ANNUAL FINANCIAL REPORT

Universal Registration Document 2019

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

Universal Registration Document 2019

ANNUAL FINANCIAL REPORT

This Universal Registration Document was filed with the French Financial Markets (*Authority Autorité des marchés financiers,* AMF) on April 14, 2020, in accordance with Regulation (EU) no. 2017/1129, without prior approval in accordance with Article 9 of this Regulation.

The Universal Registration Document may be used when securities are offered to the public or admitted to trading on a regulated market, if supplemented by a securities note and, where applicable, a summary and all amendments made to the Universal Registration Document. The resulting documents are approved as a whole by the AMF in accordance with Regulation (EU) 2017/1129.

axway.com

DISCUSSIONS

“We need to be cautious and agile in an environment that has become highly uncertain.”

Pierre PASQUIER
Chairman of the Axway Board of Directors

As Axway finalises its first Universal Registration Document, humanity is facing an unprecedented global crisis caused by the COVID-19 pandemic.

As early as mid-March 2020, the Group formed a Committee to monitor developments in the health and economic situation, implemented secure remote working procedures for all employees and has since been closely monitoring cash management and its financial position.

On 7 April 2020, due to current uncertainties, Axway announced that its annual objectives were now in doubt and that the Board of Directors had decided that the responsible action was to propose to the General Meeting that no dividend be paid in respect of fiscal year 2019.

While our personal and professional lives have been affected by the health crisis, we need to be cautious and agile in an environment that has become highly uncertain.

The desire to support customers with their highly complex operating issues has always been firmly embedded in Axway’s DNA. In these challenging times, when decisions need to be quick and effective, the Group’s teams remain fully mobilised to deliver the solutions, subscriptions, and services critical to customer operations.

In 2019, Axway demonstrated its ability to evolve its organisation and practices to offer even more flexibility to its 11,000 customers. The Group not only successfully restored revenue growth, but also significantly improved customer satisfaction and employee engagement.

In 2020, despite an external environment whose impacts are currently difficult to quantify, the Group’s Board of Directors will continue to accompany the Executive Committee in the strategic choices that will enable Axway to sustainably create a development and value creation momentum. The challenges raised by this momentum concern, above all, Axway’s commitment to its stakeholders.

In line with its historical values, the Group remains committed to its economic, social and societal ecosystem. Our commitments to developing talent, business ethics and reducing our environmental impact perfectly illustrate these values and are reinforced today by a profound belief: working together we can overcome all challenges. ■

Patrick DONOVAN
Axway Chief Executive Officer

What were the key events in 2019?
2019 was a structuring year for Axway.

We achieved our objective of modernising our technologies, reflected by major R&D efforts. The transformation of our products was stepped up and strengthened by the strategic acquisition of Streamdata.io, a start-up specialising in event-driven API management. These developments supported the launch of the AMPLIFY™ hybrid integration platform in the second quarter of 2019.

In 18 months, the Group has significantly improved product recognition with its customers and the most influential market analysts. They recognise the immediate value created by our solutions and the clear roadmap, taking into account their existing software infrastructures.

We also accelerated our Go-to-Market strategy to establish the ramp-up of our new offerings in the long-term. In addition to strengthening the Executive Committee and the Sales Department, Axway now has teams focused on the adoption of offerings and brand recognition.

"Our transformation plan is accelerating and bearing fruit."

These structural changes, supported by close monitoring of customer satisfaction and employee engagement, contribute each day to strengthening Axway's partnership with over 11,000 organisations worldwide. The return to revenue growth during the year, at a higher rate than initially expected, speaks for itself. Our transformation plan is accelerating and bearing fruit.

Did your perception of the Group and its key assets change during the year?
Axway has been a market reference for several decades, but, in 2019, internal momentum was extremely positive. The Group has strengthened its position in numerous areas and we have built solid foundations for the long-term project we are developing.

As each year, I made wonderful discoveries among the Group's employees. I'm particularly satisfied that their commitment to Axway is steadily getting stronger.

When transforming a company, success requires the mobilisation of its driving forces, and in Axway, these are nearly 1,900 individuals in the four corners of the world who have decided to believe in our project to become a global independent leader. Our motto is not "Better Together" for nothing.

What are your plans for Axway in 2020?
The 2020 targets announced on 19 February were based on information available at that time and aimed for continued growth and improved profitability.

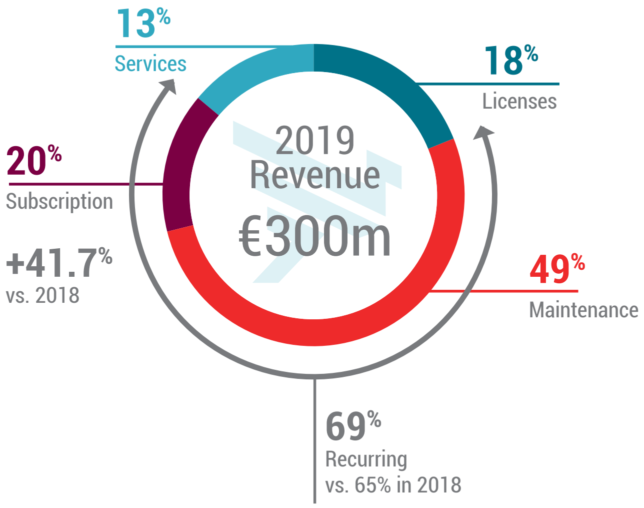
While it is worth recalling that 70% of Axway's annual revenues are recurring business and that the Company enjoys a sound financial position, in the current context, and given our limited visibility, we have suspended these objectives.

As I write these lines we are living a prolonged period of uncertainty, and our priority is to protect our employees, customers and shareholders. I hope that the return to normal will be as fast as possible, allowing us to communicate once again on our future ambitions. ■

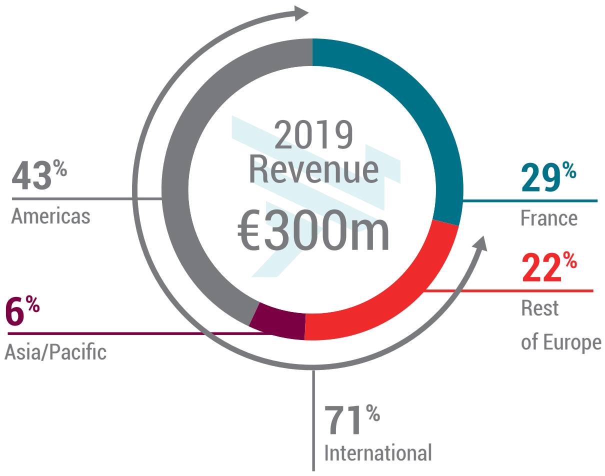
BUSINESS LINES

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

By business



By region



1st HORIZONTAL SOFTWARE PUBLISHER IN FRANCE

Top 250 Syntec Digital/EY 2019

Source: https://syntec-numerique.fr/editeurs-logiciels/top-250/2019

Recognised as a:

Leader	Strong performer
Gartner "Magic Quadrant for Full Life Cycle API Management"	Forrester "Strategic iPaaS and Hybrid Integration Platforms"
Source: Gartner, Magic Quadrant *for Full Life Cycle API Management, Paolo Malinverno, et al., 9 October 2019.*	**Source: The Forrester Wave™** *Strategic iPaaS and Hybrid Integration Platforms, Q1 2019, Forrester Research, Inc., 3 January 2019.*

By 2022, at least 65% of large organisations will have implemented a hybrid integration platform.

Source: Gartner, How to Deliver a Truly Hybrid Integration Platform in Steps, Massimo Pezzini, 9 January 2020

Transformation of the Group in 2019

✓ INNOVATION

- Acquisition of Streamdata.io
- R&D investment
- AMPLIFY™ Go Live
- Recognition by Analysts

✓ STRENGTHENED MANAGEMENT

- Strenghtened Executive Committee
- Renewal of regional sales management
- Recruitment of new experts

✓ STRONGER ENGAGEMENT

- Higher Employee Engagement Score
- Marked drop in attrition

OFFER AND CUSTOMERS

Our offer: with the AMPLIFY™ hybrid integration platform, all data in an IT ecosystem can interact.

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

- **App Integration (iPaaS)**: rapidly integrate apps using pre-connected solutions
- **Managed File Transfer (MFT)**: securely transfer and expose data
- **Content Collaboration (CSP)**: securely share and synchronise files
- **API Management**: innovate through new application programming interface services
- **B2B-EDI Integration**: integrate, adapt and connect ecosystems in the cloud
- **Mobile Integration**: rapidly develop innovative mobile apps

Our software solutions move, transform and secure data critical to our customer's performance.

17 SUBSIDIARIES

1,885 EMPLOYEES

+11,000 CUSTOMERS

Distribution in

+100 countries

Thanks to an extensive network of technology partners, integrators, distributors and consultants.

Our main business sectors

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

Further information can be found in Chapter 1 of the 2019 Universal Registration Document.

✓ REVITALISED ORGANISATION

- Strengthened Customer Success Organisation
- Increased customer satisfaction
- Strengthened partnerships

✓ GO TO MARKET RELAUNCHED

- Creation of teams dedicated to accelerating growth
- Increase in Sales & Marketing investments
- Substantial growth in the business pipeline

OPERATING INDICATORS

REVENUE & RESULTS

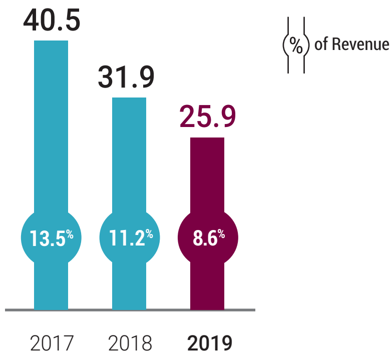
Revenue

SIGNATURES METRIC
+8.3%
Licenses
+ 3X new ACV

NEW ACV
+33.3%
Annual value
of new subscription
contracts signed in 2019

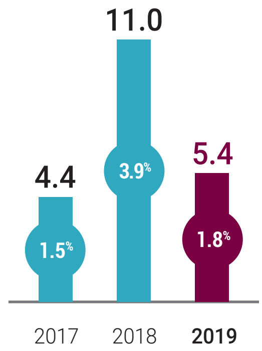
Profit on operating activities

(In millions of euros)



Net profit

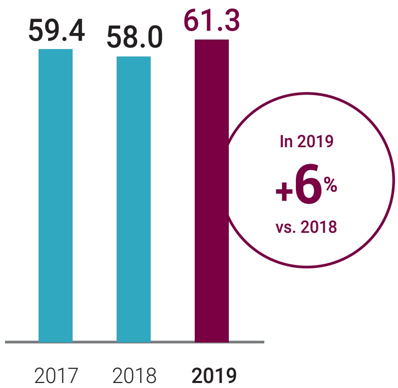
(In millions of euros)



INVESTMENTS

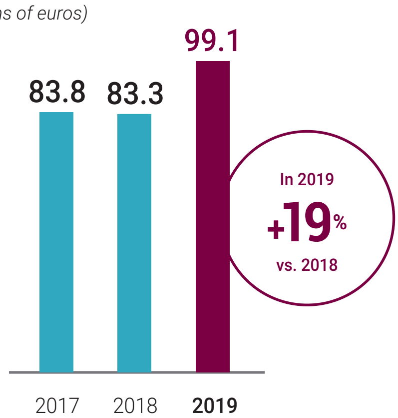
In Research & Development

(In millions of euros)



In Sales & Marketing

(In millions of euros)



R&D + Sales & Marketing investment up +13.5% in 2019 vs. 2018

BALANCE SHEET

Cash
€21.1 million
vs. €35.8 million at 31/12/2018

Net debt
€21.6 million
vs. €10.2 million at 31/12/2018

Equity
€362.6 million
vs. €362.7 million at 31/12/2018

OBJECTIVES

Press Release 19/02/2020

Leader	Revenue	POA
HIP	**>€310 million**	**>10%**

These objectives, announced by Axway on **19 February 2020** on the basis of the information available at that time, were called into question by the uncertainties associated with the COVID-19 pandemic. **Please refer to Section 1.8.**

Further information can be found in Chapter 1 of the 2019 Universal Registration Document.
Alternative performance measures are defined in the glossary.

STOCK MARKET PROFILE & SHARE CAPITAL

AXW
LISTED
EURONEXT

Euronext Paris – Compartment B
Bloomberg: AXW-FR
Reuters: AXW.PA
Market cap: €257.9 million at 31/12/2019

Main indexes:
CAC Mid Small
Euronext TECH 40

2019 Basic earnings per share

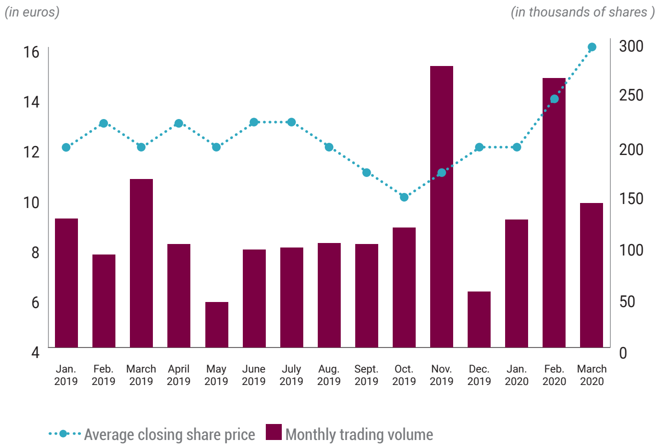
(in euros)

2017	2018	2019
0.21	0.52	€0.25

Dividend

At its meeting on 7 April 2020, and in the context of the COVID-19 pandemic, Axway's Board of Directors decided that the responsible action was to propose to the next General Meeting that no dividend be paid in respect of fiscal year 2019.

Share price and monthly trading volumes



Axway share ownership

Share ownership at 31 December 2019

Shareholders' Agreement

56.91% of shares

65.30% of voting rights

21,225,381 shares outstanding

34,714,466 voting rights

	Sopra Steria	Pasquier Family	Odin Family	Managers	Sopra GMT	Caravelle	Public	Treasury shares
Shares	32.57%	0.13%	1.39%	1.60%	21.22%	12.12%	30.75%	0.22%
Voting rights	36.08%	0.13%	1.51%	1.62%	25.94%	14.82%	19.88%	

2020 Financial Calendar

- **19 February** FY 2019 Results
- **14 April** Publication of the 2019 Universal Registration Document
- **23 April** Q1 2020 Revenue
- **27 July** H1 2020 Results
- **2 September** Publication of 2020 Interim Financial Report
- **21 October** Q3 2020 Revenue

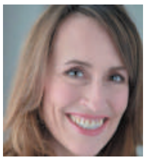
Further information can be found in Chapters 7, 8 and 9 of the 2019 Universal Registration Document.

GOVERNANCE

Axway's governance is founded on the sharing of powers between the Board of Directors 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 Chairwoman

Pierre-Yves Commanay
Director

Hervé Dechelette
Independent Director

Nicole-Claude Duplessis
Director

Emma Fernandez
Independent Director

Michael Gollner
Independent Director

Helen Louise Heslop
Independent Director

Pascal Imbert
Independent Director

Véronique de la Bachelerie
Independent Director

Yann Metz-Pasquier
Director

Marie-Hélène Rigal-Drogerys
Independent 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

Deliberations of the Board of Directors in 2019

- Corporate strategy and vision;
- External growth projects;
- 2019 budget;
- Closing of annual and half-year financial statements;
- Quarterly results;
- Election of the Chairman and Vice-Chairman of the Board of Directors;
- Composition of the Committees;
- Duties of the Board;
- Qualification of directors as independent;
- Company officer compensation.

14 members

4 nationalities

64% Independent Directors

43% women

6 Board of Directors' meetings in 2019

85% attendance rate

Further information can be found in Chapter 4 of the 2019 Universal Registration Document.

Audit Committee

6 meetings in 2019

94% attendance rate

6 members with the following duties:

- Review of annual and half-year financial statements;
- Monitoring of internal audit procedures and the statutory auditors;
- Review of the chapter of the 2019 Universal Registration Document on risk factors;
- Appcelerator consolidation balance sheet;
- Self-assessment of the Audit Committee.

Selection, Ethics and Governance Committee

6 meetings in 2019

96% attendance rate

6 members with the following duties:

- Application of good governance rules;
- Assessment of qualification as an independent director;
- Proposal of amendments to the activities or composition of the Board of Directors and its Committees;
- Preparation of the renewal of Directors' terms of office;
- Review of documents prepared pursuant to regulations and the Articles of Association;
- Preparation of Board deliberations on professional and employee equality;
- Consideration of implementation of an internal procedure on everyday agreements.

Compensation Committee

6 meetings in 2019

95% attendance rate

6 members with the following duties:

- Drafting of the company officer compensation policy;
- Proposal of compensation for company officers;
- Verification of application of variable compensation calculation rules;
- Preparation of the free share grant policy;
- Preparation of decisions concerning employee savings.

Executive Committee

CORPORATE RESPONSIBILITY

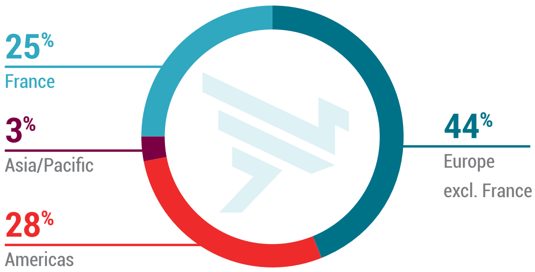
NON-FINANCIAL PERFORMANCE STATEMENT NFPS

In 2019, Axway continued to document its priority corporate social responsibility challenges, through three commitments - Employer, Societal, Environmental - consistent with its business sector and software publisher business model and in light of technological challenges. These commitments accompany Axway's long-term strategic project.

Employer commitment: attract, develop, mobilise and retain talent

Axway teams *At 31/12/2019*

1,885 employees
vs. 1,848 in 2018



Research & Development
42%
of employees

Customer Success Organisation
40%
of employees including sales staff

41 average age
vs. 40 in 2018

29% women
vs. 28 % in 2018

ATTRACT
At 31/12/2019

308 new employees
vs. 392 in 2018

- 56% Europe
- 23% Americas
- 19% France
- 2% Asia/Pacific

36 average age
vs. 34 in 2018

29.2% women
vs. 32% in 2018

Permanent contracts
96%

Without distinction of age

DEVELOP | MOBILISE | RECOGNISE AND BUILD LOYALTY

LEARN
30,900 training hours
58% digital

ENGAGE
58% employee engagement rate
+18% vs. 2018

COMMUNICATE
regularly on strategy execution

Work-life BALANCE and Home Office

DIVERSIFY
Age, state of health, men/women

RETAIN
7 years average seniority

MOVE
110 internal transfers

REWARD
Free shares plan for all

3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES | 17 PARTNERSHIPS FOR THE GOALS

Societal commitment: work with our stakeholders while respecting Group ethics

Each year, Axway signs up to the United Nations Global Compact and renews its CSR commitments:

Ethics system and tools

- Ethics charter, data protection, whistle-blowing system, responsible labels;
- Securities Trading Code of Conduct.

Societal initiatives

- Raise digital awareness among young girls;
- Raise awareness of people with disabilities in the workplace;
- Human dignity.

2020 Objectives

- Promote sustainable initiatives proposed by employees;
- Strengthen the handicap mission;
- Increase the visibility of women in the Group.

Environmental commitment: reduce our ecological impact

For the past two years, Axway has been structuring its thinking and efforts to reduce its environmental impact. The Group is improving its practices in the 17 countries where it operates:

Combat climate change

- Limit travel using fossil fuels;
- Increase the use of digital tools (66.7 Internet meetings per person in 2019);
- Encourage e-signatures: +45% of files signed in 2019 vs. 2018;
- Multiply eco-friendly gestures;
- Measure and control energies;
- Promote sustainable purchasing.

Protect life on land

- Process waste;
- Recycle or donate IT equipment;
- Limit printing;
- Limit greenhouse gas emissions: -2% in 2019 vs. 2018.

2020 Progress areas

- Assess carbon compensation programmes for air travel;
- Restrict plastic use to a minimum;
- Further reduce paper consumption.

Further information can be found in Chapter 3 of the 2019 Universal 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
- 1,885 employees
- Our businesses: R&D, Customer Success Organisation and Support structures
- International diversity

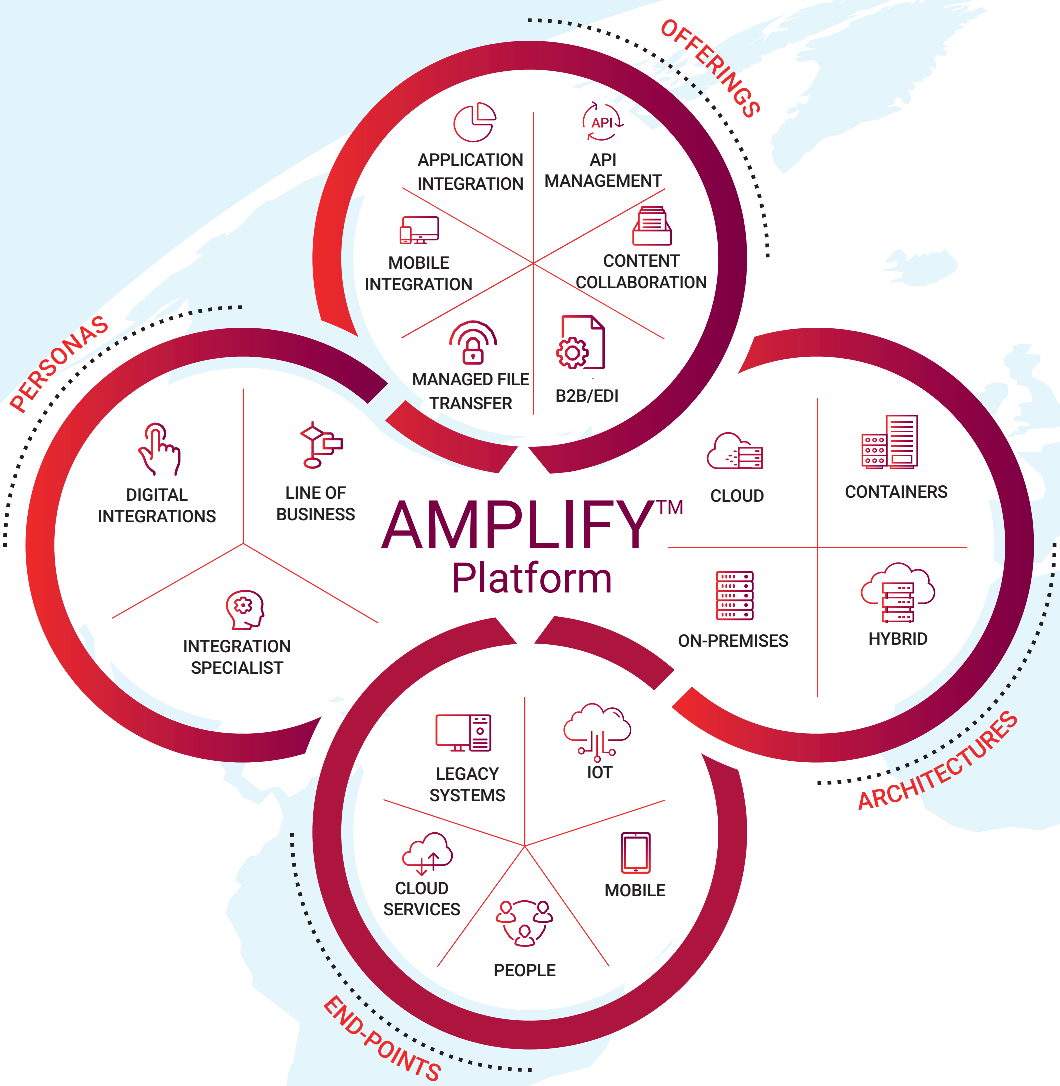
INNOVATION
- €61 million R&D investment in 2019
- 63 technology patents filed

SOLUTIONS
- Digital transformation for 11,000 customers
- Reputed technological expertise
- Robust and diverse product portfolio: API / IPaaS / MFT / B2B / EDI / mobile...
- AMPLIFY™ hybrid integration platform

STRUCTURE
- Revenue: €300 million (69% recurring)
- Operating profit margin: 8.6%
- 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

COMMITMENTS
- Ethical commitment
- Initiative, quality and rigour

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 to contribute to their business performance in a digital model

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 customers with their digital transformation

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

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

(HIP) by end-2020

Our Value Creation

With our Stakeholders

EMPLOYEES

Attract / Develop / Retain

- 308 recruitments in 2019
- New profiles
- 30,900 training hours
- E-learning platform
- In-house social network
- In-house engagement survey
- Management Roadshow
- Employee share ownership programme
- Development of home office

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
- Gaia rating
- Meetings with investors and shareholders
- Shareholder website and digital support

PARTNERS & SUPPLIERS

Co-innovate

- 100 local or global commercial, technology, consulting and integrator partners
- Ethics Charter
- Whistle-blowing system
- Sub-contracting & procurement policy

CIVIL SOCIETY

Contribute

- Global Compact annual commitment
- Recycling & donations
- Education and support programmes for women and young girls
- Environmental commitment: climate change and life on land

Through its software innovations and services, Axway modernises its customer’s IT infrastructures to accelerate their success.

The introductory pages to each of the nine chapters of this document demonstrate how Axway transforms existing infrastructures into simple and seamless digital experiences.

MODERNISE

AMPLIFY™ Platform creates brilliant digital experiences from your heritage infrastructure - Faster innovation, reduced cost & risk, increased security and happier customers.

1

Axway Group and its business activities

This chapter presents Axway's history and business strategy to achieve its 2020 objectives and mid-term ambitions. For the past few years, the accelerated adoption of the cloud and "as a service" models by major organisations has been transforming Axway's environment. In 2019, the Group continued to adapt to new market frameworks and has taken several significant steps to become a leader in hybrid integration platforms by 2020. Thanks to the long-standing expertise of near 2,000 talented employees around the world, and significant investment - notably with the launch of the AMPLIFY™ hybrid integration platform - Axway supports 11,000 customers and their ecosystems on a daily basis to successfully and securely move their mission-critical 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 through the spin-off of the "infrastructure software" business of the Sopra IT services group (now 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) domain.

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: notably in the Managed File Transfer (MFT) and Business-to-Business (B2B) integration fields.

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.

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 leading figure in the infrastructure software market since 2011

On 14 June 2011, Axway became an independent company listed on the Paris stock market (AXW:PA) through a demerger-listing transaction. Following this operation Sopra Steria Group kept a 26.27% stake in the Company.

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' 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, Content Services Platform (CSP), Mobile and Analytics. Since then, the Group has been able to offer its customers a range of solutions turning customers' heritage infrastructure into brilliant 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.

Axway's acquisition history

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 Group's B2B software business (Germany)
September 2008	Acquisition of Tumbleweed (USA)
June 2011	IPO on the 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$276.9 billion in 2020, with 10.7% CAGR between 2018 and 2024[(1)].

As a software publisher, Axway operates in several infrastructure software sub-segments and specifically application infrastructure and middleware. These segments will represent a US$39.8 billion market in 2020 and encompass technologies such as:

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

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

Gartner estimates Axway's different technology markets will grow as follows in 2020: IPaaS +36.0%, API Management +19.9%, MFT +5.1%, B2B Integration +2.5%[(2)], Content Services Platforms +7.4%[(3)].

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.

Gartner estimates 2020 Application infrastructure and Middleware growth in Axway regions as follows: North America +11.5%, Latin America +10.8%, Western Europe +10.4% and Asia/Pacific +14.5%.

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 licenses. 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.

(1) Gartner, Forecast: Enterprise Infrastructure Software, Worldwide, 2018-2024, 1Q20 Update, 31 Mars 2020. See Disclaimer page 269.

(2) Gartner, Forecast: Enterprise Application Software, Worldwide, 2018-2024, 1Q20 Update, 31 Mars 2020. See disclaimer page 269.

(3) Gartner, Forecast: Enterprise Application Software, Worldwide, 4Q19 Update, 24 December 2019.

As a result of these trends, the infrastructure and integration markets continue to evolve:

- requirements are increasing in both expectation of available information on all devices, while continually increasing the security of the connection and the data. IT ecosystems continue to develop as more and more companies work together through collaborative solutions;
- while more and more workloads are moving to the cloud, companies have decades of heritage infrastructure and systems that must continue to be leveraged to meet short-term needs and cost constraints.

Companies are therefore naturally turning to hybrid integration platforms to facilitate their digital transformation.

> 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. It is positioned as a Strong Performer in The Forrester Wave™: Strategic iPaaS and Hybrid Integration Platforms, Q1 2019 (2) thanks to its AMPLIFY™ offer. Last October, Axway strengthened this position when it was recognised as a leader in the Gartner 2019 Magic Quadrant for Full Life Cycle API Management(3).

The Group aims to maintain its leadership position in this market, and it continues to invest to reach this goal.

1.2.2 Trends observed in Axway's markets

The trends identified by previous analyses continued through 2019 and are expected to extend into the foreseeable future. The emergence of cloud-native services and applications in markets like Banking, Logistics or Healthcare, are putting pressure on market leaders to innovate faster in order to defend their positions and continue their development.

Major companies with complex information systems are either proactively searching for new opportunities created by the development of digital technologies, or their ecosystem (customers, partners, suppliers) is pushing them to do so.

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

1. **the Cloud**: by 2023, the cloud will account for 56% of total enterprise application spending, up from 44% in 2018(4). 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:** customers now require mobile as the preferred tool to drive their engagement. 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):** the number of IoT connected devices in the world is expected to reach 46 billion in 2021(5). 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 the future.

(1) *Gartner, How to Deliver a Truly Hybrid Integration Platform in Steps, Massimo Pezzini, 9 January 2020.*

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

(3) *Gartner, Magic Quadrant for Full Life Cycle ment, Paolo Malinverno, et al., 9 October 2019.*

(4) *Gartner, Forecast Analysis: Public Cloud Services, Worldwide, 14 November 2019.*

(5) *https://www.juniperresearch.com/press/press-releases/%E2%80%98internet-of-things%E2%80%99-connected-devices-triple-2021*

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.

While 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.

1.2.3 The competitive environment

Due to the breadth of its solutions, Axway Group operates in multiple markets with a variety of competitors. In early 2020, 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-RedHat, Microsoft, SAP, Oracle, Salesforce, and Broadcom-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 can 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 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 companies, which include cloud-native, 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.

  Thanks to its AMPLIFY™ hybrid integration platform, Axway now offers its customers a range of solutions turning customers' heritage infrastructure into brilliant digital experiences which create value for each use case.

1.2.4 Customers and target markets

Axway offers are aimed at all major organisations with the most 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 new digital challenges.

In the **Financial Services** sector, Axway solutions allow optimised management of data flows which are critical to bank transactions, payments 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, in particular, 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 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

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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 software solutions which are turning customers' heritage infrastructure into brilliant digital experiences** which create value for each use case.

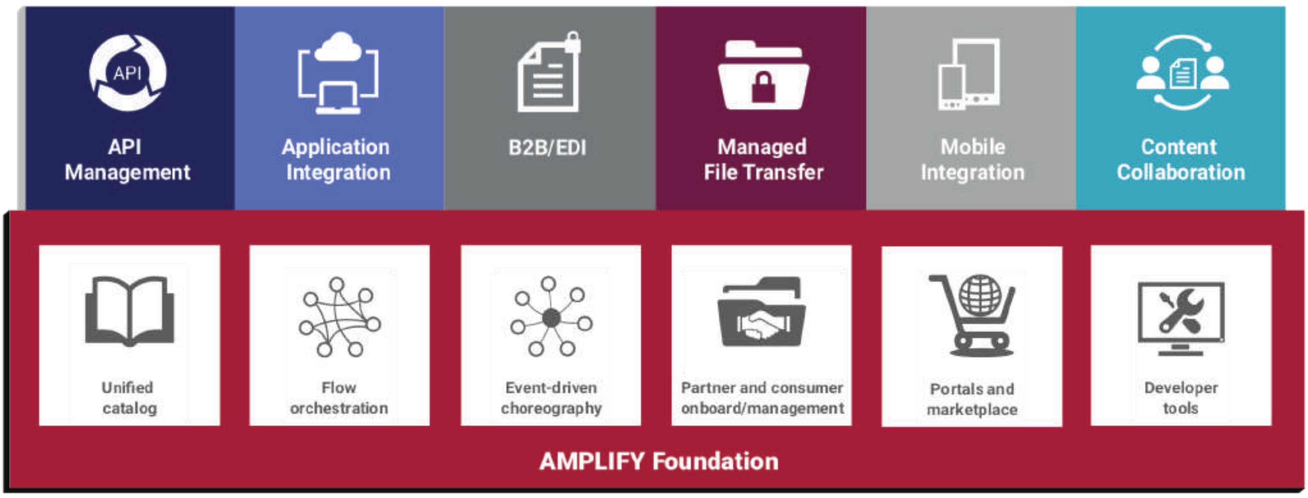
To be able to **offer its customers a unique digital experience to tackle all of a major company's integration scenarios**, thanks to a unified product and services catalogue, Axway has worked on the creation of its hybrid integration platform - known as AMPLIFY™ - since 2016.

The AMPLIFY™ platform, available since Q2 2019, brings together all the players in a major organisation's IT ecosystem around a common set of tools. 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 (CSP)**: 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.

AMPLIFY™ platform technology and services



The AMPLIFY™ ecosystem

The AMPLIFY™ platform is able to evolve the existing infrastructure solutions of major organisations, and it accommodates cloud, hybrid and on-premise architectures. Its different components are distributed as Subscriptions or Licenses 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 outcomes:

- **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 various products and services of the AMPLIFY™ platform are major sources of growth for Axway in the years to come.

The AMPLIFY™ commercial expansion enables Axway to accelerate the evolution of its business towards subscription-based offers. This transformation offers the Group the sustainability of a growing, more profitable model, providing greater visibility in the medium term.

Intellectual property and Patents

At the beginning of April 2020, Axway has 63 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.

1.3.2 Key events and changes in 2019

Throughout 2019, Axway accelerated the execution of its strategy to become a market leader in hybrid integration platforms by the end of 2020. The Group continued to transform its business model towards subscription-based offerings to meet the needs of its 11,000 customers more effectively. 2019 was therefore marked by several important events:

- **Axway acquired Streamdata.io in March 2019, adding market leading capabilities in event driven API management**. This acquisition made a strong contribution to go-to-market with its proprietary methodology for driving digital transformation through API adoption;
- **the product portfolio was strengthened by the launch of new solutions, after benefitting from significant investment efforts over the past 18 months.** Combined with the acquisition of Streamdata.io, this launched the AMPLIFY™ hybrid integration platform offering;
- **the AMPLIFY™ hybrid integration platform and its Full lifecycle API management offer were referenced among the best existing offers** in their respective markets by two major independent research firms[(1)]. Those key references for enterprise buyers are a solid proof point for Axway's leadership in hybrid integration platforms;
- **investments in Sales & Marketing** were **stepped up sharply** as anticipated (+19% over the year). These contribute to the sustainability of good commercial momentum around the new offers and enabled the following developments:
  - creation of a forward-thinking Catalysts team to guide customers in their transformation projects,
  - launch of a team dedicated to promoting the Group's strategic offers,
  - strengthening of the sales leadership team and the sales force to support growth,
  - strengthening of the marketing strategy to support pipeline expansion,
  - appointment of Customer Success Managers in charge of customer adoption of technologies;
- **the Customer Success Organisation was reinforced thanks to new monitoring tools and performance measures**, while offering new collaboration experiences to its customers through solution co-development focusing on innovative use cases;
- **Group management team was strengthened** to support the Company's project and boost the commitment of Axway's almost 1,900 employees:
  - 3 appointments to the Executive Committee: Go-To-Market, People & Culture, Finance,
  - new General Managers and deputies in North America, Europe and Asia/Pacific, i.e. three of the four geographic regions where Axway operates;
- **Axway hired 308 new employees all over the word** to support its business development and deployed a new talent development programme for the women and men of the Group;
- **the business mix and pipeline shifted steadily towards Subscription contracts,** supported by the rapid adoption of the AMPLIFY™ hybrid offers.

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(1) Sources: The Forrester Wave™: Strategic iPaaS and Hybrid Integration Platforms, Q1 2019, Forrester Research, Inc., 3 January 2019; Gartner, Magic Quadrant for Full Lifecycle API Management, Paolo Malinverno, et al., 9 October 2019.

1.3.3 2020 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.

Business model shift to Subscription offers

In 2019, The Group saw an acceleration in Subscription business as more customers selected the flexibility of this model. The Subscription business grew strongly throughout the year, generating higher revenue than Licenses for the first time in the Group's history.

2020 will see a continued effort to support the shift in business model towards Subscription offers, as well as the market launch of new AMPLIFY™ platform functionalities.

To support the growth of its new offers, Axway will also continue to innovate, invest in product pricing, sales and marketing, and its employee's development.

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 2020.

Continued development and refinement of the Go-to-Market campaigns, including more use of customer stories and references, 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 for customer satisfaction and establish the Group as a preferred player in the digital transformation of major organisations.

Axway Talents development to promote performance and value creation

While innovation and customer success are two of Axway's main challenges, the women and men who make up the company are its main resources.

The development of skills, the recruitment of talents and the value created by each employee are therefore strategic for the company.

As last year, in 2020, Axway will further develop its employee satisfaction indicators and strengthen its recruiter branding to promote the performance of its employees.

Become a leader in the hybrid integration platform market

The initial 2020 objectives anounced by Axway were:

- revenue of over €310 million;
- operating margin above 10%;
- improvement in net income.

These ambitions, announced on 19 February 2020 based on information available at this time, have been called into question by the uncertainties surrounding the current COVID-19 crisis[1].

It is worth recalling that 70% of Axway's annual revenues are recurring business and, to date, the Company has not encountered any particular accounts receivable issues.

(1) The term COVID-19 (COrona VIrus Disease) refers to the illness resulting from the coronavirus responsible for the pandemic that began in early 2020.

1.4 Key figures and comments on the 2019 consolidated financial statements

1.4.1 Key figures

(in millions of euros)	2019	2018	2017
Revenue	300.0	283.8	299.8
EBITDA	38.7	33.2	43.9
Profit on operating activities	25.9	31.9	40.5
As of% revenue	*8.6%*	*11.2%*	*13.5%*
Profit from recurring operations	14.6	22.5	30.7
As of% revenue	*4.9%*	*7.9%*	*10.2%*
Operating profit	14.3	18.3	27.7
As of% revenue	*4.8%*	*6.4%*	*9.2%*
Net profit - Group share	5.4	11.0	4.4
As of% revenue	*1.8%*	*3.9%*	*1.5%*
Number of shares at 31 December	21,225,381	21,225,381	21,210,231
Basic earnings per share *(in euros)*	0.25	0.52	0.21
Diluted earnings per share *(in euros)*	0.24	0.51	0.20
Net dividend per share *(in euros)*	-	0.40	0.20
Cash and cash equivalents	21.1	35.8	28.1
Total assets	568.8	553.8	551.1
Total non-current assets	442.7	422.7	420.7
Deferred income (current)	60.6	75.2	67.3
Shareholders' equity - Group share	362.6	362.7	344.1
Net debt (cash)	21.6	10.2	20.6
Employees at 31 December	1,885	1,848	1,839

1.4.2 Comments on the 2019 consolidated financial statements

2019 operating performance

In 2019, Axway generated revenue of €300.0 million, up 3.3% organically and 5.7% in total.

While the change in consolidation scope was negligible, due solely to the integration of Streamdata.io on 1 April 2019, currency fluctuations had a positive impact of €6.7 million on annual Group revenue. At constant exchange rates, Axway revenue would have grown by 3.3% over the year.

Profit on operating activities was €25.9 million, representing 8.6% of revenue, compared to 11.2% in 2018. This one-off and controlled decline in profitability, in line with forecasts and announcements, is mainly due to the scheduled acceleration of the Group's operational investments (R&D, Sales & Marketing) to complete its transformation initiatives.

Profit from recurring operations reached €14.6 million in 2019, including intangible asset amortisation charges of €8.6 million, representing 4.9% of revenue.

Operating profit, amounted to €14.3 million, or 4.8% of revenue in 2019. Finally, Axway's net profit amounted to €5.4 million for the year, or 1.8% of revenue.

Basic earnings per share are €0.25 for the year.

Revenue by business line

(in millions of euros)	2019	2018 Restated*	2018 Reported	Total Growth	Organic Growth*
License	52.8	57.6	56.5	-6.5%	-8.3%
Subscription	59.6	42.1	40.3	47.8%	41.7%
Maintenance	146.7	145.9	142.8	2.7%	0.6%
Services	40.8	44.9	44.2	-7.6%	-9.1%
Axway Software	**300.0**	**290.5**	**283.8**	**5.7%**	**3.3%**

* *Revenue at 2019 scope and exchange rates.*

License revenue was €52.8 million (18% of Group revenue) in 2019, down 8.3% organically and 6.5% in total. Despite improved sales momentum in the fourth quarter, the activity remained under pressure over the year as a whole, due to the ramp-up of Subscription offers among the Group's customers.

The Subscription business grew strongly throughout 2019, generating higher revenue than Licenses for the first time in the Group's history. Thanks to revenue of €59.6 million, with organic growth of 41.7%, the business contributed nearly 20% of Group revenue. In total, activity growth amounted to 47.8%. This solid performance, which illustrates the rapid shift in the business mix towards new contracting models, was notably supported by a very clear acceleration in sales at the end of the year, generating organic revenue growth of 116.7% in Q4 2019.

The Annual Contract Value (ACV) of new Subscription contracts signed reached €17.5 million in 2019, representing organic growth of 33.3% compared to 2018. At first impacted by the wait-and-see attitude associated with the launch of the AMPLIFY™ platform at the end of March 2019, and then by a significant lengthening of sales cycles, interest for the Group's new offerings was gradually confirmed, leading to a large number of new contract signatures at the end of the year. Therefore, while continuing to invest in strengthening the Go-to-Market, the Group successfully signed 21 new Subscription contracts worth over K€50 in Q4 2019.

For 2019, the Signature Metric showed organic growth of 8.3% compared to the previous 12 months, supported by the strong increase in the Annual Contract Value (ACV) of Subscription contracts signed during the period.

The Maintenance business generated revenue of €146.7 million in 2019, representing 49% of Axway's revenue. In line with its ambition, the Group was pleased to maintain revenue levels, with organic growth of 0.6%.

As a result, Axway's recurring revenue, which includes Subscription and Maintenance contracts, represented 69% of the Group's total revenue in 2019, an increase of 4.5 points compared to the previous year.

Services revenue totalled €40.8 million in 2019, representing 13% of Group revenue. Unsurprisingly, the business declined 9.1% organically due to lower License sales.

Revenue by geographic area

(in millions of euros)	2019	2018 Restated*	2018 Reported	Total Growth	Organic Growth*
France	86.4	80.9	80.9	6.7%	6.7%
Rest of Europe	67.3	65.7	65.7	2.4%	2.4%
Americas	129.8	128.7	122.3	6.1%	0.8%
Asia / Pacific	16.5	15.1	14.9	11.0%	9.1%
Axway Software	**300.0**	**290.5**	**283.8**	**5.7%**	**3.3%**

* *Revenue at 2019 scope and exchange rates.*

Each of the geographic regions in which Axway operates made a positive contribution to organic revenue growth in 2019. This collective progress is the result of Group investment in the Go-to-Market during the year.

France generated revenue of €86.4 million in 2019 (29% of Group revenue), with organic growth of 6.7%. This increase in activity was mainly due to significant growth in the Subscription business and the resilience of the License and Services businesses.

The Rest of Europe recorded organic growth of 2.4% over the year, with revenue of €67.3 million (22% of Group revenue). The Subscription business grew strongly in all countries in the region, while License and Services activities declined.

The Americas (USA & Latin America) generated sales of €129.8 million (43% of Group sales) over the year. Organic growth was slight (0.8%), with the double-digit growth in Subscription activities only able to offset the limited demand in the License business.

Finally, in the Asia/Pacific region, Axway reported 2019 revenue of €16.5 million (6% of Group revenue) thanks to a sharp organic acceleration in business activity of 9.1%. Growth in Licenses and the very strong increase in the Subscription business were the main drivers of this good performance.

Comparison of fiscal years ended 31 December 2019, 2018 and 2017

(in millions of euros)	2019	2018	2017
Revenue	**300.0**	**283.8**	**299.8**
Licenses	*52.8*	*56.5*	*65.3*
Subscription	*59.6*	*40.3*	*37.5*
Maintenance	*146.7*	*142.8*	*145.4*
Sub-total Licenses, Subscription and Maintenance	**259.1**	**239.7**	**248.3**
Services	40.8	44.2	51.6
Cost of sales	**88.4**	**84.2**	**88.2**
Licenses and Maintenance	*23.4*	*23.1*	*23.8*
Subscription	*26.7*	*21.7*	*21.1*
Services	*38.3*	*39.4*	*43.3*
Gross profit	**211.5**	**199.7**	**211.6**
As a% of Revenue	*70.5%*	*70.3%*	*70.6%*
Operating expenses	**185.6**	**167.8**	**171.1**
Sales costs	*99.1*	*83.3*	*83.8*
Research & Development expenditure	*61.3*	*58.0*	*59.4*
General expenses	*25.1*	*26.4*	*27.9*
Profit on operating activity	**25.9**	**31.9**	**40.5**
As a % of Revenue	*8.6%*	*11.2%*	*13.5%*

Cost of sales and gross margin

Gross margin stabilised at 70.5% of revenue in 2019. Organic revenue growth (+3.3%) explains the increase in cost of sales, which were efficiently rationalised. They increased +€4.3 million and represented 29.5% of revenue, stable on 2018 (29.7%).

The License and Maintenance gross margin stabilised at 88.3% of revenue in 2019.

The Subscription gross margin improved again, increasing from 43.9% in 2017 to 46.2% in 2018 and then 55.2% in 2019. In value terms, the Subscription margin increased significantly to €32.8 million (+76.5%).

The Services gross margin fell, mainly due to a drop in revenue (-9.1% organic growth). Costs were kept under tight control (-2.7%), with primarily a reduction in salary expenses.

Operating expenses

Sales costs totalled €99.1 million in 2019 and represented 33.1% of revenue, compared with €83.3 million in 2018 (29.4% of revenue). The rise in sales costs in 2019 was due to an upturn in marketing activity. Major events and campaigns were organised in 2019, notably to promote the AMPLIFY™ platform. The rise was also attributable to the development of the Customer Success Organisation and the creation of the Catalysts team.

Research & Development investment remained high in 2019, with expenditure totalling €61.3 million, or 20.4% of revenue. In 2018, Research & Development expenditure was €58 million (20.4% of revenue). The increase in 2019 was mainly due to a return to normal activity levels at the R&D centres during the year. R&D employee numbers increased in Romania, Bulgaria and the United States (+86 employees).

General expenses totalled €25.1 million, down slightly on 2018. This decrease is in line with the rationalisation measures launched in 2018.

Balance Sheet and financial structure

At 31 December 2019, Axway's financial position was solid with cash and cash equivalents of €21.1 million, bank borrowings of €42.7 million and shareholders' equity of €362.6 million.

1.5 Comments on the Axway Software SA 2019 annual financial statements

The financial statements described below are those of Axway Software SA. They present 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

2019 revenue rose 3.9% on 2018. Revenue from non-Group customers increased 2.4% (License +0.4%, Maintenance +8.1%, Services +2.7%, Subscription -21.0%) while inter-company revenue increased 5.5%.

Operating profit was €3.7 million in 2019, compared with €13.5 million in 2018. This decrease was due to higher inter-company expenses relating to marketing costs and cloud solution hosting costs.

Net financial income fell from €7.1 million in 2018 to €5.8 million in 2019. The main movements in this heading concerned a fall in dividends received (-€6.0 million), a reversal of provisions recorded in 2018 in respect of the subsidiary Axway Do Brasil (€3.1 million) and a decrease in the provision for foreign exchange losses (-€2.7 million).

Pre-tax current profit fell from €20.5 million in 2018 to €9.5 million in 2019.

The net exception loss was -€1.5 million in 2019, compared with -€3.7 million 2018. This improvement was mainly due to a fall in restructuring costs.

Employee profit-sharing totalled €714 thousand in 2019, compared with €555 thousand in 2018.

2019 net profit was €14.8 million, compared with €22.8 million in 2018.

1.5.2 Balance sheet

Shareholders' equity rose from €255.1 million at 31 December 2018 to €261.5 million at end-2019.

This change was due primarily to:

- net profit for the fiscal year of €14.8 million;
- the payment of dividends in respect of fiscal year 2018 for -€8.5 million.

The main change between these two fiscal years was the acquisition of Streamdata.IO in March 2019 for €1.5 million.

The €10.2 million rise in non-current financial assets was due to an increase in receivables from equity investments (including €14.5 million for Axway Inc.), despite a €6.7 million decrease in current account receivables with the subsidiary Axway Do Brasil.

The increase in Trade receivables was mainly due to a +9.6 million rise in accrued income (including a Group share of €5.1 million Group share).

The -€1.5 million decrease in Other receivables, prepayments and accrued income was due to a fall in tax receivables.

Following the increase in receivables from equity investments with Axway Inc., liquid funds decreased by €9.4 million between 2018 and 2019.

The repayment of loans from BPI and Banque Populaire enabled a -€3.3 million decrease in financial debt.

The +€10.2 million increase in Trade accounts payable was due in part to the significant increase in inter-company accrued expenses of +€7.8 million, (including +€4.8 million for cloud costs and +€698 thousand for marketing costs). Unpaid suppliers invoices also increased at the year end by +€3.1 million.

Tax and employee-related payables fell -€2.5 million, including -€1.3 million in respect of amounts payable to social security bodies.

Other liabilities, accruals and deferred income fell €1.2 million, mainly due to a decrease in amounts payable on non-current assets.

Related-party transactions are described in Chapter 4, Section 2, and in Chapter 5.14.1 "Related-party transactions" of this Universal Registration Document.

Pursuant to Articles D. 441-1 and L. 441-6 or L. 443-1 of the French Commercial Code, Axway hereby informs you that trade accounts payable at 31 December 2019 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 brackets						
Number of invoices	329					505
Total amount of invoices excluding VAT	3,399,961.17	490,588.04	1,836,946.44	77,472.98	638,096.07	3,043,103.52
Percentage of total purchases for the fiscal year, excluding VAT	3.64%	0.52%	1.97%	0.08%	0.68%	3.26%
(B) Invoices excluded from (A) regarding disputed or unrecognised debts and receivables						
Number of excluded invoices						NONE
Total amount of excluded invoices						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

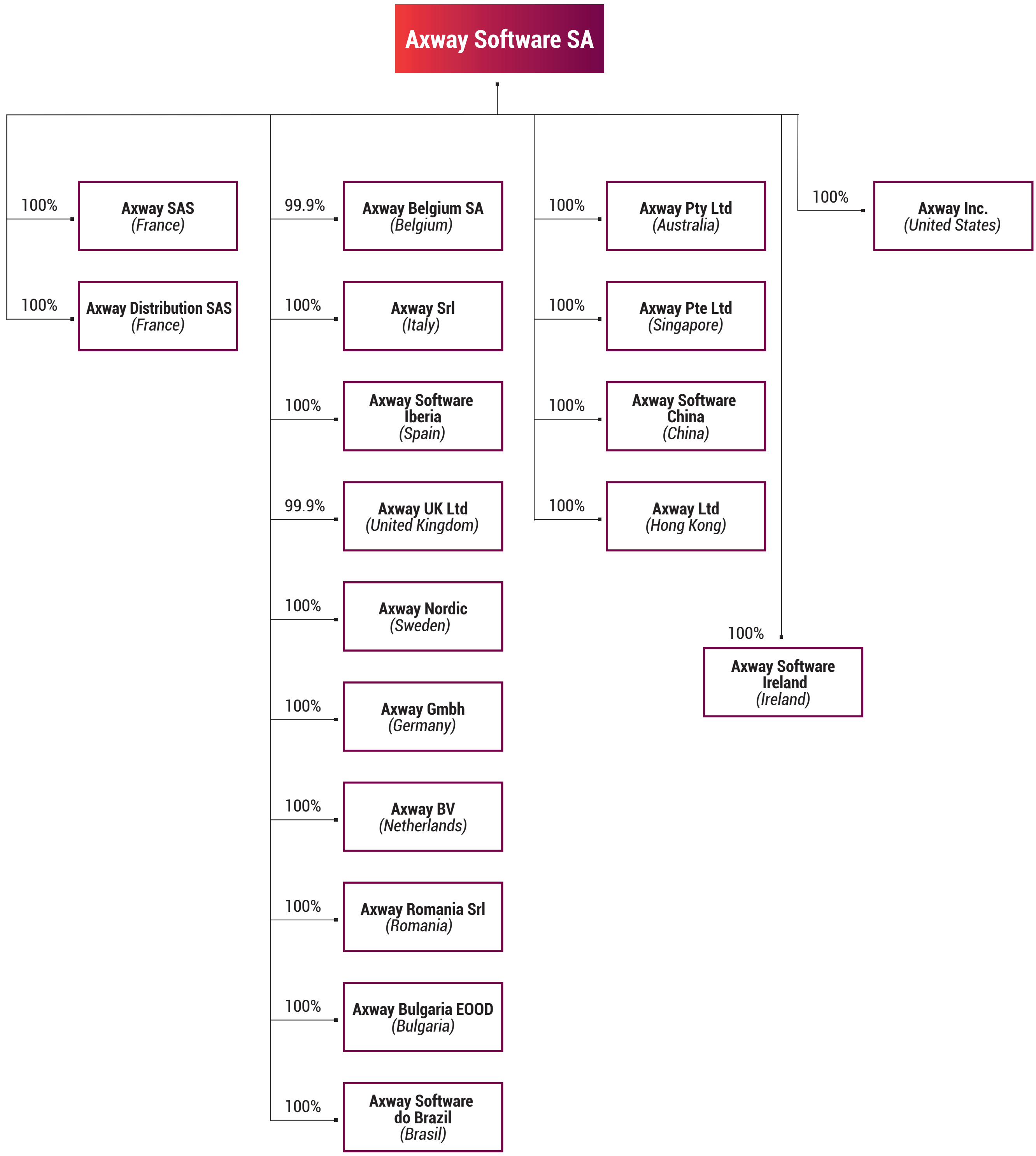
Trade receivables break down as follows:

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 brackets						
Number of invoices	501					809
Total amount of invoices excluding VAT	26,463,397.24	2,016,011.23	1,370,057.47	718,088.39	11,879,439.51	15 83,596.60
Percentage of total purchases for the fiscal year, excluding VAT	16.18%	1.23%	0.84%	0.44%	7.26%	9.77%
(B) Invoices excluded from (A) regarding disputed or unrecognised debts and receivables						
Number of excluded invoices						NONE
Total amount of excluded invoices						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 issued and past due more than 91 days mainly concern inter-company receivables.

1.6 Simplified Group structure at 31 December 2019



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 comprises a management body, an organisation based on the main operating functions and functional structures.

Executive Management

Executive Management comprises the Chief Executive Officer and the Executive Committee (ExCom).

The ExCom comprises 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 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 4, Section 3 of this Universal 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 consist 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 Innovation, Product Management and R&D Departments, which oversee product innovation, development and maintenance and 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 integrating and implementing the solutions sold and provide assistance in using them;
- the Sales Department, which consists of the Group's sales teams.

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

- Regional Marketing operations (EMEA, Americas, 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 Group 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 programmes organised at Group level, which aim to coordinate the operations of certain customer groups (sector-based approaches, key account approaches) or certain products/services (notably AMPLIFY™).

Functional structures

The Functional Departments (Corporate Secretariat, Finance, Logistics, Human Resources Management, Communication, IT Resources, Internal Information Systems, Legal Affairs) are centralised. They contribute to overall Group cohesiveness ensuring commitment to the Group's core values and serve the operational entities. They report directly to Executive Management.

The functional structures standardise the management rules (IT resources, IT systems, financial reporting, etc.) and monitor the application of policies.

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

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 entity, acting in concert with other entities (sales entity for local commercial support, expert product assistance, etc.).

Each project must be organised and operated based on fundamental objectives: 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 Programme Manager.

> Axway has set-up a project-based non-permanent structure for corporate social responsibility issues, as described in Chapter 3 of this Universal Registration Document. The Group's People & Culture, Legal, Financial Communications and Procurement Departments work with local officers in each of Axway's locations to produce the annual CSR report, prepare membership of various labels and submit our candidacy for the most relevant responsibility indexes.

1.8 Recent developments

Two press releases were issued recently:

On 6 April 2020, Axway issued a press release disclosing a transaction in own shares:

"*Paris, 6 April 2020* - On 31 March 2020, Axway Software acquired, under the authorisations granted to the Board of Directors by the General Meeting of 5 June 2019, 12,984 of its own shares. These shares were acquired at an average price of €15.50 per share, i.e. a total cost of €201,252.

A description of the authorised share buyback programme was published on June 5, 2019 and is available on Axway's website in the Investors section. Details of transactions, in accordance with Article 5(2)(c) of European Regulation No 596/2014 and its Delegated Regulation (EU) 2016/1056, are available on Axway's website in the Investors section, under Regulated Information."

On 7 April 2020, Axway announced in a press release the suspension of its annual objectives and proposed to the next General Meeting that no dividend be paid in respect of 2019:

"*Paris, 7 April 2020* - The Board of Directors of Axway Software, meeting today under the chairmanship of Pierre Pasquier, reviewed the Company's action plan to address the COVID-19 global crisis.

Business continuity plan

From mid-March, Axway has ensured strict compliance with local regulations and recommendations in each of the countries where it operates. The Company has maintained its ability to deliver the solutions, subscriptions and services required by its customers.

The following steps were taken immediately:

- Creation of a committee to monitor developments in the health and economic situation, capable of making immediate decisions;
- Implementation of appropriate and secure remote working procedures for all employees;
- Close monitoring of cash management and the Company's financial position.

Remote work is part of Axway's international culture, and the solutions the Company develops facilitate this way of working. The rapid transition of all employees to remote working was therefore carried out seamlessly and Axway's teams are currently fully mobilised.

2020 targets

The 2020 targets announced by Axway on 19 February 2020 based on information available at this time, have been called into question by the uncertainties surrounding the current crisis.

It is worth recalling that 70% of Axway's annual revenues are recurring business and, to date, the Company has not encountered any particular accounts receivable issues.

Dividend for fiscal year 2019

At its meeting today, Axway's Board of Directors decided to propose to the next General Meeting that no dividend be paid in respect of fiscal year 2019.

This decision allows Axway to preserve its resources and ensure that, in a context of prolonged uncertainty, the Company will be able to protect its employees, customers and shareholders under the best conditions.

The Company benefits from a sound financial position and positive cash flow and has readily available financing capacity."

TRANSFORM

Bring clarity to system and business model transformation, and deliver successful business outcomes from technology projects.

2

Risk Management

2.1 Risk factors

NFPS

The Group undertook a major review of the "Risk Factors" Chapter of this document in line with the new applicable regulation, Prospectus 3.

All the risks and threats identified are regularly analysed in accordance with the Group's risk management approach. internal audit keeps a risk mapping detailing the Group's sectors, activities and key processes and assesses the risks taking into account all measures already in place and effective ("net risk"). The mapping is mainly used to create an annual internal audit plan to focus resources on the areas and risks that are strategic for the Group.

Based on this work, the most material net risks for the Group's business were extracted thanks to close coordination between the Legal Department, internal audit and the various parties concerned. These same risks were examined by Executive Management and the Audit Committee.

At the date of filing of this document, the risks described below are those identified by the Group as the most material net risks for its business. The following table summarises the main net risks organised into four categories (Risks relating to the Group's market, Risks relating to the Group's business and organisation, Security Risks and Legal and Compliance Risks).

The risks are presented in descending order of importance within each category. A risk description is provided for each risk as well as an explanation of how this risk may affect the Group. Risk management information is also provided.

The Company declares that at the date of publication of this Universal Registration Document, the impacts of COVID-19 on the Group's business are not yet known and developing daily. Given the magnitude of the COVID-19 pandemic and economic forecasts, particularly in countries where the Group operates, the Group cannot exclude the risk that its results will be affected. At this stage, it is difficult for the Group to assess the extent of the risk of the COVID-19 pandemic on its activity. In this context, the Group implemented risk management arrangements very early. The Group set up a crisis management unit bringing together the members of the Executive Committee. This unit meets daily to respond as quickly as possible to any changes in the pandemic, monitor its impact on the Group's businesses and take appropriate action. The Group's priority focus is the health of its employees, customers and partners, notably through widespread working from home, enabling remote customer support, and keeping employees informed of the best health measures. Through these measures, the Group has helped avoid the spread of the virus and ensured continuity of service for its customers.

Summary presentation of main risks in order of priority

Risk categories	Main risks
Risks relating to the Group's market	• Risks of lack of innovation and failure to anticipate market trends • Risks of customer base erosion and non-renewal of Maintenance or Subscription contracts • Risks relating to the transition towards Subscription business models
Risks relating to the Group's business and organisation	• Risks relating to attracting, retaining and developing talent • Risks of production errors or technical defects
Security risks	• Risks relating to the security of the information and applications and software used in the cloud or on-premise
Legal and compliance risks	• Intellectual property risks • Risks relating to various regulations and their compliance

1 Risks relating to the Group's market

Risks of lack of innovation and failure to anticipate market trends

Risk description	Risk management process
Technology innovation is a constant feature of the market in which the Group operates. Its commercial success lies mainly in its ability to deliver innovative products and solutions to satisfy 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 different or innovative compared to existing applications, with financial conditions that the market will accept. These requirements are heightened by the technical agility expected by customers, who wish to use the apps in the cloud and/or on-premise, deploying them easily on a variety of devices. The Group can make no assurance that the new applications developed meet market expectations. Similarly, the Group can make no assurance that other alternative or rival technologies will not be developed. These technologies could gain substantial market shares and restrict the Group's ability to sell its software and services. The risk is even higher as the Group's market is concentrated and it competes with other companies with significantly greater resources. The occurrence of this risk may lead to a rise in costs, a decline in sales and, more broadly, a significant negative impact on the Group's results.	The Group constantly invests to develop new innovative offers and solutions for its customers. The Group continues to focus its efforts on providing the agility and functionalities expected by customers. It pays even greater attention to its proximity, transparency and communication with customers to better understand their expectations and anticipate market trends. The Group's strategy is clear: streamline the solutions portfolio to prioritise R&D investments and focus on an innovative and high-quality offering. In addition, the Group works closely with its key customers to explore, develop and implement new and revised offers that may have wider uses. In addition, the Group regularly assesses external growth opportunities through the selective acquisition of new or complementary technologies.

Risks of customer base erosion and non-renewal of Maintenance or Subscription contracts

Risk description	Risk management process
The recurring revenue generated by Maintenance and Subscription contracts accounts for a significant and growing portion of the Group's business. The Group's ability to retain and expand its customer base is instrumental in maintaining and boosting its revenue. Given the intense competitive and technological pressure on the Group's offers, the risk probability that Maintenance or Subscription contracts will not be renewed is significant. In this context, the Group must fully satisfy customer requirements and expectations by offering high-quality products and forging trustworthy relationships. A poor alignment of those teams in direct contact with customers, particularly the Sales, Services and Support teams, could be detrimental to the customer experience, which is key to satisfaction and loyalty. It may also be difficult for the Group to make its voice heard in a competitive environment dominated by major IT software and service players with substantial marketing power. The Group's business heavily depends on its ability to gain market recognition as a player offering products and services that deliver quality, security and innovation, and added value for customers. The non-renewal of Subscription and Maintenance contracts by numerous customers or a certain number of customers who generate substantial revenue could have a significant negative impact on the Group's results.	The majority of the Group's major applications, once fully adopted by customers, become an integral part of the services proposed internally or to their own customers. Non-renewal by the customer can have a significant negative impact on its activities, resulting in an low attrition rate for these applications once they have been deployed by customers. The Group strives to promote its solutions and contract renewal to accompany its customers from "start to forever", with a range of support services encompassing solution strategy, commercial alignment, adoption planning, implementation and customer success. This customer life cycle approach increases the customer partnership and promotes a relationship of trust. In addition to the criticality of our solutions for the operating activities of our customers, the success of applications often depends on more than just the quality of the application and its technology. Customer satisfaction and loyalty often requires interaction to support them over the long-term. To this end, the Group has teams dedicated to the customer experience and customer success, to develop the relationship over time and forge long-term customer trust. The Group has adopted tools designed to proactively monitor, anticipate and manage Maintenance and Subscription renewals. The Group constantly monitors the success of its customers with regard to its solutions and support activity through satisfaction surveys. The results of these surveys allow the Group to take corrective actions to further improve customer satisfaction and maintain it at a high level overall. As it is a major part of the Group's activities, these metrics are monitored by the Executive Committee and included in the variable compensation of most Group employees.

Risks relating to the transition towards Subscription business models

Risk description	Risk management process
By launching new offerings such as the AMPLIFY hybrid integration platform, the Group supports the transition of its business towards the Subscription business model. A market shift to Subscription may lead to a decline in revenue generated by perpetual licenses and related Maintenance. Conversely, failure to transform the business model and promote the adoption of Subscription and cloud services would make it difficult to achieve Group growth objectives. Furthermore, adoption of new business models requires the Group to develop its systems, infrastructures and internal processes to cater for these new means of production, sales and operation. These new tools and processes require investment and a significant realignment of internal teams. The sales and marketing teams must be able to generate sufficient interest from potential customers and transform the pipeline into sales. The Group can make no assurance that the transformations already completed will suffice or that no additional investment will be required to finalise the change in business model. Customers may not welcome these transformations as expected and/or may require a period of adaptation. The occurrence of this risk may lead to a slowdown in business, a decline in sales, a loss of reputation and, more broadly, a significant negative impact on the Group's results.	Synergy between the various departments is a priority for the Group. Continuity between the innovation, product management, product marketing, Go to Market and customer experience processes was improved in 2019, through strong governance and the involvement of the Executive Committee and its main Directors. The Executive Committee was strengthened in July 2019 with the arrival of a Go to Market manager, supervising notably the Marketing department. All the Group's teams, particular sales and marketing, are perfectly aligned and focused on achieving the Group's strategic objectives. The Group's growth objectives notably place a greater emphasis on the commercial and technical value Axway provides to its customers. Away has developed information campaigns over the past two years, presenting specific examples of customer success. Ongoing exchanges with customers, through frequent satisfaction surveys enable customers' needs to be understood and better met. The Group is therefore able to deliver real added value, by proposing the right product to the right customer and converting the current base to provide existing customers with access to new innovative solutions The constantly growing cloud market is a driver for the Group. The change in the business model requires the adoption by all Axway teams of new procedures, sales techniques, measures or indicators for monitoring activity and how to develop customer loyalty. The Group successfully achieved the large majority of its 2019 objectives, with strong growth in new Subscription contracts, up 33% year-on-year. Through customer adoption of the Group's vision for the Subscription activity, the overall impact on revenue of the change was contained. In a context of growth in Subscription and cloud Services sales and in order to better manage its activity, the Group is adapting its information systems, notably for revenue recognition and customer base management.

2 Risks relating to the Group's business and organisation

Risks relating to attracting, retaining and developing talent

Risk description	Risk management process
The Group operates in a highly competitive environment, which creates significant employee mobility and makes certain experts hard to find or retain. In this context, the Group may encounter difficulties in attracting, recruiting and retaining talent. Given the complexity of its applications, the Group's continued success mainly depends on its ability to ensure the harmonious management of its Human Resources and build the loyalty of staff members who boast the critical expertise required for the Group's success, and who have a good understanding of the approaches to the use of a given software that is customisable for each customer. A significant reduction in the number of highly experienced employees, especially through their move to a competing company, could weaken certain Group activities. Such losses could diminish the Group's added value in terms of customer service and product quality. The disappearance of certain technical expertise could require a significant amount of outsourcing to meet the commitments made to customers. The occurrence of this risk may lead to a slowdown in activity, a loss of reputation and, more broadly, a significant negative impact on the Group's results.	The Group has set up programmes not only to motivate and train employees but also to retain them. The Group encourages strong flexibility between jobs and more transparent managerial communication to share strategy, explain it and associate teams via more participative methods. The Group recognises talent and builds loyalty for the long-term. For the first time in the fourth quarter of 2019, the Group reviewed its talent pool (98% of the total workforce) to assess the performance and potential of all employees. This annual review enabled the Group to identify potential and necessary career developments for each employee. Managers are strongly encouraged to draw up an individual career and development plan in coordination with the Human Resources department. In certain cases and for certain types of profile, a transfer of skills and knowhow is initiated to retain expertise in-house. Since 2014, Axway has also conducted employee appraisals in France every 2 years to review professional development prospects, particularly in terms of qualifications and employment. This appraisal is designed to identify ambitions or areas of improvement for each employee. In additions, efforts to improve appeal, loyalty and talent development enabled significant reduction in the attrition rate in 2019, and the recruitment of several key positions.

Risks of production errors or technical defects

Risk description	Risk management process
The Group's applications are complex software engineering components made up of several million lines of code. Like any other company in its market, the Group can make no assurance that the software developed and integrated has no errors or defects. The risk is even greater for the Group due to the growth in its cloud activities and the fact that its applications are often used in complex and critical operating environments processing several millions of individual transactions. In addition, an error or defect in a cloud application could create a disturbance for several customers sharing the same Cloud environment. Any losses caused by a performance error or defect could result in emergency corrective measures that generate substantial production cost overruns. Such defects may also result in claims for damages from customers or an increase in Maintenance or warranty costs for the Group. The occurrence of this risk may damage the Group's reputation, lead to legal proceedings with the customers concerned and, more broadly, have a significant negative impact on the Group's results.	The Group conducts quality assurance tests on all its new applications and on all new versions and updates of existing applications. The quality control measures implemented by the Group enable it to ensure, to the extent possible and within reasonable limits, that they are free of errors and defects. In addition, the Group has adopted a general approach for the tracking and management of performance and reliability issues. In cloud environments, the launch and operation of applications is constantly monitored to ensure the continuity of customer activities. With regard to it customers, the Group undertakes to comply with its standard support and service level maintenance procedures that are available on its website. The Group has professional indemnity and operations insurance coverage. This insurance policy covers all Group companies for the financial impacts arising from civil and professional indemnity claims in connection with their activities, due to material or immaterial physical damage or harm caused to third parties. The overall contractual claim limit is €30 million per year of insurance.

3 Security risks

Risks relating to the security of the information and applications and software used in the cloud or on-premise

Risk description	Risk management process
The Group operates in a market notable for very rapid technological changes, thereby constantly exposing it to IT or industrial hacking risks and IT virus attacks. Despite the measures implemented, the Group can make no assurance to its clients that there will be no security breaches or their malicious exploitation by a third party. A security breach in a customer environment or an uncorrected vulnerability in a Group application may be exploited by cybercriminals and customer data could be jeopardised. Such breaches can disrupt the smooth running of the Group's systems and applications and those installed for their customers and hinder the Group's ability to meet its commitments in terms of service availability, quality and continuity. The Group's applications and solutions can now be used from various devices, particularly mobile phones based on API technologies developed by the Group. Multiplying the number of access points on customer and Group infrastructures can increase the risk of unauthorised access to customer data. This risk is heightened due to the nature of the Group cloud service solution and the fact that this solution represents a growing percentage of the Group's business. cloud-based services occasionally involve the storage and transmission of sensitive customer data in strictly regulated fields 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 Group or customer data. The occurrence of this risk may damage the Group's reputation, lead to legal proceedings with the customers or authorities concerned and, more broadly, have a significant negative impact on the Group's results.	A product and solutions security team ensures that the imposed rules (Secure Software Development Lifecycle) are observed. Security tests must be successfully completed before the release of each product. Proactive and corrective vulnerability tests are constantly performed. For Cloud Services, dedicated teams at a Security Operations Center constantly monitor the smooth running of operations. Axway has defined an information security management system comprising a consistent set of policies and procedures based on ISO 27001 principles. Under the responsibility of its CISO (Chief Information Security Officer), these policies are applied across the Group and enable Axway to obtain external certifications, demonstrating its commitment to and compliance with security and information security best practices – e.g. ISO:27001, SOC2, ISO:9001, FEDRAMP, Common Criteria, etc. The Group fully adheres to the requirements set forth by the General Data Protection Regulation (GDPR) under the control of a DPO (Data Protection Officer). Every year, all Group employees receive specific security training, particularly on information security. Specific IT teams and tools – including intrusion detection and prevention systems – constantly monitor the Group's information systems. Systems for backing up data, monitoring infrastructures, and controlling access to sites and IT applications are thus deployed universally. A cybersecurity insurance policy was taken out in addition to the Group's professional indemnity insurance coverage to manage and cover as well as possible the different types of cybersecurity risk: damages following third-party claims, material and immaterial damages and operating losses, additional expenses or costs related to the management of crisis communication following a security failure in particular. The overall contractual claim limit is €10 million per year of insurance.

4 Legal and compliance risks

Intellectual property risks

Risk description	Risk management process
The Group's business is founded on the software it develops and integrates, and the companies acquired over the years. The Group can make no assurance that no third parties will claim the intellectual property rights to Axway software or the third-party software embedded in Axway software. This risk is heightened by the exposure sought by the Group to promote its solutions and by the recognition of its customers. The occurrence of such risks could hinder the Group's ability to use or develop its solutions. More broadly, any third-party claim to intellectual property rights could have a material adverse impact on the Group's results.	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. Axway strives to mitigate the risk of legal action for infringement of intellectual property rights by filing patents for its software once this is authorised by local applicable law, by rolling out a compliance programme for its open source software, and by developing a legal analysis to be implemented as soon as any legal action for non-compliance is likely. The Group selects its subcontractors and other technological partners based on their ability to safeguard the Group against any intellectual property right claims.

Risks relating to various regulations and their compliance

Risk description	Risk management process
The Group conducts its operations in over fifteen countries via its subsidiaries and is therefore subject to various regulations. These regulations may be amended at any time and the Group's operating costs in a given country may prove to be higher than anticipated. For example, the implementation of the European General Data Protection Regulation required major adjustments according to the nationality of the Group's customers and suppliers. Most of these countries where the Group operates have laws on foreign investments and on companies under foreign ownership operating within their territories. These laws may restrict exports and how the Group can distribute or sell certain applications. The Group has invested heavily in company acquisitions in the United States, where some of the toughest regulations are applied. Numerous Group customers depend on obtaining and maintaining administrative authorisations and certifications. The Group may be required to comply with certain regulatory provisions in its capacity as subcontractor. The Group can make no assurance that no breaches of regulation will be identified during an audit or inspection. Likewise, the Group can make no assurance that its suppliers or subcontractors comply or will comply at all times with applicable regulations. The occurrence of this risk may damage the Group's reputation, lead to legal proceedings with the customers or authorities concerned and, more broadly, have a significant negative impact on the Group's results.	The Group relies on a network of internal and external experts in addition to legal and regulatory monitoring tools to identify and anticipate the regulations applicable to each Group entity. It has rolled out internal control and continuous improvement procedures. The Group is therefore required to regularly review its internal control procedures to adapt to new regulations and take into account new market requirements. The Group is developing a compliance culture through awareness training and campaigns organised at Group level, locally or for specific groups (e.g. Security, GDPR, anti-corruption, insider trading, etc.).

2.2 Internal control and risk management

2.2.1 Definition and description of the internal control and risk management environment

a. Definition and objectives of internal control and risk management

The Group's 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).

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 (1) compliance with laws and regulations; (2) the application of instructions and guidelines determined by Executive Management; (3) the proper functioning of the Company's internal processes, particularly those intended to safeguard its assets; (4) 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 Group's strategy.

With regard to risk management, its aim is to: "(1) create and preserve the Company's value, assets and reputation; (2) safeguard decision-making and other Company processes in order to promote the achievement of objectives; (3) promote the consistency of the actions taken with the Company's values; (4) unify Company employees around a common vision of the main risks and increase their awareness of risks inherent to their activity".

The main risks that the Group faces are described in Chapter 2, Section 1 "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 Group 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.

The Group'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. Certain Group companies may operate in other countries to that where they are located. 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.

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 Group.

Human Resources management policy

The Group 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: regular 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 3 "Corporate responsibility".

IT systems

The Information Systems Department is responsible for information systems management. 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 operating requirements of the Company and users, 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. 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 the Group and any associated stakeholder must observe in their 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 programme) of the Group'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. Global and support processes (Human Resources, Infrastructures and IT systems, Finance and Legal and Administrative functions) are also formalised.

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 and made available in dedicated spaces on this portal. One of the main goals of the procedures is to manage the risks identified by the Group and cover operating activities.

The Group 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 Group's IT systems security policy was designed to protect not only the Group's internal data but also that of its clients and partners.

The Group's procedures are rolled out as soon 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: (1) a weekly basis for a monthly horizon (operational monitoring of the activity, monitoring of forecasts, execution and production, management of major contracts, alerts and risks); (2) a monthly basis for an annual horizon (previous month's results, review of annual forecasts, budget monitoring); (3) an annual basis for the multi-year timeframe (budgetary approach as part 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 Group'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 smooth running 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 2, Section 1 "Risk factors" of this 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 the Group's in-house lexicon when they are significant for the entity that identifies them. They are handled immediately or are 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 and informing management, if need be.

The Group's functional divisions responsible for the definition and proper application of policies relating in particular to Human Resources, financing, legal aspects and IT systems also report to Executive Management on any newly identified risks at steering meetings.

e. Control activities

Control activities take place throughout the Group, 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

The Legal Department plays a key role in the management of the Group'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 Group. More generally, the Legal Department ensures that the Group 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 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

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. The internal control system is monitored internally (internal audit, Audit Committee) and externally (statutory auditors, certifications, customer audit).

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;
- the development of all recommendations to improve the Company's operations;
- monitoring the implementation of corrective actions agreed upon following each audit;
- updating of risk map.

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 4, Section 1 of this document. 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.

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 familiarise themselves with internal control systems relevant to the audit and assess the design and implementation of controls implemented on which they have decided to rely. 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 the Group'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 the Group 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/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. Axway has decided to roll out the SOC2 type audit for all its cloud activities, including its SaaS (Software as a Service) business.
- Axway renewed its ISO 9001 certification, based on ISO 9001:2015 changes, for its Global Customer Services activities in France, Italy and Germany.
- Axway renewed its ISO/IEC 27001:2013 certificate for the 2018-2021 period.
- Axway remains compliant with HIPAA regulations, published by the US Department of Health and Human Services (HHS), which define 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.

Customer audits

The security and quality management system is regularly reviewed during customer 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 clients. 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 corrective actions are implemented 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 programme headed by the Process, Security & Compliance team continued and led to the renewal of our certifications in 2019.

Furthermore, within the Customer Success Organisation operating department, a structured team focuses on the customer experience: customers are now pivotal to the Group’s 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). In addition, this team collects feedback from the user groups.

2.2.2 Preparation and processing of accounting and financial information

a. Coordination of the accounting and financial function

Organisation of the accounting and financial function

Like all functions, the accounting and financial function is predominantly centralised within the Group. Local teams are of an appropriate size to best serve their role as correspondents within the subsidiaries. The Chief Financial Officer closely supervises his 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, which generates operational savings and limits operating risks.

The Finance Department reports to the Company’s Executive Management. Like all entities, it contributes to the aforementioned steering system. 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 regular oversight of accounting and financial information. It reviews and approves the half-year and annual financial statements taking account of the Statutory Auditors’ opinion.

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 of the 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 Group entities. Budgets, including detailed monthly operating forecasts, are prepared by each business 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 to satisfy itself of 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 Universal Registration Document and its constituent reports and information, and the presentation of half-year and yearly results. The Universal Registration Document is filed with the AMF after the completion by the Statutory Auditors of their procedures, consisting in confirming the consistency of the information on the financial position and accounts with historical financial information on which they have issued a report and reading the entire document in order to identify, among the other information, anything that is clearly inconsistent with their general knowledge of the Company obtained during the course of their procedures. All of this information can be consulted on the Group's Investor Relations website page.

2.3 Insurance and risk hedging policy

The Group's insurance policy is closely linked to a prevention and control strategy covering major risks. Group insurance management is centralised by the Legal Department.

The purpose of the Group's insurance programmes is to ensure a uniform and adapted coverage of risks for the company and its employees, for all Group entities and under reasonable and optimised conditions.

The scope and coverage of these various insurance programmes are reviewed annually with regard to changes in the Group's size, its activities, the insurance market and the use of risk mapping.

All the Group's companies are insured with leading insurance firms for all risks that could materially impact its activity, results or assets. However, it is not inconceivable that the Group may be required to pay compensation for losses not covered by the insurance programmes put in place.

The main Group insurance programmes are as follows:

Professional indemnity and operations insurance

This programme covers all Group companies. It covers the financial impacts arising from civil and professional indemnity claims in connection with their activities, due to material or immaterial physical damage or harm caused to third parties. This policy also covers the additional costs incurred to prevent accidents or reduce their impact. The overall contractual limit is €30 million per year of insurance.

This programme is supplemented in France by an insurance for inexcusable conduct, the purpose of which is to guarantee the reimbursement of the financial losses incurred by the Company if they result from work-related accidents or occupational illness.

Cybersecurity insurance

This programme covers all Group companies. It covers all the direct or indirect financial impacts, material and immaterial damages and operating losses relating to cybersecurity risks. The overall contractual limit is €10 million per year of insurance.

Senior executives' and corporate officers' professional indemnity insurance

This programme covers all Group company officers, senior executives and directors. The programme covers all the financial impacts of claims made against them for any professional negligence committed during the performance of their duties. The overall contractual limit is €25 million per year of insurance. An additional $5 million was subscribed for the United States scope.

Assistance for employees on assignment

This programme covers all Group employees, company officers, senior executives and directors. It covers accidents or illnesses arising on business trips. The overall contractual limit is €25 million per year of insurance.

Operating damage and loss insurance

Insurance programmes have been set up within the Group to cover losses and damages to property (sites, equipment, terminals, etc.) and operating losses.

Claims history and Group insurance programmes

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).

The Group's claim history is very low, which has meant that it has been able to benefit from relatively low premiums and favourable conditions for coverage.

INNOVATE

AMPLIFY™ API Management opens access to your critical and customer data to deliver continuous innovation and delightful experiences.

3

Corporate responsibility

NON-FINANCIAL PERFORMANCE STATEMENT

NFPS *Reference to the chapters or sections relating to the content of the Non-Financial Performance Statement.*

Axway's business, offerings, risks, industry context, governance and business model are presented in the Profile section of this document.

Axway's priority Corporate Responsibility challenges

The publication of Axway's first Non-Financial Performance Statement at the beginning of 2019 enabled the Group to make progress in formalising the priority challenges of its corporate responsibility, to define relevant non-financial indicators and to propose an initial representation of its business model.

All of these elements were developed within the framework of the Sustainable Development Goals defined by the UN and taking into account the Group's risk management policy.

This work involved various committees of the Board of Directors as well as Axway's teams, both in defining the issues at stake and in collecting data. These different actors have contributed to better internal pedagogy of non-financial performance, by enriching strategic thinking on the human, societal and environmental aspects of the Company's vocation.

With respect to risk factors, and in order to comply with the new "Prospectus 3" regulations, Axway has substantially revised its presentation of risk management by creating a new Chapter 2 in this document. A summary table sets out the most significant net risks for the Group's business. The main risk factors for the Group are presented in decreasing order of mportance within each category, taking into account the probability of occurrence and the magnitude of the estimated negative impact. For each of the risk factors, the description of the risk is specified, explaining how it may affect the Group as well as the risk management systems.

In addition, in early 2020, Axway launched a review of actions that could contribute to further reducing its impact on the environment.

This chapter presents Axway's three Corporate Social Responsibility commitments:

1. Employer commitment: Attract, develop, mobilise and retain talent;
2. Societal commitment: Work with all our stakeholders in accordance with the Group's ethics;
3. Environmental commitment: Reduce our environmental impact.

Industry context

The main trends in the software industry in which Axway operates are described in Chapter 1.2.2 of this document.

Human capital and the ability to innovate are major strategic challenges for software publishers such as Axway. These include:

- in-house development of our talents and recruitment of new, highly sought-after profiles;
- adoption of the cloud and “as a service” demand;
- evolution of technologies and "subscription" uses;
- accelerated consumption of data and the need for analysis, monitoring and performance of exchanges;
- transformation of customer usage and the need to continuously measure customer satisfaction.

As a result, Axway is faced with a consolidation among the industry's different players.

Axway’s business model and activity

Through its software solutions, Axway helps modernise its customers’ IT infrastructures by securely transferring, integrating or exposing their data.

Axway’s business model, presented in the introductory profile of this document, is based on several key strengths:

- 1,885 employees in 17 countries serving 11,000 customers;
- a catalogue of recognised offers around the AMPLIFY™ hybrid integration platform;
- an organisation focused on customers and the success of their transformation project;
- a reactive operational structure supported by a healthy financial situation;
- ambitious investments in Research & Development and Sales & Marketing;
- balanced governance and a shareholder structure guaranteeing an independent corporate project;
- strong ethical values, shared by an ecosystem of stakeholders: Employees, Customers, Technology and Business Partners, Suppliers, Professional and Civil Society Organisations.

All of these factors reinforce Axway’s ambition to become an independent leader in the hybrid integration platform market.

Governance and Corporate Responsibility tools implemented by Axway

Axway’s Governance is described in Chapter 4 of this document. It is based on a distribution of powers between a Board of Directors and an Executive Committee in agreement with the recommendations of the Middlenext Governance Code to which the Group adheres.

Board of Directors	Executive Committee
Chairman 14 members, including 9 independent members • Audit Committee; • Compensation Committee; • Selection, Ethics and Governance Committee.	Chief Executive Officer 8 members responsible for implementing Group strategy.

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

Aware of the challenges relating to the environment and ecology as well as business ethics, Axway is a member of the United Nations Global Compact and has renewed its support for this initiative every year since 2016.

For each stakeholder in its ecosystem, the Group adheres to indexes, labels or programmes supporting the values it wishes to promote:

Corporate Responsibility tools	
Ethics and anti-corruption	Ethics charter and Securities Trading Code of Conduct
Data protection	Privacy programme
Customer Expectations and Satisfaction	Net Promoter Score NPS (1), Ecovadis Surveys and Measurement
Employee well-being	Internal surveys and Whistle-blowing System

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

Risk management

NFPS

The Group's risk management system is described in Chapter 2 of this document.

The stakeholders in the Axway ecosystem

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.

On the date of publication of this document, it is still difficult to estimate the future impacts of the COVID-19 global health crisis on our activities. We have adopted the government recommendations and instructions in all the countries where Axway operates and set up a governance body to monitor the crisis from a health, human resource, economic and financial perspective. We are continuing all our internal activities and business with customers, with all our employees working from home. Our internal tools, available via a secured network, are operating as normal.

Summary of the Group's Corporate Responsibility commitments, value creation and systems with its various stakeholders

Stakeholders	Value Creation	System/Measurements	Sustainable Development Goals
Employees	• Attract, develop, mobilise, retain and recognise talent	• Share strategic information with teams through a clear business project • Engagement survey • Diversity: cultural, men/women, persons with disabilities • Training and apprenticeship • Quality of work life • Constructive dialogue with Employee Representative Bodies (1)	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 17 PARTNERSHIPS FOR THE GOALS
Customers	• Help Axway's customers transform their information systems to achieve rapid operational benefits	• Ethics charter • Customer Success organisation • Net Promoter Score: measurement of customer satisfaction • Ecovadis rating • Recognition of Axway Products by Business Analysts	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Partners and Suppliers	• Innovate and deploy joint projects • Work with our suppliers and service providers, in accordance with business ethics	• Technology alliance partners, Managed Services Providers, System Integrators, Channels Partners • Ethics charter • Satisfaction survey	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS
Shareholders	• Communicate according to best practices of quality and transparency • Propose digital tools to limit the exchange of documents and encourage communication	• Middlenext Code • The Securities Trading Code of Conduct • Listing on Euronext Paris • CAC Tech, Tech 400 indexes, Gaïa Rating • Historical distribution rate > 30% of net income • Annual and half-yearly analyst conferences, roadshows • General Meeting • Investors and shareholders Website	8 DECENT WORK AND ECONOMIC GROWTH
Civil society Public Bodies	• Contribute to sustainable development goals, particularly in relation to education and equal opportunities • Innovate to serve the public • Contribute to the dynamism of the IT sector • Reduce our environmental impact	• Membership in the Global Compact programme • Participation in education and social programmes by associations and foundations in several countries • Co-innovation of applications serving the public • Business France: Chine ETI 2020 mission	4 QUALITY EDUCATION 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION 15 LIFE ON LAND 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS

(1) France scope.

3

Sustainable Development Goals (SDGs) selected by Axway: definitions

Axway's three Corporate Responsibility commitment – Employer, Societal and Environmental – correspond to twelve of the Sustainable Development Goals (SDGs) defined by the United Nations:

SDG 3 Good health and well-being

SDG 4 Quality education

SDG 5 Gender equality

SDG 8 Decent work and economic growth

SDG 9 Industry, innovation and infrastructure

SDG 10 Reduced inequalities

SDG 11 Sustainable cities and communities

SDG 12 Responsible consumption and production

SDG 13 Climate action

SDG 15 Life on land

SDG 16 Peace, justice and strong institutions

SDG 17 Partnerships for the Goals

3.1 Employer's commitment: Attract, develop, mobilise and retain talent

Against a backdrop of corporate transformation primarily brought about by technological breakthroughs and changes in business practices and development models, one of Axway's major challenges is to fulfil its commitment as an employer: attract, develop, mobilise and retain talent.

A cycle of value creation takes place continuously between the Group's employees and all the stakeholders in the ecosystem. They learn from each other's experiences.

The men and women who work for Axway, through their cultural and geographic diversity and their diversified professional experiences, contribute to the development of the skills of the Company and its stakeholders. The Group's collaborative working method at international level fosters a commitment to action, innovation and collective initiative.

Working with 11,000 customers worldwide, Axway teams are attentive to new requirements on a daily basis. They share and develop their skills and acquire new skills, and constantly offer new uses and experiences which further enrich Axway's talent.

Employees committed to ethics and the environment

Axway's role revolves around the success of its customers. This strategic positioning and the way in which the Group maintains relationships with its various stakeholders are meaningful for employees who commit with Axway.

The expectations that employees and candidates have of the Company have changed over the last few years. They are particularly sensitive to the positions taken by the Group in its market and within its ecosystem. In this context, the Company has the opportunity to strengthen the Engagement of its employees.

Axway has always carefully considered ethical and environment responsibility.

With its employees, customers, partners 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.

Key figures for 2019

Workforce

With nearly 1,900 employees in 17 countries around the world, Axway has confirmed its position as an international Group that acts locally for its customers, partners and in the civil society.

Axway's total workforce at 31 December 2019, including both fixed-term and permanent contracts

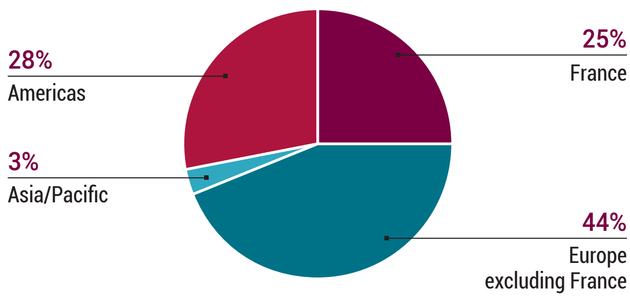
	2019	2018	2017
Total workforce	1,885	1,848	1,839

Payroll (including social security contributions)

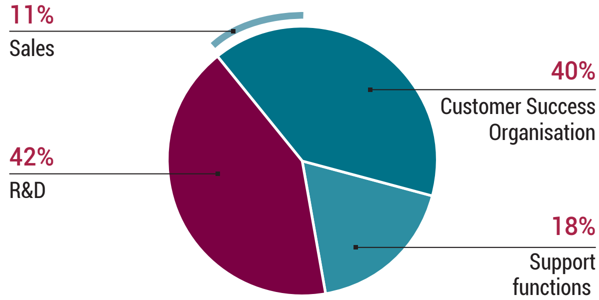
in millions of euros

	2019	2018	2017
Payroll	196	177	188

Workforce by geographical area



Workforce by area of expertise



Stable seniority

The average seniority of Group employees at 31 December 2019 is 7 years, stable compared to the seniority recorded in 2018. This seniority is higher in France, 10.1 years in 2019 compared to 9.1 years in 2018; and lower (4.4 years) in Bulgaria and Romania due to higher turnover. In North America, seniority stood at 6 years in 2019.

Average age: 41

In 2019, the average age of Group employees was 41.2; it was 40 years old in 2018 and 41.7 years old in 2017.

Average age by geographic area

	2019	2018	2017
Europe	44.8	38.4	39.6
Americas	43.6	43.4	44.5
Asia	44.0	41.5	41.0

Greater feminisation of the workforce: almost 29%

At 31 December 2019, women represented 28.8% of the Group's total workforce, compared to 28% in 2018 and 26.8% in 2017. This improvement reflects Axway's commitment to gender equality.

In France, 83% of women are in a managerial role at Axway Software. At 31 December 2019, the Board of Directors comprised 6 women (43%) and 8 men (57%). Two female senior executives joined the Executive Committee in 2019 in Finance and Human Resources roles. The Executive Committee now has 8 members: 2 women (33%) and 6 men, including the Chief Executive Officer (67%).

A maintained commitment for the integration of people with disabilities

At 31 December 2019, people with disabilities represented 1.5% of Axway's employees in France. The Group was a party to the agreement in favour of the employment of people with disabilities, signed in February 2018 by Sopra Steria for the benefit of all companies in the Sopra Steria Economic and Social Unit (ESU), of which Axway was a member until 31 December 2019.

Axway has benefited from the provisions of this agreement and from the support of the Sopra Steria Handicap Mission to assist its employees with disabilities.

Although Axway withdrew from the ESU agreement in 2019, the Group undertakes to continue, and in certain areas, to strengthen its commitment to people with disabilities in 2020, in accordance with the provisions contained in the 2018 agreement at the very least.

3.1.1 Attract talent as diverse as the world around us

The software publishing sector, by its global dimension, and through technological training courses based on the same know-how, recruits people from all continents and multiple cultures. On the other hand, gender balance in this sector has always been difficult to achieve for historical reasons, particularly in relation to training courses. Access for people with disabilities who have followed a university or professional computer science course is improving, albeit rather slowly.

In terms of profiles, while the majority of Axway's activities require technological skills such as IT systems engineering, the challenges of digital transformation also require new expertise and open up new opportunities.

Among the new professions in the transforming software sector are the following:

- the digital and graphic design professions, for example for product design;
- the professions focusing on promotion, pedagogy, consulting and execution to accompany changes in business models to collaborative processes and the adoption of digital tools, through partnerships in rich and complex ecosystems.

To support the transformation, Axway has strengthened its position:

- by creating *the "catalysts"* team. The catalysts are a global team of experts dedicated to digital transformation through applications integration. Their role is to support businesses with their decision-making, whether relating to technology or organisational choices, or concerning governance, project financing, ecosystems, etc.;
- by opening up to partners and customers the Griffin Lab (Axway's innovation and technological co-creation lab); for example, Axway was a partner of InnoDays 2019, an annual Open Innovation event that is held in various subsidiaries of the Total Group. At the InnoDays in France, Total employees could visit places of innovation located at Paris La Défense over 6 half-days. 41 people were welcomed at Axway's Paris office in October 2019;
- by adopting new marketing expertise focusing on the detection of "Lead-generation" sales opportunities, using social networks, websites, mobile applications and new digital tools such as collaborative platforms.

11 SUSTAINABLE CITIES AND COMMUNITIES

The Data City event held in June 2019 with the Paris City Hall illustrates the sharing of technological expertise with start-ups and public players with a view to developing partnership projects with high added value.

Finally, there is also a need for greater flexibility between business lines, as well as more transparent managerial communication to share the strategy, explain it and involve teams in more collaborative ways.

3.1.1.1 Key figures and major talent recruitment actions in 2019

Axway recruited 308 new employees in 2019, compared to 392 the previous year. On the other hand, less employees left Axway in 2019 than in 2018. Finally, more than ten former employees returned to Axway in 2019.

5 GENDER EQUALITY

29.2% of these new recruits are **women.**

Engineers: profiles that are always in demand

In a sector where the number of available positions is far higher than the demand in many countries, there is still significant competition for job offers. 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 sector declare that they have had difficulty recruiting candidates suited to the jobs they offer (source Syntec Numérique 2019).

In 2019, Axway hired **149** new engineers/developers.

The attrition rate or "turn over" for 2019 is 17.4%, a positive sign compared to market averages.

Recruitment by geographical area

	2019	2018
Europe excluding France	56%	49%
France	18%	17%
Americas	23%	29%
Asia/Pacific	2%	5%

Research & Development skills in Bulgaria and Romania were increased by grouping together teams by technology field. This led to a natural decrease in the replacement of employees working on these products in the United States.

At Axway, we believe that an environment that welcomes individual differences increases innovation and openness, and enables more rewarding customer experiences and employee career paths. We aim to reflect the diversity of the world around us and the variety of genres, ages, experiences and cultures which strengthen Axway and enable it to better meet its challenges.

The average age of employees hired is 36

Recruitment	2019	2018
Average age	36	34
Over 40	34%	23%
o/w over 50	*12%*	*10%*
o/w over 55	*5%*	*5%*

The average age of employees recruited in 2019 was 36.5. Employees recruited in France and the United States in 2019 brought longer professional experience than those recruited in Romania and Bulgaria in 2018. The average age of those recruited in 2019 was up by 2 years compared to the previous year. In addition, 34% of employees who joined us in 2019 are over 40, including 12% over 50 and 5% over 55.

Permanent Employment Contracts: 96%

	2019	2018
Fixed-term Employment Contracts	3.9%	5%
Permanent Employment Contracts	96.1%	95%

Axway recruits almost exclusively on permanent contracts (excluding temporary replacements). These contracts accounted for more than 96% of recruitment in 2019.

Given the nature of Axway's business, almost all new hires are from higher education institutions, in the case of the most junior employees. For more senior levels, experience is preferred over initial academic training, which varies greatly from country to country.

A "learning" company for young talent

	2019	2018
Interns	15	9
Work-study/apprenticeship	24	20
Hiring at the end of the apprenticeship	4	2

For several years, Axway has been developing a programme to attract young talent through a number of initiatives: partnerships to achieve objectives contributing to the employment and qualification of young people through relations with schools and the integration of young trainees, work-study students or apprentices with engineering, sales or functional profiles: finance, marketing, communication, HR.

- **Maintaining our relationships with schools:** in conjunction with 10 universities and engineering schools in several countries, Axway participates several times a year in school forums to attract students and offer numerous internships each year. The Group also uses specialised recruitment platforms. In 2019, Axway welcomed 15 interns. At the end of their internship, some continue full-time studies under apprenticeships or work-study programmes.
- **Promote work-study and apprenticeship:** Each year, Axway offers work-study or apprenticeship contracts to a large number of young people, most of whom are offered employment contracts at the end of their apprenticeship or work-study period. In 2019, Axway welcomed 24 young people on work-study or apprenticeship contracts. At the beginning of 2020, the majority of them are continuing their apprenticeship period; 4 young people were hired on permanent contracts in 2019.
- **3 years/3 professions:** In 2019, Axway will continue its "3 years/3 professions" programme during which work-study students and apprentices will successively discover the Research & Development, Services and Customer Support professions. Created in 2015, this programme has already welcomed 17 work-study students. In 2019, three students from this programme were hired by Axway at the end of their apprenticeship period. At the beginning of 2020, nine students are taking part in this programme within the Axway Group.

In 2019, Axway entered into a partnership with a Europe-wide recruitment platform that provides solutions for career services for higher education institutions in Europe: the Axway Group has a dedicated page on this platform where it posts internship and job offers for young graduates.

Promote referral and encourage employees to become Axway ambassadors

Axway has developed an attractive referral programme, encouraging Axway employees to propose to their network to join the Company. This co-optation policy, applied in all countries, contributed 6.5% to the recruitment of new employees in 2019.

3.1.1.2 2020 Recruitment Strategy and Commitment

In 2020, thanks to a *Talent Acquisition* team located in various countries around the world and capable of covering all the geographic regions where Axway operates, the Group will continue to recruit a variety of profiles, mainly engineers and sales staff.

The partnerships entered into in 2019 will strengthen Axway's employer brand and visibility as an employer of choice.

3.1.2 Develop the talents of each employee in a stimulating environment

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

3.1.2.1 Key figures and major development actions in 2019

Develop employability and skills with Axway University: 30,900 hours of training in 2019

Axway University is the Group's major development centre. In 2019, its organisation was strengthened by the recruitment of new experts in educational engineering. The offering has been professionalised to focus on the activities critical to Axway's success: technical expertise, increasing the skills of the sales teams, personal development and management.

More and more training courses are now digital. Employees receive invitations to online training sessions and can choose when they are best able to take them. Depending on the subject, they may be optional or mandatory. The digital format -58% of training hours – requires short, dynamic sequences and can be accessed from Axway's "Jive" internal social network. Employees have access from their usual work tool and choose from a wide range of courses that they can use as they wish, according to their needs.

A total of 30,900 hours of training were provided in 2019 to 2,194 employees, i.e. an average of two days per trained employee.

A new e-learning platform (Learning Management System), acquired in December 2019, will enable Axway to increase the number of training courses in 2020 and to deploy the offers to its customers and partners.

Learning and succeeding through customers: Sales Enablement

The use of Axway's solutions by customers is fundamental to the Group's success. All Axway employees contribute to building a customer-focused culture in all projects in which they participate.

If they do not work directly with customers, employees can obtain customer feedback through the permanent monitoring of customer satisfaction organised by the "Customer Success" unit and all Group activities.

As part of the emergence of subscription models, which change the way customers use Axway's solutions, the Group has deployed a training module on assessing customer satisfaction: the *Net Promoter Score* (NPS) module. This module is taken by all managers and most teams, whatever their function. This initiative, launched in 2018, ensures that the Company's strengths are perfectly aligned around this central theme. A total of 1,491 employees have been trained since the launch of this initiative.

In addition, in 2019, an NPS target was added to the criteria for determining the amount of variable compensation for all eligible employees.

The aim of this development is to strengthen the customer focus of Axway's employees, regardless of their contribution to this objective.

Stimulate innovation and experimentation in internal competitions: the Hackathons

A week for alternate Innovation or Experimentation: the Hacking weeks

In 2019, each of Axway's five Research & Development sites (France, Bulgaria, Romania, Ireland and the United States) devoted five weeks to the "Hacking Weeks" initiative, during which a team does not carry out its usual work but focuses on an idea that could enable Axway to innovate its products, services or processes. The teams, whose members are freely chosen, compete for a limited time, with rewards for projects of the greatest interest or with potential for major advances for Axway, its products or technologies.

Move to learn

	2019	2018
Internal transfers	110	326

To answer the expectations expressed by employees in the first employee engagement survey, Axway pursued its voluntary internal mobility policy for all employees in 2019.

All job offers (excluding exceptionally confidential jobs) can be viewed by all employees. Indeed, by going to the internal network's *Make your Move* (MY Move) Career page, each employee can access the internal application management portal. In addition, every Friday, the internal newsletter publishes 3 new offers to give them special visibility.

The internal mobility policy and the rules for benefiting from it are available in various formats and distributed on a regular basis.

110 employees changed positions internally in 2019, compared to 326 in 2018, which was marked by the completion of reorganisations and the realignment of classifications in France.

In addition, employees are invited to promote available positions at Axway in their own network, through the referral programme presented in the recruitment section of this Chapter.

Evaluate to progress and grow

- ***The Talent Review approach:*** at the end of 2019, Axway set up and carried out for the first time, at a global level, a talent review (98% of the total workforce) to evaluate and discuss the performance and potential of each employee. Carried out collectively and shared by managers and Human Resources managers, this annual exercise, which replaces the former annual assessment interview system, makes it possible to identify key talents and the development and training actions necessary for the development of each employee.

  This new system is part of the adoption, at the end of 2019, of a global approach to continuous performance management based on ongoing dialogue between employees and managers.
- **The professional career interview:** since 2014 and in accordance with the law, Axway has also implemented - in France - the professional interview that takes place every two years. This meeting between the employee and a Human Resources professional allows the employee to consider his or her professional development paths, both in terms of qualifications and employment and provides an opportunity to discuss his or her aspirations.

Benefits of the Axway community

Axway's teams in 17 countries can share Company events via the "Jive" internal social network, internal newsletters and on-site events.

- **The "Jive" internal social network:** a real day-to-day tool for exchanges between employees, Axway's internal social network is accessible from any electronic device, anywhere in the world. It is aimed at all employees and it is the Company's internal space for discussions. Organised by spaces and communities, it provides a range of services: internal resources, social information, Group tools, customer references and product catalogues.

  The internal social network reflects the life of Axway's sites in "posts" and pictures as the days go by. Jive makes it possible to share customer events, to celebrate the seniority of employees, to remotely experience the significant celebrations of the different countries, to relive the moments of conviviality held on the sites (family celebrations, health week, etc.). Each major site has a "People & Culture" team that organises and relays the events. In 2019, each site organised an average of five events.
- **The Griffin Digest:** the weekly internal electronic newsletter distributed by the Human Resources Department, whose name echoes the griffin of the Axway logo, is sent every Friday to all employees, regardless of their geographical location or the entity to which they belong. It includes Group news, projects, links to documents and blogs available on the corporate social network. It is published in English, which is the working language of the Group.
- **The Customer reference letter:** this is distributed by Axway's CEO, who himself presents a signature or customer reference to all teams each week, in the form of a few lines. It is a popular channel for gaining a better understanding of how customers use Axway's solutions.

Develop managerial power

In 2019, Axway used, for the entire Group, the *Objectives and Key Results* (OKR) approach, which enables the Group to collectively manage the performance of its teams by defining strategic objectives by business line and even key results that are shared on a quarterly basis.

In order to deploy the continuous performance management approach to all employees, the Company has designed training modules to introduce teams to these concepts.

Complementary to this approach, the *Conversation/Feedback/ Recognition* (CFR) system encourages ongoing dialogue and regular feedback between managers and employees throughout the year.

The first modules of these training courses will be operational in early 2020.

3.1.2.2 Offer a fulfilling work environment

In a company where employees are the most important asset, the well-being of each employee is essential. Other than the ethical expectations mentioned above, a good work-life balance is a considerable asset for employees.

Make working time and rhythm more flexible

Part-time staff: 2.1%

For each of its subsidiaries, Axway complies with its legal and contractual obligations concerning working time. Working time is determined based on local requirements and activities. In most of the countries where its employees work, Axway is affiliated to a collective agreement: in France, Axway Software SA implements the French National Collective Agreement for technical design and engineering offices, engineering consultants and consulting firms.

In 2019, 2.1% of Axway Group employees worked part-time, mostly within the scope of parental leave.

Remote working in France: 5 days per month.

In the USA: 33.5% of employees.

The "Home Office" system is very widespread in the United States, where 33.5% of employees work remotely, far from any Axway office. The system is supported by collaborative tools accessible to all employees: Internet conferencing, secure data sharing, internal social networking. It also encourages an optimisation of business travel through remote meetings.

In France, a "Home Office" Group agreement allowing remote working was signed in 2018, allowing employees to work the equivalent of five days a month (full or half-days) outside the Company premises – at home or in a private space.

In December 2019, Axway implemented a one-off extended teleworking plan enabling employees to continue working from home during transport strikes in France.

Benefit from additional days of leave

Additional days of leave are granted according to several criteria: seniority, family situation or private events in order to improve each employee's work-life balance. This represents an average of 5 days per employee in France.

Maintain low absenteeism: 2.72%

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

Reasons for absenteeism	% of absenteeism
Sickness	1.21%
Occupational/commuting accident – occupational disease	0.04%
Maternity-Paternity-Adoption	1.33%
Family events	0.10%
CIF	0.04%
Total	**2.72%**

Encourage a healthy, balanced and engaged lifestyle

Axway is committed to providing its employees with a safe and healthy workplace. 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 (CHSCT) was involved in its coordination, in close collaboration with occupational physicians and site managers, until the appointment of the Social and Economic Committee (SEC) in October 2019. In 2019, the CHSCT met 4 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 involving unified themes.

In France, Ireland, the United States and Bulgaria, "Griffitamin Week" or "Health Week" was organised in 2019, proposing notably wellness sessions, nutritionists, discovery workshops, etc. Its success with employees will encourage Axway to renew this initiative in 2020.

Axway and its employees have also participated in several solidarity and research support initiatives. In France, this involved the *Odysséa* race. In the United States, several initiatives were adopted such as *Axway for Angels*, *Hope Walk* 2019 for the Phoenix Children's Hospital, or *Feed My Starving Children*. In Ireland, employees took part in a solidarity day in support of the *Aisling* project, an initiative to help and care for underprivileged children after school. In 2019, Axway employees formed a group of musicians, The Grifftones, and recorded a song entitled "Better Together". Profits were donated to the US association Sound Track, which teaches music to underprivileged children.

3.1.3 Mobilise talents: strengthen equality within teams

3.1.3.1 Key figures and major actions in 2019

Internal survey:
83% participation and 58% engagement

Identify employee expectations and engage in close dialogue

For the past four years, Axway has organised "Axwegians' Voice" engagement surveys approximately every 15 months to measure employees' satisfaction and engagement. The objective is not only to identify areas for improvement by country or by department, but also to build and deploy local action plans. Three surveys have taken place since 2016.

- ***Axwegian's Voice:*** in October 2019, the internal dialogue continued through a new survey that provided, for each of the countries where the Group's teams work, areas of satisfaction as well as employee expectations. The response rate of 83%, compared to 72% in 2018, validates the initiative and the expressed results. The employee engagement rate rose to 58%, up 9 points from 2018.
- **Working groups** by community and led by the employees themselves continued in 2019 to advance the themes revealed by the survey and to propose initiatives.
- **Full result reports** were presented to local teams through internal mailings or blogs on the internal social network. Analysis and deployment of action plans will continue in 2020.
- **An internal roadshow for members of Axway's Executive Management** was held at all Group sites in the first quarter of 2019 to share the Group's strategy for 2020. This communication continued throughout 2019 with quarterly presentations by the Chief Executive Officer and the members of the Executive Committee, at the time of the results and at significant events for the Company.

Foster equality

Axway respects the principles of non-discrimination when hiring and deploys a policy in favour of diversity in a number of areas described below:

Encourage female engineering and digital workers

An initiative of the French government in 2019, Axway's Gender Equality Index was 75/100 in 2019.

In France, while the number of female graduates from engineering schools is increasing slowly (27% in 2018 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 fewer than 10% of such jobs are held by women. Thus, 20% of IT engineers and study, Research & 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 when it comes to the most 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.

In 2019, 29.2% of those who joined Axway were women (32% in 2018).

In 2019, the Executive Committee increased to eight members and recruited two women as Chief Financial Officer and Executive Vice-President, People & Culture, respectively.

In 2019, Axway entered into a partnership with the ***Professional Women's Network*** **(PWN),** a women's network with a strong presence in Europe (Paris, Berlin, Dublin, etc.) and enabled a dozen female Axway employees to benefit from the events organised by this network, while increasing Axway's visibility as a key company in the technology sector.

Contribute to the digital education of young girls

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

- **Wi-Filles:** With the FACE Foundation (Fondation Agir Contre l'Exclusion), Axway has contributed to the Wi-Filles programme, an introduction to the uses, businesses and skills of the digital world, aimed at young girls between the ages of 14 and 16.
- **"Elles bougent":** an association whose objective is to attract young graduates and students to partner companies, including Axway, and to introduce them to the Digital, Aerospace, Automotive, Consulting, Construction, Maritime and Energy industries in which they operate through the organisation of forums. Axway has been a partner in France since 2017. The association operates worldwide under the name **"Girls on the Move"** and Axway wishes to extend its partnership in 2020 beyond France.

Remain attractive to seniors

Across the Axway Group, recruitment is carried out without distinction as to age, young graduates, more experienced individuals or senior staff, and Axway facilitates the integration of seniors and develops their employability throughout their career.

Recruitment figures for seniors are given at the beginning of this chapter.

Promote the employment of people with disabilities by raising awareness and understanding

Axway's Mission Handicap in conjunction with the programme previously conducted with Sopra Steria, offers personalised support to all employees with disabilities. This initiative enables them to benefit from specific arrangements – ergonomics, equipment, organisation of working time, etc. – and to be accompanied through all the administrative procedures necessary to have their status as disabled workers recognised. Awareness-raising activities and role-playing through fun activities such as Handigital week and Handidays took place in May and November 2019. These initiatives aim to reduce the prejudices that too often oppose performance and disability by involving employee volunteers.

More generally, every Axway site in France has a disability officer who is responsible for supporting employees who are personally or indirectly dealing with disability. Axway also offers employees with disabilities in their family circle the status of "close carer", enabling them to benefit from financial support, flexible working hours and adjustments to their working conditions.

A specific disability awareness module was developed by Axway University to inform employees about the reality of employing disabled persons.

3.1.4 Recognise and sustainably retain talent

Average seniority: 7 years

Build loyalty in a long-term project

Axway's objective is to write a shared employee/Company history. This shared history is already visible in the average length of service of men and women at Axway - 7 years – in a volatile employment market.

Recognise and celebrate employee loyalty

At Axway, employee loyalty is rewarded. Each month, employees who have been with Axway for 3, 5, 10, 15, 20, 25, 30, 35 or 40 years are honoured for their loyalty to the Company during a friendly event, an initiative held at all the Group's sites and shared on Jive, the Group's social network. 414 employees were honoured in 2019.

Pay according to attractive financial and social conditions

The Axway compensation policy reflects the Group's industry in each country as well as the evaluation of the performance and potential of each employee invited to build and develop their own potential within the Company.

In 2019, as in previous years, Axway paid salary increases in accordance with a policy of individualisation, applied in a fair and identical manner in all countries where Axway operates.

In France, employees are eligible for profit-sharing according to the provisions of an agreement signed for the period 2018-2020 as well as a Company Savings Plan.

Axway also takes part in retirement and pre-retirement schemes, as well as occupational-insurance schemes covering its employees for various additional contingencies, beyond the regulatory provisions imposed by the different countries.

Become an Axway shareholder: the Free Share grant programme

In order to involve its employees even more closely in the Company's transformation project, Axway announced on 22 February 2019 the grant of 200 free shares to each Group employee active on that date, subject to the condition that they remain employed by the Group for a period of three years.

Wherever Axway operates, whether with customers, partners or employees, the Group will continue to strengthen its employer commitment, develop its societal footprint and further its respect for the planet.

3.2 Societal commitment: work with our stakeholders in agreement with the Group's ethics

The Group is very keen to protect its ecosystem, and therefore its business activities are ethically responsible and transparent.

In 2019, Axway renewed its commitment to the United Nations Global Compact.

To promote and perpetuate its efforts, the Group has set up a network of correspondents in the main countries where it operates. This network structures the transversal collection of information related to societal, ethical and environmental initiatives.

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

The Group's societal commitments are based on local teams in each country, sometimes at the initiative of the People & Culture, Marketing, Communication or Sales departments, who make commitments to associations or civil society organisations.

3.2.1 The ethics programme

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

Trust in our business relationships

The Group has implemented tools to ensure compliance with its key values with the various stakeholders with which it interacts on a daily basis.

Axway relies on a **set of values** shared by its employees and stakeholders:

The Ethics charter is applicable to employees as well as stakeholders with which the Group works. Its purpose is to present the key values for the Group and the legal tools that ensure compliance with these values.

The Group has demonstrated the principles underlying this charter through specific examples. Thus, an online training course built around specific cases was set up in 2018 to facilitate the understanding of this charter. The deployment of this training continued in 2019.

The Group's objective is that this training is completed by all employees. New recruits must complete it within 3 months of their arrival. Automatic reminders are sent out if necessary.

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

Fight against corruption: Axway has adopted an active approach in the fight against corruption. The Group adheres each year to the United Nations Convention of 31 October 2003 against corruption which commits it to applying the laws in force, including anti- corruption laws, particularly the Sapin 2 Law. The Group has taken all provisions to respond and develop its Ethics charter 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 2019, Axway continued its initiative relating to the social and solidarity economy, by reinforcing its use of adapted businesses in France for the purchase of office supplies.

In 2020, the policy in favour of the sheltered sector will lead to membership of an association acting in favour of the employment of workers with disabilities to involve only companies from the sheltered sector for certain purchases or services such as office supplies, certain snacks, filing, gardening.

The Securities Trading Code of Conduct

As a listed company, Axway is subject to compliance with the provisions of European and French stock exchange law relating to market abuse and insider trading.

The basis of this regulation is based on the principles of transparency and equality between shareholders and investors so that any buyer and seller of financial instruments of a listed company has access to the same information, at the same time, on that company.

In accordance with AMF position-recommendation no. 2016-081, Axway has set up a committee dedicated to the publication of insider information. It is responsible for assessing whether information is privileged or not and for studying the consequences of this qualification in terms of the dissemination of information.

The purpose of the Securities Trading Code of Conduct is to inform employees or other stakeholders of the Group as well as any current or future shareholder of the Company of the legislative and regulatory principles relating to market abuse as well as the additional internal measures put in place in particular to prevent insider misconduct.

Data protection

Through its presence in 17 countries, the Group wishes to maintain a common culture of transparency, trust, integrity and responsibility both internally with its employees and externally with its customers and business partners.

Axway's privacy compliance programme (https://www.axway.com/en/gdpr) supports this culture by presenting policies that ensure that operations comply with the laws and regulations in force in the countries where the Group operates. In particular, Axway acts in compliance with the General Data Protection Regulations in the EU (GDPR), Australia (Privacy Act amendment 2017), California (California Consumer Privacy Act) and Brazil (*Lei Geral de Proteção de Dados*).

Legal procedures for selecting service providers

For each contract signed with its partners and service providers, Axway validates its information confidentiality, ethics and personal data protection charters.

3.2.2 Societal initiatives

Historically, societal approaches and initiatives were not coordinated at Group level. The teams of the different Group sites retained significant independence in their choice of CSR initiatives in order to respond locally to requirements in countries where the subsidiaries are located.

Since the publication of its first Non-Financial Performance Statement in 2019 for the year 2018, Axway has structured two programmes around digital education for young girls and support for associations helping to integrate people with disabilities.

For this 2019 report, Axway presents both the actions deployed on the initiative of employees in each of the Group's countries and supported by Axway and the programmes harmonised by the Human Resources Department.

Among the initiatives pursued or initiated in 2019 are the following:

Example initiatives	Societal stakeholders	Results
Diversity	Support for women's projects	*Elles bougent*
Education	Raising digital awareness of young girls Donations programme	FACE Wi-Filles Foundation *Sounds Academy USA*
Fight against discrimination	Odyssea Solidarity Race and Stand – fight against cancer France	*Odyssea - 35 participants*
Culture & Education	One-year digital exhibition subscription for shareholders attending the 2019 General Meeting	*La Gaiété Lyrique, 100 beneficiaries*
Reduced inequality	Awareness-raising campaign for the integration of people with disabilities ESAT* France supplier of supplies	*Hand Digital e-learning, survey, contest.*
Dignity of the human person	Support programmes for children in hospital	*Phoenix Children's Hospital,* *Ignite Hope*

* *Establishment and Service of Help through Work.*

Societal initiatives carried out with Axway's stakeholders

Employees: act locally

Among the initiatives undertaken by the employees of Axway's various international subsidiaries are the following:

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 "Zero waste" with **Pletchica.**

In the United States

- American employees decided to set up a blood drive. This initiative was performed with **Vitalant (FKA United Blood Services)**.
- Walk for hospitalised children: Axway For Angels, **Phoenix Children's Hospital Ignite Hope**.
- Donations to music schools: creation, recording and broadcast on Arizona TV of the song #BetterTogether featuring one of Axway's mottos.

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 take control of their education and career. (https://www.fondationface.org/projet/wi-filles/).

- **Professional Women Network,** a European women's network with 700 active members in Paris, Dublin, Rome, Berlin, Madrid, etc. promotes women engineers who transmit their passions and wish to encourage vocations. In 2019, the partnership concluded with PWN and Axway enabled 12 female employees from Europe to participate in events organised by the network and thus raise awareness of Axway.
- **Odyssea:** 35 employees (men and women) again took part this year in the solidarity race against cancer and for the first time Axway welcomed visitors at a stand.

- **Elles bougent,** which promotes female engineers who pass on their passion and generate interest in the career. In 2019, nine Axway employees, sponsors and mentors promoted Axway to students and recent graduates to promote our activities by participating 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 put forward a communication programme aimed at helping the elderly with garden maintenance and shopping. The objective is helping to maintain a social link between generations on a daily basis. The operation initiated was renewed in 2019.

- **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: at the Women Hack Dublin in November 2019, the Axway team was able to make contact with talented women with the skills required for the positions on offer.

In Romania

- **Aura Ion:** donations of Christmas gifts to underprivileged families in rural areas in partnership with the Aura Ion association.

Customers: work transparently

In 2019, 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, processes and the platform together, EcoVadis 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.

Start-ups: support co-development

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

Thus in 2019, the Mayor of Paris launched the DataCity programme in a co-innovation model bringing together major companies, start-ups and public services through a dozen challenges aimed at making life easier for Parisians. Axway participated in several of these projects designed to support the development of new forms of mobility, make unused parking spaces available, encourage the switch to electric vehicles, reduce roadworks time in the city and inform Parisians about roadworks in progress. This programme has demonstrated the value of using urban data to improve quality of life.

Public bodies: engage with diplomatic bodies for the development of industry

Axway was invited by Business France to represent mid-size companies on the presidential delegation that brought together 17 French companies from various business sectors during the official visit of the President of the French Republic to the China International Import & Export Exhibition in November 2019. During this official trip, Business France also organised more than 100 company meetings for Axway and other participating companies in nine Chinese cities, which enabled them to strengthen their relationships and present solutions to support them in their digital transformation.

Investors: non-financial indicators

For several years, Axway has participated in the Gaïa Rating index by providing all the non-financial data selected by Gaïa. This approach, designed for investors to provide visibility on the responsible commitment of companies, contributes to Axway's reflection on non-financial indicators relevant to its business.

Partners: distribution and innovation

Axway applies the ethical and anti-corruption rules established by the Group for the various partners with which it works. These partnerships are formalised at local or global level and with different types of companies:

- global technology alliances to strengthen Axway's on-site and cloud-based offerings with AWS and Microsoft Azure;
- integrator partners to develop solutions based on Axway products, whether through co-selling, referencing or reselling. Axway works with Digital Service Providers (DSPs), both generalists and specialists in digital transformation, on a local or global scale;
- partners for the distribution of Axway products. These resellers are particularly present in Asia Pacific and Latin America;
- consultancy firms for Axway's offerings as part of their digital transformation missions.

In 2019, Axway strengthened its partner system, which encourages co-innovation through the creation of joint solutions *via* the AMPLIFY™ Marketplace, and integrates marketing tools, training courses and different levels of reciprocal commitment. The satisfaction survey of global partners has shown very strong growth in the commitment of our ecosystem.

3.2.3 Societal progress goals for 2020

In 2020, Axway will continue its local and international initiatives with all of its stakeholders to help position Axway as a responsible player in the regions where it operates.

Within the framework of Group programmes, societal initiatives are part of the sustainable objectives linked to:

- education to contribute to the sharing of skills;
- cultural diversity;
- equal opportunities in particular for people in precarious situations or who are disabled, and for whom the Handicap Mission already launched its initiatives in early 2020.

3.3 Environmental commitment: reduce our environmental impact

Although Axway is considered a non-industrial company, since its creation it has pursued a responsible policy of resource consumption in the performance of its business. It aims to modernise infrastructure while consuming less energy.

In 2019, the Group continued to reflect on additional efforts to help reduce its environmental footprint.

Axway's business is naturally divided into two types of programmes:

1. **Contributing to the fight against climate change;**
2. **Contributing to the preservation of life on land.**

Beyond that, in 2020, new initiatives will further reduce the Group's environmental footprint.

The geographical scope used for monitoring programmes covers countries in which at least 70 Axway employees work: France, USA, Bulgaria, Romania, Germany, Ireland.

SUMMARY OF CONTRIBUTIONS TO THE FIGHT AGAINST CLIMATE CHANGE AND THE PROTECTION OF LIFE ON LAND

Stakeholders	Contribution to the fight against climate change (13 Climate Action)	Life on land (15 Life on Land)	Mechanism	Main actions carried out in 2019	Objective/line of progress
Network of 15 correspondents in 6 countries within the scope of the impact measurement					
Employees	x	x	• Limit travel • Eco-friendly gestures • Digital tools	• Extension of remote working or "Home Office" • Recycling • Gradual replacement of standard plastic cups by biodegradable cups	• Replacement of all plastic cups with paper cups • Offsetting the carbon footprint of business travel with transport partners • No more receipts at the Company restaurant in France
Customers	x	x	• Limit travel • Streamline data storage	• Teleconferences • Choice of data storage providers	• Increase the use of exchange platforms
Partners and Suppliers	x	x	• Limit printouts	• Electronic signature	• Increasing use of the electronic signature
Shareholders	x	x	• e-consent	• 2 annual campaigns	• Achieve 60% e-consent
Civil society			• Recycling	• IT equipment donations • Clothing donations	
Employee representatives			• Eliminate the use of paper documents	• Electronic voting for the election of employee representatives and appointment of the CSE in France	

3.3.1 Contribute to the fight against climate change

Axway does not directly generate emissions into the air, water or soil. It does not use water or resources that are considered sensitive and does not pose a real direct risk to the environment.

Nevertheless, the Group is committed to preserving the environment. Through its locations in 17 countries, and its teams working everywhere 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.

Axway's organisation, like its teams on a day-to-day basis, readily adopts working methods and tools that promote ease of communication, quality of life at work and work-life balance. Focused on innovation and skills development with a responsible commitment, Axway's teams interact responsibly with customers, partners, suppliers and civil society.

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

This mode of responsible collaboration takes the form of work organisation systems and associated tools that make it possible to measure their use and progress.

Use digital tools to reduce Axway's carbon footprint:

- **teleworking by Axway employees** was introduced in France under a company-wide agreement in 2018 and is practised worldwide in accordance with current legislation. It contributes to work-life balance and was recognised in 2019, in the engagement survey, as one of the key criteria for Axway's employee satisfaction;
- **teleconferencing** is practised daily by all Axway teams. This reduces travel and improves the quality of life for people who can connect from any location in complete security. 2019 is the year in which employees also widely adopted the online messaging tool "Microsoft Teams" made available to them;

Teleconferences	2019	2018	2017
No. of meetings	126,189	127,607	117,977
Meetings per employee	66.7	69.1	64.2

- **collaborative exchange platforms** for internal teams and partners: Axway has a secure document and data exchange tool called "Syncplicity" that reduces the use of email and allows employees to work in collaborative mode with complete security and data confidentiality;
- **the exchange platforms offered by suppliers and partners** are widely used in Axway's business sector to share documents and manage projects. These are platforms made available by suppliers or partners that enable the exchange of information, files or messages by limiting the sending of files by email, for example;
- **websites and access to service platforms:** for its shareholders, Axway provides access to an online voting platform for Shareholders' Meetings, which also allows for the downloading of regulatory documents and limits paper mailings;
- **in 2019, the elections of the members of the SEC – Social and Economic Committee, in France – were carried out exclusively by electronic voting.** Without a physical polling station, without voting by post, only the codes to give a unique and individual access to employees were sent to each person's home in paper format. This new process ensured confidentiality, increased flexibility and generated cost savings;
- **the dematerialisation of documents** to limit printing and the sending of lengthy documents that consume bandwidth in the servers: Axway has implemented electronic signature tools for employees, customers, partners and suppliers. In 2019, the use of electronic signatures showed a growth of more than 40% in signed volumes.

Electronic signature	2019	2018	2017
No. of files signed	8,303	5,714	1,703
No. of pages signed	33,746	23,504	9,743

- **printing and photocopying** also dropped significantly over the past three years thanks to signage raising awareness on the environmental impact.

Paper consumption	2019	2018	2017
Reams in France	750	875	1,085

- **data hosting:** Axway sets up service contracts to host large volumes of data for its own business, for its customers and with its partners. Service providers of very large structures such as Amazon AWS, Microsoft, Salesforce, etc. ensure compliance with environmental and societal standards.

Controlling energy consumption at Axway's premises

As a tenant at all its sites, Axway seeks to optimise the energy performance of its facilities. When leases are renewed, the premises are equipped with modern, environmentally friendly heating and air-conditioning systems. 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 (Enertherm).

In 2019, the gain in energy consumption brought about by the new fluid exchange system was offset by the increase in energy consumption due to the increased occupancy of the Tower by new corporate tenants (70% to 100%).

	2019	2018	2017
Heating/Air conditioning (Enertherm) in MWh	1227	1067	1095

The regular preventive maintenance of the various installations, mainly carried out by Engie, guarantees optimal equipment operation.

Encouraging employees to participate in eco-friendly programmes

Axway encourages employee initiatives in an eco-responsible approach

Each new employee joining Axway receives a welcome pack, including a mug with the Axway logo. Axway branded promotional items distributed on our stands or at customer events are eco-friendly: cups or mugs made of recyclable plastic, T-shirts or bags made of fair trade cotton. Programmes are being conducted in collaboration with the Irish and US governments to promote carpooling and cycling.

Analyse to manage the Group's carbon footprint

Over the past two years, Axway Group has decided to strengthen its environmental policy and relies on a network of internal correspondents in key countries (those in which more than 70 employees work on a daily basis) to collect environmental data relating to energy consumption in terms of fuel oil, electricity, gas and water.

13 CLIMATE ACTION

The indicators used

- gas, fuel-oil, electricity and water consumption;
- kilometres travelled (excluding personal vehicles);
- IT equipment donations;
- waste recycling and management;
- charity initiatives.

Geographic scope and network of correspondents

- France;
- Germany;
- Romania;
- Bulgaria;
- Ireland;
- USA – Phoenix site.

Axway's greenhouse gas emissions balance sheet (BEGES), which uses the Bilan Carbone® methodology developed by the French Environment and Energy Management Agency (ADEME), measures the impact of the Group's activities on the environment.

The countries included in the Greenhouse Gas Emissions Account (BEGES) scope are France, Germany (1), Romania, Bulgaria, Ireland and the Phoenix site in the USA.

The perimeter described above represents more than 80% of the total area of premises.

The BEGES was completed by an independent service provider with a Bilan Carbone® license issued by the Association Bilan Carbone (ABC) for 2020. 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.

It appears from the report drawn up that:

- direct GHG emissions in CO_2 metric tons equivalent amounted to 262 (T eq. CO_2);
- indirect GHG emissions associated with the production of imported electricity, heat or steam, in CO_2 metric tons equivalent amounted to 430 (T eq. CO_2); and
- finally, other indirect GHG emissions in CO_2 metric tons equivalent amounted to 185 (T eq. CO_2).

Thus, total greenhouse gases emissions by the Axway Group within the scope defined above totalled 1,877 (T eq. CO_2).

The assessments for 2017 and 2018 were updated with updated emission factors, as recommended by the Ministry in its methodology.

(1) Excluding the Frankfurt site for which data was not available.

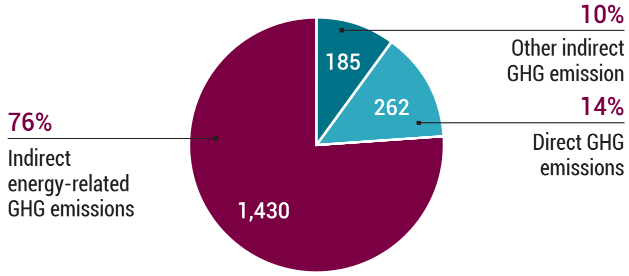
At constant structure (i.e. without Ireland, which was added this year), greenhouse gas emissions fell by 2% (38 T eq. CO_2) between 2019 and 2018.

Given the increase in our activity, our emissions control trajectory is therefore consistent with our actions.

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

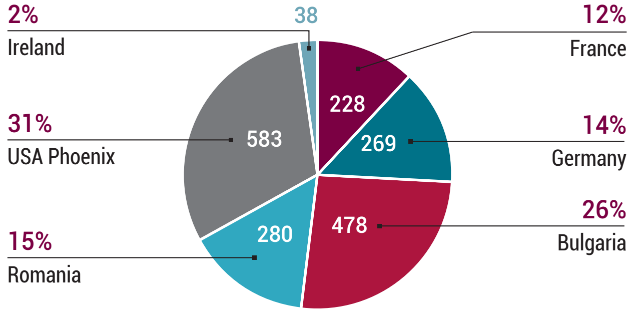
GHG EMISSIONS BY SCOPE

(in T eq. CO_2 and in %)

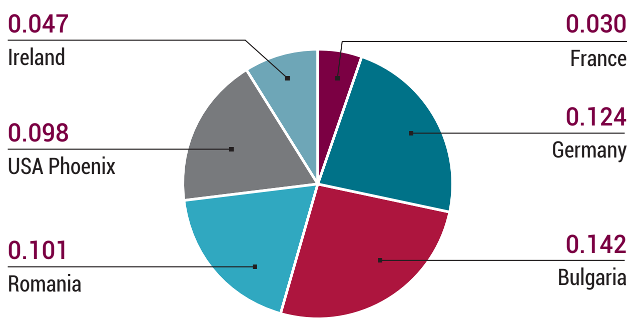


BREAKDOWN OF GHG EMISSION BY COUNTRY

(in T eq. CO_2 and in %)

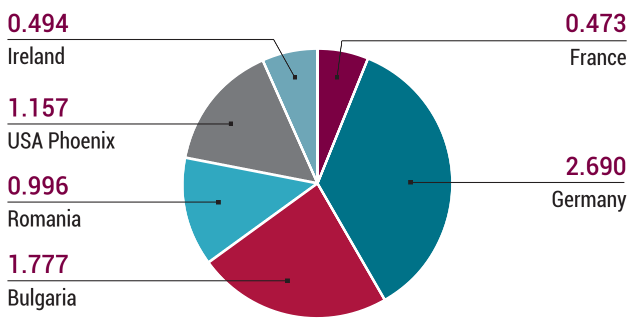


BREAKDOWN BY M² FOR EACH COUNTRY (in T eq. CO_2)



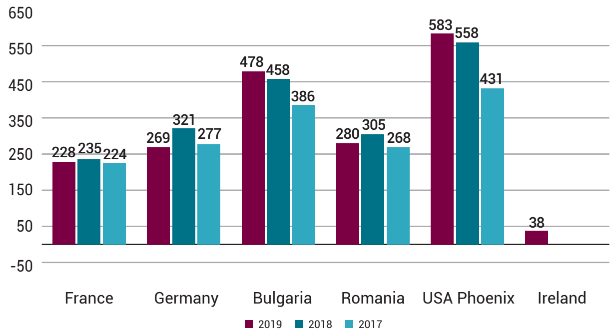
BREAKDOWN BY PERSON FOR EACH COUNTRY

(in T eq. CO_2)

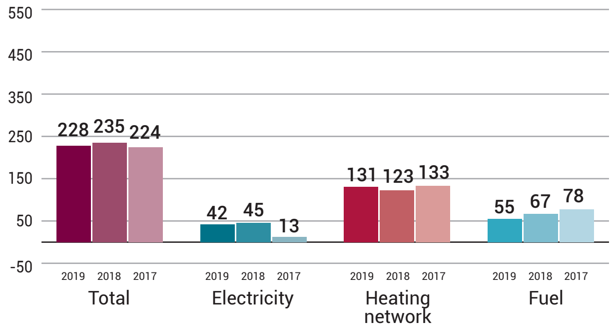


CHANGE IN GREENHOUSE GAS EMISSIONS BETWEEN 2017 AND 2019, PER COUNTRY AND PER SOURCE

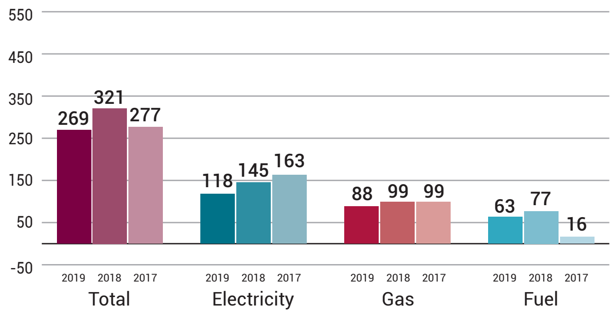
Comparison of greenhouse gas emissions in T eq. CO_2
BY COUNTRY



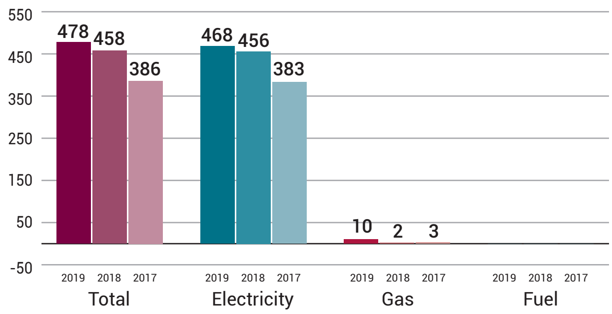
Comparison of greenhouse gas emissions in T eq. CO_2
FRANCE



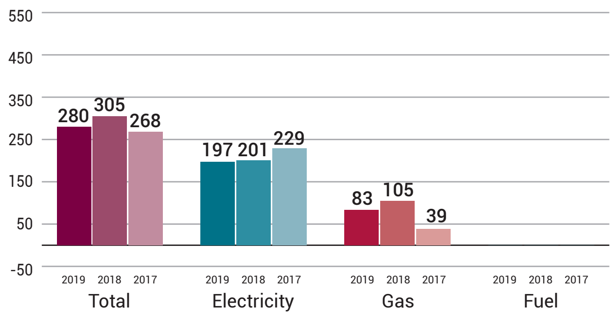
Comparison of greenhouse gas emissions in T eq. CO_2
GERMANY



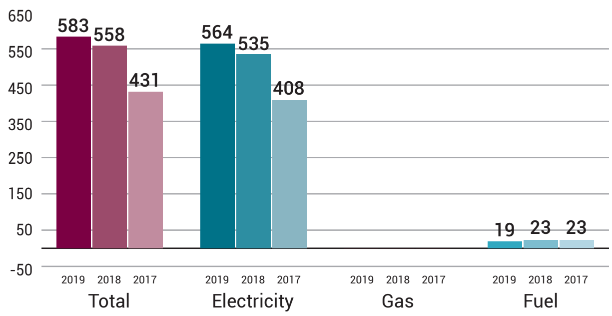
Comparison of greenhouse gas emissions in T eq. CO_2
BULGARIA



Comparison of greenhouse gas emissions in T eq. CO_2
ROMANIA



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



There is no individual graph for Ireland as measurements for this country only commenced in 2019.

Encourage responsible purchasing

Axway's commitment to controlling its consumption and reducing its environmental impact also extends to its purchases of goods and services.

Axway's site managers are encouraged to follow best practices for the purchase of consumables, office equipment and supplies. A proactive policy consists in favouring eco-responsible suppliers. For example, service providers in charge of cleaning the premises are invited to use non-toxic and non-hasardous products.

3.3.2 Life on Land

Reasonable consumption of computer and office equipment or paper is in line with the Group's good practices. Dedicated programmes have existed for several years to recycle or donate materials and thus limit consumption both internally and with stakeholders.

Treating waste

Axway's activity generates waste with a high recycling potential. It mainly includes paper and cardboard as well as computer consumables.

In France, Axway has chosen a supplier that provides collection – for recycling purposes – of cardboard, paper, plastic, cans and printer cartridges. The supplier does both regular and one-off collections. Voluntary collection points have also been installed to facilitate the process. Certain waste was only recorded as of 2018.

With regard to WEEE (waste electrical and electronic equipment), Axway continues to pursue its policy of making donations to associations or to employees, as described below.

Waste collection *(kg)*	**2017**	**2018**	**2019**	**2019 recycling rate**
Plastic	231	610	31	NA
Ink cartridges	62	475	22	NA
Paper & cardboard	3,970	9,799	7,195	70%
Cans	NA	4	154	99%
Bulky waste	NA	260	1,183	NA
WEEE	451	1,037	245	98%

The Company restaurant for Axway's French site, based in Paris-La Défense, is also committed to an environmentally-friendly approach, with the collection and recovery of biowaste.

Recycle equipment through donations

Regarding IT and office equipment, new ergonomic workstations improve the quality of employees' working conditions but also optimise energy and resource consumption with less energy-consuming terminals. Adhesive panels and whiteboards which consume less paper are also used in the offices.

In addition, the Group continues to donate equipment to employees and associations.

	2019	**2018**	**2017**
Donations of computer IT equipment, computers, screens, etc. *(in units)*	500	192	200

Dematerialise documents exchanged with Axway shareholders

At the end of 2019, 45% of Axway shareholders had agreed to receive documents by email, considerably reducing the sending of paper documents. For several years now, campaigns to encourage the adoption of electronic exchanges have been carried out around environmental programmes such as reforestation, or societal programmes for education such as the FACE Foundation's Wi-Filles programme in 2019.

3.3.3 Pursue a reasonable environmental policy in 2020 and beyond

Although the Group is present in 17 countries, the travel policy has always been very controlled and digital collaborative tools have long been favoured.

In addition to this sound management, Axway is considering ways to make progress in the area of carbon offsetting:

- for air travel: In 2020, Axway will analyse the interest in joining carbon offsetting programmes offered by airlines;
- to reduce the use of plastics: Axway is involved in an effort to achieve, in the long term, zero plastic consumption on its premises;
- to reduce paper consumption: Axway is continuing its education and recycling programmes.

In light of the temporary closure of Axway's premises during the COVID-19 epidemic, energy consumption from certain sources (electricity, heating, water, printing, paper cup consumption, etc.) should decrease during the lock-down at our various locations. The environmental impact of COVID-19 is likely to primarily concern greenhouse gas emissions but be relatively limited.

Methodology note

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.

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.

Data is collected from the relevant departments and 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.

Human Resources information

General provisions

Scope of consolidation and indicators

The workforce shown in the "Workforce" and "Breakdown of Workforce by Geographical Area" tables corresponds to the total number of employees at 31 December 2019. 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.

Relations with employees

Axway Software SA

Until October 2019, social dialogue at Axway Software SA revolved around a Works Council, a Health, Safety and Working Conditions Committee, staff representatives and three trade unions (CGT, CFDT & TRAID UNION). Since 4 October 2019, this dialogue has been conducted within the framework of an SEC, Social and Economic Committee, elected for 4 years. The 3 trade union organisations mentioned above are represented there.

Labour relations at Axway GmbH

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

Overview of collective agreements

Within Axway, 70 agreements were in force at 31 December 2019. In 2019, four agreements were signed in France and six were signed in Germany.

The collective agreements signed at Axway Software SA in 2019 are the following:

- Agreement on Axway's Social and Economic Committee;
- Amendment to the 2018-2020 profit-sharing agreement;
- Amendment to the Group's scope with a view to setting up a Group Committee;
- Agreement on electronic voting for elections of SEC members.

6 collective agreements were signed at Axway GmbH in 2019 with the works council:

- Bonus Plan 2019
- Sales Policy & Plans 2019
- Prodpad
- Salary increases (3 locations)
- On-Call Duty updated (3 locations)
- Overtime updated

Health and safety information

Scope of consolidation and indicators

The safety indicators concern all Axway sites. 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.

Health and safety conditions at Axway Software SA

In 2019, the CHSCT (Health, Safety and Working Conditions Committee) held four meetings.

During this period, there were:

- three work-related or commuting accidents with lost time.

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

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.

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. It regularly continues this work, monitoring the situation.

Certificate of disclosure by an Independent Third-Party

Verifying auditor's report

Year ended 31 December 2019

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

Dear 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 2019 (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 Commercial Code.

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 Code of Ethics of the 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 Commercial Code;
- the fairness of the information provided pursuant to 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 compliance of products and services with the applicable regulations.

Nature and extent of 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 5 March and 2 April 2020 and took approximately five man-days.

We conducted five 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 covers each category of information provided for in Article L. 225-102-1 III in social and environmental matters, as well as respect for human rights and the fight against corruption and tax evasion;
- 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 Declaration presents the business model and the main risks related to the activity of all entities included in the scope of consolidation, including, where relevant and proportionate, the risks created by its business relationships, products or services as well as its policies, actions and results, including key performance indicators;
- we verified, when they are relevant to the main risks or the policies presented, that the Statement presents the information provided for in Article R. 225-105 II;
- we assessed the selection and validation process of the main risks;
- we asked about the existence of internal control and risk management procedures put in place by the entity;
- we assessed the consistency of the results and key performance indicators adopted in view of the main risks and 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 collection process implemented by the entity for the completeness and sincerity of Information;
- for the key performance indicators and other quantitative results that we considered to be the most important, we implemented:
  - analytical procedures consisting in verifying the proper consolidation of the data collected and the consistency of any changes in 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 with a selection of contributing entities(1) and covers between 30% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests(2),
- 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 we carried out in exercising our professional judgement allows us to make a conclusion of moderate assurance; a higher level of assurance would have required more extensive work.

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, 8 April 2020

FINEXFI

Isabelle Lhoste

Partner

(1) Axway Software SA, Axway US

(2) 2019 key figures (Chapter 3.1), key figures and major talent recruitment actions (3.1.1.1), key figures and major development actions in 2019 (3.1.2.1), absenteeism (3.1.2.2), key figures and major actions to strengthen equality in 2019 (3.1.3.1), the Group's carbon footprint (3.3.1) and waste (3.3.2).

HR and environmental information cross-reference table

Article 225 and decrees of 19/08/2016 and 09/08/2017		NFPS Axway Group		
GP[1]	**General reporting principles**	**Page**	**Name**	**Comment**
GP1 (A. R. 225-105. I-)	The NFPS mentioned in I of Article L. 225-102-1 and the consolidated non-financial performance statement mentioned in II of the same article present the business model of the Company or, as the case may be, of all the companies for which the Company prepares consolidated financial statements.	Profile pages 12-13	Business model	
GP2 (A. R. 225-105. I-)	For each information category, they also present: 1° A description of the main risks related to the business of the Company or of the group of companies, including, where 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, the due diligence procedures implemented to prevent, identify and mitigate the occurrence of the risks mentioned in 1°; 3° The results of these policies, including key performance indicators. (Decree of 09/08/2017)	Chapter 2 pages 37-51	Risk Factors Risk Factors	See specifically the Sections in Chapter 2
GP3 (A. R. 225-105. I-)	Where the Company does not have a policy with respect to one or more of these risks, the statement includes a clear and reasoned explanation of the reasons justifying this. (Decree of 09/08/2017).			Axway applies a policy to all risks that affect it.
GP4 (A. R. 225-105.1 I-)	The information published is presented "in such a way as to allow a comparison of the data" (Law of 12/07/2010). The report of the Board of Directors or Management Board "presents the data observed during the financial year ended and, if necessary, during the previous financial year, so as to allow a comparison between this data" (decree of 24/04/2012).			See specifically the Sections in Chapter 2
GP5 (A. R. 225-105.1 II-)	When a company voluntarily complies with a national or international reference system in order to fulfil its obligations under this article, it mentions this fact, indicating the recommendations of this reference system that have been adopted and the procedures for consulting it (decree of 24/04/2012).	pages 55, 68	Support for the Global Compact Adhesion to the Middlenext Code	
GP6 (A. R. 225-105.1 III-)	Without prejudice to the disclosure requirements applicable to the report provided for in Article L. 225-100, these statements are made freely available to the public and easily accessible on the Company's website within eight months of the end of the financial year and for a period of five years. (Decree of 09/08/2017).	Group website		https://investors.axway.com/en et https://investors.axway.com/fr

Article 225 and decrees of 19/08/2016 and 09/08/2017		NFPS Axway Group		
GP[1]	**General reporting principles**	**Page**	**Name**	**Comment**
GP7 (A. R. 225-105.2 I-)	The independent third party mentioned in V of Article L. 225-102-1 is appointed, as the case may be, by the Chief Executive Officer or the Chairman of the Management Board, for a period not exceeding six financial years, from among the bodies accredited for this purpose by the French Accreditation Committee (COFRAC) or by any other accreditation body that is a signatory to the multilateral recognition agreement established by the European Coordination of Accreditation Bodies. The independent third party is subject to the incompatibilities provided for in Article L. 822-11-3.	pages 81-82	Certificate of disclosure and opinion of fairness concerning social, societal and environmental information.	
GP7 (A. R. 225-105.2 II-)	When the information is published by companies whose thresholds exceed €100 million for the balance sheet total or €100 million for the net revenue and 500 for the average number of permanent employees employed during the financial year, the report of the independent third party includes: a) A reasoned opinion on the conformity of the statement with the provisions of I and II of Article R. 225-105, as well as on the fairness of the information provided pursuant to 3° of I and II of Article R. 225-105; b) The due diligences carried out in conducting the verification procedures. (Decree of 09/08/2017).			
GP8 (A. L. 225-102-1. IV)	The defined companies which are under the control of a company which includes them in its Consolidated accounts in accordance with Article L. 233-16 are not required to publish a statement on non-financial performance if the Company that controls them is established in France and publishes a consolidated statement on non-financial performance or if the Company that controls them is established in another Member State of the European Union and publishes such a statement pursuant to the legislation to which it is subject. (Order of 19/07/2017).			
GP9 (A. L. 225-102-1. V)	For companies whose balance sheet total or revenue and number of employees exceed the thresholds set by decree of the Conseil d'État, where applicable on a consolidated basis, the information contained in the statements is verified by an independent third party, in accordance with the procedures set by decree of the Conseil d'État. This verification gives rise to a notice which is sent to the shareholders at the same time as the report referred to in the second paragraph of Article L. 225-100. (Ordinance of 19/07/2017).			

Human Resources information

I.a)	**Employment**			
I.a) 1.1	Total workforce	page 60		
I.a) 1.2	Breakdown of employees by gender	page 60		
I.a) 1.3	Breakdown of employees by age	page 60		
I.a) 1.4	Breakdown of employees by geographic area	page 60		
I.a) 2.1	Recruitment	pages 61-62		
I.a) 2.2	Redundancies	Non material		

Article 225 and decrees of 19/08/2016 and 09/08/2017			NFPS Axway Group	
GP[1]	**General reporting principles**	**Page**	**Name**	**Comment**
I.a) 3.1	Compensation	pages 60, 68		
I.a) 3.2	Change in compensation	page 68		
I.b)	**Organisation of work**			
I.b) 1	Organisation of working time	page 65		
I.b) 2	Absenteeism	page 65		
I.c)	**Health and safety**			
I.c) 1	Health and safety conditions at work	page 80		
I.c) 2.1	Frequency and seriousness of workplace accidents	page 80		
I.c) 2.2	Occupational diseases	Non material		
I.d)	**Relations with employees**			
I.d) 1	Organisation of the social dialogue, in particular the procedures for informing staff, consulting and negotiating with them	pages 65, 79		
I.d) 2	Review of collective agreements, particularly in the area of health and safety at work	pages 79-80		
I.e)	**Training**			
I.e) 1	Training policies implemented, including environmental protection policies.	page 62-64		
I.e) 2	Total number of training hours	page 63		
I.f)	**Equal treatment**			
I.f) 1	Measures taken in favour of gender equality	page 61, 66-67		
I.f) 2.1	Measures taken in favour of employment	pages 66-67		
I.f) 2.2	Measures taken for the integration of people with disabilities	pages 67, 70		
I.f) 3	Anti-discrimination policy	page 70		

Environmental information

II.a)	**General environmental policy**			
II.a) 1.1	Organisation of the Company to take environmental issues into account	pages 73-78		
II.a) 1.2	Environmental evaluation or certification procedures	page 71		Ecovadis
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			
II.b)	**Pollution**	Non material	Non material	
II.b) 1.1	Prevention, reduction, repair measures: AIR			
II.b) 1.2	Prevention, reduction, repair measures: WATER			
II.b) 1.3	Prevention, reduction, repair measures: SOIL			
II.b) 2	Consideration of any form of contamination specific to any activity, notably sound and light disturbances			

3

Article 225 and decrees of 19/08/2016 and 09/08/2017			NFPS Axway Group	
GP[1]	**General reporting principles**	**Page**	**Name**	**Comment**
II.c)	**Circular economy**			
II.c).i)	Waste prevention and management	page 78		
II.c).i) 1	Measures of prevention, recycling, reuse, other forms of waste recovery and disposal	pages 74-75, 78		
II.c).i) 2	Actions in the fight against food waste	Non material	Non material	The premises in La Défense (France) have a company restaurant committed to the fight against food waste[2].
II.c).ii)	Sustainable use of resources			
II.c).ii) 1.1	Water consumption	Non material	Non material	Axway uses only water for sanitary purposes in its tertiary activity. The premises are equipped with efficient technology in this area.
II.c).ii) 1.2	Water supply in keeping with local constraints			Axway does not operate in countries where the use of water is restricted.
II.c).ii) 2.1	Raw material consumption	Non material	Non material	Axway uses only paper and office supplies for its tertiary activity.
II.c).ii) 2.2	Measures taken to improve efficiency in their use			
II.c).ii) 3.1	Energy consumption	pages 74-75		
II.c).ii) 3.2	Measures taken to improve energy efficiency			
II.c).ii) 3.3	Measures taken to improve the use of renewable energies			
II.c).ii) 4	Soil use	Non material	Non material	Axway is not affected by this point due to its tertiary activity. Axway leases its premises and does not carry out any construction work.
II.d)	**Climate change**			
II.d) 1	The significant greenhouse gas emissions generated by the Company's activities, in particular by the use of the goods and services it produces	pages 75-77		Scope: France, Germany, Bulgaria, Romania, USA (Phoenix), Ireland
II.d) 2	Adaptation to the consequences of climate change	Non material	Non material	Axway is not directly concerned by this point, but its products and services enable some of its customers to adapt to climate change (for example: management of local authorities' data flows to optimise the multimodal mobility of their citizens).
II.d) 3	Voluntary medium- and long-term reduction targets set to reduce greenhouse gas emissions and the means implemented to this end	page 78		

Article 225 and decrees of 19/08/2016 and 09/08/2017			NFPS Axway Group	
GP[1]	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.
Societ al information				
III.a)	Societal commitments in favour of sustainable development	pages 70-72		
III.a) 1	The impact of the Company's activity in terms of employment and local development	pages 62-63, 70		
III.a) 2	The impact of the Company's activity on neighbouring or local communities	Non material	Non material	Axway is not affected by this point due to its tertiary activity.
III.a) 3	Relationships with the Company's stakeholders and the methods of dialogue with them	pages 56-57, 68		
III.a) 4	Partnership and corporate patronage initiatives	pages 70-71		
III.b)	**Subcontractors and suppliers**			
III.b) 1	Integration of social and environmental criteria in the purchasing policy	page 77		
III.b) 2	Integration of social and environmental responsibilities in relations with suppliers and subcontractors	page 77		
III.c)	**Fair practices**	pages 68-69		
III.c)	Measures taken for 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 impact on the health and safety of consumers.
Information on the fight against corruption and tax evasion[3]				
	Actions taken to prevent corruption			
Information on actions in favour of human rights		pages 55, 68		
V.a)	**Promoting and complying with the Fundamental Conventions of the International Labour Organisation (ILO)**	pages 55, 68-69		
V.a) 1	Respecting freedom of association and the right to collective bargaining	Non material	Non material	By its adhesion to the Global Compact, Axway is committed to these issues but does not operate in countries considered to be high-risk.
V.a) 2	Elimination of employment and professional discrimination			
V.a) 3	Elimination of forced or compulsory labour			
V.a) 4	Effective abolition of child labour			
V.b)	**Other actions taken in favour of human rights**			

(1) GP: General Reporting Principles.

(2) The following themes (to be addressed obligatorily in the NFPS): fighting against food insecurity, respect for animal welfare and responsible, fair and sustainable food are not material for Axway.

(3) The Group is tax-transparent and wishes its tax policy to be an inherent part of its corporate responsibility strategy. The Group therefore adopts a civic behaviour that consists not only in complying with the legislation, but above all in making a fair contribution to the countries in which it operates.

3

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4

Corporate governance

NFPS

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.

4.1 Administrative and Executive Management bodies

4.1.1 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 summarised in Chapter 8, 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 19 February 2020.

4.1.2 Board of Directors

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.

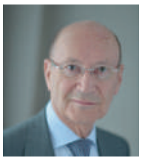
The Board of Directors elects a Chairman from among its members, who must be a natural person for the appointment to be valid. The Board of Directors can dismiss him at any time.

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 overall business strategy of the Company and supervises its implementation.

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

The Board of Directors is comprised of the following members:

First name, last name and business address	Position held on the Board of Directors	Date of appointment	Expiry of term of office	Offices and duties held during the last five years	Directors considered as independent[1]	Attendance rate at Board and Committee meetings
 **Pierre Pasquier** **Nationality:** French – 84 years old Business address: Sopra Steria Group SA PAE Les Glaisins Annecy-le-Vieux 74940 Annecy France **Shares in the Company held personally:** 0	Director Chairman of the Board of Directors	General Meeting of 5 June 2019 and Board of Directors' meeting of 5 June 2019	General Meeting convened to approve the financial statements for the year ending 31 December 2022	**Within the Group:** Director; Chairman of the Board of Directors; Director or company officer of foreign Group subsidiaries or sub-subsidiaries. **Outside the Group:** Chairman of Sopra Steria Group; Director or company officer of foreign Sopra Steria Group subsidiaries or sub-subsidiaries; CEO of Sopra GMT. **Expired offices:** None.	*No*	100%
 **Kathleen Clark Bracco** **Nationality:** American – 52 years old **Business address:** Sopra Steria Group SA 6, avenue Kléber 75116 Paris France **Shares in the Company held personally:** 7,355	Director Vice-Chairwoman of the Board of Directors	General Meeting of 5 June 2019 and Board of Directors' meeting of 5 June 2019	General Meeting convened to approve the financial statements for the year ending 31 December 2022	**Within the Group:** Director; Vice-Chairwoman of the Board of Directors. **Outside the Group:** Permanent representative of Sopra GMT on the Board of Directors of Sopra Steria Group; Deputy CEO of Sopra GMT; Director of Corporate Development of Sopra Steria Group; **Expired offices:** Director of Sopra Group (19/06/2012 to 27/06/2014).	*No*	100%
 **Pierre-Yves Commanay** **Nationality:** French – 54 years old **Business 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 of 6 June 2018	General Meeting convened to approve the financial statements for the year ending 31 December 2021	**Within the Group:** Director. **Outside the Group:** Director of Sopra GMT. **Expired offices:** None.	*No*	94%

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First name, last name and business address	Position held on the Board of Directors	Date of appointment	Expiry of term of office	Offices and duties held during the last five years	Directors considered as independent[(1)]	Attendance rate at Board and Committee meetings
 **Hervé Déchelette** **Nationality:** French – 75 years old **Business 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:** 22,406	Director	General Meeting of 5 June 2019	General Meeting convened to approve the financial statements for the year ending 31 December 2022	**Within the Group:** Director. **Outside the Group:** None. **Expired offices:** None.	*Yes*	100%
 **Nicole Claude Duplessix** **Nationality:** French – 60 years old **Business 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:** 50	Director	General Meeting of 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*	83%
 **Emma Fernandez** **Nationality:** Spanish – 56 years old **Business 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 Meeting of 5 June 2019	General Meeting convened to approve the financial statements for the year ending 31 December 2022	**Within the Group:** Director. **Outside the Group:** Director of Metrovacesa SA; Director of ASTI Mobile Robotics Group SL; Director of Effect Consultoria y soluciones digitales SL; Director of Grupo Ezentis SA. **Expired offices:** Director of Sopra Group SA (19/01/2017 to 12/06/2018); Director of Kleinrock Advisors SL (end 2018).	*Yes*	100%
 **Michael Gollner** **Nationality:** American and British – 61 years old **Business address:** 21 Poland Street London W1F 8QG **Shares in the Company held personally:** 7,000	Director	General Meeting of 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:** Director of Sopra Steria Group SA; Executive Chairman of Madison Sports Group Limited; Director of Levelset, Inc. **Expired offices:** None.	*Yes*	67%

First name, last name and business address	Position held on the Board of Directors	Date of appointment	Expiry of term of office	Offices and duties held during the last five years	Directors considered as independent[(1)]	Attendance rate at Board and Committee meetings
 **Helen Louise Heslop** **Nationality:** British – 50 years old **Business 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 Meeting of 5 June 2019	General Meeting convened to approve the financial statements for the year ending 31 December 2022	**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*	83%
 **Pascal Imbert** **Nationality:** French – 61 years old **Business address:** Wavestone Tour Franklin 100-101, Terrasse Boieldieu 92042 Paris La Défense Cedex France **Shares in the Company held personally:** 340	Director	General Meeting of 5 June 2019	General Meeting convened to approve the financial statements for the year ending 31 December 2022	**Within the Group:** Director. **Outside the Group:** Chairman of the Management Board of Wavestone. **Expired offices:** None.	*Yes*	100%
 **Véronique de la Bachelerie** **Nationality:** French – 60 years old **Business address:** Société Générale RESG/SGC-17, Cours Valmy 92800 Puteaux **Shares in the Company held personally:** 0	Director	General Meeting of 5 June 2019	General Meeting convened to approve the financial statements for the year ending 31 December 2022	**Within the Group:** Director. **Outside the Group:** Director or company officer of foreign subsidiaries of the Société Générale Group; Executive Director of Société Générale Consulting; Chairwoman of AFCI (French Association of Internal Management Consultants); Chairwoman of AMCI (US Association of Internal Management Consultants). **Expired offices:** Deputy Director of SGBT;Director of the Luxembourg stock exchange.	*Yes*[(2)]	83%
 **Yann Metz-Pasquier** **Nationality:** French and American – 31 years old **Business address:** Sopra Banking Software 6, avenue Kléber 75116 Paris France **Shares in the Company held personally:** 18,877	Director	General Meeting of 6 June 2018	General Meeting convened to approve the financial statements for the year ending 31 December 2021	**Within the Group:** Director. **Outside the Group:** Director of Sopra GMT; Director of Upfluence Inc. **Expired offices:** Observe until 6 June 2018.	*No*	100%

First name, last name and business address	Position held on the Board of Directors	Date of appointment	Expiry of term of office	Offices and duties held during the last five years	Directors considered as independent[1]	Attendance rate at Board and Committee meetings
 **Marie-Hélène Rigal-Drogerys** **Nationality:** French – 50 years old **Business 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 of 6 June 2018	General Meeting convened to approve the financial statements for the year ending 31 December 2021	**Within the Group:** Director. **Outside the Group:** Director of Sopra Steria Group SA; Advisor to the Chairman on Site Policy at École Normale Supérieure Lyon engineering school; Expert member of the Advisory Board, IMT Mines Albi-Carmaux engineering school. **Expired offices:** Consultant Partner at ASK Partners.	*Yes*	83%
 **Hervé Saint-Sauveur** **Nationality:** French – 75 years old **Business 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 of 5 June 2019	General Meeting convened to approve the financial statements for the year ending 31 December 2022	**Within the Group:** Director. **Outside the Group:** None. **Expired offices:** Director of Sopra Steria Group SA.	*Yes*	83%
 **Yves de Talhouët** **Nationality:** French – 60 years old **Business address:** 39, rue Boileau 75,016 Paris France **Shares in the Company held personally:** 0	Director	General Meeting of 5 June 2019	General Meeting convened to approve the financial statements for the year ending 31 December 2022	**Within the Group:** Director. **Outside the Group:** Director of TWENGA; CEO of TABAG; Director of Devoteam; Director of Tinubu; Chairman of Faïenceries de Gien (2014). **Expired offices:** CEO of EMEA HP.	*Yes*	75%

(1) As its meeting of 5 June 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 11/04/2019.

Changes in the composition of the Board of Directors for the year ended 31 December 2019

Appointments	-
Re-appointments	Pierre Pasquier; Kathleen Clark Bracco; Hervé Déchelette; Emma Fernandez; Helen Louise Heslop; Pascal Imbert; Véronique de la Bachelerie; Hervé Saint-Sauveur; Yves de Talhouët.
Non-renewal	-
Resignations	-
Cooptations	-

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

Pierre Pasquier has over 50 years' experience in digital services and managing an international company. He has chaired Axway Software’s Board of Directors since the Company’s creation in 2001.

A mathematics graduate from the University of Rennes, Pierre Pasquier began his career with Bull and was involved in the creation of Sogeti, before leaving in 1968 to found the Sopra Group. Recognised as a pioneer in the sector, he asserted from the outset the company's entrepreneurial spirit, aimed at serving major customers through innovation and collective success.

Pierre Pasquier steered the deployment of Sopra in its vertical markets and internationally. The 1990 IPO, the successive growth phases and the transformational merger with the Steria Group in 2014, ensured the independence of the company in a changing market.

In 2011, Pierre Pasquier led the Axway Software IPO *via* a spin-off.

He was Chairman and Chief Executive Officer of Sopra Group until 20 August 2012, when the duties of Chairman and Chief Executive Officer were separated. He retained the position of Chairman of Sopra Group and then Sopra Steria Group from 2014.

Pierre Pasquier is also Chairman and Chief Executive Officer of Sopra GMT, the financial holding company of Sopra Steria Group and Axway Software.

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

After a masters in literature at the University of California (Irvine), Kathleen Clark Bracco began her professional career in the United States education sector. In 1998, she left Silicon Valley for France, where she joined Sopra and worked in the Communications Department. In 2002, she was appointed Director of Investor Relations, a position that she held until 2015. In this role, she forged solid ties between the Management bodies and an increasingly international range of shareholders.

Kathleen Clark Bracco was a key player in the successful spin-off of Axway. She joined the Board of Directors in 2011 and was appointed Vice-Chairman in 2013 and Chairwoman of the Selection, Ethics and Governance Committee. She is also involved in several Group corporate initiatives, and notably initiatives focusing on fairness, the fight against corruption, ethics and employee share ownership.

In 2014, she contributed significantly to the successful merger of Sopra and Steria. In 2015, she became head of Sopra-Steria Group mergers and acquisitions where she steers acquisition opportunities to complete the business portfolio in line with the strategy. This position favours the complementarity of strategies between the different Group companies.

Through these roles, her long experience in the Group and governance bodies, her knowledge of financial markets, her commitment to social and societal issues and her communications expertise, contribute to the good governance of Axway.

Strengthened by her long-standing relationship with Group management, Kathleen Clark Bracco has also served as Deputy CEO of Sopra GMT since 2012.

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 business school 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. At the beginning of April 2019, he was charged with developing consulting activities in the United Kingdom. He has been responsible for the Continental Europe division since 2011.

He has also had previous roles within the Group, which he joined in 1991. He headed the Research & Development division of a Software entity, before being appointed to develop the activities of Sopra UK as CEO of this subsidiary from 2009 to 2012. As Industrial Director of Sopra Group India Pvt Ltd, Pierre-Yves Commanay was responsible for setting up the Group’s offshore platform.

Pierre-Yves Commanay 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 notably coordinated the financial transactions relating to the external growth of the Group’s companies.

Hervé Déchelette therefore brings to the Board of Directors his expertise in the digital services market and his financial expertise.

He holds a degree from the École Supérieure de Commerce de Paris business school 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 Steria and its subsidiaries to its key clients in a number of industries. For seven years until the end of 2019, 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.

With this wealth of experience in the Sopra Steria Group, Nicole Claude Duplessix 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.

Emma Fernandez 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 has significant international experience in the Finance industry, specifically in Banking and Insurance.

She currently manages her own company which provides consulting services relating to process transformation and the organisation of finance departments. Previously, she was responsible for transformation within Aviva Group, followed by Finance Director Europe at GE Money Bank, a subsidiary of General Electric. She started her career with Price Waterhouse Coopers.

Helen Louise Heslop graduated in Economics from the University of Cambridge and is a UK Statutory Auditor.

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

With an MA in international studies from the University of Pennsylvania and an MBA from the Wharton School, Michael Gollner began his career in investment banking with Marine Midland Bank from 1985 to 1987, Goldman Sachs from 1989 to 1994 and Lehman Brothers from 1994 to 1999. In 1999, he joined Citigroup Venture Capital, which later became Court Square Capital, as Managing Director Europe. He founded an investment company, Operating Capital Partners, in London in 2008. As Managing Partner, Michael Gollner accompanies the development of a portfolio of companies in around twenty countries, most often in the technologies, media or cable sectors. He is notably a director of Levelset, a payments platform in the construction sector.

Since 2013, Michael Gollner is also the founder and Executive Chairman of Madison Sports Group, which promotes a cycling race, the Six Day Series, around the word with considerable success.

Michael Gollner brings to the Board his insight as an anglo-saxon financial expert highly invested in the operating activities of the companies he manages or assists.

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

Pascal Imbert began his career in Télésystèmes' R&D department in 1980. In 1990, he co-founded the consulting firm Solucom, renamed Wavestone in 2016, where he jointly led its development until 2002. He has been Chairman of the Management Board since this date. Wavestone is a management and information systems consultancy, listed on the Euronext Paris market since 2000. It assists major companies with their digital transformation, their expansion into new markets and with merger and acquisition transactions.

Pascal Imbert is a graduate of the École polytechnique and Télécom Paris engineering schools.

Pascal Imbert was the Chairman of Middlenext, the association representing midcaps in France, from 2010 to 2014 and teaches masters classes at the École supérieure de management business school.

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. He was Chief Financial Officer from 2013 to 2016 and is still a director of the company today. Prior to that, he was a mergers & acquisitions analyst with Moss Adams LLP in San Francisco, California.

Yann Metz-Pasquier 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.

A science graduate, Marie-Hélène Rigal-Drogerys has a good understanding of the field of higher education, research and innovation and more broadly the public sector, that she combines with an operational and executive approach to strategy and organisation.

With a PhD in Mathematics and a post-graduate diploma in theoretical physics, Marie-Hélène Rigal-Drogerys began her professional career as a research professor at the University of Montpellier, then at École Normale Supérieure (ENS) Lyon. In 1998 she joined the financial audit sector, where she worked for major clients in the manufacturing, services and public sectors.

Marie-Hélène Rigal-Drogerys then served as Consultant Partner at Ask-Partners. From 2009 to 2017, she accompanied companies and organisations in their transition to new business models.

As Advisor to the Chairman of ENS Lyon, she has been contributing to its transition to a world-leading university since 2017. She also uses her expertise in her duties as Director of Sopra Steria Group and Chairwoman of its Audit Committee and as an Expert member of the Advisory Board of IMT Mines Albi-Carmaux engineering school.

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

Hervé Saint-Sauveur was a member of Sopra Group SA's Board of Directors from June 2003 to June 2018 where he acted 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 from May 2011 and Chairman and CEO of HP France from 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.

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4.1.3 Company officers – Senior executives

First name, last name and business address	Office	Date of first appointment and date of expiry of term of office	Offices and duties held in the Group during the last five years	Offices and duties held outside the Group during the last five years
Pierre Pasquier **Business address:** Sopra Steria Group SA PAE Les Glaisins Annecy-le-Vieux 74940 Annecy France	Chairman of the Board of Directors	**1st appointment:** 22 December 2001 **Expiry of term of office:** General Meeting convened to approve the financial statements for the year ending 31 December 2022	**Offices and duties currently held:** (Chapter 4, Section 1.2) **Expired offices and duties:** (Chapter 4, Section 1.2)	**Offices and duties currently held:** (Chapter 4, Section 1.2) **Expired offices and duties:** (Chapter 4, Section 1.2)
Patrick Donovan **Business 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 Group subsidiaries; CEO of Group subsidiaries.	**Offices and duties currently held:** - **Expired offices and duties:** -

4.1.4 Family relationships

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

- Yann Metz-Pasquier and Pierre Pasquier; and
- Pierre-Yves Commanay and Pierre Pasquier; and
- Yann Metz-Pasquier and Pierre-Yves Commanay.

4.1.5 Legal information

At the date of this Universal 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 have 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.

4.1.6 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. Pierre Pasquier is the Chairman and Chief Executive Officer of Sopra GMT and the Pasquier family holds a 68.3% 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 (56.9%) and 65.2% of its voting rights (see Chapter 7, 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 4, Section 4.2). 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 nine (9) independent directors, appointed at meetings held on 20 February 2019 and 11 April 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 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 8 "Ethics" that: *"Any member of the Board of Directors finding himself in a situation of conflict of interest or potential conflict of interest, due notably to the offices they hold with another company, must report this situation to the Selection, Ethics and Governance Committee as rapidly as possible, explaining the issue encountered and detailing the reasons for the existence of the actual or potential conflict of interest. […]. The Chairman of the Board, having regard to the opinion of the Selection, Ethics and Governance Committee, asks the relevant member of the Board of Directors not to take paid in the deliberations and/or not to attend the Board of Directors' meeting";*
- 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 officer	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Pierre Pasquier Chairman Start of term of office: Board of Directors' meeting of 5 June 2019 End of term of office: General Meeting convened to approve the financial statements for the year ending 31 December 2022		X		X		X		X
Patrick Donovan Chief Executive Officer Start of term of office: 6 April 2018		X		X	X[1]			X

(1) 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 was presented to the General Meeting of 5 June 2019 with regard to regulated agreements, in accordance with Article L. 225-42-1 of the French Commercial Code. It took effect from this date, and is detailed in the Statutory Auditors' special report. Following the repeal of Article L. 225-42-1 of the French Commercial Code, the Board of Directors' meeting of 19 February 2020 noted the reclassification of the indemnities for the termination of Patrick Donovan's duties, that will now form an integral part of the say-on-pay regime.

4.1.7 Compensation policy

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.

Pursuant to Article L. 225-37-2, shareholders will be asked to approve the compensation policy for company officers described below.

The company officer compensation policy is approved by the Board of Directors of the Company in accordance with prevailing legal provisions and the Middlenext Code.

Measures aimed at avoiding and managing conflicts of interest are set out in the Board of Directors' internal regulations.

4.1.7.1 Components of the compensation policy applicable to all company officers

The Board of Directors sets the company officer compensation policy. It reviews the compensation system annually to verify it matches the Group's needs. It is assisted by the Compensation Committee which prepares its decisions. The Committee holds several preparatory meetings during the final quarter of the preceding fiscal year and the first quarter of the current fiscal year. The Committee then presents its recommendations to the Board of Directors which debates them and makes a decision.

The Board of Directors ensures that the compensation policy is consistent with the Company's interests and contributes to its commercial strategy and long-term success. It sets strict performance conditions for the variable compensation and share-based compensation of the Chief Executive Officer, based on financial and non-financial objectives, where appropriate, in conjunction with the Group's strategy. The Company's quantified objectives, identified during the examination of the budget, are taken into account when setting quantifiable objectives.

The Board of Directors also takes account of the salary policy decided by the Group and decisions concerning the fixed and variable compensation of Executive Committee members. It considers, where appropriate, employee share ownership or long-term incentive measures for all employees or management of the Company and its subsidiaries and sets the presence and performance conditions.

The Board determines the quantifiable criteria to be taken into account for variable and share-based compensation (at the recommendation of the Compensation Committee), as well as any qualitative criteria, where applicable. It ensures the precise definition of criteria. For the quantifiable criteria, it generally sets a threshold below which variable compensation is not paid, a target enabling the payment of 100% of the planned compensation for the criteria and a cap where this amount can be exceeded. Performance is assessed by comparing actual results with the objective, broken down by threshold-target-cap.

At the beginning of the year, the Compensation Committee notes the rate of attainment of quantifiable objectives for the previous year and assesses the attainment of qualitative objectives. To this end, it interviews the Chairman of the Board of Directors and familiarises itself with any information that could assist this assessment.

4.1.7.2 Compensation policy for the Board of Directors

Article 10 of the internal regulations of Axway Software's Board of Directors stipulates that the compensation referred to in Article L. 225-45 of the French Code of Commerce: *"will be allocated between participants at meetings of the Board and its Committees (members of the Board and observers) based solely on their attendance, physical or via telephone, at meetings"*.

In accordance with Recommendation R. 10 of the Middlenext Code, the allocation of this compensation is decided by the Board of Directors, on the proposal of the Compensation Committee, and takes account of:

- attendance at Board of Directors' meetings;
- the time devoted to their role, including attendance at Committee meetings.

Allocation of compensation for fiscal year 2020 is as follows:

- allocation of total compensation between the Committees and the Board of Directors as follows:
  - Board of Directors: 60%,
  - Audit Committee: 20%,
  - Selection, Ethics and Governance Committee: 10%,
  - Compensation Committee: 10%;
- The attendance of the Committee Chairman at a Committee meeting counts double.

Pursuant to the provisions of Article L. 225-45 of the French Commercial Code, the total compensation payable to directors is set by Ordinary General Meeting, on the proposal of the Board of Directors.

The Board of Directors proposes a compensation amount pursuant to Article L. 225-45 of the French Commercial Code of €330,000 for the year ending 31 December 2020, unchanged on the previous year.

4.1.7.3 Compensation policy for executive officers

Executive officer compensation is reviewed annually by the Board of Directors, based on the recommendations of the Compensation Committee which notably take account of:

- the principles detailed in the Middlenext Code, that is completeness, balance between compensation components, benchmark, consistency, clear rules, restraint and transparency;

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- the experience and expertise of the company officer;
- the duties and responsibilities associated with the position;
- the compensation of other Company senior executives;
- market practice;
- Company interest;
- strategy and long-term success of the Group.

The annual review policy 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.

a. Role of the executive officers

Given the challenges associated with the Group's growth and permanent transformation (digital, in particular), the 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.

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.

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 offices. 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.

b. Compensation policy for the Chairman of the Board of Directors

The compensation of the Chairman of the Board of Directors is determined each year by the Board of Directors, based on the recommendations of the Compensation Committee, and essentially comprises fixed compensation in addition to his compensation for his duties of director.

The Board of Directors' meeting of 19 February 2020 decided not to propose a change to the compensation policy of the Chairman of the Board of Directors.

Fiscal year 2020 and beyond

Compensation component	Comment
Annual fixed compensation	Determined by the Board of Directors at the recommendation of the Compensation Committee
Annual variable compensation	Not applicable
Deferred variable compensation	Not applicable
Multi-year variable compensation	Not applicable
Deferral period, ability to request repayment of variable compensation	Not applicable
Exceptional compensation	Applicable, at the decision of the Board of Directors, subject to very specific circumstances (separation-IPO of a subsidiary, merger, etc.) Payment conditional on approval by Ordinary General Meeting and, in all events, capped at 100% of annual fixed compensation
Other benefits in kind	Not applicable
Stock options, performance shares or any other long-term compensation	Not applicable
Compensation referred to in Article L. 225-45 of the French Commercial Code	Application of the directors' compensation policy
Severance pay/indemnities for a change in duties	Not applicable
Non-compete indemnities	Not applicable
Supplementary pension plan	Not applicable

Given the above and based on the criteria detailed previously for defining executive officer compensation, the Board of Directors proposes the retention of Pierre Pasquier's compensation for fiscal year 2020 at the level set since fiscal year 2018, that is fixed gross compensation of €138,000.

In the event of the appointment of a new Chairman, the Board of Directors will determine his or her compensation, at the recommendation of the Compensation Committee, in accordance with the compensation policy detailed above.

c. Compensation policy for the Chief Executive Officer

The compensation of the Chief Executive Officer is determined each year by the Board of Directors, based on the recommendations of the Compensation Committee

Fiscal year 2020 and beyond

Compensation component	Comment
Annual fixed compensation	Determined by the Board of Directors at the recommendation of the Compensation Committee (based, notably, on responsibilities exercised, experience, external and internal comparisons)

Annual variable compensation	Amount: 100% of 2020 fixed compensation if objectives are attained and up to 156% of fixed compensation in the event of notable outperformance, conditional on the attainment of:
	• quantifiable criteria:
	  • 45% based on organic growth in signatures. This percentage may be increased to 90% in the event of notable outperformance,
	  • 45% based on Group profit on operating activities. This percentage may be increased to 56% in the event of notable outperformance;
	• qualitative criteria:
	  • 5% based on the employee engagement indicator,
	  • 5% based on the NPS customer satisfaction indicator;
	• precise 2020 objectives were set by the Board of Directors for these criteria; attainment levels are not published for confidentiality reasons.
	The attainment of the quantitative and qualitative criteria is examined by the Board of Directors adopting the financial statements for the previous fiscal year, at the recommendation of the Compensation Committee.

Deferred variable compensation	Not applicable
Multi-year variable compensation	Not applicable
Deferral period, ability to request repayment of variable compensation	Not applicable
Exceptional compensation	Applicable, at the decision of the Board of Directors, in the event of very specific circumstances (separation-IPO of a subsidiary, merger, etc.) Payment conditional on approval by Ordinary General Meeting and, in all events, capped at 100% of annual fixed compensation
Stock options, performance shares or any other long-term compensation	Eligible for long-term incentive plans implemented for Group management. These plans include a condition of presence throughout the duration of the plan and demanding performance conditions. Vesting period of two years or more. Obligation to hold 30% of shares vested under the plan throughout his term of office.
Compensation referred to in Article L. 225-45 of the French Commercial Code	Not applicable (unless appointed to the Company's Board of Directors. Offices exercised in the Group's subsidiaries do not give rise to compensation)
Other benefits in kind	Not applicable
Severance pay/indemnities for a change in duties	The maximum amount of these indemnities is one year's fixed and variable salary. The payment of this severance pay is 50% dependent on the organic growth in Axway Group signatures and 50% dependent on Axway Group operating income. 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 for the Sopra Steria Group.
Non-compete indemnities	Not applicable
Supplementary pension plan	Not applicable

Fixed compensation

The Chief Executive Officer assumed his duties on 6 April 2018 after having been Chief Financial Officer of the Company for several years. At the time of his appointment, his compensation was only marginally increased on that for his previous duties and did not correspond to that expected for the level of responsibility. It was decided, at that time, to subsequently revise this compensation to bring it into line with market practices. In this context and after reviewing compensation benchmarks for companies in the same sector, the Board of Directors proposed gross fixed annual compensation of US$550,000 for the fiscal year ending 31 December 2020, an increase of 38% on fiscal year 2019.

Variable compensation

Each year, the Board of Directors decides the variable compensation of the Chief Executive Officer, based on the recommendations of the Compensation Committee.

This compensation seeks to align the Chief Executive Officer's compensation with the Group's annual performance and promote the implementation of its strategy.

Gross variable compensation for the year ending 31 December 2020, if objectives are attained, would be US$550,000.

In exceptional circumstances (e.g. an exogenous shock), the Board of Directors may derogate from application of the compensation policy if this derogation is temporary, in the Company's interest and necessary to ensure the long-term success and viability of the Company. This derogation could be applied if the Group's results require the suspension of the normal application of the variable compensation system for Executive Committee members. The Compensation Committee would therefore examine the Chief Executive Officer's position and could propose to the Board of Director to derogate from the compensation policy by deciding an increase in the variable compensation calculation. This possibility would be contingent on a two-thirds majority vote by the Board of Directors. It is recalled that this derogation would be subject to the ex post approval of shareholders at the next General Meeting.

Stock options, performance shares or any other long-term compensation

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 medium and long term. This compensation is in the Company's interest and contributes to its commercial strategy and the long-term success.

The decision to grant stock options and/or free shares to the Chief Executive Officer will be decided within the limits set by the authorisation granted by General Meeting and the conditions set by prevailing legal provisions and the Middlenext Code to which the Company refers.

The Chief Executive Officer cannot be granted stock options or free shares at the time of his departure.

Share-based compensation contributes to aligning the interests of the Chief Executive Officer with those of shareholders and providing a long-term perspective.

In the event of the appointment of a new Chief Executive Officer or a new Deputy Chief Executive Officer, the Board of Directors will determine his/her/their compensation, at the recommendation of the Compensation Committee, in accordance with the compensation policy detailed above.

The payment of variable compensation granted to the Chief Executive Officer is subject to the approval by the Ordinary General Meeting of the compensation components paid to the Chief Executive Officer during the previous fiscal year or awarded in respect of this same fiscal year (*ex post* vote).

4.1.8 Compensation components paid or awarded to executive officers in respect of the year ended 31 December 2019

The following developments, which form an integral part of the Board of Directors' report on corporate governance, are presented in accordance with Articles L. 225-37-3 of the French Commercial Code.

Pursuant to the provisions of Article L. 225-100 II and II of the French Commercial Code, shareholders will be asked to approve the compensation of company officers presented below and the compensation components paid or awarded to executive officers.

This section presents for each company officer, the compensation components paid or awarded in respect of the previous fiscal year, in accordance with the compensation policy approved by the Company's Combined General Meeting of 5 June 2019.

4.1.8.1 Compensation components paid or awarded to directors in respect of their duties for the year ended 31 December 2019

The Company's Combined General Meeting of 5 June 2019, in the 16th resolution, decided to grant directors compensation referred to in Article L. 225-45 of the French Commercial Code of €330,000 for the year ended 31 December 2019.

The following table presents the compensation paid to directors for their duties in respect of the past three fiscal years.

Summary of compensation referred to in Article L. 225-45 of the French Commercial Code and other compensation received by company officers for their duties within the Group as a whole

Company officer	Amounts due in fiscal year 2019*	Amounts due in fiscal year 2018*	Amounts due in fiscal year 2017*
Pierre PASQUIER			
Compensation(1)	20,663	17,951	19,505
Other compensation	-	-	-
Hervé SAINT-SAUVEUR			
Compensation(1)	32,927	36,406	0(2)
Other compensation	-	-	-
Hervé DÉCHELETTE			
Compensation(1)	34,386	32,751	37,222
Other compensation	-	-	-
Pascal IMBERT			
Compensation(1)	30,565	26,580	29,572
Other compensation	-	-	-
Kathleen CLARK BRACCO			
Compensation(1)	28,154	24,780	27,054
Other compensation	-	-	-
Pierre-Yves COMMANAY			
Compensation(1)	22,594	22,265	21,811
Other compensation	-	-	-
Nicole-Claude DUPLESSIX			
Compensation(1)	13,735	15,434	6,080
Other compensation	-	-	-
Véronique DE LA BACHELERIE			
Compensation(1)	23,790	23,404	26,652
Other compensation	-	-	-
Michael GOLLNER			
Compensation(1)	17,748	25,920	29,672
Other compensation	-	-	-
Yves de TALHOUËT			
Compensation(1)	19,675	15,074	19,294
Other compensation	-	-	-
Yann METZ-PASQUIER			
Compensation(1)	25,074	10,401	11,535
Other compensation	-	-	-
Emma FERNANDEZ			
Compensation(1)	23,077	19,748	16,988
Other compensation	-	-	-
Helen Louise HESLOP			
Compensation(1)	22,506	25,920	16,988
Other compensation	-	-	-
Marie-Hélène RIGAL-DROGERYS			
Compensation(1)	15,106	5,367	-
Other compensation	-	-	-
Total	**330,000**	**302,000**	**262,371**

** The amounts stated in this table are gross amounts in euros.*
(1) Remuneration referred to in Article L. 225-45 of the French Commercial Code (formerly "directors' fees").
(2) Hervé Saint-Sauveur decided to waive his right to collect the gross sum of €39,629, which he would have received in consideration for his duties on the Company's Board of Directors.

There are currently no service agreements or employment contracts between the Company and the directors.

With the exception of Pierre Pasquier, Chairman of the Board of Directors, whose compensation components for his duties as Chairman of the Board of Directors are presented below, the directors do not receive any compensation from the Company for their duties, other than the compensation referred to in Article L. 225-45 of the French Commercial Code.

4.1.8.2 Compensation components paid or awarded to the Chairman of the Board of Directors in respect of his duties for the year ended 31 December 2019

Fixed, variable and exceptional components and benefits of all kind paid to Pierre Pasquier, Chairman of the Board of Directors, for the fiscal year ended 31 December 2019

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 of 5 June 2019 are:

Compensation paid or granted during the year then ended	Amounts or accounting valuation submitted to vote	Presentation
Fixed compensation	**€138,000 (Gross amount paid)**	Fixed compensation was determined based on the work and challenges addressed by the Chairman of the Board of Directors, in the context of his duties in Axway Software.
Variable compensation	-	Not applicable
Compensation referred to in Article L. 225-45 of the French Commercial Code	**€20,663**	Compensation referred to in Article L. 225-45 of the French Commercial Code paid is calculated in accordance with the compensation policy applicable to directors.
Benefits in kind	-	Not applicable

4.1.8.3 Compensation components paid or awarded to the Chief Executive Officer in respect of his duties for the year ended 31 December 2019

Fixed, variable and exceptional components and benefits of all kind paid to Patrick Donovan, Chief Executive Officer, for the fiscal year ended 31 December 2019

The fixed, variable and exceptional components of total compensation and benefits in kind paid during the past year or awarded in respect of this same year to Patrick Donovan, Chief Executive Officer, for his term of office, determined in accordance with the compensation principles and criteria approved by the General Meeting of 5 June 2019 are:

Compensation paid or granted during the year then ended	Amounts or accounting valuation submitted to vote	Presentation
Fixed compensation	**€375,178 (Gross amount paid)**	
Annual variable compensation	**€235,911 (gross amount to be paid after approval by the General Meeting) (including, where necessary, the deferred portion of this compensation)**	Quantitative criteria for 60%, covering (i) organic growth in signatories and (ii) Group profit on operating activities and qualitative criteria for 40%, covering changes in the Group's support structures. Variable compensation granted in respect of fiscal year 2019 represents 63% of fixed compensation. Quantitative criteria were attained 73% and qualitative criteria were attained 87%.
Free share grant	**Shares = €1,310,000 (accounting valuation)**	100,000 performance share rights (representing potentially 0.47% of the Company's share capital), depending on the effective presence of the Chief Executive Officer and certain quantitative criteria based on the operating margin and the volume of subscription signatures generated by the Group. This grant was performed pursuant to the 33rd resolution adopted by the Combined General Meeting of 5 June 2019.
Severance pay and indemnities for a change in duties	**No indemnities are payable in respect of the fiscal year**	
Benefits in kind	-	Not applicable

4.1.8.4 Summary of compensation received by executive officers in respect of recent fiscal years

In accordance with position-recommendation 2014-14 amended on 25 July 2019 and the recommendations of the new Middlenext Code of Corporate Governance, the table below shows the compensation received by the Chairman of the Board of Directors, Pierre Pasquier, and the Axway Group Chief Executive Officer for the past 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)	2019	2018[1]	2017
Pierre PASQUIER			
Compensation payable in respect of the fiscal year	158,663	155,951	157,505
Valuation of multi-year variable compensation allocated during the fiscal year	-	-	-
Valuation of options allocated during the fiscal year	-	-	-
Valuation of free shares granted	-	-	-
Patrick DONOVAN			
Compensation payable in respect of the fiscal year	611,089	399,279	-
Valuation of multi-year variable compensation allocated during the fiscal year	-	-	-
Valuation of options allocated during the fiscal year	-	-	-
Valuation of free shares granted during the fiscal year	1,310,000	706,320	-
Free shares granted under the Free Share Grant Plan implemented	100,000	36,000	-

(1) Patrick Donovan's 2018 compensation concerns the period during which he was Chief Executive Officer (from 6 April 2018).

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

	2019		2018 [1]	
(gross amounts in euros)	Amount due	Amount paid	Amount due	Amount paid
Pierre PASQUIER				
Fixed compensation[2]	138,000	138,000	138,000	138,000
Variable compensation	-	-	-	-
Multi-year variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Compensation referred to in Article L. 225-45 of the French Commercial Code[2]	20,663	17,951	17,951	19,505
Value of benefits in kind	-	-	-	-
Total	**158,663**	**155,951**	**155,951**	**157,505**
Patrick DONOVAN				
Fixed compensation[3]	375,178	375,178	254,033	254,033
Variable compensation[3][4]	235,911	145,246	145,246	
Multi-year variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Compensation referred to in Article L. 225-45 of the French Commercial Code	-	-	-	-
Value of benefits in kind	-	-	-	-
Total	**611,089**	**520,424**	**399,279**	**254,033**

(1) Patrick Donovan's 2018 compensation concerns the period during which he was Chief Executive Officer (from 6 April 2018).
(2) Fixed compensation and compensation referred to in Article L. 225-45 of the French Commercial Code are paid by Axway Software SA.
(3) 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 2018 was €1 = $1.18095 and the rate applied at 31 December 2019 was €1 = $1.11947.
(4) Variable compensation is 60% dependent on quantitative criteria and 40% dependent on qualitative criteria. The criteria applied to determine the amount of variable compensation are organic growth in signatures and Group operating margin. The attainment levels for quantitative and qualitative criteria have been precisely determined, however they cannot be disclosed due to confidentiality reasons.

Pierre Pasquier, Chairman and Chief Executive Officer of Sopra GMT, Axway Software's holding company, received from this company fixed compensation of €60,000 in respect of his duties, in addition to compensation referred to in Article L. 245-45 of the French Commercial Code in respect of his office of €14,896 for 2019. As stated in the Sopra Steria Group Universal Registration Document, he also received fixed compensation of €500,000 as Chairman of the Board of Directors of this company and compensation referred to in Article L. 245-45 of the French Commercial Code in respect of his office of €27,330.

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

The company officers did not receive stock options 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 2019, no stock options were granted to executive officers. A table presenting share subscription options has been included in the Board of Directors' report (see Point I in Chapter 4, Section 4.7).

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 2019. 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 I in Chapter 4, Section 4.7).

Past free share grants

Date of General Meeting	6 June 2018
Date of Board of Directors' meeting	25 July 2018
Total number of free shares granted, of which to:	264,500
• **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 25 July of one year to 24 July of the following year, subject to a combination of performance and presence conditions detailed in the report on the grant of performance shares (see Chapter 4, Section 4.7).
Lock-in period end date	50% of free shares awarded must be held by the Chief Executive Officer throughout his tenure at the head of the Company.
Number of shares subscribed at 31 December 2019	-
Cumulative number of shares cancelled or lapsed	-
Number of free shares remaining at the reporting date	36,000
Date of General Meeting	5 June 2019
Date of Board of Directors' meeting	24 July 2019
Total number of free shares granted, of which to:	100,000
• **Patrick DONOVAN**	**100,000**
Valuation of shares based on the method used for the consolidated financial statements	€13.10 per share
Share vesting date	Rights to performance shares vest in thirds each year commencing on the anniversary date, i.e. from 24 July of one year to 23 July of the following year, subject to a combination of performance and presence conditions detailed in the report on the grant of performance shares (see Chapter 4, Section 4.7).
Lock-in period end date	30% of free shares awarded must be held by the Chief Executive Officer throughout his tenure at the head of the Company.
Number of shares subscribed at 31 December 2019	-
Cumulative number of shares cancelled or lapsed	-
Number of free shares remaining at the reporting date	100,000

4.1.9 Equity ratio

	2019	2018	2017	2016	2015
Chairman of the Board of Directors					
Compensation of the Chairman of the Board of Directors	138,000	138,000	138,000	120,000	120,000
Ratio with average compensation (World)	1.7	1.7	1.8	1.7	1.7
Ratio with median compensation (World)	2.1	2.2	2.2	2.1	2.2
Chief Executive Officer					
Compensation of the Chief Executive Officer	675,320	640,162	1,109,997	858,295	901,632
Ratio with average compensation (World)	8.3	7.9	14	12	13.1
Ratio with median compensation (World)	10.4	10	18	15	16.2
Employees					
Average compensation (excluding company officers – World)	81,223	80,276	78,742	71,106	68,663
Median compensation (excluding company officers – World)	64,648	63,803	61,413	57,242	55,688
Performance criteria					
(ex – Revenue)	300	283.8	299.8	301.1	284.6
(ex – Operating profit)	14.3	18.2	27.7	35	27.4

The equity ratios are prepared based on fixed and theoretical variable amounts, determined at 31 December of the relevant year for each of the past five years:

- For employees, all employees present in the workforce at 31 December of the relevant year and holding a permanent employment contract were included in the calculations. Compensation amounts were restated on a full-time equivalent basis. The scope covers the Axway Group.
- For the Chairman of the Board of Directors, account was taken of fixed compensation amounts.
- For the Chief Executive Officer, fixed and theoretical variable compensation amounts at 31 December of the relevant year, published annually in the relevant Registration Documents or Universal Registration Document, were included in the calculations. Compensation amounts were restated on a full-time equivalent basis. The position of Chief Executive Officer was held by three different individuals during the five-year calculation period, all of whom were based and paid in the United States. This is also the case for the current Chief Executive Officer. All three Chief Executive Officers were paid in US dollars. Compensation amounts are presented in the table in euros. Euro/dollar exchange rates at 31 December of each year (as presented in the relevant Registration Documents) were applied in preparing the table:
  - At 31 December 2015, €1 = US$1.1091
  - At 31 December 2016, €1 = US$1.1651
  - At 31 December 2017, €1 = US$1.12703
  - At 31 December 2018, €1 = US$1.18095
  - At 31 December 2019, €1 = US$1.11947

4.1.10 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 common law system.

4.1.11 Code of Corporate Governance

The Company decided to adopt the recommendations of the Middlenext Code of Corporate Governance for small and midcaps 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 the majority of recommendations included in the Middlenext Code and intends to adapt its internal processes on a gradual basis with each passing fiscal year. However, for the fiscal year ended 31 December 2019, 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	Yes	(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 6 June 2017.

(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 4, Section 4.3.2 "Regulatory framework governing the Board of Directors, its organisation and working procedures" of this Universal Registration Document. The main provisions of the Company's internal regulations can be communicated to any shareholder at their request.

(3) The watch-points were reviewed during the first quarter of 2020.

4.2 Regulated agreements and assessment procedure for everyday agreements

4.2.1 Reclassification of agreements signed in respect of fiscal year ended 31 December 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. Pursuant to the former Article L. 225-42-1 of the French Commercial Code, this agreement was subject to the specific regulated agreements control procedure.

Article 1 of Order no. 2019-1234 of 27 November 2019 repealed the above article. These indemnities are now covered solely by the "say-on-pay" regime, in the same way as the other components of the Chief Executive Officer's compensation.

On this basis, the Board of Directors' meeting of 19 February 2020 unanimously approved the reclassification, going forward, of this regulated agreement as an everyday agreement.

4.2.2 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 2019 are described below:

Agreements between Axway Software and Sopra Steria Group SA

Agreement for the provision of business premises

The Company signed an agreement with the Sopra Steria Group for the provision of business premises initially to accommodate the business activities of Axway Software SA, a wholly-owned subsidiary, upon incorporation. This sub-lease agreement between Sopra Steria and Axway Software enables the address of the registered office to be retained in Annecy, which is the historical head office and important to the Group's image.

The Board of Directors' meeting of 19 February 2020 unanimously approved (with directors concerned abstaining) expenditure of €12,559 for the year ended 31 December 2019.

In addition, considering the lease of premises to be standard practice in the Group and after noting the rebilling to Axway Software of lease costs by Sopra Steria at market conditions based on the number of square meters, the Board of Directors also unanimously approved (with directors concerned abstaining) the reclassification, going forward, of this regulated agreement as an everyday agreement.

Agreement between Axway Software and SopraMT

The support agreement 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' meeting of 19 February 2020 unanimously approved (with abstention of relevant directors) (i) the continuation of the authorisation previously granted and (ii) the payment of €734,931.93 to Sopra GMT for services rendered in the year ended 31 December 2019.

4.2.3 Assessment procedure for everyday agreements

Axway has implemented an internal procedure to regularly assess whether everyday agreements between the Group and related persons are effectively on an arm's length basis.

This procedure satisfies the new provisions of Article L. 225-39 paragraph 2 of the Pacte Law and was brought into effect by the Board of Directors' decision of 22 October 2019.

Under this procedure, the Axway Legal Department:

- regularly updates the list of related parties to take account of all changes in duties and/or offices and any statements or preliminary reports made by related parties to the Board of Directors or the Legal Department;
- reviews all draft everyday agreements likely to be entered into with identified related parties following a preliminary report to the Board of Directors and/or the Legal Department. In this respect, the Legal Department is authorised to review agreements at its own initiative if it considers necessary. This controls seeks to assess whether the draft agreement satisfies the criteria for everyday agreements;
- performs an ex-post review, every six months, of all agreements entered into with related parties in respect of the current year, with the assistance of the Finance Department.

Pursuant to Article L. 225-39, paragraph 2, of the French Commercial Code, individuals directly or indirectly concerned by an agreement do not participate in its assessment.

Each fiscal year, the Legal Department prepares a report to the Board of Directors to enable it to assess the implementation of the procedure. The Board of Directors assesses the procedure and its implementation each fiscal year.

This procedure may be updated, subject to the approval of the Board of Directors, to take account of any legislative or regulatory amendments or changes in best practice.

4.3 Report of the Board of Directors on corporate governance

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Dear Shareholders,

The purpose of this report is to inform you of the composition of the Board of Directors of Axway Software, the application of the principle of balanced gender representation within its members and the manner in which its work is prepared and organised during the fiscal year ended 31 December 2019.

It supplements the management report contained in the Universal Registration Document.

This report was prepared in accordance with Article L. 225-37 of the French Commercial Code and the recommendations of the Middlenext Code to which Axway refers.

4.3.1 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 4, Section 4.1 “Administrative and Executive Management Bodies”.

The table summarising the delegations of authority that are still valid is included in Chapter 7, Section 7.5 “Issue authorisations granted to the Axway Board of Directors – Delegations granted by General Meetings”.

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 4 Section 4.1 “Administrative and Executive Management bodies” of this Universal Registration Document.

Information on matters that could have an impact in the event of a public offering are set forth in Chapter 7, Section 7.9 “Information on takeover bids”.

4.3.2 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 4, Section 4.1 of this Universal 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. The Board currently 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 the Executive Committee. In this respect, the Executive Committee welcomed during the year two new members, Dominique Fougerat as Human Resources Director and Cécile Allmacher as Chief Financial Officer. The percentage of women on the Executive Committee increased to 28.6% during the last fiscal year.

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 and internal regulations.

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 of 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 8 of this Universal 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, compensation awarded to its members for their duties, confidentiality and Economic and Social Committee Council representatives.

The Articles of Association and the internal regulations 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,
  - any investment or divestment decision with powers delegated to the Chairman by the Board for transactions of less than €10 million,
  - the conclusion of strategic alliances;
- organisational matters:
  - the appointment or dismissal of a member of the management team (members of the Executive Committee) 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 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 performing the duties described below.

To accomplish all these tasks, the Chairman is supported by 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 the regulated agreements and commitments process and reviewed annually by the Board of Directors.

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 5 June 2019, decided to (i) maintain the office of Vice-Chairman of the Board of Directors, and (ii) renew Kathleen Clark Bracco in this capacity.

The internal regulations of the Board of Directors notably stipulate that *"Pursuant to Article 15, paragraph 4, of the Company's Articles of Association, the Board of Directors may appoint one or more Vice-Chairmen in the event the Chairman is temporarily or permanently unable to exercise his duties within the Board of Directors.*

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

Pursuant to Article 23 of the Company's Articles of Association, the Company may appoint an Observer. The Observer's role is 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 in an advisory capacity. 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 set out in the Code of Corporate Governance is presented in Chapter 4, Code of Corporate Governance. A summary table of directors qualified as independent under the criteria used by the Middlenext Code is included in Chapter 4 "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 is 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 2019. The attendance rate was 85%.

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 2019 included the following:

- the Corporate strategy and vision, notably for the business transformation;

- both internal and external growth plans of the Company and the Axway Group;
- the 2019 budget and major directions;
- approval of the financial statements for the year ended 31 December 2018;
- approval of the interim financial statements for the first half of 2019;
- approval of financial information and forward-looking information documents;
- quarterly results;
- election of the Chairman and Vice-Chairman of the Board of Directors;
- composition of the Committees;
- procedures of the Board of Directors: internal regulations and implementation of an internal assessment procedure for everyday agreements;
- qualification of directors as independent;
- company officer compensation with regard to legislative and regulatory developments in 2019.

Access to information by members of the Board of Directors

Dissemination of information – Preparatory materials

The internal regulations state 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

The internal regulations state 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 2019.

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

The Audit Committee was created by a decision of the Board of Directors on 9 May 2011. The internal regulations of the Board of Directors define the Committee's operating procedures and powers and a Committee Charter sets out in greater detail the roles and duties delegated to it. The Audit Committee's current composition was confirmed by the Board of Directors' meeting of 5 June 2019, as follows:

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

The Committee meets at least four times per year (in a full year) and devotes at least two meetings to the half-year and full-year financial statements, respectively.

The members of the Audit Committee have in-depth economic and/or industry knowledge as detailed in Chapter 4, Section 1 "Administrative and Executive Management bodies", enabling them to fully investigate all issues submitted to them by the Company. The Chairman of the Audit Committee is an independent director.

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;
- supervise the effectiveness of internal control and risk management procedures;
- monitor internal audit and its 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;

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- 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 six times in 2019 in the presence of the Statutory Auditors. The main items of business at these meetings were:

- to review the consolidated and parent company financial statements for the year ended 31 December 2018;
- to review the financial statements for the first half of 2019;
- 2019 impairment tests;
- to monitor internal audit procedures:
  - to review the 2019 internal audit plan,
  - to monitor the application of internal audit recommendations,
  - to review the reports on internal audit assignments for the first and second halves of 2019,
  - to review the internal audit charter;
- to monitor Statutory Auditors procedures:
  - to review the conclusions of Statutory Auditor procedures,
  - to review the Statutory Auditors' report to the Audit Committee,
  - to pre-approve non-audit services,
  - to validate the budget and review of the audit plan;
- to review the draft Registration Document and notably the Risk factors section and the report on corporate governance;
- the presentation of the Business Model for the Subscription activity;
- the Appcelerator consolidation balance sheet;
- the self-assessment of the Audit Committee;
- to update the Audit Committee charter.

The Committee met with the Statutory Auditors in the absence of management. It also met with the head of internal audit under the same conditions.

Various operating and functional Group managers were also interviewed to inform Audit Committee members and improve their understanding of different operating issues.

Selection, Ethics and Governance Committee

The Selection, Ethics and Governance Committee was created by a decision of the Board of Directors on 22 May 2012. The internal regulations of the Board of Directors define the Committee's operating procedures and powers. The Selection, Ethics and Governance Committee's current composition was confirmed by the Board of Directors' meeting of 5 June 2019, as follows:

- Kathleen Clark Bracco (Chairwoman);
- Pierre-Yves Commanay;
- Hervé Déchelette;
- Pascal Imbert;
- Pierre Pasquier;
- Yves de Talhouët;

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 six times in 2019 and its main responsibilities were:

- to conduct the assessment of the Board of Directors;
- 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 and its Committees;
- to prepare the renewal of the terms of office of several directors at the General Meeting of 5 June 2019;
- to take into account any legal and regulatory changes during the fiscal year;
- to launch the review of documents prepared pursuant to regulations and the Articles of Association;
- to prepare the deliberations of the Board of Directors on professional and employee equality;
- to study the implementation of an internal company procedure on everyday and regulated agreements and to prepare a recommendation for the Board on the matter.

Compensation Committee

The Compensation Committee was created by a decision of the Board of Directors on 22 May 2012. The internal regulations of the Board of Directors define the Committee's operating procedures and powers. The Compensation Committee's current composition was confirmed by the Board of Directors' meeting of 5 June 2019, as follows:

- Pascal Imbert (Chairman);
- Pierre-Yves Commanay;
- Kathleen Clark Bracco;
- Nicole-Claude Duplessix (since 24 July 2019);
- Emma Fernandez;
- Yves de Talhouët.

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 six times during the course of the year ended 31 December 2019, and had as its primary duties:

- to prepare the company officer compensation policy;
- to propose the fixed and variable compensation and benefits granted to company officers;
- 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 and options and granted to company officers;
- to prepare the free share grant policy;
- 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 make informed decisions and to consider any requests for changes to the Board's working procedures. 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. In 2019, the results of the self-assessment of the Board of Directors were discussed during the Meeting of 20 February.

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 8, Sections 3 and 4 of the Universal Registration Document.

4.4 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 4, Section 1 of this Universal Registration Document.

4.4.1 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 2019:

Category(1)	Name	Position	Transaction type(2)	Transaction date	Number of securities	Unit price	Transaction amount
Board of Directors	Kathleen Clark Bracco	Director	D(3)	29/07/2019	2,895	12.40	35,898

(1) Category a. Members of the Board of Directors, Chief Executive Officer, Sole Executive Officer, Managing Director.
(2) Transaction type:
A. Acquisition;
D. Disposal;
S. Subscription;
E. Exchange.
(3) Transfer of ownership: disposal for nil consideration

4.4.2 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 2019, as follows:

- 3,015 shares under a company savings plan; and
- 94,215 shares directly held in registered form following the set-up of free share plans in accordance with the provisions of Article L.225-197-1 of the French Commercial Code;
- representing a total of 0.46% of the Company's share capital at 31 December 2019.

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.

4.5 Statutory Auditors' special report on regulated agreements and commitments

This is a free translation into English of the statutory auditors' special report on regulated agreements that is issued in the French language and is provided solely for the convenience of English-speaking readers. This report on regulated agreements 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 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 General Meeting of Axway Software

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements.

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 brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, 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 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 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 SUBMITTED TO THE APPROVAL OF THE GENERAL MEETING

Agreements authorised and concluded during the year

We hereby inform you that we have not been advised of any agreement 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 ALREADY APPROVED BY THE GENERAL MEETING

Agreements approved in previous years which had continuing effect during the year

Pursuant to Article R. 225-38 of the French Commercial Code, we have been informed that the following agreements, 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 for the 2019 fiscal year totalled €12,559, excluding taxes.

On 20 February 2019, your Board of Directors reviewed this agreement and decided to maintain it for the fiscal year ended 31 December 2019.

Persons concerned:

Pierre Pasquier	Chairman of the Board of Directors of Axway Software Chairman of the Board of Director of Sopra Steria Group
Kathleen Clark Bracco	Director and Vice-Chairwoman of the Board of Directors of Axway Software Permanent representative of Sopra GMT on the Board of Directors 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

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 12-months termination notice.

Sopra GMT invoiced €734,931.93, excluding taxes, in respect of this agreement for the 2019 fiscal year.

On 20 February 2019, your Board of Directors reviewed this agreement and decided to maintain it for the fiscal year ended 31 December 2019.

Persons concerned:

Pierre Pasquier	Chairman of the Board of Directors of Axway Software Chairman and Chief Executive Officer of Sopra GMT
Kathleen Clark Bracco	Director and Vice-Chairwoman of the Board of Directors of Axway Software Permanent representative of Sopra GMT on the Board of Directors of Sopra Steria Group 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

Courbevoie and Paris, 8 April 2020

Statutory Auditors

MAZARS Bruno POUGET	**Auditeurs & Conseils Associés - Aca Nexia** Sandrina GIMAT

4.6 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 2019, shareholders will be asked to:

- approve the annual financial statements for the fiscal year ended 31 December 2019 showing a profit of €14,828,877.22;
- approve the non-tax deductible expenses referred to in Article 39-4 of the French General Tax Code, amounting to €41,140, and the taxes incurred due to these expenses amounting to €13,174;
- approve the consolidated financial statements for the fiscal year ended 31 December 2019, showing a consolidated net profit, Group share of €5,405,020.24.

Shareholders will also be asked to approve the appropriation in full of the net profit for the year ended 31 December 2019, that is €14,846,971.62, to "Retained earnings".

4.7 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 2018

The delegation of authority granted by the General Meeting of 6 June 2018 in its 17th resolution to grant free performance shares to qualifying Group salaried employees or company officers was used in the amount of 2.03%.

In addition, the delegation of authority granted by the General Meeting of 6 June 2018 in its 15th resolution was used in the amount of 0.39%.

The table summarising the delegations of authority that are still valid and their use is available in Chapter 7, Section 7.5 of this Universal 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 General 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 2019

A summary of transactions carried out in 2019 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 2019

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

Name of executive officer	Plan no. and date	Type of options (purchase or subscription)	Valuation of options based on the method used for the consolidated financial statements	Number of options granted during the fiscal year	Exercise price	Exercise period
-	-	-	-	-	-	-

b. Options granted during the fiscal year ended 31 December 2019 by the Company or its affiliates

During fiscal year ended 31 December 2019, 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 2019

Stock options granted to the top 10 employees (non-company officers) and options exercised by them	Total number of options granted	Weighted average price	Date
Options granted during the fiscal year by the Company and any company within the option grant 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 beneficiaries during the fiscal year ended 31 December 2019 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	Plan date	Exercise price	Expiry date
-	-	€ -	-
Breakdown of stock options granted during the previous fiscal year			
Top management			-
Employee levels 4, 5 and 6 and/or key employees			-

II. Stock options exercised during the fiscal year ended 31 December 2019

a. Stock options exercised by executive officers during the fiscal year ended 31 December 2019

Stock options exercised during the fiscal year by each executive officer.

Name of executive officer	Plan no. and date	Number of options exercised during the fiscal year	Exercise price
Total	-	-	-

b. Stock options exercised by the top 10 employees (non-company officers) during the fiscal year ended 31 December 2019

Stock options exercised by the top 10 employees (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 on Company shares and exercised during the fiscal year by the 10 employees of the Company or any company within the option grant scope, who subscribed for the largest number of options (aggregate information)					-

III. Options cancelled during the fiscal year ended 31 December 2019

For information purposes, 22,788 share subscription options were cancelled under Plan no. 3 of 2011 as outlined in Chapter 7, Section 7.6 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 grant plan

The Board meeting of 14 April 2015, in application of the 16th resolution 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 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 2015 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 11th 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 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 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 condition:
  - the performance condition 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. Accordingly, a profit sharing 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 granted 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 11th 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 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 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 finalised if all 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 condition:
    - the performance condition 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. Accordingly, a profit sharing 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 granted 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 17th 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 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 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 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 finalised if all 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 condition:
    - the performance condition 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. Accordingly, 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.

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IV. Free shares granted during the fiscal year ended 31 December 2019

During the course of the fiscal year ended 31 December 2019, three free performance share grant plans, the features of which are detailed below, were put in place by the Company.

The Combined General Meeting of 6 June 2018, in its 17th 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.

a. Free share grant plan for Executive Committee members

The Board meeting of 16 January 2019, 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 75,000 performance shares (the LTI ExCom 2019 Plan). The main characteristics of this plan are as follows:

- a free grant of a total of 75,000 rights to performance shares in favour of employees 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 16 January 2019, the effective date of the free grant of performance shares, the value of the Company's share was €11.50 per share. This grant will only be finalised if all 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 ExCom plan is implemented over a period of three (3) years for employees. 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:
  - presence condition:
    - each beneficiary must, throughout the vesting period for these rights to the free grant of performance shares, be an employee 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;
  - 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.

b. Free share grant plan for Worldwide employees

The Board meeting of 20 February 2019, 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 363,800 performance shares (the LTI Worldwide 2019 Plan). The main characteristics of this plan are as follows:

- a free grant of a total of 363,800 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 20 February 2019, the effective date of the free grant of performance shares, the value of the Company's share was €12.67 per share. This grant will only be finalised if all 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 Worldwide plan is implemented over a period of three (3) years for employees and for the Chief Executive Officer. Subject to fulfilment of 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 and at 31 December 2021, 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,
  - 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. Accordingly, 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.

c. LTI AOA free share grant plan

The Board meeting of 5 June 2019, 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 third Plan involving 325,000 performance shares (the LTI AOA 2019 Plan). The main characteristics of this plan are as follows:

- a free grant of a total of 325,000 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 24 July 2019, the effective date of the free grant of performance shares, the value of the Company's share was €13.10 per share. This grant will only be finalised if all 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 AOA free share plan is implemented over a period of three (3) years for employees and for the Chief Executive Officer. Subject to fulfilment of 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 condition:
    - the performance condition 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 the AOA Plan, it is based on the organic growth of the Company's consolidated revenue, the amount of Company signatures and profit on operating activities;
  - guaranteed minimum:
    - the beneficiary earns a minimum of 50% of rights to the grant of free shares annually, irrespective of the final performance condition results for the year. If the final annual results exceed 50%, the beneficiary will receive the higher number of rights to the grant of free shares. No rights to the grant of free shares will vest before the end of the vesting period and vesting remains subject to fulfilment of the presence condition set out in Article 5.3 of the AOA Plan rules,
  - 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. Accordingly, 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 authorisation 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 authorisation granted by the 34^{th} resolution of the Combined General Meeting of 5 June 2019 to grant share subscription and/or purchase warrants (BSAARs) to employees and company officers of the Company and its Group.

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Consolidated financial statements AFR

5.1 Consolidated income statement

		2019	2018	2017
(in thousands of euros)	**Notes**	**Amount**	**Amount**	**Amount**
Revenue	**4.1**	**299,962**	**283,832**	**299,845**
Employee costs	5.1	-187,934	-169,579	-188,473
Purchases and external expenses	4.2	-74,409	-78,035	-74,769
Taxes and duties		-1,645	-2,696	-2,699
Depreciation and amortisation, provisions and impairment	4.3	-12,997	-5,341	-6,341
Other current operating income and expenses		2,947	3,729	12,965
Profit on operating activities		**25,924**	**31,909**	**40,528**
as% of revenue excl. VAT		***8.6%***	***11.2%***	***13.5%***
Share-based payment expense	5.4	-2,740	-1,131	-1,308
Amortisation of allocated intangible assets	4.4	-8,605	-8,315	-8,543
Profit from recurring operations		**14,579**	**22,463**	**30,678**
as% of revenue excl. VAT		***4.9%***	***7.9%***	***10.2%***
Other operating income and expenses	4.5	-288	-4,209	-2,943
Operating profit		**14,291**	**18,254**	**27,735**
as% of revenue excl. VAT		***4.8%***	***6.4%***	***9.2%***
Costs of net financial debt	11.1	-1,551	-734	-1,093
Other financial income and expense	11.2	-564	-893	1,784
Income tax expense	6.1	-6,770	-5,633	-24,021
Profit for the year from continuing operations		**5,406**	**10,994**	**4,405**
Profit for the year from discontinued operations		-	-	-
Profit for the year		**5,406**	**10,994**	**4,405**
as% of revenue excl. VAT		***1.8%***	***3.9%***	***1.5%***
of which attributable to non-controlling interests		1	0	1
of which attributable to owners of the Company		**5,405**	**10,993**	**4,404**

Net income per share - attributable to owners of the Company

(in euros)	**Notes**	**2019**	**2018**	**2017**
Basic earnings per share	**13.7**	**0.25**	**0.52**	**0.21**
Diluted earnings per share	**13.7**	**0.24**	**0.51**	**0.20**

Statement of comprehensive income

(in thousands of euros)	Notes	2019	2018	2017
Consolidated profit for the year		**5,405**	**10,994**	**4,405**
Other comprehensive income				
Actuarial gains and losses on pension plans	5.3	-899	164	1,241
Tax impact		285	-59	-427
Sub-total items that will not be reclassified subsequently to profit or loss		**-614**	**105**	**814**
Share attributable to non-controlling interests		1	-0	-1
Exchange differences on translating foreign operations	13.6	2,792	10,662	-31,306
Sub-total items that may be reclassified subsequently to profit or loss		**2,793**	**10,662**	**-31,306**
Total other comprehensive income, net of tax		**2,179**	**10,767**	**-30,493**
Total comprehensive income		**7,584**	**21,760**	**-26,088**
of which attributable to non-controlling interests		1	-0	-1
of which attributable to owners of the Company		**7,583**	**21,760**	**-26,087**

5.2 Consolidated statement of financial position

Asset

(in thousands of euros)	Notes	31/12/2019	31/12/2018	31/12/2017
Goodwill	8.1	349,976	344,090	333,617
Intangible assets	8.3	33,912	42,322	48,917
Property, plant and equipment	8.4	12,505	13,402	14,390
Lease right-of-use assets	9.1	23,474	-	-
Non-current financial and other assets	7.1	5,089	3,526	3,288
Deferred tax assets	6.4	17,724	19,394	20,459
Non-current assets		**442,679**	**422,734**	**420,670**
Inventories		-	91	178
Trade receivables	7.2	71,893	65,565	71,090
Other current receivables	7.3	33,179	29,634	31,016
Cash and cash equivalents	11.3	21,087	35,785	28,146
Current assets		**126,158**	**131,074**	**130,430**
Total assets		**568,838**	**553,808**	**551,100**

Equity and liabilities

(in thousands of euros)	Notes	31/12/2019	31/12/2018	31/12/2017
Share capital		42,451	42,451	42,420
Capital reserves		110,976	110,976	121,044
Consolidated and other reserves		203,764	198,329	176,256
Profit for the year		5,405	10,993	4,404
Equity - attributable to owners of the company		**362,596**	**362,749**	**344,126**
Non-controlling interests		**2**	**1**	**2**
Total equity	**13**	**362,598**	**362,751**	**344,127**
Financial debt – long-term portion	11.4	39,201	41,774	47,759
Lease liabilities - long-term portion	9.2	22,903	-	-
Deferred tax liabilities	6.4	488	582	420
Other non-current liabilities including long-term provisions	7.4	13,090	10,827	22,090
Non-current liabilities		**75,683**	**53,184**	**70,269**
Financial debt – short-term portion	11.4	3,452	4,238	4,481
Lease liabilities - short-term portion	9.2	6,809	-	-
Trade accounts payables	7.5	16,617	15,441	16,172
Deferred income	7.6	60,567	75,232	67,313
Other current liabilities	7.7	43,112	42,963	48,738
Current liabilities		**130,557**	**137,874**	**136,704**
Total liabilities		**206,240**	**191,057**	**206,973**
Total equity and liabilities		**568,838**	**553,808**	**551,100**

5.3 Consolidated statement of changes in equity

(in thousands of euros)	Share Capital	Capital reserves	Treasury shares	Reserves and conso-lidated profit	Other compre-hensive income	Attributable to: owners of the Company	Attributable to: non-controlling interests	Total
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	0	10,767
Total comprehensive income for the year	**-**	**-**	**-**	**10,993**	**10,767**	**21,760**	**0**	**21,760**
Equity at 31/12/2018	**42,451**	**110,976**	**-876**	**186,437**	**23,760**	**362,749**	**1**	**362,751**
Capital transactions	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	2,689	-	2,689	-	2,689
Transactions in treasury shares	-	-	49	-1,202	-	-1,153	-	-1,153
Ordinary dividends	-	-	-	-8,472	-	-8,472	-	-8,472
Changes in scope of consolidation	-	-	-	-	-	-	-	-
First-time application of IFRS 16	-	-	-	-695	-	-695	-	-695
Other movements	-	-	-	-115	10	-105	-	-105
Transactions with shareholders	**-**	**-**	**49**	**-7,796**	**10**	**-7,736**	**-**	**-7,736**
Profit for the year	-	-	-	5,405	-	5,405	-	5,405
Other comprehensive income	-	-	-	-	2,179	2,179	1	2,180
Total comprehensive income for the year	**-**	**-**	**-**	**5,405**	**2,179**	**7,584**	**1**	**7,585**
Equity at 31/12/2019	**42,451**	**110,976**	**-827**	**184,046**	**25,950**	**362,597**	**2**	**362,598**

5.4 Consolidated statement of cash flows

(in thousands of euros)	Notes	2019	2018	2017
Consolidated net income (including share attributable to non-controlling interests)		**5,406**	**10,994**	**4,405**
Net charges to depreciation, amortisation and provisions		20,484	12,896	12,174
Unrealised gains and losses relating to changes in fair value		-	-	-79
Share-based payment expense	5.4	2,689	1,190	1,308
Other calculated income and expense		-	-894	-
Gains and losses on disposal		82	24	395
Dividends (unconsolidated securities)		-0	0	-
Cash from operations after cost of net financial debt and tax		**28,661**	**24,209**	**18,203**
Cost of net financial debt	11.1	1,551	734	1,093
Tax expenses (including deferred tax)	6.1	6,770	5,633	24,021
Cash from operations before cost of net financial debt and tax (A)		**36,982**	**30,576**	**43,317**
Tax paid (B)		-4,127	-4,408	-2,051
Changes to operating working capital requirements (including liabilities related to employee benefits) (C)	12.2	-19,250	-3,558	-11,724
Net cash from operating activities (D) = (A+B+C)		**13,605**	**22,610**	**29,543**
Purchases of intangible assets and PP&E	12.3	-4,550	-4,374	-4,194
Proceeds from sales of intangible assets and PP&E		-2	-	-
Impact of changes in the scope of consolidation	8.1	-723	0	-52,691
Dividends received (associates, unconsolidated securities)		0	-0	-
Change in loans and advances granted		-130	196	-635
Other cash flows from investing activities		246	203	-
Net cash from (used in) investing activities (E)		**-5,159**	**-3,974**	**-57,520**
Proceeds from the exercise of stock options		-	232	3,150
Purchases and proceeds from disposal of treasury shares	13.2	-1,164	-	-
• Dividends paid to shareholders of the parent company	13.5	-8,472	-4,237	-8,468
• Dividends paid to minority interests of consolidated companies		-0	-1	-0
Proceeds from borrowings	11.4	15,000	-	76,033
Repayment of borrowings	11.4	-18,639	-2,853	-62,781
Change in lease liabilities	4.2	-7,652	-	-
Net interest paid (including finance leases)		-766	-861	-1,093
Other cash flow relating to financing activities		-1,550	-2,960	-
Net cash from (used in) financing activities (F)		**-23,243**	**-10,679**	**6,841**
Effect of foreign exchange rate changes (G)		87	-323	-2,434
Net change in cash and cash equivalents (D+E+F+G)		**-14,710**	**7,634**	**-23,570**
Opening cash position		35,772	28,137	51,707
Closing cash position	11.3	21,062	35,772	28,137

5.5 Notes to the consolidated financial statements

Contents of the financial statements notes

This is the ninth 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 2019, 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 in the notes to the consolidated financial statements.

Our accounting principles, judgements and estimates are written in burgundy against a grey background to facilitate their identification in the notes, as follows: **"Accounting policies, judgements and estimates".**

The following table lists the accounting policies, judgements and estimates together with the relevant notes to the consolidated financial statements:

Notes	Accounting policies, judgments and estimates
(1.0)	Accounting policies
(1.4)	Format and translation of financial statements
(1.3)	Significant estimates and accounting judgements
(2.1)	Consolidation methods
(3.0)	Segment reporting
(4.1)	Revenue recognition
(5.3)	Employee benefits
(5.4)	Share-based payments
(6.0)	Income tax expense
(7.1)	Non-current financial and other assets
(7.2)	Trade receivables and related accounts
(7.6)	Deferred income
(8.1)	Goodwill
(8.1)	Business combinations
(8.2)	Impairment tests
(8.3)	Other intangible assets
(8.4)	Property, plant and equipment
(9.0)	Leases
(10.0)	Provisions
(11.2)	Other financial income and expense
(11.3)	Cash and cash equivalents
(11.4)	Financial debt
(11.6)	Financial instruments recorded in the balance sheet
(13.2)	Treasury shares
(13.7)	Earnings per share

The accounting methods have been applied consistently for all the fiscal years presented, with the exception of IFRS 16 and IFRIC 23, applied for the first time in the fiscal year beginning 1 January 2019.

1.1 Basis of preparation

The consolidated financial statements for the fiscal year ended 31 December 2019 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 adopted by the European Union and of mandatory application in fiscal years beginning on or after 1 January 2019 are as follows:

- IFRS 16, *Leases*;
- IFRIC 23, *Uncertainty over income tax treatments*;
- amendment to IAS 19, *Employee benefits, clarifying the effect of a plan amendment, curtailment or settlement;*
- amendments to IAS 28, *Investments in associates and joint ventures: Long-term interests in associates and joint ventures.*

The implementation of IFRS 16, *Leases*, and IFRIC 23, *Uncertainty over income tax treatments*, is presented in Notes 1.2.1. and 1.2.2, respectively.

The application of the two amendments to IAS 19, *Employee benefits*, and IAS 28, *Investments in associates and joint ventures*, had no impact on the Group's consolidated financial statements.

b. Standards and interpretations published by the IASB but not applied in advance

The Group has elected not to apply in advance the texts published by the IASB and endorsed by the European Union, with an application date after 1 January 2019. The main standards, amendments and interpretations concerned are:

- amendments to IFRS 9, *Financial instruments*, concerning the reform of interest rate benchmarks (IBOR), of mandatory application from 1 January 2020. At this stage, the Group does not expect this change to have a material impact.
- amendments to IFRS 3, *Business combinations*, clarifying the definition of a business with respect to a group of assets. *The implementation of this amendment on 1 January 2020 should not materially impact the Group's equity.*

In addition, no texts not yet adopted by the European Union at 31 December 2019 can be applied in advance.

1.2.1 Impact of the first-time application of IFRS 16, *Leases*

IFRS 16, *Leases*, replaces IAS 17, *Leases*, and the related interpretations. It entered into effect on 1 January 2019. This standard provides for a single lease accounting model for lessees, with the recognition of a non-current asset and a lease liability for the majority of contracts and no longer for finance leases only.

The Group implemented a plan including an initial phase of collecting all information required by the new standard and simulating the impacts of the different options it offers. This was followed by a second, more operational, phase comprising the roll-out and implementation of changes to enable application of the standard at 1 January 2019.

The Group chose to apply the standard to all identified leases using the modified retrospective approach and recognising the cumulative impact of first-time application at 1 January 2019 as follows:

- recognition of a lease liability for each contract equal to the present value of future lease payments discounted at the lessee's incremental borrowing rate at 1 January 2019, based on the initial lease term;
- 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 and the initial lease term. Axway has adopted this approach for leases of premises including significant rent-free periods and lessor contributions to 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 significant rent-free periods or lessor contributions to refurbishment work.

In accordance with the transition method provisions, the Group did not restate the prior period financial statements presented in comparison to the 31 December 2019 financial statements.

The Group applied lease terms corresponding to the non-cancellable period of each lease, systematically assessing whether the exercise of extension or early termination options provided for contractually was reasonably certain.

In addition, the Group chose to use the exemptions provided in the standard and not to apply the above recognition principles to the relevant leases, i.e. short-term leases (less than 12 months) and leases of low-value assets. It elected not to apply the practical expedient enabling lease components not to be separated from non-lease components for a category of underlying assets. It also elected not to exclude from the new rules leases with a residual term of less than 12 months at the date of first-time application.

Finally, the Group chose to exclude initial direct costs from the measurement of the right-of-use asset at the date of first-time application.

Assets and liabilities identified on the first-time application of IFRS 16 gave rise to the recognition of deferred tax liabilities and assets, respectively, at the transition date.

At 1 January 2019, the application of IFRS 16, *Leases*, therefore led to the recognition of lease right-of-use assets and lease liabilities in the balance sheet, with the difference recognised in equity. Its impacts break down as follows:

Impacts of the application of IFRS 16 on the statement of financial position

(in thousands of euros)	Impact of first-time application of IFRS 16
Assets	
Right-of-use assets - leased premises	25,633
Right-of-use assets - leased vehicles	769
Total right-of-use assets	**26,402**
Deferred tax	250
Non-current assets	**26,652**
Other current assets	-343
Current assets	**-343**
Total assets	**26,310**

(in thousands of euros)	Impact of first-time application of IFRS 16
Equity and liabilities	
Consolidated and other reserves	-695
Equity – attributable to owners of the Company	**-695**
Total equity	**-695**
Lease liabilities - long-term portion	26,593
Non-current liabilities	**26,593**
Lease liabilities - short-term portion	6,496
Trade accounts payable	-3,976
Deferred income	-2,108
Current liabilities	**412**
Total liabilities	**27,005**
Total equity and liabilities	**26,310**

The difference between total lease liabilities and operating lease off-balance sheet commitments disclosed at 31 December 2018 breaks down as follows:

(in thousands of euros)	1 January 2019
Lease commitments at 31/12/2018 as presented in the consolidated financial statements	**35,769**
IFRS 16 exemption for leases of low-value assets	-
IFRS 16 exemption for leases of less than 12 months	-894
Exclusion of the service component integrated in lease payments	-1,050
Impact of rent-free periods and refurbishment work financed by the lessor	1,756
Impact of reverse discounting at the rate at 1 January 2019	-2,492
Lease liabilities recognised at 1 January 2019 pursuant to IFRS 16	**33,089**

The application of IFRS 16, *Leases*, has a marginally positive impact on Profit on operating activities, following the replacement of lease expenses by slightly lower depreciation of lease right-of-use assets. EBITDA, which contributes to the analysis of the Change in net financial debt, is substantially modified (positive impact of €7.0 million at 31 December 2019) due to the restatement of the lease expense. Other financial expenses are also modified as they now include net interest on lease liabilities.

Furthermore, the Group has elected to exclude lease liabilities from Net financial debt. Available net cash flow determined in the Change in net financial debt is therefore comparable with that of prior years.

Finally, the financial covenants disclosed in Note 11.5 will not be impacted by the application of IFRS 16, *Leases*, as they are calculated using a constant method, therefore excluding the application of IFRS 16.

1.2.2 Impact of first-time application of IFRIC 23, Uncertainty over income tax treatments

The Group has applied the provisions of this new interpretation retrospectively at 1 January 2019, without adjusting prior period financial statements presented in comparison.

Application of this standard had no impact on Group equity and led to the reclassification in tax liabilities of the provision for tax risks concerning the current tax expense. €0.5 million was reclassified at 1 January 2019.

1.3 Significant estimates and accounting judgements

Accounting policies, judgements and estimates

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 judgement in the application of the Group's accounting policies.

Such estimates and judgements, 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

Accounting policies, judgements and 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:

Notes	Critical accounting policies
(8.1)	Measurement of goodwill
(5.3)	Measurement of retirement benefit commitments
(4.1)	Revenue recognition
(6.0)	Measurement of deferred tax assets
(10.0)	Measurement of provisions

b. Significant judgements in the application of accounting policies

Accounting policies, judgements and estimates

With the exception of those policies requiring accounting estimates, no judgement exercised by Management has had a material impact on the amounts recognised in the financial statements.

5

1.4 Format and translation of financial statements

1.4.1 Format of the financial statements

Accounting policies, judgements and estimates

The consolidated financial statements of Axway Software are presented in accordance with ANC Regulation no. 2013-03 of 7 November 2013 issued by the *Autorité des normes comptables* (French Accounting Standards Authority) on the format of the income statement, the statement of cash flows and the statement of changes in equity.

The format of the income statement has been adapted to improve the presentation of the Company's performance: a line item *Profit on operating activities* has been position before *Profit from recurring operations*. This indicator is used internally by Management to assess the Company's performance. It is equal to *Profit from recurring operations* before:

- the share-based payment expense for stock options and free shares;
- amortisation of allocated intangible assets.

Operating profit is then obtained by adding *Profit from recurring operations* and *Other operating income and expenses*. The latter comprises unusual, abnormal, infrequent or unexpected operating income and expenses, of a material amount, presented separately in the income statement to facilitate understanding of the performance of recurring operations.

Finally, the Group highlights EBITDA in the Change in net financial debt. EBITDA is equal to Profit on operating activities, excluding charges to depreciation, amortisation and provision included in this latter indicator.

1.4.2 Foreign currency translation

a. Functional and presentation currencies

Accounting policies, judgements and estimates

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 drawn up in euros, the functional and presentation currency of the parent company Axway Software.

b. Translation of the financial statements of foreign subsidiaries

Accounting policies, judgements and estimates

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 inter-company 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.

Hyperinflation

No entity operating in a hyper-inflationary economy is included in the scope of consolidation.

The following exchange rates were used to translate the main foreign currencies in the Group:

	Average rate for the period			Period-end rate		
€1/currency	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Pound sterling	0.8778	0.8847	0.8757	0.8508	0.8945	0.8872
Swedish krona	10.5891	10.2583	9.6349	10.4471	10.2543	9.8435
Romanian leu	4.7453	4.6540	4.5683	4.7831	4.6635	4.6585
Bulgarian lev	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558
US dollar	1.1195	1.1810	1.1270	1.1234	1.1450	1.1993
Australian dollar	1.6109	1.5797	1.4713	1.5995	1.6220	1.5346
Hong Kong dollar	8.7715	9.2559	8.7814	8.7474	8.9678	9.3721
Singapore dollar	1.5273	1.5926	1.5571	1.5111	1.5591	1.6024
Yuan (China)	7.7355	7.8081	7.6206	7.8204	7.8753	7.8046
Real (Brazil)	4.4134	4.3085	3.5931	4.5157	4.4441	3.9728

c. Translation of foreign currency transactions

Accounting policies, judgements and estimates

Transactions denominated in foreign currencies are translated to entities' functional currencies at rates applying on the transaction date. 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.

Note 2 Methods and scope of consolidation

2.1 Consolidation methods

Accounting policies, judgements and estimates

Axway Software is the consolidating company.

The companies over which Axway Software has full control are 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.

Amway 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 17.

2.2 Principal acquisitions

Newly-consolidated entities

On March 21, 2019, Axway Software acquired the entire share capital of Streamdata.io in France, a specialist in event-driven API management. Axway software also acquired, through Streamdata.io, the entire share capital of the subsidiary Streamdata.io Inc. in the United States.

Streamdata.io's activities are consolidated in the Axway financial statements from 1 April 2019.

2.3 Other changes in scope

Deconsolidated entities

The Group liquidated the companies Syncplicity LLC in the United States, Syncplicity International in Ireland and Appcelerator China in China. These companies were removed from the scope of consolidation in the second half of 2019.

Streamdata.io in France was absorbed by Axway Software in France on 1 August 2019.

2.4 Comparability of the financial statements

No pro forma information is required in 2019.

Note 3 Segment reporting

Accounting policies, judgements and estimates

Pursuant to IFRS 8 *"Operating Segments"*, 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)	2019		2018		2017	
License	52,840	17.6%	56,520	19.9%	65,344	21.8%
Subscription	59,597	19.9%	40,327	14.2%	37,537	12.5%
Maintenance	146,692	48.9%	142,810	50.3%	145,399	48.5%
Services	40,832	13.6%	44,175	15.6%	51,565	17.2%
Total revenue	**299,962**	**100.0%**	**283,832**	**100.0%**	**299,845**	**100.0%**

3.2 Revenue by region

(in thousands of euros)	2019		2018		2017	
Europe	153,664	51.2%	146,639	51.7%	155,506	51.9%
Americas	129,782	43.3%	122,318	43.1%	128,763	42.9%
Asia Pacific	16,516	5.5%	14,875	5.2%	15,577	5.2%
Total revenue	**299,962**	**100.0%**	**283,832**	**100.0%**	**299,845**	**100.0%**

3.3 Non-current assets by region

(in thousands of euros)	2019		2018		2017	
France	102,747	24.2%	86,052	21.4%	88,183	22.0%
International	322,209	75.8%	316,571	78.6%	312,029	78.0%
Total non-current assets*	**424,956**	**100.0%**	**402,623**	**100.0%**	**400,212**	**100.0%**

* *Excluding financial instruments, deferred tax assets, and assets with respect to post-employment benefits.*

Note 4 Operating profit

In 2019, Axway generated revenue of €300.0 million, up 3.3% organically and 5.7% in total. While the change in consolidation scope was negligible, due solely to the integration of Streamdata.io on 1 April 2019, currency fluctuations had a positive impact of €6.7 million on annual Group revenue. At constant exchange rates, Axway revenue would have grown by 3.3% over the year.

Profit on operating activities was €25.9 million, representing 8.6% of revenue, compared to 11.2% in 2018. This one-off and controlled decline in profitability, in line with forecasts and announcements, is mainly due to the scheduled acceleration of the Group's operational investments (R&D, Sales & Marketing) to complete its transformation initiatives.

In summary, the following points are of note in 2019:

- revenue of €300.0 million, up 3.3% organically and 5.7% in total;
- Profit on operating activities of €25.9 million, representing 8.6% of revenue, compared to 11.2% in 2018;
- sales and marketing costs up €15.8 million due to the resumption of marketing activity, the development of a Customer Success Management (CSM) team and an Axway Catalyst team, comprising external consultants specialising in API strategy implementation;
- Research & Development expenses up €3.3 million, following a return to normal after under-staffing in the first half of 2018;
- general and administrative expenses under control.

4.1 Revenue

4.1.1 Revenue recognition

Accounting policies, judgements and estimates

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 provided;
- 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".

In addition, a new Customer Managed offering was developed in 2019 in response to growing customer demand. Revenue from services provided under a Customer Managed Software as a Service contract is recognised in accordance with the specific procedure detailed below:

The Customer Managed offer is a Hybrid Integration Platform offer sold to customers as a range of services including:

- Software as a Service components, hosted by Axway;
- on-premise components, hosted by the customer.

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Three separate performance obligations have therefore been identified: License, Maintenance and Subscription. Pursuant to IFRS 15, revenue is recognised using three different methods.

- On-premise services are recognised on delivery, that is on the transfer of control of the on-premise license. These components are hosted by the customer, in the same way as traditional licenses. Revenue is therefore recognised using the same model as for traditional on-premise licenses, that is a license component (performance obligation recognised in full on the transfer of control and the provision of the keys) and a maintenance component (performance obligation recognised over the contract term).
- Software as a Service related services such as updates, maintenance and hosting by Axway are recognised on a straight-line basis over the contract term (single performance obligation).

The contract transaction price is allocated to each performance obligation based on list prices. If the contract transaction price includes a discount on the list price, this discount is applied proportionally to the revenue allocated to each performance obligation comprising the contract.

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. It is 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 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.

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.

4.1.2 Revenue by business line

The presentation of revenue by business line is as follows:

(in thousands of euros)	2019		2018		2017	
License	52,840	17.6%	56,520	19.9%	65,344	21.8%
Subscription	59,597	19.9%	40,327	14.2%	37,537	12.5%
Maintenance	146,692	48.9%	142,810	50.3%	145,399	48.5%
Services	40,832	13.6%	44,175	15.6%	51,565	17.2%
Total revenue	**299,962**	**100.0%**	**283,832**	**100.0%**	**299,845**	**100.0%**

4.1.3 International operations

(in thousands of euros)	2019		2018		2017	
France	86,401	28.8%	80,949	28.5%	83,773	27.9%
Rest of Europe	67,263	22.4%	65,690	23.1%	71,733	23.9%
Americas	129,782	43.3%	122,318	43.1%	128,763	42.9%
Asia Pacific	16,516	5.5%	14,875	5.2%	15,576	5.2%
Total revenue	**299,962**	**100.0%**	**283,832**	**100.0%**	**299,845**	**100.0%**

4.2 Purchases and external expenses

4.2.1 Purchases

(in thousands of euros)	2019	2018	2017
Purchases of subcontracting services	23,301	20,518	19,273
Purchases not for inventory of equipment and supplies	-68	1,748	1,554
Purchases and change in stock of merchandise	5,753	3,522	3,782
Total purchases	**28,986**	**25,788**	**24,610**

Purchases of subcontracting services rose €3.2 million between 2018 and 2019. This increase was mainly due to growth in subscription activities which generated significant hosting costs. 2019 subcontracting purchases include subcontracting services of €4.7 million provided by Steria India (Sopra Steria Group) (€4.0 million in 2018).

4.2.2 External expenses

(in thousands of euros)	2019		2018		2017	
Rent and rental charges	10,309	22.7%	10,150	19.4%	10,317	20.6%
Lease expenses - IFRS 16 adjustment	-7,238	-15.9%	-	0.0%	-	0.0%
Maintenance and repairs	6,988	15.4%	6,167	11.8%	6,807	13.6%
External structure personnel	295	0.6%	296	0.6%	163	0.3%
Remuneration of intermediaries and fees	5,728	12.6%	7,306	14.0%	5,693	11.3%
Advertising and public relations	4,054	8.9%	3,955	7.6%	4,303	8.6%
Travel and entertainment	9,179	20.2%	10,712	20.5%	10,127	20.2%
Telecommunications	2,531	5.6%	2,547	4.9%	2,894	5.8%
Sundry	13,577	29.9%	11,114	21.3%	9,856	19.6%
Total external expenses	**45,422**	**100.0%**	**52,247**	**100.0%**	**50,160**	**100.0%**

The decrease in other expenses and external expenses is mainly due to the impact of application of IFRS 16, which led to a decrease in lease expenses of €7.2 million. Adjusted for this impact, external charges are stable year-on-year.

4.3 Depreciation and amortisation, provisions and impairment

(in thousands of euros)	2019	2018	2017
Amortisation of intangible assets	1,071	863	906
Depreciation of property, plant and equipment	4,176	3,671	3,418
Depreciation of Right-of-use assets - IFRS 16	6,349	-	-
Depreciation and amortisation	**11,596**	**4,534**	**4,324**
Impairment of current assets net of unused reversals	1,032	803	930
Provisions for contingencies and losses net of unused reversals	369	4	1,088
Provisions and impairment	**1,401**	**807**	**2,017**
Total depreciation and amortisation, provisions and impairment	**12,997**	**5,341**	**6,341**

The application of IFRS 16 led to an increase of €6.3 million in *Depreciation, amortisation, provisions and impairment*, attributable to the depreciation of the lease right-of-use assets.

4.4 Amortisation of allocated intangible assets

This item corresponds to the amortisation expense for intangible assets obtained as a result of company acquisitions of €8.6 million in 2019, comprising €4.1 million in respect of customer bases and €4.5 million in respect of Technologies (see Note 8.3).

4.5 Other operating income and expenses

The Group did not record any material non-recurring operating expenses in 2019.

Non-recurring expenses for fiscal year 2018 were:

- €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.

Note 5 Employees and commitments towards employees

5.1 Employee costs

(in thousands of euros)	2019	2018	2017
Salaries	160,661	143,890	150,934
Social security contributions	35,089	32,856	37,421
Research tax credits	-8,539	-8,046	-11,413
Employee profit sharing and incentive scheme	656	737	118
Net expense for post-employment and similar benefit obligations	67	141	207
Total employee costs	**187,934**	**169,579**	**177,267**

Employee costs represent 62.7% of 2019 revenue, up slightly on 2018 (59.7%). The 10.8% rise in employee costs is due to a general increase in salaries and higher employee numbers (+90 employees on average) in the research and development, services and subscription departments.

5.2 Workforce

No. of employees at 31 December	2019	2018	2017
France	466	468	518
International	1,419	1,380	1,321
Total	**1,885**	**1,848**	**1,839**

Average no. of employees	2019	2018	2017
France	472	477	565
International	1,418	1,323	1,349
Total	**1,890**	**1,800**	**1,914**

5.3 Retirement benefits and similar commitments

Accounting policies, judgements and estimates

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 is not financed by plan assets.

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 Law of 21 August 2003. The provision for retirement benefits is assessed on an actuarial basis.

(in thousands of euros)	01/01/2019	Change in scope of consolidation	Charge for the year	Reversals for the year (provisions used)	Reversals for the year (unused provisions)	Other movements	Actuarial gains (losses)	31/12/2019
France	5,242	32	405	-271	-	100	886	6,394
Germany	36	-	159	-2	-	-2	-	191
Bulgaria	59	-	12	-	-	-1	13	83
Total	**5,337**	**32**	**576**	**-273**	**-**	**97**	**899**	**6,668**
Impact (net of expenses incurred)								
Profit from recurring operations			341		-			
Net financial income			235		-			
Total			**576**		**-**			

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:

	31/12/2019	31/12/2018	31/12/2017
Benchmark for discounting	Source: Bloomberg	Source: Bloomberg	Source: Bloomberg
Discount rate for commitments	1.09%	1.89%	1.77%
Future salary growth rate	2.50%	2.50%	2.50%
Age at retirement	65 years	65 years	65 years
Mortality table	INSEE 2014-2016	INSEE 2013-2015	INSEE 2013-2015

Assumptions referring to mortality rates are based on published statistical data. The INSEE 2014-2016 mortality table was used at 31 December 2019, amending the commitment by €5 thousand in 2019.

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 only includes resignations in average departure rates for the past five years.

Updating of five-year workforce turnover rates and assumptions relating to departure procedures decreased the commitment by €225 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 1.09% was used for 2019.

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 statements of income
31 Dec. 2017	**5,221**	**5,221**	**266**
Changes 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**
Changes in scope of consolidation	32	32	32
Past service cost	297	297	297
Net interest expense	106	106	106
Benefits paid to employees	-271	-271	-271
Other movements	102	102	-
Actuarial gains (losses)	886	886	-
31 Dec. 2019	**6,394**	**6,394**	**164**

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 -€988 thousand actuarial gain (losses) recognised for Axway Software in 2019 was mainly the result of:

- actuarial gains (losses) arising from experience adjustments (€290 thousand increase in the commitment);
- actuarial gains (losses) arising from a change in the turnover table (€225 thousand decrease in the commitment);
- actuarial gains (losses) arising from a change in the turnover table (€5 thousand increase in the commitment);
- actuarial gains (losses) arising from a change in the discount rate (€551 thousand increase in the commitment).

Experience adjustments on Axway Software plan liabilities are presented in the table below:

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Current value of defined benefit obligations	6,394	5,242	5,221
Experience adjustments on plan liabilities	290	-790	-745
Experience adjustments on plan liabilities (as % of commitments)	4.53%	-15.08%	-14.27%

The following table presents a breakdown by maturity of Axway Software's retirement benefits commitment in France, discounted at 1.09%:

(in thousands of euros)	31/12/2019
Present value of theoretical benefits to be paid by the employer:	
• less than 1 year	274
• from 1 to 2 years	129
• from 2 to 3 years	340
• from 3 to 4 years	204
• from 4 to 5 years	178
• from 5 to 10 years	2,139
• from 10 to 20 years	2,138
• more than 20 years	990
Total commitment	**6,394**

f. Sensitivity testing of the discount rates for Axway Software retirement benefits

A 0.25% increase in the discount rate would result in a €180.4 thousand decrease in our provision for retirement benefits.

A 0.25% decrease in the discount rate would result in a €188.3 thousand increase in our provision for retirement benefits.

5.4 Share-based and similar payment expenses

Accounting policies, judgements and estimates

The Group applies IFRS 2 for share subscription options and free share grants to employees.

a. Share subscription options

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 *Consolidated and other reserves* in 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.

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 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*.

An expense of €2.7 million was recorded in 2019 in respect of stock options granted to employees under stock option and free share grant plans (€1.1 million in 2018). New plans granted in 2019 represent an expense of €1.4 million.

Current free share grant plans are presented below:

Plans	LTI Plan -2015	LTI Plan A -2016	LTI Plan B -2017	LTI Plan C -2018	LTI Plan AOA – 2019	PAGA 2019 - Axway	Free Share Grant Plan Executive Committee
Description	Free share grant plan	Free shares grants to the Axway leadership team, the members of the Executive Committee and other individuals considered key for the Axway Group				200 free shares granted to 1,819 employees of the Group	Free shares granted to 4 members of the Group Executive Committee
Date granted	Apr-15	June-16	June-17	June-18	June-19	Jan-19	Jan-19
Number of shares that may be granted	35,000	273,500	327,500	264,500	325,000	363,800	75,000
Vesting period	4 years	3 years	3 years	3 years	3 years	3 years	3 years
Performance measurement period	Apr-15 to May-19	June-16 to Mar-19	June-17 to Mar-20	July-18 to June-21	July-19 to June-22	Jan-19 to Jan-22	Jan-19 to Jan-22
Presence-based conditions	Present in the Group throughout the vesting period (applicable for all LTI Plans)						
Performance-based conditions	N/A	Level of performance (organic growth in revenue and profit on operating activities)		Level of performance (organic growth in signatures and profit on operating activities)		N/A	N/A
Number of potential shares available for grant at 1 January 2019	35,000	178,706	211,000	259,500	-	-	-
Number of shares granted in 2019	-	-	-	-	325,000	363,800	75,000
Number of shares cancelled in 2019	-	121,226	46,166	39,500	5,000	46,400	-
Total number of shares vested in 2019	35,000	57,480	-	-	-	-	-
Number of potential shares available for grant at 31 December 2019	-	-	164,834	220,000	320,000	317,400	75,000
Income/(expense) recognised in the income statement for the fiscal year, in thousands of euros	**12**	**130**	**434**	**719**	**373**	**760**	**261**

Patrick Donovan received 36,000 and 100,000 shares respectively under LTI Plan C – 2018 and LTI Plan AOA, as Chief Executive Officer of the Group. The corresponding expense in 2019 is detailed in Note 5.5, Compensation of senior executives.

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)	**31/12/2019**	**31/12/2018**	**31/12/2017**
Short-term employee benefits[(1)]	1,079	1,000	1,243
Shareholders' equity compensation benefits	322	82	262
Total compensation of senior executives	**1,401**	**1,082**	**1,505**

(1) Short-term employee benefits include the fixed and variable components of compensation, as well as benefits in kind and directors' fees.

2019

The Board of Directors' meeting of 19 February 2020 recommended the payment of variable compensation of €236 thousand to Patrick Donovan for the year ended 31 December 2019. This variable compensation will be voted by the General Meeting, scheduled for 3 June 2020, based on an amount proposed by the Board of Directors, after taking into account the recommendations of the Compensation Committee.

The General Meeting of 5 June 2019 set the amount of directors' fees to be shared among directors at €330 thousand.

In 2019, Shareholders' equity compensation benefits concern the valuation of services rendered by Patrick Donovan and compensated through the grant of performance shares in 2019.

2018

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 was voted by the General Meeting, scheduled for June 6, 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 among 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.

2017

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 among directors at €302 thousand. One of the directors waived his directors' fees totalling €39 thousand.

In 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

Accounting policies, judgements and estimates

Current tax

The Group determines its current tax expense in accordance with prevailing tax legislation in the countries where the Group's subsidiaries conduct their activities and generate taxable revenue. The tax legislation applied is that enacted or substantially enacted at the reporting date.

Deferred tax

Deferred tax is recognised on all timing differences between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base.

Deferred tax assets are only recognised if their realisation by the Company is probable through the existence of expected taxable profits in future periods within a reasonable time period.

They are reviewed at each reporting date.

Tax assets and liabilities are valued using tax rates enacted or substantially enacted and applicable in the fiscal periods during which the assets will be realised or the liabilities settled. Their impact is recognised in deferred tax in the income statement unless it relates to items recognised directly in Other comprehensive income, in which case it is also recognised in gains and losses recognised directly in equity. Deferred tax assets and liabilities are offset, irrespective of their maturity, when:

- the Group is legally entitled to offset current tax assets and liabilities; and
- the deferred tax assets and liabilities concern the same tax entity.

6.1 Analysis of income tax expense

(in thousands of euros)	2019	2018	2017
Current tax	-4,370	-3,865	-3,677
Deferred tax	-2,400	-1,768	-20,344
Total income tax expense	**-6,770**	**-5,633**	**-24,021**

In 2019, the current tax expense mainly concerns profitable entities, such as Axway Software in France and Axway Gmbh in Germany for €3.9 million.

The deferred tax expense mainly reflects the impact of the utilisation of tax losses carried forward by Axway Software in France for €1.4 million.

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 were lowered in both regions, and we recognised downward adjustments of -€7.3 million and -€3.1 million respectively.

In 2017, deferred tax assets were adjusted overall by -€20.3 million through a charge to income.

6.2 Reconciliation of the theoretical and effective tax charge

Accounting policies, judgements and estimates

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.

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.

(in thousands of euros)	2019	2018	2017
Net income	5,406	10,994	4,405
Income tax expense	-6,770	-5,633	-24,021
Profit (loss) before tax	12,176	16,627	28,426
Theoretical tax rate	**32.02%**	**34.43%**	**34.43%**
Theoretical tax expense	**-3,899**	**-5,725**	**-9,787**
Reconciliation			
Permanent differences	-1,652	-1,560	3,515
Impact of non-capitalised losses for the year	-3,439	-1,140	-22,205
Use of non-capitalised tax loss carry forwards	1,474	2,072	314
Impact of research tax credits	2,734	2,895	3,676
CVAE reclassification (net of tax)	-778	-855	-752
Capitalisation of prior year tax loss carry forwards	826	268	-
Tax rate differences – France/Other countries	-1,920	-798	1,548
Other	-116	-792	-330
Actual tax charge	**-6,770**	**-5,633**	**-24,021**
Effective tax rate	**55.60%**	**33.88%**	**84.50%**

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 31.00%, plus the social contribution on profits of 3.3% representing an overall rate of 32.02%.

In 2019, the effective tax rate is 55.60%, up on 2018 (33.88%).

Overall, in 2019, the Group generated financial profits in jurisdictions with high effective tax rates (mainly France and Germany), while tax losses were generated in jurisdictions with low tax rates, such as Ireland and the United States. In addition, the 5-year business plans, prepared on a reasonable basis, did not allow the recognition of all deferred tax assets in the Unites States and Ireland in 2019. If the Group had recognised all deferred tax assets in these jurisdictions, the effective tax rate would have been comparable to 2018.

6.3 Tax impact of gains and losses recognised directly in other comprehensive income

	2019			2018			2017		
(in thousands of euros)	Gross	Tax impact	Net	Gross	Tax impact	Net	Gross	Tax impact	Net
Foreign exchange differences on net investments in subsidiaries	1,781	-	1,781	4,701	-	4,701	-16,423	-	-16,423
Calculated by difference	1,011	-	1,011	5,961	-	5,961	-14,882	-	-14,882
Foreign exchange gains and losses	2,792	-	2,792	10,662	-	10,662	-31,306	-	-31,306
Actuarial gains and losses on pension plans	-899	285	-614	164	-59	105	1,241	-427	814
Total	**1,893**	**285**	**2,178**	**10,826**	**-59**	**10,767**	**-30,065**	**-427**	**-30,492**

6.4 Deferred tax assets and liabilities

6.4.1 Breakdown by maturity

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Deferred tax assets (DTA)			
• less than one year	2,210	3,201	1,800
• more than one year	15,514	16,193	18,659
Total DTA	**17,724**	**19,394**	**20,459**
Deferred tax liabilities (DTL)			
• less than one year	-490	-189	-33
• more than one year	0	-393	-387
Total DTL	**-489**	**-582**	**-420**
Net deferred TAX	**17,235**	**18,812**	**20,039**

Short-term deferred tax assets mainly relate to the intended use of tax loss carry-forwards in 2020 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 2021 to 2024 by Axway Software in France and Axway Inc. in the United States.

Account was taken of the tax-rate reduction to 28% from 2020, then to 26.5% from 2021 and 25% from 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 2019 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)	31/12/2019	31/12/2018	31/12/2017
At 1 January	**18,812**	**20,039**	**45,333**
Changes in scope of consolidation	-186	-	-
Tax – income statement impact	-2,400	-1,768	-20,344
Tax – shareholders' equity impact	534	-60	-439
Foreign exchange gains and losses	249	600	-4,512
Other	227	-	-
At 31 December	**17,235**	**18,812**	**20,039**

Deferred tax on changes in scope concern the measurement of technologies in Streamdata for -€0.2 million.

The income tax impact in the income statement of €2.4 million is presented in Note 6.1.

Income tax charged directly to equity reflects the impact of first-time application of IFRS 16 for €0.2 million and actuarial gains and losses on retirement commitments for €0.3 million.

Foreign exchange gains of €0.2 million are mainly due to fluctuations in the US dollar against the euro.

6.4.3 Breakdown of net deferred tax by type

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Differences related to consolidation adjustments			
Actuarial gains and losses	-172	-358	-364
Amortisation of revalued software packages	996	1,353	1,518
Fair value of amortisable allocated intangible assets	-2,634	-3,766	-4,238
Discounting of employee profit-sharing	31	62	78
Tax-driven provisions	-51	-41	-33
Capitalised tax losses	5,384	6,378	4,446
Customer contract assets (IFRS 15)	-2,720	-	-
Assets and liabilities on lease commitments (IFRS 16)	278	-	-
Provisions for contingencies (Group)	-1,339	-	-
Other	-340	-164	255
Temporary differences from tax returns			
Provision for retirement benefits	1,842	1,809	1,771
Provision for "Organic" tax	26	31	36
Capitalised research tax credits	-	-	1,271
Capitalised tax losses	14,128	13,386	15,064
Provisions for contingencies (Group)	1,339	-	-
Other	466	122	236
Total	**17,235**	**18,812**	**20,039**

Tax losses capitalised on consolidation:

Tax losses of €5.4 million capitalised in the consolidated financial statements are attributable to Axway Software for an amount of €4.9 million. Capitalised Axway Software tax losses carried forward amounted to €6.3 million at 31 December 2018.

Deferred tax liabilities were recognised on temporary differences relating to the recognition of Customer Managed subscription revenue and costs of obtaining contracts (prepaid commission) for a total of €2.7 million.

Tax losses capitalised in the Company accounts:

Tax losses of €14.1 million capitalised in the parent company financial statements are mainly attributable to Axway Inc. in the United States in the amount of €13.3 million, unchanged on 31 December 2018.

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.

6.4.4 Deferred tax assets not recognised by the Group

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Tax losses carried forward	22,840	20,780	19,228
Temporary differences	-	196	481
Total	**22,840**	**20,976**	**19,709**

6.5 Maturity of tax losses carried forward

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Y+1	3,889	3,649	8,786
Y+2	3,513	3,479	11,958
Y+3	9,749	9,609	15,928
Y+4	8,949	17,011	1,000
Y+5 and subsequent years	118,020	103,180	126,355
Tax losses carried forward with a maturity date	144,120	136,926	164,027
Tax losses which may be carried forward indefinitely	52,874	46,713	13,941
Total	**196,995**	**183,640**	**177,968**
Deferred tax basis – capitalised	89,180	86,657	87,741
Deferred tax basis – not capitalised	107,815	96,983	90,226
Deferred tax – capitalised	19,512	19,764	19,510
Deferred tax – not capitalised	22,840	20,780	19,228

At 31 December 2019, deferred tax assets not recognised on tax losses carried forward amounted to €22.8 million and concerned the following subsidiaries: Axway Inc. in the United States (€14.5 million), Axway Pte Ltd in Singapore (€0.8 million), Axway Romania (€1.8 million), Axway Brazil (€1.7 million), Axway Hong Kong (€0.6 million), Axway UK (€0.2 million) and Axway Srl in Italy (€2.9 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 2000 and 2019. At 31 December 2019, we estimate the total amount of research tax credits available for offset against taxable profits at US$39.5 million (taxable base). These tax credits are recorded in deferred tax assets not capitalised as their probable date of utilisation is too far away. Based on substantiating evidence and detailed business plan estimates, the US$39.5 million in tax credits could be used between 2025 and 2039.

Axway Software

At 31 December 2018, capitalised tax losses stood at €6.3 million. Tax losses available for carry forward not capitalised were nil.

At 31 December 2019, capitalised tax losses stood at €4.8 million. 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.

At 31 December 2018, capitalised tax losses stood at US$15.0 million. Tax losses available for carry forward not capitalised amounted to US$74.9 million (taxable base).

At 31 December 2019, capitalised tax losses stood at US$15.0 million. Tax losses available for carry forward not capitalised amounted to US$77.5 million (taxable base).

Note 7 Components of working capital requirements and other financial assets and liabilities

7.1 Non-current financial and other assets

Accounting policies, judgements and estimates

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;
- 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, described in Note 7.2.

The Group's non-current financial and other assets mainly consist of loans and receivables.

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Loans and receivables	2,970	2,809	3,288
Non-current prepaid expenses	2,119	717	-
Total non-current financial and other assets	**5,089**	**3,526**	**3,288**

Non-current prepaid expenses consist of costs of obtaining contracts as presented in Note 4.1. They total €2.0 million at 31 December 2019 compared to €0.7 million at 31 December 2018. The increase is due to growth in subscription revenue signatures.

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Other non-current receivables	12	18	-
Deposits and other non-current financial assets	2,958	2,791	3,288
Loans, deposits and other non-current financial assets – net value	**2,970**	**2,809**	**3,288**
Total	**2,970**	**2,809**	**3,288**

Deposits and other non-current financial assets consist mainly of guarantees given for 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

Accounting policies, judgements and estimates

This line item comprises short-term commercial receivables and other similar amounts. Current trade receivables are initially measured at the nominal value invoiced which generally equates 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. Trade receivables are provided as follows: 50% provision for invoices past due more than 6 months and 100% provision for invoices past due more than 12 months.

To avoid the overstatement of asset and liability accounts, deferred income concerning periods after 1 January following the reporting date (1 January 2020 for this period) and the corresponding trade receivables not settled at the reporting date (31 December 2019) were offset in the balance sheet.

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) (see Note 4.1).

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Trade receivables	60,128	61,863	66,287
Accrued income	13,177	5,100	5,938
Provision for doubtful receivable	-1,413	-1,399	-1,135
Total trade receivables and related accounts	**71,893**	**65,565**	**71,090**

Net trade receivables, expressed in days sales outstanding, corresponded to 77 days at 31 December 2019, stable compared to the end of 2018. This ratio is calculated by comparing "*Net trade receivables*" with revenue generated during the year.

Movements during the period in accrued income 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 (Customer Managed subscriptions).

a. Maturity of trade receivables

			Of which: not impaired at the reporting date but past due as follows:					
(in thousands of euros)	Carrying amount	Of which: neither impaired nor past due at the reporting date	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)	60,128	37,770	12,251	3,788	2,892	2,118	767	540

b. Changes in provisions for doubtful receivables

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Impairment of trade receivables at start of period	**1,399**	**1,135**	**874**
Charge	1,054	1,192	974
Reversal	-1,083	-936	-666
Changes in scope of consolidation	27	-	-
Translation adjustments	16	9	-48
Impairment of trade receivables at end of period	**1,413**	**1,399**	**1,135**

7.3 Other current receivables

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Employees and social security bodies	489	969	350
Tax receivables (other than income tax)	13,952	3,752	2,641
Income tax	2,153	11,824	12,272
Other receivables	3,014	2,961	8,659
Advance lease payments - IFRS 16	-22	-	-
Prepaid expenses	13,593	10,127	7,093
Total other current receivables	**33,179**	**29,634**	**31,016**

Tax receivables total €14.0 million and mainly concern research tax credits obtained in France (€8.4 million) and Ireland (€3.5 million).

The €3.5 million increase in prepaid expenses is mainly due to the spreading of commission on subscription revenue. This current prepaid commission represents capitalised costs of obtaining contracts as presented in Note 4.1.

At 31 December 2019, the Group has recognised costs of fulfilling contracts of €1.3 million in assets, compared to €0.1 million in 2018.

Tax receivables: research tax credit

CIR research tax credit receivables were sold to Crédit Agricole in 2017, 2018 and 2019. Research tax credit receivables pre-dating 2017 were sold to Natixis.

Financing received for research tax credit receivables sold can be summarised as follows:

- in 2014, research tax credits for 2011, 2012 and 2013 were financed for €5,793 thousand, €3,578 thousand and €6,538 thousand, respectively.
- the tax authorities repaid these research tax credits to Natixis in 2015, 2016 and 2017 for the expected amounts;
- in 2015, the research tax credit for 2014 was financed for €7,573 thousand;
- the tax authorities repaid this research tax credit to Natixis in 2018 for the expected amount;
- in 2016, the research tax credit for 2015 was financed for €8,993 thousand;
- the tax authorities repaid this research tax credit to Natixis in 2019 for the expected amount;
- in 2017, the research tax credit for 2016 was financed for €9,068 thousand;
- in 2018, the research tax credit for 2017 was financed for €10,216 thousand;
- in 2019, the research tax credit for 2018 was financed for €7,890 thousand.

At 31 December 2019, receivables sold to Crédit Agricole and not repaid by the tax authorities total €27,174 thousand.

7.4 Other non-current liabilities

Accounting policies, judgements and estimates

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) (see Note 4.1).

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Amounts payable on non-current asset	-	-	877
Other non-current debts	1,300	2,247	2,556
Deferred income	4,257	2,443	15,003
Sub-total other non-current liabilities	**5,556**	**4,690**	**18,436**
Other provisions for contingencies and losses - non-current	7,534	6,137	6,210
Total other non-current liabilities including non-current provisions	**13,090**	**10,827**	**24,646**

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 2018 was transferred to current deferred income in 2019.

Other provisions for contingencies and losses include provisions for retirement benefits of €6.7 million (see Note 5.3 b), provisions for contingencies and losses of €0.3 million (see Note 10) and provisions for other long-term employee benefits in Italy of €0.6 million.

7.5 Trade accounts payables

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Trade accounts payables	7,131	4,238	4,862
Accrued expenses	9,486	11,203	9,100
Total trade accounts payables	**16,617**	**15,441**	**13,962**

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7.6 Current deferred income

Accounting policies, judgements and estimates

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.

To avoid the overstatement of asset and liability accounts, deferred income concerning periods after 1 January following the reporting date (1 January 2020 for this period) and the corresponding trade receivables not settled at the reporting date (31 December 2019) were offset in the balance sheet.

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Deferred income	60,567	75,232	67,313
Total current deferred income	**60,567**	**75,232**	**67,313**

The majority of current customer contract liabilities at 31 December 2018 were recognised in revenue in 2019.

Deferred maintenance income is down €8.7 million, mainly due to a delay in the renewal of several major maintenance contracts (€4 million).

Deferred subscription income decreased €5.2 million between 2018 and 2019. The transfer to revenue of Syncplicity multi-year subscription contracts (3-year multi-year contracts at the acquisition date in 2017) represented €3.5 million in 2019.

7.7 Other current liabilities

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Amounts payable on non-current assets	1,323	2,044	2,210
Advances and payments on account received for orders	89	116	-
Employee-related liabilities	29,607	27,604	27,514
Tax-related liabilites	7,690	6,262	6,576
Income tax	1,327	3,022	2,806
Other liabilities	3,077	3,830	11,730
Restructuring provisions	-	85	112
Total other current liabilities	**43,112**	**42,963**	**50,947**

Note 8 Property, plant and equipment, and intangible assets

8.1 Goodwill

Accounting policies, judgements and estimates

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).

This choice is made individually for each acquisition. The business combination method is presented in Note 8.1.2.

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, after having verified that all assets and liabilities were correctly identified.

Goodwill is allocated to a single cash-generating unit for the purpose of impairment testing under the conditions detailed in Note 8.2.2. Tests are performed whenever there is an indication of impairment loss and systematically at the reporting date (31 December).

Business combinations

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.

8.1.1 Changes in goodwill

The principal movements in 2018 and 2019 were as follows:

(in thousands of euros)	Gross value	Impairment	Net
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**
Acquisition of Streamdata	1,718	-	1,718
Translation adjustments	4,134	- 33	4,167
31 December 2019	**358,555**	**8,580**	**349,976**

8.1.2 Determining goodwill for business combinations

On 20 March 2019, Axway Software acquired the entire share capital of Streamdata.io in France. The Axway Group also acquired, through Streamdata.io, the entire share capital of the subsidiary Streamdata.io Inc. in the United States.

Axway Software completed this transactions for €1.5 million. An initial payment of €1.1 million was made at the acquisition date, followed by a second payment of €0.4 million at the beginning of 2020.

A review of the assets acquired and liabilities assumed has enabled, at this stage, the identification, measurement and recognition of business software in the amount of €0.7 million. Furthermore, pursuant to the acquisition of Streamdata.io, an authorisation request for the transfer of tax losses of approximately €10 million was filed with the French tax authorities in June 2019. At 31 December 2019, the Group is still awaiting authorisation.

Pursuant to IFRS 3, the goodwill arising on the acquisition of Streamdata.io will become definitive at the end of the allocation period on March 20, 2020.

The provisional allocation of goodwill currently breaks down as follows:

(in thousands of euros)	At 31/12/2019
Acquisition price	1,538
Acquisition cost	**1,538**
Net assets acquired, excluding existing goodwill	-691
Intangible assets allocated, net of deferred tax	510
Goodwill (Streamdata)	**1,718**

Streamdata.io net assets provisionally break down as follows:

(in thousands of euros)	Carrying amount in the seller's accounts	Restatements	Fair value
Intangible assets	1	697	698
Property, plant and equipment	6	-	6
Financial assets	11	-	11
Current assets	198	-	198
Cash and cash equivalents	415	-	415
Financial liabilities	-505	-	-505
Provision for post-employment benefits	-129	-	-129
Differed tax liabilities	-	-186	-186
Current liabilities	-687	-	-687
Net assets acquired	**-691**	**510**	**-180**

No acquisitions were performed in 2018. The amount of €545 thousand concerns final adjustments to the purchase price allocation on the acquisition of Syncplicity.

8.1.3 Translation adjustments

Changes in exchange rates on goodwill relate mainly to fluctuations in the Euro against the following currencies:

Change euro/currency *(in thousands of euros)*	**31/12/2019**	**31/12/2018**	**31/12/2017**
USD	4,559	10,734	-31,163
SEK	-354	-804	-610
Other currencies	-37	-2	-39
Total	**4,167**	**9,928**	**-31,813**

8.2 Impairment tests

Accounting policies, judgements and estimates

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, Syncplicity in the United States in 2017 and Streamdata.io in France in 2019.

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 distribution fees 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**.

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 (DCF method).

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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 progressively over the extrapolation period as authorised by IAS 36.33 (c). In this way, the perpetual growth rate is not immediately applicable after the 5-year business plan. The perpetual growth rate is applied to the terminal value calculated based on the last year of the extrapolation period.

The discounted cash flow method is applied using forecast 5-year business plans and trend assumptions for working capital and investment.

The terminal value of the CGU was calculated based on the last flows modelled, 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.

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.

Test carried out

Following on from the impairment test performed in 2018 covering a 10-year period (2019 to 2028), the 2019 impairment test is based on a 5-year business plan (2020-2024), followed by a 4-year extrapolation period (2025-2028).

In accordance with the Group methodology, detailed above, the 2019 impairment test on non-current assets grouped together in the Axway cash-generating unit, was performed in three stages:

- **for years 1 to 5**: application of the discounted cash flow method using the forecast business plan for fiscal years 2020 to 2024 and trend assumptions for working capital and investment;
- **for years 6 to 9**: an extrapolation period, based on a four-year projection of 2024 cash flows (2025 to 2028), using an annual growth rate declining progressively from the sixth to the ninth year;
- **year 10 onwards:** cash flows are calculated by applying a perpetual growth rate of 2.0% reflecting forecast long-term real economic growth, adjusted for forecast long-term inflation, to the last modelled flow in 2028.

Impairment testing carried out at the end of 2017, 2018 and 2019 did not lead to the recognition of an impairment loss.

For fiscal year 2019, the value-in-use calculated according to the discounted cash flow method amounted to €637 million, with a discount rate of 9.5% and a perpetual growth rate of 2.0%, both based on an average of analysts' rates.

Value *(in thousands of euros)*		**Discount rate** 9.00%	9.50%	10.00%
	1.60%	661,408	615,990	576,042
Perpetual growth rate	2.00%	685,954	**636,726**	593,711
	2.40%	713,477	659,799	613,240

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 2019, the fair value of the Axway CGU, i.e. its market capitalisation, was €263.2 million, and the fair value less costs to sell was €257.9 million. The recoverable amount of Axway's CGU therefore amounted to €637 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. €362.6 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 and intangible assets allocated to the Axway cash-generating unit at 31 December 2019.

For fiscal year 2018, impairment testing led to the retention of goodwill values. The recoverable amount of Axway's CGU was €565 million. Market capitalisation less costs to sell was €258.3 million compared with consolidated shareholders' equity of €362.7 million.

8.3 Other intangible assets

Accounting policies, judgements and estimates

Assets purchased separately

Assets purchased separately comprise software packages recorded at purchase cost and amortised on a straight-line basis over one to ten years depending on their estimated useful lives.

Assets acquired as part of a business combination

These assets comprise software packages, customer bases, brands and distributor relations recognised at fair value on the allocation of the purchase price of entities acquired in business combinations. These assets are amortised on a straight-line basis over 5 to 15 years, depending on their estimated useful lives.

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:
  - it must be technically feasible to complete development of the intangible asset so that it will be available for use or sale,
  - the Group must have the intention of completing development of the intangible asset and of using or selling it,
  - the Group must be able to use or sell the intangible asset,
  - the Group must be able to demonstrate that the intangible asset will generate probable future economic benefits,
  - the Group must provide adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
  - the Group must be able 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 to 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.

Changes in intangible assets are presented below:

(in thousands of euros)	Customer base	Technologies	Brands	Other	Total
Gross value					
31 December 2017	**41,549**	**44,587**	**242**	**14,004**	**100,382**
Translation adjustments	692	1,487	11	-2	2,188
Acquisitions	-	-	-	1,618	1,618
Disposals	-	-	-	-2	-2
Other movements	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-
31 December 2018	**42,240**	**46,074**	**253**	**15,618**	**104,185**
Translation adjustments	374	631	5	36	1,047
Acquisitions	-	-	-	190	190
Disposals	-	-	-	-98	-98
Other movements	-	-	-	-	-
Changes in scope of consolidation	-	697	-	4,205	4,901
31 December 2019	**42,615**	**47,402**	**258**	**19,951**	**110,225**
Amortisation					
31 December 2017	**20,929**	**17,306**	**232**	**12,998**	**51,465**
Translation adjustments	448	662	11	103	1,223
Charges	3,994	4,311	10	863	9,178
Reversals	-	-	-	-2	-2
Other movements	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-
31 December 2018	**25,370**	**22,279**	**253**	**13,961**	**61,864**
Translation adjustments	237	289	5	44	575
Charges	4,087	4,518	-	1,069	9,674
Reversals	-	-	-	-3	-3
Other movements	-	-	-	-	-
Changes in scope of consolidation	-	-	-	4,204	4,204
31 December 2019	**29,694**	**27,086**	**258**	**19,275**	**76,313**
Net value					
31 December 2018	**16,870**	**23,795**	**-**	**1,657**	**42,322**
31 December 2019	**12,921**	**20,316**	**-**	**676**	**33,912**

This line item mainly includes intangible assets (customer bases, technologies, brands) allocated during the purchase price allocation process following business combinations. Amortisation of these allocated intangible assets is included in *Profit from recurring operations*. The main allocated intangible assets are as follows:

	Residual period of amortisation
Tumbleweed - Technologies *(from September 2008)*	4 years
Vordel - Technologies *(from November 2012)*	1 year
Vordel - Customer base *(from November 2012)*	3 years
Systar - Technologies *(from April 2014)*	between 3 and 5 years
Systar - Customer base *(from April 2014)*	6 years
Appcelerator - Technologies *(from January 2016)*	between 4 and 5 years
Appcelerator - Customer base *(from January 2016)*	1 year
Syncplicity - Technologies *(from March 2017)*	7 years
Syncplicity - Customer base *(from March 2017)*	12 years
Streamdata - Technologies *(from April 2019)*	9 years

No expenditure incurred in developing the Group's solutions and software packages was capitalised, either in 2019 or in previous years.

8.4 Property, plant and equipment

Accounting policies, judgements and estimates

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 on a straight-line basis over the expected useful lives of each non-current asset category.

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.

IT facilities are scrapped each year after taking inventory. The amount of these assets is recorded in disposals. Exits from premises for which the lease was not renewed are also included in disposals.

	Expected useful lives of various PP&E categories
Fixtures and fittings	3 to 10 years according to the lease term
IT facilities	3 to 5 years
Furniture and office equipment	5 to 10 years

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(in thousands of euros)	Furniture, fixtures and fittings	IT facilities	Total
Gross value			
31 December 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 December 2018	**12,182**	**24,992**	**37,174**
Translation adjustments	85	170	254
Acquisitions	185	3,054	3,240
Disposals	-	-23	-23
Other movements	-	-	-
Changes in scope of consolidation	77	-	77
31 December 2019	**12,529**	**28,193**	**40,722**
Depreciation			
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**
Translation adjustments	71	144	215
Charges	1,162	3,013	4,175
Reversals	-	-	-
Other movements	-	-16	-16
Changes in scope of consolidation	72	-	72
31 December 2019	**7,452**	**20,765**	**28,217**
Net value			
31 December 2018	**6,034**	**7,368**	**13,402**
31 December 2019	**5,077**	**7,428**	**12,505**

In 2019, Group investments in property, plant and equipment (€3.2 million) primarily include IT facilities (central systems, work stations and networks) for €3.0 million and office equipment in France and internationally for €0.2 million;

Note 9 Leases

Accounting policies, judgements and estimates

Leases are recognised in the balance sheet at the lease start date, which is the date at which the lessor makes the underlying asset available to the lessee. Leases lead to the recognition of a "Lease right-of-use asset" in balance sheet assets and a "Lease liability" in balance sheet liabilities.

The lease liability is equal to the present value of future lease payments discounted over the lease term at either the implicit rate in the lease, or the incremental borrowing rate of the lessee. The contract term takes into account firm periods and any renewal or termination options that are reasonably certain to be exercised.

At the lease start date, the lease right-of-use asset is equal to the lease liability, potentially corrected for any initial direct costs incurred to obtain the contract, payments in advance, advantages received from the lessor at that date and any costs that the lessee will be required to incur to dismantle and remove the underlying asset.

Future minimum lease payments included fixed lease payments, variable lease payments that depend on an index or a rate, residual value guarantees, the price of exercising a purchase option and termination or non-renewal penalties, where the Group reasonably expects to exercise or not exercise these options. Certain of these amounts may change during the course of the lease, resulting in an upward or downward revaluation of the lease liability and the right-of-use asset. The payments do not include any service components potentially included in the lease which continue to be expensed to income.

In the balance sheet, lease liabilities are split between current and non-current liabilities. Lease right-of-use assets are depreciated on a straight-line basis over the lease term or the useful life of the underlying asset, if the lease transfers ownership of the asset to the lessee or if the lessee is reasonably certain to exercise a purchase option.

In the income statement, depreciation is included in *Depreciation and amortisation, provisions and impairment* under *Profit on ordinary activities*. The net interest on the lease liability is presented separately in *Other financial income and expense*.

In the statement of cash flows, depreciation is included in *Depreciation and amortisation, provisions and impairment* under *Net cash from operating activities*. The change in the lease liability (lease payments made) and the net interest on the lease liability are recorded under *Net cash from financing activities*.

Finally, by exception, short-term leases of a period of less than 12 months and leases of low value assets with an individual value of less than US$5,000, are expensed directly to income and not therefore restated in the balance sheet. Similarly, variable lease payments based on use of the underlying asset or revenue generated by use of the underlying asset are expensed directly to income.

9.1 Lease right-of-use asset by category

(in thousands of euros)	Leased premises	Leased vehicles	Total
Gross value			
31 December 2018	**-**	**-**	**-**
First-time application of IFRS 16	25,633	769	26,402
Changes in scope of consolidation	135	-	135
Acquisitions	2,980	226	3,206
Disposals - assets scrapped	-	-58	-58
Translation adjustments	92	-0	92
31 December 2019	**28,841**	**937**	**29,778**
Depreciation			
31 December 2018	**-**	**-**	**-**
Changes in scope of consolidation	-0	-	-0
Charges	-5,940	-409	-6,349
Disposals - assets scrapped	-	41	41
Translation adjustments	5	-0	5
31 December 2019	**-5,936**	**-369**	**-6,304**
Net value			
31 December 2018	**-**	**-**	**-**
31 December 2019	**22,905**	**569**	**23,474**

9.2 Debt maturity of lease liabilities

				Breakdown of non-current liabilities				
(in thousands of euros)	Carrying amount	Current	Non-current	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Beyond 5 years
Lease liabilities	29,712	6,809	22,903	5,244	4,441	3,863	3,624	5,731

Note 10 Provisions

Accounting policies, judgements and estimates

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.

As provisions are estimated based on risks or future expenses, their amounts are uncertain and may be adjusted in future periods. Provisions are discounted if the impact of discounting is material.

In the specific case of restructurings, an obligation is recognised when the restructuring has been announced and a detailed plan prepared or implementation commenced. These costs essentially comprise severance payments, early retirement payments, the cost of notice periods not worked, the cost of training individuals prior to departure and other costs relating to site closures.

Non-current assets scrapped and impairments of inventory and other assets directly relating to restructuring measures are also recognised in restructuring costs.

To the extent that a 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 2019 provisions (in current and non-current liabilities)

(in thousands of euros)	01/01/2019	Change in scope of consolidation	Charge for the year	Reversals for the year (provisions used)	Reversals for the year (unused provisions)	Other movements	31/12/2019
Provisions for disputes	502	-	482	-256	-109	37	657
Provisions for guarantees	130	-	-	-	-	-	130
Other provisions for contingencies	59	82	-	-87	-	-	54
Sub-total provisions for contingencies	**690**	**82**	**482**	**-342**	**-109**	**37**	**841**
Tax provisions	494	-	293	-	-	-762	25
Restructuring provisions	85	-	-	-42	-6	-37	1
Other provisions for losses	106	-	-	-	-	2	108
Sub-total provisions for losses	**686**	**-**	**293**	**-42**	**-6**	**-797**	**134**
Total	**1,376**	**82**	**776**	**-384**	**-114**	**-760**	**975**
Impact (net of expenses incurred)							
Profit from recurring operations			482		-114		
Operating profit			-		-		
Net financial income			-		-		
Tax expense			293		-		
Total			**776**		**-114**		

- Provisions for disputes mainly relate to labour arbitration proceedings and employee severance payments. New disputes were provided for €482 thousand at 31 December 2019.
- Provisions for guarantees reflect an obligation to our customers and concern Axway Gmbh in Germany for €130 thousand.
- Other provisions for contingencies cover costs relating to premises in Germany for €54 thousand.
- 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.
- Reclassification flows concern the first-time application of IFRIC 23, "Uncertainty over income tax treatments" (see Note 1.2.2).
- No restructuring provisions were recognised at 31 December 2019.
- Other provisions for losses comprise seniority provisions of €108 thousand and concern Axway Gmbh in Germany.

Note 11 Financing and management of financial risks

11.1 Cost of net financial debt

(in thousands of euros)	2019	2018	2017
Income from cash management	246	203	192
Interest expense	-963	-937	-1,285
Cost of financial debt	**-717**	**-734**	**-1,093**
Net interest on lease liabilities	-834	-	-
Total cost of net financial debt	**-1,551**	**-734**	**-1,093**

In 2019, interest expenses mainly comprise the non-use fee for the medium-term borrowing, and interest on the Revolving Credit Facility (RCF).

11.2 Other financial income and expense

Accounting policies, judgements and estimates

Foreign exchange gains and losses mainly relate to commercial transactions denominated in foreign currencies.

Foreign exchange differences on inter-company 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)	2019	2018	2017
Foreign exchange gains and losses	**-223**	**-622**	**2,281**
Reversal of provisions	82	-	137
Other financial income	1	5	-
Total foreign exchange gains/losses and other financial income	**-141**	**-617**	**2,418**
Charges to provisions	-5	-2	-0
Discounting of retirement benefit commitments	-235	-102	-152
Change in the value of derivatives	171	216	198
Other financial expenses	-354	-389	-680
Total other financial expenses	**-423**	**-276**	**-634**
Total other financial income & expense	**-564**	**-893**	**1,784**

Discounting of retirement benefit commitments: see Note 5.3.

11.3 Cash and cash equivalents

Accounting policies, judgements and estimates

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*.

In accordance with 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.

UCITS classified by the AMF (French Financial Markets Authority) as "euro-denominated" money-market instruments are presumed to satisfy the four key criteria already mentioned. 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 fair value; changes in fair value are recognised in the income statement in *Other financial income and expenses*.

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.

The Statement of cash flows is presented in Chapter 4.4 "Statement of Cash Flows".

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Investment securities	-	1,048	-
Cash	21,087	34,736	28,146
Total cash and cash equivalents	**21,087**	**35,785**	**28,146**
Bank overdrafts	- 26	- 13	- 8
Total	**21,061**	**35,772**	**28,138**

Cash and cash equivalents (excluding bank overdrafts) of €21.1 million at 31 December 2019 are held €3.9 million by the parent company, €4.6 million by Axway Inc. in the United States and €12.6 million by the other subsidiaries.

Among the other subsidiaries, entities in Brazil and China hold cash of €1.7 million and €1.3 million respectively at 31 December 2019, compared to €3.2 million and €1.3 million at 31 December 2018. A withholding tax would be applied were the cash balances held in Brazil or China to be repatriated, either in the form of payments between Group companies or dividends.

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11.4 Financial debt - Net debt

Accounting policies

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.
- bank overdrafts.

The portion of financial debt due within 12 months from the reporting date is classified in current liabilities.

(in thousands of euros)	Current	Non-current	31/12/2019	31/12/2018	31/12/2017
Bank borrowings	3,368	39,201	42,569	45,986	48,762
Other financial liabilities	73	-0	73	18	-
Bank overdrafts	12	-	12	8	8
Total financial debt	**3,452**	**39,201**	**42,653**	**46,012**	**48,770**
Investment securities	-	-	-	-1,048	-
Cash and cash equivalents	-21,087	-	-21,087	-34,736	-28,146
Net debt	**-17,635**	**39,201**	**21,566**	**10,227**	**20,624**

At 31 December 2019, bank borrowings total €42.7 million and comprise:

- a draw down on the Revolving Credit Facilities (RCF) in the amount of €36 million;
- other bank borrowings with BPI and Banque Populaire totalling €6.7 million.

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.

In the third quarter of 2019, €15 million was drawn on this facility and then repaid in full in November 2019.

At 31 December 2019, €89 million (71.2%) of the €125 million RCF was available.

Other bank borrowings were repaid in line with the quarterly payment schedules: BPI (€0.7 million) and Banque Populaire (€0.25 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 covenants and are being repaid in accordance with their respective repayment schedules.

At 31 December 2019, Axway also sold €17.9 million of its CIR research tax credits to Crédit Agricole. This assignment of receivables was deconsolidated (see Note 7.3).

11.5 Bank covenants

Revolving Credit Facility (RCF)

To increase Axway's financial flexibility while also guaranteeing its capacity to finance an external growth strategy, Axway Software 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 30 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 directly extended to January 2024, with the possibility of a further extension to January 2026 under certain conditions. 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.

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.

Three financial ratios must be met under the covenants (see Note 14.3):

Bank covenants

(in thousands of euros)		2019	2018	2017	Ratios to be met
Net debt		21,966	10,227	20,624	
EBITDA		31,462	33,183	43,926	R1 < 3
Ratio R1:	**Net Debt / EBITDA**	**0.70**	**0.31**	**0.47**	
EBITDA		31,462	33,183	43,926	
Financial expenses		717	734	1,093	R2 > 5
Ratio R2:	**EBITDA / Financial expenses**	**43.88**	**45.22**	**40.19**	
Net debt		21,966	10,227	20,624	
Shareholders' equity		363,465	362,749	344,127	R3 < 1
Ratio R3:	**Net debt / Shareholders' equity**	**0.06**	**0.03**	**0.06**	

11.6 Financial instruments recorded in the balance sheet

Accounting policies

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 2019

	31/12/2019		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	IFRS 16 lease liabilities	Derivatives at fair value through profit or loss	Derivatives at fair value through shareholders' equity
Financial assets	5,089	5,089	-	-0	5,089	-	-	-	-
Trade receivables	71,893	71,893	-	-	71,893	-	-	-	-
Other current receivables	19,586	19,586	-	-	19,586	-	-	-	-
Cash and cash equivalents	21,087	21,087	21,087	-	-	-	-	-	-
Financial assets	**117,695**	**117,695**	**21,087**	**-0**	**96,568**	**-**	**-**	**-**	**-**
Financial debt – long-term portion	39,201	39,201	-	-	-	39,201	0	-	-
Lease liabilities - long-term portion	22,903	22,903	-	-	-	-	22,903	-	-
Other non-current liabilities	13,090	13,090	-	-	13,090	-	-	-	-
Financial debt – short-term portion	3,452	3,452	-	-	-	3,452	-	-	-
Lease liabilities - short-term portion	6,809	6,809	-	-	-	-	6,809	-	-
Trade accounts payables	16,617	16,617	-	-	16,617	-	-	-	-
Other current liabilities	43,112	43,112	-	-	43,112	-	-	-	-
Financial liabilities	**145,184**	**145,184**	**-**	**-**	**72,819**	**42,653**	**29,712**	**-**	**-**

The fair value of trade receivables, other current receivables, trade accounts payable and other current liabilities is the same as the carrying amount, owing to their very short settlement periods.

b. 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 payables	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**	**-**	**-**

11.7 Management of financial risks

11.7.1 Credit risk

Credit risks are detailed in Note 7.2, Trade receivables and related accounts, in the paragraphs "Maturity of trade receivables" and "Changes in provision for doubtful receivables".

11.7.2 Liquidity risk

According to the definition given by the French Financial Markets Authority (AMF), 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.

The following table shows the non-discounted contractual cash flows of consolidated net debt at 31 December 2019:

(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	42,569	44,599	3,383	2,452	1,479	1,217	36,068	-
Other financial liabilities	73	73	73	-	-	-	-	-
Bank overdrafts	12	12	12	-	-	-	-	-
Financial debt	**42,653**	**44,684**	**3,467**	**2,452**	**1,479**	**1,217**	**36,068**	**-**
Cash and cash equivalents	-21,087	-21,087	-21,087	-	-	-	-	-
Consolidated net debt	**21,566**	**23,597**	**-17,620**	**2,452**	**1,479**	**1,217**	**36,068**	**-**

The Group has credit facilities significantly in excess of its requirements. At 31 December 2019, the Group had €89 million in credit facilities and €20 million in unused bank overdrafts, together totalling €109 million. Furthermore, the Group had cash and cash equivalents of €21.1 million.

At 31 December 2019, there was no liquidity risk.

11.7.3 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

No new hedges were entered into in 2017, 2018 or 2019.

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 2019.

At 31/12/2019	Interest rate	31/12/2019	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	21,087	21,087	-	-	-	-	-
	Floating rate	-	-	-	-	-	-	-
Financial assets	**Fixed rate**	**21,087**	**21,087**	**-**	**-**	**-**	**-**	**-**
	Floating rate	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Bank borrowings	Fixed rate	-3,747	-1,033	-1,006	-979	-728	-	-
	Floating rate	-38,822	-2,329	-1,401	-445	-439	-34,208	-
Other financial liabilities	Fixed rate	-	-	-	-	-	-	-
	Floating rate	-73	-73	-	-	-	-	-
Bank overdrafts	Fixed rate	-	-	-	-	-	-	-
	Floating rate	-12	-12	-	-	-	-	-
Financial liabilities	**Fixed rate**	**-3,747**	**-1,033**	**-1,006**	**-979**	**-728**	**-**	**-**
	Floating rate	**-38,906**	**-2,413**	**-1,401**	**-445**	**-439**	**-34,208**	**-**
Net position before hedging	**Fixed rate**	**17,340**	**20,054**	**-1,006**	**-979**	**-728**	**-**	**-**
	Floating rate	**-38,906**	**-2,413**	**-1,401**	**-445**	**-439**	**-34,208**	**-**
Net exposure after hedging	**Fixed rate**	**17,340**	**20,054**	**-1,006**	**-979**	**-728**	**-**	**-**
	Floating rate with cap and floor	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Floating rate	**-38,906**	**-2,413**	**-1,401**	**-445**	**-439**	**-34,208**	**-**

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 hedges have 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 center 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;
- 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 2019, 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

The Group does not hold any shares for investment purposes or stakes in listed companies.

At 31 December 2019, Axway Software held 46,665 treasury shares, acquired under the terms of the share buyback programmes authorised by the General Meeting at an average price of €17.72, for a total of €827 thousand.

All transactions in treasury shares are recognised directly in shareholders' equity. The impact at 31 December 2019 was +€49 thousand (see Statement of changes in consolidated shareholders' equity).

Given the small number of treasury shares held (0.22% of the share capital), the Group is not exposed to any material equity risk. In addition, as the value of treasury shares is deducted from equity, movements in the share price do not impact the consolidated income statement.

Note 12 Cash flows

12.1 Change in net debt

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Net debt at 1 January (A)	**10,227**	**20,624**	**-16,266**
Cash from operations after cost of net financial debt and tax	**28,661**	**24,209**	**18,203**
Cost of net financial debt	1,551	734	1,093
Income tax (including deferred tax)	6,770	5,633	24,021
Cash from operations before cost of net financial debt and tax	**36,982**	**30,576**	**43,317**
Income taxes paid	-4,127	-4,408	-2,051
Changes in working capital requirements	-19,250	-3,558	-11,724
Net cash from operating activities	**13,605**	**22,610**	**29,543**
Change related to investing activity	-4,552	-4,374	-4,194
Lease payments	-7,652	-	-
Net interest paid	-766	-734	-1,093
Available net cash flow	**635**	**17,503**	**24,256**
Impact of changes in the scope of consolidation	-723	0	-52,691
Financial investments	-130	196	-635
Dividends	-8,472	-4,237	-8,468
Share capital increase for cash	-	232	3,150
Other changes	-2,736	-2,974	-68
Total net change during the year (B)	**-11,426**	**10,720**	**-34,456**
Impact of changes in exchange rates	87	-323	-2,434
Net debt at 31 December (A-B)	**21,566**	**10,227**	**20,624**

12.2 Reconciliation of WCR with the cash flow statement

The change in WCR represented a cash outflow of €19.3 million in 2019 compared with €3.6 million in 2018. This €15.7 million deterioration was due to the change in business model. Customer contract assets (accrued income), primarily relating to the Customer Managed subscription offer, increased €8 million. At the same time, customer contract liabilities (current deferred income) decreased by €15 million. Finally, trade receivables and trade accounts payables contributed €6.4 million to the change in WCR.

DSO is 77 days at the end of 2019, stable on the end of 2018.

(in thousands of euros)	31/12/2019	31/12/2018	Net change	of which: Items not included in WCR	of which: WCR items	Change in WCR items with nil cash impact		Impact on Cash flow statement
						Foreign exchange	Other	
Non-current assets	2,119	717	1,402	-	1,402	1	1,856	455
• Trade receivables and related accounts	71,893	65,565	6,328	-	6,328	681	-559	-6,206
• Trade receivables	58,715	60,464	-1,749	-	-1,749	648	-559	1,838
Accrued income	13,177	5,100	8,077	-	8,077	33	-	-8,044
Other current receivables	33,179	29,725	3,454	-	13,132	-594	-461	-4,509
Current assets	**105,071**	**95,289**	**9,782**	**-**	**19,460**	**87**	**-1,020**	**-10,715**
Total assets	**107,190**	**96,006**	**11,184**	**0**	**20,862**	**88**	**835**	**-10,260**
Non-current liabilities	**-6,130**	**-5,196**	**-935**	**-**	**-935**	**-47**	**-**	**888**
Trade accounts payable	-16,618	-15,441	-1,177	-	-1,177	-324	3,751	4,604
Advances and payments on account received for orders	-89	-116	28	-	28	-	-0	-28
Deferred income on client projects	-60,567	-75,232	14,665	-	14,665	-1,214	704	-15,176
Other current liabilities	-41,015	-38,744	-2,271	721	555	-1,314	2,591	722
Current liabilities	**-118,288**	**-129,533**	**11,245**	**721**	**14,071**	**-2,853**	**7,046**	**-9,878**
Total liabilities	**-124,418**	**-134,728**	**10,310**	**721**	**13,136**	**-2,900**	**7,046**	**-8,990**
Total WCR	**-17,228**	**-38,722**	**21,494**	**721**	**33,999**	**-2,812**	**7,881**	**-19,250**

12.3 Other cash flows

Net cash from operating activities amounted to €13.6 million in 2019, with cash from operations before cost of net financial debt and tax of €37.0 million. The application of IFRS 16 had a favourable impact of €7.7 million on this line item.

Net cash used in investing activities of -€5.2 million mainly concerns acquisitions of property, plant and equipment and intangible assets in France and the United States. The acquisition of Streamdata.io totals -€0.7 million.

Net cash used in financing activities amounted to -€23.2 million, with primarily a decrease in borrowings of -€3.6 million, a dividend of -€8.5 million paid to Axway Software's shareholders and a change in IFRS 16 lease liabilities of -€7.7 million. In addition, share buybacks for the free share grant plan totalled -€1.2 million.

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Note 13 Equity and earnings per share

The Statement of changes in consolidated shareholders' equity is presented in Chapter 5.3, Statement of changes in consolidated shareholders' equity.

13.1 Changes in the share capital

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.

In 2019, no share subscription options were exercised and therefore no new shares were issued.

At 31 December 2019, 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 13.2 and 13.3.

13.2 Transactions in treasury shares

Accounting policies

All Axway shares held by the parent company or one of its subsidiaries are deducted from shareholders' equity at their acquisition cost.

At 31 December 2019, treasury shares with a value of €827 thousand are deducted from consolidated equity, representing 46,665 shares held under the liquidity contact.

In 2019, Axway purchased 92,480 Axway shares on the market at an average price of €17.72 and for a total amount of €1.2 million for presentation under its free performance share grant plans (see Note 5.4). All these treasury shares were granted to beneficiaries in 2019.

13.3 Share subscription option plans

	Initial position		Option exercise period		Position at 1 January		Changes in the period, number of options:			Position at 31/12/2019	
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	18/11/2021	77,275	€14.90	-	-5,625	-	71,650	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2021	99,025	€14.90	-	-5,625	-	93,400	€14.90
28/03/2013	131,250	€15.90	28/09/2015	28/03/2021	14,750	€15.90	-	-375	-	14,375	€15.90
28/03/2013	131,250	€15.90	28/03/2018	28/03/2021	37,500	€15.90	-	-11,163	-	26,337	€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 plan assets	**1,394,850**				**228,550**		**-**	**-22,788**	**-**	**205,762**	

* *(increased to 1,295,611 following an amendment in June 2013).*

- No share subscription options were exercised during fiscal year 2019;
- 22,788 share subscription options were cancelled in 2019 following the departure of the holders;
- at 31 December 2019, 205,762 options remained outstanding out of those awarded in 2011 and 2013, all of them potentially dilutive to the current share price;
- the Board of Directors validated a resolution on the stock option plan implemented on 30 August 2011. At the request of Axway management, the Board of Directors extended the maximum deadline for the exercise of this plan by two years, taking it to 18 November 2021;
- 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 2019 was €12.04;
- an amount of €0 thousand was recognised in respect of 2019, in accordance with the method disclosed in Note 5.4, Share-based payments. No 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 2019.

13.4 Free share plans

An expense of €2.7 million was recorded in 2019 in respect of stock options granted to employees under stock option and free share grant plans (see Note 5.4). This amount was taken to Group equity.

13.5 Capital reserves

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Share issue, merger and contribution premiums	110,976	110,976	116,840
Legal reserve	4,245	4,242	4,204
Total	**115,222**	**115,218**	**121,044**

In 2019, the Group appropriated €3 thousand of 2018 earnings to the legal reserve.

No issue premiums relating to a share capital increase were recognised in 2019.

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.

13.6 Dividends

The General Meeting of Axway Software held on 5 June 2019 to approve the 2018 financial statements approved a dividend of €0.40 per share, representing a total distribution of €8.5 million. This dividend was paid on 4 July 2019.

During its meeting of 7 April 2020, the Board of Directors decided that the responsible action faced with the COVID-19 global health crisis, was to propose to the upcoming General Meeting that no dividend be paid in respect of fiscal year 2019.

13.7 Translation reserves

In accordance with the principles disclosed in Note 1.4.2., translation reserves comprise translation differences between the functional currencies of the Group entities and the presentation currency and the impact of net investment hedges of foreign operations. Movements are recognised in *Other comprehensive income*. These translation reserves are also impacted by divestments of foreign operations.

At 31 December 2019, translation reserves break down by currency as follows:

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
USD	29,638	26,124	14,464
SEK	-3,414	-3,049	-2,212
RON	-367	-286	-297
Other currencies	-320	-44	141
Total	**25,537**	**22,745**	**12,097**

13.8 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 (see Note 11.5).

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.

Treasury shares are detailed in Note 13.2.

13.9 Earnings per share

Accounting policies

Earnings per share as stated in the income statement are calculated on the basis of net income, Group share, 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 net income, Group share 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)	2019	2018	2017
Net income - attributable to owners of the Company	5,405,848	10,993,990	4,404,244
Weighted average number of ordinary shares outstanding	21,225,381	21,221,658	21,161,851
Basic earnings per share	**0.25**	**0.52**	**0.21**

(in euros)	2019	2018	2017
Net income - attributable to owners of the Company	5,405,848	10,993,990	4,404,244
Weighted average number of ordinary shares outstanding	21,225,381	21,221,658	21,161,851
Weighted average number of securities taken into account in respect of dilutive items	955,440	484,346	675,031
Weighted average number of shares taken into account to calculate diluted earnings per share	22,180,821	21,706,004	21,836,882
Diluted earnings per share	**0.24**	**0.51**	**0.20**

The only dilutive instruments are the stock options and free share grant plans presented in Note 5.4

In 2019, the only dilutive instruments are the free shares granted.

Only potentially dilutive ordinary shares, excluding those with an accretive effect, were considered in the calculation of diluted earnings per share.

At 31 December 2019, the Group did not consider potential ordinary shares resulting from share subscription options to be accretive, as the option exercise price is greater than the average share price (€12.04) during the period.

Note 14 Related-party transactions

14.1 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)	31/12/2019	31/12/2018	31/12/2017
Transactions with Sopra-Steria Group			
Sale of goods and services	1,484	839	1,164
Purchase of goods and services	-376	-217	-599
Operating receivables	835	321	667
Operating payables	-150	-4	-
Transactions with Sopra Steria Group affiliates			
Sale of goods and services	3,779	3,957	2,044
Purchase of goods and services	-6,287	-5,344	-4,627
Operating receivables	742	944	352
Operating payables	-925	-575	-432
Transactions with Sopra GMT			
Purchase of goods and services	-678	-847	-592
Operating payables	-109	-125	-109

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.

14.2 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.

14.3 Relationships with other related parties

No relationships with other related parties had to be taken into consideration.

Note 15 Off-balance-sheet commitments and contingent liabilities

15.1 Contractual obligations

The Group leases some of its IT facilities, office fixtures and fittings and premises under operating lease contracts. The rental charges for the above totalled €10.3 million in 2019, €10.1 million in 2018 and €10.3 million in 2017.

At 31 December 2019, future minimum annual payments under non-cancellable leases not included in the valuation of IFRS 16 lease liabilities were as follows:

(in thousands of euros)	Operating leases
2020	2,266
2021	1,148
2022	841
2023	514
2024	121
2025 and beyond	1,088
Total future minimum lease payments	**5,978**

15.2 Commitments given related to recurring operations

	Commitment amount per period					
(in thousands of euros)	Less than one year	1-5 years	More than 5 years	31/12/2019	31/12/2018	31/12/2017
Bank guarantees/deposits on leased premises	-	328	-	328	328	328
Other guarantees	-	107	-	107	117	125
Collateral, guarantees, mortgages and sureties	-	177	-	177	177	177
Severance pay for termination of CEO's duties	-	-	673	673	660	417
Total commitments given relating to recurring operations	**-**	**612**	**673**	**1,285**	**1,282**	**1,047**

The Board of Directors' meeting of 20 February 2019 validated severance pay for Patrick Donovan of US$756 thousand (€673 thousand), equal to one year's fixed and variable compensation.

15.3 Commitments received – Covenants and Bank overdrafts

(in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Unused multi-currency revolving credit facility	89,000	89,000	89,000
Unused overdraft line	20,000	20,000	20,000
Total commitments recognised	**109,000**	**109,000**	**109,000**

Axway Software has a €125 million multi-currency revolving credit facility, of which €89 million was available at 31 December 2019 (see Note 11.4).

Commitments received include an unused overdraft line of €20 million held by Axway Software.

Three financial ratios must be met under the covenants associated with the revolving credit facility. These ratios are detailed in Note 11.5 on bank covenants.

Bank covenants

(in thousands of euros)		2019	2018	2017	
Net debt		21,966	10,227	20,624	R1 < 3
EBITDA		31,462	33,183	43,926	
Ratio R1:	**Net Debt / EBITDA**	**0.70**	**0.31**	**0.47**	
EBITDA		31,462	33,183	43,926	R2 > 5
Financial expenses		717	734	1,093	
Ratio R2:	**EBITDA / Financial expenses**	**43.88**	**45.22**	**40.19**	
Net debt		21,966	10,227	20,624	R3 < 1
Shareholders' equity		363,465	362,749	344,127	
Ratio R3:	**Net debt / Shareholders' equity**	**0.06**	**0.03**	**0.06**	

- "Net debt/EBITDA" ratio below 3.0 throughout the term of the loan;
- "EBITDA/financial expenses" ratio above 5.0 throughout the term of the loan;
- "Net debt/shareholders' equity" ratio below 1.0 throughout the term of the loan.

At 31 December 2019, the Group complied with all the covenants and commitments included in this contract.

It is recalled that under the RCF agreement, the impacts of IFRS 16 are excluded from these ratios. In addition, the net financial debt figure used in the calculations does not include employee profit-sharing liabilities.

Consolidated EBITDA calculated in accordance with the RCF agreement is as follows:

(in thousands of euros)	31/12/2019
Profit on operating activities *(Source URD - Section 5.1 Consolidated income statement)*	25,924
Depreciation and amortisation, provisions and impairment *(Source URD - Section 5.1 Consolidated income statement)*	12,997
Net expense for post-employment and similar benefit obligations *(Source URD - Note 5.1 Employee costs)*	67
Other operating income and expenses *(Source URD - Section 5.1 Consolidated income statement)*	-288
Lease expenses (Impact IFRS 16) *(Source URD - Note 4.2.2 External expenses)*	-7,238
Consolidated EBITDA	**31,462**

15.4 Contingent liabilities

No contingent liabilities had to be taken into consideration.

15.5 Pledges, guarantees and surety

No pledge, guarantee or surety had been granted by Axway at 31 December 2019.

Note 16 Events after the reporting period

The significant progression of the COVID-19 epidemic since March 2020 in Europe, followed by the United States and then the world, given its extent and measures adopted in the various countries to stem progress, has generated uncertainties surrounding Axway's outlook for 2020. We are doing our utmost to ensure the safety of all Axway's employees in the countries affected by this health crisis, while continuing to serve our customers. Axway's management team is deeply committed and mobilised, assessing the situation daily and adapting its processes, with notably a crisis monitoring unit and precautionary measures. The COVID-19 crisis does not call into question the Group's ability to continue as a going concern or its cash position. At this stage, the uncertainties are too great to enable an assessment of their extent and future impacts on 2020.

During its meeting on 7 April 2020, Axway's Board of Directors decided that the responsible action faced with the COVID-19 global crisis, was to propose to the upcoming General Meeting that no dividend be paid in respect of fiscal year 2019.

This decision allows Axway to preserve its resources and ensure that, in a context of prolonged uncertainty, the Company will be able to protect its employees, customers and shareholders under the best conditions.

Note 17 List of consolidated companies at 31 December 2019

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
Streamdata.io Inc.	United States	100%	100%	FC

FC: Full consolidation

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Note 18 Audit fees

	Fees for Statutory Auditors and members of their network											
	Mazars						Auditeurs & Conseils Associés					
	Amount (excl. VAT)			%			Amount (excl. VAT)			%		
(in thousands euros)	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Statutory audit, certification and review of the individual company and consolidated financial statements												
• Issuer	127	129	146	33%	37%	37%	107	115	121	62%	67%	61%
• Fully consolidated subsidiaries	252	222	251	65%	63%	63%	55	54	43	32%	32%	22%
Sub-total	**379**	**351**	**397**	**97%**	**99%**	**99%**	**162**	**169**	**164**	**94%**	**99%**	**83%**
Non-audit services												
• Issuer(1)	10	2	2	3%	1%	1%	10	2	2	6%	1%	1%
• Fully consolidated subsidiaries	-	-	-	0%	0%	0%	-	-	31	0%	0%	16%
Sub-total	**10**	**2**	**2**	**3%**	**1%**	**1%**	**10**	**2**	**33**	**6%**	**1%**	**17%**
Total	**389**	**353**	**399**	**100%**	**100%**	**100%**	**172**	**171**	**197**	**100%**	**100%**	**100%**

(1) including:
- *report on regulated agreements*
- *review of the management report*
- *letter from the auditors stating that their engagement is completed*
- *certificate on financial ratios*

5.6 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 2019

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 2019. These financial statements were approved by the Board of Directors on 7 April 2020 based on information available at this date in the developing context of the COVID-19 health crisis.

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 2019 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 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 2019 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 2019 of IFRS 16, *Leases*, and IFRIC 23, *Uncertainty over income tax treatments*. 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.

Revenue recognition for licenses and Customer Managed subscription contracts

(Note 4.1.1 to the consolidated financial statements)

Risk identified

The Group's activity comprises several business lines including license sales and sales of Customer Managed subscription contracts. At 31 December 2019, the Group's licensing revenue amounted to €52.8 million, representing 17.6% of consolidated revenue. Customer Managed subscription revenue amounted to €59.6 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 the other performance obligations.

Customer Managed subscription contracts are a hybrid offer comprising three separate performance obligations: license, maintenance and subscription. The contract price must be allocated to each performance obligation and revenue is recognised in accordance with the method applicable to each obligation.

In this context, the audit risks concern in particular the correct separation of fiscal years and the rules and procedures for apportioning revenue to the different performance obligations.

Revenue recognition for these business lines is considered a key audit matter in view of their material significance in the Group's financial statements, and, in particular, their 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 and Customer Managed subscription and substantive audit procedures.

Our work included the following, in particular:

- reviewing the design of internal control and testing the effectiveness of key controls in the revenue recognition procedure;
- conducting substantive tests, by sampling or other selection methods, on the revenue from licensing contracts and Customer Management subscription contracts signed during the fiscal year in order to verify the reality and measurement of revenue, and the correct separation of fiscal years.

In particular, we reconciled the recognised amount with the contract data, and verified the application of the procedure for apportioning the price of multiple-component contracts among the different performance obligations.

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 Note 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 €344.1 million at 31 December 2018, and at €350 million at 31 December 2019, 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 impairment test procedure applied and details of the assumptions adopted are presented in Note 8.2. At 31 December 2019, 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 included the following, in particular:

- 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;
- 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 8.1 and 8.2.

Recoverability of deferred tax assets in respect of tax loss carryforwards

(Note 6.5 to the consolidated financial statements)

Risk identified

At 31 December 2019, eligible tax losses carried forward amounted to €197 million. The Group recognised deferred tax assets in the balance sheet amounting to €19.5 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, Axway Inc. and Axway Ireland. 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 historic performance, transfer pricing policies 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, notably in France and the United States.

Lastly, we verified the appropriateness of disclosures in Note 6.5.

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 approved on 7 April 2020. Management has informed us that a communication will be issued to the Shareholders' Meeting called to adopt the financial statements on any events and information relating to the COVID-19 health crisis known after the date of approval of the financial statements.

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 2019, Auditeurs & Conseil Associés - ACA Nexia and Mazars had held office as auditors for 19 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 Financial Statements

Objectives and audit 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 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 programme 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.

Paris and Courbevoie, 8 April 2020

Statutory Auditors

Auditeurs & Conseils Associés - Aca Nexia	**Mazars**
Sandrine Gimat	Bruno Pouget

5.7 Subsidiaries and equity investments

5.7.1 Acquisitions of equity interests in subsidiaries and equity investments

Newly consolidated entities

On 21 March 2019, Axway Software acquired the entire share capital of Streamdata.io in France, a specialist in event-driven API management. Axway software also acquired, through Streamdata.io, the entire share capital of the subsidiary Streamdata.io Inc. in the United States.

Streamdata.io's activities are consolidated in the Axway financial statements from 1 April 2019.

Deconsolidated entities

The Group liquidated the companies Syncplicity LLC in the United States, Syncplicity International in Ireland and Appcelerator China in China. These companies were removed from the scope of consolidation in the second half of 2019.

Streamdata.io in France was absorbed by Axway Software in France on 1 August 2019.

Reorganisation of legal entities

No reorganisations took place in 2019.

Restructuring measures

No restructurings took place in 2019.

5.7.2 List of subsidiaries and equity investments

Company *amounts in euros*	**Share capital**	**Equity other than share capital**	**Capital held (%)**	**Carrying amount of securities held**		**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**
				Gross	**Net**				
Axway Software (France)									
Axway UK Ltd (United Kingdom)	117,536	16,821	100%	148,270	148,270	-	12,966,420	(128,777)	0
Axway GmbH (Germany)	425,000	16,978,256	99.998%	23,038,194	23,038,194	-	29,449,855	4,505,257	1,000,000
Axway Srl (Italy)	98,040	393,093	100%	98,127	98,127	-	4,690,899	(351,812)	
Axway software Iberia (Spain)	1,000,000	243,100	100%	1,000,000	1,000,000	-	4,208,135	132,781	80,000
Axway Nordic (Sweden)	9,572	746,450	100%	20,706,080	848,061	-	3,272,754	183,273	-
Axway Inc. (United States)	3	101,507,267	100%	154,946,354	154,946,354	63,537,634	169,201,876	(8,087,237)	-
Axway BV (Netherlands)	18,200	322,207	100%	200,000	200,000	-	4,912,312	(323,929)	-
Axway Belgium (Belgium)	1,000,000	205,947	99.9%	999,000	999,000	-	9,275,287	(1,172,427)	419,580
Axway Romania Srl (Romania)	10,974	1,491,846	100%	1,972,250	1,972,250	842,039	12,987,429	654,610	-
Axway SAS (France)	45,000	(18,094)	100%	45,000	-	-	-	(1,123)	-
Axway Pte Ltd (Singapore)	132,354	532,578	100%	1	1	-	8,200,203	253,053	359,095
Axway Ltd (Hong Kong)	11,432	333,926	100%	1	1	262,564	1,962,817	75,678	72,544
Axway Pty (Australia)	62,520	6,899	100%	1	1	-	7,806,598	139,426	532,333
Axway Software China (China)	1,452,419	(1,031,111)	100%	1	1	-	2,102,925	117,676	-
Axway Bulgaria EOOD (Bulgaria)	2,556	991,796	100%	979,844	979,844	749,118	11,971,562	691,861	122,710
Axway Distribution France (France)	33,000	(13,099)	100%	34,800	-	6,500	-	(1,167)	-
Axway Ltd (Ireland)	141,815	27,785,626	100%	42,841,900	42,841,900	-	18,875,632	(4,858,485)	-
Axway Software Do Brasil (Brazil)	2,214	(4,764,059)	99.99%	3,255	-	1,737,187	4,769,293	(851,827)	-
Streamdata.IO.Inc (United States)	4	(774,431)	100%	812	-	794,206	-	(9,624)	-

PARTNER

AMPLIFY™ B2B Integration removes the artificial barriers of your trading networks to develop new ecosystems, simplify compliance and reduce the cost and complexity of multi-enterprise integration.

6

Annual financial statements

AFR

6.1 Balance sheet

ASSETS

(in thousands of euros)	2019	2018
Intangible assets	52,059	52,360
Property, plant and equipment	6,657	6,430
Financial assets	294,117	283,895
Non-current assets	**352,833**	**342,685**
Trade receivables	77,226	67,821
Other receivables, prepayments and accrued income	21,706	22,833
Cash and cash equivalents	3,874	13,288
Current assets	**102,807**	**103,942**
Total assets	**455,639**	**446,627**

EQUITY AND LIABILITIES

(in thousands of euros)	2019	2018
Share capital	42,451	42,451
Premiums	110,976	110,976
Reserves	93,221	78,894
Retained earnings	18	5
Net profit for the year	14,829	22,812
Tax-driven provisions	-	-
Equity	**261,495**	**255,138**
Provisions	**14,365**	**14,968**
Financial debt	97,651	100,961
Trade accounts payable	30,341	20,101
Tax and employee-related payables	20,550	23,003
Other liabilities, accruals and deferred income	31,237	32,456
Liabilities	**179,780**	**176,521**
Total equity and liabilities	**455,639**	**446,627**

6.2 Income statement

(in thousands of euros)	2019	2018
Net revenue	163,568	157,202
Other operating income	2,912	5,881
Operating income	**166,480**	**163,083**
Purchases consumed	62,463	53,387
Employee costs	56,343	56,402
Other operating expenses	31,775	31,307
Taxes and duties	2,395	3,264
Depreciation, amortisation and provisions	9,844	5,249
Operating expenses	**162,820**	**149,610**
Operating profit	**3,660**	**13,473**
Financial income and expense	5,825	7,077
Pre-tax profit on ordinary activities	**9,486**	**20,550**
Exceptional income and expense	-1,502	-3,742
Employee profit-sharing and incentive schemes	-714	-555
Income tax expense	7,559	6,559
Net profit	**14,829**	**22,812**

6.3 Notes to the 2019 annual financial statements

1 Significant events, accounting policies and valuation rules

1.1 Significant events

Acquisition of Streamdata. io

On 21 March 2019, we acquired Streamdata. io for €1.5 million.

At the beginning of July, we reported the comprehensive asset transfer of Streamdata. io to Axway Software in the French Journal of Legal Announcements. This comprehensive asset transfer took effect on 1 August 2019.

1.2 Accounting policies and valuation rules

The annual financial statements were drawn up pursuant to French legal and regulatory provisions as defined in ANC Regulation no. 2014-03 of 5 June 2014 issued by the *Autorité des Normes Comptables* (French Accounting Standards Authority), updated for additional regulations issued as of the date of preparation of the annual financial statements.

These principles were applied on a prudent basis and in accordance with the following underlying assumptions:

- going concern basis;
- consistency of accounting methods year-on-year;
- accruals basis;

and in accordance with 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 of 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 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 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 and the Streamdata. io comprehensive asset transfer in 2019.

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, as 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 and the intellectual property contributed by Streamdata. io is amortised over 10 years for accounting purposes.

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 asset transfer of Systar and Streamdata. io.

Business goodwill has 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 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% is applied from the start of the sixth year. The cash flows resulting from these forecasts are then discounted using a rate of 9.5%.

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", "Axway managed" and "Customer managed" 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 the contractual billing rates. They are recognised as 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 1.09%, a salary increase rate of 2.50% and an average turnover rate of 10.40%. 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 2014-2016. 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)	Share capital increase costs	Research & Development expenses	Concessions, patents, similar rights	Business goodwill	Systar customer base	Total
Gross value						
At 1 January 2019	**-**	**32,055**	**51,953**	**36,898**	**5,667**	**126,574**
Acquisitions	-	-	177	-	-	177
Streamdata comprehensive asset transfer	50	-	4,878	1,932	-	6,860
Disposals	-	-	-98	-	-	-98
At 31 December 2019	**50**	**32,055**	**56,910**	**38,830**	**5,667**	**133,513**
Amortisation						
At 1 January 2019	**-**	**32,055**	**40,504**	**35**	**1,620**	**74,214**
Charge	1	-	2,450	-	540	2,991
Streamdata comprehensive asset transfer	49	-	4,204	-	-	4,253
Reversal	-	-	-4	-	-	-4
At 31 December 2019	**50**	**32,055**	**47,154**	**35**	**2,159**	**81,454**
Net value						
At 1 January 2019	**-**	**-**	**11,449**	**36,863**	**4,047**	**52,360**
At 31 December 2019	**0**	**-**	**9,757**	**38,795**	**3,508**	**52,059**

Software development costs totalled €25,067 thousand in fiscal year 2019 and were expensed in full (see Note 1.2).

Concessions, patents and similar rights consisted mainly of software contributed by Sopra Group in 2001 and acquired from Axway Inc. in 2010 and 2011 and Access UK in 2012, as well as assets forming part of the comprehensive transfer of all Systar's assets in 2015 and Streamdata. io's assets in 2019.

Business goodwill increased as a result of the Streamdata. io comprehensive asset transfer. The deficit was allocated to software property rights in the amount of €0.7 million and amortised over 10 years. The residual balance of €1.9 million was recognised in purchased goodwill.

Impairment testing of business goodwill shows value-in-use, calculated according to the cash flow method, greater than the net carrying amount. A discount rate of 9.5% and a perpetual growth rate of 2% 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 2019	**9,972**	**3,293**	**1,120**	**14,384**
Acquisitions	1,790	24	11	1,825
Streamdata comprehensive asset transfer	-	6	71	77
Capitalisation PP&E under construction Y-1	-	-	-	-
Adjustments PP&E under construction Y-1	-	-2	1	-1
PP&E under construction	-	-	-	-
Internal reclassification	-	-	-	-
Disposals	-	-	-	-
At 31 December 2019	**11,761**	**3,321**	**1,203**	**16,285**
Depreciation				
At 1 January 2019	**7,091**	**641**	**222**	**7,954**
Charge	1,155	334	114	1,603
Streamdata comprehensive asset transfer	-	3	69	72
Reversal	-	-	-	-
At 31 December 2019	**8,246**	**978**	**405**	**9,628**
Net value				
At 1 January 2019	**2,881**	**2,652**	**897**	**6,430**
At 31 December 2019	**3,515**	**2,343**	**798**	**6,657**

Purchases of technical installations consist solely of IT equipment.

The Streamdata. io comprehensive asset transfer impacted property, plant and equipment through the inclusion of fittings, installations and furniture.

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 2019	**247,013**	**60,050**	**1,940**	**309,003**
Acquisitions/Increase	1,539	17,632	30	19,201
Streamdata comprehensive asset transfer	-	827	11	838
Disposals/Decrease	-1,538	-10,580	-57	-12,176
At 31 December 2019	**247,014**	**67,929**	**1,923**	**316,866**
Impairment				
At 1 January 2019	**19,941**	**4,842**	**325**	**25,108**
Charge	1	167	269	436
Streamdata comprehensive asset transfer	-	627	-	627
Reversal	-	-3,098	-325	-3,423
At 31 December 2019	**19,942**	**2,538**	**269**	**22,748**
Net value				
At 1 January 2019	**227,072**	**55,208**	**1,615**	**283,895**
At 31 December 2019	**227,072**	**65,391**	**1,655**	**294,117**

Details concerning equity investments are provided in the “Subsidiaries and equity investments” table presented in Chapter 5, Note 5.7.2.

a. Gross amounts

In 2019, movements in investments concern the Streamdata. io comprehensive asset transfer and the consolidation of the subsidiary Streamdata Inc.

The increase in receivables from equity investments is partly due to the €15.7 million increase 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 (-€6.7 million), Streamdata Inc. (+€794 thousand) and Axway Bulgaria (+€750 thousand).

In June 2019, the subsidiaries Syncplicity USA and Ireland were merged into Axway Inc. The current account receivables with these subsidiaries therefore contributed to the €2 million increase in the Axway Inc. receivable.

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. Impairments

The charge to impairment of receivables from equity investments solely concerns the impairment of the current account with Streamdata Inc. Receivables totalled €627 thousand at the time of the comprehensive asset transfer and €794 thousand at the year end. Following a significant reduction in the current account with Axway Do Brasil, impairment was reversed in the amount of €3,098 thousand.

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 (€269 thousand). Following a slight increase in the share price at the end of the year, the impairment of treasury shares was decreased compared with December 2018.

2.2 Other assets

Trade receivables

(in thousands of euros)	2019	2018
Non-Group customers	34,042	36,466
Accrued income	33,450	23,831
Group customers	13,589	7,518
Doubtful receivables	59	32
Provision for doubtful receivables	-3,914	-27
Total	**77,226**	**67,821**

Trade receivables are recognised in assets at net value. Impairments concerned Doubtful receivables and the Axway Do Brasil receivable. Accrued income increased significantly and mainly concerns license agreements and inter-company accrued income.

Other receivables, prepayments and accrued income

(in thousands of euros)	2019	2018
Income tax	7,459	9,235
Withholding tax	559	110
VAT	1,926	1,498
Other receivables	1,601	2,035
Prepaid expenses	4,261	3,882
Unrealised foreign exchange losses	5,899	6,073
Total	**21,706**	**22,833**

Research Tax Credit – transferred receivables

(in thousands of euros)	Nominal sold	Amount received	Commission	Year of sale	Date of repayment	Receivable extinguished	Stock at 31/12/2019
2016 research tax credit	9,180	9,068	112	2,017	15.05.2020	No	9,180
2017 research tax credit	10,216	10,054	162	2,018	15.05.2021	No	10,216
2018 research tax credit	7,948	7,890	58	2,019	15.05.2022	No	7,948
Total	**27,345**	**27,013**	**332**				**27,345**

Impairment of current assets

(in thousands of euros)	Amount at start of year	Charge	Streamdata comprehensive asset transfer	Reversal	Amount at end of year
Impairment of trade receivables	27	3,861	217	192	3,914
Total	**27**	**3,861**	**217**	**192**	**3,914**

Charges to impairment mainly concern receivables from our subsidiary Axway Software Do Brazil.

2.3 Shareholders' equity

Share capital

Axway Software's share capital was €42,450,762 at 31 December 2019. It comprised 21,225,381 shares, with a par value of €2 each.

The Company holds 45,697 treasury shares 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 2019	**42,451**	**110,976**	**4,242**	**74,652**	**22,812**	**-**	**5**	**255,138**
Appropriation of 2018 earnings	-	-	3	14,324	-22,812	-	-5	-8,490
Residual dividend payment	-	-	-	-	-	-	18	18
Profit (loss) for the year	-	-	-	-	14,829	-	-	14,829
At 31 December 2019	**42,451**	**110,976**	**4,245**	**88,976**	**14,829**	**-**	**18**	**261,495**

Dividends of €8,472 thousand were paid in 2019.

No options were exercised in 2019.

Share subscription option plans

	Initial position		Option exercise period		Position at 1 January		Change in the period, number of options:			Position at 31/12/2019	
Grant date	**Number of options**	**Exercise price**	**Start date**	**Expiry date**	**Number of options**	**Exercise price**	**granted**	**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	18/11/2021	77,275	€14.90	-	-5,625	-	71,650	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2021	99,025	€14.90	-	-5,625	-	93,400	€14.90
28/03/2013	131,250	€15.90	28/09/2015	28/03/2021	14,750	€15.90	-	-375	-	14,375	€15.90
28/03/2013	131,250	€15.90	28/03/2018	28/03/2021	37,500	€15.90	-	-11,163	-	26,337	€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 ACTIVE PLANS	**1,394,850**				**228,550**		**-**	**-22,788**	**-**	**205,762**	

* *Increased to 1,295,611 following an amendment in June 2013.*

22,788 share subscription options were cancelled in 2019 following the departure of the holders.

At 31 December 2019, 205,762 options remained in circulation 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 2019 was €12.04.

2.4 Provisions for contingencies and losses

(in thousands of euros)	Amount at start of year	Streamdata Comprehensive Asset Transfer	Charge	Reversal (used provisions)	Reversal (unused provisions)	Amount at end of year
Provisions for disputes	502	-	447	218	109	622
Provisions for foreign exchange losses	6,073	-	5,899	-	6,073	5,899
Provisions for retirement benefits	6,892	30	405	271	-	7,056
Provisions for restructuring	43	-	-	40	3	-
Provisions for tax	494	-	293	-	-	787
Provisions for stock options	964	-	-	-	964	-
Other provisions for contingencies	-	82	-	-	82	-
Total	**14,968**	**112**	**7,044**	**529**	**7,230**	**14,365**

Provisions were recorded chiefly in relation to financial risks arising from retirement benefit commitments, foreign exchange losses, Human Resources disputes, as well as litigation related to the tax audit.

The total commitment for retirement benefits amounted to €6,394 thousand. Actuarial differences not recognised on the balance sheet at year-end 2018 totalled €662 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	36,000	123,000	123,000	36,000
Bank debt	10,181	12	3,614	6,578
Employee profit-sharing fund	2,240	-	591	1,649
Receivables from equity investments	52,452	11,494	10,613	53,332
Accrued interest on financial debt	89	92	89	92
Total	**100,961**	**134,597**	**137,908**	**97,651**

Axway Software contracted a multi-currency €125 million revolving credit line with six banks in July 2014, which it renewed in January 2019. This credit line was secured to finance acquisitions as well as the Group's general funding needs. It is not amortised and 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.

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 terms and conditions of this credit line are presented in Chapter 5, Note 11.4 "Financial liabilities – Net debt".

The net debt figure used does not include employee profit-sharing liabilities.

This line is 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 €2,614 thousand on the 2015 and 2016 BPI loans, €1 million on the 2016 loan from Banque Populaire and €24 thousand on the loan from BPI contracted by Streamdata. io prior to the comprehensive asset transfer and repaid in full at 31 December 2019.

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 2019.

Trade accounts payable

(in thousands of euros)	2019	2018
Trade accounts payable – non-Group	4,456	1,966
Accrued expenses	22,905	16,147
Trade accounts payable – Group	2,980	1,989
Total	**30,341**	**20,101**

Tax and employee-related payables

(in thousands of euros)	2019	2018
Employee costs and related payables	6,456	7,043
Social security bodies	5,977	7,259
Withholding tax	415	0
Income tax	0	1,522
VAT	7,676	6,767
Other taxes	26	412
Total	**20,550**	**23,003**

Other liabilities, accruals and deferred income

(in thousands of euros)	2019	2018
Customer payments on account	391	511
Amounts payable on non-current assets	371	1,466
Group and associates	1,150	750
Other liabilities	1,411	2,189
Deferred income	27,164	26,842
Unrealised foreign exchange gains	750	698
Total	**31,237**	**32,456**

Deferred income comprises the portion of billings issued in advance on fixed-price and maintenance and subscription contracts.

3 Notes to the income statement

3.1 Revenue

Revenue breaks down as follows by business:

(in thousands of euros)	2019	2018
Licenses	14.7%	16.8%
Support and maintenance	50.6%	51.9%
Integration and training services	24.0%	25.7%
Subscriptions	10.8%	5.6%
Revenue	**100.0%**	**100.0%**

2019 revenue of €163.6 million includes €86.3 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 April 2019.

Compensation paid in 2019 to governing and management bodies totalled €155.9 thousand.

3.3 Net financial income

(in thousands of euros)	2019	2018
Dividends received from equity investments	2,586	8,598
Interest on bank borrowings and similar charges	-506	-640
Interest on employee profit-sharing	-124	-169
Discounting of retirement benefits (provision)	-106	-97
Interest received and paid on Group current accounts	420	305
Foreign exchange gains and losses (including provisions)	-5,335	-5,927
Charges net of reversals to financial provisions, before foreign exchange impact	9,049	5,059
Other financial income and expense	-160	-52
Net financial income	**5,825**	**7,077**

A breakdown of dividends received is presented in the table of subsidiaries and associates (see Chapter 5, Note 5.7.2).

3.4 Exceptional items

In 2019, the net exceptional loss of €1,502 thousand mainly comprises:

- receivable write-offs of €755 thousand;
- acquisition costs of €200 thousand;
- an exceptional charge to the tax provision of €293 thousand.

3.5 Employee profit-sharing

A profit-sharing agreement was 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 €714 thousand was calculated for fiscal year 2019.

3.6 Income tax expense

Research tax credits

Axway Software received research tax credits for 2019 in the amount of €8,439 thousand.

Breakdown of tax between recurring and exceptional income

(in thousands of euros)	2019	2018
Tax on recurring operations	1,280	2,372
Tax on exceptional items	-257	-849
Additional contribution	-	-33
Research tax credits	-8,539	-8,003
Other tax credits	-43	-46
Total income tax expense	**-7,559**	**-6,559**

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	-	-	-	-	-	-
• C3S contribution	97	-	-7	-	89	-
• Construction levy	169	-	1	-	170	-
• To be deducted thereafter						
• Provision for retirement commitments	6,892	-	164	-	7,056	-
• Other	-	-	-	-	-	-
Temporary non-taxable income						
• Net short-term capital gains	-	-	-	-	-	-
• Capital gains on mergers	-	-	-	-	-	-
• Deferred long-term capital gains	-	-	-	-	-	-
Deducted expenses for tax purposes (or taxed income) not recognised in the accounts						
• Deferred charges	-	-	-	-	-	-
• Unrealised foreign exchange gains	698		53		750	
Total	**7,855**		**211**		**8,066**	
II. Items to be charged						
Tax losses carried forward	**22,279**	**-**	**4,321**		**17,958**	**-**
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	67,929	-	67,929
Other non-current financial assets	1,923	839	1,084
Current assets			
Doubtful or disputed receivables	59	-	59
Other trade receivables	81,081	81,081	-
Employee costs and related payables	176	176	-
Social security bodies	1	1	-
VAT	1,926	1,926	-
Tax credit	7,459	-	7,459
Withholding tax	559	559	-
Other taxes	114	114	-
Group and associates	-	-	-
Other receivables	1,319	831	488
Accruals and deferred income	10,160	9,660	500
Total	**172,708**	**95,188**	**77,519**

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			
• 2 years maximum at outset	92	92	-
• More than 2 years maximum at outset	42,578	2,872	39,707
Other financial debt	1,649	-	1,649
Group and associates	53,332	-	53,332
Trade accounts payable	30,341	30,341	-
Employee costs and related payables	6,456	6,456	-
Social security bodies	5,977	5,977	-
State and public bodies			
• Withholding tax	415	415	-
• Income tax	-	-	-
• VAT	7,676	7,676	-
• Other taxes and similar	26	26	-
Amounts payable on non-current assets	1,521	1,521	-
Other liabilities	1,802	1,802	-
Accruals and deferred income	27,914	27,914	-
Total	**179,780**	**85,092**	**94,688**

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	65,391
Loans	-
Trade receivables	40,259
Other receivables	2
Unrealised foreign exchange losses	5,895
Liabilities	
Convertible bonds	-
Other bonds	-
Bank debt	-
Other financial debt	-
Group and associates	53,332
Amounts payable on non-current assets	1,150
Trade accounts payable	20,275
Other liabilities	-
Unrealised foreign exchange gains	743
Income statement	
Income from equity investments	2,586
Other financial income	782
Financial expense	362
Write-off of receivables (financial expense)	756
Provisions for impairment of equity investments (financial expense)	1
Provisions for impairment of trade receivables (financial expense)	4,051
Provisions for impairment of current accounts (financial expense)	167
Reversal of impairment of equity investments (financial income)	-
Reversal of impairment of trade receivables (financial income)	191
Reversal of impairment of current accounts (financial income)	3,098
Reversal of contingency provisions on subsidiaries (financial income)	-

4.3 Accrued income and expenses

(in thousands of euros)	
Accrued income	
Accrued interest	1
Trade accounts payable – Credit notes receivable	174
Trade receivables	33,450
Tax and social security receivables	1,187
Total	**34,812**
Accrued expenses	
Accrued interest	92
Trade accounts payable	22,905
Trade receivables – Credit notes to be issued	935
Tax and social security liabilities	11,334
Other liabilities	170
Total	**35,436**

Tax and social security receivables correspond to VAT on accrued expenses of €998 thousand, VAT on credit notes to be issued of K€74 and claims filed with the tax authorities of €114 thousand.

Employee-related liabilities are high as they relate to commission on customer-managed contacts signed at the end of 2019.

4.4 Employees

The average workforce in 2018 stood at **489** employees, and the number of employees at 31 December 2019 was **487**.

4.5 Statutory Audit fees

Audit fees of €254 thousand are recorded in the income statement. Fees of €234 thousand concern the statutory audit of the financial statements and fees of €20 thousand concern other non-audit services, including the report on related-party transactions, the management report review, the audit completion letter and the attestation on financial ratios.

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	107
Bank guarantees guaranteeing payment of tax liabilities	177
Bank guarantees guaranteeing payment of supplier invoices	None
Unfunded retirement commitments (actuarial differences)	-662
Guarantees given to subsidiaries to guarantee tender bids	None
Guarantees given to subsidiaries to guarantee leases	None
Severance of CEO's duties	673
Collateral, mortages and sureties	None
Interest rate hedging instruments	None
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. This guarantee will be lifted on 30 June 2021, without possibility to bring this date forward.

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. This guarantee must be lifted by the lessor or alternatively by sending the original documents to the bank. We have taken the necessary steps to obtain the return of these funds from the former lessor.

Bank completion bonds stood at €107 thousand at 31 December 2019.

Guarantees of €177 thousand were established in August 2014 to guarantee the payment of tax liabilities.

Retirement commitments

At the end of 2019, the unfunded part of the retirement commitment stood at -€662 thousand.

Severance pay

Severance pay for the Chief Executive Officer was set at US$756 thousand (or €673 thousand at the dollar exchange rate on 31 December 2019).

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 Events after the reporting period

The significant progression of the COVID-19 epidemic since March 2020 in Europe, followed by the United States and then the world, given its extent and measures adopted in the various countries to stem progress, has generated uncertainties surrounding Axway’s outlook for 2020. We are doing our utmost to ensure the safety of Axway’s employees, mainly by asking them all to work from home. The COVID-19 crisis does not call into question the Company’s ability to continue as a going concern or its cash position. At this stage, the uncertainties are too great to enable an assessment of their extent and future impacts on 2020.

4.9 List of subsidiaries and equity investments

Please refer to Chapter 5, Note 5.7 “Subsidiaries and equity investments” of this Universal Registration Document.

6.4 Summary Axway Software SA's results for the past five fiscal years

(in euros)	2019	2018	2017	2016	2015
Capital at end of fiscal year					
Share capital	42,450,762	42,450,762	42,420,462	42,042,078	41,547,832
Number of ordinary shares outstanding	21,225,381	21,225,381	21,210,231	21,021,039	20,773,916
Number of bonds convertible into shares					
Operations and results for the fiscal year					
Revenue excluding VAT	163,568,230	157,202,173	162,089,972	160,841,463	172,148,256
Profit (loss) before tax, employee profit-sharing and incentive schemes, depreciation, amortisation and provisions	12,541,571	19,905,290	13,460,840	4,207,072	10,966,245
Income tax expense	-7,559,470	-6,559,179	-11,050,179	-8,767,585	-9,829,433
Employee profit-sharing and incentive schemes due for the fiscal year	714,193	555,044	130,049	564,138	567,488
Profit (loss) after tax, employee profit-sharing, depreciation, amortisation and provisions	14,828,878	22,812,473	16,983,375	10,881,106	9,321,572
Distributed earnings	0	8,490,152	4,242,046	8,408,416	8,309,566
Earnings per share					
Profit (loss) after tax and employee profit-sharing, but before depreciation, amortisation and provisions	0.91	1.22	1.15	0.59	0.97
Profit (loss) after tax, employee profit-sharing, depreciation, amortisation and provisions	0.70	1.07	0.80	0.52	0.45
Dividend per share	0	0.40	0.20	0.40	0.40
Employee data					
Average number of employees during the fiscal year	489	477	577	657	705
Total payroll for the fiscal year	38,739,302	39,316,093	43,762,519	47,188,819	47,725,975
Total benefits paid for the fiscal year (social security, employee welfare, etc.)	17,603,997	17,086,210	19,094,590	21,159,075	21,692,547

6.5 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 2019

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 annual financial statements of Axway Software for the year ended 31 December 2019. These financial statements were approved by the Board of Directors on 7 April 2020 on the basis of the information available at that date in the evolving context of the COVID-19 health crisis.

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 2019 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 2019 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 annual 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 2019, net business goodwill of €38.8 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 2019, licensing revenue represented 14.7% 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 actual 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 mainly consisted in:

- 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 2019, 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 approved on 7 April 2020 and in the other documents addressed to shareholders with respect to the financial position and the financial statements. Management has informed us that a communication will be issued to the Shareholders' Meeting called to adopt the financial statements on any events and information relating to the COVID-19 health crisis known after the date of approval of 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 purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

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 2019, Auditeurs & Conseil Associés – ACA Nexia and Mazars had held office as auditors for 19 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 annual 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 annual 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 annual 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 annual 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 programme 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, 8 April 2020

The Statutory Auditors

Auditeurs & Conseils Associés – Aca Nexia	**Mazars**
Sandrine Gimat	Bruno Pouget

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Transformation is mobile first, and AMPLIFY™ Mobile Integration is your fastest path to new experiences, new business models and enhanced understanding of your customers.

7

Axway Software share capital and shares

AFR

The Company decided to introduce double voting rights during the General 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 ownership has been stable since its shares were listed in 2011.

7.1 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 2019, 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. The total number of exercisable voting rights attached to the share capital at 31 December 2019, taking account of double voting rights and the absence of voting rights on treasury shares, was 34,714,466.

Changes in share capital for the fiscal year ended 31 December 2019 are detailed in Section 3 ("Changes in share capital") of this Chapter 7.

On 31 December 2019, if all free shares had been issued and all share subscription options, exercisable or not, exercised, this would have resulted in the issuance of 1,302,996 new shares, representing 6.14% 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.

7.2 Current share ownership

	At 31 December 2019				
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	32.57%	12,526,120	12,526,120	36.08%
Sopra GMT(1)	4,503,321	21.22%	9,006,642	9,006,642	25.94%
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	1.51%
Sopra Développement(2)	1	0%	2	2	0%
Management(2)	340,384	1.60%	563,918	563,918	1.62%
Shareholder agreement between the Founders, the Managers and Sopra Steria Group SA	12,079,087	56.91%	22,669,130	22,669,130	65.30%
Caravelle	2,572,458	12.12%	5,144,916	5,144,916	14.82%
Public(3)	6,527,171	30.75%	6,900,420	6,900,420	19.88%
Treasury shares	46,665	0.22%	46,665	0.13%	0%
Total	**21,225,381**	**100%**	**34,761,131**	**34,714,466**	**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.

At 31 December 2019, Axway held 46,665 treasury shares under a liquidity contract. Axway purchased 8,876 shares under the share buyback programme between 25 April 2019 and 2 May 2019 for presentation to beneficiaries of the free share grant plans arriving at maturity.

To the best of the Company's knowledge, only Lazard Frères Gestions holds more than 5% of the Company's share capital with 1,310,900 shares representing 6.18% of share capital; no other public shareholder owns more than 5% of Axway.

No significant changes occurred in the Company's share capital during the fiscal year ended 31 December 2019.

	At 31 December 2018				
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	32.57%	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.

	At 31 December 2017				
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	32.59%	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.

Sopra GMT's ownership structure is as follows:

Sopra GMT's share ownership structure	31/12/2019		31/12/2018		31/12/2017	
Shareholders	**Shares**	**% of capital**	**Shares**	**% of capital**	**Shares**	**% of capital**
Pasquier family group	318,050	68.27%	318,050	68.44%	318,050	68.44%
Odin family group	132,050	28.34%	132,050	28.41%	132,050	28.41%
Sopra Steria Group active and retired managers	15,774	3.39%	14,624	3.15%	14,624	3.15%
Total	**465,874**	**100%**	**464,724**	**100%**	**464,724**	**100%**

7.2.1 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).

7.2.2 Approximate number of shareholders

At 31 December 2019, Axway Software had 1,024 shareholders who owned 14,926,599 registered shares and held 28,462,349 voting rights out of a total of 21,225,381 shares making up the share capital, and 34,761,131 total theoretical voting rights. These figures are calculated by deduction based on the table presenting the current share ownership at 31 December 2019.

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.

7.2.3 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 is 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.

7.2.4 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 65.30% 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 nine 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 19 February 2020;
- the directors are bound by the obligation to protect the interests of the Company and comply with the rules set out in the code 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 (Board member ethics);
- 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 4). 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.

7.3 Changes in share capital

				Number of shares		Contributions	
Date	Transaction type	Share capital after the transaction (in euros)	Par value	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		

Date	Transaction type	Share capital after the transaction (in euros)	Par value	Number of shares: Created	Number of shares: Total	Contributions: Par value	Contributions: 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	16,135	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	42,382,412	€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		

7.4 Shares held by the Company or on its behalf – share buyback programme and liquidity contract

7.4.1 Transactions carried out by Axway Software in 2019 under the share buyback programme

In fiscal year 2019, Axway Software acquired, under the authorisations granted to the Board of Directors by the General Meeting of 5 June 2019, 8,876 of its own shares (excluding shares acquired under the liquidity agreement, which is described below). These shares were acquired at an average price of €13.07 per share, i.e. a total cost of €115,989. The trading costs incurred by Axway Software SA amounted to 0.1% of the total cost plus the tax on the financial transactions.

These 8,876 shares were allocated to cover undertakings given by Axway Software in connection with the set-up of performance share plans for Group key managers.

7.4.2 Transactions carried out by Axway Software in 2019 under the liquidity contract

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 2019, Axway Software held 46,665 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 2019.

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 14 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.

7.4.3 Description of the share buyback programme proposed to the General Meeting of 3 June 2020

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 share buyback programme that will be submitted to the authorisation of the General Meeting of 3 June 2020.

No more than €99,759,290.7, excluding acquisition costs, may be allocated to this share buyback programme 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 programme will be granted to the Board of Directors for a period of 18 months from the date of the Combined General Meeting of 3 June 2020 to fulfil the following objectives (see Chapter 9 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 programme.

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 programme 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.

7.5 Issue authorisations granted to the Axway Board of Directors – delegations granted by the General Meetings

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The table below summarises the currently valid delegations granted by the General Shareholders' Meeting in accordance with Article L. 225-37-4 paragraph 3 of the French Commercial Code.

I. Delegations of authority granted by the Combined General Meeting of 6 June 2018

Authorisation for the Board of Directors to grant free shares, existing or to be issued, to 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 the delegation of authority is granted	4% of the Company's share capital on the date of the grant decision by the Board of Directors
Use made of this delegation of authority during the fiscal year *(in euros)*	2.03% of the Company's share capital on the date of the grant decision by the Board of Directors
Remaining balance	1.96% of the Company's share capital on the date of the grant decision by the Board of Directors

II. Delegations of authority granted by the Combined General Meeting of 5 June 2019

Authorisation for the Board of Directors to buyback ordinary shares in the Company (23rd resolution)

Date of General Meeting granting the delegation of authority	5 June 2019
Duration of delegation of authority	18 months
Expiry date	5 December 2020
Total amount for which the 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 €99,759,290 and, in any event, a maximum of 2,122,538 ordinary shares
Use made of this delegation of authority during the fiscal year *(in euros)*	-
Remaining balance	10% of the total number of ordinary shares on the date of the share buybacks, for an amount not exceeding €99,759,290 and, in any event, a 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 programme; corresponding share capital reduction (24th resolution)

Date of General Meeting granting the delegation of authority	5 June 2019
Duration of delegation of authority	24 months
Expiry date	5 June 2021
Total amount for which the 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 5 June 2019
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 5 June 2019

Delegation of authority granted to the Board of Directors to increase the share capital by capitalising reserves, profits, share premiums or other items (25th resolution)

Date of General Meeting granting the delegation of authority	5 June 2019
Duration of delegation of authority	26 months
Expiry date	5 August 2021
Total amount for which the delegation of authority is granted	€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 capped by the 29th resolution adopted by the Combined General Meeting of 5 June 2019.

Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities granting access to ordinary shares with retention of preferential subscription rights and/or of securities granting a right to allocation of debt securities (26th resolution)

Date of General Meeting granting the delegation of authority	5 June 2019
Duration of delegation of authority	26 months
Expiry date	5 August 2021
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 par value limit for share capital increases provided in the 32nd resolution.
(2) This ceiling covers all debt securities that may be issued under this resolution and the 27th and 28th resolutions.

Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities 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 (27th resolution)

Date of General Meeting granting the delegation of authority	5 June 2019
Duration of delegation of authority	26 months
Expiry date	5 August 2021
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 par value limit for share capital increases provided in the 32nd resolution adopted by the Combined General Meeting of 5 June 2019.

(2) This amount is deducted from the nominal value limit for debt securities set in the 26th resolution adopted by the Combined General Meeting of 5 June 2019.

Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities granting access to ordinary shares, with cancellation of preferential subscription rights, as part of a public offering (28th resolution)

Date of General Meeting granting the delegation of authority	5 June 2019
Duration of delegation of authority	26 months
Expiry date	5 August 2021
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 par value limit for share capital increases provided in the 32nd resolution adopted by the Combined General Meeting of 5 June 2019.

(2) This amount is deducted from the nominal value limit for debt securities set in the 26th resolution adopted by the Combined General Meeting of 5 June 2019.

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 (29th resolution)

Date of General Meeting granting the delegation of authority	5 June 2019
Duration of delegation of authority	26 months
Expiry date	5 August 2021
Total amount for which delegation of authority is granted *(in euros)*	Limit of the ceilings provided respectively by the 26th, 27th and 28th 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 granted to the Company and consisting of equity securities or securities granting access to share capital, outside of a public exchange offer (30th resolution)

Date of General Meeting granting the delegation of authority	5 June 2019
Duration of delegation of authority	26 months
Expiry date	5 August 2021
Total amount for which delegation of authority is granted *(in euros)*	10% of the share capital(1)
Use made of this delegation of authority during the fiscal year *(in euros)*	-
Remaining balance	10% of the share capital(1)

(1) This amount is deducted from the threshold set in the 32nd resolution adopted by the Combined General Meeting of 5 June 2019.

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 (31st resolution)

Date of General Meeting granting the delegation of authority	5 June 2019
Duration of delegation of authority	26 months
Expiry date	5 August 2021
Total amount for which the delegation of authority is granted	10% of the share capital per twelve (12) month period as well as the ceiling set in the 32nd 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 in the 32nd resolution from which it is deducted

Overall limit on issue authorisations, with retention or cancellation of preferential subscription rights (32nd resolution)

Date of General Meeting granting the delegation of authority	5 June 2019
Duration of delegation of authority	26 months
Expiry date	5 August 2021
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) Total maximum par value amount of share capital increases that may be decided pursuant to the 26th, 27th, 28th, 29th, 30th, 31st and 34th resolutions adopted by the Combined General Meeting of 5 June 2019.

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Authorisation for the Board of Directors to grant free shares, existing or to be issued, to eligible employees or company officers (33rd resolution)

Date of General Meeting granting the delegation of authority	5 June 2019
Duration of delegation of authority	38 months
Expiry date	5 August 2022
Total amount for which the delegation of authority is granted	4% of the Company's share capital on the date of the grant decision by the Board of Directors
Use made of this delegation of authority during the fiscal year *(in euros)*	-
Remaining balance	4% of the Company's share capital on the date of the grant decision by the Board of Directors

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 (34th resolution)

Date of General Meeting granting the delegation of authority	5 June 2019
Duration of delegation of authority	18 months
Expiry date	5 December 2020
Total amount for which the delegation of authority is granted	1% of the Company's share capital at the date of the Board of Directors' decision
Use made of this delegation of authority during the fiscal year *(in euros)*	-
Remaining balance	1% of the Company's share capital at the date of the Board of Directors' decision

Authorisation granted to the Board of Directors to grant share subscription and purchase options to eligible company officers or employees of the Axway Group (35th resolution)

Date of General Meeting granting the delegation of authority	5 June 2019
Duration of delegation of authority	38 months
Expiry date	5 August 2022
Total amount for which the delegation of authority is granted	1% of the number of shares comprising the Company's share capital on the date of the grant decision by the Board of Directors
Use made of this delegation of authority during the fiscal year *(in euros)*	-
Remaining balance	1% of the number of shares comprising the Company's share capital on the date of the grant decision by the Board of Directors

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 (36th resolution)

Date of General Meeting granting the delegation of authority	5 June 2019
Duration of delegation of authority	26 months
Expiry date	5 August 2021
Total amount for which delegation of authority is granted *(in euros)*	3% of the share capital at the date of the General 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 ordinary shares authorised by the other resolutions of the Combined General Meeting of 5 June 2019.

7.6 Share subscription option plans

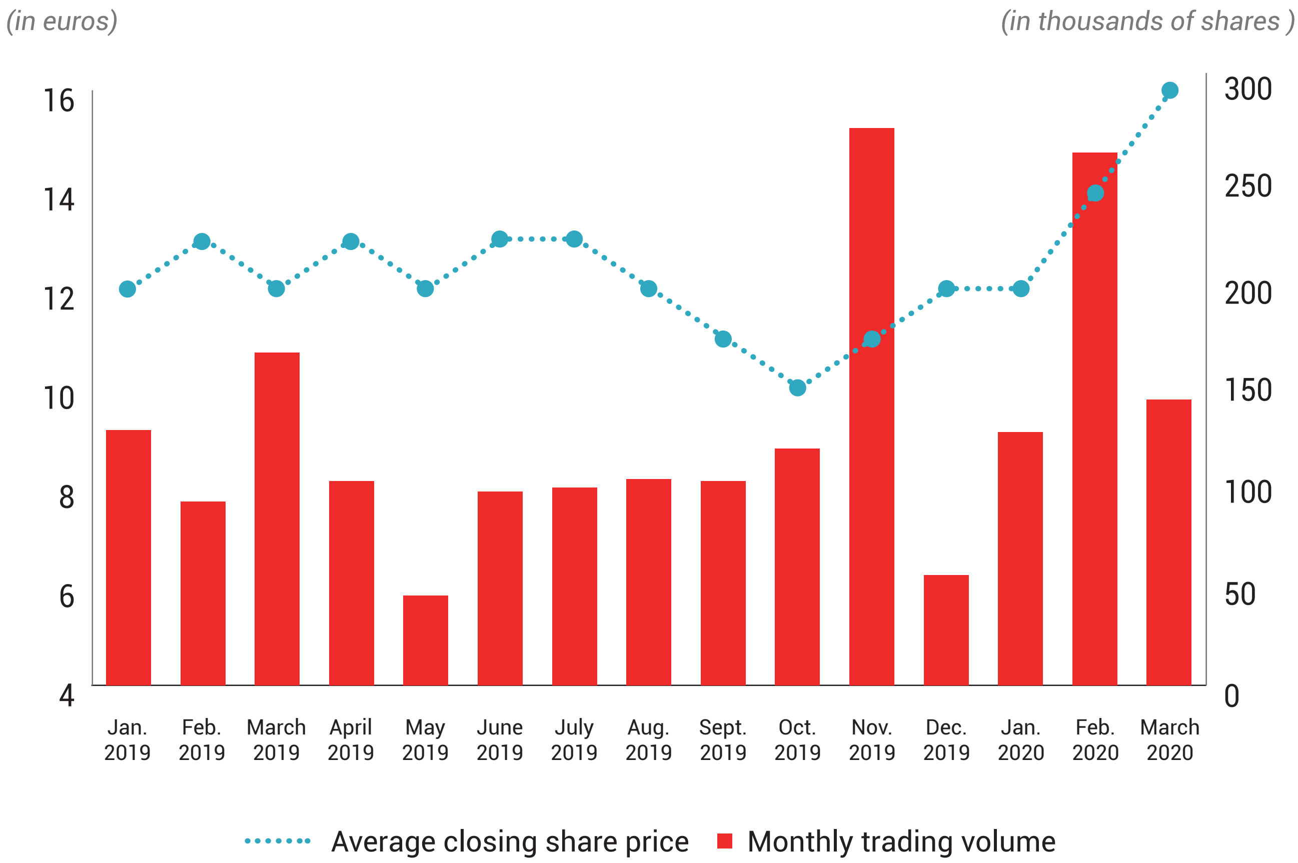
The table below summarises the status as at 31 December 2019 of stock option plans granted by Axway to its employees:

	Initial position		Option exercise period		Position at 1 January		Changes in the period, number of options:			Position at 31 December 2019	
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 option plan, maximum issuance of 1,033,111 shares* Shareholders' Meeting of 28/04/2011											
18/11/2011	516,175	€14.90	18/05/2014	18/11/2019	77,275	€14.90	-	-5,626	-	71,650	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2019	99,025	€14.90	-	-5,625	-	63,400	€14.90
28/03/2013	131,250	€15.90	28/09/2015	28/03/2021	14,750	€15.90	-	-375	-	14,375	€15.90
28/03/2013	131,250	€15.90	28/03/2018	28/03/2021	37,500	€15.90	-	11,163	-	26,337	€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**				**228,550**		**-**	**-22,788**	**-**	**205.762**	
TOTAL PLAN ASSETS	**1,394,850**				**228,550**		**-**	**-22,788**	**-**	**205.762**	

* *Increased to 1,295,611 in June 2013.*

7.7 Share price and trading volumes

AXW.PA SHARE MONTHLY AVERAGE PRICE AND VOLUMES



SHARE PRICE TRENDS

Month	High	Date of high	Low	Date of low	Closing price	Average price (opening)	Average price (closing)	Monthly volume	Trading volume *(in euros)*	Number of trading sessions
January 2019	13.52	11 Jan.	11.80	18 Jan.	13.00	12.35	12.37	124.568	1,559,747.7	22
February 2019	13.98	1 Feb.	11.96	27 Feb.	12.38	12.90	12.83	90.013	1,163,637.2	20
March 2019	12.90	4 March	11.00	25 March	12.08	11.88	11.83	163.447	1,929,687.9	21
April 2019	14.55	5 April	11.55	1 April	12.75	13.12	13.15	99.753	1,323,604.6	20
May 2019	12.75	2 May	12.00	14 May	12.30	12.44	12.46	44.483	550,497.0	22
June 2019	13.60	27 June	12.20	3 June	13.00	12.67	12.77	94.766	1,226,599.2	20
July 2019	13.55	15 July	12.20	30 July	12.55	12.88	12.90	97.463	1,253,004.8	23
August 2019	12.55	1 Aug.	10.60	21 Aug.	11.55	11.75	11.71	101.212	1,170,637.5	22
September 2019	11.70	2 Sept.	10.30	25 Sept.	10.60	11.03	11.03	100.448	1,088,643.0	21
October 2019	10.75	1 Oct.	9.76	17 Oct.	10.70	10.34	10.43	115.703	1,187,203.8	23
November 2019	11.95	28 Nov.	10.25	1 Nov.	11.90	11.14	11.23	273.085	2,996,342.0	21
December 2019	12.35	17 Dec.	10.90	3 Dec.	12.25	11.85	11.92	54.465	645,052	18
January 2020	12.50	2 Jan.	10.55	31 Jan.	11.70	11.90	11.89	124,605	1,467,787	22
February 2020	18.40	2 Feb.	11.50	3 Feb.	17.20	13.77	14.08	261,666	4,171,678	20
March 2020	17.85	5 March	12.50	23 March	15.50	15.44	15.57	140,297	2,220,500	22

Source: Euronext Paris.

7.8 Dividend

The Board of Directors reviews annually, based on the prior year's results, the appropriateness of asking shareholders to approve a dividend distribution. The Company has chosen not to have a dividend distribution policy, in favour of an annual assessment by the Board of Directors.

Therefore, on 19 February 2020, when the COVID-19 epidemic was in its early stages, the Group announced its 2019 results and proposed the payment of a dividend of €0.40 per share.

Today, in an unprecedented economic and health context, the Board of Directors decided to propose to the General Meeting that no dividend be paid in respect of fiscal year 2019. This decision allows Axway to preserve its resources and ensure that, in a context of prolonged uncertainty, the Company will be able to protect its employees, customers and shareholders under the best conditions.

7.9 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 7, Section 2 of the Universal 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 7, Section 7.2 of this Universal 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 7, Section 2 of the Universal 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 this proviso, 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/en.
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 2.3 of the Universal 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 Universal 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 facility renewed 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.

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8

Legal and administrative information

8.1 Axway Software at a glance

The company name is Axway Software and its registered office is located at PAE Les Glaisins, 3 rue du Pré-Faucon, 74940 Annecy. The company also has two secondary establishments located at Tour W 102 Terrasse Boieldieu, 92085 Paris La Défense Cedex, France and 21 - 23 rue Renan 69007 Lyon. The head office is located at 6811 East Mayo Blvd, Suite 400 – Phoenix, Arizona 85054, USA.

Axway has a website dedicated to its shareholders and investors (www.investors.axway.com). The information presented on this website is not an integral part of this Universal Registration Document, unless expressly incorporated by reference.

8.1.2 Date of incorporation and company term

The Company was incorporated on 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.

8.1.3 Legal status and applicable legislation

Axway is a French law public limited company (*société anonyme*). It is therefore governed by all the texts applicable to commercial companies in France and particularly the provisions of the French Commercial Code.

8.1.4 Trade and Companies Register and LEI number

The company is registered in the Annecy Trade and Companies Register under number 433 977 980. Its APE code is 6202B.

The Company's LEI is 969500220 6SP7FQONJ77.

8.1.5 Corporate purpose (Extract from Article 2 of the Articles of Association)

"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 programme, 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."

8.1.6 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 shareholders pursuant to prevailing laws and regulations may be consulted at Tour W 102 Terrasse Boieldieu, 92085 Paris La Défense Cedex, France.

Where applicable, these documents are also accessible on Axway's website www.investors.axway.com which notably contains regulated information published in accordance with Article 221-1 *et seq.* of the AMF General Regulations.

8.1.7 Fiscal year

The Company's fiscal year commences on 1 January and ends on 31 December of each year.

8.1.8 Appropriation and distribution of earnings under the Articles of Association (Extract from Article 37 of 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 not 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."

8.2 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, the 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.

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

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."

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, they are 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."

8.3 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."

8.4 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 Meetings

"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 Meetings

"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 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 Shareholders' 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 Shareholders' Meeting of the holders of the category of shares in question.

Decisions taken by Special Shareholders' 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 Shareholders' Meetings are convened and deliberate in the same way as Extraordinary General Meetings."

8.5 Preparation and control of the Universal Registration Document and certification of the person responsible for the Universal Registration Document

AFR

Name and position of the person responsible for the Universal 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 2024 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 2024 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*).

Name and position of the person responsible for the Universal Registration Document

I declare, after having taken all reasonable measures for this purpose, that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and it 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.

I hereby declare 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 Universal Registration Document and that they have read the document as a whole.

Phoenix, 14 April 2020

Patrick Donovan

Chief Executive Officer

8.6 Provisional timetable for the publication of results

Publication of Q1 2020 results: Thursday 23 April 2020

Publication of H1 2020 results: Monday 27 July 2020

Publication of the 2020 Half-Year Report: Wednesday 2 September 2020

Publication of Q3 2020 results: Wednesday 21 October 2020

Axway Financial Communication and Investor Relations Department

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9

Combined General Meeting of 3 June 2020

9.1 Explanatory statement

Given the current context of the COVID-19 pandemic, the procedures for participating at the General Shareholders' Meeting scheduled for 3 June 2020 could change in line with health and/or legal requirements.

Shareholders are asked to regularly consult the Shareholders' Meeting section of the Company's website (https://investors.axway.com/en/shareholders-and-investors/shareholders-meeting) for updated information on the developing situation.

As a precautionary measure, shareholders are advised to favour voting by mail or the internet, enabling, where applicable, a proxy to be granted to the Chairman.

Dear Shareholders,

We have convened a Combined General Meeting on 3 June 2020 to present the consolidated and parent company financial statements for the fiscal year ended 31 December 2019, 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 2019, we present the annual management report, included in the Universal 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 2019, showing profit of €14,828,877.22 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 2019, showing consolidated net profit, Group share, of €5,405,020.24 and the transactions reflected in these financial statements and/or summarised in these reports (2nd resolution); and
- approve the appropriation in full of earnings for the year to "Retained Earnings" (3rd resolution).

2 Company officer compensation (4th to 10th resolutions)

The General Meeting will be asked to approve the compensation policy for all company officers (resolutions 4 to 7). Shareholders are asked to refer to Chapter 4, Section 4.1.7 of the Universal Registration Document, "Compensation policy of company officers", in order to review this information.

The General Meeting will also be asked to approve the fixed, variable and exceptional components of total compensation, and benefits of all kind paid during the year or awarded in respect of the same fiscal year to all company officers (resolutions 8 to 10). Shareholders are asked to refer to Chapter 4, Section 4.1.8 of the Universal Registration Document in order to review this information.

3 Share buyback programme (11th resolution)

The Combined General Meeting of 5 June 2019 authorised the Board of Directors, for an eighteen (18) month period, to implement a Company share buyback programme, pursuant to the provisions of Article L. 225-209 of the French Commercial Code. Pursuant to this authorisation, the Company entered into a market-making 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:

- cover Company share purchase option plans benefiting Company or Group employees and company officers, or some of them;
- grant Company shares to company officers, employees, and former employees, or some of them, under Group profit-sharing schemes, or a company savings plan;
- grant 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 some of them, and more generally, proceed with any grant of shares in the Company to such employees and company officers;
- retain Company shares that are bought back for subsequent exchange or use as consideration in acquisitions, mergers, spin-offs and asset contribution transactions;
- deliver shares when exercising rights attached to securities granting access to share capital, as well as carry out any transactions required to cover the Company's obligations with respect to these securities;
- 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*;
- cancel 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 programme 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 3 December 2021 inclusive, and would supersede the authorisation granted on 5 June 2019, for the portion not yet used.

4 Resolutions concerning financial delegations and authorisations

The shareholders are asked to approve in advance the delegations of authority granted to the Board of Directors 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 (resolutions 27 and 28 of the Combined General Meeting of 5 June 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 12 to 14 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 issuing ordinary shares and/or securities granting access to share capital, with cancellation of preferential subscription rights, through a public offering (excluding the offers set forth in Section 1 of Article L. 411-2 of the French Monetary and Financial Code) and/or in consideration for securities as part of a public exchange offer (12th resolution), and 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 1 of Article L. 411-2 of the French Monetary and Financial Code or in consideration for securities as part of a public exchange offer (13th resolution).

The issue ceilings applicable to issues performed pursuant to resolutions 12 and 13 would be as follows:

- €20 million par value for share capital increases that may result from the 12th resolution and €10 million par value for share capital increases that may result from the 13th 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;
- it being noted that all share capital increases likely to result from resolutions 13 and 14 would be subject to an overall maximum par value ceiling of €20 million as set forth in the 32nd resolution of the Combined General Meeting of 5 June 2019.

In addition, pursuant to the terms of the 14th resolution presented for your vote, the Board of Directors could also decide, for each of the issues performed pursuant to the 12th and 13th 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.

5 Resolutions concerning employee share-based incentive schemes (15th and 16th resolutions)

Shareholders are asked to grant the Board of Directors the authority, as they see fit:

- to issue, in favour of employees and company officers of the Group, redeemable share subscription and/or purchase warrants (BSAAR) (15th 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 of the Extraordinary General Meeting of 5 June 2019. 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 and/or securities of the Company, with cancellation of preferential subscription rights, reserved for members of a company savings plan (16th resolution). The maximum share capital increase amount in view of this delegation would be set at 3% of share capital. This amount would be independent and separate from the share capital increase delegation ceilings applicable to issues of ordinary shares or securities granting access to share capital. 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.

6 Resolutions concerning amendments to the Articles of Association (resolutions 17 and 18)

You are asked to approve several amendments to the Articles of Association, which aim to ensure the Articles of Association are compliant with laws and regulations in force, and also to simplify the existing Articles (17th resolution).

You will also be asked to acknowledge that the text references indicated in all resolutions in this General Meeting refer to the legal and regulatory provisions applicable on the day they were established, and if the codification is modified as part of the authority given to the government by Law no. 2019-486 of 22 May 2019, the text references corresponding to the new codification would be substituted (18th resolution).

7 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 3 June 2020 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.

9.2 Agenda

Ordinary General Meeting

- Approval of the annual financial statements for the year ended 31 December 2019 - Approval of non-tax deductible expenses and charges.
- Approval of the consolidated financial statements for the year ended 31 December 2019.
- Appropriation of earnings for the year.
- Fixed annual sum to be allocated to members of the Board of Directors.
- Approval of the compensation policy for the Chairman of the Board of Directors.
- Approval of the compensation policy for the Chief Executive Officer.
- Approval of the compensation policy for members of the Board of Directors.
- Approval of the information set out in Section I of Article L. 225-37-3 of the French Commercial Code.
- Approval of the fixed, variable and exceptional components of total compensation and benefits of all kind paid during the year or awarded in respect of the same fiscal year to Mr. Pierre Pasquier, Chairman of the Board of Directors.
- Approval of the fixed, variable and exceptional components of total compensation and benefits of all kind paid during the year or awarded in respect of the same fiscal year to Mr. Patrick Donovan, Chief Executive Officer.
- Authorisation for the Board of Directors to buy back shares in the Company pursuant to Article L. 225-209 of the French Commercial Code.

Extraordinary General Meeting

- Delegation of authority to the Board of Directors to issue 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 (excluding the offers set out in Section 1 of Article L. 411-2 of the French Monetary and Financial Code), and/or in consideration for securities as part of a public exchange offering.
- Delegation of authority to the Board of Directors to issue 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 1 of Article L. 411-2 of the French Monetary and Financial Code.
- Authorisation to increase the issue amount.
- Delegation of authority 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.
- Delegation of authority to the Board of Directors to increase the share capital through the issue of ordinary shares and/or securities granting access to share capital, with cancellation of preferential subscription rights, for members of a company savings plan pursuant to Articles L. 3332-18 *et seq.* of the French Labour Code.
- Ensuring the Articles of Association comply with laws and regulations in force and simplification of the wording.
- Applicable text references in the event of a change in codification.

Ordinary General Meeting

- Powers to perform legal formalities.

9.3 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, after reviewing the Board of Directors and Statutory Auditors' reports for the year ended 31 December 2019, approves the annual financial statements as presented at this date showing a net profit of €14,828,877.22.

The General Meeting specifically approves the overall amount of €41,140 for expenses and charges as set out in Section 4 Article 39 of the French General Tax Code, as well as the corresponding taxes.

Second resolution

Approval of the consolidated financial statements

The General Meeting, after reviewing the Board of Directors and Statutory Auditors' reports on the consolidated financial statements for the year ended 31 December 2019, approves these consolidated financial statements as presented showing a net profit (Group share) of €5,405,020.24.

Third resolution

Appropriation of earnings

The General Meeting, at the proposal of the Board of Directors, decides the appropriation in full of earnings for the year ended 31 December 2019, that is €14,846,971.62, to "Retained earnings".

Pursuant to the provisions of Article 243 bis of the French General Tax Code, the Meeting confirms that it was reminded that during the past three fiscal years, the dividend and revenue distribution was as follows:

For the Fiscal year	Revenue eligible for deduction: Dividends	Revenue eligible for deduction: Other distributed revenue	Revenue not eligible for deduction
2016	€8,408,416.00* i.e. €0.40 per share	-	-
2017	€4,242,046.00* i.e. € 0.20 per share	-	-
2018	€8,490,152.40* i.e. €0.40 per share	-	-

* *Including the dividend amount corresponding to treasury shares not paid and allocated to retained earnings.*

Fourth resolution

Fixed annual sum to be allocated to members of the Board of Directors

The General Meeting decides to maintain the fixed annual sum to be allocated to the Board of Directors at €330,000. This decision is applicable to the current fiscal year and will be upheld until a new decision is made.

Fifth resolution

Approval of the compensation policy for the Chairman of the Board of Directors

The General Meeting, after reviewing the report on corporate governance and acting pursuant to Article L. 225-37-2 of the French Commercial Code, approves the compensation policy for the Chairman of the Board of Directors.

Sixth resolution

Approval of the compensation policy for the Chief Executive Officer

The General Meeting, after reviewing the report on corporate governance and acting pursuant to Article L. 225-37-2 of the French Commercial Code, approves the compensation policy for the Chief Executive Officer,

Seventh resolution

Approval of the compensation policy for members of the Board of Directors

The General Meeting, after reviewing the report on corporate governance and acting pursuant to Article L. 225-37-2 of the French Commercial Code, approves the compensation policy for members of the Board of Directors.

Eighth resolution

Approval of the information set out in Section I of Article L. 225-37-3 of the French Commercial Code

The General Meeting, after reviewing the report on corporate governance and acting pursuant to Article L. 225-100-II of the French Commercial Code, approves the information set out in Section I of Article L. 225-37-3 of the French Commercial Code.

Ninth resolution

Approval of the fixed, variable and exceptional components of total compensation and benefits of all kind paid during the year or awarded in respect of the same fiscal year to Mr. Pierre Pasquier, Chairman of the Board of Directors

The General Meeting, after reviewing the report on corporate governance and acting pursuant to Article L. 225-100 III of the French Commercial Code, approves the fixed, variable and exceptional components of total compensation and benefits of all kind paid during the year or awarded in respect of the same fiscal year to Mr. Pierre Pasquier, Chairman of the Board of Directors.

Tenth resolution

Approval of the fixed, variable and exceptional components of total compensation and benefits of all kind paid during the year or awarded in respect of the same fiscal year to Mr. Patrick Donovan, Chief Executive Officer

The General Meeting, after reviewing the report on corporate governance and acting pursuant to Article L. 225-100 III of the French Commercial Code, approves the fixed, variable and exceptional components of total compensation and benefits of all kind paid during the year or awarded in respect of the same fiscal year to Mr. Patrick Donovan, Chief Executive Officer.

Eleventh resolution

Authorisation for the Board of Directors to buy back shares in the Company

The General Meeting, after reviewing the Board of Directors' report, authorises the latter, for a period of eighteen months, pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code, to buy back the company's shares on one or more occasions, and at the times it determines, up to a limit of 10% of the number of shares making up the share capital, where applicable adjusted to take into account potential share capital increase or decrease transactions which might take place during the year.

This authorisation supersedes the authorisation given by the Board of Directors by the General Meeting of 5 June 2019 in its 23rd ordinary resolution.

The acquisitions may be performed with a view to:

- enabling secondary market making or ensuring the liquidity of Axway Software shares through an investment services provider via a market-making agreement that complies with regulations, it being noted that the number of shares used to calculate the aforementioned limit is equal to the number of shares bought back, less the number of shares sold;
- retaining shares that are bought back for subsequent exchange or use as consideration in acquisitions, mergers, spin-offs and asset contribution transactions;
- providing coverage of share purchase option plans and/or free share plans (or similar plans) for employees and/or the company officers of the Group, as well as granting shares through a Group or Company savings plan (or similar plan), Company profit-sharing and/or all forms of assigning shares to employees and/or company officers of the Group;

- providing coverage of securities conferring entitlement to the grant of shares in the Company in view of regulations in force;
- potentially cancelling the shares acquired, pursuant to the authorisation granted by the General Shareholders' Meeting of 5 June 2019 in its 24th extraordinary resolution;
- pursuing any other objective which is authorised or will be authorised by the regulations in force.

The share buybacks can take place via any means, including the acquisition of blocks of shares, and at the times the Board of Directors determines. 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 company reserves the right to use optional mechanisms or derivatives in line with applicable regulations.

The maximum purchase price is set at €47 per share. In the event of a share capital transaction, particularly the split or reverse split of shares or the allocation of bonus shares to shareholders, the amount indicated above will be adjusted in the same proportion (multiplying coefficient equal to the ratio between the number of shares making up the share capital before the transaction and the number of shares after the transaction).

The maximum transaction amount is set at €99,759,286.

The General Meeting grants all powers to the Board of Directors to perform these transactions, to decide upon the terms and conditions, to enter into all agreements and to complete all the required formalities.

Resolutions presented for the approval of the Extraordinary General Meeting

Twelfth resolution

Delegation of authority to the Board of Directors to issue 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 (excluding the offers set out in Section 1 of Article L. 411-2 of the French Monetary and Financial Code), and/or in consideration for securities as part of a public exchange offering

After reviewing the Board of Directors' report and Statutory Auditors' special report and pursuant to the provisions of the French Commercial Code and specifically Articles L. 225-129-2, L 225-136, L. 225-148 and L. 228-92, the General Meeting:

1) authorises the Board of Directors to issue the following, on one or more occasions, and in the proportions and at the times it determines, on the French and/or international market, through a public offering excluding the offers set out in Section 1 of Article L. 411-2 of the French Monetary and Financial Code, either in euros or in foreign currency or any other unit of account established in reference to a collection of currencies:
   - ordinary shares,
   - and/or ordinary conferring entitlement to the grant of other ordinary shares or debt securities,
   - and/or securities granting access to ordinary shares to be issued.

   These securities can be issued in consideration for securities that may be contributed to the Company, as part of a public exchange offer pursuant to the terms of Article L. 225-148 of the French Commercial Code.
2) Sets the period of validity of this delegation at twenty-six months, commencing the date of this General Meeting.
3) The overall par value amount of ordinary shares that may be issued through this delegation cannot exceed €20,000,000.

   Where applicable, the par value amount of share capital increase required to safeguard, in accordance with law and, where applicable, contractual provisions setting forth other safeguard measures, the rights of holders of various types of securities granting access to the Company's share capital will be added to this ceiling.

   This amount is deducted from the maximum par value amount of ordinary shares that may be issued in view of the 32nd extraordinary resolution of the General Meeting of 5 June 2019.

   The nominal amount of Company debt securities that may be issued pursuant to this delegation cannot exceed €200,000,000.

   The nominal amount of Company debt securities that may be issued in view of the 14th resolution of this General Meeting will be deducted from this ceiling.
4) Decides to cancel the preferential subscription rights of shareholders holding ordinary shares and securities granting access to share capital and/or debt securities covered by this resolution, whilst giving the Board of Directors the authority to grant shareholders a priority right, in accordance with law.

5) Decides that the amount payable or which should be payable to the Company for each of the ordinary shares issued under this delegation of authority, after considering, if issuing independent share subscription warrants, the issue price of these warrants, will be determined in accordance with the legal and regulatory provisions in force at the time when the Board of Directors implements this delegation.
6) Decides, if issuing securities that may be in consideration for securities contributed as part of a public exchange offer, that the Board of Directors will have, in the terms set out in Article L. 225-148 of the French Commercial Code and the limits determined above, the powers required to determine the list of securities contributed for exchange, to determine the issue conditions, to set the exchange ratio and, where applicable, the amount of the cash balance to be paid, and to determine the issue terms.
7) Decides that, if the entire issue is not taken up through subscriptions as indicated in 1), the Board of Directors may use the following options:
   - limit the issue amount to the subscription amount, where applicable within the limits set forth in regulations,
   - freely allocate all or a portion of the unsubscribed securities.
8) Decides that the Board of Directors will have, within the limits set forth above, the powers required to determine the conditions for issue, where applicable to record completion of the resulting share capital increases, to amend the Articles of Association accordingly, to charge, at its sole discretion and where it deems appropriate, the expenses 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 more generally, to carry out the necessary formalities.
9) Acknowledges that this delegation supersedes the unused portion of any previous delegation with the same purpose, where applicable.

Thirteenth resolution

Delegation of authority to the Board of Directors to issue 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 1 of Article L. 411-2 of the French Monetary and Financial Code,

After reviewing the Board of Directors' report and Statutory Auditors' special report and pursuant to the provisions of the French Commercial Code and specifically Articles L. 225-129-2, L 225-136 and L. 228-92, the General Meeting:

1) authorises the Board of Directors to issue the following, on one or more occasions, and in the proportions and at the times it determines, on the French and/or international market, through an offer set out in Section 1 of Article L. 411-2 of the French Monetary and Financial Code, either in euros or in foreign currency or any other unit of account established in reference to a collection of currencies:
   - ordinary shares,
   - and/or ordinary conferring entitlement to the grant of other ordinary shares or debt securities,
   - and/or securities granting access to ordinary shares to be issued.
2) Sets the period of validity of this delegation at twenty-six months, commencing the date of this General Meeting.
3) The overall par value amount of ordinary shares that may be issued through this delegation cannot exceed €10,000,000, it being noted that it will also be limited to 20% of share capital per year.

   The par value amount of share capital increase required to safeguard, in accordance with law and, where applicable, contractual provisions setting forth other safeguard measures, the rights of holders of various types of securities granting access to the Company's share capital will be added to this ceiling.

   This amount is deducted from the maximum par value amount of ordinary shares that may be issued in view of the 32nd extraordinary resolution of the General Meeting of 5 June 2019.

   The nominal amount of Company debt securities that may be issued pursuant to this delegation cannot exceed €100,000,000.

   This amount is deducted from the maximum par value amount of debt securities set in the 13th resolution of this General Meeting.
4) Decides to cancel the preferential subscription rights of shareholders holding ordinary shares and securities granting access to share capital and/or debt securities covered by this resolution.
5) Decides that the amount payable or which should be payable to the company for each of the ordinary shares issued under this delegation of authority, after considering, if issuing independent share subscription warrants, the issue price of these warrants, will be determined in accordance with the legal and regulatory provisions in force at the time when the Board of Directors implements this delegation.
6) Decides that, if the entire issue is not taken up through subscriptions as indicated in 1), the Board of Directors may use the following options:
   - limit the issue amount to the subscription amount, where applicable within the limits set forth in regulations,
   - freely allocate all or a portion of the unsubscribed securities.
7) Decides that the Board of Directors will have, within the limits set forth above, the powers required to determine the conditions for issue, where applicable to record completion of the resulting share capital increases, to amend the Articles of Association accordingly, to charge, at its sole discretion and where it deems appropriate, the expenses 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 more generally, to carry out the necessary formalities.

8) Acknowledges that this delegation supersedes the unused portion of any previous delegation with the same purpose, where applicable.

Fourteenth resolution

Authorisation to increase the issue amount

After reviewing the Board of Directors' report, the General Meeting decides that for each of the ordinary shares or securities issues granting access to share capital pursuant to the thirteenth and fourteenth resolutions, the number of securities to be issued could be increased in accordance with the conditions set forth in Articles L. 225-135-1 and R. 225-118 of the French Commercial Code, and up to the limit of the ceilings determined by the General Meeting.

Fifteenth resolution

Delegation of authority 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 the 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 extraordinary resolution of the General Meeting of 5 June 2019;

3) decides, pursuant to the provisions of Article L. 225-138 of the French Commercial Code, to cancel the preferential subscription rights of shareholders to the BSAARs and to reserve such rights for people with the following characteristics: 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. It supersedes the unused portion of any previous delegation with the same purpose, where applicable.

Sixteenth resolution

Delegation of authority to the Board of Directors to increase the share capital through the issue of ordinary shares and/or securities granting access to share capital, with cancellation of preferential subscription rights, for members of a Company savings plan pursuant to Articles L. 3332-18 et seq. of the French Labour Code

The General Meeting, having reviewed the Board of Directors' report and the Statutory Auditors' special report, and pursuant to the provisions of Articles 225-129-6, L. 225-138-1 and L. 228-92 of the French Commercial Code and Article L. 3332-18 *et seq.* of the French Labour Code:

1) Delegates its authority to the Board of Directors to, at its discretion, increase the share capital on one or several occasions, by issuing ordinary shares or securities granting access to equity securities of the Company to members of one or several Group or Company savings plans established by the Company and/or French or foreign associated companies within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code.
2) Cancels, in favour of these individuals, preferential subscription rights to shares which could be issued under this delegation.
3) Sets the period of validity of this delegation at twenty-six months, commencing the date of this General Meeting.
4) Limits the maximum par value amount of the increases resulting from this delegation to 3% of the share capital at the date of the Board of Directors' decision to perform this increase. This amount is independent of any other ceiling on share capital increases. The par value amount of share capital increase required to safeguard, in accordance with law and, where applicable, contractual provisions setting forth other safeguard measures, the rights of holders of various types of securities granting access to the Company's share capital, will be added to this amount.
5) Decides that the price of shares to be issued, pursuant to 1) of this delegation, cannot be more than 30% lower, or 40% if the lock-up period indicated in the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the French Labour Code is equal to or longer than ten years, than the initial average listed prices of the share during the 20 trading sessions preceding the decision determining the subscription start date, nor higher than this average.
6) Decides, pursuant to the provisions of Article L. 3332-21 of the French Labour Code, that the Board of Directors can provide for the free allocation, to the beneficiaries defined in the first paragraph above, of shares to be issued or already issued, or other securities granting access to the Company's share capital to be issued or already issued, for (i) the employer contribution which could be paid pursuant to the regulations of the Group or Company savings plan, and/or (ii) where applicable, a discount, and could decide, if issuing new shares for the discount and/or employer contribution, to capitalise the reserves, profits or premiums required to pay up the shares;
7) Acknowledges that this delegation supersedes the unused portion of any previous delegation with the same purpose, where applicable.

The Board of Directors may or may not implement this delegation, take all measures and perform the required formalities.

Seventeenth resolution

Ensuring the Articles of Association comply with laws and regulations in force and simplification of the wording

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report, decides:

Regarding the merger of the districts of Annecy and the possibility for the Board to transfer the registered office to any location in France:

to amend the Articles of Association pursuant to the provisions of Article L. 225-36 of the French Commercial Code, as amended by the Sapin 2 Law of 9 December 2016, to take into account the change in the address of the registered office due to a merger of regional districts;

to subsequently amend the first two parts of Article 4 of the Articles of Association as follows, with the rest of the Article unchanged:

"The registered office is located at: PAE Les Glaisins, Annecy-le-Vieux 74940 ANNECY.

It can be transferred to any other location in France following a simple decision by the Board of Directors, subject to ratification by the next Ordinary General Meeting."

Regarding the possibility for the Board of Directors to make decisions through written consultation:

to amend Article 16 of the Articles of Association to allow certain decisions to be made through written consultation of members of the Board of Directors, pursuant to Article L. 225-37 of the French Commercial Code, as amended by Law no. 2019-744 of 19 July 2019;

to insert the following new paragraph after the third part of Article 16 of the Articles of Association, with the rest of the Article unchanged:

"As an exception, the Board of Directors could adopt certain decisions as set forth in regulations in force, through a written consultation."

Regarding the simplification of the methods fo convening the members of the Board of Directors:

to remove the minimum period to convene the Board of Directors as determined in the Articles of Association as at least three days in advance, as well as details on the content of these meeting notices;

to subsequently amend the second part of Article 16 of the Articles of Association as follows:

"*Meeting notices may be given by any means, even verbally.*"

Regarding the rule applicable in the event of a tie vote at Board of Directors' meetings:

to remove the third part of Article 16 of the Articles of Association relating to a tie vote at Board meetings, and to replace it with the following part:

"*In the event of a tie in voting, the Chairman of the Board of Directors has the casting vote. If the Chairman of the Board of Directors is absent, the Chair of the meeting does not have the casting vote in the event of a tie.*"

Regarding the rules relating to declarations that thresholds per the Articles of Association have been crossed:

to add voting right percentages to the thresholds to be declared as indicated in the Articles of Association;

to subsequently amend the last part of Article 28 of the Articles of Association as follows, with the rest of the Article unchanged:

"*Any shareholder whose ownership interest in the share capital crosses the thresholds of three or four percent of the share capital or voting rights shall inform the company in the same manner and based on the same methods of calculation as those set forth by law for declarations that legal thresholds have been crossed.*"

Regarding the authorisation for the Board of Directors to amend the Articles of Association to ensure they comply with laws and regulations in force:

to authorise the Board of Directors to amend the Articles of Association to ensure they comply with laws and regulations in force, and

as a result, to add a sixth part to Article 17 of the Articles of Association, as follows:

"*On delegation by the Extraordinary General Meeting, the Board of Directors makes the required changes to the Articles of Association to ensure they comply with legislative and regulatory provisions, subject to ratification of these changes by the next Extraordinary General Meeting.*"

Regarding the choice of mode of Executive Management:

to remove the rule in the Articles of Association according to which the mode of Executive Management must be chosen at the very least, upon each 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;

to subsequently amend the second part of the first paragraph of Article 19 of the Articles of Association, as follows, with the rest of the Article unchanged:

"*The Board of Directors chooses between these two modes of Executive Management.*"

Regarding removal of the obligation to agree on a draft resolution every three years for a share capital increase for members of a company savings plan:

to bring the last part of paragraph 1 of Article 8 of the Articles of Association into line with the provisions of Article L. 225-129-6 of the French Commercial Code, as amended by Law no. 2019-744 of 19 July 2019, which removed this obligation;

to remove the last part of paragraph 1 of Article 8 of the Articles of Association, with the rest of the Article unchanged.

Regarding the procedure to identify the holders of bearer securities:

to remove the tenth part of Article 11 of the Articles of Association, considering the removal of the requirement to have a provision in the Articles of Association to implement a procedure to identify holders of bearer securities, following the amendment of Article L. 228-2 of the French Commercial Code by Law no. 2019-486 of 22 May 2019.

Regarding replacement of the Works Council by the Social and Economic Committee:

to bring the Articles of Association into line with Article L. 2311-2 of the French Labour Code, created by ordinance no. 2017-1386 of 22 September 2017, which states that the Social and Economic Committee (SEC) replaces the Works Council;

to subsequently replace the reference to the Works Council with a reference to the Social and Economic Committee in the last part of Article 16 of the Articles of Association, the third part of Article 27 of the Articles of Association, and the last part of Article 29 of the Articles of Association.

Regarding the Board of Directors' consideration of the social and environmental issues of the Company's activity:

to bring the first sentence of the first part of Article 17 of the Articles of Association into line with the provisions of Article L. 225-35 of the French Commercial Code, as amended by Law no. 2019-486 of 22 May 2019, which states that the Board of Directors determines the overall business strategy of the Company and supervises its implementation in accordance with its corporate interest, taking the social and environmental issues of its activity into consideration;

to subsequently amend the first sentence of the first part of Article 17 of the Articles of Association as follows:

"The Board of Directors determines the overall business strategy of the Company and supervises its implementation, in accordance with its corporate interest, taking the social and environmental issues of its activity into consideration."

Regarding the creation of committees by the Board of Directors:

to bring the fifth part of Article 17 of the Articles of Association into line with the provisions of Article R. 225-29 of the Commercial Code;

to subsequently amend this part as follows:

"It can resolve to set up committees to look into matters referred either by itself or its Chairman. It determines the composition and powers of committees which operate under its supervision."

Regarding the determination of the compensation of directors, the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers, as well as removal of the notion of "directors' fees":

to bring the Articles of Association into line with the provisions of Article L. 225-45 of the French Commercial Code, as amended by Law no. 2019-486 of 22 May 2019, which removed the notion of "directors' fees", and through Ordinance no. 2019-1234 of 27 November 2019, which states that the compensation of directors is distributed as determined by Article L. 225-37-2 of the French Commercial Code;

to subsequently amend the first paragraph of Article 20 of the Articles of Association as follows:

"1. The General Meeting may allocate directors a fixed annual sum in the form of compensation, which is treated as operating expenses; the amount remains unchanged until further notice. The apportionment of the sum between directors is determined pursuant to the legal provisions in force."

to subsequently amend the third paragraph of Article 20 of the Articles of Association as follows:

"3. For assignments or offices entrusted to directors, the Board of Directors may also award exceptional compensation in accordance with the legal provisions in force."

to subsequently amend the last part of Article 23 of the Articles of Association as follows:

"The Board of Directors can compensate observers out of the compensation allocated by the General Meeting to its members."

to amend the title of Article 20 of the Articles of Association so it expressly includes directors;

to subsequently amend the title of Article 20 of the Articles of Association as follows:

"ARTICLE 20 - COMPENSATION OF DIRECTORS AND SENIOR EXECUTIVES"

to bring the second paragraph of Article 20 of the Articles of Association into line with the provisions of Articles L. 225-47 and L. 225-53 of the French Commercial Code, as amended by Law no. 2016-1691 of 9 December 2016, which state that compensation of the Chairman, Chief Executive Officer and Deputy Chief Executive Officers is determined as set forth in Article L. 225-37-2 of the French Commercial Code;

to subsequently amend the second paragraph of Article 20 of the Articles of Association as follows:

"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, pursuant to the legal provisions in force."

Regarding regulated agreements:

to bring the third part of Article 22 of the Articles of Association into line with the provisions of Article L. 225-40 of the French Commercial Code, as amended by Law no. 2019-486 of 22 May 2019, which states that the individuals who must comply with this procedure are those directly or indirectly concerned by the agreement, and that the latter cannot vote on authorisation, or participate in Board deliberations;

to subsequently amend the third part of Article 22 of the Articles of Association:

"Individuals directly or indirectly concerned by the agreement are required to inform the Board as soon as they are aware of an agreement submitted for authorisation. They cannot take part in deliberations or vote on the requested authorisation."

to bring the fourth part of Article 22 of the Articles of Association into line with the provisions of Article L. 225-40-2 of the French Commercial Code, as amended by Law no. 2019-486 of 22 May 2019, which creates an obligation to publish certain information on regulated agreements on the Company website, at the latest when they are concluded;

to subsequently amend the fourth part of Article 22 of the Articles of Association as follows:

"These agreements are subject to approval by the General Shareholders' Meeting in accordance with law. These agreements must be published on the Company's website in accordance with law."

to amend the fifth part of Article 22 of the Articles of Association as follows, in order to refer to the cases set out in law:

"The preceding provisions are not applicable to the cases set out in law."

to remove the sixth, seventh and eighth parts of Article 22 of the Articles of Association, which are obsolete or not applicable.

Regarding concurrently held offices:

to bring the fourth part of Article 21 of the Articles of Association into line with the provisions of Article L. 225-54-1 of the French Commercial Code;

to subsequently amend the last sentence of the fourth part of Article 21 of the Articles of Association, with the rest of the Article unchanged:

"Another office of Chief Executive Officer, Management Board member or Sole Chief Executive Officer can be held in a company, provided that neither of these two companies' shares are traded on a regulated market."

Regarding alternate statutory auditors:

to bring Article 24 of the Articles of Association into line with the provisions of Article L. 823-1 of the French Commercial Code, as amended by Law no. 2016-1691 of 9 December 2016;

to subsequently amend the first part of Article 24 of the Articles of Association as follows:

"The Company is inspected by one or several Statutory Auditors, which are appointed and perform their duties in accordance with law."

to subsequently remove the last part of Article 24 of the Articles of Association.

Regarding calculation of the majority during a General Meeting:

to bring Articles 32 and 33 of the Articles of Association into line with the provisions of Article L. 225-96 and L. 225-98 of the French Commercial Code, as amended by Law no. 2019-744 of 19 July 2019;

to subsequently amend the last part of Article 32 of the Articles of Association as follows, with the rest of the Article unchanged:

"The Meeting makes decisions by simple majority of the votes cast by shareholders present or represented by proxy, including the votes of shareholders having voted remotely."

to subsequently amend the last part of Article 33 of the Articles of Association as follows, with the rest of the Article unchanged:

"The Meeting makes decisions by a majority of two-thirds of the votes cast by the shareholders present or represented by proxy, including the votes of shareholders having voted remotely, except in the event of a legal exemption."

Regarding the simplification of the wording of the Articles of Association:

to simplify the wording of the provisions in the Articles of Association, removing some rules which merely repeat applicable regulations, and some text references to replace them with a reference to regulations;

to remove the third part of the first paragraph of Article 8 of the Articles of Association, which includes a legal provision set out in Article L. 2 25-131 of the French Commercial Code;

to replace the text reference at the end of the fourth part (which becomes the third part due to removal of the previous part) of Article 8 of the Articles of Association, and to subsequently amend this part as follows:

"The Extraordinary General Meeting has sole authority to decide on an immediate or later share capital increase, after reviewing the Board of Directors' report. It can delegate this authority to the Board of Directors in accordance with law."

to replace the text reference at the end of the final paragraph of Article 8 of the Articles of Association, and subsequently amend this part as follows:

"3. The share capital can be redeemed in accordance with law."

to remove the last 2 parts of Article 9 of the Articles of Association, which merely repeat the legal provisions set out in Article L. 225-3 of the French Commercial Code;

to remove the eighth part of Article 11 of the Articles of Association;

to simplify the wording of the sixth part of Article 29 of the Articles of Association, referring to the conditions set out in law, and to subsequently amend this part as follows:

"Any shareholder can vote remotely or be represented by proxy at the meetings using a form completed and sent to the Company in accordance with law and regulations, either as a hard copy, or remotely (including digitally), based on the procedure agreed by the Board of Directors and indicated in the meeting notice."

to remove the reference to postal voting from the provisions in the Articles of Association referring to remote voting, which includes postal voting;

to subsequently amend the first sentence of the third part of Article 32 of the Articles of Association as follows:

"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 remotely represent at least one-fifth of the total voting rights."

to subsequently amend the first sentence of the second part of Article 33 of the Articles of Association as follows:

"Decisions are valid only if the shareholders attending the Meeting or represented by proxy or having voted remotely 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."

to remove the last two parts of Article 31 of the Articles of Association, which merely repeat the legal provisions set out in Article L. 225-124 of the French Commercial Code;

to remove the reference to the procedure for calls for capital in the event of a subscription of shares issued for cash, which repeats the legal provisions set out in Article L. 225-120 of the French Commercial Code;

to subsequently amend the third part of Article 9 of the Articles of Association:

"Calls for capital are reported to subscribers in accordance with law".

Eighteenth resolution

Applicable text references in the event of a change in codification

The General Meeting acknowledges that the text references given in all resolutions in this General Meeting refer to the legal and regulatory provisions applicable on the day they were established, and if the codification is modified as part of the authority given to the government by Law no. 2019-486 of 22 May 2019, the text references corresponding to the new codification would be substituted.

Resolutions presented for the approval of the Ordinary General Meeting

Nineteenth resolution

Powers to perform legal formalities

The General Meeting gives all powers to the holder of an original, copy or excerpt of these minutes to perform all legal filing and posting formalities.

The Board of Directors

General remarks

This Universal 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 each fiscal year, pursuant to Articles L. 225-100 *et seq.* of the French Commercial Code.

Information incorporated by reference

Pursuant to Article 19 of Commission Regulation (EC) No. 2017/1129 of 14 June 2017, the following information is included by reference in this Universal Registration Document:

1. for fiscal year 2018

- the Axway consolidated financial statements for fiscal year 2018 and the Statutory Auditors' report on the consolidated financial statements presented in the Registration Document filed on 26 April 2019 (on pages 129 to 181 and 182 respectively),
- the Axway Software financial statements for fiscal year 2018 and the Statutory Auditors' report on the financial statements presented in the Registration Document filed on 26 April 2019 (on pages 191 to 210 and 211 respectively);

2. 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);

Glossary

Unless indicated otherwise, in this Universal Registration Document:

- the term "**Company**" refers to Axway Software;
- 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.

Sector acronyms

AMPLIFY™: AMPLIFY is the registered trademark for Axway's hybrid integration platform.

HIP – Hybrid Integration Platform: integration platform enabling the creation of inter-connected application and data networks, that can be safely accessed from any device.

API: Application Programming Interface.

EFSS: Enterprise File synchronisation & sharing.

CSP: Content Services Platform.

MFT: Managed File Transfer.

B2B: Business to Business.

EDI: Electronic Data Interchange.

PaaS: Platform as a Service.

iPaaS: Integration Platform as a Service (in the cloud).

SaaS: Software as a Service.

Cloud: Process consisting in using remote IT servers or applications over internet networks.

IOT – Internet Of Things: Solution enabling devices to be connected and comprising sensors, network connectivity, data, information and applications.

External sources

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The basic assumptions underlying the Gartner forecasts for Q1 2020 were prepared before the World Health Organisation declared COVID-19 to be a global pandemic. At that time, the assumption, reflected in this forecast, was that the COVID-19 impact would be limited and of relatively short duration.

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 amortisation of allocated intangible assets.

Corporate responsibility

United Nations **Sustainable Development Goals** (SDG): The United Nations has defined 17 Sustainable Development Goals (SDGs) that the States have undertaken to attain in the next 15 years (2015-2030). They cover a multitude of areas from protecting the planet to building a more peaceful world and include guaranteeing everyone the right to live in security and dignity. These objectives are part of a development project focusing in priority on the most vulnerable, and particularly women and children. https://www.un.org/sustainabledevelopment/fr/objectifs-de-developpement-durable/

NFPS - Non-Financial Performance Statement.

GDPR: General Data Protection Regulation.

NPS-Net Promoter Score®: customer satisfaction and recommendation indicator for a product or service.

Customer Success: both the name of Axway's internal customer organisation and Axway's permanent objective to contribute to the success of its customers.

LMS: Learning Management System.

Greenhouse Gas (GHG): greenhouse gases are gas components that absorb infrared radiation emitted by the planet's surface and contribute to the greenhouse effect. The increase in their concentration in the planet's atmosphere is one of the factors behind global warming.

Cross-reference tables

This cross-reference table presents the Sections detailed in Annexes 1 and 2 of Commission Delegated Regulation 2019/980 of 14 March 2019 and refers to the pages of this Universal Registration Document containing the information required by each of these sections.

The Corporate Social Responsability cross-reference table is presented at the end of Chapter 3 of this Universal Registration Document.

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Annual Financial Report Cross-Reference Table

This Universal Registration Document includes all required disclosures in the Financial Report as set out in Article L. 451-1-2 of the French Financial and Monetary Code and Article 222-3 of the AMF General Regulations.

Corporate Governance Cross-Reference Table

This Universal Registration Document includes all required disclosures in the Corporate Governance Report as set out in Articles L.225-37 *et seq.* of the French Commercial Code.

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