions where the tax rate exceeds the Pillar 2 rate.

At 30 June 2024, the Group has not recognised the initial impacts of Pillar 2 in the half-year financial statements.

1.5 Impact of the amendments to IAS 1, "Presentation of the financial statements: Non-current liabilities with covenants"

The amendments to IAS 1 concern the classification of debts with covenants.

Clarifications focus on how to assess the classification of these debts as current or non-current in the Statement of financial position. The aim is to clarify the right to defer settlement for at least 12 months.

The assessment **depends solely on compliance with conditions at the reporting date** even if:

- compliance with conditions will be tested again in the next 12 months;
- these conditions may no longer be complied with in the next 12 months based on information at the reporting date.

A liability is **classified irrespective of the Company's intentions.** In particular, where a company has the right not to settle a liability for at least 12 months it is classified as non-current, even if the Company has the intention to repay it early (or settles the liability after the reporting date but before the approval of the accounts).

The amendment is applied retrospectively in accordance with IAS 8.

As 30 June 2024, the Group has a €125 million multi-currency revolving credit facility (RCF). An "Amendment and maturity extension" agreement was signed on 31 January 2019, reducing the margin scale and relaxing the financial covenants. The initial maturity of July 2021 was directly set at January 2024 and extended in 2022 to April 2027.

At the 30 June 2024 reporting date, the credit facilities drawn by Axway Group are, in accordance with the conditions at the reporting date, presented in full in non-current financial liabilities in the Statement of financial position.

Retrospective application does not involve any changes in the presentation of the Group Statement of financial position.

Note 2 Key events and scope of consolidation

Changes in the scope of consolidation

a. Deconsolidated entities

Axway Software China in China and Dxchange in India were liquidated during the first half of 2024.

b. Newly-consolidated entities

No entities entered the scope of consolidation in the first half of 2024.

On 15 March 2023, Axway Software acquired the entire share capital of Advalvas Europe NV in Belgium. Advalvas was consolidated in the Axway financial statements from 1 April 2023, as earnings in the second half of March 2023 were immaterial.

On 19 October 2023, Axway Software acquired the entire share capital of Cycom Finance in France. At the same time, Axway sold Cycom Finances' consulting business to KPMG France. Cycom Finances is consolidated in the Axway Software SA financial statements from 1 November 2023.

Notes to the consolidated income statement

Note 3 Segment reporting

Axway is classified as a single sector group as it is not possible to determine profit on operating activities by activity sector based on either a regional or business analysis. The chief operating decision maker regularly reviews revenue by business line and region, as well as consolidated profit on operating activities.

3.1 Revenue by business line

(in thousands of euros)	H1 2024		H1 2023	
Subscription	93,217	62.7%	78,656	54.1 %
of which Axway Managed	*25,935*	*17.4%*	*22,260*	*15.3 %*
of which Customer Managed	*67,283*	*45.3%*	*56,395*	*38.8 %*
Maintenance	34,642	23.3%	44,599	30.7 %
Subtotal - Renewable Contracts	**127,859**	**86.0%**	**123,255**	**84.7 %**
License	2,642	1.8%	3,008	2.1 %
Services	18,157	12.2%	19,193	13.2 %
Total revenue	**148,658**	**100.0%**	**145,456**	**100.0 %**

Presentation of the revenue breakdown by business line, using the format adopted in the 2023 reference document, including Axway Managed, Customer Managed and the renewable contracts sub-total.

(in thousands of euros)	H1 2024		H1 2023	
License	2,642	1.8%	3,008	2.1%
Subscription	93,217	62.7%	78,656	54.1%
Maintenance	34,642	23.3%	44,599	30.7%
Services	18,157	12.2%	19,193	13.2%
Total revenue	**148,658**	**100.0%**	**145,456**	**100.0%**

Axway's recurring revenue, which includes Subscription and Maintenance activities, represented 86.0% of revenue in the first half of 2024, i.e. €127.9 million. It includes initial upfront revenue of €39.4 million compared to €34.2 million in the first half of 2023.

The Group's main clients do not account for more than 10% of revenue individually. Axway's dependency on its main clients is low.

3.2 Revenue by region

(in thousands of euros)	H1 2024		H1 2023	
France.	41,712	28.1%	45,490	31.3%
Rest of Europe	38,641	26.0%	35,635	24.5%
United States	57,440	38.6%	54,451	37.4%
Rest of Americas	2,755	1.9%	2,793	1.9%
Asia-Pacific	8,111	5.5%	7,087	4.9%
Total revenue	**148,658**	**100.0%**	**145,456**	**100.0%**

Note 4 Revenue

4.1 Revenue by business line

The breakdown by business line is presented in Note 3.1, Revenue by business line.

4.2 International operations

The breakdown by region is presented in Note 3.2, Revenue by region.

Note 5 Employee costs

5.1 Breakdown of employee costs

(in thousands of euros)	H1 2024	H1 2023
Salaries	72,713	72,556
Social security contributions	18,329	17,849
Research tax credits	-2,075	-1,950
Employee profit-sharing	455	491
Net expense for post-employment and similar benefit obligations	206	-24
Total employee costs	**89,628**	**88,921**

Employee costs accounted for 60.3% of H1 2024 revenue, down compared to H1 2023 (61.1%).

Research tax credits totalled €2.1 million in H1 2024, up €0.1 million.

At 30 June 2024, receivables sold to Credit Agricole and not yet repaid by the French tax authorities totalled €15.0 million. The Group considers that the financing of transferred research tax credits can be derecognised.

Research & Development expenditure incurred in H1 2024 totalled €31.2 million, compared to €29.4 million in H1 2023 (see Section "First-half 2024 results").

5.2 Workforce

Number of employees at 31 December	H1 2024	H1 2023
France	430	425
International	1,041	1,032
Total	**1,471**	**1,457**

At 30 June 2024, Axway had 1,471 employees (29% in France and 71% internationally), up 14 on 31 December 2023.

Average number of employees	H1 2024	H1 2023
France	431	428
International	1,037	1,054
Total	**1,468**	**1,482**

Note 6 Purchases and external expenses

(in thousands of euros)	H1 2024	H1 2023
Purchases of subcontracting services	11,280	11,202
Purchases not for inventory of equipment and supplies	1,555	803
Purchases and change in stock of merchandise	132	25
Total purchases	**12,967**	**12,030**

Purchases of subcontracting services mainly comprise cloud hosting costs that were considerable given the growth in the Subscription activity.

The decrease in purchases was attributable to tighter control over costs of sales, particularly those relating to subscription revenue (primarily hosting costs).

The foreign exchange impact was negligible (+€0.1 thousand) in the half year.

(in thousands of euros)	H1 2024	H1 2023
Rent and rental charges	4,097	4,902
Lease expenses – IFRS 16 adjustment	-2,378	-3,243
Maintenance and repairs	6,503	5,534
External personnel	25	123
Remuneration of intermediaries and fees	3,497	3,792
Advertising and public relations	1,385	1,473
Travel and entertainment	2,458	2,046
Telecommunications	661	575
Sundry	6,547	5,064
Total external expenses	**22,798**	**20,266**

External expenses for the period increased by €2.5 million compared to H1 2023. The foreign exchange impact was negligible (€0.1 thousand) in the half year.

Note 7 Share-based and similar payment expenses

In H1 2024, a new free share grant plan was set up. On 16 May 2024, the Board of Directors approved the “LTI PLAN NEXT” plan involving the grant of 251,500 shares, including 30,000 shares to the Chief Executive Officer, Patrick Donovan. The plan will vest between May 2024 and March 2027 and includes presence and performance conditions.

Other current plans are described in Note 5.4 of Chapter 5 “Consolidated financial statements” of the 2023 Universal Registration Document.

Expenses relating to free performance share grant plans totalled €2.5 million in H1 2024, compared to €1.4 million in H1 2023.

The July 2021 “LTI PLAN FOCUS” free share grant plan was settled on 31 March 2024, with the presentation of 105,414 shares to the Axway Leadership team, members of the Executive Committee and other individuals considered key for the Axway Group. 16,600 shares were presented to the Chief Executive Officer, Patrick Donovan.

Note 8 Other operating income and expenses

In the first half of 2024, the Group performed several material non-current transactions representing a total expense of €4.1 million, as follows:

1. restructuring plan (€0.4 million) conducted in France;
2. expenses relating to the acquisition of Sopra Banking Software’s activities (€2.4 million);
3. Workday cloud implementation costs (€0.6 million): recorded in “Other operating expenses”;
4. provision for contingencies relating to the payment of sales tax in Brazil (€0.4 million);
5. costs relating to the termination of the Tour W office lease in France (€0.4 million).

Note 9 Financial income and expense

9.1 Cost of net financial debt

(in thousands of euros)	H1 2024	H1 2023
Income from cash management	-44	-29
Interest expense	2,361	1,823
Cost of net financial debt	**2,317**	**1,794**
Net interest on lease liabilities	352	308
Total cost of net financial debt	**2,669**	**2,103**

The application of IFRS 16 increases the cost of net financial debt by €0.4 million in H1 2024, representing a weighted average marginal interest rate of 3.12%.

9.2 Other operating income and expenses

(in thousands of euros)	H1 2024	H1 2023
Foreign exchange gains and losses	**792**	**-562**
Reversal of provisions	-1	2
Other financial income	—	-14
Total foreign exchange gains/losses and other financial income	**791**	**-574**
Charges to provisions	-0	-1
Discounting of retirement benefit commitments	136	129
Change in the value of derivatives	—	—
Other financial expenses	—	—
Total other financial expense	**137**	**129**
Total other financial income & expense	**927**	**-446**

Note 10 Income tax expense

(in thousands of euros)	H1 2024	H1 2023
Current tax	2,808	1,081
Deferred tax	-856	4,796
Total income tax expense	**1,953**	**5,877**

The Group effective tax rate is 41.19% in H1 2024, compared to 61.45% in H1 2023.

Deferred tax assets relating to tax losses carried forward are recognised if the subsidiaries or the tax consolidation group are likely to have sufficient taxable profits to offset against them.

At 30 June 2024, no additional tax losses were recognised compared to 31 December 2023. The Group considered it prudent to revise future profit forecasts before the end of 2024 to take account of the tax impact of the acquisition of Sopra Banking Software.

Axway Software

As deferred tax liabilities totalled €18.5 million, the Group recognised a deferred tax asset of the same amount. The net deferred tax position of Axway Software SA is therefore nil at 30 June 2024 in keeping with the approach adopted at 31 December 2023.

Axway Inc.

At 30 June 2024, capitalised tax losses stood at US$18.5 million (in deferred tax assets). The Group did not capitalise any additional tax losses in the half year compared to 31 December 2023 because of declining future taxable profits due to the impact of R&D cost capitalisation in the tax calculation.

Axway Ireland

The Group stopped capitalising tax losses at 31 December 2023. The Group decided to wait for the 2024 annual results to confirm the achievement of forecasts and capitalise, if appropriate, all or part of the tax losses of this subsidiary. At 30 June 2024, no deferred tax is recognised on tax losses.

Other subsidiaries

At 30 June 2024, the Group did not capitalise any additional tax losses compared to 31 December 2023.

Note 11 Earnings per share

(in euros)	H1 2024	H1 2023
Net income – attributable to owners of the Company	2,789,155	3,685,407
Weighted average number of ordinary shares outstanding	21,633,597	21,633,597
Weighted average number of treasury shares	688,155	646,965
Weighted average number of ordinary shares outstanding	20,945,442	20,986,632
Basic earnings per share	**0.13**	**0.17**

(in euros)	H1 2024	H1 2023
Net income – attributable to owners of the Company	2,789,155	3,685,407
Weighted average number of ordinary shares outstanding	20,945,442	21,633,597
Weighted average number of securities taken into account in respect of dilutive items	766,166	640,321
Weighted average number of shares taken into account to calculate diluted net earnings per share	21,711,608	22,273,918
Diluted earnings per share	**0.13**	**0.17**

Notes to the consolidated statement of financial position

Note 12 Goodwill

12.1 Changes in goodwill

Movements in the first half of the year were as follows:

(in thousands of euros)	Gross value	Impairment	Net
31 December 2023	**310,599**	**8,477**	**302,122**
Acquisition of Advalvas and Cycom	-4,549	–	-4,549
Translation adjustments	5,093	-38	5,131
30 June 2024	**311,143**	**8,439**	**302,704**

Measurement of the Advalvas Europe NV goodwill was finalised in the first half of 2024. Pursuant to IFRS 3 revised, the measurement period could not exceed 15 March 2024.

The allocation process performed by the Group in the first half of the year therefore led to the recognition of technology and customer relationships in the amount of €1.7 million and €1.4 million, respectively, which will be amortised over 10 and 12 years.

Definitive goodwill relating to the acquisition of Advalvas was determined on the following basis:

(in thousands of euros)	At 30/06/2024
Purchase price	6,232
Present value of earn-outs	–
Acquisition cost	**6,232**
Net assets acquired, excluding existing goodwill	2,786
Goodwill (Advalvas)	**3,446**

The acquisition of Advalvas Europe NV does not include an earn-out.

The Advalvas definitive net assets acquired are as follows:

(in thousands of euros)	Carrying amount in the seller's accounts	Restatements	Fair value
Intangible assets	26	3,127	3,153
Property, plant and equipment	42	–	42
Long-term investments	7	–	7
Lease right of use assets	–	244	244
Deferred tax assets	–	-61	-61
Current assets	338	–	338
Cash and cash equivalents	235	–	235
Financial liabilities	–	–	–
Lease liabilities	–	-247	-247
Provisions for pensions and related commitments	–	–	–
Deferred tax liabilities	–	-720	-720
Current liabilities	-203	–	-203
Net assets acquired	**444**	**2,343**	**2,786**

Measurement of the Cycom Finances goodwill was finalised in the first half of 2024. Pursuant to IFRS 3 revised, the measurement period could not exceed 19 October 2024.

The allocation process performed by the Group in the first half of the year therefore led to the recognition of technology in the amount of €3 million, which will be amortised over 10 years.

Definitive goodwill relating to the acquisition of Cycom Finances was determined on the following basis:

(in thousands of euros)	At 30/06/2024
Purchase price	4,264
Present value of earn-outs	—
Acquisition cost	**4,264**
Net assets acquired, excluding existing goodwill	1,768
Goodwill (Cycom Finances)	**2,496**

The acquisition of Cycom Finances does not include an earn-out.

The Cycom Finances definitive net assets acquired are as follows:

(in thousands of euros)	Carrying amount in the seller's accounts	Restatements	Fair value
Intangible assets	3,270	-299	2,970
Property, plant and equipment	—	—	—
Long-term investments	0	—	0
Lease right of use assets	—	—	—
Deferred tax assets	—	—	—
Current assets	3,543	-2,500	1,043
Cash and cash equivalents	27	—	27
Financial liabilities	—	—	—
Lease liabilities	—	—	—
Provisions for pensions and related commitments	—	—	—
Deferred tax liabilities	—	-767	-767
Current liabilities	-792	—	-792
Non-current liabilities	-715	—	-715
Net assets acquired	**5,335**	**-3,567**	**1,768**

12.2 Impairment tests

In the absence of any indication of impairment loss in the first half of 2024, the Group did not perform any further *Impairment tests* at 30 June 2024.

Note 13 Leases

13.1 Lease right-of-use asset by category

(in thousands of euros)	Leased properties	Leased vehicles	Leased IT facilities	Total
Gross value				
31 December 2023	**38,770**	**1,339**	**590**	**40,699**
Change in scope of consolidation	—	—	—	—
Acquisitions	128	79	—	207
Disposals – assets scrapped	-13,159	-145	—	-13,304
Other movements	1	—	—	1
Translation adjustments	338	-2	—	336
30 June 2024	**26,077**	**1,271**	**590**	**27,939**
Depreciation				
31 December 2023	**-22,023**	**-807**	**-49**	**-22,879**
Change in scope of consolidation	—	—	—	—
Charges	-2,504	-152	-59	-2,715
Disposals – assets scrapped	13,157	145	—	13,303
Other movements	-1	—	—	-1
Translation adjustments	-107	1	—	-106
30 June 2024	**-11,477**	**-812**	**-108**	**-12,397**
Net value				
31 December 2023	**16,747**	**533**	**541**	**17,820**
30 June 2024	**14,600**	**459**	**482**	**15,541**

13.2 Debt maturity of lease liabilities

(in thousands of euros)	Carrying amount	Current	Non- current	Breakdown of non-current liabilities				
				1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Lease liabilities	**21,454**	**2,534**	**18,920**	**2,375**	**3,203**	**3,002**	**2,632**	**7,709**

Note 14 Trade receivables

(in thousands of euros)	30/06/2024	31/12/2023
Trade receivables	57,042	74,750
Provision for doubtful receivables	-2,226	-1,023
Trade receivables – net value	**54,816**	**73,727**
Customer contract assets	111,497	104,282
Total trade receivables	**166,313**	**178,009**

Net trade receivables, expressed in days sales outstanding, corresponded to 169 days at 30 June 2024, down on the end of 2023 (182 days).

The increase in Accrued income is primarily due to the recording of Customer Managed Subscription revenue, including on-premise services recognised in revenue upon delivery and invoiced over the contract term. The DSO for this line item at 30 June 2024 is 112 days, compared to 106 days at 31 December 2023.

The decrease in Trade Receivables was due to more favourable seasonality of collections during the half year, although the Group noted that customers negotiated longer settlement periods. The DSO is 57 days, compared to 76 days at 31 December 2023.

Note 15 Equity

15.1 Changes in the share capital

At 31 December 2023, the share capital stood at €43,267,194, and comprised 21,633,597 fully paid-up shares with a par value of €2.00 each.

At 30 June 2024, the share capital stood at €43,267,194, and comprised 21,633,597 fully paid-up shares with a par value of €2.00 each.

15.2 Dividends

The Axway Software General Meeting held on 16 May 2024 to approve the 2023 financial statements decided not to distribute a dividend. This decision was justified by the planned acquisition by Axway of most of Sopra Banking Software's activities in 2024.

Note 16 Financial debt – Net debt

Net debt is €70.8 million at 30 June 2024, compared to €75.6 million at 31 December 2023 and breaks down as follows:

(in thousands of euros)	Current	Non- current	30/06/2024	31/12/2023
Bank borrowings	3,861	77,760	81,621	86,843
Other financial debt	-81	5,551	5,470	5,306
Bank overdrafts	582	–	582	124
Financial debt	**4,363**	**83,311**	**87,674**	**92,273**
Cash and cash equivalents	-16,914	–	-16,914	-16,682
Net debt	**-12,552**	**83,311**	**70,759**	**75,590**

The Group has a €125 million multi-currency revolving credit facility (RCF). An "Amendment and maturity extension" agreement was signed on 31 January 2019, reducing the margin scale and relaxing the financial covenants. The initial maturity of July 2021 was directly set at January 2024 and extended in 2022 to April 2027. This amendment signed in 2022 provides for the suppression of the financial ratio. This amendment was treated as a debt extinguishment in the consolidated financial statements.

In addition, the Group was granted increased flexibility by its banks for acquisitions of less than €50 million, with no prior documentation now required.

At 30 June 2024, €44 million of the RCF remained available, representing a utilisation rate of 65%. The RCF is drawn in the amount of €81 million. In the first half of 2024, the Group repaid an €8 million drawdown. In addition, a €60 million drawdown matured and was repaid and replaced by a €63 million drawdown.

Two financial ratios, calculated using the published consolidated financial statements, on a 12-month sliding basis, must be met under the covenants:

- "Net debt/EBITDA" ratio;
- "Net debt/shareholders' equity" ratio.

Note that net debt does not include employee profit-sharing liabilities or IFRS 16 lease liabilities, to maintain a constant calculation method.

At 30 June 2024, both these financial covenants are met.

A €5.1 million financial liability equivalent was recorded in Other financial liabilities in respect of the earn-out for Dxchange Technologies Private Limited, acquired in June 2022.

Note 17 Current deferred income

(in thousands of euros)	30/06/2024	31/12/2023
Customer contract liabilities	60,077	49,060
Total current customer contract liabilities	**60,077**	**49,060**

Current deferred income, representing customer contract liabilities, is presented in Note 7.6 to the 2023 Universal Registration Document. Movements reflect:

- lthe recognition of prior-year deferred income in revenue;
- the transfer of prior-year non-current deferred income to current deferred income;
- the emergence of new liabilities as a result of services invoiced but not yet fulfilled.

To avoid the overstatement of asset and liability accounts, deferred income concerning trigger events after 1 January (1 January 2024 for this period) and the corresponding trade receivables not settled at the previous reporting date (31 December 2023) were offset in the Statement of financial position at 31 December 2023. There was no offset at 30 June.

Some current customer contract liabilities at 31 December 2023 were recognised in revenue in the first half of 2024.

Compared to 31 December 2023, current deferred income increased mainly due to the reverse offsetting of deferred income at 30 June 2024 and the signature of Axway Managed subscription contracts.

Note 18 Other current liabilities

(in thousands of euros)	30/06/2024	31/12/2023
Amounts payable on non-current assets	–	–
Advances and payments on account received for orders	472	759
Employee-related liabilities	22,803	36,493
Tax-related liabilities	7,868	9,975
Income tax	2,792	2,180
Other liabilities	5,114	5,253
Provisions for restucturing	4	759
Total other current liabilities	**39,053**	**55,418**

The decrease in Employee-related liabilities is due to the seasonal nature of commission and bonuses provided at 31 December 2023, which exceed those provided at 30 June 2024.

Other information

Note 19 Related-party transactions

Agreements entered into with parties related to the Axway Group were identified in Note 4.2, Related-party transactions, in Axway's 2023 Universal Registration Document, filed with the French Financial Markets Authority (AMF) on 25 March 2024, under no. D. 24-0175 and available on the Company's website at *http://www.investors.axway.com*. The Axway 2023 Universal Registration Document also includes the Statutory Auditors' report on regulated agreements.

Excluding those agreements described in the 2023 Universal Registration Document, to the best of the Company's knowledge, there were no new Axway Group related-party agreements in H1 2024 likely to have a material impact on the Company's financial position or results during the period.

Note 20 Off-balance-sheet commitments and contingent liabilities

The Group's off-balance sheet commitments are granted or received by Axway and its subsidiaries.

In the first half of 2024, the Group signed two new major agreements concerning the acquisition of Sopra Banking Software's activities.

- **Signing of the agreement to acquire Sopra Banking Software's activities from Sopra Steria Group for an enterprise value of €330 million**

Further to the press release of 21 February 2024 and following receipt of the opinions of the various employee representative bodies concerned by the transaction, as well as the approval of the Boards of Directors of Axway, Sopra Steria and Sopra GMT, Axway announced the signature, on 31 May 2024, of an agreement to acquire most of Sopra Banking Software's activities, representing, on a stand-alone basis, revenue of €359 million[3].

https://investors.axway.com/sites/default/files/related_files/03062024_Axway_SigningSBS_EN_VFinal.pdf

Axway's Board of Directors approved the signing of the purchase agreement on the basis of a review by an independent expert (Cabinet Finexsi, whose report is linked at the end of this press release) of the valuation of Sopra Banking Software's activities (€330 million).

Axway secured the financing to acquire Sopra Banking Software's software activities through a combination of new debt facilities confirmed by Crédit Agricole Corporate and Investment Bank, Société Générale and Crédit Lyonnais and a share capital increase with preferential subscription rights of around €130 million, benefitting from a subscription and underwriting commitment from the Company's controlling shareholder, Sopra GMT. The share capital increase had not been performed at 30 June 2024.

- **Signing of new credit facilities**

In the first half of 2024, Axway Group signed a Bank Loan agreement comprising a €120 million 5-year amortising term loan, due 60% on maturity ("Tranche A") and an €80 million 3-year non-amortising term loan ("Tranche B"). Tranche A will be repaid over 5 years as follows: €12 million each year and €72 million on maturity. It also includes a €100 million unconfirmed non-amortising tranche with a minimum maturity of 5-years. This tranche is available for 36 months and is intended to finance acquisitions.

Contractual interest rates are calculated based on EURIBOR plus an annual margin of 2.60% (Tranche A) and 2.20% (Tranche B).

The financing is subject to all standard restrictions, such as baskets and thresholds, including but not limited to acquisitions, disposals, net debt, guarantees and pledges, and dividend payments, as well as standard early repayment clauses, including a change in control, illegality, sales proceeds or new debt issues (where proceeds will be allocated solely to the repayment of tranche B).

At 30 June 2024, the €200 million loan facility set up by Axway Group for the purposes of the Acquisition had not been drawn.

The €200 million loan facility set up by Axway Group for the purposes of the Acquisition will be drawn in full In the second half of 2024, with a short-term portion of €12 million and a long-term portion of €188 million, that is €184.4 million net of bank fees.

- **Current multi-currency revolving credit facility (RCF)**

At 30 June 2024, the Group complied with all covenants and commitments under the syndicated credit facility.

Note that net debt used in the calculations does not include the impacts of application of IFRS 16, Leases, or employee profit-sharing liabilities.

The syndicated credit facility totals €125 million. The renegotiation of the agreement in 2022 enabled a further extension of the maturity to April 2027. In addition, the Group was granted increased flexibility by its banks for acquisitions of less than €50 million, with no prior documentation now required.

Two financial ratios must be met under covenants: These ratios are:

- "Net debt/EBITDA" ratio below 3.25 at the 31 December 2024 test dates and 3.00 at all subsequent test dates. This ratio was 1.14 at 30 June 2024 (1.19 at 31 December 2023);
- "Net debt/shareholders' equity" ratio below 1.0 throughout the term of the loan. This ratio was 0.20 at 30 June 2024 (0.22 at 31 December 2023).

At 30 June 2024, the RCF (revolving credit facility) stood at €81 million. This syndicated facility was available in the amount of €44 million.

As part of commitments received, Axway Software also enjoys an unused overdraft line of €20 million.

With the exception of these agreements, commitments have not significantly changed since 31 December 2023.

[3] *Revenue including inter-company transactions with Sopra Steria of €24 million*

Note 21 Exceptional events and legal disputes

To the best of the Group's knowledge, and notwithstanding the information provided herein, at the date of this report, no disputes or litigation known or ongoing are likely to have a significant negative impact on the Group's financial position.

Note 22 Events after the reporting period

Between 1 July 2024 and the Board of Directors' meeting of 18 July 2024, the acquisition of Sopra Banking Software's activities and the share capital increase to complete the transaction financing received the necessary regulatory authorisations, including the AMF's decision on the exemption from the obligation to file a draft public offering.

The AMF is expected to approve the prospectus filed by Axway for the share capital increase after the Board of Directors' meeting.

Between 1 July 2024 and the date of the Board of Directors' meeting, there were no other significant events likely to impact the financial statements.

Statutory Auditors’ report on the interim financial statements

This is a translation into English of the Statutory Auditors’ report on the interim financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

Dear Shareholders,

In compliance with the assignment entrusted to us by your General Meeting and pursuant to Article L. 451-1-2 III of the French Monetary and Financial Code *(code monétaire et financier)*, we have:

- conducted a limited review of the accompanying condensed interim consolidated financial statements of Axway Software for the period from 1 January to 30 June 2024;
- verified the information provided in the half-year management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our limited review.

I. Conclusion on the financial statements

We conducted our limited review in accordance with the professional standards applicable in France.

A limited review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Based on our limited review, nothing has come to our attention that causes us to believe that these condensed interim consolidated financial statements are not prepared in all material respects in accordance with IAS 34, as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-year management report commenting on the condensed interim consolidated financial statements that were the subject of our limited review.

We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Paris la Défense, 19 July 2024

The Statutory Auditors

Forvis Mazars SA	**Nexia S&A**
Jérôme Neyret	Olivier Juramie
Partner	Partner

Declaration by the person responsible for the interim financial report

“I declare that, to the best of my knowledge, the condensed interim consolidated financial statements for the half-year ended have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Axway Group and of all the entities included in the scope of consolidation, and that this Interim financial report provides a fair review of the significant events that occurred in the first six months of the fiscal year and their impact on the financial statements, and of the main transactions between related parties, as well as a description of the main risks and uncertainties for the remaining six months of the fiscal year.”

Paris La Défense, 19 July 2024

Patrick Donovan

Chief Executive Officer

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That's us.
That's Axway.

Axway turns your heritage infrastructure into brilliant digital customer experiences, extending the value of your previous investments, adding new business capabilities, and putting you on a future-proof platform to drive your growth ambitions.

For over 20 years, Axway's mission critical solutions have been crucial to your customers' daily lives and, together, we'll continue to delight them for the next 20.

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