2022

# Interim Financial Report

# CONTENTS

# 2022 Interim financial report

1

# Half-year management report

# Key events in the first half of 2022

The key events in the first half of 2022 were as follows:

- ARR (Annual Recurring Revenue) of €189.8m, an increase of 8.6% over the same period last year;
- Half-year revenue of €136.4m, a total decline of 1.4%;
- Half-year profit on operating activities of €6.7m, or 4.9% of revenue;
- Strong momentum of Axway Managed subscription signatures, up almost 400% over first half 2021.

# Axway Software: Accelerated migration to cloud offerings

**Patrick Donovan, Chief Executive Officer, declared:**

“In the first half of 2022, I have been very impressed by the momentum generated by our General Manager model. Our focus on our products and customers’ needs continues to drive improvement in our NPS and the nature of the deals we sign. Over the first half, our core product-based strategy had a real impact. Thanks to our B2B offering, we were able to sign our largest deal of the period through a multi-million euro Axway Managed cloud contract with a new customer. Our MFT portfolio also continued to attract new customers and grow within its large installed base, while API Management pursued its development through the success of the Amplify Marketplace and Axway Open Finance offerings. We also strengthened our capabilities by acquiring a cloud integration start-up, DXChange.io, at the end of June. While we were anticipating a decline in H1 2022 compared to the good performance of the previous year, the number of Axway Managed subscription contracts signed during the period exceeded our expectations. This shift is disrupting our revenue even though we have achieved our sales forecasts, as evidenced by the satisfactory growth of our ARR. Should this trend continue, our 2022 organic growth target of between 1 and 3% may become difficult to achieve in favour of more stable and predictable revenues in the years to come. At this stage we are looking at a full-year landing in the low end of our guidance, but we will have a better picture of the situation at the end of Q3.”

# Comments on business activity in the first half of 2022

In the first half of 2022, Axway continued to adapt to its new market paradigms at a good pace. This resulted in Axway Managed subscription growth of almost 400%, which helped ARR growth of 8.6% and builds future revenue stability. Over the first six months of 2022, in an inflationary economic environment, Axway's margin and booking performance was in line with internal forecasts.

While the first half of 2021 represented a high comparison basis, Subscription revenue, which had been growing steadily between 2018 and 2021 with a compound annual growth rate (CAGR) of 41.5%, was slowed by several large new contract signatures for Axway Managed cloud offerings. These contracts, which, as evidenced by the continued increase in ARR over the period, generate more recurring revenue over time and do not result in any early revenue recognition.

On the operational side, the Company continues to implement its strategy focusing on its significant product lines and markets. This approach involved several major developments:

- The Company moved to an execution model with General Managers (“GM”) for each core product: API, MFT, B2B and Digital Finance. Each GM oversees the strategy and budget for a product line and works closely with regional entities allowing teams to continue to get closer to the customer and their needs.
- The initiative to rationalise the product portfolio, which involves 5-7% of the Company's 2021 total revenue, has been launched. As such, several specialised products have been put in the process to be sold or discontinued.
- In addition to its product portfolio rationalisation, Axway is working to secure its market positions. As part of this plan, it was decided to serve the Chinese market with partners and therefore, Axway's subsidiary in China will be closed.
- As mentioned at the beginning of the year, the acquisition strategy was re-engaged with a first transaction completed at the end of June 2022. Axway acquired the India-based start-up, DXChange.io, which offers a cloud integration platform that will be leveraged across the entire core portfolio. This strategic technological acquisition will enable Axway to respond effectively to the convergence of the API Management and IPaaS markets, which are rapidly evolving towards a common framework for integration and management of hybrid and multi-cloud environments.

Finally, over the first six months of the year, customer satisfaction has risen sharply breaking a new record, with a Net Promoter Score of 37 compared with 29 at the end of 2021. At the same time, Axway’s customers continue to be excellent external advocates of the Company’s offerings and value.

# Business activity in the first half of 2022



In the first half of the year, Axway generated revenue of €136.4m, down 5.8% organically and 1.4% in total. While there were no changes in the scope of consolidation during the first six months of the year, currency fluctuations had a positive impact on revenue of €6.5m, mainly due to the appreciation of the US dollar against the euro. Profit on operating activities amounted to €6.7m for the period, or 4.9% of revenue.

## Axway Software: revenue by business line

| *(in millions of euros)* | H1 2022 | H1 2021 | 2021 Restated[(1)] | Total Growth | Organic Growth |
|---|---|---|---|---|---|
| License | 6.3 | 9.3 | 9.8 | -31.8% | -35.5% |
| Subscription | 55.9 | 51.8 | 54.1 | 7.9% | 3.2% |
| Maintenance | 56.0 | 60.0 | 62.9 | -6.6% | -10.9% |
| Services | 18.2 | 17.3 | 18.1 | 5.1% | 1.0% |
| **Axway** | **136.4** | **138.4** | **144.9** | **-1.4%** | **-5.8%** |

*(1) At comparable scope and exchange rates.*

**License** activity revenue was €6.3m for the first half of the year (5% of total revenue), an organic decrease of 35.5%. All major product lines have subscription offerings which are widely adopted and preferred by customers worldwide. License revenue is now primarily limited to one of Axway's specialised products, only available on a license-based model.

In the first half of 2022, the **Subscription** activity generated revenue of €55.9m, representing organic growth of 3.2% and 7.9% in total. The activity represented 41% of Axway's revenue for the first six months of the year. Whereas in the first half of 2021, Subscription revenue posted organic growth of 45.0%, a year later the growth was more moderate due to the decrease in upfront revenue. During the first half of 2022, the acquisition of new logos continued and customers largely opted for Axway Managed subscription contracts. These signatures will, however, only have a real impact on revenue in the coming quarters.

**Maintenance** revenue amounted to €56.0m in H1 2022 (41% of total revenue), an organic decline of 10.9%, in line with expectations. Following on from previous semesters, the migration of the value of certain maintenance services to the Subscription activity has continued as clients adopt the most flexible contractual models.

At the end of June 2022, Axway's ARR (Annual Recurrent Revenue), which is a key indicator of future revenue growth potential, reached €189.8m, up 8.6% compared to H1 2021. Recurring revenue for the semester, which includes Subscription and Maintenance activities, represented 82% of total revenue or €111.9m, including upfront revenue of €18.3m recognised on the signature of Customer Managed subscription contracts.

The **Services** activity generated revenue of €18.2m (13% of total revenue) in H1 2022, up organically by 1.0% and by 5.1% in total. The activity's revenue is gradually stabilising at between 12 and 15% of total revenue in line with the Company's forecasts. Activity rose significantly (+6.3% organically) in Q2 2022.

### Axway Software: revenue by geographic area

| *(in millions of euros)* | H1 2022 | H1 2021 | 2021 Restated* | Total Growth | Organic Growth |
|---|---|---|---|---|---|
| France | 37.7 | 39.4 | 39.4 | -4.1% | -4.1% |
| Rest of Europe | 27.2 | 33.9 | 34.0 | -19.9% | -19.9% |
| Americas | 60.8 | 57.1 | 63.0 | 6.5% | -3.5% |
| Asia/Pacific | 10.7 | 8.0 | 8.5 | 33.4% | 25.5% |
| **Axway** | **136.4** | **138.4** | **144.9** | **-1.4%** | **-5.8%** |

* *At comparable scope and exchange rates.*

Revenue in **France** amounted to €37.7m in the first half of the year, representing 28% of Axway's total revenue. Organically, activity fell 4.1% in H1 2022. The nearly 20% growth in the Subscription activity in France over the first half of the year was not enough to compensate for the anticipated drop in Maintenance.

With revenue of €27.2m (20% of total revenue), the **Rest of Europe** zone experienced an organic decrease of 19.9% over the half-year. In the region and particularly in Germany, the B2B Axway Managed solution met with great success with both new and existing customers, generating a good increase in ARR that will materialise into revenue in the upcoming semesters.

In the first half of the year, the **Americas** (USA & Latin America) generated revenue of €60.8m representing 44% of Axway's revenue with total growth of 6.5% and an organic decrease of 3.5%. As in Europe, there was a stronger than expected increase in demand for Axway Managed cloud solutions. This resulted in the signing of the largest contract of the semester in North America with a new customer, for a total value of more than €5m, while in Latin America, API management continued its dynamic trend.

**Asia/Pacific** generated half-year revenue of €10.7m (8% of total revenue), representing organic growth of 25.5%. Thanks to very strong growth in Subscription and Services activities through API Management and MFT offerings, Axway recorded robust half-year results in the region.

# First-half 2022 results



Profit from recurring operations was €2.5m in H1 2022, or 1.8% of revenue. It includes amortisation of allocated intangible assets of €2.9m and a share-based payment expense of €1.3m.

Operating profit for the half-year was €1.1m, or 0.8% of revenue.

Net profit for the period was €2.4m, representing 1.8% of revenue compared to 1.3% (€1.8m) in H1 2021.

Basic earnings per share were €0.11 for the period, up from €0.08 in H1 2021.

| | H1 2022 | | H1 2021 | |
|---|---|---|---|---|
| | *(in millions of euros)* | *(% Revenue)* | *(in millions of euros)* | *(% Revenue)* |
| **Revenue** | **136.4** | **100.0%** | **138.4** | **100.0%** |
| **Cost of sales** | | | | |
| License and Maintenance | -13.4 | 9.8% | -12.7 | 9.2% |
| Subscription | -14.5 | 10.7% | -13.5 | 9.8% |
| Services | -17.9 | 13.1% | -16.5 | 11.9% |
| **Total Cost of sales** | **-45.8** | **33.6%** | **-42.7** | **30.9%** |
| **Gross profit** | **90.6** | **66.4%** | **95.7** | **69.1%** |
| **Operating expenses** | | | | |
| Sales costs | -42.8 | 31.4% | -43.3 | 31.3% |
| Research & Development expenditure | -28.2 | 20.7% | -29.0 | 20.9% |
| General expenses | -12.9 | 9.5% | -12.9 | 9.3% |
| **Total operating expenses** | **-83.9** | **61.5%** | **-85.1** | **61.5%** |
| **Profit on operating activities** | **6.7** | **4.9%** | **10.5** | **7.6%** |
| Share-based payment expense | -1.3 | | -2.3 | |
| Amortisation of intangible assets | -2.9 | | -3.2 | |
| **Profit from recurring operations** | **2.5** | **1.8%** | **5.0** | **3.6%** |
| Other operating income and expenses | -1.4 | | -1.9 | |
| **Operating profit/(loss)** | **1.1** | **0.8%** | **3.1** | **2.3%** |
| Cost of net financial debt | -0.7 | | -0.7 | |
| Other financial income and expense | 1.0 | | 0.4 | |
| Tax expense | 1.1 | | -1.1 | |
| **Net profit/(loss)** | **2.4** | **1.8%** | **1.8** | **1.3%** |
| **Basic earnings per share** *(in euros)* | **0.11** | | **0.08** | |

# Change in the workforce

Axway had 1,648 employees at 30 June 2022, *vs.* 1,796 at 31 December 2021.

# Financial position of the Group

At 30 June 2022, Axway's financial position was solid, with cash of €19.5m and bank debt of €78.3m as existing credit lines were utilised to fund the acquisition strategy.

Free cash flow was €8.2m in 2022, compared to €16.1m a year earlier. This difference is mainly due to a delay in the financing of the French R&D tax credit (CIR) which, this year, will be effective in the second half. However, the accumulation of subscription contract signatures should lead to an improvement in net cash from operating activities over the full year.

Shareholders' equity was €381.1m at 30 June 2022, compared with €359.6m at end-June 2021.

As a reminder, Axway renegotiated its bank lines until 2027, thereby securing financing of up to €125.0m.

# Main risks and uncertainties for the second half of 2022

The level and nature of risks to which the Group is exposed are unchanged compared to the risk factors set out on pages 31 to 46 of the 2021 Universal Registration Document.

Among those, developments in the economic environment and the risk of new disruptions worldwide are the most likely to impact business in the second half of the year.

# 2022 Targets & Outlook

Axway maintains its objective of achieving organic revenue growth of between 1% and 3% in 2022. The Company also aims to improve its profitability, with a margin on operating activities of between 12% and 14% of revenue for the year.

In the medium term, Axway's ambitions remain:

- to achieve revenue of €500m through organic growth in sales and acquisitions;
- to return to operating margin on business activity rates above 15%;
- to sustainably increase earnings per share to above €1.

# Events after the reporting period

Between 1 July 2022 and the date of the Board of Directors' meeting, there were no 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 prior period, restated for exchange rate impacts, and the period under review.
- **NPS:** Net Promoter Score – customer satisfaction and recommendation indicator for a product or a service.
- **Organic growth:** growth in revenue between the prior period, restated for consolidated scope and exchange rate impacts, and the period under review.
- **Profit on operating activities:** profit from recurring operations adjusted for the 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 period, adjusted for the consolidation scope and exchange rates of the current period.
- **Signature metric:** amount of License sales plus three times the annual value (3xACV) of new Subscription contracts signed over a given period.
- **TCV:** Total Contract Value – full contracted value of a Subscription agreement over the contract term.

2

# Condensed interim consolidated financial statements

# Consolidated income statement

| | Notes | H1 2022 | H1 2021 |
|---|---|---|---|
| **Revenue** | **3 and 4** | **136,440** | **138,411** |
| Employee costs | 5.1 | -91,255 | -93,195 |
| Purchases and external expenses | 6 | -31,622 | -28,820 |
| Taxes and duties | | -1,544 | -1,720 |
| Depreciation and amortisation, provisions and impairment | | -6,569 | -5,252 |
| Other current operating income and expenses | | 1,254 | 1,111 |
| **Profit on operating activities** | | **6,704** | **10,535** |
| ***as % of revenue*** | | ***4.9%*** | ***7.6%*** |
| Share-based payment expense | 7 | -1,301 | -2,297 |
| Amortisation of allocated intangible assets | | -2,903 | -3,239 |
| **Profit from recurring operations** | | **2,500** | **4,999** |
| ***as % of revenue*** | | ***1.8%*** | ***3.6%*** |
| Other operating income and expenses | 8 | -1,396 | -1,859 |
| **Operating profit** | | **1,104** | **3,140** |
| ***as % of revenue*** | | ***0.8%*** | ***2.3%*** |
| Cost of net financial debt | 9.1 | -734 | -704 |
| Other financial income and expense | 9.2 | 956 | 425 |
| Income tax expense | 10 | 1,089 | -1,078 |
| **Profit for the period from continuing operations** | | **2,416** | **1,784** |
| **Profit for the period** | | **2,416** | **1,784** |
| ***as % of revenue*** | | ***1.8%*** | ***1.3%*** |
| of which attributable to non-controlling interests | | 0 | -1 |
| of which attributable to owners of the Company | | 2,416 | 1,783 |

## Net income per share – attributable to owners of the Company

| *(in euros)* | Notes | H1 2022 | H1 2021 |
|---|---|---|---|
| Basic earnings per share | 11 | 0.11 | 0.08 |
| Diluted earnings per share | 11 | 0.11 | 0.08 |

# Statement of comprehensive income

| *(in thousands of euros)* | H1 2022 | H1 2021 |
|---|---|---|
| **Consolidated profit for the period** | **2,416** | **1,784** |
| **Other comprehensive income:** | | |
| Actuarial gains and losses on pension plans | 1,261 | 283 |
| Tax impact | -326 | -77 |
| **Sub-total items that will not be reclassified subsequently to profit or loss** | **935** | **205** |
| Share attributable to non-controlling interests | - | 0 |
| Exchange differences on translating foreign operations | 21,489 | 7,087 |
| **Sub-total items that may be reclassified subsequently to profit or loss** | **21,489** | **7,087** |
| **Total other comprehensive income, net of tax** | **22,424** | **7,292** |
| **Total comprehensive income** | **24,840** | **9,076** |
| of which attributable to non-controlling interests | - | 1 |
| **of which attributable to owners of the Company** | **24,840** | **9,075** |

# Consolidated statement of financial position

| **Assets**<br>*(in thousands of euros)* | **Notes** | **30/06/2022** | **31/12/2021** |
|---|---|---|---|
| Goodwill | 12.1 | 383,721 | 348,326 |
| Intangible assets | | 12,962 | 15,073 |
| Property, plant and equipment | | 13,206 | 14,272 |
| Right-of-use assets | 13.1 | 21,719 | 23,545 |
| Non-current financial and other assets | | 9,271 | 8,817 |
| Deferred tax assets | | 17,273 | 14,616 |
| **Non-current assets** | | **458,151** | **424,650** |
| Trade receivables | 14 | 106,819 | 105,102 |
| Other current receivables | | 35,961 | 27,806 |
| Cash and cash equivalents | 16 | 19,548 | 25,355 |
| **Current assets** | | **162,328** | **158,263** |
| **Total assets** | | **620,479** | **582,913** |

| **Equity and liabilities**<br>*(in thousands of euros)* | **Notes** | **30/06/2022** | **31/12/2021** |
|---|---|---|---|
| Share capital | | 43,267 | 43,267 |
| Capital reserves | | 113,380 | 113,380 |
| Consolidated and other reserves | | 222,003 | 205,965 |
| Profit for the period | | 2,416 | 9,602 |
| **Equity – attributable to owners of the Company** | | **381,067** | **372,215** |
| **Non-controlling interests** | | **5** | **5** |
| **Total equity** | **15** | **381,072** | **372,220** |
| Financial debt – long-term portion | 16 | 76,072 | 60,097 |
| Lease liabilities – long-term portion | 13.2 | 25,653 | 27,198 |
| Deferred tax liabilities | | 3,234 | 3,870 |
| Other non-current liabilities | | 8,453 | 9,772 |
| **Non-current liabilities** | | **113,412** | **100,937** |
| Financial debt – short-term portion | 16 | 2,271 | 1,718 |
| Lease liabilities – short-term portion | 13.2 | 5,642 | 6,167 |
| Trade accounts payables | | 9,675 | 10,899 |
| Deferred income | 17 | 78,787 | 55,826 |
| Other current liabilities | 18 | 29,620 | 35,145 |
| **Current liabilities** | | **125,995** | **109,755** |
| **Total liabilities** | | **239,407** | **210,693** |
| **Total equity and liabilities** | | **620,479** | **582,913** |

# 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 |
|---|---|---|---|---|---|---|---|---|
| **Equity at 30/06/2021** | **43,139** | **112,550** | **-177** | **191,686** | **12,357** | **359,554** | **4** | **359,559** |
| Capital transactions | 129 | 830 | - | - | - | 959 | - | 959 |
| Share-based payments | - | - | - | 1,587 | - | 1,587 | - | 1,587 |
| Transactions in treasury shares | - | - | - 9,645 | - | - | - 9,645 | - | - 9,645 |
| Ordinary dividends | - | - | - | - | - | - | - | - |
| Changes in scope of consolidation | - | - | - | - | - | - | - | - |
| Other movements | - | - | - | 15 | - 9 | 5 | - | 5 |
| **Transactions with shareholders** | **129** | **830** | **- 9,645** | **1,601** | **- 9** | **- 7,094** | **-** | **- 7,094** |
| Profit for the period | - | - | - | 7,819 | - | 7,819 | 1 | 7,820 |
| Other comprehensive income | - | - | - | - | 11,935 | 11,935 | - | 11,935 |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **7,819** | **11,935** | **19,754** | **1** | **19,755** |
| **Equity at 31/12/2021** | **43,267** | **113,380** | **-9,822** | **201,106** | **24,283** | **372,215** | **5** | **372,220** |
| Capital transactions | - | - | - | - | - | - | - | - |
| Share-based payments | - | - | - | 1,556 | - | 1,556 | - | 1,556 |
| Transactions in treasury shares | - | - | 3,028 | -12,081 | - | -9,052 | - | -9,052 |
| Ordinary dividends | - | - | - | - 8,492 | - | -8,492 | - | - 8,492 |
| Changes in scope of consolidation | - | - | - | - | - | - | - | - |
| Other movements | - | - | - | - | - | - | - | - |
| **Transactions with shareholders** | **-** | **-** | **3,028** | **- 19,016** | **-** | **- 15,988** | **-** | **- 15,988** |
| Profit for the period | - | - | - | 2,416 | - | 2,416 | - | 2,416 |
| Other comprehensive income | - | - | - | - | 22,424 | 22,424 | - | 22,424 |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **2,416** | **22,424** | **24,840** | **-** | **24,840** |
| **Equity at 30/06/2022** | **43,267** | **113,380** | **- 6,793** | **184,506** | **46,707** | **381,067** | **5** | **381,072** |

# Consolidated statement of cash flows

| *(in thousands of euros)* | Notes | H1 2022 | H1 2021 |
|---|---|---|---|
| **Consolidated profit (including share attributable to non-controlling interests)** | | **2,416** | **1,784** |
| Net charges to depreciation, amortisation and provisions | | 8,780 | 9,192 |
| Share-based payment expense | 7 | 1,564 | 2,049 |
| Gains and losses on disposal | | 20 | 864 |
| **Cash from operations after cost of net financial debt and tax** | | **12,779** | **13,889** |
| Cost of net financial debt | 9.1 | 734 | 704 |
| Income tax expense (including deferred tax) | 10 | -1,089 | 1,078 |
| **Cash from operations before cost of net financial debt and tax (A)** | | **12,424** | **15,670** |
| Tax paid (B) | | -1,601 | -942 |
| Changes to operating working capital requirements (including liabilities related to employee benefits) (C) | | 2,268 | 7,527 |
| **Net cash from operating activities (D) = (A+B+C)** | | **13,090** | **22,255** |
| Purchase of intangible assets and PP&E | | -770 | -2,462 |
| Proceeds from sale of intangible assets and PP&E | | - | -13 |
| Impact of changes in the scope of consolidation | 12 | -8,910 | - |
| Change in loans and advances granted | | -20 | -93 |
| Other cash flows from investing activities | | 7 | 4 |
| **Net cash from (used in) investing activities (E)** | | **-9,694** | **-2,564** |
| Proceeds from the exercise of stock options | | - | 1,144 |
| Purchases and proceeds from disposal of treasury shares | 7 | -8,645 | -0 |
| Dividends paid to shareholders of the parent company | | -8,492 | -8,623 |
| Proceeds from borrowings | 16 | 71,000 | - |
| Repayment of borrowings | 16 | -60,500 | -1,304 |
| Change in lease liabilities | 13 | -3,731 | -3,364 |
| Net interest paid (including finance leases) | | -359 | -303 |
| Other cash flows relating to financing activities | | 236 | -20 |
| **Net cash from (used in) financing activities (F)** | | **-10,492** | **-12,471** |
| Effect of foreign exchange rate changes (G) | | 981 | 331 |
| **Net change in cash and cash equivalents (D+E+F+G)** | | **-6,115** | **7,552** |
| Opening cash position | | 25,202 | 16,151 |
| Closing cash position | | 19,087 | 23,702 |

The closing cash position is equal to Cash and cash equivalents less bank overdrafts.

# Notes to the condensed interim 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 2022, together with the accompanying notes, were prepared under the responsibility of the Board of Directors and approved at its meeting of 26 July 2022.

## 1.1 Basis of preparation of the condensed interim consolidated financial statements

The consolidated financial statements for the half-year ended 30 June 2022 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_fr.htm.

The accounting policies underlying the preparation of the condensed interim consolidated financial statements for the half-year ended 30 June 2022 are identical to those adopted for the consolidated financial statements for the year ended 31 December 2021 and described in Chapter 5, Note 1 of the 2021 Universal Registration Document filed on 24 March 2022 with the French Financial Markets Authority (AMF) under no. D. 22-0145 and available on the Company's website at http://www.investors.axway.com, except for the new standards and interpretations applicable from 1 January 2022 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 2022 are as follows:

- amendments to IAS 16 – Proceeds before intended use;
- amendment to IAS 37 – Onerous contracts – Costs of fulfilling a contract;
- amendments to IFRS 3 – Reference to the conceptual framework;
- IFRS annual improvements (2018-2020 cycle).

These amendments 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.

## 1.3 Impact of the war in Ukraine on the consolidated financial statements for the period

The Axway Group has not identified any legal entities in Ukraine, Russia or Belarus.

Revenue realised directly in these countries with local customers or indirectly with local partners totalled less than €0.2 million in 2021.

In the first half of 2022,

- the Group terminated existing commercial contracts at the end of 2021;
- the Group did not record an increase in provisions for trade receivables in respect of receivables in Ukraine or Russia;
- the Group did not identify any liquidity risk due to its low exposure in these markets;
- Group financing is not impacted by the war in Ukraine;
- the remeasurement of transactions denominated in foreign currencies is not impacted as receivables in these countries are denominated in euros;
- energy purchases and hosting costs are not significantly impacted at this stage;
- Group off-balance sheet commitments are not impacted as the Group does not have any off-balance sheet commitments in these countries;
- the recognition of deferred tax assets in accordance with IAS 12, Income taxes, is not impacted, as future Group profits are not jeopardised by this war in Ukraine;
- impairment tests on non-financial assets are not impacted. Given Axway's low exposure to these markets, the main operating and financial assumptions underlying impairment tests at 31 December 2021 have not been amended.

# Note 2 Key events and scope of consolidation

## Changes in the scope of consolidation

### a. Deconsolidated entities

No entities were deconsolidated in the first six months of 2022.

### b. Newly-consolidated entities

On 15 June 2022, Axway Software acquired the entire share capital of DXChange Technologies Private Limited in India. DXChange Technologies Private Limited holds the entire share capital of its subsidiary Dxvmt Technologies Private Limited in India.

The activities of DXChange Technologies Private Limited will be consolidated in the Axway financial statements from 30 June 2022, as net income for the second two weeks of June 2022 is not material.

# 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 2022 | | H1 2021 | |
|---|---|---|---|---|
| License | 6,335 | 4.6% | 9,282 | 6.7% |
| Subscription | 55,865 | 40.9% | 51,794 | 37.4% |
| Maintenance | 56,010 | 41.1% | 59,996 | 43.3% |
| Services | 18,230 | 13.4% | 17,339 | 12.5% |
| **Total revenue** | **136,440** | **100.0%** | **138,411** | **100.0%** |

Axway's recurring revenue, which includes Subscription and Maintenance activities, represented 82% of revenue in the first half of 2022, *i.e.* €111.9 million. It includes initial upfront revenue of €18.3 million, compared to €22.4 million in the first half of 2021.

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 2022 | | H1 2021 | |
|---|---|---|---|---|
| France | 37,738 | 27.7% | 39,361 | 28.4% |
| Rest of Europe | 27,206 | 19.9% | 33,947 | 24.5% |
| United States | 57,768 | 42.3% | 55,419 | 40.0% |
| Other Americas | 3,047 | 2.2% | 1,674 | 1.2% |
| Asia/Pacific | 10,681 | 7.8% | 8,009 | 5.8% |
| **Total revenue** | **136,440** | **100.0%** | **138,411** | **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 2022 | H1 2021 |
|---|---|---|
| Salaries | 76,131 | 78,864 |
| Social security contributions | 18,294 | 18,505 |
| Research tax credits | -3,443 | -4,494 |
| Employee profit-sharing | 253 | 152 |
| Net expense for post-employment and similar benefit obligations | 21 | 168 |
| **Total employee costs** | **91,255** | **93,195** |

Employee costs accounted for 66.9% of H1 2022 revenue, comparable with 2021 (67.3%).

Research tax credits totalled €3.4 million in H1 2022, down €1.1 million.

At 30 June 2022, receivables sold to Crédit Agricole and not yet repaid by the French tax authorities total €24.1 million. The Group considers that the financing of transferred research tax credits can be derecognised.

Research & Development expenditure expensed in H1 2022 totalled €28.2 million, compared to €29 million in H1 2021 (see Section "First-half 2022 results").

The retirement termination payment calculation method is expected to change in H2 2022 in France. This change will take effect in the month following publication of an order by the French Employment Ministry extending an amendment to the Syntec collective bargaining agreement. This provides for an alignment of the retirement termination payment calculation method with that for redundancy payments by adding employee bonuses to the basic salary. This plan amendment will increase the liability. If material, the cost will be included in Other operating income and expenses in Operating profit (see Note 8).

## 5.2 Workforce

| **Number of employees at 30 June** | H1 2022 | H1 2021 |
|---|---|---|
| France | 453 | 473 |
| International | 1,195 | 1,323 |
| **Total** | **1,648** | **1,796** |

At 30 June 2022, Axway had 1,648 employees (27% in France and 73% internationally), down 64 on 31 December 2021.

| **Average number of employees** | H1 2022 | H1 2021 |
|---|---|---|
| France | 460 | 478 |
| International | 1,221 | 1,365 |
| **Total** | **1,681** | **1,843** |

## Note 6 Purchases and external expenses

| (in thousands of euros) | H1 2022 | H1 2021 |
|---|---|---|
| Purchases of subcontracting services | 13,015 | 13,401 |
| Purchases not for inventory of equipment and supplies | 804 | 73 |
| Purchases and change in stock of merchandise | 115 | 178 |
| **Total purchases** | **13,935** | **13,652** |

Purchases of subcontracting services mainly comprise cloud hosting costs that were considerable given the growth of the Subscription activity.

The foreign exchange impact is a net expense of €0.9 million in the half year. At constant exchange rates, purchases would have decreased -€0.6 million.

| (in thousands of euros) | H1 2022 | H1 2021 |
|---|---|---|
| Rent and rental charges | 4,917 | 4,344 |
| Lease expenses – IFRS 16 adjustment | -3,127 | -2,861 |
| Maintenance and repairs | 4,604 | 4,484 |
| External structure personnel | 21 | 36 |
| Remuneration of intermediaries and fees | 3,082 | 2,813 |
| Advertising and public relations | 2,213 | 1,883 |
| Travel and entertainment | 1,593 | 412 |
| Telecommunications | 902 | 890 |
| Sundry | 3,483 | 3,167 |
| **Total external expenses** | **17,687** | **15,168** |

The relaxation of Covid-19 health restrictions impacted travel expenses which increased €1.2 million in H1 2022 compared to the previous half year. Marketing events also increased by €0.3 million (+17.5%).

Exchange rate impacts represented an expense of €0.5 million in the half year. At constant exchange rates, purchases would have increased by +€2.0 million.

## Note 7 Share-based and similar payment expenses

In H1 2022, no new free share grant plans were set up. The current plans are described in Note 5.4 of Chapter 5 "Consolidated financial statements" of the 2021 Universal Registration Document.

Expenses relating to free performance share grant plans totalled €1.3 million in H1 2022, compared to €2.3 million in H1 2021. This decrease was primarily due to savings following the end of the "WWFS", "LTI Plan AOA" and "LTI Plan ExCom" plans in the first quarter of 2022 (-€0.5 million) and an adjustment to employer contributions (-€0.5 million).

- The July 2019 free share grant plan, "LTI Plan AOA", was partially settled in the first half of 2022 with the presentation of 111,510 shares to the Axway leadership team, members of the Executive Committee and other individuals considered key for the Axway Group. 64,567 shares will be presented to the Chief Executive Officer, Patrick Donovan, in July 2022.
- The January 2019 free share grant plan, "LTI Plan ExCom", was settled in the first half of 2022 with the presentation of 50,000 shares to the members of the Executive Committee.
- The January 2019 free share grant plan, "WWFS", was settled in the first half of 2022 with the presentation of 234,000 shares to Axway Group employees.

All the shares allocated to the various beneficiaries were Axway shares purchased by the Group in the second half of 2021 and the first half of 2022.

## Note 8 Other operating income and expenses

The Group launched a restructuring plan in China in the first half of 2022 for a total of €0.8 million. This plan covers the departure of 12 employees.

Expenses relating to the acquisition of DXChange Technologies Private Limited totalled €0.2 million.

In addition, the Group recorded the cost of implementing the Workday Cloud ERP system in Other operating expenses. These non-recurring costs totalled €0.1 million in H1 2022.

## Note 9 Financial income and expense

### 9.1 Cost of net financial debt

| *(in thousands of euros)* | H1 2022 | H1 2021 |
|---|---|---|
| Income from cash management | -7 | -4 |
| Interest expense | 374 | 294 |
| **Cost of net financial debt** | **368** | **290** |
| Net interest on lease liabilities | 366 | 413 |
| **Total cost of net financial debt** | **734** | **704** |

The application of IFRS 16 increases the cost of net financial debt by €0.4 million in H1 2022, representing a weighted average marginal interest rate of 2.34%.

### 9.2 Other financial income and expenses

| *(in thousands of euros)* | H1 2022 | H1 2021 |
|---|---|---|
| **Foreign exchange gains and losses** | **-1 278** | **-399** |
| Reversal of provisions | 0 | - |
| Other financial income | - | -43 |
| **Total foreign exchange gains/losses and other financial income** | **-1 278** | **-442** |
| Charges to provisions | -0 | - |
| Discounting of retirement benefit commitments | 38 | 17 |
| Change in the value of derivatives | -121 | -126 |
| Other financial expenses | 405 | 126 |
| **Total other financial expense** | **322** | **17** |
| **Total other financial income and expense** | **-956** | **-425** |

## Note 10 Income tax expense

| *(in thousands of euros)* | H1 2022 | H1 2021 |
|---|---|---|
| Current tax | 1,406 | 1,140 |
| Deferred tax | -2,495 | -62 |
| **Total income tax expense** | **-1,089** | **1,078** |

The Group effective tax rate is -82.14% in H1 2022, compared to 37.67% in H1 2021.

Deferred tax assets arising from tax losses carried forward are recognised if the subsidiaries or the tax consolidation group are likely to have sufficient taxable earnings to use them.

At 30 June 2022, future profit forecasts for Axway Inc. in the United States enabled the capitalisation of additional losses compared to 31 December 2021.

### Axway Software

At 30 June 2022, capitalised tax losses stood at €11.2 million (in deferred tax assets), compared to €11.2 million at 31 December 2021.

### Axway Inc.

At 30 June 2022, capitalised tax losses stood at US$17.8 million (in deferred tax assets), compared to US$15.0 million at 31 December 2021.

At 30 June 2022, **deferred tax assets not recognised** in respect of tax losses available for carry forward amounted to €28.9 million and concerned the following subsidiaries: Axway Inc. in the United States (€7.6 million), Axway Software SA in France (€7.2 million), Axway Ireland (€4.5 million), Axway SRL in Italy (€3.5 million), Axway Software Do Brazil Ltda in Brazil (€2.6 million), Axway Romania (€1.9 million) and Axway Pte Ltd in Singapore (€0.7 million).

Axway Inc. in the United States receives **research tax credits**. These tax credits may be used to pay corporate income tax due in the 20 years following the year in respect of which the tax credits were recognised. Any excess not offset is not reimbursed.

Axway Inc. research tax credits were received each year between 2002 and 2022. At 30 June 2022, we estimate the total amount of research tax credits available for offset against taxable profits at US$52.6 million (taxable base). These tax credits are recorded in deferred tax assets not capitalised as their probable date of utilisation is too far away. Based on substantiating evidence and detailed business plan estimates, the US$11.0 million in tax credits could be used between 2025 and 2042.

## Note 11 Earnings per share

| *(in euros)* | H1 2022 | H1 2021 |
|---|---|---|
| Net income – attributable to owners of the Company | 2,415,529 | 1,782,958 |
| Weighted average number of ordinary shares outstanding | 21,633,597 | 21,455,034 |
| **Basic earnings per share** | **0.11** | **0.08** |

| *(in euros)* | H1 2022 | H1 2021 |
|---|---|---|
| Net income – attributable to owners of the Company | 2,415,529 | 1,782,958 |
| Weighted average number of ordinary shares outstanding | 21,633,597 | 21,455,034 |
| Weighted average number of securities taken into account in respect of dilutive items | 400,436 | 891,490 |
| Weighted average number of shares taken into account to calculate diluted earnings per share | 22,034,033 | 22,346,523 |
| **Diluted earnings per share** | **0.11** | **0.08** |

# 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 2021** | **356,940** | **8,613** | **348,326** |
| Acquisition of DXChange Technologies | 14,587 | - | 14,587 |
| Translation adjustments | 20,728 | -80 | 20,807 |
| **30 June 2022** | **392,254** | **8,533** | **383,721** |

Goodwill recognised in the first half of 2022 concerns the acquisition of DXChange Technologies Private Limited.

Exchange rate impacts on goodwill mainly concern fluctuations in the euro against the US dollar for €20.8 million.

On 15 June 2022, Axway Software acquired the entire share capital of DXChange Technologies Private Limited in India. DXChange Technologies Private Limited holds the entire share capital of its subsidiary Dxvmt Technologies Private Limited in India.

The activities of DXChange Technologies Private Limited will be consolidated in the Axway financial statements from 30 June 2022.

The DXChange Technologies Private Limited goodwill is in the course of valuation at 30 June 2022. Pursuant to IFRS 3 revised, the valuation period may not exceed 15 June 2023.

Provisional goodwill relating to this acquisition was determined on the following basis:

| *(in thousands of euros)* | At 30/06/2022 |
|---|---|
| Purchase price | 8,911 |
| Present value of earn-outs | 4,802 |
| **Acquisition cost** | **13,713** |
| Net assets acquired, excluding existing goodwill | -874 |
| **Goodwill** | **14,587** |

The earn out was valued based on the Dxchange business plan, discounted at a rate of 9.0%.

Given the recent nature of this acquisition at the reporting date, the Group has not yet valued Dxchange's technology. DXChange Technologies Private Limited net assets will be valued during the second half of 2022.

### 12.2 Impairment tests

In the absence of any indication of impairment loss in the first half of 2022, the Group did not perform any further impairment tests at 30 June 2022.

In a context of higher interest rates, Axway extended its sensitivity tests at 30 June 2022 with a 1.25 point increase and decrease in the discount rate. These additional tests would not give rise to any impairment. Furthermore, based on impairment tests performed at 31 December 2021, a 4.75 point increase in the discount rate would lead to the first euro of impairment.



## Note 13 Leases

### 13.1 Lease right-of-use assets by category

| *(in thousands of euros)* | Leased properties | Leased vehicles | Total |
|---|---|---|---|
| **Gross value** | | | |
| **31 December 2021** | **39,242** | **1,145** | **40,387** |
| Changes in scope of consolidation | - | - | - |
| Acquisitions | 44 | 24 | 68 |
| Disposals – assets scrapped | -279 | -22 | -301 |
| Other movements | -34 | - | -34 |
| Translation adjustments | 1,161 | - | 1,161 |
| **30 June 2022** | **40,135** | **1,147** | **41,281** |
| **Depreciation** | | | |
| **31 December 2021** | **-16,087** | **-755** | **-16,842** |
| Changes in scope of consolidation | - | - | - |
| Charges | -2,544 | -112 | -2,657 |
| Disposals – assets scrapped | 279 | 22 | 301 |
| Other movements | 34 | - | 34 |
| Translation adjustments | -398 | - | -398 |
| **30 June 2022** | **-18,717** | **-846** | **-19,563** |
| **Net value** | | | |
| **31 December 2021** | **23,156** | **389** | **23,545** |
| **30 June 2022** | **21,418** | **301** | **21,719** |

### 13.2 Debt maturity of lease liabilities

| | | | | Breakdown of non-current liabilities | | | | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands of euros)* | Carrying amount | Current | Non-current | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | More than 5 years |
| **Lease liabilities** | **31,295** | **5,642** | **25,653** | **5,811** | **5,120** | **4,704** | **2,658** | **7,360** |

## Note 14 Trade receivables

| *(in thousands of euros)* | 30/06/2022 | 31/12/2021 |
|---|---|---|
| Trade receivables | 50,506 | 50,350 |
| Provision for doubtful receivables | -1,581 | -1,026 |
| **Trade receivables – net value** | **48,926** | **49,324** |
| Accrued income | 57,893 | 55,778 |
| **Total trade receivables** | **106,819** | **105,102** |

At 30 June 2022, Net trade receivables, expressed in business days, totalled 124 days, comparable to 31 December 2021 (121 days).

The rise 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. DSO for this line item at 30 June 2022 is 66 days, compared to 63 days at 31 December 2021.

## Note 15 Equity

### 15.1 Changes in the share capital

At 31 December 2021, 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 2022, 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 General Meeting of Axway Software held on 24 May 2022 to approve the 2021 financial statements approved a dividend of €0.40 per share, representing a total distribution of €8.5 million. This dividend was paid on 8 June 2022, net of the dividend on treasury shares.

## Note 16 Financial debt – Net debt

Net debt is €58.8 million at 30 June 2022, compared to €36.5 million at 31 December 2021 and breaks down as follows:

| *(in thousands of euros)* | Current | Non-current | 30/06/2022 | 31/12/2021 |
|---|---|---|---|---|
| Bank borrowings | 1,833 | 70,413 | 72,246 | 61,731 |
| Other financial liabilities | -14 | 5,659 | 5,644 | -65 |
| Bank overdrafts | 453 | - | 453 | 148 |
| **Financial debt** | **2,271** | **76,072** | **78,343** | **61,815** |
| Cash and cash equivalents | -19,548 | - | -19,548 | -25,355 |
| **Net debt** | **-17,276** | **76,072** | **58,796** | **36,459** |

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 H1 2022 to April 2027. The amendment signed in 2022 provides for the suppression of a 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 2022, €54 million of the RCF remained available, representing a utilisation rate of 57%. The RCF is drawn in the amount of €71 million.

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 2022, these financial covenants are both met.

The Group also secured loans in 2016 from BPI France totalling €5 million. Outstanding capital on these borrowings at 30 June 2022 is €1.25 million.

A €4.8 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)* | 30/06/2022 | 31/12/2021 |
|---|---|---|
| Customer contract liabilities | 78,787 | 55,826 |
| **Total current customer contract liabilities** | **78,787** | **55,826** |

Current deferred income, representing customer contract liabilities, is presented in Note 4.1 to the 2021 Universal Registration Document. Movements reflect:

- the 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 2022 for this period) and the corresponding trade receivables not settled at the previous reporting date (31 December 2021) were offset in the balance sheet at 31 December 2021. There was no offset at 30 June.

Some current customer contract liabilities at 31 December 2021 were recognised in revenue in the first half of 2022.

Compared to 31 December 2021, current deferred income increased mainly due to the reverse offsetting of deferred income at 30 June 2022 and the signature of Axway Managed subscription contracts.

## Note 18 Other current liabilities

| *(in thousands of euros)* | 30/06/2022 | 31/12/2021 |
|---|---|---|
| Amounts payable on non-current assets | - | 125 |
| Advances and payments on account received for orders | 143 | 85 |
| Employee-related liabilities | 20,251 | 24,945 |
| Tax payables (other than income tax) | 5,247 | 6,313 |
| Income tax | 1,227 | 1,151 |
| Other liabilities | 2,752 | 2,525 |
| **Total other current liabilities** | **29,620** | **35,145** |

The decrease in Employee-related liabilities is due to the seasonal nature of commission and bonuses provided at 31 December 2021, which exceed those provided at 30 June 2022.

# 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 2021 Universal Registration Document, filed with the French Financial Markets Authority (AMF) on 24 March 2022, under no. D. 22-0145 and available on the Company's website at http://www.investors.axway.com. The Axway 2021 Universal Registration Document also includes the Statutory Auditors' report on regulated agreements.

Excluding those agreements described in the 2021 Universal Registration Document, to the best of the Company's knowledge, there were no new Axway Group related-party agreements in H1 2022 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. These commitments have not significantly changed since 31 December 2021.

At 30 June 2022, 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 and has been extended and will mature in 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 3.0 throughout the term of the loan. This ratio was 1.76 at 30 June 2022 (1.02 at 31 December 2021);
- "Net debt/Shareholders' equity" ratio below 1.0 throughout the term of the loan. This ratio was 0.15 at 30 June 2022 (0.10 at 31 December 2021).

At 30 June 2022, the RCF (revolving credit facility) stood at €71 million, up €11 million on 31 December 2021. At 30 June 2022, the syndicated facility was available in the amount of €54 million.

As part of commitments received, Axway Software also enjoys an unused overdraft line of €20 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 2022 and the date of the Board of Directors' meeting, there were no significant events likely to impact the financial statements.

3

# 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 monetaire 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 2022;
- 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, 29 July 2022*

The Statutory Auditors

**Aca Nexia**

Sandrine Gimat

Partner

**Mazars**

Jérôme Neyret

Partner

4

# 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, 29 July 2022

**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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