ANNUAL FINANCIAL REPORT

Registration Document 2018

contents

The information required in the Non-Financial Performance Statement is identified in the contents and the relevant chapters by the abbreviation NFPS.
The information required in the Annual Financial Report is identified in the contents by the abbreviation AFR

2018 Registration Document

ANNUAL FINANCIAL REPORT

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This Registration Document was filed with the French Financial Markets Authority (Autorité des marchés financiers - AMF) on 26/04/2019 in accordance with Article 212-13 of the AMF General Regulations. It may be used in connection with a financial transaction if accompanied by a memorandum approved by the French Financial Markets Authority (AMF). This document was prepared by the issuer whose authorised signatories alone assume responsibility for its content.

Copies of this Registration Document are available free of charge from Axway Software SA, Direction de la Communication Financière, Tour W, 102 Terrasse Boieldieu, 92085 Paris La Défense Cedex, France or from the website www.axway.com or the AMF website www.amf-france.org.

axway.com

DISCUSSIONS WITH THE CHAIRMAN AND THE CEO

"Large organizations are making the best use of their data by adopting strategies to navigate through technological waves, no matter how disruptive they may be."

Pierre PASQUIER
Chairman of the Axway Board of Directors

The digital society in which we live makes data a precious asset.

Between two applications, from a payment terminal to an accounting book or from a plane to a control tower, it accompanies us daily, wherever we go and regularly plays a crucial role in our lives.

Mastered, data can contribute to medical progress as well as drive the development of a company or project. Neglected, it can cause major disruptions. Recent events have shown how data usage can influence the economy, geopolitics or social issues of our world.

Aware of these new challenges, large organisations are making the best use of their data by adopting strategies to navigate through technological waves, no matter how disruptive they may be.

For more than 15 years, Axway has been an independent expert in the management of critical data flows and offers its customers high-performance infrastructure solutions designed to deliver fast and efficient operational benefits.

Under the leadership of Patrick Donovan, Chief Executive Officer since April 2018, Axway has accelerated the execution of its strategy to support the growth of its Subscription offers. This has been reflected in increased investments in Research & Development, Sales and Marketing. The Group has chosen to rely on its historical areas of expertise to build a complete portfolio of infrastructure offerings, with the AMPLIFY™ hybrid integration platform as the flagship. Thanks to AMPLIFY™, Axway plans to become a market leader in hybrid integration platforms by the end of 2020.

To achieve this ambitious objective, the Group will continue its efforts in 2019. The progressive launch of the platform's various functionalities will require new investments but should contribute to a return to growth for Axway's activities over the year, which would represent an important signal of the success of the ongoing operations.

Axway's executive team can count on the support of the Board of Directors in carrying out its mission. We will ensure that the Group's project, through the adoption of its new business model, creates value for all its stakeholders. ■

Patrick DONOVAN
Axway Chief Executive Officer

How would you assess your first year as CEO of Axway?

Patrick Donovan: We achieved a lot in 2018. Since my appointment in April, we have accelerated the execution of our AMPLIFY™ hybrid integration platform strategy with the objective of becoming a leader in this market. This acceleration includes not only a strong investment in our AMPLIFY™ Foundation, securing our platform approach, but also some important advancements in our core historic offerings such as Managed File Transfer (MFT) and Application Programing Interface (API).

In addition, a comprehensive review of our products and our Research & Development programmes was performed to rationalise our offerings portfolio. This allowed us to focus our offering investments toward the needs of our most valuable asset: our 11,000 customers.

We have seen a move from our customers in different ways of consuming, moving and integrating data, using Hybrid or Cloud architectures which can generate both traditional license sales or subscription contracts. Our customers are looking for rapid operating benefits, capable of radically transforming their industries and development projects.

This imperative requires us to anticipate any "business" issues, as far as possible, to make Axway a preferred digital transformation partner. It is this key objective that drives our Customer Success Organisation, created last July, which brings together nearly half of our employees. This approach allows us to develop stronger ties with our customers each day, through uniform transaction monitoring that enables us to propose higher added-value offerings.

Our AMPLIFY™ hybrid integration platform responds perfectly to these new challenges. Our customers use it as a tool box, able to orchestrate all the integration scenarios of a major organisation, while remaining both technology neutral and agile. In addition, this AMPLIFY™ approach allows us to offer innovative digital solutions to our historical customers.

How do you see 2019 for Axway?

Patrick Donovan: In 2018, I became aware of Axway's true strength as I re-discovered the Group's cultural diversity, the unflagging determination of our teams and our technology expertise recognised by our customers and the market.

Now that we have the foundations of our AMPLIFY™ platform, and have strengthened our company to support our ambitions, we must concentrate our efforts on the market launch of our new offerings, build client awareness, enable our sales teams and build more partnerships and alliances to help us get our message out. Our actions in 2019 will, therefore, continue along the same lines as in 2018 around the technology and a strong push in the marketplace.

We will continue to invest in Research & Development to make our products technology benchmarks, while accelerating our efforts in Sales and Marketing, to boost revenue growth and secure our independent project. These sales and marketing efforts may result in short-term sales, but we are looking to build the long-term pipeline for the years to come.

Additionally, against the backdrop of a talent war in the technology markets and a dramatic change in working methods, Axway's employees must, more than ever, be committed to our project. We will continue to help them develop their specific expertise, be clear with our strategy and their key role in achieving our strategy.

All of this will help make Axway an economically sustainable company, responsible in its dealings with stakeholders and mobilised for its ecosystem.

What benefits will your strategic direction produce by 2020?

Patrick Donovan: We have a clear vision of the customer benefits of our new business model we are developing within Axway.

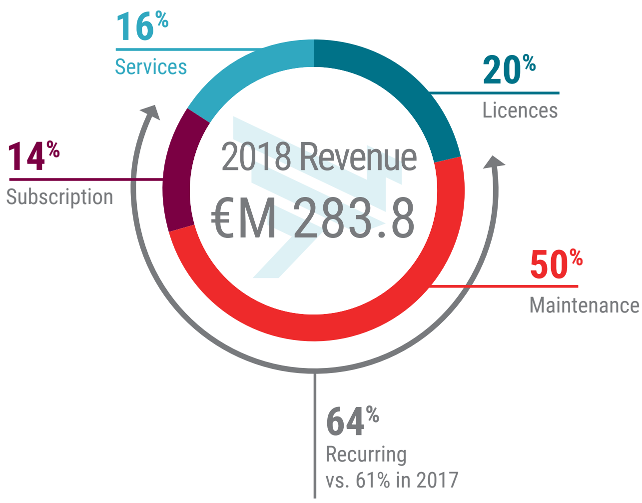
Through meeting their requirements for Subscription offerings, the Company business model and revenue cycles are impacted. Although it has a short-term impact on revenue recognition, in the long-term, this change will significantly improve the visibility on revenue and income through a substantial increase in recurring business. The customer proximity necessary to this model, supported by high-performing tools, will not only offer new business opportunities, but also optimise processes and resource allocation by improving our knowledge of needs and bringing us closer to our customers.

We hope to establish this virtuous cycle progressively by the end of 2020, by continuing to do what we have done for more than 30 years: securely moving, integrating and exposing the data of leading global organisations. ■

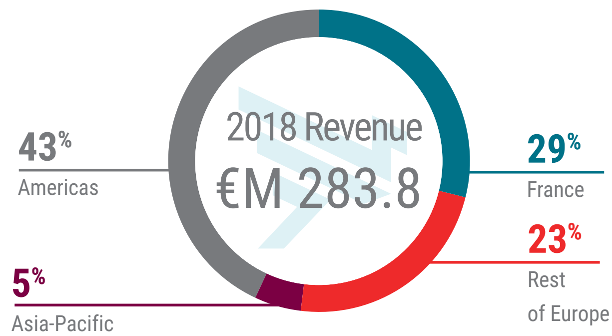
BUSINESS LINES

Our mission: accompany the modernisation of our customer's IT infrastructures, by securely moving, integrating and exposing their strategic data.

By business



By region



5th **FRENCH PUBLISHER**
SyntecNumérique/EY
2018 Top 250

Recognised by Forrester as a **"Strong performer"** in strategic iPaaS and hybrid integration platforms(1)

(1) The Forrester Wave™: Strategic iPaaS and Hybrid Integration Platforms, Q1 2019, Forrester Research, Inc., 3 January 2019.

Axway History

Incubation in the Sopra Group

January 2001
Spin-off of Sopra's infrastructure software business to create Axway.

April 2002
Acquisition of **Viewlocity**, a specialist in EAI (United States).

January 2006
Acquisition of **Cyclone Commerce**, a specialist in RFID (United States)
Relocation of Executive Management to Phoenix, AZ.

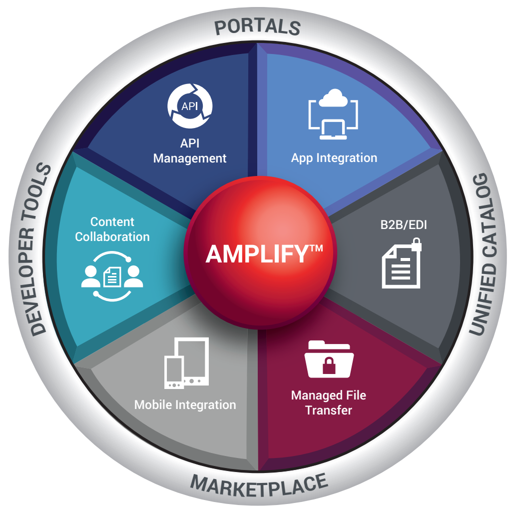
February 2007
Acquisition of **Atos' BtoB** business (Germany).

September 2007
Development of the **Synchrony™** offer, first comprehensive data exchange management platform.

September 2008
Acquisition of **Tumbleweed**, a specialist in secure messages (United States).

OFFER AND CUSTOMERS

Our offer: with the AMPLIFY™ hybrid integration platform, all data in an IT ecosystem can interact between hundreds of applications, on premise or in the cloud, from any device, anywhere.



In the AMPLIFY™ platform, Axway's expertise stands out in:

- Application Integration (IPaaS);
- API Management;
- Managed File Transfer (MFT);
- B2B-EDI Integration;
- Content collaboration (EFSS);
- Mobile integration.

For our customers, our software solutions transform disparate data and services into a simple and seamless digital experience.

17 SUBSIDIARIES

+11,000 CUSTOMERS

1,848 EMPLOYEES

distribution in

+ 100 countries

100 commercial and technology partners

Our strategic business sectors

- Banking and Financial Services
- Automotive
- Public Sector
- Manufacturing & Retail
- Telecommunications
- Healthcare
- Energy & Utilities

June 2011
IPO on the Euronext Paris market.

November 2012
Acquisition of **Vordel**, a specialist in API (Ireland).

January 2014
Acquisition of **Information Gateway's** assets (Australia).

April 2014
Acquisition of **Systar**, a specialist in operating performance management (France).

January 2016
Acquisition of **Appcelerator**, a specialist in mobile integration platforms (United States).

February 2017
Acquisition of **Syncplicity**, a specialist in content collaboration (United States).

March 2019
Acquisition of **Streamdata.io**, a specialist in event-driven API (France and the United States).

Further information can be found in Chapter 1 of the Registration Document.

OPERATING INDICATORS

RESULTS

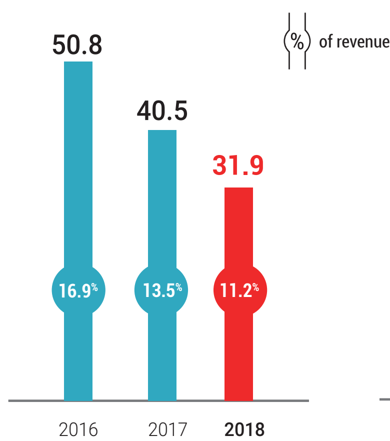
Revenue

SIGNATURES METRIC
+7.8%
Signatures
+ 3x new ACV

NEW ACV
+56.1%
annual value of new subscription contracts signed in 2018

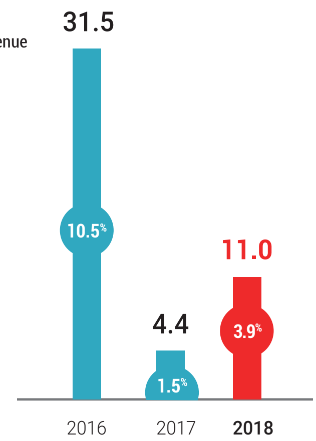
Profit on operating activities

(In millions of euros)



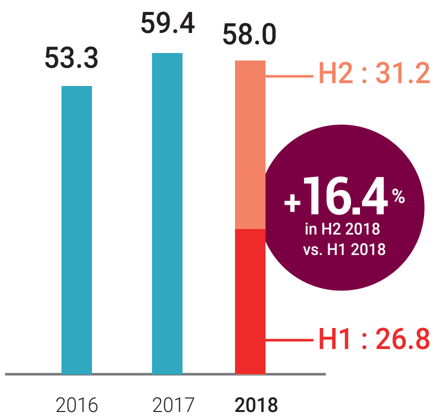
Net profit

(In millions of euros)

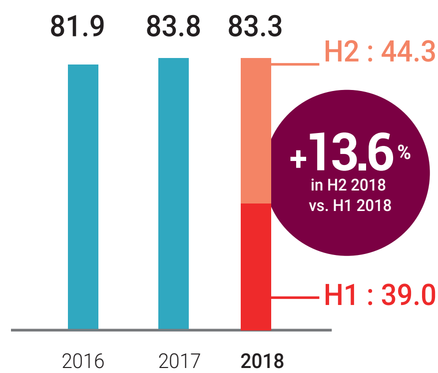


INVESTMENT

In Research & Development *(In millions of euros)*



In Sales & Marketing *(In millions of euros)*



R&D + Sales & Marketing investment up +14.7% in H2 2018 vs. H1 2018

BALANCE SHEET

Cash	Net debt	Equity
€35.8million	**€10.2million**	**€362.7million**
vs. €28.1 million at 31/12/2017	vs. €20.6 million at 31/12/2017	vs. €344.1 million at 31/12/2017

OBJECTIVES

CONFIRMATION OF AMBITIONS AT END 2020

Revenue approximately
€300million

LEADER
in the hybrid integration platform market

Further information can be found in Chapter 1 of the Registration Document.
Alternative performance measures are defined in the glossary to the Registration Document.

STOCK MARKET PROFILE & SHARE CAPITAL

AXW
LISTED
EURONEXT

Euronext Paris – Compartment B
Bloomberg: AXW-FR
Reuters: AXW.PA
Market Cap: €263.6 million
at 31/12/2018

Main indexes:
CAC Mid Small
Euronext TECH 40
Gaia Index

Basic earnings per share

(in euros)

2016	2017	2018
1.51	0.21	€0.52

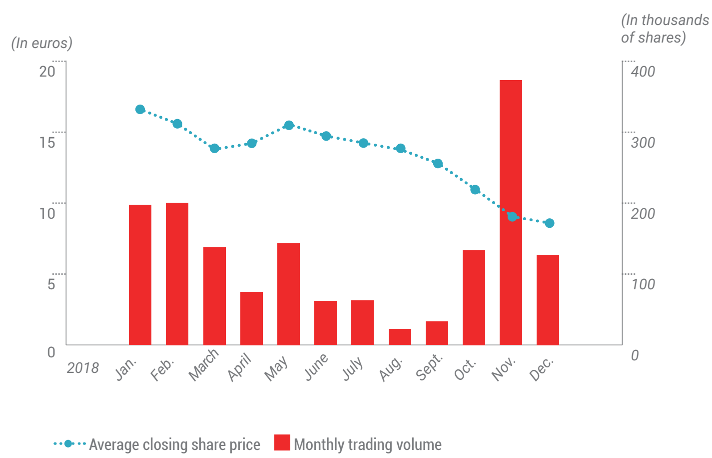
Net dividend per share

(in euros)

2016	2017	2018
0.40	0.20	€0.40*

* Proposed to the General Meeting of 5 June 2019

Share price and monthly trading volumes



Axway share ownership

Share ownership at 31 December 2018

21,225,381 shares outstanding

34,625,501 voting rights

	Sopra Steria	Pasquier Family	Odin Family	Managers	Sopra GMT	Caravelle	Public	Treasury shares
Shares	32.57%	0.13%	1.39%	1.61%	21.22%	12.12%	30.36%	0.60%
Voting rights	36.18%	0.13%	1.52%	1.63%	26.01%	14.86%	19.67%	

Shareholders' Agreement

56.91 % of shares

65.47 % of voting rights

2019 Financial Calendar

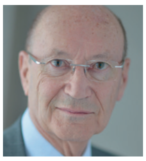
- **20 February** FY 2018 Revenue and Results
- **17 April** Q1 2019 Revenue
- **26 April** Publication of the 2018 Registration Document
- **5 June** General Meeting
- **2 July** Ex-dividend date
- **4 July** Dividend payment date
- **24 July** H1 2019 Revenue and Results
- **30 August** Publication of the 2019 Half-Year Financial Report
- **23 October** Q3 2019 Revenue

Further information can be found in Chapters 6,7 and 8 of the Registration Document.

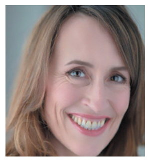
GOVERNANCE

Axway's governance is founded on the sharing of powers between the Board of Directors, assisted by its working committees, and the Executive Committee, in accordance with the recommendations of the Middlenext Code, which the Group has adopted.

Board of Directors



Pierre Pasquier
Chairman of the Board of Directors



Kathleen Clark Bracco
Director - Vice Chairman

Pierre-Yves Commanay
Director

Hervé Dechelette
Independent Director

Nicole-Claude Duplessix
Director

Emma Fernandez
Independent Director

Michael Gollner
Independent Director

Helen Louise Heslop
Independent Director

Pascal Imbert
Independent Director

Véronique de la Bachelerie
Director

Yann Metz-Pasquier
Director

Marie-Hélène Rigal-Drogerys
Director

Hervé Saint-Sauveur
Independent Director

Yves de Talhouët
Independent Director

Member of the Audit Committee

Member of the Selection, Ethics and Governance Committee

Member of the Compensation Committee

14 members

4 nationalities

57% independent directors

43% women

6 meetings in 2018

95% attendance rate

Further information can be found in Chapter 3 of the Registration Document

Audit Committee

6 members with the following duties:

- Review the annual and half-year financial statements;
- Oversee the internal control and management systems;
- Monitor the statutory audit;
- Verify statutory auditor independence.

4 meetings in 2018

95% attendance rate

Selection, Ethics and Governance Committee

6 members with the following duties:

- Propose appointments to the Board of Directors and of company officers;
- Assess the Board of Directors and the operation of corporate governance, in the event of an unforeseeable vacancy;
- Verify the application of best governance practice.

3 meetings in 2018

100% attendance rate

Compensation Committee

6 members with the following duties:

- Propose fixed and variable compensation;
- Verify the application of compensation rules;
- Check information quality.

4 meetings in 2018

100% attendance rate

Deliberations of the Board of Directors in 2018

- Corporate strategy and vision;
- Growth projects;
- Monitoring of major quarterly results;
- Budget and major directions;
- Accounts closing and related documents;
- Activities of the Board;
- Company officer compensation.

Patrick Donovan, Chief Executive Officer

since 6 April 2018

Previously Group Chief Financial Officer, Patrick Donovan has in-depth understanding of Axway's business model, history and the software industry in general. He is supported by an Executive Committee, in which the Board recently renewed its confidence. His mission is to sustainably establish Axway as a facilitator of digital transformation by energising the adoption of new Group offers.

2019 Strategic objectives

CONSIDER each Customer's experience as an operating priority

PURSUE acceleration of growth of the Subscription offer

SUPPORT the market launch of the AMPLIFY™ platform by our investments

Further information can be found in Chapter 1 of the Registration Document.

CORPORATE RESPONSIBILITY

NON-FINANCIAL PERFORMANCE STATEMENT NFPS

In 2018, Axway conducted a review to identify its priority challenges in corporate social responsibility.
Two major challenges were identified:

Human Resources: attract, develop and retain talent

Axway teams *At 31/12/2018*

1,848 employees
vs. 1,839 in 2017

25% France
4% Asia-Pacific
29% Americas

42% Europe, excl. France

Research & Development
37%
of employees

Customer Success Organisation
49%
of employees, including sales staff

40 average age
vs. 42 in 2017

5 GENDER EQUALITY

28% women
vs. 26.8% in 2017

6.5 years average seniority

Recruitment *At 31/12/2018*

392 new employees
vs. 283 in 2017

49% Europe
29% Americas
17% France
5% Asia-Pacific

Permanent contracts
95%

10 REDUCED INEQUALITIES

34 average age
vs. 36 in 2017

32% women
vs. 26% in 2017

Without distinction of age

In-house surveys and discussions

Axwegian's Voice

measures employee satisfaction and expectations.

In 2018, in-house surveys identified **4 areas** for improvement:

- Improve customer knowledge and relations;
- Facilitate collaboration;
- Continuously improve expertise;
- Encourage empowerment and initiative.

72% of employees responded to the survey vs. 83% in 2017

Analyses and feed-back focused on:

- Employee workshops;
- Meetings with Executive Committee members.

"Home Office"

A system allowing employees to work from home or a private location was launched in 2018, covering all teams in Axway's 17 subsidiaries.

Talent development

Axway University

36,934 training hours

vs. 34,272 in 2017

Communication via the Company in-house social network:

- Follow Axway's strategy and project;
- Share experience;
- Exchange directly with the Executive Committee.

Ethical and environmental responsibility in conducting business

In 2018, Axway documented its business model, clarified its approach and launched new corporate social responsibility initiatives.

CSR initiatives

- **4 programmes** to share digital expertise with young girls and women **in several countries;**

+

- **5 local solidarity programmes;**

and

- **1 global solidarity programme.**

CSR measures

- Power shared between Governance bodies;
- Cross-functional CSR team and network of correspondents to collect environmental data;
- Management Roadshow to share and exchange on Axway's strategy.

CSR tools

- Ethics and anti-corruption charter;
- Personnel data protection measures;
- Whistle-blowing system;
- CSR programmes and labels.

Further information can be found in Chapter 2 of the Registration Document.

BUSINESS MODEL

NFPS

TRENDS IN THE INFRASTRUCTURE

CONVERGENCE OF HISTORICAL SYSTEMS AND NEW DIGITAL NEEDS	RAMP-UP OF CLOUD AND SaaS MODELS	CONSTANT INNOVATION AND SHORTENING OF DEVELOPMENT CYCLES

Our Strengths

TALENT
- 1,848 employees
- Our businesses: R&D, Customer Success Organisation and Support structures
- International diversity

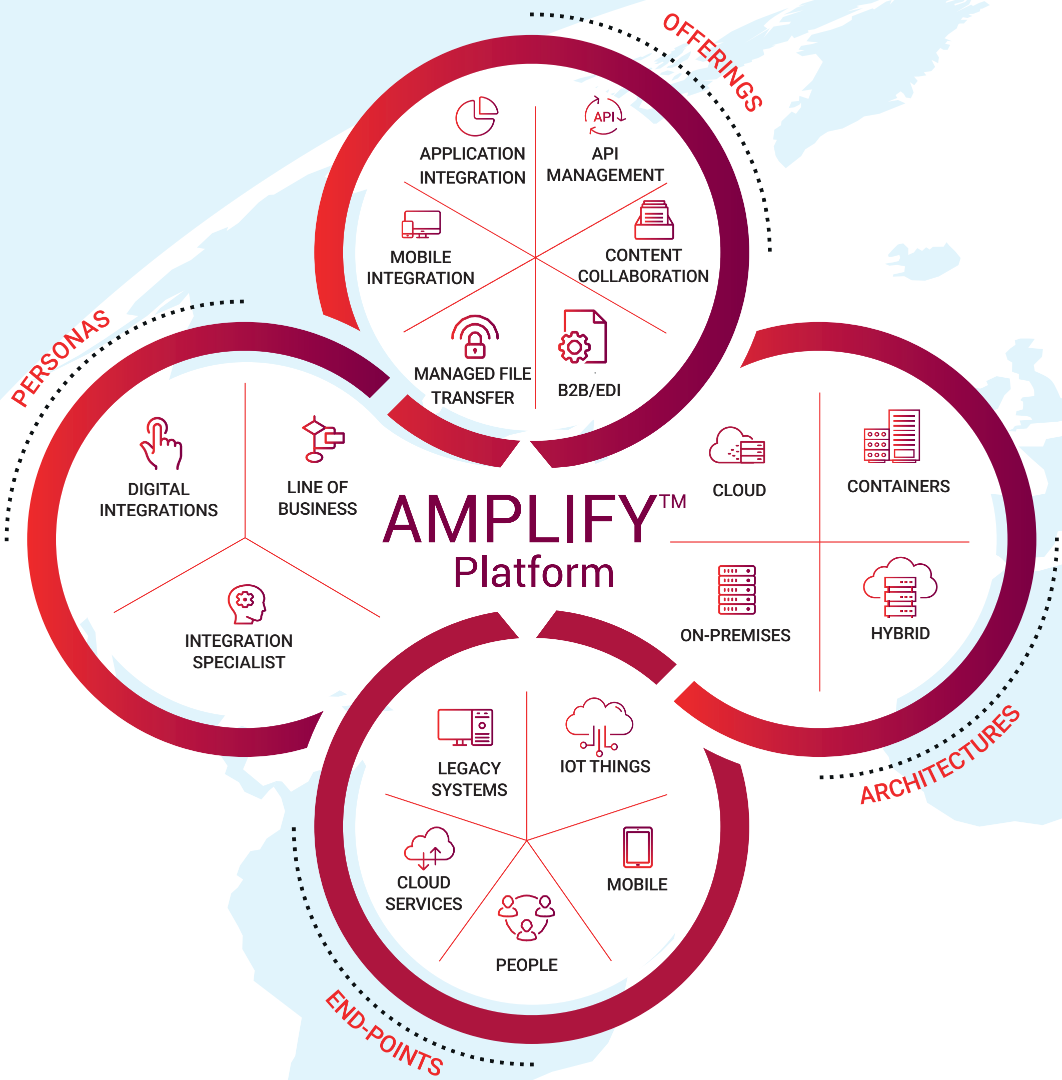
INNOVATION
- €58 million R&D investment in 2018
- 65 patents

SOLUTIONS
- Digital transformation at 11,000 Customers
- Reputed technological expertise
- Robust and diverse product portfolio: IPaaS / MFT / B2B / EDI /API / mobile...
- Technology-agnostic hybrid integration platform

STRUCTURE
- Revenue: € 283.8 million (64.5% recurring)
- Operating profit margin: 11.2%
- Locations in 17 countries
- Distribution in over 100 countries
- Governance shared by a Board of Directors and an Executive Committee
- Independent project supported by a family shareholding structure and historical proximity with Sopra Steria Group
- Financial capacity underpinning organic and external growth

VALUES
- Ethical commitment
- Initiative and proactive bias

Our Offer



Our goal

Become the market leader in Hybrid Integration Platforms

Our Business: modernise our customers' IT infrastructures by securely moving, integrating or exposing their data

SOFTWARE MARKET

- MULTIPLICATION OF SECURITY THREATS AND GREATER REGULATORY PRESSURE
- INCREASING SCARCITY OF QUALIFIED PROFILES PROVOKING A "TALENT WAR"
- MERGERS & ACQUISITIONS ACCELERATING SECTOR CONSOLIDATION

Our Strategy

Accompany our traditional customers with their digital transformation

Pursue our investment in AMPLIFY™ and accelerate growth of our Subscription offers

Proposing innovative hybrid offers "with a difference" to multiply uses

(HIP) by end-2020

Our Value Creation

With our Stakeholders

EMPLOYEES

Attract / Develop / Retain

- 392 recruitments in 2018
- New profiles
- 36,934 training hours
- E-learning platform
- In-house social network
- In-house satisfaction surveys
- Management Roadshow
- Employee share ownership
- Formal organisation of teleworking

CUSTOMERS

Transform businesses

- Facilitate digital transformation
- Accelerate operating benefits
- Guarantee data security
- Focus on Customer success
- Propose a flexible offering: On Premise and/or Cloud, License or Subscription
- CSR and Ethics Labels

SHAREHOLDERS

Best practice reporting

- Listing on Euronext Paris
- Middlenext Governance Code
- Inclusion in Gaia Index
- Meetings with investors and shareholders
- Historic distribution rate > 30% of net income
- Shareholder website and digital support

PARTNERS & SUPPLIERS

Co-innovate

- 100 commercial and technology partnerships
- Ethics Charter
- Whistle-blowing system
- Sub-contracting and procurement policy

CIVIL SOCIETY

Contribute

- UN Global Compact annual commitment
- Education and support programmes for women and young girls
- Responsible environmental behaviour

Every day, Axway accompanies its 11,000 customers in their digital transformation.

The introductory pages to each of the eight chapters of this document demonstrate the contribution of Axway's technologies and offers in different economic sectors.

In a major American insurance company, Axway's AMPLIFY™ MFT offer enabled the rapid implementation of a new commercial partner network, by ensuring secure data exchange and transactions.

1

Axway Group and its business activities

This chapter presents Axway's history and an overview of the Group's business sectors and its strategy to reach its targets by 2020. In 2018, the accelerated adoption of the cloud and "as a service" models by major organisations continued to transform Axway's business environment. The Group continues to adapt to new market frameworks, and has taken several significant steps to become a leader in the hybrid integration platforms sector by end-2020. Thanks to its long-standing expertise and significant investment - notably through the ramp-up of the AMPLIFY™ hybrid integration platform - Axway supports 11,000 customers and their ecosystems on a daily basis to successfully move their strategic data.

1.1 Axway's history

2001-2010: Axway, the software subsidiary of the Sopra Group

Spin-off and European development

The Axway brand was created in January 2001 by the spin-off of its "infrastructure software" business by the Sopra IT services group (Sopra Steria). The goal was to bring together different IT infrastructure solutions operated by the Group under the same umbrella, notably the "Règles du Jeu" software and the CFT and InterPel tools in the Managed File Transfer (MFT) sector.

There were two strategic lines underpinning the development of the Axway subsidiary in these early years: industrialisation of its software development activities, and securing a significant position in the European infrastructure software market.

Axway doubled its customer base to 6,000 between 2001 and 2005. The subsidiary took a further step in its international development with the acquisition of Viewlocity in Sweden in 2002, and since 2005, Axway has been operating in most major European countries.

North American development and market leadership

The second major step in Axway's development aimed to align the Group's geographic presence with market realities. This involved significantly developing Axway's presence in the United States.

In 2005, the US represented over 50% of the global infrastructure software market, but Axway was only earning 4% of its annual revenue in the country. Axway also wanted to become a leader in several market sub-segments at that time: Managed File Transfer (MFT) and Business-to-Business (B2B) integration.

Following another round of acquisitions, Axway gradually shaped its development in North America and created the Synchrony™ offer, one of the first technology platforms enabling the comprehensive management of data exchanges.

When it acquired Cyclone Commerce in 2006, Axway's Executive Management moved to the United States. The successive acquisition of Atos Group's B2B activities and Tumbleweed in 2007 and 2008, further consolidated Axway's offer and position with both US and European major customers.

The subsidiary benefited from a broad customer base, and over time it developed recognised expertise in the key Financial Services, Supply Chain and Public Sector businesses.

In 2009, Axway reached its development goals when it was ranked by the main market analysts as a leader in the Managed File Transfer (MFT) and Business to Business (B2B) integration segments. The share of revenue earned in the US increased from 4% in 2005 to nearly 30% in 2009.

Axway, an independent figure in the infrastructure software market since 2011

On 14 June 2011, Axway became an independent company listed on the Paris stock market through a demerger-listing transaction.

The Sopra Steria Group kept a 26.27% equity stake, but Axway is responsible for independent growth by developing its own Service activities, thanks to its operational autonomy.

Thanks to a unique position in the data exchange sector, Axway started to ramp-up digital in its business model from 2012. To support its customers' digital transformation and changes to data consumption methods, the Group relaunched development of its product portfolio through the successive acquisitions of the companies Vordel, Systar, Appcelerator, Syncplicity and Streamdata.io between 2012 and 2019.

As a result, Axway extended its technological expertise to the fields of API, EFSS, Mobile and Analytics. Since then, the Group has been able to offer its customers a range of software solutions transforming patchy data and services into simple and fluid digital experiences which create value for each use case.

Supported by a strong and diverse product catalogue, Axway now aims to become an independent leader in the hybrid integration platform market through its AMPLIFY™ platform.

Major events in the development of Axway

Date	Event
January 2001	Spin-off of Sopra Group's infrastructure software business to create Axway
April 2002	Acquisition of Viewlocity (Sweden)
January 2006	Acquisition of Cyclone Commerce (USA)
February 2007	Acquisition of Atos' B2B software business (Germany)
September 2008	Acquisition of Tumbleweed (USA)
June 2011	IPO on the NYSE Euronext Paris stock market
November 2012	Acquisition of Vordel (Ireland)
September 2013	Acquisition of the assets of SCI (Brazil)
January 2014	Acquisition of the assets of Information Gateway (Australia)
April 2014	Acquisition of Systar (France)
January 2016	Acquisition of Appcelerator (USA)
February 2017	Acquisition of Syncplicity (USA)
March 2019	Acquisition of Streamdata.io (France)

1.2 Overview of Axway's markets

1.2.1 Axway in the infrastructure software market

Gartner expects global spending on infrastructure software to reach US$208.3 billion in 2019, with 3.1% CAGR between 2018 and 2023[(1)].

Axway operates in several infrastructure software sub-segments, specifically in application infrastructure and middleware. These segments will represent a US$32.5 billion market in 2019 and encompass technologies such as:

- Integration Platform as a Service (IPaaS);
- API management;
- Managed File Transfer (MFT);
- B2B-EDI integration.

Axway also operates in the Content Collaboration Platform (CCP) market which is a sub-segment of the Enterprise Software Markets.

Gartner estimates Axway's different technology markets will grow as follows in 2019: IPaaS +35.5%, API Management +14.4%, MFT +7.5%, B2B Gateway Software +5.8%, Content Collaboration Platforms +21.4%[(2)].

Based on Axway's in-house estimates, the Group is operating in an addressable market of around US$18.9 billion in total.

Alongside its varied technological expertise, the Axway Group has a global presence, and is exposed to the dynamics of different geographic markets. The Group has locations in 17 countries and 5 continents.

(1) Gartner, Forecast: Enterprise Infrastructure Software, Worldwide, 2017-2023, 1Q19 Update, 26 March 2019.
(2) Gartner, Forecast: Enterprise Application Software, Worldwide, 2017-2023, 1Q19 Update, 25 March 2019.

Gartner estimates 2019 infrastructure software growth in Axway regions as follows: North America +7.3%, Latin America +5.9%, Western Europe +2.2%, and Asia/Pacific +7.0%.

Supported by a large network of technology partners and dealers, this multi-local presence means that Axway solutions are used in over 100 countries. The Group is able to support the largest organisations with all their transnational projects.

Infrastructure software is used in cloud, hybrid and on-premise environments. Historically, Axway distributes its solutions in the form of on-premise perpetual licences. Since 2015, the Group has also offered solutions through "as-a-service" Subscription contracts. To be able to provide these Subscription offers, Axway makes use of cloud and/or hybrid technology models.

In recent years, the infrastructure and integration markets have changed under the influence of two major phenomena:

- the type of "devices" to be included in the customer ecosystem has changed. It is no longer just about guaranteeing interaction between applications and "on-premise" databases, but also adding mobile data, cloud applications and databases, connected devices and chatbots to the ecosystem. Ecosystems are becoming highly complex, and they are transporting significant amounts of data from increasingly diverse sources;
- the integration solution deployment and operation models have changed to deal with the growing complexity of data ecosystems and the increase in "devices", making PaaS (Platform as a Service) the preferred solution of major organisations.

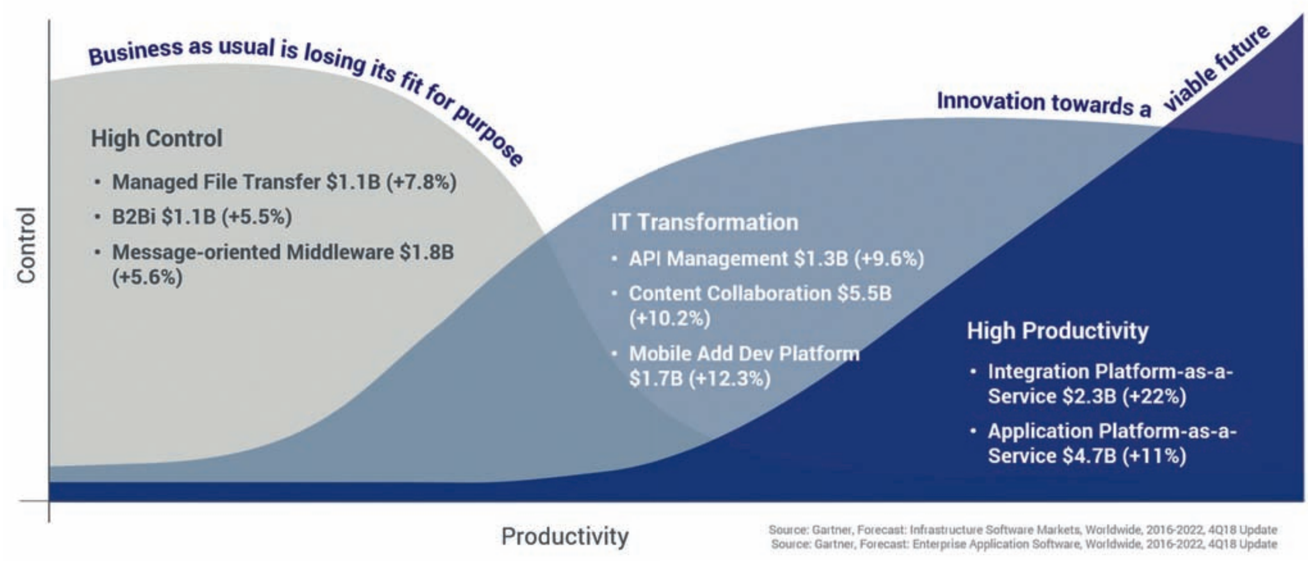
These technological changes have created a new market, that of Hybrid Integration Platforms. These platforms are technology and service "toolkits". They offer solutions able to support all integration scenarios which a large organisation might encounter.

According to Gartner, "By 2022, at least 65% of large and global organisations will have implemented a hybrid integration platform"(1).

Axway is already a recognised figure in this emerging market by being positioned as a Strong Performer in The Forrester Wave™: Strategic iPaaS and Hybrid Integration Platforms, Q1 2019(2) thanks to its AMPLIFY™ offer.

The Group aims to become a leader in this market by end-2020, and it continues to invest in order to reach this goal.

ESTIMATED AVERAGE ANNUAL GROWTH RATE AND SIZE OF AXWAY TECHNOLOGY MARKETS (2019-2022)



Intellectual property and Patents

At the beginning of April 2019, Axway has 65 filed patents (Issued and/or Published) in technologies and solutions, and an additional patent pending. These patents are filed mainly in the United States, in the security and exchange integrity market segment. The Company's business as a whole is not specifically dependent on a particular patent or technology.

(1) Gartner, Innovation Insight for Hybrid Integration Platforms, Massimo Pezzini, 15 October 2018.

(2) The Forrester Wave™: Strategic iPaaS and Hybrid Integration Platforms, Q1 2019, Forrester Research, Inc., 3 January 2019.

1.2.2 Trends observed in Axway's markets

The current widespread trend in infrastructure markets is disruption. New technologies have created new data consumption methods, and the different market players' business models must be sufficiently flexible to position the customer back at the heart of internal processes.

Productivity and the customer experience are prioritised, with short cycles and agile models, including co-development, to create rapid and significant "business" benefits.

Two frequent scenarios are observed at major companies with complex information systems: either they are proactively searching for new opportunities created by the development of digital technologies, or their ecosystem (customers, partners, suppliers) is pushing them to do so.

Whilst all major organisations now have a "digital strategy", only a minority reach their deployment targets and fully benefit from the intrinsic value of their IT data.

The major drivers of technology development in the infrastructure software market are based around:

1. **The Cloud:** 83% of information processing applications used by companies will be in the cloud by 2020 [(1)]. The cloud is not just a simple deployment system for corporate solutions: it is a source of new adaptable and scalable services, which can be quickly integrated to optimise operational efficiency and generate new business opportunities;
2. **Platforms**: in our economy, the most successful business models are based on technology platforms. The increase in volume and value of data exchanges between ecosystem stakeholders depends on these platforms. Platforms help optimise interactions between people, products, architectures and devices to increase efficiency;
3. **Mobile**: mobile is the preferred tool to maximise digital engagement with users and consumers. Mobile devices are everywhere and allow any member of an ecosystem to interact with it at any time, in any location. It makes collaboration easier and optimises productivity;
4. **Artificial Intelligence**: artificial intelligence is going mainstream in many application areas which revolutionise the way people interact with systems. We see, in particular, more and more use cases based on machine learning, leveraging inferential statistics and probability and providing predictive analytics based on learning from historical records;
5. **The Internet of Things (IoT):** we estimate that ten billion devices will be connected by 2020. The scope of IoT functionalities continues to expand, to extend gradually from simple control to autonomous supervision of operations. While connected devices are currently primarily concerned with collecting and transmitting data, growing technological sophistication combined with lower development costs heralds greater automation in a context of real-time measurement in the future.

Aware of these changes, major organisations are seeking state-of-the-art approaches, based on digital platforms able to optimise data access, extract its value, provide flexible and agile interaction frameworks, involve ecosystems and develop unique applications which create value for their businesses.

1.2.3 The competitive environment

Through its various technological areas of expertise, the Axway Group operates in different markets, with the common thread being significant competitive pressure. The Group competes with different companies from a variety of different markets, only some of which specialise in infrastructure software publishing.

In early 2019, Axway's competitive environment can be summarised as follows:

- major generalists covering a very wide range on the global information systems market: Amazon, Google, IBM, Microsoft, SAP, Oracle, Salesforce, Redhat and CA Technologies.

These major names - whose most recognised expertise includes operating systems, cloud hosting, search engines and ERPs - all have capacities in certain infrastructure or integration markets. Whether their expertise is the result of internal developments or acquisition, they generally provide standardised offers able to respond to basic integration requirements.

Axway's added value compared to these companies is demonstrated through long-standing expertise and specialised solutions for a collection of key technologies in the development of IT infrastructure solutions. Thanks to the advanced functionalities of Axway products, the Group is

(1) *https://www.forbes.com/sites/louiscolumbus/2018/01/07/83-of-enterprise-workloads-will-be-in-the-cloud-by-2020/#56c0cf396261.*

able to cover all complex integration scenarios that a major successful organisation might encounter.

Axway's position as an independent publisher also sets it apart. It is technology agnostic, guiding but never restricting its customers when selecting the best infrastructure solutions. This approach is reflected by the AMPLIFY™ hybrid integration platform capacities, which enable all data in an IT ecosystem to interact, on premise and in the cloud, from all devices and through hundreds of applications;

- infrastructure and integration specialists: Dell Boomi, Jitterbit, Software AG, Tibco, Progress, Mulesoft, Apigee, Talend and Informatica.

  These cloud-native companies, incumbents and specialist subsidiaries of generalists, are seeing their respective expertise and technologies converge towards new common markets.

Axway stands out as an integration specialist thanks to over 15 years of continued investment in data exchange businesses. The Group is a long-standing specialist in Managed File Transfer (MFT) and B2B-EDI integration. In 18 years, it has completed 11 strategic acquisitions to create one of the most comprehensive offer portfolios on the market.

Axway now offers its customers a collection of software solutions transforming patchy data and services into simple and fluid digital experiences thanks to its AMPLIFY™ hybrid integration platform.

1.2.4 Customers and target markets

Axway offers are aimed at all major organisations with complex information systems.

While Axway offers horizontal software solutions able to target the needs of all types of customers, independent of their business sector, the Group also has a portfolio of specialised solutions for the specific needs of certain industries.

Axway customers - financial institutions, major players in manufacturing, retail, healthcare and the public sector - benefit from independent expertise to support them in their strategic IT infrastructure solution decisions. Each day, Axway solutions help 11,000 customers worldwide transform their businesses and industries.

In the **Financial Services** sector, Axway solutions allow optimised management of data flows which are critical to bank transactions and their customers, financial markets and regulators. The Axway specialised product portfolio also includes solutions dedicated to accounting and payment flow integration.

In **Manufacturing**, Axway solutions are at the heart of the business, thanks to real-time data analysis and end-to-end visibility of **supply chains**. Axway's expertise helps limit costs thanks to agile infrastructure and automation tools. The Group has, amongst other things, in-depth knowledge of **supply chains** in the **pharmaceutical** sector and the **automotive** industry.

In **Retail**, Axway's expertise extends from inventory and point-of-sale management solutions to customer-focused applications, maximising the use of data to make it an asset which creates value.

In the **Public Sector**, public authorities are securing, modernising and adapting their digital infrastructures to provide a range of digital services thanks to Axway products. From secure exchange to governance of Ground-to-Cloud strategic flows, Axway products allow critical data to be sent to the individuals who need it, when and where they need it. Axway simplifies paperwork, streamlines data management and costs, secures exchanges and authorises critical use cases, such as identity verification.

For **Energy** suppliers, Axway offers solutions to improve their competitive edge thanks to solutions including IoT technologies, able to gather significant volumes of data which can be analysed in real-time.

1.3 Axway's strategy, activity and vision AFR

1.3.1 Axway's strategy via the AMPLIFY™ platform

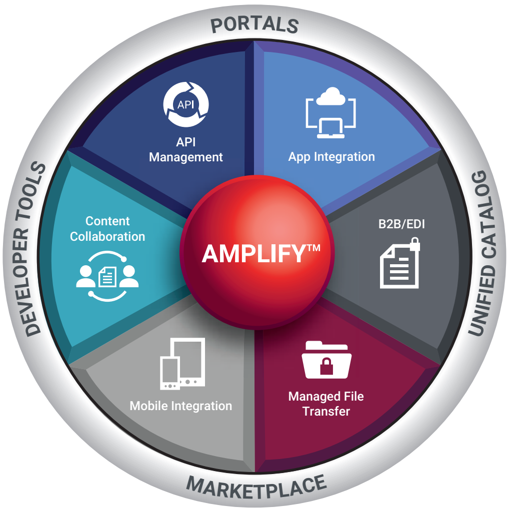
As a software publisher and a leader in digital transformation, Axway supports the modernisation of its customers' IT infrastructures by securely moving, integrating or exposing their strategic data.

Axway's different technological areas of expertise converge to connect people, devices, companies and ecosystems, thanks to infrastructure solutions which are able to transform patchy data and services into simple and fluid digital experiences.

To be able to offer its customers a unique digital experience to tackle all of a major company's integration scenarios, thanks to a unified product and services catalogue, Axway has worked on the creation of its hybrid integration platform - known as AMPLIFY™ - since 2016.

The AMPLIFY™ platform brings together all the players in a major organisation's IT ecosystem around a common tool. The teams in charge of applications and their integration, developers, operators, architects and administrators, within the Company or with one of its partners, use AMPLIFY™ to make the use of data a competitive advantage.

Through all the ready-to-use solutions and services offered by the AMPLIFY™ platform, Axway's expertise is demonstrated in the following areas:



- application integration: AMPLIFY™ provides access to a collection of pre-built integration scenarios via IPaaS capacities;
- API management: AMPLIFY™ combines API management functionalities and microservices governance to streamline the management, analysis and expansion of digital services;
- Managed File Transfer (MFT): AMPLIFY™ helps manage the largest critical data flows in a flexible and secure manner;
- B2B-EDI integration: AMPLIFY™ helps orchestrate business interactions on all value chains in a company;
- content collaboration (EFSS): AMPLIFY™ helps exchange and synchronise company files easily while respecting all data security requirements;
- mobile integration: AMPLIFY™ was designed to offer the required flexibility for growth and maturity of mobile demand, thanks to offers ranging from managed solutions to complete real-time data control.

The AMPLIFY™ platform is able to supplement and digitalise the existing infrastructure solutions of major organisations, and it accommodates cloud, hybrid and on-premise architectures. It is distributed as a Subscription or as a License to respond to the challenges of all types of customers.

In addition to the technological functionalities described previously, the AMPLIFY™ platform offers various high added-value services along 4 major lines:

- agility: faster creation, integration and deployment of new services and applications;
- flexibility: use of business data based on digital solutions able to reinforce traditional integration models via the use of APIs;

- efficiency: a principled approach to cloud adoption to reduce costs and protect data sovereignty;
- risk reduction: extension of the number of managed devices and optimised governance.

The AMPLIFY™ platform will be a major source of growth for Axway in future years. The AMPLIFY™ commercial expansion should also allow Axway to speed up changes to its business mix towards Subscription offers. This transformation will offer the Group the sustainability of a growing, more profitable model, providing greater visibility in the medium term.

1.3.2 Key events and changes in 2018

Under the leadership of a new Executive Management team, the Axway Group accelerated the implementation of its strategy in 2018 to adapt its investments and organisation to support changes to its business mix towards Subscription offers. There were several key milestones in 2018:

- **Appointment of Patrick Donovan as Chief Executive Officer**: to accelerate implementation of the Group's strategy, notably through the development and market launch of the AMPLIFY™ hybrid integration platform, the Axway Board of Directors met on 6 April 2018 to appoint Patrick Donovan as Chief Executive Officer. Previously the Group's Chief Financial Officer, Patrick Donovan has in-depth understanding of Axway's business model and history, and the software industry as a whole. Supported by an Executive Committee in which the Board of Directors renewed its confidence, he aims to sustainably establish Axway as a facilitator of digital transformation by energising the adoption of new Group offers;
- **Audit of the product portfolio**: In 2018, Axway carried out a complete audit of its product portfolio, leading to strategic streamlining decisions. This in-depth study of the solutions portfolio helped confirm and prioritise the investments required to accelerate the Group's strategy, notably regarding development of the AMPLIFY™ hybrid integration platform. It was also decided to launch the end-of-life process for several older products;
- **Overhaul of business organisation and creation of the Customer Success Organisation:** to support the transition of the Group's business mix towards Subscription offers, Axway overhauled its internal structure in 2018. At the end of the first half of 2018, all internal functions involved in Axway's customer success were combined into a Customer Success Organisation.

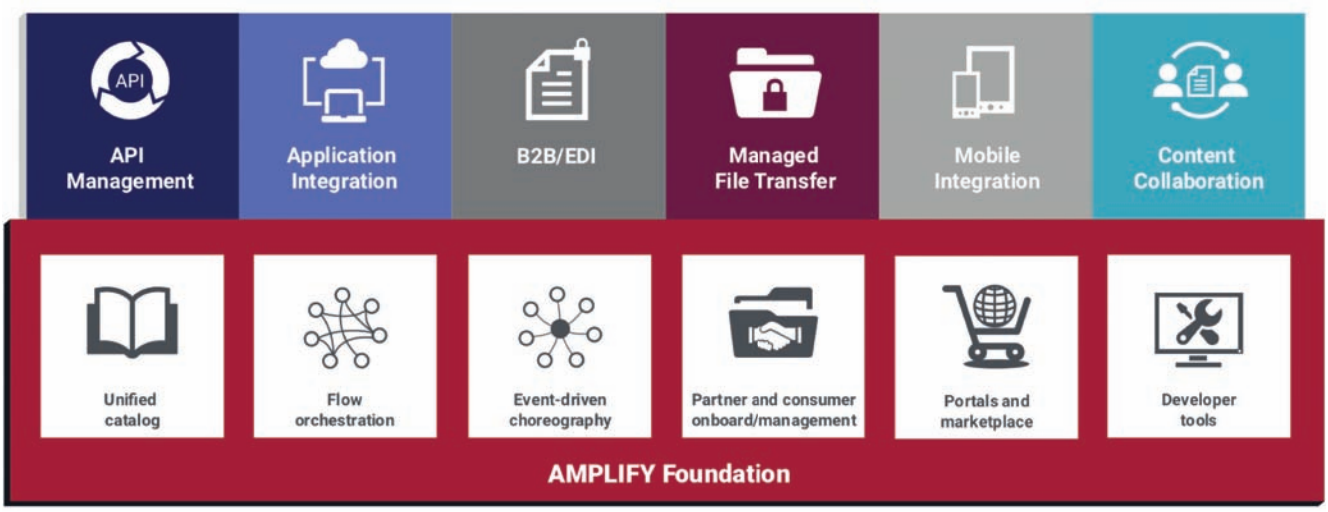
  This new entity has over 900 employees and brings together teams in charge of pre-sales, sales, customer success and contract extension. Its main objective is to support the commercial cycle comprising "as a Service" contracts. The latter always need to better understand the customer industry to make their experience with Axway a successful collaboration, likely to lead to new opportunities.

  In addition to this new organisation, the Group has created a Customer Success Manager role, based locally, which is responsible for harmonising all interactions with each Group customer;
- **Additional investment dedicated to the AMPLIFY™ platform**: Axway increased its investment in the second half of 2018 to reflect its goal to become a leader in the hybrid integration platform market by end-2020.

  The creation of the AMPLIFY™ platform focused Group efforts on Research & Development and Marketing.

  In Research & Development, Axway investments were accelerated to fund two main projects:
  - adaptation of different Group integration offers to the technological capacities and the flexibility required by the creation of a hybrid integration platform like AMPLIFY™, as well as the creation of an IPaaS component,
  - the creation of additional AMPLIFY™ Foundation tools and services, which create added value in the data governance process of major organisation using the AMPLIFY™ platform. For example: a unified catalogue of pre-built integration scenarios, a data flow orchestration module, ecosystem development and engagement tools or even a marketplace.

AMPLIFY™ PLATFORM TECHNOLOGY AND SERVICES



In Marketing, investment agreed during the year mainly involved preparation for the launch of different components of the AMPLIFY™ offer for 2019 and beyond, as well as support for the Group's general initiative focusing on the Customer Success policy.

To support customer changes in behaviour in investment decisions, Axway has significantly increased its digital presence. In addition to the launch of new digital communication materials, the Group has expanded its dedicated digital marketing team and implemented several new offer promotion campaigns.

Action plans specific to certain regions and/or products were implemented thanks to the contribution of new business support teams and a new strategy with medium-sized companies, which until now were rarely targeted by Axway.

In terms of Customer Success, the Group has reinforced its monitoring tools and introduced new performance measures, while offering new collaboration experiences to its customers through solution co-development focusing on innovative use cases.

- **First commercial successes of the AMPLIFY™ products**: in 2018, several key commercial successes demonstrated the added value of the AMPLIFY™ platform and the viability of the Group's strategy, aiming to become a leader in the hybrid integration platform market by end-2020.

  These projects helped promote the platform's hybrid integration capacities, which are able to support on-premise and/or cloud applications. Through rapid modernisation or implementation projects, the Group was also able to demonstrate the flexibility of its solutions. The offer's ability to win new market shares is demonstrated by the steady expansion of certain contracts which have proved very successful.

Implementation of new performance indicators

In 2018, Axway introduced two new alternative performance measures to better monitor the shift in the Group's business model towards Subscription offers:

- ACV: Annual Contract Value – Annual value of Subscription contracts signed over a given period.
- Signatures metric: addition of the amount of License sales and three times the annual value (3xACV) of new Subscription contracts signed in a given period.

1.3.3 2019 strategic priorities and ambitions for the future

Axway has been recognised as a major figure in the infrastructure software and integration solutions market since 2001. To transform its customers' IT data into a unique asset, Axway offers a collection of innovative and flexible solutions which provide rapid business benefits. These solutions now cover all major organisations' data integration issues thanks to the AMPLIFY™ hybrid integration platform.

While 2018 was a year of accelerated implementation of the Group's strategy to become a leader in the hybrid integration platform market by end-2020, 2019 will be marked by Axway's continued efforts to support the shift in its business model towards Subscription offers, as well as the market launch of new AMPLIFY™ platform functionalities.

The Group has set a 2019 goal of a return to organic growth for its business activity, which should continue in 2020 to reach target revenue of around €300 million. The Group has also announced a planned business activity operating margin between 8 and 10% of revenue in 2019, a low point during the transformation and investment period, with a forecast return to profitability from 2020.

Business model shift to Subscription offers

In 2019, Axway will continue to support changes to its business mix towards as a Service or Subscription hybrid models.

Through significant investment to successfully launch new functionalities of the AMPLIFY™ hybrid integration platform on the market, the Group is targeting gradual accelerated growth of its Subscription activities in 2019. This accelerated growth should be supported by the business momentum of new offers and the significant increase in annual value (ACV) of new Subscription contracts signed in 2019. The Group is also working on the gradual normalisation of the one-off unfavourable effects noted in 2018 for recently acquired products.

To support the growth of its new offers, Axway will also continue to innovate, invest in sales and marketing, and recruit and train employees, all major challenges for the Group.

Axway's success relies on its customers' success

Increasing expectations of users of infrastructure solutions for a unified digital experience and changes to data consumption methods requires Axway to adapt its operations to have a stronger and more consistent relationship with its customers.

To continue to adapt to this reality, which is significantly changing all business processes, Axway will continue to consider the experience of each of its customers as an operational priority in 2019.

In March 2019, the Group met its customers and partners during several events in Europe and North America to present the new AMPLIFY™ offers through specific use cases.

The Go-to-Market campaigns for new products and the new structure put in place in 2018 through the creation of the Customer Success Organisation will help support the increase in demand and maximise the virtuous cycle of customer acquisition - adoption - expansion - renewal.

This strategy aims to maintain engagement with existing customers while seeking new leads. This should allow Axway to become a leading figure in terms of customer satisfaction and establish the Group as a preferred player in the digital transformation of major organisations.

Become a leader in the hybrid integration platform market

2019 will bring the Axway Group a little closer to its 2020 target to become a leader in the hybrid integration platform market.

Even though Axway was recognised as a Strong Performer by Forrester in strategic iPaaS and hybrid integration platforms[1], the Group's continued efforts to adapt to new market frameworks, helps envisage a growing, more profitable business model, offering improved visibility in the medium-term.

Supported by several significant commercial successes in 2018 and a redefined internal structure to support its future success, in 2019, Axway will continue to defend its long-standing positions where possible, while offering new solutions to extend digital capacities thanks to the functionalities of the AMPLIFY™ hybrid integration platform.

(1) The Forrester Wave™: Strategic iPaaS and Hybrid Integration Platforms, Q1 2019, Forrester Research, Inc., 3 January 2019.

1.4 Key figures and comments on the 2018 consolidated financial statements

1.4.1 Key figures

(in millions of euros)	2018	2017	2016
Revenue	283.8	299.8	301.1
EBITDA	33.2	43.9	49.6
Profit on operating activities	31.9	40.5	50.8
As % of revenue	*11.2%*	*13.5%*	*16.9%*
Profit from recurring operations	22.5	30.7	41.8
As % of revenue	*7.9%*	*10.2%*	*13.9%*
Operating profit	18.3	27.7	35.1
As % of revenue	*6.4%*	*9.2%*	*11.7%*
Net profit - Group share	11.0	4.4	31.5
As % of revenue	*3.9%*	*1.5%*	*10.5%*
Number of shares at 31 December	212,225,381	21,210,231	21,021,354
Basic earnings per share *(in euros)*	0.52	0.21	1.51
Diluted earnings per share *(in euros)*	0.51	0.20	1.48
Net dividend per share *(in euros)*	0.40(1)	0.20	0.40
Cash and cash equivalents	35.8	28.1	51.7
Total assets	553.8	551.1	557.8
Total non-current assets	422.7	420.7	402.7
Deferred income (non-current)	75.2	67.3	74.5
Shareholders' equity – Group share	362.7	344.1	374.8
Net debt (cash)	10.2	20.6	-16.3
Employees at 31 December	1,848	1,839	1,930

(1) Amount proposed to the next General Shareholders' Meeting convened to approve the financial statements for the fiscal year ended 31 December 2018.

1.4.2 Comments on the 2018 consolidated financial statements

2018 operating performance

Axway reported 2018 revenue of €283.8 million, down 3.6% organically. Currency fluctuations had a negative impact of €8.2 million for the year (mainly due to the depreciation of the US dollar against the euro), while the scope effect was positive at €2.8 million. At constant exchange rates, Axway's organic revenue decline would have been limited to 2.7% for the year. Overall, revenue decreased by 5.3%.

Thanks to sound cost management, investing solely in the components necessary to achieving the AMPLIFY™ development strategy, Group profit on operating activities reached €31.9 million, or 11.2% of 2018 revenue.

Profit from recurring operations reached €22.5 million in 2018, representing 7.9% of revenue, including intangible asset amortisation charges of €8.3 million.

After other operating expenses of €4.2 million, Operating profit is €18.3 million, 6.4% of 2018 revenue.

Finally, Profit for the year is €11.0 million, or 3.9% of revenue. This €6.6 million increase on fiscal year 2017 brings Group earnings per share to €0.52, compared with €0.21 one year previously.

Revenue by business line

(in millions of euros)	2018	2017 Restated*	2017 Published	Total growth	Organic growth*
Licenses	56.5	63.7	65.3	-13.4%	-11.3%
Subscription	40.3	38.6	37.5	7.5%	4.4%
Maintenance	142.8	141.6	145.4	-1.8%	0.9%
Services	44.2	50.5	51.6	-14.4%	-12.6%
Axway Software	**283.8**	**294.4**	**299.8**	**-5.3%**	**-3.6%**

* *At constant scope and exchange rates.*

License revenue was €56.5 million (20% of Group revenue) in 2018, down 11.3% organically and 13.4% in total. After a stabilisation of sales during the first nine months of the year, marked in particular by a buoyant third quarter with the signing of several major projects ahead of schedule, the business suffered, as expected, from a particularly high comparison basis in the fourth quarter. The decline in activity over the last three months of the year was also accentuated by the deferral of two significant projects to the first half of 2019. By product, in line with previous announcements, API management and Managed File Transfer (MFT) were the most popular offers in 2018.

The shift in Axway's business model towards Subscription implies significant variations in quarterly License revenue. The Group's overall objective of stabilising revenue at around €300 million by end-2020 is not, however, impacted.

The Subscription business, with revenue of €40.3 million (14% of Group revenue), grew by 7.5% overall in 2018. Organically, the business grew by 4.4% year-on-year. The annual contract value (ACV) of new Subscription contracts signed in 2018 was €13.1 million, representing organic growth of 56.1% compared with 2017. This strong commercial momentum, supported by several structuring signatures for AMPLIFY™ products, demonstrates the attractiveness of Axway's positioning on the hybrid integration market and reinforces the Group's ability to achieve its 2020 ambitions. The Company's organisation was reshaped mid-year to support the growth of Subscription offers and the launch of several new AMPLIFY™ products in the coming months. The solid growth momentum in new contract ACV should continue in 2019.

Maintenance generated revenue of €142.8 million (50% of Group revenue) in 2018. In line with the first nine months of the year, business grew slightly in organic terms over 2018 (+0.9%), as Axway aims to stabilise its revenue by end-2020.

Axway's recurring revenue, which includes contract revenue for Subscription and Maintenance activities, therefore represented 65% of the Group's total revenue in 2018 compared with 61% in the previous year.

Services posted revenue of €44.2 million (16% of Group revenue) in 2018, an organic decline of 12.6% over the full year. This downturn was mainly due to the ongoing strategic focus on profitability and high value-added contracts, combined with the continuing decline in the overall services market as Subscription offers ramp-up.

Revenue by geographic area

(in millions of euros)	2018	2017 Restated*	2017 Published	Total growth	Organic growth
France	80.9	83.8	83.8	-3.4%	-3.4%
Rest of Europe	65.7	71.4	71.7	-8.4%	-7.9%
Americas	122.3	124.3	128.8	-5.0%	-1.6%
Asia/Pacific	14.9	15.1	15.6	-4.6%	-1.2%
Axway Software	**283.8**	**294.4**	**299.8**	**-5.3%**	**-3.6%**

* *At constant scope and exchange rates.*

In France, Axway generated revenue of €80.9 million in 2018 (29% of Group revenue), representing an organic decline of 3.4%. Over the year, slight growth in Maintenance and Subscription activities only partially offset the decrease in License and Services business volume.

Activities in the Rest of Europe generated revenue of €65.7 million (23% of Group revenue) for the year, down 7.9% organically. While the Subscription business grew significantly, with organic growth of more than 32% over the year, the Company's growth was penalised by lower License and Services sales. Maintenance was stable over the full year.

The Americas (USA & Latin America) recorded an organic decline of 1.6% in 2018, with revenue of €122.3 million (43% of Group revenue). The slight increases posted by the Maintenance and Subscription activities over the full year were insufficient to offset the drop in License revenue.

In the Asia-Pacific region, Group revenue amounted to €14.9 million (5% of Group revenue) in 2018. The organic revenue decline of 1.2% for the year was mainly due to the License business, despite a very strong rebound in the fourth quarter.

Comparison of fiscal years ended 31 December 2018, 2017 and 2016

(in millions of euros)	2018	2017	2016
Revenue	**283.8**	**299.8**	**301.1**
Licenses	*56.5*	*65.3*	*81.3*
Subscription	*40.3*	*37.5*	*19.1*
Maintenance	*142.8*	*145.4*	*143.0*
Sub-total Licenses, Subscription and Maintenance	**239.7**	**248.3**	**243.4**
Services	44.2	51.6	57.7
Cost of sales	**84.2**	**88.2**	**86.6**
Licenses and Maintenance	*23.1*	*23.8*	*23.7*
Subscription	*21.7*	*21.1*	*12.7*
Services	*39.4*	*43.3*	*50.3*
Gross profit	**199.7**	**211.6**	**214.4**
As a % of Revenue	*70.3%*	*70.6%*	*71.2%*
Operating expenses	**167.8**	**171.1**	**163.7**
Sales costs	*83.3*	*83.8*	*81.9*
Research & Development expenditure	*58.0*	*59.4*	*53.3*
General expenses	*26.4*	*27.9*	*28.4*
Profit on operating activity	**31.9**	**40.5**	**50.8**
As a % of Revenue	*11.2%*	*13.5%*	*16.9%*

Cost of sales and gross margin

Gross margin stabilised at 70.3% of revenue in 2018. Despite an organic decline in revenue of 3.6%, tight control was maintained over cost of sales, which represented 29.7% of 2018 revenue, compared with 29.4% in 2017.

Total License and Maintenance costs fell significantly by €0.8 million, or 3.1%, on 2017. The gross margin on License and Maintenance activities stabilised at 88.4% of 2018 revenue.

The Subscription gross margin progressed from 43.9% in 2017 to 46.2% in 2018, in line with the Group's goals. This was mainly due to growth in Subscription revenue and good control over related costs.

Services costs fell significantly by €4.0 million. These efforts were, however, insufficient to offset the €7.4 million drop in this activity's revenue and the margin fell from 16.0% in 2017 to 10.9% in 2018.

Operating expenses

Sales costs totalled €83.3 million in 2018 and represented 29.4% of revenue, compared with €83.8 million and 28.0% of revenue in 2017. Despite an overall fall in revenue, sales costs were held stable on a full year basis. They mainly comprised Sales & Marketing investment.

Research & Development expenditure fell €1.4 million between 2017 and 2018, but nonetheless represented 20.4% of revenue in 2018, compared with 19.8% in 2017.

Investment expenditure accelerated significantly in the second half of 2018, both in sales costs and Research & Development, spurred-on by the new Executive Management team.

Therefore, in line with the Group's aim to accelerate its strategy, sales costs increased 13.6% between the first and second half of the year, while Research & Development expenditure rose 16.4% over the same period.

General expenses decreased €1.5 million in 2018 compared with 2017. In a context of contracting Group revenue, general expenses were rationalised and limited to 9.3% of revenue, stable on 2017.

Balance sheet and financial structure

At 31 December 2018, Axway's financial position was solid with cash and cash equivalents of €35.8 million, bank borrowings of €46.0 million and shareholders' equity of €362.7 million.

1.5 Comments on the Axway Software SA 2018 annual financial statements

The financial statements described in this chapter are those of Axway Software S.A. They mention the financial position of the parent company, strictly speaking. They do not include the financial statements of the Group's subsidiaries, as opposed to the consolidated financial statements.

1.5.1 Income Statement

- 2018 revenue is down 3% on 2017. Revenue from non-Group customers fell by 3.3% (License -4.2%, Maintenance +1.7%, Service -16.1%, Subscription +0.9%), while inter-company revenue increased 1.3%;
- operating profit is €13.5 million in 2018, compared with an operating loss of -€1.2 million in 2017:
  - the increase in Other operating income concerns the reversal of the impairment provision on the Axway Software Do Brasil receivable for +€2.5 million and the increase in transferred restructuring expenses for +€1.5 million,
  - the €2.3 million decrease in purchases consumed relates to inter-company billing of R&D,
  - employee costs fell €6.5 million due to a staff reduction,
  - "other operating expenses" fell €5.2 million, due to a decrease in Management Fees of -€7.4 million and the reclassification in this heading of foreign exchange gains and losses on commercial transactions of +€1 million,
  - charges to depreciation, amortisation, provisions and impairment fell €1.6 million, following the end of amortisation of Systar research expenditure that was transferred to Axway Software as part of the comprehensive asset transfer in 2015;
- net financial income decreased from €7.6 million in 2017 to €7.1 million in 2018, mainly due to an increase in dividends received of +€1 million, a decrease in the provision for foreign exchange losses of -€3.2 million and an increase in the provision for financial receivables in respect of Axway Software Do Brasil of +€3.3 million;
- pre-tax current profit rose from €6.4 million in 2017 to €20.5 million in 2018;
- exceptional items amounted to -€3.7 million in 2018 compared with -€0.3 million in 2017. We recorded restructuring costs of €2.6 million in 2018 following the departure of Jean-Marc Lazzari, the Human Resources Director and employees who were not replaced;
- following the termination of the statutory employee profit-sharing derogation agreement in 2018, a new employee profit-sharing plan was agreed covering three fiscal years (2018-2020). Employee profit-sharing for fiscal year 2018 is €555 thousand;
- net profit totalled €22.8 million in 2018, compared with €17.0 million in 2017.

1.5.2 Balance sheet

Shareholders' equity rose from €236.3 million at 31 December 2017 to €255.1 million at end-2018.

This change was due primarily to:

- net profit for the fiscal year of €22.8 million;
- the payment of dividends in respect of fiscal year 2017 for -€4.2 million;
- a share capital increase and issuance premiums through the exercise of options for €0.2 million.

Pursuant to Articles D.441-1 and L. 441-6 or L. 443-1 of the French Commercial Code, we hereby inform you that trade accounts payable at 31 December 2017 break down as follows:

Article D.441-1: Unpaid invoices received past due at the fiscal year-end

	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total 1 day and over
(A) Late payment bracket						
Number of invoices	285					430
Total amount of invoices excluding VAT	3,815,303.06	50,331.63	99,008.31	200,413.57	141,164.92	490,918.43
Percentage of total purchases for the fiscal year, excluding VAT	4.57%	0.06%	0.12%	0.24%	0.17%	0.59%
(B) Invoices excluded from (A) regarding disputed or unrecognised debts and receivables						
Number of invoices excluded						NONE
Total amount of invoices excluded						NONE
(C) Reference payment periods applied (contractual or statutory - Article L.441-6 or Article L.443-1 of the French Commercial Code)						
Payment terms of reference used to calculate late payments						Statutory period: 30 days from the invoice date

Trade receivables break down as follows:

Article D.441-2: Unpaid invoices issued past due at the fiscal year-end

	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total 1 day and over
(A) Late payment bracket						
Number of invoices	862					597
Total amount of invoices excluding VAT	25,997,184.98	3,854,829.48	1,231,568.84	640,311.43	6,151,525.65	11,878,235.40
Percentage of total sales for the fiscal year, excluding VAT	16.54%	2.45%	0.78%	0.41%	3.91%	7.56%
(B) Invoices excluded from (A) regarding disputed or unrecognised debts and receivables						
Number of invoices excluded						NONE
Total amount of invoices excluded						NONE
(C) Reference payment periods applied (contractual or statutory - Article L.441-6 or Article L.443-1 of the French Commercial Code)						
Payment terms of reference used to calculate late payments						Statutory period: 30 days from the invoice date

Invoices past due more than 91 days mainly concern inter-company receivables.

The main change between these two fiscal years was the increase in the Axway Inc. issue premium, through a reduction in the current account receivable in the amount of US$40 million (€35 million).

In addition to the increase in the Axway Inc. equity investment, the €16.4 million increase in “Financial assets” is due to a -€14.5 million decrease in current account debit balances (including Axway Inc. for -€24.5 million) and a charge to the provision for financial receivables of -€3.3 million in respect of Axway Do Brasil.

The decrease in “Trade receivables” is mainly due to a fall in inter-company sales invoice accruals of €8.9 million.

In “Other receivables, prepayments and accrued income”, the sub-heading, “Trade payables, inter-company credit notes receivable”, is down -€6 million. Tax receivables also fell -€1.2 million, following expected repayments from the tax authorities concerning the 3% contribution on dividends paid to shareholders for fiscal years 2013 to 2017. Claims were submitted in this respect in 2017. Unrealised foreign exchange losses also fell €3.2 million due to a decrease in the US$ current accounts of Axway Inc. (-US$32 million) and Axway Ireland (-US$6.6 million), accompanied by a more profitable US$/€ exchange rate this year.

The provision for foreign exchange gains and losses is therefore €3.2 million lower than December 2017.

“Cash and cash equivalents” increased €7 million.

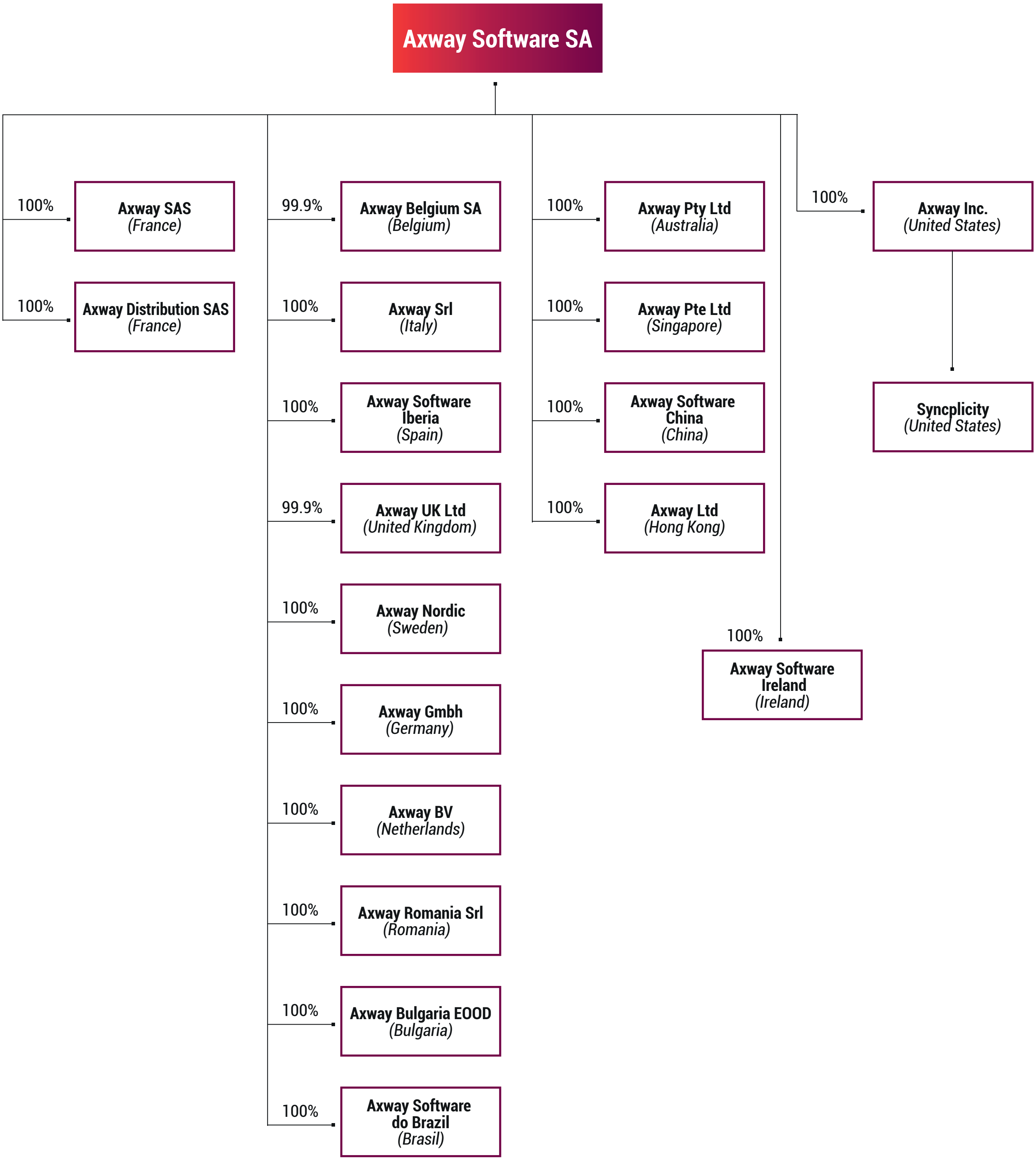
“Financial debt” fell €10.7 million. This decrease is due to a fall in current accounts for €7 million and the repayment of loans from BPI and Banque Populaire for €2.9 million.

The -€8.7 million decrease in “Trade accounts payable” is partly due to the decrease in “Trade payables, inter-company purchase invoice accruals” of -€7.5 million.

“Other liabilities, accruals and deferred income” are up €3.4 million, due to an increase in deferred income recognised at the year-end (+€4.3 million). Maintenance (+€3.4 million) and Subscriptions (+€1.2 million) activities recorded the highest increase in deferred income.

Related-party transactions are described in Chapter 3, Section 2, and in Chapter 4, Section 5, “Related-party transactions” Note of this Registration Document.

1.6 Simplified Group structure at 31 December 2018



1.7 Organisation of the Group

Axway's governance structure is detailed below in accordance with Article L.225-37-4 of the French Commercial Code. Axway's governance structure consists of a Chairman, a Chief Executive Officer and a Board of Directors.

This organisational structure is supported by a permanent operational and functional structure as well as temporary structures for the management of particular businesses and projects.

1.7.1 Permanent structure

The Group's permanent structure consists of a management body, an organisation based on the main operating functions and functional structures.

Executive Management

Executive Management consists of the Chief Executive Officer and the Executive Committee (ExCom).

The ExCom consists of the Chief Executive Officer, the Heads of the major operating entities and the Heads of the functional structures.

The members of ExCom are responsible for strategy development and supervise the organisation and the management system, as well as major cross-functional initiatives.

The Board of Directors

The Company's Board of Directors is composed of 14 directors (eight of whom are independent directors). The directors elected Pierre Pasquier as Chairman at the Board meeting of 28 July 2015. Information on the Board's organisation and working procedures is presented in Chapter 3, Section 1 of this Registration Document.

Operational departments

The operational departments make up Axway's value chain and participate in the processes of defining, producing and selling Axway's products and services. They consists of:

- the Marketing Department, which carries out upstream strategic analysis (markets, competition) and processes involved in bringing products and services to the market;
- the Group Product Management and R&D Departments, which are in charge of the development and maintenance of products and their subsequent upgrades;
- the Global Customer Services Department which provides customers with telephone assistance and support, and the Professional Services teams, who provide support for users in installing and implementing the solutions sold and provide assistance in using them;
- the Sales Department, which consists of the Group's software sales teams.

These global departments have regional and/or national structures below them:

- Regional Marketing operations (EMEA, North America, APAC);
- Development and Support Centres (France, North America, Romania, Bulgaria and India);
- Sales Subsidiaries (sales and services in eight countries in Europe, the Americas and Asia).

This structure ensures that strategies and processes are consistent and harmonised, while providing the necessary proximity to customers and markets.

Each department is allocated resources and assigned budget targets, which they are responsible for managing. Progress towards the achievement of targets is assessed on a monthly basis, with weekly control points for sales and services and monitoring of major customer accounts.

National sales subsidiaries are responsible for managing local customers: sales relationships, invoicing and debt collection. These subsidiaries benefit from the support of cross-functional programs organised at Group level, which aim to coordinate operational activities for certain customer groups (sector-based approaches, key account approaches) or certain products/services (notably Axway AMPLIFY™).

Functional structures

Functional Departments (Corporate Secretariat, Finance, Logistics, Human Resources Management, Communication, IT Resources, Internal Information Systems, Legal Affairs) and the Operations Department are centralised for the entire Group. They contribute to overall Group cohesiveness, transmit and ensure commitment to the Group's core values, serve the operational entities and report directly to Executive Management. The functional capacity of international subsidiaries is strictly limited to the local business environment.

Functional structures standardise and propose management rules (IT resources, IT systems, financial reporting, etc.), support and render services to operational units and monitor the application of policies and rules.

In this manner, they contribute to overall supervision and enable the operational entities to focus on business.

Their direct accountability to Executive Management ensures that the entire Group functions smoothly.

1.7.2 Temporary structures: businesses and projects

The Group's organisation must retain flexibility in order to adapt to changes in its markets and ensure the successful completion of projects.

Projects are handled by temporary teams and are supervised:

- within a national sales unit; or
- under the responsibility of a management subsidiary, acting in concert with other entities (another sales entity for local commercial support, or another department, for example, for expert product assistance); or
- under the coordination of a Key Customer Account Manager.

Each project must be organised and operate based on a fundamental objective: customer service, economic success, and contribution to the general growth of the Group.

The main development programmes for the various product lines use resources and expertise from different Development Centres, under the responsibility of a Program Manager.

As a software publisher, the Axway Group's business relies on the experience and synergies of its teams in different countries, to serve its international customers.

Shared values – team spirit, integrity, passion for the customer experience, expertise and excellence, accountability and communication – contribute to sustainability and corporate responsibility for the long-term growth of the Company and its employees.

As part of its CSR policy, Axway Group has implemented internal monitoring tools to track environmental, corporate and social data; these tools will continue to evolve with the approach.

1.8 Recent changes

Two press releases were published by Axway in March and April 2019:

On 21 March 2019, Axway announced the acquisition of Streamdata.io in the following press release:

"Axway acquires Streamdata.io to advance event-driven APIs for its Customers"

Paris, 21 March 2019 – Axway Software (Euronext: AXW.PA) today announced the acquisition of French start-up Streamdata.io, a software publisher specialising in event-driven API Management. The Group is further accelerating the execution of its strategy by strengthening both its API Management offer and the technological capabilities of its hybrid integration platform, AMPLIFY™.

Axway acquired 100% of the share capital of Streamdata.io, a software publisher based in France and the United States specialising in real-time data distribution. Streamdata.io's expertise strengthens the capabilities of Axway's AMPLIFY™ hybrid integration platform, notably the API Management offering, by providing new technology capabilities and methodology.

Streamdata.io brings two important additions to Axway's AMPLIFY™. The first is event-driven API management, enabling integration and application leaders to evolve beyond just supporting request-response APIs, to now supporting real-time and event-driven use cases. The second is a methodology for the digital transformation journey designed around full lifecycle API adoption and maturity.

Because the AMPLIFY™ platform and its integration capabilities are API-centric, the addition of event-driven API support – coupled with Axway's investments in service mesh governance – are designed to accelerate customers' API innovations. This will help enable new business opportunities around "events" triggered from historical MFT or B2B flows as well as IoT, mobile, blockchain and microservices. Streamdata.io's offerings will benefit from Axway Group's commercial strength with its portfolio of 11,000 customers around the world.

Axway will consolidate Streamdata.io activities in its accounts in the second quarter of 2019.

Vince Padua, Chief Technology and Innovation Officer at Axway, said: "To advance our strategy in enabling businesses to accelerate their IT and digital transformation, we need to enable our customers and partners with a prescriptive journey toward digital transformation and hybrid integration. Along the digital transformation journey, hybrid integration with event-driven technologies and API Management enable the real-time response and decision-making customers need."

Eric Horesnyi, Founder and Chief Executive Officer of Streamdata.io, said: "Axway and Streamdata.io share a passion for data. In joining Axway, we can help our customers stay ahead of the digital transformation curve by securely enabling real-time data. We look forward to jointly paving the way for one of the most innovative hybrid integration platforms on the market."

On 17 April 2019, Axway published its Q1 2019 revenue in the following press release:

Axway Software – 1st Quarter 2019:

Revenue of €67.0 million, with organic growth[1] of +2.1%.

- acceleration in Subscription revenue (+11.2%), in line with the roadmap;
- License growth (+6.7%) and Maintenance resilience (+0.8%);
- launch of several new technological components of the AMPLIFY™ platform;
- acquisition of Streamdata.io, adding event-based API technology to the AMPLIFY™ platform.

Axway (Euronext: AXW.PA) launched 2019 by bringing together its customers and employees at several events in Europe and the Americas to present the Group's mid-term vision and ambitions. These events were also an opportunity to launch several new components of the hybrid integration platform AMPLIFY™, which should support the ramp-up of Subscription activities over the full year.

Axway aims to become a leader in hybrid integration platforms by the end of 2020 and the Group's investment efforts in Research & Development in the second half of 2018 enabled a significant new step towards this objective. In early 2019, the AMPLIFY™ offer was listed among the best existing offers on this market by a well-known independent research firm.

In parallel, Axway announced the acquisition of the start-up Streamdata.io at the end of March 2019, to further enhance the technological capabilities of the AMPLIFY™ platform. This acquisition allows the Group to offer its customers an event-driven API management offer, capable of handling events and data in real time, as well as a complete digital transformation methodology built around the adoption and maturity of APIs throughout their lifecycle.

(1) Alternative performance measures are defined in the glossary at the end of this document.

Strengthened by these developments, Axway will continue to accelerate the execution of its strategy throughout 2019. Technological investment will be maintained at a high level, while Sales and Marketing efforts will be intensified to maximize the adoption of its new offerings by large organizations.

Patrick Donovan, Chief Executive Officer of Axway, said:

"As we continue to move forward with our strategy, I'm pleased with the initial results of our recent Research & Development efforts. In the first quarter of 2019, our innovations enabled us to establish the foundations of our AMPLIFY™ offer. We are now able to explain to customers not only the capabilities of our platform, but also the roadmap we propose regarding improvements to their existing systems. In the first three months of the year, our signatures were more strongly supported by License activity growth than by the annual contract value of new Subscription deals signed. However, over the full year, the gradual acceleration of our Sales and Marketing efforts should enable us to continue with confidence on the path towards our 2020 ambitions."

Comments on Q1 2019 activity

Axway Software: Consolidated revenue

1st Quarter 2019 (€M)	Q1 2019	Q1 2018 restated	Q1 2018 reported	Total growth	Organic growth	Constant currency growth
Revenue	**67.0**	65.7	63.2	**6.0%**	**2.1%**	**2.1%**

In Q1 2019, Axway Software revenue amounted to €67.0 million, representing organic growth of 2.1%. Business growth at constant exchange rates was also 2.1%, while total growth was 6.0%. Currency fluctuations had a positive impact of €2.5 million on revenue for the quarter, while the scope of consolidation remained unchanged.

Axway Software: revenue by business line

1st Quarter 2019 (€M)	Q1 2019	Q1 2018 restated	Q1 2018 reported	Total growth	Organic growth
License	9.1	8.5	8.2	11.0%	6.7%
Subscription	10.9	9.8	9.1	19.1%	11.2%
Maintenance	36.2	35.9	34.7	4.2%	0.8%
Services	10.9	11.5	11.2	-2.7%	-5.1%
Axway Software	**67.0**	**65.7**	**63.2**	**6.0%**	**2.1%**

License activity generated revenue of €9.1 million in Q1 2019 (14% of Group revenue), representing organic growth of 6.7%. Total activity growth amounted to 11.0% in the quarter. License sales momentum, historically weak at the beginning of the year, was offset by the signature of one of the two deals initially scheduled for the end of 2018.

The first quarter traditionally offers little indication of annual License revenue trends. The Group recalls that this revenue is likely to vary significantly quarter-on-quarter, due to the progressive transition of Axway's business mix towards Subscription offers.

Subscription activity grew organically by 11.2% in Q1 2019, reaching €10.9 million (16% of Group revenue). Overall, activity growth totaled 19.1% for the period. This strong performance is due to significant growth in the annual contract value (ACV) of new Subscription contracts signed in the second half of 2018.

In Q1 2019, new Subscription contract ACV amounted to €1.4 million, down 18.5% compared to the high comparison base of Q1 2018 (€1.7 million). This was mainly due to the wait and see attitude generated at the beginning of the year by the launch of new technological components on the hybrid integration platform AMPLIFY™ planned at the end of March.

The signature metric, which takes into account the good momentum of License sales and the lower ACV of new Subscription contracts signed in Q1 2019, therefore fell 2.8% compared to Q1 2018. Over the full year, the planned intensification of commercial investment should lead to a more positive trend and the gradual construction of a more promising pipeline for the Group.

Maintenance revenue grew slightly to €36.2 million (54% of Group revenue) in Q1 2019, representing organic growth of 0.8% compared to Q1 2018.

For the first three months of the year, Axway recurring revenue, which includes multi-year Subscription and Maintenance contracts, represented 70% of Group revenue, or €47.1 million.

Finally, **Services** activity revenue decreased by 5.1% organically over the quarter to €10.9 million (16% of Group revenue). Activity was successfully refocused on higher value-added contracts in 2018, to enable improved profitability in 2019. However, commercial trends remained challenging in the first quarter and confirms the expectation of a full-year single digit decline in Services.

Axway Software: revenue by geographic area

1st Quarter 2019 (€M)	Q1 2019	Q1 2018 restated	Q1 2018 reported	Total growth	Organic growth
France	20.5	17.3	17.3	18.0%	18.0%
Rest of Europe	13.7	14.5	14.5	- 5.7%	-6.0%
Americas	29.3	30.3	28.0	4.5%	-3.4%
Asia - Pacific	3.6	3.5	3.4	7.0%	4.0%
Axway Software	**67.0**	**65.7**	**63.2**	**6.0%**	**2.1%**

France generated revenue of €20.5 million in Q1 2019 (31% of Group revenue), representing organic growth of 18.0%. This strong growth in sales is mainly related to the high level of License sales and the significant growth in the Subscription activity during the quarter.

Rest of Europe fell 6.0% organically over the quarter, with revenue of €13.7 million. (20% of Group revenue). While Subscription activity grew strongly in all countries in the region, this was not enough to offset the decline in License and Services activities.

The **Americas** (USA & Latin America) generated revenue of €29.3 million (44% of Group revenue) in Q1 2019, representing an organic decline of 3.4%. This decrease in revenue in the region is mainly attributable to the significant decline in License activity, which was only partially offset by growth in other activities over the quarter.

Finally, in the **Asia-Pacific** region, revenue amounted to €3.6 million in the quarter, representing organic growth of 4.0%.

Financial position at March 31, 2019

At March 31, 2019, Axway's financial position remained solid with cash of €45.9 million and bank debt of €45.3 million.

Change in the workforce

At March 31, 2019, Axway had 1,878 employees (25% in France and 75% internationally) compared to 1,848 at December 31, 2018.

2019 Targets & 2020 Outlook

For 2019, the Group confirms that it anticipates:

- a return to organic business growth, that should continue into 2020 and enable Axway to achieve a revenue of around €300 million;
- an operating margin on business activity of between 8% and 10%, representing a low point during the transformation of the business model, before a rebound in profitability expected in 2020.

1.9 Risk factors NFPS

In addition to the information contained in this Registration Document, investors are invited to take into consideration the risks described below.

The Company carried out a review of the risks which could have a material adverse impact on its business, its financial position or its earnings (or its capacity to achieve its objectives) and believes that there are no further significant risks other than those presented. Investors should nevertheless be aware that the list of risks presented in this chapter is not exhaustive and that the Group may be exposed to other risks, either currently unknown or not considered, at the date of this Registration Document, likely to have an adverse impact on the Group, its operations, its financial position, its business results or its outlook.

1.9.1 Risks associated with the Group's operations

Uncertainties related to the global economic environment

The Group's revenue, net income and cash flow are significantly affected by the global economy and the financial markets.

By its nature, the IT industry is especially susceptible to economic cycles. Moreover, the infrastructure solutions and software market in which the Group is active has often shown greater sensitivity to worldwide economic upturns and downturns than the application software market. The roll-out of a large-scale infrastructure network may represent an important portion of a customer's technology budget. Consequently, decisions relating to this type of investment greatly depend on global economic conditions.

As seen in the past, the challenging global economic conditions could continue to negatively affect the Group's revenue, net income and cash flow, or result in lower-than-expected growth, in particular because of the uncertainties looming over the global economic environment and the lack of reliable economic forecasts. In addition, although signs of economic recovery have been perceptible in certain countries, the sustainability of a global economic upturn is not yet proven. If economic conditions remain uncertain, the Group might see lower levels of growth than in the past, which might have an adverse impact on the Group's operations and business results.

The Group is present mainly in Europe and in the United States, and is currently developing operations in Asia's emerging markets. Apart from risks related to foreign exchange rates described later in this chapter, due to its established presence in these geographical areas, the Group is particularly exposed to the risk of unfavourable developments in the economic context and/or regulatory regimes in the countries where it maintains operations.

The Group has several thousand customers, thus reducing the risk of dependency on a single customer or group of customers. In 2018, no single customer accounted for a material percentage of consolidated revenue. This risk is further reduced by the composition of the portfolio, which is made up of public sector entities and private sector companies operating in diverse business segments. Moreover, the structure and internal customer risk management procedures minimise the risk of insolvency and lead to a negligible delinquency rate as a percentage of consolidated revenue (see 1.5.2 Balance sheet - table: D441-1: Unpaid invoices received Line B). However, a number of industry sectors, such as banking, financial services, logistics, government agencies and health, account for a large part of the Group's revenue and may prove more susceptible than others to the economic uncertainties of the current context. This might lead existing or prospective customers in these segments to limit, postpone or cancel all or part of their information technology purchases or investments, or to reduce or terminate Maintenance contracts as well as contracts for ancillary services related to their installed base of systems, which might have an adverse impact on the signature of Subscription contracts and/or the Group's revenue. Sales cycles for software sold by the Group might also lengthen in the face of current economic uncertainties.

In addition, the Group's ability to recover receivables might be affected by the financial difficulties of its customers, especially in the industry segments mentioned above.

Finally, the fact that customers increasingly seek to obtain the most competitively priced offers might have a material adverse impact on the Group's business results, financial position and revenue.

Infringement of intellectual property rights of third parties

In the past, claims were made against the Group, alleging that its software infringed on patents, particularly in the United States and/or violated other intellectual property rights held by third parties. Such claims could continue to be made in the future, following Axway Software and/or application developments or the inclusion of third-party software in Axway Software (including open source software used by Axway in its software). Irrespective of their merit, such claims could:

- be time-consuming, costly and result in legal disputes;
- take up management's time and divert its attention from the Group's business;
- require that the Group stop the sale or use of some of its software and/or technologies;
- require the signature of agreements granting user licenses, which could be difficult to negotiate under acceptable terms, especially financial terms;
- require a review of the design of its software, which could be costly and force the Group to defer its initial timetable of releases for the targeted software;
- require the Group to disclose information concerning its source codes, something which is possible in open source licenses;
- require the Group to fulfil its indemnity commitments to its customers;
- have a material adverse impact on the Group's results and financial position.

Axway strives to mitigate the risk of legal action for infringement of intellectual property rights by filing patents for its software whenever this is authorised by local applicable law, by rolling out a compliance program for open source software, and by developing a legal analysis to be implemented as soon as non-compliance is identified.

Errors or technical deficiencies in applications used in the cloud or on premise

The Group's applications involve complex software engineering methods and often consist of millions of lines of code, that could contain errors or technical deficiencies. These might lead some customers to bring claims for losses incurred or generate higher maintenance or guarantee costs for the Group.

Errors and technical deficiencies might arise in some of the applications developed by the Group and others it plans to develop in the future and may only be revealed after roll-out, on first use or when new versions and updates are released.

Moreover, since the Group's applications are often used in complex operating environments processing several millions of individual transactions, any loss caused by an error or a technical deficiency, particularly one related to performance, might require remedial action thereby incurring excess costs (higher costs for maintenance and guarantees, allocation of human and financial resources, etc.). Furthermore, such defects could tarnish the Group's reputation and possibly lead to the loss of customers and/or business opportunities, and/or result in legal disputes with the customers concerned.

The Group conducts quality assurance tests on all of its new applications (and on all new versions and updates) so as to ensure, to the extent possible and within reasonable limits, that they are free of errors and technical deficiencies. In addition, the Group is in the process of adopting a general approach for the tracking and management of non-satisfactory tests (including on performance and reliability criteria). Furthermore, it is the customer's responsibility to test the application(s) thoroughly before using it in production. However, any claim for damages brought against the Group, even if unsuccessful, may involve protracted litigation and therefore high legal defence costs, with an adverse impact on the Group's brand image. So as to limit the financial consequences linked to the risks mentioned above, both for its customers and itself, the Group has taken out product liability insurance (see Section 1.13.7, point 1). Nevertheless, although the amount of coverage provided is considerable, it may not be sufficient to offset all costs incurred as a result of errors or technical deficiencies.

Security of applications used in the cloud or on premise

The Group operates in a market characterised by the rapid pace of developments in technology and is therefore exposed on a constant basis to the risks of software piracy and industrial espionage. It is also open to potential attacks by computer viruses or software bugs that may interfere with the proper functioning of its systems and applications and of those installed on the premises of its customers, which may result in major losses. Apart from the potential for data loss, such circumstances may also have material adverse consequences for the Group's operations and its brand image. Technological developments have also allowed the use of applications either directly on customers' information systems or on their employees' laptops and mobile phones (specifically via the API technology licensed by the Group). The greater number of points of access to customer and Group infrastructures can increase the risk of unauthorised access to customer data.

This risk is increased due to the nature of our cloud services offer. This often involves the storage and transmission of sensitive customer data in strictly regulated sectors such as financial services and medical services. Any security breach in our infrastructures could expose the Group to a risk of unauthorised access to sensitive data and could result in legal proceedings against a Group company (or companies) and the Group's possible liability. The security measures of our cloud-based services could be discredited by a third-party action, including a deliberate action by hackers, an employee error, or any other action, and result in the possibility of a third party gaining unauthorised access to this type of sensitive customer data. The Group strives to limit this risk of security breach by selecting certified suppliers, implementing encryption measures for data in transmission, and auditing the cloud environment to detect any suspicious activity. It also conducts vulnerability tests to assess the integrity of the control systems. Moreover, in 2014, the Group was awarded the SOC1/SSAE 16 Type 2 certification for Axway Software, Axway Inc. and Axway GmbH. This certification is renewed on an annual basis. Despite these measures, no guarantee can be given as to the prevention of any future security breaches.

Considering the importance of application security, regardless of their distribution in the cloud or on premise, the Group has implemented measures against these potential risks.

In spite of all precautions taken, there can be no assurance that the Group will not fall prey to computer viruses, software bugs, piracy or, more generally, that it will not experience any failures in its IT systems or its backup procedures, which may have a material adverse impact on its operations or its business results.

Innovation

Technology innovation is a constant feature of the market in which the Group operates. As a result, the Group's success depends in large measure on its capacity to develop new applications and/or improve the functionalities offered by existing applications in order to better meet the needs of its customers. The Group must therefore anticipate any developments in technology likely to be desired by the market, in order to offer a range of solutions perceived by its customers as sufficiently innovative or different from existing applications and at prices that the market will accept.

The Group continues to invest to develop new offers. However, despite the substantial resources that the Group dedicates to the development of new product offers and to the improvement of its existing software (and recently the AMPLIFY™ platform), with Research & Development amounting to €58 million in 2018, the new applications developed by the Group might not meet the expectations of the market, and the demand for its applications could thus decrease and impact its operating profit and financial position.

This is accentuated by the technical agility expected by customers, that want the option to use applications both in the cloud and/or on premise, as well as on multiple devices (office computers, laptops, tablets and/or on mobile phones). The Group has implemented and is continuing efforts to provide this agility and the functionalities expected by its customers. These new offers involve significant changes, as they impact and modify the Group's business model and the sales approach for these new applications. These transformations may not be as popular as expected and/or require a period of adaptation to get used to them.

More generally, any change in the Group's innovation position could have a material adverse impact on its operations, financial position and revenue and cause shareholders to lose confidence in the Group's innovation policy.

Competition

The market for the applications developed by the Group is characterised by strong competition and rapid change, both at technology and offer levels. The Group competes with a wide range of companies of all sizes, with product and service offers similar to those of the Group. Some competitors have been present in the market for longer than the Group and their financial and technology resources, as well as their development and marketing resources supporting their applications, are occasionally greater than those of the Group. Although the Group intends to increase its size in the future, moves towards consolidation in the sector might favour the emergence of large competitors with stronger financial backing than its own. In addition, the Group might lose market share and report weaker financial results in the face of heightened competition in its market. Hence, the arrival of one or more major competitors, especially a multinational IT company interested in expanding its application offer into the business interaction network software market in which the Group is positioned, might affect the Group's market share in relation to its full range of solutions. The adverse impact of such a development might involve downward pressure on prices or the need for defensive actions entailing greater advertising and promotional expenditures, and thus have a material adverse impact on the Group's operations, business results and financial position.

Production

The main risk lies in the ability to perform agreements that have been signed with customers in terms of quality, time frames and costs: to deliver the applications in compliance with specifications, within the expected time frames and within the budget assigned, particularly within the framework of major customer programs. Meeting customer requirements and ensuring product quality are crucial challenges for the Company. Any shortcoming in this respect could have a material adverse impact on the Group's financial results and business.

Controlling such risks requires (i) perfect knowledge of technical and business environments (numerous and constantly evolving), (ii) the application of a prior validation procedure covering technical, legal and financial aspects, (iii) a tried and tested project management methodology designed to integrate the use of production platforms that may be in a remote location, and finally (iv) a management system for monitoring and controlling technical and accounting aspects.

A training program covers project management and implementation techniques.

Moreover, the Group cannot guarantee that the measures implemented will be sufficient to ensure its capacity to fulfil the commitments given.

Infrastructure and data management

The Group operates in a market notable for very rapid technological changes, thereby constantly exposing it to risks relating to infrastructure and data management. The control of these risks requires thorough knowledge of technical and functional environments. This control cannot be perfect, due in particular to the speed of technical changes and the number of players required for the efficient handling of infrastructure and data management processes.

The Group has decided to set up technical facilities to ensure the secure operation of its IT systems, in compliance with current professional standards. Systems for backing up data, monitoring infrastructures, and controlling access to sites and IT applications are thus deployed universally.

Furthermore, the Group ensures that it complies with the requirements of various national laws, such as HIPAA regulations in the United States. Lastly, a global information security management project, based on ISO 27001 requirements, has been set up (*Axway Information Security Policy*). This project is completed annually to take new technical and regulatory changes into account. Infrastructure and data management is a significant challenge for the Group, particularly since the implementation of the EU's General Data Protection Regulation (GDPR). This new EU regulation requires constant and regular monitoring of different data exchanges and enhanced monitoring during personal data exchanges, both in terms of its own data and also customer, supplier or subcontractor data. For this reason, despite the measures implemented, the Group cannot guarantee that the procedures in place are sufficient.

Dependence on key personnel

Given the complexity of its software, the Group's continued success is contingent upon its ability to ensure the harmonious management of its Human Resources and build the loyalty of staff members who are fully familiar with the Group's software and their development processes and who have a good understanding of software user methods specific to each customer. A significant reduction in the number of highly experienced employees, especially through their move to a competing company, could lead to a deterioration of Group standards, in particular regarding customer service and product quality. Such a reduction in the number of employees could require a significant amount of outsourcing to meet the commitments made to customers. This would have an impact on the Group's revenue. Furthermore, the technologies employed by the Group require the presence of an experienced and motivated sales force on an ongoing basis.

Any loss of key members of this team or any steep increase in their turnover rate might have a material adverse impact on the Group's revenue. The Group has not taken out any insurance policy providing coverage for the loss of highly experienced and qualified staff members. However, to mitigate this risk, the Group has set up training and incentive programs, along with profit-sharing and performance-based share awards, the key features of which are set out in Chapter 3 of this Registration Document. Lastly, the Group has diversified certain key functions and its resources in various geographical areas, in order to reduce its dependence on any one particular site. (For further information see Chapter 1, Section 1.8, of this Registration Document.)

Uncertainty regarding results

a. Seasonality

The software publishing sector is characterised by high seasonal variations in business activity, generally reflected in strong performance in the last quarter of the year, and especially in the month of December.

As with most software publishers, signings of agreements are concentrated towards the end of the calendar year, which corresponds to the close of the Group's accounting year. Customers delay their purchases to obtain larger discounts, to regulate the use of their budget or for other factors not related to the Group. This movement is currently amplified by the difficulty in anticipating customer expectations regarding application availability in the cloud or on premise.

The Group still earns a significant portion of its revenue through on-premise license agreements. The cyclical nature of this activity limits the reliability of Group forecasts, both for operating profit and margins. The Group's profitability in any given year or half-year period may therefore be significantly impacted by a delay, or a postponement in concluding contracts.

This phenomenon, whose magnitude may vary from year to year, results in changing levels of business activity, which may impact the Group's revenue or its annual or half-year results. In particular, the Group's revenue and profitability are weaker, as a rule, in the first half of the year compared to the second half. Potential repeat revenue from Subscription contracts is not yet sufficient to offset any order or project delays in the signature of on-premise application license agreements.

b. Acquisitions

The Group's capacity to increase its revenue and profits partly depends on its ability to efficiently identify other potential acquisition targets and make such acquisitions at an acceptable cost to integrate them in its global offer, whether to supplement it or improve it. Should it fail to achieve these objectives, the Group might not be able to implement its acquisition strategy.

Moreover, the Group cannot provide any guarantee that it will be able to successfully integrate any companies that may be acquired, deliver the anticipated synergies, build loyalty among employees of the acquired companies or ensure that these acquisitions will be profitable. Any future difficulties in these areas would be likely to have an adverse impact on the Group's financial results, financial position and outlook.

c. Changes in the range of business activities

Group revenue is still mainly generated by perpetual use license agreements and the signature of Maintenance and professional service contracts. Through the recent market launch of new offers, such as the AMPLIFY™ hybrid integration platform, the Group supports the shift in its business towards a Subscription business model. Certain of its new Subscription offers may appear to be in direct competition with the Group's perpetual use license offers. A market shift towards a Subscription business model could generate a significant drop in revenue from perpetual use licenses and the related Maintenance contracts.

d. Risks associated with the non-renewal of Maintenance contracts

Subscription contracts, like Maintenance contracts, are generally entered into for periods ranging from one to three years, subject to automatic renewal for successive one-year periods.

The risk of non-renewal of Maintenance contracts remains relatively low for the Group, as the non-renewal rate is less than 10%. However, Maintenance fees account for a significant part of the Group's revenue.

The risk of non-renewal of Subscription contracts can vary depending on the competitive positioning of certain Group offers and depending on the level of innovation expected by the market.

More generally, the non-renewal of Subscription or Maintenance contracts by a significant number of customers, or by customers accounting for a significant percentage of the Group's revenue, could have a negative impact on its financial results.

1.9.2 Risks associated with the Group's assets

Risk related to intangible assets

Intangible assets mainly comprise goodwill. At 31 December 2018, the net carrying amount of goodwill totalled €344.1 million (see Chapter 4, Note 8.1.1) arising from the acquisition of companies in recent years and certain allocated intangible assets. Every year, the Group's Executive Management team tests its intangible assets for impairment. Acquisitions or disposals, amendments to standards, fluctuations in exchange rates or interest rates, and changes in the Group's profitability, whether resulting from internal or external factors, might have a material adverse impact on the Group's business results or financial position.

Intellectual property risks

The Group's activity is based on applications developed over several years, whether as a whole or following acquisitions. Continuing to use and develop these applications is vital to ensure the Group's future success. The protection of intellectual property rights is crucial to the Group's business. This protection is provided in particular by copyright, patent rights, trademark rights, and professional secrecy. The Group may be the subject of infringement actions brought by third parties, as described in Section 5.1.2 and resulting in the recognition of the violation of their intellectual property rights. It is also exposed to the risks associated with the protection of its intellectual property rights as described in Section 5.5.2.

Market risks

a. Interest rate risk

The Company is exposed to interest rate risk in connection with a €125 million medium-term credit facility, granted under a "Club Deal". In addition to this loan, bank overdrafts in the amount of €20 million are also available.

b. Foreign exchange risk

The wide geographic distribution of the Group's operations entails the use of several different currencies. A significant portion of the Group's assets, liabilities, revenue and expenses is denominated in currencies other than the euro, mainly the US dollar, while the consolidated financial statements are denominated in euros. Consequently, fluctuations in these currencies, and especially the US dollar, against the euro, have had a material impact on the Group's financial position and business results, and may continue to do so in the future.

For Axway, the dollar zone is a region where the Company has commercial activities which generate revenue, as well as development and support activities which carry expenses, including personnel costs. For this reason, fluctuations in exchange rates for the US dollar against the euro, combined with a protectionist US policy, affect Axway's revenues and costs to a nearly equivalent extent and thus have only a limited overall impact, especially with respect to margin levels.

At the date of this document, the Company and the Group in general do not plan to set up any exchange-rate hedges for commercial operations.

c. Equity risk

At the date of this document, the Group does not hold a portfolio of investment securities and does not consider itself as being exposed to equity risk.

An additional analysis of this risk is given in Note 10.6.3.c in Chapter 4 "Consolidated financial statements".

Risks associated with various national legal frameworks

The Group carries out its operations in over 15 countries throughout the world, and therefore finds itself subject to the applicable legislation in each of these countries. Most of these countries have laws on foreign investments and on companies under foreign ownership operating within their territories. These laws may be amended at any time and the Group's operating costs in a given country may prove to be higher than anticipated. These amendments may also alter tax regimes or make it more difficult to bring funds into or out of these countries, with the risk of excess costs. As an example, the implementation of the EU General Data Protection Regulation requires minor and major adjustments depending on the nationality of customers and suppliers with which the Group works. Owing to its worldwide presence, the Group is also faced with other types of risks, such as: unfavourable developments in tariffs, taxes, export controls, and other commercial barriers, unexpected amendments to legislative and regulatory requirements, and economic and political instability in some countries. Any occurrence of this type of risk event might have a material adverse impact on the Group's business results.

1

1.9.3 Financial and liquidity risks

The Company aims to ensure that it has access at any time to the financial resources necessary to sustain ongoing activities and make the investments required for its future development.

The Company has carried out a review of its liquidity risk and believes that it is able to meet its future payments.

The Axway Group has a €125 million medium-term credit facility with various banking institutions (Club Deal, comprising the following banks: BNP Paribas, CIC Lyonnaise de Banque, Crédit Agricole Corporate and Investment Bank, HSBC France, Crédit Lyonnais and Société Générale Corporate & Investment Banking).

In addition to this medium-term credit facility, bank overdrafts in the amount of €20 million are also available. However, the Company's net financial debt may not exceed certain limits in order to maintain compliance with three ratios set under covenants (R1, R2 and R3), applicable from the moment the funds are made available and calculated on the basis of Axway's consolidated financial statements (under IFRS):

$$\mathbf{R1} = \frac{\textbf{Net financial debt}}{\textbf{EBITDA}}$$

The ratio must be lower than 2.5 at 31 December 2018, then below 3.0 throughout the loan term. From application of the new loan agreement, in the event of an acquisition with an enterprise value in excess of 2.5x Group EBITDA, Axway can elect, one time throughout the loan term, to apply the ratio "Net debt/EBITDA" strictly below 3.5 at the date of the first post-acquisition test, below 3.5 at the date of the second post-acquisition test and below 3.25 at the date of the third post-acquisition test.

$$\mathbf{R2} = \frac{\textbf{EBITDA}}{\textbf{Cost of net financial debt}}$$

This ratio must be higher than 5.

$$\mathbf{R3} = \frac{\textbf{Net financial debt}}{\textbf{Equity}}$$

This ratio must be lower than 1 throughout the loan term.

The cost of net financial debt for the purposes of calculating these ratios does not include employee profit-sharing liabilities and net debt resulting from the application of IFRS 16 in 2019.

At 31 December 2018, the calculation of these ratios gave the following result: R1 = 0.31 R2 = 45.21 R3 = 0.03

The Group's repayments schedule is reviewed in detail in Note 10.6.2 of Chapter 4 "Consolidated financial statements".

In addition to these financial ratios, the Company has made a certain number of representations and warranties, and has undertaken commitments with its banks, all of which are in keeping with standard practice for this type of financing, particularly with respect to restructuring efforts, acquisitions and disposals of certain assets. For information, at 31 December 2018, the gross value of all intangible assets stood at €104.2 million and the net carrying amount was €42.3 million (see Note 8.3 of Chapter 4).

1.9.4 Credit risk

At present, the Group's customers are the main source of any credit risk to which it might be exposed. The Group's applications are designed to handle millions of transactions and are particularly useful for major organisations engaged in high-volume business activities. This implies that a single application agreement may represent several million euros. Given its broad revenue base, the Group is not dependent on any particular customer (see Chapter 1, Uncertainties related to the global economic environment). However, even though the Group's customers are top-tier, it cannot be assumed that the Group will not be exposed to a possible customer insolvency, for a significant amount. In addition, the geographic scope of its operations exposes the Group to longer payment cycles.

Consequently, default by a customer might have a material adverse impact on the Group's business results and its cash flow generation.

1.9.5 Legal risks

Disputes – Legal proceedings and arbitration

As far as the Company is aware, there are no known governmental, legal or arbitration proceedings, in progress or to which it might be exposed, likely to have, or having had, a material impact on the financial position or profitability of the Company and/or the Group, during the past 12 months.

Intellectual property rights held by the Group

The Group's business is founded on the software it develops and integrates, and the companies acquired over the years. It is primordial for the Group to be able to continue to use and develop its software for its future success. The protection of intellectual property rights is fundamental and crucial to the Group's business. To this end, the Group uses the various means at its disposal, i.e. copyright, patent rights, trademark rights, and professional secrecy, as well as confidentiality measures and technical processes to protect its intellectual property rights.

The Group has put measures in place to minimise risks related to its intellectual property rights. The Group holds patents and implements a patent registration policy for its software portfolio. Moreover, the Group has set up technical measures in some of its software to prevent the violation of the user rights granted, unauthorised reproduction, or the sale of licenses for the software in breach of the contractual terms and conditions of the licenses granted.

Despite the measures adopted by the Group, the effectiveness of such measures may vary from one country to another. In addition, the efficiency of the measures implemented may be limited, or even nil in certain countries where intellectual property rights are not protected as they are in the United States or Europe. There is a risk, particularly in certain countries where legal security is insufficient, that a third party may claim ownership of intellectual property rights over all or part of certain software, thereby allowing this party to develop and exploit the Group's intellectual property rights. This could have unfavourable impacts on the Group's business and generate additional costs for the recognition of such intellectual property rights. The Group's capacity to use or develop software could thus be hampered. If the above-described risk were to materialise, the Group could be prevented from maintaining its competitive market position. This could have a material adverse impact on the Group's business, results and revenue.

1.9.6 Insurance policy

At the date of this document, the Company has implemented, for itself and for the Group, as necessary, an insurance program to protect against the risks to which the Group is exposed, namely civil liability coverage for the Group's operations and property damage coverage for the Group's assets.

This insurance program covers the risks associated with its operations in IT systems engineering, the design, production, distribution, development, sales and marketing, publishing and/or installation and maintenance of software, applications, consulting, systems integration, training and technical assistance.

This insurance program has been taken out with a top-tier insurer, in consultation with and through a broker appointed by the Company.

In the Group's opinion, the insurance policies described below take into account the risks incurred by the Group. However, it is not inconceivable that the Group may be required to pay compensation for losses not covered by the insurance program put in place.

1. Professional liability, operations and "Cyber" liability insurance

The Group has taken out an insurance policy combining professional liability coverage with premises and operations liability coverage. This policy provides protection for the Group's various entities against the financial consequences of any liability they might incur due to bodily injury, property damage or economic loss, whether consequential or direct, caused to third parties and resulting from the Group's operations, professional negligence or the goods manufactured, sold and/or delivered by the Group. This policy also covers the additional expenses incurred to prevent accidents or reduce their impact. It is supplemented in France for Axway Software by gross misconduct insurance to cover the reimbursement of financial losses incurred by the Company (involving persons covered by laws relating to workplace accidents), comprised of supplementary contributions and compensation provided for in Articles L.452-2 and L. 452-3 of the French Social Security Code.

These financial losses are covered if they result from workplace accidents having occurred or occupational diseases having manifested and been declared during the policy's validity period.

The Group has also extended its operational insurance policy by taking out a so-called "Cyber" insurance policy to anticipate changes linked to the distribution of cloud applications, as well as damages and interest due to cyber-attacks against the Group and/or its customers. It is likely that these cyber-attacks will increase in number in the medium-term.

These policies were signed for the parent company Axway Software and all its subsidiaries. Subject to certain conditions, this insurance program covers financial losses following application delivery problems and/or an attack on the security of the IT system and the personal and/or confidential data used by the Group as part of its operations, particularly its cloud services.

2. Senior executives' professional indemnity insurance

The Group's senior executives are covered by a specific liability insurance policy, taken out by the Group, whose purpose is mainly to provide protection for company officers against the financial consequences of claims brought against them that may be attributed to any act of professional negligence committed during their term in office and to cover civil and criminal legal defence costs.

3. Property damage and business interruption insurance

The Group has a "Property damage/Business interruption" insurance policy, the purpose of which is to cover the property (sites, equipment, devices, etc.) of the various entities of the Axway Group against any risks of loss or damage (resulting, for example, from fire or a natural disaster) and losses from any business interruption experienced by the Group.

4. Assistance

The Group has taken out an insurance policy covering employees, company officers, senior executives and directors required to travel in the course of their work, in the event of accidents or illness during business travel.

5. Claims history and Group insurance programs

In the last three years, no major claim has been reported by any of the Group's entities under the policies described above (or others covering the Group in the past).

Subject to the information presented in this Section, as a general rule the Group's claim history is very low, enabling it to benefit from relatively low premiums and favourable conditions for coverage.

For an international leader in the energy, healthcare and infrastructure sectors, Axway's Syncplicity offering enables 330,000 users to collaborate within one of the world's largest file sharing networks.

2

Corporate responsibility

NON-FINANCIAL PERFORMANCE STATEMENT

NPFS *Cross-reference to chapters or sections relating to the contents of the Non-Financial Performance Statement.*

Axway's priority corporate responsibility challenges

In 2018, Axway carried out an analysis to identify priority challenges in terms of corporate social responsibility (CSR) as part of the implementation of the EU directive regarding non-financial reporting.

Interviews were conducted with operating and support department managers. Challenges were reconciled using the risk mapping.

Two major challenges arose from this analysis:

- Human Resources: for Axway, attracting, developing and retaining talent;
- Ethical and environmental responsibility in Axway's business.

In accordance with the identified priorities, its business model and Group commitments, in this chapter, Axway presents avenues to create value in relation to the Sustainable Development Goals, a reference now shared by many companies.

The Axway context

Axway's business

As a software publisher, Axway supports its customers - businesses and major organisations - each day to modernise their IT infrastructures, by securely moving, integrating and presenting their data.

Axway teams are located in 17 countries and distribute Group solutions across all continents. 11,000 customers worldwide use Axway solutions.

The AMPLIFY™ Hybrid Integration Platform offers Axway customers a comprehensive catalogue of digital services and tools, able to respond to IT integration requirements within a major organisation.

The Axway business and offers are developed in the Axway Profile and Chapter 1 of the Registration Document.

Axway's business model

The Group's business model is presented in detail in the Axway Profile in the Registration Document and summarised below.

As a software publisher, Axway develops, distributes, integrates and maintains its own solutions.

Thanks to a strong and diverse product catalogue, Axway is able to connect all data from any terminal (computer, server, mobile devices, etc.) and in any location, transforming patchy data and services into simple and fluid digital experiences which provide value for each use case.

With the AMPLIFY™ platform, Axway aims to become a leader in the hybrid integration platform market [On-Premise and/or Cloud] by the end of 2020.

Axway solutions are offered in the form of perpetual software Licences or Subscription contracts. Billing depends on usage of the solutions. This two-part offer reflects the flexibility expected by customer companies.

Growth in Subscription contracts - and more generally the widespread adoption of cloud offers by major organisations - are strategic areas of development for Axway between now and 2020.

The sector context

Trends in Axway's infrastructure software sector are explained in Chapter 1 of the Registration Document page 3 and in the Group Profile pages 12 and 13.

In sum, Axway operates in a changing market which is characterised by the following major trends:

- cohabitation of legacy IT systems and new digital requirements;
- constant technological progress associated with new "IT data" consumption patterns, which require industry players to modify their organisation to support new business models;
- significant competition in terms of recruitment and talent retention;
- finally, and as a result, frequent consolidation movements between players.

Axway ecosystem and stakeholders

By its very nature, software publication requires Axway to interact with several types of stakeholder within its ecosystem: Employees, Customers, Technology and Business Partners, Suppliers, Professional Bodies and Civil Society Organisations.

The quality of relations and ethics within this ecosystem have always been core values of the Axway Group.

System and measures per stakeholder

Stakeholders	Value Creation	System/Measures	SDG GOALS
Employees	• Attracting, developing and retaining talent	• 2 in-house surveys to assess the relationship between each employee and the Company • 4 areas of improvement: Collaboration, Empowerment & Accountability, Continuous Improvement, Customer Centricity • In-house social network • Labour relations with staff representative bodies [(1)]	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 10 REDUCED INEQUALITIES
Customers	• Supporting customers by providing Axway Software to transform their information system, speeding up the launch of new products, new services and uses for their own customers	• Customer focused organisation • Measuring customer satisfaction • Ecovadis Label • Recognition of Axway Products by Business Analysts	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Partners and Suppliers	• Innovating and deploying projects with our partners • Collaborating with suppliers and service providers • Keeping business ethics in mind	In total, + 100 partners: • Business partners to extend Axway activity in consultancy, integration and resale of solutions in the Americas, Europe and Asia-Pacific • Technological partners for the co-creation of software, technological integration and hosting	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS
Shareholders	• Communicating based on best practices • 271 investor meetings 10 investor seminars • 2 roadshows • 4 financial analysts • Annual Shareholder Meeting • Shareholder Website and digital tools	• Middlenext Code • Listing on Euronext Paris • CAC Tech, Tech 400 indexes. Gaia Index • Historical redistribution rate > 30% of net income	8 DECENT WORK AND ECONOMIC GROWTH
Civil Society	• Contributing to sustainable development goals, particularly in relation to education and local engagement	• The Global Compact • Participation in education and social programmes by associations and foundations in several countries	4 QUALITY EDUCATION 11 SUSTAINABLE CITIES AND COMMUNITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS

(1) France scope.

Governance and corporate responsibility tools implemented by the Group NFPS

Axway governance, described in Chapter 3 of the Registration Document and summarised in the Axway Profile, is based on a distribution of powers between the Board of Directors and the Chief Executive Officer in accordance with recommendations in the Middlenext Code, which the Group abides by.

Board of Directors	Executive Committee
Chairman 14 members, including 7 independent members. • Audit Committee • Compensation Committee • Selection, Ethics and Governance Committee	Chief Executive Officer 5 members responsible for implementing Group strategy

In terms of ethics and corporate responsibility, the Group has implemented processes and tools shared with all its stakeholders.

Axway became a member of the United Nations Global Compact in November 2016 and renews its support for this initiative each year, aware of future challenges regarding the environment and ethics in general.

For each of its stakeholders, Axway adheres to indexes, labels or programmes supporting values which it wants to be applied.

Corporate responsibility tools	
Ethics and anti-corruption	Ethics charter and code of conduct
Data protection	GDPR
Customer Satisfaction and Expectations	Net Promoter Score Measurement [1] and Surveys, Ecovadis
Employee well-being	Two annual in-house surveys Whistle-blowing system

Risk management NFPS

The Group's risk management system is described in Chapter 1 of the Registration Document.

The risk management policy is part of strategy implementation and contributes to overall corporate performance in the long-term. The risk management system is based on a risk identification, regular evaluation and handling process controlled by the Group's internal audit department.

(1) Net Promoter Score: customer satisfaction measurement tool.

2.1 Attracting, developing and retaining talent

Against a backdrop of technological transformation and significant changes in uses and development models, Axway's primary challenge is to attract, develop and retain talent.

There is a constant value creation cycle between Axway employees and customers who enhance each other's experiences.

The cultural and geographic diversity of Axway employees helps develop the skills of the Company and its stakeholders; the collaborative working method which supports the Group at an international level encourages action, innovation and collective initiative.

Working with 11,000 customers worldwide, Axway teams listen to new requirements on a daily basis. They share and develop their skills and acquire new aptitudes, new uses and experiences which will enrich the talent of Axway and its stakeholders. This is a constant value creation cycle.

New types of skills and collaboration

Whilst Axway activities require constantly changing technological skills and methodologies, they also rely on new jobs, greater flexibility and new aptitudes. Amongst the major requirements, this includes:

- new jobs focused on community management (Community managers);
- more specialised marketing roles, notably product management, or the creation of new expertise regarding "lead generation", where processes are supported by social networks, websites, mobile apps and new digital tools;

Furthermore, Axway's activities require greater flexibility between jobs, greater transparency in managerial communication to share strategy, explain it and associate teams via more participative methods.

The "Hacking Week"

A week for alternate Innovation or Experimentation.

In 2018, each of the five Axway Research & Development sites dedicate 2 weeks to the "Hacking Week", - during which a team put their usual tasks to one side and instead focused on an innovation or experience. At the end of this week, the team - whose members were chosen freely - presented its results, which will help develop our products and working methods.

Employees committed to ethics and the environment

Employees' expectations from their company have changed over the years, and the search for "meaning" has become vital for both employees and potential employees. The positions taken by the company in their market and within their ecosystem are important to employees and encourage a closer bond with the company.

Axway's role for its customers and its commitment to stakeholders provide meaning and generates interest in their job.

Axway has always carefully considered ethical and environmental responsibility.

With its employees, customers, prospects and shareholders, the Group makes ethics and trust key parts of its business relations, in all countries where it operates and with all its contacts.

Human Resources in figures at Axway

Workforce

With 1,848 employees in 17 countries, Axway is an international group acting locally with its customers and with its stakeholders.

Axway overall workforce

	2018	2017	2016
Workforce [(1)]	1,848	1,839	1,930

(1) As of 31 December - fixed and permanent contracts.

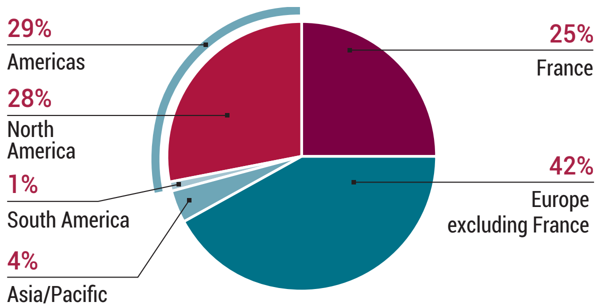
Payroll (including social contributions)

(in million of euros)	2018	2017	2016
Total	177	188	190

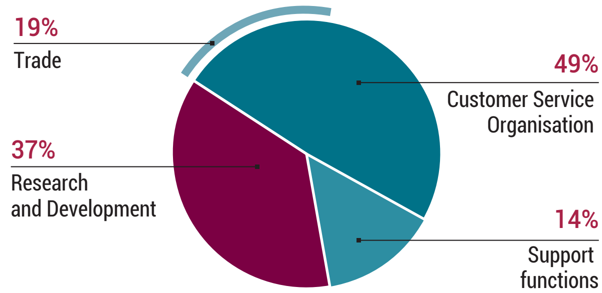
2

Breakdown of the workforce

by geographic location



Axway staff are 85% focused on customers and creating our solutions.



Average length of service: 6.5 years

The average length of service of Group employees was 6.5 years at 31 December 2018 vs. 7.2 in the previous year.

It is longer in Europe (6.8 years) than in North America (5.0 years).

The average length of service in France is 9.1 in 2018, vs. 10.7 years in 2017.

Average age: 40 years

The average employee age was 40 years old in 2018, vs. 41.7 years old in 2017.

Average age by geographic region

	2018	2017	2016
Europe	38.4	39.6	37.8
North America	43.4	44.5	42.8
Asia	41.5	41.0	40.3

Women in the workforce: 28%

As of 31 December 2018, women represent 28% of the Group's workforce, vs. 26.8% in 2017. This improvement reflects Axway's commitment to workplace gender equality.

In France, 81% of women are in a management position at Axway Software.

2.1.1 Attracting talent: recruitment

The Axway recruitment policy is presented here in more detail by the number of people who have joined the Group, and the profiles and systems in place to attract talent.

Recruitments

392 new employees

Axway recruited 392 new employees in 2018, vs. 283 in the previous year, 32% are women.

Highly sought-after engineers

In a sector where the number of IT jobs generally exceeds demand in many countries, there is significant competition for job adverts.

The European Commission estimates that there will be a shortage of 756,000 employees in the digital sector in Europe in 2020. (source: *Talents du Numérique*).

In France, three out of four companies in the industry confirm that they have difficulties in recruiting suitable candidates for their jobs (source: Syntec Numérique 2017).

Breakdown of recruitment by geographic region:

- 49% in Europe (excluding France);
- 17% in France;
- 29% in North America and South America;
- 5% in Asia/Pacific.

Average age of our new employees in 2018: 34 years old

23% of employees joining us in 2018 were over 40, 10% over 50 and finally 5% over 55.

The Axway recruitment policy focuses on permanent jobs (excluding temporary cover). These contracts represented over 95% of recruitment in 2018.

Level of education

Nearly all employees recruited were higher education graduates.

However, new profiles have been targeted. This includes candidates who have changed career and who can provide new insights on the requirements and use of IT and digital technologies, notably to support new customer requirements (web platforms, mobile applications, new selling methods, etc.)

Relations with schools

Axway maintains close partnerships with 10 universities and engineering schools in several countries and offers internship opportunities each year. In addition to helping students learn about the Company and its business, they enable the students to join the Group upon completion of their studies.

A “learning” company in the onboarding process

Amongst the new employee onboarding processes, Axway has implemented the 3 years-3 jobs programme, during which employees on a work-study contract and apprentices discover Research and Development, Service and Customer Support jobs in turn.

20 work-study/apprentice employees benefited from this programme in France in 2018.

Axway's objective is to write a shared employee-company history. This shared history is already demonstrated by the average length of service of Axway employees - 6.5 years - in a volatile job market.

Encouraging co-optation and writing a shared history

Axway has developed an attractive co-optation programme, encouraging Axway employees to propose candidates.

Internally, all positions are published via the company's in-house social network.

On social networks, Axway employees can become Axway brand ambassadors by posting “Axway life stories” or short messages on the Group's offer and innovations via Twitter, LinkedIn, Facebook and Instagram. To better understand and then share best practices in terms of social networks, a “Voice Storm” course was deployed with 206 managers.

2.1.2 Retaining talent

8 DECENT WORK AND ECONOMIC GROWTH

Identifying employee expectations and engaging in close dialogue

To retain employee talent, Axway is interested in their opinions. Satisfaction and workplace well-being surveys have been deployed and the results published throughout the Group for 3 years.

In 2018, internal dialogue was particularly active, following encouragement by the Human Resources Department and the steady involvement of Executive Management and members of the Executive Committee, who are keen to form closer ties.

Very detailed **surveys** helped identify the employees' level of connection to their Axway company.

- **Axwegian's Voice: the in-house discussion programme:**

  Aimed at all companies at the end of 2017, the "Axwegian's Voice" in-house survey provided a complete analysis for each country regarding areas of satisfaction and expectations with a response rate of 83%.

  In early 2018, based on this detailed information, Axway launched 4 themes for improvement:

  1. "Customer Centricity": Focusing our actions on our customers;
  2. "Collaboration";
  3. "Continuous Improvement": Continuous Improvement;
  4. "Empowerment and Accountability": Empowerment and Accountability.

  Community **working groups** managed by employees themselves met in the first half of 2018 to make progress on these themes and propose initiatives.

  A new "Axwegian's Voice" survey took place mid year, and a particularly high participation rate was achieved again -72%.

  A complete summary of the results was shared with teams through internal messaging, in-house social network blogs and roadshows involving managers and members of the Axway Executive Committee.

Providing employees with the best possible working conditions

3 GOOD HEALTH AND WELL-BEING

In a company where human capital is vital, the well-being of each employee is essential. Other than the ethical expectations mentioned above, work-life balance is important to each person.

Working time and pace

For each of its subsidiaries, Axway complies with its legal and contractual obligations concerning working time. The working time depends on local requirements and activities. For example, in France, Axway Software SA implements the French National Collective Agreement for technical design and engineering offices, engineering consultants and consulting firms.

In 2018, 2% of Axway Group employees worked part-time, mostly within the scope of parental leave.

Home Office

A "Home Office" Group agreement allowing remote working was signed in 2018, allowing employees to work at home or in a private space 5 times a month (day or half-day).

The Home Office system is supported by collaborative tools accessible to all employees: web conferencing, sharing secure data, in-house social network. It also encourages improved professional travel management through remote meetings.

Additional leave

Additional leave is granted according to several criteria: length of service, age, family situation or private events in order to improve each employee's work-life balance.

Absenteeism at Axway

Absenteeism is very low at Axway and linked to family events such as maternity/paternity and adoption.

Reasons for absenteeism	% absenteeism
Illness	1.07%
Occupational/commuting accident – occupational illness	0%
Maternity – adoption	1.16%
Family events	0.11%
Total	**2.42%**

Health and safety

Axway is committed to providing its employees with a safe and healthy workplace. Health and safety are vital concerns. For several years now, Axway has implemented a well-established health and safety policy. At Axway Software SA, a Health, Safety and Working Conditions Committee helps coordinate this policy, in close collaboration with occupational doctors and site managers. In 2018, the committee met eight times.

Beyond regulations, the collaborative working model adopted by Axway is accompanied by careful attention to premises where employees work and meet in welcoming, sometimes fun places and shared time linked to unified themes.

Attractive financial and social conditions

The Axway compensation policy reflects the Group's industry in each country as well as the evaluation of each employee's performance and career development.

In 2018, as every year, Axway paid salary increases on an individual basis.

Profit sharing

Every Axway Software SA employee benefits from a profit-sharing agreement as well as a Company Savings Plan. A new incentive agreement was signed for the 2018-2020 period.

Social welfare schemes

In accordance with each country's laws and customs, Axway also takes part in retirement and pre-retirement schemes, as well as occupational-insurance schemes covering its employees for various additional contingencies.

Workplace equality

10 REDUCED INEQUALITIES
5 GENDER EQUALITY

Axway does not discriminate during recruitment, and deploys a policy in favour of diversity with several aspects described below.

Encouraging female engineers and digital workers

In 2018, 31.89% of new employees were women.

In France, whilst the number of female graduates from engineering schools increased slowly (29% in 2015 vs. 22% in 1995), the Observatoire des femmes ingénieurs (Female engineers observatory) indicates in its latest study that young girls and women are disinterested in digital jobs, which is underlined by the fact that there are fewer than 10% women. Thus 20% of IT engineers and study, research and development managers are women, and only 16% of IT study and development technicians are women.

The average number of girls in digital education schools and establishments was assessed at around 15%.

The Digital sector now has 33% women in its workforce, vs. 53% for all business sectors. This gap increases further if looking at more technical profiles (source: *Talents du Numérique*).

The profession is facing a female recruitment crisis. However, at Axway, the proportion of female engineers recruited is higher than the percentage of women graduating from engineering schools.

Axway takes part in awareness programmes with young girls to attract new candidates into engineering and technology.

Senior employability

Across the entire Group, Axway does not discriminate based on age when recruiting, welcoming both young people and seniors to the company and working on their employability during their career at Axway.

For employees already in a position, a professional interview is held every 2 years to look at career monitoring, training requirements, etc.

See also recruitment figures in this chapter.

Employment of people with disabilities: raising awareness and understanding

A Disability unit (*Mission handicap*) at Axway is responsible for pooling the programme carried out with Sopra Steria. Awareness activities such as the Handigital week and Handidays help combat misconceptions which often pit performance and disability against each other.

In 2018, Axway teams were able to attend an event on 23 November 2018 with Dorine Bourneton, the first disabled female aerobatics pilot in the world, to tell them about her experience. More generally, every Axway site has a disability officer who is responsible for supporting employees who are personally or indirectly dealing with disability. Axway also offers assistance when submitting a disabled worker recognition file but also offers “family caregiver” status to employees dealing with disability in their family.

Furthermore, Axway implements a strict equality policy in terms of compensation and access to training.

Recognising and celebrating employee loyalty

Each year, employees' career milestones are celebrated for 3, 5, 10, 15, 20, 25, 30 and 40 years of service.

Interacting internally through Axwegian communities

A genuine everyday tool for exchanges between employees, the Axway **in-house social network** can be accessed anywhere on a computer, tablet or smartphone. It is aimed at all employees and it is the company's internal space for discussions.

Organised by spaces and communities, it offers all social network services: internal resources, HR information, Group tools, instant messaging, customer directory, product catalogue, etc.

Several spaces are dedicated to life at Axway: projects completed together, CSR initiatives, social events, testimonials.

The Griffin Digest: The Friday in-house e-newsletter.

Sent to every employee every Friday, the in-house e-newsletter contains Group news, information about projects, documents and blogs available on the company social network. It is published in English and French.

The internal mobility policy, a source of motivation

In response to expectations expressed by employees during the first in-house surveys, Axway pursued its internal mobility policy in 2018. This policy is disclosed to managers and all Axway employees and it is made up of several systems.

All job adverts (excluding exceptionally confidential jobs) can be viewed by all employees. By visiting the Pulse Career in-house social network Make your Move (or MY Move), employees can view all adverts by using an application management tool, iCIMs.

The mobility policy and the rules – a more dynamic way to present internal mobility standards - are available in various formats and distributed on a regular basis. **326 employees** changed positions internally during 2018. In addition, we use this same social network to invite employees to promote open positions at Axway in their own network, using a co-option programme.

2.1.3 Developing talent

Self-assessment to move forward

For several years, Axway has implemented an employee assessment and progression system based on skills development and reaching defined objectives.

The assessment system for each employee operates under the responsibility of line managers and 100% of employees who are present must have an annual appraisal.

Preparation for the interview is coordinated by the Human Resources Department, which provides the schedule, key dates and interview tools. Each employee is invited to prepare for the interview with their line manager.

The annual interview is organised around two areas: evaluating assignments completed during the year based on objectives defined at the start of the year, the employee's thoughts on the year and their projects, areas for progress or development, and jointly defined objectives for the following year.

Axway University

Each year, Axway invests in skills development, and a dedicated team creates the training required for new skills.

In 2018, new programmes were proposed to support implementation of the Axway strategy in the development of its offers and new required skills. These programmes include:

- sharing the Axway detailed strategy, with 207 people;
- understanding the new subscription model, with 145 people;
- becoming a Trusted Adviser, training for sales teams: with 123 people;
- discovering the Amazon Web Services (AWS) module, with 124 employees;
- Informing about "It's all about respect" for 242 employees in the United States;
- better grasping the Integration Platform as a Service (iPaaS), for 152 people;
- mastering the basics of API, 175 people;
- exploring micro-services, 163 people.

The online training platform and the "on demand" content allows employees to select their training as they need it.

In total, 36,934 training hours have been given in 2018 (vs. 34,272 the previous year) for 17,035 trainees.

Succeeding thanks to customers

The adoption of Axway solutions by the customer is Axway's core business. Like all Axway employees, new employees benefit from this customer-focused culture in all projects in which they are involved.

If they do not work directly with customers, they will benefit from customer feedback through constant monitoring of "customer centric" customer satisfaction for all Group activity.

This customer experience significantly improves professional skills beyond training.

Customer satisfaction

Due to the emergence of new subscription models, Axway has also implemented a training module dedicated to the Net Promoter Score [1] (NPS) to ensure company efforts are aligned with this core theme. No fewer than 1,165 employees were trained.

(1) Net Promoter Score: customer satisfaction measurement tool.

2.2 Ethical and environmental responsibility in Axway's business

The Group is very keen to protect its ecosystem, and therefore its business activities are ethically responsible and transparent. Axway also monitors its ecological footprint to control and, where applicable, reduce the use of natural resources used directly and/or indirectly by its activities as much as possible.

To promote and sustain these efforts, the Group decided to organise the collection of ethical and environmental information in a cross-functional manner by using the experiences and synergies of different departments.

Axway developed an internal network of correspondents in its main countries of operation to collect environmental data regarding energy consumption, recycling and charitable initiatives. This network is key. It allows information feedback at Group level and adjustment of resources based on requirements and the areas in question.

The network of correspondents covers the following countries: France, United States, Germany, Bulgaria and Romania.

2.2.1 Ethics and initiatives

Axway has decided to work both on an ethics programme which creates value for the entire Group, as well as local initiatives in response to specific requirements in each country.

The ethics programme: trust in our business relationships

The Group has implemented tools to ensure respect of key values with regards to the different stakeholders with which it interacts on a daily basis.

As part of its review, Axway designed a **reference of key values** shared on a daily basis, both by its employees in a broad sense, as well as its stakeholders: customers, shareholders and its service providers.

The **Ethics charter** is applicable to employees as well as stakeholders with which the Group works on a daily basis. It aims to promote key values for the Group as part of its activities. This charter underlines human values and the legal arsenal linked to the protection and respect of these values to ensure fair treatment of all stakeholders.

The Group has demonstrated the principles underlying this charter through specific examples. As part of e-learning, Axway wanted to continue the implementation and consideration of specific examples to help people to understand this charter. An "ethics" e-learning programme was implemented and completed by 1,919 employees in 2018. The Group's objective is that this e-learning is completed by all employees. Automatic reminders are sent if this training is not completed.

In order to protect its key values, the Group has also implemented a whistle-blowing system to underline the effectiveness of its key values.

Anti-corruption: In addition to this charter, Axway has adopted an active anti-corruption initiative. The Group abides by the United Nations Convention of 31 October 2003 against corruption, and is committed to applying prevailing laws, including anti-corruption laws, particularly the Sapin 2 law. The Group has taken all provisions to respond and develop its code of conduct in this sense.

Duty of care: As part of its responsible procurement policy, Axway fulfils its duty of care by asking its suppliers to provide attestations that prove that they prohibit concealed employment and child labour and they meet their obligation to hire disabled workers.

In 2018, Axway continued its initiative relating to the social & solidarity economy, by contracting with the adapted company, the "protected workshop" for the purchase of office furniture.

A recognised platform for customers

In 2018, Axway had its corporate social responsibility approach evaluated by the EcoVadis platform to encourage transparency and trust by customers and business partners. The Silver rating obtained last year was confirmed again this year.

Bringing employees, process, and platform together, EcoVadis has implemented a broad-spectrum CSR assessment methodology covering 150 purchasing categories, 110 countries and 21 CSR indicators. This is the first collaborative platform evaluating suppliers' sustainable development performance for global supply chains. EcoVadis has become a trusted partner for buyers at a significant number of multinational companies.

Co-innovation

There have been an increasing number of co-development or co-innovation projects bringing together a customer, a partner and a civil society organisation. The development of mobile apps to which Axway contributes by providing data helps offer new services to users.

Axway contributed to the City-Data Info-Travaux programme with the mayor of Paris and several companies and start-ups, which aims to improve the daily lives of citizens.

A responsible index with investors

After three years of contribution and the implementation of a data collection system, Axway joined the Gaia index in 2017. Gaia selects 70 companies from the 200 companies listed on the French stock market based on CSR criteria: social, environmental and governance. This index, recognised in the financial markets, enables investors to evaluate general company performance beyond financial criteria, and to promote responsible investment.

With Partners and Suppliers

Axway applies ethical rules and anti-corruption rules to its partners:

- technology partners for data hosting, technology integration and software co-creation;
- business partners in the areas of advice and integration, or the resale of its solutions.

Each year, Axway surveys partners as part of its "Net Promoter Score" satisfaction survey that enables partners to voice their satisfaction of their relationship with Axway.

The Group prioritises service providers with a responsible approach to business.

Local initiatives in civil society and for environmental protection

Approaches and initiatives are not standard at Group level. Employees have significant independence in their choice of CSR initiatives in order to respond locally to requirements in countries where the subsidiaries are located.

For this 2018 report, we thought it was important to highlight Axway employee initiatives. These employees have not only dedicated resources but also their own personal time.

Whilst these approaches are independent, they reflect the Group's spirit and values.

In Bulgaria

- Sveti Nikola Foundation: Axway volunteer employees collect clothes, books and toys for children.
- To raise awareness of the impact of human activity on natural resources, employees have set up awareness workshops relating to (i) recycling and combating clothing waste and (ii) training and workshops to raise awareness of Pletchica "Zero waste".

In the United States

- American employees decided to set up a blood drive. This initiative is in collaboration with Vitalant (FKA United Blood Services).

In France

- The FACE foundation Wi-Filles programme was chosen to support the digitisation campaign with individual Axway shareholders. Wi-Filles is a programme to introduce young girls between 14 and 16 years old to digital uses, jobs and skills. It encourages young girls to further their understanding of a future with digital, develop their independence and their ability to act and to make them leaders in their education and career. (https://www.fondationface.org/projet/wi-filles/)
- **"Elles bougent"**, which promotes female engineers who pass on their passion and generate interest in the career. Five employees, sponsors and representatives take part in Elles bougent events.
- **ADIE**: 5-year partnership with ADIE (non-profit association) to which Axway supplies software. This association helps people marginalised in the labour market (without access to a traditional banking system) to set up businesses, and thus create their own jobs, via the use of microcredit.

In Ireland

- **For the elderly**: employees decided to promote a communication programme through which they help the elderly to look after their garden and go shopping. The objective is helping to maintain a social link between generations on a daily basis.
- **Women ReBOOT** is an Irish initiative aimed at experienced and qualified women in the information technologies sector who have taken a career break. Axway Ireland supports this initiative, and during the Women Hack Dublin event in November 2018, it was able to get into contact with talented women with the required skills for the jobs on offer.

In Romania

- **Aura Ion**: Christmas gift donations for underprivileged families, particularly in rural areas, via this association, which provides help and support to children and the elderly.

At a Group level, Axway is involved with the Malala Fund: during International Women's Day, Axway employees supported the Malala Fund for Education created by the Nobel Prize-winning activist Malala, in order to raise public awareness of the benefits of providing girls with the same access to education as boys worldwide. 7,000 euros were raised.

2.2.2 Acting eco-responsibly

13 CLIMATE ACTION

Raising employee awareness of environmentally-friendly actions: the network of correspondents

Axway encourages its employees to play a key role in the eco-responsibility process in order to raise awareness of environmental challenges. Axway encourages employee environmental protection initiatives and promotes the avoidance of excess consumption of non-renewable energy resources in our working methods.

Axway is committed to an environmental policy promoting eco-responsible practices within the Company, developing initiatives and leading actions to support this approach.

Software publishing is not an industrial activity. It does not directly release waste into the air, water or soil. It does not use water or resources considered fragile. It does not really present any direct risks to the environment.

Nevertheless, Axway is committed to preserving the environment. Through its locations in 17 countries, and its teams working across the world where its customers are located, Axway has always encouraged the use of video conferencing. Investments in audio/video equipment, messaging platforms and shared tools encourage team communication whilst protecting the environment by limiting travel.

The need to control our environmental impact is therefore covered by a continuous improvement program that specifically involves the relevant functional divisions, employees, service providers and shareholders.

Audio-conferencing is now widely used within the Group.

Furthermore, to reduce daily document printing, the Docusign electronic signature tool installed in 2016 is now systematic and its use multiplied fivefold between 2016 and 2018, i.e. 3,487 uses in 2018 compared to 719 in 2016.

Controlling our direct ecological footprint

As a tenant at all its sites, Axway seeks to optimise the energy performance of its facilities. These were therefore equipped with modern environmentally-friendly heating and air-conditioning systems when existing systems require replacement. The French headquarters located in Paris La Défense benefit from La Défense's highly environmentally-friendly air conditioning and heating system which uses the county's waste. The latest technologies are used, such as timers to switch off lights, reduce heating, and air conditioning outside of working hours; radiant ceiling panels with an individual control option; the use of LEDs and motion sensors to switch lighting on or off, combined with individual remote controls to adjust intensity. Preventive installation maintenance operations help guarantee their performance in the long-term. In 2018, a new fluid exchange system (iced water) was installed at Tour W, resulting in considerable energy savings.

This desire to control our consumption and reduce our impact on the environment is extended to our suppliers. Site managers are encouraged to implement best practices in this topic. Axway has a proactive policy of working with suppliers who offer eco- responsible products for purchases of consumables, office equipment and IT hardware. It also asks cleaning service providers to use non-toxic and non-hazardous products.

Axway's activity generates waste with a high recycling potential. It mainly includes paper and cardboard as well as computer consumables. For this reason, the Group has chosen a supplier who ensures collection for recycling of cardboard, paper, plastic, cans and printer cartridges. The supplier does both regular and one-off collections. Voluntary collection points have also been installed.

Concerning waste electrical and electronic equipment (WEEE), Axway is pursuing its global policy of waste recycling, particularly through the use of competent service providers.

In 2018, in France, Axway recycled 1,037 kg of WEEE, 610 kg of plastic, 475 kg of cartridges and 9,799 kg of paper/cardboard.

The company canteen is also committed to an environmentally-friendly approach, with the collection and recovery of biowaste.

New ergonomic workstations improve the working conditions of employees, but also optimise their energy and resource consumption, with low-power laptops, adhesive walls and whiteboards which consume less paper.

Climatic impact of the Group's operations

During the 2018 fiscal year, the Axway Group decided to step up its environmental-protection approach via a network of internal local correspondents in the countries deemed key to collect environmental data on energy consumption relating to fuel, electricity, gas and water.

The indicators used:

- gas, fuel-oil, electricity and water consumption;
- kilometres covered in connection with the carbon footprint;
- IT equipment donations;
- waste recycling and management;
- charity initiatives.

Axway Group carbon assessment (Bilan Carbone®)

13 CLIMATE ACTION

It was decided to establish a greenhouse gas emissions account (BEGES) using the Ademe carbon assessment (Bilan Carbone®) methodology, in order to measure the impact of the Group's activity on the environment.

The countries included in the scope of the Greenhouse Gas Emission account (BEGES) are France, Germany, Romania, Bulgaria and the site at Phoenix, USA.

The following should also be kept in mind:

- in France, the Annecy site was viewed as negligible and since the heating-energy consumption at the Lyon site is included in service charges, this data could not be retrieved; and
- for the Phoenix site, only the electricity consumption data could be obtained.

The scope as described above accounts for 80% of the surface area of premises and 76% of personnel for the consolidated group.

The BEGES was completed by an independent service provider with a Bilan Carbone® licence issued by the Association Bilan Carbone (ABC) for 2019. The GHG emissions account (BEGES) was drawn up on the basis of the updated official greenhouse gas emissions assessment in accordance with version 4 of the assessment production methodology published in July 2015 by the French Ministry for the Ecology, Sustainable Development and Energy.

The findings of the report are:

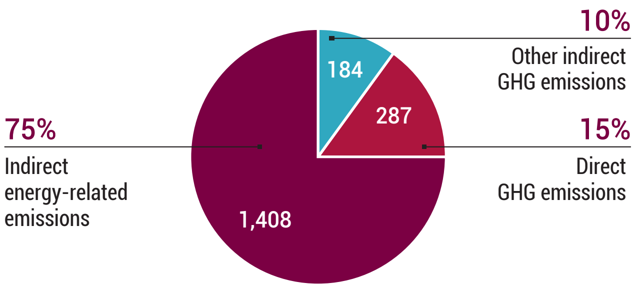
- direct greenhouse gas emissions in CO_2 metric ton equivalents came to 287 (t eq. CO_2);
- indirect GHG emissions associated with the production of electricity, imported steam or heat amounted to 1,408 CO_2 metric ton equivalents (t eq CO_2); and
- other indirect greenhouse gas emissions amounted to 184 CO_2 metric ton equivalents (t eq CO_2).

Thus, total greenhouse gases emissions by the Axway Group within the scope defined above totalled 1,879 (t eq. CO_2).

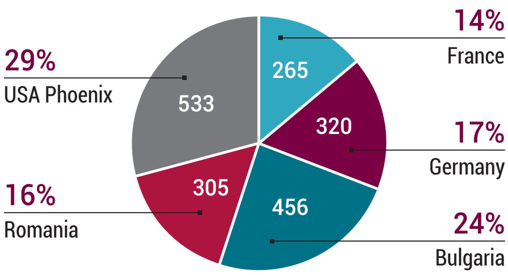
The 2017 assessment was updated with updated emission factors, as recommended by the Ministry in their methodology. Greenhouse gases therefore increased 18% between 2017 and 2018. This increase is linked to more stable use of the La Défense building (more precise consumption meters, use of spaces for a full year in 2018, unlike in 2017).

A breakdown of greenhouse gas emissions (GHG) is presented below:

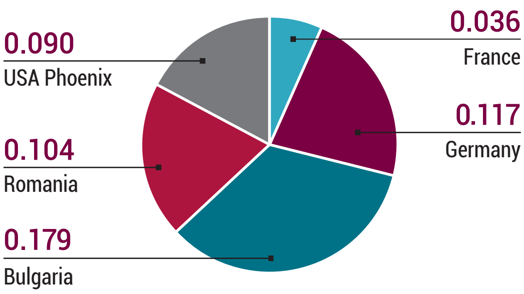
GHG EMISSIONS BY SCOPE (in t eq. CO_2 and as %)



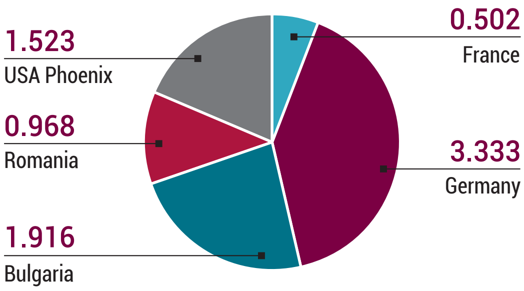
BREAKDOWN OF GHG EMISSIONS BY COUNTRY
(in t eq. CO_2 and as %)



BREAKDOWN PER M² AND PERSON FOR EACH COUNTRY



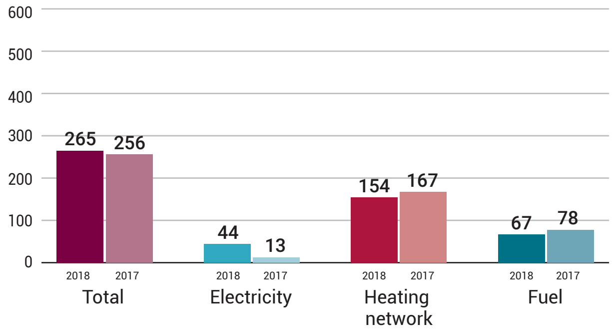
t eq. CO_2/m^2



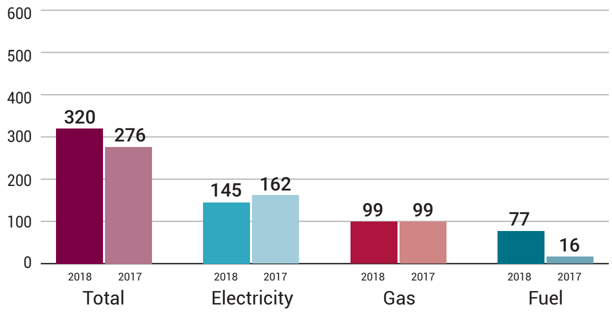
t eq. CO_2/person

CHANGE IN GREENHOUSE GAS EMISSIONS BETWEEN 2017 AND 2018, PER COUNTRY AND PER SOURCE

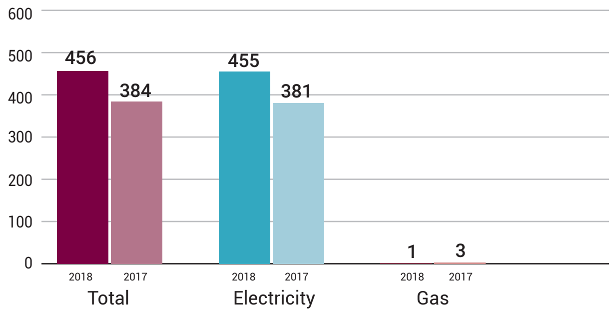
Comparison of greenhouse gas emissions in Teq.CO_2
FRANCE



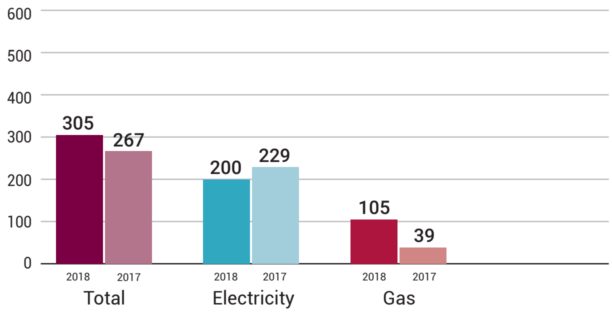
Comparison of greenhouse gas emissions in Teq.CO_2
GERMANY



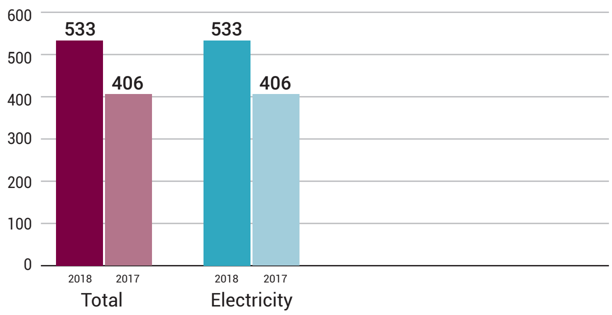
Comparison of greenhouse gas emissions in Teq.CO_2
BULGARIA



Comparison of greenhouse gas emissions in Teq.CO_2
ROMANIA



Comparison of greenhouse gas emissions in Teq.CO_2
USA (PHOENIX)



Axway continued to apply the best practices already in place for several years, particularly by taking the following measures:

- more widespread use of conferencing facilities (Webex and SkypeTeam) in order to limit travel;
- over the last three years, the Car Policy has set a maximum CO_2 limit of 130g.

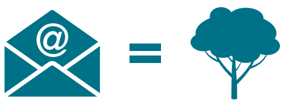
Donations of equipment

Axway donates equipment to employees. This year in Europe, around 192 various pieces of equipment (work stations, servers, monitors and peripherals) were donated to schools and humanitarian associations.

Eco-responsible actions with respect to the shareholders

By involving investors and shareholders upstream, the Axway Group also hopes to increase their awareness of the environmental difficulties encountered by the Group, both in its business operations and its daily resource management. By implementing different processes, the Company is able to reduce paper consumption, the transport necessary for sending by mail, and consequently, its CO_2 impact and more globally its annual environmental impact.

Individual shareholders: 1 e-mail = 1 tree planted program



In 2018, Axway continued its digital document campaign with individual shareholders: "1 e-mail = 1 tree planted". This initiative aims to limit printing, notably when preparing and holding the General Meeting. Hence, in 2018, the printing of 14,880 sheets of paper was avoided and replaced by sending documents for the General Shareholders' Meeting by e-mail.

At the end of 2018, 49% of Axway shareholders had agreed to receive documents by e-mail. Those who agreed to provide their personal e-mail address received a certificate for the planting of a tree in the Amazon in exchange for their consent to digitised exchanges. Axway takes part in the Alto Huayabamba reforestation program in Peru, a PurProjet organisation.

This is a small "sprout" which will gradually replace the considerable volume of documents exchanged.

During the 2018 General Meeting, Axway offered a small traditional gift to participants: a Goby Label bottle; encouraging them to reduce the number of plastic bottles used when travelling.

Internet voting for shareholders: the Vote Access website

In 2018, the Axway Group also provided individual shareholders with access to online voting. This online voting site enables them to vote for resolutions at the General Shareholders' Meeting and to consult all the regulatory documents made available in digital version. This new procedure helps to limit the exchange of paper mails between the Company and its shareholders under the postal voting system.

Digital tools for investors: website and mobile applications

Relations with investors are based upon individual meetings, forums, road shows and conferences. They represented 271 meetings in 2018. Each of the contacts was asked to download Axway's PDF presentation from the Investors website or the Axway IR mobile application. These paper and document transport savings were well received by investors and financial investors.

Methodology note

Scope of consolidation for employee data, health and safety data, indicators, and reporting method and systems.

Human Resources information

Consolidation scope

The workforce shown in the "Workforce" and "Breakdown of Workforce by Geographical Area" tables corresponds to the total number of employees at 31 December 2018.

Indicators

The indicators chosen are those used for personnel management and the Group's employee-related issues. They reflect the results of the Human Resources policy.

Data

For the scope defined, the data stems from country-specific reporting and the reporting produced by the divisions concerned.

A continuous improvement process has been set up for those systems.

Methodology note (HR Section)

Information provided about Axway Software SA concerns France.

The indicators used are those of the French Grenelle II Act. The principle of consistency of accounting methods year-on-year is respected.

The data was collected from the counties concerned.

Relations with employees

Axway Software SA

At Axway Software SA, employer-employee dialogue hinges on a Plant Committee, a Health, Safety and Working Conditions Committee, employee representatives and three Trade Union Representatives (CGT - CFDT & TRAID UNION).

Labour relations at Axway GmbH

At Axway Gmbh employer-employee dialogue takes place through four Plant Committees and a Central Works Council.

Overview of collective agreements

Within Axway, 70 agreements were in force at 31 December 2017. In 2018, 23 agreements were signed in France and seven were signed in Germany.

The collective agreements signed at Axway Software SA in 2018 are the following:

- Home Office agreement;
- Agreement promoting professional equality between men and women;
- Amendment no. 1 to the agreement on change management at the Annecy site;
- 2018-2020 incentive agreement;
- Agreement promoting employment of disabled workers;
- Amendment no. 3 to the agreement on travel expenses.

The following collective agreements were signed at Axway GmbH in 2018.

8 agreements were signed in Germany with the Works' Council:

- Home Office Agreement;
- Sales Policy & Plans;
- Bonus Plans;
- Planning Tool;
- Security Operation Planer (SOC);
- Salary increase process (3 locations);
- Lumaps;
- Office 365.

Health and safety information

Consolidation scope

The safety indicators concern all Axway sites.

Indicators

The indicators chosen are those used for the management of Axway sites. They reflect the results of Axway's policy regarding the environment, health and safety.

Data

This year's health and safety information was collected by the site managers for Axway Software SA.

A continuous improvement process has been set up for those systems.

Health and safety conditions at Axway Software SA

In 2018, the CHSCT (Health, Safety and Working Conditions Committee) held eight meetings.

During this period, there were:

- 2 lost time injuries;
- 5 commuting accidents, including 4 with lost time.

Measures taken to improve safety:

Preserving the health and safety of employees is a fundamental goal and an integral part of the Human Resources and social policy;

The health and safety procedures are part of an overall procedure conducted in close collaboration with the occupational health doctors, site managers and CHSCT.

Summary of collective agreements concerning health

No agreement has been signed in this regard.

Occupational health doctors

In Germany, like in France, an occupational health doctor performs employee check-ups on a regular basis.

Awareness-raising actions were conducted at French sites concerning on-screen work. In addition, Axway Software called in an ergonomist to carry out work on workstation positions.

Programs are being conducted in collaboration with Irish and US governments to promote carpooling and cycling.

Evaluation of psychosocial risks

A steering committee comprised of members from Human Resources and representatives from CHSCT was assembled in 2015 to evaluate psychosocial risks within Axway France. The work resulting from this collaboration made it possible to deploy a questionnaire in January 2016 to employees, aimed at evaluating their work conditions. This survey represents a first step in the eventual identification of psychosocial risk factors, with a view to improving the quality of life in the workplace.

Certificate of disclosure by an independent third-party body

Verifying Auditors' Report

Year ended 31 December 2018

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

To the Shareholders,

Further to a request by Axway Software (hereinafter the "entity") and in our capacity as an independent third party certified by COFRAC under number 3-1081 (scope available at www.cofrac.fr), we hereby report on the consolidated non-financial performance statement for the year ended 31 December 2018 (hereinafter the "Statement"), presented in the Group management report, in accordance with the legal and regulatory provisions of Article L.225-102-1, R.225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the entity

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, which must include a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented in light of those risks and the outcome of said policies, including key performance indicators.

The Statement has been prepared in accordance with the benchmarks used by the entity (hereinafter the "Guidelines"), the main elements of which are available at request at the Company's registered office.

Independence and quality control

Our independence is defined by the provisions of Article L.822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

- the consistency of the Statement with the provisions of Article R.225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R.225-105 I, 3 and II of the French Commercial Code, i.e., the outcome of the policies, including key performance indicators, and the measures implemented in light of the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the consistency of products and services with the applicable regulations.

Nature and scope of our work

We conducted our work in accordance with standards applicable in France determining the conditions in which an independent third party performs its engagement and with the international standard, ISAE 3000.

Our work was conducted between 18 March and 6 April 2019 and took approximately five man-days.

We conducted three interviews with the individuals responsible for preparing the Statement.

Our procedures allowed us to assess the consistency of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of the activities of all the companies included in the consolidated scope, the description of the labour and environmental risks associated with their activities, and the impact of those risks on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of labour and environmental information set out in Article L.225,102 (1) III, as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;

(1) Axway Software.

- we verified that the Statement includes an explanation for the absence of the information required under Article L.225-102-1 III, 2;
- we verified that the Statement presents the business model and the principal risks associated with the activities of all the companies included in the consolidated scope, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under Article R.225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the consolidated scope in accordance with Article L.233-16;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative results that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 20% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests(1);
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the companies included in the consolidated scope.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Due to the use of sampling techniques, as well as other limits inherent to the operation of any information and internal control system, the risk of failure to detect material misstatements in the Statement cannot be entirely eliminated.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial performance statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly and in accordance with the Guidelines.

Lyon, 12 April 2018

FINEXFI

Isabelle Lhoste

Partner

(1) Employment, recruitment, training, general environmental policy, climate change, direct ecological footprint.

HR and environmental information cross-reference table

ARTICLE 225 and decrees dated 19/08/2016 and 09/08/2017		Axway Group NFPS		
GP*	**General reporting principles**	**Page**	**Name**	**Comment**
GP1 (A.R225-105. I-)	The NFPS mentioned in part I of article L.225-102-1 and the consolidated non-financial performance statement mentioned in part II of the same article present the company's business model, or where applicable the business model for a group of companies for which the company prepares consolidated financial statements.	Profile pages 12-13	Business model	
GP2 (A.R225-105. I-)	For each information category, they also present: 1. A description of the main risks linked to the company's activity or the activity of all companies, including when relevant and proportionate, the risks created by its business relationships, products or services; 2. A description of the policies applied by the company or all companies including, where applicable, reasonable due diligence procedures put in place to prevent, identify and mitigate the risks indicated in 1); 3. The results of these policies, including key performance indicators. (Decree of 09/08/2017)	Chapter 1 pages 40-47	Risk Factors Risk Factors	Specifically see Sections in Chapter 2
GP3 (A.R225-105. I-)	If the company does not apply a policy to one or several of these risks, the statement includes a clear and reasoned explanation of the underlying reasons. (decree of 09/08/2017).			Axway applies a policy to all risks which affect it.
GP4 (A.R225-105.1 I-)	Published information is presented "in a manner to allow data comparison" (Law of 12/07/2010). The Board of Directors or Management Board report "presents data observed during the fiscal year, and where applicable, during the previous fiscal year, in order to compare this data" (decree of 24/04/2012).			Specifically see Sections in Chapter 2
GP5 (A.R225-105.1 II-)	When a company voluntarily complies with a national or international reference to acknowledge its obligations in view of this article, it mentions it, indicating the recommendations of this reference which have been selected, and the methods to consult the latter (decree of 24/04/2012)	Page 53	Support for the Global Compact Adherence to the Middlenext Code	
GP6 (A.R225-105.1 III-)	Without prejudice to the publication obligations applicable to the report as indicated in article L.225-100, these declarations are made public and easily accessible on the company's website within eight months from the end of the fiscal year and for a period of five years. (decree of 09/08/2017).	Group website		https://investors.axway.com/en and https://investors.axway.com/fr

** GP : General reporting principles.*

ARTICLE 225 and decrees dated 19/08/2016 and 09/08/2017		Axway Group NFPS		
GP*	**General reporting principles**	**Page**	**Name**	**Comment**
GP7 (A.R225-105.2 I-)	The independent third-party organisation mentioned in part V of article L.225-102-1 is appointed, where applicable, by the Chief Executive Officer or the chair of the management board, for a period which cannot exceed six fiscal years, from amongst the organisations accredited for this purpose by the French accreditation committee (COFRAC) or any other accreditation organisation which has signed the multilateral recognition agreement established by the European accreditation organisation coordination. The independent third-party organisation is subject to the incompatibilities indicated in article L.822-11-3.	Pages 71-72	Certificate of disclosure and statement of honesty regarding HR, social and environmental information.	
GP7 (A.R225-105.2 II-)	When the information is published by companies whose thresholds exceed 100 million euros for the total balance sheet or 100 million euros for the net revenue and 500 for the average number of permanent salaried employees during the fiscal year, the report by the independent third-party organisation includes: a) A reasoned opinion on the statement's compliance with the provisions indicated in parts I and II of article R.225-105, as well as the honesty of the information provided pursuant to point 3) of parts I and II of article R.225-105; b) Due diligence to carry out the verification procedure. (Decree of 09/08/2017).	Pages 71-72	Certificate of disclosure and statement of honesty regarding HR, social and environmental information.	
GP8 (A.L225-102-1. IV)	The defined companies which are under the control of a company which includes them in the consolidated accounts pursuant to article L.233-16 are not required to publish a non-financial performance statement if the company which controls them is established in France and publishes a consolidated non-financial performance statement or if the company which controls them is established in another European Union member state and publishes this statement pursuant to the relevant legislation. (Order of 19/07/2017)	Pages 71-72	Certificate of disclosure and statement of honesty regarding HR, social and environmental information.	
GP9 (A.L225-102-1. V)	For companies whose total balance sheet or revenue and number of employees exceeds the thresholds set by a decree in the State Council, where applicable on a consolidated basis, the information contained in the statements is subject to verification by an independent third-party organisation, based on the terms set in the decree by the State Council. This verification leads to an opinion which is sent to the shareholders at the same time as the report mentioned in the second Section of article L.225-100. (Order of 19/07/2017)	Pages 71-73	Certificate of disclosure and statement of honesty regarding HR, social and environmental information.	

Human Resources Information

I.a)	**Employment**			
I.a) 1.1	Total workforce	Page 55		
I.a) 1.2	Breakdown of employees by gender	Page 55		
I.a) 1.3	Breakdown of employees by age	Page 55		
I.a) 1.4	Breakdown of employees by geographic region	Page 55		
I.a) 2.1	Recruitment	Page 56		
I.a) 2.2	Redundancies	Non-material		
I.a) 3.1	Compensation	Page 58		
I.a) 3.2	Changes to compensation	Page 58		

ARTICLE 225 and decrees dated 19/08/2016 and 09/08/2017			Axway Group NFPS	
GP*	**General reporting principles**	**Page**	**Name**	**Comment**
I.b)	**Organisation of work**			
I.b) 1	Organisation of working time	Page 57		
I.b) 2	Absenteeism	Page 58		
I.c)	**Health and safety**			
I.c) 1	Occupational health and safety conditions	Pages 58-59		
I.c) 2.1	Workplace accident frequency and severity rate	Page 70		
I.c) 2.2	Occupational diseases	Page 58		
I.d)	**Relations with employees**			
I.d) 1	Organisation of employer-employee dialogue (procedures for informing, negotiating and consulting with staff and negotiations with staff)	Page 69		
I.d) 2	Summary of collective agreements, notably in terms of occupational health and safety	Pages 69-70		
I.e)	**Training**			
I.e) 1	Policies put in place in terms of training, notably environmental protection.	Pages 60; 62-63; 68		
I.e) 2	Total number of training hours	Page 60		
I.f)	**Equal treatment**			
I.f) 1	Commitments in favour of gender equality	Page 58		
I.f) 2.1	Measures taken for employment	Pages 58-59		
I.f) 2.2	Measures taken to encourage the employment of disabled people	Page 59		
I.f) 3	Anti-discrimination policy	Pages 58-59; 61-62		
Environmental Information				
II.a)	**General environmental policy**			
II.a) 1.1	Company organisation to consider environmental issues	Pages 62; 64-68		
II.a) 1.2	Environmental evaluation and certification initiatives	Pages 62; 71-72		
II.a) 2	Resources dedicated to the prevention of environmental risks and pollution	Non-material	Non-material	Axway is not affected by this point due to its tertiary activity.
II.a) 3	Provisions and guarantees for environmental risks	Non-material	Non-material	Axway is not affected by this point due to its tertiary activity.
II.b)	**Contamination**			
II.b) 1.1	Prevention, reduction, repair measures: AIR	Non-material	Non-material	Axway is not affected by this point due to its tertiary activity.
II.b) 1.2	Prevention, reduction, repair measures: WATER	Non-material	Non-material	Axway is not affected by this point due to its tertiary activity.
II.b) 1.3	Prevention, reduction, repair measures: SOIL	Non-material	Non-material	Axway is not affected by this point due to its tertiary activity.
II.b) 2	Consideration of any form of contamination specific to any activity, notably sound and light disturbances	Non-material	Non-material	Axway is not affected by this point due to its tertiary activity.

ARTICLE 225 and decrees dated 19/08/2016 and 09/08/2017			Axway Group NFPS	
GP*	**General reporting principles**	**Page**	**Name**	**Comment**
II.c)	**Circular economy**			
II.c)i)	Waste prevention and management	Pages 64-68		
II.c).i) 1	Measures of prevention, recycling, reuse, other forms of recovery and disposal of waste	Pages 64-68		
II.c).i) 2	Actions in the fight against food waste	Non-material	Non-material	The La Défense facilities (France) have a canteen which is committed to combating food waste. (1)
II.c).ii)	Sustainable use of resources			
II.c).ii) 1.1	Water consumption	Non-material	Non-material	Axway only uses water for its tertiary activity for sanitary use. Facilities are equipped with efficient technology.
II.c).ii) 1.2	Water supply in keeping with local constraints	Non-material	Non-material	Axway is not located in countries where water use is restricted.
II.c).ii) 2.1	Raw material consumption			
II.c).ii) 2.2	Measures taken to improve efficiency in use	Non-material	Non-material	Axway only uses paper and office supplies for its tertiary activity.
II.c).ii) 3.1	Energy consumption	Pages 64-68		
II.c).ii) 3.2	Measures taken to improve energy efficiency	Pages 64-68		
II.c).ii) 3.3	Measures taken to improve the use of renewable energies	Pages 64-68		
II.c).ii) 4	Soil use	Non-material	Non-material	Axway is not affected by this point due to its tertiary activity. Axway is a tenant of its facilities and does not carry out any construction work.
II.d)	**Climate change**			
II.d) 1	Significant greenhouse gas emissions items generated as a result of the Group's activity, particularly by the use of goods and services it provides	Pages 64-68		Scope: France, Germany, Bulgaria, Romania
II.d) 2	Adaptation to consequences of climate change	Non-material	Non-material	Axway is not directly affected by this point, but its products and services help some of its customers to adapt to climate change (for example: managing the data flows of local authorities to optimise resident multi-modal transport)
II.d) 3	Reduction objectives set voluntarily in the medium and long-term to reduce greenhouse gas emissions and resources implemented for this purpose	Pages 64-68		

(1) The following topics (that must be covered in the NFPS): fight against food shortages, respect of animal well-being and responsible, fair and sustainable food supply are not significant at Axway.

ARTICLE 225 and decrees dated 19/08/2016 and 09/08/2017			Axway Group NFPS	
GP*	**General reporting principles**	**Page**	**Name**	**Comment**
II.e)	**Protection of biodiversity**			
II.e) 1	**Measures implemented to protect and conserve biodiversity**	Non-material	Non-material	Axway is not affected by this point due to its tertiary activity.
Societal Information				
III.a)	**Social commitments in favour of sustainable development**	Pages 64-68		
III.a) 1	Company activity impact in terms of employment and local development	Pages 55-56		
III.a) 2	Company activity impact on local and neighbouring communities	Non-material	Non-material	Axway is not affected by this point due to its tertiary activity.
III.a) 3	Relations with company stakeholders and dialogue methods	Pages 61-63		
III.a) 4	Partnership and corporate patronage initiatives	Pages 62-63		
III.b)	**Subcontractors and suppliers**			
III.b) 1	Integration of social and environmental criteria in the Company's purchasing policy	Pages 61-68		
III.b) 2	Importance of subcontracting and consideration, in the relationship with subcontractors and suppliers of their social and environmental responsibility	Pages 61-62		
III.c)	**Fair trade practices**	Pages 61-62		
III.c)	Measures taken in favour of consumer health and safety	Non-material	Non-material	Axway is not affected by this point due to its tertiary activity. Its products and services have no effect on consumer health and safety.
Anti-Corruption And Tax Evasion (1) Information				
	Actions undertaken to prevent corruption	Page 61		
Information About Actions Taken To Promote Human Rights				
V.a)	**Promoting and abiding by the stipulations of the international labour organisation's (ILO) fundamental conventions**	Pages 53; 61		
V.a) 1	Freedom of association and the right to collective bargaining	Non-material	Non-material	By abiding with the Global Compact, Axway is committed to these topics but it is not located in at-risk countries.
V.a) 2	The elimination of discrimination in employment and occupation	Non-material	Non-material	
V.a) 3	Elimination of forced or compulsory labour	Non-material	Non-material	
V.a) 4	The effective abolition of child labour	Non-material	Non-material	
V.b)	**Other actions taken to promote human rights**			

(1) The Group is tax-transparent and wishes its tax policy to be an inherent part of its corporate responsibility strategy. It therefore adopted a civic commitment that consists in complying with legislation and making a fair contribution to the countries in which it operates.

A major mass retailer in the United Kingdom relies on the technology capabilities and flexibility of Axway's AMPLIFY™ hybrid integration platform, to manage and analyse data flows from its entire logistics chain, comprising 3,000 suppliers and 2,500 sales outlets.

3

Corporate governance NFPS

Axway has decided to adopt a two-tier governance structure which separates the offices of Chairman of the Board of Directors and Chief Executive Officer. Axway is subject to the laws, codes and regulations prevailing in the countries where the Group operates. The Company thus complies with the various recommendations issued by the Autorité des marchés financiers (AMF - French Financial Markets Regulator) and has decided to apply the Middlenext Code of Governance for small and mid-caps.

3.1 Administrative and Executive Management bodies

3.1.1 Composition of the Board of Directors

The Company is a public limited company (*société anonyme*) with a Board of Directors. It is governed by applicable French laws and regulations and its Articles of Association.

The main provisions of these Articles of Association relating to members of the Board of Directors and management bodies are summarized in Chapter 7, Section 2 of this document.

Unless otherwise indicated, the term "Articles of Association" in this chapter refers to the Company's Articles of Association adopted by the Board of Directors on 23 June 2011 and last updated at the Board of Directors' meeting of 20 February 2019.

3.1.2 Board of Directors(1)

The Company is managed by a Board of Directors comprising a minimum of three and a maximum of eighteen members. During the life of the Company, the directors are appointed, reappointed or dismissed by the Ordinary General Meeting; they are all eligible for re-election. Directors are appointed for a term of four (4) years.

The Board of Directors elects a Chairman from among its members, who must be a natural person for the appointment to be valid. The Board shall determine his compensation. The Board of Directors can dismiss him at any time.

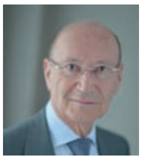
The Board of Directors meets as often as the Company's interests so require, when convened by its Chairman.

The Board of Directors determines the Company's overall business strategy and supervises its implementation.

On 22 June 2015, the Board of Directors decided to separate the functions of Board Chairman and Chief Executive Officer.

(1) For the purposes of simplicity, the pronoun "he" is used in this chapter and shall refer to both men and women.

The Board of Directors is comprised of the following members:

First name, last name and professional address	Position held on the Board of Directors	Date of appointment	Term of office expiry	Offices and duties held during the last five years	Directors considered as independent[1]	Attendance rate at Board meetings and committees
 **Pierre Pasquier** **Nationality:** French - Age 83 **Professional address:** Sopra Steria Group SA 6, avenue Kléber BP 238 75116 Paris France **Shares in the Company held personally:** 0	Chairman of the Board of Directors Director	General Meeting held on 22 June 2015 and Board of Directors' meeting held on 28 July 2015	General Meeting convened to approve the financial statements for the year ending 31 December 2018	**Within the Group:** Director or company officer of the Group's foreign subsidiaries (direct or indirect). **Outside the Group:** Chairman of Sopra Steria Group; Director or company officer of the Group's foreign subsidiaries (direct or indirect). Chairman and CEO of Sopra GMT. **Expired offices:** None.	***No***	100%
 **Kathleen Clark Bracco** **Nationality:** American - Age 51 **Professional address:** Sopra Steria Group SA 6, avenue Kléber BP 238 75116 Paris France **Shares in the Company held personally:** 10,250	Director, Vice-Chairwoman of the Board of Directors	General Meeting held on 22 June 2015 and Board of Directors' meeting held on 28 July 2015	General Meeting convened to approve the financial statements for the year ending 31 December 2018	**Within the Group:** None. **Outside the Group:** Permanent representative of Sopra GMT on the Board of Directors of Sopra Steria Group SA. Deputy CEO of Sopra GMT Director of Corporate Development of Sopra Steria Group SA **Expired offices:** Director of Sopra Group. (19/06/2012 to 27/06/2014)	***No***	100%
 **Pierre-Yves Commanay** **Nationality:** French - Age 53 **Professional address:** Axway Software SA Tour W, 102, Terrasse Boieldieu 92085 Paris La Défense Cedex France (only in relation to his position as director of Axway Software SA) **Shares in the Company held personally:** 2,816	Director	General Meeting held on 6 June 2018	General Meeting convened to approve the financial statements for the year ending 31 December 2021	**Within the Group:** None. **Outside the Group:** None. **Expired offices:** None.	***No***	100%

First name, last name and professional address	Position held on the Board of Directors	Date of appointment	Term of office expiry	Offices and duties held during the last five years	Directors considered as independent[1]	Attendance rate at Board meetings and committees
 **Hervé Déchelette** **Nationality:** French - Age 74 **Professional address:** Sopra Steria Group SA 6, avenue Kléber 75116 Paris France **Shares in the Company held personally:** 22,406	Director	General Shareholder's Meeting held on 22 June 2015 And Board of Directors' meeting held on 28 July 2015	General Meeting convened to approve the financial statements for the year ending 31 December 2018	**Within the Group:** Director. **Outside the Group:** None. **Expired offices:** None.	***Yes***[2]	100%
 **Nicole Claude Duplessix** **Nationality:** French - Age 59 **Professional address:** Sopra Steria Group SA 6, avenue Kléber 75116 Paris France **Shares in the Company held personally:** 50	Director	General Shareholder's Meeting held on 6 June 2017	General Meeting convened to approve the financial statements for the year ending 31 December 2020	**Within the Group:** Director. **Outside the Group:** None. **Expired offices:** None.	***No***	100%
 **Emma Fernandez** **Nationality:** Spanish - Age 55 **Professional address:** Axway Software SA Tour W, 102, Terrasse Boieldieu 92085 Paris La Défense Cedex France (only in relation to her position as director of Axway Software SA) **Shares in the Company held personally:** 0	Director	General Shareholder's Meeting held on 21 June 2016	General Meeting convened to approve the financial statements for the year ending 31 December 2018	**Within the Group:** Director. **Outside the Group:** Director of Sopra Steria Group SA (end 2018); Director of Metrovacesa; Director of ASTI Mobile Robotics SA; Director of Kleinrock Advisors SL (end 2018); Director of Effect Consultoria y servicios digitales; Director of Grupo Ezentis. **Expired offices:** None.	***Yes***	100%
 **Michael Gollner** **Nationality:** American - Age 60 **Professional address:** 28 Addison Place – Suite 100 London W114RJ **Shares in the Company held personally:** 7,000	Director	General Shareholder's Meeting held on 6 June 2017	General Meeting convened to approve the financial statements for the year ending 31 December 2020	**Within the Group:** None. **Outside the Group:** Director of Sopra Steria SA. **Expired offices:** None.	***Yes***	100%

First name, last name and professional address	Position held on the Board of Directors	Date of appointment	Term of office expiry	Offices and duties held during the last five years	Directors considered as independent[(1)]	Attendance rate at Board meetings and committees
 **Helen Louise Heslop** **Nationality:** British - Age 49 **Professional address:** Axway Software SA Tour W, 102, Terrasse Boieldieu 92085 Paris La Défense Cedex France **Shares in the Company held personally:** 0	Director	General Shareholder's Meeting held on 21 June 2016	General Meeting convened to approve the financial statements for the year ending 31 December 2018	**Within the Group:** Director. **Outside the Group:** Director of Hiscox Insurance Company Limited. Director of Promontoria MMB SAS and its subsidiaries My Money Bank SA, Sorefi Sa, Somafi-Soguafi SA and Socalfi SAS. **Expired offices:** None.	*Yes*[(2)]	100%
 **Pascal Imbert** **Nationality:** French - Age 60 **Professional address:** Wavestone Tour Franklin 100-101 Terrasse Boieldieu 92042 Paris La Défense Cedex France **Shares in the Company held personally:** 340	Director	General Meeting held on 22 June 2015 and Board of Directors' meeting held on 28 July 2015	General Meeting convened to approve the financial statements for the year ending 31 December 2018	**Within the Group:** None. **Outside the Group:** Chairman of the Management Board of Wavestone. **Expired offices:** None.	*Yes*	100%
 **Véronique de la Bachelerie** **Nationality:** French - Age 59 **Professional address:** Société Générale RESG/SGC-17 Cours Valmy 92800 Puteaux **Shares in the Company held personally:** 0	Director	General Shareholder's Meeting held on 22 June 2015	General Meeting convened to approve the financial statements for the year ending 31 December 2018	**Within the Group:** None. **Outside the Group:** Director or company officer of foreign subsidiaries of the Société Générale Group Deputy Director of SGBT; Director of the Luxembourg stock exchange **Expired offices:** None.	*No*	80%
 **Yann Metz-Pasquier** **Nationality:** French - Age 31 **Professional address:** Sopra Steria Group 6, avenue Kléber 75116 Paris **Shares in the Company held personally:** 18,877	Observer until 6 June 2018 Director Director as of 6 June 2018	General Meeting held on 6 June 2018	General Meeting convened to approve the financial statements for the year ending 31 December 2021	**Within the Group:** None. **Outside the Group:** Director of Sopra GMT; Director of Upfluence Inc. **Expired offices:** None.	*No*	67%

First name, last name and professional address	Position held on the Board of Directors	Date of appointment	Term of office expiry	Offices and duties held during the last five years	Directors considered as independent(1)	Attendance rate at Board meetings and committees
 **Marie-Hélène Rigal-Drogerys** **Nationality:** French - Age 49 **Professional address:** École normale supérieure de Lyon - 15, parvis René Descartes BP 7000 - 69342 Lyon Cedex 07 **Shares in the Company held personally:** 0	Director	General Meeting held on 6 June 2018	General Meeting convened to approve the financial statements for the year ending 31 December 2021	**Within the Group:** None. **Outside the Group:** Director of Sopra Steria Group SA; Advisor to the President on Campus policy at the École normale supérieure de Lyon Expert member of the Advisory Board, IMT Mines Albi-Carmaux **Expired offices:** Consultant and Partner at ASK Partners	*Yes*	100% (since her appointment on 6 June 2018)
 **Hervé Saint-Sauveur** **Nationality:** French - Age 74 **Professional address:** Axway Software SA Tour W, 102, Terrasse Boieldieu 92085 Paris La Défense Cedex France (only for the offices held within Axway Software SA France) **Shares in the Company held personally:** 900	Director	General Meeting held on 22 June 2015 and Board of Directors' meeting held on 28 July 2015	General Meeting convened to approve the financial statements for the year ending 31 December 2018	**Within the Group:** None. **Outside the Group:** None. **Expired offices:** Director of Sopra Steria Group SA.	*Yes*	100%
 **Yves de Talhouët** **Nationality:** French - Age 60 **Professional address:** 39, rue Boileau 75016 Paris France **Shares in the Company held personally:** 0	Director	General Meeting held on 22 June 2015 and Board of Directors' meeting held on 28 July 2015	General Meeting convened to approve the financial statements for the year ending 31 December 2018	**Within the Group:** None. **Outside the Group:** Director of TWENGA; CEO of TABAG; Director of Devoteam; Director of Tinubu. Chairman of Faïenceries de Gien (since 2014) **Expired offices:** Chief Executive Officer of EMEA HP.	*Yes*	80%

(1) As its meeting of 20 February 2019, the Board of Directors decided that the concept of independence defined by recommendation no. 8 of the Middlenext Code should be retained in its current form and, on this basis, qualified as independent those directors meeting the criteria set out in that recommendation. The significance of business relations is assessed on a qualitative and quantitative basis since the percentage of revenue earned with companies in which the independent directors may be Board members is taken into account. Moreover, the directors' independence is appraised throughout the fiscal year. The directors concerned are required to notify the Company's Board of Directors if any significant event should alter this qualification.

(2) This qualification as an independent director is valid from 14/02/2014.

Changes in the composition of the Board of Directors for the year ended 31 December 2018

Appointments	• Yann Metz-Pasquier effective 6 June 2018; • Marie-Hélène Rigal-Drogerys effective 6 June 2018.
Non-renewal	-
Resignations	-
Cooptations	-

Pierre Pasquier has served as Chairman of the Board of Directors since 22 December 2001.

Pierre Pasquier has some 50 years' experience in IT and corporate management. In 1968, he co-founded Sopra Group SA (which became Sopra Steria Group SA in 2014 following the merger with the Steria Group), the Company that created Axway and, which is now one of France's leading consulting, systems and solutions integration companies. He is a graduate of the University of Rennes (Mathematics, 1962).

Kathleen Clark Bracco has served as a member of the Board of Directors since 28 April 2011 and Vice-Chairman of the Board of Directors since 24 October 2013.

Kathleen Clark Bracco has served as Deputy CEO of Sopra GMT since 1 January 2012. She is also Sopra Steria Group SA's Director of Corporate Development and was responsible for all investor relations for this company for 12 years. Kathleen Clark Bracco began her professional career in the United States education sector. She is a graduate of the University of California in Irvine (Literature, 1994) and the University of California in San Jose (English, 1989).

Véronique de la Bachelerie has served as a member of the Board of Directors since 24 February 2015.

Véronique de la Bachelerie was appointed director following the resignation of Françoise Mercadal-Delasalles at the Board of Directors' meeting, with effect from 24 February 2015. Véronique de la Bachelerie began her career as a financial auditor and joined the Société Générale Group in 1987. Following this, she held various management positions in Société Générale Group financial teams. She was also CFO (Chief Financial Officer) of the retail networks of the Société Générale Group in France. From 2013 to June 2018, she was CEO (Chief Executive Officer) of the Société Générale Bank & Trust Luxembourg Group and has held various terms of office as director within the subsidiaries of the Société Générale Group in Luxembourg, Switzerland, Monaco and Tunisia. Since June 2018, she has managed Société Générale Consulting, the Société Générale Group's internal consulting department. She is a graduate of the *École Supérieure de Commerce de Paris* and is a French chartered accountant.

Pierre-Yves Commanay has served as a member of the Board of Directors since 6 June 2018.

Pierre-Yves Commanay has been a member of the Sopra Steria Group SA Executive Committee since 2009. Since early 2011, he has been responsible for the Continental Europe division. He has also had previous roles within the Group, which he joined in 1991. Specifically, he served as Chief Executive Officer of the subsidiary Sopra Group UK from 2009 to 2012 and was previously Industrial Director of Sopra Group India Pvt. Ltd. He is a graduate of the University of Lyon (DESS postgraduate diploma in Management) and the University of Savoie (Masters' degree in Information Technology).

Hervé Déchelette has served as a member of the Board of Directors since 28 April 2011.

Hervé Déchelette has been with Sopra Group SA for most of his career, where he was first Chief Financial Officer, before being appointed Company Secretary until 2008. He holds a degree from the *École Supérieure de Commerce de Paris* and is a French chartered accountant.

Nicole Claude Duplessix has served as a member of the Board of Directors since 6 June 2017.

Her varied professional background provides a wealth of experience in IT. Nicole Claude Duplessix started her career with the leading HR software publisher in France, ADP GSI, before joining the Sopra Steria Group. Her early work there was in HR consulting for Sopra Steria Group customers. She then supported the commitment made by Sopra Stéria and its subsidiaries to its key clients in a number of industries. For six (6) years she was delegated by Executive Management to work on security for critical projects in complex and multicultural environments, as well as the integration of new companies acquired by the Sopra Steria Group.

Her experience strengthens the Board's expertise in investments and acquisitions, ethics and human resource management.

Emma Fernandez has served as a member of the Board of Directors since 21 June 2016.

Emma Fernandez has significant experience as a senior executive in the technology sector and particularly in ICT, security and defence, transport and traffic. She has occupied various positions during the past 25 years with Indra, in areas such as strategy, innovation and the development of new offers, talent management, communication and product branding, public affairs, business governance, and corporate social and environmental responsibility, as well as mergers and acquisitions. Currently, she advises and promotes major companies and start-ups whose core business is IT. She has an engineering degree in telecoms from the Polytechnic University of Madrid and obtained an MBA from IE.

Helen Louise Heslop has served as a member of the Board of Directors since 21 June 2016.

Helen Louise Heslop manages her consulting services business in Europe. Within this framework, she supplies business consulting services relating to business transformation and the organisation of the Finance structure. Formerly, she was Transformation Director with Aviva, one of the market leaders in insurance products in Europe. She also held office as Aviva Europe's Finance Director. Helen worked at GE Capital, a division of General Electric, for 10 years, as Finance Director Europe, Thailand and the Nordic and Baltic region. During that period, she participated in the creation of a retail bank in Thailand as well as the restructuring, sale and significant reduction of activities in Western Europe. Her past experience also includes positions at QBE International Insurance and Pricewaterhouse Coopers, where she began her career. Helen graduated in Economics from the University of Cambridge and is a UK StatutoryAuditor. Helen Louise has significant international experience in the Finance industry, specifically in Banking and Insurance.

Michael Gollner has served as a member of the Board of Directors since 24 May 2012.

Michael Gollner has been the Executive Chairman of Madison Sports Group since 2013. He is Managing Partner of Operating Capital Partners, which he founded in 2008. Michael Gollner previously worked in the Investment Banking Department of Marine Midland from 1985 to 1987 before joining Goldman Sachs where he worked from 1989 to 1994. He next worked at Lehman Brothers until 1999 then at Citigroup Venture Capital. Michael Gollner is a graduate of Tulane University in New Orleans and holds an MBA from the Wharton School as well as an MA in international studies from the University of Pennsylvania.

Pascal Imbert has served as a member of the Board of Directors since 28 April 2011.

Pascal Imbert began his career with Télésystèmes in 1980. In 1990, he co-founded Solucom, renamed Wavestone in 2016, where he has served as Chairman of the Management Board since 2002. Wavestone is a management and information systems consultancy firm. Wavestone is listed on NYSE Euronext. Pascal Imbert is a graduate of both the *École Polytechnique* and Telecom Paris Tech (formerly the *École Nationale Supérieure des Télécommunications*).

Yann Metz-Pasquier has served as a member of the Board of Directors since 6 June 2018.

Yann Metz-Pasquier is co-founder of Upfluence, the Cloud solutions publisher specialising in influence marketing, created in 2013 in San Francisco, California, and in which he was Chief Financial Officer from 2013 to 2016. He is still a director of the company. Prior to that, he was a mergers & acquisitions analyst with Moss Adams LLP in San Francisco, California. He is a Management graduate of the Catholic University of Lyon (ESDES) and a qualified CFA (Chartered Financial Analyst). He is an MBA graduate from Harvard Business School (May 2018).

Marie-Hélène Rigal-Drogerys has served as a member of the Board of Directors since 6 June 2018.

With a PhD in Mathematics, Marie-Hélène Rigal-Drogerys began her professional career as a research professor at the University of Montpellier, then at the *École Normale Supérieure de Lyon*. She subsequently joined the Mazars group where, in her role as Senior Manager, she led the financial audit of Sopra Group. Since 2009, she has worked as a strategic and organisational consultant. Currently an advisor to the Chairman on Site Policy at the *École Normale Supérieure de Lyon*, Marie-Hélène Rigal-Drogerys served as Consultant Partner at ASK Partners.

Hervé Saint-Sauveur has served as a member of the Board of Directors since 28 April 2011.

Since 30 May 2005, Hervé Saint-Sauveur has served as a member of Sopra Group SA's Board of Directors where he acts as Chairman of the Audit Committee. Hervé Saint-Sauveur joined Société Générale in 1973: first within the Economic Research Department (1973), then as Director of Financial Control (1980-1984), Managing Director of Europe Computer Systems (1985-1990), Operations Manager, Capital Markets Department (1990-1994), Group CFO and Strategy Manager and Member of the Executive Committee (1995-2002) and Adviser to the Chairman (2003-2006). He is a director of several companies. He is a graduate of both the *École Polytechnique* and the *École Nationale de la Statistique et de l'Administration Économique*.

Yves de Talhouët has served as a member of the Board of Directors since 31 July 2012.

Yves de Talhouët has been the Chairman of Faïencerie de Gien since 2014. He was previously Chief Executive Officer of EMEA HP as of May 2011 and Chairman and CEO of HP France as of 2006. Prior to that, from 1997 to 2004, he was Vice-Chairman South Europe, Middle East and Africa at Schlumberger SEMA, before two years spent at Oracle France from 2004 to 2006 as Chairman and CEO. He was also Chairman of Devotech, a company that he created. Yves de Talhouët is a graduate of the *École Polytechnique*, the *École Nationale Supérieure des Télécommunications* as well as of the *Institut des Sciences Politiques de Paris*.

3.1.3 Company officers - Senior executives

First name, last name and professional address	Office	Date first appointed and date on which term of office expires	Offices and duties within the Group during the last five years	Offices and duties outside the Group during the last five years
Pierre Pasquier **Professional address:** Sopra Steria Group SA PAE Les Glaisins BP 238 74942 Annecy France	Chairman of the Board of Directors	**1st appointment:** 22 December 2001 **Term of office expires:** General Meeting convened to approve the financial statements for the year ending 31 December 2018	**Offices and duties currently held:** (Chapter 3, Section 1.2) **Expired offices and duties:** (Chapter 3, Section 1.2)	**Offices and duties currently held:** (Chapter 3, Section 1.2) **Expired offices and duties:** (Chapter 3, Section 1.2)
Jean-Marc Lazzari **Professional address:** Axway 6811 E. Mayo Boulevard Suite 400 Phoenix Arizona 85054 USA	Chief Executive Officer	**1st appointment:** 22 June 2015 **Term of office expires:** Indefinite, having ended 6 April 2018	**Offices and duties currently held:** Chief Executive Officer of Axway Software SA; *Director* of the Group's subsidiaries; CEO of the Group's subsidiaries.	**Offices and duties currently held:** Chairman of CGI/LOGICA France (2009/2013).
Patrick Donovan **Professional address:** Axway 6811 E. Mayo Boulevard Suite 400 Phoenix Arizona 85054 USA	Chief Executive Officer	**1st appointment:** 6 April 2018	**Offices and duties currently held:** Chief Executive Officer of Axway Software SA; *Director* of the Group's subsidiaries; CEO of the Group's subsidiaries.	**Offices and duties currently held:** -

3.1.4 Family relationships

To the best of the Company's knowledge on the date this Registration Document was approved, the only existing family relationships were those between:

- Pierre Pasquier, the father of Yann Metz-Pasquier; and
- Pierre Pasquier, the father-in-law of Pierre-Yves Commanay; and
- Yann Metz-Pasquier, brother-in-law of Pierre-Yves Commanay.

3.1.5 Legal information

At the date of this Registration Document and to the best of the Company's knowledge, none of the members of the Board of Directors or management have been:

- convicted of fraud in the past five years;
- declared bankrupt or placed into receivership or liquidation in the past five years;
- incriminated and/or issued an official public sanction by statutory or regulatory authorities in the past five years.

To the best of the Company's knowledge, none of the company officers has been prevented by the courts from acting as a member of an issuer's administrative, management or supervisory body or from being involved in an issuer's management or the conduct of its business in the past five years.

3.1.6 Conflicts of interest within administrative and management bodies

The Company maintains significant relationships for its business, control, strategy and development with Sopra GMT, the lead holding company of which Pierre Pasquier is Chairman and Chief Executive Officer and in which the Pasquier family holds a 68.44% interest in the share capital.

Sopra GMT controls the Company as a result of its direct and indirect holding of more than half of the Company's share capital (56.91%) and 65.47% of its voting rights (see Chapter 6, Section 2). Sopra GMT therefore exercises considerable influence over the Company's business, strategy and development.

Furthermore, a framework assistance agreement was entered into with Sopra GMT, under which Sopra GMT provides a considerable number of services involving the Axway Software strategy and the potential synergies with Sopra Steria Group (see Chapter 3, Sections 3.1 and 3.2). Pursuant to the procedure applicable to regulated agreements, this agreement, and its extension, were submitted to the Board of Directors and the General Shareholders' Meeting for approval prior to being signed.

To the best of the Company's knowledge, these relationships are not liable to constitute conflicts of interest.

It should also be noted that:

- Axway's Board of Directors includes eight (8) independent directors, appointed at a meeting held on 20 February 2019 in accordance with Recommendation No. 3 of the Middlenext Code of Corporate Governance;
- the directors are bound by the obligation to protect the interests of the Company and comply with the rules set out in the charter and the internal regulations of the Board of Directors and any other rules contributing to good governance as defined in the Middlenext Code of Corporate Governance (Code of Ethics for Board members). Moreover, the Board of Directors' internal regulations stipulate in Article 13 "Conflicts of Interest" that: "*Any member of the Board of Directors finding himself in a situation of conflict of interest or potential conflict of interest, due to the offices they hold with another company, may not take part in the vote on the corresponding matter. The Chairman may ask the Board member to refrain from taking part in related discussions*";
- the Company decided to separate the offices of Chairman and CEO during its meeting of 22 June 2015.

	Employment contract		Supplementary pension plan		Indemnities or benefits due or likely to become due on the termination of service or change of duties		Indemnities relating to a non-compete clause	
Executive officers	Yes	No	Yes	No	Yes	No	Yes	No
Pierre PASQUIER Chairman Start of term of office: Board of Directors' meeting of 19 May 2009 End of term of office: General Meeting convened to approve the financial statements for the year ended 31 December 2018		X		X		X		X
Jean-Marc LAZZARI Chief Executive Officer Start of term of office: 22 June 2015 whose term of office ended on 6 April 2018		X		X	X[(1)]			X
Patrick DONOVAN Chief Executive Officer Start of term of office: 6 April 2018		X		X	X[(2)]			X

(1) *In accordance with Article L.225-42-1 of the French Commercial Code and pursuant to the recommendations of its Compensation Committee, the Board of Directors, at its meeting of 21 October 2015, authorised the principle of severance payments for involuntary departure for the Chief Executive Officer, Jean-Marc Lazzari.*

(2) *The severance agreement for Patrick Donovan was approved by the Board of Directors on 20 February 2019. The commitment made by the Board of Directors will be voted at the next General Meeting with regard to regulated agreements, in accordance with Article L.225-42-1 of the French Commercial Code. It shall take effect as from such date, and shall be noted in the Statutory Auditors' special report.*

3.1.7 Committees

An **Audit Committee** was created by resolution of the Board of Directors' meeting of 9 May 2011, renewed in 2015. This meeting also decided, with immediate effect, its composition, operating procedures and powers. Its members are:

- Hervé Saint-Sauveur (Chairman);
- Véronique de la Bachelerie;
- Hervé Déchelette;
- Michael Gollner;
- Helen Louise Heslop;
- Yann Metz-Pasquier (since 20 February 2019).

The procedures of the Audit Committee are described in Chapter 3, Section 3.4.5.

A **Selection, Ethics and Governance Committee** was created by a resolution of the Board of Directors' meeting of 22 May 2012. This meeting also decided, with immediate effect, its composition, operating procedures and powers following the renewal of the directors in 2015. Its members are:

- Pierre Pasquier;
- Kathleen Clark Bracco (Chairman);
- Pascal Imbert;
- Hervé Déchelette;
- Pierre-Yves Commanay;
- Yves de Talhouët (since 20 February 2019).

The procedures of the Selection, Ethics and Governance Committee are described in Chapter 3, Section 3.4.5.

A **Compensation Committee** was created by resolution of the Board of Directors' meeting of 22 May 2012. This meeting also decided, with immediate effect, its composition, operating procedures and powers following the renewal of the directors in 2015. Its members are:

- Pascal Imbert (Chairman);
- Pierre-Yves Commanay;
- Kathleen Clark Bracco;
- Hervé Déchelette;
- Emma Fernandez (since 2018);
- Yves de Talhouët.

The procedures of the Compensation Committee are described in Chapter 3, Section 3.4.5.

3

3.1.8 Compensation paid to company officers

The amount of compensation allocated to company officers is reviewed on a yearly basis. The policy of reviewing compensation on an annual basis affords a greater understanding of the challenges faced by an industry sector that is undergoing constant change and is characterised by its extremely high level of seasonality.

The Company's Combined General Meeting of 6 June 2018 allocated directors' fees in the amount of €302,000 for the fiscal year ended 31 December 2018 as part of its Resolution No. 8.

In accordance with Middlenext Code Recommendation No. 10, Article 9 of the internal regulations of Axway Software's Board of Directors stipulates that:

"Half of the total directors' fees shall be distributed equally between the members of the Board of Directors.

The other half of the total directors' fees shall be distributed, at the end of the year, in proportion to the number of meetings of the Board of Directors or, where applicable, of each committee in which each member of the Board took part."

Directors' fees and other compensation paid to the Group's company officers

Company officers	Amounts due in the 2018 fiscal year*	Amounts due in the 2017 fiscal year*	Amounts due in the 2016 fiscal year*
Pierre PASQUIER			
Directors' fees	17,951	19,505	18,582.81
Other compensation	-	-	-
Hervé SAINT-SAUVEUR			
Directors' fees	36,406	0[1]	37,304.16
Other compensation	-	-	-
Hervé DÉCHELETTE			
Directors' fees	32,751	37,222	33,579.34
Other compensation	-	-	-
Pascal IMBERT			
Directors' fees	26,580	29,572	24,732.11
Other compensation	-	-	-
Kathleen CLARK BRACCO			
Directors' fees	24,780	27,054	25,357.98
Other compensation	-	-	-
Pierre-Yves COMMANAY			
Directors' fees	22,265	21,811	21,803.29
Other compensation	-	-	-
Nicole-Claude DUPLESSIX			
Directors' fees	15,434	6,080	-
Other compensation	-	-	-
Véronique DE LA BACHELERIE			
Directors' fees	23,404	26,652	23,969.41
Other compensation	-	-	-
Michael GOLLNER			
Directors' fees	25,920	29,672	23,960.41
Other compensation	-	-	-
Yves de TALHOUËT			
Directors' fees	15,074	19,294	20,800.69
Other compensation	-	-	-
Yann METZ-PASQUIER			
Directors' fees	10,401	11,535	13,460.41
Other compensation	-	-	-
Emma FERNANDEZ			
Directors' fees	19,748	16,988	9,479.16
Other compensation	-	-	-
Helen Louise HESLOP			
Directors' fees	25,920	16,988	9,479.16
Other compensation	-	-	-

Company officers	Amounts due in the 2018 fiscal year*	Amounts due in the 2017 fiscal year*	Amounts due in the 2016 fiscal year*
Marie-Hélène RIGAL-DROGEYRS			
Directors' fees	5,367		
Other compensation	-	-	-
Total	**302,000**	**262,371**	**262,500**

* *The amounts stated in this table are gross amounts in euros.*

(1) *Hervé Saint-Sauveur decided to waive his right to collect the gross sum of €39,269, which he would have received in consideration for his duties on the Company's Board of Directors.*

At this date, there is no service contract linking the directors and administrative bodies and/or the Management with the Company.

In accordance with position-recommendation 2009-16 amended on 17 December 2013 and 4 December 2014 and the recommendations of the new Middlenext Code of Corporate Governance, the table below shows the compensation received by the Board of Directors' Chairman, Pierre Pasquier, and the Axway Group Chief Executive Officer for the last three fiscal years:

Summary of compensation, stock options and shares awarded to each executive officer within the Group as a whole

(gross amounts in euros)	2018	2017	2016
Pierre PASQUIER			
Compensation payable in respect of the fiscal year	155,951	157,505	138,583
Valuation of multi-year variable compensation allocated during the fiscal year	-	-	-
Valuation of options allocated during the year	-	-	-
Valuation of free shares granted	-	-	-
Jean-Marc LAZZARI			
Compensation payable in respect of the fiscal year	160,688	706,448	502,021
Valuation of multi-year variable compensation granted during the fiscal year	-	-	-
Valuation of options allocated during the year	-	-	
Valuation of free shares granted during the year	-	-	702,000
Free shares granted under the Free Share Grant Plan implemented	-	-	-
Patrick DONOVAN			
Compensation payable in respect of the fiscal year	399,279	-	-
Valuation of multi-year variable compensation granted during the fiscal year	-	-	-
Valuation of options allocated during the year	-	-	
Valuation of free shares granted during the year	706,320	-	
Free shares granted under the Free Share Grant Plan implemented	36,000	-	-

Summary of the compensation received by each executive officer in respect of their duties within the Group

	2018		2017	
(gross amounts in euros)	Amount due	Amount paid	Amount due	Amount paid
Pierre PASQUIER				
Fixed compensation(1)	138,000	138,000	138,000	138,000
Variable compensation	-	-	-	-
Multi-year variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees(1)	17,951	19,505	19,505	18,583
Value of benefits in kind	-	-	-	-
Total	**155,951**	**157,505**	**157,505**	**156,583**
Jean-Marc LAZZARI				
Fixed compensation(2)	113,989	553,643	553,643	553,643
Variable compensation(2) (3)	0	0	0	280,040
Multi-year variable compensation			-	-
Exceptional compensation			-	-
Directors' fees	-	-	-	-
Value of benefits in kind(4)	46,699	152,805	152,805	152,805
Total	**160,688**	**706,488**	**706,488**	**986,488**
Patrick DONOVAN				
Fixed compensation(1)	254,033	254,033	-	-
Variable compensation(2) (5)	145,246		-	-
Multi-year variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Value of benefits in kind	-	-	-	-
Total	**399,279**	**254,033**	**-**	**-**

(1) Fixed compensation and directors' fees are paid by Axway Software SA.

(2) The fixed and variable compensation and the benefits in kind are paid by Axway Software and Axway Inc., in dollars. The exchange rate used for this table at 31 December 2017 was €1 = $1.12703 and the rate applicable at 31 December 2018 was €1 = $1.18095.

(3) Variable compensation is two-thirds dependent on quantitative criteria and one-third dependent on qualitative criteria. The criteria applied to determine the amount allocated in respect of variable compensation are the Company's organic growth and operating margin. The achievement levels for quantitative and qualitative criteria have been precisely determined, however they cannot be disclosed due to confidentiality reasons.

(4) The benefits in kind received by Jean-Marc Lazzari primarily comprise a company vehicle, accommodation, school fees and travel expenses.

(5) Variable compensation is 60% dependent on quantitative criteria and 40% dependent on qualitative criteria. The Board has also specified that an additional premium could be paid should the variables relating to the quantitative criteria be exceeded. Variable compensation is broken down in Point 3.1.9 of this Registration Document.

Pierre Pasquier, Chairman and Chief Executive Officer of Sopra GMT, the Company's holding company, received from this company fixed compensation of €60,000 in respect of his duties (steering of the Sopra GMT team) in addition to directors' fees of €12,000 for 2018. As stated in the Sopra Steria Group Registration Document, he also received fixed compensation of €500,000 as Chairman of the Board of Directors of this company and directors' fees of €23,268.

History of share subscription options granted to company officers since their appointment

The company officers did not benefit from the stock options granted to them when the different plans were set up.

Stock options awarded to each executive officer by the issuer and by all Group companies during the fiscal year

During the fiscal year ended 31 December 2018, no stock options were granted to executive officers. A summary table presenting share subscription options has been included in the Board of Directors' report (see Point I A. in Chapter 3, Section 3.8 – report on management of subscriptions).

Stock options exercised during the fiscal year by each executive officer

No stock options granted to executive officers were exercised during the fiscal year ended 31 December 2018. Prior to his appointment, the Company's current Chief Executive Officer, Patrick Donovan, was the Group's Chief Financial Officer and, as such, was granted subscription options as part of the stock option plans allocated to key executives. A table presenting share subscription options has been included in the Board of Directors' report (see Point II A. in Chapter 3, Section 3.8 – report on management of subscriptions).

Past free share grants

Information concerning the free shares granted	
Date of Shareholders' Meeting	21 June 2016
Date of General Meeting	Combined General Meeting of 21 June 2016
Date of Board of Directors' meeting	21 June 2016
Total number of free shares granted, of which:	
• **Jean-Marc Lazzari**	
1st grant	**36,000**
Valuation of shares based on the method used for the consolidated financial statements	€19.59 per share or a total of €702,000 for the 36,000 shares.
Share vesting date	Rights to performance shares vest in thirds each year commencing on the anniversary date, i.e. from 21 June of one year to 20 June of the following year, subject to a combination of performance and attendance conditions detailed in the report on the grant of performance shares (see Chapter 3, Section 3.9).
Lock-in period end date	The free shares awarded must be kept by the Chief Executive Officer throughout his tenure at the head of the Company.
Number of shares subscribed at 31/12/18	-
Cumulative number of shares cancelled or having lapsed	36,000
Number of free shares remaining at the balance sheet date	-
Date of Board of Directors' meeting	25 July 2017
Total number of free shares granted, of which:	
• **Jean-Marc Lazzari**	
2nd grant	**72,000**
Valuation of shares based on the method used for the consolidated financial statements	€32.42 per share or a total of €2,334,240 for the 72,000 shares.
Share vesting date	Rights to performance shares vest in thirds each year commencing on the anniversary date, i.e. from 21 June of one year to 20 June of the following year, subject to a combination of performance and attendance conditions detailed in the report on the grant of performance shares (see Chapter 3, Section 3.9).
Lock-in period end date	The free shares awarded must be kept by the Chief Executive Officer throughout his tenure at the head of the Company.
Number of shares subscribed at 31/12/18	-
Cumulative number of shares cancelled or having lapsed	72,000 following his dismissal as Chief Executive Officer
Number of free shares remaining at the balance sheet date	-

Information concerning the free shares granted

Date of Shareholders' Meeting	6 June 2018
Date of Board of Directors' meeting	25 July 2018
Total number of free shares granted, of which:	
• **Patrick Donovan**	**36,000**
Valuation of shares based on the method used for the consolidated financial statements	€19.62 per share
Share vesting date	Rights to performance shares vest in thirds each year commencing on the anniversary date, i.e. from 21 June of one year to 20 June of the following year, subject to a combination of performance and attendance conditions detailed in the report on the grant of performance shares (see Chapter 3, Section 3.9).
Lock-in period end date	The free shares awarded must be kept by the Chief Executive Officer throughout his tenure at the head of the Company.
Number of shares subscribed at 31/12/18	-
Cumulative number of shares cancelled or having lapsed	-
Number of free shares remaining at the balance sheet date	-

3.1.9 Role and compensation of company officers and senior executives

I. Approval of principles and criteria for determining, allocating and awarding the components of the total compensation and benefits in kind granted to the Chairman of the Board of Directors and the Chief Executive Officer

The following developments, which form an integral part of the Board of Directors' report on corporate governance, are presented in accordance with Articles L.225-37-2 and R. 225-29-1 of the French Commercial Code.

1. Role of the executive officers

The Company has decided to separate the offices of Chairman and Chief Executive Officer. Given the challenges associated with the Group's growth and permanent transformation (digital, in particular), this separation of offices appears to be the most appropriate organisation. The governance has entrusted the Chairman with steering and strategy and the Chief Executive Officer with operations, while at the same time setting up close cooperation and permanent dialogue between the management bodies.

Furthermore, the Board of Directors has decided to set up a succession plan for the Chairman of the Board of Directors to prepare for any contingencies.

2. Legal and regulatory rules applicable to the total compensation and benefits in kind granted to the Chairman of the Board of Directors or the Chief Executive Officer

To determine the total compensation of company officers, the Board of Directors, on the proposal of the Compensation Committee, adopted the following principles, in accordance with the R13 recommendations of the Middlenext Code of Corporate Governance of September 2016:

1/ Principles and criteria for determining, allocating and awarding the components of the total compensation and benefits in kind granted to the Chairman of the Board of Directors

These principles and criteria defined by the Board, on the recommendations of the Compensation Committee, are as follows:

Fixed compensation

The level of fixed compensation for the Chairman of the Board of Directors depends on his ability to satisfy the various objectives set out below. The Chairman of the Board of Directors works as a full-time officer throughout the year. His activities involve managing the work of the Board and performing additional tasks required by the Group's business.

This scope embodies governance of corporate strategy, potential acquisitions, investor relations and certain subjects classified as strategic. These strategic subjects share the need to prepare the future of the Group for the long-term and particularly digital transformation.

To accomplish all these tasks, the Chairman is reliant on Group resources, as well as a permanent team of five people, including four very experienced individuals, employed in the holding company, Sopra GMT. These resources enable the Board to oversee management and ensure the smooth running of the Company. This team was formed during the spin-off/stock market listing of the Company, by transferring to the holding company, managers who had spent most of their working life in the Group and had in-depth knowledge of all its inner workings. This team assists both Axway Software and Sopra Steria Group and, in addition to separately supporting each of the two companies, oversees the exploitation of synergies and above all the sharing of best practices. The terms of reference for this team and the principle of rebilling the Company for costs incurred are covered by a framework support agreement approved by the General Shareholders' Meeting under regulated agreements and commitments and reviewed annually by the Board of Directors.

The various matters for which the Chairman is responsible require detailed knowledge of operational realities and thus a very close relationship with Executive Management and the Executive Committee. This is achieved by sharing information and consulting on decisions to be taken, with a view to implementing the medium-term strategic plan and monitoring execution of these decisions over time.

The separation of the duties of the Chairman and Chief Executive Officer is based on the definition of the roles formalised in the Board of Directors' internal regulations, respect of the rights of the Chairman and Chief Executive Officer and a long-term relationship of trust between the holders of these mandates. Under these conditions, the current method of governance adds flexibility to the Company's management, safeguards decision-making and ensures that the necessary tasks will be quickly carried out to manage Axway Software's strategic challenges.

For information purposes, the Company's Board of Directors proposed to maintain Pierre Pasquier's gross compensation for fiscal year 2019 at the same level as for fiscal year 2018, i.e. €138,000.

Directors' fees

The Chairman of the Board of Directors receives directors' fees.

In accordance with the Middlenext Code of Corporate Governance, the variable portion of directors' fees depends on attendance at Board of Directors' and Board Committee meetings as well as the duties performed by directors as Chairman of the Board and the committees. The Board proposed gross directors' fees of €330,000 for fiscal year 2018.

Benefits in kind

To date, the Board Chairman does not receive any benefits in kind.

2/ Principles and criteria for determining, allocating and awarding the components of the total compensation and benefits in kind granted to the Chief Executive Officer

These principles and criteria defined by the Board, on the recommendations of the Compensation Committee, are as follows:

Fixed compensation

As part of his duties, the Chief Executive Officer has been required since 6 April 2018 to monitor any transformation in the Axway Group to assess and meet the challenges facing software publishers.

The total amount of gross annual fixed compensation was €355,626.

Annual variable compensation

Annual variable compensation (whose maximum amount for 2019 was €284,517) is subject to the fulfilment of:

- quantitative criteria for 60% (i.e. a total maximum gross amount of €170,710) involving the organic growth of signatures (i.e. a total maximum gross amount of €85,355) and the operating income generated by the Group (i.e. a total maximum gross amount of €85,355). The Board has provided for a special premium in the event objectives are exceeded;
- qualitative criteria for 40% (i.e. a total maximum gross amount of €113,806) involving changes in the Group's support structures;
- these criteria are not disclosed for confidentiality reasons.

Allocation of stock options and free share grants

It was proposed that the Chief Executive Officer benefit from the incentive schemes set up by the Group, regardless of the incentive vehicle used. Hence, the schemes may be performance share plans, free share plans or any other vehicle designed to build management loyalty in the short, medium and long term. The Board has subjected this allocation to compliance with the prevailing laws and regulations applicable to the Chief Executive Officers of listed companies but specified that shareholding requirements shall take into account any related tax impact so as not to be detrimental to the Chief Executive Officer.

Benefits in kind

Commitments with regard to the Chief Executive Officer on the basis of Sections 1 and 6 of Article L.225-37 et seq. of the French Commercial Code

Severance pay

The decision was made to set up a severance agreement to align with the compensation of other industry Chief Executive Officers. Pursuant to recommendation no. 16 of the Middlenext Code of Corporate Governance, the maximum amount of severance pay is set at one year's fixed and variable salary. The payment of this severance pay is 50% dependent on the organic growth of Axway Group signatures and 50% dependent on Axway Group operating income. These severance payments in the event of the termination of service are only due in the case of forced departure of the Chief Executive Officer from the Company. No severance payments shall be due if (i) the Chief Executive Officer leaves his position at his own initiative, or (ii) in the event of gross negligence or serious misconduct, or (iii) in the event of a wrongful act which is unrelated to his position or (iv) in the event of the departure of the Chief Executive Officer from the Sopra Steria Group.

The payment of variable compensation under the current mandate is subject to the approval of the Ordinary General Meeting of the compensation components paid or allocated to the Chief Executive Officer for the current year (ex post voting).

II. Approval of the compensation and benefits in kind paid or allocated to executive officers in the past year

For Pierre Pasquier, Chairman of the Board of Directors

We would ask you to vote on the fixed, variable and exceptional components of total compensation and benefits in kind paid or granted in the past year to Pierre Pasquier, Chairman of the Board of Directors, for his term of office, determined in accordance with the compensation principles and criteria approved by the General Meeting:

Compensation paid or granted during the year then ended	Amounts or accounting valuation submitted to the vote	Presentation
Fixed compensation	**€138,000** **(Gross amount paid)**	The fixed compensation was determined based on the work and challenges addressed by the Chairman of the Board of Directors as part of his duties within Axway Software.
Directors' fees	**€17,951**	The amount of directors' fees paid is calculated, pursuant to the recommendations of the Middlenext Code of Corporate Governance, based on attendance at Board of Directors' meetings as well as the challenges addressed by the Chairman as part of his duties.
Benefits in kind	**-€**	Not applicable

For Patrick Donovan, Chief Executive Officer since 6 April 2018

We would ask you to vote on the fixed, variable and exceptional components of total compensation and benefits in kinds paid or granted in the past year to Patrick Donovan, Chief Executive Officer since 6 April 2018, for his term of office, determined in accordance with the compensation principles and criteria approved by the General Meeting:

Compensation paid or granted during the year then ended	Amounts or accounting valuation submitted to the vote	Presentation
Fixed compensation	**€254,033 (Gross amount paid)**	
Annual variable compensation	**€145,246 (Gross amount payable following the General Meeting's approval)** (including, where necessary, the deferred portion of this compensation)	Criteria involving (i) gross profit, (ii) signatures under subscription this variable compensation and (iii) qualitative criteria as well as fulfilment of the related objectives were used to calculate this amount (subject to confidentiality requirements).
Free share grant	**Shares = €706,320 (Accounting valuation)**	36,000 rights to performance shares (potentially representing 0.17% of the Company's capital) depend on the effective presence of the Chief Executive Officer and quantitative criteria involving gross profit and the volume of signatures under subscription achieved by the Group. This grant was performed based on resolution no. 17 of the Combined General Meeting of 6 June 2018.
Compensation for the termination or change in these duties	**No amount paid during the year**	These severance payments in the event of the termination of service are only due in the case of forced departure of the Chief Executive Officer from the Company. No severance payments shall be due if (i) the Chief Executive Officer leaves his position at his own initiative, or (ii) in the event of gross negligence or serious misconduct, or (iii) in the event of a wrongful act which is unrelated to his position, or (iv) in the event of the departure of the Chief Executive Officer from the Sopra Steria Group. Pursuant to recommendation no. 16 of the Middlenext Code of Corporate Governance, the maximum amount of severance pay is set at one year's fixed and variable salary. Such amount will be calculated according to the criteria set out below. The payment of this severance pay is 50% dependent on the organic growth of Axway Group signatures and 50% dependent on Axway Group operating income.
Benefits in kind	**-€ (Accounting valuation)**	Not applicable

For Jean-Marc Lazzari, Chief Executive Officer until 6 April 2018

We would ask you to vote on the fixed, variable and exceptional components of total compensation and benefit in kind paid or granted in the past year to Jean-Marc Lazzari, Chief Executive Officer until 6 April 2018, for his term of office, determined in accordance with the compensation principles and criteria approved by the General Meeting:

Compensation paid or granted during the year then ended	Amounts or accounting valuation submitted to the vote	Presentation
Fixed compensation	€113,389 (amount paid)	
Annual variable compensation	-€ (amount to be approved following the General Meeting's approval) (including, where necessary, the deferred portion of this compensation)	Indication of various quantitative and/or qualitative criteria that contributed to the calculation of this variable compensation and the level of fulfilment of the objectives (subject to confidentiality requirements).
Free share grant	Shares (Accounting valuation)	Number of shares Indication of performance conditions governing definitive vesting of shares. Indication of the percentage capital represented by the grant to the executive officer. Reminder of the date of the General Meeting's authorisation, the resolution number and the date of the Board's grant decision.
Compensation for the termination or change in these duties	-€ (amount paid)	
Other compensation granted for the term of office	-€ (amount paid or payable)	
Benefits in kind	€46,699 (Accounting valuation)	

3.1.10 Provisions made by the Company and its subsidiaries to pay pension, retirement and other benefits to senior executives

There is no specific supplementary retirement scheme for senior executives outside the AGIRC ARRCO standard plan for executives.

3.1.11 Code of Corporate Governance

The Company decided to adopt the recommendations of the Middlenext Code of Corporate Governance for small and mid-caps in September 2016, due to its compatibility with the size of the Company and its capital structure.

The Board of Directors has reviewed the principles of this Code.

The Company applies a number of recommendations included in the Middlenext Code and intends to adapt its internal process on a gradual basis with each passing fiscal year. However, for the fiscal year ended 31 December 2018, the application status of the Code's recommendations is as follows:

Recommendation no.	Purpose of the recommendation	Applied	Explained
1	Board member ethical requirements	Partially	(1)
2	Conflicts of interest	Yes	
3	Composition of the Board – Independent directors on the Board	Yes	
4	Board member information	Yes	
5	Organisation of Board and Committee meetings	Yes	
6	Creation of committees	Yes	
7	Introduction of Board's internal regulations	Partially	(2)
8	Selection of directors	Yes	
9	Directors' term of office	Yes	
10	Directors' compensation	Yes	
11	Introduction of an assessment of the Board's work	Yes	
12	Relations with shareholders	Yes	
13	Definition and transparency of the compensation of executive officers	Yes	
14	Preparation of succession plans for senior executives	Yes	
15	Combination of employment contract and directorship	Yes	
16	Severance pay	Yes	
17	Supplementary pension plans	Yes	
18	Stock options and free share grants	Yes	
19	Watch-points	Partially	(3)

(1) The members of the Axway Board have not expressly signed the Board's internal regulations. However, they have all accepted its contents, since they approved its amendment during the Board meeting of 28 July 2015.

(2) This recommendation is followed, with the exception of the full publication of the internal regulations. Nevertheless, the limitation on the powers of the Company's Chief Executive Officer, and the roles of the Chairman and Vice-Chairman as set forth in the Company's internal regulations are presented in Chapter 3, Section 3.3.2 "Provisions governing the organisation and working procedures of the Board of Directors" of this Registration Document. The main provisions of the Company's internal regulations can be communicated to any shareholder at their request.

(3) The watch-points are reviewed annually during the first half of each year. As such, the watch-points will be reviewed during the first half of 2019 in order to include the last quarter of 2018. The Company adopted this approach to ensure that the review covered a sufficient period of time

3.2 Regulated agreements

3.2.1 New agreements signed for the fiscal year ended 31 December 2018 and at the beginning of fiscal year 2019

On 20 February 2019, the Board of Directors decided to set up a severance agreement for its Chief Executive Officer. This decision was made to comply with prevailing market practices for Euronext listed companies. To safeguard the Company's interests, the decision was made to subject the payment of this severance to the provisions set forth by the Middlenext Code of Corporate Governance.

These severance payments are only due in the event of the Chief Executive Officer's forced departure from the Company. No severance payments shall be due if (i) the Chief Executive Officer leaves his position at his own initiative, or (ii) in the event of gross negligence or serious misconduct, or (iii) in the event of a wrongful act which is unrelated to his position, or (iv) in the event of the Chief Executive Officer's departure from the Sopra Steria Group.

The maximum amount of severance payments is set at one year's fixed and variable salary in accordance with recommendation no. 16 of the Middlenext Code of Corporate Governance. Such amount will be calculated according to the criteria set out below. The payment of this severance pay is 50% dependent on the organic growth of Axway Group signatures and 50% dependent on Axway Group operating income.

In accordance with Article L.225-38 of the French Commercial Code and pursuant to the recommendations of its Compensation Committee, the Board of Directors, at its meeting of 20 February 2019, authorised the principle of severance payments for involuntary departure in favour of the Chief Executive Officer.

3.2.2 Agreements approved in previous years which had continuing effect during the year

Agreements approved in previous years with continuing effect during the year ended 31 December 2018 are described below:

Agreements entered into between Axway Software and Sopra Steria Group SA

Agreement for the provision of business premises

The Company signed an agreement with the Sopra Group for the provision of business premises initially to accommodate the business activities of Axway Software SA, a wholly-owned subsidiary, upon incorporation. This agreement, governed by commercial lease legislation, should be extended for 2018 to ensure the continuity of the Company's business.

The Board of Directors voted unanimously (with directors concerned abstaining), to renew this agreement for the provision of the business premises for 2019 and approved expenditure of €53,606 for the year ended 31 December 2018.

Agreement concluded between Axway Software and Sopra GMT

The support agreement concluded between Sopra GMT on the one hand, and the Company and Sopra Steria Group SA on the other, defines Sopra GMT's role as the financial holding company for these two companies. This agreement, which was initially entered into on 1 July 2011, for a period of two (2) years and then renewed in July 2013, has been amended to make it an open-ended agreement, which may be cancelled by giving twelve (12) months prior notice, in writing. This agreement aims to improve strategic planning and general policy coordination between the Sopra Steria Group and the Company, in particular, by developing synergies subsequent to the spin-off of Axway Software, as well as providing the Company with support and consultancy services.

The Board of Directors unanimously approved, (with parties concerned abstaining), (i) the continuation of this agreement in 2019 and (ii) the payment of €587,277.72 to Sopra GMT for services rendered in the year ended 31 December 2018.

It should also be noted that the severance agreement set up by the Company for its former Chief Executive Officer became null and void following his departure from the Axway Group.

3.3 Report of the Board of Directors on corporate governance and internal control AFR

Dear Shareholders,

The purpose of this report is to inform you of the composition of the Board of Directors of Axway Software SA, the application of the principle of balanced gender representation within its members, the manner in which its work is prepared and organised, and the internal control and risk management procedures implemented by the Group during the fiscal year ended 31 December 2018. It supplements the management report contained in the Registration Document.

This report was prepared in accordance with Article L.225-37 of the French Commercial Code and the recommendations and guides for SMEs (VaMPs) published by the *Autorité des marchés financiers* (AMF).

3.3.1 Information required pursuant to Article L.225-37 of the French Commercial Code

The list of all offices and duties held by the company officers is available in Chapter 3, Section 3.1 "Administrative and Executive Management Bodies".

The only agreement signed between the Company and one of its officers, specifically its Chief Executive Officer, concerns severance payments. The terms and conditions of this agreement are set forth in Chapter 3, Section 3.2 "Regulated agreements" in the Registration Document.

The table summarising the delegations of authority that are still valid is included in Chapter 6, Section 6.5 "Issue authorisations given to the Axway Board of Directors - Delegations granted by General Meetings".

The Company decided to separate the offices of Chairman and Chief Executive Officer.

The report presenting the draft resolutions submitted for shareholders' approval of the principles and criteria to determine senior executive compensation, as well as all compensation paid to each company officer, are detailed in Chapter 3 Section 3.1 "Administrative Bodies and Executive Management" of this Registration Document.

Information on matters that could have an impact in the event of a public offering are set forth in Chapter 6, Section 6.9 "Information on takeover bids".

3.3.2 Preparation and organisation of the work of the Board of Directors

Composition of the Board of Directors and compensation of its members

The composition and compensation of the members of the Board of Directors is presented in Chapter 3, Section 3.1 of this Registration Document.

The Board of Directors pursues its commitment to set up a diversity policy within the Board. It strives to seek a balance in its composition and that of its committees, particularly with regard to skills diversity, gender representation and nationalities. To date, the Board has six women directors.

Generally, the Board of Directors and the assisting Selection, Ethics and Governance Committee strive to obtain a balanced composition when selecting Directors and Committee members.

The Board wishes to extend this diversity policy to Executive Management and senior positions within the Company. However, the Board duly notes that it is difficult for the Company, and more generally the Group, to hire women in the software publishing sector.

Regulatory framework governing the Board of Directors, its organisation and working procedures

The organisation and working procedure of the Board of Directors are governed by law, the Company's Articles of Association, internal regulations, and a charter.

Legal provisions

The Board of Directors' working procedures are governed by Articles L.225-17 *et seq*. of the French Commercial Code. The principal mission of the Board of Directors is to determine the strategic directions to be followed by the Company and to oversee their implementation.

Provisions included in the Articles of Association

The rules governing the organisation and procedures of the Board of Directors are set forth in Articles 14 to 21 of the Articles of Association included in Chapter 7 of this Registration Document: "Legal and administrative information".

The Articles of Association currently incorporate the recommendations of the Middlenext Code of Corporate Governance on the term of office of directors, which is set at four (4) years.

Board of Directors' internal regulations

The internal regulations cover the following topics: reminder of legal and statutory powers, meetings, information received by the Board of Directors, training of members, committees, conflicts of interest, directors' fees, confidentiality and Works Council representatives.

Board of Directors' charter

The charter addresses the following issues: proxies, duties and performance conditions, knowledge of rights and obligations, individually owned shares, ethical rules pertaining to stock market transactions, transparency, conflicts of interest, meeting attendance and confidentiality.

The Articles of Association, the internal regulations and the charter of the Board of Directors are available upon request from the Company's Corporate Secretary.

Powers of the Chief Executive Officer

The Chief Executive Officer exercises his powers within the limits of the corporate purpose and applicable laws, the Articles of Association and the internal regulations. The Chief Executive Officer has authority over the Group as a whole and directs its operating activities. He is vested with the broadest powers to act in all circumstances in the name of the Company and represents the Company in its relations with third parties. The Chief Executive Officer chairs the Group's Executive Committee (ExCom).

The Chief Executive Officer is moreover in charge of providing the Board of Directors and its committees with the information that they need and implementing the decisions made by the Board. The internal regulations of the Board of Directors specify the role of the Chief Executive Officer and the conditions for exercising the prerogatives of the office. The Chief Executive Officer thus closely coordinates his activity with the Chairman of the Board of Directors to ensure a continuous liaison between the members of the Board of Directors and Executive Management and keeps them informed of the Group's situation and of any proposed decisions when such decisions could have a material impact on the course of business.

The decisions defined hereinafter must receive the prior authorisation of the Board of Directors, or of the Chairman in the event of emergencies or when delegated to the Chairman by the Board. In that case, the Chairman must report back to the Board on the authorisations that he gives in such circumstances.

In all cases, these decisions must be prepared and discussed by the Chief Executive Officer with the Chairman.

Decisions requiring the prior approval of the Board of Directors in the above-referenced conditions are those that have a major strategic effect or which are likely to have a material impact on the financial position or the commitments of the Company or of its subsidiaries and in particular those related to:

- the implementation of the strategy:
  - adaptation of the business model,
  - any decision to acquire or dispose of companies or business activities, with powers delegated to the Chairman by the Board for transactions of less than €5 million,
  - the conclusion of strategic alliances;
- organisational matters:
  - the appointment or dismissal of a member of the management team (members of the Executive Committee, functional heads and heads of support divisions) with powers delegated to the Chairman by the Board,
  - any significant modification of internal organisation or operations, with powers delegated to the Chairman by the Board;
- financial matters:
  - financial transactions that have or could have a future material impact on the parent company financial statements or the consolidated financial statements,
  - any procedural commitment, treaty, settlement or compromise, in the case of litigation, for an amount exceeding €1,000,000,
  - a share capital increase or reduction by a subsidiary,
  - any surety, security or guarantee granted by the Company.

Role entrusted to the Chairman of the Board of Directors

Pursuant to the provisions of Article L.225-51 of the French Commercial Code and the stipulations of Article 2 of the Company's internal regulations, the role of the Chairman of the Board of Directors includes:

- organising and directing the work of the Board of Directors;
- setting the dates and agenda of the Board of Directors' meetings;
- ensuring the smooth running of the Company's management bodies and the application of best governance practices; as well as;

- ensuring that directors are able to carry out their duties; and
- ensuring that they have the required information, in addition to the duties described in Section 3.1.9 of Chapter 3.

Role entrusted to the Vice-Chairman of the Board of Directors

The Board of Directors, at its meeting of 24 October 2013, decided, based on the recommendations of the Selection, Ethics and Governance Committee, to appoint a Vice-Chairman to take over the Chairman's duties in the event of the latter's incapacity. Accordingly, it was decided to amend the internal regulations of the Board of Directors. The directors, whose terms of office were renewed by the Combined General Meeting of 22 June 2015, decided to (i) maintain the office of Vice-Chairman of the Board of Directors, and (ii) renew Kathleen Clark Bracco in this capacity.

Article 2.6 of the Board of Directors' internal regulations also provides that "*Pursuant to Article 15 paragraph 4 of the Company's Articles of Association, the Board of Directors shall appoint a Vice-Chairman of the Board of Directors, chosen from among the directors who are natural persons*.

The Vice-Chairman shall be appointed for a duration that cannot exceed his term of office as a director. His term of office may be renewed without any limitation. He can be dismissed at any time by the Company's Board of Directors".

The Vice-Chairman's role is to assist the Chairman in his duties at the latter's request, especially in the organisation and management of the Board's work, the supervision of corporate governance and internal control procedures and representation of the Company and its Group. He may be required to assume the Chairman's duties in the event of the latter's incapacity, provided he is a member of the Board of Directors when said incapacity occurs.

Observer

In application of Article 23 of the Company's Articles of Association and in accordance with the recommendation issued by the Selection, Ethics and Governance Committee, it was decided to appoint a non-voting member to the Company's Board of Directors. This appointment, ratified by the Combined General Meeting of 4 June 2014, aimed to strengthen good governance within the Board of Directors and assist the Board with specific and/or one-off assignments. The observer attends Board of Directors' meetings. He does not have the right to vote.

Middlenext Code of Corporate Governance

The Company has chosen to comply with the Middlenext Code of Corporate Governance (available on the Middlenext website: www.middlenext.com). Compliance with the different recommendations of the Code of Corporate Governance is detailed in Chapter 3, under "Code of Corporate Governance". A summary table of directors qualified as independent under the criteria used by the Middlenext Code is included in Chapter 3 "Summary table of independent directors with regard to the criteria established by the Middlenext Code of Corporate Governance".

Meetings of the Board of Directors

Number of meetings held during the fiscal year and attendance of members of the Board of Directors

In accordance with its internal regulations, the Board of Directors is required to meet at least four times each year.

An annual calendar of meetings including a provisional agenda was established by the Board and may be modified should any specific events justify a change in the agreed schedule.

The Board of Directors met six times in 2018. The attendance rate was 95%.

The Board of Directors was regularly informed of and based its decisions on the work of the Audit Committee, the Selection, Ethics and Governance Committee, and the Compensation Committee.

Issues discussed

The main issues discussed in 2018 included the following:

- the Company's strategy and project for its business transformation;
- both internal and external growth plans of the Company and the Axway Group;
- quarterly performance;
- the 2018 budget and major guidelines;
- approval of the financial statements for the year ended 31 December 2017;
- approval of the interim financial statements for the first half of 2018;
- approval of financial information and forward-looking information documents;
- operating procedures of the Board of Directors, its internal regulations and its charter;
- compensation paid to company officers.

Access to information by members of the Board of Directors

Dissemination of information – Preparatory materials

Article 4 of the internal regulations states that:

- each member of the Board shall receive any information required for the performance of his duties and can request any documents he deems pertinent;
- in advance of each meeting of the Board, a set of preparatory materials shall be addressed to members presenting the items on the agenda requiring special analysis and prior reflection, provided that confidentiality guidelines allow for communication of this information;
- the members of the Board shall also receive, in the intervals between meetings, all pertinent and critical information concerning significant events or operations for the Company. This information shall include copies of all press releases disseminated by the Company.

Training

Article 5 of the internal regulations states that "*any member of the Board may, on the occasion of his appointment or at any point during his term in office, engage in training sessions that he feels are required for the performance of his duties*".

There were no requests for training from the directors in the year ended 31 December 2018.

Committees of the Board of Directors

The committees, the working procedures of which are detailed below, lack the authority to take decisions alone but submit their findings and make recommendations to the Board of Directors.

Audit Committee (formerly Accounting Committee)

The Audit Committee was created on 9 May 2011. Its current members are:

- Hervé Saint-Sauveur (Chairman);
- Véronique de la Bachelerie;
- Helen Heslop;
- Hervé Déchelette;
- Michael Gollner;
- Yann Metz-Pasquier (since 20 February 2019).

The Committee meets at least four times per year (in a full year). The Committee dedicates at least two meetings per year to the half-yearly and annual financial statements.

The members of the Audit Committee have in-depth economic and/or industry knowledge as detailed in Chapter 3, Section 1 "Administrative bodies and Executive Management", enabling them to fully investigate all issues submitted to them by the Company.

Without prejudice to the powers given by law to the Board of Directors, the Audit Committee's main responsibilities include the following:

- examine the financial statements, especially in order to:
  - review the Company's exposure to risks as well as its off-balance sheet commitments,
  - verify the procedures for collecting and validating the reliability of information,
  - ensure that accounting policies have been applied consistently and are relevant,
  - check the working methods used by the Statutory Auditors;
- supervise the effectiveness of internal control and risk management procedures;
- monitor the statutory audit of the Group's financial statements by the Statutory Auditors;
- ensure compliance with the independence requirement for Statutory Auditors.

In addition, the Audit Committee:

- issues a recommendation on the Statutory Auditors proposed for appointment by the General Meeting, where applicable. This recommendation to the Board is prepared in accordance with regulations: it also issues a recommendation to the Board when renewal of the Statutory Auditor(s)' term of office is proposed under the conditions defined by regulations;
- monitors the Statutory Auditor's performance of its engagement and takes into account the findings and conclusions of the Haut Conseil du commissariat aux comptes following audits conducted in accordance with regulations;
- ensures that the Statutory Auditor complies with the conditions of independence under the terms set forth by regulations;
- approves the provision of services other than the certification of financial statements in compliance with applicable regulations;
- regularly reports to the Board regarding performance of its duties. It also reports the results of the certification of financial statements, ensuring that such certification ensured the integrity of the financial information and the role it played in the process. It immediately notifies the Board of any problems encountered.

The Committee met four times in 2018 in the presence of the Statutory Auditors. The main items of business at these meetings were as follows:

- the 2018 impairment tests;
- the intra-group transfer pricing policy;
- review of the consolidated and parent company financial statements for the year ended 31 December 2017;
- review of the financial statements for the first half of 2018;
- the 2018 working organisation for the Group's internal audit department. It should be noted that legal and regulatory requirements substantially increased the workload allocated to the Audit Committee. The latter has to monitor the enforcement of new prevailing laws and supervise and take account of the procedures carried out by the internal audit and their implementation within the Group;

- amendments to the Audit Committee charter;
- review of the insurance policies contracted by the Group;
- the Chairman's draft report on corporate governance and internal control procedures.
- update on cyber security within the Group;
- impact of the Cloud on the Group's business model;

As a general matter, it should be noted that the Board of Directors followed the Audit Committee's recommendations.

The Statutory Auditors appeared before the Committee in the absence of Management and the Finance Department.

Various operating and functional Group managers were also interviewed to inform Audit Committee members on risk management, internal controls and the preparation of financial and accounting information

Selection, Ethics and Governance Committee

The Selection, Ethics and Governance Committee was created on 22 May 2012. Its members are:

- Kathleen Clark Bracco (Chairman);
- Pierre Pasquier;
- Hervé Déchelette;
- Pascal Imbert;
- Pierre-Yves Commanay;
- Yves de Talhouët (since 20 February 2019).

The Selection, Ethics and Governance Committee is comprised of the Chairman of the Board of Directors and three to six Board members who are appointed by the Board of Directors. The Committee may be convened when requested by its Chairman or by two of its members. It meets prior to the approval of the agenda of the Annual General Meeting, to review draft resolutions that will be submitted to it concerning the positions of members of the Board of Directors.

It met three times in 2018 and its main responsibilities were:

- to make proposals for appointment of members to the Board of Directors and company officers, particularly in cases of unplanned vacancies;
- to assess the Board of Directors and the functioning of corporate governance;
- to ensure that in all of the Group's business segments, in all the subsidiaries that it controls, in all communications that it delivers and all acts accomplished in its name, the Group's values are respected, defended and promoted by its company officers, its senior executives and its employees;
- to verify the application of rules of good governance in the Company and in its subsidiaries;
- to assess the status of the independent members of the Board of Directors pursuant to the Board's decisions on this subject;
- to inform and propose changes that it deems useful or necessary to support the operations or composition of the Board of Directors;
- to take into account any legal and regulatory changes during the fiscal year.

Compensation Committee

The Compensation Committee created on 22 May 2012 was, in the framework of the renewal of the directors' terms of office, reappointed by the Board of Directors. Its members are:

- Pascal Imbert (Chairman);
- Kathleen Clark Bracco;
- Hervé Déchelette;
- Emma Fernandez (since 2018);
- Yves de Talhouët; and
- Pierre-Yves Commanay.

The Compensation Committee is comprised of three to six members who are appointed by the Board of Directors. The Compensation Committee may be convened when requested by its Chairman or by two of its members.

The Compensation Committee met four times during the course of the year ended 31 December 2018, and had as its primary duties:

- to propose the fixed and variable compensation and benefits granted to company officers and to the Company's main senior executives;
- to verify the application of rules defined for calculating their variable compensation;
- to verify the quality of the information provided to shareholders on compensation, benefits, options and directors' fees granted to company officers and the Company's main senior executives;
- to prepare the policy for granting stock options and free shares (in particular, to determine the beneficiaries and the grant conditions);
- to prepare decisions concerning employee savings.

Assessment of the Board of Directors

The Board of Directors decided to introduce an annual self-assessment of its working procedures in accordance with the recommendations of the Middlenext Code. This self-assessment aims, in particular, to check that the Board has all the information needed to take informed decisions and to consider any requests for changes to the Board's working procedures. The self-assessment questionnaire was amended to take into account the changes recommended by the model self- assessment questionnaire drafted by Middlenext. The Board of Directors' self-assessment is always conducted at the end of the fiscal year in question so as to ensure that all areas for improvement have been identified.

Other information required by Article L.225-37 of the French Commercial Code

Specific procedures relating to the participation of shareholders in General Meetings

The main provisions of the Articles of Association relating to General Meetings and the rights and obligations of shareholders are included in Chapter 7, Sections 3 and 4 of the Registration Document.

3.3.3 Internal control and risk management

Presentation of the internal control and risk management system

a. Definition, objectives and components of internal control and risk management

The Axway internal control and risk management system complies with prevailing laws and regulations and relies on the reference framework, implementation guide and recommendations published and updated by the *Autorité des marchés financiers* (AMF) and particularly Position/Recommendation no. 2016-05 of October 2016 on periodic disclosures by companies listed on a regulated market.

According to the definition of the AMF's reference framework, internal control is "a system set up by the Company, defined and implemented under its responsibility, which aims to ensure:

- compliance with laws and regulations;
- the application of instructions and guidelines determined by Executive Management;
- the proper functioning of the Company's internal processes, particularly those intended to safeguard its assets;
- the reliability of financial disclosures."

In general, internal control contributes to the control of the Company's activities, the effectiveness of its operations and the efficient use of its resources. It is also aimed at managing material risks in an appropriate way, whether these risks are operational, financial or compliance-related, and at helping implement the Company's strategy.

With regard to risk management, its aim is to:

- create and preserve the Company's value, assets and reputation;
- safeguard decision-making and other Company processes in order to promote the achievement of objectives;
- promote the consistency of the actions taken with the Company's values;
- unify Company employees around a common vision of the main risks and increase their awareness of risks inherent to their activity.

The risks that the Company faces are described in Chapter 1, Section 9 "Risk factors".

All of the internal control system and risk management procedures described hereunder are implemented in all entities in the scope of consolidation with the aim of reducing the risk factors to an acceptable level, helping the Company achieve its objectives and providing reasonable assurance on their implementation. In the event of a new acquisition, this company will be fully consolidated, within a reasonable delay, into the global internal control and risk management system. As with any control system, it cannot provide an absolute guarantee that such risks have been totally avoided, eliminated or controlled, or that the Group's objectives can be achieved.

Axway's system comprises the five components defined by the AMF reference framework: organisation, internal dissemination of information, a risk identification and management process, control measures, and continuous monitoring of the system.

b. Organisation

Legal organisation

The number of legal structures is purposely limited to the simplest organisation involving a single active company per country, except for temporary situations resulting from acquisitions.

The Company thus controls directly all subsidiaries within the Group of which it is the parent. All companies are fully consolidated and there are no ad hoc entities located outside the scope of consolidation.

A legal organisational chart as of 31 December 2018 is presented in Chapter 1, Section 6.

3

Internal organisation

The Group's internal organisation is described in Chapter 1, Section 7, and mainly comprises the following key players in the Company's risk management and internal control system:

- the Executive Committee (ExCom): Chief Executive Officer, Directors of the Operating Divisions, Directors of the Functional Structures;
- centralised functional structures for the Company as a whole (Human Resources, Finance, IT, etc.);
- operating departments focused on a specific aspect of software publishing (Solutions, Products & Engineering, Customer Success Organisation, Marketing) and Business Units, administrative, regional or national branches of these divisions.

Definition of powers and responsibilities

Rules governing delegation define the operating powers attached to each level of the organisation and organise the control of decisions for all Axway entities. The decision-making levels selected reflect a balance between the autonomy of the business divisions integrating an extended geographic coverage and the controls and limitations that are also necessary. The rules governing delegation are regularly reviewed in order to take into consideration any changes in the Company.

Human Resources management policy

The Company ensures the appropriate development of its Human Resources management policy and strives to retain the personnel who are key to its offerings, development processes, implementation methods and marketing approach.

The Human Resources Department has set up measures aiming to optimise the development of each employee's career path. This development is guided by a career evaluation and tracking procedure, tailored to the needs of the Company. This procedure includes key moments for evaluating skills and performance and reviewing working conditions: annual employee appraisals and monitoring by HR Business Partners, which are used to define individual action plans (training, mentoring, role playing).

The Group's policy and the measures aimed at mastering Human Resource management and the related main indicators are laid out in Chapter 2 "Corporate responsibility".

IT systems

The IT Department is responsible for managing the IT systems. It reports to the Administrative and Finance Department, which directly supervises its activity and, where necessary, arbitrates decisions. This entity is in charge of IT resources (including procurement) and implementation of security processes and is responsible for developing or selecting the applications to be used to meet the Company's internal needs.

By continuously working on the upgrade of the IT system, this department supports Axway's growth in all its aspects: organic growth, integration of acquisitions, geographical expansion, and integration of industry developments such as cloud services.

The objectives of this department are to adapt the information system as effectively as possible to the Company's operating requirements, and to ensure the physical and logistical security of data to which permanent access must be guaranteed due to the service requirements in an international environment. The tools made available are adapted to the users' needs and each one is duly informed. Systems for backing up data, monitoring infrastructures, and controlling access to sites and IT applications are thus deployed universally.

Procedures

The Group has formalised and communicated its Ethics charter, as part of a transparent, fair and loyal approach to all stakeholders: customers, employees, shareholders, partners, suppliers and players in civil society. The Ethics charter defines the rules that Axway and any associated stakeholder must observe in its internal behaviour and vis-a-vis persons and companies in its business relations. It also defines the warning procedures in place should these rules not be observed (professional warning system). Furthermore, an Ethics Committee has been set up to regularly analyse potential cases of fraud, measures undertaken, and changes in procedures and controls which guarantee compliance with corresponding legal requirements.

The Operational and Functional Departments are responsible for the implementation, maintenance and appropriation through a training program of the Company's procedures.

Each operating division – *Solutions, Products & Engineering* (SPE), *Customer Success Organisation* (CSO), Marketing – has a unit in charge of defining, rolling out, industrialising and monitoring procedures, methodologies and tools.

The procedures are, in part, grouped together in the Quality Management System (QMS) accessible at all times through a collaboration and capitalisation portal. Operating manuals are produced by operational or functional units in dedicated spaces on this portal.

One of the main goals of the procedures is to manage the risks identified by the Company and cover operating activities:

- the progression and development of products and solutions (*Research and Development Quality Processes and Procedures*);
- product support and maintenance (*Customer Support and Maintenance Process*);
- implementation of solutions comprising on premise implementation projects (*Project Delivery Process and Procedures*) and cloud activities (*ECMS Delivery Process*);
- marketing (*Go-to-Market Program, New Product Introduction*);
- sales activities (*CSO Policies and Procedures, Sales Policy*);
- as well as global and support processes (Human Resources, Infrastructures and IT systems, Finance and Legal and Administrative functions).

The Company also has information security management procedures (*Information Security Management System*), based on the principles set out in ISO/IEC standards 27001-27002 and 27005. These procedures aim to protect IT systems in terms of access, use, disclosure, disruption, modification or destruction. The Company's IT systems security policy was designed to protect not only the Company's internal data but also that of its customers and partners.

Axway procedures are rolled out as rapidly as possible following acquisitions.

In parallel, internal messages sent on a regular basis to operational and functional managers provide further details on the implementation of the procedures and information on new rules.

c. Internal dissemination of information

The business management system is a fundamental component of the internal control system. This system is designed not only to organise the internal dissemination of information, ascending to Executive Management and descending to the operating and functional units but also to direct, control, assist and provide training. Management meetings held throughout and at all levels of the organisation are scheduled at regular intervals corresponding to the various horizons considered:

- a weekly basis for a monthly horizon: this meeting gives priority to operational monitoring of the activity and makes it possible to ensure the monitoring of forecasts, execution, and production. In sales, it considers major contracts in priority. It also deals with alerts and risks, in particular operational or customer-related;
- a monthly basis for an annual horizon: in addition to the issues handled on a weekly basis, additional emphasis is placed on economic indicators, particularly the previous month's results, review of annual forecasts, budget monitoring, etc.;
- an annual basis for the multi-year timeframe: the budgetary approach falls within the framework of the strategic plan.

The Company steering system is backed by a reporting system developed by the IT Department in collaboration with the operating and functional departments.

d. Risk identification and management process

The Company's risk identification and management process aims to anticipate or address risks as quickly as possible to favour attainment of its objectives. All staff members, both employees and management, are active participants in this process. The operation of the risk management process is overseen by Executive Management, which receives information on risks from operational, functional and audit staff.

The primary risk factors are listed in Chapter 1, Section 9 "Risk factors" of this Registration Document.

Operational risk identification, analysis and management

Standardised steering meetings taking place at all levels across all activities are an essential tool for the identification and management of risks. They ensure identification of operating and functional risks so that they can be handled at the most appropriate level of the organisation.

Operational risks associated with business activities are classified as "alerts" in Axway's in-house lexicon when they are significant for the entity that identifies them. They are handled immediately or included in the weekly review carried out at each of the three levels of the organisation with the aim of implementing an appropriate action plan as quickly as possible. The organisation and definition of responsibilities generally allows for decisions to be taken swiftly, addressing concerns at the level of action, accompanied if necessary by approval from the next reporting level.

The Company's functional divisions responsible for the definition and proper application of policies relating in particular to Human Resources, financing, legal aspects and IT systems, report on a monthly basis to Executive Management on any newly identified risks, the assessment of their possible consequences and the procedures for prevention or remediation put in place or planned.

Risk mapping

A risk mapping was created, with the involvement of Executive Committee, in particular; it is updated regularly and examined by the Executive Management and the Audit Committee. This mapping covers all the Company's business areas (the "Audit Universe"). For each area and issue identified, we assess the associated risks, depending on their potential impact and the probability of occurrence.

The issues and risks covered are consistent with the "Risk factors" described in Chapter 1,Section 9 and respond to the challenges identified in Chapter 1, Section 1.3 Axway's strategy, activity and vision" of this Registration Document. The risk mapping is also used to create an annual internal audit plan to focus resources on the areas and risks that are strategic for the Company.

e. Control activities

Control activities take place throughout the Company, at all levels and in all functions. They include controls aimed at prevention and detection, manual and electronic controls, as well as supervisory controls pursuant to applicable delegation rules.

However, in connection with the three lines of defence model, several control functions that report to the Functional Divisions play a special role in risk management by providing assistance and guidance to operational staff, using a preventive approach (contractual and expense commitments), or by performing controls on the application of procedures and the results obtained (particularly controls on the quality of the data entered into the information system).

Management control

Management Control reports to the Finance Department and has the following main duties:

- verify service and subscription revenue prior to each monthly closing, in addition to the costs for all offices within the Axway scope;
- produce a Group consolidated monthly report with analysis of the results from the internal management system and audit consistency with the monthly forecasts;
- complete the office reviews: reviews of the distribution entities and cost centres;
- control the application of rules and procedures linked to the production of accounting and financial information;
- assist the operational managers and train those working with the management systems.

Legal Department

It plays a key role in the management of the Company's various contractual commitments. The procedures provide for the consultation of this department prior to the signing of contracts with third parties – whether they be customers, suppliers or partners – particularly when these contracts lay down terms and conditions that differ from the standard terms and conditions in force at the Axway Group.

More generally, the Legal Department ensures that the Company complies with applicable laws and regulations in the countries where it operates. The Legal Department participates in numerous working groups, particularly with Middlenext, to discuss best practices and ensure its full compliance with prevailing regulations.

Process, Security & Compliance

The Process, Security & Compliance quality assurance unit (comprising three persons) is responsible for managing the Quality Assurance System and formalising, developing and applying the Information Security Management System (ISMS). Independent of the management of operating activities, it reports to the IT department even though its duties extend beyond this sole function.

This unit also manages our Quality certifications (see f. in this Section) and responds to audit requests submitted by our customers.

f. Ongoing supervision of the internal control system

Internal supervision system

The supervision of the internal control system is a responsibility shared by all employees and is subject to a continuous improvement process. Executive Management, which oversees the internal control and risk management system, plays a key role in this area and helps ensure its effectiveness is maintained.

Internal audit

Pursuant to the internal audit charter, this system has the following duties:

- independent and objective assessment of the functioning of the internal control system via a periodic audit of Group entities or business areas;
- development of all recommendations to improve the Company's operations;
- monitoring of the implementation of agreed upon corrective actions following each audit;
- update of the risk mapping.

The audit assignments and the associated recommendations aim to improve internal control and procedures to reduce the risks identified and help achieve the Company's strategic objectives.

The internal audit unit is under the authority of the Chief Executive Officer and has direct access to the Chairman of the Board of Directors. The internal audit plan is built upon the priorities identified for the year, based on the risk mapping. It is submitted to the Chief Executive Officer and the Audit Committee for approval.

Board of Directors (Audit Committee)

A detailed description of the Audit Committee's role and composition is available in Chapter 3, Section 3.2. On behalf of the Board of Directors, the Audit Committee performs the following tasks:

- internal control and risk management: the Audit Committee monitors the smooth running of the internal control and risk management system, preparation and processing of accounting and financial information; it assesses the effectiveness of the processes set up by management to identify, evaluate, manage and verify financial and non-financial risks.
- financial reporting: The Audit Committee critically reviews management's decisions and assessments involving the Company's financial statements, performance analyses and half-yearly reports.
- internal audit: The Audit Committee ensures the smooth running of the internal audit unit by reviewing the audit universe and risk mapping, approving the annual internal audit plan and monitoring assignment results and the implementation of recommendations.
- external audit: The Audit Committee ensures the quality of the Company's relations with the Statutory Auditors and monitors the performance of their engagement.

External procedures

The internal control system is also monitored externally by the Statutory Auditors and certifying agencies.

Statutory Auditors

During their engagements within the company over the year, the Statutory Auditors do not limit themselves to interacting with the accounts department: they also assess and test the internal controls and procedures in place. To gain a better understanding of the operations and the transactions in the financial statements, the Statutory Auditors hold regular meetings with Operational Managers, who are in the best position to explain Axway's business activities.

Certifications

External certification bodies are called on to conduct an impartial review of our quality and security management system for our customers. These reviews enable Axway to take stock of its processes and remediate any identified malfunctions. They result in a harmonisation of practices, by promoting a continuous improvement culture and perfecting the quality and security of the products and services provided.

- Axway organises an annual independent third-party audit of its cloud activities. The resulting SSAE18/ISAE3204/SOC1 Type II or SOC2 Type II report states how Axway has implemented its main controls and objectives with regard to compliance with these standards. This standard aims to reassure users of these outsourced services on the reliability of the internal security and control system used to monitor services performed on their behalf. In 2018, Axway decided to switch from a SOC1 to a SOC2 type audit that is better tailored to the nature of its cloud activities. Managed Cloud activities were audited according to the SOC2 standard; in 2019, Axway will extend the SOC2 audit to all its cloud activities, including its SaaS (Software as a Service) activities.
- In 2018, Axway renewed its ISO 9001 certification, based on ISO 9001:2015 changes, for its Global Customer Services activities in France and Italy.
- In 2018, Axway also renewed its ISO/IEC 27001:2013 certificate for the 2018-2021 period.
- In 2018, Axway remains compliant with HIPAA regulations, published by the U.S. Department of Health and Human Services (HHS), which defines the rules for protecting personal healthcare data for electronic health insurance management in the United States. In terms of data protection, Axway complies with the General Data Protection Regulation (GDPR) and the Australian Act.

Customers audits

The system is regularly reviewed during customers audits. These are becoming increasingly frequent, particularly due to the strict regulations in the health and finance sectors. Efforts to remain at the "cutting edge" of technology and meet these demands are regularly recognised by our customers. Any comments made or watch-points identified are used to improve the system.

Assessment, improvement process and measures to control the main risks

Internal and external assessments of the internal control system and its procedures make it possible to identify areas of improvement and give rise to action plans aimed at reinforcing internal control.

Through internal audits, internal control is continuously assessed for entities and business segments and lead to the implementation of corrective actions whenever necessary. The implementation of these actions is continuously controlled to ensure the risks identified are dealt with. No major failure of the internal control system has been identified to date.

The continuous improvement program headed by the Process, Security & Compliance team, which includes a project to improve the consistency of the Quality Management System (QMS), continued and led to the renewal of our certifications during 2018.

Furthermore, within the Customer Success Organisation operating department, a structured team focuses on the customer experience: customers and their satisfaction are now pivotal to our strategy. A major customer loyalty and satisfaction survey system for customers and partners has been implemented. Campaigns are regularly carried out, allowing us to measure customer satisfaction and customers' perception of the quality of our products and services, with the aim of constantly improving our offering. Customers are also surveyed on service quality during transactional studies at the closing of each case handled by the Support unit or at the end of projects (Services). Finally, this team collects feedback from the user groups.

Preparation and processing of accounting and financial information

a. Coordination of the accounting and financial organisation

Organisation of the accounting and financial function

Centralisation of the accounting and financial function

As for most functions, the financial and accounting function is predominantly centralised within the Company. Local teams are of an appropriate size to best serve their role as correspondents within the subsidiaries. The Chief Financial Officer closely supervises these teams' activities, in particular through weekly and monthly steering meetings.

The responsibilities of the Finance Department mainly involve producing the separate financial statements of the Company's subsidiaries and preparing the consolidated financial statements, management control, tax issues, sales administration, financing and cash accounting.

As indicated above, there are a limited number of legal entities, and consequently, accounting entities (see "Simplified Group structure at 31 December 2018", Chapter 1, Section 6), which generates operational savings and limits operating risks.

Supervision of the accounting and finance function

The Finance Department reports to the Company's Executive Management. Like all entities, it participates in the monitoring system described above: weekly meetings dealing with current operations, monthly meetings devoted to a detailed examination of figures (actual and forecast), the organisation of the function and the monitoring of business. Executive Management is closely involved in the planning and supervision process as well as in preparing the financial statements.

The Board of Directors is responsible for the ongoing oversight of accounting and financial information. It reviews and validates the annual and interim financial statements in consideration of the opinion expressed by the Audit Committee whose organisation, working procedures and primary responsibilities are described in Chapter 3, Section 3.2 of the Registration Document.

Organisation of the accounting information system

All Axway Group companies prepare complete quarterly financial statements on which the Company and the Axway Group base their published quarterly sales figures and interim financial statements. All of these companies are fully consolidated.

Monthly cash flow forecasts and financial statements that include operating profit are prepared for all Group companies. The application of rules is monitored continuously by the Finance Department, particularly regarding the application of revenue recognition rules and project valuation.

The accounting methods and principles used are those presented in the notes to the consolidated financial statements. Any changes are presented to the Audit Committee.

b. Preparation of the reported accounting and financial information

Reconciliation of accounting data with the internal management system

All Business Units prepare a monthly budget, a monthly operating statement and budget forecasts that are revised monthly. These actions are designed to present the reality of operations and are based upon simple management rules that provide a clear view of performance.

The budget process offers the opportunity to apply the strategy approved by the Executive Committee, adapt the organisation to developments in business segments, market demand and competition, and assign quantitative and qualitative objectives to all entities. Budgets, including detailed monthly operating forecasts, are prepared by each unit.

A monthly operating statement is prepared by each of the Business Units. The third component of the back-end is a revised operating statement prepared each month. This statement includes the results of the previous month and a revised forecast for the remaining months of the current year. All of these documents are combined with numerous management indicators: concerning the economy, invoicing and receipts.

The results derived from the analytical management system are verified by accountants reporting to the Chief Financial Officer, who also reconcile these data with the quarterly accounting results.

Procedures for the preparation and validation of the consolidated financial statements

Each Group company establishes monthly financial statements and prepares a consolidation reporting package. The interim and annual consolidation reporting packages are reviewed by each company's external auditor. The consolidated financial statements are audited by the Group's statutory auditors. For the 31 December closing, the Statutory Auditors audit the Company's financial statements for the purpose of their certification.

Tasked with monitoring the statutory audits, the Audit Committee reviews the work and conclusions of the Statutory Auditors pursuant to their audits of the half-yearly and annual financial statements. The Audit Committee examines the financial statements to ensure the consistent application and relevance of accounting policies and verify the quality of financial reporting.

The financial statements are then submitted to the Board of Directors for approval.

Financial reporting

Financial reporting is supervised by the Chairman of the Board of Directors.

The Group distributes its financial information by different means and notably via press releases, the Registration Document and its constituent reports and information, and the presentation of half-year and yearly results. The Registration Document is filed with the AMF after auditing by the Statutory Auditors.

All of this information can be consulted on the Group's Investor Relations website page. This website, together with all our public internet sites, was extensively reviewed and improved in 2018.

3.4 Information on company officers

The information required under Article L.225-102 of the French Commercial Code regarding the list of company officers and their compensation can be found in Chapter 3, Section 1 of this Registration Document.

3.4.1 Information on transactions in securities by senior executives and those persons mentioned in Article L.621-18-2 of the French Monetary and Financial Code

Pursuant to Article 223-26 of the AMF General Regulations, the following transactions involving Axway shares fell within the scope of Article L.621-18-2 of the French Monetary and Financial Code during fiscal year ended 31 December 2018:

Category(1)	Name	Position	Transaction type(2)	Transaction date	Number of securities	Unit price	Transaction amount
Chief Executive Officer(3)	Donovan	Chief Executive Officer	S	07/09/2018	1,000	15.90	15,900
Board of Directors	Clark Bracco	Director	A	30/10/2018	320	13.9959	4,478.688
Chief Executive Officer	Donovan	Chief Executive Officer	A	17/12/2018	6,700	13.9920	93,746.40

(1) Category a. Members of the Board of Directors, Chief Executive Officer, Sole Executive Officer, Managing Director.
(2) Transaction type:
A. Acquisition;
C. Disposal;
S. Subscription;
E. Exchange.
(3) The aforementioned subscription options were exercised under a subscription option plan by Patrick Donovan as Group employee prior to his appointment as Company Chief Executive Officer on 6 April 2018.

3.4.2 Employee share ownership

Pursuant to the provisions of Article L.225-102 of the French Commercial Code, Company shares were held either as registered shares or under free share grant plans, by its employees or by employees of its affiliates, within the meaning of Article L.225-180 of the French Commercial Code, at 31 December 2018, as follows:

- 3,330 shares under a company savings plan; and
- 21,900 shares directly held in registered form following the set-up of a general free share plan that expired for employees based in France, Spain and Italy on 1 February 2014 and for the other subsidiaries on 14 February 2016;
- representing a total of 0.12% of the Company's share capital at 31 December 2018.

However, no shares were held by employees and/or former employees of the Company or its affiliates through mutual funds, in application of Article L.225-180 of the French Commercial Code.

3.5 Statutory auditors' special report on regulated agreements and commitments

GENERAL MEETING CONVENED TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

This is a free translation into English of the statutory auditors' special report on regulated agreements and commitments that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements and commitments reported on are only those provided by the French Commercial Code (code de commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders of Axway Software,

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such commitments and agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the General Meeting, if any.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE GENERAL MEETING

Agreements and commitments authorised and concluded during the year

We hereby inform you that we have not been advised of any agreement or commitment authorised and concluded during the year to be submitted to the approval of the General Meeting pursuant to Article L. 225-38 of the French Commercial Code.

Agreements and commitments authorised and concluded since the year-end

We have been advised of the following agreements and commitments concluded during the year which were previously approved by your Board of Directors.

Severance pay which is due or which may be due in the event of a termination of duties

Pursuant to the recommendations of its Remuneration Committee, the Board of Directors' meeting of 20 February 2019 decided to set up a severance agreement for the Chief Executive Officer, Patrick Donovan.

The maximum amount of severance pay is one year's fixed and variable salary. The payment of this severance compensation depends on quantitative criteria, i.e. organic growth of signatures and the operating income generated by the Group, with the objectives determined annually by the Board of Directors.

These severance payments in the event of the termination of service are only due in the case of forced departure of the Chief Executive Officer from the Company. No severance payments shall be due if (i) the Chief Executive Officer left his position at his own initiative, or (ii) in the event of gross negligence or serious misconduct, or (iii) in the event of a wrongful act which is unrelated to his position, or (iv) in the event of the departure of the Chief Executive Officer from the Sopra Steria Group.

Reasons justifying that the agreement is in the Company's interest: it was decided to set up a severance agreement to bring Patrick Donovan's compensation package into line with that of other industry Chief Executive Officers.

Person concerned: Patrick Donavan, Axway Software Chief Executive Officer.

Agreements and commitments already approved by the general meeting

Agreements and commitments approved in prior years

a) with continuing effect during the year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by General Meetings of prior years, had continuing effect during the year.

Agreement for the provision of business premises between Axway Software and Sopra Steria Group

Sopra Steria Group invoices your Company for services provided under an agreement for the provision of premises.

The net charges borne by your company under this agreement were €53,606, excluding taxes, for the 2018 fiscal year.

On 20 February 2018, your Board of Directors reviewed this agreement and decided to maintain it for the fiscal year ending 31 December 2019.

Persons concerned:

Pierre Pasquier	Chairman of the Axway Software Board of Directors Chairman of the Sopra Steria Group Board of Directors
Kathleen Clark Bracco	Director and Vice-Chairman of the Axway Software Board of Directors Permanent representative of Sopra GMT on the Sopra Steria Group Board of Directors
Emma Fernandez	Director of Axway Software Director of Sopra Steria Group *
Hervé Saint-Sauveur	Director of Axway Software Director of Sopra Steria Group *
Marie-Hélène Rigal-Drogerys	Director of Axway Software ** Director of Sopra Steria Group
Michael Gollner	Director of Axway Software Director of Sopra-Steria Group **

** Until the General Meeting convened to approve the financial statements for the year ended 31 December 2017.*
*** Since the General Meeting convened to approve the financial statements for the year ended 31 December 2017.*

Assistance agreement signed with Sopra GMT

The agreement between Sopra GMT, on the one hand, and your Company and Sopra Steria Group, on the other hand, defines the role of lead holding company assumed by Sopra GMT with respect to your Company and Sopra Steria Group. Under this tripartite agreement, Sopra GMT is responsible for coordination and assistance for both of these companies, while striving to develop, as much as possible, the various synergies between them.

These services are reinvoiced by Sopra GMT to the two companies on the basis of actual time and money spent to successfully supply the services, plus 7%. The two-year agreement signed on 1 July 2011 was renewed in July 2013 for an indefinite period, and is subject to a 12-month termination notice.

Sopra GMT invoiced €587,278, excluding taxes, in respect of this agreement for the 2018 fiscal year.

On 20 February 2019, your Board of Directors reviewed this agreement and decided to maintain it for the fiscal year ending 31 December 2019.

Persons concerned:

Pierre Pasquier	Chairman of the Axway Software Board of Directors Chairman and CEO of Sopra GMT
Kathleen Clark Bracco	Director and Vice-Chairman of the Axway Software Board of Directors Permanent representative of Sopra GMT on the Sopra Steria Group Board of Directors Deputy CEO of Sopra GMT
Pierre-Yves Commanay	Director of Axway Software Director of Sopra GMT
Yann Metz-Pasquier	Director of Axway Software * Director of Sopra GMT

* *Since the General Meeting convened to approve the financial statements for the year ended 31 december 2017.*

b) with no continuing effect during the year

In addition, we have been informed of the following commitments and agreements, previously approved by General Meetings of prior years, which had no effect during the year.

Severance pay which is due or which may be due to Jean-Marc Lazzari in the event of the termination of his duties as Chief Executive Officer of Axway Software

Pursuant to the recommendations of its Compensation Committee, the Board of Directors' meeting of 21 October 2015 undertook to pay severance compensation to the Chief Executive Officer, Jean-Marc Lazzari.

This severance pay will only be due in the event of the forced departure of the Chief Executive Officer from the Company. The severance pay will not be due if:

- the Chief Executive Officer leaves his position at his own initiative;
- in the event of gross negligence or serious misconduct;
- in the event of a wrongful act which is unrelated to his office;
- in the event of a change in the positions held by Jean-Marc Lazzari within the Axway Group and/or within the Sopra Steria Group.

The maximum amount of severance payments is US$500,000. With effect from the 2016 fiscal year, your Board of Directors determines annually the performance conditions which must be met by the Chief Executive Officer for these payments to be made. The payment of such severance shall be subject to the Board of Directors finding that the following performance conditions have been met:

- In the event of dismissal in respect of the 2017 fiscal year, the Board of Directors' meeting of 20 April 2016 set the following criteria: 50% of the severance pay will be due if Axway Software's organic growth during this fiscal year is positive (at constant scope), and 50% of the severance pay will be due if the Board of Directors considers that the company transformation plan has been set up;
- Pursuant to Article L. 225-42-1 of the French Commercial Code, the Board of Directors' meeting of 22 February 2017 renewed the principle of a severance payment to its Chief Executive Officer, in accordance with the recommendations of its Compensation Committee.

This agreement has become null and void following Jean-Marc Lazzari's departure from the Group.

Person concerned:

Jean-Marc Lazzari, Chief Executive Officer of Axway Software until 6 April 2018.

Courbevoie and Paris, 12 April 2019

The Statutory Auditors

Mazars	**Auditeurs & Conseils Associés - ACA Nexia**
Bruno POUGET	Sandrine GIMAT

3

3.6 Parent company financial statements, consolidated financial statements and appropriation of earnings

At the next General Meeting convened to approve the annual and consolidated financial statements for the fiscal year ended 31 December 2018, the shareholders will be asked to:

- approve the annual financial statements for the fiscal year ended 31 December 2018 showing a profit of € 22,812,473.07;
- approve the non-tax deductible expenses referred to in Article 39-4 of the French General Tax Code, amounting to €50,454, and the taxes incurred due to these expenses amounting to €17,373;
- approve the consolidated financial statements for the fiscal year ended 31 December 2018, showing a consolidated net profit – Group share of €10,993,256.70.

The shareholders will also be asked to approve the appropriation of earnings as follows:

- net profit to be appropriated for the year:
  - profit for the period: €22,812,473.07,
  - retained earnings: €4,890.80,
  - a total of: €22,817,363.87;
- appropriation of earnings:
  - legal reserve: €3,030.00,
  - dividends: €8,490,152.40,
  - discretionary reserves: €14,324,181.47,
  - total: €22,817,363.87.

3.7 Other reports

Report of the Board of Directors on the use of delegations of authority granted and other delegations of authority which expired during the fiscal year

Dear Shareholders,

The purpose of this report, prepared in accordance with Articles L.225-129-5 and R. 225-116 of the French Commercial Code, is to inform the Meeting of the use of the current delegations of authority granted to the Board by the General Meeting in accordance with the provisions of Articles L.225-129-1 and L. 225-129-2 of the French Commercial Code.

I. Use of the delegations of authority granted by the Combined General Meeting of 6 June 2017

The delegation of authority granted by the General Meeting of 6 June 2017 in its fifteenth resolution to authorise the Company to buy back its own shares was 0.13% used.

II. Use of the delegations of authority granted by the Combined General Meeting of 6 June 2018

The delegation of authority granted by the General Meeting of 6 June 2018 in its seventeenth resolution to grant free performance shares to qualifying Group salaried employees or company officers was 1.60% used.

The delegation of authority granted by the General Meeting of 6 June 2018 in its fifteenth resolution was 0.39% used.

The table summarising the delegations of authority that are still valid and their use is available in Chapter 6, Section 6.5 of this Registration Document.

Board of Directors' report on stock options (prepared in accordance with the provisions of Article L.225-184 of the French Commercial Code)

Dear Shareholders,

The purpose of this report, prepared in accordance with Article L.225-184 of the French Commercial Code, is to inform the Meeting of transactions carried out, pursuant to the provisions of Articles L.225-177 to L. 225-186-1 of the French Commercial Code, concerning the grant and exercise of Company stock options during the past fiscal year.

I. Stock options granted during the fiscal year ended 31 December 2018

A summary of transactions carried out in 2018 under the various stock option plans set up by the Company is set out below.

a. Stock options granted to executive officers during the fiscal year ended 31 December 2018

Stock options awarded to each executive officer by the Company and all Group companies during the fiscal year

Name of executive officer	Number and date of plan	Type of options (purchase or subscription)	Valuation of options based on the method used for the consolidated financial statements	Number of options allocated during the year	Exercise price	Exercise period
-	-	-	-	-	-	-

b. Options granted during the fiscal year ended 31 December 2018 by the Company or its affiliates

During fiscal year ended 31 December 2018, the Company and its affiliates did not set up share subscription option plans for these company officers and/or employees.

c. Stock options granted to the top 10 employees (non-company officers) during the fiscal year ended 31 December 2018

Stock options granted to the top 10 employees (non-company officers) and options exercised by them	Total number of options allocated	Weighted average price	Date
Options granted during the fiscal year by the Company and any company within the option award scope, to the 10 employees of the Company, and of any company within this scope, who received the highest number of options granted	-	- €	-

d. Stock options granted to all employee beneficiaries during the fiscal year ended 31 December 2018 and breakdown of these options by category of beneficiaries

Stock options granted to employee beneficiaries during the fiscal year under review

Total number of stock options granted by the Company and any company within the option award scope during the fiscal year under review	Date of plan	Exercise price	Expiry date
-	-	- €	-
Breakdown of stock options awarded during the fiscal year under review			
Top management			-
Employee levels 4, 5 and 6 and/or key employees			-

II. Stock options exercised during the fiscal year ended 31 December 2018

a. Stock options exercised by executive officers during the fiscal year ended 31 December 2018

Stock options exercised during the fiscal year by each executive officer. However, it should be noted that the share subscription options exercised by Patrick Donovan were granted to him **as Axway Group Chief Financial Officer** prior to his appointment as Axway Group Chief Executive Officer.

Name of executive officer	Number and date of plan	Number of shares exercised during the year	Exercise price
Pierre Pasquier	-	-	-
Jean-Marc Lazzari	-	-	-
Patrick Donovan	Plan of 28 March 2013	1,000	15.90
Total	**-**	**-**	**-**

b. Stock options exercised by the top 10 employees (non-company officers) during the fiscal year ended 31 December 2018

Share subscription options exercised by the top ten employee beneficiaries (non-company officers)	Total number of options exercised/ shares purchased	Weighted average price	Plan no. 3	Amendment no. 1 to Plan no. 3	Amendment no. 2 to Plan no. 3
Options held by the Company and exercised during the fiscal year by the 10 employees of the Company or any company within the option award scope, who subscribed for the largest number of options (aggregate information)	15,150	15.296	9,150	6,000	-

III. Options cancelled during the fiscal year ended 31 December 2018

For information purposes, 4,500 share subscription options were cancelled under Plan No. 3 of 2011 as outlined in Chapter 6, Section 6.6 of this document.

Special report of the Board of Directors on free share grants (drawn up in accordance with the provisions of Article L.225-197-4 of the French Commercial Code)

Dear Shareholders,

The purpose of this report, prepared in accordance with Article L.225-197-4 of the French Commercial Code, is to inform the Meeting of the transactions carried out during the past fiscal year under the Company's free share grant schemes.

I. Review of free share grant plans granted in prior fiscal years based on delegations of authority granted by previous General Meetings

a. Free share allocation plan

The Board meeting of 14 April 2015, in application of resolution 16 adopted by the Combined General Meeting of 4 June 2014, approved the conditions for the grant of free shares to an employee and set the conditions and criteria for the grant of free shares under a second Plan involving 35,000 shares. The main characteristics of this plan are (2015 Plan):

- a free grant of 35,000 rights conferring entitlement to 35,000 free shares, subject to meeting the various conditions precedent detailed below, it being specified that on 4 May 2015, the effective date of grant of the rights conferring entitlement to free shares, the value of the Company's share was €20.30 per share;
- the vesting period of the rights conferring entitlement to free shares is four years. However, one-quarter of such rights to free shares shall be deemed to have definitively vested to the beneficiary of the 2015 Plan if he has been in regular active attendance in the year(s) up to the year-end in question. The vesting of rights conferring entitlement to free shares recorded previously cannot be challenged in the event of departure after recognition of this vesting but before expiry of the four (4) year vesting period.

This 2016 free share grant plan is only considered effective from 21 June 2016, the date on which the contractual documents were signed by the beneficiary and the Chief Executive Officer of the Company, duly authorised by the Board of Directors.

b. Free shares awarded during the fiscal year ended 31 December 2016

During the course of the fiscal year ended 31 December 2016, a free performance share grant plan, the features of which are detailed below, was put in place by the Company.

The Combined General Meeting of 21 June 2016, in its eleventh resolution, and after having reviewed the Board of Director's report and the Statutory Auditors' special report, and pursuant to Articles L.225-197-1 *et seq*. of the French Commercial Code:

1. authorised the Board of Directors to grant, free performance shares, on one or more occasions, at its choice, either existing shares of the Company or shares to be issued, to qualifying employees or company officers (within the meaning of Article L.225-197-1 II paragraph 1 of the French Commercial Code) of the Company or to certain categories of such employees or officers and of companies and economic interest groups affiliated with the Company pursuant to the conditions defined in Article L.225-197-2 of the French Commercial Code;
2. resolved that the total number of performance shares awarded, whether they consisted of existing shares or shares to be issued, could not exceed 4% of the Company's share capital on the date of the Board of Directors' grant decision, not taking into account the number of shares to be issued, if applicable, pursuant to the adjustments required to preserve the rights of the beneficiaries of free share grants.

The Board meeting of 21 June 2016, in application of the aforementioned resolution, approved the conditions for the grant of free performance shares to employees, and set the conditions and criteria for the grant of free shares under a second Plan involving 273,500 performance shares (the 2016 Plan). The main characteristics of this plan are:

- a free grant of a total number of 273,500 rights to performance shares in favour of employees and the Chief Executive Officer of the Company within the meaning of Article L.225-197-1-II of the French Commercial Code subject to meeting the various conditions precedent detailed below, it being specified that at the date of 21 June 2016, the effective date of the free grant of performance shares, the value of the Company's share was €19.50 per share. This grant will only be finalised if all of the conditions have been fulfilled at the end of the vesting period, such that at the date of the Board meeting, each beneficiary only receives one right to a performance share:

- the LTI A Plan is implemented over a period of three (3) years. Subject to the cumulative conditions detailed below, each beneficiary will receive the shares at the end of this three (3) year period:
  - presence condition:
    - each beneficiary must, throughout the vesting period for these rights to the free grant of performance shares, be an employee or executive officer within the meaning of Article L.225-197-1-II of the French Commercial Code or retired from the Company or the companies or economic interest groups linked to it within the meaning of Article L.225-197-2 of the French Commercial Code,
  - performance requirement:
    - the performance requirement as defined in the plan will determine the number of performance shares delivered to the beneficiary based on the performance criteria assessed over three consecutive fiscal years,
    - for Plan A, it is based on the organic growth of the Company's consolidated revenue and profit (loss) from operations;
  - the shares delivered will be existing shares held by the Company at the end of the vesting period and/or shares that have been newly created at the latest at the end of the vesting period,
  - this free grant of performance shares is open to all employees, including the Chief Executive Officer. As a result, a shareholding supplement was paid to the employees in order to comply with the laws and regulations in force and in particular Article L.225-197-6 of the French Commercial Code.

II. Free shares awarded during the fiscal year ended 31 December 2017

During the course of the fiscal year ended 31 December 2017, a free performance share grant plan, the features of which are detailed below, was put in place by the Company.

The Combined General Meeting of 21 June 2016, in its eleventh resolution, and after having reviewed the Board of Director's report and the Statutory Auditors' special report, and pursuant to Articles L.225-197-1 *et seq*. of the French Commercial Code:

1. authorised the Board of Directors to grant, free performance shares, on one or more occasions, at its choice, either existing shares of the Company or shares to be issued, to qualifying employees or company officers (within the meaning of Article L.225-197-1 II paragraph 1 of the French Commercial Code) of the Company or to certain categories of such employees or officers and of companies and economic interest groups affiliated with the Company pursuant to the conditions defined in Article L.225-197-2 of the French Commercial Code;
2. resolved that the total number of performance shares awarded, whether they consisted of existing shares or shares to be issued, could not exceed 4% of the Company's share capital on the date of the Board of Directors' grant decision, not taking into account the number of shares to be issued, if applicable, pursuant to the adjustments required to preserve the rights of the beneficiaries of free share grants.

The Board meeting of 6 June 2017, in application of the aforementioned resolution, approved the conditions for the grant of free performance shares to employees, and set the conditions and criteria for the grant of free shares under a second Plan involving 325,000 performance shares (the 2017 Plan). The main characteristics of this plan are:

- a free grant of a total number of 273,500 rights to performance shares in favour of employees and the Chief Executive Officer of the Company within the meaning of Article L.225-197-1-II of the French Commercial Code subject to meeting the various conditions precedent detailed below, it being specified that at the date of 6 June 2017, the effective date of the free grant of performance shares, the value of the Company's share was €19.50 per share. This grant will only be finalized if all of the conditions have been fulfilled at the end of the vesting period, such that at the date of the Board meeting, each beneficiary only receives one right to a performance share;
- this LTI B plan was implemented over three (3) years for employees and four (4) years for the Chief Executive Officer. Subject to fulfilment of the cumulative conditions detailed below, each employee beneficiary will receive the shares at the end of this three (3) year period. Subject to fulfilment of the cumulative conditions detailed below, the Chief Executive Officer will receive shares at the end of this four (4) year period:
  - presence condition:
    - each beneficiary must, throughout the vesting period for these rights to the free grant of performance shares, be an employee or executive officer within the meaning of Article L.225-197-1-II of the French Commercial Code or retired from the Company or the companies or economic interest groups linked to it within the meaning of Article L.225-197-2 of the French Commercial Code;
  - performance requirement:
    - the performance requirement as defined in the plan will determine the number of performance shares delivered to the beneficiary based on the performance criteria assessed over three consecutive fiscal years,
    - for Plan B, it is based on the organic growth of the Company's consolidated revenue and profit on operating activities;

- the shares delivered will be existing shares held by the Company at the end of the vesting period and/or shares that have been newly created at the latest at the end of the vesting period,
- this free grant of performance shares is open to all employees, including the Chief Executive Officer. As a result, a shareholding supplement was paid to the employees in order to comply with the laws and regulations in force and in particular Article L.225-197-6 of the French Commercial Code.

III. Free shares awarded during the fiscal year ended 31 December 2018

During the course of the fiscal year ended 31 December 2018, a free performance share grant plan, the features of which are detailed below, was put in place by the Company.

The Combined General Meeting of 6 June 2018, in its seventeenth resolution, and after having reviewed the Board of Directors' report and the Statutory Auditors' special report, and pursuant to Articles L.225-197-1 *et seq*. of the French Commercial Code:

1. authorised the Board of Directors to grant, free performance shares, on one or more occasions, at its choice, either existing shares of the Company or shares to be issued, to qualifying employees or company officers (within the meaning of Article L.225-197-1 II paragraph 1 of the French Commercial Code) of the Company or to certain categories of such employees or officers and of companies and economic interest groups affiliated with the Company pursuant to the conditions defined in Article L.225-197-2 of the French Commercial Code;
2. resolved that the total number of performance shares awarded, whether they consisted of existing shares or shares to be issued, could not exceed 4% of the Company's share capital on the date of the Board of Directors' grant decision, not taking into account the number of shares to be issued, if applicable, pursuant to the adjustments required to preserve the rights of the beneficiaries of free share grants.

The Board meeting of 25 July 2018, in application of the aforementioned resolution, approved the conditions for the grant of free performance shares to employees, and set the conditions and criteria for the grant of free shares under a second Plan involving 264,500 performance shares (the LTI C 2018 Plan). The main characteristics of this plan are as follows:

- a free grant of a total number of 264,500 rights to performance shares in favour of employees and the Chief Executive Officer of the Company within the meaning of Article L.225-197-1-II of the French Commercial Code subject to meeting the various conditions precedent detailed below, it being specified that at the date of 6 June 2018, the effective date of the free grant of performance shares, the value of the Company's share was € 19.62 per share. This grant will only be finalized if all of the conditions have been fulfilled at the end of the vesting period, such that at the date of the Board meeting, each beneficiary only receives one right to a performance share;
- this LTI C plan was implemented over three (3) years for employees and for the Chief Executive Officer. Subject to fulfilment of the cumulative conditions detailed below, each employee beneficiary will receive the shares at the end of this three (3) year period. Subject to fulfilment of the cumulative conditions detailed below, the Chief Executive Officer will receive shares at the end of this three (3) year period:
  - presence condition:
    - each beneficiary must, throughout the vesting period for these rights to the free grant of performance shares, be an employee or executive officer within the meaning of Article L.225-197-1-II of the French Commercial Code or retired from the Company or the companies or economic interest groups linked to it within the meaning of Article L.225-197-2 of the French Commercial Code;
  - performance requirement:
    - the performance requirement as defined in the plan will determine the number of performance shares delivered to the beneficiary based on the performance criteria assessed over three consecutive fiscal years,
    - for Plan C, it is based on the organic growth of the Company's consolidated revenue, the ACV amount of Company signatures and profit on operating activities;
  - the shares delivered will be existing shares held by the Company at the end of the vesting period and/or shares that have been newly created at the latest at the end of the vesting period,
  - this free grant of performance shares is open to all employees, including the Chief Executive Officer. As a result, an incentive bonus was paid to the employees in order to comply with the laws and regulations in force and in particular Article L.225-197-6 of the French Commercial Code.

Board of Directors’ report on the authorization granted by the General Shareholders’ Meeting to issue redeemable share subscription and/or purchase warrants (BSAARs) to employees and company officers of the Company or its Group

The Board of Directors did not use the authorization granted by the twenty-first resolution of the Combined General Meeting of 6 June 2017 to grant BSAAR warrants to employees and to company officers of the Company or its Group.

For a major German automobile manufacturer that has pioneered the connected car, Axway's AMPLIFY™ API Management offer secures digital exchanges between a central IT platform and thousands of vehicles.

4

Consolidated financial statements AFR

4.1 Consolidated income statement

		2018	2017	2016
(in thousands of euros)	**Notes**	**Amount**	**Amount**	**Amount**
Revenue	**4**	**283,832**	**299,845**	**301,078**
Employee costs	5	-169,579	-188,473	-190,127
Purchases and external expenses	4	-78,035	-74,769	-66,415
Taxes and duties		-2,696	-2,699	-2,848
Depreciation and amortisation, provisions and impairment	4	-5,341	-6,341	-5,549
Other current operating income and expenses		3,729	12,965	14,632
Profit on operating activities		**31,909**	**40,528**	**50,771**
as % of revenue excl. VAT		***11.2%***	***13.5%***	***16.9%***
Share-based payment expense	5	-1,131	-1,308	-1,089
Amortisation of allocated intangible assets	4	-8,315	-8,543	-7,863
Profit from recurring operations		**22,463**	**30,678**	**41,818**
as % of revenue excl. VAT		***7.9%***	***10.2%***	***13.9%***
Other operating income and expenses	4	-4,209	-2,943	-6,738
Operating profit		**18,254**	**27,735**	**35,080**
as % of revenue excl. VAT		***6.4%***	***9.2%***	***11.7%***
Cost of net financial debt	10	-734	-1,093	-380
Other financial income and expense	10	-893	1,784	522
Income tax expense	6	-5,633	-24,021	-3,745
Share of profit of associates		-	-	-
Profit for the year from continuing operations		**10,994**	**4,405**	**31,477**
Profit for the year from discontinued operations				-
Net profit for the year		**10,994**	**4,405**	**31,477**
as % of revenue excl. VAT		***3.9%***	***1.5%***	***10.5%***
of which attributable to non-controlling interests		0	1	0
of which attributable to owners of the Company		10,993	4,404	31,477

Net income per share - attributable to owners of the Company

(in euros)	**Notes**	**2018**	**2017**	**2016**
Basic earnings per share	**12**	**0.52**	**0.21**	**1.51**
Diluted earnings per share	**12**	**0.51**	**0.20**	**1.48**

Statement of comprehensive income

(in thousands of euros)	2018	2017	2016
Consolidated profit for the year	**10,994**	**4,405**	**31,477**
Other comprehensive income:			
Actuarial gains and losses on pension plans	164	1,241	765
Tax impact	-59	-427	-249
Sub-total items that will not be reclassified subsequently to profit or loss	**105**	**814**	**516**
Share attributable to non-controlling interests	-0	-1	-2
Exchange differences on translating foreign operations	10,662	-31,306	6,559
Fair value gains (losses) on derivatives	-	-	46
Items relating to associates	-	-	-
Items relating to discontinued operations	-	-	-
Tax impact	-	-	-433
Sub-total items that may be reclassified subsequently to profit or loss	**10,662**	**-31,306**	**6,170**
Total other comprehensive income, net of tax	**21,760**	**-30,493**	**6,686**
Total comprehensive income	**21,760**	**-26,088**	**38,163**
of which attributable to non-controlling interests	-0	-1	-2
of which attributable to owners of the Company	**21,760**	**38,165**	**38,165**

4

4.2 Consolidated statement of financial position

Assets

(in thousands of euros)	Notes	31/12/2018	31/12/2017	31/12/2016
Goodwill	8	344,090	333,617	288,801
Intangible assets	8	42,322	48,917	49,765
Property, plant and equipment	8	13,402	14,390	14,532
Non-current financial and other assets	7	3,526	3,288	3,235
Deferred tax assets	6	19,394	20,459	46,328
Non-current assets		**422,734**	**420,670**	**402,662**
Inventories		91	178	282
Trade receivables	7	65,565	71,090	78,209
Other current receivables	7	29,634	31,016	24,973
Cash and cash equivalents	10	35,784	28,146	51,716
Current assets		**131,074**	**130,430**	**155,181**
Total assets		**553,808**	**551,100**	**557,842**

Equity and liabilities

(in thousands of euros)	Notes	31/12/2018	31/12/2017	31/12/2016
Share capital		42,451	42,420	42,042
Capital reserves		110,976	121,044	117,079
Consolidated reserves		198,329	176,256	184,219
Profit for the year		10,993	4,404	31,477
Equity - attributable to owners of the Company		**362,749**	**344,126**	**374,816**
Non-controlling interests		**1**	**2**	**1**
Total equity	**12**	**362,751**	**344,127**	**374,818**
Financial debt – long-term portion	10	41,774	47,759	35,450
Deferred tax liabilities	6	582	420	995
Other non-current liabilities	7	10,827	22,090	9,303
Non-current liabilities		**53,184**	**70,269**	**45,748**
Financial debt – short-term portion	10	4,238	4,481	3,685
Trade accounts payable	7	15,441	16,172	16,466
Deferred revenue	7	75,232	67,313	74,492
Other current liabilities	7	42,963	48,738	42,634
Current liabilities		**137,874**	**136,704**	**137,276**
Total liabilities		**191,057**	**206,973**	**183,025**
Total equity and liabilities		**553,808**	**551,100**	**557,842**

4.3 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 31/12/2016	**42,042**	**117,079**	**-224**	**172,314**	**43,605**	**374,816**	**1**	**374,818**
Capital transactions	378	2,772	-	-	-	3,150	-	3,150
Share-based payments	-	1,193	-	-	-	1,193	-	1,193
Transactions in treasury shares	-	-	-397	-	-	-397	-	-397
Ordinary dividends	-	-	-	-8,468	-	-8,468	-	-8,468
Changes in scope of consolidation	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-81	-81	-	-81
Transactions with shareholders	**378**	**3,965**	**-397**	**-8,468**	**-81**	**-4,603**	**-**	**-4,603**
Profit for the year	-	-	-	4,404	-	4,404	1	4,406
Other comprehensive income	-	-	-	-	-30,493	-30,493	-1	-30,493
Total comprehensive income for the year	**-**	**-**	**-**	**4,404**	**-30,493**	**-26,087**	**1**	**-26,088**
Equity at 31/12/2017	**42,420**	**121,044**	**-621**	**168,250**	**13,031**	**344,126**	**2**	**344,127**
Capital transactions	30	201	-	-	-	232	-	232
Share-based payments	-	-10,269	-	11,459	-	1,190	-	1,190
Transactions in treasury shares	-	-	-255	-51	-	-306	-	-306
Ordinary dividends	-	-	-	-4,237	-	-4,237	-	-4,237
Changes in scope of consolidation	-	-	-	-	-	-	-	-
Other movements	-	-	-	23	-38	-16	-1	-16
Transactions with shareholders	**30**	**-10,068**	**-255**	**7,194**	**-38**	**-3,137**	**-1**	**-3,138**
Profit for the year	-	-	-	10,993	-	10,993	-	10,993
Other comprehensive income	-	-	-	-	10,767	10,767	-	10,767
Total comprehensive income for the year	**-**	**-**	**-**	**10,993**	**10,767**	**21,760**	**-**	**21,760**
Equity at 31/12/2018	**42,451**	**110,976**	**-876**	**186,437**	**23,760**	**362,749**	**1**	**362,751**

4.4 Statement of cash flows

(in thousands of euros)	2018	2017	2016
Consolidated net income (including share attributable to non-controlling interests)	**10,994**	**4,405**	**31,477**
Net charges to depreciation, amortisation and provisions	12,896	12,174	10,044
Unrealised gains and losses relating to changes in fair value	-	-79	-51
Share-based payment expense	1,190	1,308	1,089
Other calculated income and expense	-894	-	-
Gains and losses on disposal	24	395	900
Dilution gains and losses	-	-	-
Share of profit of associates	-	-	-
Dividends (unconsolidated securities)	0	-	-
Cash from operations after cost of net financial debt and tax	**24,209**	**18,203**	**43,459**
Cost of net financial debt	734	1,093	380
Tax expense (including deferred tax)	5,633	24,021	3,745
Cash from operations before cost of net financial debt and tax (A)	**30,576**	**43,317**	**47,584**
Tax paid (B)	-4,408	-2,051	-3,291
Changes to operating working capital requirements (including liabilities related to employee benefits) (C)	-3,558	-11,724	-5,900
Net cash from operating activities (D) = (A+B+C)	**22,610**	**29,543**	**38,394**
Purchases of intangible assets and PP&E	-4,374	-4,194	-10,094
Proceeds from sale of intangible assets and PP&E	-	-	-
Purchases of financial assets	-	-	-202
Proceeds from sale of financial assets	-	-	-
Impact of changes in the scope of consolidation	0	-52,691	-45,944
Dividends received (associates, unconsolidated securities)	-0	-	-
Change in loans and advances granted	196	-635	-1,102
Investment grants received	-	-	-
Other cash flows from investing activities	203	-	-
Net cash from (used in) investing activities (E)	**-3,974**	**-57,520**	**-57,342**
Proceeds from issues of share capital	-	-	-
Proceeds from the exercise of stock options	232	3,150	3,444
Purchases and proceeds from disposal of treasury shares	-	-	-
Dividends paid during the year	-	-	-
• Dividends paid to shareholders of the parent company	-4,237	-8,468	-8,314
• Dividends paid to minority interests of consolidated companies	-1	-0	-
Proceeds from borrowings	-	76,033	33,000
Repayment of borrowings	-2,853	-62,781	-1,656
Change in current accounts - Sopra Group	-	-	-
Net interest paid (including finance leases)	-861	-1,093	-380
Other cash flow relating to financing activities	-2,960	-	-60
Net cash from (used in) financing activities (F)	**-10,679**	**6,841**	**26,034**
Effect of foreign exchange rate changes (G)	-323	-2,434	756
Net change in cash and cash equivalents (D+E+F+G)	**7,634**	**-23,570**	**7,841**
Opening cash position	28,137	51,707	43,866
Closing cash position	35,772	28,137	51,707

4.5 Notes to the consolidated financial statements

Summary of the notes to the consolidated financial statements

4

Notes to the consolidated financial statements

This is the eighth publication for the Axway Group following its IPO on the NYSE Euronext in Paris on 14 June 2011.

The consolidated financial statements were prepared in accordance with prevailing accounting policies and principles at 31 December 2018, on the bases described below, to provide an overview of the business activities included in Axway's scope of consolidation.

Note 1 Accounting principles

The main accounting policies applied for the preparation of the consolidated financial statements are presented below. They have been applied consistently for all the fiscal years presented, with the exception of IFRS 15 and IFRS 9, applied for the first time in the fiscal year beginning 1 January 2018.

1.1 Basis of preparation

The consolidated financial statements for the fiscal year ended 31 December 2018 were prepared in accordance with IFRS standards as adopted by the European Union. These standards are available on the European Commission website: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en.

The financial statements were prepared mainly on a historical cost basis, except for employee benefits, share-based payments, financial debt and derivatives, which are measured at fair value.

1.2 Application of new standards and interpretations

a. New mandatory standards and interpretations

The new standards, amendments to existing standards and interpretations of mandatory application in fiscal years beginning on or after 1 January 2018 did not have any material impact on the Group's financial statements and income. These primarily concern:

- IFRS 15, *Revenue from Contracts with Customers (including amendments and clarifications);*
- IFRS 9, *Financial Instruments;*
- IFRIC 22, *Foreign Currency Transactions and Advance Consideration;*
- Amendments to IFRS 2, *Share-based Payment;*
- Amendments to IAS 40, *Investment Properties.*

b. Standards and interpretations adopted by the European Union and applicable in advance at 31 December 2018

- IFRS 16, *Leases* (published in November 2017 by the European Commission) is of mandatory application from 1 January 2019;
- *IFRS annual improvements cycle (2015-2017)*, notably concerning:
  - IAS 12, *Income Taxes*, and the income tax consequences of payments on instruments classified as equity,
  - IAS 23, *Borrowings costs*: costs eligible for capitalisation,
  - IFRS 3, *Business combinations*, and IFRS 11, *Joint arrangements*: previously held interests in a joint operation.

The Group has chosen not to apply these standards and interpretations in advance.

c. Standards and interpretations published by the IASB in the process of adoption by the European Union and applicable in advance at 31 December 2018

- IFRIC 23, *Uncertainties over income tax treatments* (published in October 2018 by the European Commission).
- Amendment to IAS 19, *Employee benefits*, clarifying the effect of a plan amendment, curtailment or settlement.

The Group has chosen not to apply these standards and interpretations in advance.

d. Standards and interpretations published by the IASB but not yet adopted by the European Union and for which early application was not authorised at 31 December 2018

These standards are not applied by the Group. They primarily concern:

- Amendments to IFRS 10 and IAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;*
- IFRS 14, *Regulatory Deferral Account*;
- IFRS 17, *Insurance Contracts*.

e. Format of the financial statements

The consolidated financial statements of Axway Software are presented in accordance with Recommendation no. 2009-R.03 of 2 July 2009 issued by the *Conseil National de la Comptabilité* on the format of the income statement, the statement of cash flows and the statement of changes in equity.

However, the format of the income statement has been adapted to improve the presentation of the Company's performance. This relates particularly to a new line item *Profit on operating activities,* which is now positioned before *Profit from recurring operations,* an indicator used internally by Management to assess the Company's performance. This indicator corresponds *to Profit from continuing operations* before expenses related to the cost of services rendered by beneficiaries of share subscription options and before amortisation of allocated intangible assets.

1.2.1 Application of IFRS 15, *Revenue from Contracts with Customers*

IFRS 15, *Revenue from Contracts with Customers*, sets out a five-step framework for analysing customer contracts, as follows:

1. identify the contract with the customer;
2. identify the performance obligations in the contract;
3. determine the transaction price;
4. apportion the transaction price to the performance obligations in the contract;
5. recognise revenue.

The Group applies IFRS 15 with effect from 1 January 2018 using the full retrospective method in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, taking account of available practical expedients.

At the end of the diagnostic phase described below, it is the Group's view that the combined adjustments identified on the application of IFRS 15 do not have a material impact on Revenue, Consolidated profit on operating activities, or the Consolidated Statement of financial position. Comparative information is not restated.

During the analysis required by each of these stages, divergences from the application of the current standards were identified in individual cases involving a limited number of contracts. Accordingly, as described in Note 1.2.b on pages 122 and 123 of the 2017 Registration Document, the divergences identified affected a very limited number of contracts and focused on:

- *distinguishing performance obligations within a contract*, specifically the treatment of set-up phases for delivery of services in SaaS mode. These services may either be non-distinct, in which case a corresponding asset will be amortised over the duration of the performance obligations to which they refer, or they may be distinct, and recognised when control is transferred to the customer.

  The analysis carried out by the Group led to the conclusion that no change should be made to the revenue recognition method currently applied.

  Therefore, the Group considers that the application of this new rule has no impact on its financial statements.
- *the procedures for determining the transaction price of a contract and its apportionment to the different performance obligations*. This led to the identification of variable considerations granted to customers such as discounts, predefined financial penalties where the Group fails to deliver the services to the customer in SaaS mode, or bonuses, in accordance with their probability of occurrence.

  The internal revenue recognition procedure takes these variable considerations into account. It is systematically analysed for each customer contract, but given its low impact, revenue is not adjusted.

  The Group noted an impact related to variable consideration of less than €50 thousand in 2017 and €40 thousand in 2018.

  In the Group's view, the application of this new rule does not have a material impact on its financial statements. The 2017 financial statements have not been restated.
- *the procedures for determining the transaction price of a contract and its apportionment to the different performance obligations*. This led to the identification of financial components related to the service payment procedures. The Group's revenue recognition procedure takes this new rule into account. As such, every customer contract signed is analysed.

  The Group has found that financing components are infrequent, due to the commercial procedures which limit their appearance, and that the amounts of these components are small. Therefore, revenue is not adjusted on recognition. However, the Group prepares an update at the end of each half-year to verify that the impact of financing components remains minor. If such financing components were to have a material impact, revenue would be adjusted accordingly.

  The Group noted an impact related to financing components of less than €50 thousand in 2017 and less than €40 thousand in 2018.

  In the Group's view, the application of this new rule does not have a material impact on its financial statements. The 2017 financial statements have not been restated.
- *the consideration payable to the customer which cannot be identified as separate services performed by the customer under the contract. The Group did not identify this type of contract in 2017 or 2018.*
- *non-cash consideration.* The Group did not identify this type of contract in 2017 or 2018.
- *the transaction price allocated to the remaining performance obligations*. IFRS 15.120 requires the disclosure of a schedule identifying when an entity expects to recognise revenue on unsatisfied performance obligations relating to current contracts. The standard provides for two practical expedients:

4

- the performance obligation is part of a contract that has an original expected duration of one year or less.

  This practical expedient is applicable to the Group:

  It concerns sales of licences. No contracts need be reported as the initial duration is estimated at less than one year. Fixed-price services are also concerned. Fixed-price projects were inventoried and those with an initial duration of less than one year excluded,
- revenue is recognised in the amount the Company has a right to invoice;

  This practical expedient is applicable to the Group;

  It primarily concerns certain services invoiced monthly based on actual service consumption: maintenance fees, services invoiced based on volume under a Software as a Service contract and cost-plus contracts.

Axway has applied IFRS 15 using the full retrospective method and adopted a further practical expedient. For all periods prior to the date of first-time application for which the Group presents financial information, Axway is not required to disclose the amount of the transaction price allocated to unsatisfied performance obligations or to provide a schedule highlighting when the Group expects to recognise this amount in revenue.

Implementation costs related to Subscription contracts, such as commissions, are capitalised and amortised over the duration of the contract. In anticipation of the adoption of the new IFRS 15, the Group had adapted its internal revenue recognition procedure and its implementation cost accounting procedure prior to 2018.

At 31 December 2018, capitalised contract costs such as commission paid totalled €3.2 million, €0.7 million falling due in more than one year and €2.5 million falling due within one year. At 31 December 2017, assets recognised in respect of costs of obtaining contracts totalled €1.3 million. In 2018, costs of obtaining Subscription contracts therefore increased by €1.9 million.

1.2.2 Description of the application of IFRS 9, *Financial Instruments*

Application of IFRS 9, *Financial Instruments*, is mandatory from 1 January 2018. The Group has analysed the new rules and assessed their impact and identified and studied the following points.

A new trade receivables impairment model requires statistical provisioning of credit risk at the issuance of the receivables. Given both the nature of the Group's customers, which exhibit a low credit risk, and the policy of systematically provisioning receivables beyond a certain maturity, in the Group's view, the application of this new rule has no material impact on its financial statements.

The new standard changes the accounting treatment of refinancing transactions, which are no longer considered as a repayment, but as an amendment to the previous terms. In the Group's view, the changes to its borrowings prior to the application of the new rule have no material impact on its financial statements.

IFRS 9 changes the method of recognising the value of currency risk and interest rate risk hedges carried out using option-based derivative instruments. Changes in the time value of these hedges are recognised in Other comprehensive income, and the time value at the date when the hedging relationship is designated is amortised over the period during which the derivative instrument impacts profit or loss. On transition, the Group had no hedging instruments; this change has no impact on its financial statements.

The Group did not recognise any adjustments following the application of IFRS 9 and comparative information has not been restated.

1.2.3 Initial estimates of the impact of IFRS 16, *Leases*

Application of IFRS 16, *Leases*, is mandatory from 1 January 2019.

This standard will require the lessee to recognise a right-of-use in assets and a lease liability. The Group undertook a diagnostic phase and will then implement the new rules, including identification of transitional procedures.

In September 2018, the Group launched a project to assess the impacts of applying IFRS 16, *Leases*, at 1 January 2019. This assessment was performed on the following basis:

- office premises and vehicle leases are complete at 31 December 2018;
- estimates are performed at 1 January 2019;
- leases with an initial term of less than 12 months are excluded;
- leases where the value of the asset is less than US$5,000 are excluded;
- costs of obtaining a contract are included when calculating the right of use;
- incremental borrowing rates are applied rather than implicit rates;
- incremental borrowing rates were estimated at 1 January 2019 by a recognised independent expert in the financial risk management sector. The incremental borrowing rates are equal to the risk-free rate, plus an Axway spread, plus a foreign currency rate. Different rates have been calculated depending on the Group entity and the maturity;
- Axway has adopted the modified retrospective approach;
  - recognition of a lease liability equal to the present value of future lease payments discounted at the incremental borrowing rate collected by Axway at the date of first-time application (1 January 2019),
  - recognition of a "right-of use-asset" equal to:

- either the carrying amount of the asset if IFRS 16 was applied at the date of inception of the lease, but using the incremental borrowing rate at the date of first-time application (1 January 2019) as the discount rate. Axway has adopted this approach for leases of premises, including rent holidays and substantial refurbishment work that may only be collected after the date of first-time application,
- or the lease liability, adjusted for prepaid or accrued lease payments, as presented in the balance sheet immediately before the date of first-time application. This approach has been adopted by Axway for leases not including rent holidays or significant refurbishment work.

At the end of this diagnostic phase, it is the Group's view that the combined adjustments identified on the application of IFRS 16 will have the following impacts:

- “Right of use, gross”: between €39 million and €43 million;
- “Right of use, net”: between €24 million and €27 million;
- “Lease liability”: between €28 million and €32 million;
- “Equity”: between -€4 million and -€5 million;
- 2019 “Consolidated profit on operating activities”: between +€0.9 million and +€1.2 million.

The Group has chosen not to apply IFRS 16 by anticipation as of 1 January 2018.

1.3 Significant estimates and accounting judgments

The preparation of financial statements implies the use of estimates and assumptions in measuring certain consolidated balance sheet assets and liabilities as well as certain income statement items. Management is also required to exercise judgment in the application of the Group's accounting policies.

Such estimates and judgments, which are continually updated, are based both on historical information and on reasonable expectations of future events based on the circumstances. However, given the uncertainty implicit in assumptions as to future events, the related accounting estimates may differ from the actual results.

a. Significant assumptions and accounting estimates

The main assumptions and accounting estimates liable to leave scope for material adjustments to the carrying amount of assets and liabilities in subsequent periods are as follows:

- the measurement of goodwill (see Notes 8.1 and 8.2);
- the measurement of retirement benefit commitments (see Note 5.3);
- the recognition of income (see Note 4.1);
- the measurement of deferred tax assets (see Note 6.3);
- the measurement of provisions (see Notes 5.3 and 9).

b. Significant judgments in the application of accounting policies

With the exception of those policies requiring accounting estimates, no judgment exercised by Management has had a material impact on the amounts recognised in the financial statements.

Note 2 Methods and scope of consolidation

2.1 Consolidation methods

Axway Software is the consolidating company.

The companies over which Axway Software has full control have been fully consolidated. The Group is deemed to control an entity when the following conditions are met:

- the Group has authority over the entity (the ability to manage its relevant business operations, *i.e.* those that have a significant impact on the entity's profitability), through holding voting rights or other rights; and
- the Group is exposed to or is entitled to variable returns due to its ties with the entity; and
- the Group has the ability to exercise its authority over the entity in such a way as to affect the amount of the returns it obtains from it.

Axway Software does not exert significant influence or joint control over any entity.

Axway Software Group does not, directly or indirectly, control any *ad hoc* company.

Transactions between entities included in the scope of consolidation, as well as unrealised balances and profits on transactions between Group companies are eliminated on consolidation.

The financial statements of all consolidated companies are prepared to 31 December. These accounts have, where applicable, been restated to ensure the consistency of accounting and valuation rules applied by the Group.

The list of consolidated companies is given in Note 16.

2.2 Foreign currency translation

a. Functional and presentation currencies

Items presented in the financial statements of each entity included in the scope of consolidation are measured using the currency of the primary economic environment in which each entity operates, i.e. its “functional currency”.

The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company Axway Software.

b. Translation of the financial statements of foreign subsidiaries

Group subsidiaries' functional currencies are their local currencies in which most of their transactions are denominated. The accounts of all entities included in the scope of consolidation whose functional currency differs from the Group's presentation currency are translated into euros as follows:

- assets and liabilities are translated at year-end exchange rates;
- income, expenses and cash flows are translated at average rates for the period;
- all resulting foreign exchange differences are recognised as a distinct shareholders' equity component under "Foreign exchange gains and losses".

Foreign exchange differences arising from the translation of net investments in foreign operations are recorded as a separate component of equity under the heading "Translation reserves" in accordance with IAS 21. Foreign exchange differences relating to intercompany loans are considered as an integral part of the Group's net investment in the foreign subsidiaries in question.

When a foreign operation is divested, the applicable accumulated translation difference is transferred to the income statement as part of the gain or loss arising on disposal.

Goodwill and fair value adjustments arising on acquisition of foreign operations are treated as assets and liabilities of the operation and, as such, are translated at the closing rates applying at the reporting date.

No entity operating in a hyper-inflationary economy is included in the scope of consolidation.

c. Translation of foreign currency transactions

Transactions denominated in foreign currencies are translated to entities' functional currencies at rates applying on the transaction dates. The foreign exchange gains and losses arising on settlement, as well as those arising from the adjustment of foreign currency denominated monetary assets and liabilities to rates applied at the reporting date, are recognised in profit or loss, with the exception of amounts recognised directly in shareholders' equity with respect to cash flow hedging or hedging of the net investment in a foreign operation.

d. Translation rate

	Average rate for the period			Period-end rate		
€1/currency	**2018**	**2017**	**2016**	**2018**	**2017**	**2016**
Swiss franc	1.1550	1.1102	1.0901	1.1269	1.1702	1.0739
Pound sterling	0.8847	0.8757	0.8166	0.8945	0.8872	0.8562
Swedish krona	10.2583	9.6349	9.4633	10.2543	9.8435	9.5529
Romanian leu	4.6540	4.5683	4.4906	4.6635	4.6585	4.5391
Bulgarian lev	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558
US dollar	1.1810	1.1270	1.1062	1.1450	1.1993	1.0541
Australian dollar	1.5797	1.4713	1.4875	1.6220	1.5346	1.4596
Hong Kong dollar	9.2559	8.7814	8.5865	8.9678	9.3721	8.1753
Singapore dollar	1.5926	1.5571	1.5276	1.5591	1.6024	1.5234
Yuan (China)	7.8081	7.6206	7.3483	7.8753	7.8046	7.3201
Rupee (India)	80.7332	73.4077	74.3344	79.7448	76.6284	71.5820
Real (Brazil)	4.3085	3.5931	3.8378	4.4441	3.9728	3.4305
Ringgit (Malaysia)	4.7634	4.8473	4.5824	4.7317	4.8537	4.7288

2.3 Principal acquisitions

The Group applies IFRS 3 (revised version) to the identified assets acquired and liabilities assumed as a result of business combinations. The acquisition of an asset or a group of assets that do not constitute a business combination is recognised in accordance with the standards applicable to these assets (IAS 38, IAS 16 and IAS 39).

Since IFRS 3, revised, entered into mandatory effect on 1 January 2010, the Group applies the following principles:

- transaction costs are immediately expensed under Other Operating Expenses when they are incurred;
- for each business combination, the Group determines whether to opt for recognition of "full goodwill", i.e. including the share of goodwill attributable to non-controlling interests at the acquisition date (measured at fair value), or of "partial goodwill", which amounts to measuring the share of goodwill attributable to non-controlling interests in proportion to those interests' share in the fair value of the identifiable net assets acquired;
- any potential price adjustment is estimated at its fair value on the acquisition date. This initial measurement can be adjusted subsequently through goodwill only where there is new information relating to circumstances existing at the

acquisition date, and the new measurement is made during the measurement period (12 months). Any adjustment to the financial liability recognised after the measurement period in respect of earn-outs, where it does not meet these criteria, is recognised through Group comprehensive income.

All business combinations are recognised by applying the acquisition method, which consists of:

- measuring and recognising at fair value at the acquisition date the identifiable assets acquired and liabilities assumed. The Group identifies and allocates these items on the basis of contractual provisions, economic conditions and its accounting and management principles and procedures;
- measuring and recognising at the acquisition date the difference referred to as "goodwill" between:
  - the sum of the purchase price for the company acquired plus the amount of any non-controlling interests in that entity, and
  - the net amount of the recognised identifiable assets acquired and liabilities assumed.

The acquisition date is the date on which the Group effectively obtains control of the company acquired.

The purchase price of the acquiree corresponds to the fair value, at the acquisition date, of components of consideration remitted to the seller in exchange for control of the acquiree, to the exclusion of any components serving as consideration for any transaction separate from the attainment of control.

If the initial accounting of a business combination can only be determined provisionally before the end of the reporting period in which the combination was performed, the acquirer recognises the combination using provisional values. The acquirer must then recognise adjustments to these provisional values following completion of initial accounting within 12 months of the acquisition date.

Newly-consolidated entities

There were no entries into the scope of consolidation in 2018.

2.4 Other changes in consolidation scope

Deconsolidated entities

The Group placed the following companies in liquidation: Systar Limited in the UK, Appcelerator Inc. in the United States, Appcelerator Singapore in Singapore and Axway Software Sdn Bhd in Malaysia. These companies were removed from the scope of consolidation at the beginning of 2018.

The intangible assets (technology and customer database) of Syncplicity LLC in the United States were transferred to Axway Inc. in the United States at 31 March 2018. This transfer also included all assets and liabilities of Syncplicity LLC, except for balances relating to transactions after 31 March 2018, such as bank balances, trade receivables, trade payables and inter-company balances.

2.5 Comparability of the financial statements

No pro forma information is required in 2018.

4

Note 3 Segment reporting

Axway segment reporting is presented based on a structure founded on the Developer/Distributor model (Licenses, Subscription, Maintenance, Services) and a geographic model, in accordance with the internal management information provided to Axway's management.

3.1 Revenue by business line

(in thousands of euros)	2018		2017		2016	
Licenses	56,520	19.9%	65,344	21.8%	81,280	27.0%
Subscription	40,327	14.2%	37,537	12.5%	19,106	6.3%
Maintenance	142,810	50.3%	145,399	48.5%	142,967	47.5%
Services	44,175	15.6%	51,565	17.2%	57,725	19.2%
Total revenue	**283,832**	**100.0%**	**299,845**	**100.0%**	**301,078**	**100.0%**

3.2 Revenue by region

(in thousands of euros)	2018		2017		2016	
Europe	146,639	51.7%	155,506	51.9%	162,929	54.1%
Americas	122,318	43.1%	128,763	42.9%	122,853	40.8%
Asia Pacific	14,875	5.2%	15,577	5.2%	15,296	5.1%
Total revenue	**283,832**	**100.0%**	**299,845**	**100.0%**	**301,078**	**100.0%**

3.3 Non-current assets by region

(in thousands of euros)	2018		2017		2016	
France	86,052	21.4%	88,183	22.0%	91,189	25.6%
International	316,571	78.6%	312,029	78.0%	265,144	74.4%
Total non-current assets*	**402,623**	**100.0%**	**400,212**	**100.0%**	**356,333**	**100.0%**

* *Excluding financial instruments, deferred tax assets, and assets with respect to post-employment benefits.*

Note 4 Operating profit

Axway consolidated revenue fell -3.6% organically in 2018, mainly due to a drop in Licenses and Services revenue. This decrease in Licenses and Services revenue was nonetheless offset by strong growth in the Subscription business and stable Maintenance revenue.

4.1 Revenue

4.1.1 Revenue recognition

Revenue is recognised in accordance with IFRS 15, *Revenue from Contracts with Customers*.

Services provided within the scope of the Group's software package operations include:

- the right of use under license of software packages;
- Software as a Service subscription services;
- maintenance;
- ancillary services: installation, settings, adaptation, training.

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

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

- license revenue is recognised immediately on delivery, as license 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 not liable to challenge the customer's acceptance of goods supplied or services rendered;
- maintenance revenue is recognised prorata-temporis, and is generally billed in advance;
- ancillary services revenue is generally recognised on a time-spent basis and is recognised when the services are performed, i.e. usually when invoiced. Ancillary 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 as the entity performs"*.

c. Contracts comprising distinct performance obligations (license, maintenance, ancillary services, etc.) may sometimes be negotiated on a fixed-price basis

In this situation, the contract transaction price is allocated to each performance obligation as follows: revenue attributable to the license is equal to the difference between the total contract amount and the fair value of its other components, 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 management's best estimate. The residual amount attributed to the license 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. They are accounted for using the percentage of completion method described in paragraph e below.

Where preliminary work is performed that is considered essential to the implementation of the Software as a Service solution, the contract is considered as a whole and revenue is recognised progressively over the contract term as described in paragraph b above.

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

These services are recognised as they are performed, i.e. in general at the time of invoicing.

Operations are reviewed at each reporting date:

- services already performed but not yet, or only partially, invoiced are measured based on billable time and contractual billing rates. They are recognised in revenue and are included in the balance sheet under *Trade receivables and related accounts* in *Accrued income*;
- services already billed but not yet entirely performed are deducted from invoiced revenue and included in the balance sheet under *Other current liabilities* in *Deferred income*.

f. Services covered by fixed-price contracts

Under such contracts the 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 the Group's quality procedures, of the contract's degree of completion.

g. Contract balances in the Statement of Financial Position

Services rendered but not yet invoiced or only partially invoiced are recorded in the balance sheet in *Customer contract assets* in *Trade receivables and related accounts* (*Accrued income*). Services invoiced but not yet fully rendered are recorded in the balance sheet in *Customer contract liabilities* in *Other current liabilities* for the portion less than one year (*Deferred income*) and in *Other non-current liabilities* for the portion more than one year (*Deferred income*). Customer contract assets and liabilities are presented net for each individual contract.

h. Assets recognised in respect of costs of obtaining or fulfilling contracts with customers

Costs of obtaining contracts: sales commission on subscription revenue

The costs of obtaining a contract are capitalised if two conditions are met: the costs would not have been incurred if the contract had not been obtained and they can be recovered. Sales commission can therefore be capitalised if it is specifically and uniquely tied to obtaining the contract and it is not granted on a discretionary basis.

The costs of obtaining a contract are capitalised and deferred in *Prepaid expenses* (*Other current receivables*) and released to profit and loss to match revenue recognition. They never result in the recognition of revenue.

Costs of fulfilling a contract: subscription contract preparation phase

The costs of fulfilling or implementing a contract are costs directly related to the contract, that are necessary to satisfying performance obligations in the future and that are expected to be recovered. They do not meet the criteria defined in the general principles to constitute a separate performance obligation.

Subscription contracts require preparation phases (functional integration, implementation of the technical environment) in order to access a target operating phase. These phases do not represent separate performance obligations but are costs of implementing the contract. They are capitalised and recognised in *Prepaid expenses* (*Other current receivables*).

The costs of fulfilling or implementing a contract are capitalised and deferred in *Prepaid expenses* (*Other current receivables*) and released to profit and loss to match revenue recognition. They never result in the recognition of revenue.

The Group applies IFRS 15, which supersedes all existing revenue recognition standards and interpretations at 1 January 2018.

4.1.2 Revenue by business line

The presentation of revenue by business line is as follows:

(in thousands of euros)	2018		2017		2016	
Licences	56,520	19.9%	65,344	21.8%	81,280	27.0%
Subscription	40,327	14.2%	37,537	12.5%	19,106	6.3%
Maintenance	142,810	50.3%	145,399	48.5%	142,967	47.5%
Services	44,175	15.6%	51,565	17.2%	57,725	19.2%
Total revenue	**283,832**	**100.0%**	**299,845**	**100.0%**	**301,078**	**100.0%**

4.1.3 International operations

(in thousands of euros)	2018		2017		2016	
France	80,949	28.5%	83,773	27.9%	94,176	31.3%
Rest of Europe	65,690	23.1%	71,733	23.9%	68,753	22.8%
Americas	122,318	43.1%	128,763	42.9%	122,853	40.8%
Asia Pacific	14,875	5.2%	15,576	5.2%	15,296	5.1%
Total revenue	**283,832**	**100.0%**	**299,845**	**100.0%**	**301,078**	**100.0%**

4.2 Purchases and external expenses

4.2.1 Purchases

(in thousands of euros)	2018	2017	2016
Purchases of subcontracting services	20,518	19,273	13,535
Purchases not for inventory of equipment and supplies	1,748	1,554	1,139
Purchases and change in stock of merchandise	3,522	3,782	3,609
Total	**25,788**	**24,610**	**18,282**

Purchases of subcontracting services rose €1.2 million between 2017 and 2018. This increase was mainly due to a greater amount of sub-contracting as part of our research and development activities.

€4.0 million of 2018 subcontracting purchases related to subcontracting services provided by Sopra India, compared with €4.1 million in 2017.

4.2.2 External expenses

(in thousands of euros)	2018		2017		2016	
Rent and rental charges	10,150	19.4%	10,317	20.6%	10,905	22.7%
Maintenance and repairs	6,167	11.8%	6,807	13.6%	5,327	11.1%
External structure personnel	296	0.6%	163	0.3%	-91	-0.2%
Remuneration of intermediaries and fees	7,306	14.0%	5,693	11.3%	6,434	13.4%
Advertising and public relations	3,955	7.6%	4,303	8.6%	2,746	5.7%
Travel and entertainment	10,712	20.5%	10,127	20.2%	11,248	23.4%
Telecommunications	2,547	4.9%	2,894	5.8%	3,016	6.3%
Sundry	11,114	21.3%	9,856	19.6%	8,547	17.8%
Total	**52,247**	**100.0%**	**50,160**	**100.0%**	**48,131**	**100.0%**

4.3 Depreciation and amortisation, provisions and impairment

(in thousands of euros)	2018	2017	2016
Amortisation of intangible assets	863	906	590
Depreciation of property, plant and equipment	3,671	3,418	2,632
Depreciation and amortisation	**4,534**	**4,324**	**3,223**
Impairment of current assets net of unused reversals	803	930	1,052
Provisions for contingencies and losses net of unused reversals	4	1,088	1,274
Provisions and impairment	**807**	**2,017**	**2,326**
Total	**5,341**	**6,341**	**5,549**

4.4 Amortisation of allocated intangible assets

This item corresponds to the amortisation expense for intangible assets obtained as a result of company acquisitions (mainly Vordel, Tumbleweed and Systar in 2014, Appcelerator in 2016 and finally Syncplicity in 2017) of €8,315 thousand in 2018, €8,543 thousand in 2017, €7,863 thousand in 2016.

4.5 Other operating income and expenses

The following non-recurring expenses are recognised under this item:

- €4,076 thousand in restructuring expenses for our operations mainly in France, the United States, Italy and Spain.

Non-recurring expenses for fiscal year 2017 were:

- €2,042 thousand in restructuring expenses for our operations mainly in France, Germany, Sweden and the United States;
- €603 thousand in specific costs related to the acquisition of the Syncplicity Group;
- €298 thousand relating to a reassessment notification from URSSAF.

Non-recurring expenses for fiscal year 2016 were:

- €4,751 thousand in restructuring expenses for our operations mainly in France, Belgium, the Netherlands and the United States;
- €1,998 thousand in specific costs related to the acquisition of the Appcelerator Group.

Note 5 Employees and commitments towards employees

5.1 Employee costs

(in thousands of euros)	2018	2017	2016
Salaries	143,890	150,934	150,760
Social security contributions	32,856	37,421	38,808
Research tax credits	-8,046	-11,413	-10,220
Employee profit-sharing	737	118	559
Net expense for post-employment and similar benefit obligations	141	207	280
Total	**169,579**	**177,267**	**180,187**

Presentation change: From fiscal year 2018, the Group records Axway Software SA's research tax credit in France in "Employee costs" and the change in pension provisions in "Net expense for post-employment and similar benefit obligations". These amounts were previously recorded in "Other current operating income and expenses" and "Depreciation and amortisation, provisions and impairment", respectively. Fiscal years 2017 and 2016 have been restated above.

Presentation of employee costs before restatement, using the 2017 Registration Document format and excluding Axway Software SA research tax credits and post-employment benefits:

(in thousands of euros)	2018	2017	2016
Salaries	143,890	150,934	150,760
Social security contributions	32,856	37,421	38,808
Employee profit-sharing	737	118	559
Total	**177,484**	**188,473**	**190,127**

5.2 Workforce

No. of employees at 31 December	2018	2017	2016
France	468	518	607
International	1,380	1,321	1,323
Total	**1,848**	**1,839**	**1,930**

Average no. of employees	2018	2017	2016
France	477	565	637
International	1,323	1,349	1,311
Total	**1,800**	**1,914**	**1,948**

5.3 Retirement benefits and similar commitments

a. Short-term employee benefits and defined-contribution post-employment benefits

The Group recognises the amount of short-term employee benefits, as well as the contributions due in respect of mandatory state-sponsored pension plans, under employee costs. As the Group has no commitments beyond these contributions, no provision was recognised for these plans.

b. Defined-benefit post-employment plans and other long-term employee benefits

These plans relate mainly to France, for the payment of pensions in accordance with collective bargaining agreements.

The defined-benefit plans are borne directly by the Group, which provides for the cost of the future benefits based on the conditions below.

The Group uses the projected unit credit method to determine the value of its defined-benefit obligation: this method stipulates that each period of service gives rise to an additional unit of benefit rights and separately values each of the units to obtain the final commitment.

The above calculations incorporate various actuarial assumptions relating to matters such as the estimated periods of future service of employees, future salary levels, life expectancy and employee turnover.

The resulting benefit obligation is then discounted using an appropriate interest rate for first-rate corporate bonds denominated in the payment currency of benefits and with a maturity approximating the estimated average maturity of the benefit obligation.

A change in these estimates and hypotheses may lead to a significant change in the amount of the commitment.

The amount of the provision recognised for retirement benefits and similar commitments corresponds to the present value of the defined-benefit obligation. Actuarial gains and losses resulting from changes in the value of the discounted defined-benefit obligation include on the one hand, the effects of differences between previous actuarial assumptions and actual data, and on the other hand, the effect of changes in actuarial assumptions.

Actuarial gains and losses are recognised in full in shareholders' equity for all of the Group's defined-benefit plans, pursuant to IAS 19 revised.

There are no pension commitments, medical coverage, or long service awards. No new benefits or changes in regime resulting from legal, collective-bargaining or contractual provisions occurred during the fiscal year.

Retirement provisions primarily concern the defined-benefit plan in France which was not financed by hedging assets.

(in thousands of euros)	01/01/2018	Change in scope of consolidation	Provisions for the year	Reversals for the year (provisions used)	Reversals for the year (unused provisions)	Other movements	Actuarial gains (losses)	31/12/2018
France	5,221	-	257	-64	-	-	-173	5,242
Germany	35	-	44	-7	-	-36	-	36
Bulgaria	43	-	8	-	-	-	8	59
Total	**5,299**	**-**	**309**	**-71**	**-**	**-36**	**-165**	**5,337**
Impact (net of expenses incurred)								
Profit from recurring operations	-	-	207	-	-	-	-	-
Net financial income	-	-	102	-	-	-	-	-
Total	-	-	**309**	-	-	-	-	-

In France, the defined-benefit plan relates to the payment of retirement benefits. The Group provides for its commitments to employees in accordance with the provisions of the Syntec collective bargaining agreement on retirement plans, as amended in 2004 pursuant to the retirement reform measures introduced by the Fillon Law of 21 August 2003. The provision for retirement benefits is assessed on an actuarial basis.

c. Actuarial assumptions used to calculate Axway Software's provision for retirement benefits

The main actuarial assumptions used in respect of Axway Software's plan are as follows:

	31/12/2018	31/12/2017	31/12/2016
Benchmark for discounting	Source: Bloomberg	Source: Bloomberg	Source: Bloomberg
Discount rate for commitments	1.89%	1.77%	1.74%
Future salary growth rate	2.50%	2.50%	2.50%
Age at retirement	65 yrs	65 yrs	65 yrs
Mortality table	INSEE 2013-2015	INSEE 2013-2015	INSEE 2012-2014

Assumptions referring to mortality rates are based on published statistical data. The INSEE 2013-2015 mortality table was used at 31 December 2018, unchanged on 2017. It did not change the obligation in 2018.

Turnover tables are established for each relevant company by five-year age brackets and are updated at each year-end to reflect data on employee departures for the past five years. The method used was modified in 2018 and no longer includes resignations in average departure rates for the past five years.

Updating of five-year workforce turnover rates and assumptions relating to departure procedures increased the commitment by €694 thousand.

Retirement benefit commitments are discounted using a discount rate corresponding to the interest rate for first-rate corporate bonds (carrying a rating of AA or higher) denominated in the payment currency and with a maturity approximating the estimated average maturity of the benefit obligation.

Since 31 December 2009 and for the euro zone, the Group has used the rates published by Bloomberg as the benchmark for discounting its retirement benefit commitments. A discount rate of 1.89% was used for 2018.

d. Table of changes in Axway Software's provision for retirement benefits

(in thousands of euros)	Present value of unfunded obligations	Net commitments recognised in the balance sheet	Taken to the consolidated income statement
31 Dec. 2016	**6,196**	**6,196**	**312**
Change in scope of consolidation	-	-	-
Past service cost	317	317	317
Net interest expense	111	111	111
Benefits paid to employees	-162	-162	-162
Actuarial gains (losses)	-1,241	-1,241	-
31 Dec. 2017	**5,221**	**5,221**	**266**
Change in scope of consolidation	-	-	-
Past service cost	160	160	160
Net interest expense	97	97	97
Benefits paid to employees	-64	-64	-64
Actuarial gains (losses)	-173	-173	-
31 Dec. 2018	**5,242**	**5,242**	**193**

e. Analysis of actuarial gains (losses) recognised for Axway Software

Actuarial gains (losses) result solely from changes in the present value of the obligation, in the absence of plan assets.

These gains (losses) include the effects of changes in actuarial assumptions and the effects of differences between the actuarial assumptions applied and actual experience (experience adjustments detailed below).

The -€173 thousand actuarial loss recognised for Axway Software in 2018 was mainly the result of:

- actuarial gains (losses) arising from experience adjustments (€790 thousand decrease in the commitment);
- actuarial gains (losses) arising from a change in the turnover table (€694 thousand increase in the commitment);
- actuarial gains (losses) arising from a change in the mortality table (no increase or decrease);
- actuarial gains (losses) arising from the change in the departure procedures (€77 thousand decrease in the commitment).

Experience adjustments on Axway Software plan liabilities are presented in the table below:

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Current value of defined benefit obligations	5,242	5,221	6,196
Experience adjustments on plan liabilities	-790	-745	274
Experience adjustments on plan liabilities (as % of commitments)	-15.08%	-14.27%	4.43%

The following table presents a breakdown by maturity of Axway Software's retirement benefits commitment in France, discounted at 1.89%:

(in thousands of euros)	31/12/2018
Present value of theoretical benefits to be paid by the employer:	
• less than 1 year	292
• 1 to 2 years	185
• 2 to 3 years	163
• 3 to 4 years	278
• 4 to 5 years	161
• 5 to 10 years	1,386
• 10 to 20 years	1,921
• more than 20 years	855
Total COMMITMENT	**5,242**

f. Sensitivity testing of the discount rates for Axway Software retirement benefits

A 0.25% increase in the discount rate would result in a €154.9 thousand decrease in our provision for retirement benefits.

A 0.25% decrease in the discount rate would result in a €161.8 thousand increase in our provision for retirement benefits.

5.4 Share-based and similar payment expenses

a. Share subscription options

The application of IFRS 2 to Axway concerns share subscription options and free share grants to employees. As allowed under the standard, the Group only adjusts its financial statements for options granted on or after 7 November 2002 and exercisable after 1 January 2005.

The fair values of the share subscription options awarded before 2011 were determined using the binominal model recommended by IFRS 2.

The option strike price under the 2011 plan was determined based on the average closing price over the 20 trading days prior to the date on which the decision was made to allocate options. This value is consistent over the plan's duration.

The value attributed to the options is analysed as a cost of services rendered by employees in return for the options and is recognised on a straight-line basis over the vesting period.

This charge is recognised in the income statement under Share-based payment expense, through a credit to an issue premiums account recognised under Capital reserves within shareholders' equity. There is thus no net impact on consolidated shareholders' equity.

The calculation includes the total number of options held at each reporting date by eligible employees.

Under the regulations governing the various stock option plans, shares resulting from the exercise of options may not be sold or converted into bearer shares during the statutory lock-up period.

For 2018, the cost of services provided by employees in consideration for the options received was recognised in the amount of €9 thousand after allowing for cancelled options.

b. Free shares

The IFRS 2 expense recognised for a free share grant plan is equal to the fair value of shares granted to employees multiplied by the probable number of shares to be delivered to the beneficiaries who will be present on the vesting date (this number of shares is revised during the vesting period depending on the estimated changes in employee turnover).

The fair value of the free shares is determined on the date of grant based on the market price of the share adjusted to take into account the characteristics and conditions of the share grant. This amount is not reassessed later in the event of changes in the fair value.

The expense corresponding to the benefit granted to the employees in the form of free shares is recognised in net profit using the straight-line method over the vesting period under the heading Expenses related to stock options and similar.

A free share plan for employees in the United States was implemented in April 2015. The charge for this free share plan was €53 thousand for fiscal year 2018.

A free share plan for the Axway Leadership team, the members of the Executive Committee and other persons regarded as key for the Axway Group was implemented in June 2016. The charge for this free share plan was €99 thousand in fiscal year 2018.

A free share plan for the Axway Leadership team, the members of the Executive Committee and other persons regarded as key for the Axway Group was implemented in June 2017. The charge for this free share plan was €812 thousand in fiscal year 2018.

A free share plan for Jean-Marc Lazzari was implemented in June 2017. The charge for this free share plan was €219 thousand for fiscal year 2018.

A new free share plan for the Axway Leadership team, the members of the Executive Committee and other persons regarded as key for the Axway Group was implemented in July 2018. The charge for this free share plan was €575 thousand in fiscal year 2018.

5.5 Compensation of senior executives (related parties)

The items shown in the table below concern the directors and Executive Management.

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Short-term employee benefits(1)	1,000	1,243	1,582
Termination benefits	-	-	-
Shareholders' equity compensation benefits	82	262	95
Total	**1,082**	**1,505**	**1,676**

(1) Short-term employee benefits include the fixed and variable components of compensation, as well as benefits in kind and directors' fees.

During its meeting on 6 April 2018, Axway's Board of Directors resolved to end Jean-Marc Lazzari's term of office as CEO and replace him with Patrick Donovan.

The Board of Directors' meeting of 20 February 2019 recommended the payment of variable compensation of €145 thousand to Patrick Donovan for the year ended 31 December 2018. This variable compensation will be voted by the General Meeting, scheduled for 6 June 2019, based on an amount proposed by the Board of Directors, after taking into account the recommendations of the Compensation Committee.

Jean-Marc Lazzari received gross compensation of US$135 thousand for the period to 6 April 2018 and benefits of kind valued at US$55 thousand.

The General Meeting of 6 June 2018 set the amount of directors' fees to be shared between directors at €302 thousand.

In 2018, Shareholders' equity compensation benefits concern the valuation of services rendered by Patrick Donovan and compensated through the grant of performance shares in 2018.

The Compensation Committee meeting of 28 March 2018 recommended the payment of variable compensation of €0 to Jean-Marc Lazzari for the year ended 31 December 2017. This variable compensation was voted by the General Meeting of 6 June 2018, based on the amount proposed by the Board of Directors, after taking account of the Compensation Committee's recommendations.

The General Meeting of 6 June 2017 set the amount of directors' fees to be shared between the directors at €302 thousand. One of these directors waived his directors' fees totalling €39 thousand.

In 2016 and 2017, Shareholders' equity compensation benefits concerned the valuation of services rendered by Jean-Marc Lazzari and compensated through the grant of performance shares.

Note 6 Income tax expense

6.1 Analysis table

(in thousands of euros)	2018	2017	2016
Current tax	-3,865	-3,677	-3,495
Deferred tax	-1,768	-20,344	-250
Total	**-5,633**	**-24,021**	**-3,745**

In 2017, the United States promulgated new legislation concerning corporate taxation rates and rules as from the 2018 tax year. Axway Inc. (the American subsidiary) applied a standard rule for deferred tax recognition covering the next five years of taxable profit. This significant rate change negatively impacted the value recognised in our accounts. In 2017, a -€10.5 million charge was recognised in income, reflecting the application of the new taxation rates. Furthermore, in view of our changing income mix (with the development of subscription) and our transition income statement (reflecting the change in business model with subscription), particularly in the United States and France, and our new transfer pricing model, the five-year forecasts have been lowered in both regions, and we recognised downward adjustments of -€7.3 million and -€3.1 million respectively to reflect these forecasts.

In 2017, deferred tax assets were adjusted downwards by charging -€20.3 million to income.

6.2 Reconciliation of the theoretical and effective tax charge

(in thousands of euros)	2018	2017	2016
Net income	10,994	4,405	31,477
Income tax expense	-5,633	-24,021	-3,745
Goodwill impairment	-	-	-
Profit (loss) before tax	16,627	28,426	35,222
Theoretical tax rate	**34.43%**	**34.43%**	**34.43%**
Theoretical tax expense	**-5,725**	**-9,787**	**-12,127**
Reconciliation			
Permanent differences	-1,560	3,515	-3,004
Impact of non-capitalised losses for the year	-1,140	-22,205	-238
Use of non-capitalised tax loss carry forwards	2,072	314	646
Impact of research tax credits	2,895	3,676	3,284
CVAE reclassification (net of tax)	-855	-752	-812
Capitalisation of prior year tax loss carry forwards	268	-	6,619
Tax rate differences – France/Other countries	-798	1,548	2,893
Other	-792	-330	-1,006
Actual tax charge	**-5,633**	**-24,021**	**-3,745**
Effective tax rate	**33.88%**	**84.50%**	**10.63%**

The reconciliation of the theoretical and effective tax charge is based on the tax rate payable in France at Group parent company level. This rate comprises the corporate tax rate of 33.33%, plus the social contribution on profits of 3.3% representing an overall rate of 34.43%.

The Group has decided to recognise the CVAE corporate value-added contribution component of the CET regional economic contribution in the income tax expense, in order to ensure consistency with the treatment of similar taxes in other countries.

This approach is also consistent with the position adopted by Syntec Informatique and published on 10 February 2010.

The Group operates in several countries with different tax legislation and tax rates. The weighted average local tax rate of Group companies can, therefore, vary year-on-year based on the relative amount of taxable results. These impacts are reflected in the "Tax rate differences" line.

6.3 Tax impact of gains and losses recognised directly in other comprehensive income

	2018			2017			2016		
(in thousands of euros)	Gross	Tax impact	Net	Gross	Tax impact	Net	Gross	Tax impact	Net
Foreign exchange differences on net investments in subsidiaries	4,701	-	4,701	-16,423	-	-16,423	1,565	-417	1,148
Calculated by difference	5,961	-	5,961	-14,882	-	-14,882	4,994	-	4,994
Foreign exchange gains and losses	10,662	-	10,662	-31,306	-	-31,306	6,559	-417	6,142
Actuarial gains and losses on pension plans	164	-59	105	1,241	-427	814	765	-249	516
Change in the value of derivatives	-	-	-	-	-	-	46	-16	30
Total	**10,826**	**-59**	**10,767**	**-30,065**	**-427**	**-30,492**	**7,371**	**-682**	**6,688**

6.4 Deferred tax assets and liabilities

Deferred tax is recognised using the balance sheet liability method based on temporary differences between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base.

Deferred tax assets and liabilities are measured for each entity or taxable unit on the basis of the tax rates in force, or substantially adopted, at the reporting date and expected to apply when assets will be realised or liabilities settled.

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.

6.4.1 Breakdown by maturity

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Deferred tax assets (DTA)			
• less than one year	3,201	1,800	8,933
• more than one year	16,193	18,659	37,395
Total DTA	**19,394**	**20,459**	**46,328**
Deferred tax liabilities (DTL)			
• less than one year	-189	-33	-
• more than one year	-393	-387	-995
Total DTL	-582	-420	-995
Net deferred tax	**18,812**	**20,039**	**45,333**

Short-term deferred tax assets mainly relate to the intended use of tax loss carry-forwards in 2019 by Axway Software in France and Axway Inc. in the United States.

Long-term deferred tax assets mainly relate to the intended use of tax loss carry-forwards from 2020 to 2023 by Axway Software in France and Axway Inc. in the United States.

Account was taken of the tax-rate reduction to 28% from 2019, then to 25% by 2022, in accordance with the French 2018 Finance Act, when estimating Axway Software's deferred tax in France.

The other tax rates applied are prevailing tax rates at 31 December 2018 and particularly the 21% tax rate for Axway Inc. in the United States.

6.4.2 Change in net deferred tax

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
At 1 January	**20,039**	**45,333**	**38,185**
Changes in scope of consolidation	-	-	6,323
Tax – income statement impact	-1,768	-20,344	-250
Tax – shareholders' equity impact	-60	-439	-236
Foreign exchange gains and losses	600	-4,512	1,311
At 31 December	**18,812**	**20,039**	**45,333**

The deferred tax charge for fiscal year 2018 is €1.8 million.

Axway Software in France benefited fully from the transfer pricing model implemented in 2017. The Group used tax losses carried forward of €5.8 million (taxable base) in 2018. Axway Software tax losses carried forward were therefore capitalised in full at 31 December 2018, following this recent use of tax losses and based on the outlook for the period 2019 to 2023.

In 2018, Axway Software tax losses carried forward were therefore capitalised (net of utilisation) in the amount of €1.9 million, offsetting the €2.0 million reduction in tax losses capitalised in the U.S. subsidiary Axway Inc.

For the Group as a whole, tax losses capitalised in 2018 led to a reversal of the deferred tax charge of +€0.3 million, while timing differences generated a deferred tax charge of -€2.1 million.

Deferred tax recognised on tax losses was revalued based on the business model forecasting taxable profits for the next five years.

Foreign exchange gains of +€0.6 million are mainly due to the fall in the US dollar against the euro.

6.4.3 Breakdown of net deferred tax by type

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Differences related to consolidation adjustments			
Actuarial gains and losses	-358	-364	-67
Amortisation of revalued software packages	1,353	1,518	2,213
Fair value of amortisable allocated intangible assets	-3,766	-4,238	-4,063
Discounting of employee profit-sharing	62	78	175
Tax-driven provisions	-41	-33	-16
Capitalised tax losses	6,378	4,446	13,795
Other	-164	255	95
Temporary differences from tax returns			
Provision for retirement benefits	1,809	1,771	1,826
Provision for employee profit-sharing	-	-	141
Provision for "Organic" tax	31	36	38
Capitalised research tax credits	-	1,271	-
Capitalised tax losses	13,386	15,064	31,104
Other	122	236	93
Total	**18,812**	**20,039**	**45,333**

Tax losses capitalised on consolidation:

Tax losses of €6.4 million capitalised in the consolidated financial statements are attributable to Axway Software for an amount of €6.3 million. Capitalised Axway Software tax losses carried forward amounted to €4.4 million at 31 December 2017.

Tax losses capitalised in the Company accounts:

Tax losses of €13.4 million capitalised in the parent company financial statements are mainly attributable to Axway Inc. in the United States in the amount of €13 million. At 31 December 2017, Axway Inc. tax losses carried forward were capitalised in the amount of €15 million.

Forecasts of future taxable profits, justifying recognition of tax losses as assets, were determined on the basis of substantiating evidence, with detailed estimates in a 5-year business plan for Axway Software SA and Axway Inc.

Fair value of amortisable intangible assets allocated on consolidation:

When the acquisition cost of acquiring Systar was allocated in 2014 (known today as Axway Software), €17.7 million in intangible assets identified as amortisable and allocated separately from goodwill were recognised. At 31 December 2018, the net value of these intangible assets stood at €9.4 million, generating a deferred tax liability of €2.6 million. This deferred tax liability is mostly offset by the recognition of deferred tax assets and the capitalisation of €6.3 million of tax losses carried forward.

6.4.4 Deferred tax assets not recognised by the Group

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Tax losses carried forward	20,780	19,228	24,979
Temporary differences	196	481	1,033
Total	**20,976**	**19,709**	**26,012**

6.5 Maturity of tax losses carried forward

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Y+1	3,649	8,786	2,881
Y+2	3,479	11,958	24,650
Y+3	9,609	15,928	16,910
Y+4	17,011	1,000	18,519
Y+5 and subsequent years	103,180	126,355	109,863
Tax losses carried forward with a maturity date	136,926	164,027	172,823
Tax losses which may be carried forward indefinitely	46,713	13,941	36,912
Total	**183,640**	**177,968**	**209,735**
Deferred tax basis – capitalised	86,657	87,741	128,760
Deferred tax basis – not capitalised	96,983	90,226	80,974
Deferred tax – capitalised	19,764	19,510	44,899
Deferred tax – not capitalised	20,780	19,228	24,979

At 31 December 2018, deferred tax assets not recognised on tax losses carried forward amounted to €20.8 million and concerned the following subsidiaries: Axway Inc. in the United States (€13.7 million), Axway Pte Ltd in Singapore (€0.8 million), Axway Romania (€1.4 million), Axway Brazil (€1.4 million), Axway Hong Kong (€0.6 million), Axway UK (€0.2 million) and Axway Srl in Italy (€2.7 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 1999 and 2018. At 31 December 2018, we estimate the total amount of research tax credits available for offset against taxable profits at US$29 million (taxable base). These tax credits are recorded in deferred tax assets not capitalised. Based on substantiating evidence and detailed business plan estimates, the US$29 million in tax credits could be used between 2024 and 2038.

Axway Software:

At 31 December 2017, capitalised tax losses stood at €4.4 million (in deferred tax assets). Tax losses available for carry forward not capitalised amounted to €12.1 million.

At 31 December 2018, capitalised tax losses stood at €6.3 million (in deferred tax assets). Tax losses available for carry forward not capitalised were nil.

Axway Inc.

The Axway Inc. tax loss carried forward essentially resulted from the acquisitions of Cyclone in 2006, Tumbleweed Communications Corp. in 2008, Systar Inc. in 2014 and Appcelerator in 2016. These losses are subject to an overall time limit (20 years) as well as an annual limit on their use (US$8.1 million) imposed by US tax regulations following a change in shareholding structure.

From 2010, the earning prospects of the American subsidiary allowed capitalisation of losses of approximately two years of forecast results. At 31 December 2013, the accrued earning capacity of fiscal years 2011 and 2012, and its projected maintenance over the years to come, improved primarily through the contribution of the API Server offer, led to the capitalisation of the tax losses to approximately five years of forecast result, i.e. US$28.8 million.

At 31 December 2016, capitalised tax losses stood at US$32.8 million (in deferred tax assets). Tax losses available for carry forward not capitalised amounted to US$37.4 million (taxable base).

At 31 December 2017, capitalised tax losses stood at US$18.1 million (in deferred tax assets). Tax losses available for carry forward not capitalised amounted to US$67.3 million (taxable base).

At 31 December 2018, capitalised tax losses stood at US$15.0 million (in deferred tax assets). Tax losses available for carry forward not capitalised amounted to US$74.9 million (taxable base).

Note 7 Components of working capital requirements and other financial assets and liabilities

7.1 Non-current financial and other assets

The Group classifies its financial assets into the following categories:

- assets measured at fair value through the income statement;
- assets held to maturity;
- loans and receivables; and
- available-for-sale assets.

Classification depends on the purposes for which financial assets were acquired. Management decides on the appropriate classification at the time of initial recognition and reassesses this classification at each interim or annual reporting date.

Financial assets are carried in the balance sheet at their initial fair value. They are subsequently measured, depending on their classification, at either fair value or amortised cost.

a. Assets measured at fair value through the income statement

This category comprises financial derivatives, financial assets held for trading (i.e. acquired with a view to resell in the near term) and assets designated upon initial recognition as at fair value through the income statement. Changes in the fair value of assets of this category are recognised in the income statement.

b. Assets held to maturity

Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments that the Group has the intention and ability to hold to maturity. The disposal of a portion of these assets prior to maturity entails the mandatory reclassification of all other assets of the category as available for sale. Assets held to maturity are subsequently measured, after initial recognition, at amortised cost.

The Group currently holds no assets classified within this category.

c. 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 Group remits funds, or provides goods and services, to an individual or entity. Loans and receivables are initially recognised at fair value then subsequently measured at amortised cost using the effective interest method.

The Group has identified within this category:

- non-current financial assets comprising long-term loans and receivables associated with non-consolidated equity investments as well as guarantee deposits for leased premises. Impairment losses are recognised for receivables associated with non-consolidated equity investments whenever their estimated recoverable amounts are lower than their net carrying amounts; and
- current trade receivables. Current trade receivables are initially measured at the nominal values invoiced which generally equate to the fair value of the consideration to be received. The impact of discounting would be negligible given that the Group's average credit period is sixty days. The nature of the Group's customers, which exhibit a low credit risk, and the policy of systematically provisioning receivables beyond a certain maturity, enables the Group to take account of the credit risk on trade receivables.

The Group's non-current financial and other assets mainly consist of loans and receivables.

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Loans and receivables	2,809	3,288	3,235
Non-current prepaid expenses	717	-	-
Total	**3,526**	**3,288**	**3,235**

Non-current prepaid expenses consist of costs of obtaining contracts as presented in Note 4.1. They total €0.7 million at 31 December 2018. The Group has not recognised any costs of fulfilling contracts in assets at 31 December 2018.

4

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Other non-current receivables	18	-	-
Deposits and other non-current financial assets	2,791	3,288	3,235
Loans, deposits and other non-current financial assets – net value	**2,809**	**3,288**	**3,235**
Total	**2,809**	**3,288**	**3,235**

CIR research tax credit receivables were sold to Natixis in 2014, 2015 and 2016 and to Crédit Agricole in 2017 and 2018.

The receivables sold in 2014 with respect to the 2011, 2012 and 2013 research tax credits amounted to €5,793 thousand, €3,578 thousand and €6,538 thousand respectively. The total sold in 2015 of €7,573 thousand concerns the 2014 Research Tax Credit, the total sold in 2016 of €8,993 thousand concerns the 2015 Research Tax Credit, the total sold in 2017 of €9,068 thousand concerns the 2016 Research Tax Credit and the total sold in 2018 of €10,216 thousand concerns the 2017 Research Tax Credit.

The tax authorities reimbursed Natixis in 2015 the amount of the 2011 Research Tax Credit of €5,793 thousand, in 2016 the amount of the 2012 Research Tax Credit of €3,578 thousand, in 2017 the amount of the 2013 Research Tax Credit of €6,538 thousand and in 2018 the amount of the 2014 Research Tax Credit of €7,734 thousand.

Receivables sold and not reimbursed by the tax authorities total €9,146 thousand for Natixis and €19,396 thousand for Crédit Agricole.

Deposits and other non-current financial assets consist mainly of guarantees given for the leased premises. Non-interest bearing deposits are maintained at their nominal value, given that the effect of discounting is not significant.

7.2 Trade receivables and related accounts

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Trade receivables and related accounts	61,863	66,287	69,438
Accrued income	5,100	5,938	9,645
Provision for doubtful receivables	-1,399	-1,135	-874
Total	**65,565**	**71,090**	**78,209**

Net trade receivables, expressed in days sales outstanding, corresponded to 77 days at 31 December 2018, stable compared to the end of 2017. This ratio is calculated by comparing "Net trade receivables" with revenue generated during the year. The €4 million decrease in Trade receivables is therefore due to the decrease in revenue.

Accrued income represents customer contract assets and is presented in Note 4.1. Movements during the period reflect the emergence of invoicing rights transforming customer contract assets into trade receivables and revenue recognition leading to the emergence of new customer contract assets. The decrease in customer contract assets is due in half to the fall in revenue, as well as the better transformation of these assets into trade receivables.

7.3 Other current receivables

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Employees and social security bodies	969	350	493
Tax receivables (other than income tax)	3,752	2,641	3,508
Income tax	11,824	12,272	11,790
Other receivables	2,961	8,659	2,345
Prepaid expenses	10,127	7,093	6,837
Total	**29,634**	**31,016**	**24,973**

Tax receivables of €3.7 million relate mainly to deductible VAT.

The €3 million increase in prepaid expenses is mainly due to the spreading of commission on subscription revenue. This current prepaid commission comprises capitalised costs of obtaining contracts as presented in Note 4.1. Capitalised costs of obtaining contracts total €2.5 million at 31 December 2018 and €1.3 million at 31 December 2017. The majority of customer contract assets at 31 December 2017, consisting of capitalised commission, were expensed in 2018.

The Group has not recognised any costs of fulfilling contracts in assets at 31 December 2018.

7.4 Other non-current liabilities

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Amounts payable on non-current assets	-	877	886
Other non-current debts	2,247	2,556	3,132
Deferred income	2,443	15,003	1,096
Sub-total Other non-current liabilities	**4,690**	**18,436**	**5,115**
Other provisions for contingencies and losses - non-current	6,137	6,210	7,320
Total Other non-current liabilities including non-current provisions	**10,827**	**24,646**	**12,435**

Presentation change: From fiscal year 2018, "Employee profit-sharing" is reclassified in "Other non-current liabilities" for the portion falling due in more than one year. This account was previously recorded in "Financial debt" until 31 December 2017 (Note 10.4). Fiscal years 2017 and 2016 have been restated above.

Non-current deferred income, representing customer contract liabilities, is presented in Note 4.1. Movements reflect the transfer of prior-year liabilities to current deferred income and the emergence of new liabilities as a result of services invoiced but not yet fulfilled. The majority of non-current deferred income at 31 December 2017 was transferred to current deferred income in 2018.

Presentation of other non-current liabilities before restatement, using the format adopted in the Registration Document until fiscal year 2017

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Amounts payable on non-current assets	-	877	886
Deferred income	2,443	15,003	1,096
Total	**2,443**	**15,880**	**1,983**
Other provisions for contingencies and losses - non-current	6,137	6,210	7,320
Total Other non-current liabilities including non-current provisions	**8,580**	**22,090**	**9,303**

7.5 Trade accounts payable

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Trade payables	15,441	13,962	14,533
Total	**15,441**	**13,962**	**14,533**

Presentation change: From fiscal year 2018, "Amounts payable on non-current assets" are reclassified in "Other current liabilities" (Note 7.6). Fiscal years 2017 and 2016 have been restated above.

Presentation of trade accounts payable before restatement, using the format adopted in the Registration Document until fiscal year 2017

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Trade payables	15,441	13,962	14,533
Amounts payable on non-current assets	2,044	2,210	1,933
Total	**17,485**	**16,172**	**16,466**

7.6 Current deferred income

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Deferred income	75,232	67,313	74,492
Total	**75,232**	**67,313**	**74,492**

Current deferred income, representing customer contract liabilities, is presented in Note 4.1. 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.

The majority of current customer contract liabilities at 31 December 2017 were recognised in revenue in 2018.

To avoid the overstatement of asset and liability accounts, deferred income concerning future periods (2019 and beyond) and the corresponding trade receivables not settled at 31 December 2018 were offset in the balance sheet.

7.7 Other current liabilities

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Amounts payable on non-current assets	2,044	2,210	1,933
Advances and payments on account received for orders	116	-	-
Employee-related liabilities	27,604	27,514	29,173
Tax payables (other than income tax)	6,262	6,576	8,814
Income tax	3,022	2,806	1,053
Other liabilities	3,830	11,730	2,896
Restructuring provisions	85	112	699
Total	**42,963**	**50,947**	**44,567**

Presentation change: From fiscal year 2018, "Amounts payable on non-current assets" are reclassified in "Other current liabilities". This account was previously recorded in "Trade accounts payable" (Note 7.5). "Employee-related liabilities" group together the headings "Employees" and "Social security bodies". Fiscal years 2017 and 2016 have been restated above.

Presentation of other current liabilities before restatement, using the format adopted in the Registration Document until fiscal year 2017

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Employees	-	18,636	19,824
Social security bodies	-	8,878	9,348
Employee-related liabilities	27,604	-	-
Value added tax	-	6,576	8,814
Tax payables (other than income tax)	6,262	-	-
Income tax	3,022	2,806	1,053
Other liabilities	3,946	11,730	2,896
Restructuring provisions	85	112	699
Total	**40,919**	**48,738**	**42,634**

Note 8 Property, plant and equipment, and intangible assets

8.1 Goodwill

For each business combination, the Group may elect to recognise under balance sheet assets either proportionate goodwill (corresponding only to its percentage ownership interest) or full goodwill (also including the goodwill corresponding to non-controlling interests).

Should the calculation of goodwill result in a negative difference (in the case of an acquisition conducted under advantageous conditions), the Group recognises the resulting gain as a bargain purchase in profit or loss.

8.1.1 Changes in goodwill

The principal movements in 2017 and 2018 were as follows:

(in thousands of euros)	Gross value	Impairment	Net
31 December 2016	**297,544**	**8,744**	**288,801**
Acquisition of Syncplicity	76,630	-	76,630
Translation adjustments	-31,870	-57	-31,813
31 December 2017	**342,304**	**8,687**	**333,617**
Syncplicity earn-out	545	-	545
Translation adjustments	9,854	-75	9,928
31 December 2018	**352,703**	**8,613**	**344,090**

8.1.2 Determining goodwill for business combinations

No acquisitions were performed in 2018. The amount of €545 thousand concerns final adjustments to the purchase price allocation on the acquisition of Syncplicity.

Goodwill recognised in February 2017 relates to the acquisition of Syncplicity LLC measured at the acquisition date. This goodwill was finalised at the end of the stipulated 12-month allocation period. The exchange rate adopted at the Syncplicity acquisition date is EUR 1 equals USD 1.0533.

8.1.3 Translation adjustments

Changes in exchange rates relate mainly to fluctuations in the Euro against the following currencies:

Change euro/currency *(in thousands of euros)*	**31/12/2018**	**31/12/2017**	**31/12/2016**
USD	10,734	-31,163	5,732
SEK	-804	-610	-818
Other currencies	-2	-39	-5
Total	**9,928**	**-31,813**	**4,909**

8.2 Impairment tests

a. Cash-generating units

Under IAS 36, *Impairment of assets*, an impairment test must be conducted at each reporting date where there is an indication of impairment of an asset. Where there is such an indication, the entity must estimate the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, an entity must also:

- test annually intangible assets with indefinite useful lives;
- test annually the impairment of goodwill acquired in a business combination.

In practice, impairment testing is most relevant to goodwill, which comprises the main portion of Axway Software's consolidated balance sheet non-current assets.

Impairment testing is performed at the level of the cash generating units (CGUs) to which assets are allocated. A cash-generating unit 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.

Impairment testing involves comparing cash-generating units' carrying amounts with their recoverable amounts. A cash-generating unit's recoverable amount is the higher of its fair (generally market) value, less costs to sell, and its value-in-use.

The Axway Group provides IT solutions enabling the automatic management of data exchange within and outside companies.

Axway has developed partly by external growth in recent years, and its main acquisitions were the following: Cyclone Commerce in the United States in 2006, Actis in Germany in 2007, Tumbleweed in the United States in 2008, Vordel in Ireland in 2012, Systar in France in 2014, Appcelerator in the United States in 2016 and Syncplicity in the United States in 2017.

All of the products developed internally or resulting from acquisitions are integrated in a common technical platform.

Axway operates as a global software developer whose main markets are the USA and Europe. The various software packages on the technical platform are distributed by sales subsidiaries that pay royalties on the income they earn from licenses, subscription and maintenance.

In view of the global nature of products and markets, a breakdown by country of the contribution to Axway Group's results would not be meaningful. Cash inflows from business in different countries are not therefore considered to be separate from cash inflows generated by the activities of other countries, and Axway as a whole is considered as the smallest grouping of assets that generates broadly independent cash inflows. Since Axway operates as a software developer on a global market, the Group is treated as a single cash-generating unit for the purposes of impairment testing.

b. Methods for measuring value-in-use

In accordance with IAS 36, where the carrying amount of a cash-generating unit to which goodwill has been allocated is tested for impairment and exceeds its fair value less costs to sell (or where it is not possible to determine the fair value less costs to sell), the carrying amount of the CGU is compared to its value-in-use.

The value-in-use is determined by discounting future cash flows.

In order to reflect, over an appropriate period, the impacts of the transformation of our economic model, from a model based on the sale of licenses to a subscription model, a five-year business plan was drafted. A declining growth rate was then applied from the sixth to tenth years, followed by a sustainable growth rate of 2.4% to the eleventh and subsequent years, as authorised by IAS 36.33 (c). The sustainable growth rate of 2.4% is not therefore applied immediately after the five-year business plan period.

The discounted cash flow method is applied using forecast business plans for fiscal years 2019 to 2023 and trend assumptions for working capital and investment.

The terminal value of the CGU was calculated based on the last flows modelled for fiscal year 2028, using two major financial parameters, the perpetual growth rate and the discount rate.

By discounting these cash flows we obtain the enterprise value. The equity value is then calculated by deducting debt and adding cash and cash equivalents.

A three-step approach is therefore adopted:

Years 1 to 5: cash flow forecasts are based on a business plan approved by management;

Years 6 to 10: extrapolation period, based on a five-year projection of 2023 cash flows, using a declining annual growth rate for years 6 to 10, with a rate of 2.4% in the terminal year;

Year 11 onwards: cash flows are calculated by applying a perpetual growth rate reflecting forecast long-term real economic growth, adjusted for forecast long-term inflation.

Cash flow projections for the explicit period are determined by taking into account:

- general economic growth;
- the impact of technological advances in the industry.

c. Measurement of impairment losses

Impairment losses are recognised to the extent of any excess of a CGU's carrying amount over its recoverable amount. Impairment losses are first allocated against goodwill and are charged to the income statement in Other operating income and expenses. Impairment losses on goodwill cannot be reversed.

d. Test carried out

The aim of annual impairment testing is to assess whether goodwill is impaired. This is the case when the carrying amount of the cash-generating unit (CGU) to which the goodwill tested is allocated is lower than its recoverable amount. The recoverable amount of a cash-generating unit is the higher of its value-in-use, calculated according to the discounted cash flow method, and its fair value less costs to sell. As Axway represents a single CGU, the impairment test for goodwill consists of comparing the overall carrying amount of the Group to its recoverable amount.

Impairment testing carried out at the end of 2016, 2017 and 2018 did not lead to the recognition of an impairment loss.

For fiscal year 2018, the value-in-use calculated according to the discounted cash flow method amounted to €565 million, with a discount rate of 10.3% and a perpetual growth rate of 2.4%, both based on an average of analysts' rates.

Value *(in thousands of euros)*		Discount rate **9.80%**	**10.30%**	**10.80%**
	2.00%	588,181	548,311	513,079
	2.40%	607,873	564,989	527,316
Perpetual growth rate	**2.80%**	629,817	583,447	542,976

The fair value less costs to sell of the Axway cash-generating unit was determined from its market capitalisation. The costs to sell are estimated at 2% of Axway's fair value. Thus, at the closing rate on 31 December 2018, the fair value of the Axway CGU, i.e. its market capitalisation, was €263.6 million, and the fair value less costs to sell was €258.3 million. The recoverable amount of Axway's CGU therefore amounted to €565 million and corresponds to its value-in-use.

The carrying amount of the Axway CGU is the amount of its consolidated shareholders' equity at 31 December i.e. €362.7 million. Based on the above, the recoverable amount is higher than the carrying amount, and it was not therefore necessary to recognise any impairment of the goodwill allocated to the Axway cash-generating unit at 31 December 2018.

For fiscal year 2017, application of this same approach resulted in the retention of the value of goodwill. Market capitalisation less costs to sell was €473.9 million compared with consolidated shareholders' equity of €344.5 million.

8.3 Other intangible assets

a. Assets purchased

These relate to software packages recorded at cost as well as software packages, customer relations and distributor relations recognised at fair value on the grant of the purchase prices of entities acquired in business combinations. These assets are amortised using the straight-line method over 5 to 15 years, depending on their estimated useful lives.

b. Assets generated internally

In application of IAS 38, *Intangible assets*:

- all research expenses are recognised as charges in the year they are incurred;
- software package development costs are capitalised if the six following conditions are satisfied:
  - the technical feasibility of completing development of the intangible asset so that it will be available for use or sale,
  - the intention of completing development of the intangible asset and of using or selling it,
  - the ability to use or sell the intangible asset,
  - the manner in which the intangible asset will generate probable future economic benefits,
  - the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
  - the ability to measure reliably the expenditure attributable to the intangible asset during its development.

No development expenses for software packages are recognised under intangible assets if any one of the above conditions are not met.

In view of the specific nature of the software development business, the determining criteria is the technical feasibility of completing the product and the manner in which the asset will generate probable future economic benefits.

The risks and uncertainties inherent in software development do not allow the technical feasibility of a product to be demonstrated before a demo version that can be shown to a prospective customer is available. The differences between a demo version and the final version are generally minor, which means that the costs incurred in this development phase, which may be capitalised, are not significant.

(in thousands of euros)	Gross value	Amortisation	Net
31 December 2016	**94,053**	**44,287**	**49,765**
Changes in scope of consolidation	13,478	1,102	12,376
Acquisitions	817	-	817
Disposals	-81	-81	-
Other movements	-12	-12	-
Translation adjustments	-7,874	-3,281	-4,592
Amortisation	-	9,448	-9,448
31 December 2017	**100,382**	**51,465**	**48,917**
Changes in scope of consolidation	-	-	-
Acquisitions	1,618	-	1,618
Disposals	-2	-2	-0
Other movements	-	-	-
Translation adjustments	2,188	1,223	965
Amortisation	-	9,178	-9,178
31 December 2018	**104,185**	**61,864**	**42,322**

Intangible assets essentially include non-proprietary software packages used in the Group's ordinary course of business as well as software and customer and distributor relations acquired as part of external growth transactions. These mainly consist of:

- technologies belonging to Vordel and Tumbleweed, for which the amortisation periods are 10 years and 15 years respectively (from November 2012 for Vordel and September 2008 for Tumbleweed);
- Systar technologies and customer-base for which the amortisation periods vary between 8 and 12 years (from April 2014);

- Appcelerator technologies and customer-base for which the amortisation periods vary between 5 and 9 years (from January 2016);
- Syncplicity technologies and customer-base for which the amortisation periods vary between 10 and 15 years (from March 2017).

No expenditure incurred in developing the Group's solutions and software packages were capitalised, either in 2018 or in previous years.

8.4 Property, plant and equipment

Property, plant and equipment essentially comprise fixtures and fittings, office furniture and equipment and IT facilities.

Items of property, plant and equipment are measured at acquisition cost less accumulated depreciation and any impairment losses. No items have been revalued.

Depreciation is calculated using the straight-line method over the expected useful lives of each non-current asset category as follows:

- fittings and fixtures: 10 years;
- equipment and tooling: 3 to 5 years;
- furniture and office equipment: 5 to 10 years.

Depreciation is calculated based on the asset acquisition cost after deducting any residual value. Residual asset values and expected useful lives are reviewed at each reporting date.

(in thousands of euros)	Furniture, fixtures and fittings	IT facilities	Total
Gross value			
31 December 2016	**13,565**	**19,585**	**33,150**
Translation adjustments	-630	-1,136	-1,766
Acquisitions	2,203	3,807	6,010
Disposals	-2,406	-125	-2,530
Other movements	8	-8	-
Changes in scope of consolidation	67	467	535
31 Decembre 2017	**12,808**	**22,591**	**35,399**
Translation adjustments	132	383	515
Acquisitions	504	2,860	3,365
Disposals	-1,116	-981	-2,097
Other movements	-146	139	-8
Changes in scope of consolidation	-	-	-
31 Decembre 2018	**12,182**	**24,992**	**37,174**
Depreciation			
31 December 2016	**4,423**	**14,195**	**18,618**
Translation adjustments	-342	-881	-1,223
Charges	1,143	2,276	3,418
Reversals	-10	-116	-127
Other movements	-	-	-
Changes in scope of consolidation	39	284	323
31 December 2017	**5,252**	**15,758**	**21,010**
Translation adjustments	94	295	389
Charges	1,144	2,527	3,672
Reversals	-342	-956	-1,298
Other movements	0	-	0
Changes in scope of consolidation	-	-	-
31 December 2018	**6,148**	**17,624**	**23,772**
Net value			
31 December 2017	**7,556**	**6,833**	**14,390**
31 December 2018	**6,034**	**7,368**	**13,402**

- Investments made by the Group in property, plant and equipment primarily include office equipment in France and abroad, and information technology equipment (central systems, work stations, and networks);
- amounts included under disposals during the year mainly correspond to the scrapping of computer equipment each year after taking inventory and exits from premises for which leases were not renewed;
- in 2017, €6.0 million of acquisitions of gross property, plant and equipment related to the acquisition of new facilities;
- in 2018, €3.4 million of acquisitions of gross property, plant and equipment related to the acquisition of new IT facilities.

Note 9 Provisions

A provision is recognised when an obligation exists with respect to a third party originating prior to the reporting date and when the loss or liability is probable and may be reliably estimated. To the extent that this loss or liability is not probable or may not be reliably estimated, a contingent liability is disclosed by the Group in commitments given.

Changes in 2018 provisions (in current and non-current liabilities)

(in thousands of euros)	01/01/2018	Change in scope of consolidation	Provisions for the year	Reversals for the year (provisions used)	Reversals for the year (unused provisions)	Other movements	31/12/2018
Provisions for disputes	653	-	80	-171	-60	-	502
Provisions for guarantees	130	-	-	-	-	-	130
Other provisions for contingencies	73	-	2	0	-16	-	59
Subtotal provisions for contingencies	**856**	**-**	**82**	**-171**	**-76**	**-**	**690**
Tax provisions	427	-	67	-	-	-	494
Restructuring provisions	112	-	-	-27	-	-0	85
Other provisions for losses	708	-	-	-	-	-602	106
Subtotal provisions for losses	**1,247**	**-**	**67**	**-27**	**-**	**-602**	**686**
Total	**2,103**	**-**	**149**	**-198**	**-76**	**-602**	**1,376**
Impact (net of expenses incurred)							
Profit from recurring operations			80		-76		
Operating profit			-		-		
Net financial income			2		-		
Tax expense			67		-		
Total			**149**		**-76**		

- the €130 thousand guarantee provision concerns Axway Gmbh in Germany;
- provisions for disputes mainly relate to labour arbitration proceedings. New disputes were provided for €80 thousand at 31 December 2018;
- tax provisions relate to the tax audit of Axway Software covering fiscal years 2009, 2010 and 2011, for which Court of Appeal proceedings are pending;
- the reclassification of -€602 thousand concerns regulatory termination benefits in Italy (*trattamento di fine rapporto,* TFR) in the amount of €614 thousand. This is not a pension provision but a commitment to employees payable on their departure, whether as a result of redundancy, retirement or resignation. This amount was transferred to "Other long-term employee benefits";
- other provisions for losses of €85 thousand concern reorganisation measures;
- a €106 thousand seniority provision was also recognised in the financial statements of Axway Gmbh in Germany.

Note 10 Financing and management of financial risks

10.1 Cost of net financial debt

(in thousands of euros)	2018	2017	2016
Income from cash management	203	192	128
Interest expense	-937	-1,285	-508
Total	**-734**	**-1,093**	**-380**

In 2018, interest expenses mainly comprise the non-use fee for the medium-term borrowing, and interest on the revolving credit facility (RCF).

10.2 Other financial income and expense

Foreign exchange gains and losses mainly relate to commercial transactions denominated in foreign currencies.

Foreign exchange differences on intercompany loans are considered an integral part of the Group's net investment in the foreign subsidiaries concerned and are recognised as a separate component of shareholders' equity under "Translation adjustments" in application of IAS 21.

(in thousands of euros)	2018	2017	2016
Foreign exchange gains and losses	**-622**	**2,281**	**795**
Reversal of provisions	-	137	32
Other financial income	5	-	-
Total foreign exchange gains/losses and other financial income	**-617**	**2,418**	**827**
Charges to provisions	-2	-0	-
Discounting of retirement benefit commitments	-102	-152	-203
Change in the value of derivatives	216	198	47
Other financial expenses	-389	-680	-149
Total other financial expenses	**-276**	**-634**	**-305**
Total other financial income & expense	**-893**	**1,784**	**522**

Discounting of retirement benefit commitments: see Note 5.3.

Discounting of employee profit-sharing: see Note 10.4.

10.3 Cash and cash equivalents

Cash and cash equivalents comprise cash, bank demand deposits, other highly liquid investments with maturities not exceeding three months and bank overdrafts. Bank overdrafts are included in *Financial debt – short-term portion*.

Under IAS 7, cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The Group applies the classification of UCITS as updated by the *Association française de gestion* (AFG), the *Association* (AFTE) and the *Association française des investisseurs institutionnels* (AF2I), adopted as a reasonable basis for recognition by the *Autorité des marchés financiers* (AMF) in its position no. 2012-13 on the classification of UCITS as cash equivalents:

- UCITS classified by the AMF as "euro-denominated" money-market instruments are presumed to satisfy the four key criteria already mentioned. In accordance with AMF Recommendation no. 2011-13 on the classification of UCITS as cash equivalents, a regular assessment of historical performance is performed to confirm that the risk of a change in the value of these instruments is negligible, especially in times of crisis or market tension;
- eligibility of the other cash UCITS as "cash equivalents" has not been presumed: an analysis of compliance with the four criteria cited is required.

Cash equivalents are recognised at their fair value; changes in fair value are recognised in the income statement in *Other financial income and expenses.*

The Statement of cash flows is presented in Chapter 4.4., Statement of Cash Flows.

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Investment securities	1,048	-	-
Cash	34,736	28,146	51,716
Cash and cash equivalents	**35,785**	**28,146**	**51,716**
Bank overdrafts	-13	-8	-9
Total	**35,772**	**28,138**	**51,707**

Net cash and cash equivalents include available liquid funds (cash and positive bank balances), investment securities that meet the definition of cash equivalents, bills of exchange presented for collection and due before the reporting date and temporary bank overdrafts.

10.4 Financial liabilities - Net debt

a. Operating leases

Leases under which the lessor retains substantially all the risks and rewards incidental to ownership of the assets are treated as operating leases. Payments under these contracts are recognised as an expense on a straight-line basis over the duration of the applicable leases.

b. Financial debt

Financial debt essentially comprises:

- bank borrowings: initially recognised at fair value net of transaction costs and subsequently recognised at amortised cost; any difference between the principal amount borrowed (net of transaction costs) and the amount repayable is recognised in the income statement over the term of the borrowings using the effective interest rate method.

(in thousands of euros)	Current	Non-current	31/12/2018	31/12/2017	31/12/2016
Bank borrowings	4,211	41,774	45,986	48,762	35,434
Finance lease liabilities	-	-	-	-	7
Other financial liabilities	18	-	18	-	-
Bank overdrafts	8	-	8	8	9
Financial debt	**4,238**	**41,774**	**46,012**	**48,770**	**35,450**
Investment securities	-1,048	-	-1,048	-	-
Cash and cash equivalents	-34,736	-	-34,736	-28,146	-51,716
Net debt	**-31,547**	**41,774**	**10,227**	**20,624**	**-16,266**

Presentation change: From fiscal year 2018, “Employee profit-sharing” is reclassified in “Other non-current liabilities” (Note 7.4) and “Other current liabilities” (‘Note 7.7). Fiscal years 2017 and 2016 have been restated above.

Presentation of net debt before restatement, using the format adopted in the Registration Document until fiscal year 2017

(in thousands of euros)	Current	Non-current	31/12/2018	31/12/2017	31/12/2016
Bank borrowings	4,211	41,774	45,986	48,762	35,434
Finance lease liabilities	-	-	-	-	7
Employee profit-sharing	686	2,247	2,933	3,470	3,686
Other financial liabilities	18	-	18	-	-
Bank overdrafts	8	-	8	8	9
Financial debt	**4,924**	**44,021**	**48,945**	**52,240**	**39,136**
Investment securities	-1,048	-	-1,048	-	-
Cash and cash equivalents	-34,736	-	-34,736	-28,146	-51,716
Net debt	**-30,861**	**44,021**	**13,160**	**24,094**	**-12,580**

In order to increase Axway's financial flexibility while also guaranteeing its capacity to finance an external growth strategy, Axway Software has contracted a five-year €125 million multi-currency revolving credit facility (RCF) with six banks.

This RCF agreement was initially signed in July 2014. It was followed on 31 January 2019 by an "Amendments and maturity extension" agreement reducing the margin scale and relaxing the financial covenants, after approval by the Board of Directors on 25 October 2018. The initial maturity of July 2021 was extended to January 2024. The new documentation also includes two extension options of one year each, that could extend the final maturity to January 2026. In addition, the Group was granted increased flexibility by its banks for acquisitions of less than €50 million, with no prior documentation now required.

The Revolving Credit Facility (RCF) retains a central role in the Axway Group's strategy for financing future acquisitions. It is an extremely flexible financing tool, enabling dynamic cash management.

During the drawdown period, interest is payable at Euribor plus a spread adjusted every six months to reflect the change in the ratio: Net financial debt/EBITDA. This net financial debt does not include employee profit-sharing liabilities or net debt resulting from the application of the new IFRS 16 standard applicable in 2019.

These lines are subject to a use and non-use fee.

Three financial ratios must be met under covenants (see Note 14.3).

- "Net debt/EBITDA" ratio of below 2.5 at 31 December 2018 and then below 3.0 throughout the loan term. This ratio was 0.31 at 31 December 2018;
- the ratio of "EBITDA to financial expenses" remaining above 5.0 throughout the term of the loan. This ratio was 45.21 at 31 December 2018;
- "Net debt/shareholders' equity" ratio below 1.0 throughout the term of the loan. This ratio was 0.03 at 31 December 2018.

Note that from application of the new loan agreement, in the event of an acquisition with an enterprise value in excess of 2.5x Group EBITDA, Axway can elect, one time throughout the loan term, to apply the ratio "Net debt/EBITDA" strictly below 3.5 at the date of the first post-acquisition test, below 3.5 at the date of the second post-acquisition test and below 3.25 at the date of the third post-acquisition test.

In early February 2017, Axway drew down its Revolving Credit Facility (RCF) in the amount of US$45 million to finance the acquisition of Syncplicity. This draw-down was repaid and replaced by a draw-down of €36 million in November 2017, which has been renewed since this date. Following these transactions, the available balance under the RCF stands at €89 million.

The €5 million loan from Banque Populaire, contracted in April 2016, is being repaid in line with its five-year repayment schedule. It is not subject to any financial covenants.

Similarly, the loans contracted with BPI France, for €5 million in March 2015 for a term of 5 years, for €5 million in July 2016 for a term of 7 years and for €3 million in September 2016 for a term of 5 years, are not subject to any financial covenant and are being repaid in accordance with their respective repayment schedules.

Our bank borrowings therefore changed due to:

- scheduled quarterly repayments on the BPI (€0.4 million) and Banque Populaire (€0.25 million) loans.

At end 2018, Axway also sold €10.1 million of its CIR research tax credits to Crédit Agricole, and the receivable was deconsolidated.

10.5 Financial instruments recorded in the balance sheet

Derivatives are initially recognised at fair value on the date of signing the contract. They are later revalued at their fair value. The accounting treatment of the associated profit or loss depends on whether the derivative has been designated as a hedging instrument and, if so, on the nature of the hedged item.

The Group designates a number of derivatives such as:

- hedges of the fair value of assets or liabilities recognised in the balance sheet or of firm forward commitments (fair value hedge); or
- hedges of a specific risk associated with an asset or liability recognised or a future, highly probable transaction (cash flow hedge); or
- hedges of a net investment in a foreign operation (net investment hedge).

The fair value of a hedging derivative instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Changes in the fair value of derivative instruments that qualify for hedge accounting have an impact on shareholders' equity.

Derivatives held for trading purposes are classified as current assets or liabilities if settled within a year of the reporting date, otherwise they are classified under non-current assets or liabilities. The Group also classifies derivatives as speculative instruments when they cannot qualify as designated and effective hedging instruments within the meaning of IAS 39. The changes in their fair value are recorded in the income statement in Other financial income and expenses.

a. At 31 December 2018

	31/12/2018		Breakdown by class of derivative instrument					
(in thousands of euros)	Carrying amount	Fair value	Assets and liabilities at fair value through profit and loss	Available-for-sale assets	Loans, receivables and other liabilities	Financial debt at amortised cost	Derivatives at fair value through profit or loss	Derivatives at fair value through shareholders' equity
Financial assets	3,526	3,526	-	-0	3,526	-	-	-
Trade receivables	65,565	65,565	-	-	65,565	-	-	-
Other current receivables	29,634	29,634	-	-	-51,374	-	2,578	78,430
Cash and cash equivalents	35,785	35,785	35,785	-	-	-	-	-
Financial assets	**134,509**	**134,509**	**35,785**	**-0**	**17,717**	**-**	**2,578**	**78,430**
Financial debt – long-term portion	41,774	41,774	-	-	-	41,774	-	-
Other non-current liabilities	10,827	10,827	-	-	10,827	-	-	-
Financial debt – short-term portion	4,238	4,238	-	-	-	4,238	-	-
Trade accounts payable	15,441	15,441	-	-	15,441	-	-	-
Other current liabilities	42,963	42,963	-	-	42,963	-	-	-
Financial liabilities	**115,243**	**115,243**	**-**	**-**	**69,231**	**46,012**	**-**	**-**

The fair value of trade receivables, other current receivables, trade payables and other current liabilities is the same as the carrying amount, owing to their very short settlement times.

b. At 31 December 2017

(in thousands of euros)	31/12/2017		Breakdown by class of derivative instrument					
	Carrying amount	Fair value	Assets and liabilities at fair value through profit and loss	Available-for-sale assets	Loans, receivables and other liabilities	Financial debt at amortised cost	Derivatives at fair value through profit or loss	Derivatives at fair value through shareholders' equity
Financial assets	3,288	3,288	-	-	3,288	-	-	-
Trade receivables	71,090	71,090	-	-	71,090	-	-	-
Other current receivables	31,016	31,016	-	-	31,016	-	-	-
Cash and cash equivalents	28,146	28,146	28,146	-	-	-	-	-
Financial assets	**133,540**	**133,540**	**28,146**	**-**	**105,394**	**-**	**-**	**-**
Financial debt – long-term portion	47,759	47,759	-	-	-	47,759	-	-
Other non-current liabilities	15,880	15,880	-	-	15,880	-	-	-
Financial debt – short-term portion	4,481	4,481	95	-	-	4,387	-	-
Trade accounts payable	16,172	16,172	-	-	16,172	-	-	-
Other current liabilities	116,051	116,051	-	-	116,051	-	-	-
Financial liabilities	**200,343**	**200,343**	**95**	**-**	**148,103**	**52,145**	**-**	**-**

10.6 Management of financial risks

10.6.1 Credit risk

a. Maturity of trade receivables

(in thousands of euros)	Carrying amount	Of which: impaired	Of which: neither impaired nor past due at the reporting date	Of which: not impaired at the reporting date but past due, with the following breakdown					
				less than 30 days	between 30 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	more than 360 days
Trade receivables (including doubtful receivables)	65,565	1,399	43,580	12,372	2,868	1,760	1,808	1,133	644

b. Changes in provisions for doubtful receivables

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Impairment of trade receivables at start of period	**1,135**	**874**	**911**
Charges	1,192	974	778
Reversals	-936	-666	-810
Translation adjustments	9	-48	-5
Impairment of trade receivables at end of period	**1,399**	**1,135**	**874**

10.6.2 Liquidity risk

According to the definition given by the *Autorité des marchés financiers*, liquidity risk arises when assets have a longer term than liabilities. This can result in an inability to repay short-term debt if the Company is unable to sell the asset in question or obtain bank credit lines.

At 31 December 2018, there was no liquidity risk. On this date, the Group had €89 million in credit lines and €20 million in unused bank overdrafts, together totalling €109 million. Furthermore, the Group had cash and cash equivalents of €35.7 million.

The following table shows the non-discounted contractual cash flows of consolidated net debt at 31 December 2018:

(in thousands of euros)	Carrying amount	Total contractual flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Bank borrowings	45,986	47,730	4,226	3,450	38,278	1,019	757	-
Other financial liabilities	18	18	18	-	-	-	-	-
Bank overdrafts	8	8	8	-	-	-	-	-
Financial debt	**46,012**	**47,756**	**4,252**	**3,450**	**38,278**	**1,019**	**757**	**-**
Investment securities	-1,048	-1,048	-1,048	-	-	-	-	-
Cash and cash equivalents	-34,736	-34,736	-34,736	-	-	-	-	-
Consolidated net debt	**10,227**	**11,971**	**-31,532**	**3,450**	**38,278**	**1,019**	**757**	**-**

10.6.3 Market risks

a. Interest rate risk

Interest rate risk is managed by the Group's Finance Department in liaison with the partner banking institutions.

Hedging of borrowings

When the multi-currency credit line was opened, a hedging contract was put in place to hedge the risks of a rise in the interest rate applicable to this line, the three-month Euribor. This swap contract expired on 30 June 2016 and no new hedges were entered into in 2016, 2017 or 2018.

Summary of exposure to interest rate risk

The table below shows the Group's exposure to interest rate risk based on commitments at 31 December 2018.

As at 31/12/2018	Interest rate	31/12/2018	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Cash and cash equivalents	Fixed rate	35,785	35,785	-	-	-	-	-
	Floating rate	-	-	-	-	-	-	-
Financial assets	**Fixed rate**	**35,785**	**35,785**	**-**	**-**	**-**	**-**	**-**
	Floating rate	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Bank borrowings	Fixed rate	-4,748	-1,046	-1,021	-996	-972	-714	-
	Floating rate	-41,237	-3,166	-2,361	-35,711	-	-	-
Other financial liabilities	Fixed rate	-	-	-	-	-	-	-
	Floating rate	-18	-18	-	-	-	-	-
Bank overdrafts	Fixed rate		-	-	-	-	-	-
	Floating rate	-8	-8	-	-	-	-	-
Financial liabilities	**Fixed rate**	**-4,748**	**-1,046**	**-1,021**	**-996**	**-972**	**-714**	**-**
	Floating rate	**-41,263**	**-3,192**	**-2,361**	**-35,711**	**-**	**-**	**-**
Net position before hedging	**Fixed rate**	**31,036**	**34,739**	**-1,021**	**-996**	**-972**	**-714**	**-**
	Floating rate	**-41,263**	**-3,192**	**-2,361**	**-35,711**	**-**	**-**	**-**
Interest rate hedging instruments	**Fixed-rate payer swap**	-	-	-	-	-	-	-
	Knock-in tunnel	-	-	-	-	-	-	-
Net exposure after hedging	**Fixed rate**	**31,036**	**34,739**	**-1,021**	**-996**	**-972**	**-714**	**-**
	Floating rate with cap and floor	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Floating rate	**-41,263**	**-3,192**	**-2,361**	**-35,711**	**-**	**-**	**-**

b. Foreign exchange risk

Foreign exchange risk arises mainly from the currency translation of financial statements of companies based in the USA, Brazil, the UK and Sweden. No specific hedge has been arranged for this type of risk.

The exposure to risk arising from trade transactions is limited, as entities mainly carry out business in their own country and currency.

Furthermore, as part of its inter-company transactions, the Group is exposed to the risk of currency fluctuations in respect of:

- the invoicing of services provided by a centre located in Romania. The impact of these currency fluctuations on profit or loss is in principle negligible in view of the regularity of settlements;
- the invoicing of license fees by the Group to subsidiaries operating in a functional currency other than the euro. The impact of these currency fluctuations on profit or loss became more significant in 2018 for the Brazil subsidiary, which is invoiced in dollars;
- borrowings and loans in foreign currencies related to inter-company financing. The impact of these currency fluctuations is taken to shareholders' equity. These financial flows are not systematically hedged.

At 31 December 2018, the net carrying amount of assets and liabilities recognised by Group entities in a currency other than their functional currency was as follows:

Inter-company commercial transactions

(in thousands of euros)	AUD	BRL	EUR	GBP	SGD	USD	Other	Total
Assets	4,301	384	2,715	1,497	3,182	10,008	2,416	24,503
Liabilities	1,703	69	2,885	192	207	8,718	1,220	14,994
Net position before hedging	**2,599**	**316**	**-170**	**1,304**	**2,975**	**1,290**	**1,195**	**9,510**
Net position after hedging	**2,599**	**316**	**-170**	**1,304**	**2,975**	**1,290**	**1,195**	**9,510**

Sensitivity analysis

(in thousands of euros)	AUD	BRL	EURO	GBP	SGD	USD	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	5%	5%	-
Net impact on profit	**130**	**16**	**-8**	**65**	**149**	**65**	**60**	**475**
Impact on shareholders' equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Current accounts

(in thousands of euros)	AUD	BRL	EURO	GBP	SGD	USD	Other	Total
Assets	-	4,290	1	-	-	62,685	451	67,426
Liabilities	3,673	-	2,530	229	5,026	14,055	1,294	26,808
Net position before hedging	**-3,673**	**4,290**	**-2,529**	**-229**	**-5,026**	**48,630**	**-844**	**40,618**
Net position after hedging	**-3,673**	**4,290**	**-2,529**	**-229**	**-5,026**	**48,630**	**-844**	**40,618**

Sensitivity analysis

(in thousands of euros)	AUD	BRL	EURO	GBP	SGD	USD	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	5%	5%	-
Net impact on profit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Impact on shareholders' equity	**-184**	**214**	**-126**	**-11**	**-251**	**2,431**	**-42**	**2,031**

c. Equity risk

At 31 December 2018, Axway Software held 45,697 treasury shares, acquired under the terms of the share buyback programs authorised by the General Meeting at an average price of €19.17, for a total of €876 thousand.

All transactions in treasury shares are recognised directly in shareholders' equity. The impact at 31 December 2018 was -€255 thousand (see Statement of changes in consolidated shareholders' equity).

Note 11 Cash flows

11.1 Change in net debt

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Net debt at 1 January (A)	**20,624**	**-16,266**	**-39,474**
Cash from operations after cost of net debt and tax	**24,209**	**18,203**	**43,459**
Cost of net financial debt	734	1,093	380
Income tax expense (including deferred tax)	5,633	24,021	3,745
Cash from operations before cost of net financial debt and tax	**30,576**	**43,317**	**47,584**
Income taxes paid	-4,408	-2,051	-3,291
Changes in working capital requirements	-3,558	-11,724	-5,900
Net cash from operating activities	**22,610**	**29,543**	**38,394**
Change related to investing activity	-4,374	-4,194	-10,094
Net interest paid	-734	-1,093	-380
Available net cash flow	**17,503**	**24,256**	**27,919**
Impact of changes in the scope of consolidation	0	-52,691	-45,944
Financial investments	196	-635	-1,304
Dividends	-4,237	-8,468	-8,314
Share capital increase for cash	232	3,150	3,444
Other changes	-2,974	-68	235
Total net change during the year (B)	**10,720**	**-34,456**	**-23,964**
Impact of changes in exchange rates	-323	-2,434	756
Net debt at 31 December (A-B)	**10,227**	**20,624**	**-16,266**

Presentation change: From fiscal year 2018, "Employee profit-sharing" is reclassified in "Other non-current liabilities" (Note 7.4) and "Other current liabilities" ('Note 7.7). This account was previously recorded in "Financial debt". Fiscal years 2017 and 2016 have been restated above.

Presentation of net debt before restatement, using the format adopted in the Registration Document until fiscal year 2017

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Net debt at 1 January (A)	**24,094**	**-12,580**	**-35,681**
Cash from operations after cost of net debt and tax	**24,209**	**18,203**	**43,459**
Cost of net financial debt	734	1,093	380
Income tax (including deferred tax)	5,633	24,021	3,745
Cash from operations before cost of net financial debt and tax	**30,576**	**43,317**	**47,584**
Income taxes paid	-4,408	-2,051	-3,291
Changes in working capital requirements	-3,558	-11,724	-5,900
Net cash from operating activities	**22,610**	**29,543**	**38,394**
Change related to investing activity	-4,374	-4,194	-10,094
Net interest paid	-734	-1,093	-380
Available net cash flow	**17,503**	**24,256**	**27,919**
Impact of changes in the scope of consolidation	0	-52,691	-45,944
Financial investments	196	-635	-1,304
Dividends	-4,237	-8,468	-8,314
Share capital increase for cash	232	3,150	3,444
Other changes	-2437	148	342
Total net change during the year (B)	**11,257**	**-34,240**	**-23,856**
Impact of changes in exchange rates	-323	-2,434	756
Net debt at 31 December (A-B)	**13,160**	**24,094**	**-12,580**

11.2 Reconciliation of WCR with the cash flow statement

WCR decreased by €3.6 million in 2018 compared with a 2017 decrease in WCR of €11.7 million. This €8.1 million improvement in WCR is due to the change in the business model which increases deferred income of less than one year.

DSO is 77 days at the end of 2018, stable on the end of 2017.

11.3 Other cash flows

Net cash from operating activities amounted to €22.6 million in 2018, with cash from operations before cost of net financial debt and tax of €30.6 million.

Net cash used in investing activities of -€4.0 million arose from acquisitions of property, plant and equipment and intangible assets (-€4.4 million), mainly in France and the United States.

Net cash used in financing activities amounted to -€10.7 million, with a decrease in borrowings of -€2.8 million and a dividend of -€4.2 million paid to Axway Software's shareholders.

Note 12 Equity and earnings per share

The Statement of changes in consolidated shareholders' equity is presented in Chapter 4.3, Statement of changes in consolidated shareholders' equity.

12.1 Changes in the share capital

At 31 December 2017, the share capital stood at €42,420,462, and comprised 21,210,231 fully paid-up shares with a par value of €2.00 each.

In 2018, 15,150 share subscription options were exercised, creating 15,150 new shares at a price of €2.00.

At 31 December 2018, the share capital stood at € 42,450,762 comprising 21,225,381 fully-paid up shares with a par value of €2.00 each.

The share subscription option plans and the free share grant plans are described in Notes 12.2 and 12.3.

12.2 Share subscription option plans

	Initial position		Option exercise period		Position at 1 January		Changes in the period, number of options:			Position at 31/12/2018	
Grant date	Number of options	Exercise price	Start date	Expiry date	Number of options	Exercise price	awarded	cancelled	exercised	Number of options	Exercise price
Plan No. 3–2011 stock option plan, maximum issue of 1,033,111 shares* Shareholders' Meeting of 28/04/2011											
18/11/2011	516,175	€14.90	18/05/2014	18/11/2019	82,800	€14.90	-	-1,700	-3,825	77,275	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2019	107,150	€14.90	-	-2,800	-5,325	99,025	€14.90
28/03/2013	131,250	€15.90	28/09/2015	28/03/2021	15,750	€15.90	-	-	-1,000	14,750	€15.90
28/03/2013	131,250	€15.90	28/03/2018	28/03/2021	42,500	€15.90	-	-	-5,000	37,500	€15.90
03/01/2014	50,000	€21.86	02/07/2016	03/01/2022	-	€21.86	-	-	-	-	€21.86
03/01/2014	50,000	€21.86	03/01/2019	03/01/2022	-	€21.86	-	-	-	-	€21.86
Total	**1,394,850**				**248,200**		**-**	**-4,500**	**-15,150**	**228,550**	
Total active plans	**1,394,850**				**248,200**		**-**	**-4,500**	**-15,150**	**228,550**	

* *increased to 1,295,611 following an amendment in June 2013.*

- 15,150 share subscription options were exercised during fiscal year 2018;
- 4,500 share subscription options were cancelled in 2018 following the departure of the holders;
- at 31 December 2018, 228,550 options remained outstanding out of those awarded in 2011 and 2013, all of them potentially dilutive to the current share price;
- no further options can be allocated under Plans nos. 1 and 2;
- the fair values of the share subscription options awarded under Plan nos. 1 and 2 were determined using the binomial model recommended by IFRS 2;
- the fair value of the share subscription options awarded under Plan no. 3 was determined using the same binomial model, on the basis of the following assumptions: average expected life of 4.5 to 6 years; expected volatility of 29.44%; dividend yield of 1.39%; and risk-free interest rate of 2.48%. Expected volatility was determined on the basis of the volatility expected for stocks in comparable sectors;
- the average closing share price in 2018 was €18.20;
- an amount of +€8.7 thousand was recognised in respect of 2018, in accordance with the method disclosed in Note 1.16 "Share-based payments". This current expense relating to the valuation of services provided by beneficiaries in exchange for not granting stock options was recognised in the income statement. No non-recurring expenses were recognised in relation to the cost of services rendered by employees benefiting from share subscription options whose right to exercise their options was maintained despite their departure from the Group in 2018.

12.3 Free share plan

The plan to grant free shares to the Group's employees ratified by the Board of Directors on 14 February 2012 led to the creation of 25,155 shares on 14 February 2014 and 23,040 shares on 23 February 2016.

Under IFRS 2, *Share-based Payment*, the value of the free shares granted calculated at the award date of the rights is expensed over the vesting period, i.e. two to four years.

In April 2015, the Board of Directors granted certain employees 35,000 free shares, subject to a four-year lock-up period. At 31 December 2018, all free shares were outstanding, and none of them had been cancelled. The charge for this free share grant plan for fiscal year 2018 was €53.5 thousand.

In June 2016, the Board of Directors granted 273,500 free shares, subject to a three-year lock-up period, to the Axway Leadership team, the members of the Executive Committee and other persons regarded as key for the Axway Group. At 31 December 2018, 156,994 free shares are still outstanding.

In June 2017, the Board of Directors adopted a free share grant plan for 253,000 performance shares, subject to the fulfilment of presence and performance conditions, for the Axway Leadership team, the members of the Executive Committee and other persons regarded as key for the Axway Group. At 31 December 2018, 177,550 free shares are still outstanding.

In June 2017, the Board of Directors also adopted a free share grant plan for 72,000 performance shares, for the former Chief Executive Officer, subject to the fulfilment of presence and performance conditions and with a four-year implementation period. At 31 December 2018, the 72,000 free shares were no longer outstanding.

In July 2018, the Board of Directors adopted a free share grant plan for 228,500 performance shares, subject to the fulfilment of presence and performance conditions, for the Axway Leadership team, the members of the Executive Committee and other persons regarded as key for the Axway Group. At 31 December 2018, 223,577 free shares are still outstanding.

In July 2018, the Board of Directors also adopted a free share grant plan for 36,000 performance shares, for the Chief Executive Officer, subject to the fulfilment of presence and performance conditions and with a three-year implementation period. At 31 December 2018, the 36,000 free shares are still outstanding.

12.4 Capital reserves

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Share issue, merger and contribution premiums	110,976	116,840	112,924
Legal reserve	4,242	4,204	4,155
Total	**115,218**	**121,044**	**117,079**

The principal movements in fiscal year 2018 were as follows:

- appropriation of 2017 earnings to the legal reserve: €38 thousand;
- issue premium relating to the share capital increase resulting from the exercise of 15,150 share subscription options: €201 thousand;

In 2018, premiums relating to the 2012, 2015, 2016, 2017 and 2018 free share grant plans and the stock options were transferred to reserves and consolidated profit in the amount of €10,269 thousand in respect of the balance at 31 December 2017 and €1,190 thousand in respect of fiscal year 2018. They were recorded in issue, merger and contribution premiums until 31 December 2017.

12.5 Dividends

The General Meeting of Axway Software held on 6 June 2018 to approve the 2017 financial statements approved a dividend of €0.20 per share, representing a total distribution of €4,237 thousand.

This dividend was paid on 4 July 2018.

The 2019 General Meeting held to approve the 2018 financial statements will be asked to approve a dividend distribution of €0.40 per share. Based on the number of shares outstanding at 31 December 2018, the total dividend distribution amounts to €8,490 thousand.

12.6 Capital management objectives, policy and procedures

The Company's capital consists solely of the items disclosed in the balance sheet. There are no financial liabilities considered as components of capital and, conversely, there are no shareholders' equity components not considered to be part of the Company's capital.

The Company does not operate under any external capital constraints, other than the net financial debt to equity ratio, which, under the covenants stipulated in the syndication contract, must remain below 1 throughout the loan period.

The Company has entered into a market-making agreement to ensure the liquidity of transactions and regular trading of its shares, in order to avoid share price fluctuations that are not justified by market trends. The liquidity account enabling the intermediary to carry out transactions under the contract stands at €1.1 million.

All Axway shares held by the parent company are deducted from shareholders' equity at their acquisition cost.

Gains or losses on the disposal of treasury shares are added to or deducted from consolidated reserves, net of tax.

12.7 Earnings per share

Earnings per share as stated in the income statement are calculated on the basis of the Group share in net income as follows:

- basic earnings per share are based on the weighted-average number of shares outstanding during the fiscal year, calculated according to the dates when the funds arising from share issues for cash were received and, for shares issued for contributions-in-kind via equity, the date on which the corresponding new Group companies were consolidated for the first time;
- diluted earnings per share are calculated by adjusting the Group share of net income and the weighted-average number of shares outstanding for the diluting effect of exercising share subscription option plans in force at the end of the fiscal year. The share buyback at market price method has been applied, based on the average share price throughout the year.

(in euros)	2018	2017	2016
Net income - attributable to owners of the Company	10,993,257	4,404,244	31,476,576
Weighted average number of ordinary shares outstanding	21,221,658	21,161,851	20,816,835
Basic earnings per share	**0.52**	**0.21**	**1.51**

(in euros)	2018	2017	2016
Net income - attributable to owners of the Company	10,993,257	4,404,244	31,476,576
Weighted average number of ordinary shares outstanding	21,221,658	21,161,851	20,816,835
Weighted average number of securities taken into account in respect of dilutive items	484,346	675,031	464,282
Weighted average number of shares taken into account to calculate diluted earnings per share	21,706,004	21,836,882	21,281,117
Diluted earnings per share	**0.51**	**0.20**	**1.48**

The only dilutive instruments are the stock options shown in Note 5.4 and the free shares granted as part of the Plans dated 29 April 2015, 22 June 2016, 6 June 2017 and 25 July 2018.

Only potentially dilutive ordinary shares, excluding those with an accretive effect, were considered in the calculation of diluted earnings per share. Potential ordinary shares resulting from share subscription options whose exercise price increased by the fair value of services yet to be received from the option holders is greater than the average share price (€18.20) during the period, were considered as accretive.

Note 13 Related-party transactions

13.1 Transactions with Sopra-Steria Group, Sopra-Steria Group affiliate companies and Sopra GMT

The tables below detail the transactions between the Axway Group and Sopra-Steria Group SA, the companies of the Sopra-Steria Group, and the GMT holding company.

(in thousands of euros)	31/12/2018	31/12/2017	31/12/2016
Transactions with Sopra-Steria Group			
Sale of goods and services	839	1,164	2,136
Purchase of goods and services	-217	-599	-2,395
Operating receivables	321	667	905
Operating payables	-4	-	-
Transactions with Sopra-Steria Group affiliates			
Sale of goods and services	3,957	2,044	4,430
Purchase of goods and services	-5,344	-4,627	-4,211
Operating receivables	944	352	3,193
Operating payables	-575	-432	-350
Transactions with Sopra GMT			
Purchase of goods and services	-847	-592	-654
Operating payables	-125	-109	-170

Purchase of goods and services from Sopra-Steria Group concerns the use of premises, the use of IT resources, internal subcontracting and non-recurring expenses related to the spin-off of Axway Software from Sopra Group.

13.2 Subsidiaries and equity investments

Transactions and balances between Axway Software and its subsidiaries were fully eliminated on consolidation, since all of the subsidiaries are fully consolidated.

13.3 Relationships with other related parties

No relationships with other related parties had to be taken into consideration.

Note 14 Off-balance-sheet commitments and contingent liabilities

14.1 Contractual obligations

	Payments due per period					
Contractual obligations *(in thousands of euros)*	Less than one year	From 1 to 5 years	More than 5 years	31/12/2018	31/12/2017	31/12/2016
Long-term liabilities	4,211	41,774	-	45,986	48,762	35,434
Finance lease obligations	-	-	-	-	-	7
Employee profit-sharing	669	1,578	-	2,247	3,470	3,686
Other financial liabilities	18	-	-	18	-	-
Bank overdrafts	8	-	-	8	8	9
Total commitments recognised	**4,907**	**43,352**	**-**	**48,259**	**52,240**	**39,136**

Other commercial commitments *(in thousands of euros)*	**Amount of the commitments per period** Less than one year	1-5 years	More than 5 years	**31/12/2018**	**31/12/2017**	**31/12/2016**
Guarantees	-	622	660	1,282	1,047	1,096
Total commitments not recognised	**-**	**622**	**660**	**1,282**	**1,047**	**1,096**

Commitments received include an unused overdraft line of €20 million held by Axway Software.

Axway Software also has a €125 million multi-currency revolving credit facility, of which €89 million was available at 31 December 2018 (see Note 10.4).

The Group acquires some of its IT facilities, office fixtures and fittings and premises under operating lease contracts. The rental charges for the above totalled €10.1 million in 2018, €10.3 million in 2017 and €10.9 million in 2016.

At 31 December 2018, future minimum annual payments under non-cancellable lease contracts were as follows:

(in thousands of euros)	**Operating leases**
2019	8,848
2020	6,304
2021	4,507
2022	3,785
2023	3,305
2024 and beyond	9,020
Total minimum future lease payments	**35,769**

These amounts do not suffice to estimate the impacts of IFRS 16.

14.2 Commitments given related to recurring operations

(in thousands of euros)	**31/12/2018**	**31/12/2017**	**31/12/2016**
Bank guarantees/deposits on leased premises	328	328	328
Other guarantees	117	125	117
Collateral, guarantees, mortgages and sureties	177	177	177
Severance pay for termination of CEO's duties	660	417	474
Total	**1,282**	**1,047**	**1,096**

The Board of Directors' meeting of 20 February 2019 validated severance pay for Patrick Donovan of US$756 thousand (€660 thousand), equal to one year's fixed and variable compensation.

14.3 Covenants

Three financial ratios must be met under covenants. These ratios are:

- "Net debt/EBITDA" ratio of below 2.5 at 31 December 2018 and then below 3.0 throughout the loan term. This ratio was 0.31 at 31 December 2018;
- the ratio of "EBITDA to financial expenses" remaining above 5.0 throughout the term of the loan. This ratio was 45.21 at 31 December 2018;
- "Net debt/shareholders' equity" ratio below 1.0 throughout the term of the loan. This ratio was 0.03 at 31 December 2018;

At 31 December 2018, the Group complied with all the covenants and commitments included in this contract.

Note that the net financial debt figure used in the calculations does not include employee profit-sharing liabilities.

Consolidated EBITDA is calculated as follows:

Operating profit	**18,254**
Amortisation of allocated intangible assets	8,315
Share-based payment expense	1,131
Depreciation and amortisation, provisions and impairment	5,341
Net expense for post-employment *and similar benefit obligations (Note 5.1)*	141
Consolidated EBITDA	**33,182**

14.4 Contingent liabilities

No contingent liabilities had to be taken into consideration.

14.5 Pledges, guarantees and surety

No pledge, guarantee or surety had been granted by Axway at 31 December 2018.

Note 15 Events after the reporting period

On 21 March 2019, Axway announced the acquisition of the entire share capital of the French start-up, Streamdata.io, a software publisher specialising in event-driven API Management. The Group is further accelerating the execution of its strategy by strengthening both its API Management offer and the technological capabilities of its hybrid integration platform, AMPLIFY™.

Streamdata.io's activities will be consolidated in the Axway financial statements in the second quarter of 2019.

The press release announcing this acquisition is presented in Section 1.8 of the Registration Document.

Note 16 List of consolidated companies at 31 December 2018

Company	Country	% control	% held	Consolidation method
Axway Software	France	-	-	Parent company
Axway Distribution France SAS	France	100%	100%	FC
Axway SAS	France	100%	100%	FC
Axway UK Ltd	United Kingdom	100%	99.998%	FC
Axway Ireland	Ireland	100%	100%	FC
Axway Nordic AB	Sweden	100%	100%	FC
Axway GmbH	Germany	100%	100%	FC
Axway BV	Netherlands	100%	100%	FC
Axway Belgium	Belgium	100%	99.9%	FC
Axway Srl	Italy	100%	100%	FC
Axway Software Iberia	Spain	100%	100%	FC
Axway Software do Brasil LTDA	Brazil	100%	99.99%	FC
Axway Romania Srl	Romania	100%	100%	FC
Axway Bulgaria EOOD	Bulgaria	100%	100%	FC
Axway Inc.	United States	100%	100%	FC
Axway Pte Ltd	Singapore	100%	100%	FC
Axway Software China	China	100%	100%	FC
Axway Ltd	Hong Kong	100%	100%	FC
Axway Pty Ltd	Australia	100%	100%	FC
Appcelerator China	China	100%	100%	FC
Syncplicity LLC	United States	100%	100%	FC
Syncplicity International Limited	Ireland	100%	100%	FC

FC: Fully consolidated.

Note 17 Audit fees

	Fees for Statutory Auditors and members of their network											
	Mazars						Auditeurs & Conseils Associés					
	Amount (excl. VAT)			%			Amount (excl. VAT)			%		
(in thousands euros)	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
Statutory audit, certification and review of the individual company and consolidated financial statements												
Issuer	129	146	129	37%	37%	36%	115	121	113	67%	61%	62%
Fully consolidated subsidiaries	222	251	223	63%	63%	62%	54	43	38	32%	22%	21%
Subtotal	**351**	**397**	**352**	**99%**	**99%**	**98%**	**169**	**164**	**151**	**99%**	**83%**	**83%**
Other services than certification												
Issuer	2	2	-	1%	1%	0%	2	2	-	1%	1%	0%
Fully consolidated subsidiaries	-	-	7	0%	0%	2%	-	31	32	0%	16%	17%
Subtotal	**2**	**2**	**7**	**1%**	**1%**	**2%**	**2**	**33**	**32**	**1%**	**17%**	**17%**
Total	**353**	**399**	**359**	**100%**	**100%**	**100%**	**171**	**197**	**183**	**100%**	**100%**	**100%**

4.6 Statutory Auditors' report on the consolidated financial statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2018

To the General Meeting of Axway Software,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of Axway Software for the year ended 31 December 2018.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations of the Group for the year then ended and of its financial position and of its assets and liabilities as at 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee

Basis for our opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements Section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) no. 537/2014 or in the French Code of Ethics (*Code de déontologie*) for statutory auditors.

Observation

We draw your attention to Notes 1.2.1. and 1.2.2. to the consolidated financial statements setting out the changes in accounting method resulting from the application at 1 January 2018 of IFRS 15, Revenue from contracts with customers, and IFRS 9, Financial instruments. Our audit opinion is not modified in respect of this matter.

Justification of our assessments – Key audit matters

In accordance with the requirements of Articles L.823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Recognition of license revenue

(Note 4.1 to the consolidated financial statements)

Risk identified

The Group's activity comprises several business lines including license sales. At 31 December 2018, the Group's licensing revenue amounted to €56.5 million, representing 19.9% of consolidated revenue.

As a rule, licensing revenue is recognised immediately upon delivery, which is considered completed when all contractual obligations have been fulfilled, i.e. when any remaining services to be provided are non-material and not liable to call into question the customer's acceptance of goods supplied.

Sometimes, contracts comprising multiple components (license, maintenance, ancillary services, etc.) may be negotiated on a fixed-price basis. In this situation, the amount of revenue attributable to the license is equal to the difference between the total contract amount and the fair value of its other components, i.e. maintenance and ancillary services.

In this context, the audit risks concern in particular the correct separation of fiscal years and the rules and procedures for apportioning revenue to contracts with multiple components.

Revenue recognition for this business line is considered a key audit matter in view of its material significance in the Group's financial statements, and, in particular, its impact on operating profit.

Our response

Our audit approach is based on the assessment of the internal control procedures put in place by the Group in order to verify the measurement, comprehensiveness and proper separation of fiscal years for licensing revenue.

Our work included the following, in particular:

- reviewing the design of the internal control as well as the effectiveness-testing of the key check points in the procedure for recognising licensing revenue;
- conducting substantive tests, by sampling or other selection methods, on the revenue from licensing contracts signed during the fiscal year in order to verify the reality and measurement of the revenue, and the correct separation of fiscal years.

In particular, we reconciled the recognised amount of licensing revenue with the contract data, and verified the application of the procedure for apportioning the price of multiple-component contracts among the different elements of such contracts.

We examined the proof of delivery and the terms and procedures for payment.

We also assessed the appropriateness of the disclosures in Note 4.1 to the consolidated financial statements.

Measurement and impairment of goodwill

(Notes 8.1 and 8.2 to the consolidated financial statements)

Risk identified

For the purposes of its development, the Group has conducted targeted external growth operations entailing recognition of several goodwill items.

These goodwill items, corresponding to the difference between the price paid and the fair value of the assets acquired and liabilities assumed, are described in Notes 2.3 and 8.1 to the consolidated financial statements. This goodwill is allocated to the sole cash generating unit (CGU) identified in the Axway Group, namely the Group itself.

Management ensures at each year-end, and whenever indication of an impairment loss is identified, that the net carrying amount of such goodwill, recognised in the balance sheet at €333.6 million at 31 December 2017, and at €344.1 million at 31 December 2018, is not greater than its recoverable amount.

A cash generating unit's recoverable amount is the higher of its fair value (generally market value) less costs to sell, and its value-in-use. The value-in-use is determined by discounting future cash flows. The procedures for the impairment test used are described in Note 8.2, together with the details of the assumptions adopted. At 31 December 2018, the impairment test performed did not identify any impairment loss on the goodwill recognised.

The determination of the recoverable amount of goodwill, which is particularly material with regard to the balance sheet total, relies very largely on management judgment; this concerns in particular the definition of the cash generating units, the perpetual growth rate adopted for the cash flow forecasts and the discount rate applied. We therefore considered the measurement of goodwill and the implementation of impairment tests as a key audit matter.

Our response

Our work mainly consisted in:

- examining the compliance of the methodology applied by the Group with the current accounting standards and, in particular, ascertaining whether the allocation of the assets to the sole CGU identified is comprehensive;
- assessing the reasonableness of the assumptions used to determine future cash flows with regard to operating data and in light of the economic and financial context in which the Group operates;

4

- assessing, with the support of our valuation experts, the consistency of all components of the perpetual growth rate and discount rate;
- analysing the sensitivity of the value-in-use determined by management to changes in the main assumptions adopted.

Lastly, we verified the appropriateness of disclosures in Notes 2.3, 8.1 and 8.2.

Recoverability of deferred tax assets in respect of tax loss carryforwards

(Note 6.4 to the consolidated financial statements)

Risk identified

At 31 December 2018, eligible tax losses carried forward amounted to €183.6 million. The Group recognised deferred tax assets in the balance sheet amounting to €19.8 million in respect of these tax loss carryforwards.

The Group recognises deferred tax using the balance sheet liability method based on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and their tax base. 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.

We considered the recognition and assessment of the recoverability of these deferred tax assets to be a key audit matter, in view of their material amount in the Group financial statements and as the recoverable amount is determined based in particular on future profit forecasts, founded on assumptions, estimates and management assessments.

Our response

We obtained details of the deferred tax assets and taxable profit forecasts for Axway Software and Axway Inc. and, on the basis of this information, we conducted the following procedures:

- we reviewed the calculations and assessed the reasonableness of the main estimates, particularly for the forecasts of future taxable profits;
- we analysed the consistency of the forecasts with the Group's historic performance, its transfer pricing policy and the assumptions used to determine the value-in-use of the sole CGU;
- we reviewed the various taxation rates used to determine the deferred tax assets.

Lastly, we verified the appropriateness of the disclosures in Note 6.4.

Specific verifications

As required by law, we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial performance statement required by Article L.225-102-1 of the French Commercial Code is included in the information pertaining to the Group presented in the management report. It is specified that, in accordance with the provisions of Article L.823-10 of this Code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information contained therein, which should be reported on by an independent third party.

Disclosures required under other legal and regulatory obligations

Appointment of the Statutory Auditors

Both Auditeurs & Conseil Associés – ACA Nexia and Mazars were appointed Statutory Auditors of Axway Software by the General Meeting of 18 December 2000.

At 31 December 2018, Auditeurs & Conseil Associés – ACA Nexia and Mazars had held office as auditors for 18 continuous years, of which eight years since the Company's securities were admitted for trading on a regulated market.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Audit aim and approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris, 12 April 2019

The Statutory Auditors

Auditeurs & Conseils Associés - Aca Nexia	**Mazars**
Sandrine Gimat	Bruno Pouget

4.7 Subsidiaries and equity investments

4.7.1 Acquisitions of equity interests in subsidiaries and equity investments

Newly consolidated entities

There were no entries into the scope of consolidation in 2018.

Deconsolidated entities

The Group placed the following companies in liquidation: Systar Limited in the UK, Appcelerator Inc. in the United States, Appcelerator Singapore in Singapore and Axway Software Sdn Bhd in Malaysia. These companies were removed from the scope of consolidation at the beginning of 2018.

The intangible assets (technology and customer database) of Syncplicity LLC in the United States were transferred to Axway Inc. in the United States at 31 March 2018. This transfer also included all assets and liabilities of Syncplicity LLC, except for balances relating to transactions after 31 March 2018, such as bank balances, trade receivables, trade payables and inter-company balances.

Reorganisation of legal entities

No reorganisations took place in 2018.

Restructuring measures

No restructurings took place in 2018.

4.7.2 List of subsidiaries and equity investments

Company *Amounts in euros*	Share capital	Equity other than share capital	Capital held *(%)*	Carrying amount of securities held Gross	Carrying amount of securities held Net	Outstanding loans and advances granted by the Company	Last fiscal year revenue, excl. VAT	Last fiscal year profit (loss)	Dividends received by the Company during the fiscal year
Axway Software (France)									
Axway UK Ltd (United Kingdom)	111,791	-300,140	100%	148,270	148,270	-	14,970,184	319,644	1,756,922
Axway GmbH (Germany)	425,000	13,784,029	99.998%	23,038,194	23,038,194	-	28,596,039	4,194,225	4,000,000
Axway Srl (Italy)	98,040	581,261	100%	98,127	98,127	105,130	4,630,744	-188,168	
Axway Software Iberia (Spain)	1,000,000	234,012	100%	1,000,000	1,000,000	1,101,176	3,717,591	89,087	380,000
Axway Nordic (Sweden)	9,752	661,634	100%	20,706,080	848,061	-	3,440,818	98,813	-
Axway Inc. (United States)	3	183,536,445	100%	154,946,354	154,946,354	46,664,954	150,949,562	-81,388,083	-
Axway BV (Netherlands)	18,200	501,051	100%	200,000	200,000	-	5,851,639	-178,842	-
Axway Belgium (Belgium)	1,000,000	197,904	99.9%	999,000	999,000	-	9,758,884	428,043	879,120
Axway Romania Srl (Romania)	11,255	2,084,048	100%	1,972,250	1,972,250	1,308,247	12,584,629	-555,092	658,247
Axway SAS (France)	45,000	-16,824	100%	45,000	-	-	-	-1,269	-
Axway Pte Ltd (Singapore)	128,279	530,000	100%	1	1	-	7,119,600	344,924	110,971
Axway Ltd (Hong Kong)	11,151	325,574	100%	1	1	387,751	1,742,064	67,961	-
Axway Pty (Australia)	61,652	22,826	100%	1	1	-	6,821,747	550,198	76,022
Axway Software China (China)	1,442,349	-1,050,821	100%	1	1	-	1,935,387	27,118	-
Axway Bulgaria EOOD (Bulgaria)	2,556	1,002,232	100%	979,844	979,844		10,781,675	124,282	736,260
Axway Distribution France (France)	33,000	-11,785	100%	34,800	-	6,500	-	-1,313	-
Axway Ltd (Ireland)	141,815	29,280,803	100%	42,841,900	42,841,900	-	16,109,875	-1,495,178	-
Axway Software Do Brasil (Brazil)	2,250	-3,551,286	99.99%	3,255	-	8,473,168	4,772,229	-1,330,150	-
Axway Inc. (United States)									
Syncplicity LLC (United States)	1	-14,368,521	100%	53,323,868	53,323,868	1,964,443	4,205,356	-10,735,655	-
Appcelerator China (China)	70,182	36,292	100%	69,961	69,961	-	6,886	-1,634	-
Syncplicity LLC (United States)									
Synplicity International Limited (Ireland)	10,000	213,342	100%	-	-	38,412	-	39,322	-

Axway's Track & Trace offer enables an American biotech vision specialist to track its products throughout the supply chain and meet government authority healthcare requirements.

5

Annual financial statements AFR

The Axway Software SA financial statements are presented in this Chapter. They reflect the financial position of the parent company alone. Unlike the consolidated financial statements, they do not include the accounts of Group subsidiaries.

5.1 Balance sheet

ASSETS

(in thousands of euros)	2018	2017
Intangible assets	52,360	54,326
Property, plant and equipment	6,430	7,145
Financial investments	283,895	267,470
Non-current assets	**342,685**	**328,941**
Trade receivables	67,821	76,502
Other receivables, prepayments and accrued income	22,833	33,571
Cash and cash equivalents	13,288	6,378
Current assets	**103,942**	**116,451**
Total assets	**446,627**	**445,392**

EQUITY AND LIABILITIES

(in thousands of euros)	2018	2017
Share capital	42,451	42,420
Premiums	110,976	110,775
Reserves	78,894	66,212
Retained earnings	5	-60
Net profit for the year	22,812	16,983
Tax-driven provisions	-	-
Equity	**255,138**	**236,331**
Provisions	**14,968**	**17,013**
Financial debt	100,961	111,662
Trade accounts payable	20,101	28,787
Tax and social security liabilities	23,003	22,597
Other liabilities, accrals and deferred income	32,456	29,002
Liabilities	**176,521**	**192,048**
Total equity and liabilities	**446,627**	**445,392**

5.2 Income statement

(in thousands of euros)	2018	2017
Net revenue	157,202	162,090
Other operating income	5,881	1,833
Operating income	**163,083**	**163,923**
Purchases consumed	53,387	55,670
Employee costs	56,402	62,857
Other operating expenses	31,307	36,513
Taxes and duties	3,264	3,160
Depreciation, amortisation and provisions	5,249	6,911
Operating expenses	**149,610**	**165,110**
Operating profit	**13,473**	**-1,188**
Financial income and expense	7,077	7,587
Pre-tax profit on ordinary activities	**20,550**	**6,399**
Exceptional income and expense	-3,742	-336
Employee profit-sharing and incentive schemes	-555	-130
Income tax expense	6,559	11,050
Net profit	**22,812**	**16,983**

5.3 Notes to the 2018 annual financial statements

1. Significant events, accounting policies and valuation rules

1.1 Significant events

Axway Inc. share capital increase

On 15 June 2018, it was agreed to increase the Axway Inc. issue premium by US$40 million (€35 million), by reducing its current account receivable.

Provisions for foreign exchange risk

The decrease in the US dollar exchange rate, combined with the reduction in the US$ current account receivables of Axway Inc. -$32 million and Axway Ireland -$6.6 million, enabled a significant €3.6 million decrease in foreign exchange differences on current accounts. The provision for foreign exchange losses is therefore €3.2 million lower than in December 2017.

Acquisition of treasury shares for grant to employees

Following the authorisation granted by the General Shareholders' Meeting, we purchased 83,289 shares in the Company at the end of the year for €1.1 million. These shares will be used in the free share grant plans expiring in 2019. A contingency provision of €964 thousand and accrued income of €592 thousand were recognised in respect of these shares.

1.2 Accounting policies and valuation rules

The annual financial statements were drawn up pursuant to French legal and regulatory provisions. They are defined by the new general accounting plan amended by ANC Regulation no. 2016-07 issued by the Autorité des normes comptables (French Accounting Standards Authority) and approved by decree on 26 December 2016.

These principles were applied on a prudent basis and in accordance with the following underlying assumptions:

- going concern basis;
- consistency of accounting methods from one year to the next (despite the change introduced by ANC regulation no. 2015-05 of 2 July 2015, which did not have a material impact on the financial statements for the fiscal year);
- accruals basis;
- and the general guidelines for the preparation and presentation of annual financial statements.

Research & Development

All research expenses are recognised as charges in the year they are incurred.

Project development costs may be capitalised if all the following can be demonstrated:

- the technical feasibility of completing development of the intangible asset so that it will be available for use or sale;
- the intention to complete development of the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the manner in which the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

No software package development expenses have been recognised under intangible assets, as all of the above conditions have not been met.

Following the comprehensive transfer of all Systar's assets and liabilities, the research and development expenses capitalised by Systar were transferred to Axway Software and continued to be amortised in accordance with the initial amortisation schedule.

Purchased software

Purchased software mainly corresponds to the asset contribution performed by Sopra Group in 2001 and to the intellectual property rights for the Cyclone and Tumbleweed software purchased from Axway Inc. in 2010 and 2011 and for the LiveDashboard software purchased from Access UK in 2012. It also includes intellectual property transferred as part of the Systar comprehensive asset transfer in 2015.

The contributed software was recognised at the net carrying amount recorded in Sopra Group's financial statements at 31 December 2000. It is amortised on a straight-line basis over 3, 5 or 10 years.

The Cyclone and Tumbleweed software was recognised at purchase cost, calculated by an independent expert in the USA. The Cyclone software is amortised over six years for accounting purposes and one year for tax purposes. The Tumbleweed software is amortised over 12 years.

The LiveDashboard software is amortised over eight years.

The intellectual property contributed by Systar was amortised in full by the end of 2014.

Business goodwill

The business goodwill comes from the partial contribution of assets from the EAI (Enterprise Application Integration) division as well as from the comprehensive transfer of all Systar's assets.

Business goodwill has an unlimited useful life and is not systematically amortised. If appropriate, impairment may be recognised. Amortisation applied prior to 1 January 2001 in the financial statements of Sopra Group has been retained in balance sheet assets.

The Company performs impairment testing on its business goodwill at each year-end and whenever there is indication of impairment. Impairment is recognised if the net carrying amount of the business goodwill is greater than its current value (higher of fair value and value in use).

Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at acquisition cost or the pre-transfer carrying amount.

Depreciation is calculated on a straight-line basis over the useful economic lives of each non-current asset category as follows:

Fittings and fixtures	5 to 10 years
Equipment and tooling	3 to 5 years
Furniture and office equipment	5 to 10 years

Equity investments

On initial recognition, equity investments are recognised at their acquisition or subscription price.

The carrying amount of equity investments corresponds to their value-in-use.

Impairment is recognised if the value-in-use of equity investments, which includes the net assets of subsidiaries (see Note 2.1) and an analysis of the growth and profitability outlook, is lower than the carrying amount in the financial statements. The analysis of the growth outlook may involve an estimate based on discounted cash flows. In this case, cash flows are determined on the basis of available data and five-year forecasts. A perpetual growth rate of 2.4% is applied from the start of the sixth year. The cash flows resulting from these forecasts are then discounted using a rate of 10.3%.

Revenue

Services provided within the scope of the Group's software package operations include:

- the right of use under license of software packages;
- Software as a service subscription services;
- maintenance;
- ancillary services: installation, settings, adaptation, training.

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

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

- license revenue is recognised immediately on delivery, as license 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 liable to challenge the customer's acceptance of goods supplied or services rendered;
- maintenance revenue is recognised prorata-temporis, and is generally billed in advance;
- ancillary services revenue is generally recognised on a time-spent basis and is recognised when the services are performed, i.e. usually when invoiced. Ancillary 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 as the entity performs".

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

In this situation, the contract transaction price is allocated to each service as follows: revenue attributable to the license 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 management's best estimate. The residual amount attributed to the license 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. They are accounted for using the percentage of completion method described in paragraph e below.

Where preliminary work is performed that is considered essential to the implementation of the Software as a Service solution, the contract is considered as a whole and revenue is recognised progressively over the contract term as described in paragraph b above.

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

These services are recognised when performed, i.e. in general at the time of invoicing.

Operations are reviewed at each reporting date:

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

f. Services covered by fixed-price contracts

Under such contracts the 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 the Group's quality procedures, of the contract's degree of completion.

Trade receivables

Trade receivables are recognised using the methods specified above.

A separate estimate is carried out for each trade receivable at the end of the fiscal year and impairment is recognised in the event of a risk of non-recovery linked to collective proceedings. Doubtful receivables for which legal proceedings have not been instigated are covered by accrued credit notes.

Transactions in foreign currencies

Income and expense items denominated in foreign currencies are recognised at their euro-equivalent at the transaction date.

Receivables and liabilities denominated in foreign currencies existing at the reporting date are translated at the prevailing rate at this date. Translation gains or losses are recorded in the balance sheet under Translation adjustments.

A contingency provision is recorded to cover unrealised foreign exchange losses not offset.

Foreign currency cash accounts existing at the reporting date are translated at the prevailing rate at this date. The resulting translation gains or losses are recorded in profit or loss.

Retirement benefits

Since 2004, Axway Software has provisioned its retirement benefits in accordance with the terms of the Syntec collective bargaining agreement regarding retirement and pensions.

Axway Software's obligation to its employees is determined on an actuarial basis, using the projected unit credit method: the employer's discounted obligation is recognised in proportion to the probable length of service of the employees, taking into account actuarial assumptions such as future compensation levels, life expectancy and employee turnover. We assumed a discount rate of 1.89%, a salary increase rate of 2.50% and an average turnover rate of 9%. The turnover calculation was updated for the latest recommendations, which call for the inclusion of resignations only. The male-female mortality table used for our forecasts is the INSEE table 2013-2015. Among these assumptions we adopted 65 as the retirement age. Changes in actuarial assumptions that affect the valuation of the obligation are recognised as actuarial gains and losses. Axway Software uses the corridor method.

2. Notes to the balance sheet

2.1 Non-current assets

Intangible assets

(in thousands of euros)	Research and development expenses	Concessions, patents, similar rights	Business goodwill	Systar customer base loss	Total
Gross value					
At 1 January 2018	**32,055**	**50,422**	**36,898**	**5,667**	**125,043**
Acquisitions	-	1,531	-	-	1,531
Disposals	-	-	-	-	-
At 31 December 2018	**32,055**	**51,953**	**36,898**	**5,667**	**126,574**
Amortisation					
At 1 January 2018	**31,319**	**38,283**	**35**	**1,079**	**70,717**
Charge	736	2,221	-	540	3,497
Reversal	-	-	-	-	-
At 31 December 2018	**32,055**	**40,504**	**35**	**1,619**	**74,214**
Net value					
At 1 January 2018	**736**	**12,139**	**36,863**	**4,588**	**54,326**
At 31 December 2018	**0**	**11,449**	**36,863**	**4,048**	**52,360**

Software development costs totalled €25,639 thousand in fiscal year 2018 and were expensed in full (see Note 1.2).

Research and development expenses transferred following the acquisition of Systar were amortised in full at the end of the fiscal year.

Concessions, patents and similar rights consisted mainly of software contributed by Sopra Group in 2001, acquired from Axway Inc. in 2010 and 2011 and from Access UK in 2012, and assets forming part of the comprehensive transfer of all Systar's assets in 2015.

Impairment testing of business goodwill show value-in-use, calculated according to the cash flow method, greater than the net carrying amount. A discount rate of 10.3% and a perpetual growth rate of 2.4% were applied.

Property, plant and equipment

(in thousands of euros)	Technical intallations	Fittings and installations	Furniture and office equipment	Total
Gross value				
At 1 January 2018	**9,938**	**3,237**	**1,116**	**14,291**
Acquisitions	669	169	14	852
Capitalisation PP&E under construction Y-1	-	-128	-9	-137
Adjustments PP&E under construction Y-1	-	-8	-1	-9
PP&E under construction	-	23	-	23
Internal reclassification	-631	-	-	-631
Disposals	-4	-	-	-4
At 31 December 2018	**9,972**	**3,293**	**1,120**	**14,384**
Depreciation				
At 1 January 2018	**6,709**	**326**	**112**	**7,146**
Charge	991	316	111	1,417
Reversal	-608	-	-	-608
At 31 December 2018	**7,091**	**641**	**222**	**7,954**
Net value				
At 1 January 2018	**3,229**	**2,911**	**1,004**	**7,145**
At 31 December 2018	**2,881**	**2,652**	**897**	**6,430**

Orders for furniture and fixtures and fittings for which no invoice had been received at 31 December 2018, and for which payment is required, were recorded in PP&E under construction. Depreciation has been applied to these non-current assets.

Purchases of technical installations consist solely of IT equipment.

Financial assets

(in thousands of euros)	Equity investments	Receivables from equity investments	Loans and other non-current financial assets	Total
Gross value				
At 1 January 2018	**212,333**	**74,522**	**2,057**	**288,912**
Acquisitions/Increase	34,680	13,186	258	48,124
Disposals/Decrease	-	-27,658	-374	-28,032
At 31 December 2018	**247,013**	**60,050**	**1,940**	**309,003**
Impairment				
At 1 January 2018	**19,941**	**1,497**	**3**	**21,442**
Charge	-	3,345	325	3,670
Reversal	-	-	-3	-3
At 31 December 2018	**19,941**	**4,842**	**325**	**25,108**
Net value				
At 1 January 2018	**192,392**	**73,024**	**2,054**	**267,470**
At 31 December 2018	**227,072**	**55,208**	**1,615**	**283,895**

Details concerning equity investments are provided in the “Subsidiaries and equity investments” table presented in Chapter 4, Note 4.7.2.

a. Gross amounts

In 2018, movements in investments concern the share capital increase through a decrease in current account receivables performed by our subsidiary, Axway Inc., in the amount of €35 million.

The decrease in receivables from equity investments is partly due to the €24.5 million decrease in the amount receivable from our subsidiary, Axway Inc. However, it was also impacted by current account movements with the subsidiaries Axway Software do Brasil (+€7 million), Syncplicity USA (+€1.2 million) and Axway Iberia (+€1.6 million).

The increase in “Loans and other non-current financial assets” was due to the change in the liquidity agreement with Kepler for market making in Axway shares.

b. Impairment

Impairment of receivables from equity investments solely concerns Axway Software Do Brasil.

Charges to and reversals of impairment of loans and other non-current financial assets relate to the liquidity agreement and fluctuations in the share price (€325 thousand). The share price fell at the end of the year, resulting in an increase in impairment of treasury shares compared with December 2017.

2.2 Other assets

Trade receivables

(in thousands of euros)	2018	2017
Non-Group clients	36,466	37,003
Accrued income	23,831	32,802
Group clients	7,518	9,169
Doubtful receivables	32	30
Provision for doubtful receivables	-27	-2,501
Total	**67,821**	**76,502**

Trade receivables are recognised in assets at net value. Impairment losses concern Doubtful receivables.

Other receivables, prepayments and accrued income

(in thousands of euros)	2018	2017
Income tax	9,235	11,217
Withholding tax	110	-
VAT	1,498	1,161
Other receivables	2,035	8,523
Prepaid expenses	3,882	3,478
Unrealised foreign exchange losses	6,073	9,192
Total	**22,833**	**33,571**

Research Tax Credit - transferred receivables

(in thousands of euros)	Nominal sold	Amount sold	Commission	Year of sale	Date of repayment	Receivable extinguished	Stock 31/12/2018
2015 research tax credit	9,146	8,993	36	2016	15/05/2019	no	9,146
2016 research tax credit	9,180	9,068	112	2017	15/05/2020	no	9,180
2017 research tax credit	10,216	10,216	162	2018	15/05/2021	no	10,216
TOTAL	**28,942**	**28,277**	**310**				**28,542**

Impairment of current assets

(in thousands of euros)	Amount at start of year	Charge	Reversal	Amount at end of year
Impairment of trade receivables	2,501	2	2,476	27
Total	**2,501**	**2**	**2,476**	**27**

The impairment reversal of €2,476 thousand solely concerns the receivable from our subsidiary Axway Software Do Brazil, which was transferred to the current account and impaired accordingly.

2.3 Shareholders' equity

Share capital

Axway Software's share capital was €42,450,762 at 31 December 2018. It comprised 21,225,381 shares, with a par value of €2 each. 15,150 shares were issued during the fiscal year.

The Company holds 128,986 treasury shares, including 83,289 shares allocated to a free share grant plan and 45,697 shares held under the liquidity contract.

Statement of changes in equity

(in thousands of euros)	Share capital	Issue premiums	Legal reserve	Discretionary reserves	Net profit for the year	Tax-driven provisions	Retained earnings	Total
At 1 January 2018	**42,420**	**110,775**	**4,204**	**62,008**	**16,983**	**-**	**-60**	**236,331**
Appropriation of 2017 earnings	-	-	38	12,644	-16,983	-	60	-4,242
Residual dividend payment	-	-	-	-	-	-	5	5
Amort. intellectual property	-	-	-	-	-	-	-	-
Free Share Plan	-	-	-	-	-	-	-	-
Option exercise	30	201	-	-	-	-	-	232
Profit (loss) for the year	-	-	-	-	22,812	-	-	22,812
At 31 December 2018	**42,451**	**110,976**	**4,242**	**74,652**	**22,812**	**-**	**5**	**255,138**

Dividends of €4,237 thousand were paid in 2018.

During the course of 2018, options were exercised, and led to the creation of 15,150 shares. An issue premium was recognised for €201 thousand.

Share subscription option plans

	Initial position		Option exercise period		Position at 1 January		Changes in the period, number of options:			Position as at 31/12/2018	
Grant date	Number of options	Exercise price	Start date	Expiry date	Number of options	Exercise price	awarded	cancelled	exercised	Number of options	Exercise price
PLAN No. 3 - 2011 stock option plan, maximum issue of 1,033,111 shares * - Shareholders' Meeting of 28/04/2011											
18/11/2011	516,175	€14.90	18/05/2014	18/11/2019	82,800	€14.90	-	-1,700	-3,825	77,275	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2019	107,150	€14.90	-	-2,800	-5,325	99,025	€14.90
28/03/2013	131,250	€15.90	28/09/2015	28/03/2021	15,750	€15.90	-	-	-1,000	14,750	€15.90
28/03/2013	131,250	€15.90	28/03/2018	28/03/2021	42,500	€15.90	-	-	-5,000	37,500	€15.90
03/01/2014	50,000	€21.86	02/07/2016	03/01/2022	-	€21.86	-	-	-	-	€21.86
03/01/2014	50,000	€21.86	03/01/2019	03/01/2022	-	€21.86	-	-	-	-	€21.86
TOTAL	**1,394,850**				**248,200**		**-**	**-4,500**	**-15,150**	**228,550**	
TOTAL ACTIVE PLANS	**1,394,850**				**248,200**		**-**	**-4,500**	**-15,150**	**228,550**	

* *Increased to 1,295,611 following an amendment in June 2013.*

15,150 share subscription options were exercised during fiscal year 2018.

4,500 share subscription options were cancelled in 2018 following the departure of the holders.

At 31 December 2018, 228,550 options remained outstanding out of those awarded in 2011 and 2013, all of them potentially dilutive to the current share price.

No further options can be allocated under Plans nos. 1 and 2.

The average closing share price in 2018 was €18.20.

2.4 Provisions for contingencies and losses

(in thousands of euros)	Amount at start of year	Charge	Reversals (used provisions)	Reversals (unused provisions)	Amount at end of year
Provisions for disputes	653	80	171	60	502
Provisions for foreign exchange losses	9,192	6,073	-	9,192	6,073
Provisions for retirement benefits	6,699	257	64	-	6,892
Provisions for restructuring	43	-	-	-	43
Provisions for tax	427	67	-	-	494
Provisions for stock options	0	964	-	-	964
Total	**17,013**	**7,441**	**235**	**9,252**	**14,968**

Provisions were recorded chiefly in relation to financial risks arising from retirement benefit commitments, foreign exchange losses, Human Resources disputes, litigation related to the tax audit and treasury shares allocated to plans.

The total commitment for retirement benefits amounted to €5,529 thousand. Actuarial differences not recognised on the balance sheet at year-end 2018 totalled -€1,363 thousand (see Note 1.2).

Assumptions relating to procedures for departures take into account changes in legislation in order to reflect the Group's best estimates at the reporting date:

- the Social Security Financing Act for 2008 introduced a contribution to be paid by the employer on benefits due to an employee whose retirement is at the request of the employer. This 50% contribution applies irrespective of the age of the employee;
- effective from 1 January 2009, an employer may no longer unilaterally require employees to retire unless they have reached the age of 70. For employees between the ages of 65 and 70, the employer is required to ask the employees if they wish to retire.

These successive changes are considered by the Group as changes in actuarial assumptions for the following reasons:

- the changes introduced by the new legal provisions do not have a direct impact on the gross amount received by employees;
- the agreements in existence at the effective date of the law were not amended: benefits awarded to employees may change at a later date once a new agreement has been concluded;
- the abolition of a departure procedure and the introduction of the contribution on the severance indemnity payable in the event of employer-imposed retirement led to a revision by the Group of its actuarial assumptions.

Other assumptions such as turnover, mortality and discount rate are updated regularly to refine the calculation of retirement commitments.

2.5 Liabilities

Financial debt

(in thousands of euros)	Amount at start of year	New borrowings	Repayments	Amount at end of year
Syndicated credit facility	49,033	36,000	38,853	46,181
Employee profit-sharing fund	3,088	-	849	2,240
Receivables from equity investments	59,427	7,803	14,779	52,452
Accrued interest on financial debt	113	89	113	89
Total	**111,662**	**43,892**	**54,592**	**100,961**

In July 2014, Axway Software contracted a multi-currency €125 million revolving credit line with six banks for the purpose of financing acquisitions as well as the Group's general funding needs. This revolving credit facility matures in July 2024, with a 1+1 type renewal option. This credit facility was renewed on 31 January 2019. The terms and conditions are outlined in Chapter 4, Section 10.4 "Financial liabilities - Net debt".

During the drawdown period, interest is payable at Euribor plus a spread adjusted every six months to reflect the change in the ratio: Net financial debt/EBITDA.

The net debt figure used does not include employee profit-sharing liabilities.

These lines are subject to a use and non-use fee.

Three financial ratios must be met under covenants.

Since November 2017, a €36 million drawdown on the RCF is renewed every three months.

Note that during the year, we also repaid a total of €1.8 million on the 2015 and 2016 BPI loans and €1 million on the 2016 loan from Banque Populaire.

Employee profit-sharing funds include the special profit-sharing reserve managed by Axway Software in current accounts that are blocked for a certain period. An agreement struck in 2011 also enables employees to opt for external management in multi-company mutual funds.

Loans to equity investments solely concerned current accounts with the Group's companies.

Financial debt ratios were compliant at 31 December 2018.

Trade payables

(in thousands of euros)	2018	2017
Trade payables and related accounts	1,966	1,695
Accrued expenses	16,147	22,036
Trade payables - Group	1,989	5,055
Total	**20,101**	**28,787**

Tax and employee-related payables

(in thousands of euros)	2018	2017
Employee costs and related payables	7,043	7,411
Social security bodies	7,259	8,237
Withholding tax	0	3
VAT	8,289	6,651
Other taxes	412	295
Total	**23,003**	**22,597**

Other liabilities, accruals and deferred income

(in thousands of euros)	2018	2017
Customer payments on account	511	938
Amounts payable on non-current assets	1,466	1,780
Group and associates	750	750
Other liabilities	2,189	2,386
Deferred income	26,842	22,488
Unrealised foreign exchange gains	698	660
Total	**32,456**	**29,002**

Deferred income comprises the portion of billings issued in advance on fixed-price and maintenance contracts.

3. Notes to the income statement

3.1 Revenue

Revenue breaks down as follows by business:

(in thousands of euros)	2018	2017
Licences	16.8%	22.4%
Support and maintenance	51.9%	54.9%
Integration and training services	25.7%	17.9%
Cloud	5.6%	4.9%
Revenue	**100.0%**	**100.0%**

2018 revenue of €157.2 million includes €77.5 million generated outside France.

3.2 Compensation granted to members of administrative and management bodies

Directors' fees totalling €302 thousand were paid to directors in May 2018.

Compensation paid in 2018 to governing and management bodies totalled €157.5 thousand.

3.3 Net financial income

(in thousands of euros)	2018	2017
Dividends received from equity investments	8,598	7,594
Interest on bank borrowings and similar charges	-640	-1,098
Interest on employee profit-sharing	-169	-213
Discounting of retirement benefits (provision)	-97	-111
Losses on receivables from equity investments	-	-
Interest received and paid on Group current accounts	305	372
Foreign exchange gains and losses (including provisions)	-5,927	-5,356
Charges net of reversals to financial provisions, before foreign exchange impact	5,059	7,087
Other financial income and *expense*	-52	-687
Net financial income	**7,077**	**7,587**

A breakdown of dividends received is presented in the table of subsidiaries and associates (see Chapter 4, Note 4.7.2).

3.4 Exceptional items

In 2018, the net exceptional loss of €3,742 thousand mainly comprises:

- restructuring costs of €3,074 thousand;
- net expenses on treasury shares of €372 thousand;
- an exceptional charge to the tax provision (withholding tax) of €67 thousand.

3.5 Employee profit-sharing

The statutory employee profit-sharing derogation agreement was terminated at the beginning of the year.

It was replaced by a profit-sharing agreement signed in June 2018 in accordance with Articles L.3311-1 *et seq.* of the French Labour Code (*Code du Travail*). This agreement covers a three-year period from 1 January 2018 to 31 December 2020.

Employee profit-sharing of €555 thousand was calculated for fiscal year 2018.

3.6 Income tax expense

Research tax credits

Axway Software received research tax credits for 2018 in the amount of €8,003 thousand.

Breakdown of tax between recurring and exceptional income

(in thousands of euros)	2018	2017
Tax on recurring operations	2,372	431
Tax on exceptional items	-849	-299
Additional contribution	-33	-923
Provisions for tax reassessment	-	-
Tax claim	-	-
Tax adjustment 2014	-	-
Research tax credits	-8,003	-10,216
Other tax credits	-46	-43
Total income tax expense	**-6,559**	**-11,050**

Deferred tax position

	Base					
	Start of the fiscal year		Change		End of the fiscal year	
(in thousands of euros)	Asset	Liability	Asset	Liability	Asset	Liability
I. Certain or potential timing differences						
Tax-driven provisions	**-**	**-**	**-**	**-**	**-**	**-**
Investment grants	**-**	**-**	**-**	**-**	**-**	**-**
Temporary non-deductible expenses						
• To be deducted the following year						
• Employee profit-sharing	130	-	-130	-	-	-
• C3S contribution	100	-	-8	-	97	-
• Construction levy	192	-	-23	-	169	-
• To be deducted thereafter						
• Provision for retirement commitments	6,699	-	193	-	6,892	-
• Other	-	-	-	-	-	-
Temporary non-taxable income						
• Net short-term capital gains	-	-	-	-	-	-
• Capital gains on merger	-	-	-	-	-	-
• Deferred long-term capital gains	-	-	-	-	-	-
Deducted expenses for tax purposes (or taxed income) not been recognised in the accounts						
• Deferred charges	-	-	-	-	-	-
• Unrealised foreign exchange gains	-660	-	38	-	698	-
Total	**7,786**	-	**70**	-	**7,855**	-
II. Items to be charged						
Tax losses carried forward	**28,133**	**-**		**-5,575**	**22,558**	**-**
Long-term capital losses	**-**	**-**	**-**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**	**-**	**-**
III. Contingent taxable items						
Capital gains on non-depreciable assets contributed on merger	**-**	**762**	**-**	**-**	**-**	**762**
Special long-term capital gains reserve	**-**	**-**	**-**	**-**	**-**	**-**
Special reserve for construction profits	**-**	**-**	**-**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**	**-**	**-**

4. Other information

4.1 Maturities of receivables and payables at the fiscal year-end

Receivables

(in thousands of euros)	Gross Amount	Within one year	One to five years
Non-current assets			
Receivables from equity investments	55,208	-	55,208
Other non-current financial assets	1,615	569	1,046
Current assets			
Doubtful or disputed receivables	32	-	32
Other trade receivables	67,788	67,788	-
Employee costs and related payables	355	355	-
Social security bodies	-	-	-
VAT	1,498	1,498	-
Tax credit	9,235		9,235
Withholding tax	110	110	
Other taxes	114	113	1
Group and associates	-	-	-
Other receivables	1,566	1,566	
Prepayments and accrued income	9,955	9,540	415
Total	**147,477**	**81,539**	**65,938**

Other non-current financial assets mainly relate to the market-making agreement and treasury shares.

Payables

(in thousands of euros)	Gross amount	Within one year	One to five years
Bank debt			
• Two years maximum at outset	89	89	-
• More than two years maximum at ouset	46,181	39,614	6,567
Other financial debt	2,240	-	2,240
Group and associates	52,452	-	52,452
Trade payables	20,101	20,101	-
Employee costs and related payables	7,043	7,043	-
Social security bodies	7,259	7,259	-
State and public bodies			
• Income tax	-	-	-
• VAT	8,289	8,289	-
• Other taxes and similar	412	412	-
Amounts payable on non-current assets	2,216	2,216	-
Other liabilities	2,700	2,700	-
Accruals and deferred income	27,539	27,539	-
Total	**176,521**	**115,263**	**61,258**

4.2 Information concerning related parties

(in thousands of euros)	**Related parties**
Assets	
Advances and payments on account for non-current assets	-
Equity investments	227,072
Receivables from equity investments	55,208
Loans	-
Trade receivables	29,131
Other receivables	25
Unrealised foreign exchange losses	6,072
Liabilities	
Convertible bonds	-
Other bonds	-
Bank debt	-
Other financial debt	-
Group and associates	52,452
Amounts payable on non-current assets	750
Trade payables	11,472
Other liabilities	-
Unrealised foreign exchange gains	697
Income statement	
Income from equity investments	8,598
Other financial income	681
Financial expense	377
Write-off of receivables (financial expense)	-
Provisions for impairment of equity investments (financial expense)	-
Provisions for impairment of trade receivables (financial expense)	-
Provisions for impairment of current accounts (financial expense)	3,345
Reversal of impairment of equity investments (financial income)	-
Reversal of impairment of trade receivables (financial income)	2,476
Reversal of impairment of current accounts (financial income)	-
Reversal of loss provisions on subsidiaries (financial income)	-

4.3 Accrued income and expenses

(in thousands of euros)	
Accrued income	
Trade payables - Credit notes receivable	141
Trade receivables	24,184
Tax and social security receivables	1,312
Other receivables	0
Total	**25,637**
Accrued expenses	
Accrued interest	89
Trade payables	16,147
Trade receivables - Credit notes to be issued	353
Tax and employee-related payables	11,857
Other liabilities	172
Total	**28,618**

Tax and social security receivables correspond to the Tax Credit for Competitiveness and Employment (CICE) recognised as a deduction from employee costs in the amount of €185 thousand, claims filed with the Tax Authorities of €114 thousand, VAT accrued on expenses amounting to €1,163 thousand and Patronage tax credits of €46 thousand.

4.4 Employees

The average workforce in 2018 stood at **477** employees, and the number of employees at 31 December 2017 was **468**.

5

4.5 Audit fees

Auditors fees of €238 thousand are included in the income statement and correspond to fees for the statutory audit of the financial statements.

4.6 Off-balance sheet commitments

(in thousands of euros)	
Discounted notes not yet due	None
Bank guarantees in place of security deposits for leased premises	328
Bank guarantees for completion bonds	117
Bank guarantees guaranteeing payment of tax liabilities	177
Bank guarantees guaranteeing payment of supplier invoices	None
Unfunded retirement commitments (actuarial gains and losses)	-1,363
Guarantees given to subsidiaries to guarantee tender bids	None
Guarantees given to subsidiaries to guarantee leases	None
Severance of CEO's duties	660
Collateral, mortages and sureties	None
Interest rate hedging instruments	see 4.30.3
Exchange rate hedging instruments	None

Bank guarantees

A bank guarantee of €225 thousand in place of a security deposit was arranged in 2012 when the Puteaux 1 lease was taken over.

In May 2013, a similar guarantee amounting to €41 thousand was arranged when setting-up the new Puteaux 3 site, to which a supplement of €62 thousand was added in 2015, following the lease of a new floor.

After vacating the Puteaux 1 and Puteaux 3 sites, these bank guarantees were no longer necessary. The applicable banks were contacted in order to secure the return of these funds.

Bank completion bonds stood at €117 thousand at 31 December 2018.

Guarantees of €177 thousand were established in August 2014 to guarantee the payment of tax liabilities.

Retirement commitments

At the end of 2018, the unfunded part of the retirement commitment stood at -€1,363 thousand.

Severance pay

Severance pay for the Chief Executive Officer was set at US$756 thousand (or €660 thousand at the dollar exchange rate on 31 December 2018).

4.7 Exceptional events and legal disputes

To the Company's knowledge, there are no exceptional events or legal disputes that may impact its financial position, business or results.

4.8 List of subsidiaries and equity investments

Please refer to Chapter 4, Section 4.7.2 "Subsidiaries and equity investments" of this Registration Document.

4.9 Subsequent events

To boost Axway's financial flexibility and secure its ability to fund an external growth strategy, on 31 January 2019, Axway Software renewed for 5 years its €125 million multi-currency revolving credit facility (RCF) contracted in July 2014 from six banks.

Furthermore, on 21 March 2019, Axway Software announced the acquisition of Streamdata.io, a software developer specialising in API management.

5.4 Statutory Auditors' report on the annual financial statements

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2018

To the General Meeting of Axway Software

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of Axway Software for the year ended 31 December 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) no. 537/2014 or in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of our assessments – Key audit matters

In accordance with the requirements of Articles L.823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Measurement of business goodwill

(Notes 1.2 and 2.1 to the Annual financial statements)

Risk identified

At 31 December 2018, net business goodwill of €36.9 million was recognised in the balance sheet.

The assets involved are not systematically amortised but are tested for impairment at each year-end and whenever there is an indication of an impairment loss, as stated in Note 1.2 to the annual financial statements.

Impairment is recognised if the net carrying amount of the business goodwill is greater than its present value, which corresponds to the higher of the market value and value-in-use.

We considered measurement of business goodwill to be a key audit matter, in view of its material significance in the annual financial statements, and because of the need for management to exercise judgment in appraising the present value.

Our response

Our audit of the annual financial statements included the following procedures, in particular:

- examining the rules and procedures for conducting impairment testing;
- assessing the reasonableness of the main management estimates, and particularly the cash flow forecasts, the perpetual growth rate and the discount rate adopted;
- analysing the forecasts for consistency with historic performance.

Recognition of license revenue

(Notes 1.2 and 3.1 to the annual financial statements)

Risk identified

The Company's activity comprises several business lines including license sales. At 31 December 2018, licensing revenue represented 16.8% of total revenue.

As a rule, licensing revenue is recognised immediately upon delivery, which is considered completed when all contractual obligations have been fulfilled, i.e. when any remaining services to be provided are non-material and not liable to call into question the customer's acceptance of goods supplied.

Sometimes, contracts comprising multiple components (license, maintenance, ancillary services, etc.) may be negotiated on a fixed-price basis. In this situation, the amount of revenue attributable to the license is equal to the difference between the total contract amount and the fair value of its other components.

In this context, the audit risks concern in particular the correct separation of fiscal years and the rules and procedures for apportioning revenue to contracts with multiple components.

Revenue recognition for this business line is considered a key audit matter in view of its material significance in the Company's financial statements, and, in particular, its impact on operating profit.

Our response

Our audit approach is based on the assessment of the internal control procedures put in place by the Company in order to verify the measurement, comprehensiveness and proper separation of fiscal years for licensing revenue.

Our work included the following, in particular:

- reviewing the design of the internal control as well as the effectiveness-testing of the key check points in the procedure for recognising licensing revenue;
- conducting substantive tests, by sampling or other selection methods, on the revenue from licensing contracts signed during the fiscal year in order to verify the reality and measurement of the revenue, and the correct separation of fiscal years:
  - in particular, we reconciled the recognised amount of licensing revenue with the contract data, and verified the application of the procedure for apportioning the price of multiple-component contracts among the different elements of such contracts,
  - we examined the proof of delivery and the terms and procedures for payment,
  - we also assessed the appropriateness of the disclosures in Note 1.2 to the annual financial statements.

Measurement of equity investments

(Notes 1.2 and 2.1 to the annual financial statements)

Risk identified

Equity investments recognised in assets total €227.1 million at 31 December 2017, and represent the largest balance sheet item. These investments are recognised at acquisition or subscription cost at the date of initial recognition and are impaired based on their value-in-use.

As stated in Note 1.2 to the annual financial statements, the value-in-use is estimated by management on the basis of the net assets of subsidiaries, together with an analysis of forecast changes and profitability of equity investments based on discounted future cash flows.

Estimating the value-in-use of these investments calls for the exercise of judgment by management in choosing the items to consider for the investments concerned; depending on the case, such items may be historic data or forecast data. Consequently, a change in the assumptions retained may affect the value-in-use of the equity investments. We therefore considered measurement of equity investments to be a key audit matter.

Our response

To assess the reasonableness of the estimates of value-in-use of equity investments, based on the information communicated to us, our work consisted chiefly in verifying whether the estimated values determined by management were based on an appropriate justification of the valuation method and quantitative data used, as well as, depending on the investment concerned:

For measurements based on historic data:

- verifying that the shareholders' equity used was consistent with the financial statements of entities for which audit or analytical procedures were performed, and that any adjustments made to such shareholders' equity were based on firm documentary evidence;
- verifying the foreign exchange rates for any currencies used.

For measurements based on forecast data:

- obtaining operating forecasts for the entities concerned and assessing their consistency with historic data;
- verifying the consistency of the assumptions made with the economic environment at the reporting date and at the date when the financial statements were drawn up;
- assessing the reasonableness of any other assumptions made by management in determining the value-in-use of the equity investments, such as the perpetual growth rate or the discount rate.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents provided to shareholders on the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents addressed to shareholders with respect to the financial position and the financial statements.

We attest to the fair presentation and consistency with the financial statements of the payment period disclosures required by Article D.441-4 of the French Commercial Code (*Code de commerce*).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L.225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L.225-37-3 of the French Commercial Code (*Code de commerce*) relating to compensation and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information relating to the items that your Company considered likely to have an impact in the event of a tender or exchange offer, provided pursuant to Article L.225-37-5 of the French Commercial Code (*Code de commerce*), we have verified their compliance with the underlying documents which have been communicated to us. Based on our work, we have no comment to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

Both Auditeurs & Conseil Associés – ACA Nexia and Mazars were appointed Statutory Auditors of Axway Software by the General Meeting of 18 December 2000.

At 31 December 2018, Auditeurs & Conseil Associés – ACA Nexia and Mazars had held office as auditors for 18 continuous years, of which eight years since the Company's securities were admitted for trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

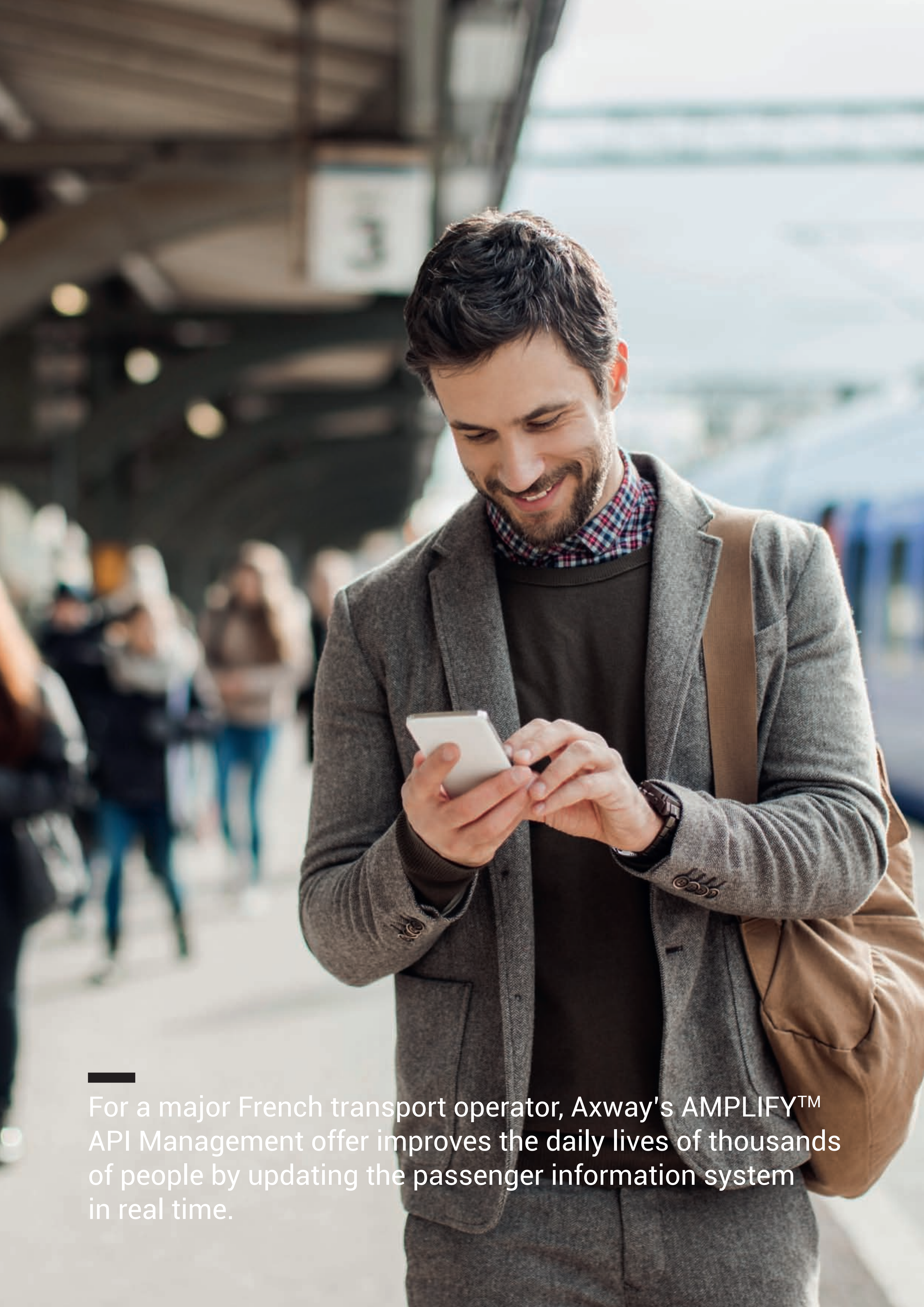
Paris and Courbevoie, 12 April 2019

The Statutory Auditors

Auditeurs & Conseils Associés - Aca Nexia	Mazars
Sandrine Gimat	Bruno Pouget

5.5 Summary of Axway Software SA's results for the past five fiscal years

(in euros)	2018	2017	2016	2015	2014
Capital at end of fiscal year					
Share capital	42,450,762	42,420,462	42,042,078	41,547,832	41,136,276
Number of ordinary shares outstanding	21,225,381	21,210,231	21,021,039	20,773,916	20,568,138
Number of bonds convertible into shares					
Operations and results for the financial year					
Revenue excluding VAT	157,202,173	162,089,972	160,841,463	172,148,256	156,668,622
Profit (loss) before tax, employee profit-sharing, depreciation, amortisation and provisions	19,905,290	13,460,840	4,207,072	10,966,245	50,009,463
Income tax expense	-6,559,179	-11,050,179	-8,767,585	-9,829,433	-4,803,562
Employee profit-sharing and incentive schemes due for the fiscal year	555,044	130,049	564,138	567,488	1,049,317
Profit (loss) after tax, employee profit-sharing, depreciation, amortisation and provisions	22,812,473	16,983,375	10,881,106	9,321,572	50,557,004
Distributed earnings	8,490,152	4,242,046	8,408,416	8,309,566	8,227,255
Earnings per share					
Profit (loss) after tax and employee profit-sharing, but before depreciation, amortisation and provisions	1.22	1.15	0.59	0.97	2.61
Profit (loss) after tax, employee profit-sharing, depreciation, amortisation and provisions	1.07	0.80	0.52	0.45	2.46
Dividend per share	0.40	0.20	0.40	0.40	0.40
Employee data					
Average number of employees during the fiscal year	477	577	657	705	626
Total payroll for the fiscal year	39,316,093	43,762,519	47,188,819	47,725,975	41,213,578
Total benefit paid for the fiscal year (social security, employee welfare, etc.)	17,086,210	19,094,590	21,159,075	21,692,547	18,811,294



For a major French transport operator, Axway's AMPLIFY™ API Management offer improves the daily lives of thousands of people by updating the passenger information system in real time.

6

Axway Software share capital and shares AFR

The Company decided to introduce double voting rights during the General Shareholders' Meeting of 4 June 2014. Since that date, a double voting right is awarded to any share held in registered form for at least two years. This amendment to the Articles of Association is the result of a legal reform intended to stabilise shareholding within listed companies. Axway's current share ownership has been stable since its shares were listed in 2011.

6.1 General information

Axway Software was listed on the regulated Euronext market in Paris on 14 June 2011.

Axway Software shares are listed on Compartment B of Euronext Paris and are eligible for the Deferred Settlement Service (SRD).

On 31 December 2018, Axway Software's share capital consisted of 21,225,381 shares with a par value of two (2) euros each, fully paid up, amounting to €42,450,762. In addition, following the introduction of double voting rights by the Combined General Meeting of 4 June 2014 and given the absence of voting rights granted to treasury shares, the total number of exercisable voting rights attached to the share capital at 31 December 2018 was 34,625,501.

Changes in share capital for the fiscal year ended 31 December 2018 are detailed in Section 3 ("Changes in share capital") of this Chapter 6.

On 31 December 2018, if all free shares had been issued and all share subscription options, exercisable or not, exercised, this would have resulted in the issuance of 1,072,300 new shares, representing 5.06% of the Company's share capital.

To the best of the Company's knowledge, no Axway Software shares held in registered form and representing a significant proportion of the Company's capital have been pledged as collateral.

Shares owned by the Company in its subsidiaries are unencumbered by sureties.

The Company's LEI is 96950022O6SP7FQONJ77.

6.2 Current share ownership

Shareholders	At 31 December 2018 Number of shares owned	% of capital	Number of theoretical voting rights	Number of exercisable voting rights	% of voting rights
Sopra Steria Group SA	6,913,060	32.57%	12,526,120	12,526,120	36.18%
Sopra GMT(1)	4,503,321	21.22%	9,006,642	9,006,642	26.01%
Pasquier family group(1)	27,094	0.13%	46,626	46,626	0.13%
Odin family group(1)	295,227	1.39%	525,822	525,822	1.52%
Sopra Développement(2)	1	0%	2	2	0%
Management(2)	341,458	1.61%	563,492	563,492	1.63%
Shareholder agreement between the Founders, the Managers and Sopra Steria Group SA	12,080,161	56.91%	22,668,704	22,668,704	65.47%
Caravelle	2,572,458	12.12%	5,144,916	5,144,916	14.86%
Public(3)	6,443,776	30.36%	6,811,881	6,811,881	19.67%
Treasury shares	128,986	0.61%	128,986	0	0%
Total	**21,225,381**	**100%**	**34,754,487**	**34,625,501**	**100%**

(1) Sopra GMT, the Pasquier family group and the Odin family group are referred to collectively as the "Founders".
(2) Sopra Développement and Management are referred to collectively as the "Managers".
(3) Calculated by deduction.

As at 31 December 2018, Axway held 128,986 treasury shares:

- 83,249 treasury shares acquired under its share buyback programme between 12 November 2018 and 31 December 2018;
- 45,697 shares under its liquidity agreement.

To the best of the Company's knowledge, only Lazard Frères Gestions holds more than 5% of the Company's share capital with 1,284,300 shares representing 6.05% of share capital; no other public shareholder owns more than 5% of Axway.

No significant change occurred in the Company's share capital during the fiscal year ended 31 December 2018.

Shareholders	At 31 December 2017 Number of shares owned	% of capital	Number of theoretical voting rights	Number of exercisable voting rights	% of voting rights
Sopra Steria Group SA	6,913,060	32.59%	12,032,495	12,032,495	35.08%
Sopra GMT(1)	4,503,321	21.23%	9,006,642	9,006,642	26.26%
Pasquier family group(1)	27,094	0.13%	46,626	46,626	0.14%
Odin family group(1)	291,424	1.37%	522,019	522,019	1.52%
Sopra Développement(2)	1	0%	2	2	0%
Management(2)	348,892	1.64%	556,989	556,989	1.62%
Shareholder agreement between the Founders, the Managers and Sopra Steria Group SA	12,083,792	56.97%	22,164,773	22,164,773	64.62%
Caravelle	2,572,458	12.13%	5,144,916	5,144,916	14.99%
Public(3)	6,526,126	30.77%	6,992,069	6,992,069	20.37%
Treasury shares	27,855	0.13%	27,855	0	0%
Total	**21,210,231**	**100%**	**34,329,613**	**34,301,758**	**99%**

(1) Sopra GMT, the Pasquier family group and the Odin family group are referred to collectively as the "Founders".
(2) Sopra Développement and Management are referred to collectively as the "Managers".
(3) Calculated by deduction.

	At 31 December 2016				
Shareholders	**Number of shares owned**	**% of capital**	**Number of theoretical voting rights**	**Number of exercisable voting rights**	**% of voting rights**
Sopra Steria Group SA	6,913,060	32.89%	12,032,495	12,032,495	35.42%
Sopra GMT[(1)]	4,503,321	21.42%	8,886,179	8,886,179	26.16%
Pasquier family group[(1)]	27,094	0.13%	46,626	46,626	0.14%
Odin family group[(1)]	291,424	1.39%	522,019	522,019	1.54%
Sopra Développement[(2)]	1	0%	2	2	0%
Management[(2)]	360,277	1.71%	576,400	576,400	1.67%
Shareholder agreement between the Founders, the Managers and Sopra Steria Group SA	12,095,177	57.74%	22,054,721	22,054,721	64.92%
Caravelle	2,572,458	12.24%	5,144,916	5,144,916	15.14%
Public[(3)]	6,345,875	30.19%	6,770,112	6,770,112	19.93%
Treasury shares	7,529	0.04%	7,529	0	0%
Total	**21,021,039**	**100%**	**33,977,278**	**33,969,749**	**100%**

(1) Sopra GMT, the Pasquier family group and the Odin family group are referred to collectively as the "Founders".
(2) Sopra Développement and Management are referred to collectively as the "Managers".
(3) Calculated by deduction.

Sopra GMT's share ownership structure is as follows:

Sopra GMT's share ownership structure	**31/12/2018**		**31/12/2017**		**31/12/2016**	
Shareholders	**Shares**	**% of capital**	**Shares**	**% of capital**	**Shares**	**% of capital**
Pasquier family group	318,050	68.44%	318,050	68.44%	318,050	68.61%
Odin family group	132,050	28.41%	132,050	28.41%	132,050	28.49%
Sopra Steria Group active and retired managers	14,624	3.15%	14,624	3.15%	13,474	2.90%
Total	**464,724**	**100%**	**464,724**	**100%**	**463,574**	**100%**

6.2.1 Recent transactions — Share ownership thresholds

The Company's shareholders are subject to prevailing laws and regulations on reporting the crossing of ownership thresholds and their future intentions. The Company has, however, taken care to supplement the legal mechanism by adding a clause to the Articles of Association stipulating that "Any shareholder whose ownership interest in the share capital crosses the thresholds of three or four percent of the share capital shall inform the Company, in the same manner and based on the same calculation methods as those set forth by law for higher shareholdings" (Article 28 of the Articles of Association).

In a letter received on 18 January 2018, the simplified limited liability company Lazard Frères Gestion1 (25 rue de Courcelles, 75008 Paris), acting on behalf of the funds it manages, declared on 15 January 2018 that it had exceeded the threshold of 5% of the share capital of Axway Software and that it held, on behalf of the funds, 1,284,317 Axway Software shares representing 6.06% of the share capital and 3.74% of the voting rights of this company.

This threshold was exceeded following an off-market acquisition of Axway Software shares.

6.2.2 Approximate number of shareholders

At 31 December 2018, Axway Software had 1,014 shareholders who owned 14,848,518 registered shares and held 28,377,624 voting rights out of a total of 21,225,381 shares making up the share capital, and 34,754,487 total voting rights. These figures are calculated by deduction based on the table presenting the current share ownership at 31 December 2018.

On the basis of the most recent data available to the Company, the total number of Axway Software shareholders can be estimated at around 2,000.

6.2.3 Shareholders' agreements notified to the stock market authorities

A shareholders' agreement to act in concert with Sopra Steria Group was entered into for a period of two years on 7 December 2009 between Sopra GMT, the Pasquier and Odin family groups, Sopra Développement and a group of managers. This agreement can be renewed tacitly every two years. The clauses of the agreement were extended to Axway Software's shares pursuant to the amendment of 27 April 2011.

Sopra GMT, leading shareholder and holding company of Sopra Steria Group, as well as Sopra Steria Group also act in concert with Axway Software.

With respect to the Company, this involves:

- an undertaking by the parties to act in concert so as to implement joint policies and, in general, approve any major decisions;
- an undertaking by the parties to act in concert in connection with the appointment and reappointment of members of the Company's management bodies, by which the senior managers agree to facilitate the appointment of any individuals proposed by the Pasquier and Odin family groups and Sopra GMT;
- an undertaking by the parties to act in concert in connection with any proposed acquisition or disposal of more than 0.20% of the share capital or voting rights of the Company;
- an undertaking by the parties to act in concert to adopt a common strategy in the event of a public offer for the Company's shares;
- a pre-emption right for the Odin and Pasquier family groups, Sopra GMT and Sopra Développement in the event of a sale of the Company's shares by (i) a manager (first rank pre-emption right for Sopra GMT, second rank pre-emption right for the Pasquier family group, third rank pre-emption right for the Odin family group, fourth rank pre-emption right for Sopra Développement) and (ii) Sopra Développement (first rank pre-emption right for Sopra GMT, second rank pre-emption right for the Pasquier family group, third rank pre-emption right for the Odin family group). The pre-emption exercise price will be equal to (x) the agreed price between the transferor and the transferee in the event of an off-market sale, (y) the average for the last ten trading days prior to notification of the sale in the event of a market sale and (z), in other cases, the value adopted for the shares in connection with the transaction.

It should also be noted that Amendment no. 2 to the aforementioned shareholders' agreement of 7 December 2009 was signed on 14 December 2012. Amendment no. 2 had no impact on the Company insofar as Sopra Executives Investments holds no Company shares.

6.2.4 Control of the Company

Sopra GMT, the holding company of Axway Software and Sopra Steria Group, exercises control over the Company due to its direct and indirect holding (as part of the shareholders' agreement) of over half of share capital (56.91%) and 65.47% of voting rights. In its role as holding company, Sopra GMT exercises considerable influence over the Company's business, strategy and development. However, the Company does not believe that there is a risk that the control will be exercised in an abusive manner since:

- the Company decided to adopt the recommendations of the Middlenext Code of Corporate Governance for small and mid caps updated in September 2016, because of its compatibility with the size of the Company and its capital structure;
- the duties of the Chairman and Chief Executive Officer have been separated since the Company's IPO. This separation of offices was renewed during the appointment of the current Chief Executive Officer;
- on the recommendation of the Selection, Ethics and Governance Committee and in compliance with the Middlenext Code of Corporate Governance for small and mid caps, the Company's Board of Directors qualified eight directors as independent (i.e. more than 50% of Board members), namely Emma Fernandez, Helen Louise Heslop, Marie-Hélène Rigal-Drogerys, Pascal Imbert, Hervé Saint-Sauveur, Michael Gollner, Yves de Talhouët and Hervé Déchelette, at the Board Meeting of 20 February 2019;
- the directors are bound by the obligation to protect the interests of the Company and comply with the rules set out in the charter and the internal regulations of the Board of Directors and any other rules contributing to good governance as defined in the Middlenext Code of Corporate Governance (Code of Ethics for Board members);
- the Company's Board of Directors set up an Audit Committee responsible for reviewing the financial statements, monitoring the efficiency of the internal control and risk management systems, monitoring the statutory audit of the financial statements and verifying compliance with the requirement for the Statutory Auditors to be independent (see Chapter 3). The Audit Committee was 67% comprised of independent directors to prevent any abusive control over the Company by the shareholders acting in concert;
- in accordance with the recommendations of the Middlenext Code of Corporate Governance, the Company's Board of Directors introduced a procedure allowing for the disclosure and management of conflicts of interest;
- the Company's Board of Directors set up a Selection, Ethics and Governance Committee whose tasks include examining the independence of directors and situations of conflicts of interest.

The General Shareholders' Meeting of 4 June 2014 introduced double voting rights for the Company, in accordance with legislative changes. The implementation of double voting rights enables the Company to strengthen the stability of its share ownership and thus focus on mid- and long-term projects.

6.3 Changes in share capital

Date	Transaction type	Share capital after the transaction (in euros)	Par value	Number of shares		Contributions	
				Created	Total	Par value	Premiums or reserves
2008		75,620,000	€38		1,990,000	-	-
2009		75,620,000	€38		1,990,000	-	-
2010		75,620,000	€38		1,990,000	-	-
2011	Division of the par value by 8	75,620,000	€4.75		15,920,000	-	-
2011	Capital increase by capitalisation of reserves	76,572,437	€4.75	200,513	16,120,513	-	-
2011	Capital decrease by a reduction in the par value	32,241,026	€2		16,120,513	44,331	44,331
2011	Capital increase by exercise of options	40,301,282	€2	4,030,128	20,150,641	-	-
2012	Capital increase by exercise of options	40,642,076	€2	170,397	20,321,038	-	-
14/02/2013	Capital increase by issue of free shares	40,642,166	€2	45	20,321,083	-	-
18/06/2013	Capital increase by exercise of options	40,709,974	€2	33,904	20,354,987	-	-
19/09/2013	Capital increase by exercise of options	40,760,834	€2	25,430	20,380,417	-	-
20/09/2013	Capital increase by exercise of options	40,780,834	€2	10,000	20,390,417	-	-
25/09/2013	Capital increase by exercise of options	40,899,496	€2	59,331	20,449,748	-	-
26/09/2013	Capital increase by exercise of options	40,913,400	€2	6,952	20,456,700	-	-
29/09/2013	Capital increase by exercise of options	40,930,354	€2	8,477	20,465,177	-	-
01/2014	Capital increase by exercise of options	40,981,208	€2	25,427	20,490,604	-	-
02/2014	Capital increase by exercise of options	41,032,068	€2	25,430	20,516,034	-	-
02/2014	Capital increase by issue of free shares	41,082,378	€2	25,155	20,541,189	-	-
04/2014	Capital increase by exercise of options	41,099,332	€2	8,477	2,054,966	-	-
06/2014	Capital increase by exercise of options	41,111,632	€2	6,150	20,555,816	-	-
08/2014	Capital increase by exercise of options	41,114,632	€2	1,500	20,557,316	-	-
09/2014	Capital increase by exercise of options	41,124,432	€2	4,900	20,562,216	-	-
10/2014	Capital increase by exercise of options	41,132,182	€2	3,875	20,566,091	-	-
12/2014	Capital increase by exercise of options	41,136,276	€2	8,567	20,568,138	-	-
01/2015	Capital increase by exercise of options	41,154,182	€2	8,953	20,577,091	-	-
04/2015	Capital increase by exercise of options	41,161,682	€2	3,750	20,580,841	-	-
05/2015	Capital increase by exercise of options	41,170,182	€2	4,250	20,585,091	-	-
06/2015	Capital increase by exercise of options	41,171,082	€2	450	20,585,541	-	-
07/2015	Capital increase by exercise of options	41,171,932	€2	425	20,585,966	-	-
08/2015	Capital increase by exercise of options	41,399,932	€2	114,000	20,699,966	-	-
09/2015	Capital increase by exercise of options	41,435,072	€2	17,570	20,717,536	-	-
10/2015	Capital increase by exercise of options	41,456,832	€2	10,880	20,728,416	-	-
11/2015	Capital increase by exercise of options	41,539,032	€2	41,100	20,767,516	-	-
12/2015	Capital increase by exercise of options	41,547,832	€2	4,400	20,773,916	-	-
01/2016	Capital increase by exercise of options	41,550,782	€2	1,475	20,775,391		
02/2016	Capital increase by issue of free shares	41,596,862	€2	23,040	20,798,431	-	-
02/2016	Capital increase by exercise of options	41,597,862	€2	500	20,798,931		

				Number of shares		Contributions	
Date	Transaction type	Share capital after the transaction (in euros)	Par value	Created	Total	Par value	Premiums or reserves
03/2016	Capital increase by exercise of options	41,599,362	€2	750	20,799,681		
04/2016	Capital increase by exercise of options	41,602,362	€2	1,500	20,801,181		
05/2016	Capital increase by exercise of options	41,604,362	€2	1,000	20,802,181		
06/2016	Capital increase by exercise of options	41,609,362	€2	2,500	20,804,681		
07/2016	Capital increase by exercise of options	41,625,012	€2	7,825	20,812,506		
08/2016	Capital increase by exercise of options	41,639,612	€2	7,300	20,819,806		
09/2016	Capital increase by exercise of options	41,642,612	€2	1,500	20,821,306		
10/2016	Capital increase by exercise of options	41,647,612	€2	2,500	20,823,806		
11/2016	Capital increase by exercise of options	41,697,812	€2	25,100	20,848,906		
12/2016	Capital increase by exercise of options	42,042,078	€2	172,133	21,021,039		
01/2017	Capital increase by exercise of options	42,143,712	€2	50,817	21,071,856		
02/2017	Capital increase by exercise of options	42,164,408	€2	10,348	21,082,204		
03/2017	Capital increase by exercise of options	42,271,252	€2	53,422	21,135,626		
04/2017	Capital increase by exercise of options	42,303,522	€2	16,136	21,151,761		
05/2017	Capital increase by exercise of options	42,327,522	€2	12,000	21,163,761		
06/2017	Capital increase by exercise of options	42,375,412	€2	23,945	21,187,706		
07/2017	Capital increase by exercise of options	42,392,412	€2	3,500	21,191,206		
08/2017	Capital increase by exercise of options	42,384,412	€2	1,000	21,192,206		
09/2017	Capital increase by exercise of options	42,405,212	€2	10,400	21,202,606		
10/2017	Capital increase by exercise of options	42,407,212	€2	1,000	21,203,606		
12/2017	Capital increase by exercise of options	42,420,462	€2	6,625	21,210,231		
01/2018	Capital increase by exercise of options	42,428,562	€2	4,050	21,214,281		
02/2018	Capital increase by exercise of options	42,432,562	€2	2,000	21,216,281		
03/2018	Capital increase by exercise of options	42,438,762	€2	3,100	21,219,381		
05/2018	Capital increase by exercise of options	42,443,762	€2	2,500	21,221,881		
06/2018	Capital increase by exercise of options	42,447,762	€2	2,000	21,223,881		
07/2018	Capital increase by exercise of options	42,448,762	€2	500	21,224,381		
09/2018	Capital increase by exercise of options	42,450,762	€2	1,000	21,225,381		

6.4 Shares held by the Company or on its behalf - share buyback programme

6.4.1 Transactions carried out by Axway Software in 2018

In fiscal year 2018, Axway Software acquired, under the authorisations granted to the Board of Directors by the General Meetings of 6 June 2018, 83,289 of its own shares (excluding shares acquired under the liquidity agreement, which is described below). These shares were acquired at an average price of €12.6 per share, i.e. a total cost of €1,048,385. The trading costs incurred by Axway Software SA amounted to 0.1% of the total cost plus the tax on the financial transactions.

These 83,289 shares were allocated to the following hedging objectives covering bonds subscribed by Axway Software in connection with the set-up of performance action plans for Group key managers.

From 10 June 2011 and for 12-month periods subject to tacit renewal, the Company entrusted Kepler Capital Markets with the implementation of this liquidity agreement in accordance with the various resolutions approved by the General Meetings. Under this agreement, Kepler Capital Markets traded on the stock market on behalf of Axway Software in order to ensure trading liquidity and stock price stability, thereby avoiding price fluctuations not justified by underlying market trends.

At 31 December 2018, Axway Software held 45,697 shares under its liquidity agreement. Axway Software did not enter into any derivative transactions covering its shares and did not buy or sell its shares by exercising or upon the expiry of derivatives for the year ended 31 December 2018.

The Company set aside €1 million for the implementation of this agreement.

This agreement was amended following the coming into force of European Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, the Commission Delegated Regulation (EU) 2016/908 of 26 February 2016 supplementing Regulation (EU) 596/2014, Articles L 225-209 *et seq*. of the French Commercial Code and AMF decision 2018-01 of 2 July 2018 establishing liquidity contracts on shares as an accepted market practice.

6.4.2 Description of the share buyback programme proposed to the General Meeting of 5 June 2019

Pursuant to Articles 241-2 *et seq*. of the AMF General Regulations and L. 451-3 of the French Monetary and Financial Code, and in accordance with European regulations as well as AMF decision 2018-01 of 2 July 2018, this description covers the objectives and terms and conditions of the Axway Software SA treasury share buyback programme that will be submitted to the authorisation of the General Meeting of 5 June 2019.

No more than €99,759,290.7, excluding acquisition costs, may be allocated to this share buyback program for a maximum of 2,122,538 shares. It was also decided that the Company may not directly or indirectly hold over 10% of its share capital.

The authorisation to set up the share buyback program will be granted to the Board of Directors for a period of 18 months from the date of the Combined General Meeting of 5 June 2019 to fulfil the following objectives (see Chapter 8 Resolutions):

(a) cover Company share purchase option plans benefiting (some or all) employees and/or (some or all) qualifying company officers of the Company and of companies or groupings that are or will be affiliated to it as per the terms and conditions of Article L.225-180 of the French Commercial Code;

(b) grant ordinary shares to qualifying company officers, employees and former employees, or certain categories thereof, of the Company or of the Group under profit sharing schemes or a company savings plan in accordance with the law;

(c) grant free shares under the scheme provided for under Articles L.225-197-1 *et seq*. of the French Commercial Code to employees and qualifying company officers, or to certain categories thereof, of the Company and/or of companies and economic interest groups affiliated to it under the terms of Article L.225-197-2 of the French Commercial Code and, more generally, to grant ordinary Company shares to those employees and company officers;

(d) retain ordinary shares in the Company that are bought back for subsequent exchange or use as consideration in acquisitions, in line with market practices permitted by the *Autorité des marchés financiers*;

(e) deliver shares upon exercise of rights attached to securities granting entitlement by means of conversion, exercise, redemption, exchange, presentation of a warrant or by any other means, immediately or in the future, to Company shares as well as carrying out any transactions required to cover the Company's obligations with respect to these securities, in compliance with stock market regulations and as and when decided by the Board of Directors or any person acting on the instructions of the Board of Directors;

(f) enable market making in ordinary shares via an investment services provider under a liquidity agreement that complies with the AMAFI Code of Ethics, in line with market practices permitted by the *Autorité des marchés financiers*, it being noted that the number of ordinary shares bought back in this respect shall, for the purposes of calculating the 10% limit, equal the number of ordinary shares bought back, less the number of ordinary shares sold during the period of this authorisation;

(g) cancel all or some of the ordinary shares bought back, so long as the Board of Directors has a valid authorisation from the Extraordinary Shareholders' Meeting allowing it to reduce the share capital by cancelling ordinary shares bought back under an ordinary share buyback program.

Points a, b and c benefit from a conclusive presumption of legality pursuant to European Regulation (EU) 596/2014 of the European Parliament and of the Council of 14 April 2014 on market abuse and the Commission Delegated Regulation (EU) 2016/908 of 26 February 2016 supplementing Regulation (EU) 596/2014. Point f benefits from a conclusive presumption of compliance based on AMF decision 2018-01 of 2 July 2018.

However, the Company may not use this resolution and continue with its buyback program in compliance with legal and regulatory provisions (and, in particular, the provisions of Articles 231-1 *et seq*. of the AMF General Regulations) during a public tender offer or public exchange offer made by the Company.

6.5 Issue authorisations granted to the Axway Board of Directors – Delegations granted by the General Meetings AFR

The table below summarises the currently valid delegations granted by the General Shareholders' Meeting in accordance with Article L.225-35-4 paragraph 3 of the French Commercial Code.

I. Delegations of authority granted by the Combined General Meeting of 6 June 2017

Authorisation granted to the Board of Directors to purchase ordinary shares of the Company (11th resolution)

Date of General Meeting granting the delegation of authority	6 June 2017
Duration of delegation of authority	18 months
Expiry date	5 December 2018
Total amount for which delegation of authority is granted	10% of the total number of ordinary shares on the date of the share buybacks, for an amount not exceeding €99,759,291 and, in any event, a theoretical maximum of 2,122,538 ordinary shares
Use made of this delegation of authority during the fiscal year *(in euros)*	€151,691.14
Remaining balance	9.87% of the total number of ordinary shares on the date of the share buybacks, for an amount not exceeding €99,759,291 and, in any event, a theoretical maximum of 2,122,538 ordinary shares

Authorisation granted to the Board of Directors to cancel the shares acquired by the Company under the share buyback program; corresponding reduction in the share capital (12th resolution)

Date of General Meeting granting the delegation of authority	6 June 2017
Duration of delegation of authority	24 months
Expiry date	5 June 2019
Total amount for which delegation of authority is granted	10% of the share capital, based on the share capital adjusted for transactions impacting the share capital after the Combined General Meeting of 6 June 2017
Use made of this delegation of authority during the fiscal year *(in euros)*	-
Remaining balance	10% of the share capital, based on the share capital adjusted for transactions impacting the share capital after the Combined General Meeting of 6 June 2017

6

Delegation of authority granted to the Board of Directors to increase the share capital by capitalising reserves, profits, share premiums or other items (13th resolution)

Date of General Meeting granting the delegation of authority	6 June 2017
Duration of delegation of authority	26 months
Expiry date	5 August 2019
Total amount for which delegation of authority is granted *(in euros)*	20,000,000 (1)
Use made of this delegation of authority during the fiscal year *(in euros)*	-
Remaining balance	20,000,000

(1) This threshold is independent and separate from the share capital increase thresholds potentially arising from the issue of ordinary shares or securities granting access to the share capital authorised by the other resolutions and limited by the 17th resolution of the Combined General Meeting of 6 June 2017.

Delegation of authority granted to the Board of Directors to increase the share capital through the issue of ordinary shares and/or securities granting access to the share capital with retention of preferential subscription rights and/or of securities granting a right to allocation of debt securities (14th resolution)

Date of General Meeting granting the delegation of authority	6 June 2017
Duration of delegation of authority	26 months
Expiry date	5 August 2019
Total amount for which delegation of authority is granted *(in euros)*	20,000,000 200,000,000 (1) (debt securities)
Use made of this delegation of authority during the fiscal year *(in euros)*	-
Remaining balance	20,000,000 200,000,000

(1) This ceiling covers all debt securities that may be issued under this resolution and the 15th, 16th, 18th, 19th and 20th resolutions.

Delegation of authority granted to the Board of Directors to increase the share capital through the issue of ordinary shares and/or securities granting access to ordinary shares, with cancellation of preferential subscription rights and/or of securities granting a right to allocation of debt securities by private placement (15th resolution)

Date of General Meeting granting the delegation of authority	6 June 2017
Duration of delegation of authority	26 months
Expiry date	5 August 2019
Total amount for which delegation of authority is granted *(in euros)*	10,000,000(1) 100,000,000 (2) (debt securities)
Use made of this delegation of authority during the fiscal year *(in euros)*	-
Remaining balance	10,000,000 100,000,000

(1) This amount is deducted from the nominal share capital increase threshold set in the 20th resolution of the Combined General Meeting of 6 June 2017.
(2) This amount is deducted from the maximum nominal amount of debt securities set in the 17th resolution of the Combined General Meeting of 6 June 2017.

Delegation of authority granted to the Board of Directors to increase the share capital through the issue of ordinary shares and/or securities granting access to ordinary shares, with cancellation of preferential subscription rights, as part of a public offering (16th resolution)

Date of General Meeting granting the delegation of authority	6 June 2017
Duration of delegation of authority	26 months
Expiry date	5 August 2019
Total amount for which delegation of authority is granted *(in euros)*	20,000,000 (1) 200,000,000 (2) (debt securities)
Use made of this delegation of authority during the fiscal year *(in euros)*	-
Remaining balance	20,000,000 200,000,000

(1) This amount is deducted from the nominal share capital increase threshold set in the 20th resolution of the Combined General Meeting of 6 June 2017.
(2) This amount is deducted from the maximum nominal amount of debt securities set in the 20th resolution of the Combined General Meeting of 6 June 2017.

Authorisation granted to the Board of Directors to increase the amount of the initial issue, in the case of an issue of ordinary shares or securities granting access to ordinary shares with or without preferential subscription rights, decided in application of the 14th, 15th, 16th resolutions (17th resolution)

Date of General Meeting granting the delegation of authority	6 June 2017
Duration of delegation of authority	26 months
Expiry date	5 August 2019
Total amount for which delegation of authority is granted *(in euros)*	Limit of the ceilings respectively provided by the 14th, 15th and 16th resolutions
Use made of this delegation of authority during the fiscal year *(in euros)*	-
Remaining balance	20,000,000 200,000,000

Delegation of authority granted to the Board of Directors to issue ordinary shares and/or securities granting access to ordinary shares in consideration for contributions in kind accorded to the Company and consisting of equity securities or securities granting access to the share capital, outside of a public exchange offer (18th resolution)

Date of General Meeting granting the delegation of authority	6 June 2017
Duration of delegation of authority	26 months
Expiry date	5 August 2019
Total amount for which delegation of authority is granted	10% of the share capital (1)
Use made of this delegation of authority during the fiscal year	-
Remaining balance	10% of the share capital (1)

(1) This amount is deducted from the threshold set in the 20th resolution of the Combined General Meeting of 6 June 2017.

Authorisation granted to the Board of Directors to set the issue price of the ordinary shares or securities granting access to ordinary shares with cancellation of preferential subscription rights, up to an annual limit of 10% of the share capital (19th resolution)

Date of General Meeting granting the delegation of authority	6 June 2017
Duration of delegation of authority	26 months
Expiry date	5 August 2019
Total amount for which delegation of authority is granted	10% of the share capital per twelve (12) month period as well as the ceiling set forth in the 20th resolution from which it is deducted
Use made of this delegation of authority during the fiscal year	-
Remaining balance	10% of the share capital per twelve (12) month period as well as the ceiling set forth in the 20th resolution from which it is deducted

Overall limit on issue authorisations, with or without preferential subscription rights (20th resolution)

Date of General Meeting granting the delegation of authority	6 June 2017
Duration of delegation of authority	26 months
Expiry date	5 August 2019
Total amount for which delegation of authority is granted *(in euros)*	20,000,000 (1)
Use made of this delegation of authority during the fiscal year *(in euros)*	-
Remaining balance	20,000,000

(1) Overall amount of the maximum nominal share capital increases which can be decided on the basis of the 14th, 15th, 16th, 17th, 18th, 19th and 21st resolutions of the Combined General Meeting of 6 June 2017.

Authorisation granted to the Board of Directors to issue, in favour of employees and company officers of the Company or of its group, redeemable share subscription and/or purchase warrants (BSAAR), with cancellation of shareholder preferential subscription rights (21st resolution)

Date of General Meeting granting the delegation of authority	6 June 2017
Duration of delegation of authority	18 months
Expiry date	5 December 2018
Total amount for which delegation of authority is granted	1% of the Company's capital as of the date on which the Board of Directors makes its decision
Use made of this delegation of authority during the fiscal year	-
Remaining balance	1% of the Company's capital at the date of the Board of Directors' decision

Authorisation granted to the Board of Directors to increase the share capital by issuing ordinary shares reserved for Axway Group employees who are members of a company savings plan (22nd resolution)

Date of General Meeting granting the delegation of authority	6 June 2017
Duration of delegation of authority	26 months
Expiry date	5 August 2019
Total amount for which delegation of authority is granted *(in euros)*	3% of the share capital at the date of the General Shareholders' Meeting, i.e. 618,075 (1)
Use made of this delegation of authority during the fiscal year *(in euros)*	-
Remaining balance	618,075

(1) This threshold is independent and separate from the share capital increase thresholds potentially arising from the issue of ordinary shares or securities granting access to the share capital authorised by the other resolutions of the Combined General Meeting of 6 June 2017.

II. Delegations of authority granted by the Combined General Meeting of 6 June 2018

Authorisation granted to the Board of Directors to purchase ordinary shares of the Company (15th resolution)

Date of General Meeting granting the delegation of authority	6 June 2018
Duration of delegation of authority	18 months
Expiry date	5 December 2019
Total amount for which delegation of authority is granted	10% of the total number of ordinary shares on the date of the share buybacks, for an amount not exceeding €99,759,291 and, in any event, a theoretical maximum of 2,122,538 ordinary shares
Use made of this delegation of authority during the fiscal year *(in euros)*	€151,691.14
Remaining balance	9.61% of the total number of ordinary shares on the date of the share buybacks, for an amount not exceeding €99,759,291 and, in any event, a theoretical maximum of 2,122,538 ordinary shares

Authorisation for the Board of Directors to grant free shares, existing or to be issued, in favour of eligible employees or company officers (17th resolution)

Date of General Meeting granting the delegation of authority	6 June 2018
Duration of delegation of authority	38 months
Expiry date	5 August 2021
Total amount for which delegation of authority is granted	4% of the Company's share capital on the date of the decision to grant them by the Board of Directors
Use made of this delegation of authority during the fiscal year	1.60% of the Company's share capital on the date of the decision to grant them by the Board of Directors
Remaining balance	2.40% of the Company's share capital on the date of the decision to grant them by the Board of Directors

6.6 Share subscription option plans

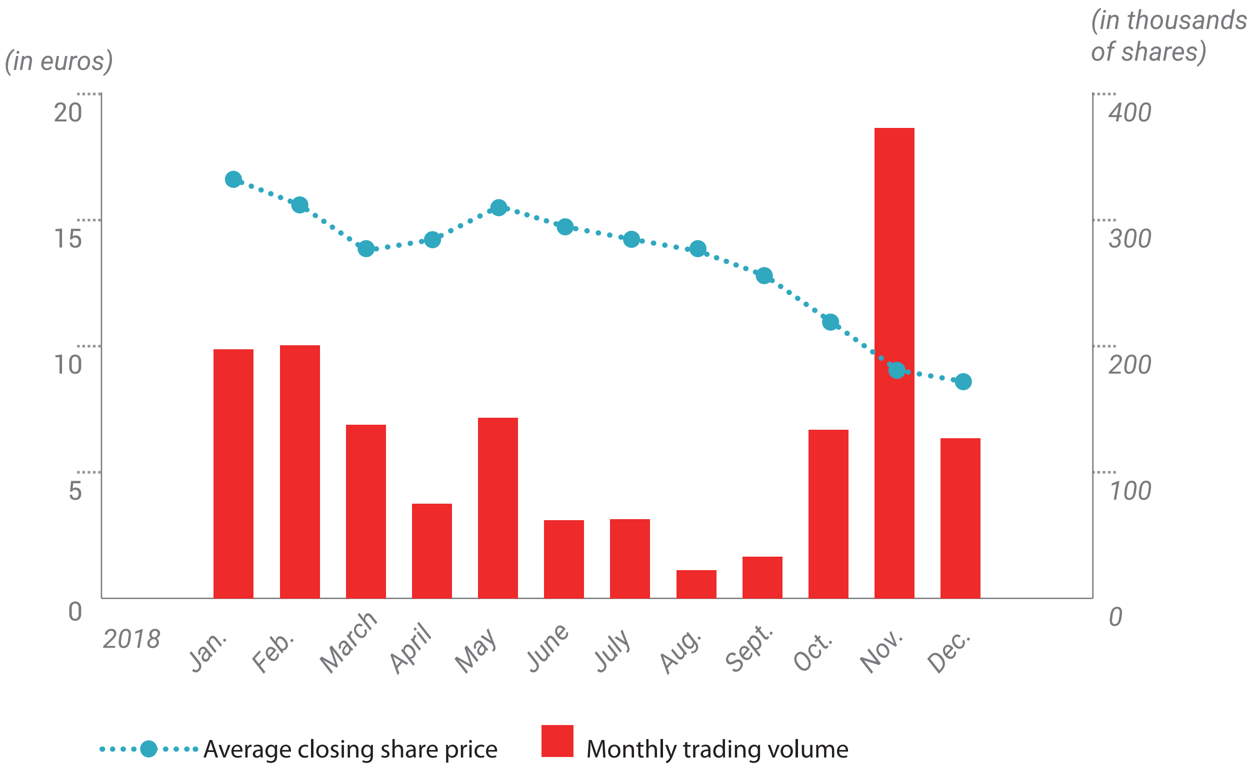
The table below summarises the status as at 31 December 2018 of stock option plans granted by Axway to its employees:

	Initial position		Option exercise period		Position at 1 January		Changes in the period, number of options:			Position as at 31/12/2018	
Grant date	Number of options	Exercise price	Start date	Expiry date	Number of options	Exercise price	awarded	cancelled	exercised	Number of options	Exercise price
Plan No. 3 - 2011 stock option plan, maximum issue of 1,033,111 shares * - Shareholders' Meeting of 28/04/2011											
18/11/2011	516,175	€14.90	18/05/2014	18/11/2019	82,800	€14.90	-	-1,700	-3,825	77,275	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2019	107,150	€14.90	-	-2,800	-5,325	99,025	€14.90
28/03/2013	131,250	€15.90	28/09/2015	28/03/2021	15,750	€15.90	-	-	-1,000	14,750	€15.90
28/03/2013	131,250	€15.90	28/03/2018	28/03/2021	42,500	€15.90	-	-	-5,000	37,500	€15.90
03/01/2014	50,000	€21.86	02/07/2016	03/01/2022	-	€21.86	-	-	-	-	€21.86
03/01/2014	50,000	€21.86	03/01/2019	03/01/2022	-	€21.86	-	-	-	-	€21.86
Total	**1,394,850**				**248,200**		**-**	**-4,500**	**-15,150**	**228,550**	
Total plan assets	**1,394,850**				**248,200**		**-**	**-4,500**	**-15,150**	**228,550**	

* *Increased to 1,295,611 following an amendment in June 2013.*

6.7 Share price and trading volumes

AXW.PA SHARE MONTHLY AVERAGE PRICE AND VOLUMES



Source: Euronext Paris.

2018 SHARE PRICE TREND

Month	High	Date of high	Low	Date of low	Closing price	Average price (opening)	Average price (closing)	Monthly volume	Number of securities traded (in € thousands)	Number of trading sessions
January 2018	23.10	2 Jan.	21.70	16 Jan.	22.00	22.37	22.42	197,557	4,404.3	22
February 2018	23.00	1 Feb.	19.16	23 Feb.	19.60	21.10	21.11	200,758	4,234.9	20
March 2018	19.50	13 March	17.86	29 March	18.00	18.81	18.78	137,737	2,577.7	21
April 2018	20.45	19 April	17.82	4 April	20.30	19.24	19.33	74,917	1,443.0	20
May 2018	21.70	21 May	20.05	2 May	21.50	20.98	21.04	143,321	2,986.2	22
June 2018	21.80	1 June	19.12	29 June	19.40	20.07	19.99	61,924	1,269.5	21
July 2018	20.10	19 July.	18.36	2 July	19.30	19.32	19.35	62,770	1,202.9	22
August 2018	19.30	1 August	17.86	31 August	18.50	18.74	18.74	22,239	412.6	23
September 2018	18.50	4 Sept.	15.96	28 Sept.	16.48	17.53	17.49	32,914	563.9	20
October 2018	16.44	1 Oct.	13.20	30 Oct.	14.00	15.20	15.11	133,644	1,986.9	23
November 2018	14.38	1 Nov.	10.80	28 Nov.	11.54	12.80	12.64	373,128	4,568.1	22
December 2018	12.70	3 Dec.	11.04	6 Dec.	12.42	11.96	12.06	127,180	1,529.7	19

Source: Euronext Paris.

6.8 Dividend

At its meeting of 20 February 2019, the Axway Board of Directors decided to propose the payment of a €0.40 per share dividend at the upcoming General Shareholders' Meeting.

6.9 Information on takeover bids pursuant to Article L.225-37-5 of the French Commercial Code

1. The Company's share capital structure is set out in Chapter 6, Section 2 of the Registration Document.
2. There are no restrictions in the Articles of Association on the transfer of shares, which are freely transferable, except where provided otherwise under applicable laws or regulations (Article 11 of the Articles of Association).

   The Company and the markets have been informed of the shareholders' agreement put into place between shareholders acting in concert with respect to the Company. Information available to the Company is detailed in Chapter 6, Section 6.2 of this Registration Document, in accordance with Article L.233-11 of the French Commercial Code.
3. Any direct or indirect equity investments in the Company's share capital of which the Company has been informed pursuant to Articles L.233-7 and L. 233-12 of the French Commercial Code are set out in Chapter 6, Section 2 of the Registration Document.
4. In accordance with the provisions of Article 31 of the Articles of Association, any shares held in registered form by the same shareholder for at least two (2) years have a double voting right, with the proviso that there are no special controlling rights covered by Article L.225-100-3, paragraph 4, of the French Commercial Code. The Company's Articles of Association are available on the Axway Investors website at the following address: https://investors.axway.com/fr.
5. There is no control mechanism provided under an employee share ownership scheme.
6. Agreements between shareholders of which the Company is aware and that may result in restrictions on share transfers and the exercise of voting rights can be found in Chapter 7, Section 2 of the Registration Document.
7. The rules applicable to the appointment and replacement of the members of the Board of Directors comply with applicable legal and regulatory requirements and are set out in Article 14 of the Articles of Association.

   The Articles of Association may be modified by the Company in accordance with applicable legal and regulatory provisions.
8. The powers of the Board of Directors are set out in Article 17 of the Articles of Association. "The Board of Directors determines the overall business strategy of the Company and supervises its implementation. It examines any and all matters related to the efficiency and effectiveness of business operations and reaches decisions about any and all issues concerning the Company, within the limits of the corporate purpose and except for those matters which, by law, can only be decided by shareholders in a General Shareholders' Meeting".

   Moreover, the Board of Directors has the delegated powers set out in Chapter 6, Section 5 of this Registration Document.
9. The agreements entered into by the Company that could be amended or terminated in the event of a change in control of the Company mainly concern the syndicated credit facilities arranged on 21 January 2019.
10. There are no agreements providing for the payment of compensation to members of the Board of Directors or employees upon resignation or dismissal without just cause or should their employment contracts be terminated following a public tender offer.

For a major Healthcare player in the United States, Axway's AMPLIFY™ MFT offer ensures secured file transfers between clients, suppliers and partners and therefore boosts the efficiency of medical processes.

7

Legal and administrative information

7.1 Axway Software at a glance

Name: Axway Software

Registered office: PAE Les Glaisins, 3 rue du Pré-Faucon, 74940 Annecy, France

Telephone number of the Company's secondary establishment at Paris La Défense: +33 (0)1 47 17 24 24

Head office: 6811 East Mayo Blvd, Suite 400 – Phoenix, Arizona 85054, USA

Legal status: public limited company (*société anonyme*).

The Company and its activities are governed by French legislation, however other laws and/or regulations may apply locally and/or in other countries.

Date of incorporation: 28 December 2000 for a term of 99 years; the Company's term will therefore expire on 28 December 2099 unless it is dissolved before that date or the term is extended.

Corporate purpose: "The Company's purpose in France and abroad is:

- the publishing, sale, distribution, installation and maintenance of all types of software packages, the design and development of any software program, the integration of any IT system, the sale of any IT systems and hardware, and the provision of any related services, training, consultancy and hosting;
- the Company's, direct or indirect, involvement, by any means, in any transaction connected with its purpose by means of the incorporation of new companies, transfer of assets, subscription or purchase of securities or ownership interests, merger or otherwise, creation, purchase, leasing, lease management of any business goodwill or premises; the registration, purchase, use or disposal of any processes and patents connected with these activities.

And, in general, all industrial, commercial, financial, procedural, movable property or real-estate transactions that may be directly or indirectly related to the corporate purpose or any similar or connected purpose."

(Article 2 of the Articles of Association).

Registration No.: 433 977 980 RCS Annecy

Place where the legal documents may be consulted: Axway Software, Tour W 102 Terrasse Boieldieu, 92085 Paris La Défense Cedex, France.

Company fiscal year: 1 January to 31 December of each year.

Appropriation and distribution of earnings under the Articles of Association

"The income statement summarises the income and expenses for the fiscal year and, after deductions for amortisation, depreciation and provisions, shows the profit for the year.

Any prior losses are deducted from the profit for the year, along with at least five per cent for allocation to the legal reserve. This allocation ceases to be mandatory when the legal reserve represents one-tenth of the share capital.

Profit available for distribution comprises the profit for the year less any losses carried forward and amounts allocated to reserves, pursuant to the law and the Articles of Association, plus retained earnings.

The General Meeting may deduct from this profit all amounts that it deems appropriate for allocation to all discretionary, ordinary or extraordinary reserves, or to retained earnings.

The balance, if any, is apportioned by the General Meeting between all shareholders in proportion to the number of shares held.

Furthermore, the General Meeting may resolve to distribute sums deducted from available reserves, by expressly indicating the reserves from which the deductions are to be made. However, dividends are first deducted from the profit for the year.

Except in the event of a share capital reduction, no distribution may be carried out to shareholders where shareholders' equity is, or would subsequently be, less than the minimum amount of share capital plus reserves enabling a distribution, pursuant to the law or the Articles of Association. Revaluation surpluses may not be distributed. Some or all of them may be incorporated into the capital.

Any losses shall, following approval of the financial statements by the General Meeting, be carried forward to be set against earnings in subsequent fiscal years, until fully used up."

(Article 37 of the Articles of Association).

7.2 Board of Directors and Executive Management(1)

Article 14 – Board of Directors

The Company is administered by a Board of Directors comprising a minimum of three members and a maximum of eighteen, subject to the exception provided for by law in the event of a merger.

During the life of the Company, the directors are appointed, reappointed or dismissed by the Ordinary General Meeting. They are always eligible for re-election.

Directors serve a four-year term of office, expiring at the end of the Ordinary General Meeting convened to approve the financial statements for the fiscal year then ended and held in the year in which their term of office comes to an end. As an exception, the General Meeting may decide that the initial term of office of directors is for a shorter period of one (1) year, two (2) years or three (3) years so as to align their term of office with those of the other directors in office at the time of their appointment.

No one can be appointed director if, having exceeded the age of 85, his appointment results in more than one-third of Board members exceeding that age. Once the age limit is reached, the oldest director is deemed to have resigned from office.

Directors may be natural persons or legal persons. When a legal person is nominated, it appoints a permanent representative who is subject to the same conditions, obligations and liabilities as a natural person director, without prejudice to the joint and several liability of the legal person he represents.

In the event of one or more directors' positions becoming vacant, the Board of Directors may, between two General Meetings, carry out temporary appointments in accordance with the conditions set forth in Article L.225-24 of the French Commercial Code. The director appointed to replace another performs his duties for the remainder of his predecessor's term of office.

Where the number of directors falls below the legal minimum, the remaining directors must immediately call an Ordinary General Meeting in order to appoint further Board members.

An employee of the Company may only be appointed as a director if his employment contract corresponds to an actual job position. The number of directors holding an employment contract with the Company cannot exceed one-third of the directors in office.

Article 15 – Organisation of the Board of Directors

The Board of Directors elects a Chairman from among its members, who must be a natural person for the appointment to be valid. The Board shall determine his compensation.

The Chairman is appointed for a duration that cannot exceed his term of office as a director. He is eligible for re-election. The Board of Directors can dismiss him at any time.

No one over the age of eighty-five may be appointed Chairman. If the Chairman in office reaches this age limit, he is deemed to have resigned from office.

The Board of Directors may appoint one or two Vice-Chairmen from among the directors.

It can also appoint a secretary who need not be a director or shareholder.

In the event of the Chairman's absence, Board meetings are chaired by the oldest Vice-Chairman. Failing that, the Board appoints the session Chairman from among its members.

(1) For the purposes of simplicity, the pronoun "he" is used in this chapter and shall refer to both men and women.

Article 16 – Deliberations of the Board of Directors

The Board of Directors meets as often as the Company's interests require it to do so, at the request of its Chairman. The Chief Executive Officer, or if the Board has not met for more than two months, at least one-third of the directors, may request the Chairman, who is bound by such request, to convene a meeting of the Board of Directors on the basis of a predetermined agenda.

Meeting notices may be given by any means, even verbally, in principle three days in advance. They must carefully detail the items on the agenda. They may even be given immediately where all directors are present or represented.

The Meeting takes place at the registered office or at any other venue stated on the Meeting notice.

The Board can only validly deliberate in the presence of at least half the directors. Decisions are taken on the basis of a majority of votes of members present or represented.

In the event of a tie in voting, the Chairman has the casting vote.

An attendance sheet is signed by the directors taking part in the Board meeting, either in person or by proxy.

Internal regulations shall be defined.

The internal regulations may include a provision whereby directors who participate in the Meeting by video conference or any other means of telecommunication that enables them to be identified as required by law, shall be considered to be present for the purpose of calculating the quorum and majority.

This provision does not apply for the adoption of the following decisions:

- the approval of the annual financial statements and consolidated financial statements and the drafting of the management report and Group management report.

The deliberations of the Board of Directors are recorded in the minutes, which are prepared in accordance with prevailing legal provisions and signed by the Meeting Chairman and at least one director. In the absence of the Meeting Chairman, it is signed by at least two directors.

The copies or extracts of the minutes are certified by the Chairman of the Board of Directors, the Chief Executive Officer, the director temporarily carrying out the duties of Chairman or an officer authorised for this purpose.

Where there is a Works Council, representatives of this council, appointed pursuant to the provisions of the French Labour Code, must be invited to attend all meetings of the Board of Directors.

Article 17 – Powers of the Board of Directors

The Board of Directors determines the overall business strategy of the Company and supervises its implementation. It examines any and all matters related to the efficiency and effectiveness of business operations and reaches decisions about any and all issues concerning the Company, within the limits of the corporate purpose and except for those matters which, by law, can only be decided by shareholders in a General Meeting.

In its dealings with third parties, the Company is bound by actions of the Board of Directors falling outside the scope of the corporate purpose, unless it can show that the third party knew that the action exceeded the corporate purpose or could not but realise it in the circumstances. The mere publication of the Articles of Association does not constitute such proof.

The Board of Directors undertakes all the checks and verifications it deems necessary. Each director is entitled to receive all the documents and information necessary to carry out his duties.

The Board of Directors may confer on any and all proxy-holders of its choice, any and all delegations of powers within the limits of those defined by the law and the present Articles of Association.

It can resolve to set up committees to look into matters referred either by itself or its Chairman.

Article 18 – Powers of the Chairman of the Board of Directors

The Chairman of the Board of Directors organises and directs the work of the Board of Directors, on which he reports to the General Meeting. He ensures the smooth running of the Company's managerial bodies and, in particular, that the directors are able to carry out their duties.

Article 19 – Executive Management

Operating procedure

Responsibility for the Company's Executive Management is assumed by either the Chairman of the Board of Directors or by another natural person appointed by the Board of Directors and holding the title of Chief Executive Officer.

The Board of Directors may choose between these two modes of Executive Management at any time and, at the very least, upon expiry of the term of office of the Chief Executive Officer or of the Chairman of the Board of Directors where the latter also holds the position of Company Chief Executive Officer.

The Board of Directors' decision regarding the choice of management method is taken by a majority vote of directors present or represented. Shareholders and third parties are informed of this choice in the conditions provided by prevailing regulations.

The Board of Directors' choice applies for an unlimited period.

Executive Management

The Chief Executive Officer is a natural person who may or may not be a director. The term of office of the Chief Executive Officer is determined by the Board of Directors at the time of his appointment. However, if the Chief Executive Officer is also a director, his term of office cannot exceed that of his directorship.

No one over the age of seventy may be appointed Chief Executive Officer. If the Chief Executive Officer reaches this age limit, he is deemed to have resigned from office.

The Chief Executive Officer can be dismissed at any time by the Board of Directors. In the event of unfair dismissal, he may be entitled to damages, except when he also performs the function of Chairman of the Board of Directors.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company. He exercises his powers within the limits of the corporate purpose and subject to those expressly granted to General Shareholders' Meetings and the Board of Directors by law.

He represents the Company in its dealings with third parties. The Company is bound by the actions of the Chief Executive Officer falling outside the scope of the corporate purpose, unless it can show that the third party knew that such action exceeded the corporate purpose or could not but realise it in the circumstances. The mere publication of the Articles of Association does not constitute such proof.

Deputy Chief Executive Officers

On a proposal from the Chief Executive Officer, whether this function is performed by the Chairman of the Board of Directors or by another person, the Board may appoint one or more natural persons to assist the Chief Executive Officer, with the title of Deputy Chief Executive Officer.

The Board of Directors may or may not choose a maximum of five Deputy Chief Executive Officers from among the directors.

The age limit is set at seventy. If a Deputy Chief Executive Officer reaches this age limit, he is deemed to have resigned from office.

The length of the term of office of the Deputy Chief Executive Officer is determined when he is appointed although it may not, in any event, exceed that of his term of office as director.

The Deputy Chief Executive Officers may be dismissed at any time by the Board of Directors on a proposal from the Chief Executive Officer. In the event of unfair dismissal, the officers may be entitled to damages.

When the Chief Executive Officer ceases to carry out or is prevented from carrying out his duties, the Deputy Chief Executive Officers, unless decided otherwise by the Board of Directors, retain their duties and remits until the appointment of a new Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers conferred on the Deputy Chief Executive Officers. In their dealings with third parties, the Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

Article 20 – Compensation of senior executives

1. The General Meeting may allocate directors a fixed annual sum in the form of directors' fees, which are treated as operating expenses; the amount remains unchanged until further notice. The apportionment of the sum between directors is determined by the Board of Directors.
2. The Board of Directors determines the compensation of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers. Such compensation may be fixed and/or variable.
3. For assignments or offices entrusted to directors, the Board of Directors may also award exceptional payments that will be submitted for the approval of the Ordinary General Meeting.

The directors may not receive compensation from the Company, whether permanent or not, other than that set out in the previous paragraphs, unless they have an employment contract with the Company under conditions authorised by the law.

Article 21 – Concurrently held offices

A natural person may not serve as a director or Supervisory Board member of more than five French-based public limited companies (*sociétés anonymes*).

As an exception to the above, an individual's appointments to the Board of Directors or to the Supervisory Board of companies controlled by a company for which he is a director, within the meaning of Article L.233-16 of the French Commercial Code, are not counted.

For the purposes of the above provisions, appointments to the Board of Directors of non-listed companies that are controlled by a single company, within the meaning of Article L.223-16 of the French Commercial Code, are considered as a single appointment, subject to the number of appointments held in this manner being limited to five.

A natural person may not serve as Chief Executive Officer, Management Board member or Sole Chief Executive Officer of more than one French-based public limited company.

As an exception, a single individual may serve as Chief Executive Officer, Management Board member or Sole Chief Executive Officer of a company that is controlled, within the meaning of Article L.233-16 of the French Commercial Code, by the company for which he is Chief Executive Officer. Another office of Chief Executive Officer, Management Board member or Sole Chief Executive Officer can be held in a company, provided such company's shares are not traded on a regulated market.

Any natural person in breach of the provisions in respect of concurrently held offices must relinquish one of the offices within three months of his appointment, or the office in question within three months of the event that led to the lapse of one of the conditions defined by law in the case of exceptions. On expiry of the three-month period, the person is automatically dismissed and must return any compensation received, although the validity of the deliberations in which he took part is not called into question.

7.3 Rights, privileges and restrictions attached to each category of shares outstanding

Article 12 – Rights and obligations attaching to shares

1. Each share gives the right to a portion of the earnings, corporate assets and liquidation surplus in proportion to the percentage of the share capital it represents.

   It moreover carries voting and representation rights at General Meetings, as well as the right to be kept informed about the Company's performance and to receive certain corporate documentation when and in the manner provided for by law and in the Articles of Association.

2. Shareholders are only liable for corporate liabilities up to the amount of their contributions.

   The rights and obligations stay with the share regardless of who owns it.

   Ownership of a share implies acceptance of the Company's Articles of Association and the decisions of General Meetings.

3. Whenever a certain number of shares is required to exercise any particular right, owners not holding that number shall be personally responsible for grouping together, or potentially buying or selling the required number of shares.

   Moreover, it is specified that a double voting right is attached to shares held by shareholders that meet the conditions specified in paragraph 3 of Article 31 of the Articles of Association, as set out in this chapter.

Article 13 – Indivisibility of shares – Bare ownership – Beneficial ownership

1. Shares are indivisible with respect to the Company.

   Joint owners of undivided shares are represented at General Meetings by one of them or by a sole agent. In the event of a dispute, the agent is appointed by the courts at the request of the joint owner who acts first.

2. Voting rights are held by beneficial owners in Ordinary General Meetings and by bare owners in Extraordinary General Meetings. Nevertheless, shareholders may agree to share voting rights at General Meetings in any way they see fit. The Company is notified of the agreement by registered letter and shall be required to apply this agreement for any meeting held any time from one month following the sending of this letter.

   Nevertheless, the bare owner is entitled to participate in all General Meetings. His voting rights can never be completely eliminated. The beneficial owner cannot be denied the right to vote on decisions involving the appropriation of earnings.

   Voting rights of pledged securities are exercised by the owner.

7.4 General Meetings

Article 25 – General Meetings

The decisions collectively made by the shareholders are taken in General Meetings characterised either as Ordinary General Meetings, Extraordinary General Meetings or Special Shareholders' Meetings depending on the nature of the decision to be taken.

Special Shareholders' Meetings are convened for the holders of shares of a given category to decide upon any changes to the rights attached to shares in this category.

The decisions taken by General Meetings are binding on all shareholders, including absentee and dissenting shareholders and those lacking legal capacity.

Article 26 – Venue and convening of General Meetings

General Meetings are convened and held pursuant to the terms and conditions set by law.

General Meetings shall take place at the registered office or in any other place specified in the meeting notice.

Article 27 – Agenda

The Meeting agenda is set out in meeting notices and letters of invitation. It is drawn up by the party calling the Meeting.

A shareholder or group of shareholders, representing at least the legally required percentage of share capital and acting in the manner and time frames provided by law, may have draft resolutions included on the Meeting agenda.

The Works Council may also request the inclusion of proposed resolutions on the agenda.

The General Meeting may not decide upon any issues that are not on the agenda. It may, however, at any time and in any circumstances, dismiss and replace one or more directors.

Article 28 – Rights to shareholder information – Disclosure obligation

All shareholders are entitled to receive all the information necessary for them to take an informed decision relating to the management and situation of the Company.

The documentation required and its availability to shareholders is laid down by the law.

Any shareholder whose ownership interest in the share capital crosses the thresholds of three or four percent of the share capital shall inform the Company in the same manner and based on the same methods of calculation as those set forth by law for higher shareholdings.

Article 29 – Access to General Meetings – Powers – Composition

The General Meeting shall be composed of all shareholders, regardless of the number of shares they hold, who attend the Meeting either in person or by proxy.

Every shareholder has the right to participate in the General Meetings as long as he proves, pursuant to the legal requirements, that his shares are registered in his name or in that of the intermediary acting on his behalf pursuant to the seventh paragraph of Article L.228-1 of the French Commercial Code as of 00:00 a.m., Paris time, on the third business day preceding the Meeting, either in the registered share accounts kept by the Company or in the bearer share accounts kept by the authorised intermediary.

A shareholder may be represented in the manner established by law and regulatory provisions, with the proxy being required to demonstrate his powers. If a shareholder does not name a proxy-holder in the proxy form, the Chairman of the General Meeting shall vote in favour of proposed resolutions submitted for approval by the Board of Directors, and against any other proposed resolution. For any other vote, the shareholder shall choose a proxy-holder who agrees to vote as directed by the shareholder.

The legal representatives of legally incapable shareholders and the persons representing legal entities that hold shares in the Company may attend General Meetings whether they are shareholders or not.

If so decided by the Board of Directors when convening the Meeting, shareholders may also take part by video conference or any other means of telecommunication, including the Internet, that permits them to be identified as provided by the law.

Shareholders who participate in the Meeting via video conference or any other means of telecommunication that enables them to be identified as required by law shall be considered to be present for the purpose of calculating quorum and majority.

Shareholders may vote remotely by filling in a form sent to the Company, in the manner provided for by law and regulations. To be accepted, this form must reach the Company at least three days prior to the date of the General Meeting.

Two members of the Works Council, to be named by the council in compliance with the law, may attend General Meetings. They must, upon their request, be heard when decisions requiring shareholder unanimity are voted.

Article 30 – Attendance sheet – Officers – Minutes

An attendance sheet is kept at every meeting and contains the legally required information and signatures.

The General Meeting shall be chaired by the Chairman of the Board of Directors or, in the Chairman's absence, by a Vice-Chairman. Failing this, the Meeting shall elect its own Chairman.

The duties of vote-teller shall be performed by the two shareholders, present and accepting such duties, who hold the largest number of shares, either on their own behalf or as proxy-holders.

The officers of the Meeting are responsible for checking, certifying and signing the attendance sheet, ensuring the discussions are properly held, settling any differences that may arise, counting the votes cast and ensuring they are cast properly and preparing the minutes.

The officers of the Meeting thus appointed shall designate a secretary, who may be a shareholder or not.

The minutes are kept and copies or extracts of these minutes are delivered and certified in accordance with the law.

Article 31 – Quorum – Voting rights – Number of votes

In Ordinary and Extraordinary General Meetings, the quorum is calculated on the basis of all the shares in the share capital and, in Special Shareholders' Meetings, on all shares in the class in question, less any shares stripped of voting rights by law.

In the case of remote voting, only those forms received by the Company by the deadline specified above are accepted for the purpose of calculating quorum.

The voting rights attached to shares are proportional to the share capital they represent. A voting right which is double the right attached to other shares, in relation to the portion of the capital represented, is granted to all fully paid-up shares that have been held in registered form for at least two (2) years in the name of the same shareholder.

In the event of a share capital increase by capitalisation of reserves, profits or issue premiums, registered shares granted free of charge to a shareholder by reason of existing shares with double voting rights shall also have double voting rights as from their issuance.

Any share converted into bearer form or whose ownership is transferred shall lose the double voting right. However, transfer by reason of inheritance, liquidation of marital community property or *inter vivos* gift to a spouse or second degree relative with inheritance rights shall not lead to a loss of the acquired right and shall not interrupt the two (2) year period provided for above.

Article 32 – Ordinary General Meeting

An Ordinary General Meeting is a meeting convened to take decisions which do not amend the Articles of Association.

It shall be held at least once a year, in the conditions provided for by law, to approve the accounts for the fiscal year then ended.

Decisions are valid only if, when the Meeting is convened for the first time, the shareholders attending the Meeting or represented by proxy or having voted by mail represent at least one-fifth of the total voting rights. No quorum is required for a second meeting.

The Meeting makes decisions by simple majority of the votes of the shareholders present or represented by proxy, including the votes of shareholders having voted by mail or remotely.

Article 33 – Extraordinary General Meeting

An Extraordinary General Meeting alone is authorised to amend the Articles of Association. However, it may not increase shareholders' commitments, subject to transactions arising from any grouping together of shares, duly and properly carried out.

Decisions are valid only if the shareholders attending the Meeting or represented by proxy or having voted by mail represent at least one-quarter of the total voting rights, in the case of a first meeting, and one-fifth of the total voting rights in the case of a second meeting. In the event of this quorum not being reached, the second meeting may be deferred to a date not more than two months after than the date on which it was originally convened; the quorum of one-fifth is also required for this second meeting.

The Meeting makes decisions by a majority of two-thirds of the votes of the shareholders present or represented by proxy, including the votes of shareholders having voted by mail or remotely, except in the event of a legal exemption.

Article 34 – Special General Meetings

When there are several categories of shares, no changes may be made to the rights of a given category of shares unless approved by an Extraordinary General Meeting open to all shareholders and also by a Special General Meeting of the holders of the category of shares in question.

Decisions taken by Special General Meetings are valid only if the shareholders attending the Meeting or represented by proxy represent at least one-third of the total voting rights, in the case of a first meeting, and one-fifth of the total voting rights in the case of a second meeting.

In all other respects, Special General Meetings are convened and deliberate in the same way as Extraordinary General Meetings.

7.5 Preparation and control of the Registration Document and certification of the person responsible for the Registration Document AFR

Name and position of the person responsible for the Registration Document

Patrick Donovan, Chief Executive Officer

Person responsible for the information

Patrick Donovan, Chief Executive Officer

Axway Software – 6811 East Mayo Blvd, Suite 400 – Phoenix, Arizona 85054, USA

Persons responsible for auditing the financial statements

Principal Statutory Auditors

Auditeurs & Conseils Associés

31, rue Henri-Rochefort, 75017 Paris

Represented by Sandrine Gimat.

Office to expire at the General Meeting convened to approve the financial statements for the 2018 fiscal year.

First appointed: December 2000.

Auditeurs et Conseils Associés is a member of the Paris Regional Statutory Auditors' Association (*Compagnie régionale des Commissaires aux comptes de Paris*).

Mazars

61, rue Henri-Regnault, 92400 Courbevoie

Represented by Bruno Pouget.

Office to expire at the General Meeting convened to approve the financial statements for the 2018 fiscal year.

First appointed: December 2000.

Mazars is a member of the Versailles Regional Statutory Auditors' Association (*Compagnie régionale des Commissaires aux comptes de Versailles*).

Alternate Statutory Auditors

Finexfi Audit

14, rue de Bassano, 75116 Paris

Office to expire at the General Meeting convened to approve the financial statements for the 2018 fiscal year.

First appointed: June 2013.

Finexfi is a member of the Paris Regional Statutory Auditors' Association (*Compagnie régionale des Commissaires aux comptes de Paris*).

Jean-Louis Simon

61, rue Henri-Regnault, 92400 Courbevoie

Office to expire at the General Meeting convened to approve the financial statements for the 2018 fiscal year.

First appointed: May 2007.

Jean-Louis Simon is a member of the Paris Regional Statutory Auditors' Association (*Compagnie régionale des Commissaires aux comptes de Versailles*).

Certification of the person responsible for the Registration Document

I hereby declare, after having taken all reasonable measures for this purpose, that the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its meaning. I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and of all entities within the scope of consolidation, and that the management report included in this Document and detailed in the cross-reference table gives a true and fair view of the business performance, results and financial position of the Company and of all entities within the scope of consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

I have obtained a letter from the Statutory Auditors certifying that they have verified the financial and accounting information provided in this Registration Document and that they have read the document as a whole.

Phoenix, 24 April 2019

Patrick Donovan

Chief Executive Officer

7.6 Provisional timetable for the publication of results

Combined General Shareholders' Meeting: Wednesday, 5 June 2019

Publication of Q1 2019 results: Wednesday, 17 April 2019

Publication of H1 2019 results: Wednesday, 24 July 2019

Publication of the 2019 Half-Year Report: Friday, 30 August 2019

Publication of Q3 2019 results: Wednesday, 23 October 2019

7.7 Documents available for consultation

Axway Software's Articles of Association, the minutes of General Meetings and the reports of the Board of Directors to the General Meetings, Statutory Auditors' reports, the financial statements for the last three fiscal years and, more generally, all documents sent to or made available to the shareholders pursuant to the law may be consulted at Axway Software SA's secondary establishment.

In addition, certain documents relating to Axway Software SA are available on the Company's website at the following address: www.investors.axway.com/en

Axway Financial Communication and Investor Relations Department

Axway Software, Tour W, 102 Terrasse Boieldieu 92085 Paris, La Défense Cedex France

Arthur Carli, Investor Relations Manager

Tel: +33(0)1 47 17 24 65

E-mail: acarli@axway.com

Sylvie Podetti, Financial Communication and Investor Relations

Tel +33 (0) 1 47 17 22 40

E-mail: spodetti@axway.com

Axway's AMPLIFY™ - API Management offer improves data exchanges for a leading Brazilian bank with its 50 million customers based on simplified interactions from any device and any location.

8

Combined General Meeting of 5 June 2019

8.1 Explanatory statement

Dear Shareholders,

We have convened a Combined General Meeting on 5 June 2019 to present the consolidated and parent company financial statements for the fiscal year ended 31 December 2018, and to submit a certain number of resolutions for your approval, the content of which is presented below.

As part of the approval of the consolidated and parent company financial statements for the fiscal year ended 31 December 2018, we present the annual management report, included in the Registration Document filed with the AMF.

This Board of Directors' report seeks to explain the contents of the resolutions submitted for your approval, and indicate the vote recommended by the Company's Board of Directors.

1. 1st to 3rd resolutions proposed by the Board of Directors

In light of the Statutory Auditors' reports and the Board of Directors' management report, shareholders are asked to:

- approve the annual financial statements for the fiscal year ended 31 December 2018, showing profit of €22,812,473.07 and approve the transactions reflected in these financial statements and/or summarised in these reports (1st resolution);
- approve the consolidated financial statements for the fiscal year ended 31 December 2018, showing consolidated net profit, Group share, of €10,993,256.70 and the transactions reflected in these financial statements and/or summarised in these reports (2nd resolution); and
- approve the appropriation of earnings and the proposed dividend per share of a gross amount of €0.40, with an ex-dividend date of 2 July 2019 and a payment date of 4 July 2019.

2. Renewal of the terms of office of directors (4th to 12th resolutions)

The Board reminds shareholders that the terms of office of certain directors expire at the end of the General Meeting. The Board asks shareholders to approve the renewal of the terms of office of these directors based on (i) the diversity of both their profiles and expertise, beneficial to the development of the Group and (ii) the work already accomplished by these directors.

These directors have demonstrated great commitment to the work of the Board of Directors as well as that of the various committees and have thorough knowledge of the Company's business sector, as detailed below.

Director whose reappointment is proposed	Experience in software publishing and IT services	Financial expertise	International dimension	Independent	Attendance rate at Board and Committee meetings	Impact on the Board gender and diversity policy
Pierre Pasquier 83 years old	✔				100%	
Kathleen Clark Bracco 51 years old	✔		✔		100%	
Hervé Déchelette 74 years old	✔	✔		✔	100%	
Emma Fernandez 55 years old		✔	✔	✔	100%	
Helen Louise Heslop 49 years old		✔	✔	✔	100%	The proposed reappointment would also result in a balanced representation on the Board of Directors
Pascal Imbert 60 years old	✔	✔		✔	100%	
Véronique de la Bachelerie 59 years old		✔			80%	
Hervé Saint-Sauveur 74 years old		✔		✔	100%	
Yves de Talhouët 60 years old	✔		✔	✔	100%	

8

Pierre Pasquier has served as Chairman of the Board of Directors since 22 December 2001.

Pierre Pasquier has some 50 years' experience in IT and corporate management. In 1968, he co-founded Sopra Group SA (which became Sopra Steria Group SA in 2014 following the merger with the Steria Group), the Company that created Axway and, which is now one of France's leading consulting, systems and solutions integration companies. He is a graduate of the University of Rennes (Mathematics, 1962).

Kathleen Clark Bracco has served as a member of the Board of Directors since 28 April 2011 and Vice-Chairman of the Board of Directors since 24 October 2013.

Kathleen Clark Bracco has served as Deputy CEO of Sopra GMT since 1 January 2012. She is also Sopra Steria Group SA's Director of Corporate Development and was responsible for all investor relations for this company for 12 years. Kathleen Clark Bracco began her professional career in the United States education sector. She is a graduate of the University of California in Irvine (Literature, 1994) and the University of California in San Jose (English, 1989).

Hervé Déchelette has served as a member of the Board of Directors since 28 April 2011.

Hervé Déchelette has been with Sopra Group SA for most of his career, where he was first Chief Financial Officer, before being appointed Company Secretary until 2008. He holds a degree from the *École Supérieure de Commerce de Paris* and is a French chartered accountant.

Emma Fernandez has served as a member of the Board of Directors.

Emma Fernandez has significant experience as a senior executive in the technology sector and particularly in ICT, security and defence, transport and traffic. She has occupied various positions during the past 25 years with Indra, in areas such as strategy, innovation and the development of new offers, talent management, communication and product branding, public affairs, business governance, and corporate social and environmental responsibility, as well as mergers and acquisitions. Currently, she advises and promotes major companies and start-ups whose core business is IT. She has an engineering degree in telecoms from the Polytechnic University of Madrid and obtained an MBA from IE.

Helen Louise Heslop has served as a member of the Board of Directors since 21 June 2016.

Helen Louise Heslop manages her consulting services business in Europe. Within this framework, she supplies business consulting services relating to business transformation and the organisation of the Finance structure. Formerly, she was Transformation Director with Aviva, one of the market leaders in insurance products in Europe. She also held office as Aviva Europe's Finance Director. Helen worked at GE Capital, a division of General Electric, for 10 years, as Finance Director Europe, Thailand and the Nordic and Baltic region. During that period, she participated in the creation of a retail bank in Thailand as well as the restructuring, sale and significant reduction of activities in Western Europe. Her past experience also includes positions at QBE International Insurance and Pricewaterhouse Coopers, where she began her career. Helen Louise has significant international experience in the Finance industry, specifically in Banking and Insurance. Helen graduated in Economics from the University of Cambridge and is a UK Statutory Auditor. Helen Louise has significant international experience in the Finance industry, specifically in Banking and Insurance.

Pascal Imbert has served as a member of the Board of Directors since 28 April 2011.

Pascal Imbert began his career with Télésystèmes in 1980. In 1990, he co-founded Solucom, renamed Wavestone in 2016, where he has served as Chairman of the Management Board since 2002. Wavestone is a management and information systems consultancy. Wavestone is listed on Euronext. Pascal Imbert is a graduate of both the *École Polytechnique* and Telecom Paris Tech (formerly the *École Nationale Supérieure des Télécommunications*).

Véronique de la Bachelerie has served as a member of the Board of Directors since 24 February 2015.

Véronique de la Bachelerie was appointed director following the resignation of Françoise Mercadal Delasalles at the Board of Directors' meeting, with effect from 24 February 2015. Véronique de la Bachelerie began her career as a financial auditor and joined the Société Générale Group in 1987. Following this, she held various management positions in Société Générale Group financial teams. She was also CFO (Chief Financial Officer) of the retail networks of the Société Générale Group in France. From 2013 to June 2018, she was CEO (Chief Executive Officer) of the Société Générale Bank & Trust Luxembourg Group and has held various terms of office as director within the subsidiaries of the Société Générale Group in Luxembourg, Switzerland, Monaco and Tunisia. Since June 2018, she has managed Société Générale Consulting, the Société Générale Group's internal consulting department. She is a graduate of the *École Supérieure de Commerce de Paris* and is a French chartered accountant.

Hervé Saint-Sauveur has served as a member of the Board of Directors since 28 April 2011.

Since 30 May 2005, Hervé Saint-Sauveur has served as a member of Sopra Group SA's Board of Directors where he acts as Chairman of the Audit Committee. Hervé Saint-Sauveur joined Société Générale in 1973: first within the Economic Research Department (1973), then as Director of Financial Control (1980-1984), Managing Director of Europe Computer Systems (1985-1990), Operations Manager, Capital Markets Department (1990-1994), Group CFO and Strategy Manager and Member of the Executive Committee (1995-2002) and Adviser to the Chairman (2003-2006). He is a director of several companies. He is a graduate of both the *École Polytechnique* and the *École Nationale de la Statistique et de l'Administration Économique*.

Yves de Talhouët has served as a member of the Board of Directors since 31 July 2012.

Yves de Talhouët has been the Chairman of Faïencerie de Gien since 2014. He was previously Chief Executive Officer of EMEA HP as of May 2011 and Chairman and CEO of HP France as of 2006. Prior to that, from 1997 to 2004, he was Vice-Chairman South Europe, Middle East and Africa at Schlumberger SEMA, before two years spent at Oracle France from 2004 to 2006 as Chairman and CEO. He was also Chairman of Devotech, a company that he created. Yves de Talhouët is a graduate of the *École Polytechnique*, the *École Nationale Supérieure des Télécommunications* as well as of the *Institut des Sciences Politiques de Paris*.

3. Renewal of the terms of office of the Statutory Auditors (13th, 14th, 37th and 38th resolutions)

At the recommendation of the Audit Committee, the Board of Directors asks shareholders to renew the terms of office of the principal Statutory Auditors expiring at the end of the General Meeting.

Shareholders are also asked to amend Article 24 of the Articles of Association, to reflect the new rules for appointing alternate Statutory Auditors and to note the end of the terms of office of the two alternate Statutory Auditors.

4. Approval of the Statutory Auditors’ special report on regulated agreements and commitments (15th and 20th resolutions)

The Company has entered into and subscribed regulated agreements and commitments subject to Articles L.225-38 *et seq*. of the French Commercial Code. The Statutory Auditors have issued a special report presenting these agreements and commitments and informing you, primarily, of their purpose and the reasons they were entered into or continued during the previous fiscal year.

The shareholders are asked to refer to Chapter 3, Section 3.2 of the Registration Document.

5. Company officer compensation (16th to 22nd resolutions)

The General Meeting will be asked to vote on the principles and criteria determining compensation paid to executive officers, as well as on the policy and criteria for determining compensation and benefits of all kind payable to executive officers. For further details, shareholders are invited to read Chapter 3, Section 3.1.9, Compensation of company officers and senior executives, of the Registration Document.

Based on this information, shareholders will be asked to approve the resolutions concerning executive officer compensation.

6. Share buyback programme and share cancellation (23rd and 24th resolutions)

The Combined General Meeting of 6 June 2018 authorised the Board of Directors, for an eighteen (18) month period, to implement a Company share buyback program, pursuant to the provisions of Article L.225-209 of the French Commercial Code. Pursuant to this authorisation, the Company entered into a liquidity agreement with Kepler Capital Markets for a term of twelve (12) months, renewable automatically. Shareholders are asked to renew this authorisation and therefore authorise the Board of Directors, for a period of eighteen (18) months, with the option to sub-delegate in accordance with the law, to proceed on one or more occasions, and at the times it determines, with the buyback of the Company’s shares, pursuant to the provisions of Articles L.225-209 *et seq*. of the French Commercial Code and the AMF General Regulations, within the limit of 10% of the share capital, or 5% of the share capital for shares acquired by the Company to be held and subsequently remitted in payment or exchange as part of a merger, spin-off, or asset contribution transaction. We would recall that in any event, share purchases carried out in this manner must not result in the Company holding more than 10% of the shares making up the Company’s share capital on the date such purchases are made.

These buybacks may be carried out for any permitted purpose or purpose that would be permitted pursuant to applicable laws and regulations, particularly with a view to:

- covering Company share purchase option plans benefiting Company or Group employees and company officers, or certain of them;
- granting Company shares to company officers, employees, and former employees, or certain of them, under Group profit-sharing schemes, or a company savings plan;
- granting free shares under the scheme provided for in Articles L.225-197-1 *et seq*. of the French Commercial Code to Company or Group employees and company officers, or certain of them, and more generally, proceeding with any

grant of shares in the Company to such employees and company officers;

- retaining Company shares that are bought back for subsequent exchange or use as consideration in acquisitions, mergers, spin-offs and asset contribution transactions;
- delivering shares upon exercise of rights attaching to securities granting access to share capital, as well as carrying out any transactions required to cover the Company's obligations with respect to these securities;
- enabling market-making in shares via an investment services provider under a market-making agreement, in line with market practices permitted by the *Autorité des marchés financiers*;
- cancelling all or some of the shares bought back by the Company, subject to the approval of the proposal below which authorises the Board of Directors to reduce the share capital.

The maximum share buyback price in connection with the share buyback program would be set at €47 per share (or an equivalent amount on the same date in any other currency), excluding acquisition costs, representing a maximum total amount of €99,759,290 that the Company may devote to share purchases (excluding acquisition costs). The buybacks may be carried out on one or more occasions, by any means authorised by prevailing laws and regulations, on and/or off market, on a multilateral trading system, with a systematic internaliser or over the counter, in particular by means of acquisition or disposal of blocks, or the use of derivatives. This authorisation may not be used during the period of a public offering. This authorisation would be granted for a period of eighteen (18) months, i.e. until 5 December 2020 inclusive, and would supersede the authorisation granted on 6 June 2018, for the portion not yet used.

In order to provide the Board of Directors with full discretion over the use of the shares bought back, the General Meeting is asked to complete this authorisation with another authorisation enabling the Board of Directors to reduce the share capital by cancelling all or part of the shares bought back pursuant to Article L.225-209 of the French Commercial Code (purchase authorisation explained above), up to 10% of the share capital by twenty-four (24) month period. This delegation would be granted for a period of twenty-four (24) months.

7. Resolutions concerning financial delegations and authorisations

The delegations of authority granted to the Board of Directors on 6 June 2017 to increase the share capital, with or without preferential subscription rights, and to raise funds on the financial markets by issuing securities, with or without preferential subscription rights, granting access or potentially granting access to the share capital, expire on 5 August 2019. The Board of Directors therefore asks shareholders to renew the existing delegations of authority for a period of twenty-six (26) months, by approving resolutions 25 to 31 to enable it, if necessary, to launch, at the time it considers appropriate, the financial transactions best adapted to the financing requirements of the Group's development and the opportunities available on the market. The share capital increases potentially resulting from these resolutions may be performed by (i) by capitalising reserves, profits or issue premiums (25th resolution), (ii) by issuing ordinary shares and/or securities granting access to share capital, with retention of preferential subscription rights (26th resolution), (iii) by issuing ordinary shares and/or securities granting access to share capital, with cancellation of preferential subscription rights, through an offering referred to in Section II of Article L.411-2 of the French Monetary and Financial Code (27th resolution), (iv) by issuing ordinary shares and/or securities granting access to share capital, with cancellation of preferential subscription rights, as part of a public offering or in consideration for securities as part of a public exchange offer (28th resolution), (v) by issuing ordinary shares and/or securities granting access to share capital, in consideration for contributions in kind granted to the Company and consisting of equity securities or securities granting access to share capital, outside of a public exchange offer (29th resolution).

The issue ceilings applicable to issues performed pursuant to resolutions 25 to 31 would be as follows:

- €20 million par value for share capital increases that may result from the 25th, 26th and 28th resolutions and €10 million par value for share capital increases that may result from the 27th resolution, excluding each time the par value amount of share capital increases necessary to safeguard, under the law or under any applicable contractual agreement providing for other cases of safeguard, the rights of holders of securities granting access to the Company's share capital, share subscription or purchase options or rights to the grant of free shares;
- 10% of the Company's share capital (as of the date of use of the delegation by the Board) for share capital increases that may result from the 30th resolution; it being noted that all share capital increases that may result from the 25th, 26th, 27th, 29th and 30th resolutions would be subject to a total maximum par value ceiling of €20 million (32nd resolution), this ceiling not being applicable to share capital increases resulting from capitalising reserves, profits or issue premiums (25th resolution). In addition, pursuant to the terms of the 29th resolution presented for your vote, the Board of Directors could also decide, for each of the issues performed pursuant to the 26th, 27th and 28th resolutions, to increase the number of ordinary shares and/or securities granting access to ordinary shares of the Company issued, at the same price as that of the initial issue, in accordance with applicable legal and regulatory provisions, notably with a view to granting a greenshoe option in accordance with market practice, subject to the above issue ceilings. The 31st resolution presented to you seeks to authorise the Board of Directors, in the event of an issue of ordinary shares and/or securities granting access to the Company's share capital, with cancellation of preferential subscription rights, performed pursuant to the 27th and 28th resolutions, to derogate from the conditions set in these resolutions for determining the price. The total par value amount of share capital increases that may be performed pursuant to this resolution may not exceed 10% of the share capital by twelve (12) month period, subject to the ceiling set by the General Meeting. Finally, the maximum nominal amount of debt securities that may be issued pursuant to these delegations would be €200 million for the 26th and 28th resolutions and €100 million for the 27th resolution, subject to an overall nominal amount ceiling of €200 million for all debt securities that may be issued pursuant to these delegations. These issues are independent of the amount of debt security issues decided or authorised by the Board of Directors pursuant to Articles L.228-36-A, L. 228-40, L. 228-92 paragraph 3, L. 228-93 paragraph 6 and L. 228-94 paragraph 3 of the French Commercial Code.

8. Resolutions concerning employee share-based incentive schemes

Shareholders are asked to authorise the Board of Directors, as it sees fit:

- to issue redeemable share subscription and/or purchase warrants (BSAARs) to employees and company officers of the Group (34th resolution) The BSAAR warrants would confer a right to subscribe or purchase a number of shares representing a maximum of 1% of the Company's share capital at the date of the Board's decision, it being noted that the share capital increase resulting from the issue of shares following the subscription of the BSAAR warrants would be deducted from the ceiling set in the 32nd resolution. This delegation would be granted for a period of eighteen (18) months;
- to increase the share capital, on one or more occasions, by issuing ordinary shares of the Company reserved for members of a company savings plan (35th resolution). The maximum par value amount of share capital increases that may be performed pursuant to this delegation would be set at 3% of the share capital. This amount would be independent and separate from the share capital increase ceilings applicable to issues of ordinary shares or securities granting access to share capital covered by the other resolutions presented for your approval. It would also be set without taking account of the par value amount of share capital increases necessary to safeguard, under the law or under any applicable contractual agreement providing for other cases of safeguard, the rights of holders of securities granting access to the Company's share capital, share subscription or purchase options or rights to the grant of free shares. This delegation would be granted for a period of twenty-six (26) months;
- to increase the share capital, on one or more occasions, using either share subscription options or grants of share rights. This delegation would be granted for a period of thirty-eight (38) months from the date of this General Meeting;
- to set up, via the Company, an incentive programme for the Group's eligible employees or company officers. On this basis, the Company considers it necessary to offer incentives to eligible company officers or employees of the Axway Group by instituting a plan of this type. The total number of free shares that could be allocated would not exceed 4% of the Company's share capital on the date of the Board of Directors' decision to award such shares, not taking into account the number of shares that may need to be issued to safeguard the rights of beneficiaries of free share grants. This delegation would be granted for a period of thirty-eight (38) months (resolution no. 38).

9. Powers to perform legal formalities

Finally, shareholders are asked to confer full powers on the bearer of an original, a copy or an extract from the minutes of the General Meeting of 5 June 2019 for the purposes of carrying out all legal or administrative formalities consecutive to this General Meeting. The Board considers that the resolutions presented for your approval are consistent with the interests of the Company and contribute to the development of its business.

8.2 Agenda

Ordinary General Meeting

- Approval of the parent company financial statements and of the non-tax deductible expenses and charges.
- Approval of the consolidated financial statements.
- Appropriation of earnings.
- Reappointment of Pierre Pasquier as director.
- Reappointment of Kathleen Clark-Bracco as director.
- Reappointment of Hervé Déchelette as director.
- Reappointment of Emma Fernandez as director.
- Reappointment of Helen Louise Heslop as director.
- Reappointment of Pascal Imbert as director.
- Reappointment of Véronique de la Bachelerie as director.
- Reappointment of Hervé Saint-Sauveur as director.
- Reappointment of Yves de Talhouët as director.
- Reappointment of Mazars as principal Statutory Auditor.
- Reappointment of Auditeurs et Associés as principal Statutory Auditor.
- Statutory Auditors' special report on regulated agreements and commitments - approval of new agreements.
- Determination of directors' fees to be allocated to members of the Board of Directors.
- Approval of the components of compensation and benefits of all kind paid or awarded to Pierre Pasquier in his capacity as Chairman of the Company's Board of Directors for the fiscal year ended 31 December 2018.
- Approval of the principles and criteria for determining, allocating and awarding components of compensation and benefits of all kind granted to the Chairman of the Company's Board of Directors.
- Approval of the components of compensation and benefits of all kind paid or awarded to Jean-Marc Lazzari in his capacity as Chief Executive Officer of the Company until 6 April 2018, for the fiscal year ended 31 December 2018.
- Approval of commitments given in favour of Patrick Donovan in accordance with Articles L 225-37 *et seq*. of the French Commercial Code.
- Approval of the components of compensation and benefits of all kind paid or awarded to Patrick Donovan in his capacity as Chief Executive Officer of the Company since 6 April 2018, for the fiscal year ended 31 December 2018.
- Approval of the principles and criteria for determining, allocating and awarding components of compensation and benefits of all kind granted to the Chief Executive Officer of the Company and/or any other executive officers.
- Authorisation for the Board of Directors to buy back shares in the Company.

Extraordinary General Meeting

- Authorisation granted to the Board of Directors to cancel the shares acquired by the Company under the share buyback program; corresponding share capital reduction; powers conferred on the Board of Directors.
- Delegation of authority granted to the Board of Directors to increase the share capital by capitalising reserves, profits, share premiums or other items.
- Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares granting, where applicable, access to ordinary shares or the grant of debt securities and/or securities granting access to ordinary shares, with retention of preferential subscription rights.
- Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares granting, where applicable, access to ordinary shares or the grant of debt securities and/or securities granting access to ordinary shares, with cancellation of preferential subscription rights, through an offering referred to in Section II of Article L.411-2 of the French Monetary and Financial Code.
- Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares granting, where applicable, access to ordinary shares or the grant of debt securities and/or securities granting access to ordinary shares, with cancellation of preferential subscription rights, through a public offering and/or in consideration for securities as part of a public exchange offering.
- Authorisation granted to the Board of Directors to increase the size of the initial issue in the event of an issuance of ordinary shares or securities granting access to ordinary shares, with retention or cancellation of preferential subscription rights, decided pursuant to the 26th, 27th and 28th resolutions.
- Delegation of authority granted to the Board of Directors to issue ordinary shares and/or securities granting access to ordinary shares in consideration for contributions in kind granted to the Company and consisting of equity securities or securities granting access to share capital, outside of a public exchange offer.
- Authorisation granted to the Board of Directors to set the issue price of ordinary shares or securities granting access

to ordinary shares, in the event of cancellation of preferential subscription rights, up to an annual limit of 10% of the share capital per 12-month period.

- Overall limit on issue authorisations with retention or cancellation of preferential subscription rights.
- Authorisation granted to the Board of Directors to grant free shares to employees and company officers of the Company and of companies and economic interest groupings in its Group, up to a ceiling of 4% of the share capital, during a period of 38 months.
- Authorisation granted to the Board of Directors to issue, to employees and company officers of the Company or its Group, redeemable share subscription and/or purchase warrants (BSAAR), with cancellation of shareholder preferential subscription rights.
- Authorisation granted to the Board of Directors to grant share subscription and purchase options to eligible company officers or employees of the Axway Group.
- Delegation granted to the Board of Directors to increase the share capital by issuing ordinary shares reserved for Axway Group employees who are members of a company savings plan.
- Amendment of Article 24 of the Articles of Association regarding the appointment of alternate Statutory Auditors.

Ordinary General Meeting

- Non-renewal and non-replacement of Finexfi Audit and Jean-Louis Simon as alternate Statutory Auditors.
- Powers to perform legal formalities.

8.3 Proposed resolutions

Resolutions presented for the approval of the Ordinary General Meeting

First resolution

Approval of the parent company financial statements and of the non-tax deductible expenses and charges

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the management report of the Board of Directors and the report of the Statutory Auditors, approves the parent company financial statements for the fiscal year ended 31 December 2018, showing a net profit of €22,812,473.07. It also approves the transactions reflected in these financial statements and/or summarised in these reports.

The General Meeting also approves the non-tax deductible expenses and charges referred to in Article 39-4 of the French General Tax Code, amounting to €50,454.00 and the corresponding tax paid of €17,373.00.

Second resolution

Approval of the consolidated financial statements

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the management report of the Board of Directors and the report of the Statutory Auditors on the consolidated financial statements, approves the consolidated financial statements for the fiscal year ended 31 December 2018, showing a consolidated net profit, Group Share of €10,993,256.70. It also approves the transactions reflected in these financial statements and summarised in the report on Group management included in the Board of Directors' management report.

Third resolution

Appropriation of earnings

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, notes that distributable earnings, before transfers to the legal reserve of the Company, determined as follows, amount to €22,817,363.87:

Profit for the period	€22,812,473.07
Retained earnings: dividends not paid on treasury shares	€4,890.80
Total	**€22,817,363.87**

At the recommendation of the Board of Directors, it hereby decides to appropriate distributable profits, before transfers to the legal reserve, as follows:

Legal reserve	€3,030.00
Dividend	€8,490,152.40
Discretionary reserves	€14,324,181.47
Total	**€22,817,363.87**

The legal reserve is therefore €4,245,076.20 i.e. 10% of the share capital.

The gross dividend per share is €0.40 and is calculated based on the number of shares outstanding at 31 December 2018, i.e. 21,225,381 shares.

The total dividend distribution will be adjusted based on:

- the number of shares issued between 1 January 2019 and the ex-dividend date following the exercise of share subscription options and/or the vesting of new free shares conferring entitlement to the dividend; and
- the definitive number of shares eligible for the dividend on the ex-dividend date.

The amount of the adjustment shall be deducted from retained earnings and determined on the basis of dividends actually processed for payment.

The ex-dividend date will be 2 July 2019 and the dividend will be paid on 4 July 2019.

In accordance with applicable tax rules, this dividend, when paid to shareholders who are natural persons tax-resident in France, will incur a mandatory 12.8% flat rate income tax charge withheld at source, without discharge of further tax liability, in addition to a 17.2% social security deduction.

When filing their income tax returns, individual shareholders tax-resident in France may either opt for the single deduction at source, or for the dividend to be subject to the progressive income tax schedule (after deduction of the withholding tax already paid (12.8%) and application of a 40% rebate on the gross amount received (Article 158-3-2° of the French General Tax Code) and after partial deduction of the CSG general social security levy (in the amount of 6.8%)).

The shares held by the Company at the ex-dividend date shall not be entitled to a dividend and the corresponding dividend will be allocated to "retained earnings" at the payment date.

Dividends distributed in respect of the past three fiscal years are presented below, along with the amount of earnings distributed in respect of these same fiscal years that was eligible for the deduction provided for under Article 158-3-2° of the French General Tax Code and the corresponding amount of distributed earnings not eligible for this deduction:

Fiscal year	Distributed earnings eligible for the deduction under Article 158-3-2° of the French General Tax Code Dividend per share	 Other distributed earnings per share *(in euros)*	Distributed earnings ineligible for the deduction *(in euros)*
2017	0.20	0	0
2016	0.40	0	0
2015	0.40	0	0

Fourth resolution

Reappointment of Pierre Pasquier as director

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Board of Directors' report, notes that Pierre Pasquier's term of office as a director will expire at the close of this General Meeting and therefore decides to reappoint Pierre Pasquier as director for a term of four (4) years, expiring at the close of the General Meeting convened in 2023 to approve the financial statements for the previous fiscal year.

Fifth resolution

Reappointment of Kathleen Clark Bracco as director

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Board of Directors' report, notes that Kathleen Clark Bracco's term of office as a director will expire at the close of this General Meeting and therefore decides to reappoint Kathleen Clark Bracco as director for a term of four (4) years, expiring at the close of the General Meeting convened in 2023 to approve the financial statements for the previous fiscal year.

Sixth resolution

Reappointment of Hervé Déchelette as director

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Board of Directors' report, notes that Hervé Déchelette's term of office as a director will expire at the close of this General Meeting and therefore decides to reappoint Hervé Déchelette as director for a term of four (4) years, expiring at the close of the General Meeting convened in 2023 to approve the financial statements for the previous fiscal year.

Seventh resolution

Reappointment of Emma Fernandez as director

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Board of Directors' report, notes that Emma Fernandez's term of office as a director will expire at the close of this General Meeting and therefore decides to reappoint Emma Fernandez as director for a term of four (4) years, expiring at the close of the General Meeting convened in 2023 to approve the financial statements for the previous fiscal year.

Eighth resolution

Reappointment of Helen Louise Heslop as director

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Board of Directors' report, notes that Helen Louise Heslop's term of office as a director will expire at the close of this General Meeting and therefore decides to reappoint Helen Louise Heslop as director for a term of four (4) years, expiring at the close of the General Meeting convened in 2023 to approve the financial statements for the previous fiscal year.

Ninth resolution

Reappointment of Pascal Imbert as director

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Board of Directors' report, notes that Pascal Imbert's term of office as a director will expire at the close of this General Meeting and therefore decides to reappoint Pascal Imbert as director for a term of four (4) years, expiring at the close of the General Meeting convened in 2023 to approve the financial statements for the previous fiscal year.

Tenth resolution

Reappointment of Véronique de la Bachelerie as director

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Board of Directors' report, notes that Véronique de la Bachelerie's term of office as a director will expire at the close of this General Meeting and therefore decides to reappoint Véronique de la Bachelerie as director for a term of four (4) years, expiring at the close of the General Meeting convened in 2023 to approve the financial statements for the previous fiscal year.

Eleventh resolution

Reappointment of Hervé Saint-Sauveur as director

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Board of Directors' report, notes that Hervé Saint-Sauveur's term of office as a director will expire at the close of this General Meeting and therefore decides to reappoint Hervé Saint-Sauveur as director for a term of four (4) years, expiring at the close of the General Meeting convened in 2023 to approve the financial statements for the previous fiscal year.

Twelfth resolution

Reappointment of Yves de Talhouët as director

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Board of Directors' report, notes that Yves de Talhouët's term of office as a director will expire at the close of this General Meeting and therefore decides to reappoint Yves de Talhouët as director for a term of four (4) years, expiring at the close of the General Meeting convened in 2023 to approve the financial statements for the previous fiscal year.

Thirteenth resolution

Reappointment of Mazars as principal Statutory Auditor

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Board of Directors' report, notes that Mazar's term of office as principal Statutory Auditor expires at the close of this General Meeting and therefore decides to reappoint Mazars as principal Statutory Auditor for a term of six (6) years, expiring at the close of the annual Ordinary General Meeting convened to approve the financial statements for the fiscal year ending 31 December 2024.

Fourteenth resolution

Reappointment of *Auditeurs & Conseils Associés* as principal Statutory Auditor

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Board of Directors' report, notes that Auditeurs & Conseils Associés's term of office as principal Statutory Auditor expires at the close of this General Meeting and therefore decides to reappoint Auditeurs & Conseils Associés as principal Statutory Auditor for a term of six (6) years, expiring at the close of the annual Ordinary General Meeting convened to approve the financial statements for the fiscal year ending 31 December 2024.

Fifteenth resolution

Statutory Auditors' special report on regulated agreements and commitments - Approval of new agreements

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Statutory Auditors' special report on regulated agreements and commitments subject to Articles L.225-38 *et seq*. of the French Commercial Code, approves the new agreements and commitments detailed therein.

Sixteenth resolution

Determination of directors' fees to be allocated to members of the Board of Directors

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, decides to set at €330,000 the amount of directors' fees to be allocated among members of the Board of Directors for the current fiscal year.

Seventeenth resolution

Approval of the components of compensation and benefits of all kind paid or awarded to Pierre Pasquier in his capacity as Chairman of the Company's Board of Directors for the fiscal year ended 31 December 2018

The General Meeting, whose opinion is sought pursuant to Article L.225-100 of the French Commercial Code, having reviewed the Board of Directors' report, approves the fixed, variable and exceptional components of total compensation and benefits of all kind paid or awarded for the fiscal year ended 31 December 2018 to Pierre Pasquier, in his capacity as Chairman of the Board of Directors, as described in the report referred to in Article L.225-37 of the French Commercial Code.

Eighteenth resolution

Approval of the principles and criteria for determining, allocating and awarding components of compensation and benefits of all kind granted to the Chairman of the Company's Board of Directors

The General Meeting, having reviewed the Board of Directors' report, approves the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of total compensation and benefits of all kind granted in respect of the duties of Chairman of the Board of Directors, as described in the report referred to in Article L.225-37 of the French Commercial Code.

Nineteenth resolution

Approval of the components of compensation and benefits of all kind paid or awarded to Jean-Marc Lazzari in his capacity as Chief Executive Officer of the Company until 6 April 2018, for the fiscal year ended 31 December 2018

The General Meeting, whose opinion is sought pursuant to Article L.225-100 of the French Commercial Code, having reviewed the Board of Directors' report, approves the fixed, variable and exceptional components of total compensation and benefits of all kind paid or awarded for the fiscal year ended 31 December 2018 to Jean-Marc Lazzari, in his capacity as Chief Executive Officer of the Company until 6 April 2018, as described in the report referred to in Article L.225-37 of the French Commercial Code.

Twentieth resolution

Approval of commitments given in favour of Patrick Donovan in accordance with Articles L 225-38 *et seq.* of the French Commercial Code

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Statutory Auditors' special report on regulated agreements and commitments subject to Articles L.225-38 *et seq*. of the French Commercial Code, approves the severance payment commitments given in favour of Patrick Donovan, Chief Executive Officer of the Company, in accordance with the provisions of Article L.225-42 of the French Commercial Code, as detailed in the Statutory Auditors' special report.

Twenty-first resolution

Approval of the components of compensation and benefits of all kind paid or awarded to Patrick Donovan in his capacity as Chief Executive Officer of the Company since 6 April 2018, for the fiscal year ended 31 December 2018

The General Meeting, whose opinion is sought pursuant to Article L.225-100 of the French Commercial Code, having reviewed the Board of Directors' report, approves the fixed, variable and exceptional components of total compensation and benefits of all kind paid or awarded for the fiscal year ended 31 December 2018 to Patrick Donovan, in his capacity as Chief Executive Officer of the Company since 6 April 2018, as described in the report referred to in Article L.225-37 of the French Commercial Code.

Twenty-second resolution

Approval of the principles and criteria for determining, allocating and awarding components of compensation and benefits of all kind granted to the Chief Executive Officer of the Company

The General Meeting, having reviewed the Board of Directors' report, approves the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of total compensation and benefits of all kind granted in respect of the duties of Chief Executive Officer [and/or to any other executive company officers], as described in the report referred to in Article L.225-37 of the French Commercial Code.

Twenty-third resolution

Authorisation for the Board of Directors to buy back shares in the Company

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings and having reviewed the Board of Directors' report, authorises the Board of Directors, effective immediately and with the option to sub-delegate, in accordance with Articles L.225-209 *et seq*. of the French Commercial Code, Article L.451-3 of the French Monetary and Financial Code, Articles 241-1 to 241-5 of the AMF General Regulations and Regulation (EU) no. 596/2014 of the European Parliament and the Council dated 16 April 2014 and its delegated regulations, as well as the AMF decision no. 2018-01 of 2 July 2018, to buy shares of the Company on one or more occasions and at the times it determines, pursuant to the conditions below:

1. This authorisation is granted to the Board of Directors up to the date of its renewal at a subsequent Ordinary General Meeting and, in any case, for a maximum of eighteen (18) months from the date of this General Meeting. It supersedes, from this day, in the amount, as the case may be, of the unused portion, any authorisation in force with the same purpose;
2. Any shares in the Company purchased by the Board of Directors under this authorisation may not in any event result in the Company owning more than 10% of the shares comprising its share capital;
3. Transactions under the share buyback program established by the Company may be carried out, on one or more occasions, by any means authorised under applicable regulations, on or off market, on a multi-lateral trading platform, with a systematic internaliser or over the counter, in particular by means of the purchase or sale of share blocks, or alternatively through the use of derivatives traded on a regulated market or over the counter (such as call and put options or any combination thereof) or warrants or more generally securities convertible into shares in the Company, on the terms and conditions permitted by the competent market authorities and as and when decided by the Board of Directors or any person acting on the instructions of the Board of Directors. It should be noted that there is no limit on the portion of the share buyback program carried out through the acquisition of share blocks and the full amount of the program may be carried out in this way;
4. The purchases may involve a maximum number of shares representing up to 10% of the share capital. Nevertheless, the number of shares acquired by the Company with a view to retaining them or subsequently using them as consideration or in exchange as part of a merger, spin-off or asset contribution transaction, may not exceed 5% of the share capital;
5. Shares may not be purchased at a unit price which exceeds €47, excluding acquisition costs (or an equivalent amount on the same date in any other currency), it being specified, however, that in the case of transactions involving the Company's share capital, in particular, share capital increases with retention of preferential subscription rights, or by capitalising reserves, profits or issue premiums followed by the creation and awarding of free shares, stock splits or reverse stock splits, the Board of Directors shall have the power to adjust this maximum purchase price, in order to take into account the impact of the transactions on the share's value.

   The maximum amount that the Company may devote to buying shares under this resolution, excluding acquisition costs, will be €99,759,290;

6. This authorisation is designed to enable the Company to buy back shares for any purpose permitted, or that may be permitted in the future, under applicable laws and regulations. In particular, the Company may use this authorisation to:
   (a) cover Company share purchase option plans benefiting (some or all) employees and/or (some or all) qualifying company officers of the Company and of companies or groupings associated or that will be associated with the Company pursuant to the conditions defined in Article L.225-180 of the French Commercial Code,
   (b) grant shares in the Company to qualifying company officers, employees and former employees, or certain of them, of the Company or of the Group, under Group profit-sharing schemes or a company savings plan in accordance with the law,
   (c) grant free shares under the scheme provided for under Articles L.225-197-1 *et seq*. of the French Commercial Code to employees and qualifying company officers, or to some of them, of the Company and/or of companies and economic interest groups affiliated to the Company pursuant to the conditions defined in Article L.225-197-2 of the French Commercial Code and, more generally, grant Company shares to those employees and company officers,
   (d) retain Company shares that are bought back for subsequent exchange or use as consideration in acquisitions, mergers, spin-offs and asset contribution transactions,
   (e) deliver shares upon exercise of rights attaching to securities granting entitlement by means of conversion, exercise, redemption, exchange, presentation of a warrant or by any other means, immediately or in the future, to Company shares as well as carrying out any transactions required to cover the Company's obligations with respect to these securities, in compliance with stock market regulations and as and when decided by the Board of Directors or any person acting on the instructions of the Board of Directors,
   (f) enable market making in shares via an investment services provider under a market-making agreement, in line with market practices permitted by the *Autorité des marchés financiers*, it being noted that the number of shares bought back in this respect shall, for the purposes of calculating the 10% limit mentioned in paragraph 5 above, is the number of shares bought back, less the number of shares sold during the period of this authorisation,
   (g) cancel all or some of the shares bought back, provided the Board of Directors has a valid authorisation from the General Meeting allowing it to reduce the share capital by cancelling shares bought back under a share buyback program;
7. The transactions carried out by the Board of Directors under this authorisation may take place at any time during the period of validity of the share buyback program;
8. Unless previously authorised by the General Meeting, the Board of Directors may not use these delegated powers during a public tender offer by a third party for the Company's shares, up to the end of the tender period.

The General Meeting fully empowers the Board of Directors, with the option to sub-delegate in accordance with the law, to decide the exercise of this authorisation and to set the terms and conditions in line with the law and in line with the terms and conditions of this resolution and, in particular, to draw up and publish the description of the share buyback program, place any stock market orders, sign any documents, enter into any agreements relating in particular to the keeping of share purchase and sale records, carry out any filings and formalities, in particular *vis-à-vis* the *Autorité des marchés financiers*, allocate or reallocate the shares acquired between the different purposes and, more generally, do everything necessary.

In accordance with Article L.225-211 paragraph 2, the Board of Directors shall inform the General Meeting, in the report referred to in Article L.225-100 of the French Commercial Code, of the transactions carried out under this authorisation.

Resolutions presented for the approval of the Extraordinary General Meeting

Twenty-fourth resolution

Authorisation granted to the Board of Directors to cancel the shares acquired by the Company under the share buyback program; corresponding share capital reduction; powers conferred on the Board of Directors

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors:

- authorises the Board of Directors, with the option to sub-delegate in accordance with the law, to cancel, pursuant to the provisions of Article L.225-209 of the French Commercial Code, on one or more occasions and at its sole discretion, all or part of the treasury shares held by the Company that may be acquired in application of a delegation of authority granted on the basis of this same Article, within the limit of 10% of the share capital per twenty-four (24) month period, with the specification that this percentage is applicable to the share capital as adjusted according to the relevant transactions that may take place subsequently to this General Meeting;
- decides that the Company's share capital will be reduced as a result of the cancellation of these shares, as decided, where applicable, by the Board of Directors under the aforementioned conditions;
- grants full powers to the Board of Directors to perform the transaction(s) authorised by this resolution, and in particular to allocate the difference between the repurchase price for the cancelled shares and their par value to the premiums and available reserves it deems appropriate, to amend the Articles of Association accordingly and to complete the required formalities;
- decides that this authorisation is granted for a period of twenty-four (24) months from this General Meeting and that it cancels, from this day, in the amount, as the case may be, of the portion not yet used, any authorisation in force having the same purpose.

Twenty-fifth resolution

Delegation of authority granted to the Board of Directors to increase the share capital by capitalising reserves, profits, share premiums or other items

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, having reviewed the Board of Directors' report, and pursuant to the provisions of Articles L.225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

1. delegates to the Board of Directors, with the option to sub-delegate in accordance with the law, the power to decide, on one or more occasions, within the proportions and time periods of its choice, through the capitalisation in the share capital of premiums, reserves, profits or other sums whose capitalisation is permitted by law or the Articles of Association, either through the allocation of new free ordinary shares to shareholders or through an increase in the par value of the existing ordinary shares, or further still, through a combination of these two methods;
2. decides that the par value amount of the share capital increases that may be completed pursuant to this delegation, to be increased, if applicable, by the amount required to safeguard the rights of the holders of securities or the owners of other rights granting access to the share capital, in accordance with the law, may not exceed twenty million euros (€20,000,000) and is independent and separate from the limits placed on capital increases potentially arising from the issue of ordinary shares or securities granting access to the share capital authorised by the other resolutions submitted to this General Meeting;
3. grants to the Board of Directors, within the limits determined above, including but not limited to, full powers, with the option to sub-delegate in accordance with the law, if this delegation is used, to:
   - (a) set the amount and the nature of the sums to be incorporated in the share capital as well as the item(s) from which they will be deducted, set the number of new ordinary shares to be issued and/or the amount by which the par value of existing ordinary shares that make up the share capital will be increased, set the date, potentially retroactive, from which the new ordinary shares will earn dividends or upon which the increase in par value will take effect,
   - (b) decide, pursuant to Article L.225-130 of the French Commercial Code, that in the case of the free allocation of ordinary shares, fractional rights will not be negotiable or transferable and that the corresponding new ordinary shares will be sold; the proceeds from the sale will allocated to those holding the rights under the terms specified by law,
   - (c) proceed with any adjustments required by legal or regulatory texts and, if applicable, the contractual or statutory provisions providing for other adjustments,
   - (d) record the completion of each share capital increase and make the corresponding amendment to the Articles of Association,
   - (e) make all the necessary arrangements and enter into any agreements required to ensure the proper completion

of the planned transactions and, generally, do all that is necessary and complete all actions and formalities required to finalise any share capital increase(s) that may take place a result of this delegation;

4. decides that this delegation is granted for a period of twenty-six (26) months from this General Meeting and that it cancels, from this day, in the amount, as the case may be, of the portion not yet used, any authorisation in force having the same purpose.

Twenty-sixth resolution

Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares granting, where applicable, access to ordinary shares or the grant of debt securities and/or securities granting access to ordinary shares, with retention of preferential subscription rights

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to the provisions of Articles L.225-129-2, L. 225-132, L. 225-134, L. 228-91 and L. 228-92 of the French Commercial Code:

1. delegates to the Board of Directors, with the option to sub-delegate in accordance with the law, the power to decide, with retention of preferential subscription rights for holders of ordinary shares, to increase the share capital, on one or more occasions, by issuing, in France and abroad, ordinary shares of the Company and/or ordinary shares granting entitlement to the allocation of other ordinary shares or debt securities, and/or securities granting access to ordinary shares to be issued, it being specified that shares and other securities may be subscribed in cash or by offset of liquid and payable claims against the Company;
2. decides that the issuance of preferred shares pursuant to Article L.228-11 of the French Commercial Code and the issuance of any securities granting access to preferred shares shall be excluded from this delegation;
3. decides that the total par value amount of share capital increases that may be carried out immediately and/or in the future pursuant to this delegation may not exceed twenty million euros (€20,000,000) or an equivalent amount in foreign currency at the issue date, without taking account of the par value amount of share capital increases necessary to safeguard, under the law or under any applicable contractual agreement providing for other cases of safeguard, the rights of holders of securities granting access to the Company's share capital, share subscription or purchase options or rights to the grant of free shares, it being specified that this amount is to be deducted from the par value ceiling for share capital increases provided for in the 32nd resolution;
4. decides that securities granting access to the Company's share capital issued pursuant to this resolution may specifically consist of debt securities or may be associated with the issue of such securities, or may even permit their issue as intermediate securities. They may take the form of subordinated or non-subordinated notes, fixed term or not, and may be issued in euros, in foreign currencies, or in any monetary unit used as a benchmark for several currencies provided that the par value amount of the debt securities thus issued does not exceed two hundred million euros (€200,000,000) or an equivalent amount in foreign currency at the issue date. This ceiling applies to all debt securities that may be issued pursuant to this resolution or the 27th, 28th resolutions. It is specified that this ceiling is independent of the amount of debt securities that may be issued based on a decision or authorisation of the Board of Directors in accordance with Articles L.228-36-A, L.228-40, L.228-92 paragraph 3, L.228-93 paragraph 6 and L.228-94 paragraph 3 of the French Commercial Code;
5. decides that the holders of ordinary shares may exercise, under the conditions specified by law, their priority preferential subscription right to ordinary shares and securities that may be issued pursuant to this resolution, and that the Board of Directors may also grant to holders of ordinary shares a pro-rated preferential subscription right that these holders may exercise proportionally to their subscription right and, in any event, within the limit of their requests. If priority subscriptions and any pro-rated subscriptions do not absorb the entirety of an issue of ordinary shares or securities, the Board may, at its discretion and in the order it sees fit, use all or some of the options provided by Article L.225-134 of the French Commercial Code and particularly the option of offering all or a portion of the unsubscribed securities to the public;
6. takes note that this resolution entails the waiver by the holders of ordinary shares of their preferential subscription right to the ordinary shares to which the securities that may be issued on the basis of this delegation may grant entitlement;
7. gives, within the limits determined above, including but not limited to, full powers to the Board of Directors, with the option to sub-delegate in accordance with the law, in order to:
   (a) determine the form, nature and characteristics of the securities to be created and set the terms of issue, particularly the dates, time periods and methods,

(b) set the issue price, the amounts to be issued and the dividend eligibility date, potentially retroactive, for ordinary shares and/or securities granting access to share capital to be issued,

(c) determine the methods for issuing ordinary shares and/or securities,

(d) set, where applicable, the methods through which the Company will be able to buy or exchange on or off a stock exchange, at any time or for fixed time periods, ordinary shares and/or securities granting access to the share capital issued or to be issued,

(e) take, as a result of the issue of ordinary shares and/or securities granting access to ordinary shares, any necessary measures to protect the rights of the holders of securities granting access to the Company's share capital, share subscription or purchase options or rights to the allocation of free shares, and this, in compliance with legal and regulatory provisions and, where applicable, the contractual provisions providing for other adjustments, and suspend, if applicable, the exercise of the rights associated with these securities, and this, in compliance with legal and regulatory provisions,

(f) charge, at its sole discretion and where if deems appropriate, the expenses, disbursements and fees generated by the issues to the corresponding premium amounts and deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new capital following each issue,

(g) initiate, if necessary, the admission of the ordinary shares or securities to be issued to trading on a regulated market,

(h) and, generally, take all measures, enter into all agreements and carry out all formalities to ensure the proper completion of the planned issues, record the completion of the resulting share capital increases and make the corresponding amendments to the Articles of Association,

(i) decide, in the event of an issue of debt securities, in particular, whether they will be subordinated, set their interest rate, their term, fixed or variable reimbursement price with or without a premium, the redemption methods and the conditions under which these securities will grant entitlement to ordinary shares of the Company (including the grant of any guarantees or sureties);

8. decides that this delegation is granted for a period of twenty-six (26) months from this General Meeting and that it cancels, from this day, in the amount, as the case may be, of the portion not yet used, any authorisation in force having the same purpose.

Twenty-seventh resolution

Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares granting, where applicable, access to ordinary shares or the grant of debt securities and/or securities granting access to ordinary shares, with cancellation of preferential subscription rights, through an offering referred to in Section II of Article L.411-2 of the French Monetary and Financial Code

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to the provisions of Articles L.225-129-2, L.225-135, L.225-136, L. 228-91 and L. 228-92 of the French Commercial Code and Article L.411-2 of the French Monetary and Financial Code:

1. delegates to the Board of Directors, with the option to sub-delegate in accordance with the law, the power to decide, with cancellation of preferential subscription rights for holders of ordinary shares, to increase the share capital, on one or more occasions, by issuing, in France and abroad, by means of one of the options listed in Section II of Article L.411-2 of the French Monetary and Financial Code, ordinary shares and/or ordinary shares granting entitlement to the allocation of other ordinary shares or debt securities, and/or securities granting access to ordinary shares to be issued, it being specified that shares and other securities may be subscribed in cash or by offset of liquid and payable claims against the Company;

2. decides that the issuance of preferred shares pursuant to Article L.228-11 of the French Commercial Code and the issuance of any securities granting access to preferred shares shall be excluded from this delegation;

3. decides that:

   (a) the total par value amount of share capital increases that may be carried out immediately and/or in the future under this delegation may not exceed ten million euros (€10,000,000) or an equivalent amount in foreign currency at the issue date. It is specified that this amount shall be deducted from the par value ceiling for capital increases provided for in the 32nd resolution and that it shall be set without taking account of the par value amount of share capital increases necessary to safeguard, under the law or under any applicable contractual agreement providing for other cases of safeguard, the rights of holders of securities granting access to the Company's share capital, share subscription or purchase options or rights to the grant of free shares. It is also specified that the total par value amount of share capital increases that may be carried out immediately and/or in the future pursuant to this delegation may not, in any event, exceed the limits set by the applicable regulations (to date, 20% of the Company's share capital over a 12-month period, in accordance with Article L.225-136 3 of the French Commercial Code),

(b) the nominal amount of debt securities that may be issued pursuant to this delegation of authority may not exceed one hundred million euros (€100,000,000) or an equivalent amount in foreign currency. It is specified that this amount shall be deducted from the nominal amount ceiling for debt securities provided for in the 26th resolution, but that it is separate from the amount of debt securities whose issue may be decided or authorised by the Board of Directors pursuant to Articles L.228-36-A, L.228-40, L.228-92 paragraph 3, L.228-93 paragraph 6 and L.228-94 paragraph 3 of the French Commercial Code;

4. decides to cancel the preferential subscription rights of holders of ordinary shares to ordinary shares or securities granting access to ordinary shares issued under this resolution and to propose these securities as part of an offering referred to in Section II of Article L.411-2 of the French Monetary and Financial Code subject to the maximum legal terms and limits established by laws and regulations;

5. decides that, if the entire issue of ordinary shares or securities granting access to the share capital is not taken up through subscriptions, the Board of Directors may use, in the order it sees fit, any or all of the following options:

   (a) limit the issue to the amount of the subscriptions, provided this attains, at least, three-quarters of the determined increase,

   (b) freely allocate all or a portion of the unsubscribed securities;

6. takes note that this resolution entails the waiver by the holders of ordinary shares of their preferential subscription right to the ordinary shares to which the securities that may be issued on the basis of this delegation may grant entitlement;

7. decides that (i) the issue price of the ordinary shares shall be at least equal to the minimum amount provided for by applicable laws and regulations at the time this delegation is used, after adjusting, if necessary, this amount to account for the difference in dividend eligibility date and that (ii) the issue price of the securities shall be such that the amount immediately received by the Company, plus where applicable, any amount subsequently received by the Company shall be, for each ordinary share issued as a result of the issue of these securities, at least equal to the amount referenced in paragraph (i) above, after adjusting, if necessary, this amount to account for the difference in dividend eligibility date;

8. gives, within the limits determined above, including but not limited to, full powers to the Board of Directors, with the option to sub-delegate in accordance with the law, in order to:

   (a) draw up the list of beneficiaries of the private placements made in application of this delegation and the number of securities to be allocated to each of them,

   (b) determine the form, nature and characteristics of the securities to be created and set the terms of issue, particularly the dates, time periods and methods,

   (c) set the issue price, the premium amounts if applicable, the amounts to be issued and the dividend eligibility date, potentially retroactive, for ordinary shares and/or securities granting access to share capital to be issued,

   (d) determine the methods for issuing ordinary shares and/or securities,

   (e) set, where applicable, the methods through which the Company will be able to buy or exchange on or off a stock exchange, at any time or during fixed time periods, ordinary shares or securities granting access to ordinary shares that are issued or to be issued,

   (f) decide, if appropriate, to add a guarantee or sureties to the securities to be issued, as well as to the debt securities to which these securities would grant entitlement, and to establish their nature and characteristics,

   (g) take, as a result of the issue of ordinary shares and/or securities granting access to ordinary shares, any necessary measures to protect the rights of the holders of securities granting access to the Company's share capital, share subscription or purchase options or rights to the allocation of free shares, and this, in compliance with legal and regulatory provisions and, where applicable, the contractual provisions providing for other adjustments, and suspend, if applicable, the exercise of the rights associated with these securities, and this, in compliance with legal and regulatory provisions,

   (h) charge, at its sole discretion and where if deems appropriate, the expenses, disbursements and fees generated by the issues to the corresponding premium amounts and deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new capital following each issue,

   (i) initiate, if necessary, the admission of the ordinary shares or securities to be issued to trading on a regulated market, and, generally, take all measures, enter into all agreements and carry out all formalities to ensure the proper completion of the planned issues, record the completion of the resulting share capital increases and amend the Articles of Association accordingly,

(j) decide, in the event of an issue of debt securities, in particular, whether they will be subordinated, set their interest rate, their term, fixed or variable reimbursement price with or without a premium, the redemption methods and the conditions under which these securities will grant entitlement to ordinary shares of the Company;

9. decides that this delegation is granted for a period of twenty-six (26) months from this General Meeting and that it cancels, from this day, in the amount, as the case may be, of the portion not yet used, any authorisation in force having the same purpose.

Twenty-eighth resolution

Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares granting, where applicable, access to ordinary shares or the grant of debt securities and/or securities granting access to ordinary shares, with cancellation of preferential subscription rights, through a public offering and/or in consideration for securities as part of a public exchange offering

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to the provisions of Articles L.225-129-2, L. 225-135, L. 225-136, L. 225-148, L. 228-91 and L. 228-92 of the French Commercial Code:

1. delegates to the Board of Directors, with the option to sub-delegate in accordance with the law, the power to decide, with cancellation of preferential subscription rights for holders of ordinary shares, to increase the share capital, on one or more occasions, by issuing, in France and abroad, ordinary shares, and/or ordinary shares granting entitlement to the allocation of other ordinary shares or debt securities, and/or securities granting access to ordinary shares to be issued, it being specified that shares and other securities may be subscribed in cash or by offset of liquid and payable claims against the Company;

   it being specified that said shares and/or securities granting access to ordinary shares may in particular be issued in consideration for securities that may be contributed to the Company, as part of a public exchange offer in compliance with the provisions of Article L.225-148 of the French Commercial Code;

2. decides that the issuance of preferred shares pursuant to Article L.228-11 of the French Commercial Code and the issuance of any securities granting access to preferred shares shall be excluded from this delegation;

3. decides that:

   (a) the total par value amount of share capital increases that may be carried out immediately and/or in the future under this delegation may not exceed twenty million euros (€20,000,000) or an equivalent amount in foreign currency at the issue date. It is specified that this amount shall be deducted from the par value ceiling for capital increases provided for in the 32nd resolution and that it shall be set without taking account of the par value amount of share capital increases necessary to safeguard, under the law or under any applicable contractual agreement providing for other cases of safeguard, the rights of holders of securities granting access to the Company's share capital, share subscription or purchase options or rights to the grant of free shares;

   (b) the nominal amount of debt securities that may be issued pursuant to this delegation of authority may not exceed two hundred million euros (€200,000,000) or an equivalent amount in foreign currency. It is specified that this amount shall be deducted from the nominal amount ceiling for debt securities provided for in the 26th resolution, but that it is separate from the amount of debt securities whose issue may be decided or authorised by the Board of Directors pursuant to Articles L.228-36-A, L.228-40, L.228-92 paragraph 3, L.228-93 paragraph 6 and L.228-94 paragraph 3 of the French Commercial Code;

4. decides to cancel the preferential subscription rights of holders of ordinary shares to ordinary shares or securities granting access to ordinary shares issued under this resolution and to propose these securities as part of a public tender offer in the manner and within the maximum limits provided by law and regulations, on the understanding that the Board of Directors may grant holders of ordinary shares an irreducible preferential right to new shares and, where applicable, a reducible right, to some or all of the issuance, within the time limit and under the conditions it shall set in accordance with legal and regulatory provisions and which shall be exercised in proportion to the number of ordinary shares owned by each holder of ordinary shares. This preferential right may not result in the creation of transferable rights;

5. decides that, if the entire issue of ordinary shares or securities granting access to the share capital is not taken up through subscriptions, the Board of Directors may use, in the order it sees fit, any or all of the following options:

   (a) limit the issue to the amount of the subscriptions, provided this attains, at least, three-quarters of the determined increase,

   (b) freely allocate all or a portion of the unsubscribed securities;

6. takes note that this resolution entails the waiver by the holders of ordinary shares of their preferential subscription right to the ordinary shares to which the securities that may be issued on the basis of this delegation may grant entitlement;
7. decides that (i) the issue price of the ordinary shares shall be at least equal to the minimum amount provided for by applicable laws and regulations at the time this delegation is used, after adjusting, if necessary, this amount to account for the difference in dividend eligibility date and that (ii) the issue price of the securities shall be such that the amount immediately received by the Company, plus where applicable, any amount subsequently received by the Company shall be, for each ordinary share issued as a result of the issue of these securities, at least equal to the amount referenced in paragraph (i) above, after adjusting, if necessary, this amount to account for the difference in dividend eligibility date;
8. gives, within the aforementioned limits, including but not limited to, full powers to the Board of Directors, with the option to sub-delegate in accordance with the law, in order to:
   (a) determine the form, nature and characteristics of the securities to be created and set the terms of issue, particularly the dates, time periods and methods,
   (b) set the issue price, the amounts to be issued and the dividend eligibility date, potentially retroactive, for the shares to be issued,
   (c) determine the methods for issuing ordinary shares and/or securities,
   (d) set, where applicable, the methods through which the Company will be able to buy or exchange on or off a stock exchange, at any time or during fixed time periods, ordinary shares or securities granting access to ordinary shares that are issued or to be issued,
   (e) take, as a result of the issue of ordinary shares and/or securities granting access to ordinary shares, any necessary measures to protect the rights of the holders of securities granting access to the Company's share capital, share subscription or purchase options or rights to the allocation of free shares, and this, in compliance with legal and regulatory provisions and, where applicable, the contractual provisions providing for other adjustments, and suspend, if applicable, the exercise of the rights associated with these securities, and this, in compliance with legal and regulatory provisions,
   (f) charge, at its sole discretion and where if deems appropriate, the expenses, disbursements and fees generated by the issues to the corresponding premium amounts and deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new capital following each issue,
   (g) initiate, if necessary, the admission of the ordinary shares or securities to be issued to trading on a regulated market, and, generally, take all measures, enter into all agreements and carry out all formalities to ensure the proper completion of the planned issues, record the completion of the resulting share capital increases and amend the Articles of Association accordingly,
   (h) decide, in the event of an issue of debt securities, in particular, whether they will be subordinated, set their interest rate, their term, fixed or variable reimbursement price with or without a premium, the redemption methods and the conditions under which these securities will grant entitlement to ordinary shares of the Company;
9. decides that this delegation is granted for a period of twenty-six (26) months from this General Meeting and that it cancels, from this day, in the amount, as the case may be, of the portion not yet used, any authorisation in force having the same purpose.

Twenty-ninth resolution

Authorisation granted to the Board of Directors to increase the size of the initial issue in the event of an issuance of ordinary shares or securities granting access to ordinary shares, with retention or cancellation of preferential subscription rights, decided pursuant to the 26th, 27th and 28th resolutions

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to the provisions of Article L.225-135-1 of the French Commercial Code:

1. authorises the Board of Directors to decide, for each issuance carried out pursuant to the 26th, 27th and 28th resolutions submitted to this General Meeting, that the number of ordinary shares and/or securities granting access to ordinary shares of the Company to be issued, with or without preferential subscription rights, may be increased by the Board of Directors, at the same price as that used for the initial issue, under legal and regulatory conditions, with the option to sub-delegate in accordance with the law, in particular to grant a greenshoe option in accordance with market practices and subject to the issuance limits specified respectively in the 26th, 27th and 28th resolutions;
2. decides that this authorisation is granted for a period of twenty-six (26) months from this General Meeting and that it cancels, from this day, in the amount, as the case may be, of the portion not yet used, any authorisation in force having the same purpose.

Thirtieth resolution

Delegation of authority granted to the Board of Directors to issue ordinary shares and/or securities granting access to ordinary shares in consideration for contributions in kind granted to the Company and consisting of equity securities or securities granting access to share capital, outside of a public exchange offer

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to the provisions of Articles L.225-129-2, L. 225-147, L. 228-91 and L. 228-92 of the French Commercial Code:

1. delegates to the Board of Directors, with the option to sub-delegate in accordance with the law, the power to decide, on one or more occasions, up to a maximum of 10% of the Company's share capital (as at the date on which the Board of Directors uses this delegation), to issue ordinary shares and/or securities granting access by any means, immediately and/or in the future, to ordinary shares or other existing or future equity securities of the Company in consideration for contributions in kind made to the Company and comprising equity securities or securities granting access to the share capital, when the provisions of Article L.225-148 of the French Commercial Code do not apply;
2. decides to cancel, where necessary, in favour of holders of various types of securities that are the subject of contributions in kind, the preferential subscription rights of holders of ordinary shares to the ordinary shares or securities so issued and takes note that this delegation entails the waiver by the holders of ordinary shares of their preferential subscription right to the ordinary shares of the Company to which the securities that may be issued on the basis of this delegation may grant entitlement;
3. gives the Board of Directors, with the option to sub-delegate in accordance with the law, full powers to implement this resolution and, in particular, based on the report of the independent appraisers (*commissaires aux apports*) referred to in the first and second paragraphs of Article L.225-147 of the French Commercial Code, to approve the valuation of the contributions as well as the grant, if any, of specific benefits and to lower the valuation of the contributions or the consideration for specific benefits if the contributors so agree, to determine the issuance amount and the nature of the securities to be issued, to set the exchange ratio and, where applicable, the amount of the cash balance to be paid, to set the dividend eligibility dates, potentially retroactive, for the securities to be issued, to determine the procedures, where applicable, for safeguarding the rights of holders of securities or other rights granting access to the share capital in accordance with legal and regulatory provisions and, if applicable, the contractual provisions providing for other cases of safeguard, to note the completion of the share capital increase that compensates the contribution, to list the securities to be issued, to charge, at its sole discretion and where deems appropriate, the expenses, disbursements and fees generated by the issues to the corresponding premium amounts and to deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new share capital following each issue and to amend the Articles of Association accordingly;
4. decides that the total par value amount of share capital increases that may be carried out under this delegation, which may not exceed 10% of the share capital, shall be deducted from the ceiling provided for in the 32nd resolution submitted to this General Meeting.
5. decides that this delegation is granted for a period of twenty-six (26) months from this General Meeting and that it cancels, from this day, in the amount, as the case may be, of the portion not yet used, any authorisation in force having the same purpose.

Thirty-first resolution

Authorisation granted to the Board of Directors to set the issue price of ordinary shares or securities granting access to ordinary shares, in the event of cancellation of preferential subscription rights, up to an annual limit of 10% of the share capital per 12-month period

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to the provisions of Article L.225-136 1° paragraph 2 of the French Commercial Code, authorises the Board of Directors, with the option to sub-delegate in accordance with the law, in the event of an issuance of ordinary shares and/or securities granting access to the ordinary shares of the Company with cancellation of preferential subscription rights, under the terms, including those concerning their amount, specified in the 27th and 28th resolutions (cancellation of preferential subscription rights, by private placement and public offer), to deviate from the price setting conditions provided for in the 27th and 28th resolutions and to set the issue price for ordinary shares or securities granting access to ordinary shares at an amount that shall be (i) for ordinary shares, at least equal to the weighted average price of the last three (3) trading sessions prior to the price setting, less a maximum discount, where appropriate, of 10% and (ii) for securities granting access to ordinary shares, such that the amount immediately received by the Company, plus where applicable, any amount subsequently received by the Company, is, for each ordinary share issued as a result of the issue of these securities, at least equal to the amount referenced in paragraph (i) above, after adjusting, if necessary, this amount to account for the difference in dividend eligibility date.

The total par value amount of share capital increases that may be carried out under this resolution may not exceed 10% of the share capital per period of twelve (12) months within the thresholds set by the General Meeting.

This authorisation is granted for a period of twenty-six (26) months from this General Meeting and it cancels, from this day, in the amount, as the case may be, of the portion not yet used, any authorisation in force having the same purpose.

Thirty-second resolution

Overall limit on issue authorisations with retention or cancellation of preferential subscription rights

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings and having reviewed the Board of Directors' report and thus having taken note of the adoption of the aforementioned 26th, 27th, 28th, 29th, 30th, 31st and 34th resolutions, decides to set at the overall amount of twenty million euros (€20,000,000) the maximum par value amount for share capital increases that may result from these resolutions, it being specified that this par value amount shall be increased, where applicable, by the par value of the shares to be issued in order to safeguard, in accordance with the law and, as the case may be, with contractual provisions providing for other cases of safeguard, the rights of holders of securities granting access to the Company's share capital, of holders of stock options or of holders of rights to free shares. Therefore, the maximum par value amount of each share capital increase performed pursuant to the aforementioned 26th, 27th, 28th, 29th ,30th, 31st, 34th will be deducted from this limit.

Thirty-third resolution

Authorisation granted to the Board of Directors to grant free shares to employees and company officers of the Company and of companies and economic interest groupings in its Group up to a ceiling of 4% of the share capital, during a period of 38 months

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to the provisions of Articles L.225-197-1 *et seq.* of the French Commercial Code:

- authorises the Board of Directors to grant free shares, on one or more occasions, at its discretion, being either existing shares in the Company or shares to be issued, in favour of eligible company officers or salaried employees (within the meaning of Article L.225-197-1 II paragraph 1 of the French Commercial Code) of the Company and of companies and/or economic interest groupings affiliated to it as defined in Article L.225-197-2 of the French Commercial Code, or of certain categories among them;
- decides that this authorisation may not confer entitlement to a number of shares representing more than 4% of the Company's share capital (this share capital being assessed at the date of the grant decision by the Board of Directors), it being stated that, where applicable, this amount shall be increased by the additional number of shares to be issued in order to safeguard, under the law or under any applicable contractual agreement, the rights of holders of securities granting access to the Company's share capital;
- decides that (a) the grant of shares to beneficiaries shall vest at the end of a vesting period whose duration will be determined by the Board of Directors, on the understanding that such duration shall not be less than one year from the date of the grant decision, and (b) that the beneficiaries must, if the Board of Directors deems it useful or necessary, retain such shares throughout a term or terms set by the Board of Directors at its own discretion, it being stated that the combined duration of the vesting period and, where applicable, the lock-up period, shall not be less than two years; however, the General Meeting authorises the Board of Directors, in the event that the vesting period for all or part of one or more grants is a minimum of two years, to require no lock-up period for the shares in question;
- decides that, in the event of invalidity of a beneficiary ranked in the second or third categories as provided by Article L.341-4 of the French Social Security Code, the shares shall vest before the end of the remaining vesting period and shall be transferable immediately;
- notes that, as regards shares to be issued, (i) this authorisation shall, at the end of the vesting period, automatically authorise the share capital increase by

capitalisation of reserves, profits, share issue premiums or other sums whose incorporation in capital may be allowed in favour of the beneficiaries of the shares, with corresponding waiver by the shareholders of that share of reserves, profits, premiums or other sums capitalised, and (ii) this authorisation automatically constitutes the waiver by the shareholders of their preferential subscription rights, in favour of the beneficiaries of the shares. The corresponding share capital increase shall be completed solely as a result of the vesting of the beneficiaries' shares;

- accordingly confers full powers on the Board of Directors, within the above limits, to implement this resolution and, in particular:
  - to approve the beneficiaries of share grants and the number of shares granted to each,
  - to decide on the lock-up requirements, where applicable required by law in the case of eligible company officers, pursuant to Article L.225-197-1, II, last paragraph of the French Commercial Code,
  - to set the dates and terms for share grants, particularly the vesting period for such grants and, where applicable, the required lock-up period,
  - and, in particular, to determine the conditions relating to the performance of the Company, Group or its entities that shall apply for the grant of shares to executive officers of the Company and, where applicable, the conditions applying to the grant of shares to employees, and the criteria for granting shares, on the understanding that in the event of a share grant without performance conditions, such shares may not be granted to the Company's Chief Executive Officer and shall not exceed 10% of the share grants authorised by the General Meeting,
  - to determine whether the free shares awarded are shares to be issued or existing shares, and (i) in the event of new shares being issued, to ascertain whether sufficient reserves exist and, at each grant, to transfer to a blocked reserve account the sums necessary for full payment of the new shares to be granted, to increase the share capital by capitalisation of reserves, profits, premiums or other sums that may be capitalised, to determine the nature and amounts of reserves, profits or premiums to be capitalised in the share capital to pay up such shares, to formally record completion of share capital increases, to decide the dividend eligibility date, potentially retroactively, for newly-issued shares, to make the corresponding amendments to the Articles of Association, and (ii) in the event of a grant of existing shares, to purchase the shares required under the conditions provided by law and to do all that is necessary for the satisfactory completion of the transactions,
  - to make provision where necessary for powers to adjust during the vesting period the number of free shares granted to take account of any transactions in the Company's share capital, such as to safeguard the rights of beneficiaries, it being stated that the shares granted by virtue of such adjustments shall be deemed to have been granted on the same date as the shares initially granted,
  - generally, with powers of sub-delegation under the conditions provided by law and under the Company's Articles of Association, to take all measures and fulfil all formalities conducive to the issuance, listing and financial service of the shares issued under these powers, and to the exercise of the rights attaching to such shares, and to take all steps and conclude all agreements conducive to due completion of the intended share grants;
- decides that the authorisation thereby conferred upon the Board of Directors shall be valid for thirty-eight months as from the date of this General Meeting;
- duly notes that this authorisation supersedes the unused portion of any previous authorisation with the same purpose.

Thirty-fourth resolution

Authorisation granted to the Board of Directors to issue, to employees and company officers of the Company or of its Group, redeemable share subscription and/or purchase warrants (BSAAR), with cancellation of shareholder preferential subscription rights

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to Articles L.228-91 *et seq.*, L.225-129 *et seq.*, L.225-138 and L.225-139 of the French Commercial Code:

1. delegates to the Board of Directors, with the option to sub-delegate in accordance with the law, the power to decide to issue, on one or more occasions, redeemable share subscription and/or purchase warrants ("**BSAARs**");
2. decides that pursuant to this delegation, the Board of Directors may grant a maximum of 1% of the Company's share capital as of the date of the Board of Directors' decision to issue BSAARs (without taking account of the par value amount of share capital increases necessary to safeguard, under the law or under any applicable contractual agreement providing for other cases of safeguard, the rights of holders of BSAARs) and that the share capital increase resulting from the issue of shares following the subscription would be deducted from the ceiling set in the 32nd resolution submitted for your approval by this General Meeting;

3. decides, pursuant to the provisions of Article L.225-138 of the French Commercial Code, to cancel the preferential subscription right of shareholders to the BSAARs and to reserve such right for employees and company officers of the Company and its foreign subsidiaries. The Board of Directors will draw up the list of persons authorised to subscribe for the BSAARs (the "**Beneficiaries**") and the maximum number of share warrants that may be subscribed by each of them;
4. decides that the Board of Directors:
   (a) shall determine all of the features of the BSAARs, in particular their subscription price, which shall be determined, after consultation with an independent expert, on the basis of the parameters influencing its value (primarily, the exercise price, the lock-up period, the exercise period, the trigger threshold and the redemption period, the interest rate, the dividend distribution policy, the current price and volatility of the Company share) as well as the modalities for the issuance and the terms and conditions of the issuing contract,
   (b) shall determine the subscription or acquisition price of the shares by exercising the share warrants, on the stipulation that a share warrant will give entitlement to subscribe for (or acquire) an ordinary share in the Company at a price at least equal to 120% of the average of the closing prices of the Company's share for the twenty (20) trading sessions preceding the date on which all the terms and conditions of the share warrants and the terms of their issuance were determined;
5. takes note that the decision to issue BSAARs will entail as of right waiver by the shareholders – in favour of the BSAAR Beneficiaries – of their preferential subscription rights for the shares to be issued by the exercise of the BSAARs;
6. gives full powers to the Board of Directors, with the option to sub-delegate in accordance with legal and regulatory conditions, to take all measures, to enter into all agreements and to carry out all formalities making it possible to issue share warrants, to record the completion of the resulting share capital increases, to amend the Articles of Association accordingly and to amend, as it deems necessary and subject to the agreement of the Beneficiaries of BSAARs, the contract for issuing BSAARs.

In accordance with Article L.225-138 of the French Commercial Code, the Board of Directors will prepare an additional report for the next General Meeting on the conditions under which this delegation has been used.

This delegation of authority is granted for a period of eighteen (18) months from the day of this General Meeting.

Thirty-fifth resolution

Authorisation granted to the Board of Directors to grant share subscription and purchase options to eligible company officers or employees of the Axway Group

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to the provisions of Articles L.225-177 *et seq*. of the French Commercial Code:

1. authorises the Board of Directors, under Articles L.225-177 *et seq*. of the French Commercial Code, to grant, on one or more occasions, share subscription and purchase options to salaried employees (some or all), and eligible company officers (some or all), of the Company and of the companies and economic interest groupings affiliated to it as defined in Article L.225-180 of the French Commercial Code;
2. decides that the options granted under this authorisation may not confer entitlement to subscribe or purchase a total number of shares exceeding 1% of the number of shares making up the Company's share capital on the date of the grant of options by the Board of Directors, it being specified that this limit is set without taking account of the number of shares to be issued, where necessary, with regard to adjustments made to safeguard, in accordance with the law, the rights of the option beneficiaries;
3. decides that the Board of Directors shall determine, on the option grant date, the share subscription or purchase option price within the limits and under the terms and conditions set by law, it being specified that this price may not be greater than the average listed price of the Company's shares on the Euronext Paris regulated market during the twenty (20) trading sessions preceding the day on which the options will be granted. During the option grant period, their price may not be modified, unless the Company conducts one or more financial or security transactions for which the Company is required by law to undertake the necessary measures to safeguard the interests of the option beneficiaries. In this case, the Board of Directors shall undertake, under regulatory conditions, the necessary measures to take account of the impact of the transaction(s) and may decide to temporarily suspend, where applicable, the right to exercise the options in the event of a financial transaction that results in an adjustment in accordance with Article L.225-181, paragraph 2 of the French Commercial Code or any other financial transaction in respect of which it would be deemed appropriate to suspend this right;

4. takes note that this authorisation includes the waiver by the shareholders – in favour of the subscription option beneficiaries – of their preferential subscription rights to the shares that will be issued as and when the options are exercised;
5. decides that the Board of Directors will set the terms and conditions under which the options will be granted, which may include the fulfilment of one or more quantitative performance and/or presence requirements set by the Board of Directors as well as clauses prohibiting the immediate resale of all or part of the shares, without the required lock-in period for the shares being longer than three years from the exercise of the option. Notwithstanding the foregoing provisions, the Board of Directors may, in accordance with provisions provided by law regarding company officers, impose clauses prohibiting the exercise of options prior to the termination of their duties or the immediate resale with an obligation for holders of registered shares to retain all or part of their shares arising from the exercise of options until termination of their duties;
6. decides that the subscription and purchase options should be exercised within a period set by the Board of Directors prior to the expiry of a maximum period of eight (8) years as of their grant date. However, this period may not expire less than six (6) months following the end of the non-exercise period for options imposed on company officers by the Board of Directors pursuant to Article L.225-185 of the French Commercial Code, and will hence be extended;
7. grants the Board of Directors, with the option to sub-delegate, full powers to implement, within the above limits, this resolution and particularly to:
   (a) determine the nature of the granted options (subscription and/or purchase options),
   (b) set the price and conditions under the which the options will be granted,
   (c) determine the list of beneficiaries and the number of options to be allocated to them,
   (d) set the conditions for exercising the options, and in particular limit, restrict or prohibit (i) the exercise of the options or (ii) sale of the shares obtained by exercising the options, during certain periods or as of certain events, such decision covering all or some of the options and involving all or some of the beneficiaries,
   (e) determine the conditions under which the price and number of shares to be subscribed or purchased will be adjusted in accordance with regulations,
   (f) deduct, where necessary, the share capital increase costs from the amount of premiums relating to these increases and, if deemed appropriate, deduct from such amount the sums needed to raise the legal reserve to one-tenth of the new capital following each issue,
   (g) complete and have completed all actions and formalities required to finalise any share capital increase(s) to be performed under this resolution, amend the Articles of Association accordingly and, more generally, do all that is necessary;
8. decides that this authorisation is granted for a period of thirty-eight (38) months from this General Meeting.

Each year the Board of Directors will inform the shareholders at the Ordinary General Meeting of the transactions carried out under this authorisation.

Thirty-sixth resolution

Delegation granted to the Board of Directors to increase the share capital by issuing ordinary shares reserved for Axway Group employees who are members of a company savings plan

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to the provisions of Articles L.225-129-2, L. 225-129-6, L. 225-138, and L. 225-138-1 of the French Commercial Code and Articles L.3332-1 *et seq.* of the French Labour Code:

1. authorises the Board of Directors, with the option to sub-delegate in accordance with the law, to increase the share capital, on one or more occasions and based solely on its own decisions, at the times and in the manner it shall determine, through the issuance of ordinary shares of the Company reserved for members (hereinafter referred to as the "**Beneficiaries**") of a company savings plan of one of the legal entities of the "Axway Group" which means, for the purposes of this resolution, Axway Software S.A., the companies or groups included in the scope of consolidation of the financial statements of Axway Software S.A. (including companies consolidated by Axway Software S.A. for the first time no later than the day before the start of the subscription period or the start of the reservation period if there is one) and their subsidiaries and the entities or groupings under the control of Axway Software S.A. pursuant to Articles L.225-180 of the French Commercial Code and Articles L.3344-1 and L.3344-2 of the French Labour Code;
2. decides to cancel, in favour of the aforementioned Beneficiaries, shareholders' preferential subscription rights to ordinary shares to be issued, where applicable as free shares, under this delegation;

3. decides to set at 3% of share capital the maximum par value amount of share capital increases that may be performed pursuant to this delegation, it being noted that this amount would be independent and separate from the share capital increase ceilings applicable to issues of ordinary shares or securities granting access to share capital covered by the other resolutions presented for your approval and would be set without taking account of the par value amount of share capital increases necessary to safeguard, under the law or under any applicable contractual agreement providing for other cases of safeguard, the rights of holders of securities granting access to the Company's share capital, share subscription or purchase options or rights to the grant of free shares;
4. decides that the issue price of ordinary shares to be issued under this resolution may not be greater than the average listed price of the ordinary shares of the Company on the Euronext Paris regulated market during the twenty (20) trading sessions preceding the day on which the Board of Directors or the Chief Executive Officer or, with the latter's approval, one or more Deputy Chief Executive Officers, decide(s) to increase the share capital, setting the start date of the subscriptions, not more than 20% less than this average and 30% of the same average when the lock-up period stipulated in the plan is greater than or equal to ten years (or any other maximum percentage stipulated in the legal provisions applicable at the time the price is set). When implementing this delegation, the Board of Directors may reduce or eliminate the aforementioned discount, on a case-by-case basis, when it deems necessary, to comply with legal and regulatory requirements and in particular with the tax, accounting and social security requirements applicable in certain countries in which Axway Group companies or groups participating in share increase transactions are located;
5. authorises the Board of Directors to award free shares to Beneficiaries of ordinary shares, whether to be issued or already issued, it being specified that the total benefit resulting from this award and, where applicable, the discount referenced in paragraph 4 above, may not exceed the legal and regulatory limits;
6. decides that the delegation is granted for a period of twenty-six (26) months from this General Meeting and that it cancels, from this day, as the case may be, for the portion not yet used, any delegation in force having the same purpose.

   The General Meeting grants the Board of Directors, with the option to sub-delegate in accordance with the law, full powers for the purpose of setting the terms and conditions for implementing share capital increase(s) decided under this resolution, including, but not limited to:

   (a) setting the criteria the legal entities belonging to Axway Group must meet so that the Beneficiaries may subscribe to the share capital increases that are the subject of this delegation,

   (b) setting the conditions that the Beneficiaries of the new ordinary shares issued must fulfil and, in particular, deciding if the ordinary shares may be subscribed directly by the Beneficiaries who are members of a company savings plan or through company mutual funds (*fonds communs de placement d'entreprise*) or other structures or entities permitted under applicable legal or regulatory provisions,

   (c) establishing the characteristics, conditions, amount and procedures for the issues that will be carried out under this resolution and, in particular, for each issue, setting the number of ordinary shares to be issued, the issue price and the rules for reduction applicable in the event of an oversubscription by the Beneficiaries,

   (d) setting the start and end dates for subscriptions, as well as the terms and conditions for subscription, and the reservation periods before subscription, and setting the terms for the issuance and delivery of and the dividend eligibility date for the ordinary shares issued,

   (e) opting to fully or partially substitute free ordinary shares issued or to be issued for the discount on the price of the ordinary share under the conditions and limits specified in Article L.3332-21 of the French Labour Code,

   (f) recording or arranging for the recording of the completion of share increase(s) for the amount of ordinary shares that will actually be subscribed,

   (g) charging the costs of the share capital increase(s) to the amount of the premiums related thereto and deducting the sums needed to raise the legal reserve to one-tenth of the new share capital after each increase,

   (h) amending the Articles of Association accordingly, and

   (i) in general, doing what is necessary and taking all measures to complete share capital increase(s), entering into all agreements and conventions, and carrying out all necessary formalities relating to the above-referenced share capital increase(s), where applicable, to the admission for trading on a regulated market and to the financial service of the ordinary shares issued under this resolution and to the exercise of the rights attaching thereto.

Thirty-seventh resolution

Amendment of Article 24 of the Articles of Association regarding the appointment of alternate Statutory Auditors

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings and having reviewed the Board of Directors' report, decides to amend the Articles of Association in accordance with Article L.823-1 of the French Commercial Code amended by Law 2016-1691 of 9 December 2016 in order to take into account the new rules governing the appointment of the alternate statutory auditor(s) and therefore amend paragraph 2 of Article 24, the rest of the Article remaining unchanged:

"Where the appointed statutory auditor is a natural person or sole proprietorship, one or more alternate Statutory Auditors shall be appointed under the conditions provided for by law."

Resolutions presented for the approval of the Ordinary General Meeting

Thirty-eighth resolution

Non-renewal and non-replacement of Finexfsi Audit and Jean-Louis Simon as alternate Statutory Auditors

At the recommendation of the Board of Directors, the General Meeting decides not to renew or replace the terms of office of Finexfsi Audit and Jean-Louis Simon that expired at the end of this General Meeting in accordance with the law.

Thirty-ninth resolution

Powers to perform legal formalities

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, fully empowers the bearer of an original, a copy or an extract from the minutes of this General Meeting for the purposes of carrying out all legal or administrative formalities and carrying out all filing and disclosure requirements stipulated under applicable law.

The Board of Directors

General remarks

This Registration Document also includes:

- the annual financial report, which must be prepared and published by all listed companies within four months of the closing date of each fiscal year, pursuant to Article L.452-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulations; and
- the Board of Directors' annual management report, which must be presented to the General Shareholders' Meeting, called to approve the financial statements for the each fiscal year, pursuant to Articles L.225-100 *et seq*. of the French Commercial Code.

INFORMATION INCLUDED BY REFERENCE IN THE REGISTRATION DOCUMENT

Pursuant to Article 28 of Commission Regulation (EC) No. 809/2004 of 29 April 2004, the following information is included by reference in this Registration Document:

1. for fiscal year 2017:
   - the Axway consolidated financial statements for fiscal year 2017 and the Statutory Auditors' report on the consolidated financial statements presented in the Registration Document filed on 26 April 2018 (on pages 115 to 163 and 164 respectively),
   - the Axway Software financial statements for fiscal year 2017 and the Statutory Auditors' report on the financial statements presented in the Registration Document filed on 26 April 2018 (on pages 171 to 191 and 192 respectively);
2. for fiscal year 2016:
   - the Axway consolidated financial statements for fiscal year 2016 and the Statutory Auditors' report on the consolidated financial statements presented in the Registration Document filed on 24 April 2017 (on pages 109 to 157 and 158 respectively),
   - the Axway Software financial statements for fiscal year 2016 and the Statutory Auditors' report on the financial statements presented in the Registration Document filed on 24 April 2017 (on pages 161 to 183 and 184 respectively).

MARKET INFORMATION

This Registration Document also contains information relating to the markets and market share of the Company and its competitors, as well as its competitive position, mainly in Chapter 1, Sections 1 and 3. Most of this information is derived from research conducted by third parties. However, information in the public domain, which the Company believes to be reliable, has not been verified by an independent expert, and the Company cannot guarantee that a third party using different methods for the collection and analysis of such data or for calculations made using such data, would obtain the same results. The Company and its direct or indirect shareholders accept no obligations and provide no guarantees as to the accuracy of this information.

FORWARD-LOOKING INFORMATION

This Registration Document contains forward-looking statements and information about Axway Group's objectives, notably in Chapter 1, Sections 1 and 3 and Chapter 3, Section 3, which are sometimes identified by the use of verbs in the future or conditional tenses, such as "should" or "could" or by verbs such as "estimate", "consider", "target", "plan", "expect" or "aim". These statements and information are based on data, assumptions and estimates deemed to be reasonable by the Company. The forward-looking statements and objectives contained in this Registration Document may be affected by known or unknown risks, uncertainties relating to the regulatory, economic, financial and competitive environments, and other factors that may lead the Company's future results, performances and transactions to vary significantly from its objectives or indications. In particular, these factors may include the factors described in this Registration Document.

The forward-looking information set out in this Registration Document is valid only as of the date of publication. The Group operates in a competitive, constantly changing business environment. It cannot therefore anticipate all of the risks, uncertainties or other factors likely to affect its business activities, nor is it always able to measure the potential impact on its business or assess to what extent the occurrence of a particular risk or combination of risks might cause actual results to differ significantly from those set out in any forward looking statement. Forward-looking information does not constitute a guarantee of future performance.

RISK FACTORS

Investors are urged to carefully consider the risk factors described in Chapter 3, Section 5 of this Registration Document before making any investment decisions. The occurrence of one or more of these risks may have a negative impact on the business activities, financial position or results of the Company or its objectives. Moreover, other risks, which have not yet been identified or are not deemed significant by the Company, may also have a negative impact and investors could lose all or part of their investment.

Glossary

Unless indicated otherwise, in this Registration Document:

the terms "**Company**" and "**Axway Software**" refer to Axway Software SA;

the terms "**Group**", "**Axway**" and "**Axway Group**" refer to the Company and its subsidiaries;

the terms "**Sopra**" or "**Sopra Steria**" refer to "**Sopra Steria Group**" since 3 September 2014. The change in company name was approved as a result of the successful public exchange offer by Sopra Group for Steria Group's shares.

Glossary – Alternative Performance Measures

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

Organic growth: Growth in revenue between the prior period, restated for consolidated scope and exchange rate impacts, and the period under review.

Growth at constant exchange rates: Growth in revenue between the prior period, restated for exchange rate impacts, and the period under review.

ACV: Annual Contract Value – Annual value of a Subscription contract.

TCV: Total Contract Value – Total value of a Subscription contract, including both recurring revenue over the contract term and one-time payments.

Signatures metric: Amount of License sales plus three times the annual value (3xACV) of new Subscription contracts signed over a given period.

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 amortization of allocated intangible assets.

imagination takes shape

Cross-reference table

In order to enhance the readability of the Annual Report filed as the Registration Document, the following theme-based table allows the reader to identify the headings required by Commission Regulation (EC) no. 809/2004 of 29 April 2004.

n/a: not applicable

11. Research and Development, patents and Licenses	**6, 29, 42**
12. Trend information	
• 12.1 Principal trends affecting production, sales and selling prices	19-22, 24-25
• 12.2 Known trends, uncertainties, requests, commitments or events likely to materially influence the issuer's outlook	19-22, 40-47
13. Profit forecasts or estimates	**n/a**
• 13.1 Statement of the main assumptions on which the issuer based its forecasts or estimates	n/a
• 13.2 Report prepared by the Statutory Auditor	n/a
• 13.3 Preparation of forecasts or estimates	n/a
• 13.4 Statement on the validity of a forecast previously included in a prospectus	n/a
14. Administrative, management and supervisory bodies and executive management	
• 14.1 Composition - statements	8-9, 80-89, 104
• 14.2 Conflicts of interest	87-88, 102, 223
15. Remuneration and benefits	
• 15.1 Compensation and benefits in kind	89-100, 123, 150, 204
• 15.2 Pensions and other benefits	88, 93, 101,146-147, 152
16. Functioning of management and supervisory bodies	
• 16.1 Appointments of members of the Board of Directors and Executive Management	8, 80-84, 117-119
• 16.2 Service agreements binding members of administrative bodies and Executive Management	8, 150
• 16.3 Information on the Audit Committee	8, 89, 107-108
• 16.4 Statement on corporate governance	8, 80-89, 102
17. Employees	
• 17.1 Workforce	10, 54-60
• 17.2 Holdings and stock options of members of management and supervisory bodies	93-95, 98-100, 122-126, 134, 149-150, 175-176, 201
• 17.3 Employee holdings in the issuer's share capital	116, 122-126
18. Major shareholders	
• 18.1 Identification of the principal shareholders	221
• 18.2 Existence of various voting rights	221, 245
• 18.3 Control of the issuer	87, 103, 118, 178, 221-222, 236
• 18.4 Agreements, which, when implemented, may result in a change of control	n/a
19. Related party transactions	**103, 117, 178**
20. Financial information concerning the issuer's assets and liabilities, financial position and profits and losses	
• 20.1 Historical financial information	6, 27-30
• 20.2 Pro forma financial information	n/a
• 20.3 Financial statements	135
• 20.4 Audit of annual historical financial information	27, 181, 182, 211
• 20.5 Date of latest financial information	27

n/a: not applicable

n/a: not applicable

The Corporate Social Responsibility Cross-Reference Table appears at the end of Chapter 2 of this Registration Document.

Designed & published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

axway
imagination takes shape

Web site **www.investors.axway.com/en**

Mobile Web App **Axway IR**

France
Tour W
102 Terrasse Boieldieu
92085 Paris La Défense Cedex
P: +33 (0) 1.47.17.24.24
F: +33 (0) 1.47.17.22.23

USA
6811 E. Mayo Boulevard, Suite 400
Phœnix, Arizona 85054
P: +1.480.627.1800
F: +1.480.627.1801

www.axway.com